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HALF-YEAR FINANCIAL REPORT



20

2020 Interim results

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I. MANAGEMENT AND SUPERVISORY BODIES

AT 30 JUNE 2020

Supervisory Board

CHAIRMAN

Mr Louis GALLOIS

OTHER SUPERVISORY BOARD MEMBERS

Mr Gilles SCHNEPP (Vice-President and Independent Member)

ETABLISSEMENTS PEUGEOT FRERES, represented by Mrs Marie-Hélène PEUGEOT RONCORONI (entitled Vice-Chairman pursuant to the Shareholders' Agreement)

DONGFENG MOTOR (HONG KONG) INTERNATIONAL CO. LTD., represented by Mr. LI Shaozhu (entitled Vice-Chairman pursuant to the Shareholders' Agreement)

Mrs Catherine BRADLEY

Mrs Pamela KNAPP

Mr Christian LAFAYE (employee representative member)

BPIfrance Participations, represented by Mrs Anne GUERIN (entitled as Vice-Chairman pursuant to the Shareholders' Agreement)

Lion Participations, représentée par Mr. Daniel BERNARD

FFP, represented by Mr. Robert PEUGEOT

Mr Thierry de la Tour d'ARTAISE

Mrs Bénédicte JUYAUX (employee shareholder representative member)

M. Zhang Zutong

NON-VOTING ADVISORS

Mr Frédéric BANZET

Mr Alexandre OSSOLA

Mr LV HAITAO

Managing Board

CHAIRMAN

Mr Carlos TAVARES

MEMBERS OF THE MANAGING BOARD

Mr. Olivier BOURGES

Mr. Michael LOHSCHELLER

Mr. Maxime PICAT

II. ANNUAL MANAGEMENT REPORT

1. THE GROUP'S OPERATIONS

1.1. Overview of sales activities

Worldwide sales at 1 Million units in the first semester

- Global sales almost doubled in June versus May, in the context of the coronavirus crisis
- Electrification of the PC and LCV range at high pace: 13¹ new models launched since beginning of 2019 and one innovative mobility solution with Citroën Ami
- The Group is among the best performing OEMs and is compliant with 2020 European CO₂ objectives, year to date

The electrified strategy in motion

Groupe PSA is launching a 100% electric innovative mobility object, Citroën Ami - 100% electric, and has put to the market 13¹ new electrified models. All new models now come with either an all-electric or a plug-in hybrid powertrain and the Group is on the trajectory to be compliant with European 2020 CO₂ target from Day 1.

This global strategy is in line with the Group's roadmap to offer a 100% electrified² range from 2025, of which 50% will be electrified by the end of 2021.

The Group strategy remains driven by B2C and B2B customers' expectations and aims to offer a competitive line-up, with easy and state-of-the-art services for day-to-day life.

Europe: on the road to recovery while committed to 2020 European CO₂ standards

The Group's sales recovered strongly in June (sales doubled and deliveries up 71% versus May) in a European market down by 39% in the first half of 2020, in particular in Southern Europe where the Group has a strong position, impacting negatively the market mix. The Group's performance was also affected by the transition of the Opel/Vauxhall portfolio to future-proof models with improved CO₂ emissions.

The Group remains focused on CO₂ performance and confirms its forecast to meet European standards by the end 2020. The electrified offensive across the brands shows first results, since the Group market share grew by 10pts on this market in the first five months of the year.

Peugeot is increasing its order portfolio by 42%, while maintaining its prices, its upmarket move and electrification strategy in a declining market. Peugeot is number one in sales in Spain and Portugal and improves its market share in France (+0.2 pt), Italy (+0.3 pt) and Austria (+0.2 pt). Peugeot is experiencing a lightning start of its new range of electrified passenger and commercial vehicles.

Citroën has launched its electrification offensive in 2020 with the mobility object Ami - 100% electric and models such as SUV C5 Aircross Hybrid, ë-Jumpy, ë-SpaceTourer and new ë-C4 - 100% electric just revealed in June. Citroën has improved its market share in major countries such as Italy (+0.2pt), Spain (+0.2 pt) and Germany (+0.1 pt). The brand continues its offensive with a focus on online sales and major launches in the second half of 2020 including the renewal of its blockbuster C3.

DS Automobiles performance was in particular supported by new electrified models (33% of sales), and the brand is leader among the premium multi-energy brands with the lowest CO₂ emissions. DS Automobiles market share increased by 0.4pt in Europe on its market, and reached a record market share in its first market, France (11.5%), where DS 7 CROSSBACK and DS 3 CROSSBACK are on the podium.

Opel/Vauxhall reshaped its product portfolio to future-proof models and engines and achieved significant reductions of CO₂ emissions, while experiencing an impact on sales due to the withdrawal of some high emitting CO₂ models. On the other hand, the sales of the new line-up like the Grandland X and the new Corsa – both also available in electrified versions – showed a solid development despite the challenging market conditions in the first half of 2020. The same applies to LCV sales.

Middle East – Africa: High agility and resilience for a strong market share increase

Despite strong headwinds due to the global pandemic and regional markets declining by 26.4%, Groupe PSA's overall sales remain ahead of 2019 and the regional market share increased by 46%. Strong breakthroughs in market shares were achieved across the region, such as Turkey (+5.3pts), Egypt (+3.9pts), Morocco (+0.8pt) and the Group remains market leader in French overseas countries. The agility and dynamic demonstrated during the second quarter, the most impacted by Covid crisis, allowed the region to accelerate even more this growth, with a 9.1% market share during the past three months. The production capacity of Kenitra plant, in Morocco, will be doubled to reach 200,000 vehicles as of September 2020.

¹ 7 100% electric vehicles: Peugeot e-208, e-2008, e-Traveller and e-Expert, Citroën ë-SpaceTourer and ë-Jumpy, DS 3 CROSSBACK E-TENSE, Opel Corsa-e, Vivaro-e and Zafira-e Life and 6 PHEV: Peugeot 3008 HYBRID and HYBRID4, 508 HYBRID, 508 SW HYBRID, Citroën C5 Aircross Hybrid, DS 7 CROSSBACK E-TENSE 4x4, Opel Grandland X Hybrid4

² All-electric or plug-in hybrid

China: the Group recovers from the COVID-19 and starts its New Energy Vehicles offensive

Although business in China has been greatly affected by the coronavirus crisis, the Group still pushes forward its NEV³ offensive as planned. The first Group NEV, the PEUGEOT e2008 was launched in China on May 20th, followed by the PEUGEOT 4008 PHEV⁴, 508L PHEV and CITROEN C5 Aircross Hybrid in the second half of 2020. DS Automobiles is committed to the Chinese market with its new business model and a new strategic plan is about to be released soon. DPCA has fully resumed its production since the end of March and its sales performance follows a good trend.

Latin America: contracting markets

In a region particularly hit by coronavirus crisis, with partial lockdowns still in force in many countries in July, Groupe PSA market share is above 3% for the second month in a row, with the second quarter 2020 higher than the first and higher than the second quarter 2019. It gained market shares in Chile, Mexico, Colombia, Ecuador and Peru. In Argentina, the Group maintained a double-digit market share (10%) and expects it to increase soon with the launch of the New PEUGEOT 208 to be produced in its Palomar plant, using the state of the art CMP global platform. Its LCV market share also increased in Latin America (to 3.5%), in particular in Brazil. DS Automobiles and Opel are improving their performances in the markets where they operate.

India & Asia Pacific: increase in Group market share

Consolidated sales for the region followed the -27% downward market trend with a decline compared to the first semester 2019, while deliveries were down by only 14%, leading to a market share gain of +14%. The recurring success in Japan continued with all three brands, most notably Citroën with C3 Aircross SUV, C5 Aircross SUV and Berlingo launch. In India, Groupe PSA continues to prepare for the introduction of the Citroën Brand in the first semester 2021 with CITROEN C5 Aircross SUV, to be followed by new and disruptive Citroën models designed locally. In ASEAN, market share also increased slightly compared to the first semester 2019 in difficult market conditions, with market share growth of both Peugeot and Citroën brands.

Eurasia: market shares up

While performance in the region was hit by the coronavirus crisis in the Q2, Group sales were up in Q1 and market shares increased by 0.2 pt in H1 (0.7% to 0.9%). The company increased its market share in all markets reaching 0.4% and 8.6% respectively in the two main countries - Russia and Ukraine. All Peugeot, Citroën and Opel brands contributed to this good performance, particularly in Ukraine, while DS Automobiles just started to develop its business in Ukraine since H2 2019. Group LCV sales increased with the PEUGEOT Traveller/Expert and CITROEN SpaceTourer/Jumpy. The Group recently relaunched the Opel brand in Russia, starting with the Zafira Life, Vivaro and Grandland X models.

1.2. Consolidated worldwide sales

The consolidated worldwide sales by brand, by geographical area and by model are available on Groupe PSA website (www.groupe-psa.com).

1.3. Impacts of Covid-19 pandemic on the Group's activity

The COVID-19 pandemic and the actions taken in response to it have caused a sharp fall of the demand for cars in Europe, disruptions in its manufacturing operations, lower capacity utilization and shutdowns at nearly all of Groupe PSA's facilities and unfavorable working capital movements.

The European car market notably experienced a significant drop of 39% in the first half of 2020 compared to the first half of 2019 and in Latin America, the car market decreased by more than 37% in the same period. In China, where the epidemic started, the car market was also affected, with a drop of more than 22% in the first half of 2020 compared to the same period last year.

Groupe PSA global sales of vehicles by volume fell 46% in the first half of 2020, including a decline of 47% in Europe, 62% in China and 46% in Latin America, in each case compared to the same period in 2019 and revenues fell by around 35% in the first half of 2020.

Groupe PSA suspended operations at its facilities in response to the COVID-19 pandemic. After closing its production sites in China in mid-January 2020, PSA was very reactive in closing as early as March 16, 2020, all its European production sites followed by the rest of the world.

The Group took measures to drastically cut its cash out during this period. Indeed, the negative impact on cash flow was exacerbated by the fact that, despite the drop in vehicle sales, Groupe PSA continued to pay its suppliers for components purchased earlier in a high-volume environment. As a result, Groupe PSA was very reactive in delaying non-core expenses, significantly reducing G&A and marketing expenses and in controlling every cash out.

³ NEV : New Energy Vehicle

⁴ PHEV : Plug-in Hybrid Electric Vehicle

Groupe PSA has also given priority attention to the control of its inventories in order to preserve transaction prices and protect the residual values of its models. Physical inventories of new vehicles (both at the manufacturer and dealer level) were reduced by 24% between the end of June 2020 and the same period in 2019; the strong reduction of manufacturer inventories limited the negative impact on its working capital.

The COVID-19 pandemic has also led Groupe PSA to take measures to maintain its liquidity and financial position. In April 2020, Groupe PSA signed a new €3 billion syndicated revolving credit facility and in May 2020, PSA issued €1 billion under its European Medium-Term Notes ("EMTN") program. On May 13, 2020 PSA also decided that, in light of the impact of the COVID-19 crisis, PSA will not pay an ordinary dividend in 2020 relating to the fiscal year 2019.

Since May, in Europe, restrictions on movements and business operations are eased and operations have restarted. PSA's production sites in China restarted operations in mid-March 2020 and production sites in Europe and the rest of the world restarted operations gradually beginning on May 4, 2020 following a very strict health procedure.

The relaunch of production at Groupe PSA has been progressive and consistent with the level of demand. The Group's sales have recovered strongly in June (sales doubled versus May) in Europe and the level of order book is higher than the one of last year at the same period.

2. ANALYSIS OF CONSOLIDATED INTERIM OPERATING RESULTS

The Group's operations are organised around three main business segments described in Note 3 to the consolidated financial statements at 30 June 2020. Subsequent events are presented in Note 18 to the financial statements.

2.1. Group profit (loss) for the period

(in million euros)	30 June 2019	30 June 2020	Change
Revenue	38,340	25,120	(13,220)
Adjusted operating income	3,338	517	(2,821)
As a % of Revenue	8.7%	2.1%	
Restructuring costs	(656)	(132)	524
Other operating income and expenses	(191)	97	288
Operating income (loss)	2,491	482	(2,009)
Net financial income (expense)	(166)	52	218
Income taxes	(325)	(222)	103
Share in net earnings of companies at equity	48	64	16
Consolidated profit (loss) for the period	2,048	376	(1,672)
Profit (loss) for the period attributable to owners of the parent	1,832	595	(1,237)

* Adjusted operating income (loss) excludes from Operating income certain adjustments comprising Restructuring costs, Impairment of CGU's and Other operating income (expense) considered rare or discrete events and are infrequent in nature.

2.2. Group Revenue

The table below shows consolidated revenue by division:

(in million euros)	30 June 2019	30 June 2020	Change
Automotive	30,378	19,595	(10,783)
Faurecia	8,972	6,170	(2,802)
Other businesses and eliminations*	(1,010)	(645)	365
Revenue	38,340	25,120	(13,220)

* Including the activities of Banque PSA Finance not covered by the partnerships signed with Santander Consumer Finance and BNPP

Automotive revenues were down 35.5% compared to first half of 2019 mainly driven by volumes and country mix (-40.5%), the decrease of sales to partners (-0.5%) and the negative impact of exchange rates (-0.6%), which was partially offset by the positive effect of product mix (+3.4%) and price (+0.4%), as well as others (+2.3%).

2.3. Group Adjusted Operating Income (loss)*

The following table shows Adjusted Operating Income by business segment:

(in million euros)	30 June 2019	30 June 2020	Change
Automotive	2,657	731	(1,926)
Faurecia	634	(159)	(793)
Other businesses and eliminations*	47	(55)	(102)
Recurring operating income	3,338	517	(2,821)

* Adjusted operating income (loss) excludes from Operating income certain adjustments comprising Restructuring costs, Impairment of CGU's and Other operating income (expense) considered rare or discrete events and are infrequent in nature.

** Including the activities of Banque PSA Finance not covered by the partnerships signed with Santander Consumer Finance and BNPP

In the first-half of 2020, the **Automotive adjusted operating margin**, which corresponds to the ratio of the Automotive adjusted operating income to the Automotive revenues, stood at 3.7% compared to 8.7% in the first half of 2019.

Group adjusted operating margin stood at 2.1% compared to 8.7% in the first half of 2019.

The 72.5% decrease in the **Automotive adjusted operating income** was due to the company's unfavourable operating environment (-€2,745 million), despite an improved performance (+€820 million):

- the negative effect of the **Automotive division's operating environment** stemmed from a (€2,705) million effect of weaker markets and from a (€85) million effect of "foreign exchange and others", associated essentially with the weakening of the Argentinian peso and the Turkish lira offset by lower raw material and other external costs amounting to €46 million;
- the improved **performance of the Automotive business** was due essentially to a positive effect of product mix amounting to +€188 million and lower production and fixed costs amounting to +€761 million as well as lower R&D costs amounting to +€154 million, partially offset by the loss of market share and country mix for (€201) million and pricing amounting to (€70) million.

