PSA PEUGEOT CITROËN

Press Release

July 29th, 2009

First Half 2009 Results

Highlights:

- **Recurring operating loss of € 826 million due to adverse market and industry conditions**
- **Positive Free Cash Flow of €467 million due to sharp inventory reduction**
- **Strengthened liquidity and extended debt maturity**
- **New streamlined executive team in place with new ambitions defined and priorities set**

PSA Peugeot Citroën's 2009 first half results reflect the impact of the global economic crisis which has hit the automotive industry, with a drop in revenues of 21.8% and a recurring operating loss of €826 million. The Automotive Division and Faurecia were the most affected by the market collapse. Banque PSA Finance has shown good resilience.

European countries benefited from the positive impact of government scrappage incentive schemes, that led to a 14.2% negative growth in H1 2009. These incentives led to increased production in May and June. Market trends in China and Brazil were positive with a respective growth of 18.4% and 4.1% in H1.

Summary Income Statement:

€ million	**H1 2008**	**H2 2009**
Revenues	30 066	23 497
Recurring operating income/(loss)	1 115	(826)
Recurring operating margin (%)	3.7%	-3.5%
Non- recurring operating expenses	(86)	(506)
Operating profit/(loss)	1 029	(1 332)
Net profit/(loss) attributable to Peugeot S.A.	733	(962)
Earnings/(loss) per share (in euros)	3.21	(4.24)

Commenting on the results, Philippe Varin, CEO, said:

"PSA Peugeot Citroën's first half results reflect the impact of adverse conditions in the European markets, which were only partially mitigated by the benefits from performance action plans and new model launches. Our priority has been to ease our financial constraints by strengthening the Group's liquidity.

The new executive team has set three ambitions for the Group: To be a global player, to be a step ahead in pioneering vehicles and services, and to be an industry benchmark in terms of operational efficiency. These ambitions are in the process of being translated into action plans. I am confident that the commitment and faultless execution of our managers and employees will ensure the success of these action plans.

In 2009, the European automotive market should decline by around 12 %. Under these conditions, we expect to record an operating loss of 1 to 2 billion euros. The recovery of the European market should take place towards the end of 2010."

Consolidated results

- **Revenues fell by 21.8% to €23,497 million in the first half of 2009, from €30,066 million in 2008.**

- **The recurring operating loss in the first half of 2009 amounted to €826 million compared to a profit of €1,115 million in the 'pre-crisis' first half of 2008.**
  The collapse of worldwide automotive markets negatively impacted all the Group's divisions and resulted in an overall margin on sales of -3.5% compared to + 3.7% a year earlier.

- **Non-recurring operating expenses totalled €506 million compared to €86 million in the first half of 2008.**
  These expenses included €294 million of restructuring charges, mainly resulting from the extension to March 2010 of the Group's December 2008 voluntary separation plan and €217 million of impairment costs in the Automotive Division.

- **Net financial expenses totalled €226 million compared to €70 million in the first half of 2008.**
  This increase was due to the change in the financial situation of the Group, with reduced income from cash deposits, interest costs on higher borrowings, and increased financing costs at Faurecia.

- **Income tax was a positive €470 million compared to a tax charge of €293 million in the first half of 2008.**
  The income tax credit resulted from the recognition of deferred tax assets relating to the Group's operating losses.

- **The net loss attributable to the Group amounted to €962 million for the first half of 2009.**

Financial Situation

- **The net financial position of Industrial and Commercial business stood at -€2,003 million at 30 June 2009, versus -€2,906 million at 31 December 2008.**
  This improvement resulted from positive Free Cash Flow of €467 million and positive cash inflows resulting from third party subscriptions to the Faurecia rights issue and the equity portion of the convertible bond of €125 million issued in June.
  Positive Free Cash Flow was driven by the beneficial impact on Working Capital of the major inventory reduction measures in the first half of the year. Inventory levels are now at normal levels. The impact of inventory reduction, together with increased production during the second quarter also served to offset the negative impact on Working Capital of reduced supplier payment terms. Capital expenditure and R&D capitalised outlays during the period amounted to €1.7 billion.

