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PSA-FCA Merger: Carlos Tavares' road to glory?

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### Abstract

The present case-study intends to analyse the merger of Groupe PSA (Peugeot Société Anonyme) and FCA Group (Fiat Chrysler Automobiles), announced on the 18th of December 2019. The case-study will explore the merger through a narrative and a teaching note. The narrative will explore the history of both groups and relevant events that influence their path to the present situation, while also providing the details of the merger. The teaching note will study the motivations of both groups to be part of the deal, analyse the expected synergies and possible gains or losses for shareholders.

Key words: Merger; Fiat Chrysler Automobiles; Peugeot Société Anonyme; Automotive Industry

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### **PSA-FCA Merger: Carlos Tavares' road to glory?**

It was September 2019, and Carlos Tavares, Groupe PSA's CEO, was sitting in his office after a board meeting. Tavares was thinking about the mandate he had attributed to his former colleague at Nissan Larry Dominique: getting Peugeot back into the U.S. market until 2026. Tavares was excited about returning to that market but simultaneously worried that such comeback would put in risk his recovery of Groupe PSA. The PSA's CEO came up with the solution of merging with FCA Group. The merger would not only reduce the risk of introducing Peugeot in the U.S. again but would also reinforce the group's solid position in the industry.

Merging with FCA, owner of several brands sold across the globe, including North America, would facilitate its entrance in the market. Not only that, but the group also overlapped in several sectors, making economies of scale possible and tempting. The details of such merger were still vague, but Carlos Tavares saw vast potential in a well planned and executed merger with shared effort. Could FCA bring more headaches than synergies to Carlos Tavares?

### **Groupe PSA - Peugeot**

Peugeot is a French automaker, and its origins go back more than 200 years ago, when it started operating in the metal industry. It initially produced several steel items, such as clock springs, but also several tools and machines. By the end of the 19th century, Peugeot started producing bicycles and its components, which became an important part of the company's operations.

In 1889, Peugeot revealed its first car, which was steam powered, and in 1891 it started producing its first gasoline car, which used a Daimler engine. In 1896 it started producing its own engines and in the following years the model range expanded significantly, and so did its yearly production which increased from 4 cars in 1891 to 500 cars in 1900. In the beginning of the 20th century, Peugeot focused on developing a cheaper car that could be owned by the middle-class. The car, named "Peugeot Bébé" (baby Peugeot), was launched in 1913. Until 1916, Peugeot sold 3 thousand units of this model, making it a success.

The company kept thriving for the following years and before WWI it was the biggest car producer in the world, while also producing bicycles and scooters. By the time WWI came, Peugeot was led to produce army supplies. As soon as the war ended, activities were back to normal and Peugeot was once again focusing on producing cars and racing them. Racing became vital, as it was used to test innovations to be applied to normal cars. Peugeot was once again growing, which led to splitting the bicycles business, creating "Cycles Peugeot".

By 1929, Peugeot introduced the first of its current model designation line-up based on the 3 numbers: the Peugeot 201. Peugeot's Sales were growing at the time, but the Great Depression hit the brand and sales dropped significantly. Peugeot managed to survive during a difficult period, making it to WWII, where everything would change again. The firm got controlled by Volkswagen during the war, which used Peugeot's factories to produce their own cars. By the end of WWII, Peugeot was back to its normal activities. It continued to innovate and continuously improve its model range by launching new cars and improving existing ones. This resulted in growth and by 1974, Peugeot bought 30% of Citroën. The full acquisition was completed in 1975, using a big support given by the French government in order to create a new common entity: PSA – Peugeot Société Anonyme.

### Citroën

Citroën is a French car manufacturer founded by André Citroën in 1919, the date of the first car's production: The Type A. The company had a quick initial growth and only 2 years later it already had Taxis circulating in Paris. Citroën not only produced cars, but also "half-track" vehicles (exhibit 1), which were an important part of the brand's growth, through its use in the military and agriculture and proven reliability. The model range started expanding and similarly to Peugeot, Citroën designed a small car that would appeal to middle class families (Type C).

After its foundation, Citroën was soon nearly bankrupt. In 1935, the company was acquired by Michelin (the tire maker), which was able to keep the brand alive. During WWII and already under Michelin's ownership, Citroën was managed by Pierre Boulanger, which dealt with the Nazi invasion and even led to the sabotage of the production directed by the Nazis. Despite the German control, Boulanger still managed to create the iconic model 2CV during the war.

During the Post-war period, Citroën suffered changes again and in the 1960s, 49% of the company was sold to Fiat, while the group also bought Maserati, which was sold shortly after. This restructuring ended up producing bad results as Citroën was hit by a crisis in 1973, which led to the sale of Fiat's stake. In 1974, Michelin decided to focus on its core business and sold

30% of Citroën to Peugeot. The remaining was sold in 1976, giving birth to PSA Peugeot Citroën.

### Peugeot Société Anonyme

Groupe PSA's creation happened in 1966, despite the merger between Peugeot S.A. and Citroën S.A., which created PSA Peugeot Citroën, only occurring in 1976. After the merger, the group was able to expand and acquire Chrysler Europe in 1978. The group kept thriving in Europe, but in 1991 it had to withdraw from the U.S due to the poor brand image and low sales.

During the 20<sup>th</sup> century, PSA has been strong mostly in Europe despite operating in most global markets. PSA was still somewhat fragile and during the financial crisis it took a big hit, nearly needing a rescue from another automaker. It went through a period of alliances and joint ventures to stimulate sales and reduce costs, in which General Motors bought 7% of the group.

In 2012, PSA reported a €5 Billion loss and was close to bankruptcy. The group was far too focused in the European market, which was still suffering from the 2008 recession and also did not benefit from the high wages of European workers and the world's lowest profit margins. This forced the group to introduce drastic measures, such as closing the Aulnay factory in Paris, in 2014, which led to the sacking of 8000 employees. Despite the cost cutting, the hole was so big that PSA requested a rescue to the French government and to its Chinese partners Dongfeng Motor, each acquiring 14% of PSA for €800 Million, saving PSA from a possible bankruptcy.

### **Carlos Tavares - PSA Back in the Race**

Carlos Tavares was born on the 14<sup>th</sup> of August 1958 in Lisbon, Portugal. Despite being Portuguese, there was a connection with France from an early age. Tavares studied in Lycée Français Charles Lapierre, in Lisbon, where his mother was a teacher. In 1976 he moved to Toulose, and by 1980 he was a graduate in Engineering from École Central de Paris. Shortly after, Tavares was hired by Renault as a test engineer, where he stayed for 30 years. He quickly showed his value, and by 1991 he had his first big project: designing the new Clio's platform.

Carlos Tavares has always been passionate about cars, both in engineering and racing. Throughout most of his life, he has been participating in races of all kinds. This passion shows in his career and made him continuously progress in the industry. In 2004 he was nominated Nissan's Vice-President (Renault's partner), and in 2009 he moved to the U.S. to become Nissan North America's President. In this role, Tavares was able to make Nissan once again profitable in that region, which pleased Renault and Nissan's CEO at the time, Carlos Ghosn. Ghosn made Tavares the Renault's Chief Operating Officer in 2011, and by 2013 Tavares was dismissed after publicly stating to be waiting for Ghosn to move away to take his place. This opened new doors and in 2014 he became PSA's CEO and Chairman.

With Tavares' leadership, PSA saw the introduction of more drastic measures which led to the desired recovery. Tavares soon came up with a strategy named "Back in the Race", which focused on simplifying models' line-ups, expanding globally to more profitable markets, cost reduction and efficiency increases. This would be reached by overcoming the following targets:

- €2 Billion accumulated operational free cash flow from 2016 to 2018 achieved €8.1
   Billion in the 2014-2016 period;
- 2% operating margin in 2018 achieved 5% in 2015;
- R&D cost reduction to 7%-8% of revenues achieved 7.5% in 2015;
- 12.5% salaries expense/revenue by 2016 reported 11.4% in 2016;
- 115% utilization rate of factories by 2022 reached 90% by 2016.

These measures combined had the goal of reducing the break-even point from 2.6M to 2M units. It was actually reduced to 1.6M units by 2016, which meant all targets on the initial plan had been reached 2 years earlier than expected.

Having completed the "Back in the Race" plan, it was time to move on to the next stage: "Push to Pass". This stage was focused on reaffirming PSA's position as a growing and solid group, by continuing to implement measures to improve profitability. Departing from the 5% operating margin in 2015, the target was now reaching an average 4% for 2016-2018 period, which ended up being 7.3% in 2017 and 8.4% in 2018. The other main quantitative target was a 10% revenue growth until 2018 and 25% by 2021, based on 2015's revenues. The result was a 23.3% growth by 2018, meaning both targets were reached and overcome once again.

The remaining measures were based on investing in the brands and the product range. This included producing more high-end cars, which was supported by the creation of the DS brand,

splitting it from Citroën. PSA has also put emphasis on building more SUVs (such as the Peugeot 3008 and 5008, and the DS7) to take advantage of the growing market segment. All of this made PSA reach record sales in volume and revenue, and operating margin in 2017. PSA also started expanding its businesses, providing services related to after-sales multi-brand parts (Mister Auto website), multi-channel used cars, financial leasing and mobility services.

Still in 2017, as part of the ambitious plans of the group, PSA acquires Opel and Vauxhall from General Motors, which interestingly was close to be the one saving PSA a few years before. PSA paid  $\in$ 2.2 Billion to General Motors, and even though it had  $\in$ 19 Billion of accumulated losses since 1999, it quickly became profitable under Tavares' leadership, presenting profits of  $\in$ 502 million in the first half of 2018. This can be related to the excellent market positioning of the group, while successfully implementing cost-cutting measures. PSA was performing well, being the 2<sup>nd</sup> automaker with the highest sales in Europe, leading to the sale of the French State's stake in PSA of 12.7% to the currently biggest stakeholder: Bpifrance (exhibit 2).

### FCA Group – Fiat

Fiat, which stands for Fabbrica Italiana Automobili Torino, was founded in 1899 by Giovanni Agnelli and a few other investors. Initially, Agnelli was on the board of directors, but soon became more present in the operations and R&D. In 1900, Fiat began operating in its first factory, employing 150 workers which were able to build 24 cars in that year. Fiat's yearly production expanded in the first years. By 1906 it was already over 1000 cars per year, which pushed the company to look into other markets. Two years later it moved overseas, founding Fiat Automobile Company in the U.S., where Fiat was seen as a premium brand.

During WWI, as most automakers, Fiat adapted its production to supply the military with machinery, guns, military vehicles and planes. During the war, Fiat started building a new innovative factory which was concluded in 1922. In 1923, after being hit by a crisis period and surviving, Agnelli became the new CEO and Fiat was able to expand globally.

During Mussolini's dictatorship, Fiat was held back and forced to focus on the domestic market, while putting on hold most international plans. WWII aggravated Fiat's situation even more since several of its factories were destroyed. By the end of WWII, Agnelli passed away and Fiat undertook additional changes. Fiat was able to reconstruct the affected factories, restart

normal production and grow once again by launching new cars, including the famous Fiat 500, likely the most famous Fiat of all times.

During a time of prosperity, in 1966 Fiat appointed Agnelli's grandson Gianni Agnelli as the new CEO, and production kept increasing at large scale. But by 1980, Fiat started going through another crisis and the company started facing financial problems. Its brand image was becoming a sign of low build quality, which caused a decline on the stock prices. For this reason, Fiat stopped operating in the U.S. and focused on the European market.

To turnaround, Fiat renovated its model range and introduced new models. In the beginning of the 21<sup>st</sup> century, Fiat was increasing sales, which put the company in a better position. In 2009, Fiat initiated an alliance with Chrysler, which evolved to the Fiat Chrysler Automobiles merger.

