PSA PEUGEOT CITROËN

Press Release

February 10th, 2010

Full Year 2009 Results: Free cash flow generation and net debt reduction

Highlights:

- **Positive Free Cash Flow of €809 million in FY 2009**
- **Net debt reduced by €913m to €1,993 million**
- **Recurring operating loss of €689 million in FY 2009**
- **Second half recurring operating income of €137 million**
- **Net loss, Group share of €1,161m in FY 2009**

PSA Peugeot Citroën's 2009 financial results reflect the impact of the economic crisis, with global sales down 2.2% to 3,188,000 units in a market down 3.1%, revenues down 10.9% to €48,417 million and a recurring operating loss of €689 million for the full year.

2009 was however a highly contrasted year. The market recovery in the second half, stimulated in some countries by government incentive schemes and our successful product momentum, helped PSA Peugeot Citroën to increase its market share and to return to positive recurring operating income of €137 million after a loss in the first half. The automotive division significantly reduced its operating losses in the second half. Faurecia recorded positive recurring operating income in the second half as the full benefits of the turnaround started to feed through. Gefco delivered strong margin growth, while Banque PSA Finance produced a further set of robust results.

As a result, PSA Peugeot Citroën generated positive Free Cash Flow of €809 million for the full year 2009 and reduced significantly its net debt to €1,993 million at 31 December 2009. Net loss, Group share amounted to €1,161 million, impacted by non-recurring operating expenses of €727 million and higher financial expenses.

Summary income statement:

€ million	**FY 2008**	**H1 2009**	**H2 2009**	**FY 2009**
Revenues	54,356	23,497	24,920	48,417
Recurring operating income/(loss)	550	(826)	137	(689)
Recurring operating margin (%)	*1.0*	*-3.5*	*0.5*	*-1.4*
Non- recurring operating expenses	(944)	(506)	(211)	(727)
Operating profit/(loss)	(394)	(1 332)	(84)	(1 416)
Net profit/(loss) attributable to Group	(363)	(962)	(199)	(1 161)
Earnings/(loss) per share (in euros)	(1.59)	(4.24)	(0.88)	(5.12)

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

"Our financial results for 2009 show a much improved performance in the second half, but still reflect the severity of the crisis affecting the automotive industry. However, strict cash management and successful stock reduction enabled us to lower our debt substantially, reinforcing our sound financial position and giving us ample liquid resources.

In 2010, we expect the market conditions to be challenging, with a European market down 9%, but we will benefit from our Automotive Performance Plan to drive sales, reduce costs and improve capacity utilisation. We are sustaining the momentum of our new model launches, and we should continue to grow our market shares. On this basis, we are expecting the Group's recurring operating income to be positive in the first half of 2010."

Consolidated Results

- **Revenues declined by 10.9% to €48,417 million for 2009 as a whole, from €54,356 million in 2008**. After a first half revenue decline of 21.8%, the second half saw a steady improvement, with revenues up 2.6%, in the context of more favourable worldwide market conditions.

- **The recurring operating loss in 2009 amounted to €689 million compared to income of €550 million in 2008.**
For the full year, the group margin on revenues remained negative at -1.4%, compared to 1% a year earlier. All activities contributed to the improvement in the second half, leading the group to generate positive recurring operating income of €137 million with a margin of 0.5%, compared to a loss of €826 million in the first half.

- **Non-recurring operating expenses totalled €727 million against €944 million in 2008.**
They included €354 million of restructuring charges, €206 million due to the extension to March 2010 of the Group's voluntary separation plan and €129 million relating to restructuring at Faurecia. Impairment costs in the Automotive Division amounted to €217 million, all incurred in the first half.

- **Net financial expenses totalled €520 million versus €286 million in 2008.**
This increase resulted from a marked decline in income from cash deposits, the interest costs on the government loan and higher financing costs at Faurecia.

- **Income tax was a positive €589 million compared to a positive €103 million in 2008.**
This 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 €1,161 million for FY 2009.**

- **The loss per share for 2009 amounted to of 5.12 euros.**

Financial Situation

- **The net debt position of Industrial and Commercial businesses has been reduced to €1,993 million at 31 December 2009, down from €2,906 million a year earlier.**

  The reduction in debt resulted from positive Free Cash Flow of €809 million, driven by the favourable impact on Working Capital of significant inventory reduction and by improved operating cash flow generation, which more than offset capitalised R&D and Capital expenditure. Trade payables for 2009 were significantly affected by shortened supplier payment terms, which increased the working capital requirement of the Industrial and Commercial businesses by €1.5 billion.

