27 July 2011

First-half 2011 Results

Group revenues: €31.1 billion, up 9.7%
Group recurring operating income up 1.8% to €1,157 million (14.7% excluding Japan disaster impact)
Net income group share up 18.5% to €806 million

- Group revenue up 9.7% to €31.1 billion, including €22.6 billion for the Automotive Division, driven by the success of new models despite an unfavourable market mix in Europe, and by market share gains outside Europe.
- Group recurring operating income up 1.8% to €1,157 million from €1,137 million in first-half 2010 (excluding the €147 million impact of Japan disaster, up 14.7% to €1,304 million). Automotive recurring operating income at €405 million after the impact of Japan disaster (€552 million excluding the Japan effect) and good performance by the non-automotive divisions.Net income, Group share up 18.5% to €806 million, including the €109 million saving in finance costs following early repayment of the French government loan.
- On-going implementation of the strategy to move the Peugeot and Citroën brands upmarket, with the proportion of premium vehicles rising to 17% of total sales.
- Joint venture agreement with Changan approved by the Chinese authorities, marking a further step forward in the globalisation strategy.
- Unfavourable external environment, with higher raw materials costs and the consequences of the Japan disaster on March 11.

Summary Income Statement

In € millions	H1 2010	**H1 2011**
Revenues	28,394	**31,135**
Recurring operating income excluding impact of events in Japan*	1,137	**1,304**
*As a % of revenue, excluding impact of events in Japan**	*4.0%*	*4.1%*
Impact of events in Japan	-	147
Recurring operating income	1,137	**1,157**
As a % of revenue	*4.0%*	***3.7%***
Net income, Group share	680	**806**
Earnings per share (in euros)	3.00	**3.55**

** First-half 2011 pro forma recurring operating income and margin excluding the impact of events in Japan*

Philippe Varin, Chairman of the PSA Peugeot Citroën Managing Board, said:

"In an unfavourable environment shaped by contracting European markets, higher raw materials costs and supplying disruptions following events in Japan, the Group delivered a robust performance. This context reinforces all the more our strategy of upscaling the Peugeot and Citroën brands, expanding our globalisation and improving our operational performance."

Outlook

The European market looks set to remain stable in 2011, while growth rates are expected to reach c.7% in China, c.6% in Latin America and c.30% in Russia.

- The Group confirms that 2011 targeted Group recurring operating income should be above 2010. Free Cash Flow is expected to be close to neutral.
- Faurecia recurring operating income is in progress and should reach €620/650 million Gefco and Banque PSA Finance are also expected to deliver increased recurring operating income in 2011.
- Regarding Automotive division, H2 2011 context is expected to worsen by €300 million compared with previous estimates, due to the Japan disaster impact and raw materials costs increase. The Performance Plan should only partially offset this additional negative impact.

Consolidated Results

- **Group revenue up 9.7% at €31,135 million.**
  Automotive revenue rose 6.7% to €22.6 billion, led by the success of new models. The other divisions also reported higher revenues, with Faurecia at €8,150 million, Gefco at €2,017 million and Banque PSA Finance at €942 million.

- **Group recurring operating income came to €1,157 million (+1,8%) from €1,137 million in first-half 2010, representing 3.7% of revenue.**
  The 1.8% increase reflects improved profitability across all non-automotive businesses, with recurring operating income up 56.7% at Faurecia, 17.2% at Gefco and 1.9% at Banque PSA Finance. Automotive recurring operating income contracted by 22.9%, due to the €147 million negative effect of the consequences of the disaster in Japan and the €366 million impact of higher raw materials costs. Excluding the impact of events in Japan, Group recurring operating income rose 14.7% to €1,304 million and Automotive recurring operating income was up 5.1% at €552 million.

- **Non-recurring operating products and expenses came to €30 million** versus €69 million in first-half 2010.
  Non-recurring operating expenses were not material in first-half 2011.

- **Income tax expense amounted to €208 million versus €227 million in first-half 2010.**

- **Net income, Group share, totalled €806 million versus €680 million** in first-half 2010, an increase of 18.5%. This was partly attributable to the €109 million saving in finance costs following the early repayment of the €3 billion French government loan obtained in March 2009. An initial €1 billion repayment was made on 10 September 2010, followed by two other instalments of the same amount on 25 February and 26 April 2011.

