



# 2011 FIRST HALF RESULTS

July 27<sup>th</sup>, 2011



PSA PEUGEOT CITROËN 

## 2011 FIRST HALF RESULTS

Frédéric Saint-Geours  
CFO & EVP Strategy

This presentation may contain forward-looking statements. Such forward-looking statements do not constitute forecasts regarding the Company's results or any other performance indicator, but rather trends or targets, as the case may be. These statements are by their nature subject to risks and uncertainties as described in the Company's annual report available on its Internet website ([www.psa-peugeot-citroen.com](http://www.psa-peugeot-citroen.com)). These statements do not reflect future performance of the Company, which may materially differ. The Company does not undertake to provide updates of these statements.

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



# H1 2011 : highlights

---

- Revenues up **9.7%** to **€31.1bn**
- Group recurring operating income of **€1,157m** versus €1,137m in H1 2010
- Automotive recurring operating income of **€405m** (**€552m** excluding Japan disaster impact), driven by product mix improvement in a tough environment
- Success of new launches
- **38%** of sales outside Europe vs 35% in H1 2010, on track to reach 50% by 2015
- Net Income, Group share up **18.5%** to **€806m**, versus €680m in H1 2010
- Net financial income expense by **€109m** after full repayment of French state loan
- Net debt reduced to €1,646m versus €1,732m at the end of June 2010, after dividend payment of €250m



▶ **Tougher environment than expected**

## Increasing Raw Materials prices\*

### Listed materials

- ▶ Brent: +34%
- ▶ Copper: +24%
- ▶ Aluminium: +13%
- ▶ Palladium: +56%

### Non listed materials

- ▶ Steel: +20%
- ▶ Rubber: +52%

## Japan disaster impact

- Disruption of diesel-powered vehicles in March / April 2011
- Product range & production adjustments
- Extra delays on some products lines

**Impact in H1:**

**-€366m**

**-€147m**

\* H1 2010 – H1 2011



# Group results

- ▶ **Group recurring operating income up 1.8% to €1,157m (+14.7% excluding Japan disaster impact)**
- ▶ **Net financial income improving by €109m, after State loan reimbursed**
- ▶ **Net income Group share up 18.5% to €806m**

— In million euros —

	H1 2010	H1 2011	Δ
Revenues	28,394	31,135	+9.7%
<b>Recurring operating income excluding Japan impact*</b>	<b>1,137</b>	<b>1,304</b>	<b>+14.7%</b>
% of revenues*	4.0%	4.1%	
Japan impact	-	(147)	
<b>Recurring operating income</b>	<b>1,137</b>	<b>1,157</b>	<b>+1.8%</b>
% of revenues	4.0%	3.7%	
Non-recurring operating income and (expenses)	(69)	(30)	
<b>Operating income</b>	<b>1,068</b>	<b>1,127</b>	<b>+5.5%</b>
Net financial income (expenses)	(241)	(132)	
Income taxes	(227)	(208)	
Share in net earnings of equity affiliates	137	117	
Consolidated net income	737	904	
<b>Net income, Group share</b>	<b>680</b>	<b>806</b>	<b>+18.5%</b>
Earning per share (in euros)	3.00	3.55	

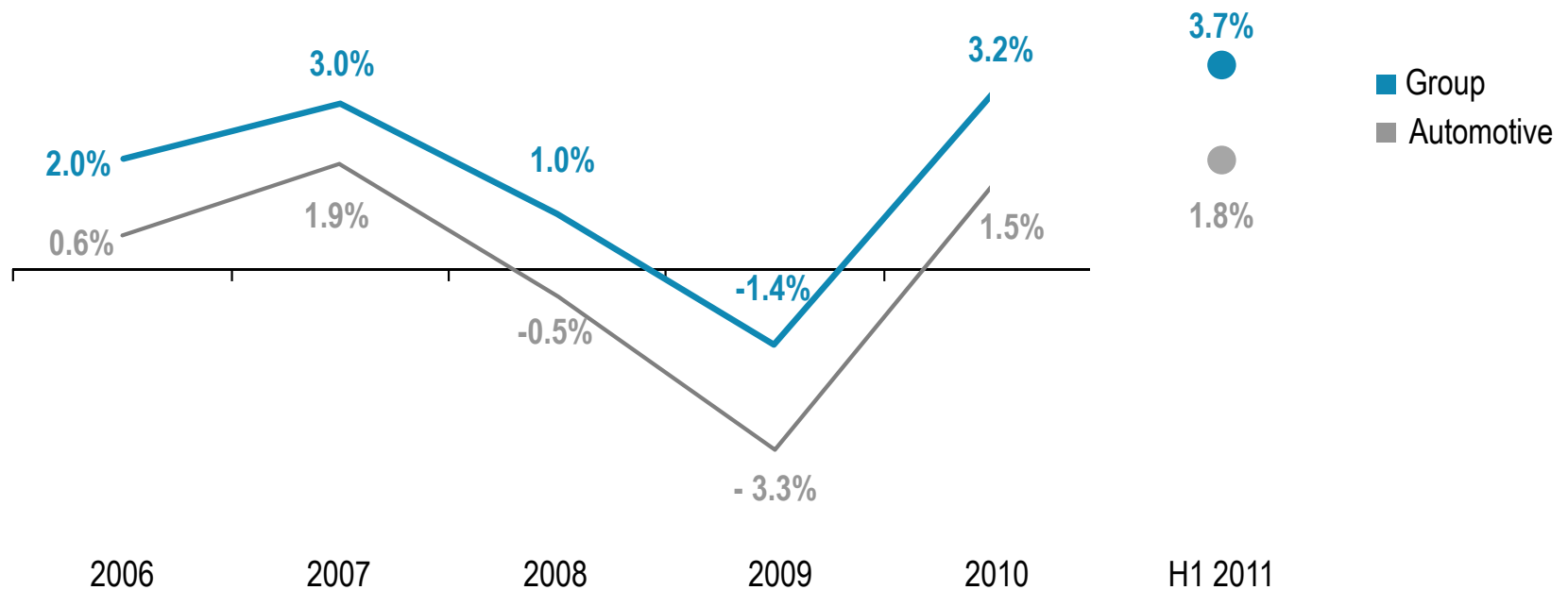
\* Recurring operating income and % of revenues proforma excluding Japan impact H1 2011



