



# 2011 FIRST HALF RESULTS

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



PSA PEUGEOT CITROËN 

## 2011 FIRST HALF RESULTS

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CFO & EVP Strategy

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# 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	

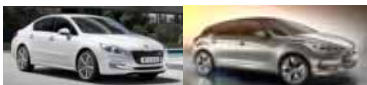
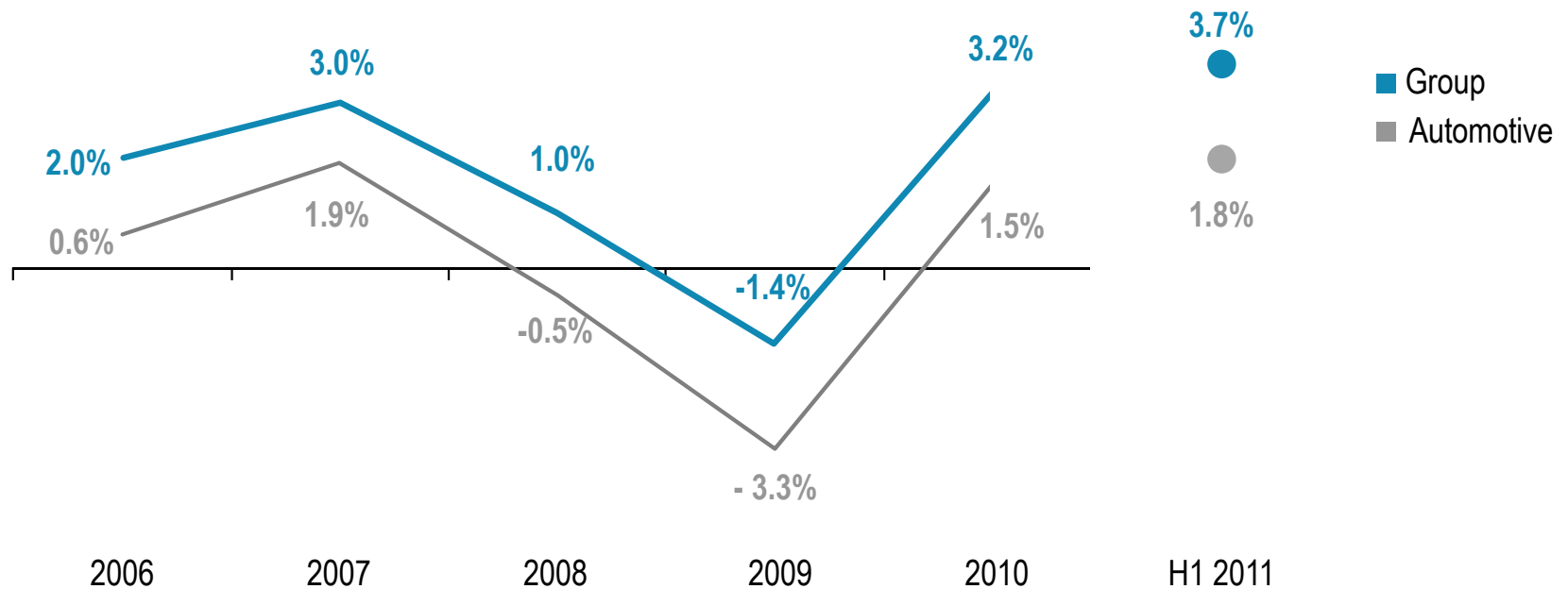
\* Recurring operating income and % of revenues proforma excluding Japan impact H1 2011



