



FULL YEAR  
RESULTS  
**2013**

February 19, 2014

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



# Agenda

■ Highlights

Philippe Varin

■ Financial results

Jean-Baptiste de Chatillon

■ Fit for growth

Philippe Varin

■ Back in the race

Carlos Tavares



## Highlights

2013 results above target and fit for growth

### ■ 2013: results on Operational Free Cash Flow\* above target

- ▶ Group Recurring Operating Income: -€177m, with -€1,042m on Automotive division
- ▶ Strong improvement of Operational Free Cash Flow at -€426m, reduced by more than half versus 2012
- ▶ Implementation of the new format on manufacturing for GM Alliance in Europe

### ■ 2014: fit for growth

- ▶ Major partnership with Dongfeng Motor
- ▶ €3bn capital increase
- ▶ Long term strategic partnership between Banque PSA Finance and Santander
- ▶ Renewal of Revolving Credit Facility



\* Free cash flow without restructuring and exceptional

Full year results 2013 – February 19<sup>th</sup>, 2014

## Major strategic partnership with Dongfeng Motor

20 years partnership enters a new phase

- Reinforce the competitiveness of DPCA: target 1.5m vehicles produced per year by early 2020s
- Creation of a joint R&D center in China
- Creation of an export JV for ASEAN countries
- ▶ c.€400m synergies for PSA Peugeot Citroën by early 2020s
- Capture further opportunities in global fast-growing markets



## Long term partnership with Santander

A global partnership between Banque PSA Finance and the largest bank in the Eurozone

- Creation under way of a 50/50 partnership to develop future loans portfolio of Banque PSA Finance, expected start of the business mid-2015
  - ▶ Accelerate the dispense from the use of the French State guarantee
  - ▶ Improved captive cost of funding and enhanced competitiveness
  - ▶ A strengthened commercial tool for the Brands: positive impact on market share
  - ▶ Potential cash upstreamed up to €1.5bn by 2018 to Group PSA



## €3bn capital increase

To strengthen investment capacity and balance sheet

### ■ €3bn capital increase:

- ▶ €1.05bn reserved capital increase to Dongfeng and the French State
- ▶ Then €1.95bn right issue with free warrants to current shareholders
- ▶ Equal ownership of FFP/EFP, Dongfeng and the French State: 14%

### ■ Renewal of Revolving Credit Facility of €2.7bn







PSA PEUGEOT CITROËN

## FINANCIAL RESULTS

Jean-Baptiste de Chatillon  
CFO and Member of the Managing Board



# Group results

- ▶ Group ROI of -€177m, up €383m vs 2012 despite tough market conditions
- ▶ Net result -€2,317m after impairment IAS 36

<i>In million euros**</i>	2012*	2013	Change
Revenues	55,446	54,090	-2.4%
Recurring operating income	(560)	(177)	383
% of revenues	-1.0%	-0.3%	+0.7pt
Non-recurring operating income (and expenses)	(4,122)	(1,169)	2,953
Operating income	(4,682)	(1,346)	3,336
Net financial income (expenses)	(430)	(658)	(228)
Income taxes	(774)	(387)	387
Share in net earnings of companies at equity	160	176	16
Consolidated net income / (loss)	(4,923)	(2,218)	2,705
Net income, Group share	(5,008)	(2,317)	2,691

\* Gefco: restated with IFRS 5 compliance, Gefco held as discontinued activities

\*\* IAS 19R: 2012 restated €16m on Group ROI o/w €8m on Automotive division ROI

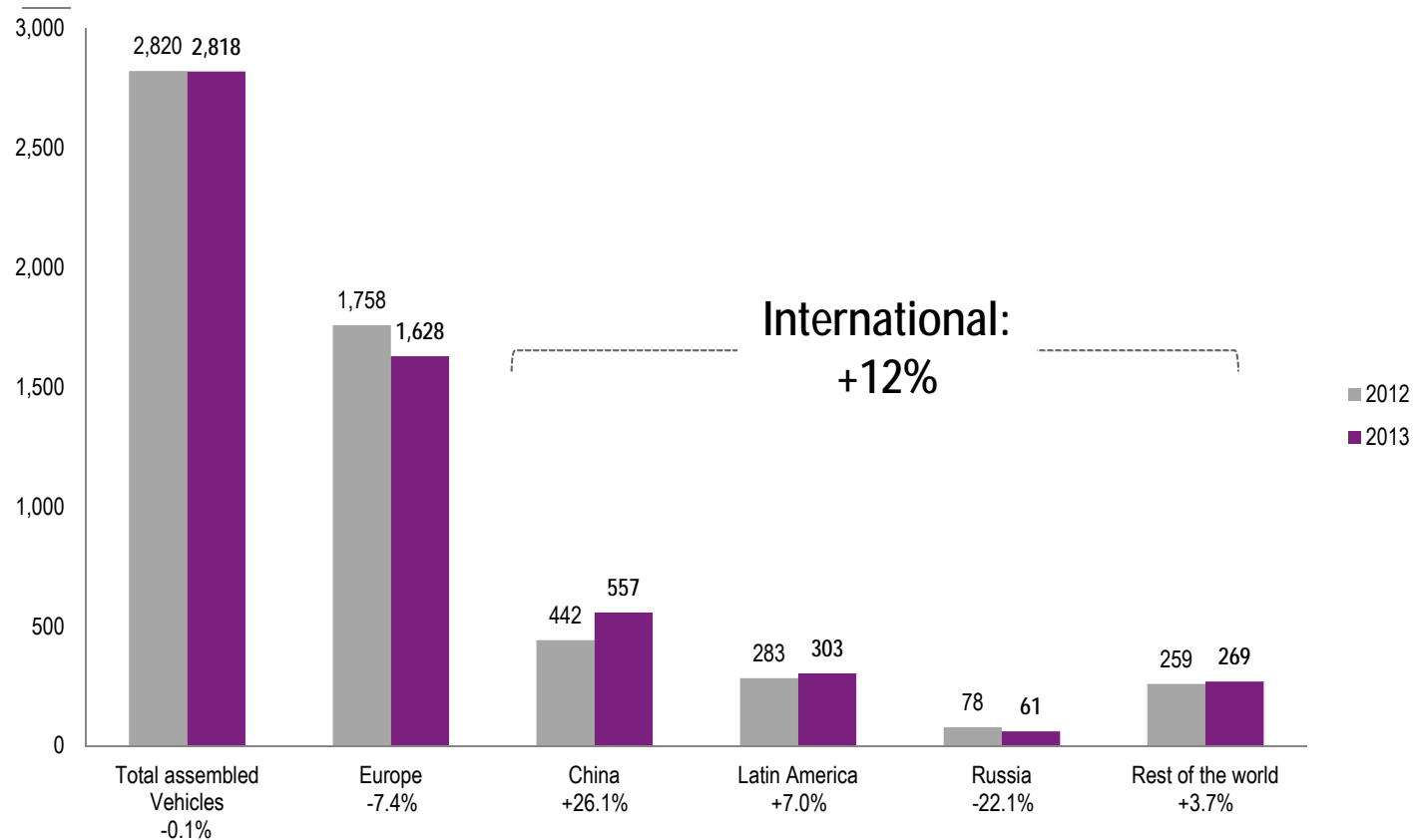
Full year results 2013 – February 19<sup>th</sup>, 2014



## Automotive: worldwide unit sales\* in 2013

- ▶ 42% sales volumes\* outside Europe vs 38% in 2012, on track for 50% sales volumes outside Europe by 2015
- ▶ Development of international markets +12%
- ▶ Europe volumes\* +4% in Q4 2013 vs Q4 2012

Worldwide unit sales\*  
In thousands of units



\* Assembled vehicles, excluding CKD's

Full year results 2013 – February 19<sup>th</sup>, 2014

## Group Revenues: €54.1bn

- ▶ Group revenues -2.4%, driven by sales volumes and change in exchange rate on Automotive division

