Initiation study - PEUG PA – 120,0 Euros

PEUGEOT INVEST

A famous unknown

Peugeot Invest is a structure on the move that has invested massively over the last 5 years to transform itself.

The proportion of unlisted assets has doubled to 1/3 of its total Gross Asset Value (GAV) as of 6/30/21 and should start to enter the harvest phase in 2022. Stellantis (43% of GAV) succeeded PSA with an unmatched risk profile, balance sheet and potential. These 2 factors will transform PI's earnings profile, whose dividend payout capacity could, we believe, double.

This change is being ignored by the market, which continues to apply a 46% discount to spot NAV, the highest in the European holding universe. Despite a narrow free float (20%), investor perception could change thanks to more active communication and the entry into the harvesting phase of unlisted assets.

Our central scenario is based on consensus price targets for listed assets and an IRR of 15% for unlisted assets. It shows a 12-month NAV per share of €302, or +32%. A 30% discount, comparable to Wendel's historical one, would bring the share price to €211 or +69%.

M€	06/30/2021
NAV	5 667
NAV per share	227,4
LTV	16%
Gross Debt	1 013

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Sponsored Research

Paris, 25-oct.-21

Peugeot Invest (PI) is an investment company 80% owned by the Peugeot family. The Group has been undergoing a major transformation since 2017, with major changes in terms of governance, management and investment strategy. Peugeot Invest has diversified by doubling its exposure to unlisted assets in five years, notably outside Europe. Communication has been strengthened, moving away from its exposure to the automotive sector and becoming more active under the leadership of a new CEO. This strategy should pave the way for a better market understanding of the Group's ambitions.

Summary conclusion

The mandate given to the CEO, Bertrand Finet, is to continue to develop the asset base while diversifying the portfolio, including participations, co-investments and private equity funds. These last areas will be drivers of regular inflows from 2022. Peugeot Invest will then enter a "harvesting phase" which should result, in our opinion, in a doubling of the distribution capacity and a better visibility on the evolution of the NAV. With a discount still high at 46%, the market is unaware of the evolution at work at Peugeot Invest and its positive consequences on its stock market perception.

We have mapped out the mechanics of the projected income and investment flows to illustrate the evolution of the portfolio and its components. We have developed 3 scenarios based on calculation of the NAV with two assumptions: 1/ the expected IRR applied to the PE and co-investment portfolio; 2/ the discount that the market takes or could apply to the total NAV.

Central scenario: the market takes into account the changes made by PI

It is based on a 12-month IRR of 15% and a discount of 30%, which gives an upside of 70% on the share price. It results in a potential NAV of €291 per share, i.e. an upside of 32%. Peugeot Invest is comparable to Wendel but PI is more dynamic in the financial management of its portfolio than Wendel is today, especially in the unlisted sector. Wendel is trading at a 35% discount to its NAV vs. a historical average of 30%. The latter corresponds to the assumption we are making for PI in this scenario, which we consider credible.

Conservative scenario: status quo

It is based on a 12-month IRR of 10% and a discount of 50% vs. 46% in the current share price. It results in a potential NAV of €227 per share, i.e. an upside of 3% and a downside of 5% on the share price. These parameters reflect Peugeot Invest's current stock market situation, with no potential for growth in listed companies taken at current prices (and representing 70% of total adjusted gross asset value as of 30/06/21). They reflect both a lack of understanding of the Group's development and investment strategy and the market's lack of interest in Peugeot Invest.

Optimistic scenario: profound change in perception

It is based on an IRR of 20% and a discount of only 10%, which gives an upside of 120% on the share price. It results in a potential NAV of €293 per share, i.e. an upside of 33%. This scenario is essentially due to a change of perception from a passive family holding company to a professional and active investment company. Swedish family holdings are, in our opinion, good examples in this respect, such as Kinnevick, Industrievaerden or Investor, which are trading either at a very low discount or at no discount at all, or even at a premium to their respective NAVs.

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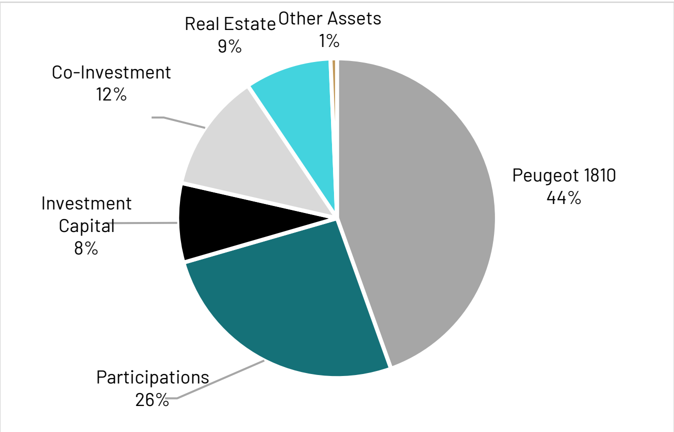
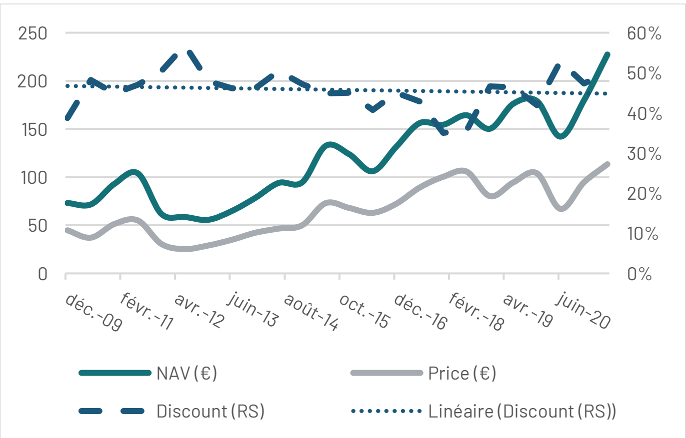
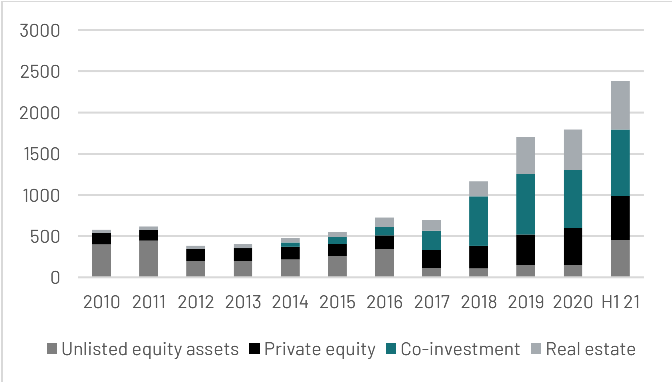


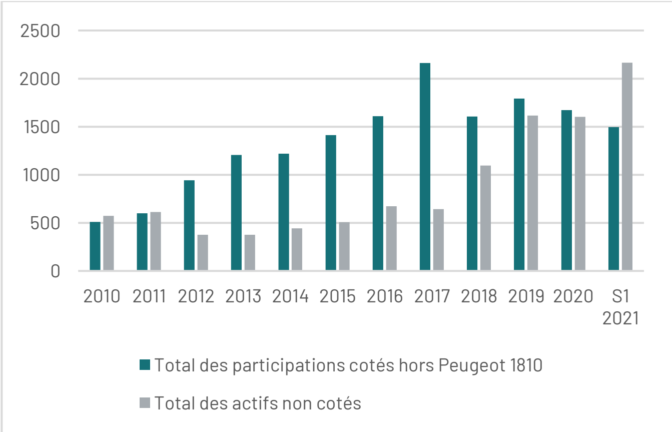
Graph 3: Historical discount and NAV over 10 years



Graph 4: Evolution of unlisted assets



Graph 5: Listed vs. unlisted in the GAV Investments*.



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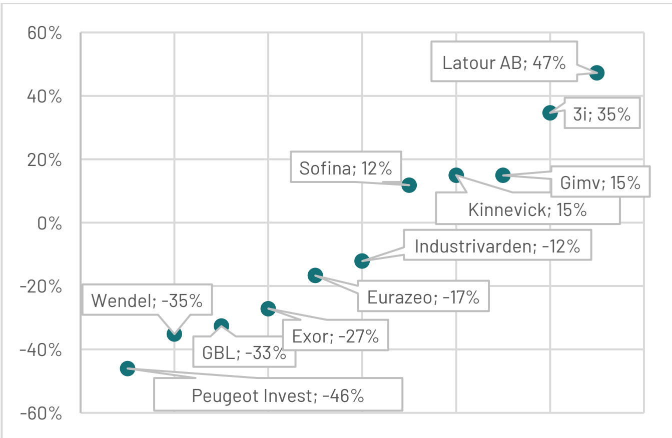


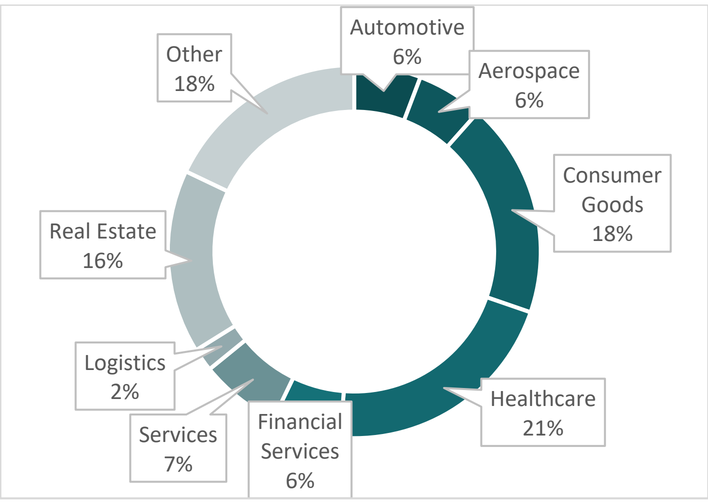
Source of graphs: Factset, Peugeot Invest, Theia Recherche
*Investments = Assets excluding Peugeot 1810

Table 1: Peugeot Invest spot NAV

10/22/2021	Share Price (Local currency)	Value (M€)
Stellantis	16,85	3 775
Faurecia	42,67	184
Peugeot 1810 (76.5%)		**3 029**
Lisi (total)	25,15	260
SEB	122,9	273
Safran	110,52	45
Orpea	89,42	292
CIEL	6,8	16
Tikehau Capital	26	81
Spie	21,1	179
Listed holdings		**1 146**
Unlisted holdings		**456**
Total equity investments		**1 602**
Private equity vehicles		**536**
JDE		6
KDP	34,66	129
Unlisted co-investments		585
Co-investment		**720**
Immobilières Dassault	64	85
Unlisted real estate assets		507
Real estate		**592**
Other financial assets and liabilities		11
Treasury		33
Other assets		**44**
Gross revalued investment assets		**3 494**
Total gross revalued assets		6 523
Debt		-1 013
Net asset value		**5 510**
Net asset value per share		**221.1**
Stock market price		**120.0**
Discount		46%

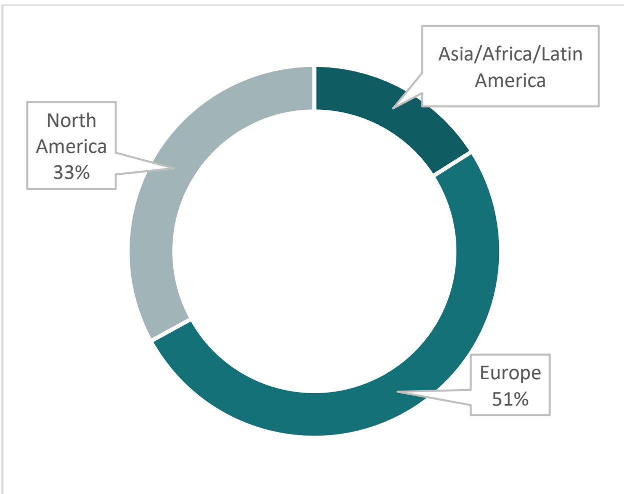
Source: Peugeot Invest, Theia Recherche

Graph 7: Assets Investments* by sector (H1 21)



Source: Peugeot Invest *Investments = excluding Peugeot 1810

Graph 8: Assets Investments* by geography (H1 21)



Source: Peugeot Invest *Investments = excluding Peugeot 1810

ESG summary

- ✓ Peugeot Invest's reflection process, which began in 2016 with the drafting of a "Responsible Investor Charter", led it to determine its objectives in 2020 in its "ESG Roadmap 2023".
- ✓ The 6 criteria defined by the group directly impact its investment processes.
- ✓ The remuneration of the Chief Executive Officer and the teams are linked to the achievement of these criteria.

Environment

✓ A "controlled environmental footprint" is one of the six criteria of the "ESG Roadmap 2023". It is to be analysed through its investments and not through the IP footprint itself.

Social

- ✓ Because of the small size of its workforce, the Social criterion is to be analyzed through its investments.
- ✓ For its staff, the Group has set objectives aimed at maintaining a high rate of feminization as well as aligning their financial interests through performance shares.

Governance

✓ Compliance with the Afep-Medef code
✓ The integration of ESG in the investment decision-making process is taken into account during the acquisition and holding phases of investments; for co-investments, the Group refrains from investing if they are not in line with these criteria.

At the end of this study, the group's seven listed holdings are briefly presented along with their main ESG topics.

SOCIAL		
Proportion of women in the company		14 women 18 men; 47% of executives and 44% of total staff
Equal pay index for women and men		The objective is to maintain a gender balance of more than 40% of Peugeot Invest's total workforce, more than 40% of managers, at least 20% of the members of the Management Committee and more than 15% of the Executive Committee.
Action plan for professional equality		Adherence to the France-Invest Diversity Charter to promote gender equality in private equity and supported companies
Training	246h	Focus on director training
Recruitment & Appeal		6 new hires in 2020 (1 work-study student leaving)
Average age	44 years old	
Presence of an HRD on the management committee	No	Given the size of the workforce, it does not appear necessary
Encouraging employee share ownership	Yes	Allocation of performance shares to the entire investment team
Incentives	Yes	Performance shares (see part 1)

GOVERNANCE		
Compliance with the Afep Medef code	Yes	
Separation of the functions of Chairman and Chief Executive Officer	Yes	Implemented in 2020
Number of members of the Board of Directors	14	
of which independent	5	1 non-voting director (former director who would have lost his qualification as independent due to the duration of his mandates)
of which women	50	46% before the March 21 GA
Attendance of the members of the board of directors	x	97% over 14 meetings
Audit Committee	x	Majority of independents (3/4)
Investment and Participation Committee	x	Minority of independents (2/7); prior role on boards where decisions are made + monitoring of holdings + ESG
Remuneration Committee	x	Majority of independents (3/5)
CSR Committee	not	Role assigned to the Investment and Shareholding Committee
Double/multiple voting rights		Double voting rights after 2 years of ownership of registered shares
Weight of the principal shareholder		80%
Executive compensation		
Transparency on CEO compensation	Yes	
CEO Compensation Statement	Yes	
CEO remuneration linked to CSR performance criteria	x	Between 6% and 8% of the annual variable compensation target is linked to the deployment of the ESG roadmap – 15% of the performance share criteria are ESG based in the 2021 plan
ETHICS		
Ethics		Ethical conduct is one of the six criteria that make up the foundation of the company's values; Responsible Investor Charter since 2016, stock market ethics charter; the formalization of an ethics charter is included in the 2023 roadmap as well as training for employees in ethical issues. Audit in 2018 of the ethical practices of the companies in the portfolio.

A company in motion

Peugeot Invest, formerly FFP, is the investment company of the Peugeot family, 80% owned by the three family branches within Établissements Peugeot Frères. The former FFP was listed in 1989, with little focus on the financial markets and institutional investors, and has long remained very discreet, limiting its communication to the legal minimum and to the speeches of listed companies. However, since 2012 and the operational and financial difficulties encountered by PSA, which was then 19%-owned directly and 6.3%-owned via Établissements Peugeot Frères, Peugeot Invest has completed its strategy and has significantly accelerated its transformation. At this stage, it has not been a revolution, but this development has recently been accompanied by major changes in terms of governance, management and investment strategy. Peugeot Invest is now a group in motion.

Acceleration since 2017...

...in favour of diversification...

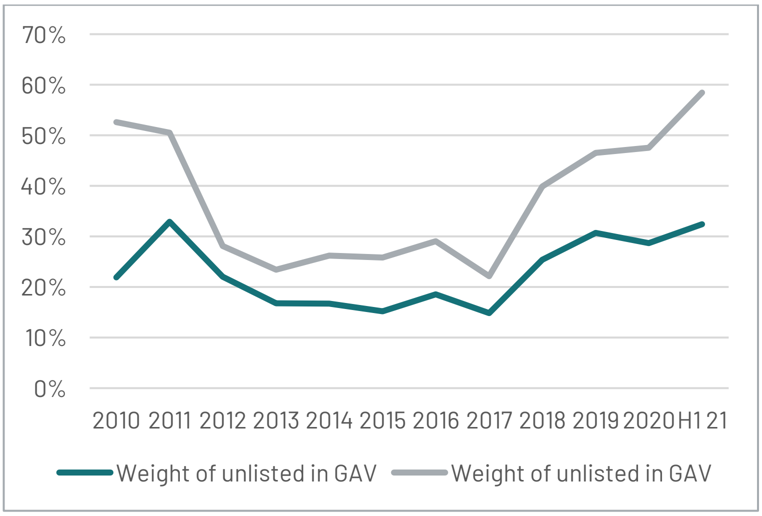
These changes have been underway since the 2000s, becoming much more visible since 2017, and have accelerated further since then. Peugeot Invest has diversified significantly by increasing its exposure to unlisted assets over the past five years (co-investments, private equity and real estate), investing nearly €2bn over the period, notably outside Europe. Moreover, in 2017 Peugeot Invest distinguished, for the first time, the share of co-investments in its adjusted gross asset value. The Group's communication expanded to keep up with these developments, by highlighting its diversified assets alongside its exposure. Recently, senior management, led by Bertrand Finet and Sébastien Coquard, has become more active in this area, which is a real new development.

...accompanied by a new transparency.

An increase in NAV and a reduction in the discount are in the offing.

This strategy, combined with greater transparency, should pave the way for a better understanding of the Group's ambitions by the market. These should result in a steady increase in the NAV, accentuated by the contribution of unlisted shares. Peugeot Invest could be seen as a diversified institutional group, like other listed holding companies, whether family-owned or not, which are clearly better valued by the markets.

Graph 9: Strong growth of unlisted companies in the ABR Investments



Source : Peugeot Invest

From a patrimonial entity to an institutional structure: management and incentives

A bigger management team

The arrival of Bertrand Finet in 2017 marked a very significant change in the management team, Bertrand Finet began his career in 1991 at 3i Group, in London and then in Paris. He was appointed managing director of CVC Capital Partners France in 1996, before taking over as CEO of Candover France's Paris office in 2006. In 2009, Bertrand Finet became a Director member of the Executive Committeé of the Strategic Investment Fund (FSI), then, in 2013, Executive Director at Bpifrance, Direction Fonds Propres PME. Then in April 2015, he was appointed Executive Director of the Mid & Large Cap Department of Bpifrance. It was then in January 2017, that he was appointed Deputy Director Generaĺ of FFP, which will become Peugeot Invest in 2021. He succeeds Alain Chagnon who had held this position since 2003. Alain Chagnon had spent most of his career at PSA, where he had earned the family's trust. His successor has a completely different profile, with more than 30 years of experience in the world of investment in France and abroad.

A clear mandate

His mandate is clear: to develop the family's assets in a diversified manner and to remain the reference shareholder for Stellantis.

Establishing a team of dedicated professionals

Peugeot Invest wanted to expand its portfolio towards unlisted assets and, in 2015, created a team of professionals dedicated to previously limited investments. Although Sébastien Coquard had been assisting Alain Chagnon, the deputy CEO, in his decisions since 2006, Peugeot Invest did not have a team of experienced professionals from the investment sector to source, analyse and select ideas.

