



EARNINGS REPORT
FIRST-HALF 2019

EARNINGS REPORT - First-half 2019

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KEY FIGURES

		H1 2019	H1 2018	Change
Worldwide Group sales ⁽¹⁾	Million vehicles	1.94	2.08	-6.7%
Group revenues	€ million	28,050	29,957	-1,907
Group operating profit	€ million	1,654	1,914	-260
	% revenues	5.9%	6.4%	-0.5 pts
Group operating income	€ million	1,521	1,734	-213
Contribution from associated companies	€ million	-35	814	-849
<i>O/w Nissan</i>	€ million	-21	805	-826
Net income	€ million	1,048	2,040	-992
Net income, Group share	€ million	970	1,952	-982
Earnings per share	€	3.57	7.24	-3.67
Automotive operational Free cash flow ⁽²⁾	€ million	-716	+418	-1,134
Automotive net cash position ⁽³⁾	€ million	+1,470	+3,702	-2,232
		at June, 30 2019	at Dec. 31, 2018	
Sales Financing, average performing assets	€ billion	46.7	43.7	+6.9%

(1) Worldwide Group sales include Jinbei & Huasong sales.

(2) Automotive operational Free cash flow: 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.

(3) 2019 figures include the impacts of the application of IFRS 16 "Leases" from January 1, 2019. The figures for 2018 have not been restated.

OVERVIEW

Groupe Renault maintains its market share in the first half of the year in a sharply declining market.

In the first half of the year, Groupe Renault recorded 1,938,579 vehicles sold, down 6.7% in a market that fell 7.1% ⁽¹⁾.

Group revenues reached €28,050 million (-6.4% compared to last year). At constant exchange rates and perimeter ⁽²⁾, Group revenues would have decreased by -5.0%.

Automotive excluding AVTOVAZ revenues amounted to €24,791 million, down -7.7% compared to the first-half of 2018. This decrease was mainly explained by a negative volume effect of -4.6 points, due to the sales decline in Turkey, France and Argentina and to destocking in the dealer network. Sales to partners dropped by -3.1 points due to lower Nissan Rogue production, the closure of the Iranian market since August 2018 and the decline in demand for diesel engines in Europe. The currency effect was negative -1.2 points mainly linked to the devaluation of the Argentinian peso and the Turkish lira. The price effect, positive by +1.0 point, came from the offsetting of these two currencies and price increases in Europe.

The **Group's operating margin** amounted to €1,654 million and represents 5.9% of revenues.

The **Automotive excluding AVTOVAZ operating margin** was down €234 million to €981 million, representing 4.0% of

revenues compared to 4.5% in the first half of 2018. Volume effect had a negative impact of -€471 million. Raw materials weighted for -€213 million. The Monozukuri effect was positive by +€385 million: the result of purchasing performance, the increase in the capitalization rate of R&D and an increase in depreciation expenses. Currencies impacted by +€92 million due to the positive effect of the depreciation of the Turkish lira on the production costs. Mix/price/enrichment effect was negative -€95 million because of Clio IV end of life, regulatory enrichment and the decrease in the diesel sales in Europe.

The **operating margin of AVTOVAZ** amounted to €82 million, to be compared with €105 million in the first half of 2018. Despite a declining market, AVTOVAZ still benefits from the success of its models launched in 2018, but no longer from positive non-recurring effects booked in 2018.

Sales Financing contributed €591 million to the Group operating margin, compared with €594 million in the first half of 2018. This -0.6% decrease includes a negative currency effect for -€14 million and impairments related to mobility services activity for -€21 million. It should also be noted the growing contribution of the margin on services which now stands at €319 million and represents one third of the Net Banking income.

The total cost of risk reached a 0.40% on average performing assets compared to 0.37% in the first half of 2018, confirming a robust underwriting and collection policy.

(1) The evolution of the Global Automotive market for all brands also called Total Industry Volume (TIV) indicates the annual variation in sales* volumes of passenger cars and light commercial vehicles** in the main countries including USA & Canada, provided by official authorities or statistical agencies in each country, and consolidated by Groupe Renault to constitute this world market (TIV).

*Sales: registrations or deliveries or invoices according to the data available in each consolidated country.

**Light commercial vehicles of less than 5.1 tons.

(2) 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.

IN BRIEF

Other operating income and expenses had a negative impact of -€133 million (compared with -€180 million in the first half of 2018), due to provisions notably related to the early retirement program in France of nearly €80 million.

The Group's **operating income** came to €1,521 million compared with €1,734 million in the first half of 2018 (-12.3%).

Net financial income and expenses amounted to -€184 million, compared with -€121 million in the first half of 2018. This deterioration is primarily explained by the increase of interest rates in Argentina.

The **contribution of associated companies**, came to -€35 million, compared with +€814 million in the first half of 2018. This decline came mostly from Nissan's contribution, down -€826 million.

Current and deferred taxes represent an expense of -€254 million compared with -€387 million in the first half of 2018.

Net income reached €1,048 million and net income, Group share totaled €970 million (€3.57 per share compared with €7.24 per share in the first half of 2018).

Automotive operational free cash flow was negative at -€716 million. This results from investments amounting to €2,910 million (up +€742 million) and the negative impact of the change in working capital requirement for -€131 million.

OUTLOOK 2019

In 2019, the Global Automotive market⁽¹⁾ is expected to decline by around -3% compared to 2018 (-1.6% previously anticipated).

The European market is expected to be stable (excluding "hard Brexit"), the Russian market to be down by -2 to -3% (versus around +3% previously) and the Brazilian market to grow around +8% (versus +10% previously).

Within this context, Groupe Renault changes its revenues guidance: revenues should be close to last year's (at constant

exchange rates and perimeter⁽²⁾) compared to an increase initially expected.

The Group confirms its guidance for the other financial full-year 2019 objectives:

- Achieving Group operating margin around 6%;
- Generate a positive Automotive operational free cash flow.

MAIN RISKS AND UNCERTAINTIES FOR THE REMAINING SIX MONTHS OF THE FISCAL YEAR

Renault designs, manufactures and markets private cars and light commercial vehicles. It is affected by cycles in automotive markets, and in first-half 2019, 55% of their impact was in Europe and 45% outside Europe. All economic fluctuations in these regions are liable to influence the Group's financial performance.

In a context of a persistent mixed worldwide environment, affecting some of the markets in which the Group operates, no other risks than those described in Chapter 1.6 of the 2018 Registration Document filed on April 15, 2019, are anticipated in the remaining six months of the year.

TRANSACTIONS WITH RELATED THIRD PARTIES

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 in Note 19 of the Appendix to the Half-Year Consolidated Financial Statements summarized in this report.

(1) The evolution of the Global Automotive market for all brands also called Total Industry Volume (TIV) indicates the annual variation in sales* volumes of passenger cars and light commercial vehicles** in the main countries including USA & Canada, provided by official authorities or statistical agencies in each country, and consolidated by Groupe Renault to constitute this world market (TIV).

* Sales: registrations or deliveries or invoices according to the data available in each consolidated country.

** Light commercial vehicles of less than 5.1 tons.

(2) 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.

OVERVIEW

- **Groupe Renault** resists with volumes down 6.7% in a global market down 7.1% and maintained its market share of 4.4% despite no new products. The Group sold 1,938,579 vehicles.
- Sales remained stable **in Europe** in a market that fell by 2.5%. In regions outside Europe, the Group's sales followed the sharply declining global trend.
- In the **electric vehicle** segment, Renault brand sales volumes worldwide increased by 42.9% (more than 30,600 vehicles).
- The Group confirms its product offensive in the second half of the year with the launches of New Clio and New ZOE in Europe, Arkana in Russia, Triber in India, and Renault City K-ZE the new electric vehicle in China.
- In a falling global automotive market, RCI Bank and Services achieved a good commercial performance with 918,504 contracts financed at the end of June 2019.

As of May 2019, the scope of the Regions has changed: the Africa Middle-East India Region becomes Africa Middle-East India Pacific Region, including the former Asia Pacific Region without China, Hong Kong and Taiwan which become now a separated Region. All other Regions remain unchanged. 2018 data are adjusted with new Regions structure.

GRUPE RENAULT'S TOP FIFTEEN MARKETS

SALES		Volumes H1 2019* (in units)	PC / LCV market share H1 2019 (%)	Change in market share on H1 2018 (points)
1	France	379,454	26.7	-0.5
2	Russia	238,617	28.8	+0.4
3	Germany	128,834	6.4	+0.1
4	Italy	126,541	10.8	+1.0
5	Brazil	112,821	9.1	+0.7
6	Spain	104,544	12.9	+1.0
7	China**	89,714	0.8	-0.1
8	United-Kingdom	62,321	4.2	+0.4
9	Belgium+Luxembourg	50,703	13.0	+0.1
10	Algeria	39,585	52.5	-9.5
11	Poland	37,155	11.9	+1.2
12	Argentina	36,897	15.4	+0.7
13	India	36,798	2.0	-0.1
14	Romania	36,726	38.8	+0.3
15	Turkey	36,709	18.8	-0.6

* Preliminary figures.

** Including Jinbei&Huasong.

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SALES PERFORMANCE
1.1 AUTOMOTIVE

1.1 AUTOMOTIVE

1.1.1 GROUP SALES WORLDWIDE BY REGION, BY BRAND & BY TYPE

PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES (UNITS)**	H1 2019*	H1 2018	Change (%)
GROUP	1,938,579	2,078,675	-6.7
EUROPE REGION	1,070,641	1,071,059	-0.0
Renault	754,117	786,080	-4.1
Dacia	311,024	281,308	+10.6
Alpine	2,575	636	+++
Lada	2,925	3,035	-3.6
AFRICA MIDDLE-EAST INDIA & PACIFIC REGION	219,829	303,996	-27.7
Renault	139,358	212,377	-34.4
Dacia	45,480	51,554	-11.8
Renault Samsung Motors	33,463	38,580	-13.3
Alpine	273	0	+++
Lada	1,024	1,325	-22.7
Jinbei&Huasong***	231	160	+44.4
EURASIA REGION	352,616	371,764	-5.2
Renault	118,978	144,281	-17.5
Dacia	38,573	45,288	-14.8
Lada	195,065	181,995	+7.2
Jinbei&Huasong***	0	200	-100.0
AMERICAS REGION	205,741	214,145	-3.9
Renault	204,712	213,821	-4.3
Lada	148	129	+14.7
Jinbei&Huasong***	881	195	+++
CHINA REGION	89,752	117,711	-23.8
Renault	12,493	32,999	-62.1
Jinbei&Huasong***	77,259	84,712	-8.8
BY BRAND			
Renault	1,229,658	1,389,558	-11.5
Dacia	395,077	378,150	+4.5
Renault Samsung Motors	33,463	38,580	-13.3
Alpine	2,848	636	+++
Lada	199,162	186,484	+6.8
Jinbei&Huasong***	78,371	85,267	-8.1
BY VEHICLE TYPE			
Passenger cars	1,617,915	1,757,475	-7.9
Light commercial vehicles	320,664	321,200	-0.2

* Preliminary figures.

** Twizy is a quadricycle and therefore not included in Group automotive sales except in Bermuda, Chile, Colombia, South Korea, Guatemala, Ireland, Lebanon, Malaysia and Mexico where Twizy is registered as a passenger car.

*** Jinbei&Huasong includes the brands Jinbei JV, Jinbei not JV (Shineray and Huarui) and Huasong.

In the first half of the year, Groupe Renault recorded 1,938,579 vehicles sold, down 6.7% in a market that fell 7.1%. Group Market share now stands at 4.4% despite no new products.

With 1,229,658 vehicles sold in the first half 2019 (-11.5% compared to last year), the Renault brand accounted for 63% of the Group's volumes. Dacia and Lada brands increased by +4.5% and +6.8% respectively.

The Dacia brand posted a new sales record in Europe with 311,024 vehicles sold (+10.6%), as well as a record market share of 3.3% (+0.4 points). This increase is linked to the performance of New Duster and Sandero.

Jinbei&Huasong's sales fell by -8.1% and Renault Samsung Motors by -13.3%.

SALES PERFORMANCE

1.1 AUTOMOTIVE

→ Europe

In **Europe**, registrations were stable in a market that fell by 2.5%. The Group's B segment confirms its success (Clio, Captur, Sandero), as well as New Duster. Clio remains the second best-selling vehicle in Europe and Captur the first crossover in its segment. LCV sales also contributed, with a 7.5% increase in volume in an European LCV market up 3.7%.

