



EARNINGS REPORT

FIRST-HALF 2018

EARNINGS REPORT - First-half 2018

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KEY FIGURES

		H1 2018	Restated H1 2017	Change
Worldwide Group registrations ⁽¹⁾	Million vehicles	2.07	1.88	+9.8%
Group revenues	€ million	29,957	29,537	+1.4%
Group operating profit	€ million	1,914	1,820	+94
	% revenues	6.4%	6.2%	+0.2 pts
Group Operating income	€ million	1,734	1,789	-55
Contribution from associated companies	€ million	814	1,317	-503
<i>o/w Nissan</i>	€ million	805	1,288	-483
Net income ⁽³⁾	€ million	2,040	2,437	-397
Net income, Group share ⁽³⁾	€ million	1,952	2,399	-447
Earnings per share ⁽³⁾	€	7.24	8.85	-1.61
Automotive Operational Free cash flow including AVTOVAZ ⁽²⁾	€ million	+418	+358	+60
Automotive net cash position incl. AVTOVAZ ⁽³⁾	€ million	+3,062	+3,209	-147
			at 31 Dec.2017	
Sales Financing, average performing assets	€ billion	43.7	38.6	+13.3%

(1) H1 2018 Group registrations include Jinbei & Huasong registrations.

(2) Automotive operational Free cash flow including AVTOVAZ: cash flows after interest and tax (excluding dividends received from publicly listed companies) minus tangible and intangible investments net of disposals +/- change in the working capital requirement. Detailed calculation in chapter 2.2.6.1-D of the condensed consolidated financial statements.

(3) The figures for first-half 2017 and the year 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3) and allocation of the purchase price for the AVTOVAZ Group which was finalized in the second half-year of 2017.

OVERVIEW

Groupe Renault continues to grow and sets a new operating margin record for a first semester.

Groupe Renault sets a half-year sales record in the first half of 2018 with 2,1 million registrations, up 9.8% versus last year, while integrating Jinbei and Huasong's registrations since January 1st, 2018.

Group revenues reached €29,957 million, up +1.4% (+2.4% in the second quarter versus +0.2% in the first quarter). At constant exchange rates and perimeter¹, Group revenues increased would have been +6.8%.

From January 1st, 2018 the Group applies IFRS 15 ("Revenue from Contracts with Customers").

The main impact relates to the treatment of incentives granted in the form of reduced interest on the sale of a vehicle with associated financing. These incentives are now recognized in profit and loss at the time of the vehicle sale, instead of being recognized progressively as it was previously the case.

Within this framework, the Group changed the allocation of interest rate subsidies between operating segments, with no impact on consolidated revenues. With comparable presentation method, Automotive excluding AVTOVAZ revenues would have been higher by €278 million (1.0 point), offset by an equal decrease in Sales Financing revenues.

Automotive excluding AVTOVAZ revenues amounted to €26,867 million, down -0.5%. Beyond the negative -1.0 point effect mentioned above, this decrease was mainly explained by a negative currency effect of -4.6 points, due to the strong devaluation of the Group's main currencies (Argentinean peso,

Brazilian real, US dollar, Russian rouble). The volume effect was positive (+3.1 points). The price effect was positive by +1.2 points mainly driven by emerging countries to offset currency weakness.

The **Group's operating margin** amounted to €1,914 million, and represents 6.4% of revenues. Excluding IFRS 15 impact, the operating margin would have reached €1,984 million (6.6% of revenues).

The **Automotive excluding AVTOVAZ operating margin** was down €77 million to €1,215 million, representing 4.5% of revenues (4.7% excluding the accounting reclassification mentioned here above and the IFRS 15 impact) compared to 4.8% in the first half of 2017. This performance can be explained mainly by business growth (+€80 million positive impact) and industrial costs reduction (+€254 million positive impact). In contrast, raw materials had a negative effect of -€192 million, and currencies of -€347 million (mainly due to the devaluation of the Argentinean peso). The mix/price/enrichment effect benefits from price increases in emerging markets to offset currency devaluation and becomes positive at +€184 million.

The **operating margin of AVTOVAZ** amounted to €105 million, to be compared with €3 million in the first half of 2017. AVTOVAZ benefits from the success of its recently launched models in a recovering market, its efforts to streamline costs, but also positive non-recurring impacts.

Sales Financing contributed €594 million to the Group operating margin, compared with €525 million in the first half of 2017. This +13.3% increase is mainly due to the strong growth in net banking income, in connection with its high level of performance on customer outstandings.

1 In order to analyze the change in consolidated revenues at constant perimeter and exchange rates, Groupe Renault recalculates revenues for the current year by applying the average annual exchange rates of the previous year, and excluding significant changes in perimeter that occurred during the year. Concerning 2017, recalculated revenues are only adjusted for the exchange rate effect, as no significant change in the perimeter of consolidation occurred in 2017 other than the integration of the AVTOVAZ Group, which is presented as a separate operating segment.

IN BRIEF

Other operating income and expenses have a negative impact of -€180 million (compared with -€31 million in the first half of 2017), notably due to provisions on restructuring charges related to the implementation of the competitiveness agreement in France (CAP 2020).

The Group's **operating income** came to €1,734 million compared with €1,789 million in the first half of 2017 (-3.1%). This decrease came mainly from a provision for restructuring.

Net financial income and expenses amounted to -€121 million, compared with -€187 million in the first half of 2017 (restated at comparable accounting method).

This improvement is explained by the decrease in the cost of indebtedness of Renault SA, Renault do Brasil and AVTOVAZ.

The contribution of associated companies, mainly Nissan, came to €814 million, compared with €1,317 million in the first half of 2017. Nissan's contribution included in the first half 2017 a one-off gain of €284 million related to the sale of its interest in the equipment manufacturer Calsonic Kansei.

Current and deferred taxes represent an expense of -€387 million, a decrease of €95 million compared with the restated first half of 2017.

Net income reached €2,040 million (-16.3%), and net income, Group share totaled €1,952 million (€7.24 per share compared with €8.85 per share in the restated first half of 2017).

Automotive operational free cash flow (including AVTOVAZ) was positive at €418 million, after taking into account the positive impact of the change in the working capital requirement for €200 million.

OUTLOOK 2018

The global market is expected to grow 3% on 2017 (vs +2.5% previously forecasted).

The European market is expected to expand 1.5% (vs +1% previously forecasted) with an increase of 2% (vs +1%) for France.

Internationally, the Brazilian market is expected to grow 10% (vs +5%) and the Russian market more than 10% (vs close to +10%). China is expected to grow 5% (unchanged), and India 8% (vs +6%).

Within this context, Groupe Renault is confirming its full-year 2018 guidance:

- Increase Group revenues (at constant exchange rates and perimeter)*,
- Maintain Group operating margin above 6.0%*,
- Generate a positive Automotive operational free cash flow.

* Excluding IFRS 15 impact.

RISK MANAGEMENT AND RELATED THIRD PARTIES

Renault designs, manufactures and markets private cars and light commercial vehicles. It is affected by cycles in automotive markets, and in first-half 2018, 52% of their impact was in Europe and 48% outside Europe. All economic fluctuations in these regions are liable to influence the Group's financial performance.

Apart from the increased uncertainty over Iran which is highlighted below, no other risks than those described in Chapter 1.6 of the 2017 Registration Document filed on April 5, 2018, are anticipated in the remaining six months of the year.

The Group has taken note of the US President's announcement on May 8, 2018 of the American withdrawal of the JPCOA (Joint Comprehensive Plan of Action, signed as part of the Vienna agreements) and the reinstatement from August 6, 2018 of sanctions for the automobile sector in Iran that existed prior to signature of the JCPOA. The Group will adapt its activities to the resulting situation.

There are no transactions between related parties other than those described in Note 27 of the Appendix to the Annual Consolidated Financial Statements of the same Registration Document and Note 19 of the Appendix to the Half-Year Consolidated Financial Statements summarized in this report.

OVERVIEW

- **Groupe Renault** posted record sales in the first half of 2018 with 2.07 million of units up 9.8% while integrating the two brands Jinbei and Huasong's registrations, since January 1st, 2018. On the 2017 scope, the Groupe Renault sales increased 5.3% in a market up 4.2%.
- The **Renault and Dacia brands** set a half-year sales record. **Renault** remains the second best-selling brand in Europe.
- The Group achieved record sales internationally. Sales were up 18.1% in the **Americas** Region and 15.1% in the **Eurasia** Region. The **Africa Middle-East India** Region decreased by 4.5%. The **Asia-Pacific** Region increased by 69.5% including Jinbei and Huasong registrations and decreased by 14.8% excluding Jinbei and Huasong.
- **Groupe Renault** is confirming its growth ambitions¹ in 2018, driven by the development of its international business activities.
- In the first half of 2018, the number of new financing contracts by **RCI Banque** was up 7.3% compared to the first half of 2017.

GRUPE RENAULT'S TOP FIFTEEN MARKETS

REGISTRATIONS	volumes H1 2018* (in units)	PC / LCV market share H1 2018 (%)	Change in market share on H1 2017 (points)
1 France	389,216	27.2	+0.3
2 Russia	240,728	28.3	+0.4
3 Germany	124,251	6.3	+ 0.2
4 Italy	118,376	9.8	-0.2
5 China	117,646 **	0.9	+ 0.6
6 Spain	100,841	11.9	+ 0.3
7 Brazil	93,850	8.3	+ 0.9
8 Argentina	70,536	14.6	+ 1.3
9 Turkey	68,414	19.4	+ 0.6
10 Iran	61,354	8.1	-2.3
11 United-Kingdom	57,290	3.8	-0.4
12 Belgium+Luxembourg	52,962	12.9	+ 0.3
13 India	42,697	2.1	-1.2
14 South Korea	40,920	4.6	-1.3
15 Morocco	39,747	43.7	+ 1.8

* Preliminary figures.

** Including Jinbei & Huasong .

¹ At constant scope.

1.1 AUTOMOTIVE

1.1.1 WORLDWIDE GROUP REGISTRATIONS BY REGION

PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES (UNITS)	H1 2018*	H1 2017	Change (%)
GROUP	2,067,695	1,882,391	+9.8
EUROPE REGION	1,070,718	1,025,560	+4.4
Renault	785,819	777,379	+1.1
Dacia	281,225	245,493	+14.6
Lada	3,030	2,688	+12.7
Alpine	644	-	-
AMERICAS REGION	214,370	181,592	+18.1
Renault	214,031	181,458	+18.0
Lada	144	134	+7.5
Jinbei & Huasong	195	-	-
ASIA- PACIFIC REGION	170,324	100,465	+69.5
Renault	46,279	46,326	-0.1
Dacia	715	667	+7.2
Renault Samsung Motors	38,580	52,776	-26.9
Lada	-	696	-
Jinbei & Huasong	84,750	-	-
AFRICA MIDDLE- EAST INDIA REGION	240,494	251,723	-4.5
Renault	188,152	206,414	-8.8
Dacia	50,867	44,779	+13.6
Lada	1,353	530	+++
Jinbei & Huasong	122	-	-
EURASIA REGION	371,789	323,051	+15.1
Renault	144,302	134,303	+7.4
Dacia	45,288	42,426	+6.7
Lada	181,999	146,322	+24.4
Jinbei & Huasong	200	-	-

* Preliminary figures.

In the first half of 2018, **Groupe Renault** passenger car (PC) and light commercial vehicle (LCV) registrations worldwide (including Lada, Jinbei and Huasong) increased 9.8%. Group market share now stands at 4.3% (+0.2 points).

The Group and the **Renault and Dacia brands** set a half-year sales record. The Group sold 2,067,695 vehicles, the Renault brand 1,378,583 vehicles and the Dacia brand 378,095 vehicles.

Lada sales increased 24.0%. Renault Samsung Motors sales decreased 26.9%.

Effective from January 1, 2018, Groupe Renault has also integrated the Jinbei and Huasong's registrations, which totaled over 85,000 units.

→ Europe

In **Europe**, Group registrations rose 4.4% in a market that grew 2.8%, with 1,070,718 vehicles registered in the first half. The Group took an 11.0% share of the European market, up 0.2 points.

The **Renault** brand alone grew its sales 1.1% for market share of 8.1%. Clio 4 is the second best-selling vehicle in Europe, capturing the number-one crossover in its segment and Scénic the top-selling model in its category.

In the electric vehicle segment, Renault confirmed its leadership with a market share of 21.9%. Sales volumes increased 11.6%. ZOE sales rose 1.1% and Kangoo Z.E. Sales grew 125%. Kangoo Z.E. now holds a 38.9% share of the electric LCV market, which it continues to lead.

The **Dacia** brand posted a half-year sales record in Europe with 281,225 vehicle registrations (up 14.6%) and a record 2.9% share of the market (up 0.3 points). The increase was driven by the performance of Sandero phase 2 and New Duster, which posted 63,900 registrations in six months.

The **Alpine** brand recorded its first registrations in 22 years. More than 4,800 vehicles have been reserved since launch.

→ OUTSIDE EUROPE

Outside Europe, Group registrations rose 16.4%. The Group achieved sales growth in the Americas (+18.1%), Asia-Pacific (+69.5%) and Eurasia (+15.1%). Sales were down in Africa Middle-East India (-4.5%).

• Americas

In the **Americas** Region, sales rose 18.1% in a market that expanded by 6.3%. The Group achieved a record 7.3% market share for a half-year period, up 0.7 points. The performance notably resulted from an unprecedented product offensive comprising the complete SUV range.

Groupe Renault continued to take full advantage of the dynamic market in **Argentina**, increasing its registrations 22.2%, twice as much as the market, up 11.2%. Market share increased 1.3 points to 14.6%. The market in **Brazil** gained 13.7% in the first half of the year. The Group took advantage of the trend, increasing sales by 27.8% reporting a record market share of 8.3% (up 0.9 points). Kwid, launched in second-half 2017, ranks number-two in its segment in both countries.

• Asia-Pacific

The **Asia-Pacific** Region integrated the sales volumes of the Jinbei and Huasong brands on January 1, 2018 following the creation of a joint venture with Brilliance China Automotive Holdings Limited. Sales rose 69.5% in the region.

The Group sales on the 2017 scope is down 14.8% in a market that increased 4.3%.

In **China**, the Group sold 117,646 vehicles, nearly 33,000 of which under the Renault brand. **Renault Samsung Motors** posted a decrease

of 26.9% in South Korea in the absence of a new model in a highly competitive market.

• Eurasia

In **Eurasia**, registrations rose 15.1% in a market that grew 9.4%. The Group increased its market share 1.3 points to 25.8%, driven primarily by strong momentum in Russia.

The **Russian** market expanded 18.2% in the first half of the year. Russia remains Groupe Renault's number-two market. The Group grew its sales 19.7% and placed eight models in the top 15 passenger car rankings. More than one vehicle in every four sold in Russia in 2017 is a Renault or Lada.

Lada posted a 21.1% rise in sales with a market share of 20.0% (+0.5 points) thanks to the success of the new Lada Vesta and Lada XRAY models.

Renault brand sales volumes increased 16.5%, notably owing to the success of Duster and Kaptur, ahead of the arrival of a new C-segment crossover in 2019.

• Africa Middle-East India

In the **Africa Middle-East India** Region, Group registrations contracted 4.5% in a market up 10.1%.

Sales fell 10.3% in **Iran** for a market share of 8.1% (down 2.3 points).

In **India**, while remaining the number-one European car brand, Renault recorded a 25.4% downturn in sales in a highly competitive market.

In **North Africa**, Group sales rose 12.4% in a market up 7.0%. Group market share stood at 44.8%, up 2.1 points.

1.1.2 GROUP REGISTRATIONS BY BRAND AND BY TYPE

	H1 2018*	H1 2017	Change (%)
PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES (UNITS)			
GROUP	2,067,695	1,882,391	+ 9.8
BY BRAND			
Renault	1,378,583	1,345,880	+2.4
Dacia	378,095	333,365	+13.4
Lada	186,526	150,370	+24.0
Renault Samsung Motors	38,580	52,776	-26.9
Alpine	644	-	-
Jinbei & Huasong	85,267	-	-
BY VEHICLE TYPE			
Passenger cars	1,746,933	1,652,604	+5.7
Light commercial vehicles	320,762	229,787	+39.6

* Preliminary figures.

Registrations of the **Renault** brand increased by 2.4% compared to the first half of 2017.

With 1,378,583 units registered, the Renault brand accounted for 66.7% of Group's registrations.

The **Dacia** brand's registrations went up by 13.4% to 378,095 units, driven by the performance of the New Duster launched at the end of 2017.

In the first half of 2018, **Renault Samsung Motors** posted a decrease of 26.9% in South Korea in the absence of a new model in a highly competitive market.

The 85,267 registrations of the **Jinbei and Huasong** brands are taken into account since on January 1, 2018 following the creation of a joint venture with Brilliance China Automotive Holdings Limited.

Lada sales grew 24% driven by the success of the new Vesta and XRAY models.

1.2 SALES FINANCING

1.2.1 NEW FINANCING AND SERVICES

Benefiting from a rapidly growing global automotive market, RCI Banque posted a further improvement in its sales performance in the first half of 2018 and continued to deploy its strategic ambitions.

With 947,146 contracts financed at the end of June 2018, an increase of 7.3% compared to the first half of 2017, RCI Banque generated €11.1 billion in new financings. In a global automotive market that was up year-on-year, growth in Europe offset the decline in new financings in the Asia-Pacific Region.

The Group's financing penetration rate thus stood at 39.7%, an increase of 1.5 points compared to last year. Excluding Turkey, Russia and India (companies consolidated by the equity method), this rate amounts to 41.8%, compared with 40.7% in the first half of 2017.

The used vehicle financing business continued to expand, with 185,512 files financed, an increase of 17.4% compared to last year.

In this context, average productive assets now stand at €43.7 billion, up 13.3% compared to last year. Of this amount, €33.1 billion are directly linked to Customer business, up 15.0%.

RCI BANQUE FINANCING PERFORMANCE

	H1 2018	H1 2017	Change (%)
Number of financing contracts (thousands)	947	883	+ 7.3
- including UV contracts (thousands)	186	158	+17.4
New financing (€ billion)	11.1	10.4	+ 6.8
Average Productive assets (€ billion)	43.7	38.6	+ 13.3

PENETRATION RATE BY BRAND

	H1 2018 (%)	H1 2017 (%)	Change (points)
Renault	40.2	38.5	+1.7
Dacia	42.2	41.2	+1.0
Renault Samsung Motors	54.4	59.0	-4.6
Nissan	35.7	34.1	+1.6
Infiniti	25.9	27.0	-1.1
Datsun	24.1	24.0	+0.1
RCI BANQUE	39.7	38.2	+ 1.5

PENETRATION RATE BY REGION

	H1 2018 (%)	H1 2017 (%)	Change (points)
Europe	43.2	40.8	+2.4
Americas	35.7	38.5	-2.7
Asia-Pacific	55.1	58.6	-3.5
Africa Middle-East India	25.5	20.1	+5.4
Eurasia	26.8	27.2	-0.4
RCI BANQUE	39.7	38.2	+ 1.5

Supported by the growth of the automotive market, as well as new and used vehicle financing, the Services business intensified with a 14.4% increase in volumes over the last twelve months. The volume of

services sold for the first half of 2018 represents 2.4 million insurance and service contracts, 65% of which are customer and vehicle related services.

SALES PERFORMANCE

1.2 SALES FINANCING

RCI BANQUE SERVICES PERFORMANCE

	H1 2018	H1 2017	Change
Number of services contracts (<i>thousands</i>)	2,397	2,096	+ 14.4%
PENETRATION RATE ON SERVICES	125.1%	110.8%	+ 14.2 pts

1.2.2 INTERNATIONAL DEVELOPMENT AND NEW BUSINESSES

After its integration in the consolidated scope in 2017, the Colombian subsidiary RCI Colombia SA continued to develop its activity and achieved an intervention rate of 45.2% with more than 10,000 financing files under management.

In a context of growth in the global automobile market, RCI Banque's business outside Europe accounts for nearly 32% of the number of new vehicle financing applications.

Since 1 May 2018, the new Mobility and Innovation Services Department has had the task of offering innovative, tailor-made end-to-end mobility solutions to Alliance brand customers. Its creation meets RCI Bank and Services' ambition to become a B2B mobility operator.

The first half was also marked by the acquisition of a 75% majority stake in Icabbi, a dispatch management company for the taxi and VTC fleets, which is currently experiencing strong growth. This approach is in line with RCI Bank and Services' ambition to become a service provider for mobility professionals, by now offering them a new technological brick with high added value.

1

SALES PERFORMANCE

1.3 REGISTRATIONS AND PRODUCTION STATISTICS

1.3 REGISTRATIONS AND PRODUCTION STATISTICS

RENAULT GROUP
WORLDWIDE REGISTRATIONS

PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES (UNITS)	H1 2018*	H1 2017	Change (%)
Kwid	82,761	51,461	+60.8
Twingo	50,100	44,293	+13.1
ZOE	17,822	17,301	+3.0
Clio	247,394	241,188	+2.6
Captur / QM3	133,762	129,749	+3.1
Logan	151,449	158,327	-4.3
Sandero	249,335	253,851	-1.8
Lada Granta	49,736	44,705	+11.3
Lada Vesta	53,933	35,306	+52.8
Lada XRAY	17,433	15,646	+11.4
Lada Largus	28,027	19,080	+46.9
Lada 4x4	20,257	16,960	+19.4
Mégane / Scénic	167,755	173,285	-3.2
Fluence (incl. Z.E.) / SM3 (incl. Z.E.)	4,391	8,497	-48.3
Kadjar	77,614	83,083	-6.6
Duster	180,480	155,252	+16.2
Kaptur/ Captur Americas	37,175	25,508	+45.7
Lodgy	22,245	23,004	-3.3
Latitude / SM5	5,132	2,286	+++
Talisman/SM6	26,553	49,975	-46.9
Koleos / QM5	42,812	33,427	+28.1
Espace	8,210	11,782	-30.3
SM7	2,228	3,250	-31.4
QM6	12,804	13,920	-8.0
A110	644	-	-
Kangoo (incl. Z.E.)	80,984	80,478	+0.6
Dokker	56,556	45,553	+24.2
Trafic	54,906	55,608	-1.3
Master (incl. Z.E)	53,083	48,190	+10.2
Oroch	18,154	14,982	+21.2
Alaskan	2,093	296	+++
Jinbei Joint Venture	20,357	-	-
Huasong	2,732	-	-
Jinbei not Joint Venture	62,178	-	-
Others (excl. Lada)	9,460	7,475	+26.6
Others Lada	17,140	18,673	-8.2
TOTAL WORLDWIDE GROUP PC + LCV REGISTRATIONS	2,067,695	1,882,391	+9.8
Twizy (excl. PC) **	1,185	882	+34.4

* Preliminary figures.

** Twizy is a quadricycle and therefore not included in Group automotive registrations except in Ireland, Mexico, Malaysia, Lebanon, Guatemala, Colombia, Bermuda and South Korea.

