

PSA PEUGEOT CITROËN

# INVESTOR UPDATE

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More comprehensive information about PSA Peugeot Citroën may be obtained on its Internet website ([www.psa-peugeot-Citroën.com](http://www.psa-peugeot-Citroën.com)), under Regulated Information.







# CURRENT HIGHLIGHTS

YTD 2010

# Q1 2010 Performance Highlights

- Consolidated revenues **up 27.5%** vs Q1-2009 (+22.8 % like for like)
- Automotive Division revenues **up 22.4%**
- Share of the European car and light commercial vehicle market increased to **14.6%** from 13.5% in Q1-2009
- Signs of an upturn in the European light commercial vehicle market (**up 6%**), where the Group strengthened its leadership with a **22.7% share**
- Sustained recovery at Faurecia, with revenue **up 59.5%** (32.2 % like for like)



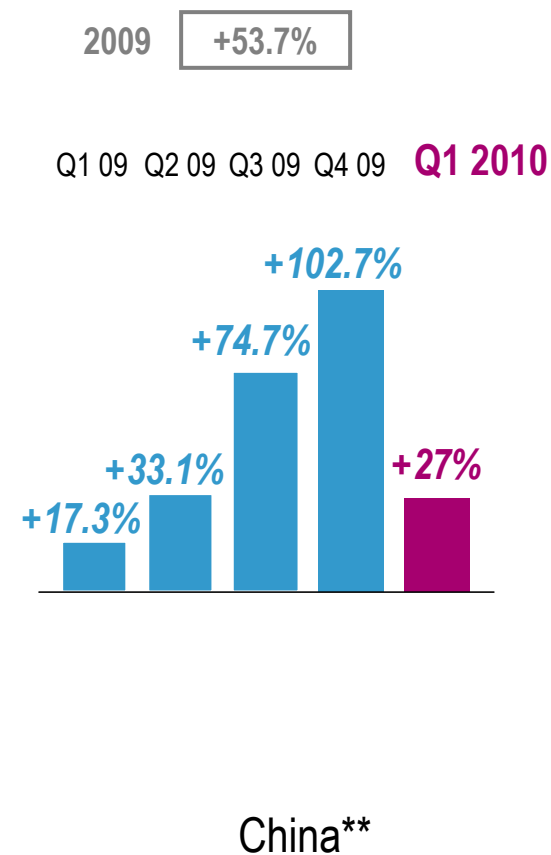
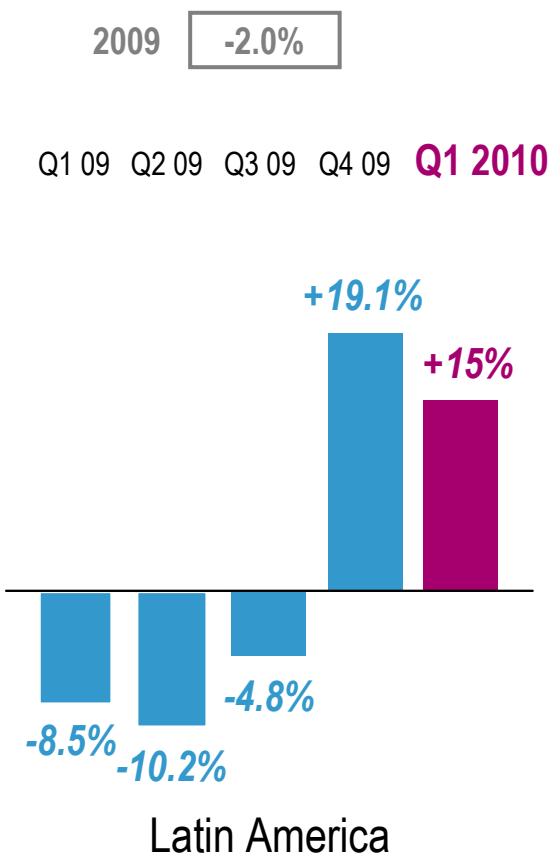
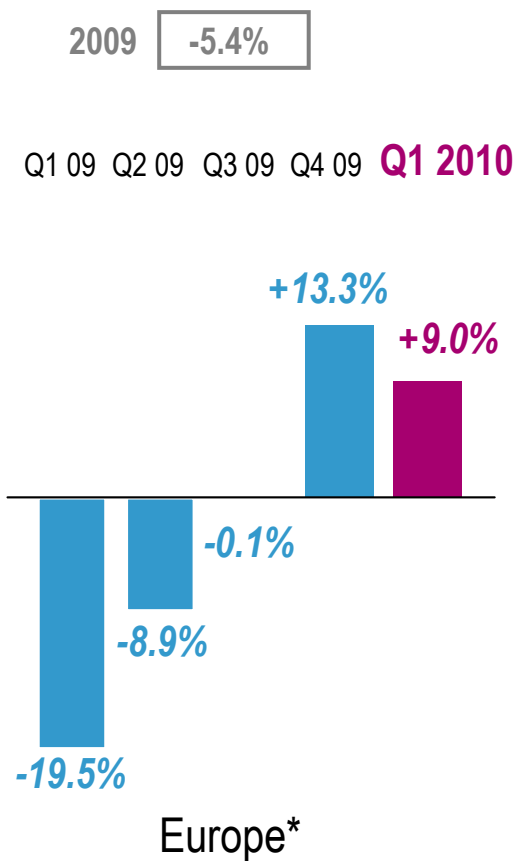
# YTD Operating Highlights

- Global development
  - ▶ LOI signed with China Chang'an for 2<sup>nd</sup> Chinese JV
  - ▶ Assembly started at Kaluga plant, Russia
  - ▶ **€530 million** investment in Brazil to develop products & operations
- Product development
  - ▶ PSA – MMC cooperation for Compact SUVs
  - ▶ PSA – BMW cooperation renewed for next generation of 4 cylinder petrol engines
  - ▶ **€175 million** investment to produce new 3-cylinder turbo petrol engine in France



