31 July 2013

First Half 2013 Results
Solid progress of turnaround plans

PSA Peugeot Citroën made progress in its industrial and commercial turnaround plans, despite a European market contracting by 7%. All announced initiatives are underway:

- Successful launches of the Peugeot 2008, Peugeot 208 GTI and XY, 301 and the Citroën C4 Picasso, C4 L, Citroën C-Elysée, and DS3 Cabrio
- Sales outside Europe rose to 41% of total volumes, with strong performance in China, Argentina and the Mediterranean basin
- Restructuring plan of industrial and commercial operations in France was deployed on 29 April with almost 5,100applications submitted for an internal or external placement. Negotiations to build a new Social Contract have been initiated, supporting the Group's recovery while maintaining a strong production base in France
- The first joint procurement negotiations within the Alliance with General Motors have been realised
- Free cash flow excluding restructuring and exceptional items amounted to €203 million for the period, thanks to strict management of inventories and capital expenditure
- Financial security has been increased to €11.8 billion
- Approval by the European Commission of the State guarantee granted to Banque PSA Finance on 30 July

First-half 2013 results

- Group revenues of €27.7 billion, down 3.8% compared with first half 2012. Automotive Division revenues of €18.7 billion, down 7.5%,
- Group recurring operating of -€65 million, despite the difficult market environment in Europe, with a recurring operating loss of €510 million for the Automotive Division,
- Positive free cash flow of €203 million, excluding restructuring and exceptional items for -€254million,
- Net debt at June 30th 2013 of -€3,321 million, with a slight increase of €173 million,

Summary income statement

In € millions	H1 2012*	**H1 2013**
Revenues	28,809	**27,710**
Recurring operating **	(51)	**(65)**
As a % of revenue	*-0.2%*	***-0.2%***
Net income, Group Share,	(818)	**(426)**

**Reflects the application of IFRS 5 with respect to the sale of Gefco following the closing on 20 December 2012.*

***Reflects the application of IAS19R with respect to Employee Benefits beginning in 2013 (€8 million on Group recurring operating income and €5 million on Automotive Division recurring operating income and IAS 36 impact of €309 million on the Automotive division.*

Commenting on these results, Philippe Varin, Chairman of the PSA Peugeot Citroën Managing Board, said:

"In the first-half 2013, we see the first signs of the Group's recovery. We undertook measures, sometimes difficult, aimed at restoring profitability: restructuring plan, cash management, commercial offensive. The models recently launched exceeded their initial targets of sales and will continue to outperform in the second half. Globalisation is underway, with an excellent performance especially in China. Lastly, our strategic Alliance with General Motors is delivering its first results. We have to pursue our efforts to consolidate the industrial and commercial rebound of the Group."

Outlook

In the current environment, the Group expects automotive markets to decline by some 5% in Europe in 2013; in China the market should grow by approximately 10% and by 2% in Latin America. Russia is expected to decline by 5%.

Operational free cash flow[1] : the Group is targeting to reduce its consumption at least by half in 2013 and confirms the announced trend of very significant reduction throughout 2014.

Consolidated results: Recurring operating loss stable at €65 million, despite deterioration in the European market

- **Consolidated revenues amounted to €27,710 million in the first six months of 2013, down 3.8%**, of which -6.5% in the first quarter and -1.3% in the second. Automotive Division revenues fell 7.5% to €18,695 million, primarily due to the decline in unit sales and the unfavourable geographic mix, with Southern European markets accounting for 57% of Group European sales. Among the other divisions, Faurecia recorded €9,265 million in revenues for the first half, up 5.7%, while revenues at Banque PSA Finance (BPF) saw a 9.3% decline to €888 million.
- **The consolidated recurring operating loss amounted to €65 million, versus a loss of €51 million in first-half 2012.** The Automobile Division reduced its loss by €147 million year-on-year to €510 million for the period. Lower volumes, a decline in market share and exchange rate headwinds were offset by a highly positive product mix and favourable effect on production and procurement. The exceptional asset impairment charge of 2012 (IAS 36) created a favourable base for 2013, leading to a decline in depreciation and amortisation expense, favourably impacting the Automotive Division operating result by €309 million. On the other hand, Faurecia's recurring operating income amounted to €256 million, reflecting the decrease of sales in Europe. BPF reported a 24% decline in operating result to €205 million, impacted by European market conditions as well as variation of financing costs.
- **Non-recurring operating income and expense amounted to a positive €30 million,** relating mainly to a favourable adjustment in provisions for lossmaking yen-denominated contracts as well as restructuring charges relating to the Automotive Division and Faurecia. In 2012, this item amounted to a negative €420 million mainly relating to exchange-rate risk on yen-denominated contracts and provisions for inventory in Iran and asset impairment at the Aulnay plant.
- **Net financial expense amounted to €246 million versus €268 million in first-half 2012** with the €89million proceeds from the sale of BNP shares partially offsetting the increase in financial costs following the bond issues in April 2012 (for €600 million) and February 2013 (for €1 billion).