Doubling of the investment team

Under the leadership of Bertrand Finet, the teams have been structured and professionalized. Sébastien Coquard renewed and developed the investment team with professionals from the listed and unlisted sectors, fund of funds and real estate, strategy consulting and investment banking. The legal and financial departments have also been strengthened. To support portfolio growth, in 2017, five new employees joined the investment team and a senior legal manager was recruited to cope with the development. Peugeot Invest has established a real financial department and management control that did not exist before. In the space of just over four years, the team of professionals led by Sébastien Coquard has doubled and now has 12 employees.

This significant change has enabled greater responsiveness in investment choices and decisions. Peugeot Invest now has €845M in undrawn credit lines that are immediately available to finance investments. Its LTV ratio was at 16% in H1 21. The Board is also easily mobilised and very responsive in giving or withholding its authorisation (the CEO's authority is delegated below €25M of investment). This level of liquidity also helps bridge the gap between investment and divestitures without any timing issues.

A compensation structure to better align the interests of family and minority shareholders with the investment teams

In the aim of aligning the interests of the teams and the company, senior management initiated the extension of the performance action plans to all members of the investment team and the Executive Committee.

Expansion of the beneficiaries of performance shares

The General Meetings of 2016, 2018 and 2020 gave the Board of Directors the power to issue and determine the terms and conditions of performance shares, in each instance within the limit of 3% of the share capital. Changes to the allocation conditions (detailed in the table below), which have been refined over time, sheds light on the Group's strategy:

- **Focus on Investment NAV.** The performance criteria distinguish between growth in total NAV and growth in "Investment NAV", which excludes the historic Peugeot 1810 asset. The growth in "Investment NAV" is overweighted, which better aligns the interest of employees with the performance of the investments they are actually managing. The implication is that the choices made concerning Peugeot 1810 are the exclusive responsibility of the Board, which is not surprising;

- **Growing weight of ESG**. Since 2019, ESG is part of the allocation criteria, increasing from 10% to 15% of the total and gaining in substance (from the mere presence of ESG studies in the investment files to the combination of making sustainable investments, the group's extra-financial rating and the deployment of the ESG roadmap) ;

- **Association of the entire investment team.** Since the 2020 AGM, the portion of performance shares attributable to executive directors has been limited to 20%, reflecting, in our view, the desire to offer attractive compensation to all employees involved in the investment process (they were eligible since 2016). This is also a consequence of the separation of the functions of Chairman and Chief Executive Officer, which leaves Bertrand Finet as the only eligible executive officer, unlike in previous years.

55% of performance shares granted since 2018

- **Acceleration.** 55% of the shares granted were awarded in the last two years.

Table 2: The 6 performance share plans since 2016

	Plan No. 1	Plan No. 2	Plan No. 3	Plan No. 4	Plan #5	Plan No. 6
Date of the AGM	05/03/2016	05/03/2016	05/17/2018	05/17/2018	05/17/2018	05/19/2020
Date of Board of Directors / date of award	07/07/2016	03/09/2017	05/17/2018	05/15/2019	03/25/2020	03/24/2021
Total number of shares granted :	17 277	29 063	31 940	48 180	116 713	44 993
of which corporate officers	6 314	12 823	15 000	22 187	52 019	9 963
Mr. Robert Peugeot	4 164	5 508	8 500	13 786	30 047	0
Mr.Bertrand Finet		4 733	6 500	8 401	21 972	9 963
of which non-mandated	10 963	16 240	16 940	25 993	64 694	35 030
of agents	37%	44%	47%	46%	45%	22%
of non-agents	63%	56%	53%	54%	55%	78%
Vesting date of the shares	07/07/2019	03/09/2020	05/17/2021	05/15/2022	03/25/2023	03/24/2024
Number of shares acquired	17 277	29 063	10 540			
Cumulative number of shares cancelled	None	None	21 400	None	None	None
Remaining performance shares	None	None	31 940	48 180	116 713	N/A

Source : Peugeot Invest

Table 3: Criteria for granting performance shares

Plan No.	1&2		3		4&5		6	
	Weight	Criteria	Weight	Criteria	Weight	Criteria	Weight	Criteria
Absolute performance	33%	Total NAV growth >5% per year over 3 years	33%	idem Limited to 50% if the average increase is >2.5% but does not reach	35%	idem Limited to 50% if the average increase is >2.5% but does not reach	40%	idem
Relative performance	33% 33%	Growth in NAV Investment > Eurostoxx 600 (div reinvested) of 75bp per year for 3 years Growth in NAV Investment > Eurostoxx 600 (div reinvested) of 75bp to 150bp per year for 3 years	33% 33%	idem idem	55%	Growth in NAV Investment > Eurostoxx 600 (div reinvested) of 0 to 150bp per year for 3 years	22,5% 22,5%	idem Growth in NAV Investment > Annualised profitability of a panel of comparable companies from 0 to 100% of the median to the lower threshold of the 1st
ESG					10%	Proportion of investment files including a documented ESG study >80% = 100% 50 to 80% = 0 to 100% (linear) < 50% = 0	5% 5% 5%	Deployment of ESG roadmap Rating given to PI by a non-financial rating agency Making sustainable investments

Source : Peugeot Invest

The board has drawn up 6 plans since 2016 for a total of potentially 288,166 shares (i.e. 1.2% of the capital to date) of which 56,880 have already been definitively acquired (i.e. all the shares attributable by plans 1 and 2 and ⅓ of those under plan 3). Only ⅓ of the shares granted by the 3rd plan (2018 board) have vested because while the absolute performance condition was met, the 2 relative performance conditions were not met, resulting in the nullity of allocations.

Governance and the new generation of directors: very recent developments

It was only recently, in March 2020, that the Board of Directors of Peugeot Invest decided to adopt a separate structure according to governance best practices. Robert Peugeot, CEO since December 2002, has stepped down from his role in executive management and has been replaced by Bertrand Finet who had been Deputy Chief Executive Officer since his arrival in January 2017. This is a very important change since FFP and then Peugeot Invest, until this recent date, had always been headed by a member of the Peugeot family. Entrusting executive management to someone outside the family is therefore a first and reflects both a level of openness and a desire for professionalism. Robert Peugeot remains present and very active, as he continues to share his experience through his roles as Chairman of the Board of Directors and Chairman of the Investment and Shareholding Committee.

New generation

In addition, after a selection process conducted by a specialised recruitment firm, the Board proposed at the May 2020 General Meeting to appoint several family directors representing the younger generation: Sophie Berets, born in 1986, Édouard Peugeot, born in 1984, and Armand Peugeot, born in 1994. As it happens, they come from all three family branches, but this was not a selection criterion (balance between the branches is a criterion within Établissements Peugeot Frères but not in the governance of Peugeot Invest).

Sophie Berets, an aeronautical engineer by training, is a graduate of ESTACA and has a specialised master's degree from HEC / Supaero. After initial experience in the automotive and aeronautical industries, she is now in charge of a programme at Airbus.

Édouard Peugeot is a graduate of Université Paris Dauphine. After three years at the investment bank J.P. Morgan, he joined the capital investment industry and has been with TowerBrook Capital Partners since 2011, where he is currently Senior Principal, responsible for covering the French market, in particular. He has made numerous investments in a variety of sectors ranging from industry to services and healthcare.

Armand Peugeot is a graduate of Essec. He has worked in consulting and finance in Paris and in outsourced business services in Singapore. In 2018, he joined Clipperton, a corporate finance consulting firm dedicated to the new technologies and innovation sectors, which supports fast-growing companies in their capital increase, M&A and LBO operations.

During 2021 AGM has been appointed:

Pascaline Peugeot de Dreuzy, a medical doctor and graduate of EMBA-HEC, has managed innovative, cross-functional and pioneering projects in the Necker-Enfants Malades hospital group for over 25 years. Involved in corporate governance, she teaches at the French Institute of Directors. She has created her own structure, P2D Technology, which aims to build bridges between industry and health, via new technologies, for the care of frail people and for medical decision support.

Composition of the Board of Directors: profiles of independent directors

In addition to the nine members of the Peugeot family, the Board of Directors has five independent members:

- Thibault de Tersant: Finance Department of Dassault Aviation, Finance Department of Dassault Systèmes, then Deputy CEO and Corporate Secretary. He has a very good knowledge of the aerospace, consumer goods, health and automotive industries, as well as CSR issues.

- Luce Gendry: was financial director of the Générale Occidentale group, then of Bolloré, before joining the Rothschild bank in 1993. Managing partner of the bank until 2011, she specialized in corporate M&A advisory and participated in numerous financial transactions both in France and abroad.

- Anne Lange: began her career in the Prime Minister's office, as head of public broadcasting. She then joined Thomson, the Internet Rights Forum and the Cisco group before becoming co-founder and CEO of Mentis (connected mobility). She is a managing partner of Adara.

- Dominique Netter: has spent a large part of her career at Edmond de Rothschild France. After serving as Managing Director and then Chairman of the Executive Board of Edmond de Rothschild Asset Management between 2001 and 2007, she became Chief Investment Officer of the private bank until October 2015. Prior to that, she held management positions at the brokerage firm HSBC CCF Securities and the financial research firm Détroyat Associés.

- Marie-Françoise Walbaum: has spent her entire career at BNP Paribas in various positions of responsibility requiring financial skills (particularly in the management of industrial holdings, private equity funds and internal holdings), as well as commercial and management skills.

Independent investment specialists

According to the investment team, the role of the independent directors is key to the approval of proposed projects. The family trusts their recognized expertise, which extends the Board's commitment to professionalising the decision-making process for investment.

Portfolio: doubling of the weight of unlisted assets over the last five years

The changes in investment strategy have been implemented in different ways in listed and unlisted assets, as detailed below, but in line with the long-term trends defined by the Group. Disposals of listed holdings financed a large part of the unlisted investments. Unlisted investments have grown in scale to the point where they represented 58% of the Investment adjusted gross asset value in H1 2021 compared to 22% in 2017 (32% and 15% of the total adjusted gross asset value respectively). All in all, the profile of the investment portfolio has been profoundly transformed without the market necessarily becoming aware of it.

Influential minority

What remains beyond these developments is that the Group does not take a majority stake but plays an active and influential role as a minority investor. The Group makes long-term investments using its equity, which requires financial discipline and constant vigilance when selecting and monitoring investments. As a minority shareholder, the Group supports management in complying with the rules of governance. The company plays an active role on boards and committees. It contributes to the development of strategies, pays particular attention to the development of management and the application of rules of good governance, and provides its expertise for structuring operations. Each investment decision is taken with a long-term approach, without any prior constraint on the rotation of the equity invested.

Peugeot Invest wishes to remain a minority shareholder but to exert influence. The French tax system has several consequences in this respect:

- to benefit from the tax exemption on equity securities, it is necessary to have held them for more than two years and to exercise a significant influence over them (in particular through a seat on the board of directors);
- to avoid double taxation of dividends and to benefit from the tax consolidation system, a holding threshold of 5% is required. This is a subject that is less important than the taxation of capital gains, and the Group is not therefore making it a prohibitive criterion.

Thematic choices that inspire both listed and unlisted investments

Growth of the middle classes in emerging countries

The development of the middle classes in emerging countries will be the foundation of global growth in the years to come. In thirty years, Africa's population will have doubled to 2.5 billion people. Asia will be home to 5.3 billion people and Latin America to some 785M. By 2050, GDP per capita is expected to quadruple in India, triple in South Africa, Indonesia and China, and double in Nigeria and Brazil. This impetus from the most dynamic part of the population, based on the spread of technical advancements, should support activity, consumption, access to healthcare and education for the world's population. In this area, excluding SEB, the Group has invested in:

76M$ invested in IHS...

- IHS: founded in 2001, it is one of the largest independent telecom tower owners, managers and operators in the world and a leader in the EMEA region by number of towers. The group builds, leases and manages telecommunication towers on its own behalf and for third parties. IHS supports the leading mobile operators in each of its markets and is very well positioned to benefit from the strong growth in infrastructure needs in Africa, the Middle East and Latin America. Peugeot Invest has invested $78M in IHS through four capital increases. After an initial investment of $5M in 2013 alongside the Emerging Capital Partners fund, Peugeot Invest reinvested $10M in early 2014, then another $60M in November 2014, including $50M alongside Wendel, the main shareholder, which now controls 21.4% of IHS' capital. On 14 October IHS was listed on the New York Stock Exchange. Its market capitalisation at the close of 20 October was $5.6 billion.

... which could be listed soon

Aging population and rising health care spending

Between 2000 and 2050, the proportion of the world's population aged over 60 is expected to double from around 11% to 22%. This entry into the ageing society will require an increase in care for the elderly and the implementation of new services in line with the evolution of society and scientific progress. The improvement in living standards continues to increase life expectancy and to favour medical research and access to care, which should support the growth in the amounts dedicated to healthcare costs in the coming years. As an indication, and in addition to its exposure to Orpéa, Peugeot Invest has invested notably with :

Orpéa, but not only!

- **Archimed:** an independent investment company based in Lyon and New York, created in 2014 by the 3i Healthcare sector team, which acts as a strategic and financial partner for European and American companies in the healthcare industries. Peugeot Invest is committed to investing €80M in 2018, with the possibility of doubling the stake to €160M.

- **Acteon:** French MedTech specializing in the design and manufacture of high-tech dental and medical devices. The company is positioned in the ultrasound equipment segment, where it is a leader, and in the imaging segment. Acteon is a global player with a presence in over 100 countries worldwide. Peugeot Invest, via its subsidiary Peugeot Invest Assets, invested €15M in June 2019 in the acquisition of Acteon, led by Dentressangle Mid & Large Cap.

- **Capsa:** Capsa Healthcare is a leader in the United States in several medical equipment niches for the healthcare industry (hospitals, clinics, retirement homes, pharmacies). The company designs, manufactures and markets medical trolleys (with or without mobile computer equipment), sterile preparation workstations and automated drug management systems. Capsa was built through successive acquisitions, led since 2008 by its management team, with the support of an American family, and then Levine Leichtman Capital Partners. PI invested $17M in 2017, alongside Levine Leichtman Capital Partners.

Outsourced business services

Refocusing on core business, cost reduction, efficiency or the acquisition of specific know-how are some of the reasons that lead companies to outsource a function or part of their activity to a partner (such as SPIE or International SOS, the world leader in medical assistance and employee safety).

More recently, other fund trends have emerged to broaden the group's exposure to date, which has been limited to unlisted co-investments.

Digitalisation of the economy:

- LivSpace: Indian startup founded in 2015, a leader in the turnkey interior design market. PI invested $15M in it in 2020, alongside Venturi.

- Jianke: founded in 2007, Jianke is a Chinese company that has developed an online pharmacy offering and has completed its offering since 2018 with online consultation services (telemedicine). PI invested $15M in it in 2020, alongside Crescent Point.

4 digital co-investments in Asia and the US

- The Lian: created in 2009, The Lian is a Chinese "Tmall Partner" that helps international beauty brands to develop on the Chinese e-commerce market, especially Tmall. The Lian provides a "turnkey" service offering (management and animation of the online store, customer service, logistics, marketing) allowing brands with little or no presence in China to penetrate this fast-growing market, particularly via official stores on Tmall or via other platforms (JD.com, VIPShop, Little Red Book). PI has invested $15M in 2019 and 2020, alongside Crescent Point.

- Transact: a company that develops payment, access and point-of-sale management software solutions for US universities. The company offers an integrated platform that allows universities to simplify tuition collection and campus payments, as well as manage all student rights and access from their badge or smartphone (gym, dining hall, class attendance, etc.). With more than 1,300 campuses in the United States, Transact manages 12 million students and facilitates more than $45bn in transactions each year. PI invested $15M in 2019 in the company, alongside Reverence Capital Partners.

Climate and energy transition and protection of resources:

Co-investment with Tikehau Capital in Total Eren

- Total Eren: founded in 2012 and controlled by David Corchia and Pâris Mouratoglou, Total Eren is an independent power producer which develops, finances, builds and operates renewable energy powerplants plants worldwide. Alongside local partners, the company is positioned in high-potential markets in regions with significant wind or solar resources and growing energy needs, particularly in Eastern Europe, Central and South Asia, the Asia-Pacific, Latin America and Africa. It has a diversified portfolio of assets (wind, solar and hydro) in operation or under construction, representing a gross capacity of more than 3.4GW at the end of 2020. Peugeot Invest, via its subsidiary Peugeot Invest Assets, invested €28M in Total Eren's €195M fundraising campaign. The first instalment (€14M) was paid in 2015, and the second instalment (€14M) in May 2017.

Peugeot Invest Assets is party to a shareholders' agreement. Peugeot Invest Assets has invested through a joint venture with Tikehau Capital, Zéphyr Investissement, which holds a 7% stake in Total Eren. Zéphyr Investissement is 33.8% owned by Peugeot Invest and 66.2% by Tikehau Capital.

- Arboretum: Peugeot Invest has invested €25M in the Arboretum campus development project, alongside the Icawood fund, BNP Paribas and WO2. Arboretum is a project for a 126,000 square metre campus with low-carbon offices and services, built in a wood structure, located in the greater La Défense area.
- Icawood: a real estate development fund, managed by Icamap that aims to develop low-carbon CLT wood office buildings in Greater Paris. PI has invested €25M in it in 2019.

Listed companies: supporting leaders in growth areas

Holding of listed investments for more than 9 years

Peugeot Invest is a stable shareholder, with an average holding period of more than 9 years for the companies in its portfolio. However, over the last ten years, Peugeot Invest has regularly rotated its assets with €1.6 billion of disposals over 2017-2021 based on its assessment of the momentum of each investment. Some of these investments, such as IDI, which was sold in the first half of this year, required too much time and management involvement for only 1% of the assets.

Table 4: Disposals of listed investments 2010-2021

2010 - 2011	CFC, SEB*
2012 - 2014	DKSH, Linedata, Zodiac
2015	Onet
2017	Sanef, Onet, Ipsos
2018	Orpea*
2019	DKSH
2020	SEB*, Safran*.
2021	IDI, Safran

Partial sales; Source: Peugeot Invest

We have therefore seen investments' choices on companies that benefit from:

Refocusing on prioritized investment themes…

- growth of the middle classes in emerging countries,
- aging of the population,
- an increase in health care spending and
- outsourcing of business services.

…and seeking for decorrelation.

In our opinion, the Group has shown itself to be more selective and consistent by disposing of holdings in groups that were too small and too domestic like IDI, whose impact on the NAV remained limited. Today, Peugeot Invest has invested in international groups that are actively contributing to the concentration of their respective sector and benefiting from structurally buoyant international trends. These characteristics are especially prevalent in Stellantis, Faurecia, SEB, Orpéa and Spie. These companies, which have generally been held for several years by Peugeot Invest, offer good visibility on their business and their expected medium-term cash flow generation. They enable the Group to maintain diversified exposure to multiple sectors in order to limit the risks. Particular emphasis is placed on decorrelation between sectors in order to diversify the assets as much as possible. We present the listed investments in detail in the appendix.

Unlisted investments: a major transformation is underway

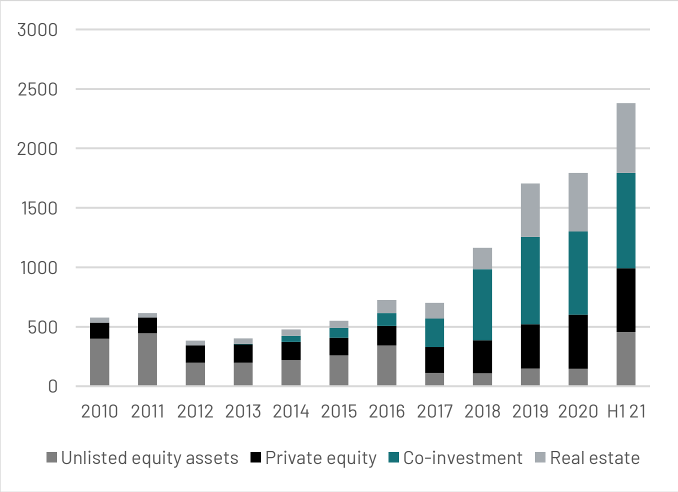
Long culture of private investment, unknown to the market

Investments in unlisted companies began in the early 2000s. However, for a long time they remained limited in number and weight in the NAV and therefore unknown to the market because :

- Peugeot Invest was not equipped or structured to multiply them,
- The group remained, in our opinion, focused on France and Europe due to a lack of expertise and knowledge outside these areas,
- Communication about them was non-existent.