# Group margin

► Improvement sustained despite a tough environment

Group and Automotive recurring operating margin %



# Recurring operating income by division

— In million euros —

	H1 2010	% margin	H1 2011	% margin
Automotive *	525	2.5%	405	1.8%
Faurecia	217	3.2%	340	4.2%
Gefco	122	7.1%	143	7.1%
Banque PSA Finance	269	-	274	-
Others businesses and eliminations	4	-	(5)	-
<b>PSA Peugeot Citroën</b>	<b>1,137</b>	<b>4.0%</b>	<b>1,157</b>	<b>3.7%</b>

\* Including Japan impact





- ▶ Automotive recurring operating income of €405m (€552m excluding Japan disaster impact)
- ▶ Automotive margin of 1.8% (2.4% excluding Japan disaster impact)

— In million euros —

	H1 2010	H1 2011	Δ
Revenues	21,174	22,585	+ 6.7%
<b>Recurring operating income excluding Japan impact*</b>	<b>525</b>	<b>552</b>	<b>+5.1%</b>
% of revenues*	2.5%	2.4%	
Japan impact	-	(147)	
<b>Recurring operating income</b>	<b>525</b>	<b>405</b>	<b>-22.9%</b>
% of revenues	2.5%	<b>1.8%</b>	
Non-recurring operating income and (expenses)	(66)	<b>13</b>	
<b>Operating income /(loss)</b>	<b>459</b>	<b>418</b>	<b>-8.9%</b>
% of revenues	2.2%	<b>1.9%</b>	

\* Recurring operating income and % of revenues proforma excluding Japan impact H1 2011



► Strong growth outside Europe 30

## Cars and light commercial vehicles – Market evolution

—Δ H1 2011 – H1 2010 —

	H1 2011
Europe 30	-1%
China *	+10%
Latin America**	+13%
Russia	+57%

\* Passengers vehicles

\*\* Brazil, Argentina, Chile, Mexico



# Worldwide unit sales

► Sales driven by developing markets

— In K units —

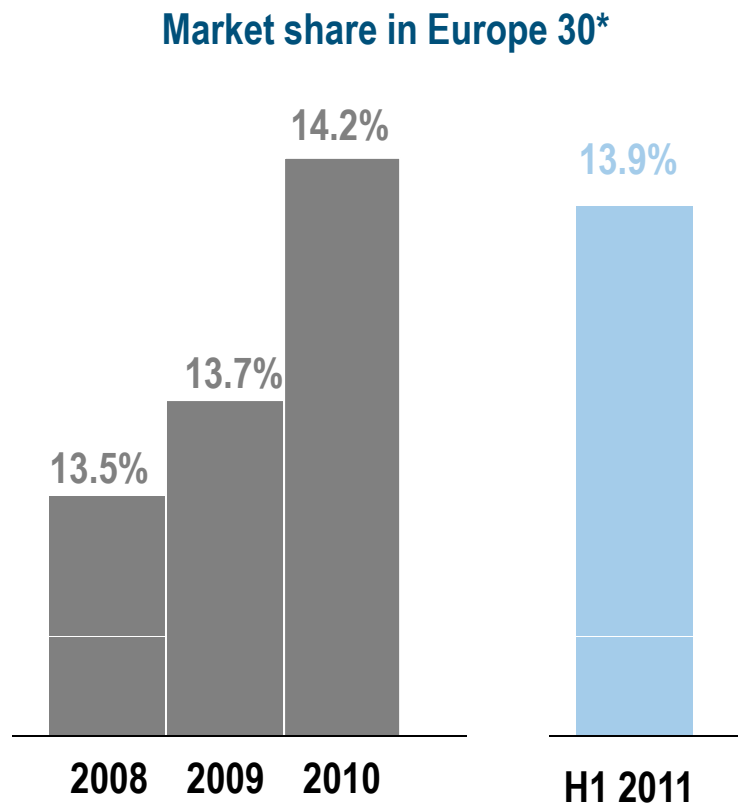
## Assembled vehicles and CKD units

	H1 2010	H1 2011	Δ
Europe	1,206	1,154	-4.3%
China	176	195	+10.2%
Latin America	127	154	+21.7%
Russia	21	35	+65.5%
Rest of the world	87	113	+30.3%
<b>Total assembled vehicles</b>	<b>1,618</b>	<b>1,652</b>	<b>+2.1%</b>
<b>o.w. assembled vehicles (excluding China)</b>	<b>1,441</b>	<b>1,457</b>	<b>+1.1%</b>
Total CKD	238	208	-12.7%
<b>Total assembled vehicles + CKD units</b>	<b>1,856</b>	<b>1,860</b>	<b>+0.2%</b>