- **Earnings per share came to €3.55 compared with €3.00 end of June 2010.**

Results by Division

Automotive Division

In € millions	H1 2010	**H1 2011**
Revenues	21,174	**22,585**
Recurring operating income excluding impact of events in Japan*	525	**552**
*As a % of revenue, excluding impact of events in Japan**	*2.5*	***2.4***
Recurring operating income	525	**405**
As a % of revenue	*2.5*	***1.8***
Operating income	459	**418**

** First-half 2011 pro forma recurring operating income and margin excluding the impact of events in Japan.*

Automotive Division revenues rose 6.7% to €22,585 million in the first six months of 2011.

Revenues from new vehicle sales climbed 7.3% to €16,968 million from €15,820 million in first-half 2010.

Unit sales were 1.2% higher but the main driver of revenue growth was the 7% favourable impact of changes in the product mix, including 6.3% in the first quarter. This performance demonstrates the success of the strategy to move the Peugeot and Citroën brands upmarket, which was pursued in 2011 with the launch of the Peugeot 508, 508 SW and Citroën DS4, then of the Peugeot 3008 HY4 and Citroën DS5 in the second half of the year.

Premium vehicles accounted for 17% of total sales versus 14% in first-half 2010, and the C and D segments rose to 42% of total sales while the A and B segments fell to 40%.

The effects of changes in country mix on revenue cancelled each other out and the currency effect was neutral over the first half, despite an increase in the second quarter. The price effect for the first half was a negative 0.5%; however, prices improved in the second quarter as compared with the first.

Automotive recurring operating income contracted to €405 million in first-half 2011 from €525 million a year earlier, with the unfavourable operating environment having a €422 million negative impact. Market changes added €114 million and the currency effect was a positive €78 million. However, these gains only partly offset the €147 million effect of the consequences of the disaster in Japan and the €366 million impact of higher raw materials costs. Excluding the effect of events in Japan, the Division's recurring operating income was up by 5.1% at €552 million. Recurring operating margin stood at 1.8% (2.4% excluding the impact of the disaster in Japan).

The Group's performance lifted recurring operating income by €302 million, reflecting a €101 million positive price effect, due to the improved product mix which more than offset the negative price effect. During the period, the Group kept up its efforts to drive down costs. Production and purchasing cost savings boosted Automotive recurring operating income by €403 million.

Inventories at 30 June 2011 totalled 545,000 units, representing 76 days' sales versus 72 at 30 June 2010. The DSI ratio generally peaks at the end of June, in preparation for the production stoppages during the August vacation and the traditionally high volume of sales in the UK market in September.

This year, inventories were kept at an even higher level, due to problems in sourcing components after the disaster in Japan. Added to this, inventories increased ahead of the renewal and expansion of the product offer, with the launch of new models such as the DS3, DS4 and 508.

Further Advances in the Group's Globalisation Strategy

- Strategic Development in China

In first-half 2011, vehicle sales in China grew by 10.2% to 194,600 units. The net income group share of DPCA amounted €83 million. DPCA paid RMB 589 million in dividends to the Group on 18 April 2011.

Under the agreement signed with Dongfeng in the fall of last year that deepened the two groups' partnership, DPCA will launch 12 new models and 6 new engines between 2011 and 2015. The Peugeot 508 will be introduced this summer, extending the Group's premium vehicle offer in China. The ground-breaking ceremony for the third Chinese plant took place on 18 May and by 2015, DPCA will have the capacity to build 750,000 vehicles a year at Wuhan.

On 12 July, the Chinese authorities approved the joint venture agreement with Changan Automobile. This second joint venture in China will allow the Group to develop light commercial vehicle line-ups and Citroën to launch the DS range. With operations in Shenzhen, the joint venture will have initial annual production capacity of 200,000 vehicles and engines. The initial investment amounts to RMB 8.4 billion (€900 million), including capital of RMB 4 billion provided by the two partners.

- On-going Development outside Europe

In Latin America, the Group's sales rose 21.7% in first-half 2011 to 154,400 units, lifting its market share by 0.6 points to 5.9%. This performance was attributable to the new industrial and marketing strategy introduced in Latin America and to the arrival of new vehicles produced locally and adapted to consumer expectations in the region — the Peugeot 408 and the Citroën C3 Aircross.