- **Solid Financial structure and robust Balance Sheet.**

  The balance sheet of the Industrial and Commercial business at the end of 2009 was robust, with liquidity resources totalling €8.6 billion. In addition, the Group raised resources amounting to €1.3 billion to cover a 2011 bond maturity. Shareholders' Equity stood at €12,447 million at 31 December 2009, giving a gearing ratio of 16%.

Automotive Division

€ million	**FY 2008**	**H1 2009**	**H2 2009**	**FY 2009**
Revenues	41,643	18 658	19,607	38,265
Recurring operating income	(225)	(904)	(353)	(1 257)
Recurring operating margin (%)	*-0.5*	*-4.8*	*-1.8*	*-3.3*
Operating income/(loss)	(711)	(1 326)	(494)	(1 820)

- Automobile Division revenues totalled €38,265 million in 2009, down 8.1%. New car revenues declined 9.9% from €31,642 million to €28,501 million mainly due to a 7.2% drop in sales volumes. Nevertheless, the solid sales performance from all new models helped the Group to grow its European market share to 13.7% from 13.5% in 2008. This position was further strengthened at the end of the year, with the market share of 14.3% in the fourth quarter. The Group also reinforced its position as European leader in light commercial vehicles with market share of 22.2%, up from 19.7%.

- The division recorded a recurring operating loss of €1,257 million in 2009, compared with a loss of €225 million in 2008. The loss in the second half was much lower than in the first. The decline in volumes in the first half and the negative impact of currency resulted in a very poor operating environment which triggered fierce competition in many markets. However, performance improvements were sufficient to more than offset the negative impact of price competition.

- Inventory was reduced 30% to 440,000 vehicles compared to 628,000 vehicles at the start of the year. This had a significant positive impact on the Group's working capital requirement in 2009.

Faurecia

€ million	**FY 2008**	**H1 2009**	**H2 2009**	**FY 2009**
Revenues	12,011	4,380	4,912	9,292
Recurring operating income	91	(187)	95	(92)
Recurring operating margin (%)	*0.8*	*-4.3*	*1.9*	*-1.0*
Consolidated profit/(loss)	(569)	(361)	(56)	(417)

- Faurecia confirmed its turnaround in the second half of 2009 with a recurring operation margin of 1.9% at €95 million euros.
- Cost reduction amounted to €663 million euros in 2009, above the target of the "Challenge 2009" plan, and the break-even point has been reduced by 18%.
- Faurecia also pursued its strategic development with the acquisitions of Emcon Technologies and Plastal Germany.

GEFCO

€ million	**FY 2008**	**H1 2009**	**H2 2009**	**FY 2009**
Revenues	3 536	1 395	1 493	2 888
Recurring operating income/(loss)	127	7	95	102

- Gefco was affected by the worldwide decline in the automotive sector in the first half of 2009, with recurring operating income reduced to €7 million. However the rapid implementation of the "Force 10" cost-reduction program enabled the company to deliver a significant recovery in profitability in the second half.

Banque PSA Finance

€ million	**FY 2008**	**H1 2009**	**H2 2009**	**FY 2009**
Net banking revenue	976	470	473	943
Revenue	2 088	915	908	1 823
Recurring operating income	557	244	254	498

- Banque PSA Finance maintained its robust performance throughout 2009, with resilient net banking revenues and an increase in market share to 27.5% from 27.3% a year earlier. New contracts rose by 1.5%.

- Strict credit scoring and rigorous debt recovery ensured that the bank's cost of risk remained benchmark at 0.50% on average, showing only a marginal increase on the level at the end of 2008 (0.48%) and an improvement on the end of H1 2009 (0.53%)

- At the end of 2009, 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. In the second half, the bank continued to benefit from the recovery in financial markets permitting a number of funding operations to be placed successfully. A new 2-year syndicated credit facility of €1.5 billion was signed with a pool of 12 international banks, two bond issues were placed for €500million and €750 million and Banque PSA Finance also benefited from a £420m loan from the Société de Financement de l'Economie Française (SFEF).

Outlook for 2010

The Group assumes the European automotive market will decline by some 9% in 2010.

Our European market share is expected to increase, supported by the continued momentum of new model launches. Outside Europe, Chinese market growth should remain at double-digit, while the Latin American market is expected to return to growth.

On the back of the positive impact from the automotive performance plan, the continued turnaround of Faurecia and further robust performances from Gefco and Banque PSA Finance, the Group's recurring operating income is expected to be positive in the first half of 2010.