In the **electric vehicle** segment, ZOE saw its volumes increase by 44.4% (25,041 vehicles) and Kangoo Z.E. by 30.7% (4,653 vehicles).

The **Dacia** brand posted a new sales record in Europe thanks to the performance of New Duster and Sandero.

→ Outside Europe

Outside Europe, the Group suffered in particular from the market decline in Turkey (-44.8%) and Argentina (-50.2%), and the end of sales in Iran since August 2018 (Groupe Renault had sold 77,698 vehicles in the first half of 2018).

In **Russia**, the Group's second largest country in terms of sales volume, **Groupe Renault** is the leader with a market share of 28.8%, up 0.45 points. Sales fell by 0.9% in a market that fell by 2.4%.

Lada recorded a 2.5% increase to 174,186 vehicles sold, with a market share of 21.0% (+1.0 points) thanks to the successful renewal of its range. Lada Granta and Lada Vesta are the 2 most sold vehicles in Russia.

Renault brand volumes fell by 9.1% to 64,431 vehicles sold, pending the launch of Arkana in the second half of the year.

In **Brazil**, the Group outperformed the market recovery, which rose 10.5%. Sales increased by 20.2% to 112,821 vehicles and market share reached 9.1% (+0.7 points) thanks to the good results of Kwid, which was sold to more than 40,500 units, up 36.5% to become the 5th best-selling vehicle (9th in the first half of 2018).

In **Africa**, the Group is strengthening its leadership with a 19.3% market share with nearly 110,000 vehicles sold, thanks in particular to its performance in Morocco, South Africa and Egypt.

The market share in Morocco remains at a historical level of 43.3%. Dacia maintains its leadership with the success of Logan and Dokker. The Renault brand is in second place with Clio, the best-selling vehicle in Morocco.

In South Africa, Renault brand sales rose by 3.6% to nearly 11,900 units, representing a 4.9% market share.

In **India**, pending the launch of Triber in the second half of the year, the group's market share stabilized at 2.1% in the second quarter.

Triber is a compact vehicle with unparalleled flexibility that can carry up to 7 people for a sub-4 meters vehicles. It is entering a segment that will occupy nearly 50% of the Indian market by 2022. Groupe Renault thus completes the local offer already comprising Kwid and Duster.

In **China**, Group volumes decreased by 23.7% in a market that fell by 12.7%. In the second half of the year, in China, the Group will launch Renault City K-ZE, the new electric city car and accelerate its offensive in electric vehicles by investing in JMEV, the 5th largest electric vehicle manufacturer in the country.

1.1.2 SALES AND PRODUCTION STATISTICS

1.1.2.1 GROUP SALES WORLDWIDE

Consolidated global sales by brand and geographic areas as well as by model are available in the regulated information of the Finance section on Groupe Renault website.

[https://group.renault.com/en/finance-2/regulated-information/Monthly sales](https://group.renault.com/en/finance-2/regulated-information/Monthly%20sales)

1.1.2.2 GROUP WORLDWIDE PRODUCTION

PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES (UNITS)	H1 2019 **	H1 2018	Change (%)
GROUP GLOBAL PRODUCTION*	1,962,917	2,068,490	-5.1
<i>O/w produced for partners:</i>			
GM	17,212	13,301	29.4
Nissan	96,531	130,493	-26.0
Daimler	39,474	44,078	-10.4
Fiat	11,717	13,173	-11.1
Renault Trucks	9,621	7,672	25.4
PRODUCED BY PARTNERS FOR RENAULT	H1 2019 **	H1 2018	Change (%)
Nissan - Chennai	42,242	41,980	0.6
DRAC - Wuhan	7,490	34,244	-78.1
Pars Khodro, Iran Khodro - Iran	0	60,150	-100.0
Others (Nissan Barcelona / Cuernavaca)	606	3,330	-81.8

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

** Preliminary figures.

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

At June 30, 2019

EUROPE	AFRICA MIDDLE-EAST INDIA AND PACIFIC		EURASIA	AMERICAS	CHINA
Albania	Abu Dhabi	Morocco	Armenia	Argentina	China
Austria	Algeria	Mozambique	Azerbaijan	Bermuda	Hong Kong
Baltic States	Angola	Nepal	Belarus	Bolivia	
Belgium-Lux.	Australia	New Caledonia	Bulgaria	Brazil	
Bosnia	Bahrain	New Zealand	Georgia	Chile	
Cyprus	Bangladesh	Oman	kazakhstan	Colombia	
Czech Rep.	Benin	Palestine	Kyrgyzstan	Costa Rica	
Croatia	Brunei	Philippines	Moldova	Curacao	
Denmark	Burkina Faso	Qatar	Mongolia	Dominica	
Finland	Cambodia	Rep. Democratic Congo	Romania	Dominican Rep.	
France Metropolitan	Cameroon	Saint-Pierre & Miquelon	Russia	Ecuador	
Germany	Cape Verde	Saudi Arabia	Tajikistan	Guatemala	
Greece	Cuba	Senegal	Turkey	Mexico	
Hungary	Djibouti	Seychelles	Ukraine	Netherlands Antilles	
Iceland	Dubai	Singapore	Uzbekistan	Panama	
Ireland	Egypt	South Africa + Namibia		Paraguay	
Italy	Ethiopia	South Korea		Peru	
Macedonia	French Guiana	Sudan		Trinidad & Tobago	
Malta	Gabon	Tahiti		Uruguay	
Montenegro	Ghana	Tanzania			
Netherlands	Green Cap	Thailand			
Norway	Guadeloupe	Togo			
Poland	Guinea	Tunisia			
Portugal	India	Uganda			
Serbia	Indonesia	Vietnam			
Slovakia	Iraq	Zambia			
Slovenia	Israel	Zimbabwe			
Spain	Ivory Coast				
Sweden	Japan				
Switzerland	Jordan				
United Kingdom	Kenya				
	Kuwait				
	La Réunion				
	Laos				
	Lebanon				
	Liberia				
	Madagascar				
	Malawi				
	Malaysia				
	Mali				
	Martinique				
	Mauritania				
	Mauritius				
	Mayotte				

1.2 SALES FINANCING

1.2.1 NEW FINANCING AND SERVICES

RCI Bank and Services once again posted an increase in its sales performance for the first half of 2019, and continues to deploy its strategic ambitions. RCI Bank and Services is thus a true strategic partner of the Alliance's brands.

In a falling global automotive market, RCI Bank and Services achieved a good commercial performance with 918,504 contracts financed at the end of June 2019, generating €10,9 billion in new financings compared to €11,1 billion last year.

The Group's financing penetration rate thus stands at 41.3%, an increase of 1.6 points compared to last year.

Excluding Turkey, Russia and India (companies consolidated by the equity method), this rate amounts to 43.0%, compared with 41.8% in the first half of 2018.

The used vehicle financing business was stable compared to the end of June 2018, with 185,352 files financed.

In this context, average performing assets (APA) now stand at €46.7 billion, showing a 6.9% increase compared to last year. Of this amount, €36.4 billion are directly related to the Customers business, up 10.1%.

RCI BANQUE FINANCING PERFORMANCE

	H1 2019	H1 2018	Change (%)
Number of financing contracts (Thousands)	919	947	-3.0
- Including UV contracts (Thousands)	185	186	-0.1
New financing (€ billion)	10.9	11.1	-1.7
Average Productive assets (€ billion)	46.7	43.7	+6.9

PENETRATION RATE BY BRAND

	H1 2019 (%)	H1 2018 (%)	Change (points)
Renault	41.7	40.2	+1.4
Dacia	44.5	42.2	+2.3
Renault Samsung Motors	57.6	54.4	+3.2
Nissan	36.2	35.7	+0.4
Infiniti	29.6	25.9	+3.7
Datsun	21.4	24.1	-2.7
RCI Banque	41.3	39.7	+1.6

PENETRATION RATE BY REGION

	H1 2019 (%)	H1 2018 (%)	Change (points)
Europe	44.2	43.2	+1.0
Americas	36.7	35.7	+1.0
Africa Middle-East India and Pacific ⁽¹⁾	41.2	34.4	+6.7
Eurasia	27.4	26.8	+0.5
RCI Banque	41.3	39.7	+1.6

⁽¹⁾ Organizational change within the Groupe Renault regions since May 1, 2019: The creation of the new region « Africa Middle-East India and Pacific » results for RCI in the regrouping of the former regions « Africa Middle-East India » and « Asia-Pacific » including now Algeria, Morocco, India and South Korea.

Pillar of the Group's strategy, the services business continued to develop with an increase of 5.0% over the last twelve months. The volume of services sold for the first half of 2019 represents 2.5 million

insurance and service contracts, of which 68% are customer and vehicle use-related services.

RCI BANQUE SERVICES PERFORMANCE

	H1 2019	H1 2018	Change
Number of services contracts (Thousands)	2,517	2,397	+5.0%
Penetration rate on Services	141.8%	125.1%	+16.8 pts

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SALES PERFORMANCE

1.2 SALES FINANCING

1.2.2 INTERNATIONAL DEVELOPMENT AND NEW ACTIVITIES

In line with its refinancing diversification strategy, RCI Bank and Services is pursuing the development of its savings activity - for the first time outside Europe - with the launch of bank certificates of deposit (CDB) for individual customers in Brazil, in March 2019. It is the first finance company to do so in the Brazilian market. RCI Bank and Services now has a deposit collection activity in five markets: France, Germany, Austria, the United Kingdom, and Brazil.

Thanks to its banking license from the Prudential Regulation Authority (PRA) obtained in March 2019 and the creation of RCI Bank UK Limited, RCI Bank and Services now has a full banking subsidiary in the UK. RCI Bank and Services will thus be able to continue to exercise its deposit collection activity in the UK market, after the Brexit.

SUMMARY

(€ million)	H1 2019	H1 2018	Change
Group revenues	28,050	29,957	-6.4%
Operating profit	1,654	1,914	-260
Operating income	1,521	1,734	-213
Net Financial income & expenses	-184	-121	-63
Contribution from associated companies	-35	814	-849
<i>O/w Nissan</i>	<i>-21</i>	<i>805</i>	<i>-826</i>
Net income	1,048	2,040	-992
Automotive operational free cash flow⁽¹⁾	-716	418	-1,134
Automotive Net cash position⁽²⁾	+1,470	+3,702	-2,232
	At Jun. 30, 2019	At Dec. 31, 2018	
Shareholders' equity	36,307	36,088 ⁽³⁾	+219
	At Jun. 30, 2019	At Dec. 31, 2018	

(1) Automotive operational Free cash flow: 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.

(2) 2019 figures include the impacts of the application of IFRS 16 "Leases" from January 1, 2019. The figures for 2018 have not been restated.

(3) Shareholder's equity at December 31, 2018, has been adjusted by an amount of -€57 million due to correction of an error concerning operations in the Americas Region, with a corresponding entry in provisions for risks on taxes other than income taxes.

2.1 COMMENTS ON THE FINANCIAL RESULTS

2.1.1 CONSOLIDATED INCOME STATEMENT

OPERATING SEGMENT CONTRIBUTION TO GROUP REVENUES

(€ million)	H1 2019			H1 2018			Change (%)		
	Q1	Q2	H1	Q1	Q2	H1	Q1	Q2	H1
Automotive excluding AVTOVAZ	10,916	13,875	24,791	11,646	15,221	26,867	-6.3	-8.8	-7.7
AVTOVAZ	767	790	1,557	716	761	1,477	+7.1	+3.8	+5.4
Sales Financing	844	859	1,702	793	820	1,613	+6.4	+4.7	+5.5
Total	12,527	15,524	28,050	13,155	16,802	29,957	-4.8	-7.6	-6.4

Group revenues reached €28,050 million (-6.4% compared to last year). At constant exchange rates and perimeter, Group revenues would have decreased by -5.0%.

Automotive excluding AVTOVAZ revenues amounted to €24,791 million, down -7.7% compared to the first-half of 2018. This decrease was mainly explained by a negative volume effect of -4.6 points, due to the sales decline in Turkey, France and Argentina

and to destocking in the dealer network. Sales to partners dropped by -3.1 points due to lower Nissan Rogue production, the closure of the Iranian market since August 2018 and the decline in demand for diesel engines in Europe. The currency effect was negative -1.2 points mainly linked to the devaluation of the Argentinian peso and the Turkish lira. The price effect, positive by +1.0 point, came from the offsetting of these two currencies and price increases in Europe.

