Peugeot

Peugeot is a major French carmaker which is today part of the PSA Peugeot Citroën Group.

Peugeot first entered the world of wheeled vehicles with bicycles. 1896 saw the first Peugeot engines, which were soon placed under a hood (bonnet) at the front of the car, instead of hidden underneath — then it was only for the steering wheel to be adopted, and cars began to take on their modern form.

Peugeot turned largely to weapons production during 1914-18, becoming a major manufacturer of weapons and military vehicles from bicycles to tanks and shells.

- 1929 saw the introduction of the Peugeot 201, the first car to be numbered the Peugeot way: three digits with a central zero, an enduring registered Peugeot trademark. It was also the first mass-produced car with independent front suspension. Soon after, the Depression hit; Peugeot sales dived, but the company survived.

1948 saw the company restarting in the car business, with the Peugeot 203.

In 1948, the company reentered the car business with the Peugeot 203. More models followed, many elegantly styled by Pininfarina. The company began selling cars in the United States in 1958. Like many European manufacturers, collaboration with other firms increased; Peugeot worked with Renault from 1966 and with Volvo Cars from 1972.

.

201, 203 and 403 Peugeot cars

201

203

403

Launches of main Peugeot vehicles

1929	1948	19xx	1972	1977	1983	1989	1993	1995	1999	2001	2005	2006	2007
201	203	403	104	305	205	605	306	406	206	307	407	207	308

The Big 1974 change.

In 1974, Peugeot bought a 30% share of Citroën, and took it over completely in 1976. The joint parent company became the PSA group, keeping the separate identities of both brands but sharing part of engineering and technical resources. 1983 saw the launch of the popular and successful Peugeot 205, which is largely credited for paving the upward path of PSA's fortunes.

1990-2002 famous years, cresting a peak.

Peugeot, under the leadership of Frederic Saint Geours since 1990, had good success with the 206 and 307. The high growth of sales stopped by 2002, due largely to electronic quality problems and strategic issues.

Strong market share in Europe is decreasing since 2002

Market share in Europe decreased from 8.9% in 2002 to 7.9% in 2004 and 7.1% in 2006

Vehicles produced

2002/million	2003/million	2004/million	2005/million	2006/million	2007/million
1.955	**1.913**	**2.027**	**1.995**	**1.959**	**1.967**

2008: new leadership.

In January 2008, Jean-Philippe Collin took leadership of Peugeot

HEADQUARTERS

PSA is owned by Peugeot family (30%)

PSA companies

PSA comprises several subsidiaries:

- Faurecia, which manufactures seats, front end modules, exhaust systems, and other components. Faurecia is the European leader and number two worldwide in most of its businesses activities
- Gefco, which furnishes transportation and logistics services
- Banque PSA Finance, which federates the group's finance companies
- Peugeot Motorcycles. the third-largest European manufacturer of scooters and motorcycles in the 50 to 125 cc range
- Peugeot Citroën Moteurs (PCM), which sells engine and gearboxes to customers outside the PSA group
- Process conception Ingénierie (PCI), which designs and builds industrial equipment for the Group and other global carmakers

Managing Board

- Christian Streiff, Chairman
- Jean-Philippe Collin, Executive Vice-president Peugeot

> Born 1956
> Ecole superieure d'electricité
> IBM
> Valeo, purchase director
> Thomson, purchase director
> Executive Vice-president Peugeot since January 2008

- Gilles Michel, Executive Vice-President Citroën

> Born 1956
> Ecole Polytechnique
> Saint Gobain
> PSA platform director
> Executive Vice-president since February 2007

- Gregoire Olivier, Programs

> Born 1960
> Ecole Polytechnique
> MBA Chicago university
> Adviser in Industry ministery
> Sagem CEO then Faurecia CEO
> In charge of product design, style, Quality, invests, common platforms management

