

25th July 2012

<b>First Half 2012 Results</b>
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- Group revenues down 5.1% year-on-year to €29.6 billion. Automotive division revenues down 10.5%;
- Group recurring operating income at breakeven at €4 million, versus €1,157 million in first half 2011. Recurring operating income for the Automotive Division at -€662 million;
- Net income, group share of -€819 million;
- Free cash flow at -€954 million excluding exceptional items, and at -€449 million after the exceptional dividend from Banque PSA Finance, asset disposal and financial investments;
- Net debt reduced to €2.4 billion as of 30 June 2012, versus €3.4 billion as of 31 December 2011;
- 'Rebound 2015' Plan to generate additional cash of €1.5 billion in 2015, on top of cost reduction plan launched in 2012;

**Summary income statement**

<i>In € millions</i>	H1 2011	H1 2012
Revenues	31,135	<b>29,553</b>
Recurring operating income	1,157	<b>4</b>
<i>As a % of revenue</i>	3.7%	<b>0.0%</b>
Net income, Group share	806	<b>(819)</b>
Earnings per share (in euros)	3.55	<b>(2.73)</b>

**Philippe Varin, Chairman of the PSA Peugeot Citroën Managing Board, said:**

*"The Group is facing difficult times. The depth and persistence of the crisis impacting our business in Europe requires the launch of the reorganisation of our French production base and a reduction in our structural costs. We have a clear understanding of how hard this project is for a large numbers of our employees, but it is our duty to ensure that it is carried out with an exemplary social dialogue.*

*Restoring the Group's competitiveness will secure its future and will permit to pursue the development of its brands Peugeot and Citroën worldwide.*

*The Paris Motor Show will mark an occasion to measure the progress of our upscaling, with the extension of the Citroën DS and Peugeot 208 ranges."*

**Outlook**

In this environment, the Europe 30 automotive market should contract further, by c. -8% while the other key markets will grow: by c. 7% in China, c. 2% in Latin America and c. 9% in Russia.<sup>1</sup>

At the end of 2012, the Group expects to stabilize net debt around its June 2012 level, driven by the €1bn cost reduction plan, assets disposal program including the opening of the capital of Gefco, and the inventories back to 2010 level.

<sup>1</sup> Compared with the market assumptions announced in February 2012, contraction of around -5% in Europe, and a growth of around 7% in China, 6% in Latin America and 5% in Russia.

In 2013, the rate of operational cash consumption should be reduced by half.

The Group is pursuing its strategy of brand upscaling, with the successful launches of four hybrid vehicles, the Peugeot 208, and the roll out of the DS range in China, Russia and Latin America. Its globalization strategy is materializing through the capacity investment peak in 2011, is being continued in 2012.

The work undertaken in the framework of the Alliance with General Motors is ongoing, and following the logistics agreement between Gefco and General Motors, further announcements will be forthcoming in the Second Half.

## Rebound 2015

In response to the durable fall off of demand in Europe, a plan of €1.5 billion in 2015 was presented today. This plan is over and above the measures of costs reduction and cash management implemented at the beginning of 2012 which will continue. It will lead to breakeven<sup>2</sup> in operational free cash flow by end 2014. This plan includes:

- €600 million from reorganizing the French production base and dimensioning the structural costs of the Group, as announced on 12 July. This project is based on ceasing production at the Aulnay plant, the adjustment of the production facilities in Rennes, revitalizing of the sites of Aulnay and Rennes, and the redeployment of the corporate overheads;
- €550 million reduction in capital expenditure, following the ramp up capacities in Russia, Latin America and China. This reduction will already be significant in 2013;
- Optimising product cost, including the Alliance with General Motors, for €350 million. Half of these gains will come from the Alliance initial purchasing synergies and the other half from action plans to reduce design and production unit costs.

These measures will contribute to restore the Automotive Division's performance, by increasing capacity utilisation in Europe and reducing the cost base in Europe, ahead of the full effects of the Alliance with General Motors. They will be supported by the continuing upscaling of the brands and by the drive towards increased globalization, with newly installed production capacities.