SALES PERFORMANCE

1.3 REGISTRATIONS AND PRODUCTION STATISTICS

RENAULT GROUP
EUROPEAN REGISTRATIONS

	H1 2018*	H1 2017	Change (%)
PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES (UNITS)			
Twingo	48,279	42,305	+14.1
ZOE	17,351	17,157	+1.1
Clio	204,497	202,979	+0.7
Captur	121,875	112,981	+7.9
Logan	18,268	21,685	-15.8
Sandero	114,815	105,273	+9.1
Mégane / Scénic	139,244	149,102	-6.6
Fluence (incl. Z.E.)	-	180	-
Kadjar	59,038	63,737	-7.4
Duster	95,641	73,853	+29.5
Lodgy	16,887	15,191	+11.2
Talisman	12,006	19,648	-38.9
Koleos	11,817	3,137	+++
Espace	7,950	11,774	-32.5
A 110	644	-	-
Kangoo (incl. Z.E.)	59,615	56,500	+5.5
Dokker	35,603	29,487	+20.7
Trafic	51,745	52,548	-1.5
Master (incl. Z.E.)	42,719	38,439	+11.1
Alaskan	1,435	-	-
Others (incl. Lada)	11,289	9,584	+17.8
TOTAL EUROPEAN GROUP PC + LCV REGISTRATIONS	1,070,718	1,025,560	+4.4
<i>Twizy (excl. PC) **</i>	<i>1,165</i>	<i>840</i>	<i>+38.7</i>

* Preliminary figures.

** Twizy is a quadricycle and therefore not included in Group automotive registrations except in Ireland.

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SALES PERFORMANCE

1.3 REGISTRATIONS AND PRODUCTION STATISTICS

RENAULT GROUP
INTERNATIONAL REGISTRATIONS

PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES (UNITS)	H1 2018*	H1 2017	Change (%)
Kwid	82,761	51,461	+60.8
Twingo	1,821	1,988	-8.4
ZOE	471	144	+++
Clio	42,897	38,209	+12.3
Captur / QM3	11,887	16,768	-29.1
Logan	133,181	136,642	-2.5
Sandero	134,520	148,578	-9.5
Lada Granta	49,613	44,446	+11.6
Lada Vesta	53,292	34,912	+52.6
Lada XRAY	17,433	15,646	+11.4
Lada Largus	28,027	19,080	+46.9
Lada 4x4	18,762	15,828	+18.5
Mégane / Scénic	28,511	24,183	+17.9
Fluence (incl. Z.E.) / SM3 (incl. Z.E.)	4,391	8,317	-47.2
Kadjar	18,576	19,346	-4.0
Duster	84,839	81,399	+4.2
Kaptur / Captur Americas	37,175	25,508	+45.7
Lodgy	5,358	7,813	-31.4
Latitude / SM5	5,132	2,286	+++
Talisman/ SM6	14,547	30,327	-52.0
Koleos / QM5	30,995	30,290	+2.3
SM7	2,228	3,250	-31.4
QM6	12,804	13,920	-8.0
Kangoo (incl. Z.E.)	21,369	23,978	-10.9
Dokker	20,953	16,066	+30.4
Trafic	3,161	3,060	+3.3
Master	10,364	9,751	+6.3
Oroch	18,154	14,982	+21.2
Alaskan	658	296	+++
Jinbei Joint Venture	20,357	-	-
Huasong	2,732	-	-
Jinbei not Joint Venture	62,178	-	-
Others (excl. Lada)	1,461	587	+++
Others Lada	16,369	17,770	-7.9
TOTAL INTERNATIONAL GROUP PC + LCV REGISTRATIONS	996,977	856,831	+16.4
<i>Twizy (exl. PC)**</i>	<i>20</i>	<i>42</i>	<i>-52.4</i>

* Preliminary figures.

** Twizy is a quadricycle and therefore not included in Group automotive registrations except in Mexico, Malaysia, Lebanon, Guatemala, Colombia, Bermuda and South Korea.

SALES PERFORMANCE

1.3 REGISTRATIONS AND PRODUCTION STATISTICS

RENAULT GROUP
WORLDWIDE PRODUCTION BY MODEL*

PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES (UNITS)	H1 2018 **	Reported H1 2017	Change (%)
Twizy	2,162	1,238	+74.6
Kwid	44,272	221	+++
Twingo	50,188	43,930	+14.2
Clio	258,438	221,993	+16.4
ZOE	20,904	17,738	+17.8
Logan	115,780	116,838	-0.9
Sandero	232,439	234,907	-1.1
Lada Granta	45,628	45,859	-0.5
Lada Kalina	9,688	-	+++
Captur / QM3	132,281	137,442	-3.8
Lada XRAY	20,458	14,805	+38.2
Lada 4x4	22,310	19,492	+14.5
Lodgy	18,805	22,105	-14.9
Megane / Scenic	139,556	146,223	-4.6
Fluence (incl. Z.E.) / SM3 (incl. Z.E.)	32,475	29,246	+11.0
Lada Priora	6,663	-	+++
Lada Vesta	62,132	37,261	+66.7
Duster	173,512	158,770	+9.3
Kaptur / Captur America	34,507	31,898	+8.2
Kadjar	65,102	67,914	-4.1
Talisman / SM6	27,233	47,716	-42.9
Koleos / QM6	35,426	35,981	-1.5
Espace	7,703	10,028	-23.2
SM7	2,177	3,574	-39.1
Kangoo (incl. Z.E.)	93,333	98,425	-5.2
Dokker	57,947	45,972	+26.0
Lada Largus	29,881	21,036	+42.0
Trafic	71,652	75,861	-5.5
Master	79,255	74,236	+6.8
Oroch	19,965	16,870	+18.3
Others	156,618	171,302	-8.6
GROUP GLOBAL PRODUCTION	2,068,490	1,948,881	+6.1
o/w produced for partners:			
GM	13,301	11,209	+18.7
Nissan	130,493	132,775	-1.7
Daimler	44,078	41,246	+6.9
Fiat	13,173	9,275	+42.0
Renault Trucks	7,672	6,500	+18.0
PRODUCED BY PARTNERS FOR RENAULT	H1 2018 **	Reported H1 2017	Change (%)
Kwid (Chennai - Nissan)	36,011	59,424	-39.4
Duster (Chennai - Nissan)	5,969	8,533	-30.0
Kadjar (Wuhan - DRAC)	11,319	13,387	-15.4
Koleos (Wuhan - DRAC)	22,925	25,909	-11.5
Logan (Iran)	37,053	43,182	-14.2
Sandero (Iran)	23,097	24,025	-3.9
Others (Nissan, DRAC, Pars Khodro, Iran Khodro)	3,330	1,971	+68.9

* Production data concern the number of vehicles leaving the production line.

** Preliminary figures.

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SALES PERFORMANCE

1.3 REGISTRATIONS AND PRODUCTION STATISTICS

GEOGRAPHICAL ORGANIZATION OF THE RENAULT GROUP BY REGION – COUNTRIES IN EACH REGION

At June 30, 2018

EUROPE	AMERICAS	ASIA-PACIFIC	AFRICA MIDDLE-EAST INDIA	EURASIA
Albania	Argentina	Australia	Algeria	Armenia
Austria	Bolivia	Brunei	Egypt	Azerbaijan
Baltic States	Brazil	Cambodia	French Guiana	Belarus
Belgium-Lux.	Chili	China	Guadeloupe	Bulgaria
Bosnia	Colombia	Hong Kong	Gulf States	Georgia
Croatia	Costa Rica	Indonesia	India	Kazakhstan
Cyprus	Dominican Rep.	Japan	Iran	Kyrgyzstan
Czech Rep.	Ecuador	Laos	Iraq	Moldova
Denmark	El Salvador	Malaysia	Israel	Romania
Finland	Honduras	New Caledonia	Jordan	Russia
France Metropolitan	Mexico	New Zealand	Lebanon	Tajikistan
Germany	Nicaragua	Philippines	Libya	Turkey
Greece	Panama	Singapore	Madagascar	Turkmenistan
Hungary	Paraguay	South Korea	Martinique	Ukraine
Iceland	Peru	Tahiti	Morocco	Uzbekistan
Ireland	Uruguay	Thailand	Pakistan	
Italy	Venezuela	Viet Nam	Reunion	
Macedonia			Saint Martin	
Malta			Saudi Arabia	
Montenegro			South Africa	
Netherlands			Sub Saharian African countries	
Norway			Tunisia	
Poland				
Portugal				
Serbia				
Slovakia				
Slovenia				
Spain				
Sweden				
Switzerland				
United Kingdom				

Group Top 15 markets in bold.

SUMMARY

(€ million)	H1 2018	H1 2017 Reported	H1 2017 restated	Change vs restated
Group revenues	29,957	29,537	29,537	+420
Operating profit	1,914	1,820	1,820	+94
Operating income	1,734	1,789	1,789	-55
Net Financial income & expenses	-121	-211	-187	+66
Contribution from associated companies	814	1,317	1,317	-503
<i>o/w Nissan</i>	<i>805</i>	<i>1,288</i>	<i>1,288</i>	<i>-483</i>
Net income ⁽¹⁾	2,040	2,416	2,437	-397
Automotive operational free cash flow incl. AVTOVAZ	+418	+358	+358	+60
Automotive incl. AVTOVAZ Net cash position ⁽¹⁾	+3,062	+2,928	+3,209	-147
		At Dec. 31, 2017	At Dec. 31, 2017	
Shareholders' equity ⁽¹⁾	34,517 At Jun. 30, 2018	33,442 At Dec. 31, 2017	33,679 At Dec. 31, 2017	+838

(1) The figures for first-half 2017 and the year 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3) and allocation of the purchase price for the AVTOVAZ Group which was finalized in the second half-year of 2017.

2.1 COMMENTS ON THE FINANCIAL RESULTS

2.1.1 CONSOLIDATED INCOME STATEMENT

From January 1st, 2018 the Group applies IFRS 15 ("Revenue from Contracts with Customers").

The main impact relates to the treatment of incentives granted in the form of reduced interest on the sale of a vehicle with associated financing. These incentives are now recognized in

profit and loss at the time of the vehicle sale, instead of being recognized progressively as it was previously the case.

In this framework, the Group changed the allocation of interest rate subsidies between operating segments, with no impact on consolidated revenues.

OPERATING SEGMENT CONTRIBUTION TO GROUP REVENUES

(€ million)	H1 2018			H1 2017			Change (%)		
	Q1	Q2	H1	Q1	Q2	H1	Q1	Q2	H1
Automotive excl. AVTOVAZ	11,646	15,221	26,867	11,939	15,056	26,995	-2.5	+1.1	-0.5
AVTOVAZ	716	761	1,477	569	722	1,291	+25.8	+5.4	+14.4
Sales Financing	793	820	1,613	621	630	1,251	+27.6	+30.2	+28.9
Total	13,155	16,802	29,957	13,129	16,408	29,537	+0.2	+2.4	+1.4

Group revenues reached €29,957 million, up +1.4% (+2.4% in the second quarter versus +0.2% in the first quarter). At constant exchange rates and perimeter¹, Group revenues increased would have been +6.8%.

The **Automotive excluding AVTOVAZ contribution** to revenues amounted to €26,867 million, down -0.5%. With comparable presentation method, Automotive excluding AVTOVAZ revenues would have been higher by €278 million (+1.0 point), offset by an equal decrease in Sales Financing revenues.

Beyond the negative -1.0 point effect mentioned above, this decrease was mainly explained by a negative currency effect of -4.6 points, due to the strong devaluation of the Group's main currencies (Argentinean peso, Brazilian real, US dollar, Russian rouble).

1 In order to analyze the change in consolidated revenues at constant perimeter and exchange rates, Groupe Renault recalculates revenues for the current year by applying the average annual exchange rates of the previous year, and excluding significant changes in perimeter that occurred during the year. Concerning 2017, recalculated revenues are only adjusted for the exchange rate effect, as no significant change in the perimeter of consolidation occurred in 2017 other than the integration of the AVTOVAZ Group, which is presented as a separate operating segment.

2

FINANCIAL RESULTS

2.1 COMMENTS ON THE FINANCIAL RESULTS

Excluding these two effects, the Automotive excluding AVTOVAZ revenues grew by +5.1%. This increase is mainly due to:

- a volume effect of +3.1 points linked to the dynamism of the European markets and the performance of international sales;

- a positive price effect of 1.2 points, mainly driven by price increases in some emerging countries to offset currency devaluation.

OPERATING SEGMENT CONTRIBUTION TO GROUP OPERATING PROFIT

(€ million)	H1 2018	H1 2017	Change
Automotive division excl. AVTOVAZ	1,215	1,292	-77
% of division revenues	4.5%	4.8%	-0.3 pts
AVTOVAZ	105	3	+102
% AVTOVAZ revenues	7.1%	0.2%	+6.9 pts
Sales Financing	594	525	+69
Total	1,914	1,820	+94
% of Group revenues	6.4%	6.2%	+0.2 pts

The **Group's operating margin** amounted to €1,914 million, and represents 6.4% of revenues. Excluding IFRS 15 impact, the operating margin would have reached €1,984 million (6.6% of revenues).

The **Automotive operating margin excluding AVTOVAZ** was down -€77 million to €1,215 million, representing 4.5% of revenues (4.7% excluding the accounting reclassification mentioned here above and the IFRS 15 impact) compared to 4.8% in the first half of 2017.

This is mainly explained by:

- a good performance of *Monozukuri* (+€254 million) driven by purchasing savings;
- a positive product mix/price/enrichment effect of +€184 million, benefiting from price increases in emerging markets to offset currency devaluation.
- business growth of +€80 million;

These positive effects offset:

- a negative foreign exchange effect of -€347 million mainly due to the devaluation of the Argentinean peso;
- an increase in raw materials prices, with a negative impact of -€192 million;
- an increase in G&A for -€56 million.

The **operating margin of AVTOVAZ** amounted to €105 million, to be compared with €3 million in the first half of 2017. AVTOVAZ benefits from the success of its recently launched models in a recovering market, its efforts to streamline costs, but also positive non-recurring impacts.

At the end of June 2018, **Sales Financing** contributed €594 million to the Group operating margin, compared with €525 million in the first half of 2017.

This +13.3% increase is mainly due to the strong growth in net banking income of RCI bank, in connection with its high level of performance on customer outstandings.

It should also be noted the increasing contribution of the margin on services, which now reaches almost €288 million (29% of Net banking income).

The total cost of risk, that now includes a provision on healthy outstandings in accordance with IFRS9 standard, reached a level of 0.37% on average performing assets (0.29% in the first half of 2017), confirming its robust underwriting and collection policy.

Other operating income and expenses recorded a net expense of -€180 million, compared with a net expense of -€31 million in the first half of 2017. This amount includes notably -€187 million of restructuring costs in France (CAP 2020).

After taking into account other operating income and expenses, the Group reported **operating income** of €1,734 million, compared with €1,789 million in the first half of 2017.

A **net financial expense** of -€121 million was recorded, compared with a net expense of -€187 million in the first half of 2017 (restated at comparable accounting method). This improvement is explained by the decrease in the cost of indebtedness of Renault SA, Renault do Brasil and AVTOVAZ.

Renault's **share in associated companies** recorded a contribution of €814 million, primarily including €805 million from Nissan (compared with €1,288 million for Nissan in the first half of 2017).

As a reminder, the contribution of Nissan included a one-off gain (+€284 million) related to the sale of its interest in the equipment manufacturer Calsonic Kansei during the first half.

Current and deferred taxes showed a charge of -€387 million, down €95 million compared with the first half of 2017 restated, of which -€377 million for current taxes and an expense of -€10 million in deferred taxes, specifically with respect to tax consolidation in France.

Net income totaled €2,040 million, compared with €2,437 million in the restated first half of 2017. Net income, Group share was €1,952 million (compared with €2,399 million in the restated first half of 2017).

2.1.2 AUTOMOTIVE OPERATIONAL FREE CASH FLOW

AUTOMOTIVE OPERATIONAL FREE CASH FLOW

(€ million)	H1 2018	H1 2017	Change
Cash flow after interest and tax (excluding dividends received from publicly listed companies)	+2,314	+2,089	+225
Change in the working capital requirement	+212	+100	+112
Tangible and intangible investments net of disposals	-1,956	-1,537	-419
Leased vehicles and batteries	-212	-327	+115
Operational free cash flow excl. AVTOVAZ	+358	+325	+33
Operational free cash flow AVTOVAZ	+60	+33	+27
Operational free cash flow incl. AVTOVAZ	+418	+358	+60

In the first half of 2018, the **Automotive including AVTOVAZ segment** reported positive **operational free cash flow** of +€418 million, resulting from the following elements of Automotive excluding AVTOVAZ segment:

- cash flow after interest and tax (excluding dividends received from publicly listed companies) of +€2,314 million,
- a positive change in the working capital requirement of +€212 million,

- property, plant and equipment and intangible investments net of disposals of -€1,956 million, an increase of 27% compared with the first half of 2017,

and AVTOVAZ operational free cash flow for +€60 million at June 30, 2018.

Net capital expenditure and R&D expenses including AVTOVAZ remained at 8.7% of Group revenues, an increase of 1.4 points compared to the first half of 2017. This percentage is in line with the Group Plan's objective to maintain it under 9% of revenues.

RENAULT GROUP – RESEARCH AND DEVELOPMENT EXPENSES

Analysis of research and development costs:

(€ million)	H1 2018	H1 2017	Change
R&D expenses	-1,697	-1,456	-241
Capitalized development expenses	+791	+584	+207
% of R&D expenses	46.6%	40.1%	+6,5 pts
Amortization	-415	-444	+29
Gross R&D expenses recorded in the income statement excl. AVTOVAZ	-1,321	-1,316	-5
Gross R&D expenses recorded in the income statement AVTOVAZ	-14	-11	-3
Gross R&D expenses recorded in the income statement incl. AVTOVAZ	-1,335	-1,327	-8

The capitalization rate excluding AVTOVAZ increased from 40.1% in the first half of 2017 to 46.6% this semester in connection with the progress of projects.

TANGIBLE AND INTANGIBLE INVESTMENTS NET OF DISPOSALS BY OPERATING SEGMENT

(€ million)	H1 2018	H1 2017
Tangible investments (excluding leased vehicles and batteries)	1,192	1,013
Intangible investments	814	633
o/w capitalized R&D	791	584
Total acquisitions	2,006	1,646
Disposal gains	-50	-109
Total Automotive division excl. AVTOVAZ	1,956	1,537
Total AVTOVAZ	24	43
Total Sales Financing	11	3
Total Group	1,991	1,583

Total gross investment in the first half of 2018 is up compared to 2017, with Europe accounting for 67% and the rest of the world for 33%.

- In **Europe**, the investments made are mainly devoted to renewing the AB range (new Captur and Clio family) and its platforms, adapting the industrial tool to changes in demand for engines (including electrification), and applying Euro6 regulations. A significant effort is also being made to improve the company's competitiveness through the modernisation of the Technocentre's infrastructure and digitalisation.

2

FINANCIAL RESULTS

2.1 COMMENTS ON THE FINANCIAL RESULTS

- **Outside Europe**, investments mainly concern the Global Access range (replacement of Duster in Romania and Brazil, capacity increases).

NET CAPEX AND R&D EXPENSES

(€ million)	H1 2018	H1 2017
Tangible and intangible investments net of disposals (excluding capitalized leased vehicles and batteries)	1,969	1,540
Capitalized development expenses	-791	-584
CAPEX invoice to third parties and others	-67	-118
Net industrial and commercial investments excl. AVTOVAZ (1)	1,111	838
% of Group revenues excl. AVTOVAZ	3.9%	3.0%
R&D expenses excl. AVTOVAZ	1,697	1,456
o/w billed to third parties and others	-231	-175
Net R&D expenses excl. AVTOVAZ (2)	1,466	1,281
% of Group revenues excl. AVTOVAZ	5.1%	4.5%
Net CAPEX and R&D expenses excl. AVTOVAZ (1) + (2)	2,577	2,119
% of Group revenues excl. AVTOVAZ	9.0%	7.5%
Net CAPEX and R&D expenses incl. AVTOVAZ	2,605	2,165
% of Group revenues incl. AVTOVAZ	8.7%	7.3%

2.1.3 AUTOMOTIVE NET CASH POSITION AT JUNE 30, 2018

CHANGE IN AUTOMOTIVE NET CASH POSITION INCLUDING AVTOVAZ (€ million)

Net cash position incl. AVTOVAZ at December 31, 2017 reported	2,928
<i>Impact of change in the accounting treatment of redeemable shares in 2018</i>	281
Net cash position incl. AVTOVAZ at December 31, 2017 restated	3,209
H1 2018 operational free cash flow incl. AVTOVAZ	418
Dividends received	422
Dividends paid to Renault's shareholders	-1,102
Financial investments and others incl. AVTOVAZ	115
Net cash position incl. AVTOVAZ at June 30, 2018	3,062

The €147 million decrease in the **net cash position of the Automotive segment** compared with December 31, 2017 is mainly due to the usual mismatch between dividends received from Nissan (paid in

two times, one in the first half and the other in the second half) and dividends paid by Renault in June.

AUTOMOTIVE NET CASH POSITION INCLUDING AVTOVAZ

(€ million)	June. 30, 2018	Dec. 31, 2017 Restated ⁽¹⁾
Non-current financial liabilities	-5,514	-5,107
Current financial liabilities	-4,986	-4,761
Non-current financial assets - other securities, loans and derivatives on financial operations	69	89
Current financial assets	1,429	1,143
Cash and cash equivalents	12,064	11,845
Net cash position incl. AVTOVAZ	3,062	3,209

(1) Change in the accounting treatment of redeemable shares in 2018.

In the first half of 2018, Renault issued on its EMTN program a €700 million Eurobond for a 6 years tenor.

The Automotive segment's liquidity reserves stood at €15.5 billion at June 30, 2018. These reserves consisted of:

- €12 billion in cash and cash equivalents;
- €3.5 billion in undrawn confirmed credit lines.

At June 30, 2018, RCI Banque had available liquidity of €10.9 billion, consisting of:

- €4.4 billion in undrawn confirmed credit lines;
- €3.7 billion in central-bank eligible collateral;
- €2.3 billion in high quality liquid assets (HQLA);
- €0.5 billion in available cash.

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2

FINANCIAL RESULTS

2.2 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 2018

2.2.1 CONSOLIDATED INCOME STATEMENT

(€ million)	Notes	H1 2018 ⁽¹⁾	H1 2017 ⁽²⁾	Year 2017 ⁽²⁾
Revenues	4	29,957	29,537	58,770
Cost of goods and services sold		(23,755)	(23,460)	(46,477)
Research and development expenses	5	(1,335)	(1,327)	(2,590)
Selling, general and administrative expenses		(2,953)	(2,930)	(5,849)
Operating margin		1,914	1,820	3,854
Other operating income and expenses	6	(180)	(31)	(48)
<i>Other operating income</i>		90	97	214
<i>Other operating expenses</i>		(270)	(128)	(262)
Operating income (loss)		1,734	1,789	3,806
Cost of net financial indebtedness		(141)	(202)	(369)
<i>Cost of gross financial indebtedness</i>		(171)	(245)	(441)
<i>Income on cash and financial assets</i>		30	43	72
Other financial income and expenses		20	15	(22)
Financial income (expenses)	7	(121)	(187)	(391)
Share in net income (loss) of associates and joint ventures		814	1,317	2,799
<i>Nissan</i>	11	805	1,288	2,791
<i>Other associates and joint ventures</i>	12	9	29	8
Pre-tax income		2,427	2,919	6,214
Current and deferred taxes	8	(387)	(482)	(906)
Net income		2,040	2,437	5,308
Net income – parent company shareholders' share		1,952	2,399	5,212
Net income - non-controlling interests' share		88	38	96
Basic earnings per share ⁽³⁾ (in €)		7.24	8.85	19.23
Diluted earnings per share ⁽³⁾ (in €)		7.18	8.78	19.04
Number of shares outstanding (in thousands)				
<i>For basic earnings per share</i>	9	269,468	271,217	271,080
<i>For diluted earnings per share</i>	9	271,688	273,314	273,745

(1) The figures for 2018 are established in application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with Customers". The changes related to the application of these new standards are presented in note 2-A.

(2) The figures for 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3) and the allocation of the purchase price paid for the AVTOVAZ group which was finalized in the second half-year of 2017 (note 3-B to the consolidated financial statements for 2017). The figures are thus different from those previously published (note 2-A5).