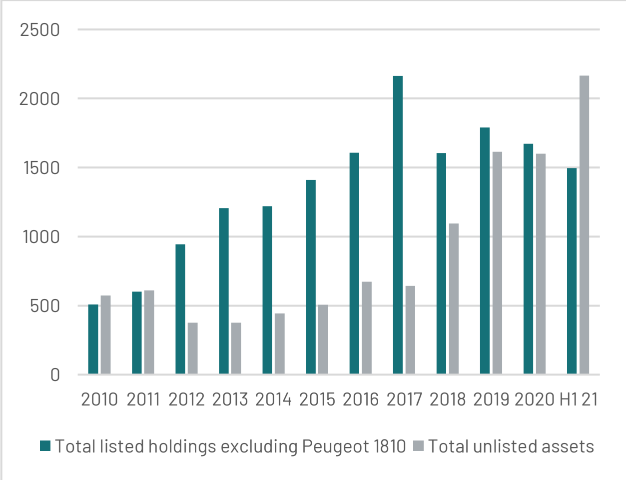
As mentioned above, it was only since 2017 that Peugeot Invest distinguished its co-investments in its NAV for the first time. Since then, and excluding the creation of Stellantis in the first half of 2021, most of the investments in unlisted companies have been made internationally and in partnership, according to the strategic themes selected.

Chart 10: Changes in unlisted assets



Source : Peugeot Invest

Chart 11: Listed vs. unlisted in the GAV Investments



Source : Peugeot Invest

The above data show a clear acceleration of investments in non-listed assets in the recent period. These investments reflect a significant transformation in the Group's investment choices and strategy. With regard to private equity funds in particular, the strategy is to hold onto these investments for a period of at least four to five years. The group has not yet entered the harvesting phase and calls still exceed repayments at least until 2023.The contribution of these investments to the NAV is still limited, unlike for listed investments. We believe that Peugeot Invest's NAV will benefit from these developments from 2022 onwards, with the acceleration of divestments generating concrete value.

PE funds: 24% of ABR Invest excluding listed holdings

The shares in private equity funds (24% of the ABR Investissements excluding listed participations in H1 2021) reflect the net asset values calculated by the funds and are generally conservative: the group notes a difference of around 30% between the exit valuations and the latest valuations. In addition, recent calls are, for the most part, still valued at their historical costs and therefore have significant potential for revaluation.

Co-investments: 36% of ABR Invest excluding listed participations

Co-investments (36% of adjusted gross asset value for Investment, excluding listed investments in H1 2021) are valued on a case-by-case basis according to multiples agreed in advance, by discounting future flows or at historical value. We believe that the valuation methods used may be conservative, which will become apparent in future exits. The Group estimates that future value creation on the current portfolio will be around 50%. It should be noted that some co-investments may be exited through the IPO of the companies acquired and developed. This is true for KDP, JDE and IHS. The group does not intend to remain a shareholder in these companies in the long term and will choose the right moment to sell them. Although listed, these companies are included in the NAV as co-investment vehicles, pending their monetisation.

A more balanced GAV today

Doubling of the weight of unlisted shares in 5 years

Up to and including 2016, the relative weight of investments in non-listed i.e.: co-investments, private equity vehicles and real estate together accounted for around ten percent of the group's GAV on a near-constant basis. Non-listed has grown significantly in the GAV since 2017, from 14% to 29% in 2020.

In 2020, the family prepared for the creation of Stellantis via a transaction with Établissements Peugeot Frères placing all Peugeot SA shares in a dedicated entity renamed Peugeot 1810. In March 2021, Stellantis distributed to its shareholders the stake it held in Faurecia. Peugeot 1810, a 76.5%-owned subsidiary of FFP/PI, holds 3.14% of Faurecia's capital and 7.2% of Stellantis'. The current presentation of the Peugeot family's assets clearly separates Peugeot 1810 and its two historical investments in the automotive industry from other long-term investments, whether in listed or unlisted companies, co-investments, investment capital funds or real estate.

76.5% of the historical assets are held through Peugeot 1810

Since that date, Peugeot Invest has proposed a new structure and a new presentation of its assets, distinguishing, within Peugeot 1810, its two direct holdings in Stellantis and Faurecia. Based on this presentation, we have chosen to follow this model to analyse the adjusted gross asset value. Indeed, the stock market difficulties encountered by PSA historically, as well as strong stock market fluctuations, have, for a long time, overshadowed the Group's other investments, i.e. the actively managed part of the portfolio.

In order to distinguish between the changes made at Peugeot Invest and the quality of its assets, we approach the evolution of the adjusted gross asset value from two angles:

1 - in a comprehensive way to take into account the entire portfolio,

2 - but also excluding exposure to the automobile industry, to highlight the weight of diversification investments and their evolution.

Unlisted shares represent 32% of total GAV at 30/06/21

The composition of the RBA has changed significantly since 2017, a year that marks a clear break with the previous long period. The evolution of the relative weight of investments in unlisted companies has, over the past 4 years, increased significantly to represent 58% of the Investment GAV at 30/06/21 and 32% of the total GAV.

Chart 1: 2016 GAV

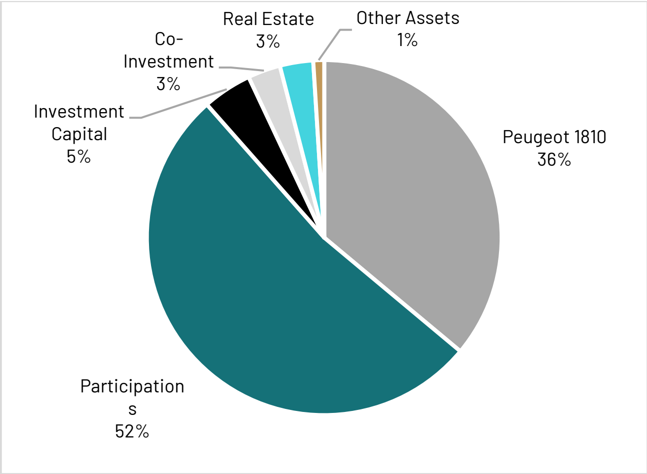


Chart 3: H1 2021 GAV

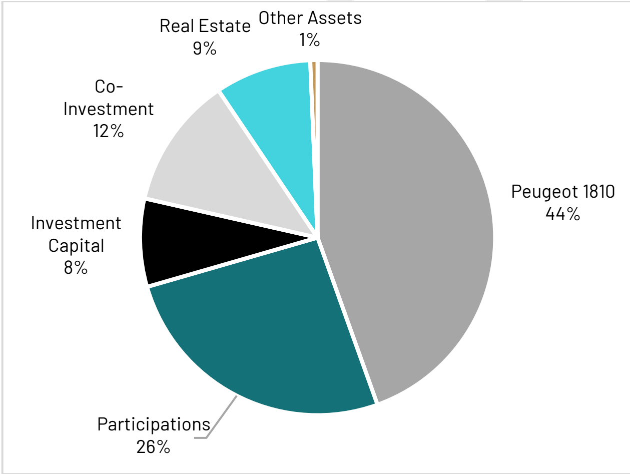


Chart 2: Sectoral breakdown of Investments assets in H1 21

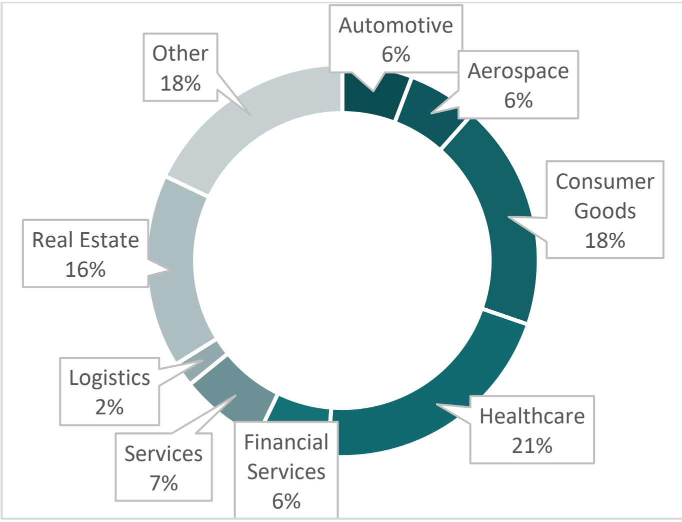
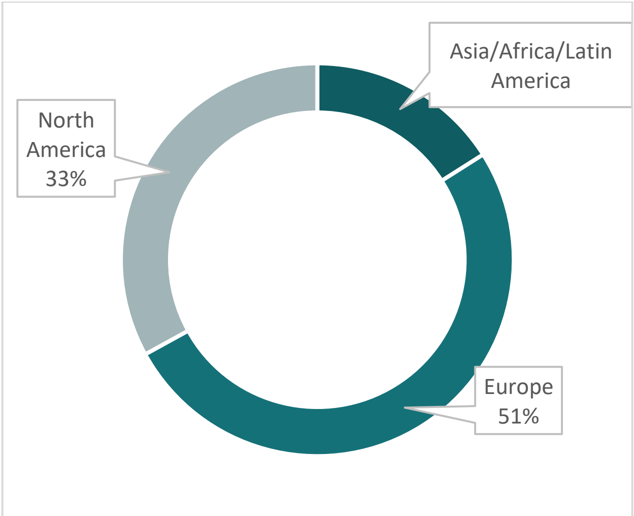


Chart 4: Geographical distribution of Investments assets H1 21



4 charts source : Peugeot Invest

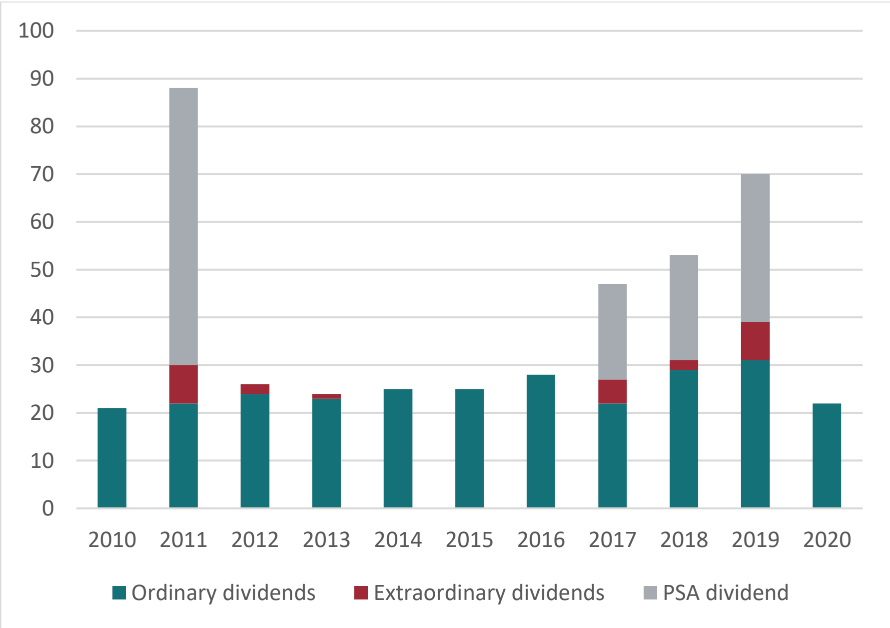
A changing income profile

The group should, from 2022, benefit from less volatile and higher revenues with dividends from Stellantis and repayments from its investments in private equity funds and co-investments providing new sources of income. We have conducted an inflow and outflow exercise and conclude that debt will continue to be used as a reactivity tool and no longer as a growth driver.

Less volatile and more important revenues

Peugeot Invest has historically benefited from several sources of income, all linked to its investment holdings. The Group distinguishes between dividends linked to its historical holdings and dividends from its other investment holdings, among which it makes a distinction between recurring and exceptional income. By recurring income, the Group means ordinary dividends associated with a regular distribution policy.

Graph 12: Dividends received from Investments since 2010



Source : Peugeot Invest

Two factors will contribute to making his income less volatile and more important:

Stellantis offers more visibility than PSA did

- On the one hand, Stellantis offers a lower risk profile than PSA due to its diversification (geographical and product) and the efficiency of its platforms coupled with its size. Over the last 10 years, PSA has only paid dividends 4 times. The cyclicality of the automotive industry will not disappear, but Stellantis' margin level and the quality of its balance sheet suggest that the proportion of years without dividends should be reduced.

EP fund reimbursements are forthcoming

- on the other hand, the group has invested with metronomic regularity since 2015 in private equity funds, most of which have not yet begun to be repaid. A new source of income is therefore to be expected when repayments exceed cash calls.

However, the group does not receive revenues as regular as the management fees of an asset manager.

We provide more details on our forecasts in this area below.

Growing commitments in capital investment

In addition to its long-term investment holdings, most of which are listed, the Group has increased its capital investments through two types of commitments: co-investments and private equity.

Switching investment flows from equity investments to private equity vehicles

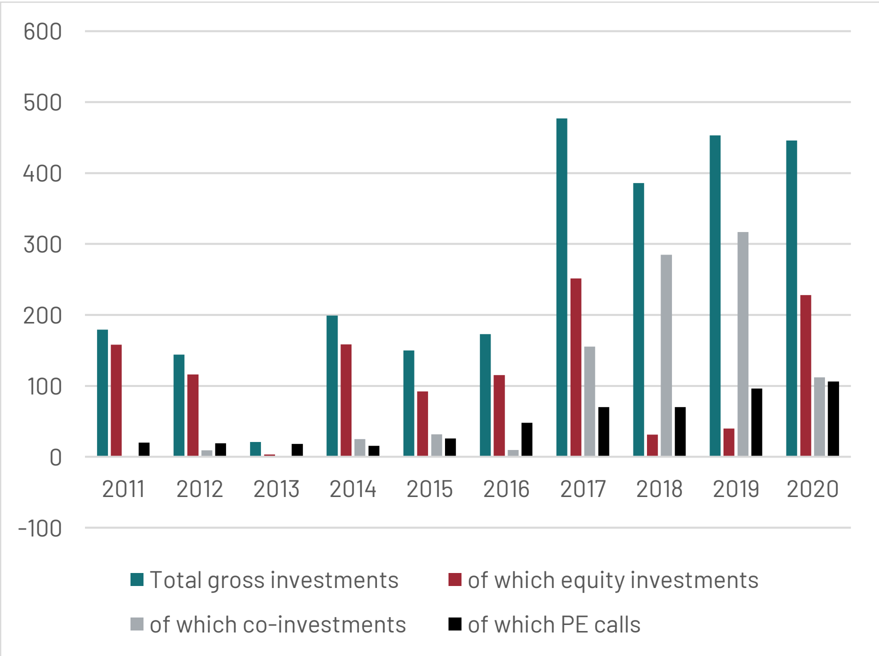
Over the last decade, there has been a clear shift in the direction of investment flows. Over the first five years, equity investment accounted for 76% of investment flows compared with 24% for capital investment vehicles. Since 2016, the latter has attracted two thirds of investment efforts.

Table 5: Cumulative investments 2011-15 and 2016-20

(M€)	2011-2015		2016-2020	
Sum of gross investments	693	100%	1935	100%
of which equity investments	528	76%	666	34%
of which co-investment	66	10%	879	45%
of which PE calls	98	14%	390	20%

Source : Peugeot Invest

Graph 13: Breakdown of investments by type over 10 years



Source : Peugeot Invest

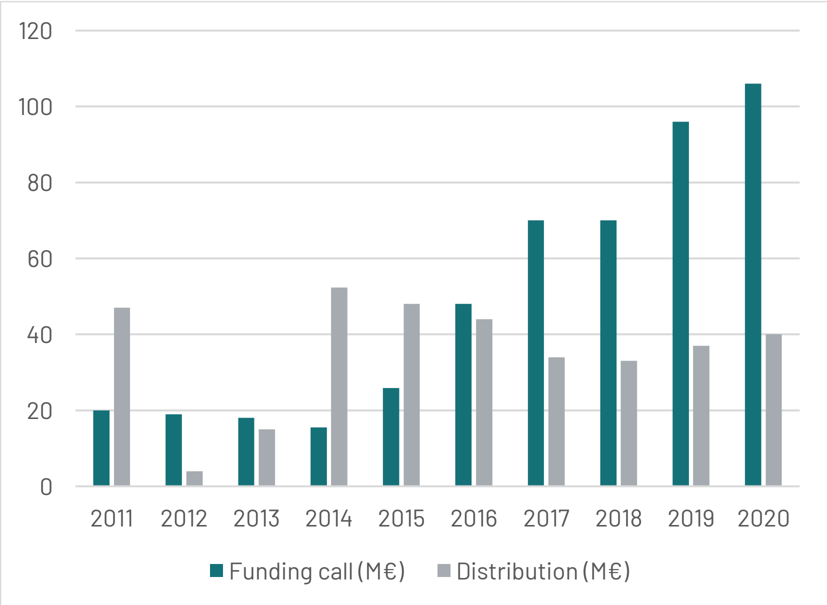
Co-investment: halfway between participation and PE

By co-investment, the group means a minority equity investment without a board role, whose management is "delegated" to a lead investor (e.g. JAB Holding). These are identified as growth assets. There is therefore little time lag between the commitment and the cash call. Assets can be turned over more quickly than in a fund (3 to 5 years vs. 5 to 8 years), costs (particularly carry costs) are lower and unit amounts are higher. We do consider the associated risk to be higher because the underlying assets are not pooled like in funds. The expected IRR should logically also be higher.

About ten PE funds invested per year

Peugeot Invest has long-standing ties with many investment funds, both in Europe and the United States, and more marginally in Asia. The amounts allocated have increased significantly since 2017 from €50/80M per year to €100/150M per year. The number of subscribed funds has remained stable at around 10 per year, but for larger tickets. 2020 marked a one-off decline in commitments (€106M vs. €149M in 2019) due, in particular, to the difficulty of carrying out extensive due diligence and meeting the investment teams. Management indicated that it would resume the previous pace when presenting H1 2021.

Figure 14: History of private equity commitments



Source : Peugeot Invest

Flow mechanics: a theoretical but informative exercise

How to read the financial statements of an investment company

Understanding the financial statements of an investment company requires separating the cash elements from the purely accounting elements in order to get an economic overview of its activity

For the record :

- income from long-term financial assets, which appears in the income statement, includes dividends and gains and losses on divestments, as well as fair value revaluations (portfolio investment and financial income such as the equity swap on PSA shares in 2020). The latter are not cash items. The income statement also measures management fees, known as “general administrative fees”, which, when compared to the GAV, give a key indication of the structure’s efficiency (0,66% in 2020).

- "other total income items" includes items that are essential for a comprehensive view of the results of the business and for a full understanding of changes in shareholders' equity. However, these items are not indicative of changes in cash: net adjustment of financial assets, capital gains on divestment of equity investments and exchange differences.

- logically, only the consolidated cash flow statement can show the fruits of an investment company's activity. Schematically, it shows income after the deduction of unrealised gains/losses and after taking into account financial fees and taxes; and investments net of proceeds from divestments, and finally, the payment of dividends.

Cash flow statement vs. projected income statement

Given the weight of fair value revaluations, the development of a provisional income statement is a matter of divination and is of little interest. Instead, we have conducted a theoretical exercise to present the main items in a projected cash flow statement. Although an equity investment company is not valued by discounting future cash flows, we believe that it is relevant to attempt to identify the profile of reasonably estimated cash flows.