## Consolidated results

- **Consolidated revenues declined by 5.1% to €29,553 million**, impacted by a 10.5% drop in Automotive Division revenues, to €20.2 billion, primarily reflecting a 13% decrease in unit sales. Of the other divisions, sales and revenue amounted to €8,765 million at Faurecia and to €979 million at BPF, and €1,881 million at Gefco, marginally impacted by the decline in volumes at the Automotive Division.
- **Consolidated recurring operating income amounted to €4 million, versus €1,157 million a year earlier.** This sharp contraction was primarily attributable to the Automotive Division's underperformance and, to a lesser extent, to the impact on Gefco's margins of the new pricing in the long-term logistics contract with the Automotive division and to Faurecia's results, which were down 11% to €303 million. The Automotive Division reported a recurring operating loss of €662 million, reflecting a decline in European markets, the contraction in volumes and the sustained price pressure.
- **Non-recurring operating income and expenses amounted to -€420 million**, versus -€30 million in first-half 2011. These expenses primarily related to exposure related to cooperation contracts in yen and provisions for our Iran stock and Aulnay assets impairment. Provisions related to the new restructuring measures will be recognised in second-half 2012 results, with the full impact in 2013, with an amount of around €500-600 million.
- **Net financial expense rose to €264 million against €132 million in first-half 2011.** This in turn reflected the impact of repaying the loan from the French State in 2011, which generated a €73 million provision reversal in first half 2011, and the two new bond issues by PSA of respectively €500 million in September 2011 and of €600 million in April 2012, whose finance costs came to €25 million in first-half 2012.

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<sup>2</sup> In current market conditions, e.g. European market and pricing environment stabilized at 2012 level, a 13% market share in Europe, the assumption that the increase of input costs would equal the impact of production and procurement.

- The net loss Group share amounted to €819 million, versus a gain of €806 million in the first half 2011.
- The loss per share stood at €2.73, versus earnings per share of €3.55 in the first-half of 2011.

## Results by division

### Automotive Division

<i>In € millions</i>	H1 2011	H1 2012
Revenues	22,585	<b>20,203</b>
Recurring operating income/(loss)	405	<b>(662)</b>
<i>As a % of revenue</i>	1.8%	<b>-3.3%</b>
Operating Income/(loss)	418	<b>(1,278)</b>

- Automotive Division revenues declined by 10.5% to €20,203 million in the first half of 2012, in a European market down 7% with a high exposure for PSA Peugeot Citroën to Southern Europe. Overall Group sales in Europe fell by 15.2% over the period.

Revenue from new vehicle sales declined by 12.9% to €14,778 million from €16,968 million in first-half 2011.

The decline was partly offset by the favourable impact from product mix, at 3.5% after an already strong 7% in the first half of 2011. This confirmed the steady move upmarket by the Peugeot and Citroën brands in 2012, with the launches of the Peugeot 208, the Citroën DS5, SUVs and four hybrid vehicles completing the offer. Premium vehicles accounted for 19% of total sales versus 17% in first-half 2011, with the C and D segments rising to 45% of total sales (A and B segments declining to 38%).

However, this positive impact was insufficient to offset the steep 13% contraction in volumes in comparison with first-half 2011, which saw a surge in registrations ahead of the phase-out of scrappage incentives, in a context of recession in Europe and severe price competition. Price pressure remained aggressive, resulting in a negative 1.6% price effect. Currency effect was slightly favourable over the first half of the year.

Sales outside Europe rose to 39% of the total from 38% in first-half 2011.

- The Automotive Division reported a recurring operating loss of €662 million in the first half of 2012, compared with recurring operating income of €405 million in the period in 2011.

This result reflected the contraction in demand for €444 million and the negative €294 million impact of raw materials and other costs, with an overall negative impact from the unfavourable operating environment of €588 million.

The Group met its cost reduction targets for the period, with €503 million in savings in H1 2012, and continued to improve its product mix, with a €155 million gain versus an historically high first-half 2011 inflated by the end of scrappage incentives and the early-year model launches.

However, these positive effects did not fully offset the €415 million impact of market share losses in deeply depressed European markets, nor the €734 million impact from severe price pressure, with in particular customer rebates ahead of new launches. Together, these factors led to a negative automotive performance of -€479 million in first-half 2012.

Inventory at 30 June stood at 468,000 vehicles, representing 72 days of sales versus 76 a year earlier. This was the same as at 30 June 2010, in line with the announced target. Compared with 31 December 2011, inventory was down 25,000 units.

## Continued globalisation

### - Strategic development in China

Vehicle sales in China rose 7.5% to 209,000 units in first-half 2012. DPCA profit attributable to PSA Peugeot Citroën came to €71 million for the period. The dividend paid to the Group on the semester reached RMB 776 million (compared to RMB 589 million in 2011) an 31.7% increase.

The second half will see the launch of two new models in the C segment, the Citroën C4-L and the first Peugeot SUV.

The third plant in Wuhan has been under construction since May 2011, with the first facility scheduled to come on stream in 2013. As a result, DPCA will have a production capacity of 750,000 units a year in 2015.

On 28 June, the second Chinese joint-venture, CAPSA, introduced the DS line in the local market, with the DS5 and DS4. The DS3 is planned for launch in the second half of 21012. 24 DS Stores will be opened by the end of the year. With operations in Shenzhen, the joint-venture will have initial annual production capacity of 200,000 vehicles and engines.

