

PSA PEUGEOT CITROËN



BACKRACE
IN THE RACE

FIRST HALF
RESULTS 2014
July 30th



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



BACK
IN THE RACE



H1 2014 Financial Results

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

<i>In million euros</i>	H1 2013*	H1 2014	Change
Revenues	27,740	27,616	(124)
Recurring operating income	(100)	477	577
% of revenues	-0.4%	1.7%	
Non-recurring operating income and (expenses)	33	(100)	(133)
Operating income	(67)	377	444
Net financial income (expenses)**	(245)	(344)	(99)
Income taxes	(207)	(183)	24
Share in net earnings of companies at equity	88	108	20
Consolidated net income / (loss)	(433)	(42)	391
Net income, Group Share	(471)	(114)	357

* IFRS adjustments detailed in appendix on H1 2013 results

** Detailed financial expenses in Appendix

Group Revenues

<i>In million euros</i>	H1 2013*	H1 2014	Change
Automotive	18,740	18,610	(130)
<i>o/w Automotive new car revenues</i>	13,282	13,163	(119)
<i>DPCA & CAPSA Revenues**</i>	1,745	2,068	323
Pro forma Automotive Revenues incl. DPCA & CAPSA	20,485	20,678	193
Faurecia	9,265	9,328	63
Banque PSA Finance	888	848	(40)
Others businesses and eliminations	(1,153)	(1,170)	(17)
PSA Peugeot Citroën	27,740	27,616	(124)

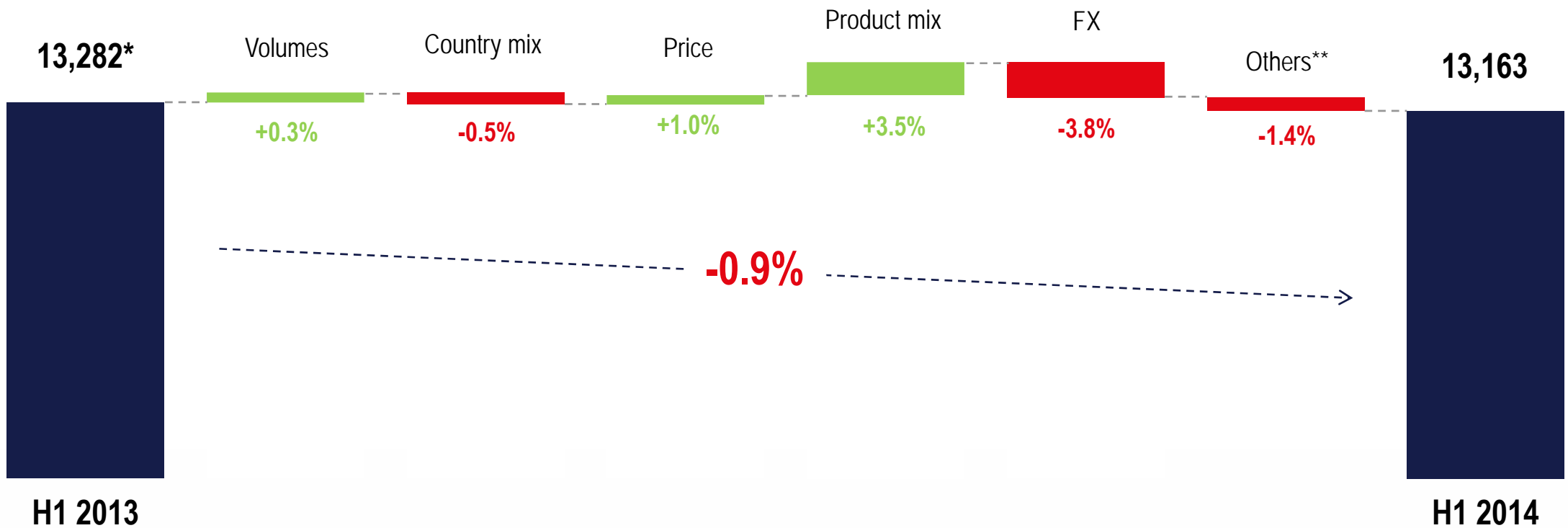
* Restated according to IFRS 10, IFRS 11

** 50% of DPCA & CAPSA revenues

Automotive: new car revenue analysis

- **Favorable impact** of pricing policy, product mix and profitable channels
- **Strong negative impact** of exchange rate

In million euros



* IFRS11: 2013 restated on Group revenues and on Automotive division revenues in Appendix

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

Recurring Operating Income by division

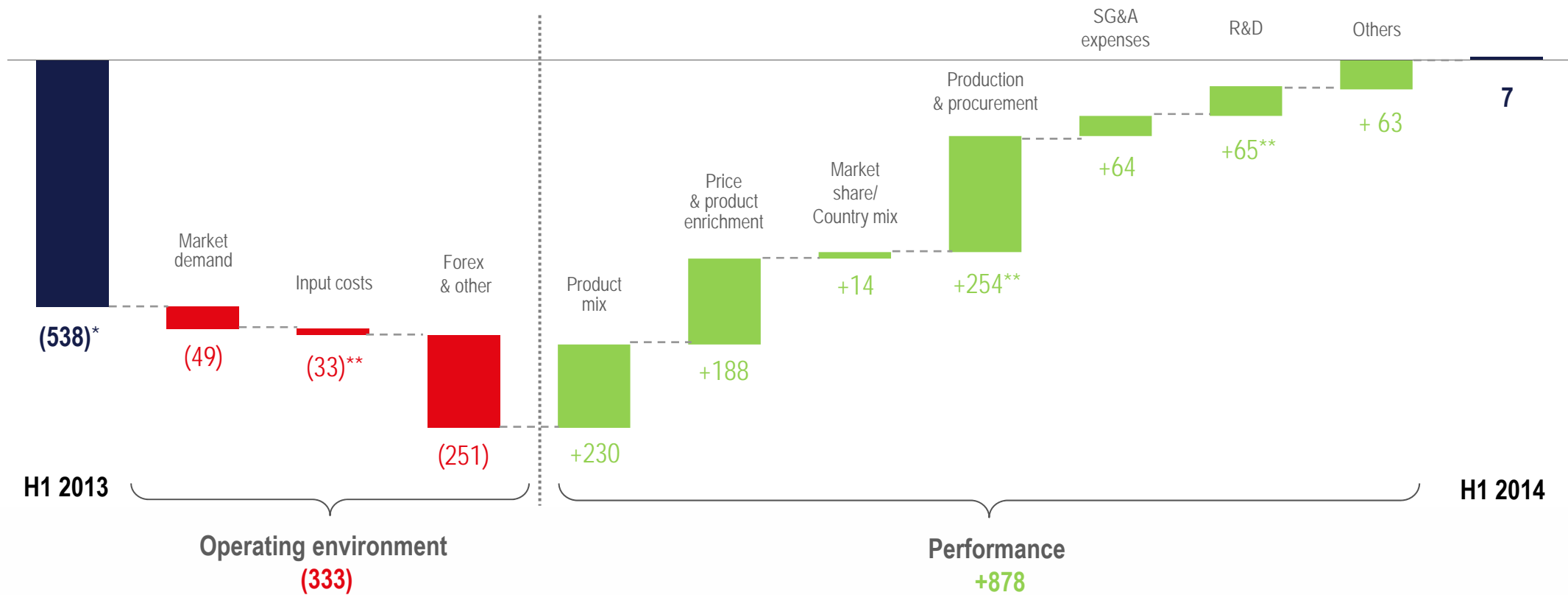
<i>In million euros</i>	H1 2013*	H1 2014	Change
Automotive	(538)	7	545
<i>DPCA & CAPSA Rec. Operating Income (ROI)**</i>	90	121	31
Pro forma Automotive ROI incl. DPCA & CAPSA	(448)	128	576
Faurecia	256	311	55
Banque PSA Finance	198	172	(26)
Others businesses and eliminations	(16)	(13)	3
PSA Peugeot Citroën	(100)	477	577

* Restated according to IFRS 10, IFRS 11 and IFRIC 21

** 50% of DPCA & CAPSA revenues

Automotive: Recurring Operating Income

In million euros



* Vs (€510m) published in H1 2013, restated with IFRS 10, IFRS 11 and IFRIC 21 - see Appendix

** IAS 36 on Automotive division impact: +€51m on H1 2014, registered on Production & procurement and R&D and input costs

