PSA PEUGEOT CITROËN

Press release

Paris – 24 February 2016

PSA triples its recurring operating income and completes its turnaround

- **5% recurring operating margin from the Automotive division in 2015**
- **€3.8 billion operational free cash flow generated in 2015, totalling €6 billion in two years**
- **All targets exceeded: PSA has completed its reconstruction plan ahead of schedule**
- **The Group will unveil its strategic plan for profitable growth on 5 April 2016**

"We have completed our plan in record time thanks to the involvement of the entire company and its stakeholders," said Carlos Tavares**,** Chairman of the PSA Peugeot Citroën Managing Board. *"I am delighted with this collective success. It puts our company back in the race and proves its potential. In an unsettled international environment, agility and operational excellence are key to success. We will be able to harness this strength when implementing our new plan for profitable growth".*

The Group's pro forma revenue[1] for 2015 was €56,328 million, compared with €53,301 million in 2014. After reclassification of Faurecia's Automotive Exteriors business, net revenue was up 6%, to €54,676 million.

The Automotive division's revenue showed a similar improvement on 2014, rising 4% to €37,514 million. The main growth drivers were an increase in net prices, positive product mix and volume effects, as well as a favourable currency impact.

Group Recurring Operating Income tripled to €2,733 million in 2015, from €797 million in 2014. Growth was driven mainly by the Automotive division, which posted a €1,808 million increase on the back of a positive product mix, which reflected the success of a young vehicle range, and further cost-cutting initiatives in the second half of 2015. More than one-third of the improvement was due to a favourable operating environment.
The Automotive division's pro forma Recurring Operating Income, which includes 50% of the results of the Chinese joint ventures, was up €1,882 million to €2,248 million.

The Group's non-recurring expense of €757 million in 2015 was primarily due to restructuring costs incurred by the Automotive division.

The Group's financial expense stood at €642 million compared with €755 million in 2014.

The Group's net profit for the period totaled €1,202 million, up €1,757 million on 2014.

[1] Includes Faurecia's Automotive Exteriors business, covered by a disposal plan announced on 14 December 2015 and reclassified under *"Operations held for sale or to be continued in partnership"* according to IFRS5.

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Banque PSA Finance reported Recurring Operating Income of €514 million[2], a rise of €177 million on 2014. The Group's strategic partnership with Santander Consumer Finance allows it to benefit from some of the most competitive refinancing conditions on the market.

Faurecia's Recurring Operating Income amounted to €830 million, a year-on-year increase of €235 million.

Free cash flow of manufacturing and sales companies totaled €3,658 million, due to an improvement in funds from operations, a €942 million increase in the working capital requirement, and dividends from Chinese joint ventures with Dongfeng, and from Banque PSA Finance.
Excluding restructuring expenses and non-recurring items, **operational free cash flow** for the period stood at €3,803 million.

Total inventory, including independent dealers, stood at 350,000 vehicles at 31 December 2015, up 11,000 units from end-2014.

The manufacturing and sales companies' net financial position at 31 December 2015 was a positive €4,560 million, up €4,012 million on 31 December 2014.

Market outlook
For 2016, the Group expects the automotive market to grow by about 2% in Europe and 5% in China, and to shrink by around 10% in Latin America and 15% in Russia.

The Group exceeded its operational targets
With €3.8 billion in operational free cash flow generated in 2015, the Group has exceeded its target of €2 billion for the 2015-2017 period.
The objective was to reach an operating margin[3] of 2% for the Automotive division in 2018, targeting 5% within the timing of the next mid-term plan 2019-2023. That target was also exceeded ahead of schedule, with the Automotive division reporting a 5% operating margin as of 2015.

PSA Peugeot Citroën will present its plan for profitable growth on 5 April 2016.
As 2015 is the final year of the rebuilding of the Group's financial fundamentals, no proposal will be made to pay a dividend for the 2015 financial year. A dividend policy in line with sector practices will be proposed as from the 2016 financial year.

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Financial Calendar

- 27 April 2016: First-quarter 2016 revenue
- 27 July 2016: 2016 interim results
- 26 October 2016: Third-quarter 2016 revenue

The PSA Peugeot Citroën Group's consolidated financial statements for the year ended 31 December 2015 were approved by the Managing Board on 15 February 2016 and reviewed by the Supervisory Board on 23 February 2016. The Group's Statutory Auditors have completed their audit and are currently issuing their report on the consolidated financial statements.
The annual results report and the 2015 financial results presentation are available on www.psa-peugeot-citroen.com, in the "Analysts/Investors" section.

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[2] 100% of the results of Banque PSA Finance. In the financial statements of PSA Peugeot Citroën, the joint ventures are accounted for at equity, and the other businesses covered by the Santander agreement are reclassified under *"Operations held for sale or to be continued in partnership"*.
[3] Ratio of Recurring Operating Income to revenue for the Automotive division.

About PSA Peugeot Citroën

With its three world-renowned brands, Peugeot, Citroën and DS, The Group sold 3 million vehicles worldwide in 2015. Second largest carmaker in Europe, PSA Peugeot Citroën recorded revenue of €54 billion in 2015. The Group confirms its position of European leader in terms of CO_2 emissions, with an average of 104.4 grams of CO_2/km in 2015. It is also involved in financing activities (Banque PSA Finance) and automotive equipment (Faurecia).
For more information, please visit www.psa-peugeot-citroen.com

Appendices

Comparative information has been restated following the application of IFRS5.