(3) Net income – parent company shareholders' share divided by the number of shares stated.

2.2.2 CONSOLIDATED COMPREHENSIVE INCOME

(€ million)	H1 2018			H1 2017 ⁽¹⁾			Year 2017 ⁽¹⁾		
	Gross	Tax effect	Net	Gross	Tax effect	Net	Gross	Tax effect	Net
NET INCOME	2,427	(387)	2,040	2,919	(482)	2,437	6,214	(906)	5,308
OTHER COMPONENTS OF COMPREHENSIVE INCOME FROM PARENT COMPANY AND SUBSIDIARIES									
Items that will not be reclassified to profit or loss in subsequent periods	(229)	(4)	(233)	40	(16)	24	13	(25)	(12)
Actuarial gains and losses on defined-benefit pension plans	29	(12)	17	40	(16)	24	13	(25)	(12)
Equity instruments at fair value through equity ⁽²⁾	(258)	8	(250)						
Items that have been or will be reclassified to profit or loss in subsequent periods	(222)	3	(219)	(270)	12	(258)	(142)	(16)	(158)
Translation adjustments on foreign activities	(184)	-	(184)	(184)	-	(184)	(272)	-	(272)
Partial hedge of the investment in Nissan	(62)	10	(52)	39	5	44	113	(17)	96
Fair value adjustments on cash flow hedging instruments	27	(12)	15	(8)	3	(5)	5	-	5
Fair value adjustments on available-for-sale financial assets ⁽²⁾				(117)	4	(113)	12	1	13
Debt instruments at fair value through equity ⁽²⁾	(3)	5	2						
Total other components of comprehensive income from parent company and subsidiaries (A)	(451)	(1)	(452)	(230)	(4)	(234)	(129)	(41)	(170)
SHARE OF ASSOCIATES AND JOINT VENTURES IN OTHER COMPONENTS OF COMPREHENSIVE INCOME									
Items that will not be reclassified to profit or loss in subsequent periods	(60)	-	(60)	71	-	71	130	-	130
Actuarial gains and losses on defined-benefit pension plans	27	-	27	71	-	71	130	-	130
Other ⁽²⁾	(87)	-	(87)						
Items that have been or will be reclassified to profit or loss in subsequent periods	576	-	576	(560)	-	(560)	(1,488)	-	(1,488)
Translation adjustments on foreign activities	570	-	570	(523)	-	(523)	(1,519)	-	(1,519)
Other	6	-	6	(37)	-	(37)	31	-	31
Total share of associates and joint ventures in other components of comprehensive income (B)	516	-	516	(489)	-	(489)	(1,358)	-	(1,358)
OTHER COMPONENTS OF COMPREHENSIVE INCOME (A) + (B)	65	(1)	64	(719)	(4)	(723)	(1,487)	(41)	(1,528)
Comprehensive income	2,492	(388)	2,104	2,200	(486)	1,714	4,727	(947)	3,780
Parent company shareholders' share			1,991			1,675			3,673
Non-controlling interests' share			113			39			107

(1) The figures for 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3) and the allocation of the purchase price paid for the AVTOVAZ group which was finalized in the second half-year of 2017 (note 3-B to the consolidated financial statements for 2017). The figures are thus different from those previously published (note 2-A5).

(2) In application of IFRS 9 "Financial Instruments", the classification of financial assets is modified from January 1, 2018. The changes related to the application of this new standard are presented in note 2-A1.

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2.2.3 CONSOLIDATED FINANCIAL POSITION

ASSETS (€ million)	Notes	June 30, 2018 ⁽¹⁾	Dec. 31, 2017 ⁽²⁾
NON-CURRENT ASSETS			
Intangible assets and goodwill	10-A	5,518	5,240
Property, plant and equipment	10-B	13,406	13,582
Investments in associates and joint ventures		20,841	19,811
<i>Nissan</i>	11	20,034	19,135
<i>Other associates and joint ventures</i>	12	807	676
Non-current financial assets	14	1,107	1,395
Deferred tax assets		991	927
Other non-current assets		1,425	1,435
Total non-current assets		43,288	42,390
CURRENT ASSETS			
Inventories	13	7,112	6,328
Sales financing receivables		41,259	39,334
Automotive receivables		1,946	1,753
Current financial assets	14	2,096	1,932
Current tax assets		128	91
Other current assets		4,153	4,014
Cash and cash equivalents	14	15,099	14,057
Total current assets		71,793	67,509
Total assets		115,081	109,899
SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)			
SHAREHOLDERS' EQUITY			
Share capital		1,127	1,127
Share premium		3,785	3,785
Treasury shares		(522)	(494)
Revaluation of financial instruments		466	809
Translation adjustment		(3,027)	(3,376)
Reserves		30,176	26,322
Net income – parent company shareholders' share		1,952	5,212
Shareholders' equity – parent company shareholders' share		33,957	33,385
Shareholders' equity – non-controlling interests' share		560	294
Total shareholders' equity	15	34,517	33,679
NON-CURRENT LIABILITIES			
Deferred tax liabilities		168	180
Provisions for pension and other long-term employee benefit obligations – long-term	16-A	1,546	1,584
Other provisions – long-term	16-B	1,562	1,514
Non-current financial liabilities	17	5,527	5,120
Other non-current liabilities		1,553	1,579
Total non-current liabilities		10,356	9,977
CURRENT LIABILITIES			
Provisions for pension and other long-term employee benefit obligations – short-term	16-A	57	51
Other provisions – short-term	16-B	1,006	915
Current financial liabilities	17	3,974	3,792
Sales financing debts	17	44,446	41,395
Trade payables		10,313	9,904
Current tax liabilities		320	246
Other current liabilities		10,092	9,940
Total current liabilities		70,208	66,243
Total shareholders' equity and liabilities		115,081	109,899

(1) The impacts of application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with Customers" from January 1, 2018 are presented in note 2-A.

(2) The figures at December 31, 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from the previously published figures (note 2-A5).

2.2.4 CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(€ million)	Number of shares (thousands)	Share capital	Share premium	Treasury shares	Revaluation of financial instruments	Translation adjustment	Reserves	Net income (parent – company shareholders' share)	Shareholders' equity (parent – company shareholders' share)	Shareholders' equity (non-controlling interests' share)	Total shareholders' equity
Balance at Dec. 31, 2017⁽¹⁾	295,722	1,127	3,785	(494)	809	(3,376)	26,322	5,212	33,385	294	33,679
Transition to IFRS 9 – Opening adjustments (net of taxes) ⁽²⁾					(21)		(73)		(94)	(2)	(96)
Transition to IFRS 15 – Opening adjustments (net of taxes) ⁽²⁾							(229)		(229)	(9)	(238)
Adjusted Balance at January 1, 2018	295,722	1,127	3,785	(494)	788	(3,376)	26,020	5,212	33,062	283	33,345
1 st -half 2018 net income								1,952	1,952	88	2,040
Other components of comprehensive income ⁽³⁾					(322)	316	45		39	25	64
1st-half 2018 comprehensive income					(322)	316	45	1,952	1,991	113	2,104
Allocation of 2017 net income							5,212	(5,212)			
Dividends							(958)		(958)	(87)	(1,045)
(Acquisitions) / disposals of treasury shares and impact of capital increases				(28)					(28)		(28)
Changes in ownership interests ⁽⁴⁾						33	37		70	251	321
Cost of share-based payments and other ⁽⁵⁾							(180)		(180)		(180)
Balance at June 30, 2018	295,722	1,127	3,785	(522)	466	(3,027)	30,176	1,952	33,957	560	34,517

(1) The figures at December 31, 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from the previously published figures (note 2-A5).

(2) The impacts of application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with Customers" from January 1, 2018 for fully consolidated companies are presented in note 2-A.

(3) Changes in reserves correspond to actuarial gains and losses on defined-benefit pension plans recognized during the period.

(4) Changes in ownership interests comprise the effect of acquisitions and disposals of investments, and commitments for buyouts of non-controlling interests. In 2018, they include the effects of capital increases by Alliance Rostec Auto b.v. and AVTOVAZ, and acquisitions of shares in AVTOVAZ by Alliance Rostec Auto b.v. as a result of a mandatory tender offer (note 3-B).

(5) In addition to the cost of share-based payments, this item includes the effects of application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with Customers" from January 1, 2018 on the investment in Nissan (note 11).

Details of changes in consolidated shareholders' equity are given in note 15.

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(€ million)	Number of shares (thousands)	Share capital	Share premium	Treasury shares	Revaluation of financial instruments	Translation adjustment	Reserves	Net income (parent – company shareholders' share)	Shareholders' equity (parent – company shareholders' share)	Shareholders' equity (non – controlling interests' share)	Total shareholders' equity
Balance at Dec. 31, 2016 as published in the 2017 financial statements⁽¹⁾	295,722	1,127	3,785	(321)	758	(1,668)	23,643	3,419	30,743	181	30,924
Change in the valuation method of the Renault SA redeemable shares ⁽¹⁾							139		139		139
Balance at Dec. 31, 2016⁽¹⁾	295,722	1,127	3,785	(321)	758	(1,668)	23,782	3,419	30,882	181	31,063
1 st half-year 2017 net income ⁽¹⁾								2,399	2,399	38	2,437
Other components of comprehensive income ⁽²⁾					(156)	(663)	95		(724)	1	(723)
1st half-year 2017 comprehensive income⁽¹⁾					(156)	(663)	95	2,399	1,675	39	1,714
Allocation of 2016 net income							3,419	(3,419)			
Dividends							(855)		(855)	(112)	(967)
(Acquisitions) / disposals of treasury shares and impact of capital increases				(54)					(54)		(54)
Changes in ownership interests ⁽³⁾							(2)		(2)	52	50
Cost of share-based payments and other						(3)	(21)		(24)		(24)
Balance at June 30, 2017⁽¹⁾	295,722	1,127	3,785	(375)	602	(2,334)	26,418	2,399	31,622	160	31,782
2 nd half-year 2017 net income ⁽¹⁾								2,813	2,813	58	2,871
Other components of comprehensive income ⁽²⁾					207	(1,045)	23		(815)	10	(805)
2nd half-year 2017 comprehensive income⁽¹⁾					207	(1,045)	23	2,813	1,998	68	2,066
Dividends										(21)	(21)
(Acquisitions) / disposals of treasury shares and impact of capital increases				(119)					(119)		(119)
Changes in ownership interests ⁽³⁾						3	(153)		(150)	87	(63)
Cost of share-based payments and other							34		34		34
Balance at Dec. 31, 2017⁽¹⁾	295,722	1,127	3,785	(494)	809	(3,376)	26,322	5,212	33,385	294	33,679

(1) The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ group (note 3-B to the consolidated financial statements for 2017) and the change of accounting treatment for redeemable shares in 2018 (note 2-A3), and are thus different from the previously published figures. The 2017 figures include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3) and allocation of the purchase price paid for the AVTOVAZ group which was finalized in the second half-year of 2017 (note 3-B to the 2017 consolidated financial statements), and are thus different from the previously published figures (note 2-A5).

(2) Changes in reserves correspond to actuarial gains and losses on defined-benefit pension plans during the period.

(3) Changes in ownership interests comprise the effect of acquisitions and disposals of investments, and commitments for buyouts of non-controlling interests. In 2017, they include Renault's acquisition of the shares of Alliance Rostec Auto b.v. previously held by Nissan, which took place in September 2017, and a put option for AVTOVAZ shares subscribed with a third party, giving rise to recognition of €(139) million in shareholders' equity (parent-company shareholders' share) and €87 million in shareholders' equity (non-controlling interests' share) (note 3-B).

2.2.5 CONSOLIDATED CASH FLOWS

(€ million)	Notes	H1 2018	H1 2017 ⁽¹⁾	Year 2017 ⁽¹⁾
Net income		2,040	2,437	5,308
Cancellation of dividends received from unconsolidated listed investments		(44)	(45)	(51)
Cancellation of income and expenses with no impact on cash				
Depreciation, amortization and impairment		1,584	1,598	3,046
Share in net (income) loss of associates and joint ventures		(814)	(1,317)	(2,799)
Other income and expenses with no impact on cash before interest and tax	18	677	643	1,032
Dividends received from unlisted associates and joint ventures		-	-	3
Cash flows before interest and tax⁽²⁾		3,443	3,316	6,539
Dividends received from listed companies⁽³⁾		422	391	761
Net change in financing for final customers		(2,542)	(2,812)	(4,617)
Net change in renewable dealer financing		(283)	(110)	(888)
Decrease (increase) in sales financing receivables		(2,825)	(2,922)	(5,505)
Bond issuance by the Sales Financing segment		3,618	5,345	7,409
Bond redemption by the Sales Financing segment		(2,125)	(2,472)	(3,797)
Net change in other Sales Financing debts		1,975	1,465	2,353
Net change in other securities and loans of the Sales Financing segment		109	(313)	(227)
Net change in financial assets and debts of the Sales Financing segment		3,577	4,025	5,738
Change in capitalized leased assets		(251)	(395)	(622)
Change in working capital before tax	18	(204)	(689)	(112)
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX		4,162	3,726	6,799
Interest received		27	40	70
Interest paid		(142)	(224)	(451)
Current taxes (paid) / received		(316)	(477)	(716)
CASH FLOWS FROM OPERATING ACTIVITIES		3,731	3,065	5,702
Property, plant and equipment and intangible investments	18	(2,044)	(1,695)	(3,601)
Disposals of property, plant and equipment and intangible assets		53	112	153
Acquisitions of investments involving gain of control, net of cash acquired		(43)	(14)	(31)
Acquisitions of other investments, net of cash acquired		(109)	(15)	(37)
Disposals of other investments, net of cash transferred and other		2	-	1
Net decrease (increase) in other securities and loans of the Automotive segments		(200)	(11)	(117)
CASH FLOWS FROM INVESTING ACTIVITIES		(2,341)	(1,623)	(3,632)
Dividends paid to parent company shareholders	15	(1,027)	(916)	(916)
Transactions with non-controlling interests ⁽⁴⁾		12	4	(41)
Dividends paid to non-controlling interests		(87)	(112)	(133)
(Acquisitions) sales of treasury shares ⁽⁵⁾		(119)	(107)	(226)
Cash flows with shareholders		(1,221)	(1,131)	(1,316)
Bond issuance by the Automotive segments		700	809	2,259
Bond redemption by the Automotive segments		(12)	(1,207)	(2,134)
Net increase (decrease) in other financial liabilities of the Automotive segments		294	(107)	(516)
Net change in financial liabilities of the Automotive segments		982	(505)	(391)
CASH FLOWS FROM FINANCING ACTIVITIES		(239)	(1,636)	(1,707)
Increase (decrease) in cash and cash equivalents		1,151	(194)	363

(1) The figures for 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3) and the allocation of the purchase price paid for the AVTOVAZ group which was finalized in the second half-year of 2017 (note 3-B to the consolidated financial statements for 2017). The figures are thus different from those previously published (note 2-A5).

(2) Cash flows before interest and tax do not include dividends received from listed companies.

(3) In the first half-year of 2018, dividends from Daimler (€44 million) and Nissan (€378 million). In 2017, dividends from Daimler (€45 million in the first half-year and €6 million in the second half-year) and Nissan (€346 million in the first half-year and €364 million in the second half-year).

(4) Principally including Renault's acquisition of the shares of Alliance Rostec Auto b.v. previously held by Nissan, which took place in September 2017 (note 3-B).

(5) In compliance with current regulations, Renault acquired Renault shares sold by the French State in November 2017 for the amount of €121 million, in preparation for a share offering reserved for current and former employees to be launched within one year (note 18-C to the consolidated financial statements for 2017).

(€ million)	H1 2018	H1 2017	Year 2017
Cash and cash equivalents: opening balance	14,057	13,853	13,853
Increase (decrease) in cash and cash equivalents	1,151	(194)	363
Effect of changes in exchange rate and other changes	(109)	(103)	(159)
Cash and cash equivalents: closing balance⁽¹⁾	15,099	13,556	14,057

(1) Cash subject to restrictions on use is described in note 14-C.

2.2.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.2.6.1 INFORMATION ON OPERATING SEGMENTS

The operating segments defined by Renault are the following:

- The "Automotive excluding AVTOVAZ" segment, consisting of the Group's automotive activities as they existed until Renault acquired control of the AVTOVAZ group under IFRS 10. This segment comprises the production, sales, and distribution subsidiaries for passenger and light commercial vehicles, automobile service subsidiaries for the Renault, Dacia and Samsung brands, and the subsidiaries in charge of the segment's cash management. It also includes investments in automotive-sector associates and joint ventures, principally Nissan.
- The Sales Financing segment, which the Group considers as an operating activity in its own right, carried out for the distribution network and final customers by RCI Banque, its subsidiaries and its investments in associates and joint ventures.
- The AVTOVAZ segment, consisting of the Russian automotive group AVTOVAZ and its parent company, the joint venture Alliance Rostec Auto b.v., which was formed at the end of 2016, after Renault acquired control over them, as defined by IFRS 10, in December 2016.

A. Consolidated income statement by operating segment

(€ million)	Automotive (excluding AVTOVAZ) ⁽¹⁾	AVTOVAZ ⁽¹⁾	Intra Automotive Transactions	Total Automotive	Sales Financing	Intersegment transactions	Consolidated total
H1 2018⁽²⁾							
External sales	26,867	1,477	-	28,344	1,613	-	29,957
Intersegment sales	46	415	(415)	46	10	(56)	-
Sales by segment	26,913	1,892	(415)	28,390	1,623	(56)	29,957
Operating margin⁽³⁾	1,215	105	-	1,320	594	-	1,914
Operating income	1,030	110	-	1,140	594	-	1,734
Financial income (expenses)	(68)	(53)	-	(121)	-	-	(121)
Share in net income (loss) of associates and joint ventures	799	5	-	804	10	-	814
Pre-tax income	1,761	62	-	1,823	604	-	2,427
Current and deferred taxes	(216)	(6)	-	(222)	(165)	-	(387)
Net income	1,545	56	-	1,601	439	-	2,040

(1) In 2018 external sales by the Automotive (excluding AVTOVAZ) segment include sales to the AVTOVAZ group, which amount to €174 million for the first half-year of 2018, and these sales are thus included in the AVTOVAZ segment's intersegment transactions.

(2) The figures for the first half-year of 2018 are established in application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with Customers". The changes related to the application of these new standards are presented in note 2-A.

(3) Details of amortization, depreciation and impairment are provided in the statement of consolidated cash flows by operating segment.

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(€ million)	Automotive (excluding AVTOVAZ) ⁽¹⁾	AVTOVAZ ⁽¹⁾	Intra Automotive Transactions	Total Automotive	Sales Financing	Intersegment transactions	Consolidated total
H1 2017⁽²⁾							
External sales	26,995	1,291	-	28,286	1,251	-	29,537
Intersegment sales	(236)	363	(363)	(236)	261	(25)	-
Sales by segment	26,759	1,654	(363)	28,050	1,512	(25)	29,537
Operating margin⁽³⁾	1,222	7	(4)	1,225	525	70	1,820
Operating income	1,193	4	(4)	1,193	526	70	1,789
Financial income (expenses)	(129)	(58)	-	(187)	-	-	(187)
Share in net income (loss) of associates and joint ventures	1,306	3	-	1,309	8	-	1,317
Pre-tax income	2,370	(51)	(4)	2,315	534	70	2,919
Current and deferred taxes	(274)	(6)	-	(280)	(181)	(21)	(482)
Net income	2,096	(57)	(4)	2,035	353	49	2,437
YEAR 2017⁽²⁾							
External sales	53,530	2,727	-	56,257	2,513	-	58,770
Intersegment sales	(379)	765	(765)	(379)	532	(153)	-
Sales by segment	53,151	3,492	(765)	55,878	3,045	(153)	58,770
Operating margin⁽³⁾	2,630	57	(2)	2,685	1,050	119	3,854
Operating income	2,617	23	(2)	2,638	1,049	119	3,806
Financial income (expenses)	(279)	(112)	-	(391)	-	-	(391)
Share in net income (loss) of associates and joint ventures	2,808	(24)	-	2,784	15	-	2,799
Pre-tax income	5,146	(113)	(2)	5,031	1,064	119	6,214
Current and deferred taxes	(543)	(2)	-	(545)	(325)	(36)	(906)
Net income	4,603	(115)	(2)	4,486	739	83	5,308

(1) In 2017 external sales by the Automotive (excluding AVTOVAZ) segment include sales to the AVTOVAZ group, which amount to €134 million for the first half-year of 2017 and €276 million for the year 2017, and these sales are thus included in the AVTOVAZ segment's intersegment transactions.

(2) The figures for 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3) and the allocation of the purchase price paid for the AVTOVAZ group which was finalized in the second half-year of 2017 (note 3-B to the consolidated financial statements for 2017). The figures are thus different from those previously published (note 2-A5).

(3) Details of amortization, depreciation and impairment are provided in the statement of consolidated cash flows by operating segment.

B. Consolidated financial position by operating segment

JUNE 30, 2018 ⁽¹⁾	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra Automotive Transactions	Total Automotive	Sales Financing	Intersegment transactions	Consolidated total
ASSETS (€ million)							
NON-CURRENT ASSETS							
Property, plant and equipment and intangible assets and goodwill	17,003	1,518	-	18,521	403	-	18,924
Investments in associates and joint ventures	20,706	19	-	20,725	116	-	20,841
Non-current financial assets – equity investments	6,864	-	(913)	5,951	2	(4,935)	1,018
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segments	89	-	-	89	-	-	89
Deferred tax assets and other non-current assets	1,665	407	(128)	1,944	472	-	2,416
Total non-current assets	46,327	1,944	(1,041)	47,230	993	(4,935)	43,288
CURRENT ASSETS							
Inventories	6,744	324	-	7,068	44	-	7,112
Customer receivables	1,777	311	(105)	1,983	42,256	(1,034)	43,205
Current financial assets	1,429	-	-	1,429	1,482	(815)	2,096
Current tax assets and other current assets	3,050	115	(2)	3,163	4,967	(3,849)	4,281
Cash and cash equivalents	11,951	116	(3)	12,064	3,127	(92)	15,099
Total current assets	24,951	866	(110)	25,707	51,876	(5,790)	71,793
Total assets	71,278	2,810	(1,151)	72,937	52,869	(10,725)	115,081
SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)							
SHAREHOLDERS' EQUITY	34,439	962	(915)	34,486	4,982	(4,951)	34,517
NON-CURRENT LIABILITIES							
Long-term provisions	2,530	19	-	2,549	559	-	3,108
Non-current financial liabilities	4,752	762	-	5,514	13	-	5,527
Deferred tax liabilities and other non-current liabilities	1,140	41	(128)	1,053	668	-	1,721
Total non-current liabilities	8,422	822	(128)	9,116	1,240	-	10,356
CURRENT LIABILITIES							
Short-term provisions	984	62	-	1,046	17	-	1,063
Current financial liabilities	4,810	179	(3)	4,986	-	(1,012)	3,974
Trade payables and sales financing debts	10,063	513	(109)	10,467	45,258	(966)	54,759
Current tax liabilities and other current liabilities	12,560	272	4	12,836	1,372	(3,796)	10,412
Total current liabilities	28,417	1,026	(108)	29,335	46,647	(5,774)	70,208
Total shareholders' equity and liabilities	71,278	2,810	(1,151)	72,937	52,869	(10,725)	115,081

(1) The impacts of application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with Customers" from January 1, 2018 are presented in note 2-A.