- Penetration rate at 27.3%, negatively impacted by Latin America (-0.6pt) and funding situation
- Cost of risk improving at 0.50%
- Signature of a partnership with Santander to recover competitiveness in Europe

<i>In million euros</i>	H1 2013	H1 2014	Change
Revenues	888	848	(40)
Net banking revenue	458	426	(32)
Cost of risk (in % of average loans)	0.55%	0.50%	-0.05pt
Recurring operating income*	198	172	(26)
Penetration rate	28.4%	27.3%	-1.1pt
Number of new contracts (lease and financing)	375,820	360,781	(15,039)
Total outstanding loans	22.4bn	21.9bn	-0.5bn

* Retrospective application of IFRIC21 norm on 2013 data. Before IFRIC21, ROC H1 2013 = €205m

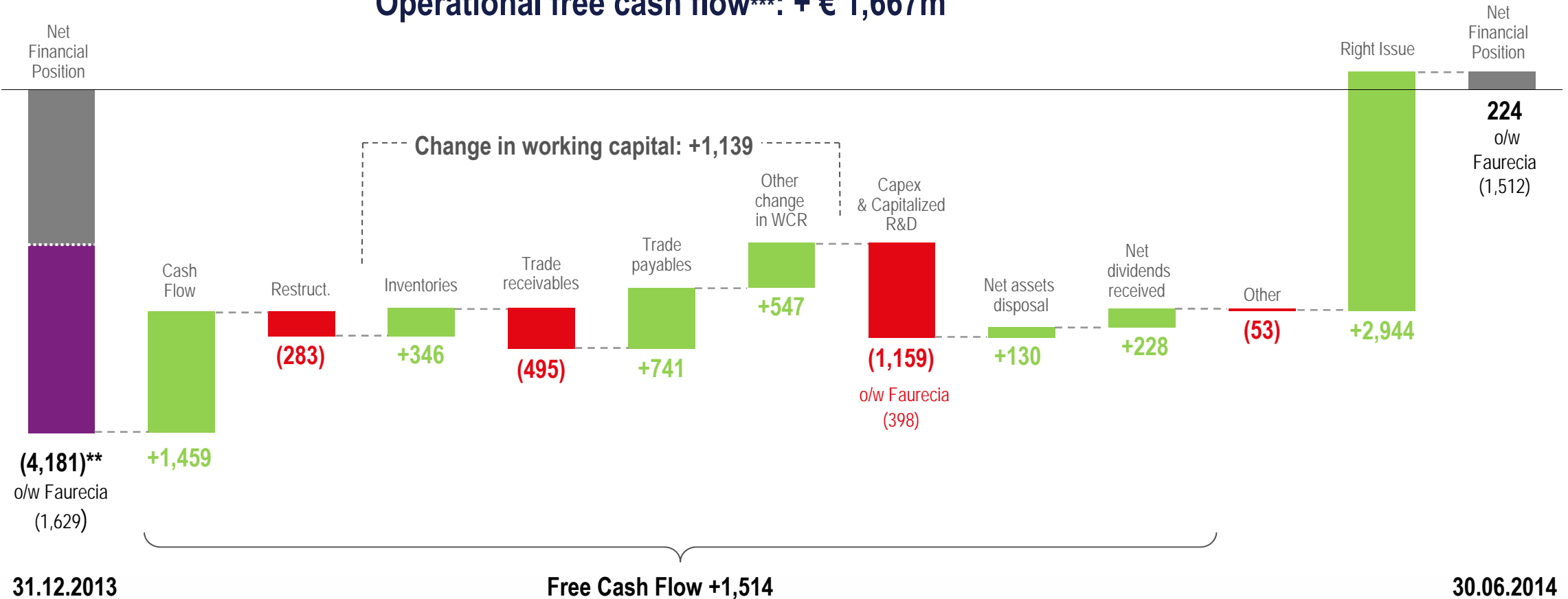
<i>In million euros</i>	H1 2013	H1 2014	Change
Revenues	9,265	9,328	63
Recurring operating income	256	311	55
% of revenues	2.8%	3.3%	
Non-recurring operating income and (expenses)	(41)	(45)	(4)
Operating income	215	266	51
Net financial income (expenses)	(114)	(104)	10
Consolidated net income for the period	60	116	56
% of revenues	0.6%	1.2%	
Free Cash Flow	73	161	88
Net financial position*	(1,629)	(1,512)	(116)

* At constant exchange rates and scope

Cash Flow analysis*

In million euros

Operational free cash flow***: + € 1,667m



* Industrial: Automotive & Faurecia

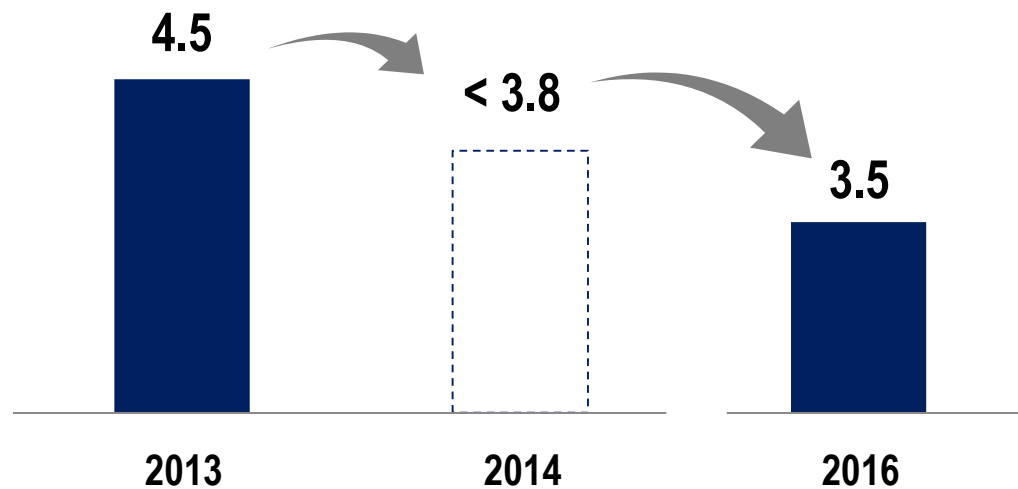
** Vs (€4,148m) published in H1 2013, restated with IFRS 10, IFRS 11 and IFRIC 21 - see Appendix

*** Excluding restructuring and exceptional elements

Optimized working capital

Automotive division inventories

In billion euros

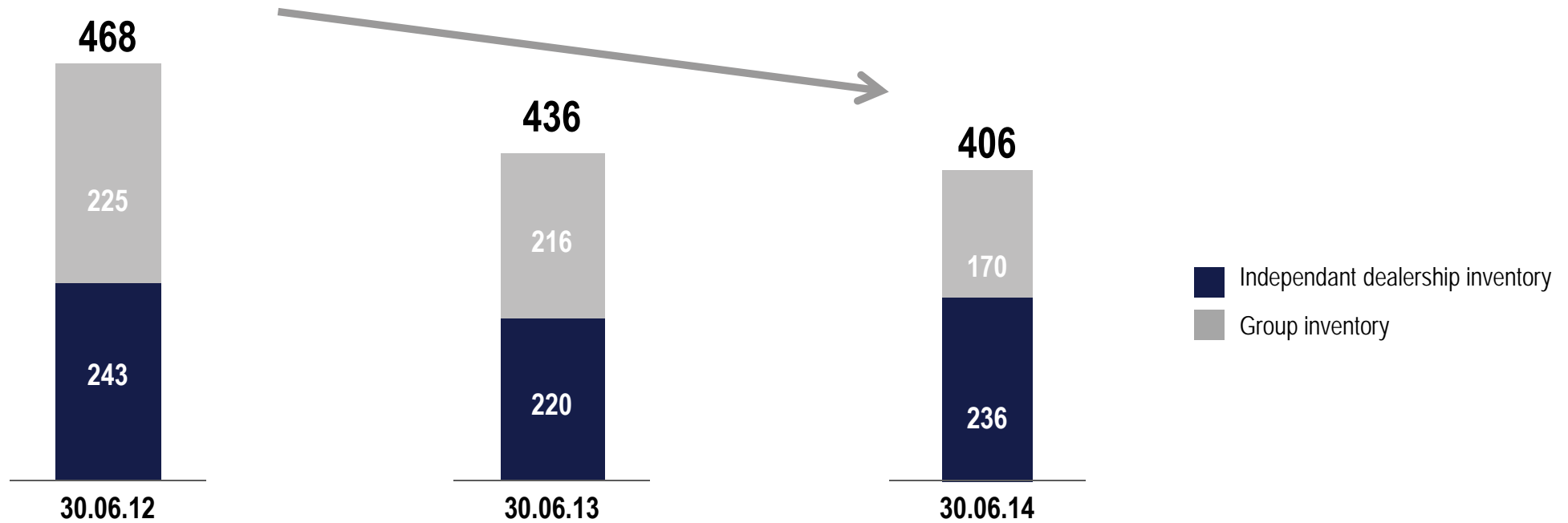


Actions on working capital

- Reduction of Auto division inventory's structure needs
- Supply chain optimization
- Local action to reduce inventories