# 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 —

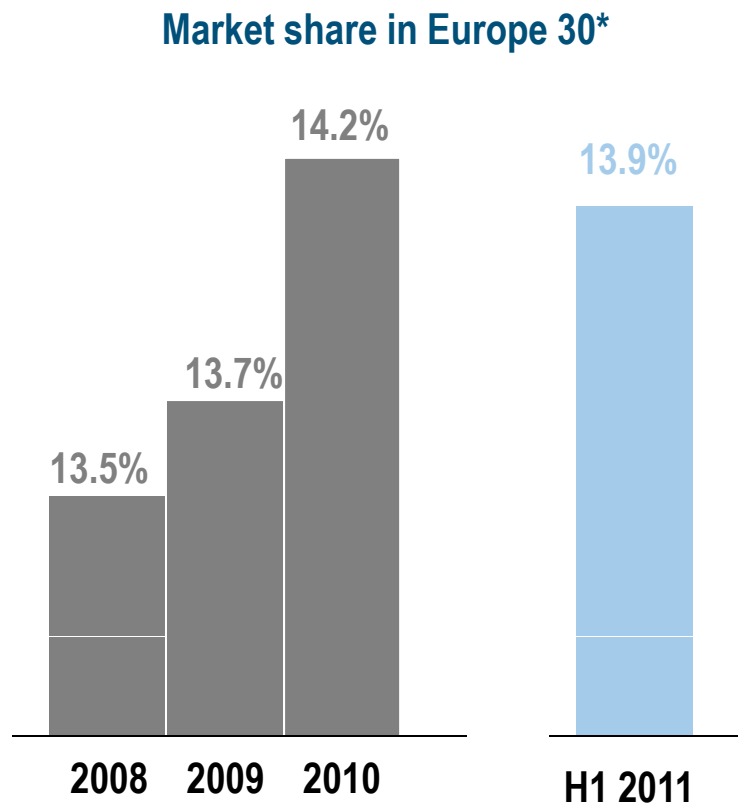
## Assembled vehicles and CKD units

	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:

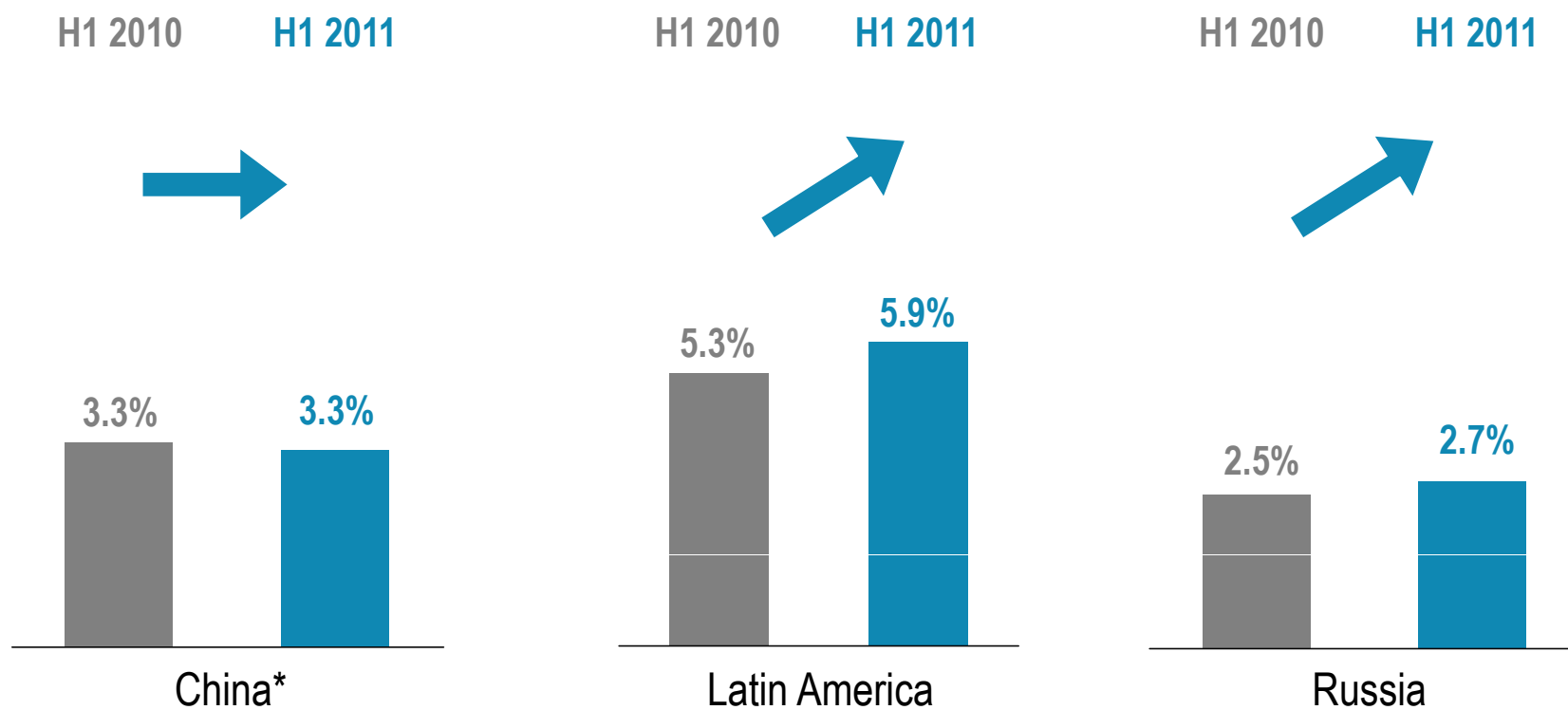
- Upturn in the European light commercial vehicle market confirmed: **+8.7%** in H1
- European leader on the LCV market with **21.3%** market share (vs 22.3% H1 2010)