Boosted income

Both income from Stellantis and capital investment distributions could generate significantly higher flows than those received over the past five years. The income flows over the next three years will not only be larger but also more balanced with 2 sources:

- dividends from Stellantis via Peugeot 1810,

- distribution of PE funds and disposals/redemptions of other investments. The latter contribution could be the most volatile as it relates to large unit size investments with less predictable exit dates.

Dividends received from Stellantis

Strongly increasing dividends from 2022nd

In 2021, the DPS for 2020 is €0.3, representing approximately €54M for Peugeot Invest. For 2021, the consensus sits at €0.95 per share, i.e. €212M for the 224M shares held by Peugeot 1810 and €163M the shares held by Peugeot Invest, to be received in 2022. These are estimates. However, we believe that there is potential for a significant increase in dividends. At this stage, the company has not determined the use of this potential additional income.

Table 6: Gross dividends receivable according to Factset consensus

(M€)	2020	2021e	2022e	2023e	2024e
Peugeot 1810		58	156	175	180
Exceptional dividends		45*			
Other listed holdings	22	17	23	27	30
Total	22	120	179	202	210

including €21 million in cash distributions from the Faurecia spin-off; Sources: Factset, Theia Research

Stellantis' dividends are, of course, subject to the risks specific to this newly formed group. We are simply repeating the forecasts from the analysts' consensus, which are currently positive. In any case dividends should be more regular than PSA.

Disposals, repayments and distributions

Table 7: History of disposals, repayments and distributions of private equity

(M€)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Disposals and repayments of private equity funds	82	165	51	195	247	89	353	259	234	282
of which distribution of PE funds	47	4	15	52	48	44	34	33	37	40
of which disposals and repayments excluding	35	161	36	142,7	199	45	319	226	197	242

Sources: Peugeot Invest, Theia Recherche

Between €1.7 and €2.7 billion to be raised, according to us, over the next 5 years from co-investments

Most divestments and redemptions are set to come from co-investments, since they have received the largest share of flows in recent years and because they have a faster turnover. Moreover, as we have seen, their riskier nature is associated with higher expected IRRs that are less burdened by carried-interest than funds. We have tried to model what these divestments and redemptions might represent in the table below with an assumed duration of 5 years, which is shorter than for funds. It should be noted that this is a completely theoretical exercise. Co-investments are sometimes of high unit amounts and there is no predictability with regard to the rate of exit. Moreover, they may be redeemed as listed securities if the exit takes the form of an IPO (such as KDP, JDE or IHS). Theoretically, therefore, the amounts received annually could range from €19M to €967M per year, depending on the IRR used. We believe that it is more useful to adopt the total sum of €1.7 to €2.7 billion over the next 5 years based on investments made from 2016 to 2020 (€879M).

Table 8: Sensitivity of distributions receivable to expected IRR

(M€)	2021e	2022e	2023e	2024e	2025e
Disposals/repayments of co-investments - IRR 15% n+5	19	313	573	638	225
Disposals/repayments of co-investments - IRR 20% n+5	24	387	709	789	279
Disposals/repayments of co-investments - IRR 25% n+5	30	474	870	967	342
Potential distribution of PE funds - IRR 10% n+7	30	50	94	136	136
Potential distribution of PE funds - IRR 15% n+7	41	69	128	186	186
Potential distribution of PE funds - IRR 20% n+7	56	93	172	251	251

Estimates: Theia Research

Strong acceleration of EP repayments

The Group does not detail distributions on a fund-by-fund basis but mentions an exit rate 3.3 times higher for distributions in H1 2021. Assuming a 7-year investment period after the call, we have simulated the potential distribution amounts over the next 7 years. While it is not possible to predict IRRs and exit timing, it is clear that the 2022-2027 period will benefit from significantly higher payouts than in recent years (a classic J-curve for this type of investment). Where the Group has received between €33M and €44M per year for the past 5 years, it could receive between €30M and €250M per year over the next 5 years depending on whether the average IRR is 10% or 20%. The large number of funds subscribed and called in recent years seems to lend credibility to an acceleration of distributions: regular capital turnover is naturally associated with this type of vehicle.

While these orders of magnitude are hypothetical, comparison with the Group's past income indicates a potential change in profile. The €25M of average ordinary income over the last 10 years has been supplemented by an average of just €41M in fund distributions up to 2020. From 2022 onwards, we expect these ordinary income amounts to increase significantly.

Table 9: Total revenues received by Peugeot Invest and estimated (2011 - 2023E)

M€	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Ordinary" income	22	24	23	25	25	28	22	29	31	22	17	24	28
Exceptional income	8	2	1	0	0	0	5	2	8	0			
Income PSA then Peugeot 1810	58						20	22	31	0	103	166	178
Disposals/repayments of co-investments - IRR 15% n+5	35	161	36	142,7	199	45	319	226	197	242	465	313	573
Potential distribution of PE funds - IRR 10% n+7	47	4	15	52,3	48	44	34	33	37	40	30	50	94
Total	170	191	75	220	272	117	400	312	304	304	616	554	873

Source: Peugeot Invest - Estimates: Theia Recherche

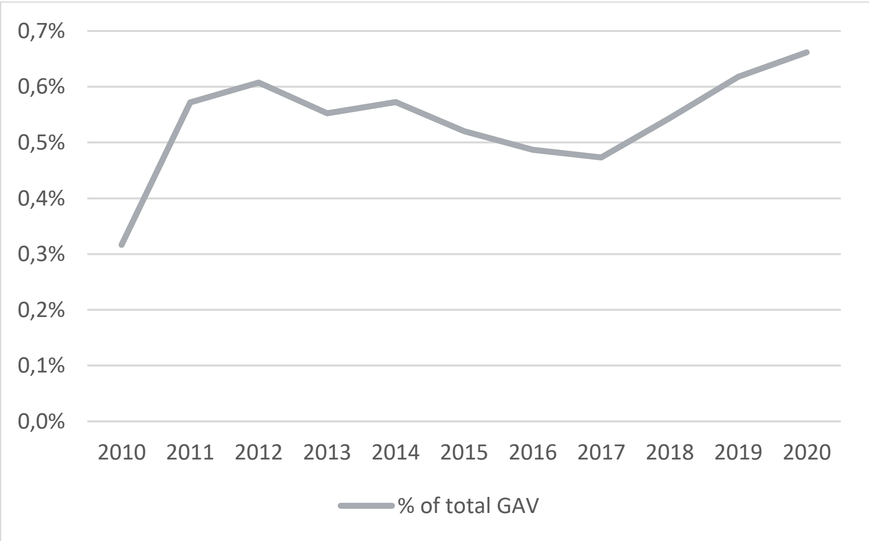
Predictable annual expenditures

Management fees

0.66% of GAV devoted to management fees

These are traditionally used to justify the discounts applied to holding companies. At Peugeot Invest, they are moderate at 0.66% of the GAV. Their increase over the last few years reflects the larger team but, above all, the use of external consulting for the largest investments. For example, 2020 marked the formation of Stellantis, comprising significant consulting fees in various forms. In the future, the weight of management fees should, in our opinion, vary little as a proportion of the assets managed, with occasional peaks on larger unit investments. This assumes that the team will grow in line with the increase in asset.

Graph 15: Weight of administrative expenses as a % of the GAV



Source : Peugeot Invest

Other cash outflows

We modelled the expected cash outflows based on the following assumptions

- General administration costs stable as a % of NAV
- stable financial costs (no increase in loan-to-value - LTV)
- stability of non-PE investments
- continued increase in calls for funds proportionate to the commitments made in recent years.

Towards a balance of revenues and predictable outputs

These assumptions lead to a moderate increase in cash expenditure for a total equivalent to the forecasted cash income (excluding taxation which we did not model but which is structurally low), whereas these had been significantly lower than outflows since 2016.

Table 10: Disbursed and estimated costs (2011 - 2023E)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
General administration costs	11	10	12	15	17	18	21	23	32	37	34	36	38
Financial expenses	11	13	14	14	12	10	13	15	20	28	28	28	28
Investments outside the EP	159	125	3	184	124	125	407	316	357	340	543	340	340
TOS Calls for Funds	20	19	18	16	26	48	70	70	96	106	117	128	141
Total	201	167	48	229	179	201	511	424	506	511	722	532	546

Source: Peugeot Invest - Estimates: Theia Recherche

Consequence of these global flows on the debt

Peugeot Invest's management does not reason in terms of overall mass as we did above. On the one hand, it considers the ordinary course of business with a high degree of predictability:

- Income
    - ordinary dividends from its listed and unlisted holdings
    - dividends received via Peugeot 1810 from its historical assets
    - extraordinary dividends
- Expenses
    - general administration costs
    - financial expenses
- Dividend service

On the other hand, it analyses the flows linked to its investment activity

- Revenues
    - disposal of all or part of its holdings
    - divestiture/distribution of co-investments
    - redemption from PE funds
- Expenses
    - investments to acquire holdings
    - investment to participate in co-investments
    - PE funds calls
- Required debt

By destinations, we obtain the following balances:

Table 11: Regular Flows (2011 - 2023e)

M€	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Ordinary" income	97	33	29	32	32	36	78	87	122	22	17	24	28
Income PSA then Peugeot 1810											103	166	178
General administration costs	-11	-10	-12	-15	-17	-18	-21	-23	-32	-37	-34	-36	-38
Financial expenses	-11	-13	-14	-14	-12	-10	-13	-15	-20	-28	-28	-28	-28
Balance	75	10	2	2	3	8	44	49	69	-43	58	127	141
Dividends paid*	-38	-28	0	0	-50	-40	-45	-49	-53	-53	-58		

*For 2022&23 see distribution policy below Source: Peugeot Invest - Estimates: Theia Recherche

Covering the dividend service with regular income

Since 2017, the balance of ordinary flows has been sufficient to cover the dividend: this is the management's objective. This situation is repeated this year. From 2022 onwards, it should be more than twice the recent level of dividends. Neither the board nor the management have communicated their intentions regarding the distribution policy. We note that PI will be able to double its dividend on the basis of its regular flows alone.

By nature, it is more complex to anticipate net investment flows which result on the one hand from unknown repayments in terms of amounts and timing and on the other hand from unforeseeable investment opportunities with the exception of calls for funds from PE.

Table 12: Investment flows

M€	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Disposals/repayments ex PE- IRR 15% n+5 for estimates	35	161	36	143	199	45	319	226	197	242	465*	313	573
Distribution of PE funds - IRR 10% n+7 for estimates	47	4	15	52	48	44	34	33	37	40	30	50	94
Investments outside the PE	-159	-125	-3	-184	-124	-125	-407	-316	-357	-340	-543	-340	-340
Calls for PE funds	-20	-19	-18	-16	-26	-48	-70	-70	-96	-106	-117	-128	-141
Balance	-97	21	30	-4	97	-84	-124	-127	-219	-164	-164	-105	186

Source: Peugeot Invest - Estimates: Theia Recherche

H1 2021 allows us to refine our expectations for the current year, marked by disposals (IDI and Safran in particular), major investments (International SOS and Signa) and the possibility of participating in a capital increase at Faurecia (confirmed acquisition of Hella).

For 2022 and 2023, we have chosen to retain past averages for investments and repayments calculated at n+5 and n+7 on conservative IRRs of 15% and 10% respectively for co-investments and PE repayments.

Towards a balance of investment inflows and outflows

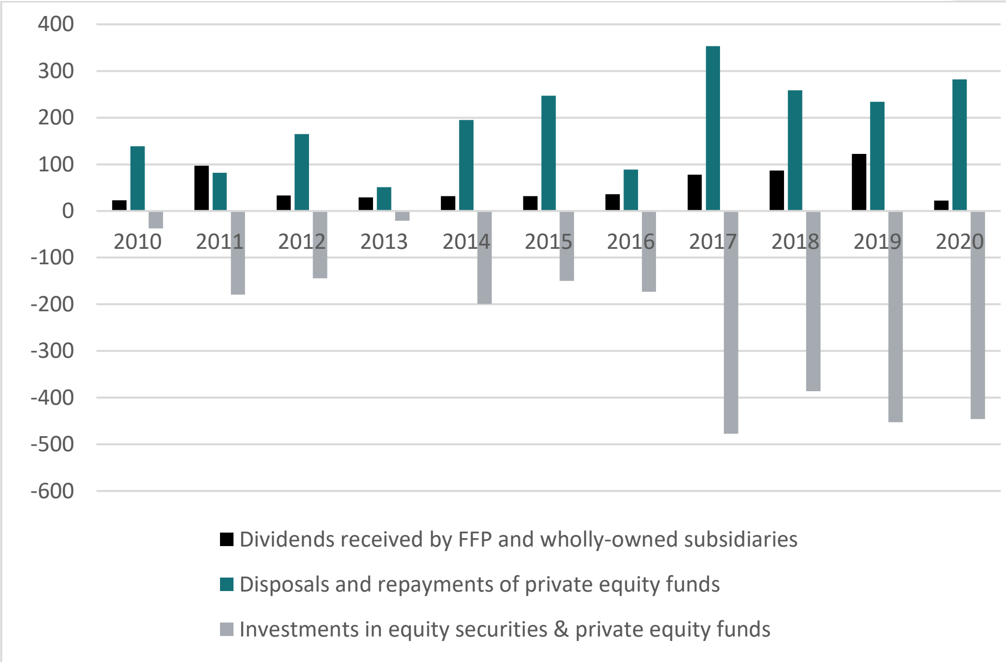
The cumulative balance 2022-2023 could balance inflows and outflows. These figures will surely be contradicted by the facts, however, they allow to situate the order of magnitude of what is likely.

Consequently, the group's debt should not increase significantly. Peugeot Invest has a large safety margin to seize significant opportunities. We therefore do not expect a structural increase in debt, unlike the last five years, which reflected a desire to use financial leverage to diversify. We believe that debt will continue to be used as a reactivity tool and not as a growth driver.

Moderate use of debt : LTV of 16%.

In recent years, the loan-to-value (LTV) ratio has increased from 7% in 2015 to 16% today (30/06/2021). Investments were fully covered by the dividends received and divestments until 2015. From 2016 onwards, the use of debt made it possible to support the investment diversification strategy, particularly in unlisted investments. The work carried out on debt has helped reduce its average cost from 6.56% in 2015 to 2.47% in 2020.

Chart 16: History of financing requirements



Source : Peugeot Invest

A distribution policy to be clarified

This year, the dividends paid by Peugeot Invest should be fully covered by ordinary income and income from Peugeot 1810. After two years without dividends in 2012 and 2013, followed by a catch-up period in 2014 and 2015, dividends have risen by an average of 7% per year since 2016, a period more representative of the "new" Peugeot Invest. Management wishes to maintain the regularity of distribution alongside the gradual increase of dividends. It therefore excludes the impacts that could affect payouts if dividend growth were linked to changes in NAV.

We believe that a strong dividend increase is likely

The group's distribution strategy is to pay a stable and, if possible, steadily increasing dividend. In our view, there will be no change until we have a more established view of Stellantis' actual results, in the meantime, an increase in dividends received will reduce debt. If these results are in line with market expectations, our view is that dividends paid by Peugeot Invest could be around €100m per annum, representing a yield of around 2.5% compared to c. 1.7% today.

PI among its European peers

The universe of investment companies is expanding with the arrival of many new players on the stock market, which is a positive factor. We note below that the changes taking place within comparable groups, as well as active and dynamic management of holdings, are generally factors that improve perception and reduce the discount.

Private market asset management remains a source of opportunity

A market in sustained growth...

The alternative financing market is growing rapidly. Indeed:

- the amount of assets under management should double by 2025 (source: PwC)
- Their attractiveness is increasing due to their outperformance in terms of RoI compared to other financial investments,
- Private equity still has a small share in the asset allocation of private institutional investors (funds raised by PE companies have increased from €1700bn in 2011 to €4400bn in 2020, i.e. x 3.5),
- the search for secure long-term returns should benefit real assets (infrastructure, real estate, renewable energy).

The demands of investors and stakeholders are increasing due to:

- greater selectivity of investors with higher average financial amounts,
- more demanding stakeholders, particularly in terms of CSR.

The competition is more important and more structured:

- asset acquisition prices are high due to the high level of available capital and increased competition among direct investors,

...and increasingly competitive.

- there are more and more listed players with significant equity capital, hence the need to increase its uniqueness in a consolidating market.

Different types of players to value different assets

We distinguish three types of listed investment companies which, depending on the composition of their portfolio, its evolution and its translation in the income statement, are treated differently by the markets:

3 families of investment companies

- family-owned holding companies and investment companies such as Wendel and Peugeot Invest in France, Groupe Bruxelles Lambert and Sofina in Belgium, Exor in Italy and Investor, Kinnevik, Industrievaerden and Latour in Sweden.
- private equity groups and investment funds such as EQT in Sweden, KKR in the United States, 3i, Bridgepoint listed this summer in the United Kingdom or Antin Infrastructure Partners in France listed this month, and soon alongside TPG (United States) or Petershill Partners (United Kingdom) a subsidiary of Goldman Sachs.
- asset managers such as Partners Group (Switzerland), Tikehau or Eurazeo (France). The latter, as detailed below, has voluntarily transitioned its business model from the first category to that of an asset manager who, given the amount of assets under management, generates management fees and recurring results.

NAV: a valuation tool but nothing more

NAV is a snapshot at a given moment of the value of the assets in a portfolio. Unlike other valuation parameters, which take into account growth momentum and earnings trends, the NAV of a portfolio does not reflect, or only very imperfectly, an investment strategy. It is a benchmark at a given moment. NAV does not reflect changes in the composition of a portfolio of holdings, funds or co-investments, since it is not dynamic.

The financial markets apply a more or less significant discount to asset values. However, some companies are not subject to any discount, such as private equity companies, but also certain family holdings such as Kinnevik, Industrievaerden or Latour (premium), which are very involved in the management of their listed holdings in the manner of "benevolent activists". Others benefit from a premium, such as asset managers, notably because of the predictability of their revenues and results.

The discount is primarily a perception

In general, it is easy to conclude that a high haircut reflects the expectation of lower returns on the portfolio of assets under management on the one hand and/or the identification of risks within the portfolio, including the need for cash injections into the holdings, on the other. The level of the haircut has always been subject to discussion and is primarily a perception.

Factors considered to justify the significance of a discount include:

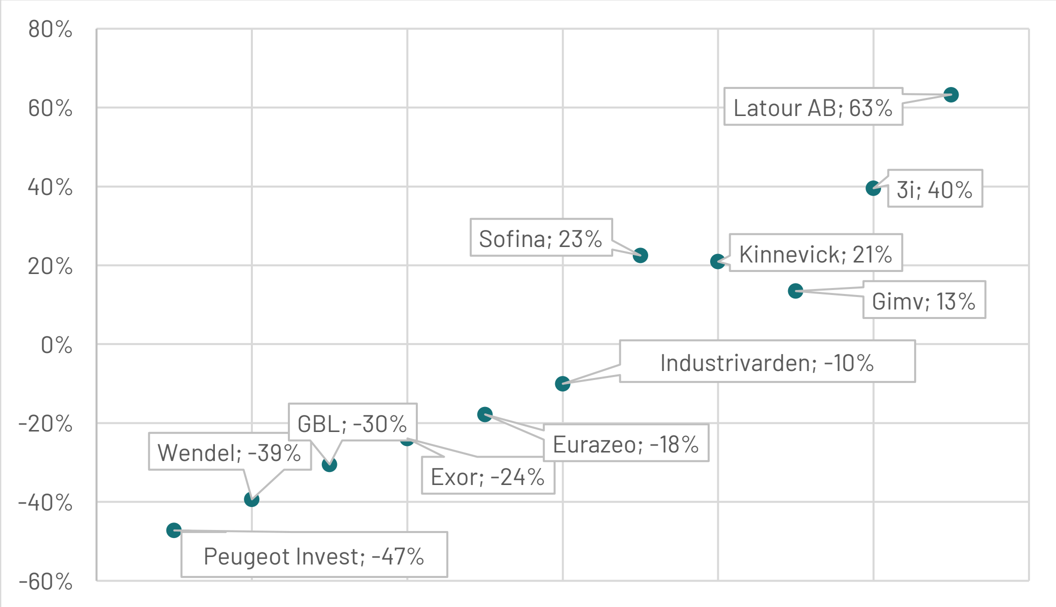
- the conglomerate or holding structure,
- the lack of liquidity in private and unlisted assets and their ability to create value,
- governance,
- central costs and cash requirements at the holding level.