■ Inventories down 30k vehicles vs H1 2013

In thousands of new vehicles*

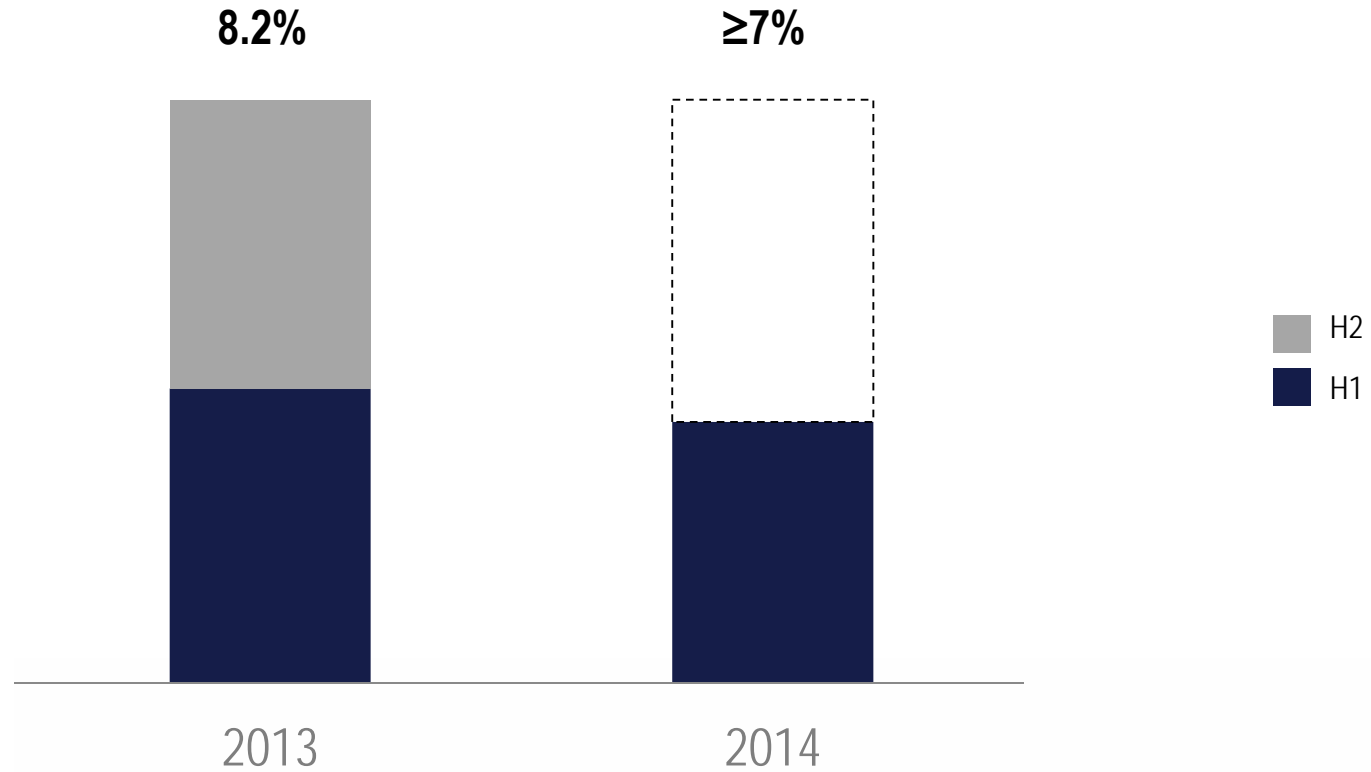


* World figures, based on forward 3 months delivery expectations, excluding China

Automotive division: Capex and R&D

As a percentage of Automotive revenues

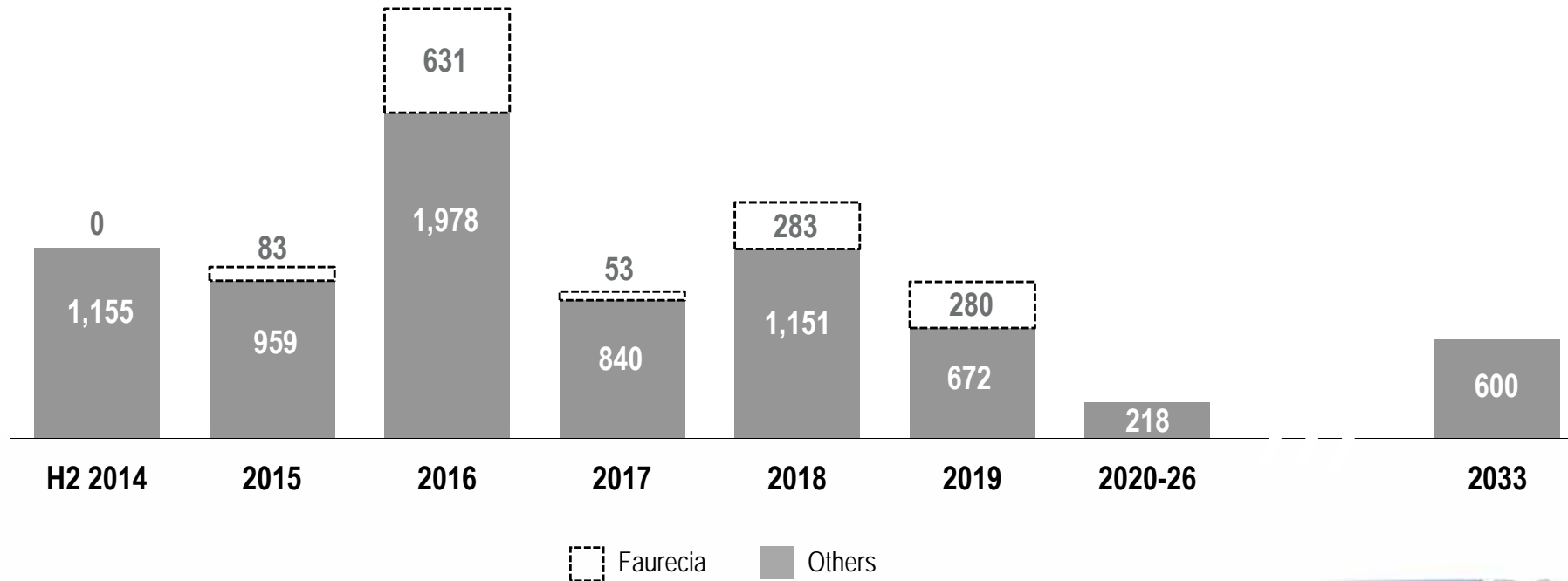
- More efficient R&D and CAPEX
- Maintain Automotive division level between 7 and 8% of revenues