\* PC - LCV



# Solid performance outside Europe

## Cars and light commercial vehicles – Market share



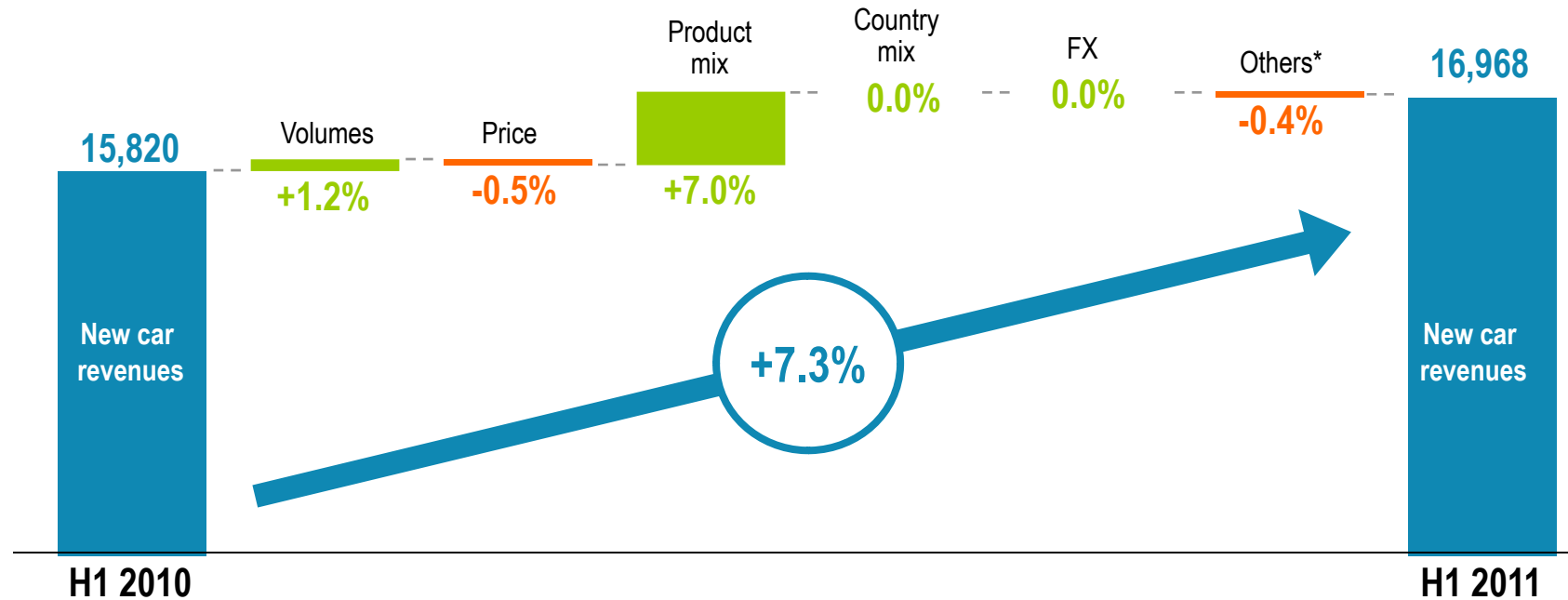
\* Passengers vehicles



# New car revenue analysis

► Strong product