# Market trends

## Cars and light commercial vehicles – Market

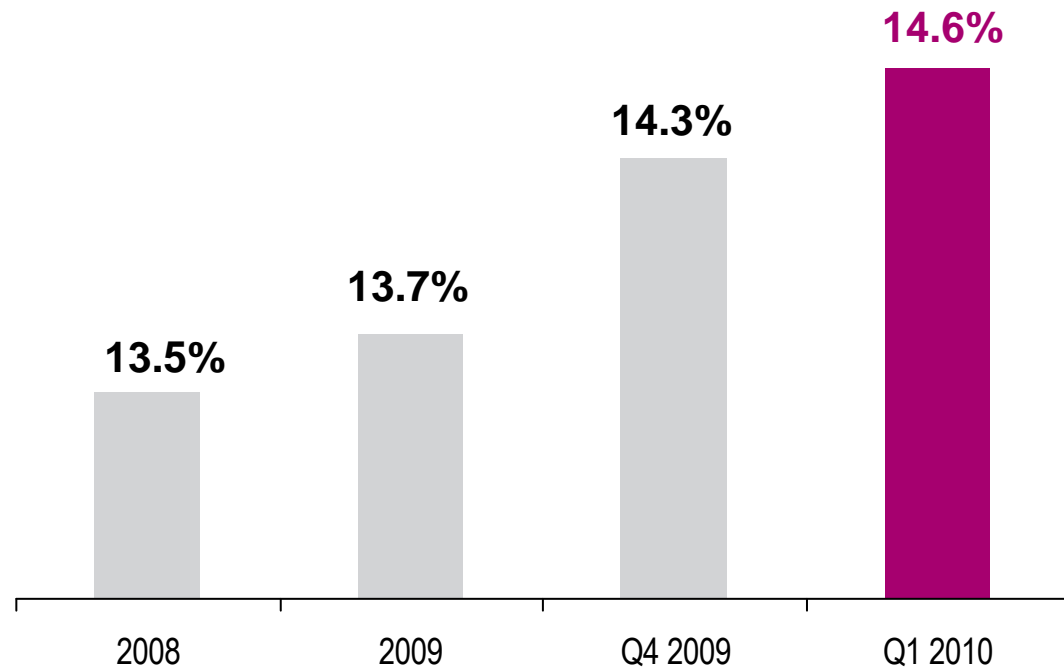


\* Europe = EU + EFTA + Croatia \*\* Only cars



# Market share

**Market share momentum in Europe 30**



# New model momentum

2009

Peugeot 3008



Peugeot 5008



Citroën C3 Picasso



New Citroën C3



2010

Peugeot RCZ



Peugeot Hoggar



Citroën DS3



Peugeot 408 China



Citroën C5 China





# New concept momentum

5 By Peugeot



Peugeot SR1



A step ahead  
at Geneva

Citroën DS High Rider



Citroën Survolt



# Looking ahead

- Order books remain solid
- Benefits expected from Q1 model launches
- Further new model momentum in H2
- Electric vehicle launches in H2
- Adjustment of production to optimise inventory levels in potentially difficult H2
- Benefits of performance plan feeding through

Peugeot i0n



Citroën C-Zéro



## Market assumptions

- Europe: down 9%
- China: double digit growth
- Latin America: high single digit growth

## Objectives

- Significant Group recurring operating income in H1
- Positive Automotive recurring operating income in H1









PSA PEUGEOT CITROËN



# Q1 2010 REVENUES



# First quarter revenues

<i>In million euros</i>	Q1 - 09	Q1-10	Change 10/09	like for like 10/09
Automotive	8 678	10 619	+22.4%	+22.4%
Faurecia	2 008	3 202	+59.5%	+32.2%
Gefco	664	842	+26.7%	+26.7%
Banque PSA Finance	462	457	-1.1%	-1.1%
Other businesses and intra-company eliminations	(839)	(1 135)	-	-
<b>Total revenues</b>	<b>10 973</b>	<b>13 986</b>	<b>+27.5%</b>	<b>+22.8%</b>