Faurecia's adjusted operating income was -€159 million, down €793 million.

2.4. Other items contributing to Group profit (loss) for the period

Restructuring costs represented a net charge of €(132) million in the first half of 2020 compared to €(656) million in the first half of 2019, down sharply by €524 million, of which the Automotive division represents €(42) million and Faurecia represents €(90) million. The significant reduction of the restructuring costs results mainly from the impact of the health crisis on the 2020 voluntary departure plan at Opel Vauxhall, revised downwards.

Other operating income and expenses represented income of €97 million in the first half of 2020, an increase of €288 million mainly resulting from the disposal of CAPSA for an amount of €204 million and the revaluation of SAS for €178 million following its takeover by Faurecia, and now recognized as a fully integrated company.

The Group's net financial expenses stood at €52 million, an improvement of €218 million compared to the first half of 2019 mainly driven by the revaluation at the end of June 2020 of the financial liability linked to the commitment of Groupe PSA to purchase 30.7 million shares from DFG prior to the closing of the merger with FCA which had a positive impact of €216 million. Net financial income and expenses are set out in Note 11 to the consolidated financial statements at 30 June 2020.

The **Income tax expense** amounted to €(222) million in the first half of 2020 compared with €(325) million in the first half of 2019. See Note 13 to the consolidated financial statements at 30 June 2020.

The **share in net earnings of companies at equity** totalled €64 million in the first half of 2020, compared to €48 million in the first half of 2019.

The contribution of the Dongfeng joint ventures (DPCA and DPCS) represented €(83) million, up €80 million compared to €(163) million in the first half of 2019. The one of Changan PSA Automobiles Co., Ltd (CAPSA) was €(9) million in the first half of 2020. See Note 10.3 to the consolidated financial statements at 30 June 2020.

The contribution of the joint ventures under the partnership between Banque PSA Finance and Santander Consumer Finance amounted to €138 million, up €6 million. See Note 10.3 to the consolidated financial statements at 30 June 2020.

The contribution of the joint ventures under the partnership between Banque PSA Finance and BNP Paribas covering the financing activity of OV amounted to €25 million in the first half of 2020, down €18 million. See Note 10.3 to the consolidated financial statements at 30 June 2020.

The **net income, Group share** of €595 million was down €1,237 million. **Earnings per share** came to €0.66 per share compared to €2.05 per share in the first half of 2019. And **diluted earnings per share** were €0.63 down from €1.95 in the first half of 2019.

2.5. Banque PSA Finance

The results (at 100%) of finance companies are the following:

<i>(in million euros)</i>	30 June 2019	30 June 2020	Change
Revenue	1,071	1,059	(12)
Cost of risk*	0.14%	0.40%	+0.26 pt
Adjusted operating income	513	463	(50)
Penetration rate	28.0%	32.8%	+4.8 pts
Number of new contracts (leasing and financing)	593,255	405,050	(188,205)

* As a percentage of net average net outstandings

2.6. Faurecia

The results of Faurecia are the following :

<i>(in million euros)</i>	30 June 2019	30 June 2020	Change
Revenue	8,972	6,170	(2,802)
Adjusted operating income	634	(159)	(793)
As a % of revenue	7.1%	-2.6%	
Operating income (loss)	541	(232)	(773)
Net financial income (expense)	(95)	(107)	(12)
Consolidated profit (loss) for the period	378	(420)	(798)
Free cash flow	(688)	(1,103)	(415)
Net financial position*	(2,551)	(4,071)	(1,520)

* NFP is 30/06/2020 vs 31/12/2019.

More detailed information about Faurecia is provided in its annual report which can be downloaded from www.Faurecia.com.

2.7. Outlook

For 2020, Groupe PSA anticipates a significant decrease in the automotive market in the various regions in which it operates.

Given the dynamic nature of the outbreak and the possibility of a recurrence or "multiple waves" of the outbreak, the extent to which COVID-19 will in the future impact PSA's business, results of operations and financial condition will depend on future developments, which remain highly uncertain and cannot be accurately predicted at this time.

Market outlook: In 2020, the Group anticipates a decrease by 25% of the automotive market in Europe, by 30% in Russia and Latin America, and by 10% in China.

Operational outlook: Groupe PSA has set the target to deliver over 4.5% Automotive adjusted operating margin⁵ on average for the period 2019-2021.

⁵ Automotive Division (PCDOV) adjusted operating income related to revenue

3. FINANCIAL POSITION AND CASH

3.1. Net financial position and financial security of manufacturing and sales companies

The **net financial position of manufacturing and sales companies** at 30 June 2020 consists of net cash of €2,886 million. In this positive net cash position, the Automotive division has a positive cash position of 6,957 million and Faurecia has a net debt of 4,071 million at 30 June 2020, compared to a net debt of 2,551 million at the end of 31 December 2019.

<i>(in million euros)</i>	31 December 2019	30 June 2020
Non current financial liabilities	(8,915)	(11,563)
Current financial liabilities	(2,521)	(2,301)
Other non current financial assets	652	667
Current financial assets	1,319	800
Cash and cash equivalent	17,379	15,283
NET FINANCIAL POSITION	7,914	2,886
of which Auto	10,606	6,957

The Group continued to actively manage its debt in 2020. In response to the COVID-19 pandemic, in April 2020, PSA signed a new €3 billion syndicated line of credit maturing in April 2021 with 2 three-month extension options. This credit facility was undrawn as of June 30, 2020. In addition, in April 2020, Faurecia signed a new €800 million term loan with four banks with a maturity of 18 months, fully drawn in April 2020. The outstanding as of June 30, 2020 is €800 million. This loan includes covenants similar to those of the €1.2 billion syndicated loan. It is not guaranteed by the French State. This €800 million liquidity is in addition to the €600 million not drawn from the €1.2 billion syndicated credit line (maturity: June 2024) of which half was drawn in March.

In May 2020, Peugeot SA issued bonds for €1 billion maturing in May 2026, bearing an annual coupon of 2.75%.

Liquidity reserves for the manufacturing and sales companies amounted to €23,194 million at 30 June 2020, versus 23,405 million at 31 December 2019, with 16,594 million in cash and cash equivalents and current & non-current financial assets, and 6,600 million in undrawn lines of credit.

<i>(in million euros)</i>	31 December 2019	30 June 2020
Cash and cash equivalent	17,379	15,283
Current & non current financial assets	1,826	1,311
Total	19,205	16,594
Lines of credit (undrawn) - excluding Faurecia	3,000	6,000
Lines of credit (undrawn) – Faurecia	1,200	600
TOTAL FINANCIAL SECURITY	23,405	23,194
of which Faurecia	3,604	3,209

3.2. Free cash flow from manufacturing and sales operations

The **free cash flow** consumption over the period stood at €(4,704) million, €(3,601) million of which was contributed by the Automotive division. The free cash flow over the period mainly stemmed from:

- €1,987 million in cash flows generated by recurring operations of which a contribution of €1,594 million of the Automotive division;
- €(535) million in cash flows related to restructuring plans including €(466) million for the Automotive division;
- €(4,363) million downturn in the working capital requirement, including €(4,502) million in trade payables, €(73) million in trade receivables, €(192) million in inventories and €404 million of other variations;
- €(1,905) million in capitalised capital expenditure and research & development, of which the Automotive division's share which represented €(1,087) million and €23 million in exceptional investments/asset disposals. Total research and development expenses incurred decreased in the first half of 2020 compared to the first half of 2019 and are presented in Note 4.2 to the consolidated financial statements at 30 June 2020.
- €112 million of dividends received from Banque PSA Finance.

New vehicle inventory levels for the Group and the independent dealer network:

<i>(in thousands of new vehicles)</i>	30 June 2019	30 June 2020
Group	165	95
Independent dealer network*	496	410
TOTAL	661	505

*including importers

Excluding Free Cash Flow, the changes in net financial position represented €(317) million. These are mainly related to the dividends paid to Faurecia minority shareholders for €(7) million, to the new leasing debt under IFRS 16 for €(268) million, to DFG share repurchase debt revaluation for €216 million and finally to new Faurecia debt consolidation of SAS for €(93M).

3.3. Liquidity and funding of finance companies

The liquidity and funding of finance companies are discussed in Notes 12.1 and 12.2 to the consolidated financial statements at 30 June 2020.

4. RISK FACTORS AND UNCERTAINTIES

Main risk factors specific to the Group and its business

The Group operates in a profoundly changing environment not only in terms of technology, but also as regards modes of consumption and new entrants into the automotive industry. It is therefore exposed to risks that, if materialised, could have a significant adverse effect on its business, financial position, results or outlook. PSA Group pays close attention to ensuring that the risks inherent in its business lines are effectively managed across its various businesses. The Group's various operating units identify and assess risks and evaluate the related internal controls on an ongoing basis, in France and abroad, with annual reporting to the Executive Committee. (Faurecia has its own process). The principal specific risk factors to which the Group may be exposed are described in depth in the 2019 Registration Document (Chapter 1.5)⁶ and include notably:

- **Operational risks**

They include risks related to the Group's health environment, particularly linked to the Covid-19 pandemic. They include also economic and geopolitical risks in particular in the United Kingdom where the Group is exposed to free trade agreements and currency movements (in 2019, Group sales in the UK represented 395,000 vehicles). A one per cent gross change in the pound sterling euro exchange rate has an impact of around €40 million on the Automotive adjusted operating income. The long-term impact of the UK's exit from the European Union will depend on the exit terms and their consequences, which are not currently known. There are also risks on margins linked to the European regulation on CO₂ coming into force in the year 2020, as well as the risks related to the development, launch and sale of new vehicles (for example petrol/diesel mix), risks related to the emergence of new business models driven by new forms of mobility, customer and dealer risks, raw material risks, supplier risks, industrial risks, environmental risks, workplace health and safety risks, risks associated with cooperation agreements, risks associated with the strategic partnership with Dongfeng, information system risks as well as the risks related to climate change.

- **Financial market risks**

The Group is exposed to liquidity risk, interest rate risk, exchange rate risk, counterparty risk, credit risk and other market risks related in particular to fluctuations in commodity prices. Note 13.4 to the consolidated financial statements at 31 December 2019 and 11.2 of the consolidated financial statements at 30 June 2020 provides information on risk management, which is primarily carried out by Corporate Finance, identified risks and the Group policies designed to manage them.

- **Risks related to Banque PSA Finance**

These include activity risk, credit risk, liquidity risk, counterparty risk, as well as concentration risk and operational risk. (See Note 12 to the consolidated financial statements at 30 June 2020).

- **Legal and contractual risks**

These risks include notably: legal and arbitration proceedings, legal risks associated with anti-competition litigation, regulatory risks, financial covenants, risks related to pension and other post-retirement benefit obligations, risks related to intellectual property rights and off-balance sheet commitments. (See Note 16 to the consolidated financial statements at 30 June 2020).

⁶ The 2019 Registration Document was filed with the Autorité des Marchés Financiers (AMF) on April 21, 2020, in accordance with Article 212-13 of the General Regulations of the AMF, under filing number D.20-0327.

5. RELATED PARTY TRANSACTIONS

The Group's related party transactions are described in Note 17 to the consolidated financial statements at 30 June 2020. Related parties are companies subject to significant influence consolidated by the equity method, members of the managing bodies and shareholders holding more than 10% of Peugeot S.A. capital.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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INTERIM CONSOLIDATED STATEMENTS OF INCOME

<i>(in million euros)</i>	Notes	First-half 2020	First-half 2019	2019
Continuing operations				
Revenue	3.1	25 120	38 340	74 731
Cost of goods and services sold		(21 052)	(30 250)	(59 083)
Selling, general and administrative expenses		(2 372)	(3 409)	(6 472)
Research and development expenses	4.2	(1 179)	(1 343)	(2 852)
Restructuring costs	4.3	(132)	(656)	(1 531)
Impairment of CGUs	4.4	(289)	(177)	(283)
Other operating income (expense)	4.5	386	(14)	158
Operating income (loss)		482	2 491	4 668
Financial income		280	104	192
Financial expenses		(228)	(270)	(536)
Net financial income (expense)	11.1	52	(166)	(344)
Income (loss) before tax of fully consolidated companies		534	2 325	4 324
Current taxes		(231)	(384)	(816)
Deferred taxes		9	59	100
Income taxes	13	(222)	(325)	(716)
'Share in net earnings of equity method investments	10.3	64	48	(24)
Consolidated profit (loss) from continuing operations		376	2 048	3 584
<i>Attributable to Owners of the parent</i>		595	1 832	3 201
<i>Attributable to Non controlling interests</i>		(219)	216	383
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD		376	2 048	3 584
<i>Attributable to Owners of the parent</i>		595	1 832	3 201
<i>Attributable to Non controlling interests</i>		(219)	216	383
<i>(in euros)</i>				
Basic earnings per €1 par value share of continuing operations - attributable to Owners of the parent		0,66	2,05	3,58
Basic earnings per €1 par value share - attributable to Owners of the parent		0,66	2,05	3,58
Diluted earnings per €1 par value share of continuing operations - attributable to Owners of the parent		0,63	1,95	3,40
Diluted earnings per €1 par value share - attributable to Owners of the parent		0,63	1,95	3,40

INTERIM CONSOLIDATED COMPREHENSIVE INCOME

<i>(in million euros)</i>	First-half 2020	First-half 2019	2019
Consolidated profit (loss) for the period	376	2 048	3 584
Fair value remeasurement to cash flow hedges	28	(26)	(56)
> of which, reclassified to the income statement	(30)	(6)	3
> of which, recognised in equity during the period	58	(20)	(59)
Exchange differences on translating foreign operations	(503)	6	(111)
Income tax benefit (expense)	(6)	6	10
Amounts to be potentially reclassified to profit or loss	(481)	(14)	(157)
Actuarial gains and losses on defined benefits' pension obligations	323	(40)	212
Income tax benefit (expense)	(85)	13	12
Amounts not to be reclassified to profit or loss	238	(27)	224
Total other amounts of comprehensive income (loss)	(243)	(41)	67
> of which, companies at equity	(37)	4	14
TOTAL CONSOLIDATED COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	133	2 007	3 651
> of which, attributable to equity holders of the parent	446	1 815	3 261
> of which, attributable to minority interests	(313)	192	390

The income and expenses recognized in comprehensive income correspond to all changes in equity resulting from transactions with non-shareholder third parties.

