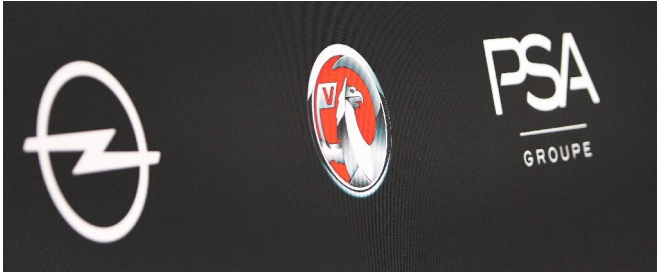


French carmaker PSA defies sales slowdown with record profits

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French carmaker PSA Peugeot Citroen notched up record profits in 2019

French car giant PSA Peugeot-Citroen, currently in the process of merging with rival Fiat Chrysler, said Wednesday it shook off a drop in sales to notch up record profits in 2019.

"We have achieved record results in 2019," chief executive Carlos Tavares said in a statement.

The group, whose brands include Opel in Germany and Vauxhall in Britain, booked bottom-line net profit of 3.2 billion euros (\$3.5 billion) last year, an increase of 13.2 percent over the figure for 2018.

Despite a 10.3-percent drop in unit sales to 3.5 million vehicles worldwide, revenues inched up 1.0 percent to 74.7 billion euros.

PSA said its operating margin—which measures underlying profit as a proportion of sales—increased by 0.8 percentage points to 8.5 percent.

In terms of vehicles sold, PSA suffered from its absence from the key US market and a shrinking market share in China.

But the group attributed the modest increase in revenues to an improved product mix and higher prices, which it said helped offset negative

exchange rate effects and falling volumes.

Looking ahead to anticipated market developments in the current year, PSA said it forecast a decline of around 3.0 percent in Europe but no change in Latin America.

Turning to the ongoing merger with Fiat Chrysler, Tavares expressed confidence that competition authorities would give the green light to a tie-up that will create the world's number four carmaker.

PSA was ready "to discuss and modify everything that is needed" for the merger to go ahead, he said.

"We have no reason to think there'll be a problem. It's a long process that may last 12-15 months."

Both sides were in sound financial health and the carmakers were not being forced into a shot-gun wedding, Tavares said.

Together, the two companies would have combined annual revenues of nearly 170 billion euros and global vehicle sales of close to eight million.

Fiat Chrysler's brands include Alfa Romeo, Dodge, Jeep, Lancia and Maserati.

On the Paris stock exchange, Peugeot's shares were showing a gain of 2.2 percent at 18.07 euros and Fiat Chrysler shares were up 2.1 percent at 11.49 euros, while the overall markets were in red.

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