Other factors justifying, on the contrary, reductions in haircuts are :

- the extent of portfolio diversification,
- growth prospects
- the reduction of financial leverage.

Wide dispersion of investment company premiums and discounts in Europe

Graph 17: Spread of valuations in relation to NAV (discount/premium) - as at 22/10/21



Discount/premium calculated at the 22/10/21 price on the basis of the last published NAV (30/06 except for 3i and Gimv at 31/03)

Source: Factset, Theia Research

An example: Eurazeo - evolution and reduction of the discount

As of mid-2021, Eurazeo manages €25.6 billion in diversified assets, including €17.8 billion on behalf of third parties, invested in a portfolio of more than 450 companies. Eurazeo operates on its own behalf and on behalf of institutional clients, with expertise in private equity, real estate and private debt. The group, historically based in France, has developed in Europe and is pursuing its global ambitions with expansion in North America and Asia over the last 10 years.

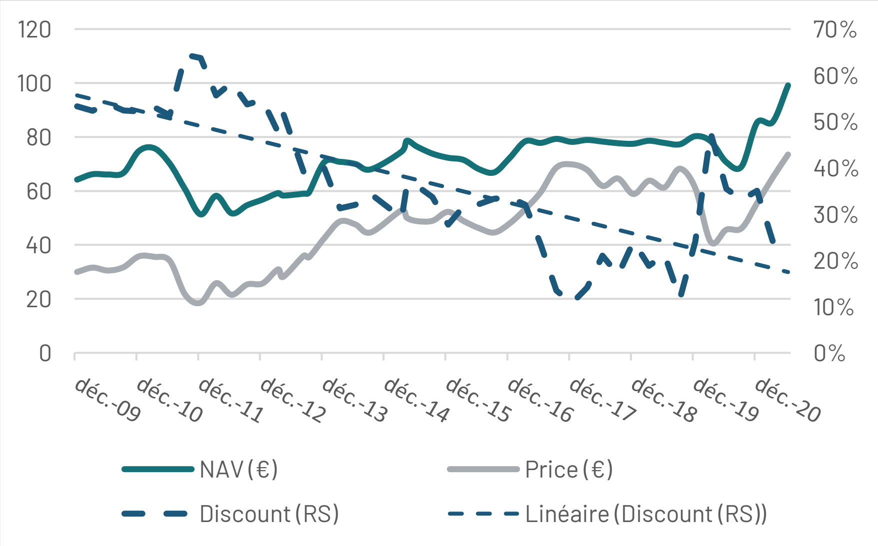
A profound change in the space of 10 years

- In 2001, Eurazeo was a passive holding company with minority exposure to French listed and unlisted assets.
- In 2011, Eurazeo became an investment company with €4 billion of assets under management in 22 large listed and unlisted companies such as Accor, ANF, Elis, Europcar, APCOA and Fraikin. The grouphad 2 offices, 82% of the portfolio was made up of French companies and the number of employees was 32.
- In 2021, with €22 billion in assets under management, Eurazeo is a diversified European asset manager with 450 investments in unlisted companies of all sizes in all growth sectors. The group now has 11 offices around the world and 380 employees. This transformation has resulted in the expansion of asset management revenues

(management fees and Fee Related Earnings margin, which measures the recurring result of the business), coupled with the acceleration of disposals designed to crystallize value and increase NAV while significantly reducing the discount.

Graph 18: Change in Eurazeo's NAV and discount 2010-21

Discount halved in 10 years: from over 50% to 26%.



Sources: Factset, Eurazeo

Peugeot Invest: change in NAV and discount (2010 - 2021)

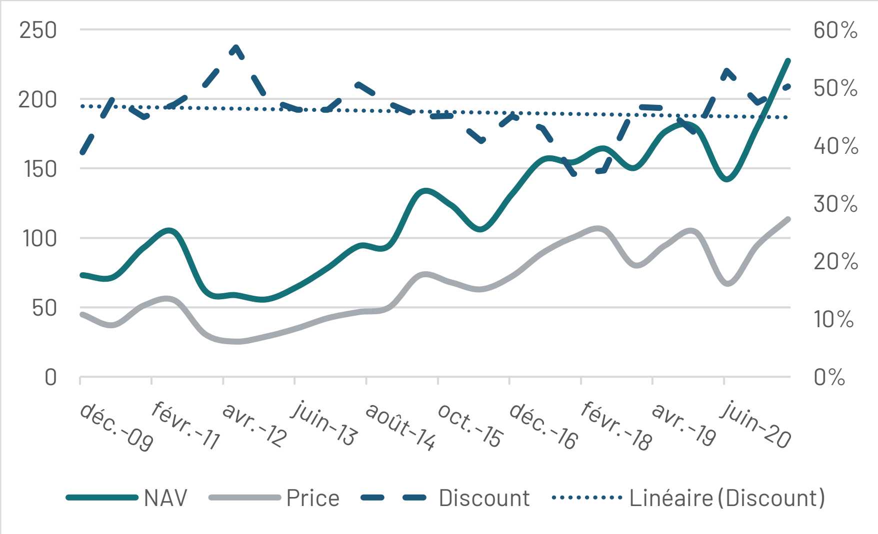
Discount of between 40 and 53% over 10 years

Over the last ten years and excluding the very particular period of 2012-2014, the evolution of the discount has remained in the range 40% - 53%. Currently, it is 45% on 27/09/2021.

The discount shows a stable perception of Peugeot Invest over a decade

In mid-2012, Peugeot Invest's discount had reached the high level of 57% when PSA faced a major financial crisis, operational and governance problems. Once PSA had been refinanced with the French government and DongFeng Motor each taking a 14% stake, with Carlos Tavares as the new CEO and the first signs of operational improvement, the discount returned to its usual range of 40% to 53%.

Graph 19: Change in NAV and discount 2010-21 for Peugeot Invest



Source: Factset, Peugeot Invest

Discount of between 40% and 53% over 10 years

The perception of Peugeot Invest has long been associated with the development of PSA, its largest listed asset. However, this association has not translated into a significant change in the discount with the recovery and positive change in Peugeot's operational outlook post 2014. Similarly, while the creation of Stellantis in early 2021 was a game changer, it has had little influence on the perception of Peugeot Invest at this stage as the discount has remained unchanged. Stellantis' share price has risen by 33.7% in absolute terms since its creation in early 2021, with a very favourable momentum and financial outlook for an automotive group. Peugeot Invest's share price, on the other hand, had only partially benefited before the publication of its results on 20 September (its performance stagnated at 13.4% compared with 37% for Stellantis. It is now up 21% over the period).

No clear correlation with the transformation of the share in PSA into Stellantis

Graph 20: Change in the IP discount and the Peugeot SA share price (2010 - 2020)

Sources: Factset - Peugeot Invest

Our 3 valuation scenarios

We present three valuation scenarios based on Peugeot Invest's NAV. Our central scenario shows a 33% increase in target NAV and substantial potential for share price appreciation.

Table 13: Spot NAV of Peugeot Invest

10/22/2021	Course (ML)	Value (M€)
Stellantis	16,85	3 775
Faurecia	42,67	184
Peugeot 1810 (76.5%)		**3 029**
Lisi (total)	25,15	260
SEB	122,9	273
Safran	110,52	45
Orpea	89,42	292
CIEL	6,8	16
Tikehau Capital	26	81
Spie	21,1	179
Listed holdings		**1 146**
Unlisted holdings		**456**
Total equity investments		**1 602**
Private equity vehicles		**536**
JDE		6
KDP	34,66	129
Unlisted co-investments		585
Co-investment		**720**
Immobilières Dassault	64	85
Unlisted real estate assets		507
Real estate		**592**
Other financial assets and liabilities		11
Treasury		33
Other assets		**44**
Gross revalued investment assets		**3 494**
Total gross revalued assets		6 523
Debt		-1 013
Net asset value		**5 510**
Net asset value per share		**221,1**
Stock market price		**120,0**
Discount		46%

Source: Peugeot Invest, Factset, Theia Research

Theia Research offers investors a central scenario, which we consider to be the most likely, and two alternative scenarios, one of which is decidedly more optimistic and the other more pessimistic.

Each scenario is based on an RNA calculation that distinguishes :

Distinguishing the potential of the holdings ...

- a common block, comprising all the listed holdings (70% of total adjusted gross asset value as at 30/06/21) valued, for the central scenario and the optimistic scenario, at their 12m target price provided by the market consensus for each of line, in addition to the asset value of the unlisted holdings to which we apply a flat-rate IRR of 10%, which we consider to be prudent (these are companies in which the Group has an influence in governance, such as Tikehau, International SOS and Acteon). For the conservative scenario, on the other hand, we do not assume any increase in the value of the listed shares held by PI, which are therefore valued at their current price.
- a differentiated block made up of capital investment vehicles, unlisted co-investments, real estate assets and certain listed assets (such as KDP) intended to be monetised.

...of that of the investment vehicles.

For each scenario, we apply two assumptions to the differentiated block:

- the first concerns the expected IRR applied to the diversification portfolio (excluding listed assets), whose revenues are growing strongly, as we have seen. Future divestments and distributions from 2022 onwards are an important development area for the portfolio and, in our opinion, an expected growing contribution to the adjusted NAV.
- the second concerns the discount that the market takes or could apply to the total adjusted NAV.

We group together all our scenarios in the tables below

It is worth noting that the positive assessment of the analysts' consensus on all of PI's listed holdings leads to a high potential for the revaluation of these assets (+33%). We are simply transcribing this market data on which everyone can form their own opinion.

Table 14: Assessment of the common block

	Factset price target	Value (M€)
Stellantis	23,3	5 225
Faurecia	53,9	233
Peugeot 1810		4 175
Lisi (total)	31,0	321
SEB	171,9	383
Safran	130,3	53
Orpea	124,6	406
CIEL	6,8	16
Tikehau Capital	30,6	95
Spie	25,9	220
Listed holdings		**1 494**
Unlisted holdings	**IRR 12 months**	**501,6**
Total equity investments		**6 170**

Source: Factset, Theia Research

Central scenario: market taking into account of changes led by PI

It is based on a 12-month IRR of 15% for the assets in the differentiated block (excluding real estate at 5%).

Upside of 33% on NAV

Upside of 89% on the price with a discount reduced to 30%.

It results in a potential NAV of €291 per share, i.e. an upside of 33%. 88% of the increase in adjusted gross asset value would come from the block of listed holdings and assets. The application of a 30% discount instead of the current 46% would generate an 70% upside on the share price.

Table 15: Central Scenario

	IRR 12 months	Value (M€)
Private equity vehicles	15%	616
JDE		6
KDP	39,5$*	144,8
Unlisted co-investments	15%	673
Immobilières Dassault	5%	90
Unlisted real estate assets	5%	532
Other financial assets and liabilities		11
Treasury		33
Other investments		**2 106**
Total gross revalued assets		8 276
Debt		-1 013
Net asset value		7 263
Central IRR 15% - reduced discount		
Net asset value per share		291
Potential upside in NAV/spot		32%
Stock market price		120
Discount	30%	204
Potential		70%

*consensus price target Source: Theia Research

As a family-owned investment company, Peugeot Invest is comparable to Wendel, which has disclosed a rather qualitative strategic outlook to 2024: "Until 2024, the Board's roadmap will focus on portfolio diversification ... with a balance between listed and unlisted assets, through the deployment of capital in growth markets, without ruling out the possibility of opportunistic investments. The unit amount of shareholder equity investments should be between €150 and €500M, targeting majority, controlling or significant minority stakes in unlisted or listed companies." In the area of investment funds, Wendel indicates that, in the long term, this asset category should represent 5 to 10% of its NAV.

A similar perception to Wendel would make sense...

Peugeot Invest may make similar comments. It does not take a majority stake, but like Wendel is active in managing its portfolio.

...it would reduce the discount to 30%.

Wendel's communication is more extensive than Peugeot Invest and the group publishes a quarterly NAV, unlike Peugeot Invest, which only declares its NAV twice a year. Today (27/09/21), Wendel is trading at a 39% discount to its last published NAV, which is quite high compared to its historical average of 30%. The latter corresponds to the assumption we are making for Peugeot Invest in this scenario, which we consider credible. In addition, the improvement in communication, coupled with the regular communication of attractive IRRs on the portfolio of unlisted assets, could act as a catalyst for reducing the discount.

Conservative scenario: status quo

Upside of 3% on NAV

Downside of 6% on the price with a return of the discount to 50%.

This is based on a 12-month IRR of 10% for the assets in the differentiated block (excluding real estate at 5%) and a 50% discount. It results in a potential NAV of €227 per share, i.e. an upside of 3%. The assessment of the differentiated block would be offset by the reconstitution of the discount (50% vs. 46% to date).

These parameters reflect Peugeot Invest's recent stock market situation. It should be noted that, in this scenario, we have not adopted the listed holdings at their target market price provided by the market consensus for each line (a block common to the other two scenarios), but simply at their current price, i.e. with no potential for growth over the 70% of total adjusted gross asset value that they represent as at 30 June 2021.

We believe that these conservative assumptions reflect both a lack of understanding of the Group's development and investment strategy since 2017, and the market's lack of interest in PI.

Table 16: Conservative scenario

	IRR 12 months	Value (M€)
Private equity vehicles	10%	590
KDP	39,5$*	144,8
Unlisted co-investments	10%	644
Immobilières Dassault	5%	90
Unlisted real estate assets	5%	532
Other financial assets and liabilities	0%	11
Treasury	0%	33
Other investments		**2 044**
Total gross revalued assets		6 674
Debt		-1 013
Net asset value		**5 661**
Conservative IRR 10% - stable discount		
Net asset value per share		227
Potential upside in NAV/spot		3%
Stock market price		120
Discount	50%	114
Potential		-5%

*consensus price target Source: Theia Research

Optimistic scenario: profound change in perception

Upside of 33% on NAV

Upside of 114% on the price with a discount reduced to 10%.

This is based on an IRR of 20% and a 10% discount for the assets in the differentiated block (excluding real estate at 5%). It results in a potential NAV of €293 per share, i.e. an upside of 33%. 85% of the increase in adjusted NAV would come from the block of listed holdings and assets. The application of a 10% discount instead of the current 45% would generate an upside of 120% on the share price.

We have deliberately chosen to compare Peugeot Invest to Investment AB Latour in this case. Latour is a Swedish family-owned investment company. Its activities are divided into two areas. One is wholly-owned industrial and commercial activities and the other is holdings in nine listed companies, namely Alimak Group, Assa Abloy, Fagerhult, HMS Networks, Nederman, Securitas, Sweco, Tomra and Troax.

AB Latour illustrates the premium granted by the market to active management of holdings

Unlike Peugeot Invest, Latour communicates annual statistical forecasts. However, like Peugeot Invest, Latour is majority owned by a family, the Douglas (77.3% of share capital). The argument of applying a significant discount to Peugeot Invest's adjusted NAV simply because of its small floating stock and low liquidity is, in our opinion, arbitrary and unfounded, since Latour has a comparable floating stock (around 20%) but stock is trading at a 47% premium to its adjusted NAV.

What our optimistic scenario highlights is essentially a change in perception from a passive family holding company to a professional and active investment company. In our view, Swedish family holdings are good examples of this, such as Kinnevick, Industrievaerden and Investor, which are trading either at a very small discount, at no discount at all, or even at a premium to their respective adjusted NAVs.

Table 17: Optimistic scenario

	IRR 12 months	Value (M€)
Private equity vehicles	20%	643
KDP	39,5$*	144,8
Unlisted co-investments	20%	702
Immobilières Dassault	5%	90
Unlisted real estate assets	5%	532
Other financial assets and liabilities	0%	11
Treasury	0%	33
Other investments		**2 156**
Total gross revalued assets		8 326
Debt		-1 013
Net asset value		**7 313**
Optimistic IRR 20% - Greatly reduced discount		
Net asset value per share		293
Potential upside in NAV/spot		33%
Stock market price		120
Discount	10%	264
Potential		120%

*consensus price target Source: Theia Research

A proactive ESG approach stemming from the group's DNA

ESG 2023 Roadmap

In 2020, Peugeot Invest determined its CSR targets in its "ESG 2023 Roadmap" following a process that began in 2016 with the development of a "Responsible Investor Charter"..

We believe that five of the six criteria selected (see box) seem to be directly linked to the company's DNA, only "controlled environmental footprint" reflects the contemporary consideration of the energy and environmental transition

Values promoted by the ESG 2023 roadmap

- ✓ exemplary governance
- ✓ ethical conduct
- ✓ a sense of humanity
- ✓ a controlled environmental footprint
- ✓ a positive contribution to civil society
- ✓ transparent communication

Alignment between criteria and acts

Binding integration of ESG criteria into investment processes

In addition to the annual report on actions taken in these six areas, the company has implemented several actions to align its ESG commitments with its business:

- ✓ The Board of Directors' Investment and Shareholding Committee validates that ESG due diligence has been carried out prior to investment decisions and examines the ESG policies of the holdings;
- ✓ 6 to 8% of the Chief Executive Officer's variable compensation are contingent on the deployment of the roadmap.
- ✓ ESG has accounted for 15% of the allocation criteria for performance shares since 2021 (10% in 2020).

Materiality focused on investment decisions

Among the material topics, in extra-financial terms, defined by the SASB for an investment company, three apply to Peugeot Invest:

- ✓ The integration of ESG criteria in investment decisions and the management of holdings
- ✓ Respect for business ethics
- ✓ The diversity of the teams

Investment decisions

The group has put in place a policy of exclusion which concerns gambling, the tobacco industry and pornography. In addition, it refrains from investing in companies that are competitors of one of its holdings.

Shareholdings

- Acquisition phase :

- materiality analysis and ESG criteria
- governance analysis
- ESG due diligence incorporated in investment memoranda

- Detention phase:
  - identification of extra-financial issues and risks
  - quarterly review of ESG practices of holdings since 2021 in the Executive Committee

Co-investments, fund commitments, real estate

- ESG questionnaire: in the absence of alignment, the group does not invest
- Specific ESG clause in the legal documentation, particularly in the form of side letters

In addition, the group has selected three impact funds in which it has invested: Alter Equity, Amboise Partners and Impact Partners.

Ethics and diversity

Compliance with the Afep Medef code

The summary table at the beginning of this study contains the data required to assess the social and governance criteria that cover ethical and diversity issues. We have not identified any controversial issues specific to Peugeot Invest (see below for information on the Group's holdings, particularly Stellantis). In terms of governance, the AFEP-MEDEF code is followed to the letter. Separation of the functions of CEO and Chairman was implemented in 2020.

47% of managers and 50% of directors are women.

The small size of the teams and the absence of any production activity make it impossible to assess environmental criteria (despite efforts to reduce electricity consumption and recycle waste in a manner consistent with the entire Group CSR approach).

Non-financial analysis of holdings

The main ESG issues related to the holdings are identified in the fact sheets below.

Focus on Stellantis (42% of SLA)

In our opinion, the most important issues concern Stellantis, the group's largest holding. Because of its weight (42% of the total GAV as of 30/06/21) we present here what we believe to be the 3 main points of attention useful to investors.

Critical size to be a player in the energy transition of transport

Environment: 14% of global GHG emissions are linked to transport. In addition, the emission of particles linked to the combustion of fossil fuels has many negative consequences on health, particularly in urban areas. As the world's fourth largest manufacturer, Stellantis has a major role to play in the energy transition. The scale and pace of its investments in transforming its model towards potentially 100% electric vehicles demonstrates an awareness of this challenge. Although information from the European Taxonomy on the definition of a clean vehicle are not yet set in stone, Stellantis will play a key role in this type of vehicle.