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Assets (in million euros)	Notes	30 June 2020	31 December 2019	30 June 2019
Goodwill	7	4 385	4 312	4 554
Intangible assets		10 543	10 288	9 586
Property, plant and equipment	8	16 530	16 922	17 381
Equity method Investments - manufacturing and sales companies	10	547	719	843
Equity method investments - finance companies	10	2 592	2 604	2 368
Other non-current financial assets - manufacturing and sales companies		667	652	688
Other non-current financial assets - finance companies		1	11	24
Other non-current assets		1 893	1 733	1 624
Deferred tax assets		1 043	1 198	1 052
Total non-current assets		38 201	38 439	38 120
Loans and receivables - finance companies	12.1.A	34	85	174
Short-term investments - finance companies		71	78	78
Inventories	5.1	6 399	6 269	6 703
Trade receivables		2 485	2 503	2 420
Current taxes		245	221	278
Other receivables		3 122	2 922	3 114
Derivative financial instruments on operating - assets		131	95	114
Operating assets		12 487	12 173	12 881
Current financial assets and Financial investments		808	1 321	1 064
Cash and cash equivalents - manufacturing and sales companies	11.3.B	15 283	17 379	16 116
Cash and cash equivalents - finance companies	12.1.B	503	454	500
Total current assets		29 081	31 327	30 561
Assets held for sale		140	-	-
TOTAL ASSETS		67 422	69 766	68 681

Equity and liabilities (in million euros)	Notes	30 June 2020	31 December 2019	30 June 2019
Equity	14			
Share capital		905	905	905
Treasury shares		(183)	(240)	(240)
Retained earnings and other accumulated equity, excluding non controlling interests		18 862	18 409	17 575
Non controlling interests		2 410	2 727	2 538
Total equity		21 994	21 801	20 778
Non-current financial liabilities	11.4	11 565	8 917	7 878
Other non-current liabilities		5 008	5 173	6 406
Non-current provisions	9	1 362	1 345	1 548
Deferred tax liabilities		872	830	710
Total non-current liabilities		18 807	16 265	16 542
Financing liabilities - finance companies	12.2	251	272	334
Current provisions	9	4 332	4 941	4 984
Trade payables		10 280	14 505	14 759
Current taxes		510	469	596
Other payables		8 770	8 869	8 523
Derivative financial instruments on operating - liabilities		95	124	79
Operating liabilities		24 238	29 180	29 275
Current financial liabilities	11.4	2 301	2 520	2 086
Total current liabilities		26 539	31 700	31 361
Liabilities held for sale		82	-	-
TOTAL EQUITY AND LIABILITIES		67 422	69 766	68 681

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(in million euros)</i>	Notes	First-half 2020	First-half 2019	2019
Consolidated profit (loss) from continuing operations		376	2 048	3 584
Adjustments for non-cash items:				
> depreciation, amortisation and impairment		2 043	1 788	3 717
> provisions		(430)	(6)	(97)
> changes in deferred and current taxes		23	(84)	(139)
> (gains) losses on disposals and other		(190)	(127)	(190)
Net financial expenses (income)		(52)	166	344
Dividends received from, net of share in net result of, equity method investments		101	170	274
Fair value remeasurement of cash flow hedges		(175)	43	30
Change in carrying amount of leased vehicles		(93)	424	50
Funds from operations		1 603	4 422	7 573
Changes in working capital		(4 343)	575	1 132
Net cash from (used in) operating activities of continuing operations		(2 740)	4 997	8 705
Proceeds from disposals of shares in consolidated companies and of investments in non-consolidated companies		196	26	51
Acquisitions of consolidated subsidiaries and equity method investments		(228)	(1 153)	(1 293)
Proceeds from disposals of property, plant and equipment and of intangible assets		54	82	298
Investments in property, plant and equipment	8	(833)	(1 401)	(2 765)
Investments in intangible assets		(925)	(1 063)	(2 146)
Change in amounts payable on fixed assets		(225)	45	(160)
Other		48	99	43
Net cash from (used in) investing activities of continuing operations		(1 913)	(3 365)	(5 972)
Dividends paid:				
> to Peugeot S.A. shareholders		-	(697)	(697)
> to minority shareholders of subsidiaries		(7)	(111)	(133)
Proceeds from issuance of shares		-	-	4
(Purchases) sales of treasury shares		(2)	(31)	(29)
Changes in other financial assets and liabilities		3 033	446	923
Payment of lease liabilities		(186)	(166)	(377)
Net cash from (used in) financing activities of continuing operations		2 838	(559)	(309)
Net cash from the transferred assets and liabilities of operations held for sale		-	-	-
Impact of hyperinflation		4	(80)	(28)
Effect of changes in exchange rates		(239)	86	7
Increase (decrease) in cash from continuing operations and held for sale		(2 050)	1 079	2 403
Net cash and cash equivalents at beginning of period		17 805	15 402	15 402
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD		15 755	16 481	17 805

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Revaluations - excluding non controlling interests								Equity - Attributable to Owners of the parent	Non controlling interests	Total equity
	Share capital	Treasury stock	Retained earnings excluding revaluations	Cash flow hedges	Remeasure- ment of the fair value of financial assets	Actuarial gains and losses on pension obligations	Effect of changes in exchange rates				
(in million euros)											
At 31 December 2018	905	(270)	16 795	37	-	146	(528)	17 085	2 509	19 594	
1st implementation of IFRS 16	-	-	2	-	-	-	-	2	-	2	
At 1 January 2019 restated ⁽¹⁾	905	(270)	16 797	37	-	146	(528)	17 087	2 509	19 596	
Comprehensive income	-	-	1 832	(8)	-	(4)	(5)	1 815	192	2 007	
Impact of hyperinflation	-	-	60	-	-	-	-	60	4	64	
Measurement of stock options and performance share grants	-	-	21	-	-	-	-	21	6	27	
Repurchase of treasury shares	-	2	(14)	-	-	-	-	(12)	(16)	(28)	
Effect of changes in scope of consolidation and other	-	5	(20)	-	-	-	-	(15)	(22)	(37)	
Peugeot S.A. equity warrants granted to General Motors	-	-	(19)	-	-	-	-	(19)	-	(19)	
Treasury shares delivered to employees	-	23	(23)	-	-	-	-	-	-	-	
Dividends paid by Peugeot S.A.	-	-	(697)	-	-	-	-	(697)	-	(697)	
Dividends paid by other Group companies	-	-	-	-	-	-	-	-	(135)	(135)	
At 30 June 2019	905	(240)	17 937	29	-	142	(533)	18 240	2 538	20 778	
Comprehensive income	-	-	1 369	(30)	-	235	(128)	1 446	198	1 644	
Impact of hyperinflation	-	-	76	-	-	-	-	76	-	76	
Measurement of stock options and performance	-	-	23	-	-	-	-	23	2	25	
Dividends linked to equity warrants granted to General Motors	-	-	(16)	-	-	-	-	(16)	-	(16)	
Dongfeng commitment	-	-	(684)	-	-	-	-	(684)	-	(684)	
Effect of changes in scope of consolidation and other	-	-	(13)	-	-	-	-	(13)	(15)	(28)	
Treasury shares	-	-	2	-	-	-	-	2	2	4	
Dividends paid by Peugeot S.A.	-	-	-	-	-	-	-	-	-	-	
Dividends paid by other Group companies	-	-	-	-	-	-	-	-	2	2	
At 31 December 2019	905	(240)	18 694	(1)	-	377	(661)	19 074	2 727	21 801	
Comprehensive income	-	-	595	28	-	243	(421)	445	(313)	132	
Impact of hyperinflation	-	-	38	-	-	-	-	38	2	40	
Measurement of performance share grants	-	-	21	-	-	-	-	21	3	24	
Effect of changes in scope of consolidation and other	-	-	3	-	-	-	-	5	(4)	-	
Treasury shares delivered to employees	-	54	(54)	-	-	-	-	-	-	-	
Treasury shares	-	3	-	-	-	-	-	3	-	3	
Dividends paid by Peugeot S.A.	-	-	-	-	-	-	-	-	-	-	
Dividends paid by other Group companies	-	-	-	-	-	-	-	-	(5)	(5)	
At 30 June 2020	905	(183)	19 297	27	-	620	(1 082)	19 584	2 410	21 994	

⁽¹⁾ Financial statements restated due to the first application of IFRS 16.

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Preliminary note

The interim consolidated financial statements for the six months ended 30 June 2020 and related notes were authorized for issue by the Managing Board of Peugeot S.A. and endorsed by the supervisory board on 27 July 2020.

Note 1 - SIGNIFICANT EVENTS

Merger of Groupe PSA and FCA

On May 13, 2020, the board of directors of Fiat Chrysler Automobiles NV ("FCA") (NYSE: FCAU / MTA: FCA) and the Managing Board of Peugeot S.A. ("**Groupe PSA**") each decided, in the light of the impact of the current crisis of the Covid-19, neither FCA nor PSA will pay an ordinary dividend in 2020 related to the fiscal year 2019.

FCA and Groupe PSA confirm that preparations for the 50/50 merger of their businesses announced in December 2019 are advancing well, including with respect to the antitrust and other regulatory filings. Completion of the proposed combination is expected on schedule before the end of Q1 2021, subject to the customary closing conditions.

Before closing of the Merger, FCA intends to distribute to its shareholders a special dividend of €5.5 billion while Groupe PSA intends to distribute to its shareholders its 46% stake in Faurecia, leading to the loss of control of Faurecia. At June 30, 2020, Faurecia is not presented as held for distribution and continues to be consolidated within continuing operations as PSA considered that the distribution of Faurecia does not qualify as highly probable until PSA shareholders approve this distribution.

Impact of Covid-19 pandemic on the Group's activity

The Covid-19 pandemic and the actions taken in response to it have caused a sharp fall of the demand for cars in Europe, disruptions in its manufacturing operations, lower capacity utilization and shutdowns at nearly all of Groupe PSA's facilities and unfavorable working capital movements (see note 2.2 Use of estimates and assumptions).

Change in scope of consolidation

During the first half of 2020, the Group has made no significant acquisition, except the acquisition of control of SAS by Faurecia, and has disposed of investment in CAPSA in May 2020.

Note 2 - ACCOUNTING POLICIES

2.1. ACCOUNTING STANDARDS APPLIED

The Groupe PSA's condensed interim financial statements for the six months ended 30 June 2020 have been prepared in accordance with **IAS 34 – Interim Financial Reporting**, which provides for the presentation of a selected number of explanatory notes. These condensed interim statements should be read and understood in conjunction with the 2019 consolidated financial statements.

The Groupe PSA's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board on 30 June 2020. The Covid-19-Related Rent Concessions – amendment to IFRS 16 Leases issued by the IASB on May 28, 2020, and not yet adopted by the European Union, would have no significant impact on the Group's financial statements. There is no significant effect on these consolidated financial statements resulting from differences between IFRS as issued by the IASB and IFRS as adopted by the European Union.

International Financial Reporting Standards include IFRSs and IASs (International Accounting Standards) and the related interpretations as prepared by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The interim consolidated financial statements for the six months ended 30 June 2020 for Groupe PSA have been prepared using the same accounting policies as those used for the financial year ended 31 December 2019, except for the adoption of the new **Amendments to IFRS 3, Definition of a Business, to IFRS 9, IAS 39, IFRS 7, Interest Rate Benchmark Reform, and to IAS 1 and IAS 8, Definition of Material**, which were effective from January 1, 2020 and had no material impact on the condensed interim financial statements.

New standards and amendments not yet effective

The following new IFRS standards, amendments or IFRIC interpretations mandatory for the periods beginning on or after January 1, 2021 (and not early applied) are:

- **IFRS 17 Insurance contracts, including Amendments to IFRS 17**
- **Amendments to IFRS 4 Insurance Contracts – Extension of Temporary Exemption from applying IFRS 9**
- **Amendment to IFRS 16 Leases – Covid-19-Related Rent Concessions** (expected to have no significant impact).

Regarding IFRS 16 Leases,

- o **The lease term** corresponds to the non-cancellable period of each lease, to which should be added any renewal option that the Group is reasonably certain to carry out, and any option of termination that the Group is reasonably certain to not carry out. Specifically, in the case of commercial leases in France (3-6-9 years), the Group used a maximum term of 9 years, in accordance with the opinion of the ANC (*Autorité des Normes Comptables*). However, IFRS Interpretation Committee decided on November 26 2019 that as long as either the lessor or the lessee has an economic incentive not to terminate the lease such that it would incur a penalty on termination that is more than insignificant, the contract is enforceable beyond the date on which the contract can be terminated. The group is currently assessing the impact of this decision on the lease liability and lease assets as of January 1, 2019.
- o On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. Under these amendments, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee, that makes this election, accounts for any change in lease payments the same way it would account for the change under IFRS 16 if the change were not a lease modification. These amendments are effective from June 1, 2020 under IASB transition provisions but have not been adopted by the European Union to date. For the six months ended June 30, 2020, the Group did not identify any significant impact.

2.2. USE OF ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions in order to determine the reported amounts of certain assets, liabilities, income and expense items, as well as certain amounts disclosed in the explanatory notes to the financial statements relating to contingent assets and liabilities.

The estimates and assumptions used are those deemed by management to be the most relevant and accurate in view of the Group's circumstances and past experience.

Given the uncertainty inherent in any projections, actual results may differ from initial estimates.

These interim statements are the first financial statements presented by the Group after the identification of the Covid-19 pandemic. The Group has considered the specific impact on the Group's financial statements of the Covid-19 pandemic. Specifically, management considered the impacts associated with the following:

- Recoverable amount of goodwill through an impairment test, with the Covid-19 pandemic as a trigger event (see note 4.4);
- Measurement of deferred tax assets (see note 13 Income taxes);
- Measurement of residual value of vehicles sold with a buy-back commitment. The Group has not identified any significant changes in the residual values of used vehicles.
- Pensions (see note 6 Employee benefits expense);

Note 3 - SEGMENT INFORMATION

In accordance with **IFRS 8 – Operating Segments**, segment information is presented in line with the indicators used internally by management to measure the performance of the Group's different reporting segments and allocate financial resources between them. The Group's main performance indicator on the reporting segments is the adjusted operating income.

The Group's operations are managed and reported in the management reporting around four main reporting segments:

- The Automotive division, consisting of
 - the historical Peugeot Citroën DS reporting segment and,
 - the Opel Vauxhall reporting segment that is still in a process of full integration in terms of manufacturing capacity and commercial distribution with the Peugeot Citroën reporting segment.
- The Automotive Equipment division, corresponding to the Faurecia Group comprising :
 - The Interiors business;
 - The Seating business (vehicle seats);
 - The Clean Mobility business and (exhaust systems' technology) ;
 - The Clarion Electronics business (cockpit electronics and low-speed ADAS).

Faurecia is listed on Euronext. At 30 June 2020, Peugeot S.A. holds 46.34% of Faurecia's capital and 62.99% of its voting rights which give exclusive control by the Group. The exercise of all the dilutive instruments issued by Faurecia would have no impact on the Group's exclusive control;
- The Finance division, corresponding to the Banque PSA Finance group, which provides retail financing to customers of the Peugeot, Citroën, DS, Opel and Vauxhall brands as well as wholesale financing to the brands' dealer networks. Banque PSA Finance is classified as a financial institution. This mainly stems from the partnerships between Banque PSA Finance and Santander Consumer Finance for the Peugeot, Citroën and DS brands as well as with BNP Paribas for the Opel and Vauxhall brands.