OPERATING SEGMENT CONTRIBUTION TO GROUP OPERATING PROFIT

(€ million)	H1 2019	H1 2018	Change
Automotive division excluding AVTOVAZ	981	1,215	-234
<i>% of division revenues</i>	<i>4.0%</i>	<i>4.5%</i>	<i>-0.5 pts</i>
AVTOVAZ	82	105	-23
<i>% AVTOVAZ revenues</i>	<i>5.3%</i>	<i>7.1%</i>	<i>-1.9 pts</i>
Sales Financing	591	594	-3
Total	1,654	1,914	-260
<i>% of Group revenues</i>	<i>5.9%</i>	<i>6.4%</i>	<i>-0.5 pts</i>

2

FINANCIAL RESULTS

2.1 COMMENTS ON THE FINANCIAL RESULTS

The **Group's operating margin** amounted to €1,654 million and represents 5.9% of revenues.

The **Automotive excluding AVTOVAZ operating margin** was down €234 million to €981 million, representing 4.0% of revenues compared to 4.5% in the first half of 2018.

Volume effect had a negative impact of -€471 million. Raw materials weighted for -€213 million.

The Monozukuri effect was positive by +€385 million: the result of purchasing performance, the increase in the capitalization rate of R&D and an increase in depreciation expenses. G&A improved by €23 million.

Currencies impacted by +€92 million due to the positive effect of the depreciation of the Turkish lira on the production costs.

Mix/price/enrichment effect was negative -€95 million because of Clio IV end of life, regulatory enrichment and the decrease in the diesel sales in Europe.

The **operating margin of AVTOVAZ** amounted to €82 million, to be compared with €105 million in the first half of 2018. Despite a declining market, AVTOVAZ still benefits from the success of its models launched in 2018, but no longer from positive non-recurring effects booked in 2018.

Sales Financing contributed €591 million to the Group operating margin, compared with €594 million in the first half of 2018. This -0.6% decrease includes a negative currency effect for -€14 million and impairments related to mobility services activity for -€21 million.

It should also be noted the growing contribution of the margin on services which now stands at €319 million and represents one third of the Net Banking income. The total cost of risk reached a 0.40% on average performing assets compared to 0.37% in the first half of 2018, confirming a robust underwriting and collection policy.

Other operating income and expenses had a negative impact of -€133 million (compared with -€180 million in the first half of 2018), due to provisions notably related to the early retirement program in France of nearly €80 million.

The Group's **operating income** came to €1,521 million compared with €1,734 million in the first half of 2018 (-12.3%).

Net financial income and expenses amounted to -€184 million, compared with -€121 million in the first half of 2018. This deterioration is primarily explained by the increase of interest rates in Argentina.

The **contribution of associated companies** came to -€35 million, compared with +€814 million in the first half of 2018. This decline came mostly from Nissan's contribution, down -€826 million.

Current and deferred taxes represent an expense of -€254 million compared with -€387 million in the first half of 2018.

Net income reached €1,048 million and net income, Group share totaled €970 million (€3.57 per share compared with €7.24 per share in the first half of 2018).

2.1.2 AUTOMOTIVE OPERATIONAL FREE CASH FLOW

AUTOMOTIVE OPERATIONAL FREE CASH FLOW

(€ million)	H1 2019	H1 2018	Change
Cash flow after interest and tax (excluding dividends received from publicly listed companies)	2,274	2,314	-40
Change in the working capital requirement	-131	212	-343
Tangible and intangible investments net of disposals	-2,426	-1,956	-470
Leased vehicles and batteries	-484	-212	-272
Operational free cash flow excluding AVTOVAZ	-767	358	-1,125
Operational free cash flow AVTOVAZ	51	60	-9
Automotive operational free cash flow	-716	418	-1,134

In the first half of 2019, the **Automotive operational free cash flow** was negative at -€716 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 +€2,274 million,
- a negative change in the working capital requirement of -€131 million,

- property, plant and equipment and intangible investments net of disposals of -€2,426 million, an increase of -€470 million compared with the first half of 2018,

- investments related to vehicles with buy-back commitments for -€484 million.

and AVTOVAZ operational free cash flow for +€51 million at June 30, 2019.

2.1.3 CAPEX AND RESEARCH & DEVELOPMENT

TANGIBLE AND INTANGIBLE INVESTMENTS NET OF DISPOSALS BY OPERATING SEGMENT

H1 2019 (€ million)	Tangible and intangible investments net of disposals excluding capitalized development costs and leased vehicles and batteries	Capitalized development costs	Total
Automotive excluding AVTOVAZ	1,442	984	2,426
AVTOVAZ	24	14	38
Sales Financing	8	0	8
Total	1,474	998	2,472

H1 2018 (€ million)	Tangible and intangible investments net of disposals excluding capitalized development costs and leased vehicles and batteries	Capitalized development costs	Total
Automotive excluding AVTOVAZ	1,165	791	1,956
AVTOVAZ	15	9	24
Sales Financing	13	0	13
Total	1,193	800	1,993

Total gross investment in the first half of 2019 is up compared to 2018, with Europe accounting for 65% and the rest of the world for 35%.

• **In Europe**, the investments made are mainly devoted to renewing the AB range (New Clio and Captur and its platforms), the LCV range (Kangoo and Master), adapting the industrial tool to changes in demand for engines (including electrification and hybridization), and applying Euro6 regulations.

• **Internationally**, investments targeted mainly the renewal of the AB range (New Clio in Turkey), the C range (new vehicle Arkana in Russia) and the Global Access range (successor of Logan and Sandero in Romania and Morocco, and of Duster in Brazil).

RESEARCH AND DEVELOPMENT EXPENSES RECORDED IN THE INCOME STATEMENT

Analysis of research and development costs:

(€ million)	H1 2019	H1 2018	Change
R&D expenses	-1,840	-1,713	-127
Capitalized development costs	998	800	+198
Capitalization rate	54.2%	46.7%	7.5 pts
Amortization of capitalized development costs	-485	-422	-63
Gross R&D expenses recorded in the income statement*	-1,327	-1,335	+8
Of which AVTOVAZ	-17	-14	-3

* Research and development expenses are reported net of research tax credits for the vehicle development activity.
Gross R&D expenses: R&D expenses before expenses billed to third parties and others.

The capitalization rate increased from 46.7% in the first half of 2018 to 54.2% this semester in connection with the progress of the projects.

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 is mainly explained by the resumption of capitalization since the second half-year of 2018 for electric vehicle development expenses, and the achievement of the technical milestone marking the start of capitalization for significant projects (i.e. the formal decision to begin development and industrial production).



FINANCIAL RESULTS

2.1 COMMENTS ON THE FINANCIAL RESULTS

NET CAPEX AND R&D EXPENSES IN % OF REVENUES

(€ million)	H1 2019	H1 2018
Tangible investments net of disposals (excluding capitalized leased vehicles and batteries) and intangible (excluding development costs capitalized)	1,474	1,193
CAPEX invoice to third parties and others	-81	-67
Net industrial and commercial investments excluding R&D capitalized (1)	1,393	1,126
<i>% of Group revenues</i>	<i>5.0%</i>	<i>3.8%</i>
R&D expenses	1,840	1,713
<i>O/w billed to third parties and others</i>	<i>-258</i>	<i>-234</i>
Net R&D expenses (2)	1,582	1,479
<i>% of Group revenues</i>	<i>5.6%</i>	<i>4.9%</i>
Net CAPEX and R&D expenses (1) + (2)	2,975	2,605
<i>% of Group revenues</i>	<i>10.6%</i>	<i>8.7%</i>

Net Capital expenditures and R&D expenses amounted to 10.6% of Group Revenues compared with 8.7% in the first half of 2018, up 1.9 points.

2.1.4 AUTOMOTIVE NET CASH POSITION AT JUNE 30, 2019

CHANGE IN AUTOMOTIVE NET CASH POSITION (€ million)

Automotive Net cash position at December 31, 2018	3,702
2019 operational free cash flow	-716
Dividends received	+473
Dividends paid to Renault's shareholders and minority shareholders	-1,077
Financial investments and others	-912
Automotive Net cash position at June 30, 2019	+1,470

Beyond the Automotive segment reported negative operational free cash flow of -€716 million, the €2,232 million decrease in the **net cash position** of the Automotive segment compared with December 31, 2018 is mainly due to the application of IFSR16 for -€633 million and

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

(€ million)	June 30, 2019	Dec. 31, 2018
Non-current financial liabilities	-7,570	-6,196
Current financial liabilities	-4,645	-3,343
Non-current financial assets - other securities, loans and derivatives on financial operations	+52	+55
Current financial assets	+1,177	+1,409
Cash and cash equivalents	+12,456	+11,777
Automotive Net cash position	+1,470	+3,702

In the first half of 2019, **Renault** issued on its EMTN program a €1 billion Eurobond for a 6 years tenor. The Automotive segment's liquidity reserves stood at €15.9 billion at June 30, 2019. These reserves consisted of:

- €12.4 billion in cash and cash equivalents;
- €3.5 billion in undrawn confirmed credit lines.

At June 30, 2019, **RCI Banque** had available liquidity of €10.6 billion, consisting of:

- €4.4 billion in undrawn confirmed credit lines;
- €2.8 billion in central-bank eligible collateral;
- €3.0 billion in high quality liquid assets (HQLA);
- €0.3 billion in available cash.

2.2 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 2019

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2.2.1 CONSOLIDATED INCOME STATEMENT

(€ million)	Notes	H1 2019 ⁽¹⁾	H1 2018	Year 2018
Revenues	4	28,050	29,957	57,419
Cost of goods and services sold		(22,330)	(23,755)	(45,417)
Research and development expenses	5	(1,327)	(1,335)	(2,598)
Selling, general and administrative expenses		(2,739)	(2,953)	(5,792)
Operating margin		1,654	1,914	3,612
Other operating income and expenses	6	(133)	(180)	(625)
<i>Other operating income</i>		19	90	149
<i>Other operating expenses</i>		(152)	(270)	(774)
Operating income (loss)		1,521	1,734	2,987
Cost of net financial indebtedness		(180)	(141)	(308)
<i>Cost of gross financial indebtedness</i>		(216)	(171)	(373)
<i>Income on cash and financial assets</i>		36	30	65
Other financial income and expenses		(4)	20	(45)
Financial income (expenses)	7	(184)	(121)	(353)
Share in net income (loss) of associates and joint ventures		(35)	814	1,540
<i>Nissan</i>	11	(21)	805	1,509
<i>Other associates and joint ventures</i>	12	(14)	9	31
Pre-tax income		1,302	2,427	4,174
Current and deferred taxes	8	(254)	(387)	(723)
Net income		1,048	2,040	3,451
Net income – parent company shareholders' share		970	1,952	3,302
Net income - non-controlling interests' share		78	88	149
Basic earnings per share ⁽²⁾ (In €)		3.57	7.24	12.24
Diluted earnings per share ⁽²⁾ (In €)		3.55	7.18	12.13
Number of shares outstanding (In thousands)				
<i>For basic earnings per share</i>	9	271,515	269,468	269,850
<i>For diluted earnings per share</i>	9	273,061	271,688	272,222

(1) The figures for 2019 are established in application of IFRS 16 "Leases". The impacts of application of IFRS 16 "Leases" from January 1, 2019 are presented in note 2-A2. The figures for 2018 have not been restated.