### Chrysler

Chrysler was founded in 1925 by Walter Chrysler, originated from Maxwell Motor Company, an automaker operating in the beginning of the 20<sup>th</sup> century that almost went bankrupt until Chrysler took over the control of the company. Chrysler was hired to put Maxwell back on track, but it started launching Chrysler branded cars, the first being released in 1924 (Chrysler 70), which caused the firm to reorganize into a new company already named Chrysler.

Chrysler started expanding and establishing its position in the U.S. as one of the 3 main constructors. In its first years of production, Chrysler started launching different brands to appeal different customer segments. In 1928 it created 2 brands: the low-end Plymouth and the middle-class DeSoto. Chrysler also acquired Dodge, which allowed entering in the trucks market. This strategy led to low selling models, hence Chrysler's survival was only based on Dodge and Plymouth's sales, while Chrysler's were producing losses.

Compared to European manufacturers, Chrysler was not affected as much during World Wars. With the U.S. fighting in WWII, the firm's production changed to focus on the usual military supplies, but its factories were secure. After the war, Chrysler had 2 decades of stability, but in the 1970's Chrysler was once again struggling to keep up. This time sales were down due to the constructor's inability of producing fuel efficient cars, demanded by both customers and regulators. In the following decade, Chrysler had the first of several public loans of its history.

Due to its problematic situation, a \$1.5 Billion loan was required to develop a new linage, which kept the brand alive and even funded an expansion. Chrysler started acquiring other brands for its portfolio, such as Lamborghini and AMC, the latter being the owner of Jeep.

In the end of the century, Chrysler kept expanding and started producing in Europe. By 1998, the company agreed on a 50-50 merger with Daimler-Benz. The merger was expected to revolutionize both companies, but major cultural differences that affected decision-making and both firms' operations, which faced very different realities. This produced bad results for the group, which forced restructuring and cost-cutting policies and ended up in a demerger in 2007.

Chrysler's majority ownership of 80.1% was sold by Daimler to Cerberus Capital Management, a private equity firm, by \$7.4 Billion. The hard demerger put Chrysler in a problematic situation, which continued to get worse as profits went down, partly due to the economic recession's consequences, but also due to the rising gas prices. Chrysler's sales dropped and so did the profitability of most models, forcing the firing of roughly 15% of the personnel. But cutting jobs was not enough, so Chrysler received additional funding from the U.S. Government and the U.S. Treasury, which it was not able to repay in 2008. Chrysler was then offered to propose a recovery plan at the Congress in February 2009.

By the scheduled date, Chrysler presented two options: The "Stand Alone", which included debt restructuring, obtaining targeted concessions and receiving additional public funding worth \$11 Billion; or a "Strategic Partnership/Consolidation" with Fiat. If none was approved, Chrysler would file for Chapter 11. The option approved by the U.S. Bankruptcy Cost was the alliance with Fiat, initiating the joint history of both groups, later constituting FCA.

### **Fiat Chrysler Automobiles**

Fiat Chrysler Automobiles' history begins in June 2009, when the alliance between the two companies is set. The signing of the alliance granted Chrysler an additional \$8 Billion loan from the U.S. government, which would help the firm remain alive in the short term. Chrysler wished to be rescued by Fiat, counting on benefiting from extensive synergies, but Fiat would also benefit from the deal. Fiat's main interest would be the access to dealerships in North America, Chrysler's home market, which would ease the entrance of its brands in the region. This made Fiat not only interested in the alliance, but also in Chrysler's acquisition.

Fiat had the chance to acquire 20% of Chrysler at first for \$25 Million and to increase its stake depending on the accomplishment of certain milestones. In spite of its 20% equity stake, Fiat held decision-making power over Chrysler, and its CEO Sergio Marchionne was also appointed as Chrysler's CEO. Fiat could acquire a further 15%, split across 3 targets, each giving Fiat the chance to acquire 5%. If all targets were reached, Fiat could acquire 16% more, reaching a total equity stake of 51% and therefore being the majority stakeholder.

The three milestones needed for the acquisition were the following: producing a Fiat petrol vehicle in the U.S. capable of doing 40 miles per gallon; building and certifying a Fiat engine in the U.S.; and Chrysler's sales being over \$1.5 Billion outside North America. All targets had to be reached before January 1<sup>st</sup>, 2013 for the acquisition to happen and Fiat could only reach a majority stake in Chrysler if the company was already stable and the loans due to the U.S. and Canada's governments were already paid. Otherwise, Fiat's stake would be capped at 49.9%.

Fiat in fact acquired the initial 20%, and throughout the following years kept progressively expanding its ownership of Chrysler. In 2011, the group acquired an additional 33.5% stake, done at different periods, including the acquisition of both U.S. and Canada's shares. It firstly acquired 5% related to the proposed targets, after successfully producing and certifying a 1.41 engine in a Chrysler factory. It then acquired a further 5% after Chrysler achieving sales of \$5.4 Billion outside North America. The following ownership increase was due to the debt repayment of \$5 Billion to the U.S. and \$1.6 Billion to Canada's public entities. With such debt reimbursement, Fiat was able to purchase a 16% stake. The reimbursement was also an improvement on Chrysler's accounts, since at the time it was paying \$3 Million daily in interest for the said debt. In the last acquisition of the year, Fiat acquired the last 6% belonging to the U.S. and 1.5% to Canada, paying in total \$625 Million, therefore owning 53.5% of Chrysler.

In 2012, the stake increased an additional 5% due to the production of a 40 miles per gallon vehicle in the U.S.: The Dodge Dart. This increase Fiat's ownership to 58.5% equity stake, with the remaining 41.5% being owned by VEBA (the employee's benefit retirement trust), which was acquired in 2014 for \$4.3 Billion. The amount was paid cleverly and from the total only \$1.75 Billion came directly from Fiat, and \$1.9 Billion came from Chrysler, totalling a \$3.65 Billion cash payment. The remaining \$700 Million were paid in 4 equal annual instalments, the first paid at the deal's signing date. In reality, Fiat used its control over Chrysler to buy it using its own money.

### Ferrari Spin-off

In 2014, and shortly after Fiat merged with Chrysler, FCA's Board of Directors announced they wished to separate Ferrari from the remaining group. The official reasoning behind the decision was providing Ferrari with greater overall independence to pursue its path in the luxury sports car industry. For FCA, the deal would allow implementing its major plan for the following years, which intended to position its brands on lucrative premium segments. Ferrari's spin-off would contribute with  $\notin$ 4 Billion euros overall to the plan. The spin-off was completed in January 2016, and Ferrari was valued at \$9.8 Billion at IPO, based on a \$52 share price. The IPO reduced FCA's stake in Ferrari from 90% to 80%. With the deal, FCA no longer held Ferrari's  $\notin$ 3.5 Billion in debt, but it also no longer held the source of 12% of its profits.

### **FCA-Renault Merger**

FCA's wish to merge with PSA was not the first time the group attempts to merge with a French automaker. On May 27<sup>th</sup>, 2019, FCA revealed a proposal to merge with Group Renault on a 50-50 deal. At the time it would create the world's 3rd biggest automaker by volume, with a joined 8.7M vehicles sold among the FCA and Group Renault's brands (Nissan and Mitsubishi). The forecasted run rate synergies for the merger amounted to €5 Billion, similar to PSA's merger.

The deal appeared beneficial for every party. Synergies allowed for higher R&D and profit margins, and the combined brands' portfolio would ensure a truly global presence with the Asian market included. But it was not all pros. Renault is partly owned by the French State, which holds a 15% stake. With the deal, the French state would hold 7.5% of the new entity, which would decrease substantially its power to defend the country's interests. For this reason, the French government was not entirely convinced and made some requirements, which included the government's representation in the new board and the maintenance of French job positions. There were also negotiations to keep the headquarters in France instead of the likely move to London.

By June 6<sup>th</sup> and shortly after the merger announcement, FCA announced to drop the agreement and not to merge with Renault. FCA stated that the "political conditions in France do not currently exist for such a combination to proceed successfully", referring to both the requisites imposed by the French government but also the fragile political situation due to the recurring yellow vests protests in the country. It then appeared that FCA never stopped wishing to merge with a French automaker, and less than 6 months later it announced the merger with PSA.

### Automotive Sector Dynamics - CASE Trends and the need for M&A

The automotive industry is currently under tremendous pressure coming from several sources. It is pressured by market regulators which impose environmental restrictions and safety standards, forcing automakers to invest in these areas. It is also heavily pressured by consumers, which demand a constant supply of new features, gadgets and personalization without being willing to pay their rightful. This forces automakers to simultaneously find ways of diversifying products while sharing costs, which translate to using very few vehicle platforms for extensive model ranges. For instance, PSA currently uses 2 platforms to build its entire model range (exhibit 3 and 4). This produces massive cost savings, while allowing for diversification and customization, which has been increasingly demanded by the customers.

Additionally, the heavy investment in R&D put in place by the traditional automakers does not guarantee any safety in the market, as tech companies enter it with more funds to invest as well. In that sense, original automakers have to use M&A to survive and maximize R&D cost sharing. Related to the pressure coming from both customers and tech players, the market is currently driven by the following CASE Trends, which guide their investment on R&D:

**Connected** – A connected car is a vehicle with an integrated internet connection and a proper hardware unit which controls and processes data which can then be exchanged with other devices outside the car which can process and use that data. This allows for over-the-air software updates, receiving and providing information about infrastructures, other road users, weather and advanced infotainment systems with smart parking and in-car payments. It is also used by Mobility-as-a-service (*MaaS*) providers, such as DriveNow and ShareNow.

**Autonomous** – An autonomous vehicle in the full meaning of the word is a vehicle capable of driving without direct participation of the driver in the driving. In this case, a vehicle would be fully autonomous, in the 5<sup>th</sup> level of autonomy, existing a further 4 levels of automation depending on the involvement of the driver (exhibit 5). Autonomous vehicles are demanded by the public in general, but its investment can also be seen for *MaaS*, as in a new way to provide these services while decreasing costs and extending the service providing base.

Shared – Shared vehicles are seen as new ways to increase revenue, due to the expected sector growth, contrarily to the traditional car sales. BCG group expects that 25% of the miles driven in the U.S. by 2030 will be done by electric and self-driving shared vehicles, which shows how relevant the CASE trends are expected to be. For instance, in the U.S., the market was already worth \$23 Billion in 2019. Accenture predicts that Original Equipment Manufacturers (OEMs) will have more than €1.2 trillion in revenue from mobility services by 2030, which can generate close to €220 Billion in profit, whereas production and vehicle retailing will generate €2 Trillion in revenue, resulting in only €122 to €126 Billion in profit.

**Electrified** – Electric vehicles have been one of the most important trends driving the industry. The electrification of the model ranges has been used for two main goals. Firstly, it has been a way to boom sales, benefiting from the growing interest of the consumers in this type of vehicle, which increases sales in volume, but also in amount. This is due to EVs being priced with a premium compared to similar internal combustion engine cars, as they offer several benefits, such as fuel savings, environment care/lifestyle and tax benefits. Secondly, whilst EVs please customers, they have also been a tactic to reach the emissions targets imposed by market regulators. EVs comply with all emissions benchmarks related to fuel consumption and improve the overall brand's status on average emissions of its range. Therefore, the investment in EVs by OEMs can have great returns by ticking two boxes at once.

### **Merging Details**

The proposal for the merger between FCA Group and Groupe PSA is a 50-50 deal, which is now based on the recently created entity named Stellantis, established in the Netherlands. This will be the new corporate brand of the group.

