PSA PEUGEOT CITROËN

Press Release

July 28th, 2010

First Half 2010 Results
Strong performance across all divisions
Strategic development in China

- Revenues increase 20,8 % driven by successful new models, market share gains and favourable demand worldwide
- Major turnaround in recurring operating income: €1,137 million vs a loss of €826 million in H1 2009
- Significant recovery in automotive recurring operating income: €525 million vs loss of €904 million in H1 2009
- The Group's performance plan contributes €854 million to recurring operating income improvement
- Net income, Group share: €680 million
- China: sharp profit increase at Dongfeng Peugeot Citroën Automobile and new joint venture with Chang'an *(subject to authorisation)*

Summary income statement

€ million	*FY 2009*	H1 2009	**H1 2010**
Revenues	*48 417*	23 497	**28 394**
Recurring operating income/(loss)	*(689)*	(826)	**1 137**
Recurring operating margin	*-1.4%*	-3.5%	**4.0%**
Non-recurring operating expenses	*(727)*	(506)	**(69)**
Operating income/(loss)	*(1 416)*	(1 332)	**1 068**
Net income/(loss) Group share	*(1 161)*	(962)	**680**
Earnings/(loss) per share (in euros)	*(5.12)*	(4.24)	**3.00**

Commenting on the results, Philippe Varin, Chairman of the Managing Board, said:

"The Group is now well on track to rebuilding sustainable profitability with strong first half results driven by market share gains and the benefits of the performance plan.

The second joint venture in China represents a major step towards growing our business outside Europe. We are now confident that we will generate half of our vehicle sales outside Europe by 2015, compared to one third at the beginning of the current year."

Outlook

The European market is expected to be down 7% in 2010. Double digit growth is expected in China, and high single digit growth in Latin America.

Despite more difficult market conditions for the remainder of the year in Europe, as well as the usual seasonality, the automotive division is expected to be close to break even in the second half. In this context, the Group expects to deliver a recurring operating income for the full year of around €1.5 billion.

Consolidated Results in the first half of 2010

- **Revenues increased 20.8% to €28,394 million and 15.5% like for like.** The change in scope resulted from Faurecia's acquisition of Emcon and Plastal which generated €1 277 million of additional revenue.

- **Recurring operating income recovered strongly to €1,137 million, versus a loss of €826 million in H1 2009 generating a margin of 4.0%.**
  All activities delivered strong growth in operating income.

- **Non-recurring operating expenses totalled €69 million against €506 million in H1 2009.**
  H1 2010 saw lower non recurring charges after significant rationalisation and impairment costs in the Automotive Division and at Faurecia in H1 2009.

- **Net financial expenses totalled €241 million versus €226 million in H1 2009.**
  This increase resulted from interest costs on the government loan, partially offset by reduced financing costs at Faurecia.

- **Income tax amounted to €227 million compared to a positive €470 million in 2009.**
  The income tax charge results from the return to profitability of the Group.

- **Net income, Group share amounted to €680 million, a major swing after the loss of €962 incurred in H1 2009.**

- **Earnings per share amounted to 3.00 euros versus a loss of 4.24 euros in H1 2009.**

Results by Division

Automotive Division

€ million	FY 2009	H1 2009	**H1 2010**
Revenues	38,265	18 658	**21 174**
Recurring operating income/(loss)	(1 257)	(904)	**525**
Recurring operating margin	*-3.3%*	*-4.8%*	***2.5%***
Operating income/(loss)	(1 820)	(1 326)	**459**

Automotive Division revenues rose 13.5% to €21,174 million in H1 2010.
New car revenues increased 14.7% to €15,820 million up from €13,797 million driven by record vehicle sales in the first half. This performance illustrates the strong momentum of the Peugeot and Citroën brands with an increase in European market share to 14.5% from 13.7%.

- The division delivered a strong rebound in recurring operating income which stood at €525 million in the first half, compared with a loss of €904 million a year earlier. The recurring operating margin recovered to 2.5%. The improved operating environment accounted for €575 million of recurring operating income..

- The performance plan boosted recurring operating income by €854 million. This achievement is in line with our target to deliver one third of the €3.3 billion plan in 2010.

- Inventories stood at 482,000 vehicles, an appropriate level given the production shutdowns in August and in anticipation of the seasonally strong UK market in September.

Strategic development in China

The operating performance in China improved significantly in H1 2010. The accelerated performance plan at DongFeng Peugeot Citroën Automobile delivered a major increase in both sales and earnings. Vehicles sold rose 50% to 176,000 units, while net income, Group share amounted to €97 million.

The Group has recently signed a joint venture with Chang'an Automobile. This second joint venture in China, for which final approval is expected by the relevant authorities early 2011, will allow the Group to develop light commercial vehicles and Citroën to launch the DS range.

Faurecia

€ million	FY 2009	H1 2009	**H1 2010**
Revenues	9 292	4 380	**6 826**
Recurring operating income/(loss)	(92)	(187)	**217**
Recurring operating margin	*-1.0%*	*-4.3%*	***3.2%***
Consolidated profit/(loss)	(417)	(361)	**112**

- Faurecia confirmed its turnaround in H1 with a recurring operating margin of 3.2% at €217 million.
- Highlights of the first half include the integration of Emcon Technologies and Plastal Germany as well as the acquisition of Plastal Spain.