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DECEMBER 31, 2017 ⁽¹⁾	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra- Automotive Transactions	Total Automotive	Sales Financing	Intersegment transactions	Consolidated total
ASSETS (€ million)							
NON-CURRENT ASSETS							
Property, plant and equipment and intangible assets and goodwill	16,818	1,616	-	18,434	388	-	18,822
Investments in associates and joint ventures	19,694	15	-	19,709	102	-	19,811
Non-current financial assets – equity investments	6,241	-	(303)	5,938	2	(4,634)	1,306
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segments	139	-	(50)	89	-	-	89
Deferred tax assets and other non-current assets	1,709	477	(146)	2,040	411	(89)	2,362
Total non-current assets	44,601	2,108	(499)	46,210	903	(4,723)	42,390
CURRENT ASSETS							
Inventories	5,939	344	-	6,283	45	-	6,328
Customer receivables	2,238	214	(435)	2,017	39,972	(902)	41,087
Current financial assets	1,181	-	(38)	1,143	1,610	(821)	1,932
Current tax assets and other current assets	2,853	139	(6)	2,986	4,761	(3,642)	4,105
Cash and cash equivalents	11,718	130	(3)	11,845	2,354	(142)	14,057
Total current assets	23,929	827	(482)	24,274	48,742	(5,507)	67,509
Total assets	68,530	2,935	(981)	70,484	49,645	(10,230)	109,899
SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)							
SHAREHOLDERS' EQUITY	33,684	(99)	(138)	33,447	4,672	(4,440)	33,679
NON-CURRENT LIABILITIES							
Long-term provisions	2,549	18	-	2,567	531	-	3,098
Non-current financial liabilities	4,111	1,211	(215)	5,107	13	-	5,120
Deferred tax liabilities and other non-current liabilities	1,147	83	(146)	1,084	675	-	1,759
Total non-current liabilities	7,807	1,312	(361)	8,758	1,219	-	9,977
CURRENT LIABILITIES							
Short-term provisions	868	87	-	955	11	-	966
Current financial liabilities	4,270	532	(41)	4,761	-	(969)	3,792
Trade payables and sales financing debts	9,595	824	(400)	10,019	42,248	(968)	51,299
Current tax liabilities and other current liabilities	12,306	279	(41)	12,544	1,495	(3,853)	10,186
Total current liabilities	27,039	1,722	(482)	28,279	43,754	(5,790)	66,243
Total shareholders' equity and liabilities	68,530	2,935	(981)	70,484	49,645	(10,230)	109,899

(1) The figures at December 31, 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from the previously published figures (note 2-A5).

C. Consolidated cash flows by operating segment

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra Automotive Transactions	Total Automotive	Sales Financing	Intersegment transactions	Consolidated total
H1 2018							
Net income	1,545	56	-	1,601	439	-	2,040
Cancellation of dividends received from unconsolidated listed investments	(44)	-	-	(44)	-	-	(44)
Cancellation of income and expenses with no impact on cash							
Depreciation, amortization and impairment	1,498	50	-	1,548	36	-	1,584
Share in net (income) loss of associates and joint ventures	(800)	(5)	-	(805)	(9)	-	(814)
Other income and expenses with no impact on cash, before interest and tax	404	42	-	446	231	-	677
Cash flows before interest and tax⁽¹⁾	2,603	143	-	2,746	697	-	3,443
Dividends received from listed companies⁽²⁾	422	-	-	422	-	-	422
Decrease (increase) in sales financing receivables	-	-	-	-	(2,868)	43	(2,825)
Net change in financial assets and sales financing debts	-	-	-	-	3,557	20	3,577
Change in capitalized leased assets	(212)	-	-	(212)	(39)	-	(251)
Change in working capital before tax	212	(16)	4	200	(403)	(1)	(204)
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX	3,025	127	4	3,156	944	62	4,162
Interest received	30	3	(2)	31	-	(4)	27
Interest paid	(99)	(50)	2	(147)	-	5	(142)
Current taxes (paid) / received	(220)	(1)	-	(221)	(94)	(1)	(316)
CASH FLOWS FROM OPERATING ACTIVITIES	2,736	79	4	2,819	850	62	3,731
Purchases of intangible assets	(814)	(9)	-	(823)	(3)	-	(826)
Purchases of property, plant and equipment	(1,192)	(26)	9	(1,209)	(9)	-	(1,218)
Disposals of property, plant and equipment and intangibles	50	16	(13)	53	-	-	53
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired	(14)	(1)	(1)	(16)	(27)	-	(43)
Acquisitions and disposals of other investments and other	(94)	-	-	(94)	(13)	-	(107)
Net decrease (increase) in other securities and loans of the Automotive segments	(201)	-	-	(201)	-	1	(200)
CASH FLOWS FROM INVESTING ACTIVITIES	(2,265)	(20)	(5)	(2,290)	(52)	1	(2,341)
Cash flows with shareholders	(1,221)	-	-	(1,221)	-	-	(1,221)
Net change in financial liabilities of the Automotive segments	1,076	(64)	-	1,012	-	(30)	982
CASH FLOWS FROM FINANCING ACTIVITIES	(145)	(64)	-	(209)	-	(30)	(239)
Increase (decrease) in cash and cash equivalents	326	(5)	(1)	320	798	33	1,151

(1) Cash flows before interest and tax do not include dividends received from listed companies.

(2) Dividends received from Daimler (€44 million) and Nissan (€378 million).

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra Automotive Transactions	Total Automotive	Sales Financing	Intersegment transactions	Consolidated total
H1 2018							
Cash and cash equivalents: opening balance	11,718	130	(3)	11,845	2,354	(142)	14,057
Increase (decrease) in cash and cash equivalents	326	(5)	(1)	320	798	33	1,151
Effect of changes in exchange rate and other changes	(93)	(9)	1	(101)	(25)	17	(109)
Cash and cash equivalents: closing balance	11,951	116	(3)	12,064	3,127	(92)	15,099

FINANCIAL RESULTS

2.2 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 2018

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVA	Intra Automotive Transactions	Total Automotive	Sales Financing	Intersegment transactions	Consolidated total
H1 2017⁽¹⁾							
Net income	2,096	(57)	(4)	2,035	353	49	2,437
Cancellation of dividends received from unconsolidated listed investments	(45)	-	-	(45)	-	-	(45)
Cancellation of income and expenses with no impact on cash							
Depreciation, amortization and impairment	1,508	53	-	1,561	37	-	1,598
Share in net (income) loss of associates and joint ventures	(1,306)	(3)	-	(1,309)	(8)	-	(1,317)
Other income and expenses with no impact on cash, before interest and tax	353	56	-	409	221	13	643
Cash flows before interest and tax⁽²⁾	2,606	49	(4)	2,651	603	62	3,316
Dividends received from listed companies⁽³⁾	391	-	-	391	-	-	391
Decrease (increase) in sales financing receivables	-	-	-	-	(2,986)	64	(2,922)
Net change in financial assets and sales financing debts	-	-	-	-	4,133	(108)	4,025
Change in capitalized leased assets	(327)	-	-	(327)	(68)	-	(395)
Change in working capital before tax	100	84	7	191	(869)	(11)	(689)
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX	2,770	133	3	2,906	813	7	3,726
Interest received	33	11	-	44	1	(5)	40
Interest paid	(169)	(68)	-	(237)	-	13	(224)
Current taxes (paid) / received	(381)	(3)	-	(384)	(89)	(4)	(477)
CASH FLOWS FROM OPERATING ACTIVITIES	2,253	73	3	2,329	725	11	3,065
Purchases of intangible assets	(633)	(10)	-	(643)	(1)	-	(644)
Purchases of property, plant and equipment	(1,013)	(43)	7	(1,049)	(2)	-	(1,051)
Disposals of property, plant and equipment and intangibles	109	13	(10)	112	-	-	112
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired	(16)	-	-	(16)	2	-	(14)
Acquisitions and disposals of other investments and other	(15)	-	-	(15)	-	-	(15)
Net decrease (increase) in other securities and loans of the Automotive segments	(132)	-	(1)	(133)	-	122	(11)
CASH FLOWS FROM INVESTING ACTIVITIES	(1,700)	(40)	(4)	(1,744)	(1)	122	(1,623)
Cash flows with shareholders	(1,097)	-	-	(1,097)	(34)	-	(1,131)
Net change in financial liabilities of the Automotive segments	(292)	(105)	(1)	(398)	-	(107)	(505)
CASH FLOWS FROM FINANCING ACTIVITIES	(1,389)	(105)	(1)	(1,495)	(34)	(107)	(1,636)
Increase (decrease) in cash and cash equivalents	(836)	(72)	(2)	(910)	690	26	(194)

(1) The figures for 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3) and the allocation of the purchase price paid for the AVTOVAZ group which was finalized in the second half-year of 2017 (note 3-B to the consolidated financial statements for 2017). The figures are thus different from those previously published (note 2-A5).

(2) Cash flows before interest and tax do not include dividends received from listed companies.

(3) Dividends received from Daimler (€45 million) and Nissan (€346 million).

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra- Automotive Transactions	Total Automotive	Sales Financing	Intersegment transactions	Consolidated total
H1 2017							
Cash and cash equivalents: opening balance	11,820	277	-	12,097	1,894	(138)	13,853
Increase (decrease) in cash and cash equivalents	(836)	(72)	(2)	(910)	690	26	(194)
Effect of changes in exchange rate and other changes	(79)	(8)	-	(87)	(25)	9	(103)
Cash and cash equivalents: closing balance	10,905	197	(2)	11,100	2,559	(103)	13,556

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FINANCIAL RESULTS

2.2 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 2018

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra- Automotive Transactions	Total Automotive	Sales Financing	Intersegment transactions	Consolidated total
YEAR 2017⁽¹⁾							
Net income	4,603	(115)	(2)	4,486	739	83	5,308
Cancellation of dividends received from unconsolidated listed investments	(51)	-	-	(51)	-	-	(51)
Cancellation of income and expenses with no impact on cash							
Depreciation, amortization and impairment	2,852	109	-	2,961	85	-	3,046
Share in net (income) loss of associates and joint ventures	(2,808)	24	-	(2,784)	(15)	-	(2,799)
Other income and expenses with no impact on cash, before interest and tax	499	139	-	638	372	22	1,032
Dividends received from unlisted associates and joint ventures	3	-	-	3	-	-	3
Cash flows before interest and tax⁽²⁾	5,098	157	(2)	5,253	1,181	105	6,539
Dividends received from listed companies⁽³⁾	761	-	-	761	-	-	761
Decrease (increase) in sales financing receivables	-	-	-	-	(5,568)	63	(5,505)
Net change in financial assets and sales financing debts	-	-	-	-	5,871	(133)	5,738
Change in capitalized leased assets	(529)	-	-	(529)	(93)	-	(622)
Change in working capital before tax	447	98	5	550	(613)	(49)	(112)
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX	5,777	255	3	6,035	778	(14)	6,799
Interest received	68	17	(4)	81	1	(12)	70
Interest paid	(352)	(128)	4	(476)	-	25	(451)
Current taxes (paid) / received	(487)	(6)	-	(493)	(220)	(3)	(716)
CASH FLOWS FROM OPERATING ACTIVITIES	5,006	138	3	5,147	559	(4)	5,702
Purchases of intangible assets	(1,285)	(24)	-	(1,309)	(2)	-	(1,311)
Purchases of property, plant and equipment	(2,221)	(81)	17	(2,285)	(5)	-	(2,290)
Disposals of property, plant and equipment and intangibles	144	29	(20)	153	-	-	153
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired	(16)	-	-	(16)	(15)	-	(31)
Acquisitions and disposals of other investments and other	(37)	1	-	(36)	-	-	(36)
Net decrease (increase) in other securities and loans of the Automotive segments	(228)	-	-	(228)	-	111	(117)
CASH FLOWS FROM INVESTING ACTIVITIES	(3,643)	(75)	(3)	(3,721)	(22)	111	(3,632)
Cash flows with shareholders ⁽⁴⁾	(1,267)	-	-	(1,267)	(49)	-	(1,316)
Net change in financial liabilities of the Automotive segments	(54)	(194)	(3)	(251)	-	(140)	(391)
CASH FLOWS FROM FINANCING ACTIVITIES	(1,321)	(194)	(3)	(1,518)	(49)	(140)	(1,707)
Increase (decrease) in cash and cash equivalents	42	(131)	(3)	(92)	488	(33)	363

(1) The figures for 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from the previously published figures (note 2-A5).

(2) Cash flows before interest and tax do not include dividends received from listed companies.

(3) Dividends received from Daimler (€51 million) and Nissan (€710 million).

(4) Including the acquisitions of the shares of Alliance Rostec Auto b.v. previously held by Nissan (note 3-B) and the Renault shares sold by the French State, in preparation for a share offering reserved for current and former employees (note 18-C to the consolidated financial statements for 2017).

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra- Automotive Transactions	Total Automotive	Sales Financing	Intersegment transactions	Consolidated total
YEAR 2017							
Cash and cash equivalents: opening balance	11,820	277	-	12,097	1,894	(138)	13,853
Increase (decrease) in cash and cash equivalents	42	(131)	(3)	(92)	488	(33)	363
Effect of changes in exchange rate and other changes	(144)	(16)	-	(160)	(28)	29	(159)
Cash and cash equivalents: closing balance	11,718	130	(3)	11,845	2,354	(142)	14,057

D. Other information for the Automotive segments: net cash position (net financial indebtedness) and operational free cash flow

The net cash position or net financial indebtedness and operational free cash flow are only presented for the Automotive segments, since these indicators are not relevant for monitoring Sales Financing activity.

Net cash position (net financial indebtedness)

JUNE 30, 2018 (€ million)	Automotive (excluding AVTOVAZ) ⁽¹⁾	AVTOVAZ ⁽¹⁾	Intra- Automotive transactions	Total Automotive
Non-current financial liabilities	(4,752)	(762)	-	(5,514)
Current financial liabilities	(4,810)	(179)	3	(4,986)
Non-current financial assets – other securities, loans and derivatives on financing operations	69	-	-	69
Current financial assets	1,429	-	-	1,429
Cash and cash equivalents	11,951	116	(3)	12,064
Net cash position (net financial indebtedness) of the Automotive segments	3,887	(825)	-	3,062

(1) The decline in the net financial indebtedness of the AVTOVAZ segment mainly results from capitalization of a debt to Russian Technologies amounting to 30.7 billion roubles, loans from Renault to AVTOVAZ amounting to 6 billion roubles, and long-term liabilities of Alliance Rostec b.v. amounting to 11.5 billion roubles (i.e. a total of €694 million at the exchange rate of December 31, 2017), which were converted into shares. The Automobile (excluding AVTOVAZ) segment includes the effects of the commitment to buy minority interests in AVTOVAZ (€100 million or 7.3 billion roubles at the exchange rate of June 30, 2018) under the mandatory tender offer launched by Alliance Rostec Auto b.v. in the first half-year of 2018.

DECEMBER 31, 2017 ⁽¹⁾ (€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra- Automotive transactions	Total Automotive
Non-current financial liabilities	(4,111)	(1,211)	215	(5,107)
Current financial liabilities	(4,270)	(532)	41	(4,761)
Non-current financial assets – other securities, loans and derivatives on financing operations	139	-	(50)	89
Current financial assets	1,181	-	(38)	1,143
Cash and cash equivalents	11,718	130	(3)	11,845
Capitalizable loans from Renault s.a.s. to AVTOVAZ	(87)	-	87	-
Net cash position (net financial indebtedness) of the Automotive segments	4,570	(1,613)	252	3,209

(1) The figures at December 31, 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3), and are thus different from the previously published figures (note 2-A5).

Operational free cash flow

H1 2018 (€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra- Automotive transactions	Total Automotive
Cash flows (excluding dividends from listed companies) before interest and tax	2,603	143	-	2,746
Changes in working capital before tax	212	(16)	4	200
Interest received by the Automotive segments	30	3	(2)	31
Interest paid by the Automotive segments	(99)	(50)	2	(147)
Current taxes (paid) / received	(220)	(1)	-	(221)
Acquisitions of property, plant and equipment, and intangible assets net of disposals	(1,956)	(19)	(4)	(1,979)
Capitalized leased vehicles and batteries	(212)	-	-	(212)
Operational free cash flow of the Automotive segments	358	60	-	418

H1 2017 (€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra- Automotive transactions	Total Automotive
Cash flows (excluding dividends from listed companies) before interest and tax	2,606	49	(4)	2,651
Changes in working capital before tax	100	84	7	191
Interest received by the Automotive segments	33	11	-	44
Interest paid by the Automotive segments	(169)	(68)	-	(237)
Current taxes (paid) / received	(381)	(3)	-	(384)
Acquisitions of property, plant and equipment, and intangible assets net of disposals	(1,537)	(40)	(3)	(1,580)
Capitalized leased vehicles and batteries	(327)	-	-	(327)
Operational free cash flow of the Automotive segments	325	33	-	358

YEAR 2017 (€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra- Automotive transactions	Total Automotive
Cash flows (excluding dividends from listed companies) before interest and tax	5,098	157	(2)	5,253
Changes in working capital before tax	447	98	5	550
Interest received by the Automotive segments	68	17	(4)	81
Interest paid by the Automotive segments	(352)	(128)	4	(476)
Current taxes (paid) / received	(487)	(6)	-	(493)
Acquisitions of property, plant and equipment, and intangible assets net of disposals	(3,362)	(76)	(3)	(3,441)
Capitalized leased vehicles and batteries	(529)	-	-	(529)
Operational free cash flow of the Automotive segments	883	62	-	945

2.2.6.2 ACCOUNTING POLICIES AND SCOPE OF CONSOLIDATION

Note 1 – Approval of the financial statements

The Renault Group's condensed consolidated financial statements at June 30, 2018 were examined at the Board of Directors' meeting of July 26, 2018.

Note 2 – Accounting policies

The interim financial statements at June 30, 2018 are compliant with IAS 34 "Interim financial reporting". They do not contain all the information required for annual consolidated financial statements and should be read in conjunction with the financial statements at December 31, 2017.

The Renault Group's condensed consolidated half-year financial statements at June 30, 2018 are prepared under the IFRS (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) at December 31, 2018 and adopted by the European Union at the closing date. Apart from the changes presented in paragraph A below, the accounting policies are identical to those applied in the consolidated financial statements at December 31, 2017.

A. Changes in accounting policies

The Renault Group applies the accounting standards and amendments that have been published in the Official Journal of the European Union and are mandatory from January 1, 2018.

New amendments that became mandatory on January 1, 2018

Amendments to IFRS 2	Classification and measurement of share-based payment transactions
IFRS 9	Financial Instruments
IFRS 15 and subsequent amendments	Revenue from contracts with Customers
IFRIC 22	Foreign currency transactions and advance consideration
Annual improvements to IFRS, 2014 – 2016 cycle	Various measures concerning IAS 28 "Investments in Associates and Joint Ventures" and IFRS 12 "Disclosure of Interests in Other Entities"

The changes related to application of IFRS 9 and IFRS 15 are presented below.

The other standards and amendments that became mandatory on January 1, 2018 have no significant impact on the Group's financial statements.

The Group has not opted for early application of the new standards listed below, which have been published in the Official Journal of the European Union and will be mandatory from January 1, 2019 or later.

New standards published in the Official Journal of the European Union not applied early by the Group

IFRS 16	Leases
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On November 9, 2017 the European Union published in the Official Journal IFRS 16, "Leases", which will replace IAS 17 and the associated IFRIC and SIC interpretations, and will eliminate the previous distinction between operating leases and finance leases for the lessee. Under IFRS 16, a lessee recognizes an asset related to the right of use and a financial liability that represents the lease obligation. The right-of-use asset is amortized and the lease liability initially recognized at the present value of lease payments over the expected term of the lease. The discount is unwound using the implicit interest rate of the lease agreement if it can be readily determined, or at the incremental borrowing rate otherwise.

In 2017, the Group identified its leases that come under the scope of IFRS 16, and is currently examining their valuation under the new standard. At this stage, real estate leases make up the Group's main lease commitments and will account for most of the restated agreements. The Group does not expect application of this standard to have any significant effect on operating income.

Due to the specificities in lease contracts allowing penalty-free withdrawal before the end of the contract, the irrevocable lease commitments reported in note 28-A1 to the 2017 financial statements for 2017 are still not fully representative of the financial liability that should be recognized in application of IFRS 16. The negative impact of this standard's application on the financial liability, and the positive effects on the operating margin and cash flows from operating activities, are currently being analyzed.

The Group intends to apply the standard from January 1, 2019 using the simplified retrospective method.

A1. Changes in the financial statements as a result of first application of IFRS 9 “Financial Instruments”

On November 29, 2016 the European Union published in the Official Journal IFRS 9, “Financial instruments”, which is applied in the Renault Group’s consolidated financial statements from January 1, 2018. The requirements of this standard introduced several changes from the principles laid down by IAS 39, “Financial Instruments – Recognition and Measurement”, principally in the Sales Financing segment. The major changes in the Group’s accounting principles are presented below.

A1.1. Classification of financial assets

IFRS 9 defines three approaches to classification and measurement of financial assets based on their initial recognition: amortized cost, fair value through Other Components of Comprehensive Income, and fair value through profit and loss.

Financial assets are classified according to these three categories by reference to the business model the entity uses to manage them, and the contractual cash flows they generate. Loans, receivables and other debt instruments considered “basic lending arrangements” as defined by the standard (contractual cash flows that are solely payments of principal and interest) are carried at amortized cost when they are managed with the purpose of collecting contractual cash flows), or at fair value through Other Components of Comprehensive income when they are managed with the purpose of collecting contractual cash flows and selling the asset, while debt instruments that are not “basic lending arrangements” and do not correspond to these business models are carried at fair value through profit and loss. Equity instruments are carried at fair value through profit and loss or, under an irrevocable option, at fair value through Other Components of Comprehensive Income.

The former financial asset categories under IAS 39 (loans and receivables, financial assets at fair value through profit and loss, investments held to maturity and available-for-sale financial assets) no longer exist. The Group has prepared a new accounting classification of financial assets under IFRS 9 categories to replace the IAS 39 categories.

Application of these new measures has led the Group to make an irrevocable option to present the Daimler shares acquired under the strategic partnership with Daimler at fair value through Other Components of Comprehensive Income. These shares were previously classified as available-for-sale financial assets. Shares in investment funds (UCITS) are now carried at fair value through profit and loss.

Unconsolidated investments will continue to be presented in other current assets. These are non-significant investments in companies controlled exclusively by the Group.

However, investments in non-significant companies controlled jointly by the Group or over which it has significant influence, which were previously classified as Available-for-sale financial assets, are now presented in compliance with IFRS 11 “Joint arrangements” and IAS 28 “Investments in Associates and Joint Ventures” which would apply to them if they were consolidated.

A1.2. Accounting treatment of financial liabilities

IFRS 9 does not introduce any change to classification and measurement of financial liabilities.

In its preparatory work for application of IFRS 9, the Group reviewed the accounting treatment applied to the redeemable shares held by Renault SA and decided to make a voluntary change of accounting method, which is presented in note 2-A3.

A1.3. Impairment of financial assets

IFRS 9 replaced the IAS 39 impairment model for financial assets, based on realized credit losses, with a prospective model based on expected credit losses. The new model applies to assets carried at amortized cost or at fair value through Other Components of Comprehensive Income.

For operating receivables of the Automotive segments, since they are short-term receivables with no financially significant component, the Group has developed a simplified approach based on prospective assessment of the credit risk at the inception of the receivable and its deterioration over time. As a result of this new impairment model, additional impairment has been recognized on healthy receivables, although the amounts involved are not significant.

In the Sales Financing segment, in-depth analyses have been conducted to define a new impairment methodology. As a result, impairment is booked for expected credit losses in respect of all financial instruments in the scope of the standard under the following rules:

- Upon initial recognition, impairment on the instrument is recorded equivalent to the 12-month expected credit loss.
- If there is a significant deterioration in the credit risk after initial recognition, impairment on the instrument is recorded equivalent to the instrument’s lifetime expected losses.