The main goal of this merger between two major automotive groups is to prepare and enable them to address the new trends of the industry with focus on sustainability and mobility. Based on 2018's data, the two groups combined result in the 4<sup>th</sup> biggest OEM by volume, with 8.7 Million units sold, and 3<sup>rd</sup> by revenue (roughly  $\in$ 170 Billion). These revenues are mainly distributed across North America (43%) and Europe (46%), highlighting the group's strong positioning in these markets, which is due to FCA's and PSA's market shares in them respectively, but also in Latin America, where FCA is also strong, despite not representing a big share in the overall revenues.

#### **Corporate Governance**

FCA and PSA defined strict measures in terms of governance to ensure a truly equal 50-50 merger that translates into decision-making. Carlos Tavares was appointed as CEO, which is assumed to be due to his amazing performance over the past years, successfully recovering PSA while also brilliantly integrating Opel and Vauxhall in the group. He will have an initial 5 years mandate while John Elkann, FCA's Chairman, will be the chairman of the group.

The board will be composed by 11 members. From these, 9 will be non-executive where 5 will be independent to ensure majority. Both FCA and PSA will each nominate 5 members together with their reference shareholders, including the nomination of John Elkann as Chairman by FCA, and the Senior Non-executive director and the Vice Chairman, by PSA. The board will also have represented FCA's and PSA's employees, each done by a member. Overall, the board will benefit from a majority independence which will ensure fair treatment to both parties and benefit the overall group and its shareholders.

### Special dividend changes

The initial merger agreement included a dividend distribution planned by FCA with the purpose of equalling the groups' value prior to the merger. In the first announcement, the paid dividend would sum up to roughly  $\in$ 5.5 Billion, while PSA would distribute its 46% stake in Faurecia (parts supplier company) to its shareholders ( $\in$ 3.2 Billion). As both companies make efforts to merge, the covid-19 pandemic disturbed the market, making automakers short on money. This forced the two companies to come up with a new agreement, which now included a  $\in$ 2.9 Billion dividend paid by FCA, instead of the original  $\in$ 5.5 Billion, with the purpose of preserving cash in Stellantis during such a difficult period for the industry. PSA will now distribute its 46% ownership of Faurecia by all Stellantis shareholders, instead of only PSA's shareholders. This will allow Stellantis to have  $\in$ 2.6 Billion of additional cash available, while the difference in value of both companies is attenuated, as seen in exhibit 6 and 7.

#### **Shares' Conversion and Shareholders**

PSA and FCA have agreed upon a shares conversion strategy to correct differences in share price and both companies' valuation. FCA shareholders will receive 1 share of the new entity

for each share of FCA, while PSA's shareholders will receive 1.742 shares for each of the original PSA one, resulting in the top shareholders shown in exhibit 8.

### **Expected Merger Benefits - Synergies**

The two groups offer a wide portfolio of brands and models, with a good distribution that can both reach the majority of vehicle segments, while having enough overlapping to ensure synergies. In fact, two thirds of the produced volume (3 million vehicles) will be based in only 2 platforms, which added to further savings from sharing engines and common new technologies across the range would add up to  $\notin$ 3.7 Billion annual run-rate, without closing factories. In the second announcement these were updated to 5 Billion. From the total savings, 40% are related to the investments in technology, platforms and products, while a further 40% are related with purchasing savings, due to the larger scale and negotiation power of the group.

The remaining 20% are related to several areas, such as logistics, administrative services, marketing and IT. The cost of such synergies was initially expected to be a one-time  $\in$ 2.8 billion cost but was updated to  $\notin$ 4 Billion in the second announcement. The synergies are also "expected to be net cash flow positive from year 1" (group's Press Release, 2019) and reach 80% of the total value in year 4, which will allow the company to invest in the CASE trends, meeting demand and requirements from regulators, and becoming more competitive.

### PSA's contributions for the Merger

**EV Technology** – Even though PSA is not a leader in electrification, it is significantly ahead of FCA in this segment. The group already has in practice an extensive electrification plan for its range, in which it intends to have an 100% electrified range by 2025. This plan took the initial major steps in 2019, where all new models would be offered with hybrid and/or electric versions. Until 2021, the group also promises 15 new electrified models, 10 of them already being sold at today's date (exhibit 3). This plan is accomplished through the development of 2 new platforms, CMP and EMP2, which cover the entire model range of the group and allow for the use of both traditional internal combustion engines and electrified powertrains (hybrid or fully electric). The CMP platform is used for smaller and medium vehicles and was launched in 2019, while the EMP2 is the base of medium to large models and is being used since 2013 (exhibit 4).

**Opel/Vauxhall Know-how** – PSA and Carlos Tavares' team in particular have fundamental knowledge from the extremely successful integration of Opel and Vauxhall in the group back in 2017. PSA was able to quickly end a period of almost two decades of losses into a new era based on productivity and profitability.

**Turnaround Expertise** – PSA was having very poor results before the new management team entered under Tavares' leadership. Not only PSA became stable, but it has been able to turnaround and become one of the most profitable automakers.

### FCA's contributions for the Merger

Access to North America's wide dealership network - FCA's strongest market is North America (exhibit 9), which means the group owns a broad dealership network in the region that will come in handy in PSA's plans to return to the region after a long period away.

**Bigger SUV range** – PSA can benefit from FCA's expertise on SUV's, in particular from Jeep and RAM, which have been selling and focusing on SUV's and large vehicles for decades.

**M&A Know-how** – FCA has had an eventful recent life in terms of M&A from where it can extract lessons. It can learn from both failed deals, such as the Daimler-Chrysler merger that resulted in a demerger and a bankrupt Chrysler, but also from the successful FCA merger.

**Turnaround Expertise** – As mentioned, FCA has not only expertise in M&A, but also in turnaround. Fiat was able to successfully clear Chrysler's accounts and bring it back from bankruptcy, making it sustainable once again.

#### The way ahead

PSA and FCA continue to work on the merger, which is expected to be completed in the first quarter of 2021. Management teams from both groups work together to successfully implement the merger and benefit from the expected synergies in order to thrive in the current market, which has become increasingly competitive. Carlos Tavares continues to work on a strategy to establish the new joined entity on top of the industry. Will this merger provide what Carlos Tavares needs to put PSA and FCA amongst the top automakers in the industry?

### Endnotes

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Exhibits

### Exhibit 1 – Citroën Half-Track vehicle



Source: <u>http://www.traction.ch/history/hist\_ctr\_e.html</u>

# Exhibit 2 - PSA Key Shareholders

PSA's Key Shareholders Distribution									
Shareholder	% of share capital	Number of Shares							
Bpifrance Participations SA /PRIVATE EQUITY/	12.40%	110,622,220							
The Groupe Familial Peugeot (EPF/FFP)	12.36%	110,622,220							
Dongfeng Motor Group Company Limited	11.24%	100,622,220							

Source: FCA-PSA Merger Prospectus



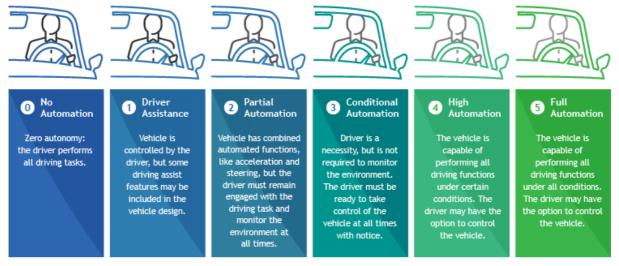
Source: Groupe PSA

PLATEFORME EMP2	SEGMENT D	PHEV : PLUG-IN HYBRID ELECTRIC VEHICLE MHEV : MILD HYBRID ELECTRIC VEHICLE MOTORISATIONS THERMIQUES				
	SEGMENT C					
CMP	SEGMENT B	BEV : BATTERY ELECTRIC VEHICLE MHEV : MILD HYBRID ELECTRIC VEHICLE MOTORISATIONS THERMIQUES	Million Millio			

Source: Groupe PSA

### **Exhibit 5 - Vehicle Autonomy Levels**

# Self-Driving Vehicle Autonomy Levels



Autonomy levels outlined by Society of Automotive Engineers (SAE).

Source: Assurant

(millions)	18th D	December, 2019
FCA Market Capitalization	€	21,319.47
PSA Market Capitalization	€	20,005.75
FCA Market Capitalization ex-Dividend	€	15,819.47
PSA Market Capitalization ex-Faurecia	€	16,766.53
Corrected Market Capitalization Difference	€	947.05

# Exhibit 6 - Market Capitalization Correction – 1st Announcement

Source: Yahoo Finance

# Exhibit 7 - Market Capitalization Correction – 2<sup>nd</sup> Announcement

(Millions)	14th S	September, 2020
FCA Market Capitalization	€	15,611.72
PSA Market Capitalization	€	14,540.59
FCA Market Capitalization ex-Dividend	€	12,711.72
Corrected Market Capitalization Difference	€	1,828.87

Source: Yahoo Finance

# Exhibit 8 - Stellantis Key Shareholders

Stellantis' Key Shareholders Distribution									
Shareholder	% of share capital	Number of Shares							
Exor NV (Private Equity)	14.4%	449,410,092							
The Groupe Familial Peugeot (EPF/FFP)	7.2%	224,228,122							
Bpifrance Participations SA /PRIVATE EQUITY/	6.2%	192,703,907							
Dongfeng Motor Group Company Limited	5.6%	175,283,907							

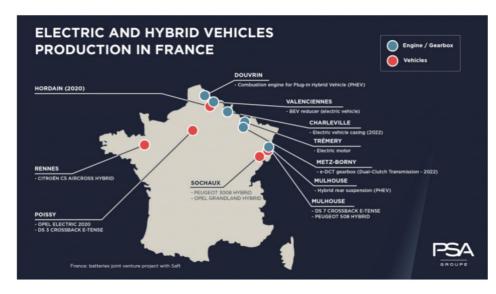
Source: FCA-PSA Merger Prospectus

# **Exhibit 9 - FCA Sales per Region**

FCA's Sales per Region 2019								
Region	€ Million	%						
North America	73848	68.3%						
Brazil	7423	6.9%						
Other Countries	7410	6.8%						
Italy	7259	6.7%						
France	3021	2.8%						
Germany	2519	2.3%						
China	1753	1.6%						
Spain	1200	1.1%						
United Kingdom	995	0.9%						
Argentina	861	0.8%						