Watching brief on the social impact of electrification

Social: The manufacture of an electric engine requires 60% less labour than a diesel engine, according to the Observatoire de la Métallurgie (French observatory of metallurgy). Even if, in the long term, new jobs will be created by the needs of the electric and smart car eco-system, it is likely that the time scales will not match perfectly, which will cause strong social tensions. PSA's observatory of trades and skills was designed to anticipate the need for support in terms of training and skills adaptation. We understand that the system could inspire an equivalent within Stellantis: this will need to be followed up.

Continued controversy over "diesel gate

Controversy/Business ethics: In the context of "diesel gate", brands under the Stellantis group were indicted in France in 2021 "because of allegations of deception relating to the sale of Euro 5 diesel vehicles in France between 2009 and 2015". The group disputes these events. The accusation concerns the non-activation of pollution control systems in certain circumstances, which resulted in large differences in measurements between the homologation tests and the real conditions of use. In the United States, FCA and the US authorities reached an out-of-court settlement without admission of guilt for a sum of $800M in early 2019. Even though the events are old, and regardless of the outcome of the trial in France, this issue will continue to affect the image of manufacturers for consumers and ESG investors.

Stellantis: Birth of a giant

Investment data

The Peugeot family is at the origin of the PSA automotive group. Peugeot Invest participated in the capital increases in 2012 and 2014 and was actively involved in the negotiations leading to the completion of the merger with FCA in 2021.

Ownership: 76.5% of Peugeot 1810, which holds 7.2% of the capital **Value at 30/06/2021:** €3,709 M

Amount invested: Contribution of 14.4% of PSA's capital **Representative of PI:** Robert Peugeot

Vice-Chairman of the Board - Member of the Compensation Committee

Consistency with Peugeot Invest's investment strategy

Macro-trend: A new group, the world's 4th largest manufacturer, capable of facing the electrification of the automobile

Investment criteria met:

- ✓ **being an active shareholder in a global group**
- ✓ **international mobility service provider**
- ✓ **meet evolving customer needs through electrification, connectivity, autonomous driving and shared ownership.**
- ✓ **portfolio of iconic brands**
- ✓ **to become the number one in terms of quality, not size**

Figure 21: Geographical breakdown of H1 21 sales

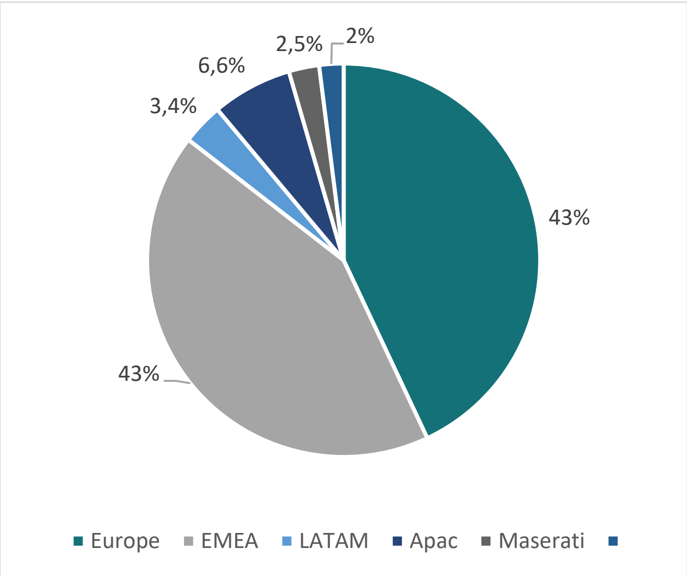
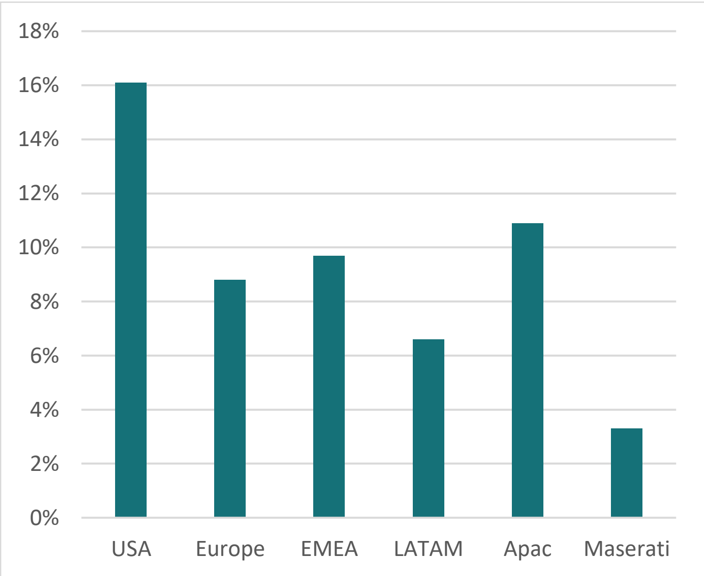


Figure 22: H1 21 EBIT margin by geography



Source 2 charts : Stellantis

Description

Global market share 9%.

Stellantis operates and markets 14 brands, including five from the PSA Group (Citroën, DS Automobiles, Opel, Peugeot and Vauxhall) and nine from FCA (Abarth, Alfa Romeo, Chrysler, Dodge, Fiat, Jeep, Lancia, Maserati and RAM). Together, these brands represent 9% of the global automotive market, with 8m vehicles sold in 2019.

Recent activities

H1 21 sales grew by 46% thanks to volume gains and the price effect of the most profitable models, and pro forma current operating income reached €8.6bn (11.4% margin). The success of pick-ups and SUVs in North America and Europe overshadowed the impact of the chip shortage. The price component contributed nearly €4bn to this result. In North America, Stellantis' margin reached 16.1% and 8.8% in extended Europe. The group warned that it does not expect the semiconductor crisis to improve this year. The shortage, which resulted in a negative pro forma FCF of €1.2bn, is expected to result in the inability to produce around 1.4m vehicles in 2021. At end of June, Stellantis had €51.4bn of available cash. The group is targeting a margin of around 10% for the year, without any further deterioration in the semiconductor shortage or a repeat of the containment scenarios in Europe and the US.

Record 11.4% EBIT margin in H1

Market outlook and expectations

The group plans to invest more than €30bn by 2025 in the development of electric vehicles and the software that accompanies them. The group will rely on five "gigafactories" in Europe and North America to provide more than 260 GWh of battery supplies by 2030. Electrification is based on two battery chemistries: a high energy density technology and a nickel and cobalt free technology by 2024. The introduction of solid-state battery technology is planned for 2026.

By 2026, the group expects to achieve double-digit recurring operating margin and annual synergies of more than €5 billion through economies of scale between brands and cost reductions from the four dedicated platforms. They will also be supported by the battery cost reduction roadmap, distribution and production cost optimization, and new revenues from connected services and future software business models. The price positioning of its electrified vehicles - 45% of sales in premium versions for the Peugeot brand - will also help support Stellantis' transition strategy. Finally, electrified vehicles - electric and hybrid - are expected to account for more than 70% of sales in Europe and more than 40% in the United States by 2030.

€30bn investment by 2025 for electrification

These elements are integrated by the consensus, which is more than 90% positive (23 analysts follow the stock). The average price target is €23.3, i.e. a potential of 38%.

Table 18: Analyst Consensus on Stellantis as of 10/22/21

TMVA of EPS 2020-23e: +53%.

€M	2020	2021e	2022e	2023e
Sales	86 676	151 633	167 320	174 906
Organic Growth%.	-19,40	NS	5,10	3,70
EBIT	3 742	14 899	16 399	17 259
Margin (%)	4,32	9,83	9,80	9,87
EPS (€)	1,13	3,51	3,78	4,01
Var. (%)	-50,13	211,22	7,62	6,15
FCF	624	3 990	7 343	7 586
Net debt	-7 848	-9 586	-12 735	-13 065
Dividend (€)	0,24	0,89	0,99	1,02

Source: Factset

Main ESG issues

- **Environment: 14% of GHG emissions are linked to transport. In addition, the emission of particles linked to the combustion of fossil fuels has many negative consequences on health, particularly in urban areas. As the world's 4th largest manufacturer, Stellantis has a major role to play in the energy transition. The scale and pace of its investments in the transformation of its model towards potentially 100% electric vehicles demonstrates an awareness of this challenge.**

- **Social: the manufacture of an electric motor requires 60% less labour than a diesel engine according to the „Observatoire de la Métallurgie". Even if, in the long run, new jobs will be created by the needs of the electric and connected car eco-system, it is likely that the time match will not be perfect and will cause strong social tensions.**

- **Governance: The shareholder agreement that allowed Stellantis to be founded is based on a subtle balance between Exor and Peugeot 1810, to which the French State contributes with the BPI, as well as Carlos Tavares, a CEO recognized worldwide in the automotive world. More than the quantitative governance criteria (which are respected), it is this balance that investors should follow closely.**

Faurecia: Electrification, mobility, hydrogen and globalization

Investment data

Entry date: 2012 **Value at 30/06/2021:** €178M

Ownership: 76.5% of Peugeot 1810, which holds 3.14% of the capital following the spin-off from Stellantis in 2021

Representative of PI: Robert Peugeot is a member of the Board of Directors and the Compensation Committee.

Consistency with Peugeot Invest's investment strategy

Macro-trend: Capturing global growth and making a mark in sustainable mobility

Investment criteria met :

- ✓ a growing company of significant size, active worldwide in the consolidation of the market
- ✓ located in Europe with strong international exposure
- ✓ strategy focused on the cockpit of the future and sustainable mobility
- ✓ to become a leader in hydrogen mobility
- ✓ ambition to achieve CO2 neutrality by 2030
- ✓ actively participate in the consolidation of the sector, with the help of the financial markets
- ✓ experienced management team in line with Peugeot Invest's vision
- ✓ balanced governance mechanisms that allow Peugeot Invest to fully play its role as a shareholder

Figure 23: Breakdown of H1 21 sales by division

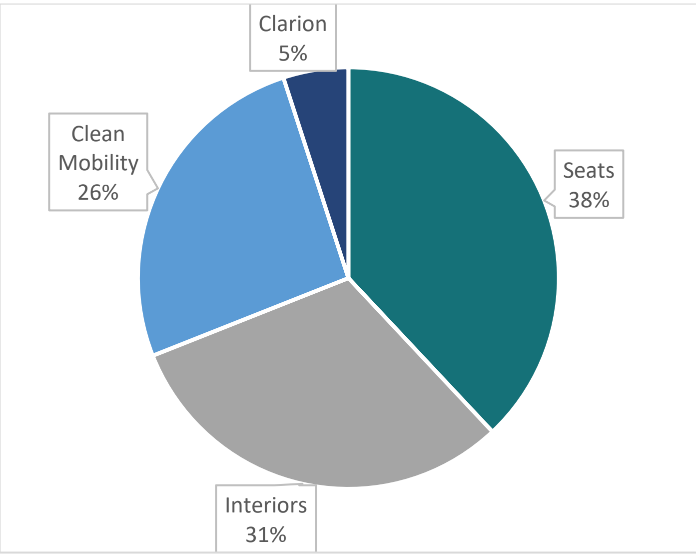
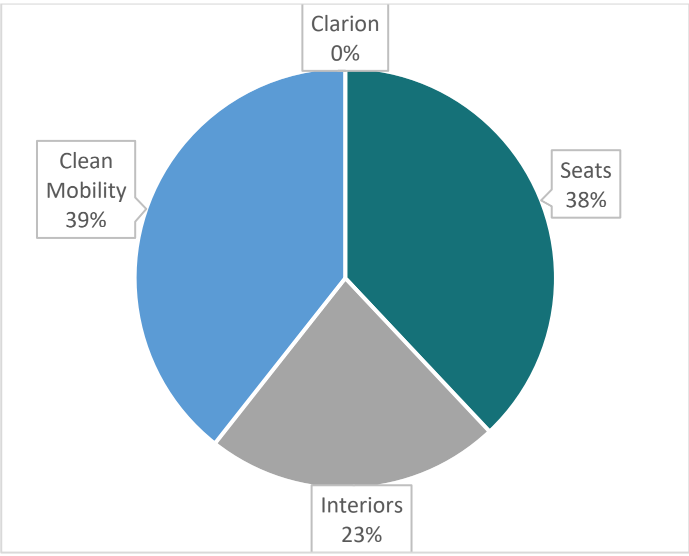


Figure 24: Breakdown of H1 21 EBITA by division



Source 2 graphics: Faurecia

Description

Strong technological ambitions

Founded in 1997, Faurecia is a leading French automotive supplier. The Group develops, manufactures and markets original equipment for automakers. The Group is organized into four units: Clean Mobility, Seating, Interiors and Clarion Electronics. As hydrogen mobility develops rapidly, Faurecia aims to become a leader in both hydrogen storage systems and fuel cells.

Recent activities

Faurecia posted a solid performance in H1-21 with an operating margin of 6.6%, despite the shortage of semiconductors and raw material inflation. Net cash flow reached € 290M. Orders for battery-electric vehicles accounted for over 20% of total orders. Orders for hydrogen powered vehicles represented €280 M confirming the target of at least €500M for the full year.

On 14 August, the Group announced a friendly takeover bid for 60% of the capital of the German automotive supplier Hella. Combined, the group will represent a turnover of €23 bn with an EBITDA margin of 14%. It will be the world's seventh largest supplier. Hella brings a critical dimension in electronics (€2.8bn turnover vs. €0.8bn turnover for Faurecia) and in the field of lighting, as well as a greater proximity to German premium car manufacturers. The Hella shareholder family will hold a 9% stake in the new company and a seat on the board. Peugeot 1810 has indicated its intention to participate in the capital increase to the extent of its shareholding (i.e. €25M).

Market outlook and expectations

Transforming takeover bid in progress

Recently, Faurecia lowered its annual financial targets due to global automotive production (source: IHS Markit) which is expected to be lower than expected due to the semiconductor shortage. The equipment manufacturer is now targeting sales of around €15.5 bn for 2021, compared with at least €16.5bn previously, and an operating margin of between 6.0% and 6.2%, compared with around 7% previously. Faurecia expects net cash flow of around €500m with a net debt/EBITDA ratio ≤ 1.5x at the end of 2021.

Positive consensus despite lowered targets

These elements are integrated by the consensus, which is nearly 90% positive (19 analysts follow the stock). The average price target is €53,9, i.e. a potential of 26%.

Table 19: Analysts' consensus on Faurecia as of 10/22/21

TMVA BPA 2021st-2023e +46%

M€	2020	2021e	2022e	2023e
Sales	14 654	15 657	18 115	20 284
Organic Growth%.	-19,60	13,90	15,20	10,00
EBIT	406	959	1 376	1 628
Margin (%)	2,77	6,12	7,60	8,02
EPS (€)	-2,29	3,17	5,29	6,79
Var. (%)	-152,51	NS	67,13	28,22
FCF	-23	505	694	859
Net debt	3 128	2 936	2 249	1 608
Dividend (€)	0,86	1,01	1,47	1,66

Source: Factset

Main ESG issues

- ✓ Environment:
  - The issue of raw materials is particularly significant for equipment manufacturers. Faurecia has been pursuing a proactive procurement policy for years. In terms of mass, 39% of its supplies are recycled materials. Downstream, the Group does not disclose any figures, but it does design its products in such a way as to make them recyclable. 59% of its production process waste is recycled.
  - GHG: target of 80% reduction by 2025 of its scope 1&2 (scope 3 would involve the use of vehicles and is therefore not taken into account).
  - Hydrogen: JV created with Michelin on fuel tanks and fuel cells.
  - Transition risk: 27% market share in exhausts, a risky business in view of the ban on internal combustion vehicles in the EU from 2035. This risk is offset by the increase in content, particularly in terms of anti-pollution standards (Euro 7).
- ✓ Social: the traditional use of subcontracting, which represents an average of 20% of the workforce, could be less and less socially acceptable.
- ✓ Governance:
  - The current takeover bid for Hella will fundamentally change the governance of the group, which in a few months has gone from being controlled by PSA to a more open capital structure, following the spin-off of Stellantis, and then to a family shareholding structure in which Peugeot 1810 will no longer be the largest shareholder, but rather the family pool of Hella with 9% of the capital and 1 director.
  - Low proportion of women in management bodies (4/10 on the Board of Directors excluding employee representatives, 1/13 on the Executive Committee)
  - Presence of anti-takeover pills (double voting rights / possibility to delete DPS).

Groupe Seb: Emerging and digital

Investment data

Entry date: 2004 & 2008 | **Value at 30/06/2021:** €339m

Ownership: 4% of the capital

Amount invested: €80M

IP representative: Bertrand Finet

Sale of 1% in 2020 for 69M€ (IRR>10% over 16 years)

Director, member of the Governance and Remuneration Committee

Consistency with Peugeot Invest's investment strategy

Macro-trend: Growth of the middle classes in emerging countries

Investment criteria met by Seb:

- ✓ international group majority owned by the founding family
- ✓ relevant product offer, either global or targeted, with products adapted to the specificities of a market or a consumer profile, anywhere in the world
- ✓ support for consumers from the point of view of food, health and the ecological footprint
- ✓ saving the planet's resources by extending the life span and reuse of products, promoting recycling, giving products several lives and experimenting with shared use (rental)
- ✓ experienced and international management team
- ✓ balanced governance mechanisms that allow Peugeot Invest to fully play its role as a shareholder.

Figure 25: Breakdown of 2020 turnover by activity

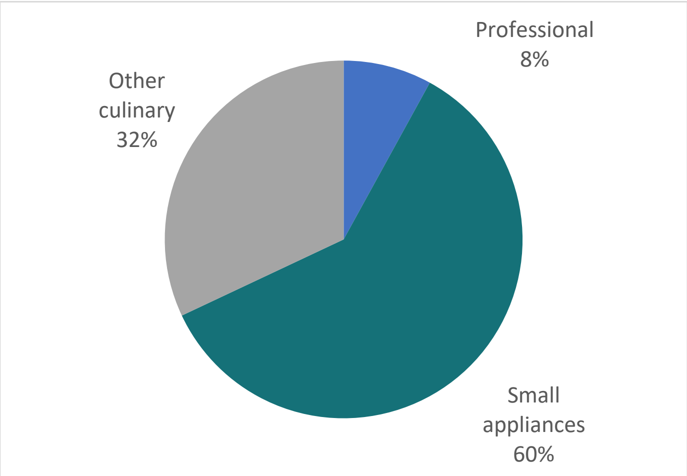
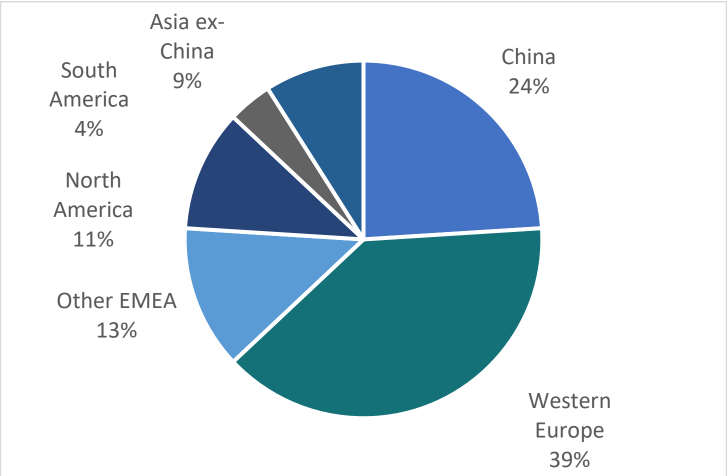


Figure 26: Breakdown of 2020 turnover by geography



Source 2 graphics: Groupe Seb

Description

Expert in anticipating FMCG trends

With 45% of its sales in China and 35% on the Internet, Seb has successfully negotiated the major consumer trends of recent decades. After consolidating its various markets through acquisitions, the group is present in all segments.