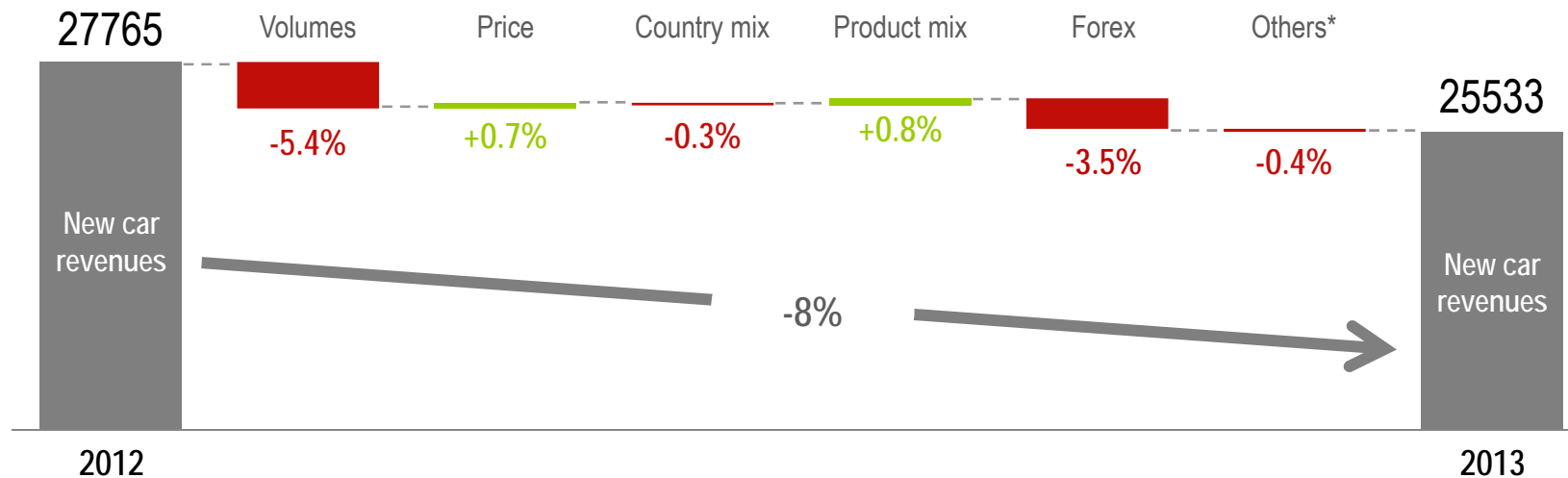
<i>In million euros</i>	2012	2013	Change
Automotive	38,299	36,461	-4.8%
Faurecia	17,365	18,029	3.8%
Banque PSA Finance	1,910	1,773	-7.2%
Others businesses and eliminations	(2,128)	(2,173)	-2.1%
<b>Group Revenues</b>	<b>55,446</b>	<b>54,090</b>	<b>-2.4%</b>
<i>Group Sales (k units, excl CKD's)</i>	<i>2,820</i>	<i>2,818</i>	<i>-0.1%</i>



# Automotive: new car revenue analysis

- ▶ New launches positive impact on product mix and strong pricing policy...
- ▶ ...only partially offsetting negative exchange rate and unfavorable European volumes

In million euros



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

Full year results 2013 – February 19<sup>th</sup>, 2014

## Group: recurring operating income

- Group ROI: -€177m in 2013, up €383m vs 2012, with -€1,042m on Automotive division, improving by €454m vs 2012

<i>In million euros**</i>	2012*	2013	Change
Automotive***	(1,496)	(1,042)	454
% of revenues	-3.9%	-2.9%	
Faurecia	516	538	22
% of revenues	3.0%	3.0%	
Banque PSA Finance	391	368	(23)
% of revenues	20.5%	20.8%	
Others businesses and eliminations	29	(41)	(70)
% of revenues	-	-	
<b>PSA Peugeot Citroën***</b>	<b>(560)</b>	<b>(177)</b>	<b>383</b>
% of revenues	-1.0%	-0.3%	

\* Gefco: restated with IFRS 5 compliance, Gefco held as discontinued activities

\*\* IAS 19R: 2012 restated €16m on Group ROI o/w €8m on Automotive division ROI

\*\*\* Including €595m due to 2012 IAS 36 impact



## Market trends

- ▶ Europe on the path to stabilization, with H2 2013 +4% vs H2 2012
- ▶ China: acceleration of growth
- ▶ Strong deterioration of Russian market in 2013

### *Cars and light commercial vehicles – market evolution*

—  $\Delta$  vs previous year —

	2012	2013
Europe 30	-9%	-2%
Italy	-21%	-8%
France	-13%	-5%
Spain	-15%	+4%
UK	+4%	+11%
Germany	-3%	-4%

	2012	2013
China*	+7%	+19%
Latin America**	+6%	+3%
Russia	+11%	-5%



\* Passengers vehicles on invoices market w/o imports

\*\* Brazil, Argentina, Chile, Mexico

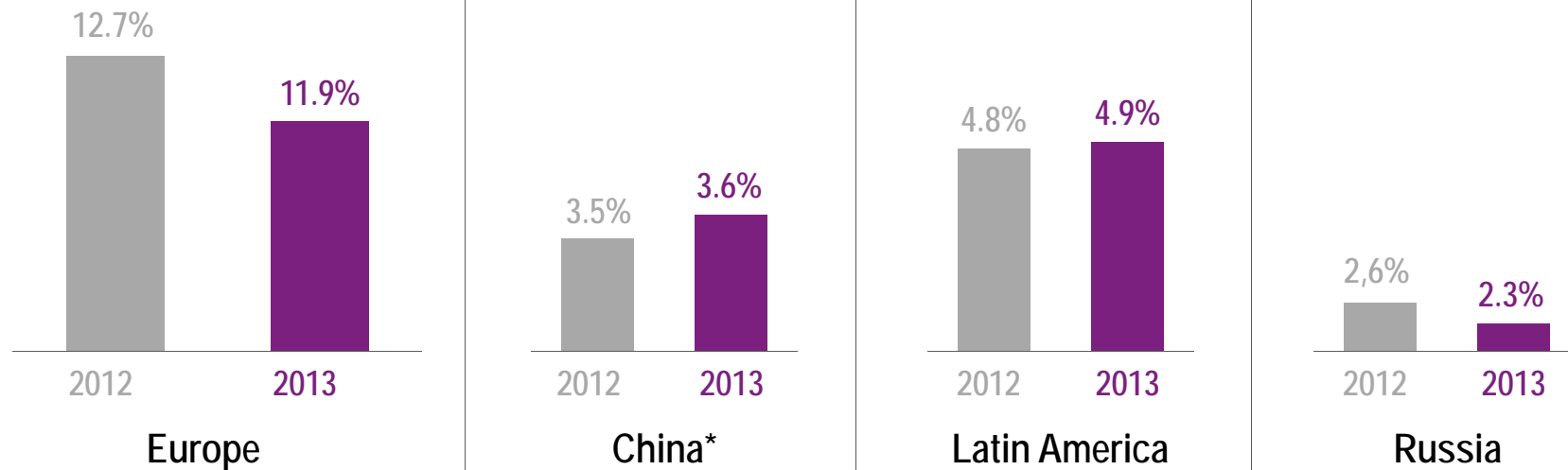
Full year results 2013 – February 19<sup>th</sup>, 2014



## Automotive: market share

- ▶ Europe: 11.9% market share reflecting Citroën C3 manufacturing disruption, country mix and our pricing policy
- ▶ China: 3.6% market share
- ▶ LCV: European leader with 20.7% market shares

### *Cars and light commercial vehicles – market share*



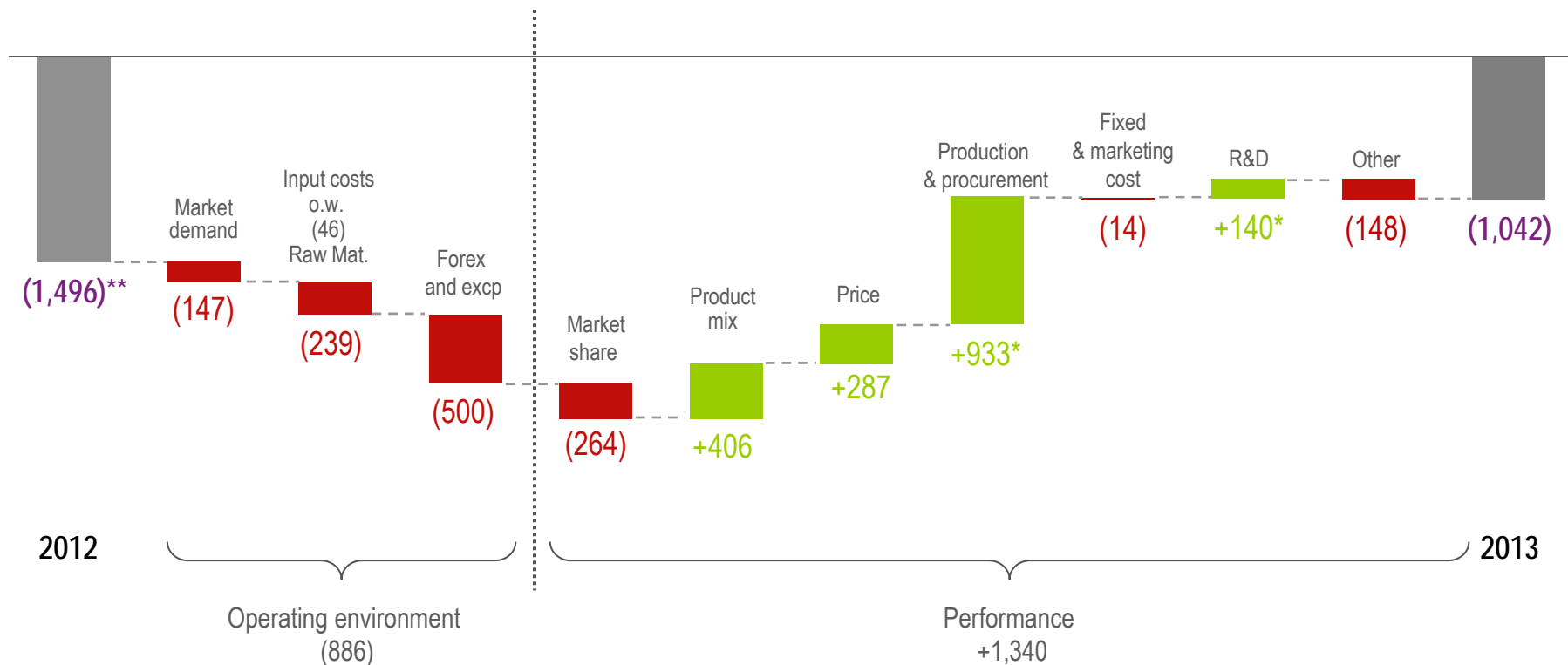
\* Passengers vehicles on invoices market w/o imports