Debt Maturity Profile

- Average maturity of 3.6 years at the end of June 2014

Gross debt* in nominal value at end 30.06.2014
 In million euros



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



BACK IN THE RACE

IN THE RACE



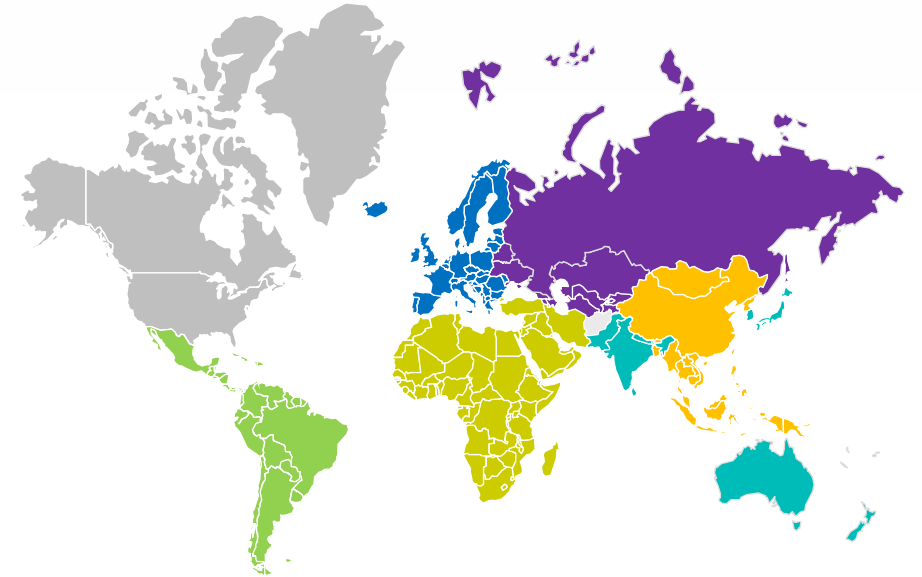
Back in the Race

H1 2014 Highlights

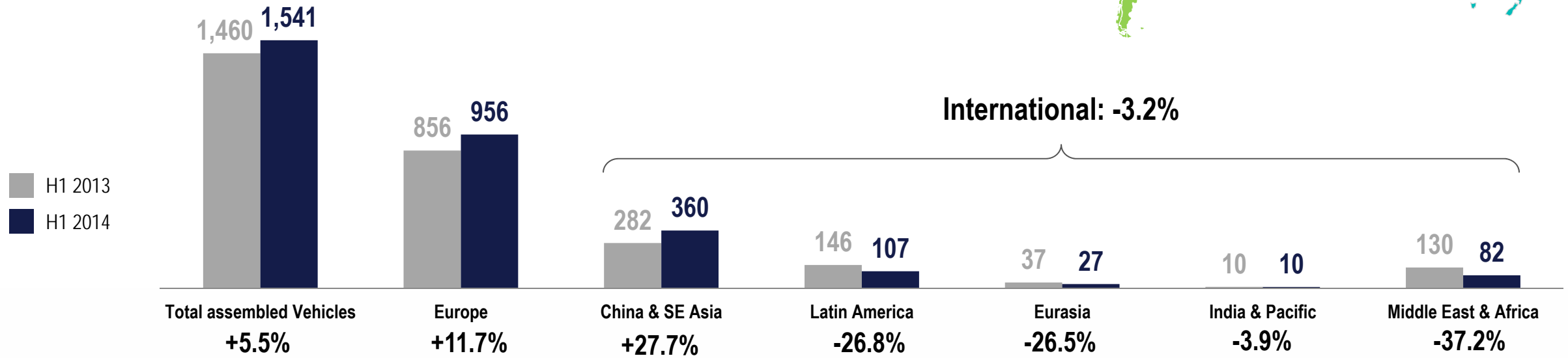
Carlos Tavares
Chairman of the Managing Board

Automotive: worldwide unit sales* in H1 2014

- Total sales increase by **5.5%**
- European sales: **+11.7%**
- Sales in China and SE Asia: **+27.7%**
- International sales impacted by market evolution and Forex



Worldwide unit sales*
In thousands of units



* Assembled vehicles, excluding CKD's

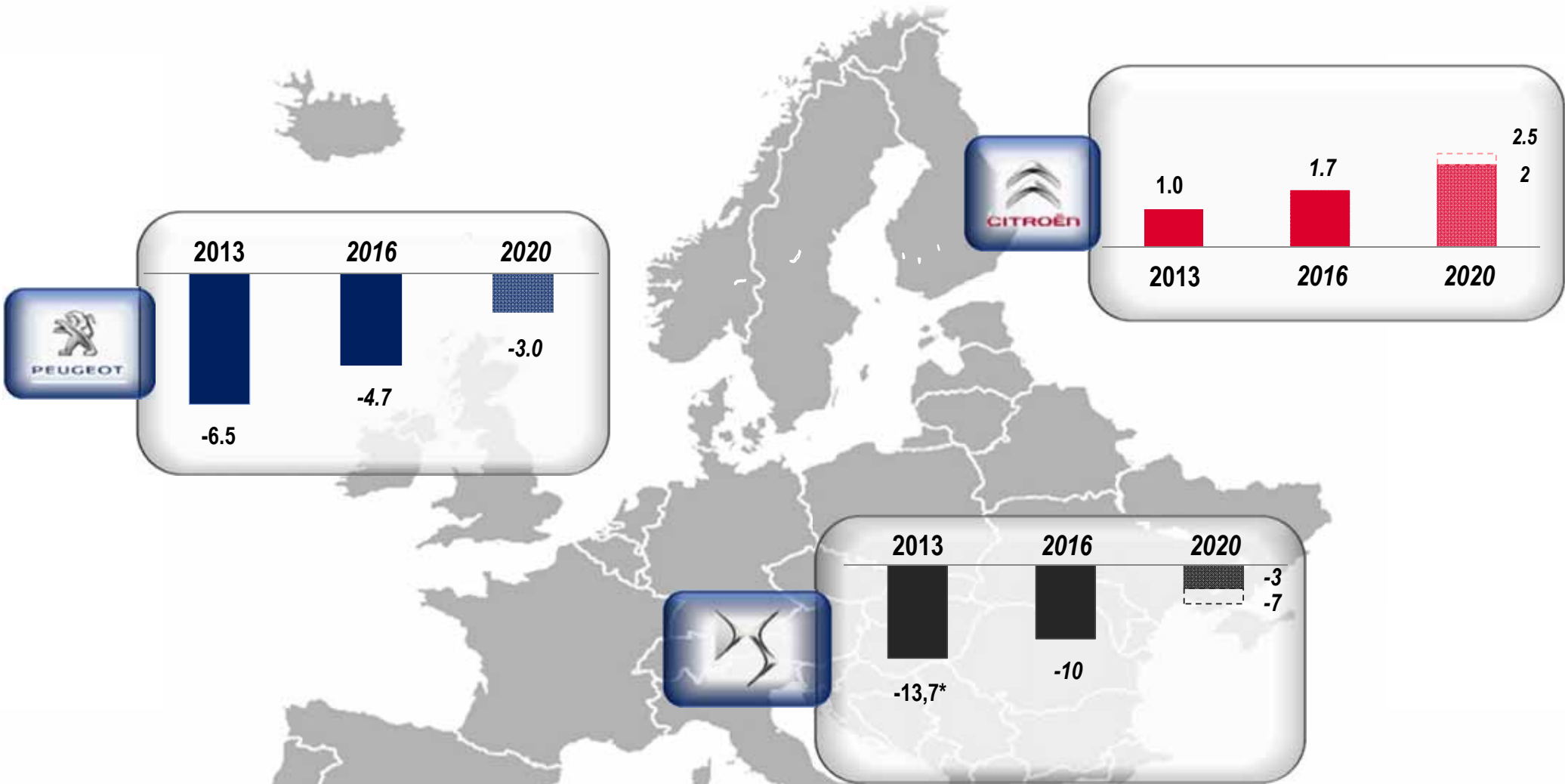


Back in the race: 4 business objectives

- 1. Further differentiate brands and improve net pricing**
- 2. Focus on a global core model strategy**
- 3. Ensure profitable growth worldwide**
- 4. Enhance core competitiveness, including Europe**

Move the Group's culture towards a fully profit-oriented global mindset

1. Further differentiate brands and improve net pricing
Improving Brands net pricing in Europe on track in 2014



Net price positioning adjusted for content – gap vs key mainstream competitor
 * 2013 DS restated to integrate further and complete segments for which DS and its target Brand are in competition.