# European market share

► Stabilization reflecting negative country mix



## LCV:

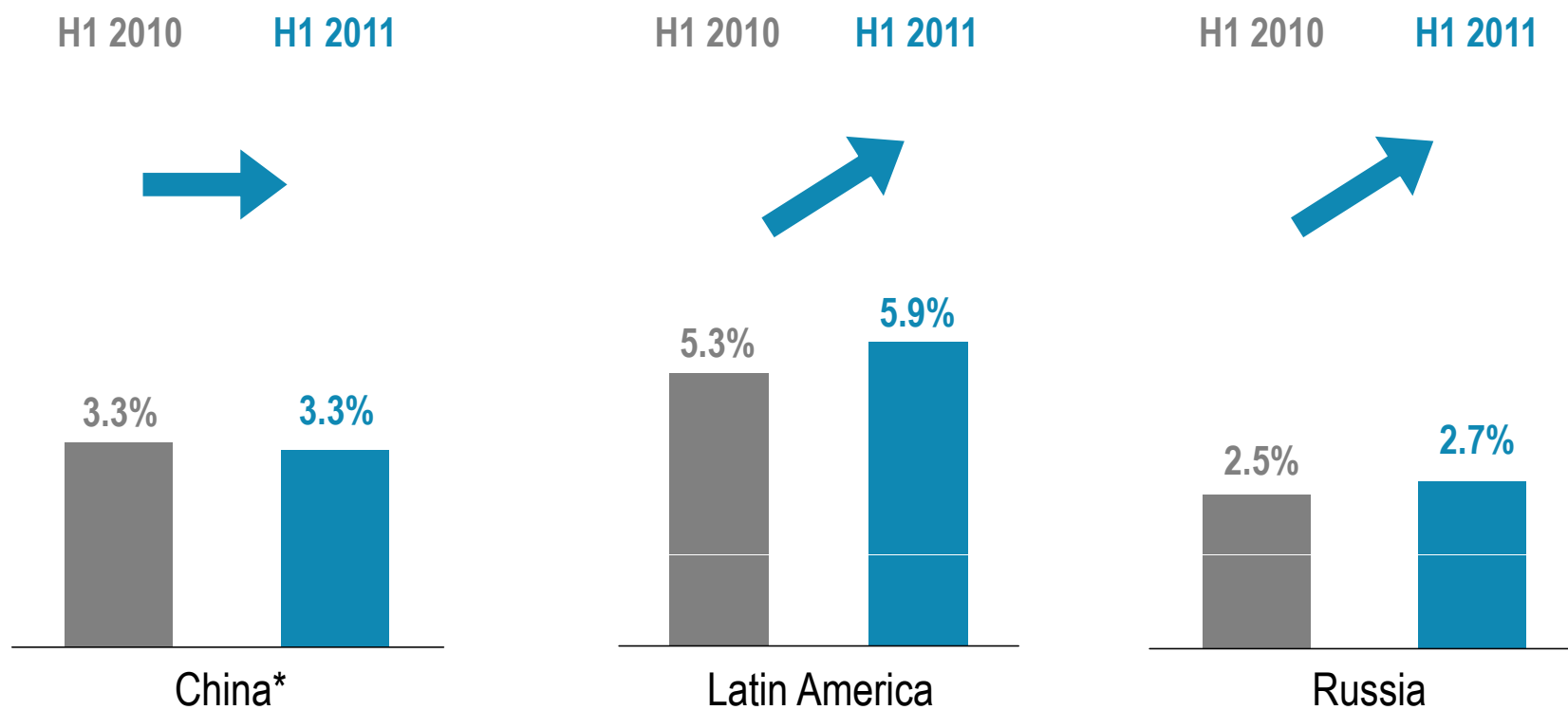
- Upturn in the European light commercial vehicle market confirmed: **+8.7%** in H1
- European leader on the LCV market with **21.3%** market share (vs 22.3% H1 2010)