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

2.2.2 CONSOLIDATED COMPREHENSIVE INCOME

(€ million)	H1 2019			H1 2018			Year 2018		
	Gross	Tax effect	Net	Gross	Tax effect	Net	Gross	Tax effect	Net
NET INCOME	1,302	(254)	1,048	2,427	(387)	2,040	4,174	(723)	3,451
OTHER COMPONENTS OF COMPREHENSIVE INCOME FROM PARENT COMPANY AND SUBSIDIARIES									
Items that will not be reclassified to profit or loss in subsequent periods	(120)	41	(79)	(229)	(4)	(233)	(356)	(3)	(359)
<i>Actuarial gains and losses on defined-benefit pension plans</i>	(170)	42	(128)	29	(12)	17	53	(16)	37
<i>Equity instruments at fair value through equity (2)</i>	50	(1)	49	(258)	8	(250)	(409)	13	(396)
Items that have been or will be reclassified to profit or loss in subsequent periods	3	1	4	(222)	3	(219)	(483)	29	(454)
<i>Translation adjustments on foreign activities</i>	75	-	75	(184)	-	(184)	(213)	-	(213)
<i>Translation adjustments on foreign activities in hyperinflationary economies</i>	(8)	-	(8)				(175)	-	(175)
<i>Partial hedge of the investment in Nissan</i>	(43)	(5)	(48)	(62)	10	(52)	(102)	32	(70)
<i>Fair value adjustments on cash flow hedging instruments</i>	(23)	7	(16)	27	(12)	15	7	(4)	3
<i>Debt instruments at fair value through equity</i>	2	(1)	1	(3)	5	2	-	1	1
Total other components of comprehensive income from parent company and subsidiaries (A)	(117)	42	(75)	(451)	(1)	(452)	(839)	26	(813)
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	(8)	-	(8)	(60)	-	(60)	(206)	-	(206)
<i>Actuarial gains and losses on defined-benefit pension plans</i>	(12)	-	(12)	27	-	27	(68)	-	(68)
<i>Other</i>	4	-	4	(87)	-	(87)	(138)	-	(138)
Items that have been or will be reclassified to profit or loss in subsequent periods	351	-	351	576	-	576	956	-	956
<i>Translation adjustments on foreign activities</i>	392	-	392	570	-	570	960	-	960
<i>Other</i>	(41)	-	(41)	6	-	6	(4)	-	(4)
Total share of associates and joint ventures in other components of comprehensive income (B)	343	-	343	516	-	516	750	-	750
OTHER COMPONENTS OF COMPREHENSIVE INCOME (A) + (B)	226	42	268	65	(1)	64	(89)	26	(63)
Comprehensive income	1,528	(212)	1,316	2,492	(388)	2,104	4,085	(697)	3,388
<i>Parent company shareholders' share</i>			1,240			1,991			3,221
<i>Non-controlling interests' share</i>			76			113			167

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FINANCIAL RESULTS

2.2 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 2019

2.2.3 CONSOLIDATED FINANCIAL POSITION

ASSETS (€ million)	Notes	June 30, 2019 ⁽¹⁾	Dec. 31, 2018
NON-CURRENT ASSETS			
Intangible assets and goodwill	10-A	6,537	5,913
Property, plant and equipment ⁽²⁾	10-B	15,516	14,304
Investments in associates and joint ventures		21,378	21,439
<i>Nissan</i>	11	20,503	20,583
<i>Other associates and joint ventures</i>	12	875	856
Non-current financial assets	14	989	928
Deferred tax assets		1,148	952
Other non-current assets		1,391	1,485
Total non-current assets		46,959	45,021
CURRENT ASSETS			
Inventories	13	6,894	5,879
Sales financing receivables		43,216	42,067
Automotive receivables		1,666	1,399
Current financial assets	14	1,554	1,963
Current tax assets		101	111
Other current assets		4,159	3,779
Cash and cash equivalents	14	16,566	14,777
Total current assets		74,156	69,975
Total assets		121,115	114,996

(1) The impacts of application of IFRS 16 "Leases" from January 1, 2019 are presented in note 2-A2. The figures for 2018 have not been restated.

(2) Including €669 million of right-of-use assets at the date of initial application resulting from application of IFRS 16 "Leases".

SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)	Notes	June 30, 2019 ⁽¹⁾	Dec. 31, 2018 ⁽²⁾
SHAREHOLDERS' EQUITY			
Share capital		1,127	1,127
Share premium		3,785	3,785
Treasury shares		(346)	(400)
Revaluation of financial instruments		233	236
Translation adjustment		(2,409)	(2,826)
Reserves		32,377	30,265
Net income – parent company shareholders' share		970	3,302
Shareholders' equity – parent company shareholders' share		35,737	35,489
Shareholders' equity – non-controlling interests' share		572	599
Total shareholders' equity	15	36,309	36,088
NON-CURRENT LIABILITIES			
Deferred tax liabilities		188	135
Provisions for pension and other long-term employee benefit obligations – long-term	16-A	1,674	1,531
Other provisions – long-term	16-B	1,731	1,603
Non-current financial liabilities	17	7,583	6,209
Other non-current liabilities		1,552	1,572
Total non-current liabilities		12,728	11,050
CURRENT LIABILITIES			
Provisions for pension and other long-term employee benefit obligations – short-term	16-A	64	56
Other provisions – short-term	16-B	1,001	1,122
Current financial liabilities	17	3,422	2,463
Sales financing debts	17	47,150	44,495
Trade payables		9,775	9,505
Current tax liabilities		312	289
Other current liabilities		10,354	9,928
Total current liabilities		72,078	67,858
Total shareholders' equity and liabilities		121,115	114,996

(1) The impacts of application of IFRS 16 "Leases" from January 1, 2019 are presented in note 2-A2. The figures for 2018 have not been restated.

(2) Shareholder's equity at December 31, 2018, has been adjusted by an amount of €(57) million due to correction of an error concerning operations in the Americas region, with a corresponding entry in provisions for risks on taxes other than income taxes.

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, 2018 ⁽¹⁾ ⁽²⁾	295,722	1,127	3,785	(400)	236	(2,826)	30,265	3,302	35,489	599	36,088
1 st -half 2019 net income								970	970	78	1,048
Other components of comprehensive income ⁽³⁾					(3)	410	(137)		270	(2)	268
1st-half 2019 comprehensive income	-	-	-	-	(3)	410	(137)	970	1,240	76	1,316
Allocation of 2018 net income							3,302	(3,302)	-		-
Dividends							(968)		(968)	(93)	(1,061)
(Acquisitions) / disposals of treasury shares and impact of capital increases				54					54		54
Changes in ownership interests							3		3	(10)	(7)
Index-based restatement of equity items in hyperinflationary economies ⁽⁴⁾						7	1		8		8
Cost of share-based payments and other							(89)		(89)		(89)
Balance at June 30, 2019	295,722	1,127	3,785	(346)	233	(2,409)	32,377	970	35,737	572	36,309

(1) Shareholder's equity at December 31, 2018, has been adjusted by an amount of €(57) million due to correction of an error concerning operations in the Americas region, with a corresponding entry in provisions for risks on taxes other than income taxes.

(2) The application of IFRS 16 and IFRIC 23 did not lead to adjustments of opening shareholder's equity.

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

(4) These changes correspond to the effects of the application of IAS 29 "Financial reporting in hyperinflationary economies" for foreign activities in Argentina.

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

FINANCIAL RESULTS

2.2 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 2019

(€ 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)	26,265	5,212	33,328	294	33,622
Transition to IFRS 9 – Opening adjustments (net of taxes)					(21)		(73)		(94)	(2)	(96)
Transition to IFRS 15 – Opening adjustments (net of taxes)							(229)		(229)	(9)	(238)
Application of IAS 29 – Opening adjustments						14	65		79		79
Adjusted balance at January 1, 2018	295,722	1,127	3,785	(494)	788	(3,362)	26,028	5,212	33,084	283	33,367
1 st -half 2018 net income								1,952	1,952	88	2,040
Other components of comprehensive income ⁽²⁾					(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 ⁽³⁾						33	37		70	251	321
Cost of share-based payments and other							(180)		(180)		(180)
Balance at June 30, 2018	295,722	1,127	3,785	(522)	466	(3,013)	30,184	1,952	33,979	560	34,539
2 nd -half 2018 net income								1,350	1,350	61	1,411
Other components of comprehensive income					(216)	171	(75)		(120)	(7)	(127)
2nd-half 2018 comprehensive income	-	-	-	-	(216)	171	(75)	1,350	1,230	54	1,284
Distribution									-	(7)	(7)
(Acquisitions) / disposals of treasury shares and impact of capital increases				122					122		122
Changes in ownership interests							2		2	(10)	(8)
Index-based restatement of equity items in hyperinflationary economies ⁽⁴⁾						3	86		89	1	90
Cost of share-based payments and other					(14)	13	68		67	1	68
Balance at Dec. 31, 2018	295,722	1,127	3,785	(400)	236	(2,826)	30,265	3,302	35,489	599	36,088

(1) Shareholder's equity at December 31, 2017, has been adjusted by an amount of €(57) million due to correction of an error concerning operations in the Americas region, with a corresponding entry in provisions for risks on taxes other than income taxes.

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

(3) Changes in ownership interests in 2018 included 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 and a mandatory squeeze-out.

(4) The change in reserves corresponds to the impacts of application of IAS 29 "Financial reporting in hyperinflationary economies" for foreign operations in Argentina.

2.2.5 CONSOLIDATED CASH FLOWS

(€ million)	Notes	H1 2019 ⁽¹⁾	H1 2018	Year 2018
Net income		1,048	2,040	3,451
Cancellation of dividends received from unconsolidated listed investments		(46)	(44)	(44)
Cancellation of income and expenses with no impact on cash				
Depreciation, amortization and impairment		1,835	1,584	3,245
Share in net (income) loss of associates and joint ventures		35	(814)	(1,540)
Other income and expenses with no impact on cash before interest and tax	18	524	677	1,396
Dividends received from unlisted associates and joint ventures		-	-	2
Cash flows before interest and tax ⁽²⁾		3,396	3,443	6,510
Dividends received from listed companies ⁽³⁾		473	422	828
Net change in financing for final customers		(1,571)	(2,542)	(3,596)
Net change in renewable dealer financing		367	(283)	(160)
Decrease (increase) in Sales financing receivables		(1,204)	(2,825)	(3,756)
Bond issuance by the Sales Financing segment		2,513	3,618	4,245
Bond redemption by the Sales Financing segment		(1,418)	(2,125)	(3,148)
Net change in other Sales Financing debts		1,369	1,975	2,435
Net change in other securities and loans of the Sales Financing segment		183	109	61
Net change in financial assets and debts of the Sales Financing segment		2,647	3,577	3,593
Change in capitalized leased assets		(528)	(251)	(519)
Change in working capital before tax	18	(588)	(204)	551
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX		4,196	4,162	7,207
Interest received		34	27	67
Interest paid		(226)	(142)	(332)
Current taxes (paid) / received		(294)	(316)	(657)
CASH FLOWS FROM OPERATING ACTIVITIES		3,710	3,731	6,285
Property, plant and equipment and intangible investments	18	(2,481)	(2,044)	(4,407)
Disposals of property, plant and equipment and intangible assets		9	53	131
Acquisitions of investments involving gain of control, net of cash acquired		(27)	(43)	(29)
Acquisitions of other investments, net of cash acquired		(7)	(109)	(215)
Disposals of other investments, net of cash transferred and other		3	2	8
Net decrease (increase) in other securities and loans of the Automotive segments		96	(200)	(150)
CASH FLOWS FROM INVESTING ACTIVITIES		(2,407)	(2,341)	(4,662)
Dividends paid to parent company shareholders	15	(1,036)	(1,027)	(1,027)
Transactions with non-controlling interests		(10)	12	11
Dividends paid to non-controlling interests		(52)	(87)	(94)
(Acquisitions) sales of treasury shares		(39)	(119)	(41)
Cash flows with shareholders		(1,137)	(1,221)	(1,151)
Bond issuance by the Automotive segments		1,000	700	1,895
Bond redemption by the Automotive segments		(89)	(12)	(1,455)
Net increase (decrease) in other financial liabilities of the Automotive segments		721	294	(242)
Net change in financial liabilities of the Automotive segments		1,632	982	198
CASH FLOWS FROM FINANCING ACTIVITIES		495	(239)	(953)
Increase (decrease) in cash and cash equivalents		1,798	1,151	670

(1) The impacts of application of IFRS 16 "Leases" from January 1, 2019 are presented in note 2-A2. The figures for 2018 have not been restated.

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

(3) In the first half-year of 2019, dividends from Daimler (€46 million) and Nissan (€427 million). In 2018, dividends from Daimler (€44 million in the first half-year) and Nissan (€378 million in the first half-year and €406 million in the second half-year).