The Group's other activities are housed under "Other businesses", which mainly includes the Peugeot S.A. holding company and the 25% retained interests in Gefco.

3.1. REPORTING SEGMENTS

The columns for each reporting segment shown in the table below are on a stand-alone basis. Faurecia and Banque PSA Finance publish consolidated financial statements, and segment information for these two businesses is therefore presented down to the level of net profit (loss). For the other segments, as cash positions and taxes are managed jointly in some countries, only the adjusted operating income and share in net earnings of equity method investments are presented by segment.

All intersegment transactions are eliminated and, for the purposes of reconciliation with the Group's financial statements, are shown under the heading "Eliminations and unallocated" together with unallocated amounts.

All intersegment commercial transactions are carried out on an arm's length basis.

The 100% column under Finance companies represents the data as if the companies in partnership with Santander and BNP Paribas were fully consolidated. This column coupled with the "Reconciliation" column make it possible to reconcile the consolidated contribution of finance companies, with the share in net earnings of equity method investments in partnership with Santander and BNP Paribas.

	First-half 2020							Total
	Automotive			Other Businesses	Finance companies		Eliminations and unallocated	
	Peugeot Citroën DS ⁽¹⁾	Opel Vauxhall ⁽¹⁾	Automotive Equipment		100% Reconciliation			
(in million euros)								
Revenue								
> third parties	15 212	4 382	5 506	6	924	(910)	-	25 120
> intragroup, intersegment	816	1 044	664	64	135	(134)	(2 589)	-
Total	16 028	5 426	6 170	70	1 059	(1 044)	(2 589)	25 120
Adjusted operating income (loss)	629	110	(159)	(52)	463	(465)	(9)	517
Restructuring costs			(90)		(3)	3	(42)	(132)
Impairment of CGUs			(160)		-	-	(129)	(289)
Other operating income (expense)			176		(11)	5	216	386
Operating income (loss)			(233)		449	(457)	723	482
Net financial income (expense)			(108)		1	(1)	160	52
Income taxes expense			(67)		(134)	134	(155)	(222)
Share in net earnings of equity method investments	(97)	-	(12)	5	6	162	-	64
Consolidated profit (loss) from continuing operations			(420)		322	(162)	-	376
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD			(420)		322	(162)	-	376
Attributable to Owners of the parent			(204)		160	-	-	595
Attributable to Non controlling interests			(216)		162	(162)	-	(219)
Capital expenditure (excluding sales with a buyback commitment)	1 108	100	541	-	17	(8)	1	1 759
Depreciation provision	(1 053)	(121)	(667)	(3)	(15)	9	-	(1 850)

(1) The figures of these columns are displayed before elimination of the inter-company operations between PCD and OV segments.

	First-half 2019							
	Automotive				Finance companies			
	Peugeot Citroën DS ⁽¹⁾	Opel Vauxhall ⁽¹⁾	Automotive Equipment	Other Businesses	100% Reconciliation	Eliminations and unallocated		Total
(in million euros)								
Revenue								
> third parties	21 948	8 429	7 930	1	955	(923)	-	38 340
> intragroup, intersegment	1 324	889	1 042	71	116	(109)	(3 334)	-
Total	23 272	9 318	8 972	72	1 071	(1 032)	(3 334)	38 340
Adjusted operating income (loss)	1 940	717	634	36	513	(500)	(1)	3 338
Restructuring costs			(71)		-	-	(585)	(656)
Impairment of CGUs			-		-	-	(177)	(177)
Other operating income (expense)			(22)		(7)	7	8	(14)
Operating income (loss)			541		507	(494)	1 937	2 491
Net financial income (expense)			(95)		-	-	(71)	(166)
Income taxes expense			(93)		(151)	144	(225)	(325)
Share in net earnings of equity method investments	(175)	-	25	14	10	174	-	48
Consolidated profit (loss) from continuing operations			378		365	(175)		2 048
CONSOLIDATED PROFIT (LOSS) FORTHE PERIOD			378		365	(175)		2 048
Attributable to Owners of the parent			161		191	-		1 832
Attributable to Non controlling interests			217		174	(175)		216
Capital expenditure (excluding sales with a buyback commitment)	1 527	323	605	-	17	(8)	-	2 464
Depreciation provision	(1 007)	(58)	(536)	(3)	(18)	11	-	(1 611)

(1) The figures of these columns are displayed before elimination of the inter-company operations between PCD and OV segments.

	2019							Total
	Automotive			Other Businesses	Finance companies			
	Peugeot Citroën DS ⁽¹⁾	Opel Vauxhall ⁽¹⁾	Automotive Equipment		100% Reconciliation	Eliminations and unallocated		
(in million euros)								
Revenue								
> third parties	43 558	15 384	15 738	3	1 920	(1 872)	-	74 731
> intragroup, intersegment	2 538	1 984	2 030	173	243	(232)	(6 736)	-
Total	46 096	17 368	17 768	176	2 163	(2 104)	(6 736)	74 731
Adjusted operating income (loss)	3 923	1 121	1 227	36	1 012	(987)	(8)	6 324
Restructuring costs			(194)		(3)	3	(1 337)	(1 531)
Impairment of CGUs			-		-	-	(283)	(283)
Other operating income (expense)			(19)		(18)	17	178	158
Operating income (loss)			1 013		991	(967)	3 630	4 668
Net financial income (expense)			(219)		3	-	(128)	(344)
Income taxes expense			(167)		(255)	254	(547)	(716)
'Share in net earnings of equity method investments	(456)	-	38	22	16	356	-	(24)
Consolidated profit (loss) from continuing operations			665		755	(357)	-	3 584
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD			665		755	(357)	-	3 584
Attributable to Owners of the parent			272		398	-	-	3 201
Attributable to Non controlling interests			393		357	(358)	-	383
Capital expenditure (excluding sales with a buyback commitment)	3 012	506	1 367	-	48	(22)	-	4 911
Depreciation provision	(2 058)	(133)	(1 177)	(6)	(36)	22	-	(3 388)

(1) The figures of these columns are displayed before elimination of the inter-company operations between PCD and OV segments.

3.2. CONSOLIDATED BALANCE SHEETS

	30 June 2020				
	Automotive	Automotive equipment	Finance companies	Other businesses and Eliminations	Total
Assets (in million euros)					
Goodwill	1 974	2 392	-	19	4 385
Intangible assets	7 686	2 787	68	2	10 543
Property, plant and equipment	12 644	3 900	3	(17)	16 530
Equity method investments	224	155	2 592	168	3 139
Other non-current financial assets	150	78	1	438	668
Other non-current assets	1 421	127	234	111	1 893
Deferred tax assets	3 757	467	6	(3 187)	1 043
Total non-current assets	27 856	9 907	2 904	(2 466)	38 201
Inventories	4 666	1 731	-	2	6 399
Trade receivables	82	2 599	106	(196)	2 591
Current taxes	81	77	12	75	245
Other receivables	2 040	1 185	59	(162)	3 122
Derivative financial instruments on operating - assets	-	4	-	127	131
Current financial assets and Financial investments	139	9	8	652	808
Cash and cash equivalents	10 952	2 522	505	1 807	15 786
Total current assets	17 961	8 126	689	2 305	29 081
Assets held for sale	140	-	-	-	140
TOTAL ASSETS	45 957	18 033	3 594	(161)	67 422

	30 June 2020				
	Automotive	Automotive equipment	Finance companies	Other businesses and Eliminations	Total
Equity and liabilities (in million euros)					
Equity					21 994
Non-current provisions	824	480	-	59	1 363
Non-current financial liabilities	1 322	5 440	1	4 801	11 565
Deferred tax liabilities	2 095	96	5	(1 324)	872
Other non-current liabilities	5 000	5	-	3	5 008
Total non-current liabilities	9 242	6 021	6	3 538	18 807
Current provisions	3 893	268	77	94	4 332
Current financial liabilities	5 092	1 240	-	(4 032)	2 301
Trade payables and Finance companies' liabilities	6 003	4 535	253	(260)	10 531
Current taxes	508	78	9	(86)	510
Other payables	6 837	1 822	47	64	8 770
Derivative financial instruments on operating - liabilities	-	12	-	83	95
Current financial liabilities	22 334	7 954	386	(4 136)	26 539
Liabilities held for sale	82	-	-	-	82
TOTAL EQUITY AND LIABILITIES					67 422

The line items Trade receivables and Trade payables and Finance companies' liabilities comprise in the column Automotive equipment an amount of €221 million eliminated in the column Other businesses and Eliminations. It relates to intersegment positions between trade receivables of the Automotive Equipment and Trade payables of the automotive division

Within the French tax group, each company determines its income tax position on a stand alone basis. The impact of the consolidation of the French tax group is reflected in the Other businesses and eliminations.

	31 December 2019				
	Automotive	Automotive equipment	Finance companies	Other businesses and Eliminations	Total
Assets (in million euros)					
Goodwill	1 975	2 318	-	19	4 312
Intangible assets	7 669	2 551	66	2	10 288
Property, plant and equipment	13 055	3 874	3	(10)	16 922
Equity method Investments	317	240	2 605	161	3 323
Other non-current financial assets	148	70	11	434	663
Other non-current assets	1 260	137	199	137	1 733
Deferred tax assets	4 052	467	7	(3 328)	1 198
Total non-current assets	28 476	9 657	2 891	(2 585)	38 439
Inventories	4 718	1 551	-	-	6 269
Trade receivables	113	2 861	163	(471)	2 666
Current taxes	75	70	12	64	221
Other receivables	2 045	1 107	96	(326)	2 922
Derivative financial instruments on operating - assets	1	9	-	85	95
Current financial assets and Financial investments	65	15	2	1 239	1 321
Cash and cash equivalents	15 142	2 319	454	(82)	17 833
Total current assets	22 159	7 932	727	509	31 327
TOTAL ASSETS	50 635	17 589	3 618	(2 076)	69 766

	31 December 2019				
	Automotive	Automotive equipment	Finance companies	Other businesses and Eliminations	Total
Equity and liabilities (in million euros)					
Equity					21 801
Non-current provisions	854	466	-	25	1 345
Non-current financial liabilities	1 292	3 826	2	3 797	8 917
Deferred tax liabilities	2 049	34	7	(1 260)	830
Other non-current liabilities	5 165	2	-	6	5 173
Total non-current liabilities	9 360	4 328	9	2 568	16 265
Current provisions	4 543	255	84	59	4 941
Current financial liabilities	4 998	1 271	-	(3 749)	2 520
Trade payables and Finance companies' liabilities	9 681	5 334	272	(510)	14 777
Current taxes	797	77	9	(413)	469
Other payables	7 259	1 687	53	(130)	8 869
Derivative financial instruments on operating - liabilities	2	1	-	121	124
Current financial liabilities	27 280	8 625	418	(4 622)	31 700
TOTAL EQUITY AND LIABILITIES					69 766

The line items Trade receivables and Trade payables and Finance companies' liabilities comprise in the column Automotive equipment an amount of €435 million eliminated in the column Other businesses and Eliminations. It relates to intersegment positions between trade receivables of the Automotive Equipment and Trade payables of the Automotive division.

3.3. CONSOLIDATED STATEMENTS OF CASH FLOWS

	30 June 2020				
(in millions euros)	Automotive	Automotive Equipment	Finance companies	Other businesses and eliminations	Total
Funds from operations	1 133	324	151	(4)	1 603
Changes in working capital	(4 049)	(609)	23	293	(4 343)
Net cash from(using in) operating activities of continuing operations	(2 917)	(285)	174	288	(2 740)
Net cash from(using in) investing activities of continuing operations	(1 085)	(818)	(8)	(2)	(1 913)
Net cash from(using in) financing activities of continuing operations	4 012	1 363	(112)	(2 425)	2 838
Effect of changes in exchange rates	(132)	(58)	(1)	(44)	(235)
Increase (Decrease)in net cash from continuing operations	(122)	202	53	(2 182)	(2 050)
Net cash and cash equivalents at beginning of the period	1 526	2 322	449	13 508	17 805
Net cash and cash equivalents at end of period	1 404	2 524	502	11 325	15 755

	30 June 2019				
(in million euros)	Automotive	Automotive Equipment	Finance companies	Other businesses and eliminations	Total
Funds from operations	3 329	920	148	25	4 422
Changes in working capital	330	12	(9)	243	575
Net cash from(using in) operating activities of continuing operations	3 659	931	139	268	4 997
Net cash from(using in) investing activities of continuing operations	(1 696)	(1 620)	(7)	(42)	(3 365)
Net cash from(using in) financing activities of continuing operations	(1 190)	463	(97)	266	(559)
Effect of changes in exchange rates	7	2	0	(3)	6
Increase (Decrease)in net cash from continuing operations	779	(223)	35	488	1 079
Net cash and cash equivalents at beginning of the period	1 212	2 108	462	11 620	15 402
Net cash and cash equivalents at end of period	1 991	1 885	497	12 108	16 481

	31 December 2019				
(in million euros)	Automotive	Automotive Equipment	Finance companies	Other businesses and eliminations	Total
Funds from operations	5 489	1 807	189	88	7 573
Changes in working capital	1 054	32	(42)	88	1 132
Net cash from(using in) operating activities of continuing operations	6 543	1 839	147	176	8 705
Net cash from(using in) investing activities of continuing operations	(3 417)	(2 359)	(63)	(133)	(5 972)
Net cash from(using in) financing activities of continuing operations	(2 767)	729	(97)	1 826	(309)
Effect of changes in exchange rates	(45)	5	1	18	(21)
Increase (Decrease)in net cash from continuing operations	314	214	(12)	1 887	2 403
Net cash and cash equivalents at beginning of the period	1 212	2 108	462	11 620	15 402
Net cash and cash equivalents at end of period	1 526	2 322	449	13 508	17 805

Note 4 - OPERATING INCOME

4.1. STAFF COSTS (EXCLUDING RESTRUCTURING COSTS)

<i>(in million euros)</i>	First-half 2020	First-half 2019	2019
Automotive Division	(2 687)	(3 421)	(6 531)
Automotive Equipment Division	(1 561)	(1 775)	(3 470)
Finance companies	(3)	(4)	(7)
Other businesses	(53)	(64)	(134)
TOTAL	(4 304)	(5 264)	(10 142)

4.2. RESEARCH AND DEVELOPMENT EXPENSES

<i>(in million euros)</i>	First-half 2020	First-half 2019	2019
Total expenditure ⁽¹⁾	(1 714)	(2 064)	(4 290)
Capitalised development expenditure ⁽²⁾	951	1 087	2 179
Non-capitalised expenditure	(763)	(977)	(2 111)
Amortisation of capitalised development expenditure	(416)	(366)	(741)
TOTAL	(1 179)	(1 343)	(2 852)

⁽¹⁾ Including €1,117 million for the Automotive segment (€1,426 million in first-half 2019).

⁽²⁾ In addition to this expenditure, borrowing costs are capitalised pursuant to IAS 23 - Borrowing costs (Revised).