\* PC - LCV



# Solid performance outside Europe

## Cars and light commercial vehicles – Market share



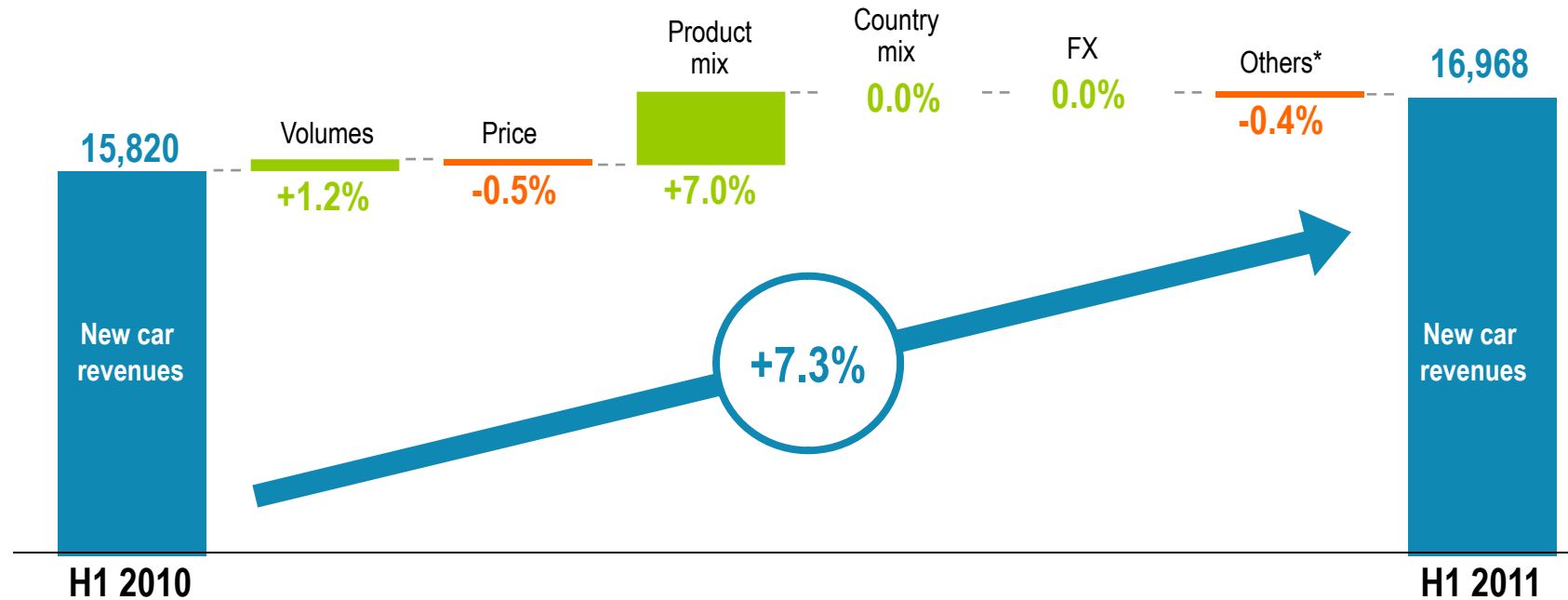
\* Passengers vehicles



# New car revenue analysis

► Strong product mix supported by Brand upscaling

— In million euros —



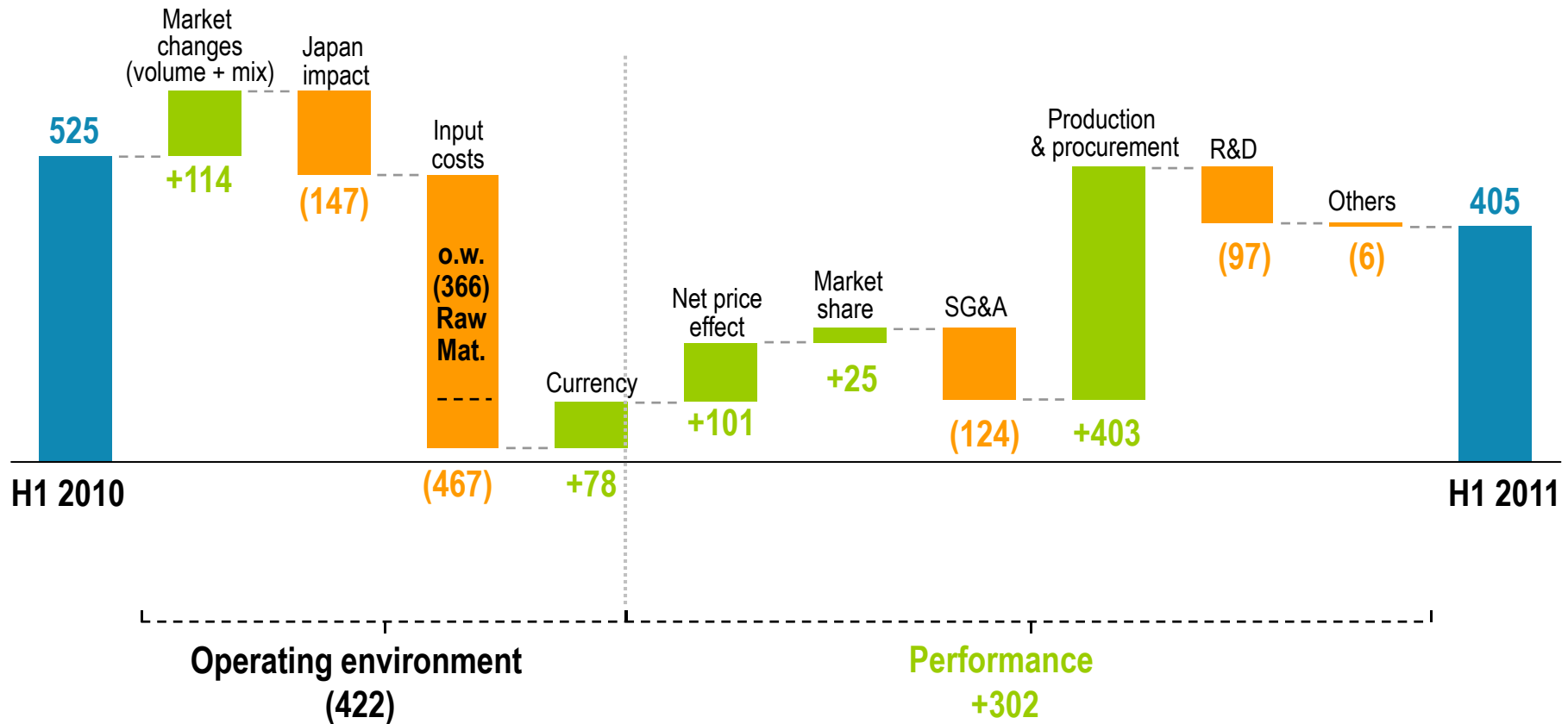
\* CKD, accounting treatment of buy back commitment, short term rental