### - Sustained expansion in Russia

In Russia, Group sales rose 14.7% to 41,000 units, with growth led by the locally assembled SKD Peugeot 308 and Citroën C4. In July, these models will be joined by the Citroën DS4, DS5 and C4 Aircross and the Peugeot 508 and 4008, as well as the Peugeot 408, the first model to be entirely built in Russia. Local sales of light commercial vehicles increased by 55%, for an 8.7% share of the market.

### - Model line-up renewed in Latin America

In Latin America, Group sales fell 21.1% to 122,000 units, impacted by the prolonged production stoppage at the Porto Real plant following capacities increase in the first quarter and a tense competitive environment. Market share stood at 5.1% for the period. The situation is expected to stabilise in the second half, with the model lines currently being renewed. The recent launch of the Peugeot 308 will be followed in the second half by the introduction of the Citroën C3, while the Citroën DS3, DS4 and C4-Aircross and the Peugeot 508 and 4008 will enrich the line-up in 2012.

## Faurecia

<i>In € millions</i>	H1 2011	H1 2012
Revenues	8,150	<b>8,765</b>
Recurring operating income	340	<b>303</b>
<i>As a % of revenue</i>	4.2%	<b>3.5%</b>
Consolidated profit	207	<b>141</b>

- Faurecia reported a 7.5% increase in revenues in first-half 2012, with like-for-like gain of 3.8%. The company consolidated its performance, with recurring operating income declining by 10.9% to €303 million, supported by the growth outside Europe. Recurring operating margin was of 3.5% versus 4.2% in first-half 2011. Faurecia is developing outside Europe supported by its investments.

## Gefco

<i>In € millions</i>	H1 2011	H1 2012
Revenues	2,017	<b>1,881</b>
Recurring operating income	143	<b>63</b>

- Gefco's revenue declined by 6.7%, reflecting 13% decrease with PSA Peugeot Citroën and a 4% gain with customers outside the group. Business volumes suffered from the slowdown in automobile sales in Europe. Recurring operating income stood at €63 million for the period, following the impact of the renewed pricing clauses in the long-term contract with the Automotive Division since 1 January 2012.
- Announced on 2 July, the logistics agreement with GM Europe and Russia is the first tangible outcome of the Alliance with GM.

### Banque PSA Finance

<i>In € millions</i>	H1 2011	H1 2012
Net banking revenue	524	<b>542</b>
Revenues	942	<b>979</b>
Recurring operating income	274	<b>271</b>

- Banque PSA Finance turned in a good performance in first-half 2012, with net banking revenue up 3.4% to €542 million despite a contraction in originations due to the slowdown in Automotive Division sales. The bank's penetration rate among the Group's customers rose by a sharp 1.7 points to an historic high of 28.1%. Net provision expense stood at 0.65% of average net loans outstanding, reflecting provisions recognised in Southern Europe.
- Thanks to the success of several refinancing transactions, the Bank has a considerable €8.3 billion in liquidity reserves, in line with its strategy of constantly maintaining a more than six-month margin of security. Since 1 January 2012, it has access to €700 million in LTRO financing as well as a diversified array of financing sources.
- It is still pursuing a dynamic refinancing programme, with the support of its banking pool and the will to increase loan securitisation from 18% to c. 30%.

### Financial condition

- Net debt of the manufacturing and sales companies amounted to €2,445 million at 30 June 2012 compared with €3,359 million at 31 December 2011. With a strong €12.1 billion in cash resources, compared with €9.6 billion at 31 December 2011, the financial security is solid, with €8.9 billion in cash and financial assets and €3.1 billion in undrawn credit lines.
- These resources of the Group were strengthened in first-half 2012, in particular with the €1 billion capital increase, the €600 million bond issue with 5.625% in more than five years, the assets disposal and the payment of an exceptional dividend by Banque PSA Finance. They offset the operational cash flow consumption for the first half of €954 million excluding exceptional items (exceptional dividend from Banque PSA Finance, asset disposal and financial investments), after -€1,468 million consumption in the second half of 2011.
- Funds from operations, which amounted to €1,184 million versus €1,920 million in first-half 2011, helped to finance €1,994 million of CAPEX and capitalised R&D that supported capacity increases in Russia, Latin America and China, Group development in Europe and outside of Europe and product momentum, and €195 million of financial investments (especially CAPSA's JV). The working capital (manufacturing and sales company) amounted -€317 million, with a contained inventories level (-€79 million), receivables reflecting seasonality and payables lower than normal level, affected by production cuts in May and June (€356 million).
- The Group received an exceptional dividend from Banque PSA Finance in an amount of €360 million. Assets disposal are on line, with €448 million from the sale of CITER and €340 from real estate disposals in H1 2012. The capital increase raised an additional €967 million in equity financing, with another €89 million from the sale of treasury stock and rights.