(€ million)	H1 2019	H1 2018	Year 2018
Cash and cash equivalents: opening balance	14,777	14,057	14,057
Increase (decrease) in cash and cash equivalents	1,798	1,151	670
Effect of changes in exchange rate and other changes ⁽¹⁾	(9)	(109)	50
Cash and cash equivalents: closing balance	16,566	15,099	14,777

(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	Inter- segment transactions	Conso- lidated total
H1 2019 ⁽²⁾							
External sales	24,791	1,557	-	26,348	1,702	-	28,050
Intersegment sales	53	371	(371)	53	8	(61)	-
Sales by segment	24,844	1,928	(371)	26,401	1,710	(61)	28,050
Operating margin ⁽³⁾	986	84	(2)	1,068	591	(5)	1,654
Operating income	862	78	(2)	938	589	(6)	1,521
Financial income (expenses) ⁽⁴⁾	(87)	(46)	-	(133)	(1)	(50)	(184)
Share in net income (loss) of associates and joint ventures	(52)	7	-	(45)	10	-	(35)
Pre-tax income	723	39	(2)	760	598	(56)	1,302
Current and deferred taxes	(73)	(5)	-	(78)	(177)	1	(254)
Net income	650	34	(2)	682	421	(55)	1,048

(1) External sales by the Automotive (excluding AVTOVAZ) segment include sales to the AVTOVAZ group, which amount to €134 million in the first half-year of 2019, and these sales are thus included in the AVTOVAZ segment's intersegment transactions.

(2) The impacts of application of IFRS 16 "Leases" from January 1, 2019 are presented in note 2-A2. The figures for 2018 have not been restated.

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

(4) Dividends paid by the Sales Financing segment to the Automotive segments are included in the Automotive segments' financial income and eliminated in the intersegment transactions. They amounted to €50 million for the first half of 2019.

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(€ million)	Automotive (excluding AVTOVAZ) ⁽¹⁾	AVTOVAZ ⁽¹⁾	Intra Automotive transactions	Total Automotive	Sales Financing	Inter- segment transactions	Conso- lidated total
H1 2018							
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 ⁽²⁾	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
YEAR 2018							
External sales	51,171	3,040	-	54,211	3,208	-	57,419
Intersegment sales	96	815	(815)	96	18	(114)	-
Sales by segment	51,267	3,855	(815)	54,307	3,226	(114)	57,419
Operating margin ⁽²⁾	2,202	204	-	2,406	1,204	2	3,612
Operating income	1,583	209	-	1,792	1,193	2	2,987
Financial income (expenses) ⁽³⁾	(97)	(95)	-	(192)	(11)	(150)	(353)
Share in net income (loss) of associates and joint ventures	1,527	(3)	-	1,524	16	-	1,540
Pre-tax income	3,013	111	-	3,124	1,198	(148)	4,174
Current and deferred taxes	(369)	(26)	-	(395)	(330)	2	(723)
Net income	2,644	85	-	2,729	868	(146)	3,451

(1) In 2018 external sales by the Automotive (excluding AVTOVAZ) segment include sales to the AVTOVAZ group, which amount to €311 million in 2018 (€174 million for the first half-year of 2018), and these sales are thus included in the AVTOVAZ segment's intersegment transactions.

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

(3) Dividends paid by the Sales Financing segment to the Automotive segments are included in the Automotive segments' financial income and eliminated in the intersegment transactions.

B. Consolidated financial position by operating segment

JUNE 30, 2019 ⁽¹⁾	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra Automotive transactions	Total Automotive	Sales Financing	Inter- segment transactions	Conso- lidated total
ASSETS (€ million)							
NON-CURRENT ASSETS							
Property, plant and equipment and intangible assets and goodwill	20,054	1,580	-	21,634	419	-	22,053
Investments in associates and joint ventures	21,228	19	-	21,247	131	-	21,378
Non-current financial assets – equity investments	7,409	-	(975)	6,434	2	(5,521)	915
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segments	74	-	-	74	-	-	74
Deferred tax assets and other non-current assets	1,758	408	(109)	2,057	482	-	2,539
Total non-current assets	50,523	2,007	(1,084)	51,446	1,034	(5,521)	46,959
CURRENT ASSETS							
Inventories	6,452	389	-	6,841	53	-	6,894
Customer receivables	1,539	267	(99)	1,707	44,327	(1,152)	44,882
Current financial assets	1,183	1	(7)	1,177	1,210	(833)	1,554
Current tax assets and other current assets	2,841	101	(5)	2,937	5,645	(4,322)	4,260
Cash and cash equivalents	12,325	169	(38)	12,456	4,235	(125)	16,566
Total current assets	24,340	927	(149)	25,118	55,470	(6,432)	74,156
Total assets	74,863	2,934	(1,233)	76,564	56,504	(11,953)	121,115
SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)							
SHAREHOLDERS' EQUITY							
NON-CURRENT LIABILITIES	36,215	1,043	(980)	36,278	5,571	(5,540)	36,309
Long-term provisions	2,767	31	-	2,798	607	-	3,405
Non-current financial liabilities	6,932	638	-	7,570	13	-	7,583
Deferred tax liabilities and other non-current liabilities	1,054	68	(108)	1,014	726	-	1,740
Total non-current liabilities	10,753	737	(108)	11,382	1,346	-	12,728
CURRENT LIABILITIES							
Short-term provisions	991	44	-	1,035	30	-	1,065
Current financial liabilities	4,372	318	(45)	4,645	-	(1,223)	3,422
Trade payables and sales financing debts	9,484	542	(103)	9,923	47,997	(995)	56,925
Current tax liabilities and other current liabilities	13,048	250	3	13,301	1,560	(4,195)	10,666
Total current liabilities	27,895	1,154	(145)	28,904	49,587	(6,413)	72,078
Total shareholders' equity and liabilities	74,863	2,934	(1,233)	76,564	56,504	(11,953)	121,115

(1) The impacts of application of IFRS 16 "Leases" from January 1, 2019 are presented in note 2-A2.

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DECEMBER 31, 2018	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra Automotive transactions	Total Automotive	Sales Financing	Inter- segment transactions	Conso- lidated total
ASSETS (€ million)							
NON-CURRENT ASSETS							
Property, plant and equipment and intangible assets and goodwill	18,448	1,422	-	19,870	347	-	20,217
Investments in associates and joint ventures	21,314	11	-	21,325	114	-	21,439
Non-current financial assets – equity investments	6,907	-	(855)	6,052	2	(5,201)	853
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segments	75	-	-	75	-	-	75
Deferred tax assets and other non-current assets	1,738	342	(107)	1,973	464	-	2,437
Total non-current assets	48,482	1,775	(962)	49,295	927	(5,201)	45,021
CURRENT ASSETS							
Inventories	5,515	321	-	5,836	43	-	5,879
Customer receivables	1,295	205	(80)	1,420	42,854	(808)	43,466
Current financial assets	1,415	-	(6)	1,409	1,369	(815)	1,963
Current tax assets and other current assets	2,764	157	(4)	2,917	5,028	(4,055)	3,890
Cash and cash equivalents	11,691	89	(3)	11,777	3,094	(94)	14,777
Total current assets	22,680	772	(93)	23,359	52,388	(5,772)	69,975
Total assets	71,162	2,547	(1,055)	72,654	53,315	(10,973)	114,996
SHAREHOLDERS' EQUITY AND LIABILITIES							
SHAREHOLDERS' EQUITY ⁽¹⁾	36,004	908	(859)	36,053	5,249	(5,214)	36,088
NON-CURRENT LIABILITIES							
Long-term provisions	2,529	27	-	2,556	578	-	3,134
Non-current financial liabilities	5,508	688	-	6,196	13	-	6,209
Deferred tax liabilities and other non-current liabilities	1,070	34	(106)	998	709	-	1,707
Total non-current liabilities	9,107	749	(106)	9,750	1,300	-	11,050
CURRENT LIABILITIES							
Short-term provisions ⁽¹⁾	1,103	44	-	1,147	31	-	1,178
Current financial liabilities	3,258	94	(9)	3,343	-	(880)	2,463
Trade payables and sales financing debts	9,279	495	(78)	9,696	45,311	(1,007)	54,000
Current tax liabilities and other current liabilities	12,411	257	(3)	12,665	1,424	(3,872)	10,217
Total current liabilities	26,051	890	(90)	26,851	46,766	(5,759)	67,858
Total shareholders' equity and liabilities	71,162	2,547	(1,055)	72,654	53,315	(10,973)	114,996

(1) Shareholder's equity at December 31, 2018, has been adjusted by an amount of €(57) million due to correction of an error concerning operations in the Americas region, with a corresponding entry in provisions for risks on taxes other than income taxes.

C. Consolidated cash flows by operating segment

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra Automotive transactions	Total Automotive	Sales Financing	Inter- segment transactions	Conso- lidated total
H1 2019⁽¹⁾							
Net income⁽²⁾	650	34	(2)	682	421	(55)	1,048
Cancellation of dividends received from unconsolidated listed investments	(46)	-	-	(46)	-	-	(46)
Cancellation of income and expenses with no impact on cash							
Depreciation, amortization and impairment	1,738	59	-	1,797	38	-	1,835
Share in net (income) loss of associates and joint ventures	52	(7)	-	45	(10)	-	35
Other income and expenses with no impact on cash, before interest and tax	209	46	(1)	254	278	(8)	524
Cash flows before interest and tax⁽³⁾	2,603	132	(3)	2,732	727	(63)	3,396
Dividends received from listed companies⁽⁴⁾	473	-	-	473	-	-	473
Decrease (increase) in sales financing receivables	-	-	-	-	(1,526)	322	(1,204)
Net change in financial assets and sales financing debts	-	-	-	-	2,659	(12)	2,647
Change in capitalized leased assets	(484)	-	-	(484)	(44)	-	(528)
Change in working capital before tax	(131)	6	-	(125)	(469)	6	(588)
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX	2,461	138	(3)	2,596	1,347	253	4,196
Interest received	34	2	-	36	-	(2)	34
Interest paid	(191)	(45)	-	(236)	-	10	(226)
Current taxes (paid) / received	(172)	(3)	-	(175)	(119)	-	(294)
CASH FLOWS FROM OPERATING ACTIVITIES	2,132	92	(3)	2,221	1,228	261	3,710
Purchases of intangible assets	(997)	(16)	-	(1,013)	(2)	-	(1,015)
Purchases of property, plant and equipment	(1,434)	(37)	13	(1,458)	(8)	-	(1,466)
Disposals of property, plant and equipment and intangibles	5	13	(11)	7	2	-	9
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired	(33)	-	-	(33)	(1)	-	(34)
Acquisitions and disposals of other investments and other	3	-	-	3	-	-	3
Net decrease (increase) in other securities and loans of the Automotive segments	96	-	-	96	-	-	96
CASH FLOWS FROM INVESTING ACTIVITIES	(2,360)	(40)	2	(2,398)	(9)	-	(2,407)
Cash flows with shareholders	(1,125)	(1)	-	(1,126)	(61)	50	(1,137)
Net change in financial liabilities of the Automotive segments	1,990	17	(34)	1,973	-	(341)	1,632
CASH FLOWS FROM FINANCING ACTIVITIES	865	16	(34)	847	(61)	(291)	495
Increase (decrease) in cash and cash equivalents	637	68	(35)	670	1,158	(30)	1,798

(1) The impacts of application of IFRS 16 "Leases" from January 1, 2019 are presented in note 2-A2. The figures for 2018 have not been restated.

(2) Dividends paid by the Sales Financing segment to the Automotive segments are included in the net income of the Automotive (excluding Avtovaz) segment. They amounted to €50 million for the first half of 2019.

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

(4) Dividends received from Daimler (€46 million) and Nissan (€427 million).