The date of initial recognition is the date at which the irrevocable financing commitment is signed, or in the case of securities, their acquisition date.

IFRS 9’s definition of the risk of default does not change the definition given by IAS 39, and the Group will continue to use the same definitions of doubtful and compromised doubtful receivables when measuring realized losses. It is important to note that the accounting concept of “doubtful” used in the Sales Financing segment is very similar to the Basel accords’ concept of “default”.

To ensure coherence between its prudential risk management policy and its accounting method for establishing provisions, the Sales Financing segment, in compliance with the recommendations of the Basel Committee and the European Banking Authority, will use the existing Basel rules as far as possible to generate the IFRS 9 parameters required for its calculations.

An approach based on Basel credit risk models has thus been implemented for customer and dealer loans and financing, finance leases, and irrevocable financing commitments and financial guarantees given. These assets account for more than 85% of the financial assets covered by IFRS 9. For other assets, a standard approach based on a simplified methodology will be applied, since these portfolios are non-significant.

Application of this new impairment methodology has led to an adjustment to the Group’s opening consolidated shareholders’ equity of €(96) million net of deferred taxes.

A1.4. Hedge accounting

The Group applies IFRS 9 to all of its micro-hedging operations (commodity, currency and interest rate hedges). The changes resulting from the new standard mainly affect documentation of the efficiency of hedges, and have no impact in the financial statements.

Until there is a further change in IFRS, the Group continues to apply IAS 39 for documentation of macro-hedging operations.

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For the hedge of the Group's net investment in Nissan, which is included in the consolidated financial statements under the equity method, IFRS 9 does not introduce any change in the documentation of the hedge's efficiency or recognition of its effects.

A1.5. Changes in the financial statements as a result of first application of IFRS 9

The changes resulting from adoption of IFRS 9 have been applied under the simplified retrospective method in the 2018 financial statements, using the following simplified measures:

- The 2017 comparative figures have not been adjusted for application of IFRS 9 and are therefore identical to the figures reported in the previous year's financial statements, under the accounting principles of IAS 39, "Financial Instruments – Recognition and Measurement";
- Differences in the book value of financial assets at the date of first application of IFRS 9 are recorded at January 1, 2018 in shareholders' equity, in reserves or Other Components of Comprehensive Income.

The table below presents the net-of-tax effects of application of IFRS 9 on Group shareholders' equity at January 1, 2018:

(€ million)	Reserves	Revaluation of financial instruments	Impact of the transition to IFRS 9 - Total
Shareholders' equity – parent company shareholders' share			
Impairment related to expected credit losses on Automotive receivables	(5)		(5)
Change in impairment methodology on Sales Financing receivables	(116)		(116)
Impairment related to expected credit losses on debt instruments at fair value through Other Components of Comprehensive Income	(1)	1	-
Reclassifications	26	(26)	-
Taxes	23	4	27
Effect on the opening balance sheet at January 1, 2018	(73)	(21)	(94)
Shareholders' equity – non-controlling interests' share			
Impairment related to expected credit losses under IFRS 9			(3)
Taxes			1
Effect on the opening balance sheet at January 1, 2018			(2)

Changes in hedge accounting essentially concern non-accounting documentation of hedges; no impact was recognized at the start of the year as a result of the transition to IFRS 9.

The table below gives details of the transition at January 1, 2018 from IAS 39 financial asset categories (as presented in note 24-A to the 2017 financial statements) to the new IFRS 9 categories for fully-consolidated companies:

(€ million)	Former classification and measurement method under IAS 39	New classification under IFRS 9	Former amount under IAS 39	New amount under IFRS 9
Sales Financing receivables	Loans and receivables (amortized cost)	Amortized cost	39,334	39,212
Automotive receivables	Loans and receivables (amortized cost)	Amortized cost	1,753	1,748
Other receivables	Loans and receivables (amortized cost)	Amortized cost	5,292	5,292
Other receivables	Fair value through profit and loss	Fair value through profit and loss	15	15
Investments in non-controlled entities – companies neither under significant influence nor joint control)	Available-for-sale assets	Fair value through profit and loss	100	100
Investments in non-controlled entities – companies neither under significant influence nor joint control) ⁽¹⁾	Available-for-sale assets	Fair value through Other Components of Comprehensive Income, by option	1,165	1,165
Investments in non-controlled entities – companies under significant influence or joint control ⁽²⁾	Available-for-sale assets	As defined in the applicable standard (IFRS 11 or IAS 28)	41	41
Investments in controlled unconsolidated entities	As defined in the applicable standard (IFRS 10)	As defined in the applicable standard (IFRS 10)	100	100
Marketable securities and negotiable debt securities	Available-for-sale assets	Fair value through Other Components of Comprehensive Income	1,184	951
Marketable securities and negotiable debt securities	Available-for-sale assets	Fair value through profit and loss		232
Loans	Loans and receivables (amortized cost)	Amortized cost	512	512
Derivatives assets on financing transactions of the Automotive and the Sales Financing segments	Fair value through profit and loss	Fair value through profit and loss	349	349
Derivatives on operating transactions of the Automotive segments	Fair value – hedging instruments	Fair value – hedging instruments	10	10
Derivatives on financing transactions by the Automotive and Sales Financing segments	Fair value – hedging instruments	Fair value – hedging instruments	99	99
Cash	Loans and receivables (amortized cost)	Amortized cost	7,417	7,417
Cash equivalents	Loans and receivables (amortized cost)	Amortized cost	2,757	2,757
Cash equivalents		Fair value through profit and loss		3,753
Cash equivalents	Held for trading Available-for-sale assets	Fair value through Other Components of Comprehensive Income	3,883	130
Total Financial assets			64,011	63,883

(1) As allowed by IFRS 9 point 5.7.5, the Group has opted to carry changes in the fair value of the Daimler shares at fair value through other components of comprehensive income. As a result of this option, gains and losses on these shares will never be recognized in net income, and only the dividends received will remain in the net financial income.

(2) The shares of companies under significant influence or joint control are measured in accordance with the applicable standard: IFRS 11 or IAS 28 (cf. A.1.1).

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A2. Changes in the financial statements as a result of first application of IFRS 15

On October 29, 2016 the European Union published in the Official Journal IFRS 15, "Revenue from Contracts with Customers", which will replace IAS 11 and IAS 18 and the associated IFRIC and SIC interpretations. IFRS 15 proposes a new approach to recognition of sales revenues described in five stages.

The Group has reviewed its sales contracts and concluded that the trigger event for revenue recognition will remain unchanged. Transfer of control of automotive products takes place when the products are made available to the distribution network (upon entering or leaving the distribution centre, depending on the contractual terms applicable) in the case of non-Group dealers, or upon delivery to the end-user in the case of direct sales. There is no transfer of control when the automotive item is covered by an operating lease from a Group finance company or the Group has made a buy-back commitment with a high probability of application. In such cases the revenue relating to the lease is spread over the period the item is at the customer's disposal, and then sales revenue is recognized when control over the used vehicle is transferred. Sales revenues generated by service contracts in which the Group sells additional services such as maintenance or warranty extensions are spread over the duration of the service provided.

The Group makes a distinction between insurance-type warranties, to be covered by provisions, and service-type warranties, for which revenues are spread over the duration of the warranty extension. These principles are in line with IFRS 15 and no modification was therefore made for the transition.

The cost of sales incentive programmes based on the volume or price of the products sold is deducted from revenues when the corresponding sales are recorded. Provisions are estimated by reference to the most likely amount. The transition to IFRS 15 did not lead the Group to modify its previous practices.

Treatment of incentives granted in the form of reduced interest on the sale of a vehicle with associated financing has been modified such that the effect of the interest reduction is always included in profit and loss at the time of the vehicle sale, instead of being recognized progressively over the term of the financing. The impact of this change is recognized in opening shareholders' equity and amounts to €238 million net of deferred taxes.

The Group did not identify any significant financing component at the transition date, but applies the principle of recognizing these effects in the financial statements as soon as they become significant.

Note 4 discloses the amount of sales to its partners (principally automakers). Sales to partners include sales of parts, components and vehicles for sale under the partners' own brands, and services such as engineering development.

The Group has applied IFRS 15 since January 1, 2018 under the simplified retrospective method: the 2018 financial statements are prepared in accordance with IFRS 15, while the comparative figures for 2017 remain unchanged as prepared under the previous standards. The effects of modifications are recorded in shareholders' equity at the opening of the 2018 financial year.

The table below presents the net-of-tax effect of application of IFRS 15 and the related clarifications published by the IASB in April 2016 on the Group's shareholders' equity at January 1, 2018 for fully-consolidated companies:

(€ million)	Shareholders' equity - parent-company shareholders' share - Reserves	Shareholders' equity - Non-controlling interests' share
Impact of the transition to IFRS 15		
Discontinuation of progressive recognition of incentives in the form of reduced interest	(308)	(12)
Taxes	79	3
Effect on the opening balance sheet at January 1, 2018	(229)	(9)

The Group has also modified the presentation of incentives in the form of reduced interest in its segment reporting. These expenses were previously deducted from the Sales financing sales, but are

now deducted from Automotive sales. In accordance with IFRS 15, consolidated sales and operating margin in 2018 are presented below under the previously applicable IAS 11 and IAS 18 rules.

H1 2018 (€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra- Automotive Transactions	Total Automotive	Sales Financing	Intersegment transactions	Consolidated total
Sales of goods	25,713	1,456	-	27,169	15	-	27,184
Sales of services	1,432	21	-	1,453	1,320	-	2,773
External sales	27,145	1,477	-	28,622	1,335	-	29,957
Intersegment sales	(232)	415	(415)	(232)	288	(56)	-
Sales by segment	26,913	1,892	(415)	28,390	1,623	(56)	29,957
Operating margin	1,215	105	-	1,320	594	70	1,984

A3. Accounting treatment of redeemable shares held by Renault SA

After reviewing the accounting methods for redeemable shares held by Renault SA, in preparation for application of the new standard IFRS 9, the Group decided to make a voluntary accounting change. Although the IAS 39 rules were incorporated into IFRS 9 unchanged, for instruments carried at fair value through profit and loss, the new standard requires the portion of the change in fair value that relates to the issuer's own credit risk to be recognized separately in shareholders' equity. Since the redeemable shares are perpetual instruments, the "own credit risk" component of their fair value could not be reliably and consistently identified.

The characteristics of the return on Renault redeemable shares does not preclude recognition at amortized cost, as this return is partly indexed on Renault revenues. This can be analyzed as a derivative or otherwise, depending on whether the change in consolidated revenues is considered as a financial variable or a non-financial variable, as the choice between the two is a choice of accounting method. When IFRSs were first applied in 2005, the Group opted to consider this indexation as financial in nature and the full value of redeemable shares was stated at fair value through profit and loss, with no separation of the embedded derivative.

The decision has now been made to opt for the second method from January 1, 2018 (i.e. considering the change in consolidated revenues as a non-financial variable), and consequently to state the redeemable shares at amortized cost. This amortized cost is calculated by discounting the forecast coupons on redeemable shares, applying the corresponding effective interest rate. The Group considered that the minimum contractual return on the redeemable shares, i.e. 9%, was retrospectively the best estimate of the effective interest rate at the shares' issue date (1983 and 1984). The variable portion is now fully included in estimation of the effective interest rate, with regular adjustment in compliance with point B 5.4.6 of IFRS 9, to be recorded in financial income and expenses.

This voluntary change of accounting method is justified since the Group cannot determine the portion of the change in fair value of redeemable shares that relates to the issuer's own credit risk, no other issuer of this type of instrument has been identified that reports it at fair value through profit and loss, and also since it does not appear possible to analyze stock market movements in the redeemable share price in correlation with movements in the underlyings. The new approach will make the net financial income (expenses) clearer and improve comparability with other issuers of this type of instrument.

As this is a voluntary change of method, the comparative figures from 2017 have also been modified, and so has the internal indicator

of the net financial indebtedness of the Automotive segments (cf. 2.2.6.1-D). The book value of these debt instruments at December 31, 2017 was recalculated at January 1, 2017 and in the statement of financial position becomes the amortized cost of the debt instrument. The effects of this change on the 2017 figures are presented in note 2-A5 below.

The stock market value of redeemable shares at the closing date is provided in note 17-C.

A4. Hyperinflation

To determine whether a country is in hyperinflation, the Group refers to the list published by the International Practices Task Force (IPTF) of the Center for Audit Quality. Argentina was identified in the IPTF bulletin of May 16, 2018 as a country that could have a cumulative 3-year inflation rate above 100%. At the end of May, Argentina's cumulative 3-year inflation rate was higher than 100% by every measurement index, and the country should thus be considered as a hyperinflationary country by the end of the 2018 financial year.

At June 30, 2018 Argentina was the Group's eighth-largest market in terms of volume (tenth-largest in 2017), with sales of around €1 billion at that date. A USD 205 million capital increase was undertaken for the Group's principal subsidiary in Argentina in June 2018, to reduce the financial expenses and foreign exchange risks on net income. The Group is studying the potential impacts of Argentina's classification as a hyperinflationary country by the end of 2018.

The financial statements of the Group's Argentinean subsidiaries at June 30, 2018 are not translated according to IAS 29 - Financial Reporting in Hyperinflationary Economies, but under the normal rules for translating foreign subsidiaries' financial statements, as described in note 2-E to the consolidated financial statements for 2017. No evidence of impairment requiring application of a fixed asset impairment test was identified during the first half-year of 2018.

A5. Restatements of the 2017 consolidated financial statements

The change in valuation method for Renault SA's redeemable shares in 2018, which is applied retrospectively (details above in note 2-A3), and the application of adjustments following the purchase price allocation for the AVTOVAZ group, which was finalized in the second half-year of 2017 (note 3-B to the consolidated financial statements for 2017) have led to restatements of the figures published in the 2017 consolidated financial statements. Details of the principal impacts on the condensed financial statements and the internal indicator of net financial indebtedness (or net liquidity position) of the Automotive segments are provided in the tables below.

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Restatements in the 2017 half-year and annual consolidated income statement and comprehensive income

(€ million)	H1 2017 as published	Change in accounting treatment of redeemable shares	Final allocation of the purchase price for the AVTOVAZ group	H1 2017 restated	Year 2017 as published	Change in accounting treatment of redeemable shares	Year 2017 restated
Revenues	29,537	-	-	29,537	58,770	-	58,770
Cost of goods and services sold	(23,460)	-	-	(23,460)	(46,477)	-	(46,477)
Research and development expenses	(1,327)	-	-	(1,327)	(2,590)	-	(2,590)
Selling, general and administrative expenses	(2,930)	-	-	(2,930)	(5,849)	-	(5,849)
Operating margin	1,820	-	-	1,820	3,854	-	3,854
Automotive (excluding AVTOVAZ)	1,222	-	-	1,222	2,630	-	2,630
AVTOVAZ	7	-	-	7	57	-	57
Intra Automotive transactions	(4)	-	-	(4)	(2)	-	(2)
Sales Financing	525	-	-	525	1,050	-	1,050
Intersegment transactions	70	-	-	70	119	-	119
Other operating income and expenses	(31)	-	-	(31)	(48)	-	(48)
Operating income	1,789	-	-	1,789	3,806	-	3,806
Automotive (excluding AVTOVAZ)	1,193	-	-	1,193	2,617	-	2,617
AVTOVAZ	4	-	-	4	23	-	23
Intra Automotive transactions	(4)	-	-	(4)	(2)	-	(2)
Sales Financing	526	-	-	526	1,049	-	1,049
Intersegment transactions	70	-	-	70	119	-	119
Financial income (expenses)	(211)	18	6	(187)	(504)	113	(391)
Automotive (excluding AVTOVAZ)	(147)	18	-	(129)	(392)	113	(279)
AVTOVAZ	(64)	-	6	(58)	(112)	-	(112)
Intra Automotive transactions	-	-	-	-	-	-	-
Sales Financing	-	-	-	-	-	-	-
Intersegment transactions	-	-	-	-	-	-	-
Share in net income (loss) of associates and joint ventures	1,317	-	-	1,317	2,799	-	2,799
Nissan	1,288	-	-	1,288	2,791	-	2,791
Other associates and joint ventures	29	-	-	29	8	-	8
Pre-tax income	2,895	18	6	2,919	6,101	113	6,214
Automotive (excluding AVTOVAZ)	2,352	18	-	2,370	5,033	113	5,146
AVTOVAZ	(57)	-	6	(51)	(113)	-	(113)
Intra Automotive transactions	(4)	-	-	(4)	(2)	-	(2)
Sales Financing	534	-	-	534	1,064	-	1,064
Intersegment transactions	70	-	-	70	119	-	119
Current and deferred taxes	(479)	(1)	(2)	(482)	(891)	(15)	(906)
Automotive (excluding AVTOVAZ)	(273)	(1)	-	(274)	(528)	(15)	(543)
AVTOVAZ	(4)	-	(2)	(6)	(2)	-	(2)
Intra Automotive transactions	-	-	-	-	-	-	-
Sales Financing	(181)	-	-	(181)	(325)	-	(325)
Intersegment transactions	(21)	-	-	(21)	(36)	-	(36)
Net income	2,416	17	4	2,437	5,210	98	5,308
Net income - parent company shareholders' share	2,379	17	3	2,399	5,114	98	5,212
Net income - non-controlling interests' share	37	-	1	38	96	-	96
Basic earnings per share (in €)	8.77	0.07	0.01	8.85	18.87	0.36	19.23
Diluted earnings per share (in €)	8.70	0.07	0.01	8.78	18.68	0.36	19.04
Comprehensive income	1,693	17	4	1,714	3,682	98	3,780
Gross	2,176	18	6	2,200	4,614	113	4,727
Tax effect	(483)	(1)	(2)	(486)	(932)	(15)	(947)
Comprehensive income - parent company shareholders' share	1,655	17	3	1,675	3,575	98	3,673
Comprehensive income - non-controlling interests' share	38	-	1	39	107	-	107

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Restatements in the consolidated financial position and net liquidity position of the Automotive segments at December 31, 2017

	Dec. 31, 2017 as published	Change in accounting treatment of redeemable shares ⁽¹⁾	Dec. 31, 2017, restated
ASSETS (€ million)			
NON-CURRENT ASSETS	42,434	(44)	42,390
Deferred tax assets	971	(44)	927
Other non-current assets	41,463	-	41,463
CURRENT ASSETS	67,509	-	67,509
Total assets	109,943	(44)	109,899
SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)			
SHAREHOLDERS' EQUITY	33,442	237	33,679
Shareholders' equity – parent company shareholders' share	33,148	237	33,385
Shareholders' equity – non-controlling interests' share	294	-	294
NON-CURRENT LIABILITIES	10,258	(281)	9,977
Non-current financial liabilities	5,401	(281)	5,120
Other non-current liabilities	4,857	-	4,857
CURRENT LIABILITIES	66,243	-	66,243
Total shareholders' equity and liabilities	109,943	(44)	109,899
NET LIQUIDITY POSITION OF THE AUTOMOTIVE SEGMENTS	2,928	281	3,209

(1) Automotive (excluding AVTOVAZ) segment.

Restatements in the 2017 half-year and annual consolidated cash flow statements

	H1 2017 as published	Change in accounting treatment of redeemable shares	Final allocation of the purchase price for the AVTOVAZ group	H1 2017 restated	Year 2017 as published	Change in accounting treatment of redeemable shares	Year 2017 restated
(€ million)							
Net income	2,416	17	4	2,437	5,210	98	5,308
Cancellation of dividends received from listed unconsolidated investments	(45)	-	-	(45)	(51)	-	(51)
Cancellation of income and expenses with no impact on cash	945	(17)	(4)	924	1,377	(98)	1,279
Dividends received from unlisted associates and joint ventures	-	-	-	-	3	-	3
Cash flow before interest and tax	3,316	-	-	3,316	6,539	-	6,539

Restatements in the breakdown of the tax charge for the first half-year of 2017 and year 2017 (note 8-B)

(€ million)	H1 2017 as published	Change in accounting treatment of Renault SA redeemable shares	Final allocation of the purchase price for the AVTOVAZ group	H1 2017 restated	Year 2017 as published	Change in accounting treatment of Renault SA redeemable shares	Year 2017 restated
Income before taxes and share in net income of associates and joint ventures	1,578	18	6	1,602	3,302	113	3,415
Statutory income tax rate in France, including exceptional contribution	34.43%	34.43%	34.43%	34.43%	34.43%	34.43%	34.43%
Theoretical tax income (charge)	(543)	(6)	(2)	(551)	(1,137)	(39)	(1,176)
Effect of differences between local tax rates and the French rate	75	-	1	76	201	-	201
Tax credits	49	-	-	49	68	-	68
Distribution taxes	(90)	-	-	(90)	(84)	-	(84)
Change in unrecognized deferred tax assets	(40)	1	-	(39)	(72)	15	(57)
Other impacts	126	4	(1)	129	232	9	241
Current and deferred tax income (charge) excluding taxes based on intermediate net results	(423)	(1)	(2)	(426)	(792)	(15)	(807)
Taxes based on intermediate net results	(56)	-	-	(56)	(99)	-	(99)
Current and deferred tax income (charge)	(479)	(1)	(2)	(482)	(891)	(15)	(906)

B. Estimates and judgments

The main areas of the condensed consolidated financial statements at June 30, 2018 involving estimates and judgements are the same as those described in note 2-B to the consolidated financial statements for 2017.

Note 3 – Changes in the scope of consolidation**A. Main changes in the scope of consolidation in the first half-year of 2018**

The following companies were included in the scope of consolidation for the first time in the first half-year of 2018:

- Alliance Ventures b.v is an investment fund set up and owned by Renault-Nissan-Mitsubishi, with respective stakes of 40%, 40% and 20%, whose purpose is to finance new technology start-ups. The initially subscribed capital amounts to USD50 million, financed to the extent of USD20 million by Renault. Under IFRS 11, Alliance Ventures b.v. is analyzed as a joint venture and is therefore accounted for by the equity method. Its investments will be stated at fair value through profit and loss, since they are minority interests that do not give Alliance Ventures b.v. significant influence.
- On 15 December 2017, the Renault Group announced the formation of a new joint venture named Renault Brilliance Jinbei Automotive Company to produce and sell light commercial vehicles in China under the Jinbei, Renault and Huasong brands. Renault owns 49% of this joint venture, which is accounted for by the equity method from January 1, 2018. At June 30, 2018 Renault subscribed €63 million of its capital. Determination of the fair values of assets acquired and liabilities transferred from Renault Brilliance Jinbei is in process at June 30, 2018 and will be finalized during the second half-year of 2018. At June 30, 2018, the provisional goodwill was calculated at €4 million.
- During the first half-year of 2018 Renault s.a.s. launched a fully-owned holding company, Alliance Media Ventures s.a.s., with capital of €12 million. On March 22, 2018 this holding company acquired a 40.26% investment in publishing firm *Les Éditions Croque Futur* for €11 million. This company operates in the written press sector,

notably owning the magazine titles *Challenges*, *Historia*, *Sciences et Avenir*, *Histoire* and *La Recherche*. Alliance Media Ventures s.a.s. is fully consolidated. Les Éditions Croque Futur, over which Renault has significant influence, is accounted for by the equity method from March 31, 2018. Determination of the fair values of assets acquired and liabilities transferred from Les Éditions Croque Futur is in process at June 30, 2018 and will be finalized in the first half-year of 2019 at the latest. At June 30, 2018, the provisional goodwill was calculated at €13 million.

