15 February 2012

# 2011 Financial Results

- Group revenue up 6.9% to €59,912 million, driven by the success of new models and Faurecia's expansion.
- Group recurring operating income of €1,315 million, with a negative contribution of €92 million from the Automotive Division.
- Net income, Group share of €588 million, including €150 million from Dongfeng Peugeot Citroën Automobile equity affiliate.
- Net debt of €3.4 billion at 31 December 2011, and €2.9 billion pro forma following the disposal of CITER agreed on 2011 and completed on 1 February 2012, versus €1.6 billion at 30 June 2011.
- Cash management plan

**Summary Income Statement**

| *In € millions* | **2010** | **2011** |
|---|---|---|
| Revenues | 56,061 | **59,912** |
| Recurring operating income | 1,796 | **1,315** |
| *As a % of revenue* | *3.2%* | **2.2 %** |
| Operating Income | 1,736 | **898** |
| Net income, Group share | 1,134 | **588** |
| Earnings per share (in euros) | 5.00 | **2.64** |

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

*"Deterioration in our business environment from the end of the first half lead to very disappointing results from our Automotive Division. Other divisions - Faurecia, Gefco and Banque PSA Finance - made a positive contribution to our results.*

*We implement a strong cash management program: we step up the costs measures announced last October from €800 million to €1 billion. In addition, we will launch an assets disposal program, including CITER, that will include property assets and the opening of Gefco's capital, for a global amount around €1,5 billion. Our financial position remains robust and secured.*

*We expect market conditions to remain difficult in Europe in 2012. We will continue to expand globally, especially with our second joint venture in China.*

*Our two brands will pursue their marketing and upmarket drive. Key events during the year will include the launch of the Peugeot 208, the Citroën DS5 and the introduction of four diesel hybrid models, a world "Premiere"."*

**Outlook for 2012**

In 2012, the Europe 30 market should contract by c. 5% and by c. 10% in France. Outside of Europe, the Group is anticipating growth of c. 7% in China, 6% in Latin America and 5% in Russia.
In 2012, Group net debt should reduce significantly, supported by the cash management program, by asset disposals and to new model launches.

### Consolidated Results

- **Group revenue rose 6.9%** (6% like-for-like) **to €59,912 million** in 2011**.** Changes in the scope of consolidation added €914 million and included Faurecia's acquisitions of Plastal Germany, Plastal Spain and Madison and Gefco's acquisition of a 70% interest in Mercurio.

- **Group recurring operating income declined to €1,315 million from €1,796 million in 2010.** After a 1.8% increase to €1,157 million in the first half, Group recurring operating income came to €158 million in the second half, reflecting the Automotive Division's €497 million recurring operating loss during the period.
  All the other divisions increased their contributions in relation to the previous year.

- **Non-recurring operating expenses came to €417 million versus €60 million in 2010.** Declining demand in the automotive market triggered the launch of new restructuring plans in both the Automotive Division and at Faurecia for a total of €310 million. Other expenses primarily stemmed from exposure to currency risk from yen-denominated contracts.

- **Net financial expense declined to €334 million from €429 million in 2010,** reflecting the interest saved by the full repayment of the €3 billion French government loan obtained in March 2009. Payments totalling €2 billion were made in the first half of 2011.

- **Net income, Group share totalled €588 million compared with €1,134 million in 2010.**

- **Earnings per share amounted to €2.64 versus €5.00 in 2010.**

## Results by Division

### Automotive Division

| *In € millions* | **2010** | **2011** |
|---|---|---|
| Revenues | 41,405 | **42,710** |
| Recurring operating income (loss) | 621 | **(92)** |
| *As a % of revenue* | *1.5%* | ***-0.2%*** |
| Operating Income (loss) | 563 | **(439)** |

- Automotive Division revenues rose 3.2% to €42,710 million in 2011.
  Revenues from new vehicle sales increased by 2.9% to €31,677 million from €30,790 million in 2010, boosted by the 6.5% favourable impact of changes in the product mix. This performance illustrates the success of the strategy to move the Peugeot and Citroën brands upmarket, which helped raise the proportion of premium vehicle sales to 18% of the total in 2011 from 13% in 2010. Examples include the launch of the Peugeot 508, and the successful addition to the Citroën DS line, the DS4.
  In a sluggish European market shaped by very different situations in each country and severe price pressure—particularly in the high-volume B segment—the Group focused on maintaining margins and consequently saw unit sales of assembled vehicles (excluding China) decline by 2.3% over the year. The currency effect also had a negative impact on new vehicle sales.

- The Automotive Division posted a recurring operating loss of €92 million for the full year, versus income of €621 million in 2010. The loss in the second half stood at €497 million, reflecting:
  - An unfavourable product mix, with 38% of sales in the A and B segments, which were subjected to significant price pressure.

- An unfavourable market mix.
- Significant disruptions in supplies due to the Fukushima disaster and the halt in deliveries from supplier Agrati.
- Sharply higher raw material costs.