Full year results 2013 – February 19<sup>th</sup>, 2014

# Automotive: recurring operating income analysis

- ▶ Strong performance of product mix, pricing policy and significant cost reduction
- ▶ Significant negative impact of Forex

In million euros



\* IAS 36 on Automotive division impact: +€595m on 2013 registered on Production & procurement and R&D and input costs

\*\* IAS 19R: 2012 restated +€16m on Automotive division ROI

Full year results 2013 – February 19<sup>th</sup>, 2014

## Faurecia: recurring operating income

► ROI at €538m in 2013, up 4.5% vs 2012

<i>In million euros</i>	2012**	2013	Change
Revenues	17,365	18,029	664
<b>Recurring operating income</b>	<b>516</b>	<b>538</b>	<b>22</b>
% of revenues	3.0%	3.0%	
Non-recurring operating income (and expenses)	(88)	(107)	(19)
<b>Operating income</b>	<b>428</b>	<b>431</b>	<b>3</b>
Net financial income (expenses)	(197)	(234)	(37)
<b>Consolidated net income for the period</b>	<b>185</b>	<b>143</b>	<b>(42)</b>
% of revenues	1.1%	0.8%	
Free cash flow	(539)	144	683
Net financial position*	(1,892)	(1,629)	263

\* End of period

\*\* IAS 19R: 2012 restated €16m on Group ROI o/w €2m on Faurecia

Full year results 2013 – February 19<sup>th</sup>, 2014



# Banque PSA Finance

- ▶ Penetration rate maintained at a high level (29.1%)
- ▶ Profitability hit by higher cost of funding
- ▶ Confirmed success of Distingo saving book with €955m of outstanding at year-end

<i>In million euros</i>	2012	2013	Change
Revenues	1,910	1,773	-7.2%
Net banking revenue	1,075	891	-17.1%
Cost of risk (in % of average loans)	-1.23%	-0.61%	+0.62pt
<b>Recurring operating income</b>	<b>391</b>	<b>368</b>	<b>-5.9%</b>
Penetration rate	29.8%	29.1%	-0.7pt
Number of new contracts (lease and financing)	805,143	731,003	-9.2%
<b>Total outstanding loans*</b>	<b>23.1bn</b>	<b>21.3bn</b>	<b>-7.6%</b>

\* End of period

Full year results 2013 – February 19<sup>th</sup>, 2014

## Group: non recurring operating income & expenses

- ▶ Impairment charge of €1.1bn on Automotive assets mainly in Russia and Latin America (€1,009m)
- ▶ Restructuring charges for -€460m

<i>In million euros</i>	2012	2013	Change
Non recurring operating income	406	413	7
Impairment charge	(3,980)	(1,101)	2,879
Net restructuring expenses	(528)	(460)	68
Other non recurring expenses	(20)	(21)	(1)
<b>Non recurring operating income</b>	<b>(4,122)</b>	<b>(1,169)</b>	<b>2,953</b>



# Group: consolidated net income

► Financial expenses up €228m impacted by the rating

<i>In million euros**</i>	2012*	2013	Change
Operating income	(4,682)	(1,346)	3,336
Net financial income (expenses)	(430)	(658)	(228)
Income taxes	(774)	(387)	387
Share in net earnings of companies at equity	160	176	16
Profit / loss from discontinued operations	803	(3)	(806)
Consolidated net income / (loss)	(4,923)	(2,218)	2,705
Net income, Group share	(5,008)	(2,317)	

\* Gefco: restated with IFRS 5 compliance, Gefco held as discontinued activities

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Full year results 2013 – February 19<sup>th</sup>, 2014

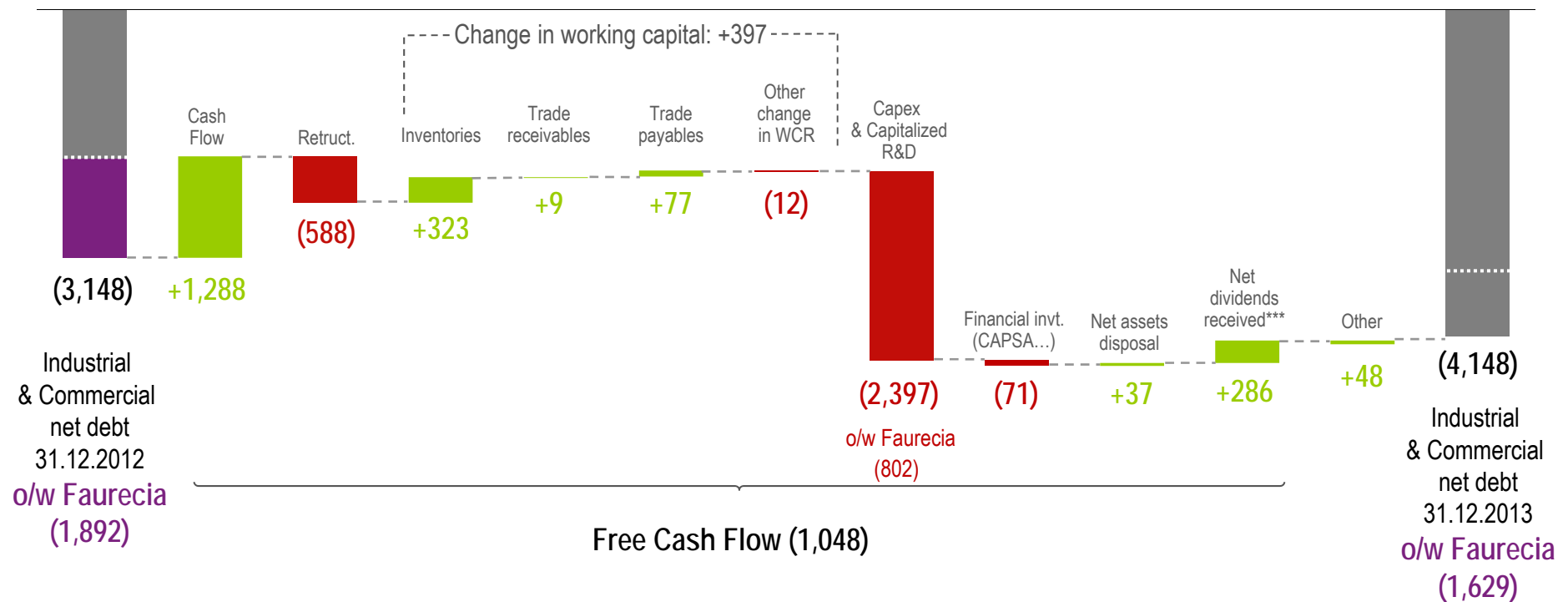




# Net debt and cash flow analysis\*

► Operational Free Cash consumption\*\* strongly reduced at -€426m vs -€3bn in 2012

In million euros



\* Industrial: Automotive & Faurecia

\*\* Operational Free Cash Flow of -€426m = -€1,048m Free Cash Flow + €588m of Restruct. charges + €71m of Financial invt. and - €37m Net assets disposal