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra Automotive transactions	Total Automotive	Sales Financing	Inter- segment transactions	Conso- lidated total
H1 2019							
Cash and cash equivalents: opening balance	11,691	89	(3)	11,777	3,094	(94)	14,777
Increase (decrease) in cash and cash equivalents	637	68	(35)	670	1,158	(30)	1,798
Effect of changes in exchange rate and other changes	(3)	12	-	9	(17)	(1)	(9)
Cash and cash equivalents: closing balance	12,325	169	(38)	12,456	4,235	(125)	16,566

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(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra Automotive transactions	Total Automotive	Sales Financing	Inter- segment transactions	Conso- lidated 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	Inter- segment transactions	Conso- lidated 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

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(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra Automotive transactions	Total Automotive	Sales Financing	Inter- segment transactions	Conso- lidated total
YEAR 2018							
Net income	2,644	85	-	2,729	868	(146)	3,451
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	3,066	109	-	3,175	70	-	3,245
Share in net (income) loss of associates and joint ventures	(1,527)	3	-	(1,524)	(16)	-	(1,540)
Other income and expenses with no impact on cash, before interest and tax	825	90	(1)	914	503	(21)	1,396
Dividends received from unlisted associates and joint ventures	2	-	-	2	-	-	2
Cash flows before interest and tax ⁽¹⁾	4,966	287	(1)	5,252	1,425	(167)	6,510
Dividends received from listed companies ⁽²⁾	828	-	-	828	-	-	828
Decrease (increase) in sales financing receivables	-	-	-	-	(3,586)	(170)	(3,756)
Net change in financial assets and sales financing debts	-	-	-	-	3,593	-	3,593
Change in capitalized leased assets	(509)	-	-	(509)	(10)	-	(519)
Change in working capital before tax	781	16	6	803	(331)	79	551
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX	6,066	303	5	6,374	1,091	(258)	7,207
Interest received	71	5	(2)	74	-	(7)	67
Interest paid	(263)	(95)	2	(356)	-	24	(332)
Current taxes (paid) / received	(388)	(14)	-	(402)	(255)	-	(657)
CASH FLOWS FROM OPERATING ACTIVITIES	5,486	199	5	5,690	836	(241)	6,285
Purchases of intangible assets	(1,735)	(32)	-	(1,767)	(4)	-	(1,771)
Purchases of property, plant and equipment	(2,557)	(83)	19	(2,621)	(15)	-	(2,636)
Disposals of property, plant and equipment and intangibles	126	31	(24)	133	-	(2)	131
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired	(15)	(2)	-	(17)	(12)	-	(29)
Acquisitions and disposals of other investments and other	(159)	-	-	(159)	(48)	-	(207)
Net decrease (increase) in other securities and loans of the Automotive segments	(156)	-	6	(150)	-	-	(150)
CASH FLOWS FROM INVESTING ACTIVITIES	(4,496)	(86)	1	(4,581)	(79)	(2)	(4,662)
Cash flows with shareholders	(1,149)	-	-	(1,149)	(153)	151	(1,151)
Net change in financial liabilities of the Automotive segments	233	(139)	(7)	87	-	111	198
CASH FLOWS FROM FINANCING ACTIVITIES	(916)	(139)	(7)	(1,062)	(153)	262	(953)
Increase (decrease) in cash and cash equivalents	74	(26)	(1)	47	604	19	670

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

(2) Dividends received from Daimler (€44 million) and Nissan (€784 million).

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra Automotive transactions	Total Automotive	Sales Financing	Inter- segment transactions	Conso- lidated total
YEAR 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	74	(26)	(1)	47	604	19	670
Effect of changes in exchange rate and other changes	(101)	(15)	1	(115)	136	29	50
Cash and cash equivalents: closing balance	11,691	89	(3)	11,777	3,094	(94)	14,777

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, 2019 (€ million)	Automotive (excluding AVTOVAZ) ⁽¹⁾	AVTOVAZ ⁽¹⁾	Intra-Automotive transactions	Total Automotive
Non-current financial liabilities	(6,932)	(638)	-	(7,570)
Current financial liabilities	(4,372)	(318)	45	(4,645)
Non-current financial assets – other securities, loans and derivatives on financing operations	52	-	-	52
Current financial assets	1,183	1	(7)	1,177
Cash and cash equivalents	12,325	169	(38)	12,456
Net cash position (net financial indebtedness) of the Automotive segments	2,256	(786)	-	1,470

(1) The impacts of application of IFRS 16 "Leases" from January 1, 2019 are presented in note 2-A2. The figures for 2018 have not been restated. Lease liabilities at June 30, 2019 are presented in note 17.

DECEMBER 31, 2018 (€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra-Automotive transactions	Total Automotive
Non-current financial liabilities	(5,508)	(688)	-	(6,196)
Current financial liabilities	(3,258)	(94)	9	(3,343)
Non-current financial assets – other securities, loans and derivatives on financing operations	55	-	-	55
Current financial assets	1,415	-	(6)	1,409
Cash and cash equivalents	11,691	89	(3)	11,777
Net cash position (net financial indebtedness) of the Automotive segments	4,395	(693)	-	3,702

Operational free cash flow

H1 2019 (€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra-Automotive transactions	Total Automotive
Cash flows (excluding dividends from listed companies) before interest and tax	2,603	132	(3)	2,732
Changes in working capital before tax	(131)	6	-	(125)
Interest received by the Automotive segments	34	2	-	36
Interest paid by the Automotive segments	(191)	(45)	-	(236)
Current taxes (paid) / received	(172)	(3)	-	(175)
Acquisitions of property, plant and equipment, and intangible assets net of disposals	(2,426)	(40)	2	(2,464)
Capitalized leased vehicles and batteries	(484)	-	-	(484)
Operational free cash flow of the Automotive segments ⁽¹⁾	(767)	52	(1)	(716)

(1) The definition of Operational free cash flow used in 2019 is the same as in 2018. In 2018, Operational free cash flow was presented after deduction of rental expenses in cash flows from operating activities, while from 2019, as a result of application of IFRS 16, only cash flows relating to interest paid are presented in cash flows from operating activities. The residual balance, consisting of lease payments, is presented in cash flows from financing activities (net change in financial liabilities of the Automotive segments) and is thus excluded from the Operational free cash flow. Without application of IFRS 16, the Operational free cash flow for first-half 2019 would amount to €(749) million (see note 2-A2).

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

YEAR 2018 (€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra-Automotive transactions	Total Automotive
Cash flows (excluding dividends from listed companies) before interest and tax	4,966	287	(1)	5,252
Changes in working capital before tax	781	16	6	803
Interest received by the Automotive segments	71	5	(2)	74
Interest paid by the Automotive segments	(263)	(95)	2	(356)
Current taxes (paid)/received	(388)	(14)	-	(402)
Acquisitions of property, plant and equipment, and intangible assets net of disposals	(4,166)	(84)	(5)	(4,255)
Capitalized leased vehicles and batteries	(509)	-	-	(509)
Operational free cash flow of the Automotive segments	492	115	-	607

2.2.6.2 ACCOUNTING POLICIES AND SCOPE OF CONSOLIDATION

Note 1 – Approval of the financial statements

The Renault Group's condensed consolidated half-year financial statements at June 30, 2019 were examined at the Board of Directors' meeting of July 25, 2019.

Note 2 – Accounting policies

The condensed consolidated half-year financial statements at June 30, 2019 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, 2018.

New amendments that became mandatory on January 1, 2019

IFRS 16	Leases
IFRIC 23	Uncertainty over income tax treatments
IAS 28 amendment	Long-term Interests in Associates and Joint Ventures
IFRS 9 amendment	Prepayment Features with Negative Compensation
IAS 19 amendment	Plan Amendment, Curtailment or Settlement
Annual improvements to IFRS, 2015 – 2017 cycle	Various measures concerning : - Amendments to IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangements" named "Previously held interest in a joint operation"; - Amendments to IAS 12 "Income Taxes" named "Income tax consequences of payments on financial instruments classified as equity"; - Amendments to IAS 23 "Borrowing Costs" named "Borrowing costs eligible for capitalisation".

The changes related to application of IFRS 16 and IFRIC 23 are presented below.

The other standards and amendments that became mandatory on January 1, 2019 have no significant impact on the Group's financial statements.

A2. Changes in the financial statements as a result of first application of IFRS 16 "Leases"

The Renault Group has applied IFRS 16, "Leases" since January 1, 2019. This standard replaces IAS 17 "Leases", 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 over the expected term of the lease and the lease liability, initially recognized at the present value of lease payments over the expected term of the lease, is unwound using

The Renault Group's condensed consolidated half-year financial statements at June 30, 2019 are prepared under the IFRS (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) at June 30, 2019 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, 2018.

A. Changes in accounting policies

A1. Changes in accounting policies in 2019

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, 2019.

the implicit interest rate of the lease agreement if it can be readily determined, or at the incremental borrowing rate otherwise. In the income statement, amortization of the right-of-use asset is recorded in the operating margin, and a financial expense corresponding to the interest on the lease liability is recorded in financial income and expenses, replacing the lease payments previously charged to the operating margin. The tax impact of this consolidation adjustment is recognized via deferred taxes. In the cash flow statement, cash flows from operating activities are impacted by interest expenses paid, and cash flows from financing activities are impacted by the reimbursed lease liability. Previously, cash flows from operating activities were impacted by the total amount of lease payments.

The Group has chosen to apply the exemptions allowed by IFRS 16. Consequently, it continues to recognise lease payments in the income statement on a straight-line basis over the term of the lease contracts in the case of leases with an initial term of 12 months or less, and leases of low-value assets.

The definition of the performance indicators (see note 2.2.6.1-D) used to calculate the remuneration of key executives and other members of Group personnel is unchanged. Consequently, these indicators are affected by application of IFRS 16 as described above.

Certain aspects of application of IFRS 16, particularly the terms of lease contracts, the discount rates to apply, and the depreciation period of improvements, have been submitted to the IFRIC committee for an interpretation. The positions adopted by the Group on these subjects, described below, may have to be reviewed following the IFRIC's forthcoming conclusions.

The changes resulting from adoption of IFRS 16 are applied under the simplified retrospective approach in the financial statements of 2019. The comparative figures from the consolidated financial statements for the year 2018 have not been restated for application of IFRS 16 and are thus identical to the figures published in 2018, which complied with the accounting principles in force at the time under IAS 17.

The Group has applied IFRS 16 to lease contracts previously identified as leases under IAS 17 "Leases" and IFRIC 4 "Determining when an arrangement contains a lease", and has chosen to apply the following exemptions and simplification measures to determine values at the date of initial application (1 January 2019):

- Accounting for leases with a residual term of less than 12 months at the date of first application in the same way as short-term leases;
- Excluding of initial direct costs from the measurement of right-of-use assets at the date of initial application;
- Adjusting the right-of-use asset at the date of initial application by the amount of provisions for onerous leases recognized immediately before the date of initial application.

The term of the lease is the non-cancellable period of a lease contract during which the lessee has the right to use the leased asset, extended by any renewal options the Group is reasonably certain to exercise. For French commercial leases, the Group has applied the recommendation issued by the French Accounting Standards Authority ANC (Autorité des Normes Comptables) on February 16, 2018, which states that for accounting purposes there is no renewal option at the end of a French

commercial lease, and the period during which the lease is enforceable is generally 9 years, including a 3-year non-cancellable period.

In the balance sheet at January 1, 2019, the financial liabilities relating to leases are equal to the discounted value of future lease payments, determined using the incremental borrowing rate at December 31, 2018, defined on the basis of the residual term of the lease. For simplification, the incremental borrowing rate is calculated for each monetary zone as the risk-free rate applicable in the zone, plus the Group's risk premium for the local currency. The weighted average incremental borrowing rate applied to lease liabilities at January 1, 2019 was 2.35%.

Right-of-use assets were measured at January 1, 2019 as the value of lease liabilities at that date, adjusted for prepaid or accrued lease payments on the leases concerned recognized in the statement of financial position at December 31, 2018. The depreciation period for improvements to leased buildings may be longer than the terms of the relevant lease contracts as estimated under IFRS 16, but have not been modified due to application of IFRS 16.

The difference between the lease liability at the date of initial application, and the operating lease commitments reported in the notes to the financial statements at December 31, 2018 under IAS 17 are explained in the following table:

(€ million)	January 1, 2019
Off balance sheet lease commitments at December 31, 2018	661
Leases outside the scope of application of IFRS 16 and exemptions	(71)
Discount effect on leases	(78)
Effects of differences in effective dates	(54)
Effects of optional extensions not included in off balance sheet commitments	205
Other	25
Finance leases existing at December 31, 2018	78
Lease liability at January 01, 2019	766

The table below presents the effects of application of IFRS 16 on the consolidated financial position at January 1, 2019:

JANUARY 1, 2019 (€ MILLION)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Sales Financing	Total
Tangible assets – rights of use	602	11	56	669
Land	-	8	-	8
Buildings	578	3	56	637
Other	24 ⁽¹⁾	-	-	24
Other current assets and liabilities	(1)	-	1	-
Financial liabilities and Sales Financing debts (current and non-current) – Lease liabilities	696	15	55	766
Financial liabilities and Sales Financing debts (current and non-current) – Other interest-bearing borrowings	(74)	(4)	-	(78)
Provisions ⁽²⁾	(19)	-	-	(19)

(1) Leases of IT, operating, and transportation equipment.

(2) Mainly the provision for costs on vacant leased premises in Korea, estimated until the end of the lease contracts and reclassified as a charge to the right of use.

2

FINANCIAL RESULTS

2.2 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 2019

As at 30 June 2019, the amounts recognised in the income statement in respect of leases represented in the balance sheet by right-of-use assets and lease liabilities are as follows:

(€ million)	June 30, 2019
Amortization of rights-of-use assets	(56)
Interest expense on lease liabilities	(10)

Application of IFRS 16 has no significant impact on the Group's operating margin and financial income and expenses.