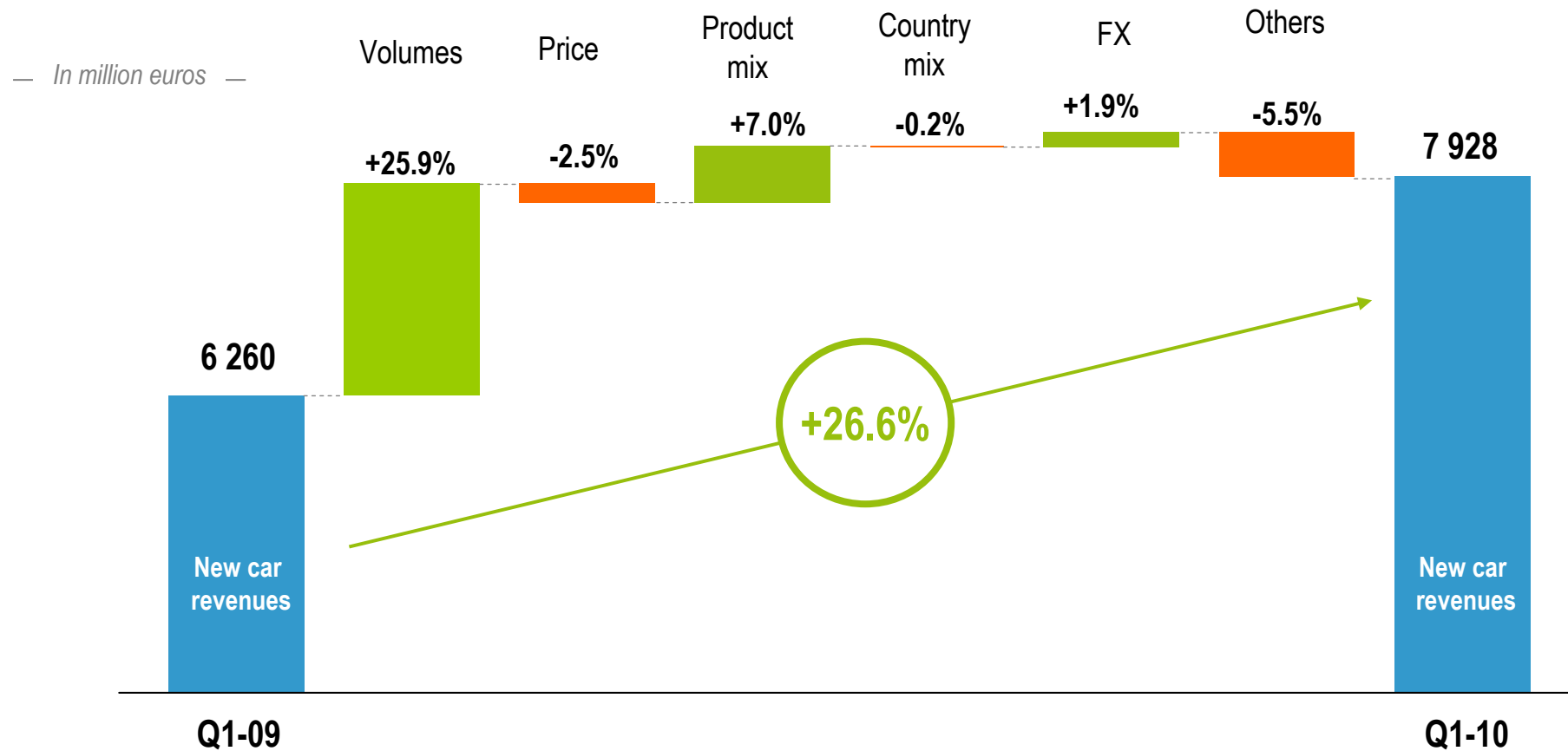
# Automotive: Worldwide unit sales

## Assembled vehicles and CKD units

<i>In K units</i>	Q1 - 09	Q1-10	Change 10/09
Europe	475	607	+28.0%
Russia	13	8	-39.2%
Latin America	50	60	+20.2%
Rest of the world	29	38	+30.3%
<b>Assembled vehicles (excluding China)</b>	<b>567</b>	<b>714</b>	<b>+25.9%</b>
China	52	89	+70.1%
<b>Total assembled vehicles</b>	<b>619</b>	<b>803</b>	<b>+29.6%</b>
Total CKD	93	111	+19.1%
<b>Total assembled vehicles + CKD units</b>	<b>713</b>	<b>914</b>	<b>+28.2%</b>



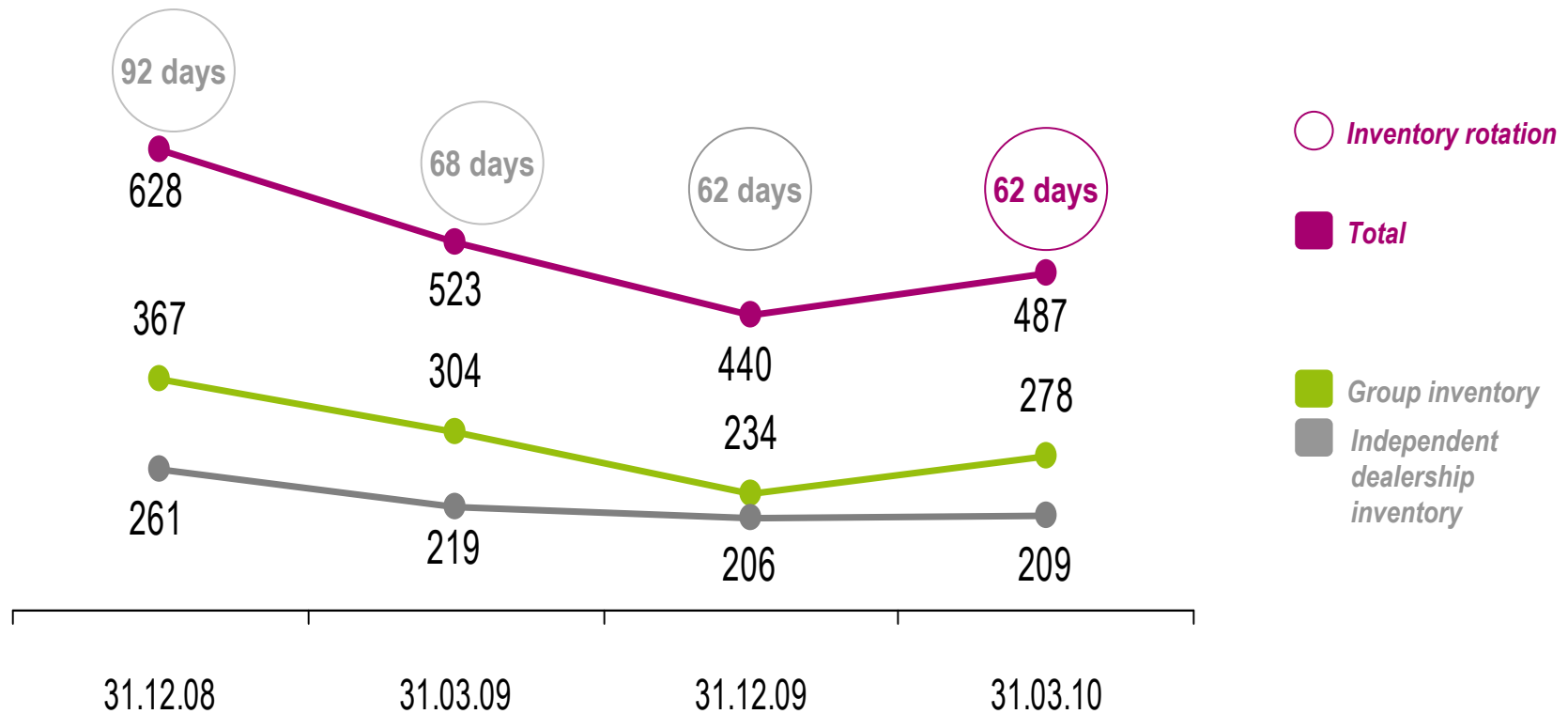
# New car revenue analysis



# Inventory

> Inventory rotation on target  
> Maintained at 62 days

— In thousands of new vehicles —



- > Revenues +59.5 % following Emcon acquisition
- > Sustained recovery with revenue up 32.2% like for like

<i>In million euros</i>	Q1 - 09	Q1-10	Change 10/09	Like for like
Automotive Seating	778	1 062	+36.5%	+36.7%
Interior Systems	454	670	+47.6%	+46.3%
Emissions Control Technologies Systems	190	563	+196.3%	+46.1%
Automotive Exteriors	181	239	+32.0%	+32.9%
<b>Total Product revenues</b>	<b>1 603</b>	<b>2 534</b>	<b>+58.1%</b>	<b>+40.7%</b>
Monolith revenues	184	487	+164.7%	+26.6%
Development, Tooling & Prototype revenues	221	181	-18.1%	-23.8%
<b>Total revenues*</b>	<b>2 008</b>	<b>3 202</b>	<b>+59.5%</b>	<b>+32.2%</b>

