

Good start for "Push to Pass" plan with record profitability for first half of 2016

- 6.8% of recurring operating margin¹ for the Automotive division and 5.1% for Faurecia
- Net income, Group share, doubled to €1.2 billion
- €1.8 billion in Free Cash Flow²
- Roll out has started for the "Push to Pass" plan; the product blitz and international development have been launched. The PSA Group has greater agility than ever before for continuing its profitable growth.

Group revenue amounted to €27,779 million in the first half of 2016, compared to €28,036 million in the first half of 2015 (after restatement in accordance with IFRS 5, detailed in the appendices), growth of 2.4% at constant exchange rates. Net of the unfavourable changes in exchange rates, it is down by 0.9%.

Automotive division revenue amounted to €19,190 million, also up 2.5% compared to the first half of 2015 at constant exchange rates, attributable to the success of the models and the pricing power strategy. Net of the unfavourable changes in exchange rates, it is down by 1.1%.

Group Recurring Operating Income amounted to €1,830 million, up 32% compared to the first half of 2015. With Recurring Operating Income of €1,303 million, the Automotive division grew by 34% compared to the first half of 2015. This growth is buoyed particularly by increased volumes³, as well as the continued reduction of fixed costs and production costs.

Non-recurring operating income and expenses amounted to -€207 million, compared to -€343 million in the first half of 2015.

Group net financial expenses fell by half to -€150 million, compared to -€334 million in the first half of 2015.

Group consolidated net profit amounted to €1,383 million, up by €663 million. Net income, Group share, is €1,212 million, compared to €571 million in the first half of 2015.

Banque PSA Finance reported Recurring Operating Income of €297 million⁴, a rise of 1% compared to the first half of 2015.

Faurecia's Recurring Operating Income amounted to €490 million, an increase of €106 million compared to the first half of 2015.

Free Cash Flow of Manufacturing and sales companies amounted to €1,846 million, driven by improved funds from operations.

Total inventory, including independent dealers, stood at 399,000 vehicles at 30 June 2016, up 8,000 units from end June 2015.

¹ Recurring operating income to revenue

² In the first half of 2016, for Manufacturing and sales companies

³ Excluding China

⁴ 100% of the results of Banque PSA Finance. In the financial statements of the PSA Group, the joint ventures are accounted for at equity, and the other businesses covered by the Santander agreement are reclassified under "Operations held for sale or to be continued in partnership".



The Manufacturing and sales companies' net financial position at 30 June 2016 was a positive €5,972 million, up €1,412 million on 31 December 2015.

Market outlook

For 2016, the Group expects the automotive market to grow by about 4% in Europe and 8% in China, and to shrink by around 12% in Latin America and 15% in Russia.

Operational targets

The Push to Pass plan, unveiled on 5 April 2016, sets the following targets:

- Reach an average 4% automotive recurring operating margin in 2016-2018, and target 6% by 2021;
- Deliver 10% Group revenue growth by 2018¹ vs 2015, and target additional 15% by 2021¹.

Carlos Tavares, Chairman of the Managing Board of the PSA Group, said: *"Our continued performance reflects the success of the company's structural transformation, its efficiency, and the profound change of spirit within the Group. In a changing environment, all our teams are focused on operational excellence and continue to demonstrate their agility in deploying our Push to Pass strategic plan."*

Financial Calendar - 26 October 2016: 3rd Quarter 2016 Revenue

The PSA Group's consolidated financial statements at 30 June 2016 were approved by the Managing Board on 22 July 2016 and reviewed by the Supervisory Board on 26 July 2016. The Group's Statutory Auditors have completed their audit and are currently issuing their report on the consolidated financial statements.

The interim results report and interim financial results presentation for 2016 are available at www.groupe-psa.com, in the "Analysts and Investors" section.

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About PSA Group

With its three world-renowned brands, Peugeot, Citroën and DS, the PSA Group sold 3 million vehicles worldwide in 2015. Second largest carmaker in Europe, the PSA Group recorded sales and revenue of €54 billion in 2015. The Group confirms its position of European leader in terms of CO₂ emissions, with an average of 104.4 grams of CO₂/km in 2015. With a fleet of 1.8 million connected vehicles on the road worldwide, the Group is on the cutting edge of innovation in this field, and is expanding its services as a mobility provider. It is also involved in financing activities (Banque PSA Finance) and automotive equipment (Faurecia). For more information, please visit groupe-psa.com/en

¹ At constant (2015) exchange rates

Appendices

The Group's interim 2015 financial statements have been restated in accordance with IFRS 5.