Regarding Faurecia, the total of research and development expenses includes €183 million expenses of Faurecia Group for the six months ended June 30, 2020 (€198 million for the six months ended 30 June 2019 and €420 million in 2019). The development cost recognized in the cost of sales (stock decrease and R&D assets depreciation) amount to €345 million as of June 2020 (€306 million as of June 2019 and €658 million as of December 31, 2019).

4.3. RESTRUCTURING COSTS

<i>(in million euros)</i>	First-half 2020	First-half 2019	2019
Termination costs for employees	(28)	(549)	(1 041)
Reengineering costs for plants, R&D and IT systems	(104)	(107)	(490)
TOTAL	(132)	(656)	(1 531)

Termination costs for employees

<i>(in million euros)</i>	First-half 2020	First-half 2019	2019
Automotive segment	47	(483)	(870)
Automotive Equipment segment	(75)	(60)	(169)
Other businesses segment	-	(6)	(2)
TOTAL	(28)	(549)	(1 041)

In the first half of 2020, the positive amount of €47 million results from the impact of the health crisis on the 2020 voluntary departure plan at Opel Vauxhall, which was revised downwards.

4.4. IMPAIRMENT OF CGUS

<i>(in million euros)</i>	First-half 2020	First-half 2019	2019
Impairment of CGUs	(289)	(177)	(283)

In the first half of 2020, the impairment of CGUS mainly relates to R&D and tooling assets dedicated to the business in China (€80 million) and UGT Clarion Electronics (€150 million).

Impairment losses on fixed assets

a. Impairment test on the CGU and individual assets of the Automotive segment

Goodwill and intangible assets with indefinite useful lives

Under IAS 36 "Impairment of Assets", the carrying amount of property, plant and equipment and intangible assets is tested for impairment whenever there are indicators of impairment and at least once a year for assets with indefinite useful lives, which are primarily goodwill and brands. Indicators of impairment include a significant decrease in volumes, deteriorating profitability, and technological or regulatory developments that adversely impact the business.

The economic consequences of the COVID19 health crisis are an indicator of impairment. In this context, the Group carried out impairment tests as of June 30, 2020 for all of its Cash Generating Units (CGUs).

As of June 30, 2020, the forecasts used in the context of the impairment tests are derived from the Medium-Term Plan (« MTP ») 2020-2022, approved in December 2019, which has been subject to adjustments taking into account the consequences of the COVID-19 crisis and of Group estimates concerning developments in the automotive market and the Group's profitability. For the Opel Vauxhall CGU and the Europe CGU of the Peugeot Citroën DS business segment, the impairment tests were performed by extrapolating to infinity projected cash flows for the terminal value of the 2020-2022 MTP. For the other CGUs, the projections were extended after 2022.

These forecasts take into account the consequences of the COVID19 crisis and their expected impacts on the volumes of the automotive market, the Group's sales prices as well as the savings plans undertaken by the latter. The projected cash flows were discounted using a discount rate determined as of June 30, 2020 based on the last known market parameters.

These forecasts are based on external sources, notably for sales volumes.

The Group has carried out sensitivity tests of the results with the following assumptions:

- +0.5% of the discount rate for cash flows,
- -0.5% of the current operating profit rate of the terminal value,
- -5% on the volume of vehicle sales up to 2023.

The impairment test results are presented for each of the CGUs. The result of the sensitivity tests are disclosed only if they would result in an additional impairment.

Impairment test results by CGU

Opel Vauxhall CGU

The Opel Vauxhall goodwill, as well as the Opel and Vauxhall brands are allocated to the Opel Vauxhall Automotive CGU. The net carrying amount of property, plant and equipment, intangible assets and goodwill included in this CGU is €5.9 billion as of June 30, 2020, of which non amortizable assets represents €3.6 billion

The CGU was subject to an impairment test at the end of the first half of 2020.

The projected cash flows were discounted at an after-tax rate of 9% (the same as of December 31, 2019), with a terminal value discounted at 10% (the same as of December 31, 2019) that takes into account a growth rate to infinity of 1% (the same as of December 31, 2019). The sale volumes reflected in the terminal value of the test are below the ones used for the initial MTP 2020-2022.

The test did not result in an impairment.

Europe CGU

The net carrying amount of property, plant and equipment and intangible assets included in the Europe CGU of the Peugeot Citroën DS business segment amounts to €11.5 billion as of June 30, 2020.

The Europe CGU was subject to an impairment test at the end of the first half of 2020.

The projected cash flows were discounted at an after-tax rate of 9% (the same as of December 31, 2019) with a terminal value discounted at 10% (the same as of December 31, 2019). The growth rate to infinity used was 1% (the same as of December 31, 2019). The sale volumes reflected in the terminal value of the test are below the ones used for the initial MTP 2020-2022.

The test did not result in an impairment.

Celor/Aramis CGU

The Celor/Aramis CGU was subject to an impairment test as of June 30, 2020 to cover tangible and intangible assets and a goodwill of €97 million. The net projected cash flows were discounted with an after-tax rate of 12% (the same as of December 31, 2019), and a growth rate to infinity of 1% (the same as of December 31, 2019).

The test did not result in an impairment.

The sensitivity test on volumes would not lead to the recognition of any impairment loss. However, the sensitivity tests on a variation in the discount rate of + 0.5% and a variation in operating profit of -0.5% would lead to an impairment of €15 million and €40 million respectively.

Latin America CGU

For the Latin America CGU, the discount rate applied was 14.5% (13.4% as of December 31, 2019) and the growth rate to infinity was 3.5% (the same as of December 31, 2019).

Impairments were recorded for €18 million due to revised projections of volumes and profitability.

Sensitivity tests on a change in volumes of -5%, a change in the discount rate of + 0.5% and a change in operating profit of -0.5% would lead to an additional impairment loss of, respectively, €20 million, €21 million and €45 million.

Eurasia CGU

For the Eurasia CGU, the discount rate applied was 13% (the same as of December 31, 2019).

Impairments were recorded for €26 million due to revised projections of volumes and profitability.

Other assets:

Specific assets for China

The Group's research and development assets dedicated to the Chinese operations have been impaired by €80 million in the first half-year of 2020.

The impairment tests for these specific assets are based on cash flow projections from the sale of parts and royalties to Chinese JVs over the expected useful life of the assets and discounted at a rate of 12.5% (rate unchanged compared to December 31, 2019). After impairment, the residual booked value of these assets amounts to € 60 million.

Other specific assets outside China

As of June 30, 2020, impairment tests on specific assets dedicated to vehicles results in an impairment loss of €6 million. These tests are based on volume and profitability projections and are discounted at a rate of 9% (discount rate unchanged compared to December 31, 2019).

The sensitivity tests performed on the three criteria would not result in a significant additional impairment.

b. Impairment test on Faurecia group CGUs and other assets

Faurecia Group CGUs

The carrying amount of each CGU was compared with the higher of its fair value and value in use. Value in use is defined as the present value of estimated future cash flows expected to be generated by each cash-generating unit based on the latest projections (2020-2022 plan established in 2019 incorporating new assumptions on the level of activity for each of the years considered). For Clarion Electronics, the same process was followed with future cash flows used for this activity over the period 2020-2025.

The calculation was performed by extrapolating to infinity projected cash flows for the last year of the Medium-Term Plan (2022) using a growth rate of 1.4% (the same as in 2019), with the exception of Clarion Electronics for which a rate of 2% was used (the same as in 2019).

The weighted average cost of capital used to discount future cash flows is reviewed each year by an independent expert, and is set at 9,5% for 2020 (9% in 2019) for all the CGUs, except Clarion using a weighted cost of capital at 8,75% (8% in 2019).

The test performed at 30 June 2020 confirmed that the goodwill allocated to the CGUs Seating, Interiors and Clean Mobility was fairly stated in the statement of financial position. The test for the Clarion Electronics CGU leads to an impairment loss of 150 million euros as of June 30, 2020.

Concerning the Clarion Electronics CGU, the sensitivity to the Cash flow discount rate (+0.5%), Growth rate to infinity (-0.5%) and Operating margin rate for terminal value (-0.5%) would lead to the recognition of an additional impairment loss, respectively, of €108 million, €89 million and €92 million.

FAURECIA CGU IN THE ACCOUNTS OF PSA GROUP

The stock market value of the Faurecia shares held by Peugeot S.A. at 30 June 2020 was €2,224 million (€3,072 million in 2019) based on a share price of €34.77, representing the price that would be paid in a transaction between minority shareholders not leading to the acquisition of control. The Group's share of Faurecia's net assets in the consolidated statement of financial position is valued at € 1, 777 million (including a goodwill of €172 million recorded at Peugeot S.A.).

In light of these facts, no additional impairment test was performed on the Faurecia goodwill as of June 30 2020.

4.5. OTHER OPERATING INCOME (EXPENSES)

<i>(in million euros)</i>	First-half 2020	First-half 2019	2019
TOTAL	386	(14)	158

In the first half of 2020, other operating income mainly results from the disposal of CAPSA (€204 million) and the revaluation of SAS (€178 million), following its takeover by Faurecia and now recognized as a fully consolidated company.

Note 5 - WORKING CAPITAL

5.1. INVENTORIES

	30/06/2020	30/06/2019	31/12/2019
<i>(in million euros)</i>	Net	Net	Net
Raw materials and supplies	1 523	1 344	1 352
Semi-finished products and work-in-progress	1 175	1 129	1 053
Goods for resale and used vehicles	1 171	820	981
Finished products and replacement parts	2 530	3 410	2 883
Total	6 399	6 703	6 269
Gross value	7157	7207	6862
Accumulated depreciation	(758)	(504)	(593)

5.2. CHANGE IN WORKING CAPITAL

<i>(in million euros)</i>	First-half 2020	First-half 2019	2019
(Increase) decrease in inventories	(192)	166	485
(Increase) decrease in trade receivables	(73)	(895)	(197)
Increase (decrease) in trade payables	(4 502)	958	745
Change in income taxes	(16)	56	(11)
Other changes	419	301	151
Total manufacturing and sales companies	(4 364)	586	1 173
Net cash flows with Group finance companies and eliminations	21	(11)	(41)
Changes in working capital requirements in the statement of cash flows	(4 343)	575	1 132

In the first half of 2020, the decline in working capital requirement stems from the decrease in activity linked to the Covid19 health crisis.

Note 6 - EMPLOYEE BENEFITS EXPENSE

6.1. PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

A. Assumptions

	Euro zone	United-Kingdom
Discount Rate		
June 2020	1,20%	1,65%
December 2019	1,20%	2,20%
June 2019	1,60%	2,45%
Inflation Rate		
June 2020	1,80%	2,90%
December 2019	1,80%	3,10%
June 2019	1,80%	3,30%

The impact of changes in assumptions is reported under the consolidated comprehensive income.

B. Reconciliation of statement of financial position's items

	30 June 2020					2019				
	United					United				
(in million euros)	France	Kingdom	Germany	Other	Total	France	Kingdom	Germany	Other	Total
Present value of projected benefit obligation	(1 291)	(2 221)	(3 315)	(443)	(7 270)	(1 314)	(2 286)	(3 264)	(445)	(7 309)
Fair value of external funds	725	2 917	3 287	276	7 205	750	2 869	3 083	291	6 993
Net (liability) asset recognised in the balance sheet before minimum funding requirement (IFRIC 14)	(566)	696	(28)	(167)	(65)	(564)	583	(181)	(154)	(316)
Minimum funding requirement liability (IFRIC 14)	-	-	-	-	-	-	-	-	-	-
Net (liability) asset recognised in the balance sheet	(566)	696	(28)	(167)	(65)	(564)	583	(181)	(154)	(316)
Of which, liability (Note 9)	(592)	(61)	(305)	(192)	(1 150)	(590)	(91)	(305)	(181)	(1 167)
Of which, asset	26	757	277	25	1 085	26	674	124	27	851
<i>Of which, unfunded plans</i>	<i>0,0%</i>	<i>0,0%</i>	<i>0,0%</i>	<i>11,7%</i>	<i>0,7%</i>	<i>0,0%</i>	<i>0,0%</i>	<i>0,0%</i>	<i>11,7%</i>	<i>0,7%</i>

As of June 30, the projected benefit obligation has been updated for the main plans in France, the United Kingdom and Germany, representing approximately 86% of the total commitment (89% excluding Faurecia).

6.2. SHARE-BASED PAYMENT

A. Peugeot S.A. performance share plans

⁽¹⁾ Performance share plans 2016, 2017, 2018 et 2019

The personnel expense associated with the 2016, 2017, 2018 and 2019 plans, measured in accordance with IFRS 2 was €17.8 million for the first-half 2020, excluding payroll taxes (€37.2 million in 2019).

⁽²⁾ 2020 performance share plan

Following the authorization given by the Extraordinary Shareholders' Meeting of 24 April 2018 and the Supervisory Board at its meeting of 25 February 2020, the Peugeot S.A. Managing Board adopted a performance share plan effective at 11 May 2020, subject to performance conditions. This plan covers a maximum total of 3,100,000 shares. The allocation of performance shares is subject to a condition of service within the Group at the end of the vesting period.

The definitive acquisition is subject to achieving the performance objectives related to:

- Profitability through the average percentage of adjusted operating income of the Automotive division;
- Quality through the Group World Automotive quality failure rate; and
- Compliance with environmental requirements through the level of CO² emissions.

Reaching these performance objectives will be evaluated over a period of three years (2020 to 2022).

Given these objectives, the shares will be acquired on 11 May 2023, subject to a condition of service at the date of 31 December that precedes the vesting period concerned.

As of June 30, 2020, 2,740,165 shares are potentially attributable to the beneficiaries of the plan. The personnel expense associated with the 2020 plan, measured in accordance with IFRS 2, was €1.1 million for the first half-year of 2020, excluding payroll taxes.

B. Faurecia performance share plan

In 2010 Faurecia implemented a share grant plan for executives of Group companies. These shares are subject to service and performance conditions.

The amount recognized for the first half of 2020 is an expense of €5.4 million, compared to €11.2 million in the first half-year of 2019.

The performance conditions for the plan attributed by the Board of July 25, 2016 have been met, and the corresponding shares, i.e. 631,721 will be definitely distributed in July 2020. The performance conditions for the plan attributed by the Board of July 20, 2017 have been met, and the corresponding shares, ie 453,423 will be definitely distributed in July 2021.

Note 7 - GOODWILL

(in million euros)	30 June 2020	31 December 2019
Net		
Automotive Opel Vauxhall CGU	1 823	1 823
Automotive Peugeot Citroën DS CGU	150	151
Other businesses CGU	20	20
Faurecia CGUs inside Faurecia Group	2 220	2 146
Faurecia CGU at PSA level	172	172
TOTAL	4 385	4 312

The impairment tests for goodwill allocated to the Automotive Equipment CGUs are discussed in Note 4.4.