\*Since 1 January 2010, Faurecia has consolidated Emcon, which contributed €533m for the period





> Revenue up 26.7 % driven by Automotive market

<i>In million euros</i>	Q1 - 09	Q1-10	Change 10/09
PSA Peugeot Citroën	402	556	+38.3%
Third parties	262	286	+9.9%
<b>Total revenues</b>	<b>664</b>	<b>842</b>	<b>+26.7%</b>



- > Slight decline (-1.1%) in Q1 revenues linked to lower interest rates
- > Total outstanding loans up 3.2 %

<i>In million euros</i>	Q1 - 09	Q1-10	Change 10/09
Revenues	€462 mn	€457 mn	-1.1%
Total outstanding loans <i>(end of period)</i>	€22.2 bn	€22.9 bn	+3.2%
Number of new contracts <i>(lease and financing)</i>	216 000	218 000	+0,9%



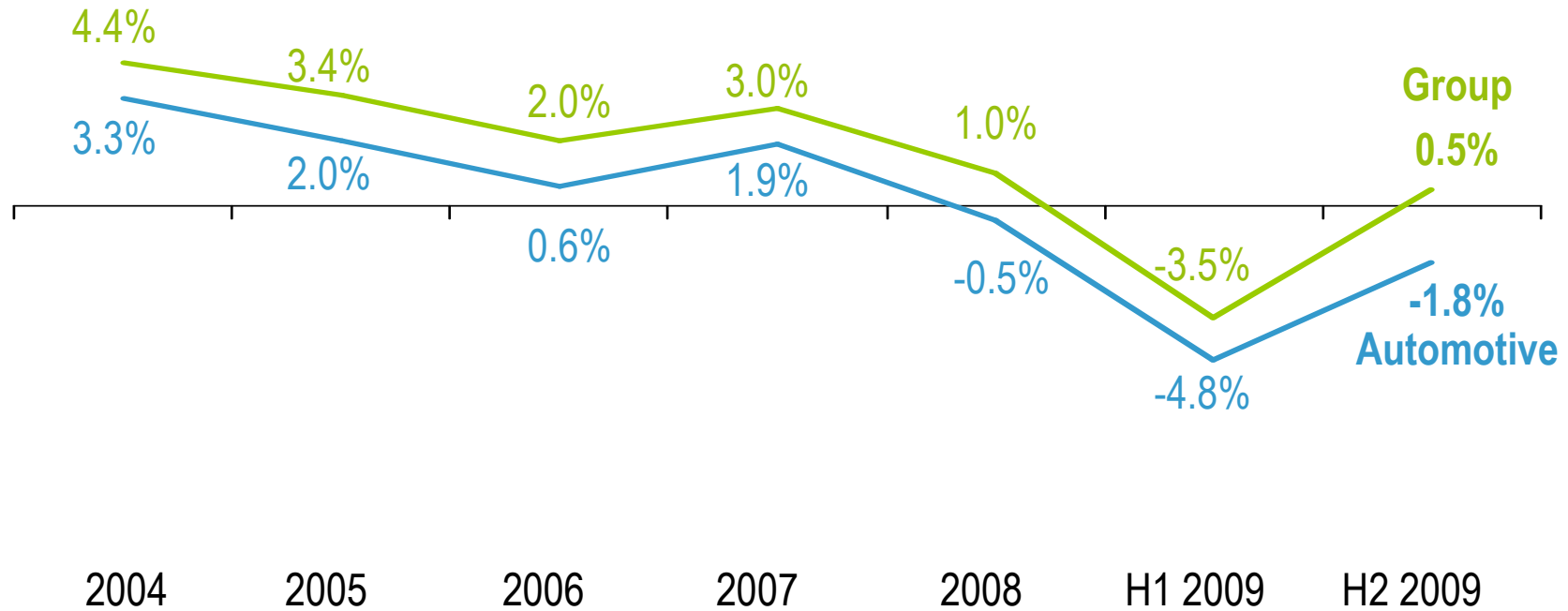


## Performance Plan

# Group margin performance

- > Group: Return to positive margin in H2 2009
- > Automotive: Corner turned but some way to go

Group and Automotive recurring operating margin %



## Our ambitions

- A step ahead in pioneering vehicles & services
- A global player
- An industry benchmark for operational efficiency

**30%** Sales & Marketing

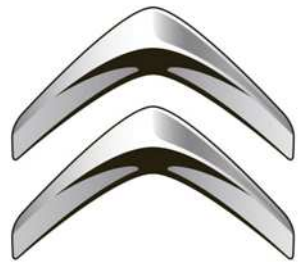
**15%** High growth markets

**55%** Production,  
Development & SG&A





**Clear and distinct brand identities**



**CITROËN**  
CRÉATIVE TECHNOLOGIE



**PEUGEOT**  
MOTION & EMOTION



# Sales & Marketing

2009

Peugeot 3008



Peugeot 5008



Citroën C3 Picasso



New Citroën C3



2010

Peugeot RCZ



Citroën DS3



New model momentum



PEUGEOT  
MOTION & EMOTION



CITROËN  
CRÉATIVE TECHNOLOGIE



# Sales & Marketing

2009

- 750 000 vehicles sold in Europe <120g CO<sub>2</sub>/km

2010

- 800 000 vehicles sold in Europe <120g CO<sub>2</sub>/km

- 99g diesel engine (207, C3)

- Stop & start

Environmental leadership

- Electric vehicles

Citroën Berlingo First Electric



Peugeot iOn



Citroën C-ZERO



- Present first diesel hybrid Peugeot 3008 Hy4



**2009**

- 315 000 maintenance contracts sold

**2010**

- 370 000 maintenance contracts targeted

**Innovative  
customer services**



- Successful Mu by Peugeot pilot schemes in France



- Roll out of Mu by Peugeot in major European cities

- Launch Citroën mobility offer



# High growth markets

2009

2010

## China

- Market share growth in Q4
- New plant opened at Wuhan
- Return to profit

- New model momentum
- Market share increase
- Develop technical centre

## Latin America

- Brazilian market supported by government incentives
- Severe decline of other markets
- Plants restructured