2. Focus on a global core model strategy

H1 Product momentum towards profitable market segments

DS

- **DS 5LS**
C- segment premium sedan Launched in China in March 2014
- **Reveal of 1st DS SUV: DS 6 Wild & Refined** Launch in September 2014 in China
- **DS 3 new light signature with new engines** orders opened in June in Europe



300.000th DS 3 produced in France

PEUGEOT

- **Peugeot 2008: 1st global compact crossover** 170k units since launch, fast start in China
- **Peugeot 108**
Launched in June 2014: the move upmarket now reaches A segment
- **New Peugeot 508**
Launch in H2 2014 (H1 2015 in China)



Launch in H2 2014

CITROËN

- **Citroën C4 Picasso** success with >125k units sold since launch. 64% of the mix on upper versions
- **Citroën C4 Cactus** - excellent press welcome / launched in June 2014
- **Citroën C1** launched in June 2014



Launch in June 2014

2. Focus on a global core model strategy Attractive products and technologies



Citröen C4 Cactus

#1 DESIGN
Manifesto
of Citröen renewal



Peugeot 308 SW

#1 segment C-Estate
in France since May



DS 6 Wild & Refined

DS's first
Premium SUV
Sept 2014

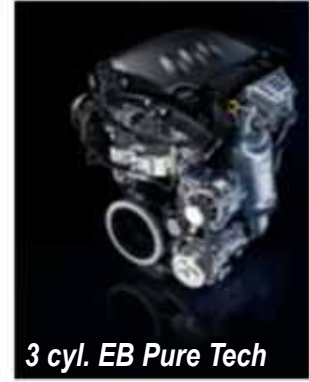


Citröen C4 Picasso

#1 in its
SEGMENT
in Europe

3.4 years

Average age of the range



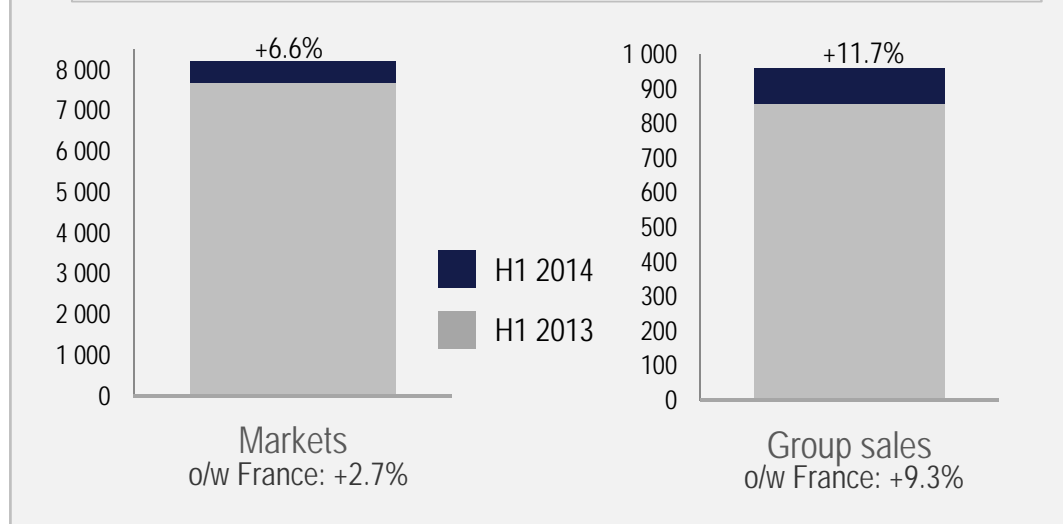
3 cyl. EB Pure Tech

Group PSA leader
in CO₂ emissions
in Europe

111.8g/km
CO₂ emission

3. Ensure profitable growth worldwide Europe

Group sales up +11.7% on a market up 6.6%



Source: internal PSA - In k units

H1 position

- 12.1% market share
- Overperform market trend in France and Italy



**#1 of C Segment in France
Car of the year**

116k units sold since launch



#2 of its Segment in Europe

65% of mix on upper versions

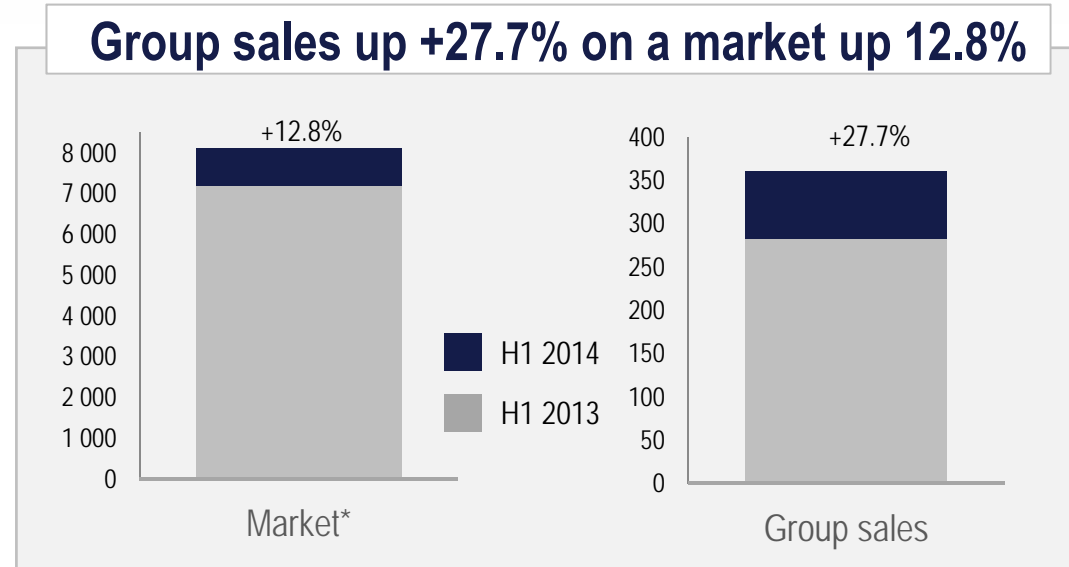


THP Engine: International Engine of the Year



Group LCV: PSA European leader with 21.2% market share

3. Ensure profitable growth worldwide China & SE Asia



Source: internal PSA - In k units

* Market: China PC

H1 position

- 360k units sold in H1, outperforming the market
- **Market share 4.2%** in China in H1 2014, vs 3.8% in H1 2013
- Group's largest world market since March

DPCA

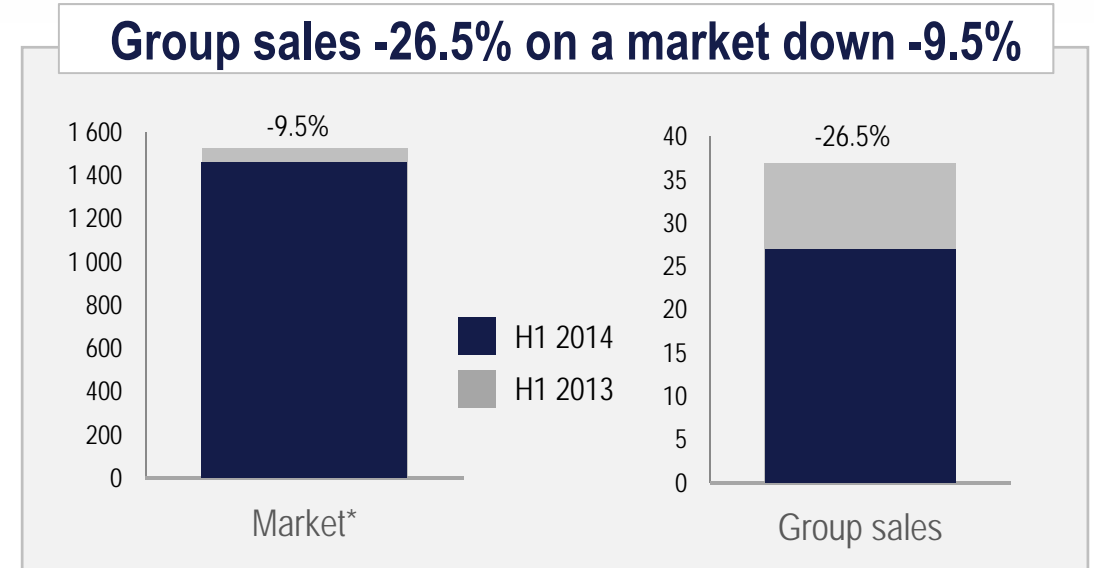
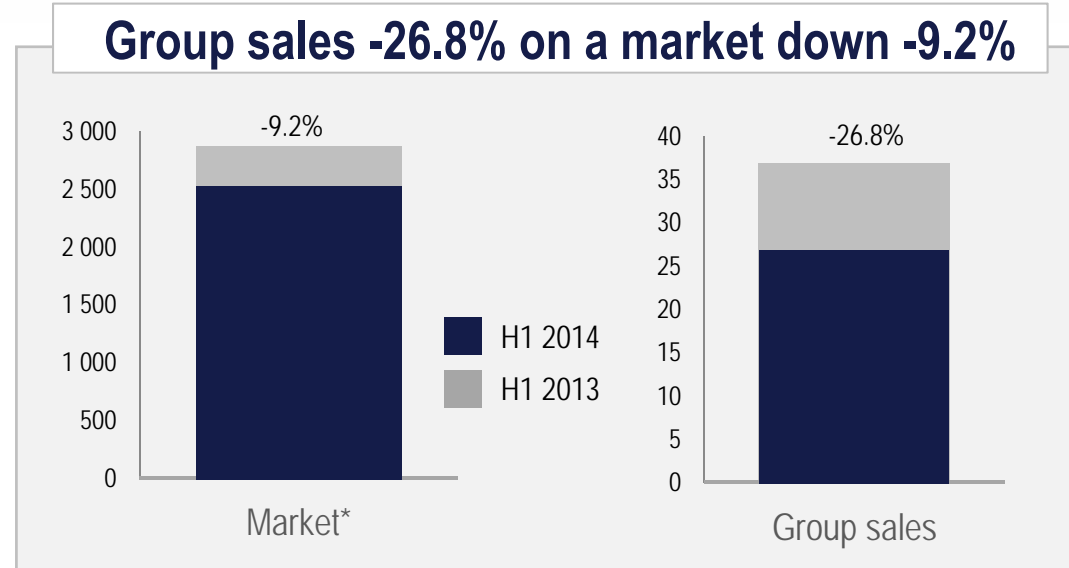
- Commercial development: **success of C-Elysée and C4 L / Entire Peugeot line-up gains, with success of 2008 and 3008**
- FY sales targeted at **700k units**, above initial target of 650k units
- **4th plant** is announced in July, dedicated to SUV, with capacity to build 300k units from 2016 onwards. Towards maximum capacity **>1M units**
- Creation of **R&D JV** and ASEAN export JV on track