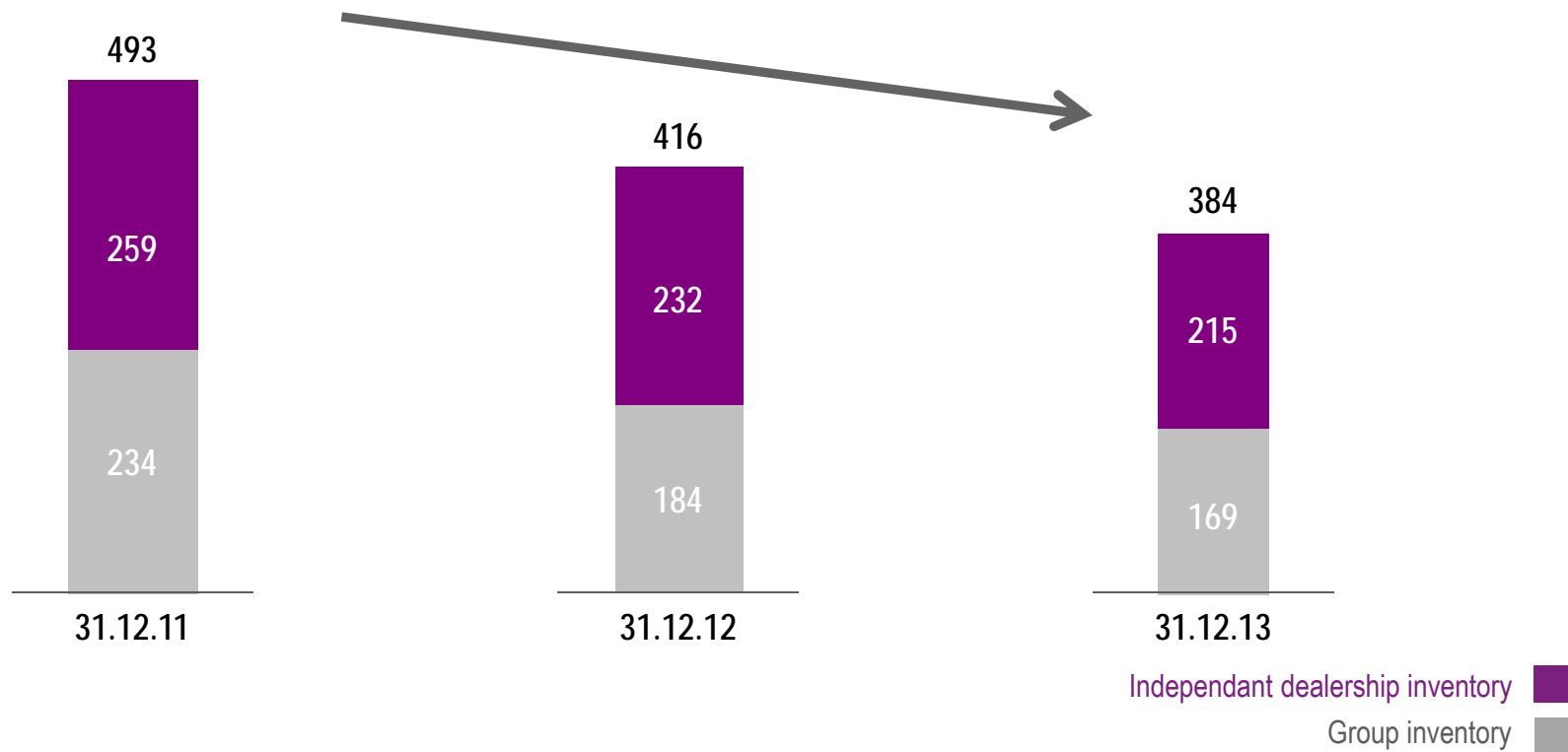
\*\*\* From Group companies

Full year results 2013 – February 19<sup>th</sup>, 2014

# Inventories

► Inventories down 32k vehicles vs 2012 and 62 days\* of sales

— In thousands of new vehicles —



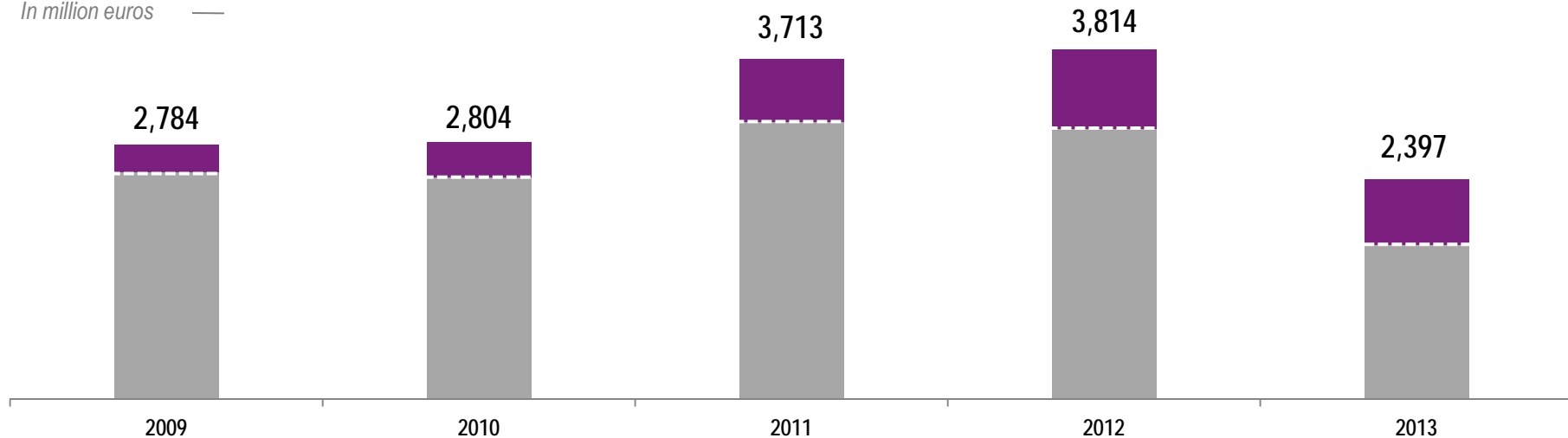
\* World figures, based on forward 3 months delivery expectations, excluding China



Full year results 2013 – February 19<sup>th</sup>, 2014

## CAPEX & capitalized R&D

- ▶ Productivity gains through worldwide models, carry-over and modular policy, R&D efficiency and cost sharing through cooperations
- ▶ CAPEX & capitalized R&D: 4.6% of 2013 revenues

— In million euros —



Faurecia   
Auto Capex and R&D 



## Financial security\*

- ▶ Financial security maintained above €10bn
- ▶ Total equity reflecting impairments impacts

<i>In million euros</i>	End 2012	End 2013
Cash and cash equivalents	5,421	6,161
Current & non current financial assets	1,903	410
<b>Total</b>	<b>7,324</b>	<b>6,571</b>
Back-up facility (undrawn) – excluding Faurecia	2,400	2,400
Back-up facility (undrawn) – Faurecia	850	1,150
<b>Total financial security</b>	<b>10,574</b>	<b>10,121</b>
<b>Net debt position</b>	<b>3,148</b>	<b>4,148</b>
Total equity	10,167	7,791
Gearing	31%	53%



\* Industrial: Automotive & Faurecia

Full year results 2013 – February 19<sup>th</sup>, 2014

## Financial structure & financing targets

- ▶ €1bn bond issue with 5 year maturity successfully realized on February 28<sup>th</sup>, 2013
- ▶ Liability management in September 2013: a 5.3 year new issue for €600m and a tender offer for €300m simultaneously launched
- ▶ Average maturity of 4.0 years at end of 2013
- ▶ EIB agreement for €300m drawn on H2 2013

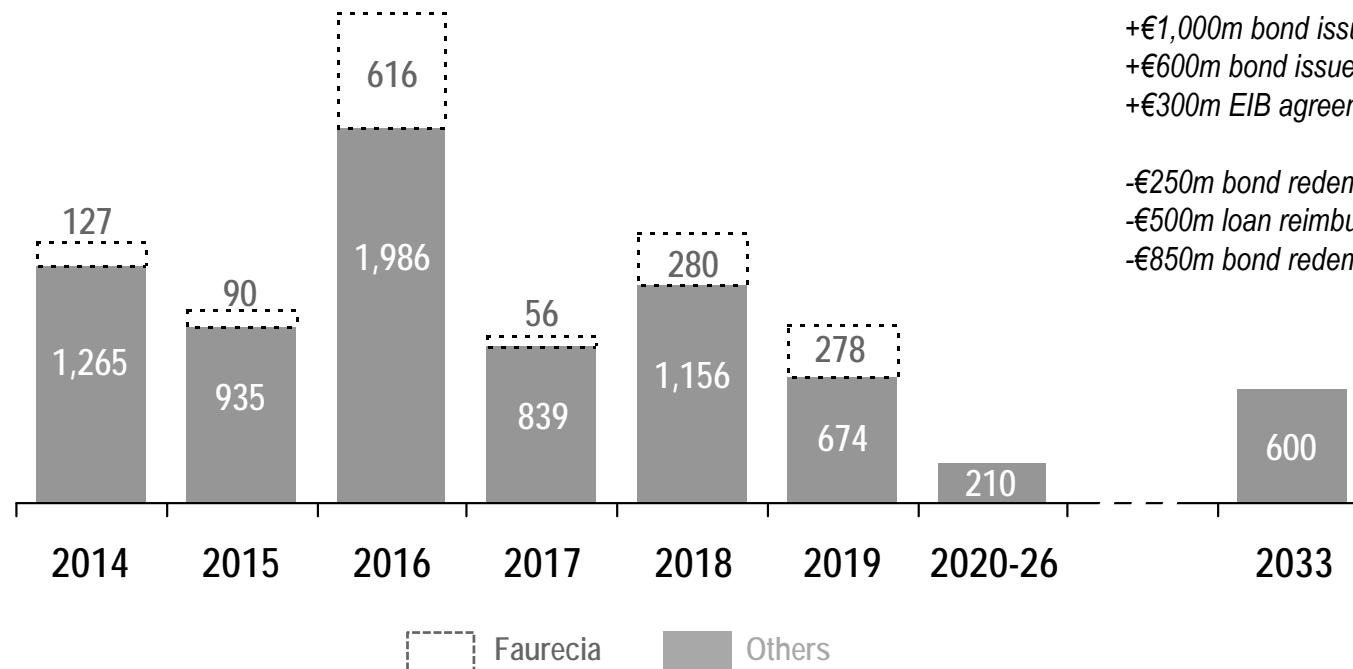
Gross debt\* in nominal value at end 31.12.2013