- New model momentum
- Market share increase
- Rebuild profitability

## Russia

- Market share increase by both brands in a market down 50%

- New plant in Kaluga start up end of Q1



2009

Capacity utilisation\*  
& productivity

- 80% capacity utilisation
  - ▶ H1: 70%; H2: 92%
- Rennes downsizing completed

Manufacturing, Development  
productivity

- Average Hours per Vehicle (HPV) reduced by -7% in H2 vs H1

SG&A

- €230m of savings in 2009

\* Hourly capacity x 16 hours x 235 days



## 2010 priorities for non automotive businesses

### Faurecia

- Integrate Emcon & Plastal acquisitions
- Pursue turnaround

### Gefco

- Drive logistics improvement across the Group
- Build performance through “Force 10” efficiency programme

### Banque PSA Finance

- Maintain excellent performance & benchmark cost of risk
- Continue expansion of services across the network





# A global player – external development

**3 conditions**

**Strategic alignment**

**Value creation**

**Independence**







## 2009 HIGHLIGHTS

# Highlights of 2009

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- New streamlined management team appointed
- Clear vision and ambitions established
- Priorities and performance plans set
- Progress underway from H2 2009
- Solid financial structure with limited gearing

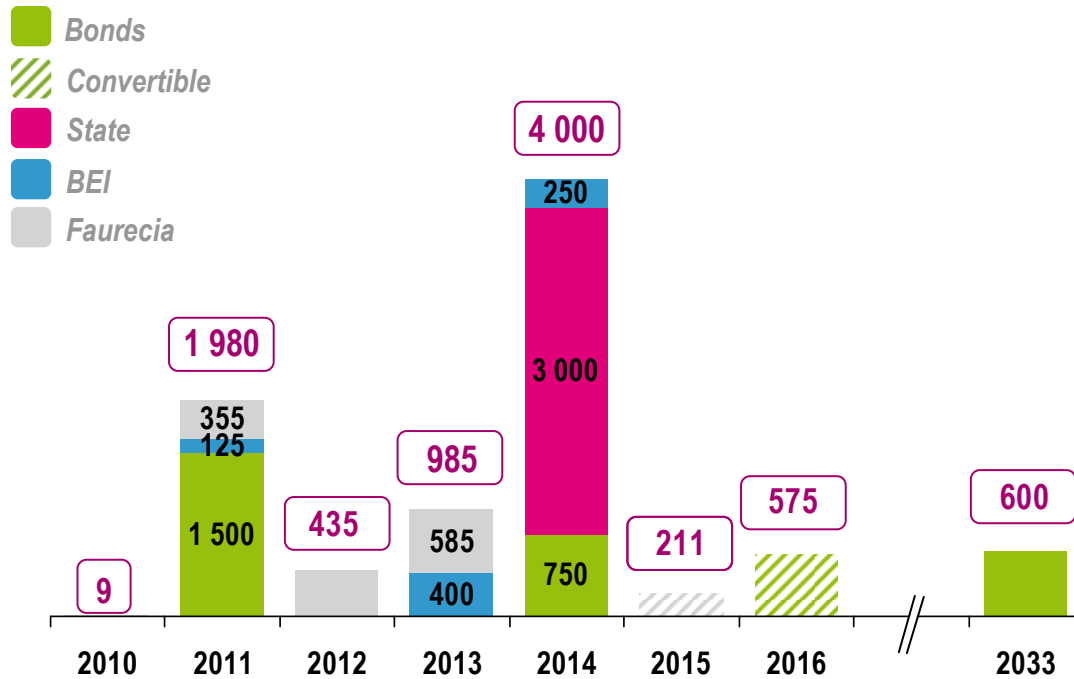


# Solid financial structure

> Limited maturities for next 4 years

## Gross debt at end 31.12.09 excluding BPF & Undrawn credit-line

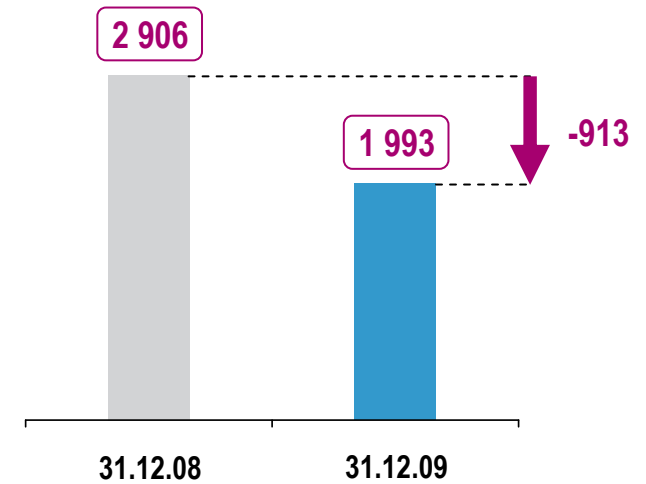
— In million euros —



Weighted average remaining maturity: 4.8 years

## Net financial position of Manufacturing and Sales Companies

— In million euros —



\* o/w Faurecia for €(1 570) million at December 31, 2009



> Significant liquidity headroom in Manufacturing and Sales Companies

<i>In million euros</i>	End 2008	End 2009
Cash and cash equivalents	2 040	7 843
Current & non current financial assets	1 363	1 185
<b>Total</b>	<b>3 403</b>	<b>9 028</b>
<b>Back-up facility (undrawn)</b>	<b>2 400</b>	<b>2 400</b>
<b>AVAILABLE LIQUIDITY</b>	<b>5 803</b>	<b>11 428</b>



# Group results

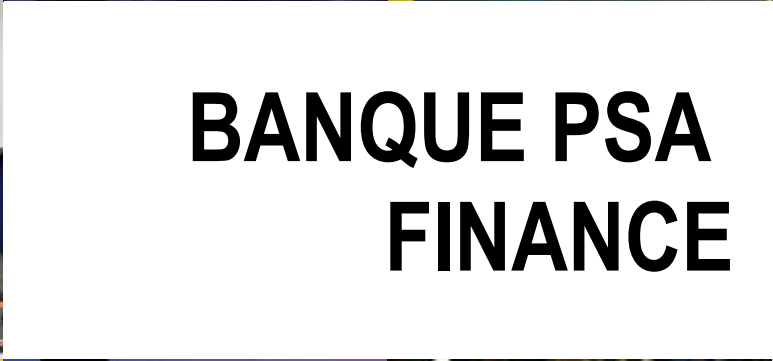
> **Positive recurring operating income in H2**