In Russia, Group sales climbed 65.5% to 35,400 units. Assembled locally at the Kaluga plant, the Peugeot 308 and Citroën C4 contributed significantly to this growth. The plant continues to expand, with two additional models to be assembled there in the future — the new Citroën C4 starting in June and the restyled version of the Peugeot 308 as of July. Light commercial vehicle sales grew 72% in the first half, giving the Group a 5.8% market share.

In India, to support its plans to introduce the Peugeot brand in the market, the Group is examining various manufacturing solutions with the state authorities in Andhra Pradesh, Gujarat and Tamil Nadu.

Faurecia

In € millions	H1 2010	**H1 2011**
Revenues	6,826	**8,150**
Recurring operating income	217	**340**
As a % of revenue	*3.2*	***4.2***
Consolidated profit	112	**207**

- Faurecia reported revenue up 19.4% in first-half 2011, reflecting like-for-like increases of 8% in Europe, 30% in North America and 16% in Asia. Profitability improved sharply, with recurring operating income up 56.7% at €340 million, representing 4.2% of revenue versus 3.2% in first-half 2010.

Gefco

In € millions	H1 2010	**H1 2011**
Revenues	1,716	**2,017**
Recurring operating income	122	**143**

- Gefco's revenue increased by 17.5%, including gains of 13.3% on services performed for other Group companies and 25.7% on services sold to customers outside the Group. The drive to diversify the customer base proved successful and the acquisition of a 70% stake in Mercurio on 17 May 2011 will further speed up the process. Excluding this acquisition, organic growth in revenues from services sold to customers outside the Group came to 17.9%. Recurring operating income was a robust €143 million, an increase of 17.2%.

Banque PSA Finance

In € millions	H1 2010	**H1 2011**
Net banking revenue	505	**524**
Revenues	919	**942**
Recurring operating income	269	**274**

- Banque PSA Finance performed well. Net banking revenue totalled €524 million, an increase of 3.8% over the year-earlier period. The number of new contracts was also higher, reflecting the Bank's international expansion in Latin America and Central and Eastern Europe. Provision expense declined to 0.45% of average loans from 0.47% in first-half 2010 and 0.56% at end-2010.

- Banque PSA Finance enjoys a strong liquidity position, thanks to the success of several refinancing measures. Its medium-term notes programme has raised some €3.3 billion since 1 January 2011, including USD 1.25 billion on the US market.

Financial Position

- **Net debt of the manufacturing and sales companies totalled €1,646 million at 30 June 2011 compared with €1,732 million at 30 June 2010 and €1,236 million at 31 December 2010.**
  With substantial cash reserves of €11 billion, the Group has a strong financial position.

- Funds from operations generated during the first half amounted to €1,920 million versus €1,771 at the end of June 2010 and covered dividend payments of €250 million, as well as capital expenditure and capitalized development costs of €1,686 million to support the product dynamic and the Group's development in Europe and in markets outside Europe.
  Free cash flow was affected by the build-up of inventories to cover seasonal needs and sourcing problems following the disaster in Japan which led to a €412 million negative change in working capital requirement.

- **Stronger Balance Sheet**

  With financial assets and undrawn facilities totalling €11 billion, the manufacturing and sales companies' balance sheets remained healthy at 30 June 2011. Their equity increased by €960 million compared with 30 June 2010 (€502 million compared with 31 December 2010) to €14,805 million at 30 June 2011, representing gearing of 11.1% versus 8.6% at end-2010 and 12.5% at end-June 2010. The manufacturing and sales companies' debt was reduced by €1.8 billion to €10.3 billion from €12.1 billion at 30 June 2010 following the early repayment of the €3 billion French government loan to optimize the Group's financial position.

Contacts:

Media Relations	**Investor Relations**
Hugues Dufour +33 (0) 1 40 66 42 00 hugues.dufour@mpsa.com	Carole Dupont-Pietri +33 (0) 1 40 66 42 59 carole.dupont-pietri@mpsa.com
Pierre-Olivier Salmon +33 (0) 1 40 66 49 94 pierreolivier.salmon@mpsa.com	Christophe Fournier +33 (0) 1 40 66 57 45 christophe.fournier@mpsa.com

PSA Peugeot Citroën announced today that the 2011 half-year financial report is now available and has been filed with the French Autorité des Marchés Financiers (AMF). The report is available on the Group's web site (www.psa-peugeot-citroen.com), in its "Analysts/Investors – AMF regulated information" section

Financial Calendar:

- 26 October 2011: Third Quarter 2011 Revenues (before the market opens)
- 15 February 2012: 2011 Annual Results (before the market opens)
- 25 April 2012: First Quarter 2012 Revenues (before the market opens)
- April 25, 2012: Annual Shareholders' Meeting
- 25 July 2012: First Half 2012 Results (before the market opens)
- 24 October 2012: Third Quarter 2012 Revenues (before the market opens)

The interim consolidated financial statements of the PSA Peugeot Citroën Group for the six months ended 30 June 2011 were approved by the Managing Board on July 22, 2011 and reviewed by the Supervisory Board on 26 July 2011. The Group auditors have performed a limited review of the interim consolidated financial statements and their review reports are in the process of being issued.

APPENDIX

Consolidated Statements of Income

	First-half 2011				First-half 2010			
(in millions of euros)	**Manufacturing and Sales Companies**	**Finance Companies**	**Eliminations**	**TOTAL**	**Manufacturing and Sales Companies**	**Finance Companies**	**Eliminations**	**TOTAL**
Sales and Revenue	30,347	942	(154)	**31,135**	27,620	919	(145)	**28,394**
Recurring operating income	883	274	-	**1,157**	868	269	-	**1,137**
Non-recurring operating income (expense)	(30)	-	-	**(30)**	(69)	-	-	**(69)**
Operating income	853	274	-	**1,127**	799	269	-	**1,068**
Profit for the period	*725*	*179*	*-*	***904***	*527*	*210*	*-*	***737***
Attributable to equity holders of the parent	629	175	2	806	472	208	-	680
Attributable to minority interests	96	4	(2)	**98**	55	2	-	**57**
(in euros)								
Basic earnings per €1 par value share				**3,55**				**3,00**

Consolidated Balance Sheets

ASSETS	30 June 2011				31 December 2010			
(in millions of euros)	**Manufacturing and Sales Companies**	**Finance Companies**	**Eliminations**	**TOTAL**	**Manufacturing and Sales Companies**	**Finance Companies**	**Eliminations**	**TOTAL**
Total non-current assets	23,501	507	(25)	23,983	22,646	460	(25)	23,081
Total current assets	20,096	27,650	(1,052)	46,694	19,710	26,289	(589)	45,410
TOTAL ASSETS	**43,597**	**28,157**	**(1,077)**	**70,677**	**42,356**	**26,749**	**(614)**	**68,491**

EQUITY AND LIABILITIES	30 June 2011				31 December 2010			
(in millions of euros)	**Manufacturing and Sales Companies**	**Finance Companies**	**Eliminations**	**TOTAL**	**Manufacturing and Sales Companies**	**Finance Companies**	**Eliminations**	**TOTAL**
Total equity				14,805				14,303
Total non-current liabilities	11,061	400	-	11,461	12,225	412	-	12,637
Total current liabilities	21,253	24,235	(1,077)	44,411	19,342	22,823	(614)	41,551
TOTAL EQUITY AND LIABILITIES				**70,677**				**68,491**

Consolidated Statements of Cash Flows

	First-half 2011				First-half 2010			
(in millions of euros)	**Manufacturing and Sales Companies**	**Finance Companies**	**Eliminations**	**TOTAL**	**Manufacturing and Sales Companies**	**Finance Companies**	**Eliminations**	**TOTAL**
Consolidated profit for the period	**725**	**179**	**-**	**904**	**527**	**210**	**-**	**737**
Funds from operations	**1920**	**171**	**-**	**2,091**	**1,771**	**191**	**-**	**1,962**
Net cash from (used in) operating activities	1,508	280	(153)	1,635	1,542	145	40	1,727
Net cash from/(used in) investing activities	(1,686)	(10)	-	(1,696)	(1,201)	(40)	-	(1,241)
Net cash from/(used in) financing activities	(1,774)	-	(29)	(1,803)	742	(140)	(127)	475
Effect of change in exchange rates	(56)	(5)	-	(61)	141	29	-	170
Net increase/(decrease) in cash and cash equivalents	**(2,008)**	**265**	**(182)**	**(1,925)**	**1,224**	**(6)**	**(87)**	**1,131**
Net cash and cash equivalents at beginning of year	**9,253**	**1,316**	**(127)**	**10,442**	**7,817**	**1,289**	**(115)**	**8,991**
Net cash and cash equivalents at end of period	7,245	1,581	(309)	8,517	9,041	1,283	(202)	10,122