The net Result, Group Share totalled €426 million, versus a loss of €818 million in first-half 2012.

Results by Division

Automotive Division: product mix performance despite market and exchange rate headwinds

In € millions	H1 2012	**H2 2013**
Revenues	20,203	**18,695**
Recurring operating loss	(657)	**(510)**
As a % of revenue	*-3.3%*	***-2.7%***

- **Automotive Division revenues declined by 7.5% to €18,695 million in the first half of 2013, in a European market down 7%, with high exposure for the Group in Southern Europe.**

Sales of assembled vehicles outside Europe rose by 22%, accounting for 41% of total unit sales, up from 34% in first-half 2012.Revenue from new vehicle sales declined by 10.9% to €13,174 million from €14,778 million in first-half 2012.

The product mix remained positive at +0.8%, confirming the progressive upscaling by the Peugeot and Citroën brands. Premium vehicles represented 19% of total unit sales for the period.
Sales reflected the success of the new model launches, with confirmation of the success:

- of the Peugeot 208, with the sale of 180,000 units in the first half, with an upscale trim mix,
- of the Peugeot 2008, which widely exceeded its targets, leading to the introduction of a second production team in Mulhouse plant;

[1] *Free cash flow excluding restructuring and exceptional:on first half, €203 million excluding restructuring for€177 million and €77 million of exceptional (financial investment of CAPSA mainly)*

- of the new Citroën C4 Picasso, with a best-in-class carbon emissions performance,
- of the Citroën C4 L in China; the extension of the DS line and finally the Peugeot 301 and Citroën C-Elysée, which also exceeded their objectives.

The strong momentum of new products will continue in the second half, with notably the new Peugeot 308 and the large C4 Picasso especially.

However this positive impact was insufficient to offset i) a 7.4% year-on-year contraction in volumes, which reflected the weakness in European demand and disruptions to Citroën C3 production in Aulnay plant on its sales in the first half; and ii) the 2.3% negative exchange rate effect. The negative 0.5% pricing pressure reflects the still competitive market environment, albeit without any significant degradation for the Group.

- **The Automotive Division reported a recurring operating loss of €510 million, a €147 million improvement compared to the first half of 2012[2].**

The improvement in the recurring operating loss reflected the Division's overall performance, which stood at €543 million. This performance was led by the significant improvement in the product mix (for €186 million) following the recent launches, a limited price effect at - €67 million and by an improvement of production cost and other costs by €498 million, and a €82 million gain on R&D expenses (€156 million gross R&D gain offset by a lower percentage of capitalised development costs than in 2012 and by amortisations). These factors were tempered by the impact of market share losses (for a negative €99 million) in the first half.

In contrast to this positive performance, the environment remains unfavourable, impacting recurring operating income by €396 million, notably via a substantial decline in market demand (for -€197 million) and negative exchange rate effects due to the Argentine peso, the Brazilian real, the British pound and the Russian rouble(-€113 million).

Inventory at 30 June stood at 436,000 vehicles, representing 72 days of sales, down 32,000 from 30 June 2012, in line with targets.

- **Strategic development in China: unit sales driven by commercial successes; dividend of €100 million**

In first-half 2013, vehicle sales in China rose by 33% to 278,000 units and market share at 3.8%, with successes of the launches of the Citroën C4-L and the Peugeot 3008 SUV. The Group share of DPCA net income amounted to €96 million. DPCA paid a dividend of €100 million (RMB 905 million) to PSA Peugeot Citroën on first half, up 19%. Inaugurated on 2 July 2013, the third Wuhan plant will start production in the second half of 2013. As a result, DPCA will benefit from production capacity of 750,000 units a year at Wuhan in 2015.

The second Chinese joint venture, CAPSA, expanded the DS line in the local market with the DS5, DS4, DS3 and the DS3 Cabrio. A total of 28 DS Stores were opened as of 30 June and the first DS World was inaugurated in March in Shanghai. The DS Wild Rubis concept car was unveiled at the Shanghai Motor Show in April. Local production of DS5 will begin in the second half of 2013. With operations in Shenzhen, the joint venture will have initial annual production capacity of 200,000 vehicles and engines.

