ORDINARY SHAREHOLDERS' MEETING OF 28 FEBRUARY 2020

SOLE DIRECTOR'S REPORT

Dear members,

In my capacity as Permanent Representative of your Grouping's Sole Director, I am proud to report to you on its activities over the past year, presenting the outlook for 2020, submitting the 2019 annual financial statements for your approval and, finally, asking you to allocate the earnings for the year.

RESPONSIBILITIES AND ACTIVITIES DURING 2019

- The Grouping manages the cash requirements and surpluses of the PSA Group's manufacturing and sales companies in the following ways:
  - Euro zone countries via a Euro cash pool,
  - The UK, Switzerland, Poland, Mexico and Japan via a currency cash pool managed by PSA International SA,
  - Opel Automobile GmbH via a cash pool managed by PSA International SA.

Following the sale of the PSA Group's Swiss activities on 31 October 2019, those entities left the cash pool on the same date.

- Your Grouping manages the net cash surpluses in accordance with the short-term investment policy of PSA Group and within the counterparty limits governing these commitments.

- Since June 2013, GIE PSA Trésorerie has given guarantees to bond holders, to cover the issues of Peugeot S.A.

- Since 13 January 2017, GIE PSA Trésorerie has stood as surety for PSA Automobiles SA (formerly PCA) in respect of the financing agreement signed in December 2016 between PSA Automobiles SA and the European Investment Bank (EIB) for an amount of €250 million over a period of 7 years (2024).

- On 1 January 2017, to achieve a better balance between its financial resources and their use, your Grouping terminated all mirror loans granted by Peugeot SA to the Grouping in respect of available financing stemming from long-term bond issues. The funds available to Peugeot SA from bond issues are no longer loaned to your Grouping. These funds are deposited in the current account of Peugeot SA held in your Grouping.
Your Grouping has granted four lines of credit to PCMA Russia.

In December 2016, a first line of 3,748.2 million roubles (hereinafter RUB) with a maturity of 5 years was established to finance the fixed asset acquisitions and other production costs of PSA vehicles. At 31 December 2019, the total amount of the remaining draw-downs owed was RUB 3,155.8 million. In 2019, PCMA repaid RUB 565.2 million, bringing the outstanding balance to RUB 2,590.6 million at 31 December 2019.

In February 2017, with the same objective, a second line of credit of RUB 732.6 million was extended with a maturity of 4 years (2021). At 31 December 2018, the total amount of the remaining draw-downs owed was RUB 396.7 million. In 2019, PCMA repaid RUB 132.3 million, bringing the outstanding balance to RUB 264.4 million at 31 December 2019.

In January 2019, with the same objective, two new lines of credit of RUB 471.8 million and RUB 2,344.5 million were extended. In 2019, PCMA drew RUB 195 million from the first line and made three draw-downs of RUB 913 million, RUB 223 million and RUB 150 million from the second line. No repayment was made in 2019 on these draw-downs, whose outstanding amount at 31 December 2019 was RUB 195 million for the first line and RUB 1,285 million for the second.

Your Grouping also granted a US$ line of credit, equivalent to €200 million, to PC Argentina in September 2018 with a bullet repayment in November 2019. Three draw-downs of a total amount of USD 196 million were made, of which USD 79 million was repaid on 20 December 2018. At 31 December 2018, the total amount of the remaining draw-downs owed was USD 117 million. This amount was repaid early in the amount of USD 79 million on 25 January 2019 and USD 38 million on 20 February 2019.

In November 2018, a line of credit was granted by your Grouping to PC Brazil for an amount of USD 65 million and was immediately used. This draw-down was repaid on its maturity date of 5 November 2019.

In March 2019, a line of credit with a March 2020 maturity was granted by your Grouping to SARAL for an amount of EUR 30 million, EUR 9 million of which was used immediately.

In May 2019, Citroên U.K. Limited granted a GBP 200 million loan maturing in August 2019. This loan, which matures in November 2019, was renewed for the first time in August 2019 for the same amount. It was renewed again in November 2019 with a maturity of February 2020 for an amount of GBP 150 million.