Source: Market Screener

# Exhibit 10 - PSA Electric and Hybrid Production in France



Source: Groupe PSA

# Exhibit 11 - PSA Historical Income Statement

(Millions)		2010		2011		2012		2013		2014		2015		2016		2017		2018		2019
Revenue	€	56,061	€	58,509	€	55,446	€	53,079	€	51,592	€	54,676	€	54,030	€		€	74,027	€	74,731
COGS	€	(45,588)	€	(48,856)	€	(47,582)	€	(45,423)	€	(43,032)	€	(44,509)	€	(43,709)	€	(49,872)	€	(59,233)	€	(59,083)
Admin. Expenses	€	(6,602)	€	(6,408)	€	(6,377)	€	(5,872)	€	(5,738)	€	(5,576)	€	(5,171)	€	(6,253)	€	(6,623)	€	(6,472)
R&D	€	(2,075)	€	(2,152)	€	(2,047)	€	(2,148)	€	(2,025)	€	(1,858)	€	(1,915)	€	(2,153)	€	(2,482)	€	(2,852)
Restructuring costs	-		-		-		-		-		-		-		€	(951)	€	(1,051)	€	(1,531)
Impairment of CGUs	-		-		-		-		-		-		-		€	(96)	€	(299)	€	(283)
Other operating income	€	376	€	46	€	406	€	413	€	231	€	143	€	117	€	143	€	61	€	158
Other operating expenses	€	(436)	€	(463)	€	(4,528)	€	(1,578)	€	(904)	€	(900)	€	(741)	-		-		-	
Operating Income	€	1,736	€	676	€	(4,682)	€	(1,529)	€	124	€	1,976	€	2,611	€	3,074	€	4,400	€	4,668
Financial Income	€	315	€	326	€	244	€	202	€	205	€	288	€	302	€	167	€	188	€	192
Financial expenses	€	(744)	€	(655)	€	(674)	€	(866)	€	(960)	€	(930)	€	(570)	€	(405)	€	(634)	€	(536)
Net financial income	€	(429)	€	(329)	€	(430)	€	(664)	€	(755)	€	(642)	€	(268)	€	(238)	€	(446)	€	(344)
Income before taxes	€	1,307	€	347	€	(5,112)	€	(2,193)	€	(631)	€	1,334	€	2,343	€	2,836	€	3,954	€	4,324
Current taxes	€	(277)	€	(335)	€	(389)	€	(261)	€	(247)	€	(361)	€	(596)	€	(565)	€	(1,008)	€	(816)
deferred taxes	€	22	€	450	€	(385)	€	(45)	€	(59)	€	(345)	€	79	€	(134)	€	393	€	100
Income taxes	€	(255)	€	115	€	(774)	€	(306)	€	(306)	€	(706)	€	(517)	€	(699)	€	(615)	€	(716)
Share in net earnings of equity method investment	٤€	204	€	172	€	160	€	173	€	286	€	437	€	128	€	217	€	(44)	€	(24)
Other expenses							€	(248)	€	(300)	€	(114)	€	(10)						
Consolidated profit from continuing operations	€	1,052	€	634	€	(5,726)	€	(2,574)	€	(951)	€	951	€	1,944	€	2,354	€	3,295	€	3,584
Profit from other operations	€	204	€	150	€	803	€	347	€	396	€	251	€	205	€	(7)	-		-	
Consolidated profit for the period	€	1,256	€	784	€	(4,923)	€	(2,227)	€	(555)	€	1,202	€	2,149	€	2,347	€	3,295	€	3,584
Basic earnings per share (€)	€	5.00	€	2.64	€	(15.59)	€	(6.80)	€	(1.15)	€	1.14	€	2.16	€	2.17	€	3.16	€	3.58
diluted earnings per share $(\epsilon)$	€	4.97	€	2.56	€	(15.60)	€	(6.80)	€	(1.15)	€	0.96	€	1.93	€	2.04	€	3.01	€	3.40

Source: Groupe PSA

### Exhibit 12 - FCA Historical Income Statement

(Millions)		2012		2013		2014		2015		2016		2017		2018		2019
Net Revenues	€	83,765	€	84,530	€	93,640	€	110,595	€	105,798	€	105,730	€	110,412	€	108,187
COGS	€	(71,473)	€	(73,038)	€	(81,592)	€	(97,620)	€	(90,927)	€	(89,710)	€	(95,011)	€	(93,164)
Selling, General & Admin	€	(6,775)	€	(6,615)	€	(6,973)	€	(7,576)	€	(7,388)	€	(7,177)	€	(7,318)	€	(6,455)
Research & Development	€	(1,858)	€	(2,275)	€	(2,334)	€	(2,864)	€	(2,930)	€	(2,903)	€	(3,051)	€	(3,612)
Results from investments	€	87	€	84	€	131	€	143	€	310	€	399	€	235	€	209
Reversal of a Brazilian indirect tax liability	-		-		-		-		-		€	895	-		-	
Gains on disposal of investments (Loss)	€	(91)	€	8	€	12	-		€	13	€	76	-		€	15
Restructuring costs	€	(15)	€	(28)	€	(50)	€	(53)	€	(68)	€	(86)	€	(103)	€	(154)
Other Income (Loss)	€	(206)	€	(28)	-		-		-		-		-		-	
Net financial expenses	€	(1,910)	€	(1,989)	€	(2,051)	€	(2,366)	€	(1,858)	€	(1,345)	€	(1,056)	€	(1,005)
Profit before taxes (Loss)	€	1,524	€	649	€	783	€	259	€	2,950	€	5,879	€	4,108	€	4,021
tax expense (income)	€	628	€	(1,059)	€	424	€	166	€	1,237	€	2,588	€	(778)	€	1,321
Net profit from continuing operations (Loss	)€	896	€	1,708	€	359	€	93	€	1,713	€	3,291	€	3,330	€	2,700
Profit from discontinued operations, net of tax	к -		€	243	€	273	€	284	€	101	€	219	€	302	€	3,930
Net profit	€	896	€	1,951	€	632	€	377	€	1,814	€	3,510	€	3,632	€	6,630
Basic earnings per share (€)	€	0.04	€	0.74	€	0.47	€	0.22	€	1.19	€	2.27	€	2.33	€	4.23
diluted earnings per share $(\epsilon)$	€	0.04	€	0.74	€	0.46	€	0.22	€	1.18	€	2.24	€	2.30	€	4.22

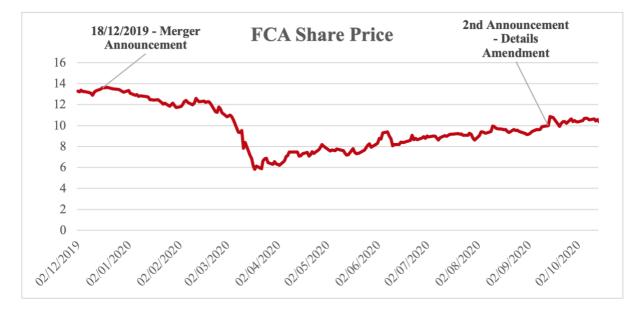
Source: FCA Group



Exhibit 13 - PSA Historical Share Price (€)

Source: Yahoo Finance

Exhibit 14 - FCA Historical Share Price (€)



Source: Yahoo Finance

# Exhibit 15 - FCA Key Shareholders

FCA's Key Shareholders Distribution										
Shareholder	% of share capital	Number of Shares								
Exor NV (Private Equity)	28.70%	449,410,092								
BlackRock, Inc.	4.21%	66,230,261								

Source: FCA-PSA Merger Prospectus

## Exhibit 16 - PSA's Sales per Region

PSA's Sales per Region 2019									
Region	€ Million	%							
Europe	41721	55.8%							
France	17037	22.8%							
North America	4043	5.4%							
Latin America	3383	4.5%							
China & Southeast Asia	3232	4.3%							
Middle East & Africa	3015	4.0%							
India Pacific	1705	2.3%							
Eurasia	595	0.8%							

Source: Market Screener

# Exhibit 17 - U.S. Market Share per Automaker

U.S.	Market Share								
Automaker	2019	2018	2017						
GM	16.5%	16.7%	17.1%						
Ford	13.8%	14.1%	14.7%						
Toyota	13.6%	13.7%	13.9%						
FCA	12.6%	12.6%	11.7%						
Honda	9.1%	9.1%	9.3%						
Nissan	7.7%	8.4%	9.1%						
Hyundai/Kia	7.6%	7.2%	7.3%						
Other	19.0%	18.2%	16.9%						
Total	100.0%	100.0%	100.0%						

Source: FCA Group

Europe	Market Share							
Automaker	2019	2018	2017					
Volkswagen	24.5%	23.9%	23.8%					
PSA	15.6%	16.0%	12.1%					
Renault	10.5%	10.5%	10.4%					
Hyundai/Kia	6.7%	6.7%	6.3%					
BMW	6.6%	6.6%	6.7%					
Daimler	6.4%	6.2%	6.3%					
Ford	6.1%	6.4%	6.6%					
FCA	6.0%	6.5%	6.7%					
Toyota	5.0%	4.9%	4.6%					
Other	12.6%	12.3%	16.5%					
Total	100.0%	100.0%	100.0%					

# Exhibit 18 - Europe Market Share per Automaker

Source: FCA Group

# Exhibit 19 – Number of Shares Outstanding

	PSA	FCA
Number of shares outstanding 2019	904,828,213	1,567,839,000
Number of shares outstanding 2020	904,828,213	1,574,714,499

Source: FCA-PSA Merger Prospectus

### Exhibit 20 – Stellantis' Forecasted Number of Shares

	Number of shares
<b>PSA owned shares</b>	1,545,221,900
FCA owned shares	1,574,712,757
Total shares	3,119,934,657