The financial statements of Renault Brilliance Jinbei Automotive Company and Les Éditions Croque Futur are included in the Renault consolidation with a three-month time lag due to constraints in terms of the time necessary to prepare the financial information. Consequently, the net income of these entities included in the Group's financial statements for the first half-year of 2018 is the net income realized between initial formation or acquisition and March 31, 2018.

B. AVTOVAZ group

The AVTOVAZ group is Russia's leading automaker. It sells Lada brand cars and also makes cars for Renault and Nissan.

The joint venture Alliance Rostec Auto b.v. and the AVTOVAZ group, consisting of the parent company PJSC AVTOVAZ and its subsidiaries, which were previously accounted for by the equity method, have been fully consolidated since the date of the Alliance Rostec Auto b.v. capital increase subscribed by Renault s.a.s. in late December 2016, which took place after the capital increase by AVTOVAZ subscribed by Alliance Rostec Auto b.v. The acquisition of control, as defined by IFRS 10, took place on December 28, 2016. Since the impact of these entities on net income and changes in cash between December 28 and December 31, 2016 were judged non-significant, full consolidation was applied from December 31, 2016.

The cash capital increase for Alliance Rostec Auto b.v. subscribed by Renault s.a.s. on December 28, 2016 amounted to 14.85 billion roubles (€236 million at the exchange rate of the capital increase date). This capital increase came after the 26.14 billion rouble cash capital increase for AVTOVAZ, of which 14.85 billion roubles

(€231 million at the 2016 year-end exchange rate) were provided by Alliance Rostec Auto b.v..

Alliance Rostec Auto b.v. also invested in a financial instrument with a value of €180 million, substantially conferring economic interests in AVTOVAZ even though this financial instrument does not make Alliance Rostec Auto b.v. the legal owner of any shares in AVTOVAZ. Alliance Rostec Auto b.v. contracted a loan from Renault to finance this operation. Following these capital increases, at December 31, 2016 Renault held 73.30% of the capital (57.30% of voting rights) of Alliance Rostec Auto b.v. which held 64.60% of the capital of AVTOVAZ, such that the indirect investment in AVTOVAZ was 47.35%. Including the financial instrument held by Alliance Rostec Auto b.v., 88.69% of the capital of AVTOVAZ was held by Alliance Rostec Auto b.v., and therefore in substance Renault's indirect percentage ownership of AVTOVAZ was 65.01% at December 31, 2016.

Changes in Renault's investment in AVTOVAZ since Renault acquired control

During 2017

Renault's investment in AVTOVAZ changed in 2017 due to Renault's acquisition in September 2017 of the shares in Alliance Rostec Auto b.v. that were previously held by Nissan and a put option for AVTOVAZ shares subscribed with a third party. The impact of the change in the investment is directly recognized in Shareholders' equity – parent-company shareholders' share and non-controlling interests' share, in the respective amounts of €(139) million and €87 million.

At December 31, 2017 Renault held 82.45% of the capital of Alliance Rostec Auto b.v., which held 64.60% of AVTOVAZ, such that the indirect investment in AVTOVAZ was 53.26%. Including the financial instrument held by Alliance Rostec Auto b.v., and the put option taken on AVTOVAZ shares in 2017, 89.42% of the capital of AVTOVAZ was held by Alliance Rostec Auto b.v., and therefore in substance Renault's indirect percentage ownership of AVTOVAZ at December 31, 2017 was 73.73%.

During the first half-year of 2018

Renault's investment in AVTOVAZ changed in the first half-year of 2018 due to the following operations:

- A 61.4 billion rouble closed-subscription capital increase by AVTOVAZ reserved for Alliance Rostec Auto b.v. and a 61.4 billion rouble capital increase by Alliance Rostec Auto b.v. subscribed by Renault and its Russian partner Russian Technologies (30.7 billion roubles each).
- The contributions of 61.4 billion roubles to Alliance Rostec Auto b.v. were paid up by offsetting Renault trade receivables and loans with AVTOVAZ amounting to 30.7 billion roubles and 30.7 billion roubles corresponding to the nominal value of interest-free loans by the Russian partner to AVTOVAZ, which mature in 2032. The contribution value of these receivables and loans held by the two shareholders of Alliance Rostec Auto b.v. correspond to the book values of its net assets as stated in the AVTOVAZ financial statements prepared for consolidation purposes when control was acquired. The 61.4 billion roubles of contributions by Alliance Rostec Auto b.v. to AVTOVAZ were paid up by offsetting receivables and loans with AVTOVAZ previously contributed by Renault s.a.s and Russian Technologies as described above.
- Following these capital increases, as Alliance Rostec Auto b.v. held more than 75% of AVTOVAZ, a mandatory tender offer for minority interests was notified to the Central Bank of the Russian Federation at the end of the first half-year of 2018. This offer officially opened in early July 2018 and will close in September 2018. Alliance Rostec

Auto b.v. was considered able to purchase all the remaining minority interests via a dedicated capital increase subscribed by Renault s.a.s. and a related financial liability amounting to 7.4 billion roubles (€101 million at the June 30, 2018 exchange rate) was recorded in the financial statements at June 30, 2018, and 100% of the shares in AVTOVAZ were considered to belong to Alliance Rostec Auto b.v. at that date. The financial statements also reflect the future capital increase to be undertaken at Alliance Rostec Auto b.v. by incorporation of existing and future capitalizable advances from Renault s.a.s. The purpose of this capital increase is to finance the mandatory tender offer and it will take place after the offer has closed. Early accounting recognition of these operations is founded on assumptions that are deemed the most realistic in view of the known facts and circumstances at the publication date of the consolidated financial statements at June 30, 2018.

The impact of these operations and the change in Renault s.a.s.'s investment in Alliance Rostec Auto b.v. and Alliance Rostec Auto b.v.'s investment in AVTOVAZ are recognized directly in shareholders' equity – parent company shareholders' share and non-controlling interests' share, in the respective amounts of €74 million and €247 million.

At June 30, 2018, in the legal analysis, Renault holds 61.09% of the capital of Alliance Rostec Auto b.v., which holds 85.53% of AVTOVAZ, such that the indirect investment in AVTOVAZ is 51.02%. Including the minority interests that will be acquired through the current mandatory tender offer and the forthcoming capital increase at Alliance Rostec Auto b.v. to finance these acquisitions, the percentage ownership applied in the consolidated financial statements at June 30, 2018 are the following: Renault holds a 67.61% investment in Alliance Rostec Auto b.v. which holds 100% of AVTOVAZ, giving an indirect investment in AVTOVAZ of 67.61%. The financial instrument with a value of €180 million subscribed by Alliance Rostec Auto b.v. in 2016, which conferred economic interests in AVTOVAZ even though it did not give Alliance Rostec Auto b.v. any legal ownership of AVTOVAZ, will be settled in the second half-year of 2018 following delivery of the corresponding AVTOVAZ shares under the mandatory tender offer in process at June 30, 2018. This future settlement is taken into consideration in the financial statements at June 30, 2018.

The value of the non-controlling interest at June 30, 2018 is €48 million (€(236) million at December 31, 2017).

Corrections to the consolidated income statement at June 30, 2017 following the final allocation of the purchase price for AVTOVAZ

The finalized fair values of the AVTOVAZ assets and liabilities transferred and the amount of goodwill on this business combination as determined in 2017 were recorded in 2017 in the statement of financial position at December 31, 2016. As a result, modifications have been made to the AVTOVAZ segment income statement at June 30, 2017. The income statement at June 30, 2017 presented in the Group's consolidated financial statements at June 30, 2018 is thus different to the initially published version. The adjustments made are presented in note 2A-5.

2.2.6.3 CONSOLIDATED INCOME STATEMENT

Note 4 – Revenues

A. Breakdown of revenues

(€ million)	H1 2018 ⁽¹⁾	H1 2018 without separate presentation of sales to partners ⁽¹⁾	H1 2017	Year 2017
Sales of goods - Automotive segments (including AVTOVAZ)	23,072	27,169	27,179	53,978
Sales to partners of the Automotive segments (including AVTOVAZ)	4,337			
Rental income on leased assets ⁽²⁾	277	277	232	504
Sales of other services	658	898	875	1,775
Sales of services - Automotive segments (including AVTOVAZ)	935	1,175	1,107	2,279
Sales of goods - Sales Financing segment	15	15	16	29
Rental income on leased assets ⁽²⁾	61	61	56	116
Interest income on sales financing receivables	1,056	1,056	740	1,478
Sales of other services ⁽³⁾	481	481	439	890
Sales of services - Sales Financing segment	1,598	1,598	1,235	2,484
Total Revenues	29,957	29,957	29,537	58,770

(1) The Group presents sales to partners from 2018. The concept of "sales to partners" is defined in note 2-A2. The Automotive segments' main partners are Nissan and Daimler. In compliance with IFRS 15, the Group reports 2018 consolidated sales under the presentation rules used prior to implementation of IAS 18, i.e. without separate presentation of sales to partners.

(2) Rental income recorded by the Group on vehicle sales with a buy-back commitment or fixed asset rentals.

(3) Mainly income on services comprising insurance, maintenance, and replacement vehicles under a financing contract or otherwise.

B. Revenues by Region

Consolidated revenues are presented by location of customers

(€ million)	H1 2018	H1 2017	Year 2017
Europe ⁽¹⁾	19,089	18,426	36,249
Americas ^{(2) (5)}	2,399	2,553	5,114
Asia-Pacific ⁽⁵⁾	2,285	2,735	5,297
Africa Middle-East India ⁽³⁾	2,145	2,281	4,512
Eurasia ⁽⁴⁾	4,039	3,542	7,598
Total revenues	29,957	29,537	58,770
1) Including for France	6,986	6,370	12,670
Including for AVTOVAZ	27	24	44
2) Including for AVTOVAZ	1	1	5
3) Including for AVTOVAZ	10	2	2
4) Including for AVTOVAZ	1,613	1,398	2,951

(5) The Asia-Pacific Region comprises sales to Nissan of vehicles made in Korea for the United States market. These sales were previously classified as belonging to the Americas Region. The figures for the year 2017 have been restated in the amount of €1,659 million.

The Regions are defined in chapter 1.3 of the half-year management report.

Note 5 – Research and development expenses

(€ million)	H1 2018	H1 2017	Year 2017
Research and development expenses	(1,713)	(1,468)	(2,983)
Capitalized development expenses	800	592	1,209
Amortization of capitalized development expenses	(422)	(451)	(816)
Total reported in income statement	(1,335)	(1,327)	(2,590)

The rise in research and development expenses is explained by efforts to respond to new issues for connected, driverless and electric vehicles, and ensure that engines comply with new regulations applicable, particularly in Europe.

The increase in capitalized development expenses, as well as relating to the rise in development expenses referred to above, is attributable to the start of the capitalization phase for development expenses on significant programs, and resumption of capitalization of development expenses concerning electric vehicles.

Note 6 – Other operating income and expenses

(€ million)	H1 2018	H1 2017	Year 2017
Restructuring and workforce adjustment costs	(187)	(65)	(56)
Gains and losses on total or partial disposal of businesses or operating entities, and other gains and losses related to changes in the scope of consolidation	5	-	-
Gains and losses on disposal of property, plant and equipment and intangible assets (except leased asset sales)	41	64	96
Impairment of property, plant and equipment, intangible assets and goodwill excluding goodwill of associates and joint ventures)	(34)	(13)	(52)
Reversal of impairment related to operations in Iran	-	4	4
Other unusual items	(5)	(21)	(40)
Total	(180)	(31)	(48)

A. Restructuring and workforce adjustment costs

Restructuring and workforce adjustment costs mainly concern the Europe Region in 2018.

In 2018 these costs include €156 million related to a new French career-end work exemption plan introduced by an amendment of April 16, 2018 replacing the plan set out in the initial agreement signed on January 13, 2017 named “Renault France CAP 2020 – Contrat d’Activité pour une Performance durable” (activity contract for sustainable performance).

This amendment broadens the scope of beneficiaries. The initial plan was reserved for employees who have done 15 years of shift work in and outside the Renault Group, while the new plan is also open to employees who have worked at least 5 years for the Group and at the time of joining the plan are no more than 3 years from the age at which they can claim a full pension under the standard or complementary pension systems. The charge recognized in 2018, based on the estimated population of employees who have signed up or could sign up to the plan between January 1, 2017 and February 1, 2020, covers the total cost for employees who have already earned entitlements to a full pension at June 30, 2018, and a share of the cost for employees who will reach full pension entitlement before the plan ends.

B. Impairment of fixed assets and goodwill (excluding goodwill of associates and joint ventures)

In the first half-year of 2018, impairment amounting to €(36) million net was recorded (€(52) million in 2017, including €(13) million for the first half-year) comprising €(74) million of new impairment and €38 million of impairment reversals. This impairment concerns intangible assets (net reversal of €2 million) and property, plant and equipment (net increase of €(38) million) (note 10). New impairment was principally recorded as a result of impairment tests on petrol and diesel vehicles (including components) (note 10). Reversals of impairment relate to electric vehicles.

C. Impairment related to operations in Iran

The Group’s exposure to risks on business with Iran has been fully written off since 2013 and consists of securities, a shareholder loan and commercial receivables. This situation changed little over the first half-year of 2018. The gross amount in the assets at June 30, 2018 was €787 million, including €683 million of customer receivables (€784 million and €680 million respectively at December 31, 2017).

The level of operations with Iran declined during the first half-year of 2018 compared to 2017, with sales of CKD amounting to €252 million for the first half-year (€743 million at December 31, 2017 including €338 million in the first half-year). Sales are only recognized once the cash is received, and payments related to the totally written-off receivables dating from before mid-2013 remain very limited, as reflected in the level of impairment reversals (no reversals in the first half-year of 2018, and reversals of €4 million in 2017, all recorded in the first half-year).

In August 2017 a new agreement was signed between Renault, IDRO, an investment and industry renewal fund in Iran, and PARTO NEGIN NASEH Co (Negin Holding), the current importer of Renault products to Iran, to form a future joint venture in which Renault will be the majority shareholder. This followed a strategic agreement signed in September 2016. Effective finalization of this operation remains subject to a number of suspensive conditions, including regulatory approvals, formation of the new company and preparation of the industrial assets for the project. This agreement had not yet taken effect at June 30, 2018.

The Group has taken note of the US President’s announcement on May 8, 2018 of the United States’ withdrawal from the JCPOA (Joint Comprehensive Plan of Action, signed as part of the Vienna agreements) and the reinstatement from August 6, 2018 of sanctions for the automobile sector in Iran that existed prior to signature of the JCPOA. It will adapt its activities to the resulting situation.

D. Other unusual items

In 2017, other unusual items mainly comprised the costs on vacant leased premises in Korea, estimated until the end of the lease contracts.

Note 7 – Financial income (expenses)

(€ million)	H1 2018	H1 2017 ⁽¹⁾	Year 2017 ⁽¹⁾
Cost of gross financial indebtedness	(171)	(245)	(441)
Income on cash and financial assets	30	43	72
Cost of net financial indebtedness	(141)	(202)	(369)
Dividends received from companies that are neither controlled nor under significant influence	74	54	55
Foreign exchange gains and losses on financial operations	-	11	20
Net interest expenses on the defined-benefit liabilities and assets corresponding to pension and other long-term employee benefit obligations	(14)	(14)	(25)
Other	(40)	(36)	(72)
Other financial income and expenses	20	15	(22)
Financial income (expense)⁽²⁾	(121)	(187)	(391)

(1) The figures for the first half-year of 2017 and the year 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3) and allocation of the purchase price for the AVTOVAZ group, which was finalized in the second half-year of 2017 (note 3-B to the 2017 consolidated financial statements). The figures shown are thus different from the previously published figures (note 2-A5).

(2) No impairment was recognized in 2018 on financial items included in or excluded from net financial indebtedness.

The net liquidity position (or net financial indebtedness) of the Automotive segments is presented in the information by operating segment (note 2.2.6.1-D).

Note 8 – Current and deferred taxes

For interim accounting purposes, the tax charge - or income - is determined at the projected year-end effective tax rate, adjusted for non-recurring events of the half-year, which are recognized in the period in which they arise.

A. Current and deferred taxes

(€ million)	H1 2018	H1 2017 ⁽¹⁾	Year 2017 ⁽¹⁾
Current income taxes	(377)	(461)	(634)
Deferred tax income (charge)	(10)	(21)	(272)
Current and deferred taxes	(387)	(482)	(906)

(1) The figures for the first half-year of 2017 and the year 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3) and allocation of the purchase price for the AVTOVAZ group, which was finalized in the second half-year of 2017 (note 3-B to the consolidated financial statements for 2017). The figures shown are thus different from the previously published figures (note 2-A5).

The current tax charge for entities included in the French tax consolidation group amounts to €82 million in the first half-year of 2018 (€148 in 2017, including €152 million in the first half-year of 2017). The decrease in the current tax charge between the first half-year of 2018 and the first half-year of 2017 is notably due to the higher level of research and development expenses which are not capitalized for

calculation of current taxes, and recognition in the first half-year of 2017 of a tax on dividends that was discontinued in the second half-year of 2017.

In the first half-year of 2018, €295 million of current income taxes comes from foreign entities including AVTOVAZ (€486 million in 2017, including €309 million in the first half-year of 2017).

B. Breakdown of the tax charge

(€ million)	H1 2018	H1 2017 ⁽¹⁾	Year 2017 ⁽¹⁾
Income before taxes and share in net income of associates and joint ventures	1,613	1,602	3,415
Statutory income tax rate in France	34.43%	34.43%	34.43%
Theoretical tax income (charge)	(555)	(551)	(1,176)
Effect of differences between local tax rates and the French rate ⁽²⁾	129	76	201
Tax credits	38	49	68
Distribution taxes	(66)	(90)	(84)
Change in unrecognized deferred tax assets ⁽³⁾	(132)	(39)	(57)
Other impacts ⁽⁴⁾	255	129	241
Current and deferred tax income (charge) excluding taxes based on intermediate net results	(331)	(426)	(807)
Taxes based on intermediate net results ⁽⁵⁾	(56)	(56)	(99)
Current and deferred tax income (charge)	(387)	(482)	(906)

(1) The figures for the first half-year of 2017 and the year 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3) and allocation of the purchase price for the AVTOVAZ group, which was finalized in the second half-year of 2017 (note 3-B to the consolidated financial statements for 2017). The figures shown are thus different from the previously published figures (note 2-A5).

(2) The main contributors to the tax rate differential are Korea, Spain, Morocco, Romania, Switzerland, Turkey and since 2017 AVTOVAZ.

(3) The main contributors to the change in unrecognized deferred tax assets are Argentina, France and India.

(4) Other impacts mainly include the effect of permanent differences, reduced-rate taxations, tax reassessments, prior year adjustments and changes in future year tax rates adopted before the end of the period. The rise in the positive effect of other impacts between the first half-year of 2017 and the first half-year of 2018 essentially results from the gradual reduction in the French income tax rate from 34.43% to 25.83% between 2019 and 2022, in application of the French finance law for 2018. In 2017, other impacts also include the exceptional contribution levied on 2017 net income in France.

(5) The main taxes of the Group based on intermediate net results are the CVAE in France and the IRAP in Italy.

French tax consolidation group

In the first half-year of 2018, the effective tax rate in the French tax consolidation group is 18% (28.3% in the first half-year of 2017 and 31.5% in 2017).

The Group partially recognizes the deferred tax assets of the French tax consolidation group that correspond to tax loss carryforwards, in view of profitability prospects.

The amount of net deferred tax assets recognized in the consolidated financial position totalled €190 million at June 30, 2018, compared to €158 million at the previous year-end (restated due to the change in the accounting treatment of redeemable shares), comprising €(57) million recognized in income (€(81) million at December 31, 2017, restated) and €247 million included in other components of comprehensive income (€239 million at December 31, 2017), due to the respective origins of the taxes concerned.

In the first half-year of 2018, the amount of deferred tax assets recognized increased by €32 million. The corresponding gain was recognized in income (€2 million), in other components of comprehensive income (€9 million) and in reserves insofar as it related to the first application of IFRS 9 and IFRS 15 (€(21) million).

In the year 2017 (restated), the amount of deferred tax assets recognized decreased by €(270) million, incorporating the effect of the gradual reduction in the French income tax rate from 34.43% to 25.83% between 2019 and 2022, in application of the French finance law for 2018. The corresponding charge was recognized in income (€(251) million) and other components of comprehensive income (€(19) million). The impact of the gradual French income tax rate decrease between 2019 and 2022 was included in other impacts in the breakdown of the tax charge for 2017. In the first half-year of 2017 after restatement, the amount of deferred tax assets recognized decreased by €(37) million. The corresponding charge was recognized in income (€(25) million) and other components of comprehensive income (€(12) million).

The residual unrecognized deferred tax assets of entities included in the French tax consolidation group amounted to €2,721 million at June 30, 2017 (€2,593 million at December 31, 2017 after restatement). This figure corresponds to tax losses that can be carried forward indefinitely, which can be used to offset up to 50% of future taxable profits. €321 million of these unrecognized assets relate to items booked in shareholders' equity (effects of the partial hedge of the investment in Nissan), and €2,400 million were generated by items affecting the income statement (respectively €309 million and €2,284 million at December 31, 2017 after restatement).

Entities not in the French tax consolidation group

The effective tax rate across all foreign entities including AVTOVAZ is 26.4% for the first half-year of 2018 (31.6% for the first half-year of 2017 and 24.3% for the year 2017). The decrease between 2017 and 2018 in the effective tax rate over the first half-year is mainly explained by the geographical effect.

For other entities not in the French tax consolidation group, unrecognized deferred tax assets totalled €769 million at June 30, 2018 (€813 million at December 31, 2017), comprising €81 million for AVTOVAZ (€89 million at December 31, 2017) and €688 million for other entities (€724 million at December 31, 2017), mainly corresponding to tax loss carryforwards generated by the Group in Brazil, and to a lesser extent in India.

Note 9 – Basic and diluted earnings per share

(In thousands of shares)	H1 2018	H1 2017	Year 2017
Shares in circulation	295,722	295,722	295,722
Treasury shares	(6,867)	(5,116)	(5,254)
Shares held by Nissan x Renault's share in Nissan	(19,387)	(19,389)	(19,388)
Number of shares used to calculate basic earnings per share	269,468	271,217	271,080

The number of shares used to calculate the basic earnings per share is the weighted average number of ordinary shares in circulation during

the period, i.e. after neutralization of treasury shares and Renault shares held by Nissan

(In thousands of shares)	H1 2018	H1 2017	Year 2017
Number of shares used to calculate basic earnings per share	269,468	271,217	271,080
Dilutive effect of stock options, performance share rights and other share-based payments	2,220	2,097	2,665
Number of shares used to calculate diluted earnings per share	271,688	273,314	273,745

The number of shares used to calculate the diluted earnings per share is the weighted average number of ordinary shares potentially in circulation during the period, i.e. the number of shares used to calculate the basic earnings per share plus the number of stock options and

rights to performance shares awarded under the relevant plans, and rights to shares as part of the Chairman and CEO's performance-related remuneration, that have a dilutive effect and fulfil the performance conditions at the reporting date when issuance is conditional.

2.2.6.4 CONSOLIDATED FINANCIAL POSITION

Note 10 – Intangible assets and property, plant and equipment

A. Intangible assets and goodwill

(€ million)	Gross value	Amortization and impairment	Net value
Value at December 31, 2017	10,721	(5,481)	5,240
Acquisitions / (amortization and impairment) ⁽¹⁾	826	(487)	339
(Disposals) / reversals	(335)	335	-
Translation adjustment	(67)	8	(59)
Change in scope of consolidation and other	(2)	-	(2)
Value at June 30, 2018	11,143	(5,625)	5,518

(1) Including net reversals relating to capitalized development expenses and other intangible assets: €2 million, see note 6-B.