<i>In million euros</i>	2008	H1	H2	2009
Revenues	54 356	23 497	24 920	48 417
<b>Recurring operating income/(loss)</b>	<b>550</b>	<b>(826)</b>	<b>137</b>	<b>(689)</b>
% of revenues	1.0%	-3.5%	0.5%	-1.4%
Non-recurring operating income and (expenses)	(944)	(506)	(221)	(727)
<b>Operating income/(loss)</b>	<b>(394)</b>	<b>(1 332)</b>	<b>(84)</b>	<b>(1 416)</b>
Net financial income (expenses)	(286)	(226)	(294)	(520)
Income taxes	103	470	119	589
Share in net earnings of equity affiliates	57	24	49	73
Consolidated Net Profit/(loss)	(520)	(1 064)	(210)	(1 274)
<b>Net Income/(loss), Group share</b>	<b>(363)</b>	<b>(962)</b>	<b>(199)</b>	<b>(1 161)</b>
Earning per share (in euros)	(1.60)	(4.24)	(0.88)	(5.12)









# Key metrics

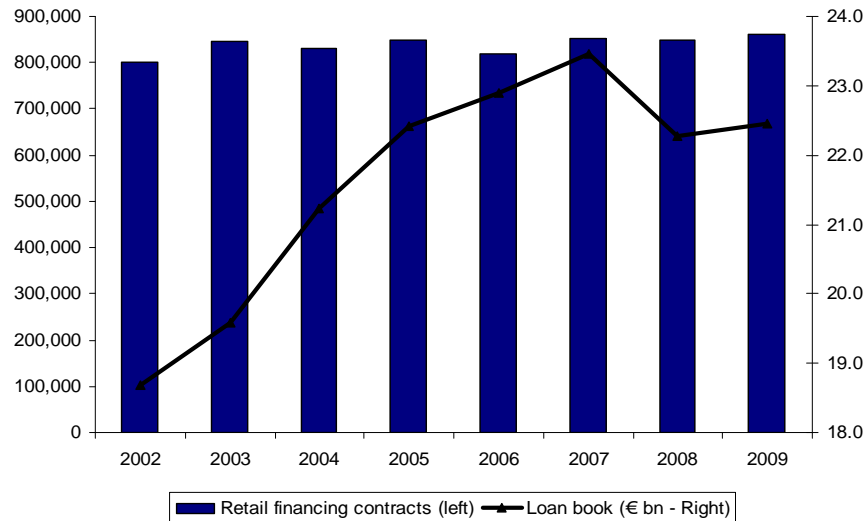
- Wholly-owned subsidiary of PSA Peugeot Citroën
  - ▶ Operational & financial independence
- Dynamic activity
  - ▶ Loan book growth: €22.4 bn, +0.7% in 2009
  - ▶ Financing penetration: 27.5% of PSA registrations (27.3% in 2008)
  - ▶ Services contract penetration: 134% of retail financing contracts
- Robust business
  - ▶ Cost of risk limited to 50 bps in 2009
  - ▶ Basel II capital ratio: 13.8%
- Stable dividend pay-out at 40%
- Credit ratings: S&P: A2/BBB (negative); Moody's: P2/Baa1 (negative)



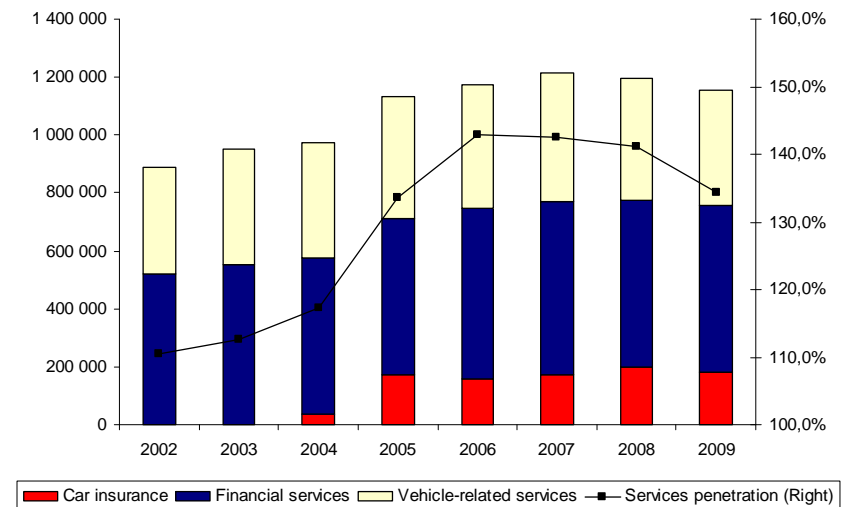
# Business model

- Banque PSA Finance provides financing for wholesale and retail sales
  - ▶ 27.5% market share of PSA retail sales
  - ▶ Retail: 860,509 (+1.5%) / average Wholesale inventory: 226,000
- Insurances and services: a strong differentiation of the marketing offer
  - ▶ Service packages for both retail and business customers

**Financing contracts**



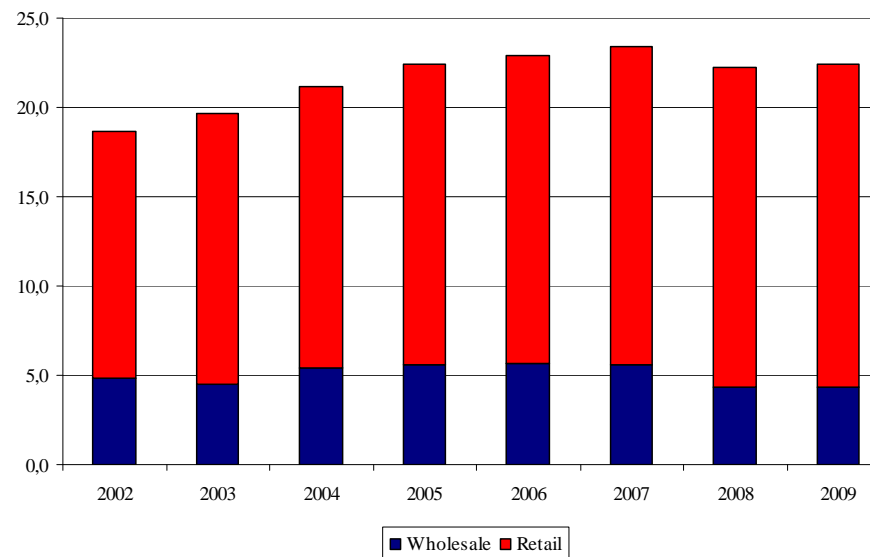
**Service contracts**



# Asset quality

- Loan book characteristics
  - ▶ Loan book – Retail (incl.business): 80% / Wholesale: 20%
  - ▶ Average loan duration – Retail: 3.7 years / Wholesale: 3 months