Business combination – Clarion

The one-year period, during which the amounts of assets acquired and liabilities assumed, and the related goodwill, may be amended has ended on March 31, 2020. The changes that have occurred on the opening balance sheet since the December 31, 2019 closing are not significant.

Note 8 - PROPERTY, PLANT AND EQUIPMENT

A. Directly-owned Property, Plant and Equipment

	30/06/2020					
(in million euros)	Land and buildings	Plant and equipment	Leased vehicles ⁽¹⁾	Fixtures, fittings and other	Assets under construction	Total
Net						
At beginning of period	2 205	7 259	3 763	426	1 634	15 287
Purchases/additions	19	219	-	18	577	833
Depreciation for the year	(77)	(747)	-	(58)	-	(882)
Impairment losses	(5)	(35)	-	-	-	(40)
Disposals	(7)	(12)	-	(4)	-	(23)
Transfers and reclassifications	13	215	-	7	(235)	-
Change in scope of consolidation and other ⁽¹⁾	9	134	(213)	57	(222)	(235)
Translation adjustment	(33)	(55)	(38)	(5)	(37)	(168)
AT PERIOD-END	2 123	6 978	3 512	440	1 718	14 771
Gross value	6 317	33 993	3 835	1 399	1 745	47 289
Accumulated depreciation and impairment	(4 194)	(27 015)	(323)	(959)	(27)	(32 518)

⁽¹⁾ "Change in scope of consolidation and other" movements in "Leased vehicles" includes net changes for the year (additions less disposals).

31/12/2019

	Land and buildings	Plant and equipment	Leased vehicles (1)	Fixtures, fittings and other	Assets under construction	Total
<i>(in million euros)</i>						
Net						
At beginning of period	2 203	6 345	3 547	408	1 633	14 136
1st implementation of IFRS 16	(23)	(2)	-	(1)	(14)	(40)
At 1st January 2019	2 180	6 343	3 547	407	1 619	14 096
Purchases/additions	81	1 269	-	47	1 368	2 765
Depreciation for the year	(176)	(1 414)	(5)	(113)	-	(1 708)
Impairment losses	(12)	(103)	-	-	(6)	(121)
Disposals	(201)	(81)	-	(5)	(10)	(297)
Transfers and reclassifications	35	739	-	41	(816)	(1)
Change in scope of consolidation and other ⁽¹⁾	285	510	191	49	(501)	534
Translation adjustment	13	(4)	30	-	(20)	19
At period-end	2 205	7 259	3 763	426	1 634	15 287
<i>Gross value</i>	<i>6 485</i>	<i>34 372</i>	<i>4 095</i>	<i>1 328</i>	<i>1 664</i>	<i>47 944</i>
<i>Accumulated depreciation and impairment</i>	<i>(4 280)</i>	<i>(27 113)</i>	<i>(332)</i>	<i>(902)</i>	<i>(30)</i>	<i>(32 657)</i>

⁽¹⁾ "Change in scope of consolidation and other" movements in "Leased vehicles" includes net changes for the year (additions less disposals).

B. Rights of use

	30/06/2020			
	Land and buildings	Plant and equipment	Fixtures, fittings and other	Total
<i>(in million euros)</i>				
Net				
At beginning of period	1 395	109	131	1 635
Purchases/additions	85	168	19	272
Depreciation for the year	(122)	(29)	(27)	(178)
Impairment losses	-	-	(1)	(1)
Disposals	(7)	(9)	(1)	(17)
Change in scope of consolidation and other	80	(1)	(5)	74
Translation adjustment	(25)	(1)	(1)	(27)
AT PERIOD-END	1 406	237	116	1 759
<i>Gross value</i>	<i>1 781</i>	<i>290</i>	<i>194</i>	<i>2 265</i>
<i>Accumulated depreciation and impairment</i>	<i>(375)</i>	<i>(53)</i>	<i>(78)</i>	<i>(505)</i>

	31/12/2019			
	Land and buildings	Plant and equipment	Fixtures, fittings and other	Total
<i>(in million euros)</i>				
Net				
Reclassification of finance leases	23	2	15	40
1st implementation of IFRS 16	1 329	68	110	1 507
At 1st January 2019	1 352	70	125	1 547
Purchases/additions	313	51	63	427
Depreciation for the year	(234)	(33)	(51)	(318)
Impairment losses	(14)	-	-	(14)
Disposals	(39)	-	(9)	(48)
Change in scope of consolidation and other	6	21	3	30
Translation adjustment	11	-	-	11
AT PERIOD-END	1 395	109	131	1 635
<i>Gross value</i>	<i>1 650</i>	<i>143</i>	<i>183</i>	<i>1 976</i>
<i>Accumulated depreciation and impairment</i>	<i>(255)</i>	<i>(34)</i>	<i>(52)</i>	<i>(341)</i>

Note 9 - CURRENT AND NON-CURRENT PROVISIONS

<i>(in millions euros)</i>	31 December 2019	Additions	Releases (utilisations)	Releases (unused provisions)	Recognised in equity during the period	Change in scope of consolidation and other	30 June 2020
Pensions (Note 6.1)	1 167	89	(61)	-	1	(47)	1 149
Other employee benefit obligations and others	178	50	(15)	(1)	(1)	2	213
Total non-current provisions	1 345	139	(76)	(1)	-	(45)	1 362
Warranties	1 419	159	(257)	(13)	-	(29)	1 279
Commercial and tax claims and litigations	942	22	(50)	(62)	-	(79)	773
Restructuring plans	1 762	301	(435)	(253)	-	(5)	1 370
Long-term and operating contract losses	273	128	(147)	(3)	-	(5)	246
Others	545	156	(22)	(16)	-	1	664
Total current provisions	4 941	766	(911)	(347)	-	(117)	4 332

Expected maturity

<i>(in million euros)</i>	30 June 2020	Expected to be settled within twelve months	Expected to be settled beyond twelve months	31 December 2019	Expected to be settled within twelve months	Expected to be settled beyond twelve months
Pensions	1 149	6	1 143	1 167	62	1 105
Other employee benefit obligations and others	213	3	210	178	2	176
Total non-current provisions	1 362	9	1 353	1 345	64	1 281
Warranties	1 279	705	574	1 419	719	700
Commercial and tax claims and litigations	773	273	500	942	625	317
Restructuring plans	1 370	534	836	1 762	977	785
Long-term and operating contract losses	246	140	106	273	155	118
Others	664	419	245	545	339	206
Total current provisions	4 332	2 071	2 261	4 941	2 815	2 126

Note 10 - EQUITY METHOD INVESTMENTS

Equity method investments include:

- Joint ventures in the automotive activities with Dong Feng Motor Group (see Note 10.4.A), located in China. The joint venture with Changan (CAPSA) has been disposed during the half-year 2020.
- finance companies in partnership with:
 - Santander Consumer Finance covering the financing and insurance of the Peugeot, Citroën and DS brands' operations in the following countries: France, the United-Kingdom, Malta, Spain, Switzerland (disposed as at June 2020), Italy, the Netherlands, Belgium, Germany, Austria, Poland, and Brazil (see Note 10.4.B);
 - BNP Paribas covering the financing of the Opel and Vauxhall brands' operations in the following countries: Germany, France, the Netherlands, the United-Kingdom, Sweden and Switzerland (see Note 10.4.C);
 - as well as the joint company with Dongfeng Motor Group in China;
- the companies over which the Group has significant influence, mainly Gefco.

10.1. CHANGES IN THE CARRYING AMOUNT OF EQUITY METHOD INVESTMENTS

<i>(in million euros)</i>	30 June 2020	31 December 2019
At beginning of period	3 323	3 444
Dividends and profit transfers	(165)	(251)
Share of net earnings	64	(24)
Newly consolidated companies	4	182
Capital increase (reduction)	-	334
Changes in scope of consolidation and other	(55)	(378)
Translation adjustment	(32)	16
At period-end	3 139	3 323
O/w Dongfeng Peugeot Citroën Automobile goodwill	76	77
O/w Dongfeng Peugeot Citroën Automobile Finance Company Ltd goodwill	2	2
O/w Gefco goodwill	93	93
O/w Auto Avari and UAP goodwill	10	11

10.2. SHARE IN NET ASSETS OF EQUITY METHOD INVESTMENTS

<i>(in million euros)</i>	Latest % interest	30 June 2020	31 December 2019
Dong Feng Peugeot Citroën Automobile			
Dong Feng Peugeot Citroën Automobile Sales Co			
and Dongfeng Peugeot Citroën International Co	50%	183	269
Changan PSA Automobiles Co., Ltd	50%	-	(123)
Other		33	49
<i>Automotive Peugeot Citroën DS</i>		216	195
<i>Automotive equipment</i>		155	240
Gefco	25%	167	161
Shandong UAP	15%	9	-
<i>Other activities</i>		176	161
Manufacturing and sales activities		547	596
Finance companies in partnership with Santander Consumer Finance	50%	1 884	1 899
Finance companies in partnership with BNP Paribas	50%	588	590
Dongfeng Peugeot Citroën Automobile Finance Company Ltd	25%	120	115
Finance activities		2 592	2 604
Total		3 139	3 200

The share in net assets of equity method investments breaks down into €3,139 million (€3,323 million at 31 December 2019) for companies with positive net equity, reported under "Equity method companies" without any companies with negative net equity as of June 30, 2020 (€123 million at 31 December 2019).

10.3. SHARE IN NET EARNINGS OF EQUITY METHOD INVESTMENTS

(in million euros)	Latest % interest	First-half 2020	First-half 2019	2019
<i>Coopération avec Dongfeng Motor Company :</i>		(83)	(163)	(383)
> Dongfeng Peugeot Citroën Automobiles	50%	(41)	(138)	(225)
> Dongfeng Peugeot Citroën Automobiles Sales Co	50%	(42)	(25)	(158)
<i>Changan PSA Automobiles Co., Ltd:</i>	50%	(9)	-	(50)
> Autres entités		(5)	(13)	(24)
Others		(5)	(13)	(24)
Automotive		(97)	(176)	(457)
Automotive equipment		(12)	25	38
Gefco	25%	4	18	29
Peugeot Scooters	49%	-	(4)	(6)
Other activities		4	14	23
Manufacturing and sales activities		(105)	(137)	(396)
Finance companies in partnership with Santander Consumer Finance	50%	138	132	280
Finance companies in partnership with BNP Paribas	50%	25	43	76
Dongfeng Peugeot Citroën Automobile Finance Company Ltd	25%	6	10	16
Finance activities		169	185	372
Total		64	48	(24)

10.4. KEY FINANCIAL DATA OF EQUITY METHOD INVESTMENTS

The detailed data about the equity method investments are the following.

A. Dongfeng Motor Group cooperation agreement in the automotive activities

Groupe PSA and Dongfeng Motor Group have two joint ventures:

- Dongfeng Peugeot Citroën Automobile (DPCA), based in Wuhan, which is subject to joint control and is qualified for accounting purposes as a joint venture. It manufactures motor vehicles under the Dongfeng Peugeot, Dongfeng Citroën brands in China and Fengshen brand;
- Dongfeng Peugeot Citroën Automobile Sales Co (DPCS), based in Wuhan, over which the Group has significant influence. It markets in China the vehicles produced by DPCA.

The amounts below represent the combined financial statements of DPCA and DPCS.

Earnings items at 100%

	In million euros			In million yuans		
	First-half 2020	First-half 2019	2019	First-half 2020	First-half 2019	2019
Revenue	386	921	1 781	2 999	7 053	13 595
Adjusted operating income (loss)	(156)	(110)	(315)	(1 206)	(853)	(2 441)
Operating income (loss)	(150)	(129)	(463)	(1 159)	(1 004)	(3 600)
<i>Of which depreciation and impairment</i>	(100)	(197)	(406)	(767)	(1 517)	(3 131)
Net financial income (loss)	(18)	(11)	(30)	(138)	(89)	(240)
Income taxes, including impairment	-	(184)	(272)	(3)	(1 439)	(2 120)
Profit (loss) of the period	(168)	(325)	(765)	(1 300)	(2 532)	(5 960)
Group's share in the profit (loss) of the period	(84)	(163)	(383)			
Income and expenses recognised in equity, net	-	-	-			
Other information						
Net dividend received from the joint venture(s) by PSA Group	-	-	-			

B. Santander agreement in the financing activities

The combined financial statements of all the partnerships with Santander are presented in summary form in the tables below.

The scope of the partnership with Santander includes at 30 June 2020 ten European countries as well as Brazil.

Earnings items at 100%

<i>In million euros</i>	First-half 2020	First-half 2019	2019
Interest revenue	1 142	1 089	2 178
Interest expenses	(505)	(492)	(951)
Net banking revenue	637	597	1 227
General operating expenses and others	(193)	(198)	(397)
Gross operating income	444	399	830
Cost of risk	(60)	(24)	(64)
Operating income from continuing operations before tax	384	375	766
Non operating items	(5)	-	(6)
Income from continuing operations before tax	379	375	760
Income taxes	(104)	(112)	(199)
Profit (loss) for the period	275	263	561
Group's share in the profit (loss) of the period (Share in net earnings of companies at equity)	138	132	280
Income and expenses recognised in equity, net	(48)	(2)	(256)
Other information			
Net dividend received from the joint venture(s) by PSA Group	128	108	136

Statement of financial position items at 100%

<i>In million euros</i>	30 June 2020	31 December 2019
Customer loans and receivables	29 449	31 688
Other assets	3 958	3 688
Total assets	33 407	35 376
Financing liabilities	22 724	24 765
Other liabilities	6 960	6 855
Equity	3 723	3 756
Total liabilities	33 407	35 376

C. BNP Paribas agreement in the financing activities

The combined financial statements of all the partnerships with BNP Paribas are presented in summary form in the tables below.

The scope of the partnership with BNP Paribas includes six European countries as of June 30, 2020.

Earnings items at 100%

<i>In million euros</i>	First-half 2020	First-half 2019	2019
Interest revenue	373	371	743
Interest expenses	(170)	(127)	(277)
Net banking revenue	203	244	466
General operating expenses and others	(100)	(117)	(225)
Gross operating income	103	127	241
Cost of risk	(22)	(2)	(19)
Operating income from continuing operations before tax	81	125	222
Non operating items	(2)	(7)	(13)
Income from continuing operations before tax	79	118	209
Income taxes	(23)	(32)	(57)
Profit (loss) for the period	56	86	152
Group's share in the profit (loss) of the period (Share in net earnings of companies at equity)	27	43	76
Income and expenses recognised in equity, net	(11)	(10)	-
Other information			
Net dividend received from the joint venture(s) by PSA Group	21	74	74

Statement of financial position items at 100%

<i>In million euros</i>	30 June 2020	31 December 2019
Customer loans and receivables	10 478	11 064
Other assets	1 484	1 593
Total assets	11 962	12 657
Financing liabilities	8 879	9 444
Other liabilities	1 902	2 033
Equity	1 181	1 180
Total liabilities	11 962	12 657

10.5. IMPAIRMENT OF EQUITY METHOD INVESTMENTS IN THE AUTOMOTIVE BUSINESS

The companies accounted for using the equity method in the Automotive business include the companies in partnership with Dong Feng Motor Company Group, based in China.