mix supported by Brand upscaling

— In million euros —



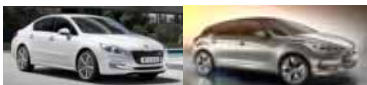
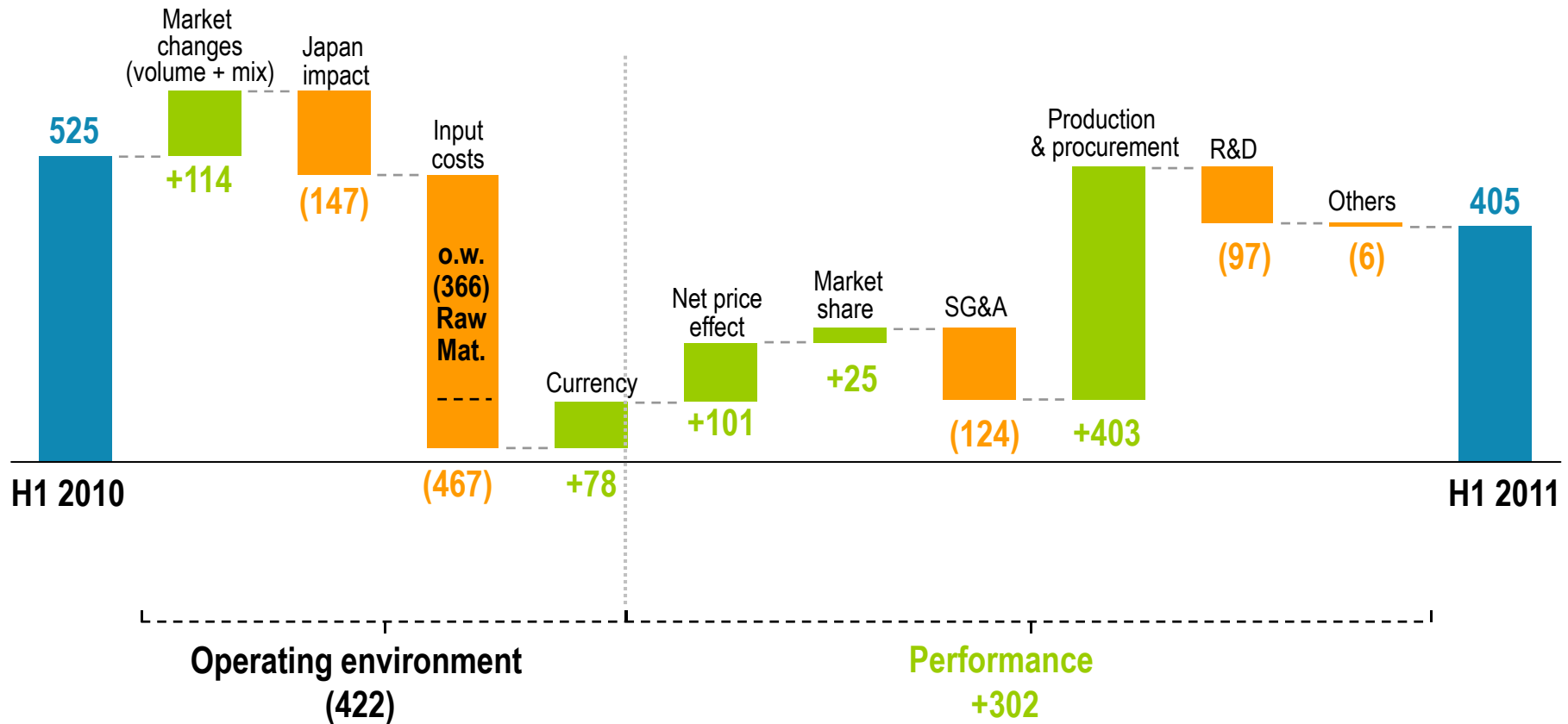
\* CKD, accounting treatment of buy back commitment, short term rental