2013 Refinancing:

+€1,000m bond issue, maturity 2018  
+€600m bond issue, maturity 2019  
+€300m EIB agreement

-€250m bond redemption in H1  
-€500m loan reimbursement in H1  
-€850m bond redemption in H2

— In million euros —



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

Full year results 2013 – February 19<sup>th</sup>, 2014



PSA PEUGEOT CITROËN

## Fit for growth

Philippe Varin

Chairman of the Managing Board



## Fit for growth

- ① Brands differentiated
- ② European restructuring well advanced
- ③ Globalization accelerated with Dongfeng Partnership
- ④ Financing arm strengthened with Santander Partnership
- ⑤ Strengthened balance sheet
- ⑥ New leadership



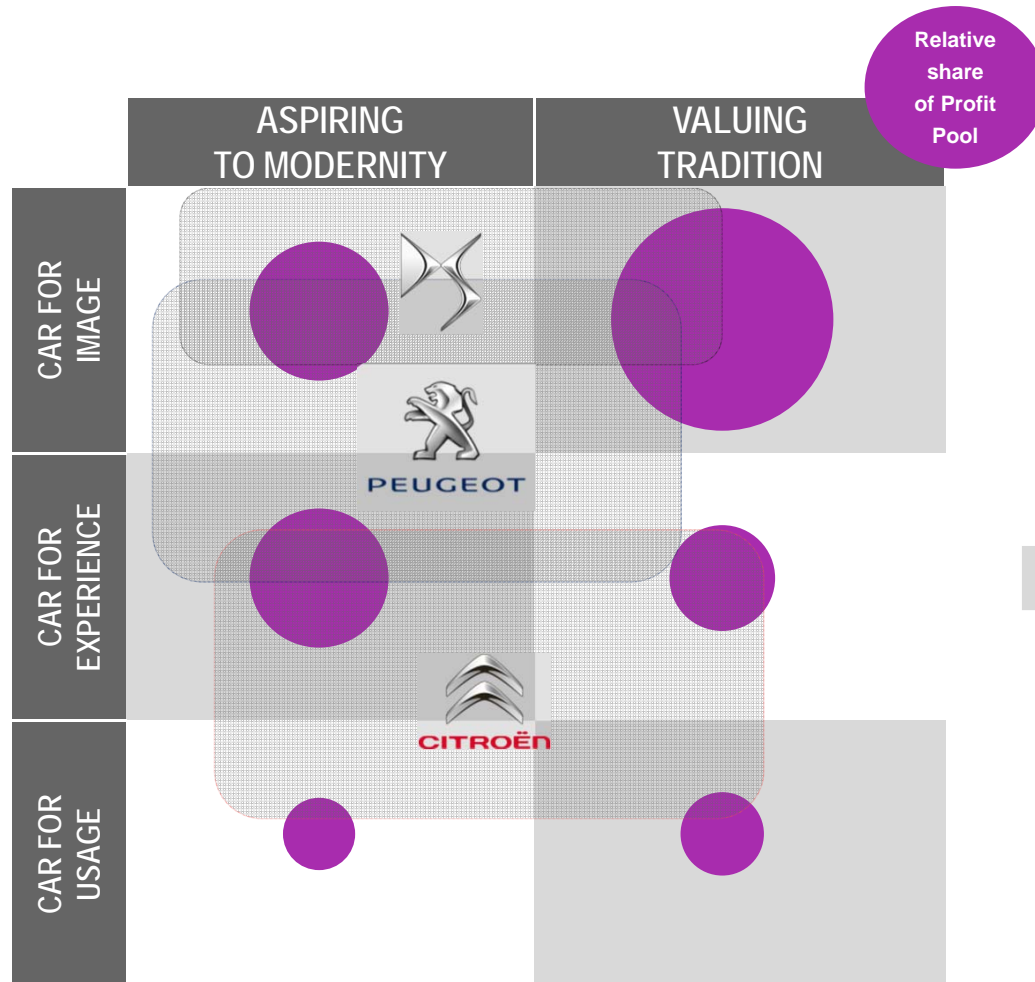
## 1 Brands differentiated

- 2 European restructuring well advanced
- 3 Globalization accelerated with Dongfeng Partnership
- 4 Financing arm strengthened with Santander Partnership
- 5 Strengthened balance sheet
- 6 New leadership



# ① Brands differentiated

New Brands positioning and profit upscale



Higher price positioning  
& increased margins



Strong mix on new models



Average age at 3.1 in 2014



Premiums 19% of the range  
(vs 9% in 2009)



# ① Brands differentiated

Peugeot brand: move up-market with strong mix, improving residual values and TCO



## 2013



**NEW PEUGEOT 308**

- 41,800 sales
- Levels 3 & 3+ > 50%
- 2<sup>nd</sup> car on EMP2
- TCO excellent positioning
- Target: Top 3 of the segment



**PEUGEOT 2008**

- 74,400 sales
- Levels 3 & 3+: 70%
- Production capacity +



**PEUGEOT 301**

- 72,200 sales
- Production capacity +

## 2014



**NEW PEUGEOT 308 SW**

- Capitalizing on Peugeot 308
- Launch in April 2014 in Europe



**NEW PEUGEOT 108**

- Launch in May 2014 in Europe



**PEUGEOT RCZ R**

- Launch in January 2014



# 1 Brands differentiated

Citroën C range: renewal with Citroën C4 Picasso and Citroën C4 Cactus, and acceleration in China



2013



CITROËN C4 PICASSO

- 58,400 sales
- Levels 3 & 3+: 70%
- TCO best in class



GRAND CITROËN C4 PICASSO



CITROËN C ELYSEE

- 46,200 sales
- Levels 3 & 3+: 70%

2014



CITROËN C4 CACTUS

- Launch in June 2014 in Europe



NEW CITROËN C1

- Launch in June 2014 in Europe



NEW MODEL

- End 2014
- China



# ① Brands differentiated DS line: launched in China



2013



- 122,700 sales in 2013
- 2/3 of buyers are new customers
- Launch of the DS3 Cabrio



- Acceleration in China

2014



- Launch in March 2014 in China



- Launch in H2 2014

2014  
ambitions

- Sales: up to 50,000 units
- Network x2





## ① Brands differentiated

New technologies and low CO<sub>2</sub> emission leadership

- EMP2 global modular platform implemented in 2013 in Vigo (New Citroën C4 Picasso) and Sochaux (Peugeot 308) then in Wuhan in 2014
- Motorization EB 3 cylinder including Turbo Pure Tech 110 and 130 hph end of October
- Exclusive Diesel Blue Hdi technology on Peugeot 508, Citroën C4 and full diesel range by 2014
- Hybrid 4 technology on more than 50,000 cars

