PSA PEUGEOT CITROËN


# Strategy and Ambition
# 2010 - 2015

September 4, 2007

## PSA Peugeot Citroën

# "CAP 2010"* and Ambition 2015

* Course to 2010

## 2010 Challenge

**Back to growth and profit**

## 2015 Ambition

**Each business:**

- Among the best in the industry in growth and profitability
- To reach the highest possible enterprise value

## Key Drivers

**Our employees' commitment to winning**

**A move towards a culture of speed, action, results**



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# Faurecia

## 2010 Challenge

3% operating margin

A cleaned-up business portfolio

A best-in-class product portfolio

A broader customer portfolio

A restructured, competitive manufacturing base

Among the best in innovation and technology

## 2015 Ambition

Among the worldwide leaders in each business



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# Gefco


## "FORCE 10"

Significant growth, 5% operating margin

Fast geographic expansion

Broader customer portfolio

A unique automotive logistics network in Europe

## 2015 Ambition

European leader in automotive logistics

Increase the contribution of services to the business

**The preferred logistics partner of all carmakers**

# Banque PSA Finance

## 2010 Objectives

Maximize synergies with the Peugeot and Citroën brands

Develop related services

Speed up international expansion

## 2015 Ambition

Secure growth

Remain the benchmark in profitability



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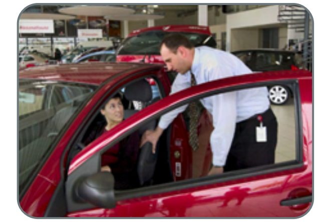
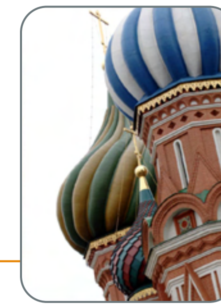
# Automotive Division



## From CAP 2010 …

**Product and service quality**
**European product offensive**
**Competitiveness plan**
**International offensive**

## … to Ambition 2015

**The most competitive carmaker in Europe**

- The leader in environmentally friendly cars
- With a broad and profitable international base
- Delivering long-term profit growth

# Product and service quality

*A customer-centric company*

## Product quality

**Halve** the number of quality incidents

**Divide by three** incident resolution time

## Service quality

Peugeot and Citroën ranking among the **European Top 5**

- A “revolution” in customer service
- One back office for both brands



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# European product offensive

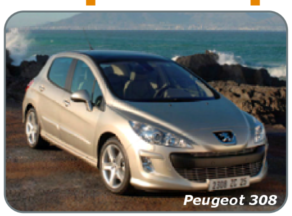
## Broaden the Peugeot and Citroën lineups

Take our share of the growing market segments

Boost our leadership in commercial vehicles

Develop "competitive premium" models in each segment

## European product plan


Peugeot 308


Citroën C4 Picasso


Citroën Jumpy

| | 2003-2006 | 2007-2010 |
|---|---|---|
| New concept | 2 | 5 |
| Lineup extension | 4 | 5 |
| Model renewals | 9 | 18 |
| Restylings | 7 | 1 |
| **Total** | **22** | **29** |
| Sedans | 11 | 9 |
| Non-sedans | 7 | 14 |
| Light commercial vehicles | 4 | 6 |
| **Total** | **22** | **29** |

# European product offensive

**Peugeot's powerful comeback**

+

**Citroën's acceleration**

## 2010 Europe

Increase the differentiation between our two brands

Add 300,000 units to 2006 sales

## 2015 Ambition

Offer the widest, most innovative lineup in Europe

Enhance the image value of the Peugeot and Citroën brands

# European marketing offensive

## Get our share back … and make it richer

Expand in the “corporate” market

Differentiate and energize our partnership with our car dealers

Increase the return on media spend

Transform our proprietary dealerships  into real profit centers

## 2015 Ambition

The most competitive Group in sales organisation

The most competitive dealers network in Europe

# Competitiveness plan

## Cap 2010: on track !

Halve our warranty costs

Increase purchasing productivity from 4% to 6%/year

Reduce overheads and fixed costs by 30%

Shorten development cycles by 30%

Reduce supply chain costs by 10%

Manufacturing: 100% roll out the "Convergence program" by the end of 2007

Increase capacity utilisation by 20 points

## 2015 Ambition

Become the most competitive carmaker in Europe

# Competitiveness plan

## Cap 2010 … and beyond

Roll out the "PSA Production System"