# Automotive recurring operating income

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

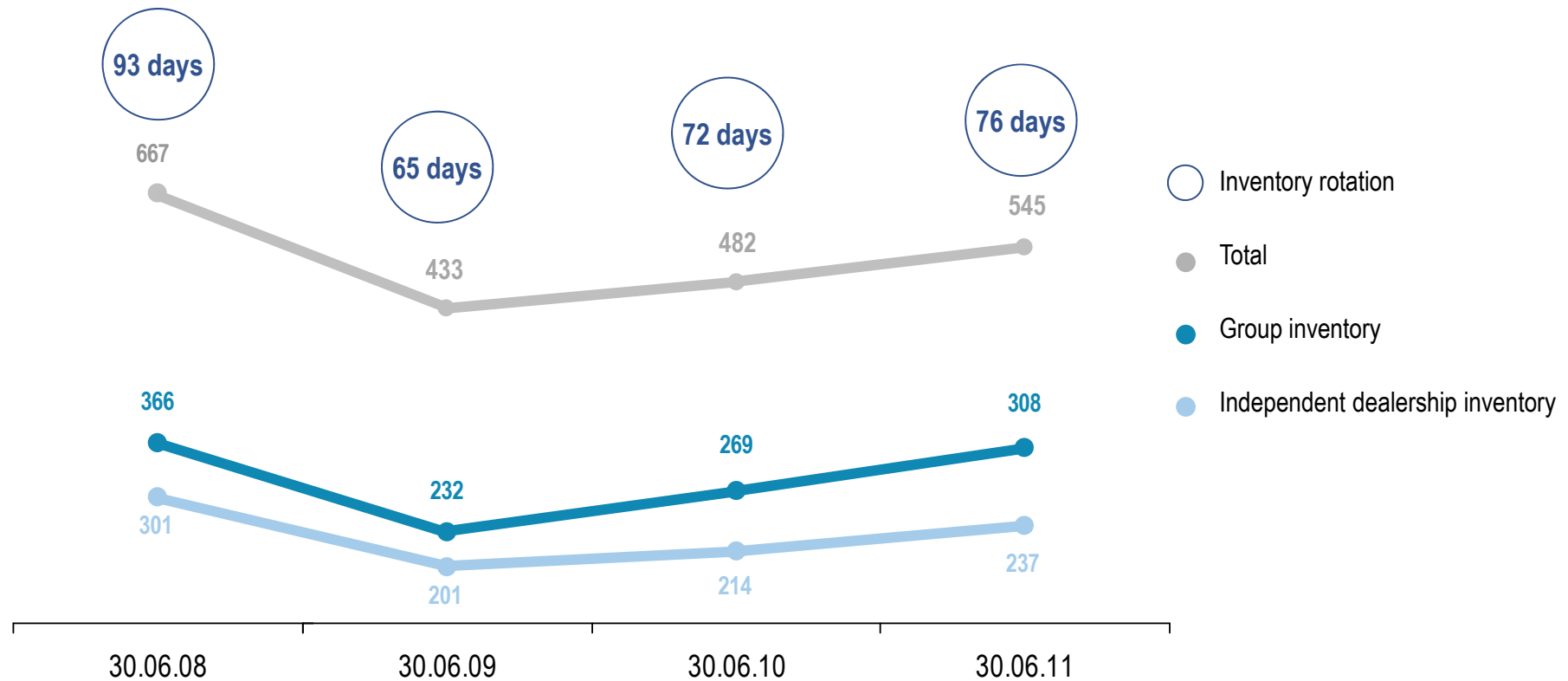
— In million euros —



# 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 —

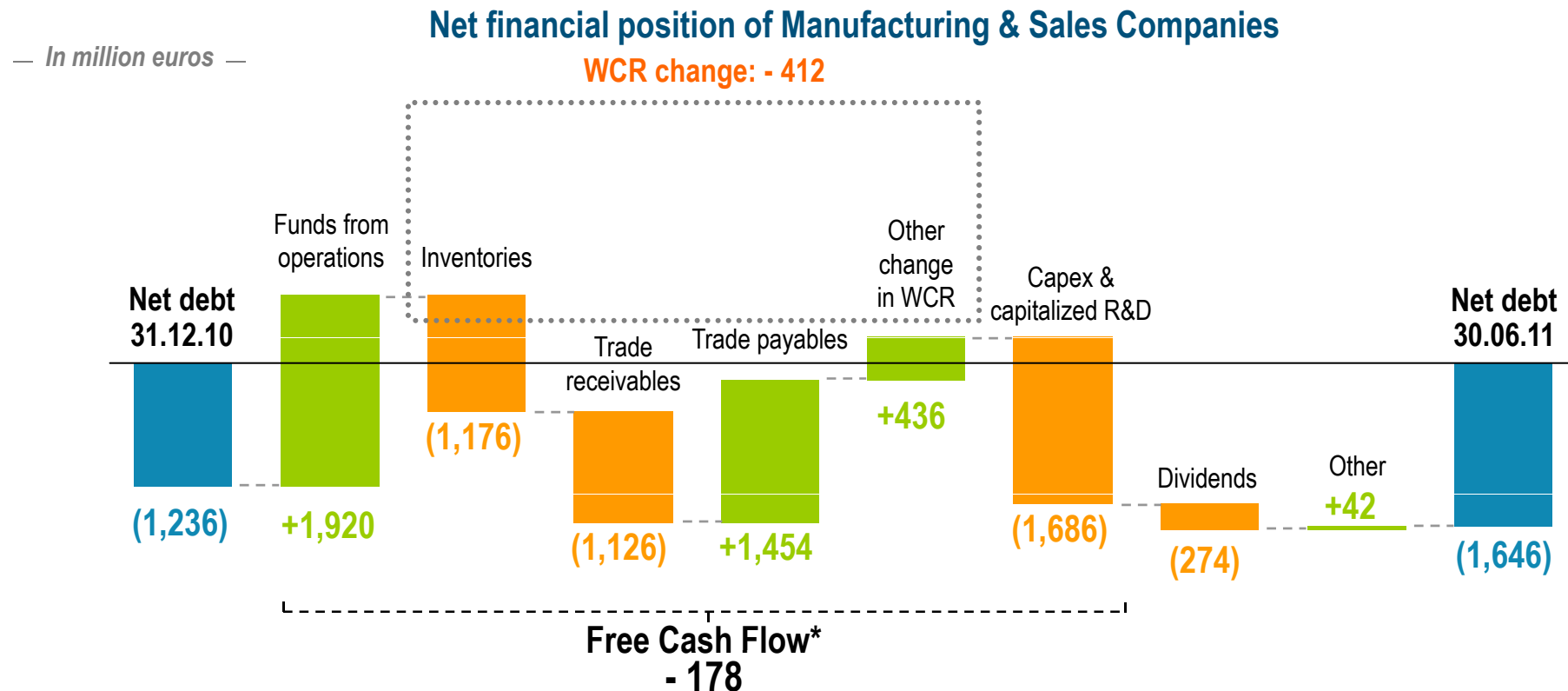
	H1 2010	H1 2011	Δ
Net banking revenue	505	524	+3.8%
Revenues	919	942	+2.5%
Cost of risk (in % of average loans)	0.47%	0.45%	
Recurring operating income	269	274	+1.9%

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	<b>7,306</b>
Current & non-current financial assets	1,102	1,271	<b>1,307</b>
Total cash & financial assets	10,380	10,355	8,613
Back-up facility (undrawn)	2,400	2,400	<b>2,400</b>
Total financial security	12,780	12,755	11,013
Net debt position	1,236	1,732	<b>1,646</b>
Total equity	14,303	13,845	<b>14,805</b>
Gearing	8.6%	12.5%	11.1%