CAPSA

- Acceleration of development in China with **60 dealers** by end of H1 2014
- **2 launches** targeting key segments
- Delivery of the **10,000th DS** end June

3. Ensure profitable growth worldwide Latin America

Eurasia



Source: internal PSA - In k units

* 4 markets: Argentina, Brazil, Chile and Mexico

Source: internal PSA - In k units

* 4 markets: Russia, Ukraine, Belarus and Kazakhstan

H1 position

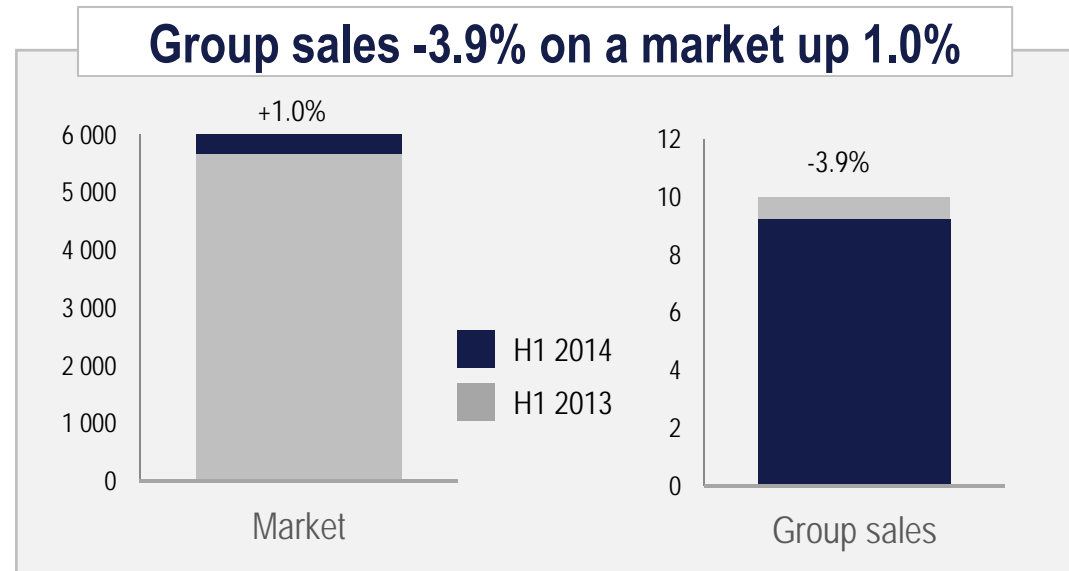
- 107k units sold in H1
- Market share 4.6%
- Volumes in Q1 higher than Q2 in both areas
- Forex strongly negative but compensated by price increases in main countries: Argentina, Brazil, Russia
- Slight improvement in LatAm and significant one in Russia, but still strong negative financial results in both areas

H1 position

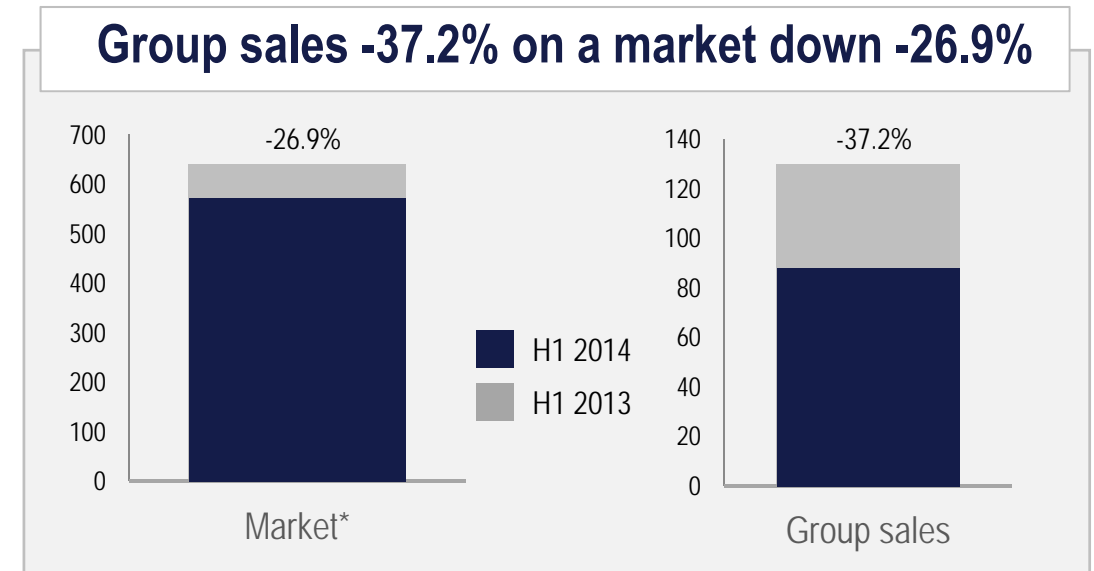
- 27.1k units sold in H1
- Market share 2% in Eurasia