Source: FCA-PSA Merger Prospectus

# Exhibit 21 - PSA Historical Balance Sheet

(Millions)		2015		2016		2017		2018		2019
Assets										
Goodwill	€	1,382	€	1,514	€	3,321	€	3,608	€	4,312
Intangible Assets	€	4,769	€	5,454	€	8,269	€	9,201	€	10,288
Property, Plant and equipment	€	10,894	€	11,293	€	13,128	€	14,136	€	16,922
Equity Method Investments - manufacturing and sales companies	€	1,656	€	1,487	€	1,356	€	1,072	€	719
Equity Method Investments - finance companies	€	981	€	1,527	€	2,116	€	2,372	€	2,604
Other non-current financial assets - manufacturing and sales companies	€	669	€	685	€	487	€	684	€	652
Other non-current financial assets - finance companies	€	42	€	37	€	23	€	28	€	11
Other non-current financial assets - eliminations	€	(2)	-	57	-	25	-	20	-	11
Other non-current assets	€	1,083	€	1,375	€	1,705	€	1,669	€	1,733
Deferred tax assets	€	581	€	593	€	809	€	1,009	€	1,198
Total Non-current Assets	€	22,055	€	23,965	€	31,304	€	33,806	€	38,439
Loans and receivables - finance companies	€	458	€	346	€	31,304	€	179	€	85
•										
Short-term investments - finance companies	€	96	€	103	€	114	€	79	€	78
Invesntories	€	3,996	€	4,347	€	7,289	€	6,710	€	6,269
Trade receivables	€	1,555	€	1,541	€	2,426	€	1,904	€	2,503
Current taxes	€	119	€	164	€	353	€	376	€	221
Other receivables	€	1,838	€	1,851	€	2,496	€	2,470	€	2,922
Derivative financial instruments on operating - assets	-		-		€	274	€	110	€	95
Operating Assets	€	8,062	€	8,352	€	13,283	€	11,828	€	12,173
Current Financial assets and financial investments	€	114	€	738	€	1,434	€	892	€	1,321
Cash and cash equivalents - manufacturing and sales companies	€	10,465	€	11,576	€	11,582	€	14,961	€	17,379
Cash and cash equivalents - finance companies	€	486	€	530	€	312	€	465	€	454
Cash and cash equivalents eliminations	€	(55)	€	(8)	-		-		-	
Cash and cash equivalents	€	10,896	€	12,098	€	11,894	€	15,426	€	17,833
Total Assets of operations held for sale or to be continued in partnership	€	7,631	-		-		-		-	
Total current assets	€	19,424	€	21,188	€	26,611	€	28,146	€	31,327
					•		•	(1.0=3	•	60 766
Total Assets	€	49,110	€	45,153	€	57,915	€	61,952	€	69,766
Total Assets Equity and Liabilities	€	49,110	€	45,153	£	57,915	ŧ	61,952	ŧ	09,700
	€	49,110	€	45,153	E	57,915	ŧ	61,952	ŧ	09,700
Equity and Liabilities	€	<b>49,110</b> 808	€	<b>45,153</b> 860	€	<b>57,915</b> 905	€	<b>61,952</b> 905	€	905
Equity and Liabilities Equity			€		€		€		€	
Equity and Liabilities Equity Share Capital	€	808	€	860	€	905	€	905	€	905
Equity and Liabilities Equity Share Capital Treasury Shares	€	808 (238)	€ €	860 (238)	€ €	905 (270)	€ €	905 (270)	€ €	905 (240)
Equity and Liabilities Equity Share Capital Treasury Shares Retained Earnings and other accumulated equity, excluding non controlling interests	€€	808 (238) 9,985	€ € €	860 (238) 12,035	€ €	905 (270) 13,929	€ € €	905 (270) 16,450	€ €	905 (240) 18,409
Equity and Liabilities Equity Share Capital Treasury Shares Retained Earnings and other accumulated equity, excluding non controlling interests Non controlling interests	€ € €	808 (238) 9,985 1,664	€ € €	860 (238) 12,035 1,961	€ € €	905 (270) 13,929 2,142	$e \\ e \\ e \\ e \\ e$	905 (270) 16,450 2,509	€ € €	905 (240) 18,409 2,727
Equity and Liabilities Equity Share Capital Treasury Shares Retained Earnings and other accumulated equity, excluding non controlling interests Non controlling interests Total Equity	€ € € €	808 (238) 9,985 1,664 12,219	€ € € €	860 (238) 12,035 1,961 14,618	€ € € €	905 (270) 13,929 2,142 <b>16,706</b>	€ € € €	905 (270) 16,450 2,509 <b>19,594</b>	$\begin{array}{c} {\mathbb \epsilon} \\ {\mathbb \epsilon} \\ {\mathbb \epsilon} \\ {\mathbb \epsilon} \\ {\mathbb \epsilon} \end{array}$	905 (240) 18,409 2,727 <b>21,801</b>
Equity and Liabilities Equity Share Capital Treasury Shares Retained Earnings and other accumulated equity, excluding non controlling interests Non controlling interests Total Equity Non-current financial liabilities	€ € € €	808 (238) 9,985 1,664 <b>12,219</b> 4,267	€ € € € €	860 (238) 12,035 1,961 14,618 4,526	€ € € €	905 (270) 13,929 2,142 <b>16,706</b> 4,778	€ € € € €	905 (270) 16,450 2,509 19,594 5,257	$\begin{array}{c} {\bf \varepsilon} \\ {\bf \varepsilon} \end{array}$	905 (240) 18,409 2,727 <b>21,801</b> 8,917
Equity and Liabilities Equity Share Capital Treasury Shares Retained Earnings and other accumulated equity, excluding non controlling interests Non controlling interests Total Equity Non-current financial liabilities Other non-current liabilities	€ € € € €	808 (238) 9,985 1,664 <b>12,219</b> 4,267 3,487	€ € € € € €	860 (238) 12,035 1,961 <b>14,618</b> 4,526 3,288	$\begin{array}{c} {\bf \ \ }\\ {\bf \ \ \ }\\ {\bf \ \ \ }\\ {\bf \ \ \ \ }\\ {\bf \ \ \ \ }\\ {\bf \ \ \ \ \ \ }\\ {\bf \ \ \ \ \ \ \ }\\ {\bf \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ $	905 (270) 13,929 2,142 <b>16,706</b> 4,778 4,280	$\begin{array}{c} {\bf \varepsilon} \\ {\bf \varepsilon} \end{array}$	905 (270) 16,450 2,509 <b>19,594</b> 5,257 4,926	$\begin{array}{c} {\bf \varepsilon} \\ {\bf \varepsilon} \end{array}$	905 (240) 18,409 2,727 <b>21,801</b> 8,917 5,173
Equity and Liabilities Equity Share Capital Treasury Shares Retained Earnings and other accumulated equity, excluding non controlling interests Non controlling interests Total Equity Non-current financial liabilities Other non-current liabilities Non-current provisions	$\begin{array}{c} \in \\ \in \\ \in \\ \hline \\$	808 (238) 9,985 1,664 <b>12,219</b> 4,267 3,487 1,278	$\begin{array}{c} \in \\ \in \\ \in \\ \hline \\ \in \\ \hline \\ \in \\ \hline \\ \in \\ \hline \\ \end{array}$	860 (238) 12,035 1,961 <b>14,618</b> 4,526 3,288 1,429	$\begin{array}{c} \in \\ \in \\ \in \\ \in \\ \hline \in \\ \in \\ \in \\ \in \\ \end{array}$	905 (270) 13,929 2,142 <b>16,706</b> 4,778 4,280 1,596	$\begin{array}{c} \in \\ \in \\ \in \\ \in \\ \hline \in \\ \in \\ \in \\ \in \\ \end{array}$	905 (270) 16,450 2,509 <b>19,594</b> 5,257 4,926 1,392	$\begin{array}{c} {\bf \ } {\bf \ } \\ {\bf \ \ } \end{array}$	905 (240) 18,409 2,727 <b>21,801</b> 8,917 5,173 1,345
Equity and Liabilities Equity Share Capital Treasury Shares Retained Earnings and other accumulated equity, excluding non controlling interests Non controlling interests Total Equity Non-current financial liabilities Other non-current liabilities Non-current provisions Deferred tax liabilities	€ € € € € €	808 (238) 9,985 1,664 <b>12,219</b> 4,267 3,487 1,278 969	$\begin{array}{c} {\bf \ensuremath{\mathbb{C}}} \\ {\bf \ensuremath{\mathbb{C}}} \\$	860 (238) 12,035 1,961 <b>14,618</b> 4,526 3,288 1,429 895	$\begin{array}{c} {\bf \ \ } \\ {\bf \ \ \ } \\ {\bf \ \ \ } \\ {\bf \ \ \ \ } \\ {\bf \ \ \ \ \ \ \ } \\ {\bf \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ $	905 (270) 13,929 2,142 <b>16,706</b> 4,778 4,280 1,596 897	$\begin{array}{c} {\bf \varepsilon} \\ {\bf \varepsilon} \end{array}$	905 (270) 16,450 2,509 <b>19,594</b> 5,257 4,926 1,392 781	$\begin{array}{c} \varepsilon \\ \varepsilon $	905 (240) 18,409 2,727 <b>21,801</b> 8,917 5,173 1,345 830
Equity and Liabilities Equity Share Capital Treasury Shares Retained Earnings and other accumulated equity, excluding non controlling interests Non controlling interests Total Equity Non-current financial liabilities Other non-current liabilities Deferred tax liabilities Total non-current liabilities Financing liabilities - finance companies	$\begin{array}{c} \in \\ \in $	808 (238) 9,985 1,664 <b>12,219</b> 4,267 3,487 1,278 969 <b>10,001</b>	$\begin{array}{c} \in \\ \in \\ \in \\ \in \\ \hline \\ \in \\ \in \\ \in \\ \hline \\ \hline \\$	860 (238) 12,035 1,961 <b>14,618</b> 4,526 3,288 1,429 895 <b>10,138</b>	$ \begin{array}{c} \in \\ \in \\ \in \\ \hline \\ \in \\ \hline \\ \in \\ \hline \\ \in \\ \hline \\ \hline$	905 (270) 13,929 2,142 <b>16,706</b> 4,778 4,280 1,596 897 <b>11,551</b>	$ \begin{array}{c} \in \\ \in \\ \in \\ \hline \\$	905 (270) 16,450 2,509 <b>19,594</b> 5,257 4,926 1,392 781 <b>12,356</b>	$\begin{array}{c} {\bf \varepsilon} \\ {\bf \varepsilon} \end{array}$	905 (240) 18,409 2,727 <b>21,801</b> 8,917 5,173 1,345 830 16,265
Equity and Liabilities         Equity         Share Capital         Treasury Shares         Retained Earnings and other accumulated equity, excluding non controlling interests         Non controlling interests         Total Equity         Non-current financial liabilities         Other non-current liabilities         Non-current provisions         Deferred tax liabilities         Total non-current liabilities         Financing liabilities - finance companies         Non-transferred financing liabilities of operations to be continued in partnership -	$\begin{array}{c} \in \\ \in $	808 (238) 9,985 1,664 <b>12,219</b> 4,267 3,487 1,278 969 <b>10,001</b> 354	$\begin{array}{c} \in \\ \in \\ \in \\ \in \\ \hline \\ \in \\ \in \\ \in \\ \hline \\ \hline \\$	860 (238) 12,035 1,961 <b>14,618</b> 4,526 3,288 1,429 895 <b>10,138</b>	$ \begin{array}{c} \in \\ \in \\ \in \\ \hline \\ \in \\ \hline \\ \in \\ \hline \\ \in \\ \hline \\ \hline$	905 (270) 13,929 2,142 <b>16,706</b> 4,778 4,280 1,596 897 <b>11,551</b>	$ \begin{array}{c} \in \\ \in \\ \in \\ \hline \\$	905 (270) 16,450 2,509 <b>19,594</b> 5,257 4,926 1,392 781 <b>12,356</b>	$\begin{array}{c} {\bf \varepsilon} \\ {\bf \varepsilon} \end{array}$	905 (240) 18,409 2,727 <b>21,801</b> 8,917 5,173 1,345 830 16,265
Equity and Liabilities         Equity         Share Capital         Treasury Shares         Retained Earnings and other accumulated equity, excluding non controlling interests         Non controlling interests         Total Equity         Non-current financial liabilities         Other non-current liabilities         Deferred tax liabilities         Total non-current liabilities         Financing liabilities - finance companies         Non-transferred financing liabilities of operations to be continued in partnership - finance companies	$\begin{array}{c}                                    $	808 (238) 9,985 1,664 <b>12,219</b> 4,267 3,487 1,278 969 <b>10,001</b> 354 2,299	$\begin{array}{c} \in \\ \in $	860 (238) 12,035 1,961 <b>14,618</b> 4,526 3,288 1,429 895 <b>10,138</b> 421	$\begin{array}{c} \in \\ \hline \\ \in \\ \hline \\ \end{array}$	905 (270) 13,929 2,142 <b>16,706</b> 4,778 4,280 1,596 897 <b>11,551</b> 407	$\begin{array}{c} \in \\ \in \\ \in \\ \hline \\ \in \\ \hline \\ \in \\ \hline \\ \in \\ \hline \\ \hline$	905 (270) 16,450 2,509 <b>19,594</b> 5,257 4,926 1,392 781 <b>12,356</b> 327	$\begin{array}{c} \displaystyle \varepsilon \\ \displaystyle \varepsilon \\$	905 (240) 18,409 2,727 <b>21,801</b> 8,917 5,173 1,345 830 16,265 272
Equity and Liabilities         Equity         Share Capital         Treasury Shares         Retained Earnings and other accumulated equity, excluding non controlling interests         Non controlling interests         Total Equity         Non-current financial liabilities         Other non-current liabilities         Deferred tax liabilities         Total non-current liabilities         Financing liabilities - finance companies         Non-transferred financing liabilities of operations to be continued in partnership - finance companies         Current provisions	$\begin{array}{c} \displaystyle \varepsilon \\ \displaystyle \\ \displaystyle$	808 (238) 9,985 1,664 <b>12,219</b> 4,267 3,487 1,278 969 <b>10,001</b> 354 2,299 3,197	$\begin{array}{c} \in \\ \in $	860 (238) 12,035 1,961 <b>14,618</b> 4,526 3,288 1,429 895 <b>10,138</b> 421 3,374	$\begin{array}{c} \in \\ \in $	905 (270) 13,929 2,142 <b>16,706</b> 4,778 4,280 1,596 11,551 407 4,782	$\begin{array}{c} \in \\ \in $	905 (270) 16,450 2,509 <b>19,594</b> 5,257 4,926 1,392 781 <b>12,356</b> 327 5,065	$\begin{array}{c} \displaystyle \varepsilon \\ \displaystyle \varepsilon \\$	905 (240) 18,409 2,727 <b>21,801</b> 8,917 5,173 1,345 830 16,265 272 4,941
Equity and Liabilities         Equity         Share Capital         Treasury Shares         Retained Earnings and other accumulated equity, excluding non controlling interests         Non controlling interests         Total Equity         Non-current financial liabilities         Other non-current liabilities         Non-current provisions         Deferred tax liabilities         Total non-current liabilities         Financing liabilities - finance companies         Non-transferred financing liabilities of operations to be continued in partnership - finance companies         Current provisions         Trade payables	$\begin{array}{c}                                    $	808 (238) 9,985 1,664 <b>12,219</b> 4,267 3,487 1,278 969 <b>10,001</b> 354 2,299 3,197 8,849	$\begin{array}{c}                                    $	860 (238) 12,035 1,961 <b>14,618</b> 4,526 3,288 1,429 895 <b>10,138</b> 421 3,374 9,352	$\begin{array}{c}                                    $	905 (270) 13,929 2,142 <b>16,706</b> 4,778 4,280 1,596 1,596 897 <b>11,551</b> 407 4,782 13,362	$\begin{array}{c}                                    $	905 (270) 16,450 2,509 <b>19,594</b> 5,257 4,926 1,392 781 <b>12,356</b> 327 5,065 13,551	$\begin{array}{c} \varepsilon \\ \varepsilon $	905 (240) 18,409 2,727 <b>21,801</b> 8,917 5,173 1,345 830 16,265 272 4,941 14,505
Equity and Liabilities         Equity         Share Capital         Treasury Shares         Retained Earnings and other accumulated equity, excluding non controlling interests         Non controlling interests         Total Equity         Non-current financial liabilities         Other non-current liabilities         Non-current provisions         Deferred tax liabilities - finance companies         Financing liabilities - finance companies         Non-transferred financing liabilities of operations to be continued in partnership - finance companies         Current provisions         Trade payables         Current taxes	$\begin{array}{c} \varepsilon \\ \varepsilon $	808 (238) 9,985 1,664 <b>12,219</b> 4,267 3,487 1,278 969 <b>10,001</b> 354 2,299 3,197 8,849 164	$\begin{array}{c}                                    $	860 (238) 12,035 1,961 <b>14,618</b> 4,526 3,288 1,429 895 <b>10,138</b> 421 3,374 9,352 172	$\begin{array}{c}                                    $	905 (270) 13,929 2,142 <b>16,706</b> 4,778 4,280 1,596 <b>11,551</b> 407 4,782 13,362 234	$\begin{array}{c} \displaystyle \displaystyle \displaystyle \varepsilon \\ \displaystyle \displaystyle \displaystyle \varepsilon \\ \displaystyle \displaystyle \end{array} \\ \displaystyle \displaystyle \displaystyle \displaystyle \varepsilon \\ \displaystyle \displaystyle \end{array} \\ \displaystyle \displaystyle \displaystyle \displaystyle \displaystyle \displaystyle \displaystyle \varepsilon \\ \displaystyle \displaystyle \displaystyle \displaystyle \varepsilon \\ \displaystyle \displaystyle \displaystyle \displaystyle$	905 (270) 16,450 2,509 <b>19,594</b> 5,257 4,926 1,392 781 <b>12,356</b> 327 5,065 13,551 525	$\begin{array}{c} \varepsilon \\ \varepsilon $	905 (240) 18,409 2,727 <b>21,801</b> 8,917 5,173 1,345 830 16,265 272 4,941 14,505 469