B. Property, plant and equipment

(€ million)	Gross value	Amortization and impairment	Net value
Value at December 31, 2017	41,343	(27,761)	13,582
Acquisitions / (depreciation and impairment) ⁽¹⁾⁽²⁾	1,486	(1,098)	388
(Disposals) / reversals	(611)	258	(353)
Translation adjustment	(384)	177	(207)
Change in scope of consolidation and other	(2)	(2)	(4)
Value at June 30, 2018	41,832	(28,426)	13,406

(1) Including €(38) million of impairment on property, plant and equipment – see note 6-B.

(2) Including €(251) million of fixed assets leased to customers.

C. Impairment tests on vehicle-specific assets (including components)

Following impairment tests of specific assets dedicated to petrol and diesel vehicles (including components), impairment of €74 million was booked in the first half-year of 2018, comprising €19 million for intangible assets and €55 million for property, plant and equipment (impairment at December 31, 2017 amounted to €56 million, including €13 million in the first half-year of 2017).

Impairment for intangibles and property, plant and equipment was recognized in 2013 in respect of electric vehicles. As the market for electric vehicles grew substantially in 2017 and has continued to do so in 2018, residual impairment of €38 million was reversed during the first half-year of 2018 (€21 million for intangible assets and €17 million for property, plant and equipment).

D. Impairment test at the level of the other cash-generating units of the Automotive (excluding AVTOVAZ) segment

No impairment tests were conducted on any cash-generating unit representing an economic entity (plant or subsidiary) during the first half-year of 2018, as there was no indication of any loss of value in the Group's various cash-generating units.

Renault's stock market capitalization (€21,067 million at June 30, 2018, based on the number of shares in circulation less treasury shares) was lower than the value of the Group's shareholders' equity. In view of the results of the December 2017 impairment test results and the net

income of the first half-year of 2018, it was not considered necessary to conduct another impairment test at June 30, 2018.

E. Impairment tests on the AVTOVAZ cash-generating unit

The market capitalization of AVTOVAZ, which amounts to €1,784 million at June 30, 2018 (€750 million at December 31, 2017), is higher than the book value of AVTOVAZ net assets (including goodwill) at that date.

The value in use of AVTOVAZ was not determined, since the fair value is higher than the book value of the assets tested.

Note 11 – Investment in Nissan

Renault's investment in Nissan in the income statement and financial position:

(€ million)	H1 2018 / at June 30, 2018	H1 2017 / at June 30, 2017 ⁽¹⁾	Year 2017 / at Dec. 31, 2017 ⁽¹⁾
Consolidated income statement			
Share in net income (loss) of associates accounted for by the equity method	805	1,288	2,791
Consolidated financial position			
Investments in associates accounted for by the equity method	20,034	18,841	19,135

(1) Including a positive €284 million impact of the disposal of Calsonic Kansei in the first quarter of 2017, and a positive €737 million impact of the US tax reform in the fourth quarter of 2017, giving a total impact of €1,021 million in 2017.

A. Nissan consolidated financial statements included under the equity method in the Renault consolidation

The Nissan accounts included under the equity method in Renault's financial statements are Nissan's consolidated accounts published in compliance with Japanese accounting standards (as Nissan is listed on

the Tokyo Stock Exchange), after adjustments for the requirements of the Renault consolidation.

Nissan held 0.7% of its own shares at June 30, 2018 (0.7% at December 31, 2017) and Renault's percentage interest in Nissan was 43.7% (43.7% at December 31, 2017).

B. Changes in the investment in Nissan as shown in Renault's financial position

(€ million)	Share in net assets			Goodwill	Total
	Before neutralization	Neutralization of Nissan's investment in Renault ⁽¹⁾	Net		
At December 31, 2017	19,423	(974)	18,449	686	19,135
First-half 2018 net income	805		805		805
Dividend distributed	(378)		(378)		(378)
Translation adjustment	557		557	31	588
Other changes ⁽²⁾	(116)		(116)		(116)
At June 30, 2018	20,291	(974)	19,317	717	20,034

(1) Nissan has held 44,358 thousand Renault shares since 2002, corresponding to an investment of around 15%.

(2) Other changes include the effect of Renault dividends received by Nissan, the change in actuarial gains and losses on pension obligations, the change in the financial instruments revaluation reserve, the change in Nissan treasury shares and the effects of application of IFRS 9 and IFRS 15.

C. Changes in Nissan shareholders' equity restated for the purposes of the Renault consolidation

(¥ billion)	Dec. 31, 2017	H1 2018 net income	Dividends	Translation adjustment	Other changes ⁽¹⁾	June 30, 2018
Shareholders' equity – parent company shareholders' share under Japanese GAAP	5,312	285	(104)	(109)	(81)	5,303
Restatements for compliance with IFRS:						
Provision for pension and other long-term employee benefit obligations	(6)	(16)	-	(1)	12	(11)
Capitalization of development expenses	663	9	-	-	-	672
Deferred taxes and other restatements	(102)	(10)	-	(7)	8	(111)
Net assets restated for compliance with IFRS	5,867	268	(104)	(117)	(61)	5,853
Restatements for Renault Group requirements ⁽²⁾	133	(20)	(8)	10	24	139
Net assets restated for Renault Group requirements	6,000	248	(112)	(107)	(37)	5,992
(€ million)						
Net assets restated for Renault Group requirements	44,442	1,842	(865)	1,275	(258)	46,436
Renault's percentage interest	43.7%	43.7%	43.7%	43.7%	43.7%	43.7%
Renault's share (before the neutralization effect described below)	19,423	805	(378)	557	(116)	20,291
Neutralization of Nissan's investment in Renault ⁽³⁾	(974)	-	-	-	-	(974)
Renault's share in the net assets of Nissan	18,449	805	(378)	557	(116)	19,317

(1) Other changes include the effect of Renault dividends received by Nissan, the change in the actuarial gains and losses on pension obligations, the change in the financial instruments revaluation reserve, the change in Nissan treasury shares and the effects of application of IFRS 9 and IFRS 15.

(2) Restatements for Renault Group requirements essentially correspond to revaluation of fixed assets by Renault for the acquisitions undertaken between 1999 and 2002, and elimination of Nissan's investment in Renault accounted for by the equity method.

(3) Nissan has held 44,358 thousand Renault shares since 2002, corresponding to an investment of around 15%.

D. Nissan net income under Japanese GAAP

Since Nissan's financial year ends on March 31, the Nissan net income included in the first-half 2018 Renault consolidation is the sum of

Nissan's net income for the final quarter of its 2017 financial year and the first quarter of its 2018 financial year.

	January to March 2018 Final quarter of Nissan's 2017 financial year		April to June 2018 First quarter of Nissan's 2018 financial year		January to June 2018 Reference period for Renault's first-half 2018 consolidated financial statements	
	¥ billion	€ million ⁽¹⁾	¥ billion	€ million ⁽¹⁾	¥ billion	€ million ⁽¹⁾
Net income – parent company shareholders' share	169	1,268	116	890	285	2,158

(1) Converted at the average exchange rate for each quarter.

E. Valuation of Renault's investment in Nissan based on stock market prices

Based on the market price of Nissan stock at June 30, 2018 (¥1,078 per share), Renault's investment in Nissan is valued at €15,303 million (€15,244 million at December 31, 2017 based on the market price of ¥1,123.5 per share at that date).

F. Impairment test of the investment in Nissan

At June 30, 2018, the stock market value of the investment was 23.6% lower than the value of Nissan in Renault's statement of financial position (20.3% lower at December 31, 2017).

In application of the approach presented in the note on accounting policies (note 2-M to the consolidated financial statements for 2017), an impairment test was carried out at December 31, 2017. An after-tax discount rate of 8.1% and a growth rate to infinity of 4.2% were used to calculate value in use. The terminal value was calculated under profitability assumptions consistent with Nissan's past data and balanced medium-term prospects. In view of the December 2017 impairment test results and the net income for the first half-year of 2018, the Group has not considered it necessary to conduct another impairment test at 30 June 2018. The test conducted at December 31, 2017 did not lead to recognition of any impairment on the investment in Nissan.

G. Operations between the Renault Group and the Nissan group**G1. Operations between the Renault Group (excluding AVTOVAZ) and the Nissan group**

The Automotive (excluding AVTOVAZ) segment is involved in operations with Nissan on two levels:

- Industrial production: cross-over production of vehicles and components in the Alliance's manufacturing plants:
 - Total sales by the Automotive (excluding AVTOVAZ) segment to Nissan and purchases by the Automotive (excluding AVTOVAZ) segment from Nissan in the first half-year of 2018 amounted to an estimated €2.2 billion and €1.2 billion respectively (€5.0 billion and €2.4 billion respectively in 2017, including €2.4 billion and €1.2 billion for the first half-year).
 - At June 30, 2018, the balance of Automotive (excluding AVTOVAZ) segment receivables on the Nissan group is €873 million and the balance of Automotive (excluding AVTOVAZ) segment liabilities to the Nissan group is €786 million (853 million and €795 million respectively at December 31, 2017).
- Finance: In addition to its activity for Renault, Renault Finance acts as the Nissan group's counterparty in financial instruments trading to hedge foreign exchange and interest rate risks. In the balance sheet at June 30, 2018, the derivative assets on the Nissan group

amount to €8 million and derivative liabilities amount to €44 million (€63 million and €41 million respectively at December 31, 2017).

Renault's Sales Financing segment helps to attract customers and build loyalty to Nissan brands through a range of financing products and services incorporated into the sales policy, principally in Europe. In the first half-year of 2018, RCI Banque recorded €78 million of service revenues in the form of commission and interest received from Nissan (€137 million at December 31, 2017, of which €67 million concerned the first half-year). The balance of Sales financing receivables on the Nissan group is €73 million at June 30, 2018 (€107 million at December 31, 2017) and the balance of liabilities is €197 million at June 30, 2018 (€191 million at December 31, 2017).

G2. Operations between AVTOVAZ and the Nissan group

Total sales by AVTOVAZ to Nissan and purchases by AVTOVAZ from Nissan in the first half-year of 2018 amounted to an estimated €107 million and €14 million respectively (€233 million and €30 million respectively at December 31, 2017, including €111 million and €16 million for the first half-year).

In the AVTOVAZ financial position at June 30, 2018, the balances of transactions between AVTOVAZ and the Nissan group consist mainly of:

- a non-current receivable for jointly controlled assets amounting to €34 million (€38 million at December 31, 2017),
- operating receivables and payables amounting respectively to €26 million and €75 million (€25 million and €69 million at December 31, 2017).

Note 12 – Investments in other associates and joint ventures

Details of investments in other associates and joint ventures are as follows in the Group's financial statements:

(€ million)	H1 2018 / at June 30, 2018 ⁽¹⁾	H1 2017	Year 2017 / at Dec. 31, 2017
Consolidated income statement			
Share in net income (loss) of other associates and joint ventures	9	29	8
Associates accounted for under the equity method	3	19	10
Joint ventures accounted for under the equity method	6	10	(2)
Consolidated financial position			
Investments in other associates and joint ventures	807		676
Associates accounted for under the equity method	415		380
Joint ventures accounted for under the equity method	392		296

(1) From 2018, investments in non-significant companies controlled jointly by the Group or over which it has significant influence, which were previously classified as Available-for-sale financial assets, are presented as required by IFRS 11 "Joint arrangements" and IAS 28 "Investments in Associates and Joint Ventures" which would apply to them if they were consolidated (notes 2-A1 and 14). Unconsolidated investments included in investments in other associates and joint ventures accounted for by the equity method amount to €23 million for associates and €12 million for joint ventures at June 30, 2018. The results of these companies are included in the share in net income (loss) of other associates and joint ventures in the first half-year of 2018, in the amount of €(4) million for associates.

Note 13 – Inventories

(€ million)	June 30, 2018			December 31, 2017		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Raw materials and supplies	2,029	(364)	1,665	1,845	(328)	1,517
Work in progress	384	(3)	381	390	(1)	389
Used vehicles	1,814	(120)	1,694	1,589	(91)	1,498
Finished products and spare parts	3,536	(164)	3,372	3,076	(152)	2,924
Total	7,763	(651)	7,112	6,900	(572)	6,328

Note 14 – Financial assets - Cash and cash equivalents

A. Current / non-current breakdown

(€ million)	June 30, 2018 ⁽¹⁾			December 31, 2017		
	Non-current	Current	Total	Non-current	Current	Total
Investments in non-controlled entities	1,018	-	1,018	1,306	-	1,306
Marketable securities and negotiable debt instruments	-	1,046	1,046	-	1,184	1,184
Loans	30	701	731	27	485	512
Derivatives on financing operations of the Automotive segments	59	349	408	62	263	325
Total financial assets	1,107	2,096	3,203	1,395	1,932	3,327
<i>Gross value</i>	1,111	2,112	3,223	1,400	1,936	3,336
<i>Impairment</i>	(4)	(16)	(20)	(5)	(4)	(9)
Cash equivalents	-	7,204	7,204	-	6,640	6,640
Cash	-	7,895	7,895	-	7,417	7,417
Total cash and cash equivalents	-	15,099	15,099	-	14,057	14,057

(1) Investments in non-significant companies controlled jointly by the Group or over which it has significant influence, which were previously classified as Available-for-sale financial assets, are now presented as required by IFRS 11 "Joint arrangements" and IAS 28 "Investments in Associates and Joint Ventures" which would apply to them if they were consolidated (note 2-A1 and 14). Investments in non-controlled companies reclassified to investments in other associates and joint ventures accounted for by the equity method as a result of this change amount to €35 million at June 30, 2018 (note 12).

B. Investments in non-controlled entities

Investments in non-controlled entities include €907 million (€1,165 million at December 31, 2017) for the Daimler shares purchased under the strategic partnership agreement. With the application of IFRS 9, these shares are carried at fair value through other components of comprehensive income by option, and their fair value is determined by reference to the market price. If the Daimler shares were sold, the gain on sale would not be transferred to profit and loss. At June 30, 2018, the unrealized gain on the Daimler shares held is €323 million.

The decrease in the fair value of the Daimler shares over the period amounted to €258 million and was recorded in other components of comprehensive income at June 30, 2018 (decreases of €2 million over the year 2018 and €121 million in the first half-year of 2017).

C. Cash not available to the Group's parent company

The Group has liquidities in countries where repatriation of funds can be complex for regulatory or political reasons. In most of these countries, such funds are used locally for industrial or sales financing purposes.

Some of the current bank accounts held by the Sales financing Securitization Funds is allocated to increasing credit on securitized receivables, and consequently acts as collateral in the event of default on receivables (note 15-B1 to the consolidated financial statements for 2017). These current bank accounts amount to €537 million at June 30, 2018 (€506 million at December 31, 2017).

Note 15 – Shareholder's equity

A. Share capital

The total number of ordinary shares issued and fully paid-up at June 30, 2018 was 295,722 thousand with par value of €3.81 per share (unchanged from December 31, 2017).

Treasury shares do not bear dividends. They account for 2.19% of Renault's share capital at June 30, 2018 (2.17% at December 31, 2017).

In accordance with the applicable regulations, by decision of the Board of Directors, in 2017 Renault acquired 10% of the shares sold by the State (1,400,000 shares) at the placement price (€121 million), in preparation for an offering reserved for current and former Renault Group employees that will enable them to share in the Group's results. This employee offering will be made during the second half-year of 2018, on terms set by the Board of Directors on June 15, 2018.

B. Distributions

At the General and Extraordinary Shareholders' Meeting of June 15, 2018, it was decided to pay a dividend of €3.55 per share, or a total of €1,027 million (€3.15 per share or a total of €916 million in 2017). This dividend was paid in June 2018.

C. Stock option and performance share plans and other share-based payments

New performance share plans were introduced during the first half-year of 2018, concerning 1,475 thousand shares with initial total value of €107 million. The vesting period for rights to shares is 3 years, followed by a minimum 1-year holding period for most of the performance shares awarded (1,082 thousand shares). The remaining shares (392 thousand shares) have a 4-year vesting period and no minimum holding period.

Changes in the number of stock options and share rights held by personnel

	Stock options			Share rights ⁽¹⁾
	Quantity	Weighted average exercise price (€)	Weighted average share price at grant or exercise dates (€)	
Options outstanding and rights not yet vested at January 1, 2018	299,339	37		4,585,849
Granted				1,494,129
Options exercised and vested rights	(47,265) ⁽²⁾	39	49 ⁽³⁾	(1,266,829) ⁽⁴⁾
Options and rights expired and other adjustments				(82,838)
Options outstanding and rights not yet vested at June 30, 2018	252,074	36		4,730,311

(1) The figures shown include shares for the Chairman and CEO's performance-related remuneration.

(2) Stock purchase options exercised in 2018 were granted under plans 18 and 19 in 2011 and plan 20 in 2012.

(3) Price at which the shares were acquired by the Group to cover future option exercises.

(4) Performance shares vested were mainly awarded under plan 21 for non-residents in 2014 and plan 22 for residents in 2015.

Note 16 – Provisions

A. Provisions for pensions and other long-term employee benefit obligations

Provisions for pensions and other long-term employee benefit obligations amount to €1,603 million at June 30, 2018 (€1,635 million at December 31, 2017). These provisions decreased by €32 million in the first half-year of 2018, mainly due to the higher financial discount

rate used for France. The rate most frequently used to value the Group's obligations in France is 1.58% at June 30, 2018, against 1.43% at December 31, 2017.

B. Change in provisions

(€ million)	Restructuring provisions	Warranty provisions	Tax risks and litigation provisions	Insurance activities ⁽¹⁾	Commitments given ⁽²⁾	Other provisions	Total
At December 31, 2017	319	973	320	432	-	385	2,429
Increases	177	314	53	42	4	48	638
Reversals for application	(84)	(304)	(16)	(15)	(1)	(53)	(473)
Reversals of unused residual amounts	(3)	(12)	(22)	-	(2)	(5)	(44)
Changes in scope of consolidation	-	-	-	-	-	-	-
Translation adjustments and other changes ⁽²⁾	(3)	(14)	(15)	(1)	6	45	18
At June 30, 2018⁽³⁾	406	957	320	458	7	420	2,568

(1) Mainly technical reserves established by the insurance companies that are part of Sales financing.

(2) Including provisions for expected losses on financing and warranty commitments given by the Sales financing segment amounting to €7 million at June 30, 2018 (€6 million at December 31, 2017 due to application of IFRS 9, presented in translation adjustments and other changes, see note 2-A1.5).

(3) Short-term portion of provisions: €1,006 million; long-term portion of provisions: €1,562 million.

All known litigation in which Renault or Group companies are involved is examined at each closing. After seeking the opinion of legal advisors, any provisions deemed necessary are established to cover the

estimated risks. During the first half-year of 2018, the Group recorded no provisions in respect of significant new litigation. Information on contingent liabilities is reported in note 20-A.

Note 17 – Financial liabilities and sales financing debts

A. Current / non-current breakdown

(€ million)	June 30, 2018			December 31, 2017 ⁽¹⁾		
	Non-current	Current	Total	Non-current	Current	Total
Renault SA redeemable shares	283	-	283	273	-	273
Bonds	3,894	1,579	5,473	3,233	1,471	4,704
Other debts represented by a certificate	-	650	650	-	609	609
Borrowings from credit institutions	311	886	1,197	329	806	1,135
Other interest-bearing borrowings ⁽²⁾	211	376	587	212	181	393
Financial liabilities of the Automotive (excluding AVTOVAZ) segment (excluding derivatives)	4,699	3,491	8,190	4,047	3,067	7,114
Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment	53	307	360	64	234	298
Total financial liabilities of the Automotive (excluding AVTOVAZ) segment	4,752	3,798	8,550	4,111	3,301	7,412
Borrowings from credit institutions	747	173	920	531	490	1,021
Other interest-bearing borrowings	-	3	3	2	1	3
Other non-interest-bearing borrowings	15	-	15	463	-	463
Financial liabilities of AVTOVAZ (excluding derivatives)⁽³⁾	762	176	938	996	491	1,487
Total automotive financial liabilities including AVTOVAZ	5,514	3,974	9,488	5,107	3,792	8,899
DIAC redeemable shares	13	-	13	13	-	13
Bonds	-	19,215	19,215	-	17,885	17,885
Other debts represented by a certificate	-	4,001	4,001	-	3,363	3,363
Borrowings from credit institutions	-	4,926	4,926	-	4,944	4,944
Other interest-bearing borrowings	-	16,240	16,240	-	15,085	15,085
Financial liabilities and debts of the Sales Financing segment (excluding derivatives)	13	44,382	44,395	13	41,277	41,290
Derivatives on financing operations of the Sales Financing segment	-	64	64	-	118	118
Financial liabilities and debts of the Sales Financing segment	13	44,446	44,459	13	41,395	41,408
Total automotive financial liabilities including AVTOVAZ, and Sales Financing liabilities	5,527	48,420	53,947	5,120	45,187	50,307

(1) The figures at December 31, 2017 include an adjustment due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3) and are thus different from the previously published figures (note 2-A5). The stock market value of Renault SA redeemable shares is €571 million at June 30, 2018 and €554 million at December 31, 2017.

(2) The Automotive (excluding AVTOVAZ) segment's financial lease liability amounts to €73 million at June 30, 2018 (€79 million at December 31, 2017).

(3) Figures are presented excluding intragroup transactions. Intragroup transactions between the Automotive (excluding AVTOVAZ) and AVTOVAZ segments are presented in the consolidated financial position by segment in section 2.2.6.1-B. The AVTOVAZ segment's financial lease liability amounts to €4 million at June 30, 2018 and €5 million at December 31, 2017.

B. Changes in Automotive financial liabilities and derivative assets on financing operations

(€ million)	Dec. 31, 2017 ⁽¹⁾	Change in cash flows	Change resulting from acquisition or loss of control over subsidiaries and other operating units	Foreign exchange changes with no effect on cash flows	Other changes with no effect on cash flows	June 30, 2018
Renault SA redeemable shares	273	-	-	-	10	283
Bonds	4,704	688	-	75	6	5,473
Other debts represented by a certificate	609	41	-	-	-	650
Borrowings from credit institutions	1,135	21	-	17	24	1,197
Other interest-bearing borrowings	393	198	-	(117)	113	587
Financial liabilities of the Automotive (excluding AVTOVAZ) segment (excluding derivatives)	7,114	948	-	(25)	153	8,190
Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment	298	203	-	(149)	8	360
Total financial liabilities of the Automotive (excluding AVTOVAZ) segment	7,412	1,151	-	(174)	161	8,550
Borrowings from credit institutions	1,021	(64)	-	(37)	-	920
Other interest-bearing borrowings	3	-	-	-	-	3
Other non-interest-bearing borrowings	463	-	-	(29)	(419)	15
Financial liabilities of AVTOVAZ (excluding derivatives)⁽²⁾	1,487	(64)	-	(66)	(419)	938
Total automotive financial liabilities including AVTOVAZ (A)	8,899	1,087	-	(240)	(258)	9,488
Derivative assets on financing operations of the Automotive (excluding AVTOVAZ) segment (B)	325	105	-	(25)	3	408
Net change in Automotive financial liabilities in consolidated cash flows (section 2.2.5) (A) – (B)		982				

(1) The figures at December 31, 2017 include an adjustment due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3) and are thus different from the previously published figures (note 2-A5).

(2) Figures are presented excluding intragroup transactions. Intragroup transactions between the Automotive (excluding AVTOVAZ) and AVTOVAZ segments are presented in the consolidated financial position by segment in section 2.2.6.1-B.