- Roland Vardanaga, Technical and Manufacturing, Projects and Production

> Born 1943
> Ecole nationale Superieure des Arts et metiers
> PSA platforms
> PSA Programs director (directeur technique et industriel PSA)
> In charge of engineering and production in order to decrease costs and to increase quality

Executive Committee

- Christian Streiff, Chairman
- Jean-Philippe Collin, Executive Vice-president Peugeot
- Gilles Michel, Executive Vice-President Citroën
- Gregoire Olivier, Programs
- Roland Vardanaga, Technical and Manufacturing, Projects and Production
- Isabel Marey-Semper, Finance, in charge of strategy

> Born 1967
> Ecole Normale Supérieure
> Saint Gobain then Thomson
> In charge of preparing the development of PSA, to prospect the market, R&D and Technology

- Jean-Luc Vergne, Human Resources
- Jean-Claude Hanus, Legal Affairs
- Lilliane Lacourt, Corporate Communication
- Frederic Saint Geours

Extended Executive Committee

- China, Denis Duchesne
- Brazil and Argentina, Vincent Rambaud
- Research and Automotive innovation, Pascal Henault
- Purchasing, Jean-Christophe Quemard
- Spare parts, Daniel Marteau
- Informatics and Top managers, Alain Sartoris

STRA4EGY

PSA strategy is built around 2 concepts: *urgency* and *ambition*.

Program: “Cap 2010”

Cap 2010 defines two primary *urgency* objectives to be achieved by 2010: to improve sales to 4 million vehicles, and to increase operating margin to 6%. These goals are to be achieved within a framework of four priorities: quality, costs, products, and international operation as follows:

Quality, PSA will improve works on design and production and will stress suppliers
PSA will increase efforts in design and production and will hold suppliers to higher standards of quality. PSA, like Renault, has a public image with regards to vehicle quality, because of its past history. The challenge is to reduce the number of quality incidents by half and to shorten incident resolution times by two-thirds. In terms of quality service, the goal is for Peugeot and Citroën to rank among the European Top 3. For that purpose, PSA have to accelerate works on design, on industrialization and on common work with suppliers.

Costs, PSA will cut costs in 8 directions
PSA will implement a cost-reduction program with 8 actions to improve productivity by 5% per year:

- Reduce warranty costs by half,
- Increase purchasing productivity from 4% to 6% a year,
- Reduce overhead and fixed costs by 30%,
- Shorten development cycles from 5 years to 4 years,
- Reduce supply chain costs by 10%,
- Fully roll out the industrial efficiency “Convergence” program and increase capacity utilization by 20 points
- Cut workforces by 8,000 in Western Europe with only voluntary leaves (already achieved by end 2007)
- Simplify the organization,

In addition, ongoing cooperation will continue with Fiat, Mitsubishi, BMW, Renault and Toyota.

Products, PSA will launch 53 new models and reduce development time
Worldwide new models will be launched in 4 years, from 2007 to 2010 Development time reduced from 5 years to 4 years, with a long term target of 144 weeks. A further objective is to maintain the average of the line-up at 3 years compared with 4.5 years in 2006
- The decision has been made not to develop an extremely cheap car at this time.

International, priority to South America, China and Russia.
Priority is to be placed on South America, China and Russia. PSA will produce 4 million cars in 2010, up from 3.36m in 2006 and 3.42m in 2007, by increasing production outside France. **Germany** is the testing ground for the group's bid to regain market share in Europe. The target is to increase from 3% in 2007 to 5% by 2010.

Brazil and **Argentina** are the group's South American action centres. Goals include a doubling of sales to 400,000 vehicles with 12 new models, an entry-level segment, additional capacity, and extension of dealer and R&D networks in the region.

The Group's ambition for **China** is to become an established, profitable industry player by 2015, with sales increasing to one million units. PSA plan to start up new manufacturing facilities with its partner Dongfeng Motor by 2010, to renew the Peugeot and Citroën ranges by launching 12 new models, to develop R&D and styling centres, and to strengthen purchasing in the region.