Impact of the plan to sell Faurecia's Automotive Exteriors business

(in million euros)	**2015 pro forma***	Automotive Exteriors IFRS5 impact	**2015 reported**
Revenue	56,328	(1,652)	54,676
Recurring operating income (loss)	2,816	(83)	2,733
Free Cash Flow **	3,722	(64)	3,658
Operational Free Cash Flow **	3,868	(65)	3,803

** including Faurecia Automotive exteriors*
*** Manufacturing and sales companies*

Consolidated Income Statement*

	2014				**2015**			
(in million euros)	**Manufacturing and sales companies**	**Finance companies**	Eliminations	**TOTAL**	**Manufacturing and sales companies**	**Finance companies**	Eliminations	**TOTAL**
Revenue	51,310	300	(18)	**51,592**	54,426	267	(17)	**54,676**
Recurring operating income (loss)	701	96		**797**	2,729	4		**2,733**
Operating income (loss)	28	96		**124**	1,970	6		**1,976**
Net financial income (expense)	(750)	(5)		**(755)**	(642)			**(642)**
Income taxes	(206)	(100)		**(306)**	(687)	(19)		**(706)**
Share in net earnings of companies at equity	274	12		**286**	314	123		**437**
Profit (loss) from operations held for sale or to be continued in partnership	9	87		**96**	72	65		**137**
Consolidated profit (loss) for the period	(645)	90		**(555)**	1,027	175		**1,202**
Attributable to equity holders	(787)	86	(5)	**(706)**	737	162		**899**
Attributable to minority interests	142	4	5	**151**	290	13		**303**
Basic earnings per €1 par value share attributable to equity holders of the parent				(1.15)				**1.14**

*** The results for 2014 and 2015 reflect the reclassification of operations held for sale or to be continued in partnership.**

Consolidated balance sheet*

Assets	**31 December 2014**				**31 December 2015**			
(in million euros)	**Manufacturing and sales companies**	**Finance companies**	Eliminations	**TOTAL**	**Manufacturing and sales companies**	**Finance companies**	Eliminations	**TOTAL**
Total non-current assets	20,331	279	(5)	**20,605**	20,926	1,131	(2)	**22,055**
Total current assets	16,526	6,209	(704)	**22,031**	18,839	1,193	(608)	**19,424**
Total assets of operations held for sale or to be continued in partnership	167	18,529	(120)	**18,576**	616	7,048	(33)	**7,631**
TOTAL ASSETS	**37,024**	**25,017**	**(829)**	**61,212**	**40,381**	**9,372**	**(643)**	**49,110**

Equity and liabilities	31 December 2014				31 December 2015			
(in million euros)	**Manufacturing and sales companies**	**Finance companies**	Eliminations	**TOTAL**	**Manufacturing and sales companies**	**Finance companies**	Eliminations	**TOTAL**
Total equity				**10,418**				**12,219**
Total non-current liabilities	11,637	2	(1)	**11,638**	9,984	17		**10,001**
Total current liabilities	18,071	13,368	(536)	**30,903**	20,104	3,405	(551)	**22,958**
Transferred liabilities of operations held for sale or to be continued in partnership	37	8,508	(292)	8,253	401	3,623	(92)	**3,932**
TOTAL EQUITY & LIABILITIES				**61,212**				**49,110**

***Balance sheets at the end of December 2014 and 2015 reflect the reclassification of operations held for sale or to be continued in partnership.**

Consolidated Statement of Cash Flows*

	2014				2015			
(in million euros)	**Manufacturing and sales companies**	**Finance companies**	Eliminations	**TOTAL**	**Manufacturing and sales companies**	**Finance companies**	**Eliminations**	**TOTAL**
Consolidated profit (loss) from continuing operations	(654)	(297)		(951)	955	(4)		951
Funds from operations	2,038	(41)		1,997	4,490	22	1	4,513
Net cash from (used in) operating activities of continuing operations	**3,728**	**(198)**	**17**	**3,547**	**5,432**	**6,560**	**41**	**12,033**
Net cash from (used in) investing activities of continuing operations	**(2,259)**	**(31)**		**(2,290)**	**(2,692)**	**(125)**	**111**	**(2,706)**
Net cash from (used in) financing activities of continuing operations	**703**	**3**	**334**	**1,040**	**(644)**	**(830)**	**142**	**(1,332)**
Net cash related to the non-transferred debt of finance companies to be continued in partnership		**(1,155)**	**(300)**	**(1,455)**		**(8,234)**	**(5)**	**(8,239)**
Net cash from the transferred assets and liabilities of operations held for sale or to be continued in partnership	**47**	**2,179**	**32**	**2,258**	**42**	**938**	**(218)**	**762**
Effect of changes in exchange rates	47	1	(1)	47	(112)	(19)	3	(128)
Increase (decrease) in cash from continuing operations and from operations held for sale or to be continued in partnership	**2,266**	**799**	**82**	**3,147**	**2,026**	**(1,710)**	**74**	**390**
Net cash and cash equivalents at beginning of period	6,161	1,804	(210)	7,755	8,427	2,603	(128)	10,902
Net cash and cash equivalents of continuing operations at end of period	**8,427**	**2,603**	**(128)**	**10,902**	**10,453**	**893**	**(54)**	**11,292**

*** Net cash in 2014 and 2015 reflects the reclassification of operations held for sale or to be continued in partnership.**