# Automotive recurring operating income

- ▶ Operating environment : - €422m
- ▶ Performance driven by product mix

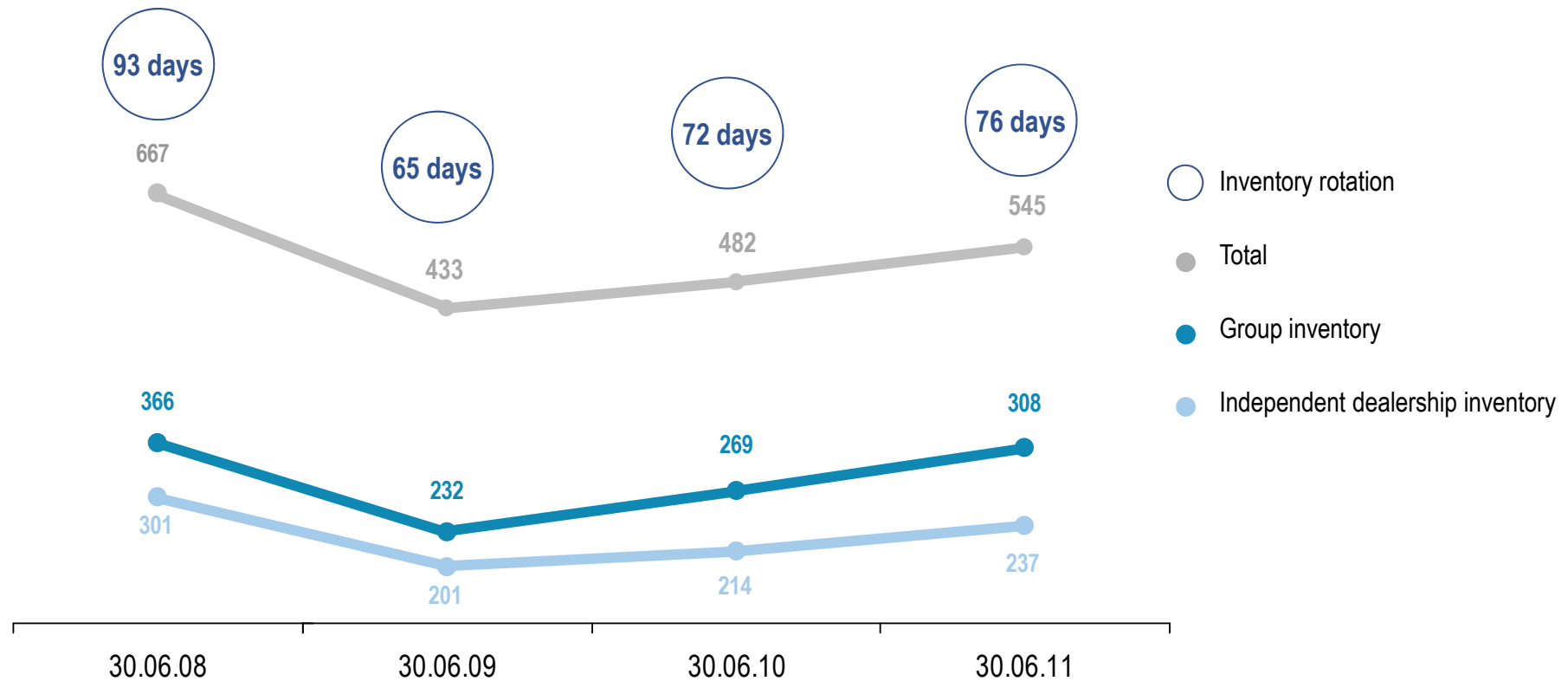
— In million euros —



# Inventory

- ▶ Inventories level in line with market seasonality and launch of new products offer
- ▶ Extra inventories to prevent shortage from Japan components

— In thousands of new vehicles\* —



\* Based on forward 3 months delivery expectations





- ▶ Revenues growth both within and outside Europe
- ▶ Recurring operating income at +57% driven by volume

— In million euros —

	H1 2010	H1 2011	Δ
Revenues	6,826	8,150	19.4%
Recurring operating income	217	340	+56.7%
% of revenues	3.2%	4.2%	
Non-recurring operating income and (expenses)	(2)	(33)	
Operating income	215	307	
Net financial income (expenses)	(62)	(55)	
Consolidated income for the period	112	207	
% of revenues	1.6%	2.5%	
Free Cash Flow *	236	(42)	
Net financial position June 30*	(1,364)	(1,286)	

\* In Group contribution



► Acquisition of Mercurio in May 2011

— In million euros —

	H1 2010	H1 2011	Δ
Revenues	1,716	2,017 *	+17.5%
PSA Peugeot Citroën	1,125	1,275	+13.3%
Third parties	591	743	+25.7%
Recurring operating income	122	143	+17.2%
% of revenues	7.1%	7.1%	
Non-recurring operating income and (expenses)	1	(15)	
Operating income/(loss)	123	128	+4.1%

\* Including Mercurio acquisition



- ▶ Increase in net banking revenues
- ▶ Cost of risk well managed
- ▶ Strong set of new contracts

— In million euros —

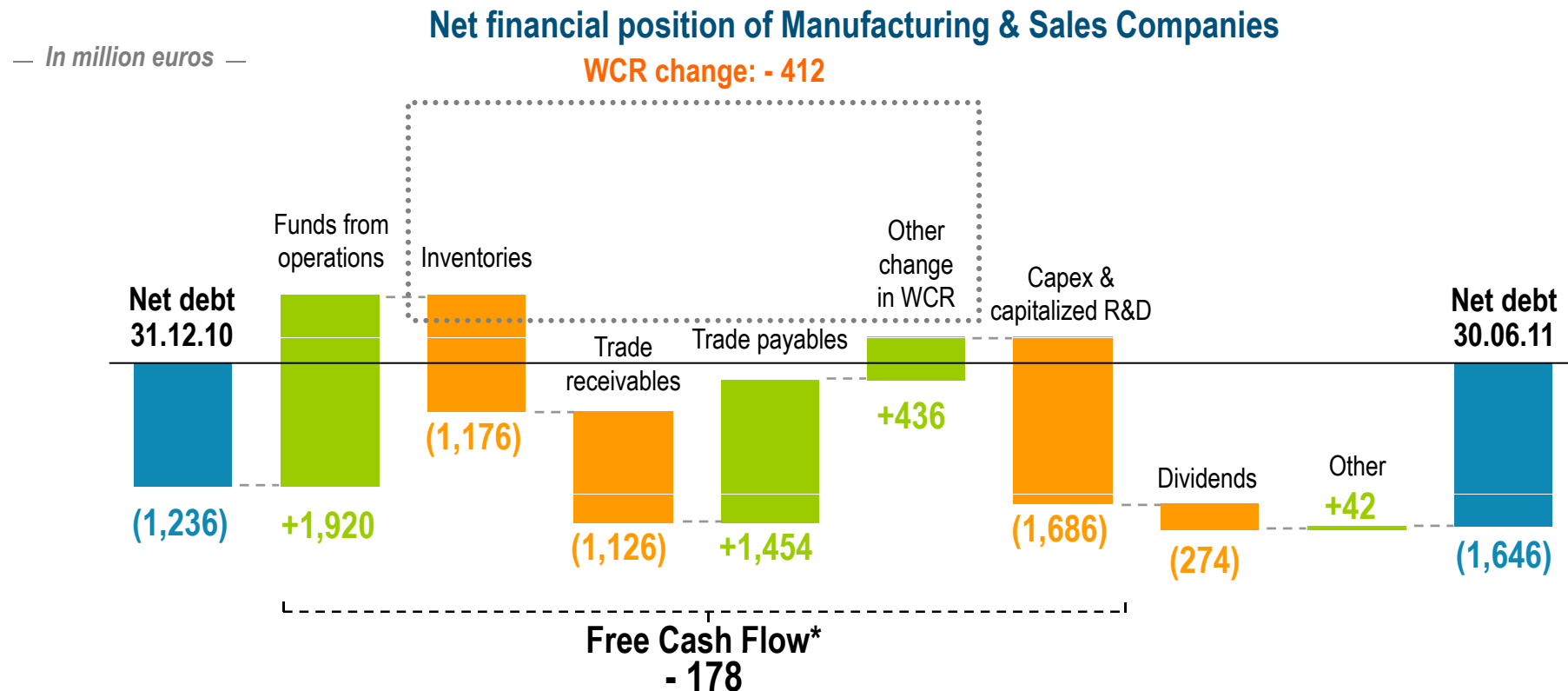
	H1 2010	H1 2011	Δ
Net banking revenue	505	524	+3.8%
Revenues	919	942	+2.5%
Cost of risk (in % of average loans)	0.47%	0.45%	
Recurring operating income	269	274	+1.9%