Develop flexible, modular platforms

Extend the manufacturing and sourcing base
in emerging markets

Increase vehicle customisation outside our plants

## 2015 Ambition

A highly competitive manufacturing base



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# International offensive: Mercosur

*A new dimension through product coverage*

## 2010 Mercosur

Double the number of model launches to 12

Be a player in the entry-level segment

Strengthen and extend the two brands' dealer networks

Swiftly free up additional production capacity

Increase local content, strengthen R&D


*Peugeot 307 Sedan*


*Citroën C4 Pallas*


*Peugeot 206 SW*


*Citroën C3 XTR*


*Citroën Berlingo*


*Citroën Xsara Picasso*

## 2015 Ambition

Brazil: join the "Big 4"
Argentina: become the undisputed market leader

**Objective: 400,000 unit sales**

# International offensive: China

*A new dimension through an extended geographic coverage*

## 2010 China

### JV with Dongfeng

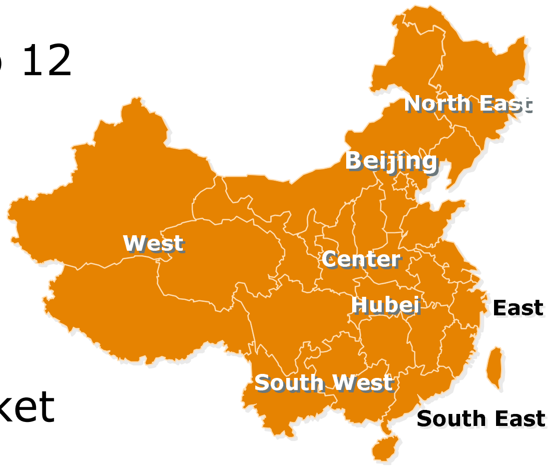
- Start-up manufacturing facilities on the East cost
- Renew the Peugeot and Citroën lineups
  and double the number of model launches to 12

### China Business Unit

- Develop R&D and styling centers
- Strengthen purchasing

### Feasibility study for a JV with Hafei

- Extend product coverage to 80% of the market
- 3rd plant in the South




## 2015 Ambition

**Become an established, profitable industry player**

**Objective: 1 million units in the medium term**



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# International offensive

*New growth regions*

## Russia

**Plant search underway**

**2010 objective: 100,000 units (300,000 in the medium term)**

## India & Mexico

**Strategic assessment underway**



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# Product strategy

*Widen the generalist's playfield*

## Competitive premium

**Distinctive cars in each segment**

## Entry-level

**The competitive model whenever necessary**

## Core models
(Sedan – Non-sedan)

**A strengthened presence in growth segments**

# Automotive Division

## From CAP 2010 …

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## … to Ambition 2015

**The most competitive carmaker in Europe**

- The leader in environmentally friendly cars
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- Delivering long-term profit growth

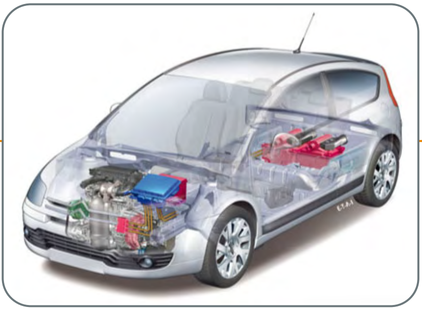
# The leader in environmentally friendly cars

## Facts

### A major competitive advantage for PSA Peugeot Citroën:

- **The best $CO_2$ performance in Europe:**
  - 1 million vehicles sold < 140g/km (in 2006)
  - Of which 500,000 < 120g/km
- **HDi + biodiesel: as environmentally friendly as gasoline hybrids**
- **Stop & Start: available on the C3 since 2004**
- **2 million DPF-equipped vehicles**
- **World's largest diesel engine manufacturer with Ford**
- **The world's best gasoline engine technology with BMW**