Recent activities

Strong rebound in activity in 2021

The Group had a good first half, exceeding pre-pandemic levels with like-for-like growth of 26.3% (Consumer +29.6%, Professional -1.7%), despite unprecedented exogenous tensions in the supply chain (materials and components, delays and additional freight costs). Consumer business grew 20.6% in Q2 and the Professional business recovered at +34.2% on a like-for-like basis, marked by a better Professional Coffee business. This performance was driven by the very good demand for small domestic equipment and the continued strong momentum of e-commerce. The Consumer business grew faster than the market, driven by all geographies and categories (Americas +57% in Q2, EMEA +35% and Asia +15%). However, China (25% of Group sales) slowed down in Q2, marked by softer consumer spending and the ongoing transformation of retail to e-commerce dominated by a downward trend in average prices. Overall, operating profit for H1 reached € 320M (x 3.1 vs. H1-20), i.e. a margin of 8.9% and net profit € 151M vs. € 3M in H1-20.

Market outlook and expectations

The outlook for H2 is affected by the inflation in raw materials since mid-2020 and the shortage of electronic components, which has been aggravated since May (prices x 20 to x 50). In addition, since autumn 2020, there have been tensions in transport and a sharp increase in freight rates for all products, particularly from Asia. Against this backdrop, Seb has revised upwards the costs of components, raw materials and freight, which together will impact operating income by €250M vs. the €140M estimated at the end of April. The Group will implement price increases in H2 (notably in Q4) to mitigate this impact. Caution remains the order of the day for H2, given the limited visibility for the Consumer business and uncertainties about the pace of recovery in Professional Coffee. Against this backdrop, and given the good Q2 performance, Seb said its 2021 sales should grow by more than 10%, but the group maintained its operating margin assumption of close to 10%.

Broadly positive consensus

These elements are integrated by the consensus, which is more than 92% positive (12 analysts follow the stock). The average price target is €172, i.e. a potential increase of 40%.

TMVA of EPS 2020-23e: +21%.

Table 20: Analysts' consensus on Seb as of 10/22/21

M€	2020	2021e	2022e	2023e
Sales	6 940	7 763	8 130	8 525
Organic Growth%.	-3,80	12,00	4,87	4,83
EBIT	571	730	776	825
Margin (%)	8,22	9,40	9,54	9,68
EPS (€)	5,42	8,18	8,94	9,69
Var. (%)	-21,4	50,9	9,3	8,4
FCF	688	305	533	578
Net debt	1 633	1 490	1 161	763
Dividend (€)	1,84	2,30	2,50	2,68

Source: Factset

Main ESG issues

- **Environment: emphasis on reparability, upstream and downstream recycling, eco-design of products**
    - GHG reduction targets (base year 2016) neutrality 2050
    - Scope 1&2: -40% in 2023 -60% in 2030
    - Scope 3: -15% in 2023 -40% in 2030
- **Social: parity in progress**
    - Significant increase in the proportion of women in management +5.3pts in 10 years to 38.3
    - Only 3 women out of 15 members on the Comex (9/17 on the Board)
- **Governance: controversy within the family shareholding**
    - 5 independent members out of 17 on the Board of Directors (< the recommendation of the Afep Medef code)
    - Termination, at a dedicated AGM, of the Federactive representative (9.3% of the capital) in August 2021: outcome of a long divergence concerning in particular the remuneration criteria of the chairman.

Lisi: Development and sophistication of global transport

Investment data

Entry date: 1996 (via 25% in CID) and 2002 (directly)

Value at 30/06/2021: €285M

Ownership: 19% of the capital (directly and indirectly**)**

Representative of PI: Christian Peugeot, Thierry Peugeot and Xavier Peugeot are directors of CID. Peugeot Invest Assets, represented by Christian Peugeot, is a director of LISI and a member of the Strategic Committee. CID, represented by Thierry Peugeot, is a director of LISI and a member of the Remuneration Committee and the Appointments Committee. Marie-Hélène Peugeot-Roncoroni is a director of LISI and Chairwoman of the Appointments Committee.

Consistency with Peugeot Invest's investment strategy

Macro-trend: Development and sophistication of global transport

Investment criteria met:

- ✓ family shareholding, which allows us to pursue a long-term strategy
- ✓ number 3 worldwide in the field of aeronautical fasteners and systems
- ✓ located mainly in Europe (54%), the United States (20%) and Asia (10%)
- ✓ management team in line with Peugeot Invest's vision
- ✓ balanced governance mechanisms that allow Peugeot Invest to fully play its role as a shareholder
- ✓ ESG/CSR commitments

Figure 27: Breakdown of H1 21 sales by division

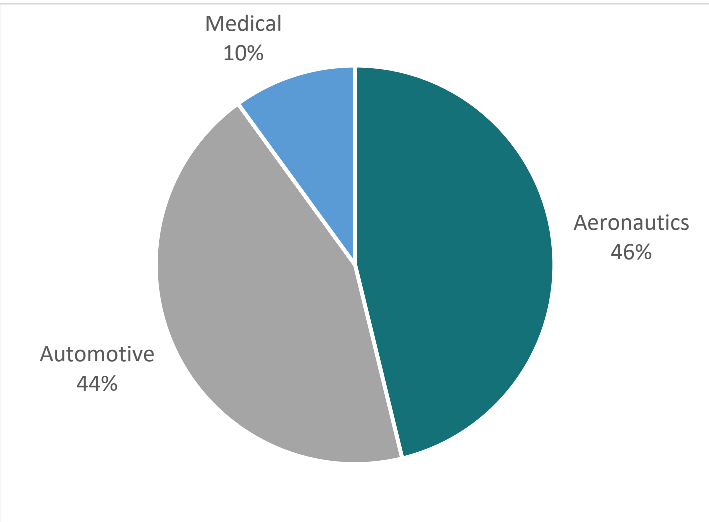
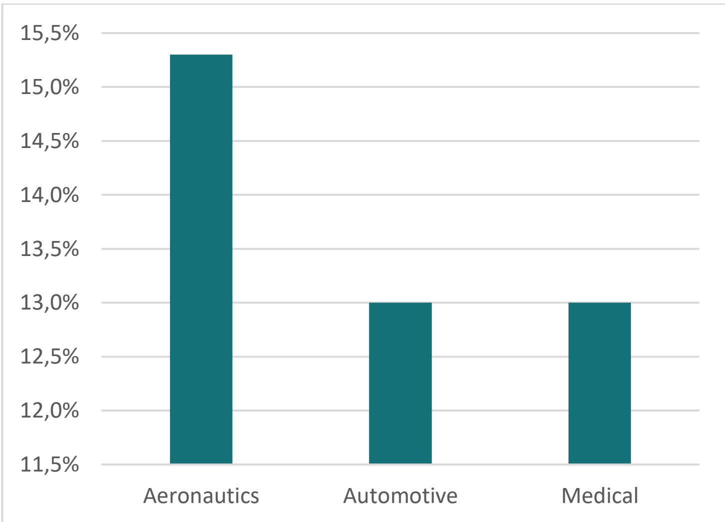


Figure 28: H1 21 EBITDA margin by division



Source 2 graphics: Lisi

Description

Key technology leader for the aviation of the future

The LISI Group is one of the world leaders in fasteners and assembly components for the aerospace (number 3 worldwide) and automotive industries, and since 2007, a player in the field of medical prostheses.

Recent activities

In H1-2021, the Group continued the adaptation efforts initiated in early 2020 and posted improved results. The 3 divisions benefited from numerous commercial successes. In aerospace: start of deliveries of fasteners for Lookheed Martin's F35 program, renewal and extension of all major contracts with OEM's until at least 2025. In the automotive sector: the group recorded annualized sales ahead of the €60M expected for the 2021 financial year, including a large proportion for electric vehicles. In medical: new references for hip implants with DePuy Synthes and a new standard for hip prostheses with Stryker. EBITDA stabilized at €84M, EBIT reached €40.7M vs. €22.5M in H1-2020 and NI €29.7M. Cash flow remained stable at €69.1M over the period.

Recovery from the COVID shock

Market outlook and expectations

Cautiously optimistic guidance

The upturn in order books in some aeronautical businesses and the strong business activity in the automotive and medical divisions are encouraging signs. In aeronautics, customers seem to be taking precautionary measures to anticipate the increase in production rates. In the automotive sector, visibility is low (shortage of electronic components), but the Group remains vigilant about the ramp-up of new products for electric vehicles. Finally, in the medical sector, market trends are positive and visibility is improving. Lisi has therefore recently confirmed its objectives of achieving in 2021 a current operating result at least equal to that of 2020, a positive net result and a good level of FCF.

Slightly positive consensus

These elements are integrated by the consensus. 4 of the 6 analysts who follow the stock have a positive opinion (2 are neutral). The average price target is €31, i.e. a potential increase of 23%.

TMVA of EPS 2021z-22e: +53%.

Table 21: Analysts' consensus on Lisi as of 10/22/21

M€	2020	2021e	2022e	2023e
Sales	1 230	1 189	1 355	1 526
Organic Growth%.	-26,10	2,85	16,30	14,20
EBIT	40	68	109	147
Margin (%)	3,29	5,68	8,01	9,64
EPS (€)	-0,70	0,80	1,35	1,88
Var. (%)	-143,64	NS	68,16	38,91
FCF	103	48	61	79
Net debt	189	173	128	71
Dividend (€)	0,08	0,24	0,35	0,48

Source: Factset

Main ESG issues

Lisi obtained a Gaïa rating of 77/100 and an indication of outperformance in the 4 areas analysed (E, S, G and External stakeholders)

- ✓ Environment:
  - 2030 target of 30% reduction in GHGs (scope 1&2)
  - to position itself on the aircraft of the future (hydrogen propulsion, weight reduction of fasteners, less polluting coatings compatible with the Reach directive)
- ✓ Social: 2 of the axes of its CSR strategy concern social issues
  - health and safety at work with KPIs including employees and temporary workers
  - retaining talent and enhancing attractiveness
  - low number of women in the Comex (1/8)
- ✓ Governance: compliance with the AFEP-MEDEF code, except for the independence of directors (only 3/16; this figure rises to 5/16 if the criterion of seniority on the board is excluded). Executive compensation disclosed but without publication of the financial and non-financial KPIs taken into account. Variable portion on short-term objectives represents 4x that of strategic objectives.

Orpéa: Leader in the grey gold

Investment data

Entry date: 2011

Value at 30/06/2021: €350m

Ownership: 5% of the capital

Amount invested: €115M

(partial sale of 0.9% for €63.8M in 2018)

IP representative: Thierry Mabille de Poncheville

Director, member of the Audit and CSR Committee, Chairman of the Nominations and Remuneration Committee

Consistency with Peugeot Invest's investment strategy

Macro-trend: Aging population and increasing dependency

Investment criteria met :

- ✓ **demographic context marked by an acceleration in the ageing of the population**
- ✓ **specialisation and increased medicalisation of the offer in a structurally growing market**
- ✓ **creation of quality infrastructure through a strategy based on selective acquisitions and start-ups in major cities**
- ✓ **continued internationalization**
- ✓ **a real estate strategy: quality of the buildings, built and/or maintained by the group; quality of the locations in connection with hospitals and medical facilities; and real estate ownership for a significant part of the stock.**
- ✓ **balanced governance mechanisms that allow Peugeot Invest to fully play its role as a shareholder**

Figure 29: Geographical breakdown of H1 21 sales

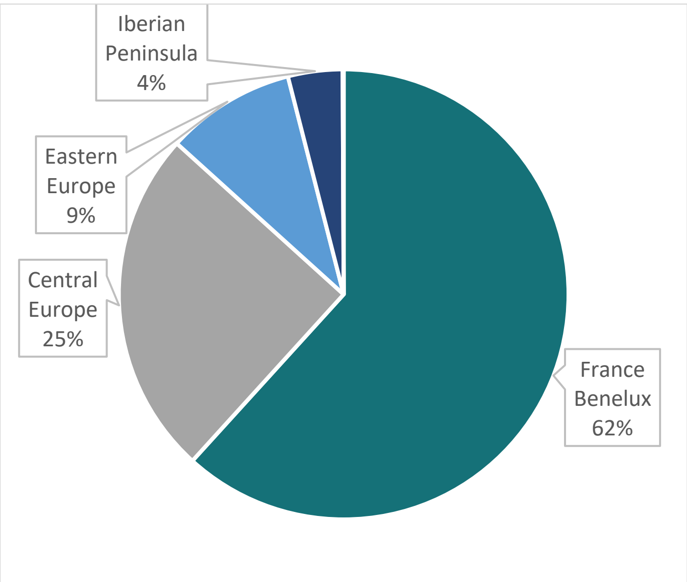
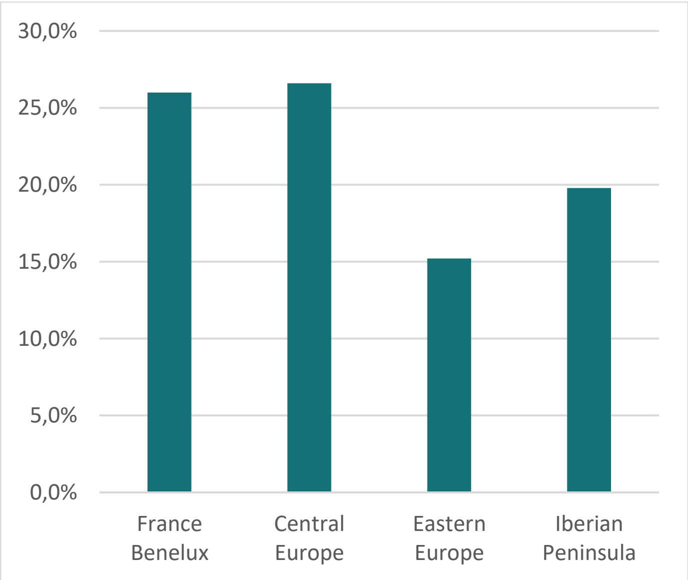


Figure 30: EBITDAR margins by geography H1 21



Source 2 graphics : Orpea

Description

Large growth pool

European leader in comprehensive dependency care through nursing homes, post-acute and rehabilitation clinics and psychiatric clinics, as well as homecare activities. 1156 facilities in 23 countries, representing 116,514 beds and a growth pipeline of 26,359 beds under construction.

Recent activities

In H1, sales reached € 2,069M, up 8.6% with organic growth of 5.2%, thanks to a general recovery in occupancy rates and a commercial policy of maintaining prices. EBITDAR rose 13.6%, giving a margin of 24.9%, thanks to strong growth in Central Europe. The Iberian Peninsula-Latam region stood out with a clear increase in profitability (EBITDAR margin of 19.8%, or +970 bp), despite a lower level of activity. Total EBITDA increased by +13.8% (24.1% of sales) +100 bp compared to H1 2020. Net profit attributable to equity holders of the parent rose by 40.3%. Covenants remain below limits with leverage adjusted for real estate at 3.8 (5.5 allowed).

Market outlook and expectations

Rapid recovery post COVID

The group has confirmed its annual sales growth target of over +7.5%, or at least €4,215m, as well as a further increase in EBITDAR margin in H2 2021. At the end of June, the real estate portfolio stood at € 7,432M (up € 463M over the period), of which 47% was owned by the group. At the beginning of July, Orpéa issued a €395M Schuldschein to take advantage of favourable market conditions on 5, 6 and 7 year maturities. The proceeds of this issue will be used 60% to finance development and 40% to manage the financial structure, with the refinancing of maturities up to 2022.

Positive consensus

These elements are integrated by the consensus. 7 of the 11 analysts who follow the stock have a positive opinion (4 are neutral). The average price target is €125, which represents a potential of 39%.

TMVA of EPS 2020-2023e: +29%.

Table 22: Analysts' consensus on Orpea as at 10/22/21

M€	2020	2021e	2022e	2023e
Sales	3 922	4 246	4 608	4 928
Organic Growth%.	0,50	5,00	5,95	5,30
EBIT	427	522	607	662
Margin (%)	10,88	12,28	13,18	13,44
EPS (€)	2,37	3,61	4,52	5,09
Var. (%)	-36,50	51,91	25,26	12,65
FCF	163	159	282	361
Net debt	8 521	9 780	9 198	9 154
Dividend (€)	0,88	1,26	1,48	1,63

Source: Factset

Main ESG issues: in a sector marked by a strong reputational risk, the group has adopted a CSR roadmap for 2023 comprising 16 objectives based on the 5 stakeholders. By nature, the main challenges concern the social component of the business.

- ✓ **Environment: 2 objectives including HQE certification for all new buildings and a 5% reduction in energy consumption**
- ✓ **Social:**
  - **4 objectives concern residents, patients and their relatives. For example: 100% of the establishments certified by an external organization, one trained ethics referent per establishment...**
  - **5 objectives for employees: 15% reduction in work-related accidents, 50% internal promotion, 50% women in Orpéa's top management, etc.**
  - **2 objectives on partners: including 100% of regional, national and international suppliers who have signed the responsible purchasing charter...**
- ✓ **Governance:**
  - **High rate of independence of the Board (9/12)**
  - **Executive compensation: 1/3 fixed, 2/3 variable of which 50% LT (70% KPI quanti 30% quali). Of the 30% quali, 50% is linked to ESG dashboard monitoring, i.e. €114K, which in the end represents 24.5% of the variable compensation for 2020.**

Spie: Aligned with environmental mega-trends

Investment data

Entry date: 2017

Value at 30/06/2021: €165M

Ownership: 5.3% of the capital

Amount invested: €201M

IP representative: Bertrand Finet

Director, member of the Nomination/Compensation and Audit Committees

Consistency with Peugeot Invest's investment strategy

Macro-trend: energy efficiency, ecomobility and transition to renewable energy

Investment criteria met:

- ✓ focused on energy efficiency, ecomobility and the transition to renewable energy.
- ✓ positioned to benefit from future stimulus investments in energy efficiency, renewable energy, ecomobility and connectivity
- ✓ commitment to reduce direct carbon footprint by 25% by 2025
- ✓ located in Europe, Spie is a major player in the consolidation of the sector
- ✓ well positioned to support the energy transition and digital transformation.
- ✓ experienced management team with a long track record
- ✓ balanced governance mechanisms that allow Peugeot Invest to fully play its role as a shareholder

Figure 31: Geographical breakdown of H1 21 sales

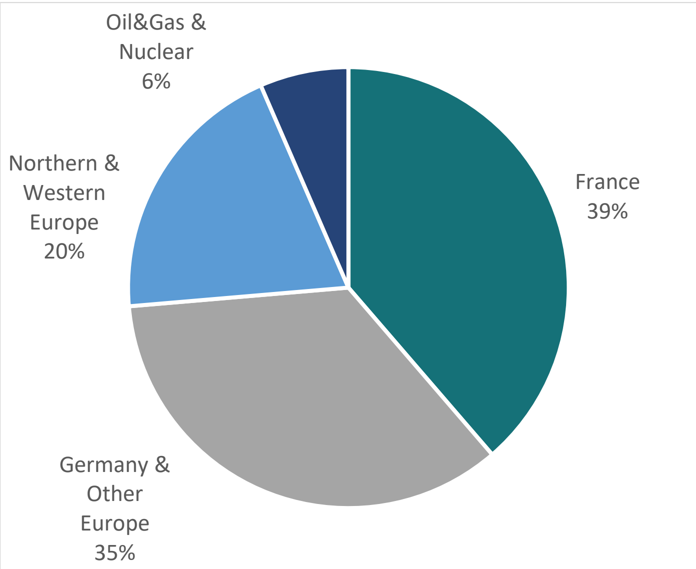
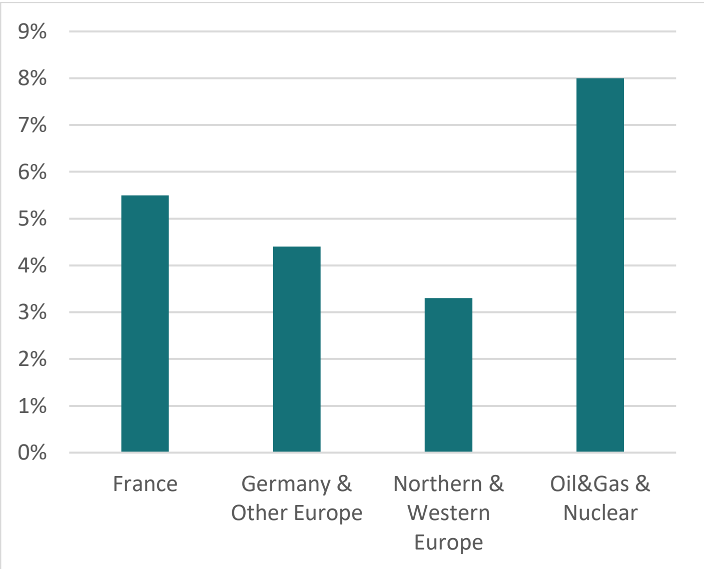


Figure 32: H1 21 EBIT Margin by geography



Source 2 graphics : Spie

Description

A key player in the ecological transition of industry

Spie is the independent European leader in multi-technical services in the fields of energy and communications. The group assists its customers in the design, construction, operation and maintenance of energy-efficient and environmentally friendly facilities.