Recurring operating margin was a negative 0.2% for the full year.

Despite the improved product mix and continued efforts to reduce costs, the full-year impact of the Group's performance plan was limited to €331 million due to the other effects, the loss of market share in Europe, lower prices and customer givebacks.

New cars inventories at 31 December 2011 totalled 493,000 units, up 48,000 from year-end 2010, and represented 69 days of sales. Weaker-than-expected fourth-quarter sales, the disruption in supplies from Agrati and the build up of stocks to support the closure during work carried out on the Porto Real plant in January 2012 as well as new launches, all contributed to this level.

- **China**

Vehicle sales in China grew by 7.7% to 404,400 units.

Dongfeng Peugeot Citroën Automobile again posted a high level of net income in 2011, renewing its ability to pay a dividend. DPCA paid to the Group a first dividend of RMB 589 million on 18 April 2011.
The Group's 50% share of DPCA's net income amounted to €150 million versus €159 million in 2010, giving earnings per share of €0.67.

Under the agreement with Dongfeng in the fall of 2010 extending the partnership, DPCA has planned to launch 12 new models and 6 new engines between 2011 and 2015. The Peugeot 508 was introduced in the second half of 2011, extending the Group's premium vehicle offer in China. The ground-breaking ceremony for the third Chinese plant took place on 18 May. By 2015, DPCA will have the capacity to build 750,000 vehicles a year at Wuhan.

The business licence on the joint venture with Chang'an Automobile was obtained on 16 November 2011. This second joint venture in China will allow the Group to develop light commercial vehicle line-ups in the country and Citroën to launch the DS range first imported before localised DS models by 2013. The new company will develop its dealership network while offering the Citroën DS4, DS5 followed by DS3 as of the first half of 2012. With operations in Shenzhen, the joint venture will have initial annual production capacity of 200,000 vehicles and engines. The initial investment amounted to RMB 8.4 billion (€1,030 million), including capital of RMB 4 billion provided by the two partners.

**Faurecia**

| *In € millions* | **2010** | **2011** |
|---|---|---|
| Revenues | 13,796 | **16,190** |
| Recurring operating income | 456 | **651** |
| *As a % of revenue* | *3.3%* | ***4.0%*** |
| Consolidated profit | 232 | **413** |

- Faurecia's full-year revenue rose 17.4% to €16,190 million, reflecting like-for-like increases of 6.2% in Europe, 32.6% in North America, 17.2% in South America and 16.1% in Asia. Performance held firm, with recurring operating income up 43% at €651 million, representing 4% of revenues versus 3.3% in 2010.
  The year was shaped by sharply higher capital expenditure and capitalised development costs. Cash flow was close to breakeven.
  At the end of 2011, Faurecia achieved global debt refinancing of €1.6 billion. Fiscal 2011 was another record year for new contracts, which totalled €13.5 billion. This performance lifted order backlog by more than 35% to €35.4 billion.

**Gefco**

| *In € millions* | **2010** | **2011** |
|---|---|---|
| Revenues | 3,351 | **3,782** |
| Recurring operating income | 198 | **223** |
| *As a % of revenue* | *5.9%* | ***5.9%*** |

- Gefco's revenue increased by 12.9%, including gains of 9.2% on services performed for other Group companies and 19.2% 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 in 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 12.7%. Recurring operating income rose 12.6% to €223 million.

**Banque PSA Finance**

| *In € millions* | **2010** | **2011** |
|---|---|---|
| Net banking revenue | 1,000 | **1,032** |
| Revenues | 1852 | **1,902** |
| Recurring operating income | 507 | **532** |

- Banque PSA Finance remained on a growth trajectory in 2011, with a penetration rate of 27.8% for new vehicle sales and 161% for services, and net banking income of €1,032 million. These figures—the highest in the last ten years— reflect the effectiveness of Banque PSA Finance's business model, which is based on an innovative range of package offers and a close partnership with dealers. They also illustrate the quality of the loans granted to customers over the last several years thanks to a rigorous risk selection and management policy.

## Financial Position

- **Net debt of the manufacturing and sales companies** amounted to €3,359 million at 31 December 2011 compared with €1,236 million at 31 December 2010.

  Funds from operations generated during the year amounted to €2,596 million versus €3,257 million at the previous year-end, and partially covered capital expenditure and capitalised development costs of €3,713 million to support product development and the Group's expansion in Europe and in markets outside Europe. **Free cash flow**[1] was affected by the build up of inventories, which, at €661 million, led to a €684 million negative change in working capital requirement.

- **Solid financial structure and balance sheet**

The Group's financial structure is solid.

- With financial assets and undrawn facilities totalling €9.6 billion, the manufacturing and sales companies' balance sheets remained healthy at 31 December 2011. Undrawn facilities alone totalled €3.1 billion. Net debt amounted to €3.4 billion, while equity stood at €14.5 billion, for gearing of 23% at 31 December 2011. The disposal of the car rental business (CITER) in early February 2012 reduced borrowings by €440 million and lowered gearing to 20%[2] proforma.
- Banque PSA Finance also benefits from healthy balance sheet, with a Basel II ratio of more than 14% and sufficient financial assets and undrawn facilities to cover six months of business without the need for additional financing.