Changes in cash flows relating to lease liabilities by operating segment are as follows:

H1 2019 (€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Sales Financing	Total
Net change in other debts of the Sales Financing segment	-	-	(2)	(2)
Interest paid	(9)	(1)	-	(10)
CASH FLOWS FROM OPERATING ACTIVITIES	(9)	(1)	(2)	(12)
Net increase (decrease) in other financial liabilities of the Automotive segments ⁽¹⁾	(32)	(1)	-	(33)
CASH FLOWS FROM FINANCING ACTIVITIES	(32)	(1)	-	(33)
Increase (decrease) in cash flows	(41)	(2)	(2)	(45)

(1) This corresponds to repayment of the lease liability for the Automotive segments.

In the statement of consolidated cash flows for the first half-year of 2019, application of IFRS 16 led to a €33 million increase in cash outflows from financing activities and a decrease of the same amount in cash outflows from operating activities. This impact only concerns the Automotive segments, as all Sales financing segment cash flows are classified as cash flows from operating activities.

A3. First application of IFRIC 23 "Uncertainty over income tax treatments"

The mandatory application of IFRIC 23 "Uncertainty over income tax treatments" did not lead to identification of any situation that called into question the accounting positions taken in the financial statements at December 31, 2018.

During the first half-year of 2019, the IFRIC committee was asked for guidance on classification of liabilities relating to uncertain tax positions in the consolidated financial position. Its preliminary analysis was that they should be presented as current tax liabilities and/or in deferred taxes. This classification, which has not yet been confirmed by the IFRIC, is different from the position applied by the Group, which classifies uncertain tax positions in provisions (see note 16-B) in order to provide the qualitative characteristics that make for useful disclosures in the financial statements, as defined in the conceptual framework.

A reclassification will be applied in the financial statements at December 31, 2019 for all the periods presented if the IFRIC's preliminary analysis is confirmed during the second half-year.

B. Estimates and judgments

The main areas of the condensed consolidated financial statements at June 30, 2019 involving estimates and judgements are the same as those described in note 2-B to the consolidated financial statements for 2018.

Note 3 – Changes in the scope of consolidation

The following companies were included in the scope of consolidation for the first time in the first half-year of 2019:

- In March 2019, Renault s.a.s. took a 15% stake in a new electricity storage company Tokay 1, which has registered share capital of €3.46 million. As the Group has significant influence over Tokay 1, it is accounted for by the equity method in the consolidated financial statements.
- In June 2019, Renault s.a.s., in partnership with the Nissan group, set up the joint ventures Alliance Mobility Company France and Alliance Mobility Company Japan, which are dedicated to driverless mobility services. The Group holds 50% of the capital of each of these entities, which amounts to a total €100,000 and 10 million yen respectively at June 30, 2019. Capital increases for both entities were decided in June 2019, for amounts of €23.1 million and 2,900 million yen respectively. These capital increases are to be subscribed and paid-up in equal shares by Renault and Nissan in July 2019. The two joint ventures are accounted for by the equity method in the consolidated financial statements.
- The Group has finalized determination of the fair values of the assets acquired and liabilities transferred from Les Éditions Croque Futur, in which it acquired a 40.26% investment in March 2018. This company operates in the written press sector, notably owning the magazine titles Challenges, Historia, Sciences et Avenir, Histoire and La Recherche. Les Éditions Croque Futur, over which the Group has significant influence, is accounted for by the equity method. The principal adjustments concern the magazine titles recognized at €9.7 million (on a 100% basis), and subscriber relations, recognized at €8.1 million (on a 100% basis). The final goodwill at the acquisition date is €8 million.
- The Group has finalized determination of the fair values of the assets acquired and liabilities transferred from Carizy, in which it acquired a 96.08% investment in June 2018. Carizy operates in the expert advice and intermediation sector for used vehicles, notably owning the website Carizy.com. It is fully consolidated. The main adjustment concerns the brand, recognized at €3 million. The final goodwill at the acquisition date is €24 million.

2.2.6.3 CONSOLIDATED INCOME STATEMENT

Note 4 – Revenues

A. Breakdown of revenues

(€ million)	H1 2019	H1 2018	Year 2018
Sales of goods - Automotive segments (including AVTOVAZ)	21,848	23,072	44,226
Sales to partners of the Automotive segments (including AVTOVAZ)	3,535	4,337	8,046
Rental income on leased assets ⁽¹⁾	294	277	578
Sales of other services	671	658	1,361
Sales of services - Automotive segments (including AVTOVAZ)	965	935	1,939
Sales of goods - Sales Financing segment	17	15	27
Rental income on leased assets ⁽¹⁾	58	61	119
Interest income on sales financing receivables	1,105	1,056	2,100
Sales of other services ⁽²⁾	522	481	962
Sales of services - Sales Financing segment	1,685	1,598	3,181
Total Revenues	28,050	29,957	57,419

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

(2) 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.

The Group adjusted its international organization in 2019. The former Asia-Pacific and Africa-Middle East-India regions were split to form two new regions:

- The China region specifically covers the Group's activities in China ;

- The Africa-Middle East-India-Asia-Pacific region covers Africa and Middle-East countries, India, the countries of the ASEAN (Association of South-East Asian Nations), Korea, Japan and Australia.

Figures for 2018 correspond to the new segments adopted in 2019.

(€ million)	H1 2019	H1 2018	Year 2018
Europe	18,678	19,089	36,704
Including France	6,850	6,986	13,533
Americas	2,264	2,399	4,684
China	48	170	275
Africa Middle-East India Asia-Pacific	3,497	4,260	8,194
Eurasia	3,563	4,039	7,562
Including AVTOVAZ	1,644	1,613	3,292
Total revenues	28,050	29,957	57,419

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

Note 5 – Research and development expenses

(€ million)	H1 2019	H1 2018	Year 2018
Research and development expenses	(1,840)	(1,713)	(3,516)
Capitalized development expenses	998	800	1,717
Amortization of capitalized development expenses	(485)	(422)	(799)
Total reported in income statement	(1,327)	(1,335)	(2,598)

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 is mainly explained by the resumption of capitalization since the second half-year of 2018 for electric vehicle development expenses, and the achievement of the technical milestone marking the start of capitalization for significant projects (i.e. the formal decision to begin development and industrial production).

Note 6 – Other operating income and expenses

(€ million)	H1 2019	H1 2018	Year 2018
Restructuring and workforce adjustment costs	(117)	(187)	(306)
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	3
Gains and losses on disposal of property, plant and equipment and intangible assets (except leased asset sales)	3	41	65
Impairment of property, plant and equipment, intangible assets and goodwill (excluding goodwill of associates and joint ventures)	(12)	(34)	(276)
Impairment related to operations in Iran	-	-	(47)
Other unusual items	(7)	(5)	(64)
Total	(133)	(180)	(625)

A. Restructuring and workforce adjustment costs

Restructuring and workforce adjustment costs mainly concern the Europe region in 2019 and 2018.

In 2019 these costs include €55 million of complementary expenses related to revision of the assumptions regarding the take-up of this plan, to reflect the higher than expected number of new members during the first half-year of 2019 under the French career-end work exemption plan named "Renault France CAP 2020 – Contrat d'Activité pour une Performance durable of Renault In France" (activity contract for sustainable performance) signed on January 13, 2017 and amended on April 16, 2018.

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

In the first half-year of 2019, impairment amounting to €(12) million net was recorded (€(276) million in 2018, including €(36) for the first-half year) comprising €(20) million of new impairment and €8 million of impairment reversals. This impairment concerns intangible assets (net reversal of €5 million) and property, plant and equipment (net increase of €(17) million). New impairment was principally recorded as a result

of impairment tests on internal combustion engine vehicles. 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 during the first half-year of 2019. The gross amount in the assets at June 30, 2019 was €782 million, including €678 million of customer receivables (€782 million and €677 million respectively at December 31, 2018).

As a result of the United States' withdrawal from the JCPOA (Joint Comprehensive Plan of Action) and the reinstatement from August 6, 2018 of sanctions for the automobile sector in Iran, there were no sales of CKD in the first half-year of 2019. Sales of CKD represented €252 million in the first half-year of 2018.

D. Other unusual items

In 2018, impairment tests on vehicles led to recognition of unusual expenses of €(71) million consisting of advance and future payments to partners and suppliers in connection with those vehicles.

Note 7 – Financial income (expenses)

(€ million)	H1 2019	H1 2018	Year 2018
Cost of gross financial indebtedness ⁽¹⁾	(216)	(171)	(373)
Income on cash and financial assets	36	30	65
Cost of net financial indebtedness	(180)	(141)	(308)
Dividends received from companies that are neither controlled nor under significant influence	54	74	78
Foreign exchange gains and losses on financial operations	15	-	14
Gain/Loss on exposure to hyperinflation	15	-	(31)
Net interest expenses on the defined-benefit liabilities and assets corresponding to pension and other long-term employee benefit obligations	(16)	(14)	(25)
Other	(72)	(40)	(81)
Other financial income and expenses	(4)	20	(45)
Financial income (expense)⁽²⁾	(184)	(121)	(353)

(1) The financial interest determined upon initial application of IFRS 16 in the first half-year of 2019 is presented in note 2-A2.

(2) No impairment was recognized in the first half-year of 2019 on financial items included in or excluded from net financial indebtedness.

The net liquidity position (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.

(€ million)	H1 2019	H1 2018	Year 2018
Current income taxes	(344)	(377)	(690)
Deferred tax income (charge)	90	(10)	(33)
Current and deferred taxes	(254)	(387)	(723)

The current tax charge for entities included in the French tax consolidation group amounts to €57 million in the first half-year of 2019 (€90 in 2018, including €82 million in the first half-year of 2018).

In the first half-year of 2019, €287 million of current income taxes comes from foreign entities including AVTOVAZ (€600 million in 2018, including €295 million in the first half-year of 2018).

French tax consolidation group

In the first half-year of 2019, the effective tax rate in the French tax consolidation group is 5.5% (18% in the first half-year of 2018 and 20.6% in 2018).

The amount of net deferred tax assets recognized in the consolidated financial position totalled €233 million at June 30, 2019, compared to €178 million at the previous year-end, comprising €(64) million

recognized in income (€(98) million at December 31, 2018, restated) and €297 million included in other components of comprehensive income (€276 million at December 31, 2018), due to the respective origins of the taxes concerned.

In the first half-year of 2019, the amount of deferred tax assets recognized increased by €55 million. The corresponding gain was recognized in income (€33 million) and in other components of comprehensive income (€22 million).

Entities not in the French tax consolidation group

The effective tax rate across all foreign entities including AVTOVAZ is 25.6% for the first half-year of 2019 (26.4% for the first half-year of 2018 and 28.7% for the year 2018).

Note 9 – Basic and diluted earnings per share

(in thousands of shares)	H1 2019	H1 2018	Year 2018
Shares in circulation	295,722	295,722	295,722
Treasury shares	(4,825)	(6,867)	(6,490)
Shares held by Nissan x Renault's share in Nissan	(19,382)	(19,387)	(19,382)
Number of shares used to calculate basic earnings per share	271,515	269,468	269,850

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 2019	H1 2018	Year 2018
Number of shares used to calculate basic earnings per share	271,515	269,468	269,850
Dilutive effect of stock options, performance share rights and other share-based payments	1,546	2,220	2,372
Number of shares used to calculate diluted earnings per share	273,061	271,688	272,222

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

that have a dilutive effect and fulfil the performance conditions at the reporting date when issuance is conditional. In 2018, the number of shares used to calculate the basic earnings per share also included the number of share attribution rights corresponding to the Chairman and CEO's variable remuneration.

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, 2018	11,711	(5,798)	5,913
Acquisitions / (amortization and impairment) ⁽¹⁾	1,015	(534)	481
(Disposals) / reversals	(36)	35	(1)
Translation adjustment	117	(1)	116
Change in scope of consolidation and other	28	-	28
Value at June 30, 2019	12,835	(6,298)	6,537

(1) Including net reversals relating to capitalized development expenses and other intangible assets: €5 million, see note 6-B.

