PSA PEUGEOT CITROËN

Press Release

February 9th, 2011

2010 Results
Strong recovery in net income to €1.1 billion
Solid Free Cash Flow generation of €1.1 billion

- Revenues increase 15,8 % driven by successful new models, market share gains and improved demand worldwide
- Significant turnaround in automotive recurring operating income: €621 million vs loss of €1,257 million in 2009
- Faurecia, Gefco and BPF delivered significant increases in recurring operating income
- The Auto's performance plan contributes €1,464 million to recurring operating income improvement ahead of €1,100 million target
- Year end net debt of €1.2 billion versus €2.0 billion in 2009
- Dongfeng Peugeot Citroën Automobile contributes €159 million to net income

Summary income statement

€ million	*2009*	**2010**
Revenues	*48 417*	**56 061**
Recurring operating income	*(689)*	**1 796**
Recurring operating margin	*-1.4%*	**3.2%**
Operating income	*(1 416)*	**1 736**
Net income Group share	*(1 161)*	**1 134**
Earnings per share *(in euros)*	*(5.12)*	**5.00**

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

"We are pleased to announce a substantial recovery in profitability in 2010 for all our businesses.

The success of our automotive performance plan has delivered results significantly ahead of our target and allows us to increase our 2010-2012 objective by €400 million to €3.7 billion.

Our solid financial situation will enable us to reimburse fully the remaining €2billion of the French State loan.

Whilst 2011 is likely to remain challenging in european markets, our global development should continue with the second joint venture in China and our project to enter the Indian market.

At the same time, we are focussing on further enhancing our brands. 2011 will be another year of exciting new product launches with the Peugeot 508 in Europe and China , the Citroën DS4, the Citroën DS5 and the first hybrid diesel engine on the Peugeot 3008. "

Outlook

The European market is expected to be stable in 2011. Market growth in China, Latin America and Russia is expected to be around 10%, 4% and 15% respectively.

Automotive recurring operating income is expected to be ahead in 2011, with the Performance Plan of €1.1 billion which should offset significant increases in raw material and other input costs.

Faurecia, Gefco and Banque PSA Finance are all expected to deliver increased recurring operating income in 2011.

Free cash flow, after higher capitalised R&D and capital expenditure together amounting to about €3 billion, is expected to be positive.

Consolidated Results in 2010

- **Revenues increased 15.8% to €56,061 million** (10.2% like for like). The change in scope resulted from Faurecia's acquisition of Emcon and Plastal for €2.7 billion of additional revenue.

- **Recurring operating income recovered strongly to €1,796 million, versus a loss of €689 million in 2009 generating a margin of 3.2%.**
  All activities delivered strong growth in operating income. The recurring operating income for the Automotive division amounted €621 million.

- **Non-recurring operating expenses significantly reduced to €60 million against €727 million in 2009.**
  This reduction is explained in part by the absence of major restructuring costs in the automotive division which dropped from €206 million in 2009 to €77million. Faurecia restructuring charges amounted to €117 million, a similar level to 2009. Other charges related mainly to the recognition of future potential currency exposure on the Group's Yen denominated contracts. These charges were largely offset by the reversal of UK pension provisions, following a change to rules resulting from compliance with IFRIC 14.

  Net financial expenses totalled €429 million versus €520 million in 2009.
  The reduction in net financial expenses in 2010 is explained by the interest saving following the reimbursement of the first €1bn tranche of the French State loan and an increase in the return on pension funds.

- **Income tax amounted to €255 million compared to a positive €589 million in 2009.**
  The income tax charge results from tax payments on the Group's profits generated outside France. The tax credit in 2009 resulted from recognition of deferred tax assets due to the significant operating losses.

- **Net income, Group share amounted to €1,134 million, a major swing after the loss of €1,161 incurred in 2009.**

- **Earnings per share amounted to 5.00 euros versus a loss of 5.12 euros in 2009.**

Results by Division

Automotive Division

€ million	2009	**2010**
Revenues	38,265	**41 405**
Recurring operating income/(loss)	(1 257)	**621**
Recurring operating margin	*-3.3%*	***1.5%***
Operating income/(loss)	(1 820)	**563**

Automotive Division revenues rose 8.2% to €41,405 million in 2010.
New car revenues increased 8% to €30,790 million up from €28,501 million driven by strong volumes, positive net prices and favourable currency movements. This performance illustrates the strong momentum of the Peugeot and Citroën brands with an increase in European market share to 14.2% from 13.8%.

The division delivered a strong rebound in recurring operating income which stood at €621 million compared with a loss of €1,257 million a year earlier. The recurring operating income is the second half was €96 million in the context of less favourable markets in Europe, a very competitive pricing environment and the negative impact of raw materials. The recurring operating margin recovered to 1.5%.

- The performance plan boosted recurring operating income by €1,464 million. This achievement is well ahead of our €1.1 billion target for 2010.

- **China**

The performance of Dongfeng Peugeot Citroën Automobile increased significantly in 2010. As a consequence the joint venture will pay a dividend for the first time on 2010 earnings. The Group's 50% share of net income amounted to €159 million against €57 million in 2009, the equivalent of Group earnings per share of 70 cents

The Group signed a joint venture with Chang'an Automobile in 2010. This second joint venture in China, for which final approval is expected by the relevant authorities in 2011 first half, will allow the Group to develop light commercial vehicles and Citroën to launch the DS range.