The non-current assets of these companies are tested for impairment on the basis of the same principles as applicable to the Automotive business of Groupe PSA (cf. note 4.4). When there are indicators of impairment, the assets that are specific to the vehicle models are tested separately and all assets (including those that are not specific to the models) are tested in aggregate at the level of each partnership. The Covid-19 crisis is an indicator of impairment which resulted in updating the tests at June 30, 2020.

Dongfeng

At 30 June 2020, impairment testing at the companies in partnership with the Dong Feng Motor Company Group resulted in the recognition of RMB 47 million in impairment losses (RMB 23 million in PSA share, i.e. €3 million). In 2019, an impairment loss for RMB 1,364 had been recorded (RMB 682 million in PSA share, i.e. €87 million).

In addition to these tests, Groupe PSA has performed an impairment test of its other equity method investments in the companies in partnership with the Dong Feng Motor Company Group. The recoverable amount was determined by evaluating the value in use based on cash flow forecasts. These forecasts are taken from the most recent estimations for 2020 to June 30, 2025 agreed by the partners. The terminal value is determined with reference to the data in the final years of the plan considering a growth rate to infinity of 2.6% (the same as in 2019). The future cash flows are discounted using an after-tax rate of 12.5% for 2020 to June 30, 2025 (12.5% in 2019) and 12.5% for the terminal value.

The sensitivity tests on volumes (-5% for the years 2021 to 2023), on change in operating profit (-0.5%) and on discount rate (+0.5%) would not result in the recognition of any additional impairment loss.

Note 11 - FINANCING AND FINANCIAL INSTRUMENTS – MANUFACTURING AND SALES COMPANIES

11.1. NET FINANCIAL INCOME (EXPENSE)

<i>(in million euros)</i>	First-half 2020	First-half 2019	2019
Interest income	250	45	81
Finance costs	(135)	(150)	(290)
Other financial income	30	59	108
Other financial expenses	(93)	(120)	(246)
Total manufacturing and sales companies	52	(166)	(347)
Finance companies	-	-	3
Net financial income (expense) in the consolidated statement of income	52	(166)	(344)

Interest income include the revaluation of the current financial liability of the obligation to repurchase shares of DFG for €216 million (see Note 11.2).

Finance costs of manufacturing and sales companies

Finance costs are actual expense less the capitalised portion of assets in development.

(in million euros)	First-half 2020	First-half 2019	2019
Interest on borrowings and bank overdrafts	(125)	(130)	(248)
Interest on finance lease liabilities	(32)	(33)	(62)
Foreign exchange gain (loss) on financial transactions and other	(5)	(23)	(43)
Finance costs incurred	(162)	(186)	(353)
<i>Of which Automotive Division and Other Businesses</i>	<i>(54)</i>	<i>(101)</i>	<i>(162)</i>
Capitalised borrowing Costs	27	36	63
TOTAL	(135)	(150)	(290)

Finance costs incurred, net of interest income

(in million euros)	First-half 2020	First-half 2019	2019
Finance costs incurred ⁽¹⁾	(162)	(186)	(353)
<i>Of which Automotive Division and Other Businesses</i>	<i>(54)</i>	<i>(101)</i>	<i>(162)</i>
Interest income	250	45	81
<i>Of which Automotive Division and Other Businesses</i>	<i>-</i>	<i>35</i>	<i>-</i>
Total	88	(141)	(272)
<i>Of which Automotive Division and Other Businesses</i>	<i>(54)</i>	<i>(66)</i>	<i>(162)</i>

⁽¹⁾ Finance costs before capitalization of borrowing costs.

11.2. CURRENT AND NON-CURRENT FINANCIAL ASSETS AND LIABILITIES EXCLUDING DERIVATIVES FINANCIAL INSTRUMENTS ON OPERATING

A. Current and Non-current financial assets

(in million euros)	31 December 2019	Net increase in cash and cash equivalent	Change in scope of consolidation	Remeasure of equity	Exchange rate fluctuations	Other changes	30 June 2020
Other non-current financial assets	652	12	-	-	3	-	667
Current financial assets	1 269	(535)	(9)	-	5	40	770
Financial investments	50	(20)	-	-	-	-	30
Cash and cash equivalent	17 379	(2 096)	-	-	-	-	15 283
Current and non-current financial assets	19 350	(2 640)	(9)	-	8	40	16 749

B. Current and Non-current financial liabilities

(in million euros)	31 December 2019	Net increase in cash and cash equivalent	Change in scope of consolidation	Remeasure of equity	Exchange rate fluctuations	Other changes	30 June 2020
Non-current financial liabilities	8 915	2 872	13	-	(37)	(198)	11 565
Current financial liabilities	2 520	(518)	80	-	(25)	244	2 301
Current and non-current financial liabilities	11 435	2 354	93	-	(62)	46	13 866

In the context of the contemplated Merger with FCA, Dongfeng Group (DFG) has agreed to sell, and Groupe PSA has agreed to buy, 30.7 million shares prior to closing (those shares will be cancelled).

At the date of commitment, a current financial liability of €685 million euro was initially recognized against equity. Subsequently, as at 31 December 2019, it was remeasured to €667 million against 2019 net financial income (expense) for €17 million. As at June 30, 2020, the commitment remains the same in terms of number of shares.

The current financial liability has been remeasured to €451 million against the net financial income (expense) for €216 million.

11.3. BREAKDOWN OF FINANCIAL ASSETS

A. Other non-current and current financial assets and Financial investments

(in million euros)	30 June 2020		31 December 2019	
	Non-current	Current	Non-current	Current
Financial assets classified as "at amortised cost"	256	770	241	1 269
Financial assets classified as "at fair value through profit or loss"	411	-	411	-
Financial investments "at amortised cost" ⁽¹⁾	-	30	-	50
Other non-current financial assets - Manufacturing and sales companies	667	800	652	1 319
Other non-current financial assets - Finance companies	1	8	11	2
Total Other financial assets in the statement of financial position	668	808	663	1 321

⁽¹⁾ Short-term investments are investments of surplus cash flows for which the remaining maturity and investment horizon is less than 12 months.

B. Cash and cash equivalents

Cash and cash equivalents include the following items:

(in million euros)	30 June 2020	31 December 2019
Mutual fund units and money market securities	10 754	12 942
Cash and current account balances	4 529	4 437
Total - manufacturing and sales companies	15 283	17 379
<i>o/w deposits with finance companies</i>	<i>(2)</i>	-
Finance companies	503	454
Cash and cash equivalent in the statement of financial position	15 786	17 833

11.4. BREAKDOWN OF FINANCIAL LIABILITIES

(in million euros)	Carrying amount at 30 June 2020		Carrying amount at 31 December 2019	
	Amortised cost or fair value		Amortised cost or fair value	
	Non-current	Current	Non-current	Current
Bonds	6 852	51	5 863	47
Other long-term borrowings	3 190	587	1 644	927
Other short-term financing and overdraft facilities	-	1 299	1	1 222
Derivative financial instruments on financing and others	19	6	15	2
Total financial liabilities before lease liabilities	10 061	1 943	7 523	2 198
Finance lease liabilities	1 504	358	1 392	322
Total financial liabilities	11 565	2 301	8 915	2 520

A. Main financing transactions during the first half-year of 2020

The main transactions during the first half-year of 2020 were as follows:

- On February 7, 2020, Faurecia signed a ¥30 billion credit facility (equivalent to approximately €247 million as of June 30, 2020, converted at a rate of €1: ¥121.24) with a maturity of 5 years, aiming at refinancing on a long-term basis the debt of Clarion Co Ltd. This credit facility comprises two tranches of ¥15 billion each (equivalent to approximately €123 million as of June 30, 2020, converted at a rate of €1: ¥121.24), one being a loan and the other one a renewable credit line. The proceeds of this credit line enabled Clarion Co Ltd to reimburse most of its bank debts. As of June 30, 2020, the drawn amount was at ¥20 billion yen (equivalent to approximately €165 million as of June 30, 2020, converted at a rate of €1: ¥121.24). This credit facility includes the same covenants as the €1.2 billion credit facility.
- In May 2020, Peugeot SA issued bonds for €1 billion maturing in May 2026, bearing an annual coupon of 2.75%.
- In response to the COVID-19 pandemic, in April 2020, PSA signed a new €3 billion syndicated line of credit maturing in April 2021 with 2 three-month extension options. This credit facility was undrawn as of June 30, 2020. In addition, in April 2020, Faurecia signed a new €800 million term loan with four banks with a maturity of 18 months, fully drawn in April 2020. The outstanding balance as of June 30, 2020 is €800 million. This loan includes covenants similar to those of the € 1.2 billion syndicated loan. It is not guaranteed by the French State. This €800 million liquidity is in addition to the €600 million not drawn from the €1.2 billion syndicated credit line (maturity: June 2024) of which half was drawn in March 2020.

B. Lease liabilities

The lease liabilities can be analysed as follows by maturity:

<i>(in million euros)</i>	30/06/2020
2021	358
2022	302
2023	267
2024	221
2025	165
2026	144
Subsequent years	405
Total lease liabilities	1 862

C. Financing by the assignment of receivables

The Automotive sectors and Faurecia meet part of their financing needs by selling receivables to financial institutions. The financing of receivables in the Peugeot Citroën DS and Opel Vauxhall Automotive sectors' dealer networks by financing companies in partnership with Santander and BNP Paribas totaled €6,648 million (€8,383 million at 31 December 2019).

Other financing through the sale of receivables is as follows:

	30 June 2020		31 December 2019	
<i>(en millions d'euros)</i>	Total receivables sold to non-Group financial institutions	Portion sold but not derecognised	Total receivables sold to non-Group financial institutions	Portion sold but not derecognised
Portion financed by third party financial institution ⁽¹⁾	2 842	174	3 284	213
- of which Faurecia group	771	7	792	89

⁽¹⁾ The financed portion of the receivables corresponds to the portion that gives rise to a cash inflow.

The sale of receivables constitutes usual short-term financing.

D. Undrawn syndicated lines of credit

The Group's manufacturing and sales companies have the following additional borrowing capacity under revolving lines of credit expiring at various dates through to 2024:

<i>(in million euros)</i>	30 June 2020	31 December 2019
Peugeot S.A. and GIE PSA Trésorerie	6 000	3 000
Faurecia	600	1 200
Undrawn confirmed lines of credit	6 600	4 200

In April 2020, PSA signed a new €3 billion syndicated line of credit maturing in April 2021 with 2 three-month extension options. This credit facility was undrawn as of June 30, 2020. There is no financial covenants in connection with this revolving credit facility.

In addition, the pre-existing credit line of PSA S.A. and GIE PSA Trésorerie was extended for its total amount of 3 billion, maturing in May 2023 for €190 million, and May 2024 for an amount of €2,810 million.

The Group has a second option of extension for one year, subject to the banks' approval. This credit facility was undrawn at June 30, 2020. Should Peugeot S.A. lose its "Investment Grade" rating, the drawing of this line will be subject to:

- a level of net debt of manufacturing and sales companies of less than €6 billion;
- a ratio of the net debt of manufacturing and sales companies to consolidated equity of less than 1.

Faurecia's additional borrowing capacity, independent from that of Peugeot S.A., results from a syndicated line of credit arranged on 15 December 2014. It comprises only one €1,200 million tranche. Following the signing of an amendment on 15 June 2018, the maturity of the line was extended to June 2023 with two optional one-year extensions. Following the exercise of the first extension option in June 2019, the maturity of this credit was extended to June 2024. This credit facility was partially drawn in March 2020. The amount used as at June 30, 2020 was €600 million. This credit facility includes only one covenant related to consolidated financial ratios: Net debt/EBITDA must be lower than 2.79. Compliance with this ratio is a condition affecting the availability of this credit facility. As of June 30, 2020, the Group complied with this ratio. The credit facility includes some restrictive clauses on asset disposals (disposal representing over 35% of the Group's total consolidated assets requires the prior approval of banks representing two-third of the syndicate) and on the debt of some subsidiaries.

Note 12 - FINANCING AND FINANCIAL INSTRUMENTS – FINANCE COMPANIES

12.1. CURRENT FINANCIAL ASSETS

A. Loans and receivables - finance companies

<i>(in million euros)</i>	30 June 2020	31 December 2019
Total net "Retail, Corporate and Equivalent"	2	10
Total net "Corporate Dealers"	32	75
TOTAL	34	85

B. Cash and cash equivalents

Cash and cash equivalents amounted to €503 million at 30 June 2020 (€454 million at 31 December 2019), including term loans, central bank deposits, French treasury bonds and investments in mutual funds.

12.2. FINANCING LIABILITIES – FINANCE COMPANIES

<i>(in million euros)</i>	30/06/2020	31/12/2019
Debt securities and bond debt	232	231
Bank borrowings	19	40
	251	271
Customer deposits	2	1
	253	272
<i>Amounts due to Group manufacturing and sales companies</i>	(2)	-
Total	251	272

Undrawn lines of credit

At 30 June 2020, the €140 million of revolving bilateral credit lines were undrawn.

Note 13 - INCOME TAXES

Income taxes for the half-year period are calculated on the basis of pre-tax profit by tax jurisdiction, multiplied by the estimated effective tax rate for the full year. The tax impacts of specific transactions are recorded on the period during which the transactions occur.

Deferred taxes were tested for recoverability on the basis of tax estimates and recoverability periods consistent with the main assumptions used for CGUs impairment tests.

This reconciliation covers the full results of consolidated companies regardless of their classification in the statement of income.

<i>(in million euros)</i>	First-half 2020	First-half 2019	2019
Income (loss) before tax of fully-consolidated companies	534	2 325	4 324
<i>French statutory income tax rate for the period</i>	32,0%	32,0%	34,4%
Theoretical tax expense for the period based on the French statutory income tax rate	(171)	(744)	(1 489)
Tax effect of the following items :			
• Permanent differences	(33)	78	97
• Income taxable at reduced rates	(3)	11	4
• Tax credits	10	11	16
• Effect of differences in foreign tax rates and other	25	102	251
Income tax before impairment losses on the French tax group	(172)	(542)	(1 121)
<i>Effective tax rate applicable to the Group</i>	32,2%	23,3%	25,9%
• French tax group of Peugeot S.A.			
– Capitalisation of deferred taxes on previously unrecognised tax loss carryforwards	45	205	344
• Deferred taxes on tax loss carryforwards outside of the Peugeot S.A. French tax group	(95)	12	61
Income tax expense	(222)	(325)	(716)
<i>Effective tax rate applicable to the Group after recognition of deferred taxes losses</i>	41,6%	14,0%	16,6%

Tax credits include research tax credits that do not meet the definition of government grants

Note 14 - EQUITY AND EARNINGS PER SHARE

14.1. EQUITY

A. Analysis of share capital

<i>(in euros)</i>	30 June 2020	31 December 2019
Share capital at beginning of period	904 828 213	904 828 213
Equity warrants converted into shares	-	-
Share capital at end of period	904 828 213	904 828 213

Situation at 30 June 2020

Share capital amounted to €904,828,213 at 30 June 2020, divided into shares with a par value of €1 each. It is fully paid-up. Shares may be held in registered or bearer form, at the shareholder's discretion. The stakes of Lions Participation (BPI France), Dongfeng Motor Group and FFP/Etablissements Peugeot Frères each stood at 12.23% (12.23 % at December 31, 2019) i.e. 110,622,220 shares each. For Dongfeng Motor Group, this stake accounted for 17.73% of the voting right, including treasury stock, and for 17.59% of the voting rights, excluding treasury stock. For the FFP/Etablissements Peugeot Frères, this stake accounted for 17.73% of the voting right, including treasury stock, and for 17.59% of the voting rights, excluding treasury stock. For Lion Participation, this stake accounted for 17.73% of the voting right, including treasury stock, and for 17.59% of the voting rights, excluding treasury stock.