Russia is PSA's primary lever of Eastern Europe. The group has set an objective of 100,000 vehicles in 2010, and to increase sales rapidly to 300,000 units. Kalouga is the site of a new production facility to be operational by 2010, producing midrange cars like the Peugeot 308 and Citroën C4.

There are no current plans for a return to the **North American market**.

Some other organization decisions:

- Creation of a Programs department, the director of which will seat in the managing Board.
- Creation of an Operation department with engineering, production, logistics, director part of the managing Board.
- Creation of 3 business units, China, Mercosur and Aftermarket which report to the President.
- Purchase department reports directly to the President.

Ambition 2015

Ambition 2015 defines corporate strategy through 2015.

Under the plan, PSA will have been turned back into the most competitive carmaker in Europe by 2015 with an operating margin of 6 to 7% (and 5.5-6% in 2010), reversing a four-year decline in margin.

In 2015, PSA Peugeot Citroën intends to be solidly positioned in Europe, steadily growing and profitable, with extensive operations in other global markets and ranking among the leaders in each of its businesses.

ENGINEERING AND INNOVATION

Budget

The budget is stable at 2b€ which represent 4.5% of the Automobile revenue.

18,000 engineers and technicians participate in the programs and in Innovation.

Development

PSA is the first French company for patent filling. 30 engineers and technicians are working in patent department
Patents are focused in 3 areas: Environment, Comfort and Safety included Driver Assistance
An annual award thanks the best inventions

Pascal Henaut is at the head of Innovation department.

70 innovative projects developed.

> PSA Peugeot Citroën's R&D is organized through a Research and Innovation Plan that currently encompasses more than 70 projects concerning all automobile development areas, including architecture, ergonomics and manufacturing processes. Each project is designed to provide the essential input for developing key technologies used in vehicles and their production facilities. 821 patents were deposited in 2006. Innovation plans are signed with companies like Bosch, Delphi, Valeo, or Magnet Marelli

EuroNCap

> Important part focused to security: 11 cars with 5 stars on crash test Euro NCap, included last cars, 207 and 308 and C6 best rate for pedestrian protection.

3 levels of security:

> - Safety and collision prevention,
>
> - Inside protection
>
> - Assistance after an accident

3 R&D #enters and AD .

To improve innovation and decrease costs, PSA built 3 platforms for the Peugeot and Citroen models. All the projects are developed in 3 R&D centres and an Advanced Centre

Velizy

> Innovation and development of new cars (platforms 1 and 3).
>
> Velizy A + Velizy 2 + ADN (innovation & Design) = 6600 p.
>
> 6600 people are working at Velizy.

Sochaux

> Development of new cars (platform 2).

La Garennes Colombes

> Development of powertrain, 3000 p.

Carrieres sous Poissy

> Development of new projects with other carmakers, 500 p.

ADN (Automotive Design Network) was inaugurated at Vélizy in 2004. It comprises styling and innovation teams and covers 70,000 square meters. The ADN boasts a Virtual Reality Centre equipped with state-of-the-art advanced digital simulation facilities.

2 4est #entres

Belchamp

> The test centre at Belchamp includes 430 hectares of diverse roads, laboratories and test benches. 1300 people are working in this centre.

La Ferté-Vidame

> New cars are tested on 800 hectares of diverse roads.
>
> 10million km are driven per year at the site.
>
> 200 people are working in this centre.

PSA Strategy/Performances and Design

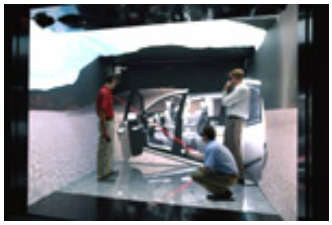
The first priority of PSA is outstanding and specific style for the two brands

PSA gives priority to style.

Lighting performances have to be at the level expected for its segment but not necessary the best in class.

PSA has since 2004, a high tech facility for style and innovations.