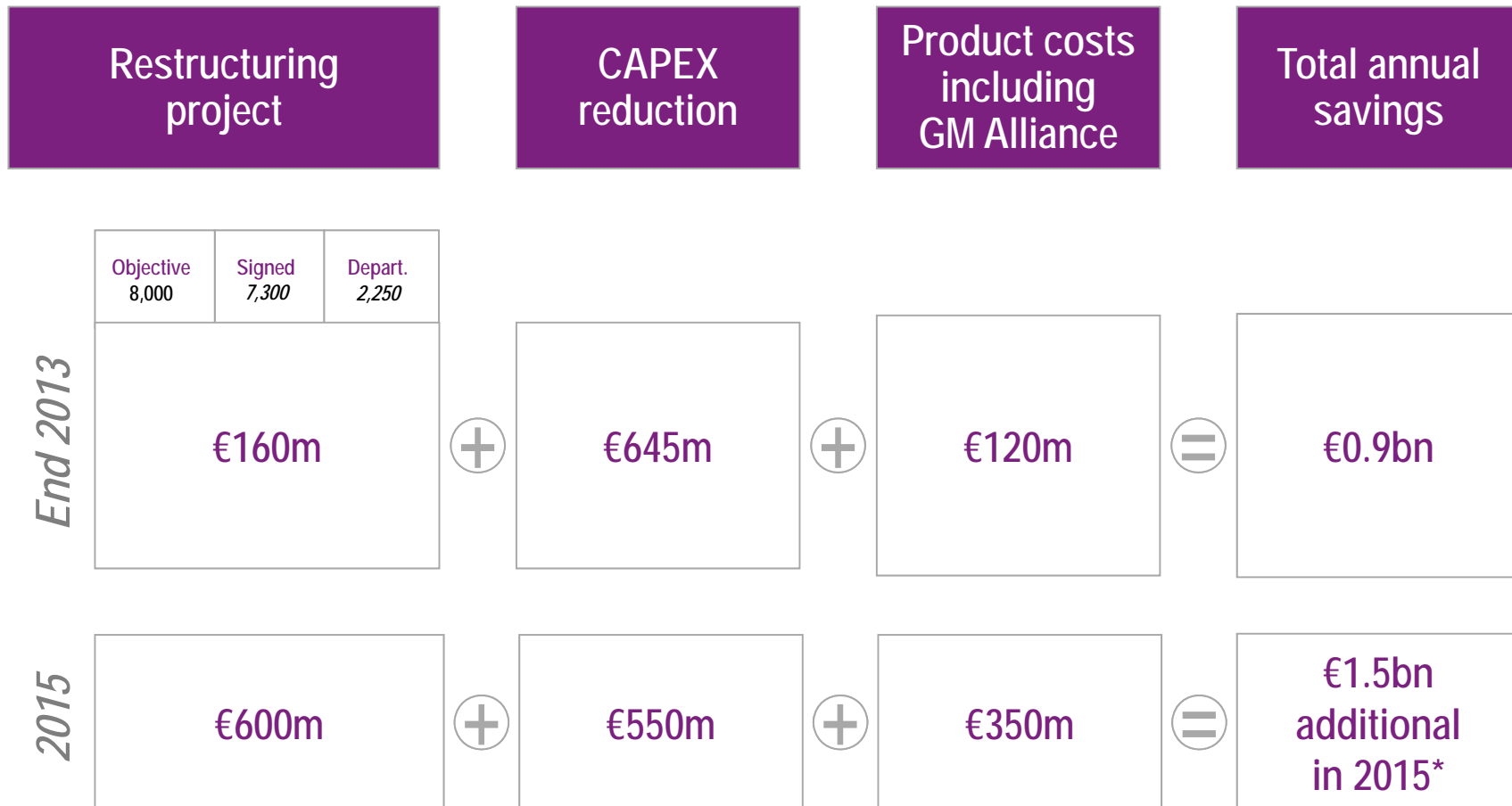


- ① Brands differentiated
- ② **European restructuring well advanced**
- ③ Globalization accelerated with Dongfeng Partnership
- ④ Financing arm strengthened with Santander Partnership
- ⑤ Strengthened balance sheet
- ⑥ New leadership



## ② European restructuring well advanced

Rebound Plan ahead of schedule



\* Vs 2012. Underlying assumptions 2012-2015: European market & pricing stabilized at 2012 levels

Full year results 2013 – February 19<sup>th</sup>, 2014

## ② European restructuring well advanced

### New Social Contract

In 2016	Flexibility and wage restraint confirmed		Additional agreements		Total
	<ul style="list-style-type: none"> <li>Part time working, simplification &amp; adaptation of reduced workweek day</li> <li>Bonuses and wage restraint</li> <li>CICE impact in 2014</li> </ul>	+	<ul style="list-style-type: none"> <li>Move to one production line in Poissy, and one production line Mulhouse during modernization in 2015</li> <li>Headcount adjustment with pre-retirement schemes</li> <li>Negotiated measures to extent employment adequacy plan</li> </ul>	=	
	€125m + €80m CICE		€295m		c.€500m in 2016



## ② European restructuring well advanced

New Social Contract commitments and industrial footprint

### Commitments for French manufacturing footprint

- ▶ One million vehicles produced in France in 2016
- ▶ Announcement of at least one new model in each assembly plant over the 2014-2016 period
- ▶ €1.5bn capital expenditure over the 2014-2016 period
- ▶ More than 75% of the Group's R&D activities based in France in 2016

### Industrial footprint

- ▶ 100% utilization rate in Europe by 2015
- ▶ B-segment mainstream produced outside Western Europe



## ② European restructuring well advanced

GM Alliance: annual synergies of c.\$1.2bn by 2018

### ■ Joint Purchasing Organization (JPO) in Europe

- ▶ €60m of savings in 2013
- ▶ More than 90% of 2014-2015 savings now secured

### ■ 3 joint products Opel, Peugeot and Citroën on PSA platforms: 700,000 p.a. vehicles for both companies

- ▶ B-MPV
- ▶ C-CUV
- ▶ B-LCV



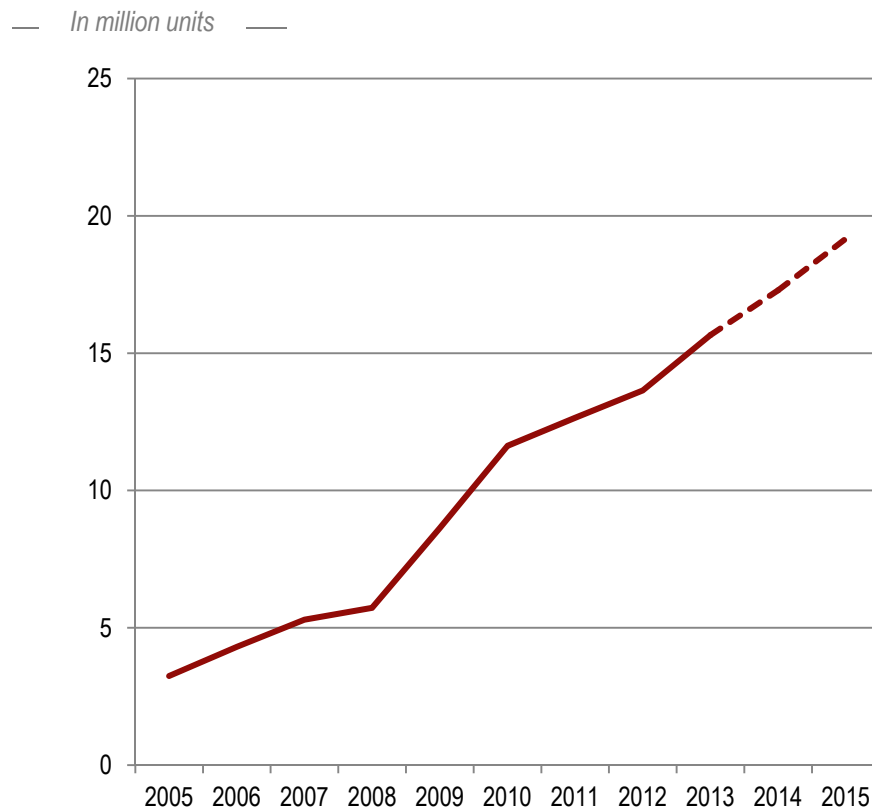
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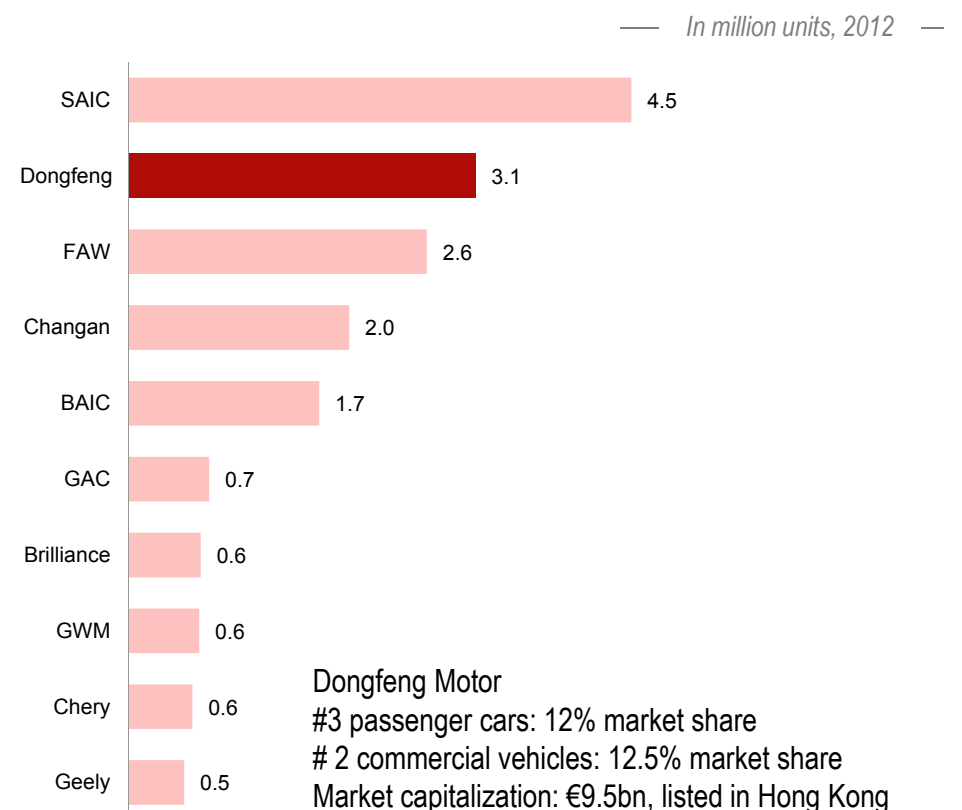
### ③ China: the world's largest and a fast-growing market