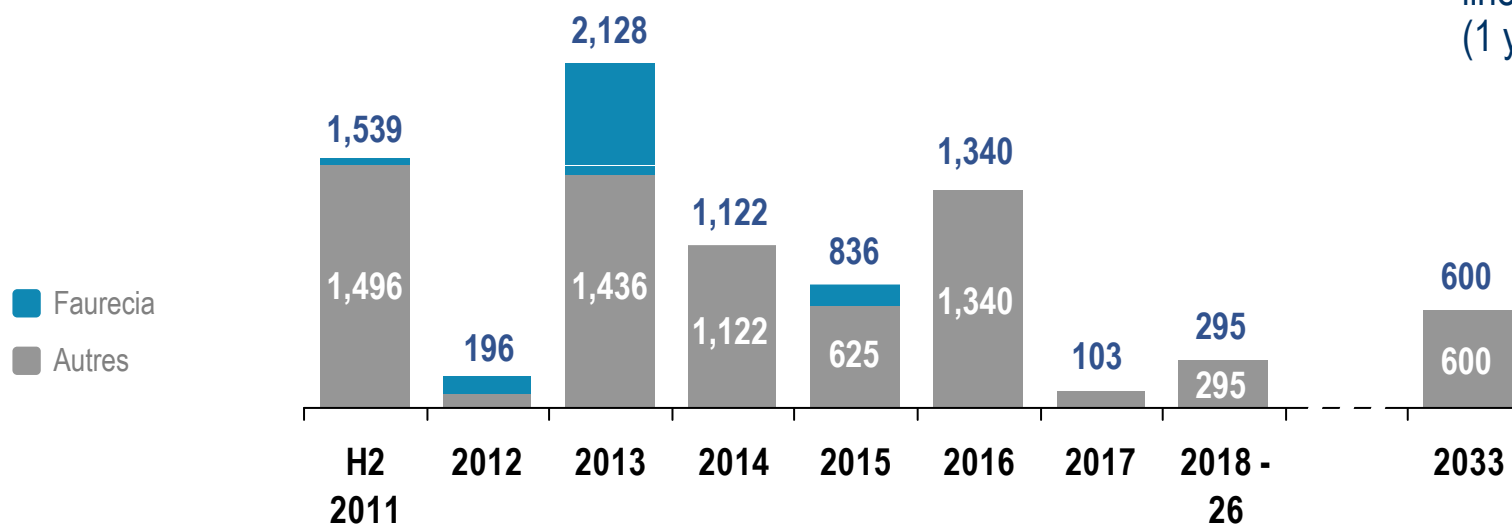


# Solid financial structure

- ▶ 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





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## 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



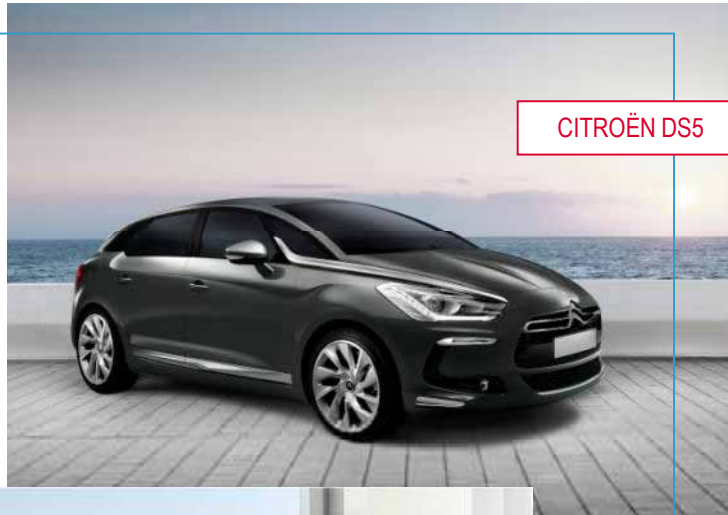
- ▶ H1: Sales +10.2%
- ▶ 5% market share target by 2015

- ▶ 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

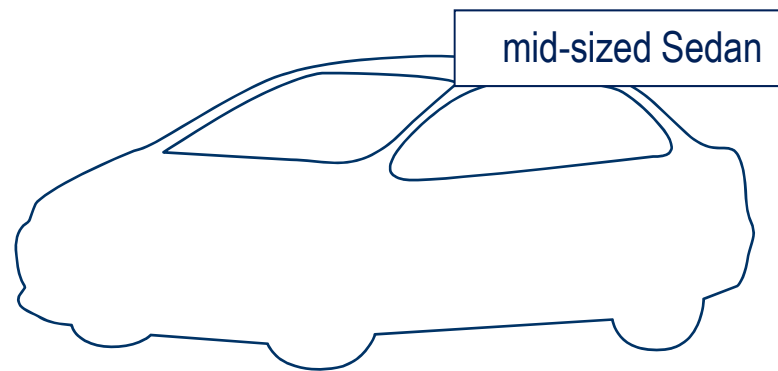
**1<sup>st</sup> VEHICLE LAUNCH  
2013**