Equity and Liabilities         Equity         Share Capital         Treasury Shares         Retained Earnings and other accumulated equity, excluding non controlling interests         Non controlling interests         Total Equity         Non-current financial liabilities         Other non-current liabilities         Non-current provisions         Deferred tax liabilities - finance companies         Non-transferred financing liabilities of operations to be continued in partnership - finance companies         Current provisions         Trade payables         Current taxes         Other payables	$\begin{array}{c} \varepsilon\\ $	808 (238) 9,985 1,664 <b>12,219</b> 4,267 3,487 1,278 969 <b>10,001</b> 354 2,299 3,197 8,849	$\begin{array}{c}                                    $	860 (238) 12,035 1,961 <b>14,618</b> 4,526 3,288 1,429 895 <b>10,138</b> 421 3,374 9,352	$\begin{array}{c}                                    $	905 (270) 13,929 2,142 <b>16,706</b> 4,778 4,280 1,596 897 <b>11,551</b> 407 4,782 13,362 234 8,139	$\begin{array}{c} \displaystyle \displaystyle \displaystyle \varepsilon \\ \displaystyle \displaystyle \displaystyle \varepsilon \\ \displaystyle \displaystyle \end{array} \\ \displaystyle \displaystyle \begin{array}{c} \displaystyle \displaystyle \varepsilon \\ \displaystyle \displaystyle \end{array} \\ \displaystyle \displaystyle \end{array} \\ \displaystyle \displaystyle \begin{array}{c} \displaystyle \displaystyle \varepsilon \\ \displaystyle \displaystyle \end{array} \\ \displaystyle \displaystyle \end{array} \\ \displaystyle \displaystyle \begin{array}{c} \displaystyle \displaystyle \varepsilon \\ \displaystyle \displaystyle \end{array} \\ \displaystyle \displaystyle \end{array} \\ \displaystyle \begin{array}{c} \displaystyle \displaystyle \displaystyle \varepsilon \\ \displaystyle \displaystyle \end{array} \\ \displaystyle \displaystyle \begin{array}{c} \displaystyle \displaystyle \displaystyle \end{array} \\ \displaystyle \displaystyle \end{array} \\ \displaystyle \begin{array}{c} \displaystyle \displaystyle \displaystyle \displaystyle \end{array} \\ \displaystyle \displaystyle \end{array} \\ \displaystyle \begin{array}{c} \displaystyle \displaystyle \displaystyle \displaystyle \displaystyle \end{array} \\ \displaystyle \displaystyle \end{array} \\ \displaystyle \begin{array}{c} \displaystyle \displaystyle \displaystyle \displaystyle \displaystyle \end{array} \\ \displaystyle \displaystyle \end{array} \\ \displaystyle \begin{array}{c} \displaystyle \displaystyle \displaystyle \displaystyle \displaystyle \displaystyle \displaystyle \end{array} \\ \displaystyle \displaystyle \end{array} \\ \displaystyle \begin{array}{c} \displaystyle \displaystyle \displaystyle \displaystyle \displaystyle \displaystyle \displaystyle \displaystyle \end{array} \\ \displaystyle \end{array} \\ \displaystyle \begin{array}{c} \displaystyle \displaystyle \displaystyle \displaystyle \displaystyle \displaystyle \displaystyle \displaystyle \displaystyle \end{array} \\ \displaystyle \end{array} \\ \displaystyle \begin{array}{c} \displaystyle \end{array} \\ \displaystyle \end{array} \\ \displaystyle \begin{array}{c} \displaystyle \end{array} \\ \displaystyle \end{array} \\ \displaystyle \begin{array}{c} \displaystyle \displaystyle$	905 (270) 16,450 2,509 <b>19,594</b> 5,257 4,926 1,392 781 <b>12,356</b> 327 5,065 13,551 525 8,293	$\begin{array}{c} \varepsilon \\ \varepsilon $	905 (240) 18,409 2,727 <b>21,801</b> 8,917 5,173 1,345 830 16,265 272 4,941 14,505 469 8,869
Equity and Liabilities         Equity         Share Capital         Treasury Shares         Retained Earnings and other accumulated equity, excluding non controlling interests         Non controlling interests         Total Equity         Non-current financial liabilities         Other non-current liabilities         Non-current provisions         Deferred tax liabilities - finance companies         Non-transferred financing liabilities of operations to be continued in partnership - finance companies         Current provisions         Trade payables         Current taxes         Other payables         Derivative financial instruments on operating - liabilities	$\begin{array}{c} \varepsilon\\ $	808 (238) 9,985 1,664 <b>12,219</b> 4,267 3,487 1,278 969 <b>10,001</b> 354 2,299 3,197 8,849 164 4,880	$\begin{array}{c} \in \\ \in $	860 (238) 12,035 1,961 14,618 4,526 3,288 1,429 895 10,138 421 3,374 9,352 172 5,417	$\begin{array}{c} \in \\ \in $	905 (270) 13,929 2,142 <b>16,706</b> 4,778 4,280 1,596 897 <b>11,551</b> 407 4,782 13,362 234 8,139 203	$\begin{array}{c} \in \\ \in $	905 (270) 16,450 2,509 <b>19,594</b> 5,257 4,926 1,392 781 <b>12,356</b> 327 5,065 13,551 5,255 8,293 59	$\begin{array}{c} \varepsilon\\ \varepsilon\\ \varepsilon\\ \end{array}\\ \hline\\ \varepsilon\\ \varepsilon\\ \hline\\ \varepsilon\\ \varepsilon\\ \hline\\ \varepsilon\\ \hline\hline c\\ \hline\hline c\\ \hline\hline c\\ \hline\hline c\\ \hline\hline c\\ $	905 (240) 18,409 2,727 <b>21,801</b> 8,917 5,173 1,345 830 16,265 272 4,941 14,505 469 8,869 124
Equity and Liabilities         Equity         Share Capital         Treasury Shares         Retained Earnings and other accumulated equity, excluding non controlling interests         Non controlling interests         Total Equity         Non-current financial liabilities         Other non-current liabilities         Non-current provisions         Deferred tax liabilities - finance companies         Non-transferred financing liabilities of operations to be continued in partnership - finance companies         Current provisions         Trade payables         Current taxes         Other payables         Derivative financial instruments on operating - liabilities	$\begin{array}{c} \varepsilon\\ $	808 (238) 9,985 1,664 <b>12,219</b> 4,267 3,487 1,278 969 <b>10,001</b> 354 2,299 3,197 8,849 164 4,880 <b>19,743</b>	$\begin{array}{c} \in \\ \in $	860 (238) 12,035 1,961 14,618 4,526 3,288 1,429 895 10,138 421 3,374 9,352 172 5,417 18,736	$\begin{array}{c} \varepsilon \\ \varepsilon $	905 (270) 13,929 2,142 16,706 4,778 4,280 1,596 897 11,551 407 4,782 13,362 234 8,139 203 27,127	$\begin{array}{c} \varepsilon \\ \varepsilon $	905 (270) 16,450 2,509 19,594 5,257 4,926 1,392 781 12,356 327 5,065 13,551 525 8,293 59 27,820	$\begin{array}{c} \displaystyle {\displaystyle {\bf \varepsilon}} \\ \displaystyle {\bf \varepsilon} \\ \displaystyle {\bf c} \\ \displaystyle {\bf $	905 (240) 18,409 2,727 <b>21,801</b> 8,917 5,173 1,345 830 16,265 272 4,941 14,505 469 8,869 124 <b>29,180</b>
Equity and Liabilities         Equity         Share Capital         Treasury Shares         Retained Earnings and other accumulated equity, excluding non controlling interests         Non controlling interests         Total Equity         Non-current financial liabilities         Other non-current liabilities         Non-current provisions         Deferred tax liabilities         Total non-current liabilities         Financing liabilities - finance companies         Non-transferred financing liabilities of operations to be continued in partnership - finance companies         Current provisions         Trade payables         Current taxes         Other payables         Derivative financial instruments on operating - liabilities         Operating Liabilities	$\begin{array}{c} \varepsilon\\ $	808 (238) 9,985 1,664 12,219 4,267 3,487 1,278 969 10,001 354 2,299 3,197 8,849 164 4,880 19,743 3,215	$\begin{array}{c} \mathbf{e} \\ $	860 (238) 12,035 1,961 14,618 4,526 3,288 1,429 895 10,138 421 3,374 9,352 172 5,417 18,736 1,661	$\begin{array}{c} \varepsilon \\ \varepsilon $	905 (270) 13,929 2,142 16,706 4,778 4,280 1,596 897 11,551 407 4,782 13,362 234 8,139 203 27,127 2,531	$\begin{array}{c} \displaystyle \varepsilon \\ \displaystyle \varepsilon \\$	905 (270) 16,450 2,509 <b>19,594</b> 5,257 4,926 1,392 781 <b>12,356</b> 327 5,065 13,551 5253 8,293 59 <b>27,820</b> <b>2,182</b>	$\begin{array}{c} \displaystyle {\displaystyle \displaystyle \displaystyle$	905 (240) 18,409 2,727 <b>21,801</b> 8,917 5,173 1,345 830 16,265 272 4,941 14,505 469 8,869 124 <b>29,180</b> 2,520
Equity and Liabilities         Equity         Share Capital         Treasury Shares         Retained Earnings and other accumulated equity, excluding non controlling interests         Non controlling interests         Total Equity         Non-current financial liabilities         Other non-current liabilities         Non-current provisions         Deferred tax liabilities         Total non-current liabilities         Financing liabilities - finance companies         Non-transferred financing liabilities of operations to be continued in partnership - finance companies         Current provisions         Trade payables         Current taxes         Other payables         Derivative financial instruments on operating - liabilities         Operating Liabilities         Current financial Liabilities         Total Current liabilities	$\begin{array}{c} \varepsilon\\ $	808 (238) 9,985 1,664 <b>12,219</b> 4,267 3,487 1,278 969 <b>10,001</b> 354 2,299 3,197 8,849 164 4,880 <b>19,743</b>	$\begin{array}{c} \in \\ \in $	860 (238) 12,035 1,961 14,618 4,526 3,288 1,429 895 10,138 421 3,374 9,352 172 5,417 18,736	$\begin{array}{c} \varepsilon \\ \varepsilon $	905 (270) 13,929 2,142 16,706 4,778 4,280 1,596 897 11,551 407 4,782 13,362 234 8,139 203 27,127	$\begin{array}{c} \varepsilon \\ \varepsilon $	905 (270) 16,450 2,509 19,594 5,257 4,926 1,392 781 12,356 327 5,065 13,551 525 8,293 59 27,820	$\begin{array}{c} \displaystyle {\displaystyle {\bf \varepsilon}} \\ \displaystyle {\bf \varepsilon} \\ \displaystyle {\bf c} \\ \displaystyle {\bf $	905 (240) 18,409 2,727 <b>21,801</b> 8,917 5,173 1,345 830 16,265 272 4,941 14,505 469 8,869 124 <b>29,180</b>
Equity and Liabilities         Equity         Share Capital         Treasury Shares         Retained Earnings and other accumulated equity, excluding non controlling interests         Non controlling interests         Total Equity         Non-current financial liabilities         Other non-current liabilities         Doter non-current liabilities         Deferred tax liabilities         Total non-current liabilities         Financing liabilities - finance companies         Non-transferred financing liabilities of operations to be continued in partnership - finance companies         Current provisions         Trade payables         Current taxes         Other payables         Current financial liabilities         Operating Liabilities         Operating Liabilities         Total Current liabilities         Total Current liabilities         Total Current liabilities	$\begin{array}{c} \varepsilon \\ \varepsilon $	808 (238) 9,985 1,664 12,219 4,267 3,487 1,278 969 10,001 354 2,299 3,197 8,849 164 4,880 19,743 3,215 22,958	$\begin{array}{c} \mathbf{e} \\ $	860 (238) 12,035 1,961 14,618 4,526 3,288 1,429 895 10,138 421 3,374 9,352 172 5,417 18,736 1,661	$\begin{array}{c} \varepsilon \\ \varepsilon $	905 (270) 13,929 2,142 16,706 4,778 4,280 1,596 897 11,551 407 4,782 13,362 234 8,139 203 27,127 2,531	$\begin{array}{c} \displaystyle \varepsilon \\ \displaystyle \varepsilon \\$	905 (270) 16,450 2,509 <b>19,594</b> 5,257 4,926 1,392 781 <b>12,356</b> 327 5,065 13,551 5253 8,293 59 <b>27,820</b> <b>2,182</b>	$\begin{array}{c} \displaystyle {\displaystyle {\bf \varepsilon}} \\ \displaystyle {\bf \varepsilon} \\ \displaystyle {\bf c} \\ \displaystyle {\bf $	905 (240) 18,409 2,727 <b>21,801</b> 8,917 5,173 1,345 830 16,265 272 4,941 14,505 469 8,869 124 <b>29,180</b> 2,520
Equity and Liabilities         Equity         Share Capital         Treasury Shares         Retained Earnings and other accumulated equity, excluding non controlling interests         Non controlling interests         Total Equity         Non-current financial liabilities         Other non-current liabilities         Non-current provisions         Deferred tax liabilities         Total non-current liabilities         Financing liabilities - finance companies         Non-transferred financing liabilities of operations to be continued in partnership - finance companies         Current provisions         Trade payables         Current taxes         Other payables         Derivative financial instruments on operating - liabilities         Operating Liabilities         Current financial Liabilities         Total Current liabilities	$\begin{array}{c} \varepsilon\\ $	808 (238) 9,985 1,664 12,219 4,267 3,487 1,278 969 10,001 354 2,299 3,197 8,849 164 4,880 19,743 3,215	$\begin{array}{c} \mathbf{e} \\ $	860 (238) 12,035 1,961 14,618 4,526 3,288 1,429 895 10,138 421 3,374 9,352 172 5,417 18,736 1,661	$\begin{array}{c} \varepsilon \\ \varepsilon $	905 (270) 13,929 2,142 16,706 4,778 4,280 1,596 897 11,551 407 4,782 13,362 234 8,139 203 27,127 2,531	$\begin{array}{c} \displaystyle \varepsilon \\ \displaystyle \varepsilon \\$	905 (270) 16,450 2,509 <b>19,594</b> 5,257 4,926 1,392 781 <b>12,356</b> 327 5,065 13,551 5253 8,293 59 <b>27,820</b> <b>2,182</b>	$\begin{array}{c} \displaystyle {\displaystyle {\bf \varepsilon}} \\ \displaystyle {\bf \varepsilon} \\ \displaystyle {\bf c} \\ \displaystyle {\bf $	905 (240) 18,409 2,727 <b>21,801</b> 8,917 5,173 1,345 830 16,265 272 4,941 14,505 469 8,869 124 <b>29,180</b> 2,520

