

## Peugeot forecasts profit in shrinking market

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PSA Peugeot Citroën reported the biggest full-year loss in its history on Wednesday and said it faced a “challenging” year ahead, but forecast that it would make an operating profit for the first half of 2010.

Peugeot 2009 results			
Sales	Net profit	Earnings per share	Dividend
€48.4bn	(€1.161bn)	(€5.12)	-
↓10%	(€363m)	(€1.59)	-

The French carmaker said it expected Europe’s car market to shrink by about 9 per cent this year but that its share would increase, helped by new models such as the Peugeot brand’s 3008 and 5008 crossover vehicles and Citroën’s new C3 and DS3 small cars arriving in shops.

Peugeot’s record €1.16bn (\$1.6bn) net loss for 2009 reflected a 7 per cent drop in its vehicle sales in a crisis year that saw the family-controlled company seek €3bn of bail-out loans from the French state. The company lost €363m after tax in 2008. Peugeot, Europe’s second-largest carmaker by sales after Volkswagen, reported positive operating income of €137m for the second half thanks to scrappage programmes and new car launches.

Philippe Varin, Peugeot’s chief executive, described 2009 as “a year of two halves”, and said the company had “turned the corner”. “The crisis has been pretty difficult [but] the company is getting out of it with good momentum.”

Commenting on Peugeot’s talks on a possible alliance with Japan’s Mitsubishi, Mr Varin said one of the topics under discussion was low-cost small cars.

He said Peugeot hoped the alliance would help it build its presence in Asia. In China, the French carmaker reported double-digit growth last year, but claimed just over 3 per cent market share – “clearly not enough”, Mr Varin said.

In December Peugeot said it was considering buying a stake in Mitsubishi as part of an expanded partnership. The two companies already co-operate on electric cars, produce crossover vehicles together, and are building a joint production plant in Russia. Mr Varin would not comment on the progress of the talks, or when they might conclude.

Peugeot says it will only consider an alliance with another carmaker if it is consistent with its global strategy, creates value and allows it to maintain its independence.

Separately, Mr Varin played down the impact of Toyota’s quality problems on Peugeot’s business. The two share a plant making small cars in the Czech Republic. Peugeot last week said it was recalling about 97,000 of its Peugeot 107 and Citroën C1 models to fix the same sticky accelerator problems that Toyota has had for its Aygo model built at the same plant. Mr Varin described the cost to Peugeot of the recall as “not material at the group level”, and said: “The quality system that we have in the plant today is one of the best that can exist.”

**Fonte: Financial Times, London, Feb. 10<sup>th</sup> 2010, Companies, online.**