3. Ensure profitable growth worldwide India – Pacific

Middle East - Africa



Source: internal PSA – In k units



Source: internal PSA – In k units * 2 Markets: Turkey and Algeria

H1 position

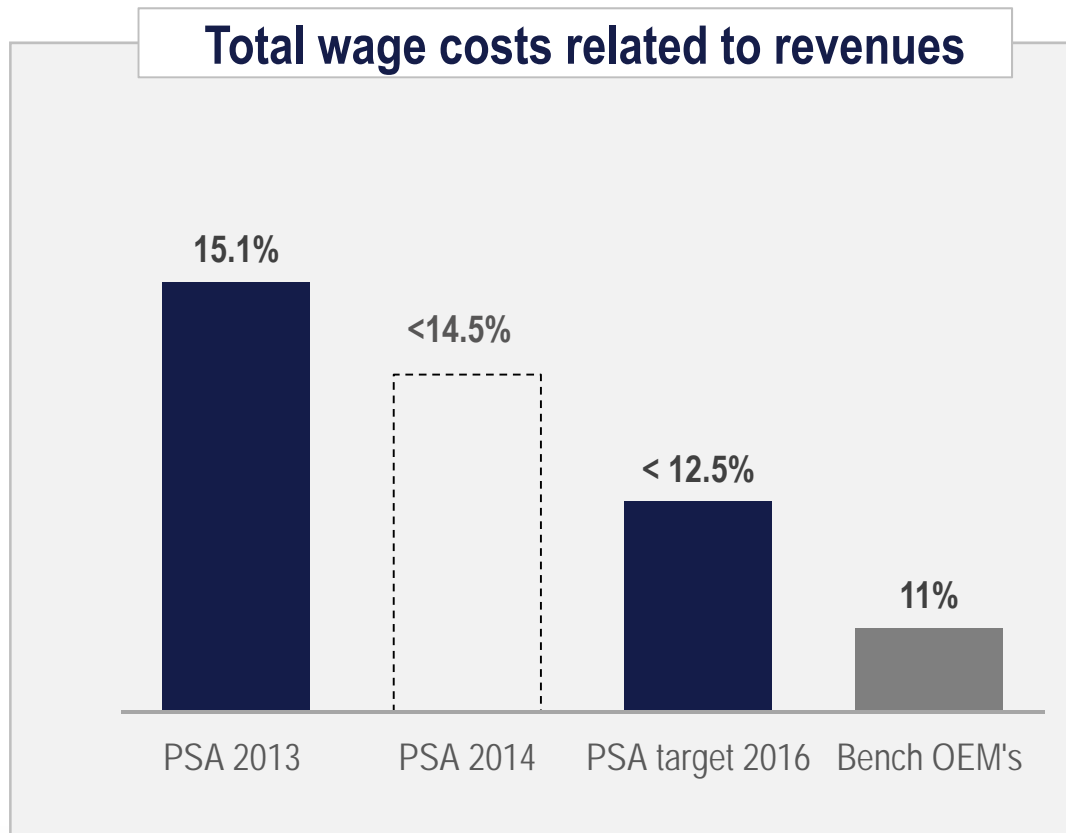
- Setting the reference point for 2016 –upsides
- 9.6k units sold in H1
- Significant potential for the Group

H1 position

- Peugeot #2 in Algeria
- 82k units sold in H1
- Forex strongly negative in Algeria and Turkey
- Potential under development

4. Enhance core competitiveness, including Europe

Fixed costs and competitiveness



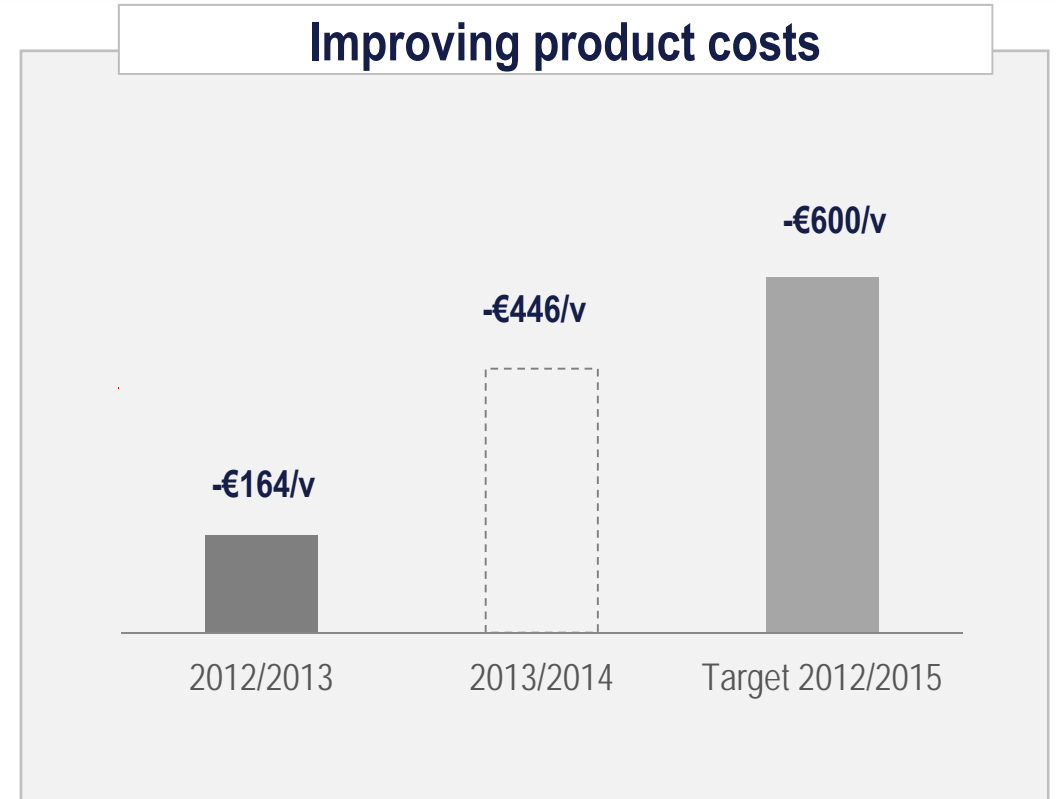
Source: internal PSA

- Securing cost competitiveness of industrial footprint as agreed in the New Social Contract
- European restructuring plans on track
 - Employment chapter progressing with Senior leave, work-study contract, Job & Skills alignment System ("DAEC"), professional training
 - All 6 Unions signed improvement DAEC in June
- Plans launched to reduced fixed costs in Latin America and Russia
- Restructuring plan 2013 achieved: 7,919 signed with 4,178 departures end of June

4. Enhance core competitiveness, including Europe
Increase savings

Optimize utilization rate in Europe

	2009	2011	2012	2013	H1 2014
Utilization rate*	78%	86%	75%	72%	84%



- **-€500** reduction in total product cost 2015-2018 (including Euro 6 regulation impact)

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

Opportunities & Risks

Opportunities

- Encouraging start, still much to do
- Pricing policy
- Sales in China

Risks

- European markets still low
- French market growth lower than other markets in Europe
- Emerging markets sharply down (Argentina...)
- Negative FX in Latin America, Russia...
- Cost of Euro 6
- Increasing risks on our plants procurement

2014 market assumptions: Europe: +3%, China: +10%, Latin America: -7%, Russia: -10%*

Positive Group operational free cash flow** by 2016 at the latest

€2bn cumulated Group operational free cash flow over 2016-2018

Reach 2% operating margin*** in 2018 for the automotive business, targeting 5% within the timing of the next mid-term plan 2019-2023

* vs -5% estimated in March 2014

** Free cash flow without restructuring and exceptional

*** ROI relating to revenues

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Q&A



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Appendices

Worldwide unit sales

<i>units*</i>		H1 2013	H1 2014	Change
Europe**	Peugeot	460,031	521,986	13.5%
	Citroën	332,113	383,801	15.6%
	DS	63,374	50,056	-21.0%
	Total PSA	855,518	955,843	11.7%
China & South East Asia	Peugeot	142,987	189,108	32.3%
	Citroën	137,868	160,315	16.3%
	DS	957	10,482	++
	Total PSA	281,812	359,905	27.7%
Latin America	Peugeot	87,313	64,454	-26.2%
	Citroën	56,155	41,478	-26.1%
	DS	2,368	856	-63.9%
	Total PSA	145,836	106,788	-26.8%
Eurasia	Peugeot	20,246	15,229	-24.8%
	Citroën	15,740	11,329	-28.0%
	DS	907	570	-37.2%
	Total PSA	36,893	27,128	-26.5%
India-Pacific	Peugeot	6,971	6,965	-0.1%
	Citroën	1,519	1,759	15.8%
	DS	1,476	857	-41.9%
	Total PSA	9,966	9,581	-3.9%
Middle East - Africa	Peugeot	90,012	55,625	-38.2%
	Citroën	38,576	25,053	-35.1%
	DS	1,466	968	-34.0%
	Total PSA	130,054	81,646	-37.2%
Total Assembled vehicules	Peugeot	807,560	853,367	5.7%
	Citroën	581,971	623,735	7.2%
	DS	70,548	63,789	-9.6%
	Total PSA	1,460,079	1,540,891	5.5%
CKD	Peugeot	0,587	0,192	-67.3%
	Citroën	0,0	0,0	
	DS	-	-	
	Total PSA	0,587	0,192	-67.3%
Total Assembled vehicules + CKD	Peugeot	808,147	853,559	5.6%
	Citroën	581,971	623,735	7.2%
	DS	70,548	63,789	-9.6%
	Total PSA	1,460,666	1,541,083	5.5%

* Assembled vehicles, CKD units

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

Group: Net financial income (expenses)

<i>In million euros</i>	H1 2013*	H1 2014	Change
Interest income	116	45	(71)
<i>Of which Automotive Division</i>	111	42	(69)
Finance costs	(269)	(331)	(62)
<i>Of which Automotive Division (incurred costs excluding capitalised costs)</i>	(250)	(276)	(26)
Other financial income	27	48	21
Other financial charges	(119)	(106)	13
Financial result	(245)	(344)	(99)