Penetration rate	25.6%	26.4%	
Number of new contracts (lease and financing)	435,043	443,740	+2%
Total outstanding loans June 30	23.4bn	24.3bn	+3.6%



# Cash Flow Analysis

- ▶ Seasonal increase in inventories and extra inventories due to Japan in WCR
- ▶ Strong CAPEX and capitalized R&D in line with Product and international development



\* Excluding €155m BPF dividend to be paid in July



# High level of financial security

- ▶ Increase in shareholders' equity of €960m (vs H1 2010)
- ▶ Gross debt reduced from €12.1bn in H1 2010 to €10.3bn (- €1.8bn) in H1 2011

— In million euros —

	2010	H1 2010	H1 2011
Total Gross debt	11,616	12,087	10,259
Cash and cash equivalents	9,278	9,084	7,306
Current & non-current financial assets	1,102	1,271	1,307
Total cash & financial assets	10,380	10,355	8,613
Back-up facility (undrawn)	2,400	2,400	2,400
Total financial security	12,780	12,755	11,013
Net debt position	1,236	1,732	1,646
Total equity	14,303	13,845	14,805
Gearing	8.6%	12.5%	11.1%

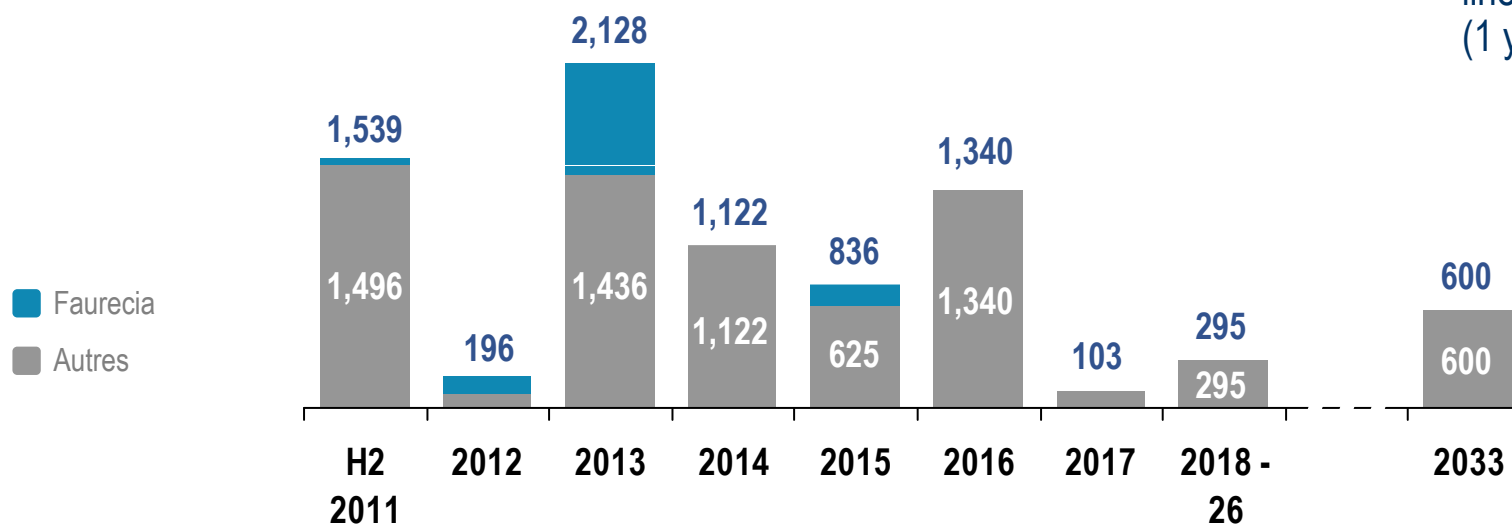


# Solid financial structure

- ▶ Weighted average remaining maturity: 4.3 years
- ▶ Full repayment of French state loan

Gross debt\* in nominal value at end 30.06.11

— In million euros —



- ▶ €2.4bn undrawn credit line maturing July 2014 (1 year extension)

\* excluding BPF, undrawn credit-line, short term liabilities & other adjustments





PSA PEUGEOT CITROËN 

## PROGRESS ON OUR STRATEGIC AMBITIONS

Philippe VARIN  
Chairman of the Managing Board

# Progress on our Strategic Ambitions

▶ **3 ambitions**

- ▶ **Globalisation:** on track for sales volume outside of Europe to **50% by 2015**
- ▶ **Brands upscaling / step ahead:** improved business model on track
- ▶ **Operational excellence:** ongoing Performance Plan