Virtual reality centre



ADN centre

In Velizy, close to Paris, PSA opened a centre of design and innovation named ADN (Automotive Design Network). All the design and innovation teams are gathered in this 70 000 m2 centre over three floors with 1000 people and more than 20 different nationalities. While gathered under the same roof, the Peugeot and Citroën styling teams work in different areas, a solution that promotes healthy competition by allowing for contact yet avoiding indiscriminate mixing of their distinctive styles.

R&D and Style teams work together.

The innovation and vehicle architecture teams work on vast platforms in close proximity to styling teams. ADN is equipped with resources for research and design (innovation project teams) and for creation (styling studios), as well as for producing prototypes (milling machines, paint and assembly workshops, etc.).

ADN includes spaces that ensure confidentiality, areas to meet with suppliers, terraces so that vehicles can be exposed to sunlight, and an auditorium. The facilities also offer styling teams carefully studying lighting possibilities to meet their varying needs, from direct, overhead daylight to artificial light. ADN also has a 500-square-meter Virtual Reality Center, equipped with the auto industry's most advanced digital simulation tools.

This 130million€, world-class facility will enable PSA Peugeot Citroën to improve its automotive design capabilities while consolidating resources and managing costs more efficiently.

There is a strong competition between Style teams

For each project, two different internal studios are in competition inside ADN. Both leaders of the two studios report to the style director, J.Gallix or Ploué who push competition with consideration of style strategy. It is a big change with the past when one PSA team was in competition with one external studio.

Style to boost sales in China

In 2007, PSA opened a style studio in China with 15 designers in order to conquer Chinese market. Peugeot and Citroën have to adapt style to Chinese expectations.

Mass reduction, a priority for PSA

The battle for increased vehicle fuel efficiency may be about to shift from the power train to reducing vehicle mass.

PSA announced plans to cut weight in its future models using a variety of techniques including designing in plastic fenders rather than steel. The widespread move to global vehicle architectures would appear to offer more opportunity to reduce mass across entire product families.

PRODUCTION

PSA are Europe's second-largest European carmaker (after VW). The group has a worldwide market share of 5.2% with 3.42m vehicles produced in 2007 (1.97 million for Peugeot and 1.46million for Citroën).

PSA has 15 production sites worldwide

France
Aulnay (300,000), Poissy (290,000), Rennes (200,000), Sochaux (330,000), Mulhouse (300,000), SevelNord Valenciennes (110,000).

West Europe
Vigo (540,000) and Madrid (150, 000) in Spain, Mangualde (60,000) in Portugal, Sevel (110,000) in Italy.

East Europe
Kolin (200,000) in Czech Republic, 190,000cars)), Trnava (180,000) in Slovakia.

South America
Brazil: Porto Real (110,000) in Brazil and Palomar (120,000) in Argentina.

China
Wuhan (210,000).

Wuhan plant in China, Hubei

PSA has 10 CKD assembly sites

In addition, CKD units are assembled under license at ten assembly sites worldwide. Bangkok (**Thailand**), Bursa (**Turkey**), Casablanca (**Morocco**), Jakarta (**Indonesia**), Kaduna (**Nigeria**), Le Caire (**Egypt**), Los Andes (**Chile**), Mombassa (**Kenya**), Mutare (**Zimbabwe**) and Téhéran (**Iran**).

PSA has a policy of alliance with main partners

Fiat. Partnership with Fiat started in 1978. JV known as **Sevel** for development and production was built with two production plants in France close to Valenciennes and in Italy at Val di Sangro. Some common developments are also done in transmission.

Renault. Some common development on engines and transmissions since 1992.

Ford. Partnership started in 1998. PSA supplies Diesel engines as used in the Ford Fiesta , Ford Focus and Volvo S40.

Toyota. Common agreement for the development and manufacture of city cars (107, C1 and Aygo) in Czech Republic started in 2001.

BMW. Technical alliance about engines started in 2002.