“The syndicated credit line of €3 billion in two distinct tranches, obtained by Peugeot PSA and GIE PSA Trésorerie in April 2014, was restructured into a single tranche of €3 billion in April 2018. This restructured facility became effective on 24 May 2018 with a maturity date of 24 May 2023, with 2 one-year extension options. Following the exercise of the first extension option, €190 million of this syndicated credit facility expires in May 2024 and €2,810 million in May 2024. The Group has a second one-year extension option (from May 2024 to May 2025), which may be granted at the discretion of the banks. At 31 December 2019, this credit facility was undrawn.”
Cash position with respect to the members of the Grouping and other PSA Group counterparties

Average annual outstandings on the loan accounts granted to members of the Grouping and other Groupe PSA counterparties (excluding Faurecia and Banque PSA Finance) were €4,581 million in 2019 (compared to €4,537 million in 2018). Borrowing accounts of these same entities totalled €14,208 million (compared to €12,807 million in 2018).

Since June 2009, the financing rate applied to members of the Grouping has been set on a monthly basis, in order to charge the funding costs incurred, less investment income received, back to members.

External financing

Your Grouping did not arrange any new external financing in 2019. In 2019, the average outstanding amount of external financing remained stable and totalled €603 million (versus €603 million in 2018).

The proceeds of the Schuldschein issued by Peugeot SA on 17 and 30 April 2019 for a total amount of €522 million was booked by GIE PSA Trésorerie via its current account.

The net proceeds of the new bond issue of €600 million by Peugeot SA on 18 September 2019 was booked by GIE PSA Trésorerie via its current account.

The financial resources allocated to the Grouping will therefore be short-term resources, with the exception of the €600 million 2033 bond issued on the Grouping and retained as a financial security.

The cost of these short-term resources and the 2033 bond is used in the calculation of the cost of capital charged to members.

Financial expenses from external financing transactions remained stable and totalled €23 million for the 2019 financial year (versus €23 million in 2018).

Interest rate hedges

Given the level of interest rates, no new interest rate hedging was established in 2019. Accordingly, no financing has been covered by rate hedges.

Currency hedges

The foreign exchange policy is to automatically hedge all currency risk exposures. The Grouping uses derivatives to hedge loans in foreign currencies, in particular the loans in roubles granted to PCMA, for which the repayment of principal and interest is spread until 2023.

Your Group also hedged its foreign currency investments and securities via appropriate financial instruments.

Short-term investments

The average outstanding amount of cash investments was €10,838 million in 2019, compared to €8,951 million in 2018.

In 2019, your Grouping continued to diversify its types of investments through capitalisation contracts and foreign currency products.
Investments of your Grouping in 2019 break down as follows, in average annual amounts:

(In € million)
Mutual funds 5,888
Money-market securities and short-term loans 3,944
Cash and cash equivalents 236
Capitalisation contracts 757
Total 10,825

Profit or loss from external investments, including unrealised gains on UCITS and the share of profits accrued at 31 December 2019 on capitalisation contracts, known at the start of 2019, totalled -€3.1 million in 2019, compared to -€7.2 million in 2018, with an average Eonia rate at -0.39% in 2019, dropping 3 basis point from 2018 (-0.36%).

OUTLOOK FOR 2020
Your Grouping will continue to fulfil its responsibilities (i) of pooling the cash surpluses and requirements of members of the Grouping, (ii) of investing net surpluses, as well as (iii) acting as an intermediary in terms of managing interest rate risk.

Your Grouping will continue to optimise the return on its investments whilst preserving its short-term financial security.

REVIEW OF ACCOUNTS FOR 2019
The annual financial statements were prepared in accordance with current legal requirements and have been approved by your Grouping’s Statutory Auditors. They include the balance sheet, the statement of income and the notes to the financial statements. The notes contain information material to the understanding of the financial statements and, consequently, should be consulted.

The statement of income for the financial year shows a loss of €1.7 million, compared to a loss of €0.8 million the preceding year. This loss is due to:

• Operating income for the financial year of -€2.1 million, compared to -€2.1 million in 2018
• Financial income of €0.4 million, a decrease of €0.9 million from €1.3 million in 2018

The table below shows the composition of basic earnings for 2019, as well as the changes in the main items compared to 2018.