# Globalisation: China

Strengthen DPCA partnership and renew product line-up

2010

PEUGEOT 408



CITROËN C5



2011

PEUGEOT 508



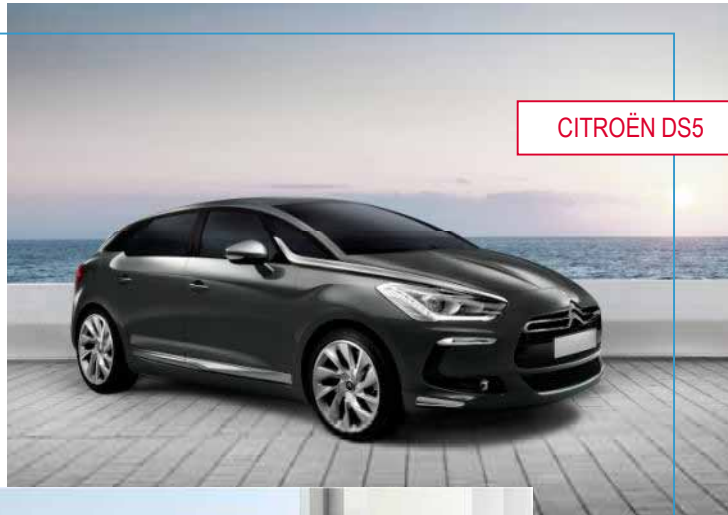
- ▶ H1: Sales +10.2%
- ▶ 5% market share target by 2015

- ▶ New launch in 2011: **Peugeot 508**
- ▶ **3<sup>rd</sup> plant** in Wuhan: on stream in 2013 raising total annual capacity to **750,000 vehicles by 2015**
- ▶ **Dealer network** for Peugeot and Citroën: from 483 in 2010 to > 580 in 2011
- ▶ **Dividend paid: MRMB 589**



# Globalisation: China

Launch of a new strategic JV with Changan



- ▶ Changan PSA Automobile co approved by NDRC on 12 July 2011
- ▶ 3% market share targeted

- ▶ Based in Shenzhen with an **initial annual production capacity of 200,000 vehicles & engines**
- ▶ **DS line: 1<sup>st</sup> DS in 2013**, DS5 World reveal, DS stores in premium cities and progressive roll-out
- ▶ **JV own Brand:** Entry segment

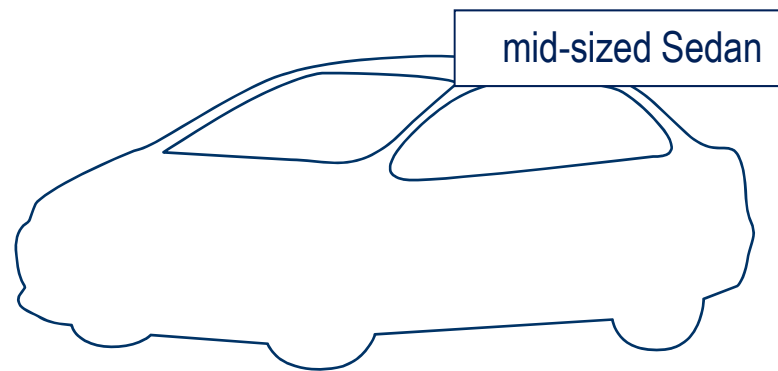
**1<sup>st</sup> VEHICLE LAUNCH  
2013**



# Globalisation: India

Entering the market

- ▶ **2011: decision on the greenfield location**
- ▶ **Discussions underway with the states of Andhra Pradesh, Gujarat, and Tamil Nadu**



- ▶ Entering the market via **Peugeot brand**
- ▶ **A mid-sized** sedan car as a first step
- ▶ **Greenfield development**
- ▶ **Local R&D** team to support specific models for the Indian market



# Globalisation: Latin America

Turnaround: break-even target in 2011 confirmed

CITROËN C3 PICASSO



CITROËN C3 AIRCROSS



PEUGEOT 408



- ▶ **H1 Sales: +21.7%, 5.9% market share**
- ▶ **7% market share targeted by 2015**

- ▶ **New launches in H1:**  
Citroën C3 Aircross (Top 3 of its segment),  
Peugeot 408, Citroën C3 Picasso
- ▶ **Operational optimization:**  
4 to 2 platforms
- ▶ **Development of Dealer network:** from 542  
in 2010 to 600 in 2011



# Globalisation: Russia

Pursuing growth strategy in a soaring market



▶ **H1: Sales +65.1%, 2.7% market share**

- ▶ **New launches in 2011:**  
New Citroën C4 and Peugeot 308 face lift in July, 508 end of year
- ▶ **LCV:** Sales +72%, market share of **5.8%**
- ▶ Ramp up of capacity on track in Kaluga to **125,000 units** in 2012



# Brand upscaling / Step ahead

Strong new product momentum in Europe

2010



PEUGEOT RCZ



PEUGEOT 3008



PEUGEOT 5008



CITROËN DS3



CITROËN C4



PEUGEOT iOn

CITROËN C-ZERO

2011



PEUGEOT 508  
& 508 SW



PEUGEOT New 308



PEUGEOT 3008 HYbrid4



CITROËN DS3 racing



CITROËN DS4



CITROËN DS5

2012



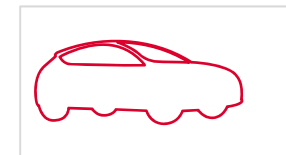
PEUGEOT 508 RXH



Compact  
SUV Peugeot



Peugeot  
B segment



DS5 Hybrid diesel



Compact  
SUV Citroën



# Brand upscaling / Step ahead

Strong new product momentum

— Units, H1 2011 —



PEUGEOT 508



PEUGEOT RCZ



PEUGEOT 3008



CITROËN DS3



CITROËN DS4

## Success of new launches

- > 45,000, on track to 100,000 orders
- 10% in GT

- 11,000, leader on its segment
- 40% conquest customers

- 74,000, +13%
- 57% conquest customers

- 42,000
- 60% conquest customers

- c. 10,000
- Launch in May

## Higher average price

▶ €30,300 vs €28,000 (407)

▶ €32,000

▶ €28,300 vs €23,000 (308)

▶ €20,300 vs €16,700 (C3)

▶ €26,200 vs €23,000 (C4)

New products above estimates, upscaling Brand value



# Brand upscaling / Step ahead

High quality Premium products

— % of total sales —

	H1 2009	H1 2010	H1 2011
C & D segments	36%	<b>39%</b>	42%
A & B segments	47%	<b>44%</b>	40%
Premiums*	9%	<b>14%</b>	17%