Impact of the plan to sell Faurecia's Automotive Exteriors business on the Group's financial statements comparatives (30 June 2015)

<i>(in million euros)</i>	First half 2015 as reported in July 2015	Automotive Exteriors IFRS 5 impacts	First half 2015 as reported in July 2016
Group Revenue	28,904	(868)	28,036
Group Recurring operating income (loss)	1,424	(40)	1,384
Free Cash Flow*	2,792	(74)	2,718

* Manufacturing and sales companies: Automotive Division and Faurecia

Consolidated Income Statement

<i>(in million euros)</i>	First-half 2015*				First-half 2016			
	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL
Revenue	27,904	140	(8)	28,036	27,684	102	(7)	27,779
Recurring operating income (loss)	1,365	19	-	1,384	1,823	7	-	1,830
Operating income (loss)	1,022	19	-	1,041	1,616	7	-	1,623
Net financial income (expense)	(339)	5	-	(334)	(154)	4	-	(150)
Income taxes	(307)	(13)	-	(320)	(299)	(11)	-	(310)
Share in net earnings of companies at equity	174	59	-	233	62	87	-	149
Profit (loss) from operations held for sale or to be continued in partnership	40	60	-	100	47	24	-	71
Consolidated profit (loss) for the period	590	130	-	720	1,272	111	-	1,383
Attributable to equity holders of the parent	448	123	-	571	1,102	110	-	1,212
Attributable to minority interests	142	7	-	149	170	1	-	171
Basic earnings per €1 par value share attributable to equity holders of the parent				0.73				1.51

* Restated according to IFRS 5

Consolidated balance sheet

<i>(in million euros)</i>	31 December 2015				30 June 2016			
	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL
ASSETS								
Total non-current assets	20,926	1,131	(2)	22,055	21,853	1,248	(1)	23,100
Total current assets	18,839	1,193	(608)	19,424	20,617	925	(647)	20,895
Total assets of operations held for sale or to be continued in partnership	616	7,048	(33)	7,631	777	3,826	(20)	4,583
TOTAL ASSETS	40,381	9,372	(643)	49,110	43,247	5,999	(668)	48,578

EQUITY AND LIABILITIES	31 December 2015				30 June 2016				
	(in million euros)	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL
Total equity					12,219				13,347
Total non-current liabilities	9,984	17			10,001	11,535	15	-	11,550
Total current liabilities	20,104	3,405	(551)		22,958	19,964	1,188	(604)	20,548
Transferred liabilities of operations held for sale or to be continued in partnership	401	3,623	(92)		3,932	420	2,777	(64)	3,133
TOTAL EQUITY & LIABILITIES					49,110				48,578

Consolidated Statement of Cash Flows

(in million euros)	First half of 2015*				First half of 2016			
	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL	Manufacturing and sales companies	Finance companies	Eliminations	TOTAL
Consolidated profit (loss) from continuing operations	550	(11)	-	539	1,225	76	-	1,301
Funds from operations	2,566	(24)	1	2,543	2,798	69	-	2,867
Net cash from (used in) operating activities of continuing operations	3,453	6,161	54	9,668	3,187	907	(74)	4,020
Net cash from (used in) investing activities of continuing operations	(1,305)	(25)	136	(1,194)	(1,560)	21	14	(1,525)
Net cash from (used in) financing activities of continuing operations	(358)	(496)	343	(511)	(903)	(173)	(104)	(1,180)
Net cash related to the non-transferred debt of finance companies to be continued in partnership	-	(6,829)	(360)	(7,189)	-	(2,258)	175	(2,083)
Net cash from the transferred assets and liabilities of operations held for sale or to be continued in partnership	34	(375)	(254)	(595)	(78)	1,201	(11)	1,112
Effect of changes in exchange rates	146	-	-	146	(95)	10	-	(85)
Increase (decrease) in cash from continuing operations and from operations held for sale or to be continued in partnership	1,970	(1,564)	(81)	325	551	(292)	-	259
Net cash and cash equivalents at beginning of period	8,429	2,601	(129)	10,901	10,453	893	(54)	11,292
Net cash and cash equivalents of continuing operations at end of period	10,399	1,037	(210)	11,226	11,004	601	(54)	11,551

* Restated according to IFRS 5