- **India**

The entry to India is underway for the Group with the Peugeot brand and to produce in India a mid sized sedan.

Faurecia

€ million	2009	**2010**
Revenues	9 292	**13 796**
Recurring operating income/(loss)	(92)	**456**
Recurring operating margin	*-1.0%*	***3.3%***
Consolidated profit/(loss)	(417)	**232**

- With sales increasing by 48% to € 13,976 million for 2010, Faurecia has leveraged its lowered cost base and was able to post earnings exceeding its 2010 targets. Faurecia turnaround has been confirmed in 2010 with a recurring operating margin of 3.3%. It contributed € 343m to the improvement in the Free Cash Flow of the group. Faurecia also successfully executed the integration of Emcon Technologies and Plastal. It pursued its development in China. Finally Faurecia exceeded in 2010 the record of new contract signings, with a value of € 13.1 billions.

Gefco

€ million	2009	**2010**
Revenues	2 888	**3 351**
Recurring operating income/(loss)	102	**198**

- Gefco saw a major pick up in activity in 2010 with a 16% rise in revenues. Margins recovered strongly to 5.9%.

Banque PSA Finance

€ million	2009	**2010**
Net banking revenue	944	**1 000**
Revenue	1 823	**1 852**
Recurring operating income	498	**507**

- Banque PSA Finance posted record net banking revenues in 2010. This increase results from the continued quality of retail financing, solid dealership margins and the growth in service and insurance business. The growth in recurring operating income was held back by additional provisions on Spanish retail contracts as a result of the prolonged recession.

- **Financial Situation**

In 2010, the Group has generated €1 110 million in Free Cash Flow[1].

The net debt position of Industrial and Commercial businesses was reduced further to €1,236 million at 31 December 2010, down from €1 732 million at 30 June 2010, and down from €1,993 million at 31 December 2009.

- **Solid Free Cash Flow of €1 110 million was generated in 2010,** with funds from operations exceeding Capital expenditure and capitalised R&D. The Group generated €629 million of Free Cash Flow in the second half, following a significant reduction in trade receivables

- **Inventory levels remained sound at 445,000 vehicles** corresponding to a rotation rate of 61 days compared to 62 days at the end of 2009.

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

  At the end of 2010, the balance sheet of the Industrial and Commercial business was robust, with 8.6% gearing ratio. Total shareholders' equity increased by €1,856 million to €14,303 million. Excluding Faurecia, the Group had no gearing.

- **The Group proceeded to an early repayment of €1 billion of the French State loan.**

The solid financial situation enables us to reimburse fully the remaining €2 billion, €1 billion by end of february and €1 billion by end of April.

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[1] *Free cash Flow : net cash from operating activities– net cash used in investing activities+dividend paid from Group companies*

Selected Financial Information *

Consolidated Statements of Income

	2010				2009			
(in million euros)	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL
Sales and revenues **	54 502	1 852	(293)	**56 061**	46 885	1 823	(291)	**48 417**
Recurring operating income	1 289	507	-	**1 796**	(1 187)	498	-	**(689)**
Non-recurring operating income and (expenses)	(87)	27	-	**(60)**	(725)	(2)	-	**(727)**
Operating income	1 202	534	-	**1 736**	(1 912)	496	-	**(1 416)**
Consolidated income (loss)	*862*	*394*	-	***1 256***	*(1 627)*	*353*	**-**	***(1 274)***
Net income, Group share	744	388	2	**1 134**	*(1 511)*	*350*	-	***(1 161)***
Attribuable to minority interests	118	6	(2)	**122**	*(116)*	*3*	-	***(113)***
(in euros)								
Basic earnings per 1€ par value share				**5.00**				**(5.12)**
Diluted earnings per 1€ par value share				4.97				(5.12)

*** including EMCON and PLASTAL in 2010*

Consolidated Balance Sheets

Assets	December 31, 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	22 646	460	(25)	23 081	21 515	357	(25)	21 847
Total current assets	19 710	26 289	(589)	45 410	17 225	25 605	(556)	42 274
Total Assets	**42 356**	**26 749**	**(614)**	**68 491**	**38 740**	**25 962**	**(581)**	**64 121**

Equity & Liabilities	December 31, 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				14 303				12 447
Total non-current liabilities	12 225	412	-	12 637	13 323	479	-	13 802
Total current liabilities	19 342	22 823	(614)	41 551	16 143	22 310	(581)	37 872
Total Equity & Liabilities				**68 491**				**64 121**

Consolidated Statements of Cash Flows

	2010				2009			
(in million euros)	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL
Consolidated profits (loss)	**862**	**394**	**-**	**1 256**	(1 627)	353	-	(1 274)
Working capital	**3 257**	**350**	**-**	**3 607**	977	365	-	1 342
Net cash from (used in) operating activities	**3 774**	**154**	**117**	**4 045**	3 593	106	(129)	3 570
Net cash from (used in) investing activities	(2 804)	(1)	3	(2 802)	(2 784)		(1)	(2 785)
Net cash from (used in) financing activities	375	(137)	(132)	106	4 979	(143)	105	4 941
Net increase (decrease) in cash and cash equivalent	**1 436**	**27**	**(12)**	**1 451**	5 800	9	(25)	5 784
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 end of year	**9 253**	**1 316**	**(127)**	**10 442**	7 817	1 289	(115)	8 991

** The audit procedures on the consolidated accounts have been completed. The certification report is in the process of being issued*