* Restated according to IFRS 10, IFRS 11 and IFRIC 21

Reconciliation table – Revenues

Impacts of IFRS 10 & 11

<i>In million euros</i>	H1 2013	IFRS10&11 impact	H1 2013 Incl. IFRS10&11
Group revenues	27,710	30	27,740
Automotive revenues	18,695	45	18,740
New vehicles revenues	13,174	108	13,282

Reconciliation table – Recurring Operating Income

Impacts of IFRS 10&11 and IFRIC 21

<i>In million euros</i>	H1 2013	IFRS10&11 and IFRIC 21 impact	H1 2013 Incl. IFRS10&11 and IFRIC 21
Group Recurring Operating Income	(65)	(35)	(100)
Inc. Automotive Recurring Operating Income	(510)	(28)	(538)

Reconciliation table – IAS 36 impact

<i>In million euros</i>	H1 2014	IAS 36 Impact	H1 2014 incl. IAS 36 Impact
Automotive ROI H1 2013			(538)
Input costs	(59)	26	(33)
Operating environment	(359)	26	(333)
Product mix	230		230
Price & product enrichment	188		188
Market Share	14		14
Production & procurement	244	10	254
Fixed & marketing costs	64		64
R&D	50	15	65
Others	63		63
Performance	823		878
Automotive ROI H1 2014			7



Market trends

Cars and light commercial vehicles – Market evolution

Δ vs. previous year

	H1 2014
Europe 30	+6.6%
<i>Italy</i>	+4.0%
<i>France</i>	+2.7%
<i>Spain</i>	+19.8%
<i>UK</i>	+11.3%
<i>Germany</i>	+2.7%

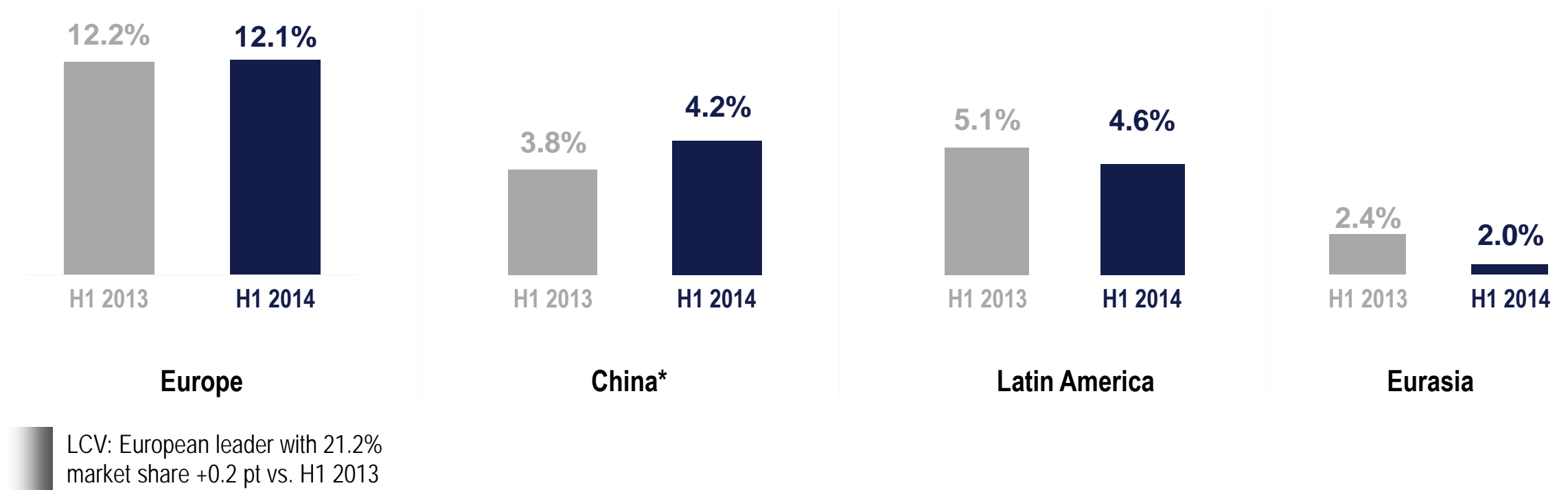
	H1 2014
China*	+12.8%
Latin America**	-9.2%
Eurasia	-9.5%

* Passengers vehicles on invoices market w/o imports

** Brazil, Argentina, Chile, Mexico

Automotive: market share

Cars and light commercial vehicles – Market share



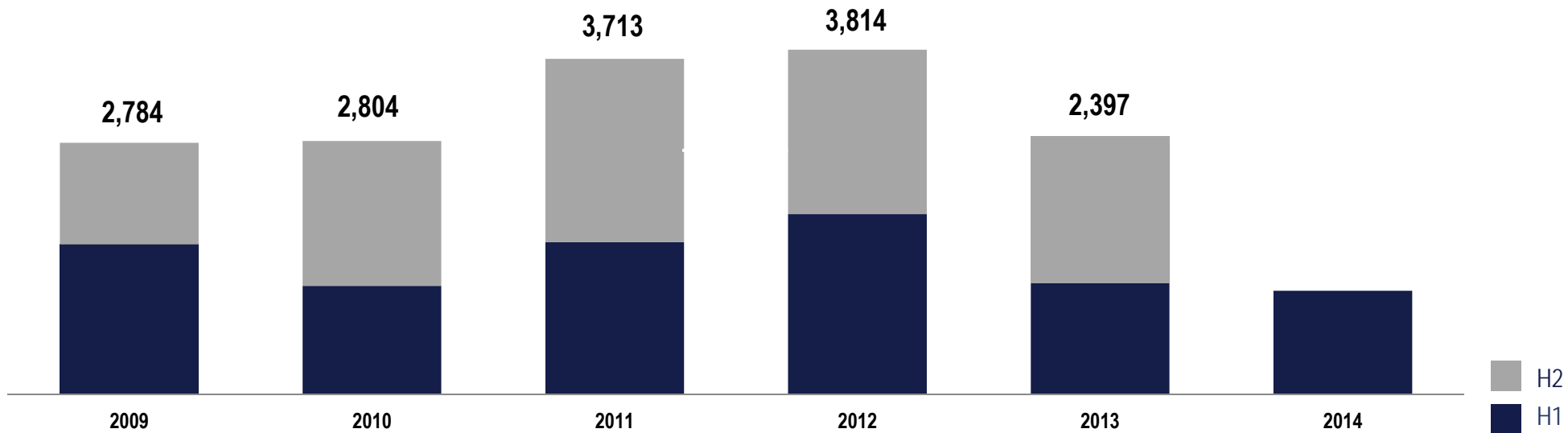
* Passengers vehicles on invoices market w/o imports



Capitalized Capex and R&D

In million euros*

- Phasing H2 > H1 in 2014
- 2014 trend similar to 2013



* XXXX

In million euros

<i>In million euros</i>	End 2012	End 2013**	H1 2014
Cash and cash equivalents	5,421	6,185	10,427
Current & non current financial assets	1,903	405	447
Total	7,324	6,590	10,874
Back-up facility (undrawn) – excluding Faurecia	2,400	2,400	3,000
Back-up facility (undrawn) – Faurecia	850	1,150	1,150
Total financial security	10,574	10,140	15,024
Net Financial Position	(3,148)	(4,181)	224
Total equity	10,167	7,837	10,666
Gearing	31%	53%	-2%

* Industrial: Automotive & Faurecia

** Restated according to IFRS 10, IFRS 11 and IFRIC 21

Framework for a turnaround

1 Further differentiate brands and improve net pricing

- Reduced pricing gap vs selected benchmark by 2020
- Half of the objective achieved by 2016

2 Focus on a global core model strategy

- From 45 to 26 models by 2022
- Reduced to 38 models by 2016

3 Ensure profitable growth worldwide

- Leveraging Asian growth with strengthened DFM partnership: 970,000 veh. by 2016
- Latin America and Russia break-even by 2017 at the latest

4 Enhance competitiveness, including Europe

- Total wages cost < 12.5% revenues by 2016
- Utilization rate Europe 115% by 2022
- Target: €500 reduction in total product costs, 2015-2018
- Reduction of working cap by €1bn by 2016