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**PSA Peugeot Citroën to create a joint venture in Iran with Iran Khodro**

**During President Hassan Rouhani's state visit to Paris, PSA Peugeot Citroën, which has operated in Iran for more than 30 years, and Iran Khodro signed a joint venture agreement to produce latest-generation vehicles in Iran.**

This 50/50 joint venture lays the foundations for a strategic partnership between the two companies. This joint venture is expected to invest up to €400 million over the next five years in manufacturing and R&D capacity. This investment will contribute to facilitate the development of a competitive manufacturing base for producing, launching and marketing Peugeot 208, 2008 and 301 models, fitted with latest-generation engines.

The agreement provides for:

- The restoration of contractual relations concerning the manufacture of Peugeot-branded vehicles currently produced in Iran.
- The creation of a joint venture on an industrial site in Tehran to produce new latest-generation Peugeot vehicles, on a platform that will also be used by Iran Khodro to develop its own vehicles.
- The capacity to export JV products across the region

Coming one week after international sanctions were lifted, this agreement marks the beginning of a new chapter for both partners. The agreement, which will be backed up by technology transfers and significant levels of local content, will come into effect once it is implemented, i.e., around mid-2016.

The first vehicles will roll off the production line at the Tehran plant in the second half of 2017.

The Iranian market reached a peak of 1.6 million vehicles in 2011. It should regain this level within 2 years to reach 2 million vehicles a year by 2022. Current estimates put the number of Peugeot cars on the road in Iran at more than 4 million.

Iran is a key component of PSA development strategy in the Middle East & Africa region, which is PSA Peugeot Citroën's third-fastest growing international market. The Group sold 180,200 vehicles in the region in 2015, up 6.4%.

In turn, Iran Khodro plan to capitalize on the technology transfer.

Commenting on this new agreement, Carlos Tavares, Chairman of PSA Peugeot Citroën's Managing Board, said: *"This strategic agreement turns the page on the period of international sanctions and enables PSA and Iran Khodro to start a new chapter in their 30-year history of cooperation. Our shared ambition is to offer our loyal customers high-tech products to deliver mobility that meets the highest comfort, safety and environmental standards."*

Dr: Hashem Yekehzare, President and CEO of IKCO states: *"The strategic partnership with PSA will serve as a unique platform, for both parties to capitalize on each other's competitive advantages; especially given the scale, technology and long term outlook that the parties are able to bring to their cooperation. A particular benefit of this partnership is to bring cost effective and the best automotive technology to the customers."*

**About PSA Peugeot Citroën**

*With its three world-renowned brands, Peugeot, Citroën and DS, PSA Peugeot Citroën sold 3 million vehicles worldwide in 2015. The second largest carmaker in Europe, PSA Peugeot Citroën has sales operations in 160 countries. It is also involved in financing activities (Banque PSA Finance) and automotive equipment (Faurecia).*

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**About Iran Khodro**

*Founded in 1962; Iran Khodro is the largest vehicle manufacturer in the MENA region and is ranked among the top twenty vehicle manufacturers globally: Having a fifty four percent market share in Iran and with production plants in three continents; the company exports to thirty two different countries.*