**Loan book by segment (€ bn)**

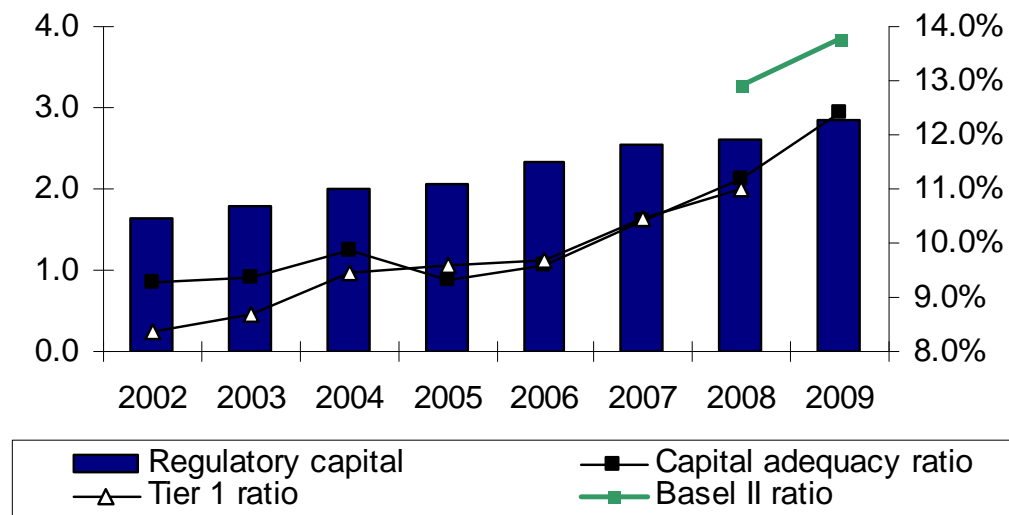




# Risk management

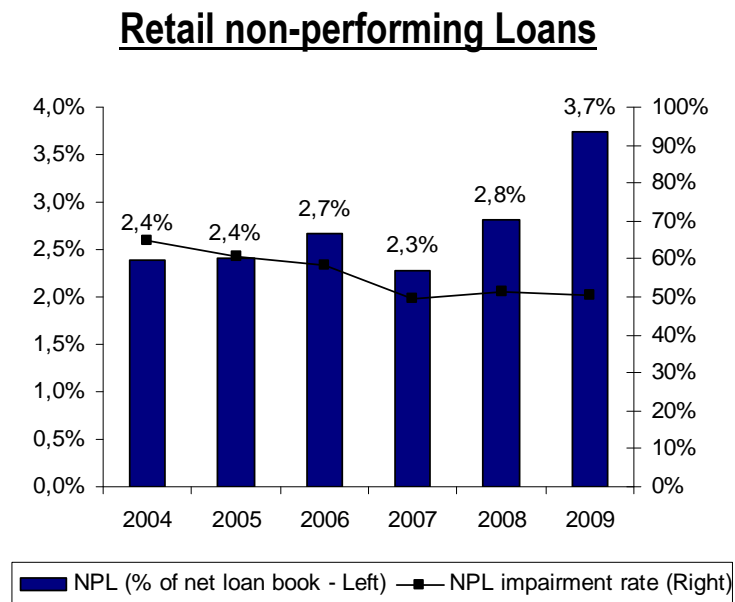
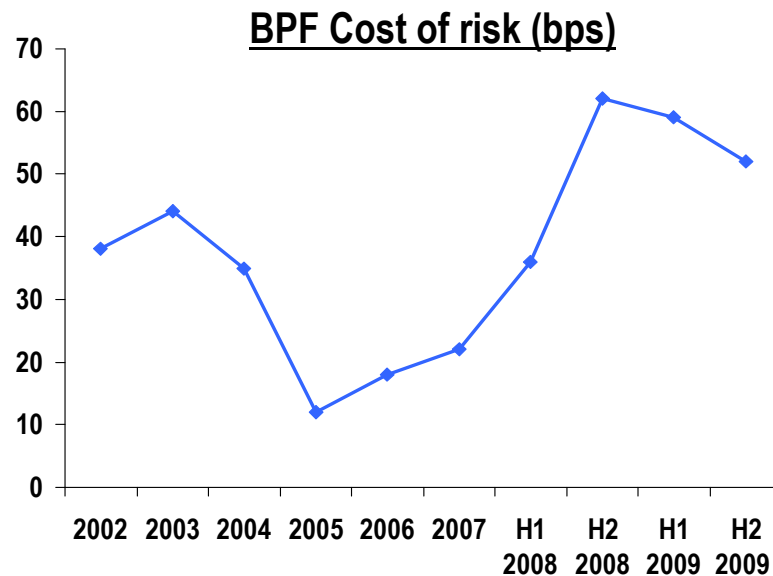
- Strong capital adequacy and low risk
  - ▶ Consistent increase in capital ratios
  - ▶ Low risk concentration: top risk less than 5% of regulatory capital, top 10 risks less than 28% of regulatory capital
  - ▶ Hedging of currency and interest rate risks

## Capital adequacy



# Credit risk management

- Long standing best in class cost of risk – 50bps end 2009
- Strict customer selection
  - ▶ Retail non performing loans represent only 3.7% of net loan book
  - ▶ Consistent impairment rate of 50.4% in 2009
- Strict risk mitigation procedures