The share price on 30 June 2020 was €14.48.

B. Treasury stock

The Group may use the buyback authorisations given at Shareholders' Meetings to buy back Peugeot S.A. shares.

Changes in treasury stock are presented in the following table:

<i>(number of shares)</i>	Half year 2020 Transactions	2019 Transactions	2017 Transactions
At beginning of period	9 943 735	11 315 735	9 113 263
Purchases (sales) of treasury shares	-	(65 328)	5 729 987
Shares delivered under the 2015 free share plan	-	(325 792)	(2 019 000)
Shares delivered under the 2016 free share plan	(965 500)	(980 880)	-
Shares delivered under the 2017 free share plan	(1 188 000)	-	-
At period-end	7 790 235	9 943 735	11 315 735
Allocation			
• Shares held for allocation on exercise of future performance share or stock options plans	-	871 735	6 033 735
• Coverage of the 2016 performance share plan	-	1 014 000	2 200 000
• Coverage of the 2017 performance share plan	1 172 500	2 452 000	2 693 000
• Coverage of the 2018 performance share plan	2 448 500	2 524 500	-
• Coverage of the 2019 performance share plan	2 992 500	3 081 500	-
• Coverage of the 2020 performance share plan	1 176 735	-	-
	7 790 235	9 943 735	11 315 735

14.2. EARNINGS PER SHARE

Basic earnings per share and diluted earnings per share are presented at the bottom of the income statements. They are calculated as follows:

A. Basic earnings per share - Attributable to equity holders of the parent

Basic earnings per share are calculated on the basis of the weighted average number of shares outstanding during the period.

The average number of shares outstanding is calculated by taking into account the number of shares issued and cancelled during the period and changes in the number of shares held in treasury stock.

	First-half 2020	First-half 2019	2019
Consolidated basic earnings of continuing operations - attributable to the Owners of the parent (in million euros)	595	1 832	3 201
Consolidated basic earnings - attributable to the Owners of the parent (in million euros)	595	1 832	3 201
Average number of €1 par value shares outstanding	895 639 395	893 920 145	894 402 311
'Basic earnings per €1 par value share of continuing operations - attributable to the Owners of the parent (in euros)	0,66	2,05	3,58
Basic earnings per €1 par value share (in euros) - attributable to the Owners of the parent	0,66	2,05	3,58

B. Diluted earnings per share - Attributable to equity holders of the parent

Diluted earnings per share are calculated by the treasury stock method. This consists of taking into account the exercise of stock options, performance share grants to employees and equity warrants.

The performance share grants (see Note 6.2) and the equity warrants had a potential dilutive effect on 30 June 2020.

The following tables show the effects of the calculation:

⁽¹⁾ Effect on the average number of shares

	First-half 2020	First-half 2019	2019
Average number of €1 par value shares outstanding	895 639 395	893 920 145	894 402 311
Dilutive effect, calculated by the treasury stock method, of:			
• Equity warrants delivered to General Motors Group	39 727 324	39 727 324	39 727 324
• Performance share grants	8 243 422	6 976 692	7 602 712
Diluted average number of shares	943 610 141	940 624 161	941 732 347

⁽²⁾ Effect of Faurecia dilution on consolidated earnings of continuing operations - attributable to equity holders of the parent

(in million euros)	First-half 2020	First-half 2019	2019
Consolidated profit (loss) from continuing operations - attributable to the Owners of the parent	595	1 832	3 201
'Dilutive effect of Faurecia (performance share grants)	-	-	(1)
Consolidated profit (loss) from continuing operations (after Faurecia dilution effect)	595	1 832	3 200
Diluted earnings of continuing operations - attributable to the Owners of the parent per €1 par value share (in euros)	0,63	1,95	3,40

⁽³⁾ Effect of Faurecia dilution on consolidated earnings - attributable to equity holders of the parent

(in million euros)	First-half 2020	First-half 2019	2019
Consolidated profit (loss) - attributable to the Owners of the parent	595	1 832	3 201
Dilutive effect of Faurecia (performance share grants)	-	-	(1)
Consolidated profit (loss) (after Faurecia dilution effect)	595	1 832	3 200
Diluted earnings - attributable to the Owners of the parent per €1 par value share (in euros)	0,63	1,95	3,40

Note 15 - NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

ANALYSIS OF NET CASH AND CASH EQUIVALENT REPORTED IN THE STATEMENTS OF CASH FLOWS

<i>(in million euros)</i>	Notes	30 June 2020	30 June 2019	31 December 2019
Cash and cash equivalents	11.3.B	15 283	16 116	17 379
Payments issued		(29)	(132)	(26)
Other		1	3	1
Net cash and cash equivalents - manufacturing and sales companies		15 255	15 987	17 354
Cash and cash equivalents	12.1.B	505	503	454
Other		(2)	(6)	(3)
Net cash and cash equivalents - finance companies		503	497	451
<i>Elimination of intragroup transactions</i>		<i>(3)</i>	<i>(3)</i>	-
Total		15 755	16 481	17 805

Note 16 - OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

16.1. AUTOMOTIVE BUSINESS

The customs agreement governing the automotive industry between Brazil and Argentina provides for the payment of penalties by the Argentine automotive industry should the average ratio of imports to exports vis-à-vis Brazil exceed a certain threshold over the 2015–2029 period. Penalties may be payable by the Group should the automotive industry as a whole and the Group not hit the required ratio. No provision has been funded due to the uncertainties surrounding developments in the automotive markets in Argentina and Brazil between now and 2029 and the steps that the Group could take.

As part of the partnership with Toyota Motor Europe, PSA has undertaken to cover the costs arising from commercial disputes, for commercial vehicles marketed under the Toyota brand, for a maximum amount of € 205 million, over 20.5 years.

16.2. AUTOMOTIVE EQUIPMENT

As a reminder, on March 25, 2014, the European Commission and the United States Department of Justice, on November 27, 2014, the Competition Commission of South Africa, and on May 19, 2017, the Brazilian competition authority (CADE), initiated inquiries covering certain suppliers of emission control systems on the basis for suspicions of anticompetitive practices in this market. Faurecia is one of the companies covered by these inquiries.

On the status of these inquiries:

- The European Commission has announced to close the case, as communicated by Faurecia on May 2, 2017;
- An agreement has been reached with the CADE for a non-material amount and made public on September 5, 2018 putting an end to the inquiry on Faurecia;
- In December 2018, Faurecia has been informed by the United States Department of Justice that it was no longer subject to an inquiry;
- An agreement has been reached with the Competition Commission of South Africa for a non material amount and made public on May 18, 2020, putting an end to this enquiry related to Faurecia.

Moreover, the Group has reached agreements, for non material amounts, with the plaintiffs to settle all three class actions which were filed in the United States District Court for the Eastern District of Michigan against several suppliers of emissions control systems, including group affiliates, alleging anticompetitive practices in regard to Exhaust Systems. These agreements have been validated by the court.

Two class actions for similar allegations have also been filed in Canada.

The consequences of remaining procedures and above mentioned can not be predicted.

In 2014, the Alliance of Artists and Recording Companies, Inc. (AARC) filed two consolidated cases in the United States District Court for the District of Columbia seeking damages and an injunction against a group of automotive manufacturers and suppliers, including Clarion Corporation of America for one of the cases (the "Case"). In the Case,

AARC alleged that the defendants were distributing in-vehicle navigation systems in violation of the Audio Home Recording Act of 1992, in part, because no royalties were paid pursuant to the Act. The Case centers on whether the systems are “digital audio recording devices” that are capable of making “digital audio copied recordings” as defined by the statute.

On March 23, 2018, the District Court issued summary judgment in favor of Clarion and ruled that Clarion’s navigation systems are not “digital audio recording devices” because they are not capable of producing a “digital audio copied recording” under the statute’s definitions. The District Court entered final judgment in favor of Clarion and the other defendants and there are no additional claims against Clarion that remain pending at the District Court level.

In September 2018, AARC appealed the District Court’s summary judgment opinion to the United States Court of Appeals for the District of Columbia Circuit (“D.C. Circuit”) on similar grounds argued at the District Court. Clarion along with the other defendants filed an opposing appeal brief supporting affirmance of the District Court’s opinion.

On January 28, 2020, the D.C. Circuit’s three-judge panel unanimously affirmed the District Court’s summary judgment in Clarion’s favor, ruling that automakers and manufacturers of certain onboard vehicle systems (which include Clarion’s systems), comprised of hard drives, computer programs and databases, were not liable for damages or royalty payments under the Audio Home Recording Act of 1992, 17 U.S.C. §1001, et. Seq.

In the absence of petition to the D.C. Court for a rehearing or appeal to the U.S. Supreme Court from the plaintiffs within the adequate timeframe which fell on June 26, 2020, the Case is considered as being definitively concluded.

There are no other claims or litigation in progress or pending that are likely to have a material impact on the Group’s consolidated financial position.

16.3. COMMITMENTS CONNECTED WITH THE GEFECO GROUP

Representations and warranties were made to JSC Russian Railways (RZD) as part of its acquisition of the Gefco Group from PSA in December 2012. At 30 June 2020, the Group had not identified any material risks associated with these representations and warranties.

Under the logistics and transportation service agreements entered into by the PSA and Gefco groups, the Group gave guarantees regarding the satisfactory performance of the logistics contracts and a five-year exclusivity clause. An amendment signed in November 2016 supplemented these logistics and transportation service agreements. This amendment, which came into effect on 1 January 2017, extends the exclusivity clause until the end of 2021 and confirms the guarantees regarding the satisfactory performance of the logistics contracts given by Groupe PSA. At 30 June 2020 the Group had not identified any material risks associated with these guarantees.

Note 17 - RELATED PARTY TRANSACTIONS

These are transactions with related parties, as referred to in the standards adopted in accordance with European Regulation (EC) 1606/2002, concluded by Group companies during the 2019 and 2020 financial years.

These transactions concern the equity method companies and fleet sales to the French administration and the companies under its control.

The transactions with these companies are billed on arm's length terms.

The sale and purchase transactions carried out by the consolidated manufacturing and sales companies with the companies are as follows:

(in million euros)	First-half 2020	First-half 2019	2019
Sales to manufacturing and sales companies ⁽¹⁾	329	582	1 298
Net sales of fleets to the French administration and to companies under its control	84	123	253
Sales and assignments to companies in partnership with Santander, incl. buy-back sales ⁽²⁾	1 895	2 812	5 138
Purchases ⁽³⁾	(1 198)	(1 355)	(2 947)

⁽¹⁾ of which Faurecia sales to equity method investments of Faurecia and PSA, and to Dong Feng Motor partner for €237 million in the first half of 2020 (€417 million in the first half of 2019 and €981 million as of December 31, 2019)

⁽²⁾ before buy-back restatement (cancellation of net sales, recognized over the duration of the contract)

⁽³⁾ of which €848 million in purchases from Gefco (€984 million in the first half 2019 and €2,264 million in 2019).

The receivables and payables with these companies are as follows:

<i>(in million euros)</i>	First-half 2020	First-half 2019	2019
Long-term loans ⁽¹⁾	231	162	196
Loans - due within one year	98	31	78
Accounts receivable ⁽²⁾	401	412	579
Accounts payable ⁽³⁾	(366)	(434)	(434)

⁽¹⁾ Subordinated loans granted by BPF holding to its financial joint ventures.

⁽²⁾ Of which Faurecia's receivables for €136 million at June 30, 2020 (€141 million at June 30, 2019 and €308 at December 31, 2019)

⁽³⁾ Of which Faurecia's payables for €17 million (€11 million at June 30, 2019 and €29 million at December 31, 2019)

Note 18 - SUBSEQUENT EVENT

Between 30 June 2020 and 27 July 2020, the date on which the financial statements were approved by the Managing Board, no event likely to significantly impact the economic decisions made on the basis of these consolidated financial statements occurred.

IV – PERSONS RESPONSIBLE FOR THE 2020 INTERIM FINANCIAL REPORT

Person Responsible for the 2020 Interim Financial Report

Mr Carlos Tavares
Chairman of the Managing Board
Peugeot S.A.

Statement by the Person Responsible for the 2020 Interim Financial Report

"I hereby declare that, to the best of my knowledge, the condensed interim consolidated financial statements for the past six-month period included in the interim financial report have been prepared under generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of Peugeot S.A. and the companies in the consolidated group, and that the interim management report on pages 2 to 10 includes a fair review of the material events that occurred in the first six months of the financial year and their impact on the interim accounts, of the main related-party transactions and a discussion of the principal risks and uncertainties for the remaining six months of the year."

Carlos Tavares
Chairman of the Peugeot S.A. Managing Board

Person responsible for financial information

Andrea Bandinelli
Head of Financial Communication and Investor Relations

V – STATUTORY AUDITORS' REVIEW REPORT ON THE 2020 HALF-YEARLY FINANCIAL INFORMATION

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Peugeot S.A., for the period from January 1 to June 30, 2020,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements were prepared under the responsibility of the Executive Board on July 27, 2020 on the basis of the information available at that date in the evolving context of the crisis related to Covid-19 and of difficulties in assessing its impact and future prospects. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review prepared on July 28th, 2020.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Courbevoie and Paris-La Défense, July 28, 2020

The statutory auditors
French original signed by

MAZARS
Charles Desvernois Thierry Blanchetier

ERNST & YOUNG et Autres
Ioulia Vermelle Laurent Miannay

Photo credits:
GROUPE PSA / Communications Department



PEUGEOT S.A.

Incorporated in France with issued capital of €904,828,213

Governed by a Managing Board and a Supervisory Board

Registered Office: 7, rue Henri Sainte-Claire Deville

92563 Rueil-Malmaison - France

B 552 100 554 R.C.S. Nanterre – Siret 552 100 554 00021

Phone: + 33 (0)1 55 94 81 00

groupe-psa.com