- **Strong sales dynamic in Latin America**

In Latin America, Group sales rose 19.7% to 146,000 units, for a market share of 5.1%.
In Argentina, the Group development was particularly strong, with unit sales surging by 44% in a market up 8.4%. Moreover, the local model line-up will be expanded in the second half by the introduction of the Peugeot 208 and the Citroën C4 Lounge, produced at the Palomar plant.
In Brazil, sales stood at 61,300 units, and were hampered by supplier issues impacting sales of the new Citroën C3 and by the negative effect of Brazilian real. In April, the line-up was enhanced by the launch of the Peugeot 208 with its upscale trim level. Combined with the on-going model replacements, it will help to drive a turnaround in the second half.

- **Rapidly slowing market in Russia but several major model launches**

Sales in Russia fell 22% to 32,000 units in a market down 6%. The launches of imported Peugeot 208, 301 and Citroën C-Elysée models, as well as the ramp-up of local production of the Peugeot 408 and Citroën C4 sedan since June, are expected to have a positive impact on second-half performance.

- **Commercial successes in the rest of the world**

The Peugeot 301 and Citroën C-Elysée proved highly successful and astrong growth in the Mediterranean basin, particularly in Algeria and Turkey where unit sales rose by 59% and 20% respectively.

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[2] *The exceptional assets impairment charges of 2012 (IAS 36) on Automotive Division have led to a decline in depreciation and amortization expense, generating a positive effect of €309 million, booked in production and procurement, R&D and costs of production.*

Faurecia: further development outside Europe and decrease of net debt

In € millions	H1 2012	**H1 2013**
Revenues	8,765	**9,265**
Recurring operating income	304	**256**
As a % of revenue	3.5%	**2.8%**
Consolidated profit	142	**60**

Faurecia reported a 5.7% increase in revenues in the first half of 2013. Recurring operating income declined by 15.8% to €256 million reflecting the European market. The recurring operating margin stood at 2.8% versus 3.5% in first-half 2012.Free cash flow amounted to €73 million, thanks to positive change in working capital. Net debt decreased to €1,853 million.

Banque PSA Finance: record penetration rate at 28.4% and financing confirmed for over 3 years

In € millions	H1 2012	**H1 2013**
Net banking revenue	542	**458**
Revenues	979	**888**
Recurring operating income	271	**205**

- Banque PSA Finance's performance reflected conditions in Europe, with net banking revenue down15,5% to €458 million due to the contraction in new loans and the slowdown in Automotive Division sales. The bank's penetration rate among the Group's customers rose 0.3 points to a record level of 28.4%. Net risk provisions stood at 0.55% of average net loans outstanding, from 0.65% in first-half 2012, reflecting a revision in the statistical model used to calculate provisions for retail credit losses.

- The European Commission confirmed its authorization of the use of the French State's guarantee to secure Banque PSA Finance's debt issuance between 1 January, 2013 and 31 December, 2016 in a total amount of up to €7 billion. The approval follows on from the authorisation granted last 11 February for an initial €1.2-billion tranches, which was successfully used on 25 March to issue bonds in this same amount.

- This approval, in addition to measures already launched by the Group following the rating of PSA Peugeot Citroën, with notably bank credit lines renegotiation, increase of securitization and collateralization and the success of Distingo passbook saving dedicated to individuals especially, strengthens Banque PSA Finance's financing and enables to get visibility and financing covering more than 3 years.

- The dividend paid by Banque PSA Finance amounted to €281million in the First Half.

Financial position

- Net debt of the manufacturing and sales companies amounted to €3,321 million at 30 June 2013 compared with €3,148 million at 31 December 2012. The net debt of the Automotive Division (industrial and commercial companies excluding Faurecia) increased by €212 million over the period to €1,468 million, while that of Faurecia declined by €39 million, to €1,853 million from €1,892 million at 31 December 2012.

- With a strong €11.8 billion in financial security, compared with €10.6 billion at 31 December 2012, the financial position is solid, with €8.6 billion in cash reserves and €3.2 billion in undrawn lines of credit. These resources were strengthened, in particular with the issue of €1 billion in five-year bonds on 28 February 2013 and EIB approval of a €300 million loan to be granted in the second half.

- During the first half, the Group generated €203 million in operating free cash flow[3], versus -€3billion in full-year 2012.

[3] *Free cash flow of -€51 million euro including restructuring (-€177 million) and exceptional (€ 77 million, namely CAPSA financing)*

- Funds from operations, which amounted to €894 million excluding restructuring, were used to finance part of the €1,230 million in capital expenditure and capitalised R&D that supported the Group's expansion in Europe and the rest of the world, the product dynamic and the €77 million in financial investments (mainly the CAPSA joint venture). Capital expenditure and capitalised R&D costs decreased by €764 million over the first half. Change in working capital of the manufacturing and sales companies rose by €253 million, with a limited €165 million down in inventories, receivables down €727 million and payables up €986 million reflecting the seasonal variations.