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*The 2011 financial results presentation may be found in the Analyst/Investor section on www.psa-peugeot-citroen.com.*

**Financial Calendar:**

- 25 April 2012: First Quarter 2012 revenues
- 25 April 2012: Annual Shareholders' Meeting
- 25 July 2012: First Half 2012 results
- 24 October 2012: Third Quarter 2012 revenues

[1] *Free cash flow = Net cash from operating activities – net cash used in investing activities + net dividends received from Group companies*
[2] *Pro forma gearing following the disposal of CITER on 1 February 2012*

# Appendix*

## Consolidated Statements of Income

| (in millions of euros) | 2011 | | | | 2010 | | | |
|---|---|---|---|---|---|---|---|---|
| | Manufacturing and Sales Companies | Finance Companies | Eliminations | TOTAL | Manufacturing and Sales Companies | Finance Companies | Eliminations | Total |
| Sales and Revenue* | 58,329 | 1,902 | (319) | **59,912** | 54,502 | 1,852 | (293) | **56,061** |
| Recurring operating income | 783 | 532 | - | **1,315** | 1,289 | 507 | - | **1,796** |
| Non-recurring operating income (expense) | (417) | - | - | **(417)** | (87) | 27 | - | **(60)** |
| Operating Income | 366 | 532 | - | **898** | 1,202 | 534 | - | **1,736** |
| *Consolidated profit* | *430* | *354* | *0* | ***784*** | *862* | *394* | *-* | ***1,256*** |
| Attributable to equity holders of the parent | 238 | 345 | 5 | **588** | 744 | 388 | 2 | **1,134** |
| *Attributable to minority interests* | 192 | 9 | (5) | **196** | 118 | 6 | (2) | **122** |
| *(in euros)* | | | | | | | | |
| Basic earnings per €1 par value share | | | | **2.64** | | | | **5.00** |

** Including Plastal Germany, Plastal Spain, Madison and Mercurio in 2011*

## Consolidated Balance Sheets

| ASSETS | 31 December 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 | 25,286 | 367 | (25) | 25,628 | 22,646 | 362* | (25) | 22,983 |
| Total current assets | 16,550 | 27,431 | (618) | 43,363 | 19,710 | 26,387* | (589) | 45,508 |
| **TOTAL ASSETS** | **41,836** | **27,798** | **(643)** | **68,991** | **42,356** | **26,749** | **(614)** | **68,491** |

** versus respectively € 460 and 26,289 million previously reported in 2010, due to reclassification of the units in Brazilian FIDC funds from "non current assets" to "current assets"*

| EQUITY & LIABILITIES | 31 December 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 | | | | 14 494 | | | | 14,303 |
| Total non-current liabilities | 12,184 | 369 | - | 12,553 | 12,225 | 412 | - | 12,637 |
| Total current liabilities | 18,849 | 23,738 | (643) | 41,944 | 19,342 | 22,823 | (614) | 41,551 |
| **TOTAL EQUITY & LIABILITIES** | | | | **68,991** | | | | **68,491** |

## Consolidated Statements of Cash Flows

| *(in millions of euros)* | 2011 | | | | 2010 | | | |
|---|---|---|---|---|---|---|---|---|
| | Manufacturing and Sales Companies | Finance Companies | Eliminations | TOTAL | Manufacturing and Sales Companies | Finance Companies | Eliminations | TOTAL |
| **Consolidated profit for the year** | **430** | **354** | **-** | **784** | **862** | **394** | **-** | **1,256** |
| **Funds from operations** | **2,596** | **339** | **-** | **2,935** | **3,257** | **350** | **-** | **3,607** |
| Net cash from (used in) operating activities | 1,912 | 17 | (177) | 1,752 | 3,774 | 154 | 117 | 4,045 |
| Net cash from (used in) investing activities | (3,713) | (19) | - | (3,732) | (2,804) | (1) | 3 | (2,802) |
| Net cash from (used in) financing activities | (2,691) | (158) | 78 | (2,771) | 375 | (137) | (132) | 106 |
| Effect of changes in exchange rates | 3 | (2) | 2 | 3 | 91 | 11 | - | 102 |
| **Net increase (decrease) in cash and cash equivalents** | **(4,489)** | **(162)** | **(97)** | **(4,748)** | **1,436** | **27** | **(12)** | **1,451** |
| 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 year** | **4,764** | **1,154** | **(224)** | **5,694** | **9,253** | **1,316** | **(127)** | **10,442** |

**The consolidated financial statements were approved by the Managing Board on 9 February 2012 and reviewed by the Supervisory Board on 14 February 2012. The Group's Statutory Auditors have audited the financial statements and are currently issuing their reports.*