Gefco

€ million	FY 2009	H1 2009	**H1 2010**
Revenues	2 888	1 395	**1 716**
Recurring operating income/(loss)	102	7	**122**

- Gefco delivered strong growth in revenues and margins, consistent with the recovery in worldwide automotive markets and production levels.

Banque PSA Finance

€ million	FY 2009	H1 2009	**H1 2010**
Net banking revenue	943	470	**505**
Revenue	1 823	915	**919**
Recurring operating income	498	244	**269**

- Banque PSA Finance delivered strong growth with net banking revenue up 7.4% to €505 million. The benchmark cost of risk continued to decline, down to 0.47% from 0.53% at the end of 2009.
- Banque PSA Finance enjoys a substantial liquidity position following a number of successful refinancing operations. Banque PSA Finance has raised more than €2.7 billion since 1 January 2010 under its medium-term notes programme, representing most of its capital market financing requirement for the year.

Financial Situation

- **The net debt position of Industrial and Commercial businesses was reduced further to €1,732 million at 30 June 2010, down from €1,993 million at 31 December 2009.**

  The reduction in debt resulted from positive Free Cash Flow of €341 million, driven by the increase in cash flow from operations of €1,771 million which more than covered capitalised R&D and Capital expenditure of €1,201 million. The Group has maintained the level of R&D and Capital expenditure throughout the crisis, to drive new model momentum and technology development.

- **Strengthened financial structure and Balance Sheet.**

  The balance sheet of the Industrial and Commercial business at the end of June 2010 was robust, with liquidity totalling €10.4 billion. Shareholders' Equity increased by €1,398 million to €13,845 million at 30 June 2010, giving a gearing ratio of 12.5% compared to 16% at the end of 2009.

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 Cécile Durand +33 (0) 1 40 66 53 89 Cecile.durand@mpsa.com	Jean-Hugues Duban +33 (0) 1 40 66 40 28 jeanhugues.duban@mpsa.com

Selected Financial Information *

Consolidated Statements of Income

	June 30, 2010				June 30, 2009			
(in million euros)	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL
Sales and revenues	27 620	919	(145)	**28 394**	22 720	915	(138)	**23 497**
Recurring operating income	868	269	-	**1 137**	(1 070)	244	-	**(826)**
Non-recurring operating income and (expenses)	(69)	-	-	**(69)**	(506)	-	-	**(506)**
Operating income	799	269	-	**1 068**	(1 576)	244	-	**(1 332)**
Consolidated income (loss)	*527*	*210*	*-*	***737***	*(1 240)*	*176*	***-***	***(1 064)***
Net income, Group share	472	208	-	**680**	*(1 137)*	*175*	*-*	***(962)***
Attribuable to minority interests	55	2	-	**57**	*(103)*	*1*	-	***(102)***
(in euros)								
Basic earnings per 1€ par value share				**3.00**				**(4.24)**
Diluted earnings per 1€ par value share				**3.00**				**(4.24)**

Consolidated Balance Sheets

Assets	June 30, 2010				December 31, 2009			
(in million euros)	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL
Total non-current assets	23 020	444	(25)	23 439	21 515	357	(25)	21 847
Total current assets	20 813	26 657	(920)	46 550	17 225	25 605	(556)	42 274
Total Assets	**43 833**	**27 101**	**(945)**	**69 989**	**38 740**	**25 962**	**(581)**	**64 121**

Equity & Liabilities	June 30, 2010				December 31, 2009			
(in million euros)	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL
Total Equity				13 845				12 447
Total non-current liabilities	14 583	447	-	15 030	13 323	479	-	13 802
Total current liabilities	18 767	23 292	(945)	41 114	16 143	22 310	(581)	37 872
Total Equity & Liabilities				**69 989**				**64 121**

Consolidated Statements of Cash Flows

	June 30, 2010				June 30, 2009			
(in million euros)	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL
Consolidated profits (loss)	**527**	**210**	**-**	**737**	(1 240)	176	-	(1 064)
Working capital	**1 771**	**191**	**-**	**1 962**	231	173	-	404
Net cash from (used in) operating activities	**1 542**	**145**	**40**	**1 727**	2 127	(515)	(305)	1 307
Net cash from (used in) investing activities	(1 201)	(40)	-	(1 241)	(1 660)	3	-	(1 657)
Net cash from (used in) financing activities	742	(140)	(127)	475	4 230	(143)	(10)	4 077
Net increase (decrease) in cash and cash equivalent	**1 224**	**(6)**	**(87)**	**1 131**	4 746	(605)	(315)	3 826
Net cash and cash equivalent at beginning of year	7 817	1 289	(115)	8 991	2 017	1 280	(90)	3 207
Net cash and cash equivalent at 30 June	**9 041**	**1 283**	**(202)**	**10 122**	6 763	675	(405)	7 033

** Consolidated accounts were approved 20 July 2010 by the Managing Board and verified 27 July 2010 by the Supervisory Board.*