<table>
<thead>
<tr>
<th>Changes in profit and loss (in € million)</th>
<th>2018</th>
<th>2019</th>
<th>Change</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>A - Operating income</td>
<td>(2.1)</td>
<td>(2.1)</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>B - Financial results</td>
<td>1.3</td>
<td>0.4</td>
<td>(0.9)</td>
<td></td>
</tr>
<tr>
<td>Investments excl. Group</td>
<td>8.4</td>
<td>17.9</td>
<td>9.5</td>
<td>Increase in investment income &amp; other financial income – See Note 1</td>
</tr>
<tr>
<td>Proceeds from currency hedges</td>
<td>10.6</td>
<td>1.1</td>
<td>(9.5)</td>
<td>Mainly related to PCMA and Citroën U.K. Limited – See Note 2</td>
</tr>
<tr>
<td>Financing excl. Group</td>
<td>(36.2)</td>
<td>(36.9)</td>
<td>(0.7)</td>
<td>Change in financing costs – See Note 3</td>
</tr>
<tr>
<td>Group Financing</td>
<td>(17.5)</td>
<td>(18.3)</td>
<td>(0.8)</td>
<td>Borrowing costs from members - See Note 4</td>
</tr>
<tr>
<td>Group Investments</td>
<td>36</td>
<td>36.6</td>
<td>0.6</td>
<td>Income from members – See Note 5</td>
</tr>
<tr>
<td>Basic earnings (A+B)</td>
<td>(0.8)</td>
<td>(1.7)</td>
<td>(0.9)</td>
<td></td>
</tr>
</tbody>
</table>
1) Profit or loss from financial investments excl. Groupe PSA (+€9.5 million)
   - This increase is due to:
     o The increase in the share of profits from capitalisation contracts (+€5.6 million) mainly reflecting an increase in outstandings for this asset class from €474 million in 2018 to €757 million in 2019.
     o The performance of UCITS, which grew by €4.2 million in 2019.
   - Despite a decline in the average Eonia by 3 basis points, the average return on investment improved by around 5 basis points in 2019 from -0.079% to -0.028%.

2) Profit or loss from the currency hedging policy (-€9.5 million)
   - This result is due to:
     o The loss on hedges of PCMA draw-downs (-€12.3 million) explained by the appreciation of the rouble over 2019 (+12.24%).
     o Profit from the hedge on the loan to Citroën U.K. Limited arranged in 2019 (+€2.9 million).

3) Profit or loss from the financing policy excl. Group (-€0.7 million)
   - This result is due mainly to miscellaneous financial expenses, which increased by €0.5 million over 2019.

4) Profit or loss associated with financing within Groupe PSA (-€0.8 million)
   - This loss reflects the borrowing costs from members of the Grouping and other Groupe PSA counterparties going from -€17.5 million to -€18.3 million in 2019.
   - This decrease is due mainly to:
     o the exchange rate effect on the remeasurement of the PCMA draw-downs (€7.6 million) from -€14.8 million to -€7.2 million
     o the reversal of the profit or loss from the 2018 capitalisation contracts from members in 2019 totalling -€6.5 million.
     o The reversal of the profit or loss from the 2019 capitalisation contracts in early 2020 totalling -€2.3 million.

5) Profit or loss associated with investments within Groupe PSA (+€0.6 million)
   - This profit reflects the income from financing granted to members of the Grouping and other Groupe PSA counterparties (excluding Faurecia and Banque PSA Finance).
   - This change is due to:
     o The impact of the 13.8 basis point decrease in the average refinancing rate (from 0.668% to 0.530%) associated with the net changes in the expenses and income of the preceding items.
     o The increase in profit from intra-group loans in foreign currencies from €9.1 million to €12.8 million.

The balance sheet footing at 31 December 2019 was €19 billion versus €16.5 billion at 31 December 2018.

You are asked to approve the financial statements for the financial year 2019 as now presented to you.

Proposal for allocation of earnings:
If you approve the financial statements as they have been presented to you, I propose, in compliance with Article 21 of your Grouping’s contract, that you allocate the earnings, i.e. a charge which stands at €1,744,943.72 to each of the members of your Grouping in proportion to the shares held in its capital, namely:

- PEUGEOT S.A.: -€1,727,494.28
- AUTOMOBILES PEUGEOT: -€5,816.48
- AUTOMOBILES PEUGEOT: -€5,816.48
- PSA AUTOMOBILES -€5,816.48
The Permanent Representative
of the Sole Director

JC. GAURY

NOTES