# The leader in environmentally friendly cars



## Objectives

### Strengthen our leadership position:

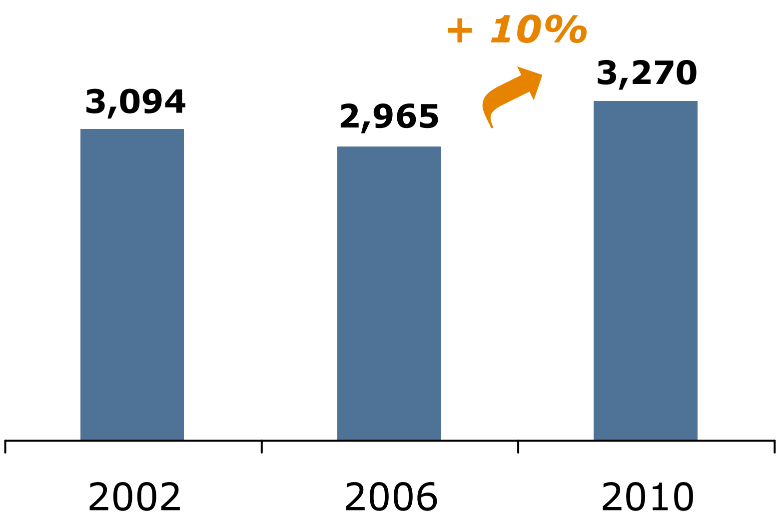
- A strengthened engine strategy
- Extensive deployment of hybrid technologies
  - Micro Hybrid: 1 million Stop & Start units sold in 2011
  - Mild Hybrid: roll out in 2010 in the mid-range
  - Full Hybrid: market launch of the Hybrid HDi in 2010
- 30% biodiesel: compatible with all our engines
- Bioethanol offer: wherever needed

**Gain at least 10g/km of $CO_2$ in Europe**

# Worldwide sales: over **4 million vehicles in 2010**

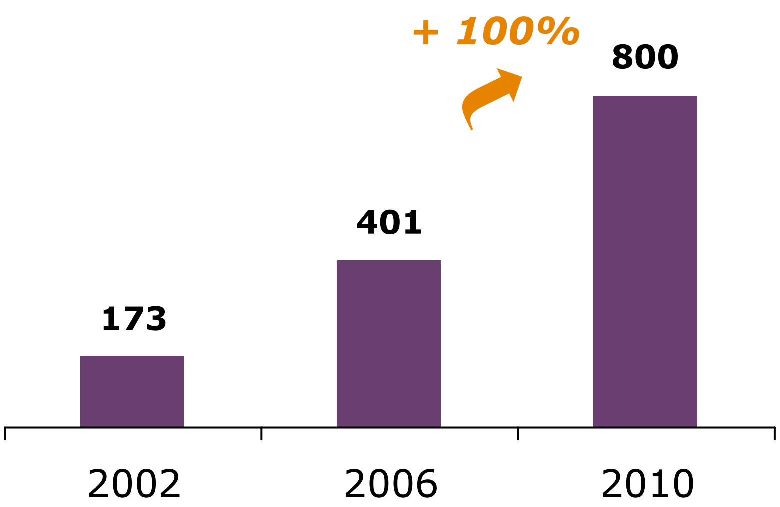
*Total Europe* sales*

- up 300,000 over the period




*Russia + Mercosur + China sales*

- up 400,000 over the period




*Western Europe + Eastern Europe + Rest of World (excluding Russia, Mercosur and China)