Mitsubishi. Alliance was concluded in 2005. PSA will import the Citroen C-Crosser and the Peugeot 4007 for sale in Europe.

PSA gives the priority to production in China, Russia and South America

China: PSA invests in new specific models and in production capacity
China's rapidly expanding consumer market and infrastructure makes the region an obvious area for growth. PSA, in conjunction with DPCA (a JV with Dongfeng and a factory in Wuhan) was an early entrant, but has tended to underperform the rapidly growing Chinese market. DPCA is now ranked number 10 in China with 200,000 cars yearly. The vehicles produced are the Citroën Fukang, Xsara Picasso and Elysée and Peugeot 307 and, since 2006, the Citroën C-triumph based on the C4 and a supermini based on the Peugeot 206 called the C2.

PSA plans to put investment in 12 models by 2010 and in capacity:

. Wuhan factory capacity from 200 000 to 400 000 vehicles.,

. A second factory of 150 000 vehicles in 2009 for high level cars

. 3rd factory expected in east cost. Decision to be taken Q1- 2008

. 4th factory for minibus and van from a JV with Harbin Hafei Motor and an investment of 200M€ (to be confirmed).

More than 15% of worldwide PSA purchase will be from China by 2010.

Russia: PSA targets 300,000 cars in Long Term
Sales in 2007 will be around 35 000 units.

PSA Peugeot Citroën has set an objective of 100,000 vehicles in 2010, and to increase sales rapidly to 300,000 units. PSA choose the site of Kalouga which will be operational by 2010. Medium cars, Peugeot 308 and Citroën C4 will be produced there.

South America: PSA targets to sell 500,000 cars in 2010
PSA plan to double sale volume to 500 000 vehicles in 2010 by:

° Introducing 12 new models including an entry-level vehicle.

° Adding more production capacity.

° Extending the 2 brand dealer networks.

° Increasing local R&D in the region.

The investment expected to reach these goals are around 1b$, of which of 500m$ to reach capacity by 2009, 150m$ to increase capacity and 350m$ to develop the dozen new models

Main vehicles produced in 2 007

Peugeot	Volume x000 2007
107	105
206-207	835
307-308	457
407	129
Partner	161
Total	1967

Citroën	Volume x000 2007
C1	99
C2	93
C3	273
C4	452
Berlingo	182
Total	1461

Products

The new 308 embodies the Peugeot image

The particularly feline looking front headlights extend harmoniously along the bonnet profile. Four “circular lights” with an attractive technical finish give the vehicle a “look” that is both bright and eye catching, and are clearly visible through the clear headlamp lenses. The shape of the fog lamps is reminiscent of those of the 907. Positioned at each end of the lower front bumper panel, they make the vehicle visually appear much wider and give the impression that the 308 is “glued to the road”. The lines at the rear of the vehicle help to identify it. The large wrap around lower bumper – which on top-of-the-range models combines with a rear diffuser – and large rear lights emphasizes the wider rear profile and the large curved rear tailgate glass.

Style

The new director Jerome Gallix researches Harmony in Peugeot’s design.

Peugeot have to keep abreast of ever-faster changes in public tastes and trends in more markets than ever before, from France to China and South America. Elegance and Robustness are the new priorities of Peugeot — no more sports cars! Models have to have a cat-like gaze, a feline look. The customer has to trust Peugeot. The references are the 403, the 406 Coupé, and the Passat.

J.Gallix, 43, is Peugeot’s new style director. He replaces Gerard Walter, 64. Gallix joined Peugeot’s design department in 2003, and says he will introduce more harmony in Peugeot’s design, though he says headlights will remain largely untouched.

The specific design of Peugeot started with the 406 model in 1995 with the front end, adopting almond-shaped headlamps in place of the previous rectilinear designs. On the rear, the total red color and the perfect homogeneity were adopted. Both designs are now recognized identification attributes of the Peugeot brand name. The newest models 207 & 308 are the best examples.

