

## ANALYSIS

### STELLANTIS (RESULT FROM THE MERGER OF THE PSA and FCA GROUPS), AN UNJUSTIFIED 50-50 MERGER

**The Extraordinary General Meeting of January 4, 2021 will decide on the conditions of the merger of the automotive groups PSA and FCA. Phitrust draws the attention of the shareholders to the conditions of this "50-50 merger" which remains unsatisfactory both for its financial conditions and for the rights of the shareholders of the future Stellantis group. Moreover, this merger will eventually have a social impact that has not yet been precisely drawn up.**

1. Despite the amendments (14/09/2020) made to the merger agreement of 31/10/2019, the "50-50 merger" parity must be reviewed in order to improve the balance between the parties: FCA needs PSA more for the implementation of synergies than the other way round.
2. PSA outperforms FCA on various key aspects: financial (profitability, balance sheet, debt, debt rating, liquidity) and environmental (CO2 emissions).
3. PSA's stronger financial performance was illustrated by the results obtained over the first nine months of 2020: better resistance to the Covid crisis, due to PSA's lower operating breakeven point.
4. FCA finds itself with an additional gross debt of more than 6 billion euros from a loan guaranteed by the Italian State (none for PSA). This state-guaranteed debt will make it politically almost impossible to rationalize FCA's underutilized Italian plants.
5. PSA's French plants could then become the adjustment variable, leading to heavy job losses.
6. The industrial strategy of the world's fourth largest car manufacturer in terms of volume and, for PSA, the access to the US market are also questionable.
7. Chrysler's performance, which has provided most of the benefits of FCA, could be jeopardized in the long run if the recently elected U.S. President's environmental plan, which favors electric vehicles, is implemented.
8. The location of Stellantis' new head office in the Netherlands poses governance problems with a substantial regression in shareholder rights. The remuneration of the Stellantis' executive managers would be likely to increase unreasonably without shareholder approval.
9. The conditions of the 500 million Euro compensation in case of termination of the merger must be specified and should not be due if the Extraordinary General Meeting of PSA shareholders of 04/01/2021 rejects the merger.

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