The 1<sup>st</sup> market for PSA by 2015

#### Chinese passenger vehicles market



#### Market share



Source IHS

Full year results 2013 – February 19<sup>th</sup>, 2014

Source Ministry of Industry and Information Technology



### ③ Globalization accelerated with Dongfeng Partnership

DPCA: 20 years cooperation strengthened in 2010

- Sales: from 272k units in 2009 to 550k units in 2013  
(+26% vs 2012, x2 since 2009)
- Part of Group volumes: from 9% in 2009 to 20% in 2013
- Dealership: from 395 in 2009 to 746 in 2013
- Production capacities of 750k units by 2015



### 3 Globalization accelerated with Dongfeng Partnership

Strong rationale for a deeper industrial and commercial cooperation with Dongfeng

Reinforce the competitiveness of DPCA

- Accelerate development of JV own brand and Peugeot / Citroën with PSA technologies
- Improve DPCA competitiveness through scale and sourcing optimizations

Creation of a joint R&D Centre

- Create a common R&D Centre in China for products and key technologies dedicated to fast growing markets

Leverage China success in ASEAN

- Create an export joint venture for Peugeot, Citroën and DPCA sales in key ASEAN market

*Current industrial cooperation*

Capture further opportunities

- Add optionality to accelerate PSA's development in global emerging markets

*Upsides for future developments*



### ③ Globalization accelerated with Dongfeng Partnership

Synergies initial estimate for €400m run rate for PSA p.a.

Synergies  
for PSA

#### Strong synergy potential by 2020

- ▶ Revenues: sales volumes, royalties and better performance of fast growing markets
- ▶ Purchasing: global sourcing / and access to competitive cost base
- ▶ R&D and Capex: development of common modules and technologies in R&D Centre and joint industrial projects
- ▶ Capture potential further opportunities

#### No impact on existing cooperations

#### Capture potential further opportunities



### 3 Globalization

CAPSA: successful launch with DS brand

2013

- Complete DS Line range imported
- Local DS5 production in September 2013 in Shenzhen
- Points of sale: 52 dealerships end of 2013

2014

- Launch of DS5-LS in Q2 and DS-SUV in Q4 2014
- 100 dealers end 2014, covering 70 cities



### 3 Globalization

Latam, Russia: areas to be transformed

#### LATIN AMERICA

- Sales performance in 2013:  
303k units (+7%), 4.9% market share  
with contrasted situation
- Growth in Argentina:  
145k units (+28%) with Peugeot 208  
and Citroën C4 Lounge
- But decline in Brazil: 123k units (-11%)

#### RUSSIA

- Decline in Russia: 61k units (-22%)
- Sales impacted strongly by FX  
and market structure, 2.3% market  
share



Simplification of the range and increase integration rate to reduce Forex exposure



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- ⑤ Strengthened balance sheet
- ⑥ New leadership



## ④ Financing arm strengthened with Santander Partnership

BPF new partnership closing the gap on cost of sales financing

- Create a 50/50 partnership underway to develop future loans portfolio of Banque PSA Finance, expected start of the business mid-2015:
  - ▶ BPF enters a partnership with a European leader thanks to a 50/50 cooperation
  - ▶ Creation of partnership across 11 European countries
- Accelerate the dispense from the use of the French State guarantee
- Enhance captive cost of funding and profitability
  - ▶ Bridging gap with peers: local partnership to obtain lower funding costs
  - ▶ Profitability improved
- A strengthened commercial tool for the Brands: positive impact on market share
- Potential cash upstream up to €1.5bn by 2018 for the Group



## Fit for growth

- ① Brands differentiated
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- ⑤ **Strengthened balance sheet**
- ⑥ New leadership





## 5 Strengthened balance sheet

A strategic €3.0bn capital increase

### Reserved Capital Increase

#### €1.05bn reserved capital increase subscribed by Dongfeng and the French State

- ▶ Subscription price per share: €7.5
- ▶ Equal subscription by Dongfeng and the French State (€0.5bn / €0.5bn)
- ▶ Proforma ownership of 14% for each of Dongfeng and the French State

### Rights Issue

#### €1.95bn rights issue

- ▶ Firm commitment from Dongfeng and the French State to subscribe their prorata share (€0.6bn)
- ▶ Firm commitment from FFP/ EPF to invest so that proforma holding equals Dongfeng and the French State (c.14%)
- ▶ Remainder €1.4bn fully underwritten by a syndicate of banks

#### Terms of the rights issue to be determined by the Managing board of PSA

- ▶ Delegation to be granted by PSA shareholders' EGM

### Warrants

#### Free distribution of warrants to PSA's current shareholders (excluding Dongfeng and the French State): 1 warrant for 1 share

- ▶ Exercise price: €7.5, in line with the Reserved Capital Increase subscription price
- ▶ Quantum: 3 newly issued shares for the exercise of 10 warrants
- ▶ Maturity: 3 years, 1-year non-exercise period

#### Exercise proceeds of c.€0.8bn for PSA

Transaction subject to shareholders' approval at General Meeting



## 5 Strengthened balance sheet

Evenly balanced corporate governance supportive of new management strategy

- Current structure maintained: Supervisory Board and Management Board
- Management Board sole responsible for operations
- Independent Supervisory Board Chairman
- 50% of Independent members
- Balanced Supervisory Board representation between the 3 strategic shareholders
- 4 Committees of the Supervisory Board



## 5 Strengthened balance sheet

Renewal of Revolving Credit Facility (RCF)

- Fully underwritten RCF of €2.7bn
- Maturity extended to 5 years
- Firm commitment of a pool of 9 banks demonstrating confidence in PSA's strategy
- Execution expected mid-April 2014



# Value creation for PSA shareholders

## Secure future for the Group

- €3bn recapitalization to finance an ambitious plan, improving PSA financial and credit profile
- Renewal of RCF for €2.7bn strengthening financial security for the next 5 years

## Taking advantage of warrants, an attractive financial tool

- Option to invest on same terms than Dongfeng and the French State
- Get incremental share in value creation from day 1

## Reaping synergies and growth options

- Dongfeng Partnership getting synergies of €400m run-rate at PSA level
- Capturing China growth opportunity with first class local partner and supporting profitable expansion into other fast growing markets
- BPF transaction securing future resources at attractive cost and improving automotive competitiveness



## Use of proceeds

- Debt reduction
- Cost competitive product portfolio and in depth localization to restore competitiveness in Latam and Russia
- Technology including the next generation Hybrid Powertrain
- CAPEX in capacities:
  - NCS commitment in Europe with €1.5bn capital expenditure in France
  - Extension of competitive manufacturing footprint for selected products and markets





PSA PEUGEOT CITROËN

## OUTLOOK

Philippe Varin

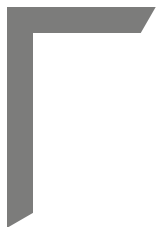
Chairman of the Managing Board

- 2014 market assumptions: Europe: c.+2%, China: c.+10%, Latin America: -2%, Russia: c. neutral
- Continuing the trend of 2013, we will pursue our active cash management to target positive operational free cash flow\* in 2016 at the latest. Beyond, the operating free cash flow generation should accelerate due to the structural benefit of the projects of transactions



\* Free cash flow without restructuring and exceptional

Full year results 2013 – February 19<sup>th</sup>, 2014



## CONCLUSION







PSA PEUGEOT CITROËN

# Back in the Race

Carlos Tavares

## Back in the Race: PSA strategic plan for 2014-2018

### Direction:

- Pursue & strengthen PSA transformation to become a “Global Car Maker” with a stronger business focus
- Ensure recurrent positive operational free cash flow\* in 2016 at the latest

### Timing:

- Back in the Race is engaged since January 2014
- Plan to be presented to investors in April 2014



\* Free cash flow without restructuring and exceptional

Full year results 2013 – February 19<sup>th</sup>, 2014

# A strategic plan structured around 4 main pillars (1/2)



## 1. Differentiate Brands and improve net pricing

- Accelerate DS development as an autonomous premium brand
- Improve net price positioning of our three brands
- Leverage quality, appeal and “fit & finish” to improve residual values

## 2. Focus on a core model strategy

- Address most profitable market segments with a focused core model strategy
- Combine efficient R&D with a strengthened cooperation strategy
- Enhance R&D and CAPEX efficiency through a more global planning



## A strategic plan structured around 4 main pillars (2/2)

- 3. Move globalization forward and insure profitable growth overseas
  - Turn around Russia and Latin America with a deeper accelerated local integration and an appropriate product range
  - Re-enforce ambitious development plan in China leveraging project with Dongfeng
  - Accelerate development in “next BRIC” markets with a re-enforced regional organization
  
- 4. Enhance European competitiveness
  - Continue to reduce Group fix costs and working capital requirements
  - Bring the West European industrial footprint to the best competitive level
  - Ensure competitive parts sourcing





PSA is now

“Back In the Race” !