The perceived quality is a key point for Peugeot. On lighting parts, it means:

- Lens transparency
- Internal headlamp or rear lamp: Bezel, material appearance, coherence
- Periphery, gap between lens and body, integration in the body

- Switch on appearance which is the revolution of perceived quality. Technology and style are going together.
- The headlamp is becoming the lever to show technology and style. This is now the priority of Peugeot. We want to give a night-time signature from the headlamps. You will see how very soon".

J.Gallix considers the style like a number 1 condition but it not enough. The style needs technical innovations. It is the consequence of an exchange with engineering, production, marketing and international departments. The designer has to do the synthesis of all these needs".

Performances/Technology

Since 2006, Peugeot is making after the style, a priority of good lighting performance

Since 1995 Peugeot cars have not had the best performances because of size constraints in conjunction with the rejection of Xenon and projector technologies.

However, the latest new models now use advanced Complex Surface Lens swiveling Bi-Xenon headlights.

These headlights offer a bluish white light similar to the light of the day and can triple the light output of a standard lamp, for improved driving by night.

They are provided with a dipped headlight swiveling function which gives improved viewing on winding roads. Servo controlled by the vehicle speed in a range between 5 and 160 km/h to adapt to different conditions of use, the headlights can swivel to 15° outward and 7° inward).

This function provides the pleasant impression that the system anticipates the next bend, thus making driving by night safer and more comfortable.

Peugeot are rapidly adopting driver assistance technologies and automation

- *Brake Assist System*: Brake Assist System helps the driver under severe brake application. Braking pressure is increasing beyond that generated by the driver's foot pressure, so the stopping distance is minimized. Peugeot started this technology in 2006 on the 307 with Bosch.

- *Automatic hazard warning light*: Automatic hazard warning flashers are automatically activated under hard braking, to alert surrounding drivers to the panic-stop situation.

- *Automatic switch on of Low-Beams* by night: The vehicle's headlamps are automatically activated when ambient light levels drop, not just at night, but also when entering tunnels.

- *Follow-me-home program*: Follow-me-home lighting system keeps the headlights lit for a preprogrammed time after the driver leaves the car at night.

- *Lane Departure Warning System*. Peugeot, with help of Valeo, has equipped its 308 with the LDWS, a system capable of warning the driver of an unintentional lane departure. Six infrared sensors, installed behind the bumper, monitor the road and detect crossing of the white line. If the vehicle crosses a continuous or discontinuous line, the information is transmitted to a monitoring computer which trigs the driver warning from a vibration of the seat.

- *Structural safety technology*: PSA's new cars like the 308 are structurally designed to dissipate the energy of an impact in a programmed manner. It incorporates a number of developments such as the presence of a triple impact absorption structure, to achieve higher safety objectives. This provides maximum protection for the passenger compartment and its occupants limits the consequences of an impact with a pedestrian and facilitates repairs; which obviously has a direct influence on the cost of car insurance for the user.

Concept cars gather feedback and guidance from customers

Starting with the Quasar unveiled in 1984, Peugeot's concept cars have facilitated the exploration of many new ideas. The image of Peugeot, the lion brand, has greatly benefited from innovative demonstrator models. Teaser models have also generated intense public interest, which in turn creates demand for new types of vehicles. For example, the 20♥ show car of 1998 paved the way for coupé cabriolets to enter volume production.

Equally beneficial have been show cars like the 607 Féline, the 907, and the 908 RC. These have returned Peugeot style to the public fancy. Since 2000, the brand has invited public participation in its fascination with concept cars through the Peugeot Design Contest for young designers. The winner sees a full-scale representation of his or her project built and unveiled at an international motor show.

908 RC

The 308 Coupe RCZ shows what will be the 307 successor.

Styling design is largely taken directly from the 308, but with a sharper and sportier lower panel incorporating the single air intake, chrome front grille, and well-integrated front lights. The model bears some resemblance to Audi's TT.