Recent activities

The Group recorded revenue growth of +9.1% and +9.7% on an organic basis (of which +19.1% in Q2) and EBITA of €159.7M, +71.2%, giving a margin of 4.8%. Bolt-on acquisitions (6 since the beginning of the year, for annualised sales of €192M) have been focused on Germany and Central Europe, and on IT and communication services. Continued efforts to control working capital reduced leverage at the end of June to 3.0x from 3.6x at the end of June 2020.

Market outlook and expectations

Strong recovery of the activity

For the full year, the group expects a strong rebound in production and EBITA margin (6%e), both expected at 2019 levels; and a reduction in financial leverage (expected at 2.0x). The payout ratio will remain around 40% of adjusted net profit LBO. Spie should benefit from positive trends related to energy efficiency, electrification, low-carbon energy, ecomobility and digital transformation. These should drive organic growth in the coming years and operating margin (towards 6.5%e). The share of production aligned with the European taxonomy should therefore increase to around 50% in 2025, vs. 41% in 2020.

All 10 analysts who follow the stock have a positive opinion. The average price target is €26, representing a potential upside of 23%.

TMVA of EPS 2020-23e: +16%.

Table 23: Analysts' consensus on Spie as at 10/22/21

M€	2020	2021e	2022e	2023e
Sales	6 655	7 101	7 439	7 674
Organic Growth%.	-5,03	5,30	3,20	3,10
EBIT	274	405	443	476
Margin (%)	4,12	5,71	5,95	6,20
EPS (€)	1,10	1,38	1,60	1,72
Var. (%)	-24,1	25,8	15,7	7,2
FCF	368	222	369	386
Net debt	1 161	1 274	1 106	925
Dividend (€)	0,44	0,59	0,68	0,73

Source: Factset

Main ESG issues

- ✓ Environment:
  - 35% of turnover "green" in terms of taxonomy by substantially mitigating climate change. Accounting for avoided GHGs to its customers
  - Spie is not concerned by scope 1&2, but can act on its clients' scope 3: building renovation, construction of low-emission buildings, reinforcement of electrical networks necessary for decarbonization, electrical substations, recharging infrastructures, etc.
- ✓ Social :
  - Good control of the real risks in services to the energy sector. However, there is no communication on the results of subcontracting, even though this represents 1/4 of the purchasing item. Supplier and subcontractor charter to ensure convergence in risk management.
  - Low proportion of women: only 13% of the total payroll: diversity is identified as a performance issue, in particular to broaden the talent pool.
- ✓ Governance :
  - Independence ok / no separation Chairman – CEO role / only 2 women out of 16 members on the comex
  - Double voting rights / cancellation of preferential subscription rights in the event of a takeover bid, shareholders' agreement
  - CSR in variable pay but only at short term (ST); imbalance in favour of ST
  - Existence of a CSR department and a dedicated independent director on the Board of Directors

Tikehau Capital : Investors in strong growth

Investment data

Entry date: 2016 **Value at 30/06/2021:** €83M (for the listed part)

Ownership: 2.3% of the capital directly (+6.3% of the holding company Tikehau Capital Advisors)

Amount invested: €124M in full **IP representative:** Robert Peugeot

Director, Chair of the TC Advisors Governance Committee

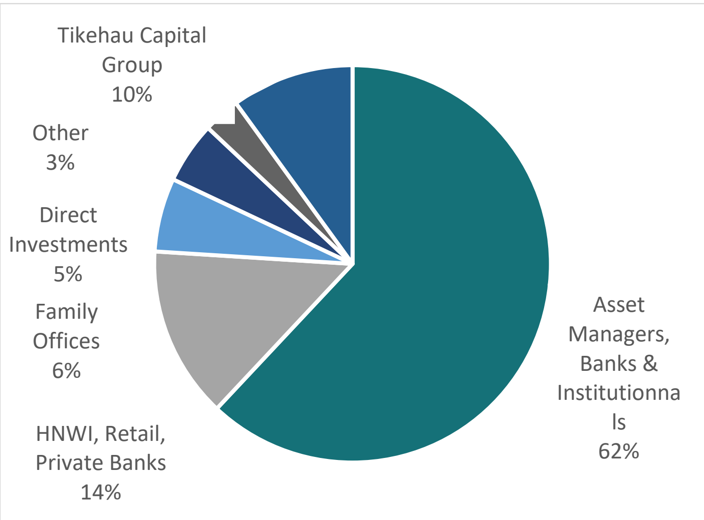
Consistency with Peugeot Invest's investment strategy

Diversification of risk by benefiting from recognised expertise in alternative assets

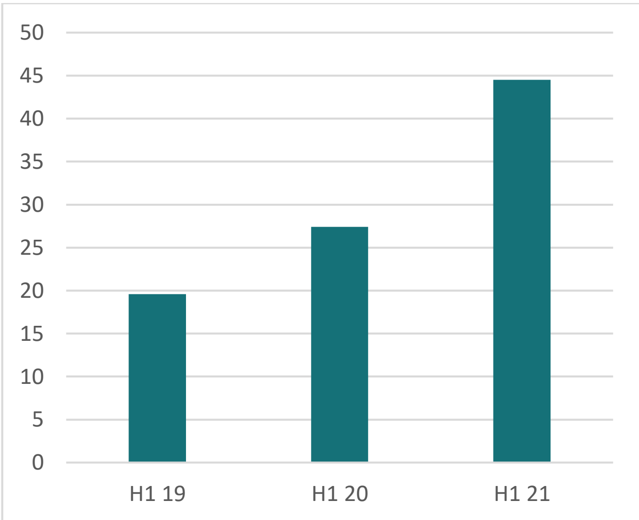
Investment criteria met:

- ✓ **Focused approach on four alternative investment classes: Private Debt / Real Assets / Private Equity / Capital Markets Strategies.**
- ✓ **located in Europe with strong international exposure**
- ✓ **experienced management team in line with Peugeot Invest's vision**
- ✓ **balanced governance mechanisms that allow Peugeot Invest to fully play its role as a shareholder**

Figure 33: Distribution of investors by category in H1 21



Graph 34: Evolution of the FRE by semester (M€)



Source 2 charts : Tikehau Capital

Description

Alternative assets

Founded in 2004 by Antoine Flamarion and Mathieu Chabran, Tikehau Capital is an alternative asset management and investment group active in: private debt, real assets (real estate and infrastructure), private equity and capital market strategies. The group employs over 600 people in 12 offices.

Recent activities

The 20% growth in assets under management over the last 12 months has enabled the group to reach €30.9bn at the end of June 2021, driven by a 23% increase in assets under management. The group is rapidly expanding its range of impact funds. Management fees were up 39% year-on-year to €121.1M with an average fee rate of 1.04% at end-June (vs. 0.94% at end-June 2020). Fee-Related Earnings (FRE) were up 62% year-on-year to €44.5M, bringing the FRE margin to 36.7% (+5.2 points vs. H1 2020). In total, the Group posted net profit of €176.1M. The balance sheet remains solid with equity of €2.9bn, and a consolidated cash position of €964M.

Ability to seize opportunities

Market outlook and expectations

At the end of June, Tikehau Capital had €6.4 billion in dry powder funds available for investment opportunities. The annual outlook remains favourable. Tikehau Capital plans to launch new initiatives, particularly in the area of sustainable and impact strategies. The group is on track to exceed €35bn in assets under management and €100m in Fee-Related Earnings by 2022, in line with its organic targets. In addition, echoing the sentiment expressed by existing and potential shareholders, the group plans to increase its free float (17.5%) and improve the liquidity of its stock in order to improve its market profile.

Five of the seven analysts who follow the stock have a positive opinion. The average price target is €30,6, i.e. a potential upside of 17,6%.

Table 24: Analysts' consensus on Tikehau as at 10/22/21

M€	2020	2021e	2022e	2023e
Sales	294	581	573	646
Organic Growth%.	NS	NS	6,20	8,10
EBIT	-211	346	356	413
Margin (%)	-71,61	59,61	62,00	63,87
EPS (€)	-1,51	1,58	1,40	1,67
Var. (%)	-211,6	-204,4	-11,4	19,7
FCF	-244	144	275	323
Net debt	153	148	32	-101
Dividend (€)	0,39	0,54	0,58	0,73

Source: Factset

Key ESG issues

- ✓ Tikehau has recognized expertise in financing the real economy:
  - 1.9bn was invested by closed-end funds (vs. €0.8bn in H1 2020).
  - The group has completed the raising of its private equity strategy focused on the energy transition with more than €1bn raised.
  - In private debt, the group is in the process of raising funds for its impact lending strategy, which aims to offer more favourable financing conditions to companies that meet their environmental objectives.
  - For capital markets strategies, July was marked by the launch of Tikehau Impact Credit, adopting an impact approach in the high yield bond universe.
- ✓ These strategies are classified as Article 9 under the European Sustainable Finance Disclosure Regulation (SFDR), a set of rules set by the EU aimed at making the sustainability profile of funds more comparable and better understood by investors.

Income statement at 31/12 (M€)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Income from financial assets	30	55	99	53	89	159	172	230	154	186	227
Income from investment properties	2	1	2	1	1	1	3	1	2	2	5
Revenue from other activities	3	3	3	4	3	3	3	4	4	3	3
Revenue	**35**	**60**	**104**	**57**	**93**	**164**	**178**	**235**	**160**	**190**	**235**
General administration costs	-8	-11	-10	-12	-15	-17	-18	-21	-23	-32	-37
Impairment of available-for-sale assets	-9	-7	-11	-1	-2	-5	-1	-4			
Cost of financial debt	-33	-11	-13	-14	-14	-12	-10	-13	-15	-20	-28
Income of consolidated companies before tax	-15	31	70	30	61	130	150	197	122	138	170
Share of net income of associates	267	151	-971	-1 096	236	32	18	21	6	9	-14
Consolidated profit before tax	**251**	**182**	**-901**	**-1 066**	**298**	**161**	**168**	**218**	**128**	**147**	**155**
Income taxes (including deferred taxes)	7	-1	0	0	10	-3	-18	4	-13	-16	11
Consolidated net income	**258**	**181**	**-901**	**-1 066**	**307**	**159**	**150**	**222**	**115**	**131**	**166**
Of which minority interests	0	0	0	0	1	1	0	0	0	0	-32
Of which group share	**258**	**181**	**-900**	**-1 066**	**308**	**159**	**150**	**222**	**115**	**131**	**134**
Per share											
published	10,3	7,2	-35,8	-42,4	12,2	6,3	6,0	8,9	4,6	5,3	5,4
diluted	10,3	7,2	35,8	-42,4	12,2	6,4	6,0	9,0	4,6	5,3	5,4
Average number of shares											
published	25,16	25,16	25,16	25,16	25,16	25,16	25,07	25,07	24,92	24,92	24,92
diluted	25,16	25,16	25,16	25,16	25,16	25,16	25,07	25,07	24,92	24,92	24,92

Source : Peugeot Invest

Other comprehensive income at 31/12 (M€)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Consolidated net income	258	181	-901	-1 066	307	159	150	222	115	131	166
Effects of equity affiliates on net comprehensive income	68	0	-399	-120	1	9	-3	-6	7	17	11
Net revaluations of financial assets	255	-15	147	198	84	580	26	323	-264	372	203
Capital gains on disposals of equity investments									232	137	94
Net revaluation of derivative instruments	4	-3	-6	-17	23	3	-2	3	-1	-3	0
Foreign exchange differences								-14	12	10	-49
Other direct revaluations net of equity	2				-2	-7	11	-16	11	7	-3
Total other comprehensive income	328	-17	-258	62	106	585	32	292	-4	540	255
CONSOLIDATED COMPREHENSIVE INCOME	**586**	**164**	**-1 159**	**-1 004**	**413**	**743**	**182**	**513**	**111**	**671**	**422**
Of which Group share	586	164	-1 159	-1 004	413	744	182	513	111	671	112
Of which minority interests	0	0	0	0	-1	-1	0	0	0	0	310

Source : Peugeot Invest

Cash flow at 31/12 (M€)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Consolidated net income	258	181	-901	-1 066	307	159	150	222	115	131	166
Net depreciation and provisions	9	7	13	1	2	5	1	5	2	1	1
Profit or loss on disposal of non-current assets	-10	-13	-72	-30	-63	-48	-135	-153	2	-7	-61
Unrealized gains and losses related to changes in fair value	-1	0	1	3	4	-80	-2	0	-73	-63	-148
Share of profit of associates, net of dividends received	-262	-90	975	1 099	-232	-28	-14	-16	-1	-4	16
Cost of net financial debt	33	11	13	14	14	12	10	13	15	20	29
Tax expense (current and deferred)	-7	1	0	0	-10	3	18	-4	13	16	-11
Cash flow from operations before cost of net financial debt and tax	21	98	29	21	22	23	28	66	72	94	-8
Taxes Payable	0	-5	0	-1	0	-6	-3	0	-7	-7	-1
Change in working capital requirements related to operations	-6	4	-10	6	-2	8	-7	-2	14	1	-14
Related net cash flows from operating activities	**15**	**97**	**18**	**26**	**21**	**25**	**18**	**64**	**79**	**88**	**-22**
Acquisitions of tangible and intangible assets	0	0	0	0	0	-1	0	-2	-1	0	0
Proceeds from disposal of property, plant and equipment and intangible assets	0	0		0	0	0	0	0	0	0	0
Acquisitions, disposals of own shares	0	0	0	0	-3	-1	0	-29	-1	0	0
Acquisitions of financial assets	-38	-176	-120	-15	-197	-148	-169	-439	-382	-453	-473
Proceeds from the disposal of financial assets	139	76	166	48	196	47	84	346	249	235	273
Change in other non-current assets	7	0	-7	0	-3	33	-3	-8	7	0	-11
Net cash used in investing activities	**108**	**-101**	**39**	**32**	**-7**	**-70**	**-88**	**-132**	**-128**	**-218**	**-212**
Dividends paid during the year	-18	-38	-28	0	0	-50	-40	-45	-49	-53	-53
Cash receipts from new borrowings		53	51	14	7	1	112	243	107	301	373
Loan repayments	-80		-48	-54	0	-52	-1	-110	0	-79	0
Change in other non-current financial liabilities	4	-1	-19	-4	-1	163	-1	5	0	0	0
Net financial interest paid	-33	-11	-13	-14	-14	-12	-10	-13	-15	-19	-28
Net cash flows from financing activities	**-126**	**2**	**-57**	**-59**	**-8**	**50**	**60**	**79**	**42**	**149**	**291**
Change in net cash position	-4	-2	1	-1	7	5	-10	11	-6	19	57
Cash and cash equivalents at the beginning of the year	9	6	4	5	4	11	16	6	17	11	31
Cash and cash equivalents at the end of the period	6	4	5	4	11	16	6	17	11	31	88

Source : Peugeot Invest

Balance sheet at 31/12 (M€)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Concessions, patents, similar values	0	0	0	0	0	0	0	0	0	0	0
Intangible assets	0	0	0	0	0	0	0	0	0	0	0
Investment properties	17	17	17	16	16	16	18	18	19	19	22
Land	13	13	13	13	13	13	13	13	13	13	13
Buildings	1	1	1	0	0	0	0	0	2	2	1
Plantations	1	1	1	1	1	1	1	1	1	1	1
Other capital assets	0	0	0	0	1	1	1	2	1	1	1
Rental rights of use										4	3
Property, plant and equipment	33	32	32	32	31	32	34	35	36	41	43
Investments in associates (equity method)	3 237	3 350	2 033	815	206	286	222	248	258	287	274
Non-consolidated holdings	762	896	1 002	1 200	2 035	2 686	2 967	3 341	3 172	3 792	4 738
Long-term portfolio securities (LTPS)	169	151	151	164	259	363	485	745	1 133	1 515	1 607
Other non-current financial assets	53	0	10	16	114	206	4	12	6	6	25
Non-current financial assets	4 221	4 397	3 195	2 195	2 616	3 540	3 678	4 347	4 568	5 600	6 644
Deferred taxes - Assets	14	9	12	22	16	21	3	5	3	4	29
Non-current assets	4 267	4 439	3 239	2 248	2 663	3 593	3 715	4 386	4 607	5 644	6 716
Stocks	10	10	9	10	10	11	10	10	7	8	9
Current taxes	0		4	0	1	0	2	4	0		7
Other receivables	1	1	2	1	1	1	2	7	2	3	5
Cash and cash equivalents	6	4	5	4	11	16	6	17	11	31	88
Current assets	16	16	20	15	23	29	20	38	21	41	108
Total Assets	**4 283**	**4 455**	**3 259**	**2 264**	**2 686**	**3 622**	**3 736**	**4 424**	**4 628**	**5 685**	**6 825**
Capital contributed	25	25	25	25	25	25	25	25	25	25	25
Capital Premiums	158	158	158	158	158	158	158	158	158	158	158
Reserves	3 447	3 651	3 546	2 708	1 744	2 586	2 737	3 104	3 271	3 874	4 011
INCOME FOR THE YEAR (Group share)	258	181	-900	-1 066	308	159	150	222	115	131	134
Total capital and reserves (Group share)	3 889	4 016	2 829	1 825	2 236	2 928	3 070	3 509	3 570	4 189	4 328
Minority interests	1	1	1	0	0	-1	-1	0	0	-1	619
TOTAL EQUITY	**3 890**	**4 017**	**2 830**	**1 826**	**2 236**	**2 928**	**3 069**	**3 509**	**3 569**	**4 188**	**4 947**
Non-current financial liabilities	342	389	376	372	376	593	587	817	935	1 340	1 713
Deferred taxes - Liabilities	44	37	40	52	56	85	68	83	98	134	125
Provisions	0	0	0	0	0	0	1	1	1	1	1
Other non-current liabilities	1	0	0	0	1	0	1	0	0	0	0
TOTAL NON-CURRENT LIABILITIES	387	427	417	424	432	679	656	901	1 034	1 474	1 838
Current financial liabilities	5	3	10	10	15	5	5	7	12	9	10
Current taxes		4		0	0	5	0	0	7	2	13
Other liabilities	2	4	3	4	3	6	5	8	6	11	17
TOTAL CURRENT LIABILITIES	6	12	12	14	18	15	10	14	25	23	39
Total liabilities	**4 283**	**4 455**	**3 259**	**2 264**	**2 686**	**3 622**	**3 736**	**4 424**	**4 628**	**5 685**	**6 825**

Source : Peugeot Invest

Risk of conflict of interest

Nature	
Consulting contract of any kind	No
Research contract	Yes
Equity investment by Theia Research or the author of the study	No
Proofreading by the company	Yes
Other	No

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