

## **Peugeot begins stock sale after stakes purchased**

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**By Mathieu Rosemain, Bloomberg**

PSA Peugeot Citroen, Europe's second-biggest carmaker, said it's offering stock to investors at 6.77 euros a share after selling stakes to Chinese partner Dongfeng Motor Corp and the French state.

Buyers have already committed to purchasing 36 percent of the stock available in the 1.95 billion-euro (RM8.7 billion) rights offer, part of a 3 billion-euro capital increase, Paris-based Peugeot said today in a statement. Dongfeng and France separately bought about 1.05 billion euros of new stock and will acquire more in the public sale, with a target of reaching a 14% stake each.

Peugeot is teaming up with Chinese carmaker Dongfeng to expand outside Europe, where demand is recovering from a two-decade low. Chief executive officer Carlos Tavares, who took over a month ago, is also working to reduce costs and streamline product offerings to focus on more profitable models.

The reorganization brings to an end the Peugeot founding family's control of the 118-year-old carmaker, with the relatives' holding falling to 14% from 25.5%. Peugeot, which cut production and jobs to stem losses as Europe's auto market declined for six straight years.

Tightening relations with Wuhan-based Dongfeng is part of Peugeot's strategy to expand in China, the world's largest auto market. Dongfeng, set up in 1969, already operates three factories in the country with the French partner.

Peugeot reported a 177 million-euro operating loss in 2013, its second unprofitable year in a row. Cash consumption was cut 86% to 426 million euros, and the company said in February that it's planning on positive operational free cash flow by 2016 at the latest.

Source: <http://www.kinibiz.com/story/world-biz/83709/peugeot-begins-stock-sale-after-stakes-purchased.html>