# 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



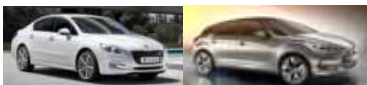
# Globalisation: Russia

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

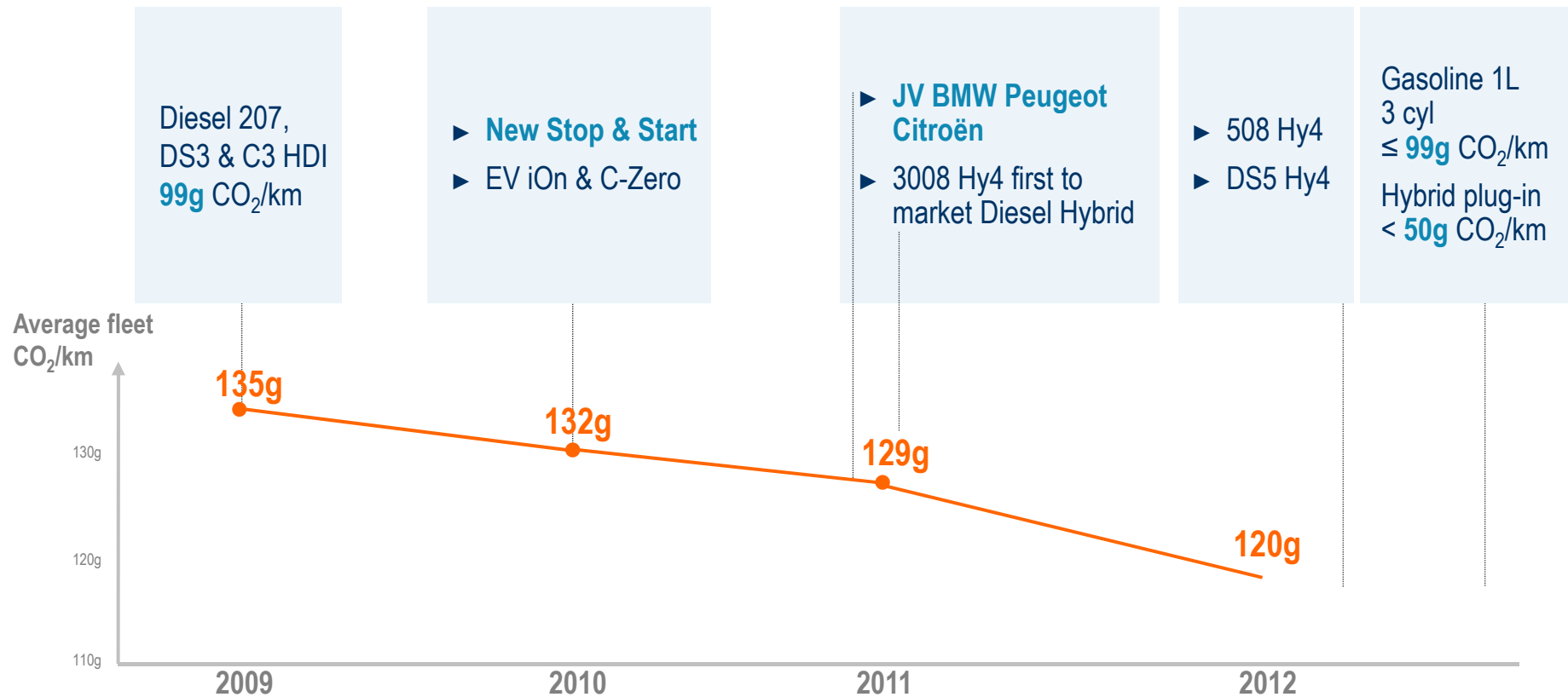
	Launch	Previous models	New models	
			At launch	> 1 year after launch
Peugeot 3008	Q1 2010	-	44%	44%
Peugeot RCZ	Q2 2010	-	43%	45%
Peugeot 508	Q1 2011	35%	44%	-
Citroën DS3	Q2 2010	-	42%	42%
New Citroën C4	Q3 2010	34%	41%	-

\* 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%





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## CONCLUSION

Philippe VARIN  
Chairman of the Managing Board



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