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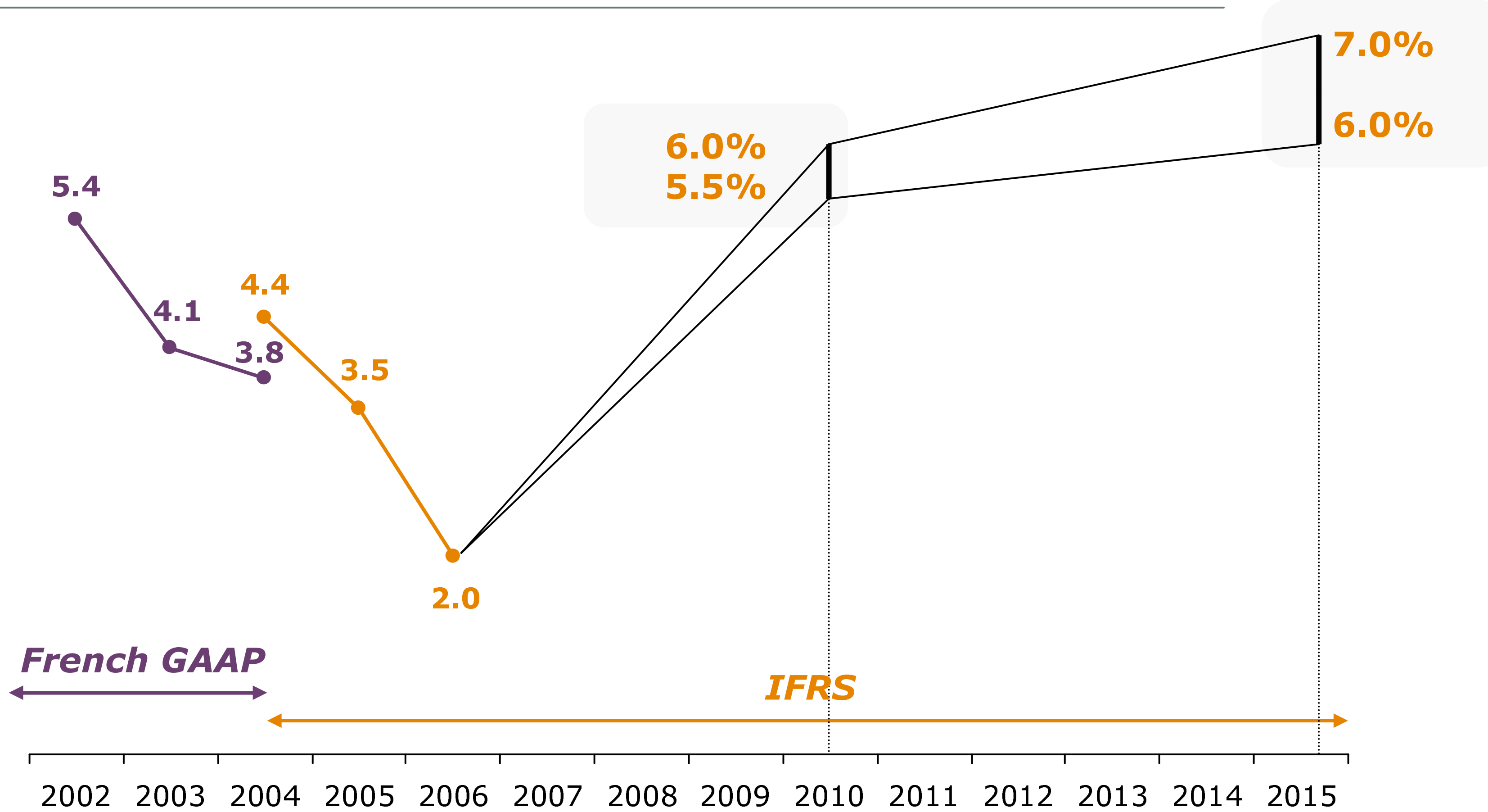
# Consolidated operating margin