C. Financial liabilities and sales financing liabilities of the Automotive (excluding AVTOVAZ) and Sales Financing segments**Changes in shares of the Automotive (excluding AVTOVAZ) segment**

Following a voluntary change of accounting method (note 2-A3), redeemable shares are now stated at amortized cost, having previously been carried at fair value through profit and loss. Fair value was determined by reference to the stock market value at each reporting date. These shares are listed on the Paris Stock Exchange, and traded for €716 at June 30, 2018 and €695 at December 31, 2017. Continuing to state them at fair value would have generated a pre-tax expense of €17 million to be included in financial income and expenses (other financial expenses), including €9 million corresponding to the change in fair value during the first half-year of 2018. The fair value of the redeemable shares at June 30, 2018 is €571 million (€554 million at December 31, 2017).

Changes in bonds of the Automotive (excluding AVTOVAZ) segment

During the first half-year of 2018, Renault SA issued a Eurobond under its EMTN programme, with nominal value of €700 million and 6-year maturity, and Renault Do Brasil SA amortized a bond for €12 million.

Also, as part of its "Shelf Registration" programme, Renault SA launched two Samurai bonds on the Japanese market on June 26, 2018 for a total of ¥57.4 billion, one of ¥39.1 billion with 3-year maturity, and the other of ¥18.3 billion with 5-year maturity. The proceeds of these two issues were received on July 3, 2018.

Changes in liabilities of the Sales Financing segment

During the first half-year of 2018, RCI Banque group issued new bonds totalling €3,618 million and maturing between 2019 and 2026, and redeemed bonds for a total of €2,125 million.

New savings collected rose by €1,100 million during the first half-year of 2018 (€874 million of sight deposits and €226 million of term deposits) to €16,033 million (€12,344 million of sight deposits and €3,689 million of term deposits), and are classified as other interest-bearing borrowings. These savings are collected in Germany, Austria, France and the United Kingdom.

Credit lines

At June 30, 2018, Renault SA's confirmed credit lines opened with banks amounted to the equivalent of €3,480 million (€3,405 million at December 31, 2017). These credit lines have maturities of over one year and were unused at June 30, 2018 (and at December 31, 2017).

Also, at June 30, 2018, the Sales Financing segment's confirmed credit lines opened in several currencies with banks amounted to €4,876 million (€4,934 at December 31, 2017). These credit lines were drawn to the extent of €15 million at June 30, 2018 (€23 million at December 31, 2017).

Changes in assets pledged as guarantees by the Sales Financing segment for management of the liquidity reserve

For management of its liquidity reserve, at June 30, 2018 the Sales Financing segment had provided guarantees to the Banque de France (under France's central collateral management system 3G (*Gestion Globale des Garanties*)) in the form of assets with book value of €7,033 million (€6,949 million at December 31, 2017). These assets comprise €5,736 million of shares in securitization vehicles, €167 million of euro bonds and €1,130 million of sales financing

receivables (€5,676 million of shares in securitization vehicles, €168 million of euro bonds and €1,106 million of sales financing receivables at December 31, 2017). The funding provided by the Banque de France against these guarantees amounts to €2,500 million at June 30, 2018 (the same as at December 31, 2017).

D. Financial liabilities of the AVTOVAZ segment

The AVTOVAZ segment's current financial liabilities consist of the following:

(€ million)	June 30, 2018	Dec. 31, 2017
Rouble-denominated bank loans	176	494
Foreign currency-denominated bank loans	-	1
Other Rouble-denominated interest-bearing loans	1	37
Total current financial liabilities of the AVTOVAZ group	177	532
Current financial liabilities of Alliance Rostec Auto b.v.	2	-
Total current financial liabilities of the AVTOVAZ segment	179	532
Less current financial liabilities due to Renault s.a.s. and intragroup cash of the AVTOVAZ segment	(3)	(41) ⁽¹⁾
Total current financial liabilities of the AVTOVAZ segment	176	491

(1) Essentially liabilities allocated in 2018 to settlement of the capital increases of Alliance Rostec Auto b.v. and AVTOVAZ (see note 3-B).

The AVTOVAZ segment's non-current financial liabilities consist of the following:

(€ million)	June 30, 2018	Dec. 31, 2017
Rouble-denominated bank loans	747	531
Rouble-denominated interest-free loans ⁽¹⁾	-	442
Rouble-denominated interest-free promissory notes	15	14
Other foreign currency-denominated interest-bearing loans and borrowings	-	51
Total non-current financial liabilities of the AVTOVAZ group	762	1,038
Non-current financial liabilities of Alliance Rostec Auto b.v.	-	173
Total non-current financial liabilities of the AVTOVAZ segment	762	1,211
Less non-current financial liabilities due to Renault s.a.s.	-	(215) ⁽¹⁾
Non-current financial liabilities of the AVTOVAZ segment	762	996

(1) Liabilities allocated in 2018 to settlement of the capital increases of Alliance Rostec Auto b.v. and AVTOVAZ (see note 3-B).

Rouble-denominated interest-free promissory notes consist of the following liabilities:

Issue date	Maturity date (after extension)	June 30, 2018				December 31, 2017			
		Nominal value		Book value		Nominal value		Book value	
		(Millions of roubles)	(€ million)	(Millions of roubles)	(€ million)	(Millions of roubles)	(€ million)	(Millions of roubles)	(€ million)
Rouble-denominated interest-free loans⁽¹⁾									
June 5, 2009	June 5, 2032	-	-	-	-	25,000	360	25,000	360
April 29, 2010	April 29, 2032	20,582	281	-	-	26,282	379	5,700	82
Total		20,582	281	-	-	51,282	739	30,700	442
Rouble-denominated interest-free promissory notes									
April 23, 2001	March 7, 2020	1,481	20	1,093	15	1,481	21	987	14

(1) Liabilities allocated in 2018 for 30.7 billion roubles to settlement of the capital increases of Alliance Rostec Auto b.v. and AVTOVAZ (see note 3-B).

During the first half-year of 2018, the AVTOVAZ group repaid financial liabilities totalling €258 million and contracted new financial liabilities totalling €194 million.

At June 30, 2018, the AVTOVAZ group's average interest rate is 10.16% for outstanding rouble-denominated bank loans (at December 31, the average rate was 2017, 11.15% for loans in roubles and 3.00% for loans in other currencies). At June 30, 2018, the AVTOVAZ group has €315 million of floating-rate bank loans (€193 million at December 31, 2017).

At June 30, 2018, the AVTOVAZ group has confirmed credit lines opened with banks in the amount of €1,442 million (€1,304 million at December 31, 2017). At June 30, 2018, the AVTOVAZ group has €498 million of undrawn available confirmed borrowing facilities (€262 million at December 31, 2017), of which €270 million were available for operating activities and €228 million were available for investment activities (€2 million and €260 million respectively at December 31, 2017).

At June 30, 2018, the AVTOVAZ group was in compliance with all the covenants included in its loan agreements with banks.

At June 30, the AVTOVAZ group's loans and borrowings of €528 million are guaranteed by property, plant and equipment in

the amount of €115 million (at December 31, 2017, €719 million of loans and borrowings were guaranteed by €164 million of property, plant and equipment, €19 million of finished goods and 100% of the shares of AO Lada-Servis and AO ZAK).

2.2.6.5 CASH FLOWS AND OTHER INFORMATION

Note 18 – Cash flows

A. Other income and expenses with no impact on cash before interest and tax

(€ million)	H1 2018	H1 2017 ⁽¹⁾	Year 2017 ⁽¹⁾
Net allocation to provisions	100	(23)	(201)
Net effects of sales financing credit losses	32	2	(29)
Net (gain) loss on asset disposals	(46)	(65)	(93)
Change in fair value of financial instruments	25	(3)	(5)
Cost of net financial indebtedness	141	202	369
Deferred taxes	10	21	272
Current taxes	377	461	634
Other	38	48	85
Other income and expenses with no impact on cash before interest and tax	677	643	1,032

(1) The figures for the first half-year of 2017 and the year 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 (note 2-A3) and are thus different from the previously published figures (note 2-A5).

B. Change in working capital before tax

(€ million)	H1 2018	H1 2017	Year 2017
Decrease (increase) in net inventories	(905)	(1,184)	(691)
Decrease (increase) in Automotive net receivables	(252)	(149)	78
Decrease (increase) in other assets	(301)	(530)	(795)
Increase (decrease) in trade payables	536	570	591
Increase (decrease) in other liabilities	718	604	705
Change in working capital before tax	(204)	(689)	(112)

C. Capital expenditure

(€ million)	H1 2018	H1 2017	Year 2017
Purchases of intangible assets	(826)	(644)	(1,310)
Purchases of property, plant and equipment (other than assets leased to customers)	(892)	(736)	(2,420)
Total purchases for the period	(1,718)	(1,380)	(3,730)
Deferred payments	(326)	(315)	129
Total capital expenditure	(2,044)	(1,695)	(3,601)

Note 19 – Related parties

A. Remuneration of Directors and Executives and Executive Committee members

Apart from the points described in section 3-4-2 of the 2017 Registration Document, there was no significant change in the principles for remuneration and related benefits of Directors and Executives and Executive Committee members.

B. Renault's investments in associates

Details of Renault's investment in Nissan are provided in note 11.

C. Transactions with the French State and public companies

In the course of its business the Group undertakes transactions with the French State and public companies such as UGAP, EDF, La Poste, etc. These transactions, which take place under normal market conditions, represent sales of €114 million for the first half-year of 2018, an Automotive receivable of €138 million, a Sales financing receivable of €408 million and a financing commitment of €15 million at June 30, 2018.

2

FINANCIAL RESULTS

2.2 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 2018

Note 20 – Off-balance sheet commitments and contingent assets and liabilities

In the course of its business, the Group enters into a certain number of commitments, and is involved in litigations or subject to investigations by competition and automotive regulation authorities. Any liabilities resulting from these situations (e.g. pensions and other employee

benefits, litigation costs, etc) are covered by provisions. Details of other commitments that constitute off-balance sheet commitments and contingent liabilities are provided below (note 20-A).

The Group also receives commitments from customers (deposits, mortgages, etc) and may benefit from credit lines with credit institutions (note 20-B).

A. Off-balance sheet commitments given and contingent liabilities

A1. Ordinary operations

The Group is committed for the following amounts:

(€ million)	June 30, 2018	Dec. 31, 2017
Financing commitments in favour of customers ⁽¹⁾	2,799	2,315
Firm investment orders	1,729	952
Lease commitments ⁽²⁾	613	546
Assets pledged, provided as guarantees or mortgaged ⁽³⁾	115	187
Sureties, endorsements, guarantees given and other commitments ⁽⁴⁾	401	187

(1) Commitments in favour of customers by the Sales Financing segment will lead to outflows of liquidities during the three months following the closing date in the maximum amount of €2,648 million at June 30, 2018 (€2,250 million at December 31, 2017).

(2) Largely as a result of specificities in French lease contracts that allow penalty-free early termination, the irrevocable lease commitments reported here are not fully representative of the financial liability to be recognized in application of IFRS 16. The negative impact of future application of this standard on the financial liability is currently being analyzed (note 2-A).

(3) At June 30, 2018, assets pledged, provided as guarantees or mortgaged include commitments given by AVTOVAZ amounting to €115 million (€183 million at December 31, 2017), corresponding to fixed assets and inventories of finished goods guaranteeing financial liabilities (note 17-D).

(4) Other commitments include share subscription commitments, amounting to €51 million for Alliance Venture b.v. and €57 million for the Fund for the Future of the Automobile (Fonds Avenir Automobile – FAA).

Assets pledged as guarantees by the Sales Financing segment for management of the liquidity reserve are presented in note 17-C.

A2. Contingent liabilities

Under a customs agreement between Brazil and Argentina for the automotive industry, which was introduced in 2008 and amended in June 2016, imports of vehicles and spare parts for the Argentinean automotive sector are exempt from customs duties as long as the average ratio of imports to exports with Brazil is below 1.5 over the period July 2015 to June 2020 (this ratio may be raised to 1.7 from June 30, 2019). The amount of customs duties potentially due retroactively may be up to 75% of the customs duties on cars and 70% of the customs duties on spare parts in excess of the ratio, using a calculation covering the entire automotive sector.

The ratio for the sector as a whole was above 1.5 for the period July 1, 2015 to May 31, 2018, and Renault contributes to this situation. Only automakers which do not respect their own individual ratio over the period concerned are liable for penalties. The applicable rules, which changed slightly with the introduction of two new regulations in January 2018, explicitly allow purchases of credits from other automakers concerned to avoid paying the penalties due. This customs agreement creates a contingent obligation for Renault that will only be confirmed by the occurrence of uncertain future events that are partly within its control (compliance with the individual ratio) and partly beyond its control, since the ratio to be respected concerns the entire automotive sector. Reliable estimation of the potential risk at the reporting date is difficult, mainly because of uncertainties as to developments in the Argentinean and Brazilian automotive markets between now and 2020. Consequently, no provision has been recognized by the Group.

Since the introduction of regulation 21-E of January 23, 2018, a guarantee of USD86 million has been put in place for the provisional penalties calculated in respect of the first 24 months of application of the amended agreement of June 2016. This cannot be considered as

an indication of the final amount that may be due at the end of period concerned by the agreement, which ends on June 30, 2020.

A possible extension of the period concerned by the existing system is currently under discussion by the Argentina-Brazil Automotive Committee.

Disposals of subsidiaries or businesses by the Group generally include representations and warranties in the buyer's favour. At June 30, 2018, the Group had not identified any significant risk in connection with these operations.

Following partial sales of subsidiaries in previous years, Renault holds put options covering some or all of the residual investment retained. The exercise of these options would not have a significant impact on the Group's consolidated financial statements.

Group companies are periodically subject to tax inspections in the countries in which they operate. Accepted tax adjustments are recorded as provisions in the financial statements. Contested tax adjustments are recognized on a case-by-case basis, taking into account the risk that the proceedings or appeals undertaken may be unsuccessful.

Group companies are periodically subject to investigations by the authorities in the countries in which they operate. When the resulting financial consequences are accepted, they are recognized in the financial statements via provisions. When they are contested, they are recognized on a case-by-case basis, based on estimates that take into account the risk that the proceedings or appeals undertaken may be unsuccessful.

The main investigations by the competition and automotive regulations authorities in progress at June 30, 2018 concern the level of vehicle emissions in Europe.

In the ongoing "emissions" affair in France, Renault acknowledges that a formal legal investigation has been opened. This new stage in the procedure is seen as an indication that the French prosecution

office wishes to pursue this matter. No provision was recognized at June 30, 2018 or December 31, 2017.

Beginning in March 2016 Renault decided to roll out a plan to reduce nitrogen oxide (NOx) emissions by its Euro 6b vehicles by applying new factory calibrations for vehicle production, and a corresponding €20 million provision was recognized for vehicles manufactured before this decision. A step-up in this plan was decided in October 2017, leading to recognition of an additional €24 million provision. At June 30, 2018 the balance of the provision is €38 million (compared to €44 million at December 31, 2017).

Group companies are subject to the applicable regulations regarding pollution, notably of soil and ground water. These regulations vary depending on the country of location. Some of the associated environmental liabilities are potential and will only be recognized in the accounts if the activity is discontinued or the site closed. It is also sometimes difficult to determine the amount of the obligation reliably. Provisions are only established for liabilities that correspond to a legal or constructive obligation at the closing date, and can be estimated with reasonable reliability. Details of significant provisions are given in note 20 – Change in provisions to the consolidated financial statements for 2017.

B. Off-balance sheet commitments received and contingent assets

(€ million)	June 30, 2018	Dec. 31, 2017
Sureties, endorsements and guarantees received	2,943	2,929
Assets pledged, provided as guarantees or mortgaged ⁽¹⁾	3,561	3,162
Buy-back commitments ⁽²⁾	3,780	3,231
Other commitments	27	29

(1) The Sales Financing segment receives guarantees from its customers in the course of sales financing for new or used vehicles. Guarantees received from customers amount to €3,113 million at June 30, 2018 (€2,796 million at December 31, 2017). In addition, AVTOVAZ received €13 million in real estate property rights and ownership rights as guarantees of loans, and €162 million in rights to vehicles as guarantees of trade receivables (€12 million and €79 million respectively at December 31, 2017).

(2) Commitments received by the Sales Financing segment for sale of rental vehicles to a third party at the end of the rental contract.

Off-balance sheet commitments received concerning confirmed opened credit lines are presented in note 17.

Note 21 – Subsequent events

No significant events have occurred since June 30, 2018.

3

STATUTORY AUDITORS' REVIEW REPORT ON THE CONDENSED HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS

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Renault

Société Anonyme

13-15, quai Alphonse-Le-Gallo - 92100 Boulogne-Billancourt

Statutory auditors' Review Report on the condensed half-yearly consolidated financial statements (For the six-month period ended June 30, 2018)

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking readers. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In compliance with the assignment entrusted to us by your general meeting and in accordance with article L.451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Renault for the six-month period ended June 30, 2018,
- the verification of information contained in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to the notes 2A1, 2A2 and 2A3 of the notes to the condensed half-year financial statements which describe the changes resulting from the first application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with customers", as well as the change in accounting policy regarding the redeemable shares held by Renault SA.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris-La Défense, July 27, 2018

The statutory auditors (*French original signed by*)

KPMG Audit

A department of KPMG S.A.

Jean-Paul Vellutini

Laurent des Places

ERNST & YOUNG Audit

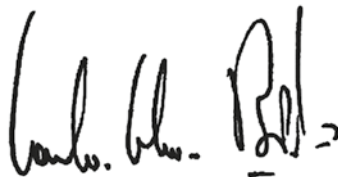
Aymeric de La Morandière

Philippe Berteaux

Mr. Carlos Ghosn, Chairman and Chief Executive Officer,
accepts full responsibility for this Earnings Report.

I hereby declare that, to the best of my knowledge, the condensed consolidated financial statements for the first half-year have been prepared under generally accepted accounting principles and give a true and fair view of the assets and liabilities, financial situation and results of the company and all the companies within the consolidated Renault group. I further declare that the Earnings Report gives a faithful picture of the information herein, e.g. material events occurring during the first six months of the financial year and their impact on the half-yearly accounts, a description of the main risks and contingencies for the remaining six months and the principal related party transactions.

Boulogne-Billancourt, July 27, 2018
Chairman and Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Carlos Ghosn', with a horizontal line underneath the name.

Carlos Ghosn

5

FINANCIAL INFORMATION ON THE ALLIANCE

The purpose of the financial data in this section is twofold: to broadly quantify the economic significance of the Renault-Nissan Alliance through key performance indicators, and to make it easier to compare the assets and liabilities of the two Groups. The data of both Groups comply with the accounting standards applied by Renault in 2018.

The characteristics of the Alliance mean, among other things, that Renault and Nissan's assets and liabilities cannot be combined. Consequently, these indicators do not correspond to a consolidation as defined by generally accepted accounting principles and are not certified by the statutory auditors.

Information concerning Renault is based on the consolidated figures released at June 30, 2018, while the information concerning Nissan is based on the restated consolidated figures prepared for the purposes of the Renault consolidation, covering the period from January 1 to at June 30, 2018 whereas Nissan's financial year-end is March 31.

KEY PERFORMANCE INDICATORS

The preparation of the key performance indicators under Renault accounting policies takes into account the restatement of the figures published by Nissan under Japanese Accounting Standards into IFRS. Additionally, the following adjustments have been performed:

- reclassifications when necessary to harmonize the presentation of the main income statement items;
- adjustments to fair value applied by Renault for acquisitions of 1999 and 2002.

REVENUES 2018

(€ million)	Renault	Nissan ⁽¹⁾	Intercompany eliminations	Alliance
Sales of goods and services of the Automotive segment	28,344	41,160	(3,160)	66,344
Sales Financing revenues	1,613	4,385	(78)	5,920
Revenues	29,957	45,545	(3,238)	72,264

(1) Converted at the average exchange rate for first-half 2018: EUR 1 = JPY 131.6.

The Alliance's intercompany business mainly consists of commercial transactions between Renault and Nissan. These items have been eliminated to prepare the revenue indicator. Their value is estimated on the basis of Renault's first-half 2018 results.

The **operating margin**, the **operating income** and the **net income** of the Alliance in first-half 2018 are as follows:

(€ million)	Operating margin	Operating income	Net income ⁽¹⁾
Renault	1,914	1,734	1,235
Nissan ⁽²⁾	1,766	1,600	1,923
Alliance	3,680	3,334	3,158

(1) Renault's net income is adjusted to exclude Nissan's contribution and Nissan's net income is similarly adjusted to exclude Renault's contribution.

(2) Converted at the average exchange rate for first-half 2018: EUR 1 = JPY 131.6.

Intercompany transactions impacting the indicators are minor and have therefore not been eliminated. For the Alliance, the operating margin is equivalent to 5.1% of revenues.

In first-half 2018, the Alliance's **Research and Development expenses**, after capitalization and amortization, are as follows:

(€ million)	
Renault	1,335
Nissan ⁽¹⁾	1,588
Alliance	2,923

(1) Converted at the average exchange rate for first-half 2018: EUR 1 = JPY 131.6.

BALANCE SHEET INDICATORS

CONDENSED RENAULT AND NISSAN BALANCE SHEETS (€ million)

RENAULT AT DECEMBER 31, 2017

ASSETS	
Intangible assets	5,518
Property, plant and equipment	13,406
Investments in associates (excluding Alliance)	807
Deferred tax assets	991
Inventories	7,112
Sales financing receivables	41,259
Automotive receivables	1,946
Other assets	8,909
Cash and cash equivalents	15,099
Total assets excluding investment in Nissan	95,047
Investment in Nissan	20,034
Total assets	115,081

NISSAN AT JUNE 30, 2018 ⁽¹⁾

ASSETS	
Intangible assets	6,306
Property, plant and equipment	43,274
Investments in associates (excluding Alliance)	6,569
Deferred tax assets	1,500
Inventories	11,340
Sales financing receivables	59,140
Automotive receivables	4,190
Other assets	8,743
Cash and cash equivalents	9,101
Total assets excluding investment in Renault	150,163
Investment in Renault	2,412
Total assets	152,575

(1) Converted at the closing rate at June 30, 2018: EUR 1 = JPY 129.

(2) The financial liabilities of the Automotive segment represent the amount after deducting internal loans receivable to the Sales Financing segment (€8,930 million at June 30, 2018).

The values displayed for Nissan assets and liabilities reflect the restatements for the harmonization of accounting standards and adjustments to fair value applied by Renault for the acquisitions made in 1999 and 2002, mainly concerning revaluation of land, capitalization of development expenses, and pension-related provisions.

Balance sheet items have been reclassified when necessary to make the data consistent across both Groups.

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity	34,517
Deferred tax liabilities	168
Provisions for pension and other long-term employee benefit obligations	1,603
Financial liabilities of the Automotive segment	9,488
Financial liabilities and debts of the Sales Financing segment	44,459
Other liabilities	24,846
Total shareholders' equity and liabilities	115,081

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity	49,219
Deferred tax liabilities	4,135
Provisions for pension and other long-term employee benefit obligations	2,830
Financial liabilities of the Automotive segment ⁽²⁾	(3,513)
Financial liabilities and debts of the Sales Financing segment	64,961
Other liabilities	34,943
Total shareholders' equity and liabilities	152,575

Purchases of property, plant and equipment by both Alliance groups for first-half 2018, excluding leased vehicles and batteries, amount to:

(€ million)	
Renault	892
Nissan ⁽¹⁾	1,460
Alliance	2,678

(1) Converted at the average exchange rate for first-half 2018: EUR 1 = JPY 131.6.

- Based on the best available information, Renault estimates that the impact of full consolidation of Nissan on its shareholders' equity calculated under current accounting policies would result in:
 - a maximum 5-10% decrease in shareholders' equity - Group share;
 - a €28.8 billion increase in shareholders' equity - non-controlling interests' share.

DIRECTION DES RELATIONS FINANCIÈRES

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