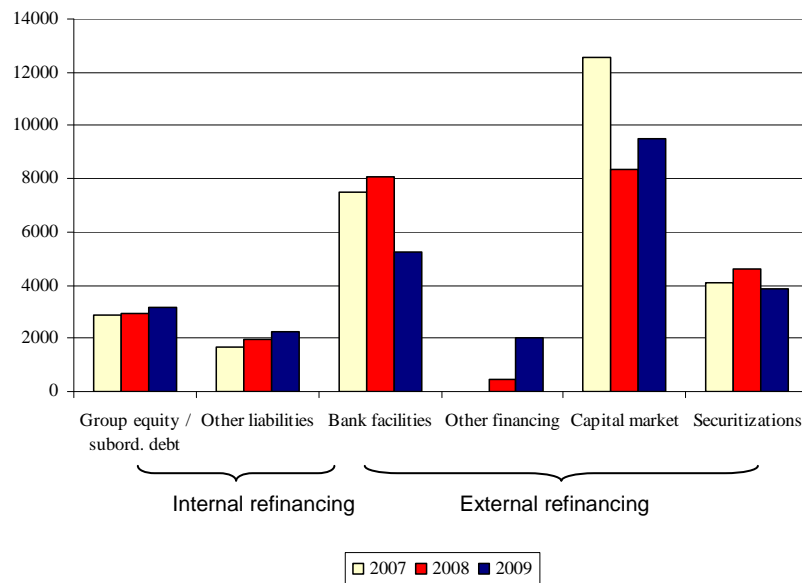




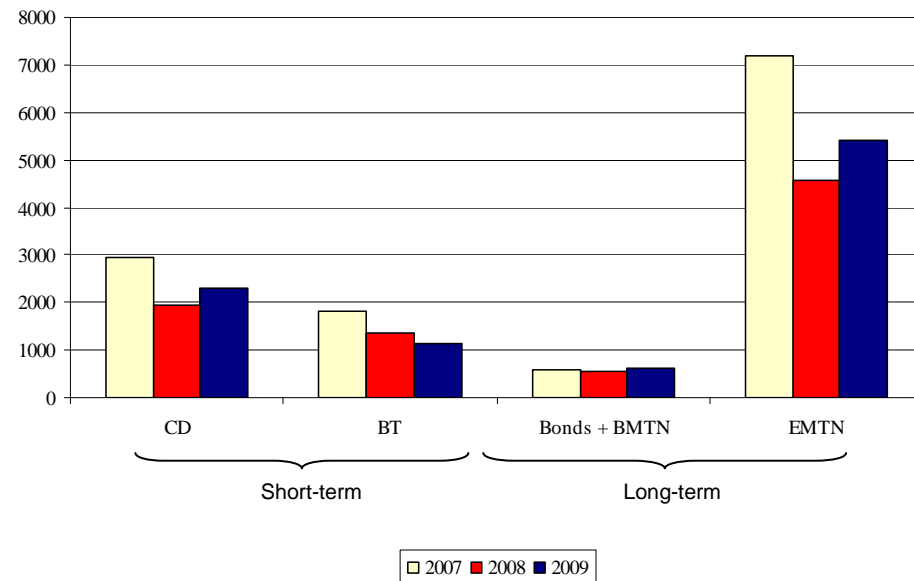
# Financing sources

- Diversified sources of financing
  - ▶ 46% capital markets, 25% bank facilities, 19% loan securitization, 10% public
  - ▶ €9.4bn capital markets: 36% short-term issuance, 64% long-term

**Sources of refinancing**



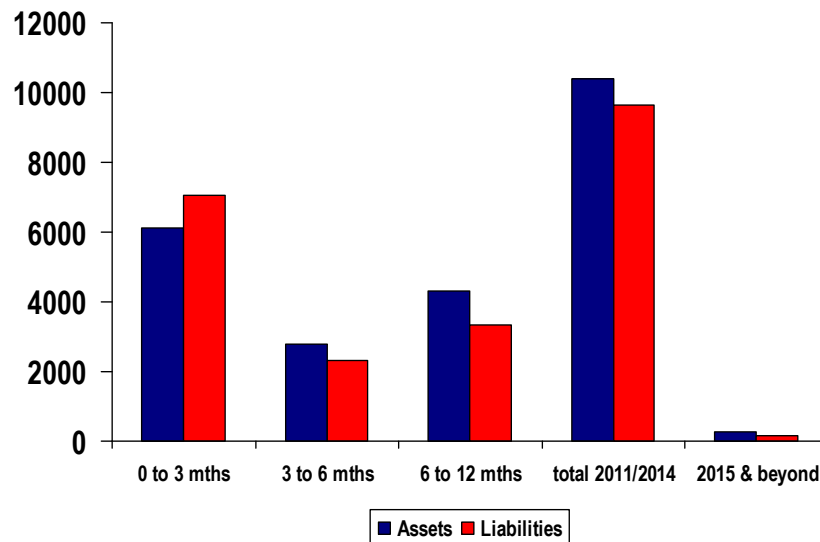
**Capital markets**



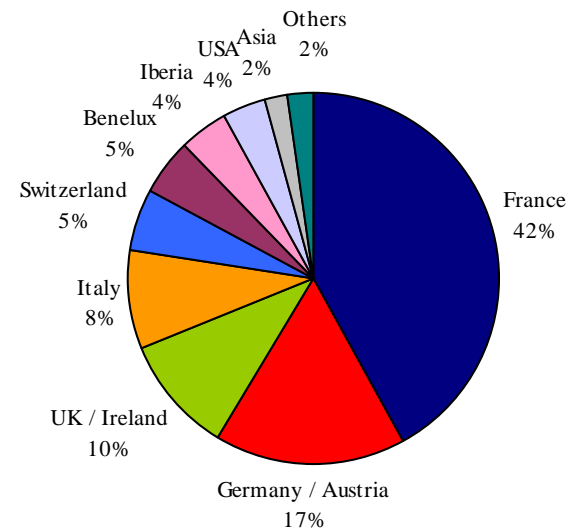
# Financing sources

- Well balanced liquidity management
  - ▶ Matching of maturities between assets and liabilities
  - ▶ Broad geographic diversification of the lender base
  - ▶ Policy to secure > 6 months of activity through cash and undrawn back-up facilities
- € 10 billion of available liquidity

**Maturities**



**Breakdown of lender base**



# Key ambitions

- Develop international activity to accompany global presence of Peugeot & Citroën brands
- Build share of services and insurance revenues in operating profit
- Grow net banking revenue whilst maintaining benchmark cost of risk
- Maintain robust asset quality and strong business model