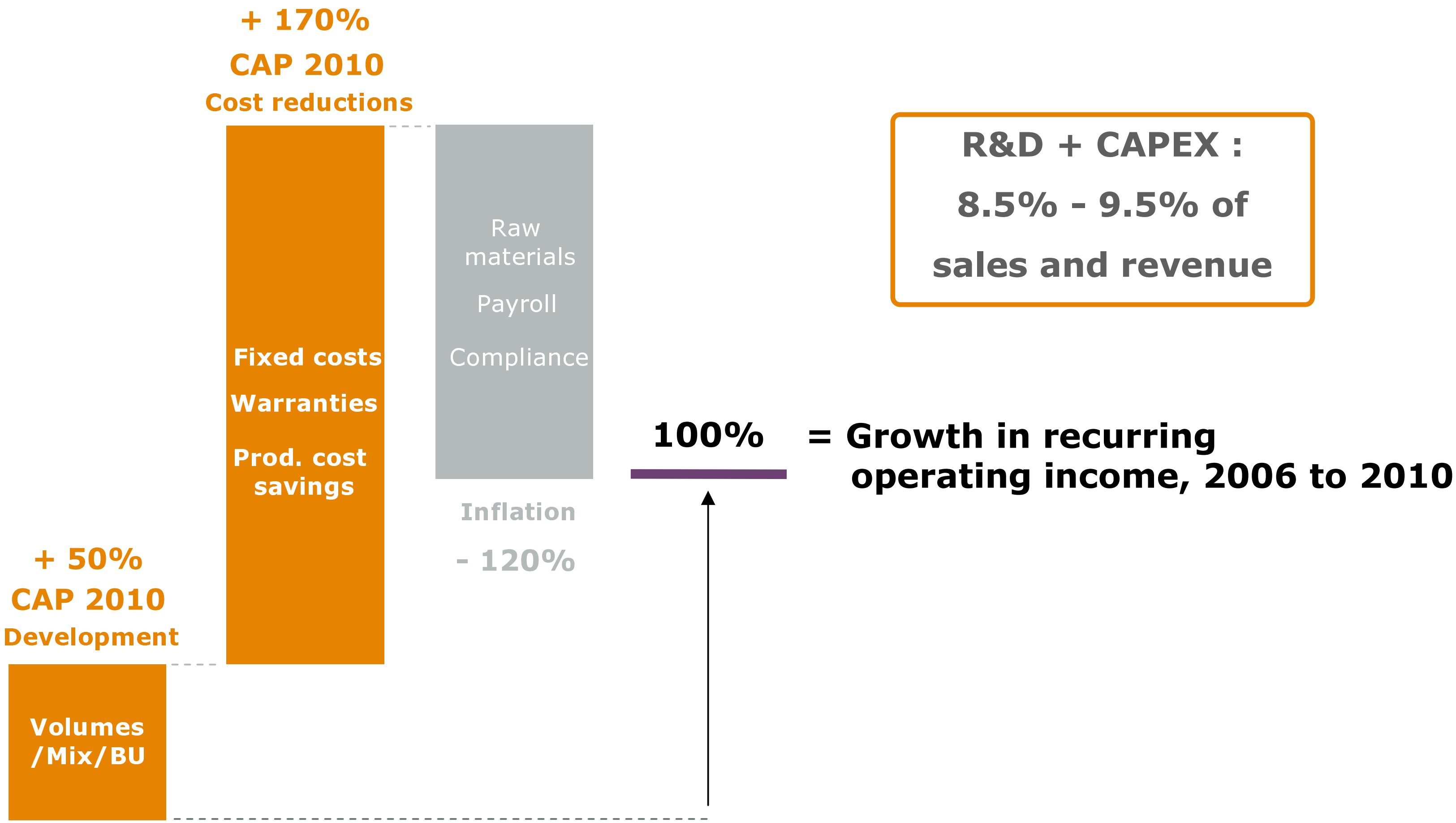
*As a % of sales and revenue*




**Continuous profitability improvement after 2010**

# Growth in Automotive Division recurring operating income

*Analysis by impact*




**The Automotive Division will bring 85% of the Group operating income growth**

# Conclusion

## We will make PSA Peugeot Citroën …

**The most competitive European carmaker**

**A steadily growing and profitable Group**

**With an important, fast growing, and profitable international base**

**Ranking among the leaders in each of its businesses**

## And we will be …

**Open to opportunities of strengthening our core businesses and of creating shareholder value**

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