PSA PEUGEOT CITROËN

APPENDIX

# Worldwide unit sales

In thousands of units*		2012	2013	Change
Europe**	Peugeot	947,583	878,950	-7.2%
	Citroën	810,590	749,714	-7.5%
	Total PSA	1,758,173	1,628,664	-7.4%
Russia	Peugeot	44,868	32,640	-27.3%
	Citroën	33,604	28,502	-15.2%
	Total PSA	78,472	61,142	-22.1%
Latin America	Peugeot	172,855	182,943	5.8%
	Citroën	110,003	119,728	8.8%
	Total PSA	282,858	302,671	7.0%
China	Peugeot	215,886	271,587	25.8%
	Citroën	225,626	285,042	26.3%
	Total PSA	441,512	556,629	26.1%
Rest of the world	Peugeot	173,795	185,436	6.7%
	Citroën	85,072	83,034	-2.4%
	Total PSA	258,867	268,470	3.7%
Total Assembled vehicles	Peugeot	1,554,987	1,551,556	-0.2%
	Citroën	1,264,895	1,266,020	0.1%
	Total PSA	2,819,882	2,817,576	-0.1%
CKD	Peugeot	145,028	1,119	-7.2%
	Citroën	0	0	-7.5%
	Total PSA	145,028	1,119	-7.4%
Total Assembled vehicles + CKD units	Peugeot	1,700,015	1,552,675	-8.7%
	Citroën	1,264,895	1,266,020	0.1%
	Total PSA	2,964,910	2,818,695	-4.9%

\* Assembled vehicles, CKD units

\*\* Europe = EU + EFTA + Albania + Bosnia + Croatia + Kosovo + Macedonia + Montenegro + Serbia

Full year results 2013 – February 19<sup>th</sup>, 2014



# Group results

<i>In million euros</i>	2012	H1	H2	2013
Revenues	55,446	27,710	26,380	54,090
<b>Recurring operating income</b>	<b>(560)</b>	<b>(65)</b>	<b>(112)</b>	<b>(177)</b>
% of revenues	-1.0%	-0.2%	-0.6%	-0.3%
Non-recurring operating income (and expenses)	(4,122)	30	(1,199)	(1,169)
<b>Operating income</b>	<b>(4,682)</b>	<b>(35)</b>	<b>(1,311)</b>	<b>(1,346)</b>
Net financial income (expenses)	(430)	(246)	(412)	(658)
Income taxes	(774)	(211)	(176)	(387)
Share in net earnings of companies at equity	160	96	80	176
Consolidated net income / (loss)	(4,923)	(398)	(1,820)	(2,218)
<b>Net income, Group share</b>	<b>(5,008)</b>	<b>(426)</b>	<b>(1,891)</b>	<b>(2,317)</b>
Earnings per share for continued activities (in euros)	(18.12)			(6.76)



\* Gefco: restated with IFRS 5 compliance, Gefco held as discontinued activities

\*\* IAS 19R: 2012 restated €16m on Group ROI o/w €8m on Automotive division ROI

Full year results 2013 – February 19<sup>th</sup>, 2014



# Group results by division

	AUTOMOTIVE		FAURECIA		BANQUE PSA FINANCE		OTHERS BUSINESSES & ELIMINATIONS		TOTAL	
<i>In million euros</i>	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Revenues	38,299	36,461	17,365	18,029	1,910	1,773	(2,128)	(2,173)	55,446	54,090
Recurring operating income / (loss)	(1,496)	(1,042)	516	538	391	368	29	(41)	(560)	(177)
% of revenues	-3.9%	-2.9%	3.0%	3.0%	20.5%	20.8%	-		-1.0%	-0.3%
Non-recurring operating income (and expenses)	(4,256)	(1,069)	(88)	(107)	(1)		223	7	(4,122)	(1,169)
Operating income	(5,752)	(2,116)	428	447	390	368	252	(45)	(4,682)	(1,346)



\* IAS 19R: 2012 restated €16m on Group ROI o/w €8m on Automotive division ROI

Full year results 2013 – February 19<sup>th</sup>, 2014

## Group: IAS 36 impairment

► Impairment charge of €1.1bn mainly on Automotive assets in Latin America and Russia

- Worsening automotive markets and unfavorable forex in Latin America and Russia
- Net assets after impairment: €7.8bn
- Group balance sheet €59.7bn

Impact is:

- Non-cash
- Reversible



## Decline in the European utilization rate

	2009	2011	2012	2013
Utilization rate*	80%	86%	75%	72%
<i>o/w A&amp;B</i>	87%	76%	72%	65%



\* 100% = 2 shifts working 8 hours / day, 235 days / year

Full year results 2013 – February 19<sup>th</sup>, 2014

## Automotive ROI: reconciliation table on IAS 36 impact

<i>In million euros</i>	2013	IAS 36 Impact	2013 incl. IAS 36 Impact
<b>Automotive ROI 2012*</b>			<b>(1,496)</b>
Input costs	(226)	(13)	(239)
Operating environment	(899)	(13)	(886)
Product mix	406		406
Price & product enrichment	287		287
Market Share	(264)		(264)
Production & procurement	601	332	933
Fixed & marketing costs	(14)		(14)
R&D	(136)	276	140
Others	(148)		(148)
Performance	732		1,340
<b>Automotive ROI 2013</b>			<b>(1,042)</b>

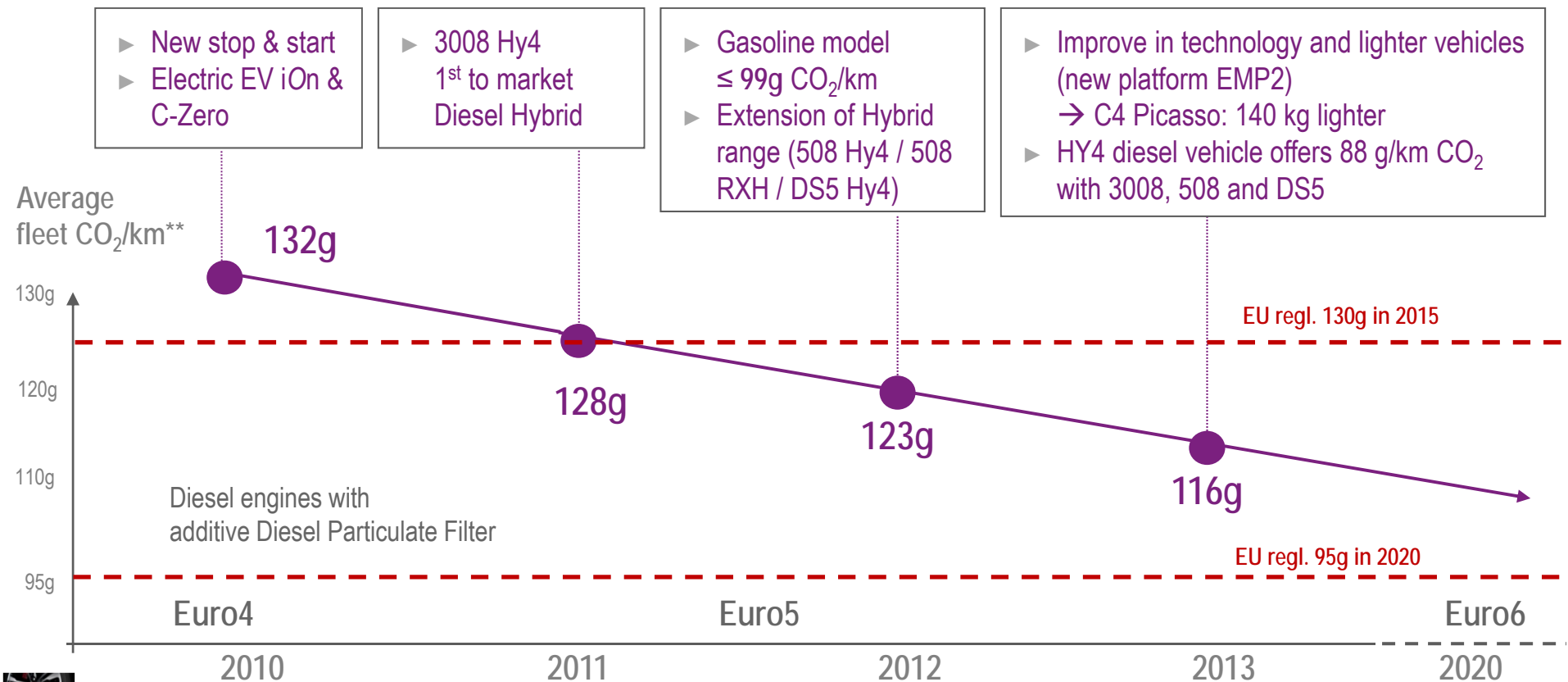


\* IAS 19R: 2012 restated €16m on Group ROI o/w €8m on Automotive division ROI

Full year results 2013 – February 19<sup>th</sup>, 2014

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

- ▶ Compliant with 2015 European regulation 2 years in advance
- ▶ Lower investment costs in the future



\* SCR: Selective Catalytic Reducer \*\* In Europe

Full year results 2013 – February 19<sup>th</sup>, 2014