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PSA Peugeot Citroën strengthens its presence in Brazil

After five years of operation, Peugeot Citroën do Brasil has firmly established its identity as a Brazilian car manufacturer. Jean-Martin Folz, Chairman of the Managing Board of PSA Peugeot Citroën, presented today in Rio de Janeiro a progress report of the Group's activities in Brazil

PSA Peugeot Citroën's first pre-series vehicles rolled off the production line at the end of 2000. At the time, the Group took the decision to create a subsidiary to develop its business in Brazil whilst integrating the specific features and characteristics of the Brazilian market. Five years later, Peugeot Citroën do Brasil has achieved its objectives, demonstrating its ability to adapt to changing market conditions and strengthening its local identity.

With its relatively new commercial operations and despite strong competition, PSA Peugeot Citroën now stands in fifth position in Brazil. Saleswise, the Group has outperformed all other automotive newcomers. The only companies to report higher market share are those who have been in the country for many decades

These results have been achieved through the Group's production centre in Porto Real (State of Rio de Janeiro). Inaugurated in February 2001, the centre currently produces four models: the Peugeot 206 sedan and 206 SW, and the Citroën Xsara Picasso and C3. As part of its commitments to Brazil, PSA Peugeot Citroën has invested more than \$700 million to build and extend its plant since 1998.

Porto Real began producing 1.6 l and 1.4 l gasoline engines in 2002. This year, the plant began production of 1.6 l flex-fuel engines exclusively for the Brazilian market. These have been available on the Peugeot 206 since April and on the Citroën C3 since November. At the end of 2006, Porto Real will launch a 1.4 l flex-fuel engine to equip the Peugeot 206 sedan and 206 SW, as well as the Citroën C3. It will gradually be extended to other vehicles from the two marques in the same range. Brought from the drawing board to the factory floor in less than a year, these flex-fuel engines grew out of technological development conducted primarily in Brazil.

Expanding faster than the market

Thanks to the popularity of the models produced at Porto Real, PSA Peugeot Citroën has enjoyed strong growth in Brazil. Over the past five years, the Group's market share has more than doubled, from 2.1% to 4.9% at October 31, 2005. In the first ten months of this year, PSA Peugeot Citroën sold more than 64,000 passenger cars and light commercial vehicles, an increase of 25% from the same period last year. This is twice the growth recorded by the Brazilian automobile market as a whole (up 9.6%). With these results, PSA Peugeot Citroën is the fastest-growing car manufacturer in Brazil.

The Group's strong performance has also led to rising output at Porto Real, which has already produced more than 250,000 Peugeot and Citroën vehicles and more than 130,000 engines. More than 400,000 Peugeot and Citroën vehicles are currently on the road in Brazil.

One group, two marques

Exports of vehicles, engines and spare parts are also on the rise. For 2005, exports are forecast at \$169 million, up 43% from \$118 million in 2004. At present, 20% of Porto Real's total vehicle output is exported.

Promoting sustainable development in Brazil

CO₂ – Peugeot is financing a project in northern Mato Grosso State to scientifically demonstrate the technical viability of CO₂ sequestration through reforestation. The project is designed to restore the tropical forest in all its biodiversity. More than two million saplings of indigenous species have been planted. This project complements other measures taken by PSA Peugeot Citroën to reduce greenhouse gas emissions as part of the fight against global warming.

Biofuels – As part of its commitment to developing renewable energies, PSA Peugeot Citroën has conducted tests on Xsara Picasso and Peugeot 206 models using biofuels in partnership with Sao Paulo University's clean energy development laboratory. The two vehicles have already covered some 160,000 kilometres on a mixture comprising 30% soy biodiesel and 70% petroleum diesel sold locally. The second stage of the experiment, planned for early 2006, calls for the use of biodiesel from other oil seeds.

City on the Move Institute – Known by its French acronym IVM, the institute is a non-profit organisation sponsored by PSA Peugeot Citroën which organises discussions on urban mobility with all concerned stakeholders. Present in Brazil since 2004, IVM awarded the top prize of its international competition on urban mobility journalism to Brazilian students from Sao Paulo University's communication and art school. This year, a photography contest was organised with a mobile exhibition launched in Brazil and in the rest of Latin America presenting architectural projects that provide urban mobility solutions for the world's large cities.

Road safety – Road safety is a priority for PSA Peugeot Citroën, which is actively researching technical solutions to prevent accidents and reduce their impact. The Group devotes more than 10% of its annual investments to research and development. A symposium on this topic, organized by the Group and the Ministry of Transportation, will be held in Sao Paulo on November 29, 2005.