Selected Financial Information *

Consolidated Statements of Income

	2009				2008			
(in million euros)	**Manufacturing and sales companies**	**Finance companies**	**Eliminations**	**TOTAL**	**Manufacturing and sales companies**	**Finance companies**	**Eliminations**	**TOTAL**
Sales and revenue	46 885	1 823	(291)	**48 417**	52 705	2 088	(437)	**54 356**
Recurring operating income	(1 187)	498	-	**(689)**	(7)	557	-	**550**
Non-recurring operating income and (expenses)	(725)	(2)	-	**(727)**	(943)	(1)	-	**(944)**
Operating income	(1 912)	496	-	**(1 416)**	(950)	556	-	**(394)**
Consolidated profit (loss)	(1 627)	353	-	**(1 274)**	(878)	358	**-**	**(520)**
Attributable to equity holders of the parent	(1 511)	350	-	**(1 161)**	*(719)*	*356*	-	***(363)***
Attributable to minority interests	(116)	3	-	**(113)**	*(159)*	*2*	-	***(157)***
(in euros)								
Basic earnings per 1€ par value share				**(5,12)**				**(1,60)**
Diluted earnings per 1€ par value share				**(5,12)**				**(1,60)**

Consolidated Balance Sheets

Assets	December 31, 2009				December 31, 2008			
(in million euros)	**Manufacturing and sales companies**	**Finance companies**	**Eliminations**	**TOTAL**	**Manufacturing and sales companies**	**Finance companies**	**Eliminations**	**TOTAL**
Total non-current assets	21 515	357	(25)	21 847	21 617	361	(25)	21 953
Total current assets	17 225	25 605	(556)	42 274	14 399	26 020	(645)	39 774
Total Assets	**38 740**	**25 962**	**(581)**	**64 121**	**36 016**	**26 381**	**(670)**	**61 727**

Equity & Liabilities	December 31, 2009				December 31, 2008			
(in million euros)	**Manufacturing and sales companies**	**Finance companies**	**Eliminations**	**TOTAL**	**Manufacturing and sales companies**	**Finance companies**	**Eliminations**	**TOTAL**
Total Equity				12 447				13 259
Total non-current liabilities	13 323	479	-	13 802	9 506	474	-	9 980
Total current liabilities	16 143	22 310	(581)	37 872	16 170	22 988	(670)	38 488
Total Equity & Liabilities				**64 121**				**61 727**

Consolidated Statements of Cash Flows

	2009				2008			
(in million euros)	**Manufacturing and sales companies**	**Finance companies**	**Eliminations**	**TOTAL**	**Manufacturing and sales companies**	**Finance companies**	**Eliminations**	**TOTAL**
Consolidated profits (loss)	**(1 627)**	**353**	**-**	**(1 274)**	(878)	358	-	(520)
Working capital	**977**	**365**	**-**	**1 342**	2 342	439	-	2 781
Net cash from (used in) operating activities	3 593	106	(129)	3 570	(585)	590	16	21
Net cash from (used in) investing activities	(2 784)	-	(1)	(2 785)	(3 177)	(22)	-	(3 199)
Net cash from (used in) financing activities	4 979	(143)	105	4 941	695	(167)	42	570
Net increase (decrease) in cash and cash equivalent	**5 800**	**9**	**(25)**	**5 784**	(3 126)	337	59	(2 730)
Net cash and cash equivalent at beginning of year	**2 017**	**1 280**	**(90)**	**3 207**	5 143	943	(149)	5 937
Net cash and cash equivalent at end of year	7 817	1 289	(115)	8 991	2 017	1 280	(90)	3 207

** Consolidated accounts were approuved 4 February 2010 by the Managing Board and verified 9 February 2010 by the Supervisory Board.*

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Contacts:

Media Relations	Investor Relations
Hugues Dufour +33 (0) 1 40 66 53 81 hugues.dufour@mpsa.com	James Palmer +33 (0) 1 40 66 54 59 james.palmer@mpsa.com
Pierre-Olivier Salmon +33 (0) 1 40 66 49 94 pierreolivier.salmon@mpsa.com	Jean-Hugues Duban +33 (0) 1 40 66 40 28 jeanhugues.duban@mpsa.com
Laurent Cicolella +33 (0) 1 40 66 52 04 laurent.cicolella@mpsa.com	Celine Jamet +33 (0) 1 40 66 48 52 Celine.jamet@mpsa.com