\*Premiums vehicles: distinctive models from the A, B and C segments (Peugeot 207CC, 308CC, RCZ, 3008 and Citroën DS3 and DS4) and models from the D and E segments (Peugeot 508, 407, 607, 4007 and Citroën C5, C6 and C-Crosser)





# Brand upscaling / Step ahead

Upward Residual Values for all new products building up pricing power

## Residual Values (36 months, 90,000 km\*) – High level maintained

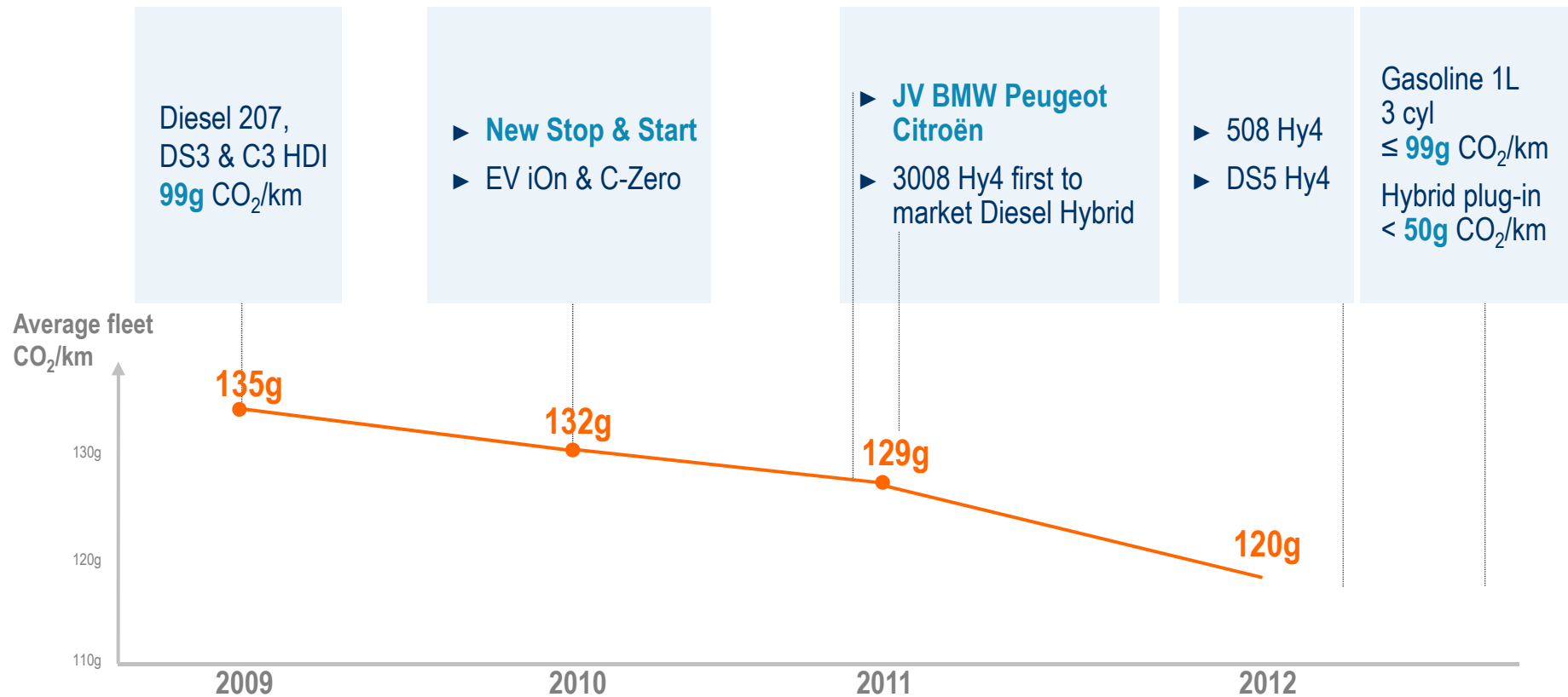
	Launch	Previous models	New models	
			At launch	> 1 year after launch
Peugeot 3008	Q1 2010	-	44%	44%
Peugeot RCZ	Q2 2010	-	43%	45%
Peugeot 508	Q1 2011	35%	44%	-
Citroën DS3	Q2 2010	-	42%	42%
New Citroën C4	Q3 2010	34%	41%	-

\* Source: DAT, Q2 2011, (Germany)



# Brand upscaling / Step ahead

Innovation and CO<sub>2</sub> new technologies



European sales ≤ 120g CO<sub>2</sub>/km: 443,000 in H1 2011, in line with 1,000,000 target in 2012



► €1.1bn target in 2011 confirmed

	H1 2010	H1 2011
Capacity utilisation in Europe*	89%	92%
Hours per vehicles (2009 base 100)	-2%	-4%
Development productivity (2009 base 100)	-9%	-15%
Repeat components	39%	39%
Procurement by key suppliers	35%	40%

\* Harbour rate



## Group Outlook

- ▶ The Group confirms that 2011 targeted Group recurring operating income should be above 2010. Free Cash Flow is expected to be close to neutral
- ▶ Faurecia recurring operating income in progress should reach €620/650 million. Gefco and Banque PSA Finance are also expected to deliver increased recurring operating income in 2011
- ▶ Regarding Automotive division, H2 2011 context is expected to worsen by €300 million compared with previous estimate, due to Japan disaster impact and raw materials costs increase. The Performance Plan should only partially offset this additional negative impact

## Market assumptions

- ▶ Europe stable
- ▶ China: +c. 7%
- ▶ Latin America: +c. 6%
- ▶ Russia: +c. 30%





PSA PEUGEOT CITROËN 



## CONCLUSION

Philippe VARIN  
Chairman of the Managing Board



# 2011 FIRST HALF RESULTS

July 27<sup>th</sup>, 2011