- **Strengthened financial position and balance sheet**
  With €8.6 billion in cash reserves at 30 June 2013 and €3.2 billion in undrawn back-up facilities, the balance sheet of the manufacturing and sales companies remains solid. Equity amounted to €9,559 million at 30 June 2013, and gearing stood at 35% compared with 31%[4] at year-end 2012.

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PSA Peugeot Citroën announced today that its first-half 2013 financial report is now available and has been filed with the French Autorité des Marchés Financiers (AMF). The report and the first-half 2013 financial results presentation are available on www.psa-peugeot-citroen.com, in the "Analysts/Investors" section.

Financial Calendar:

- 23 October 2013: Third-quarter 2013 revenue (before start of trading)

The consolidated financial statements for the six months ended 30 June 2013 were approved by the Managing Board on 23 July 2013 and reviewed by the Supervisory Board on 30 July 2013. The Group's Statutory Auditors have performed a limited review of the half-yearly consolidated financial statements and their review reports are in process of being issued.

[4] *After IAS 19R restatement*

Appendices

Interim Consolidated Statements of Income

	30 June 2013				30 June 2012			
(in millions of euros)	Manufacturing and Sales Companies	Finance Companies	Eliminations	TOTAL	Manufacturing and Sales Companies	Finance Companies	Eliminations	TOTAL
Sales and revenue	26,963	888	(141)	**27,710**	27,996	979	(166)	**28,809**
Recurring operating income/(loss)	(270)	205	-	**(65)**	(322)	271	-	**(51)**
Non-recurring operating income/(expense)	30	-	-	**30**	(420)	-	-	**(420)**
Operating Income/(loss)	(240)	205	-	**(35)**	(742)	271	-	**(471)**
Consolidated profit/(loss)	*(549)*	*151*	-	***(398)***	*(945)*	*201*	-	***(744)***
Attributable to equity holders of the parent	(572)	144	2	**(426)**	(1 015)	195	2	(818)
Attributable to minority interests	23	7	(2)	**28**	70	6	(2)	**74**
(in euros)								
Basic earnings/(loss) per €1 par value share				**(1.25)**				**(2.72)**

Consolidated Balance Sheets

Assets	30 June 2013				31 December 2012			
(in millions of euros)	Manufacturing and Sales Companies	Finance Companies	Eliminations	TOTAL	Manufacturing and Sales Companies	Finance Companies	Eliminations	TOTAL
Total non-current assets	21,315	385	(1)	21,699	21,208	424	-	21,632
Total current assets	19,489	26,529	(887)	45,131	17,200	26,699	(656)	43,243
Total assets held for sale	6	-	-	6	9	-	-	9
TOTAL ASSETS	**40,810**	**26,914**	**(888)**	**66,836**	**38,417**	**27,123**	**(656)**	**64,884**

Equity and Liabilities	30June 2013				31 December 2012			
(in millions of euros)	Manufacturing and Sales Companies	Finance Companies	Eliminations	TOTAL	Manufacturing and Sales Companies	Finance Companies	Eliminations	TOTAL
Total equity				9,559				10,167
Total non-current liabilities	14,321	344	(1)	14,664	12,650	345	-	12,995
Total current liabilities	20,156	23,330	(887)	42,599	18,971	23,361	(656)	41,676
Total liabilities related to discontinued operations	14	-	-	14	46	-	-	46
TOTAL EQUITY & LIABILITIES				**66,836**				**64,884**

Consolidated Statement of Cash Flows

	30 June 2013				30 June 2012			
(in millions of euros)	Manufacturing and Sales Companies	Finance Companies	Eliminations	TOTAL	Manufacturing and Sales Companies	Finance Companies	Eliminations	TOTAL
Consolidated profit/(loss) from continuing operations	**(547)**	**151**	**-**	**(396)**	**(983)**	**201**	**-**	**(782)**
Funds from operations	**717**	**152**	**-**	**869**	**1,120**	**178**	**-**	**1,298**
Net cash from operating activities	970	928	(12)	1,886	849	210	20	1,079
Net cash used in investing activities	(1,307)	(7)	-	(1,314)	(1,830)	(6)	1	(1,835)
Net cash from/(used in) financing activities	2,904	(286)	(56)	2,562	3,472	(533)	(123)	2,816
Effect of changes in exchange rates	(48)	(8)	3	(53)	19	2	1	22
Net increase/(decrease) in cash and cash equivalents	**2,519**	**627**	**(65)**	**3,081**	**2,510**	**(327)**	**(101)**	**2,082**
Net cash and cash equivalents at beginning of year	5,399	1,669	(279)	6,789	4,692	1,154	(223)	5,623
Cash and cash equivalents at end of period	**7,887**	**2,296**	**(344)**	**9,839**	**7,384**	**827**	**(324)**	**7,887**