- **Strengthened financial position and balance sheet**

With €8.9 billion in cash resources at 30 June 2012, and €3.13 billion of undrawn back-up facilities, the balance sheet of the manufacturing and sales companies remains solid. Equity amounted to €14,796 million at 30 June 2012 and gearing of 16.5%, versus 23% at year-end 2011.

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*PSA Peugeot Citroën announced today that its first-half 2012 financial report is now available and has been filed with the French Autorité des Marchés Financiers (AMF). The report and the first-half 2012 financial results presentation are available on [www.psa-peugeot-citroen.com](http://www.psa-peugeot-citroen.com), in the “Analysts/Investors” section.*

### Financial Calendar

- 24 October 2012: Third-quarter 2012 revenue (before trading begins)

*The consolidated financial statements for the six months ended 30 June 2012 were approved by the Managing Board on 19 July 2012 and reviewed by the Supervisory Board on 24 July 2012. The Group’s Statutory Auditors have reviewed the half-yearly consolidated financial statements and are currently issuing their report.*

## Appendices

### Interim Consolidated Statements of Income

<i>(in millions of euros)</i>	30 June 2012				30 June 2011			
	Manufacturing and Sales Companies	Finance Companies	Eliminations	TOTAL	Manufacturing and Sales Companies	Finance Companies	Eliminations	TOTAL
Sales and revenue	28,740	979	(166)	29,553	30,347	942	(154)	31,135
Recurring operating income/(loss)	(267)	271	-	4	883	274	-	1,157
Non-recurring operating income/(expense)	(420)	-	-	(420)	(30)	-	-	(30)
Operating Income/(loss)	(687)	271	-	(416)	853	274	-	1,127
Consolidated profit/(loss)	(946)	201	-	(745)	725	179	-	904
Attributable to equity holders of the parent	(1,016)	195	2	(819)	629	175	2	806
Attributable to minority interests	70	6	(2)	74	96	4	(2)	98
<i>(in euros)</i>								
Basic earnings/(loss) per €1 par value share				(2.73)				3.55

### Consolidated Balance Sheet

<i>(in millions of euros)</i>	30 June 2012				31 December 2011			
	Manufacturing and Sales Companies	Finance Companies	Eliminations	TOTAL	Manufacturing and Sales Companies	Finance Companies	Eliminations	TOTAL
Total non-current assets	25,734	386	-	26,120	25,286	367	(25)	25,628
Total current assets	20,286	27,633	(954)	46,965	16,550	27,431	(618)	43,363
<b>TOTAL ASSETS</b>	<b>46,080</b>	<b>28,019</b>	<b>(954)</b>	<b>73,145</b>	<b>41,836</b>	<b>27,798</b>	<b>(643)</b>	<b>68,991</b>

<i>(in millions of euros)</i>	30 June 2012				31 December 2011			
	Manufacturing and Sales Companies	Finance Companies	Eliminations	TOTAL	Manufacturing and Sales Companies	Finance Companies	Eliminations	TOTAL
Total equity				14,796				14,494
Total non-current liabilities	14,293	352	-	14,645	12,184	369	-	12,553
Total current liabilities	20,287	24,306	(954)	43,639	18,849	23,738	(643)	41,944
<b>TOTAL EQUITY &amp; LIABILITIES</b>				<b>73,145</b>				<b>68,911</b>

### Consolidated Statement of Cash Flows

<i>(in millions of euros)</i>	30 June 2012				30 June 2011			
	Manufacturing and Sales Companies	Finance Companies	Eliminations	TOTAL	Manufacturing and Sales Companies	Finance Companies	Eliminations	TOTAL
Consolidated profit/(loss)	(944)	201	-	(743)	725	179	-	904
Funds from operations	1,184	178	-	1,362	1,920	171	-	2,091
Net cash from operating activities	867	210	18	1,095	1,508	528	(153)	1,883
Net cash used in investing activities	(1,849)	(6)	1	(1,854)	(1,686)	(10)	-	(1,696)
Net cash from/(used in) financing activities	3,614	(553)	(123)	2,958	(1,774)	-	(29)	(1,803)
Effect of changes in exchange rates	19	2	1	22	(56)	(5)	-	(61)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,651</b>	<b>(327)</b>	<b>(103)</b>	<b>2,221</b>	<b>(2,008)</b>	<b>513</b>	<b>(182)</b>	<b>(1,677)</b>
<b>Net cash and cash equivalents at beginning of year</b>	<b>4,764</b>	<b>1,154</b>	<b>(224)</b>	<b>5,694</b>	<b>9,253</b>	<b>1,316</b>	<b>(127)</b>	<b>10,442</b>
Cash and cash equivalents at end of year	7,437	827	(327)	7,937	7,245	1,829	(309)	8,765