Source: Groupe PSA

(Millions)		2015		2016		2017		2018		2019
Assets										
Goodwill and intangible assets with undefinite useful lives	€	14,790	€	15,222	€	13,390	€	13,970	€	14,257
Other intangible assets	€	9,946	€	11,422	€	11,542	€	11,749	€	12,447
Property, Plant and Equipment	€	27,454	€	30,431	€	29,014	€	26,307	€	28,608
Investments accounted for using the equity method	€	1,658	€	1,793	€	2,008	€	2,002	€	2,009
Other financial assets	€	724	€	649	€	482	€	362	€	340
deferred tax assets	€	4,056	€	3,699	€	2,004	€	1,814	€	1,689
other receivables	€	485	€	581	€	666	€	1,484	€	2,376
tax receivables	€	98	€	93	€	83	€	71	€	94
prepaid expenses and other assets	€	325	€	372	€	328	€	266	€	535
other non-current assets	€	176	€	359	€	508	€	556	€	757
Total Non-current assets	€	59,712	€	64,621	€	60,025	€	58,581	€	63,112
Inventories	€	11,351	€	12,121	€	12,922	€	10,694	€	9,722
Assets sold with a buy-back commitment	€	1,881	€	1,533	€	1,748	€	1,707	€	1,626
Trade and other receivables	€	6,575	€	7,273	€	7,887	€	7,188	€	6,628
tax receivables	€	307	€	206	€	215	€	419	€	37
prepaid expenses and other assets	€	367	€	389	€	377	€	418	€	524
other financial assets	€	1,243	€	762	€	487	€	615	€	670
cash and cash equivalents	€	20,662	€	17,318	€	12,638	€	12,450	€	15,014
assets held for sale	€	5	€	120	-		€	4,801	€	376
assets held for distribution	€	3,650	-		-		-		-	
Total Current Assets	€	46,041	€	39,722	€	36,274	€	38,292	€	34,932
Total Assets	€	105,753	€	104,343	€	96,299	€	96,873	€	98,044
Equity and Liabilities										
Equity										
Equity attributable to owners of the parent	€	16,805	€	19,168	€	20,819	€	24,702	€	28,537
Non-controlling interests	€	163	€	185	€	168	€	201	€	138
Total Equity	€	16,968	€	19,353	€	20,987	€	24,903	€	28,675
Liabilities										
Long-term Debt	€	20,418	€	16,111	€	10,726	€	8,667	€	8,025
Employee benefits liabilities	€	9,406	€	9,052	€	8,584	€	7,875	€	8,507
Provisions	€	5,680	€	6,520	€	5,770	€	5,413	€	5,027
Other financial liabilities	€	307	€	16	€	1	€	3	€	124
Deferred tax liabilities	€	156	€	194	€	388	€	937	€	1,628
Tax liabilities	€	31	€	25	€	74	€	149	€	278
other liabilities	€	3,183	€	3,603	€	2,500	€	2,452	€	2,426
Total Non-current liabilities	€	39,181	€	35,521	€	28,043	€	24,596	€	26,015
Trade payables	€	21,465	€	22,655	€	21,939	€	19,229	€	21,616
short-term debt and current portion of long-term debt	€	7,368	€	7,937	€	7,245	€	5,861	€	4,876
employee benefit iabilities	€	429	€	681	€	694	€	595	€	544
provisions	€	658	€	811	€	9,009	€	10,394	€	8,978
other financial liabilities	€	8,112	€	9,317	€	138	€	204	€	194
tax liabilities	€	241	€	162	€	309	€	203	€	122
other liabilities	€	7,747	€	7,809	€	7,935	€	7,057	€	6,788
liabilities held for sale	-		€	97	-		€	2,931	€	236
liabilities held for distribution	€	3,584	-		-		-		-	
Total Current Liabilities	€	49,604	€	49,469	€	47,269	€	46,474	€	43,354
Total Equity and liabilities	€	105,753	€	104,343	€	96,299	€	96,873	€	98,044