- **Financial structure and Balance Sheet strengthened.**
  During the first half of 2009, liquidity for the Industrial and Commercial business was significantly strengthened. In the first quarter, the Group benefited from a Government loan of €3 billion and a €400 million loan from the European Investment Bank. In the second quarter, the Group raised €575 million through the issue of a convertible bond. In July, the Group issued a fixed rate bond of €750 million. As a result of these issues, the liquidity to cover the €1.5 billion bond maturing in 2011 has been secured well in advance.

  Equity amounted to €12,600 million at 30 June 2009. The Group's gearing ratio was 15.9% at the end of the first half of 2009.

Results by Division

Automotive Division

€ million	H1 2008	H1 2009
Revenues	23 258	18 658
Recurring operating income	633	(904)
Recurring operating margin (%)	2.7%	-4.8%
Operating income/(loss)	575	(1 326)

- Automobile Division revenues totalled €18,658 million in the first half of 2009, down 19.8%. New car revenues declined 22.6% from €17,822 million to €13,797 million due to a 20% drop in sales volumes. The Group's market share stood at 13.6% in Europe in the first half. The Group also extended its leadership in LCVs, increasing its market share to 22% in a very weak market.

- The division recorded a recurring operating loss of €904 million in the first half of 2009, compared with a profit of €633 million in 2008. This was essentially due to the weakness in the operating environment with a substantial impact from the decline in volumes over the period. Inventory reduction led to increased commercial expenses, which were partly offset by cost savings.

- Inventory was reduced by 31% to 431,000 vehicles compared to 628,000 vehicles in stock at the start of the year. This had a significant positive impact on the Group's working capital requirement in the first half.

Faurecia

€ million	H1 2008	H1 2009
Revenues	6 601	4 380
Recurring operating income	90	(187)
Recurring operating margin on sales and revenue (%)	1.4%	-4.3%
Consolidated profit/(loss)	(19)	(361)

- With a €400 million reduction in direct production costs, purchasing costs and fixed charges for the first half, Faurecia is well on track to meet its annual target of €600 million.
- Faurecia achieved a strong improvement in operating income, as early as the second quarter, resulting in positive cash flow and an easing of the debt burden.
- Faurecia completed a successful €455 million rights issue and has taken measures to secure financing.

GEFCO

€ million	**H1 2008**	**H1 2009**
Revenues	1 904	1 395
Recurring operating income/(loss)	79	7

- Gefco's results were impacted by the worldwide decline in the automotive sector. Nevertheless, the benefits of the "Force 10" cost savings plan continued to flow ensuring Gefco's profitability in the first half.

Banque PSA Finance

€ million	**H1 2008**	**H1 2009**
Net banking revenue	504	470
Revenue	1 059	915
Recurring operating income	308	244

- Banque PSA Finance maintained its robust performance, with resilient banking revenues and an increase in market share to 27.8% from 25.5% a year earlier.
- Strict credit scoring and rigorous debt recovery ensured that the bank's cost of risk remained benchmark, showing only a marginal increase on the level at the end of 2008 (0.53% of average outstandings).
- At the end of June, Banque PSA Finance enjoyed a substantial liquidity position following a number of successful refinancing initiatives. In the first half, the bank raised €1.5 billion in bond issues and €700 million from the European Central Bank following a securitization issue in Spain, followed in early July with £420 million from the SFEF and a new revolving syndicated credit facility of €1.5 billion in early July.

Outlook for 2009

The Group expects the European automotive market to decline by around 12% in 2009, with a 7% drop in the second half, and to start its recovery toward the end of 2010. The European market share for the second half of 2009 is expected to increase to above 14%, supported by the continued momentum of new model launches.

In the context of an environment remaining difficult, the Group expects to record a recurring operating loss of between 1 and 2 billion euros for the full year and the positive Free Cash Flow of the first half should be more than offset in the second half.

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