Source: FCA Group

Exhibit 23 - PSA	<b>Historical Statement</b>	of Cash Flows
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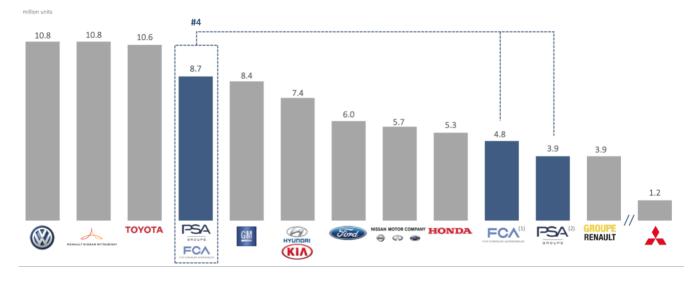
(Millions)		2015		2016		2017		2018		2019
Consolidated profit (loss) from continuing operations	€	951	€	1,944	€	2,354	€	3,295	€	3,584
other expenses related to the non-transferred financing of operations to be continued in										
partnership	€	114	€	11	-		_		-	
Depreciation, amortisation and impairment	€	2,492	€	2,497	€	2,754	€	2,995	€	3.717
Provisions	€	330	€	(59)	€	220	€	304	€	(97)
Changes in deferred and current taxes	€	293	€	(88)		134	€	(142)		(139)
(gains) losses on disposals and other	€	191	€	(146)		(377)		(651)		(190)
Net financial expenses (income)	-	.,,,	-	(110)	€	238	€	446		344
Dividends received from, net of share in net result of, equity method investements	€	(82)	€	253	€	152	€	189	€	274
Fair value remeasurement of cash flow hedges	€	106	€	75	€	28	€	72	€	30
Chage in carrying amount of leased vehicles	€	118	€	48	€	(90)	€	226	€	50
Funds from operations	€	4,513	€	4,535	€	5,413	€	6,734	€	7,573
Changes in working capital	€	7,520	€	1,935	€	46	€	1,661	€	1,132
Net cash from operating activities of continuing operations	€	12,033	€	6,470	€	5,459	€	8,395	€	8,705
Proceeds from disposals of shares in consolidated companies and of investments in										
non-consolidated companies	€	(52)	€	810	€	85	€	38	€	51
Acquisitions of consolidated subsidiaries and equity method investments	€	(145)	€	(420)	€	(1,095)	€	(713)	€	(1,293)
Presseds from dispessio of groupstry glant and equipment and of intervilla seasts	€	90	€	243	€	323	€	509	c	298
Proceeds from disposals of property, plant and equipment and of intangible assets	€	(1,623)		(2,107)		(2,351)		(2,510)		(2,765)
Investments in property, plant and equipment	€			. , ,		.,,,		.,,,,		,
Investments in intangible assets		(1,345)		(1,467)		(1,947)		(2,061)		(2,146)
Change in amounts payable on fixed assets	€ €	134		237		(239)		(198)		(160)
Other	€		€	154	€	68	€	196		43
Net cash from investing activities of continuing operations Dividends paid to Peugeot S.A. shareholders	<u>t</u>	(2,706)	<del>.</del>	(2,550)	€	(5,156) (431)		(4,739) (474)		(5,972)
Dividends paid intragroup	€	88	2		e	(431)	e	(4/4)	t	(697)
Dividends paid initiagroup	e	00	-		-		-		-	
Dividends net amount received from operations to be continued in partnership	€	(85)	€	120	-		_		-	
Dividends paid to minority shareholders of subsidiaries	€	199	€	(134)	€	(135)	€	(143)	€	(133)
Proceeds from issuance of shares	_		€	327	€	305	€	27	€	4
(Purchases) Sales of treasury shares	€	(1,534)	-		€	(137)	€	(48)	€	(29)
Changes in other financial assets and liabilities	_		€	(1,991)	€	42	€	631	€	923
Payment of lease liabilities	-		-		-		-		€	(377)
Other	_		€	(4)	€	2	_		-	( )
Net cash from financing activities of continuing operations	€	(1,332)	€	1,682	€	(354)	€	(7)	€	(309)
Net cash from the non-transferred assets and liabilities of operations held for sale	€	(8,239)	€	(2,310)	-		-		-	
Net cash from the transferred assets and liabilities of operations held for sale	€	762	€	843	€	(7)	-		-	
Impact of hyperinflation	-		-		-		€	22	€	(28)
Effect of changes in exchange rates	€	(128)	€	(77)	€	(121)	€	(66)	€	7
Increase (decrease) in cash from continuing operations and held for sale or to be										
continued in partnerships	€	390	€	694	€	(179)	€	3,605	€	2,403

Source: Groupe PSA

Exhibit 24 - FCA His	torical Statement	of Cash Flows
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(Millions)		2015		2016	2017	2018	2019
Cash Flows from operating activities							
Net profit from continuing operations	€	93	€	1,713 €	3,291 €	3,330 €	2,700
Amortization and depreciation	€	5,414	€	5,549 €	5,474 €	5,507 €	5,445
Net losses on disposal of tangible and intangible assets	€	18	€	14 €	16 €	1 €	19
Net gains on disposal of investments	-		€	(13) €	(76) -	e	(15)
Other non-cash items	€	812	€	87 €	(197) €	129 €	1,541
Dividends received	€	112	€	123 €	102 €	75 €	156
Change in provisions	€	3,206	€	1,453 €	464 €	842 €	(1,744)
Change in deferred taxes	€	(279)	€	435 €	1,075 €	457 €	864
Change due to assets sold with buy-back commitments and GDP vehicles	€	6	€	(95) €	(11) €	158 €	(65)
Change in inventories	€	(958)	€	(494) €	(1,596) €	1,399 €	1,017
Change in trade receivables	€	(191)	€	131 €	(157) €	19 €	100
Change in trade payables	€	1,571	€	729 €	937 €	(1,240) €	2,020
Change in other liabilities, paables and receivables	€	(580)	€	280 €	358 €	(1,213) €	(1,268)
Cash flows from operating activities - discontinued operations	€	527	€	682 €	705 €	484 €	(308)
Net Cash from operating activities	€	9,751	€	10,594 €	10,385 €	9,948 €	10,462
Cash Flows used in investing activities							
Investments in property, plant and equipment and intangible assets	€	(8,819)	€	(8,241) €	(8,105) €	(5,392) €	(8,385)
Investments in joint ventures, associates and unconsolidated subsidiaries	€	(266)	€	(113) €	(9) €	(3) €	(2)
Proceeds from the sale of tangible and intangible assets	€	29	€	25 €	54 €	47 €	53
Net change in receivables from financing activities	-		€	55 €	(836) €	(676) €	336
Change in securities	€	410	€	(488) €	174 €	(75) €	(235)
Other changes	€	(239)	€	301 €	(4) €	(7) €	55
Net cash proceeds from disposal of discontinued operations	€	11	€	(29) -	-	e	5,348
Cash flows used in investing activities - discontinued operations	€	(426)	€	(549) €	(570) €	(632) €	(155)
Net Cash from investing activities	€	(9,300)	€	(9,039) €	(9,296) €	(6,738) €	(2,985)
Cash flows used in financing activities							
Issuance of Notes	€	2,840	€	1,250 -	-	-	
Repayment of notes	€	(7,241)	€	(2,373) €	(2,235) €	(1,850) €	(1,480)
Proceeds of other long-term debt	€	3,061	€	1,309 €	811 €	935 €	329
Repayment of other long-term debt	€	(4,412)	€	(4,605) €	(3,421) €	(2,852) €	(1,163)
Net change in short-term debt and other financial assets/liabilities	€	(36)	€	(570) €	561 €	1,062 €	(782)
Distributions paid	€	866	€	(18) €	(1) €	(1) €	(3,056)
Other changes	€	(283)	€	(119) €	(2) €	11 -	
Cash flows from financing activities - discontinued operations	€	10	€	(1) €	(186) €	(90) €	325
Net Cash from financing activities	€	2,067	€	(5,127) €	(4,473) €	(2,785) €	(5,827)
Translation exchange differences	€	681	€	228 €	(1,296) €	106 €	212
Total change in Cash and Cash Equivalents	€	(1,996)	€	(3,344) €	(4,680) €	531 €	1,862

Source: FCA Group



### Exhibit 25 - 2018 Global Sales by Automaker

Source: FCA Group and Groupe PSA

# Exhibit 26 - Combined Entity Financial Strength

			_
€ billion, except as otherwise stated	FLAC CHRYSELER AUTOMOBILES (Excluding Magneti Marelli)	(Excluding Faurecia)	FIAT CHEVELER AUTOMOBILES Aggregated (1) (Pre-Synergies)
Sales including JVs <sup>(2)</sup> (million units)	4.8	3.9	8.7
Net Revenues	110.4	58.6	169.0
Operating Profit	6.7 (Adjusted EBIT)	4.4 (Recurring Operating Income)	11.2
Operating Profit Margin	6.1% (Adjusted EBIT Margin)	7.6% (Recurring Operating Margin)	6.6%
Automotive Operational Free Cash Flow	4.4 (Industrial Free Cash Flows)	3.1 (Free Cash Flow)	7.5

Year Ended December 31, 2018

Source: FCA Group and Groupe PSA

Exhibit 27 - Combined Entit	y Financial Position	n and Liquidity
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As of Jun	-	
FIAT CHRYSLER AUTOMOBILES		Aggregated (1)
(Excluding Magneti Marelli)	(Excluding Faurecia)	(Pre-Synergies & Pre-Dividends)
3.3	10.5	13.8
15.8	15.7	31.5
7.7	3.0	10.7
23.5	18.7	42.2
	Excluding Magneti Marelli) 3.3 15.8 7.7	(Excluding Magneti Marelli)(Excluding Faurecia)3.310.515.815.77.73.0

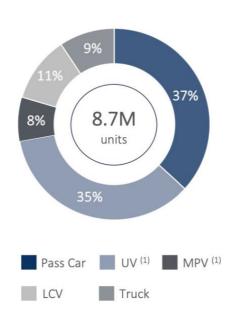
Source: FCA Group and Groupe PSA

# Exhibit 28 - Combined Entity Brand Portfolio

				Mainstream	
	Luxury	Premium	SUV	Pass Car/ CUV/MPV	Truck/LCV
FIAT CHRYSLER AUTOMOBILES	ليًا MASERATI		Jeep	CHRYSLER	RAM PROFESSIONAL
GROUPE		DS AUTOMOBILES		PEUGEOT	CITROËN

Source: FCA Group and Groupe PSA

### Exhibit 29 - Combined Entity Sales Distribution per Vehicle Category



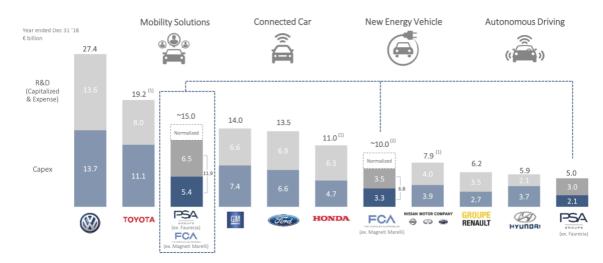
2018 Global Sales (2)

Source: FCA Group and Groupe PSA



### **Exhibit 30 - Combined Entity Global Presence**

Source: FCA Group and Groupe PSA



### Exhibit 31 - Investment Expenses by Automaker

Source: FCA Group and Groupe PSA

	1st Announcement					2nd Anno	unce	ment
	18	8/12/2019	19/12/2019		14/09/2020		15/09/2020	
FCA Share price	€	13.604	€	13.602	€	9.983	€	10.882
PSA Share price	€	22.410	€	22.299	€	16.190	€	16.540

Source: Yahoo Finance

# Exhibit 33 - Main Automakers' Share Price Evolution since Carlos Tavares' appointment

	PSA	FCA	VW	Toyota	GM	Ford	Nissan	Renault	Daimler	Honda	Average
Share price 15/09/2020	€ 11.33	€ 5.61	€ 188.10	€ 8	2.10 € 25.03	€ 11.34	€ 12.99	€ 70.54	€ 68.59	€ 25.70	€ 50.13
Share price 31/03/2014	€ 16.54	€ 10.35	€ 138.92	€ 11	2.05 € 30.38	€ 6.60	€ 5.95	€ 24.05	€ 49.09	€ 20.92	€ 41.48
% Gain/loss	46.02%	84.35%	-26.15%	36	.49% 21.37%	-41.78%	-54.23%	-65.91%	-28.43%	-18.61%	-17.25%

Source: Yahoo Finance

### Exhibit 34 - Goldman Sachs Stellantis WACC Forecast

	Stellantis
WACC	7%-9%

Source: FCA-PSA Merger Prospectus

# Exhibit 35 - Main Automakers EV/EBITDA Multiple

<b>EV/EBITDA</b>	FCA	PSA	GM	Ford	VW	Daimler	BMW	Average
2019	1.53x	1.23x	2.22x	2.68x	1.51x	3.46x	2.20x	2.12x

Source: Market Screener

# Exhibit 36 - Market Capitalization and Enterprise Value Information as of December 2019

(Millions)		FCA		PSA
Market Capitalization	€	21,329	€	20,277
Net Debt	€	(2,783)	€	(7,914)
Enterprise Value	€	18,546	€	12,363

Source: Yahoo Finance, FCA Group and Groupe PSA