B. Property, plant and equipment

(€ million)	Gross value	Depreciation and impairment	Net value
Value at December 31, 2018	43,582	(29,278)	14,304
Acquisitions / (depreciation and impairment) ⁽¹⁾	2,070	(1,297)	773
(Disposals) / reversals	(634)	315	(319)
Translation adjustment	58	15	73
Change in scope of consolidation and other ⁽²⁾	864	(179)	685
Value at June 30, 2019	45,940	(30,424)	15,516

(1) Including €(17) million of impairment on property, plant and equipment – see note 6-B.

(2) This includes rights of use following first application of IFRS 16. Details of the impacts of this standard are given in note 2-A2.

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

Following impairment tests of specific assets dedicated to vehicles (including components), impairment of €20 million was booked in the first half-year of 2019 for intangible assets (impairment at December 31, 2018 amounted to €126 million, including €74 million booked in the first half-year of 2018).

Impairment for intangible assets and property, plant and equipment was recognized in 2013 in respect of electric vehicles. As the market for electric vehicles grew substantially in 2018 and that trend has been confirmed in the first half-year of 2019, residual impairment of €5 million on intangible assets and €3 million on property, plant and equipment was reversed during the half-year (in 2018, impairment of €38 million was reversed, comprising €21 million for intangible assets and €17 million for property, plant and equipment).

D. Impairment test at the level of the Automotive (excluding AVTOVAZ) segment

Renault's stock market capitalization (€16,097 million at June 30, 2019, 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 2018 impairment test and the net income of the first half-year of 2019, it was not considered necessary to conduct another impairment test at June 30, 2019.

E. Impairment tests on the AVTOVAZ cash-generating unit and the Lada brand

Impairment tests on the AVTOVAZ cash-generating unit

AVTOVAZ was delisted from the Moscow stock exchange in May 2019, and consequently reference is no longer made to its market capitalization to assess the recoverable value of its net assets (including goodwill).

In application of the approach presented in the note on accounting policies (note 2-M to the consolidated financial statements for 2018), an impairment test was carried out at June 30, 2019.

For the impairment test of the AVTOVAZ cash-generating unit, an after-tax discount rate of 12.3% and a growth rate to infinity (including the effect of inflation) of 4% were used to calculate value in use.

The test results did not lead to recognition of any impairment at June 30, 2019. A reasonably possible change in the key assumptions used should not result in a recoverable value that is below book values.

Impairment tests of the Lada brand

For the purpose of allocation of the purchase price of AVTOVAZ, the Lada brand was recognized at its fair value at the date control was acquired (in late 2016), i.e. 9,248 million Russian roubles (€129 million at the exchange rate of June 30, 2018). Since this brand is an intangible asset with an indefinite useful life, an impairment test was carried out at June 30, 2019 based on a discount rate of 12.3% and a growth rate to infinity of 4%. No impairment was booked at June 2019, as the recoverable value was higher than the book value. A reasonably possible change in the key assumptions used should not result in a recoverable value that is below the book value.

Note 11 – Investment in Nissan

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

(€ million)	H1 2019 / at June 30, 2019	H1 2018 / at June 30, 2018	Year 2018 / at Dec. 31, 2018
Consolidated income statement			
Share in net income (loss) of associates accounted for by the equity method	(21)	805	1,509
Consolidated financial position			
Investments in associates accounted for by the equity method	20,503	20,034	20,583

A. Nissan consolidation method

In March 2019, Renault, Nissan and Mitsubishi announced the creation of the new Alliance Board, a supervisory body to oversee Alliance operations and governance involving Renault, Nissan and Mitsubishi.

This Board has four members: The Chairman of the Board of Renault, the Chief Executive Officer of Renault, the Chief Executive Officer of Nissan and the Chief Executive Officer of Mitsubishi Motors. Decisions are taken by consensus.

This operational change in the Alliance's structure does not affect the assessment of Renault's significant influence over Nissan. Renault will therefore continue to use the equity method to account for its investment in Nissan.

At June 30, 2019, the Renault group occupied two seats on Nissan's Board of Directors. The Group is represented on the Board by Jean-

Dominique Sénard and Thierry Bolloré, respectively Renault's Chairman of the Board and Chief Executive Officer.

B. 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, 2019 (0.7% at December 31, 2018), and Renault's percentage interest in Nissan was 43.7% (43.7% at December 31, 2018).

C. 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, 2018	20,822	(974)	19,848	735	20,583
First-half 2018 net income	(21)		(21)		(21)
Dividend distributed	(427)		(427)		(427)
Translation adjustment	370		370	20	390
Other changes ⁽²⁾	(22)		(22)		(22)
At June 30, 2019	20,722	(974)	19,748	755	20,503

(1) Nissan has held 44,358 thousand Renault shares since 2002, corresponding to an investment of around 15%. The neutralization is based on Renault's percentage holding in Nissan.

(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 and the change in Nissan treasury shares. In 2019, they also include the impacts of the first application of IFRS 16 and IFRIC 23.

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

(¥ billion)	Dec. 31, 2018	H1 2019 net income	Dividends	Translation adjustment	Other changes ⁽¹⁾	June 30, 2019
Shareholders' equity – parent company shareholders' share under Japanese GAAP	5,338	9	(112)	(69)	(35)	5,131
Restatements for compliance with IFRS:						
Provision for pension and other long-term employee benefit obligations	(65)	(6)		1	12	(58)
Capitalization of development expenses	712	12				724
Deferred taxes and other restatements	(99)	(3)		(3)	(2)	(107)
Net assets restated for compliance with IFRS	5,886	12	(112)	(71)	(25)	5,690
Restatements for Renault Group requirements ⁽²⁾	111	(17)	(7)	20	17	124
Net assets restated for Renault Group requirements	5,997	(5)	(119)	(51)	(8)	5,814
(€ million)						
Net assets restated for Renault Group requirements	47,650	(48)	(977)	847	(49)	47,423
Renault's percentage interest	43.7%					
Renault's share (before the neutralization effect described below)	20,822	(21)	(427)	370	(22)	20,722
Neutralization of Nissan's investment in Renault ⁽³⁾	(974)					(974)
Renault's share in the net assets of Nissan	19,848	(21)	(427)	370	(22)	19,748

(1) Other changes include the effect of the Renault dividends received by Nissan, the change in actuarial gains and losses on pension obligations, the change in the financial instruments revaluation reserve and the change in Nissan treasury shares. In 2019, they also include the impacts of the first application of IFRS 16 and IFRIC 23.

(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 under the equity method.

(3) Nissan has held 44,358 thousand Renault shares in Renault since 2002, an ownership interest of about 15%. The neutralization is based on Renault's percentage holding in Nissan

E. Nissan net income under Japanese GAAP

Since Nissan's financial year ends on March 31, the Nissan net income included in the first-half 2019 Renault consolidation is the sum of

Nissan's net income for the final quarter of its 2018 financial year and the first quarter of its 2019 financial year.

	January to March 2019 Final quarter of Nissan's 2018 financial year		April to June 2019 First quarter of Nissan's 2019 financial year		January to June 2019 Reference period for Renault's first-half 2019 consolidated financial statements	
	¥ billion	€ million ⁽¹⁾	¥ billion	€ million ⁽¹⁾	¥ billion	€ million ⁽¹⁾
Net income – parent company shareholders' share	2	20	7	52	9	72

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

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

Based on the market price of Nissan stock at June 30, 2019 (¥772 per share), Renault's investment in Nissan is valued at €11,535 million (€12,809 million at December 31, 2018 based on the market price of ¥880 per share at that date).

G. Impairment test of the investment in Nissan

At June 30, 2019, the stock market value of the investment was 43.7% lower than the value of Nissan in Renault's statement of financial position (37.8% lower at December 31, 2018).

In application of the approach presented in the note on accounting policies (note 2-M to the consolidated financial statements for 2018), an impairment test was carried out at June 30, 2019.

An after-tax discount rate of 9.77% and a growth rate to infinity (including the effect of inflation) of 3.51% 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.

The test results did not lead to recognition of any impairment on the investment in Nissan at June 30, 2019.

The difference between the recoverable value, determined under the above assumptions, and the book value of the investment in Nissan at June 30, 2019 is €2,899 million. For the recoverable value to be equal to the book value at June 30, 2019, the key assumptions used for the test would have to be changed as follows: raising the discount rate from 9.77% to 10.95% or reducing the growth rate to infinity from 3.51% to 2.12%.

H. Operations between the Renault Group and the Nissan group**H1. 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 2019 amounted to an estimated €1.8 billion and €1 billion respectively (€4.2 billion and €2.2 billion respectively in 2018, including €2.2 billion and €1.2 billion for the first half-year).
 - At June 30, 2019, the balance of Automotive (excluding AVTOVAZ) segment receivables on the Nissan group is €973 million and the balance of Automotive (excluding AVTOVAZ) segment liabilities to the Nissan group is €732 million (€859 million and €872 million respectively at December 31, 2018).
- 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, 2019, the derivative assets on the Nissan group amount to €35 million and derivative liabilities amount to €81 million (€30 million and €69 million respectively at December 31, 2018).

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 2019, RCI Banque recorded €89 million of service revenues in the form of commission and interest received from Nissan (€158 million at December 31, 2018, of which €78 million concerned the first half-year). The balance of Sales financing receivables on the Nissan group is €96 million at June 30, 2019 (€133 million at December 31, 2018) and the balance of liabilities is €165 million at June 30, 2019 (€148 million at December 31, 2018).

H2. 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 2019 amounted to an estimated €56 million and €10 million respectively (€260 million and €35 million in 2018, including €107 million and €14 million for the first half-year).

In the AVTOVAZ financial position at June 30, 2019, the balances of transactions between AVTOVAZ and the Nissan group consist mainly of:

- a non-current receivable for jointly controlled assets amounting to €27 million (€27 million at December 31, 2018),
- operating receivables and payables amounting respectively to €2 million and €23 million (€12 million and €37 million at December 31, 2018).

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 2019 / at June 30, 2019	H1 2018 / at June 30, 2018	Year 2018 / at Dec. 31, 2018
Consolidated income statement			
Share in net income (loss) of other associates and joint ventures	(14)	9	31
Associates accounted for under the equity method	27	3	27
Joint ventures accounted for under the equity method	(41)	6	4
Consolidated financial position			
Investments in other associates and joint ventures	875	807	856
Associates accounted for under the equity method	475	415	420
Joint ventures accounted for under the equity method	400	392	436

Note 13 – Inventories

(€ million)	June 30, 2019			December 31, 2018		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Raw materials and supplies	2,018	(325)	1,693	1,748	(299)	1,449
Work in progress	411	(3)	408	395	(3)	392
Used vehicles	1,589	(136)	1,453	1,383	(126)	1,257
Finished products and spare parts	3,488	(148)	3,340	2,931	(150)	2,781
Total	7,506	(612)	6,894	6,457	(578)	5,879

Note 14 – Financial assets – Cash and cash equivalents

A. Current / non-current breakdown

(€ million)	June 30, 2019			December 31, 2018		
	Non-current	Current	Total	Non-current	Current	Total
Investments in non-controlled entities	915	-	915	853	-	853
Marketable securities and negotiable debt instruments	-	752	752	-	921	921
Loans	28	563	591	27	664	691
Derivatives on financing operations of the Automotive segments	46	239	285	48	378	426
Total financial assets	989	1,554	2,543	928	1,963	2,891
<i>Gross value</i>	989	1,575	2,564	928	1,974	2,902
<i>Impairment</i>	-	(21)	(21)	-	(11)	(11)
Cash equivalents	-	8,664	8,664	-	8,091	8,091
Cash	-	7,902	7,902	-	6,686	6,686
Total cash and cash equivalents	-	16,566	16,566	-	14,777	14,777

B. Investments in non-controlled entities

Investments in non-controlled entities include €805 million (€755 million at December 31, 2018) for the Daimler shares purchased under the strategic partnership agreement. These shares are carried at fair value through other components of comprehensive income by option. If these shares were sold, the gain on sale would not be transferred to profit and loss. Their fair value is determined by reference to the stock market price. At June 30, 2019, the unrealized gain on the Daimler shares held is €221 million.

The increase in the fair value of the Daimler shares over the period amounted to €50 million and was recorded in other components of comprehensive income at June 30, 2019 (decreases of €409 million over the year 2018 and €258 million in the first half-year of 2018).

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. These current bank accounts amount to €545 million at June 30, 2019 (€551 million at December 31, 2018).

Note 15 – Shareholder's equity

A. Share capital

The total number of ordinary shares issued and fully paid-up at June 30, 2019 was 295,722 thousand with par value of €3.81 per share (unchanged from December 31, 2018).

Treasury shares do not bear dividends. They account for 1.55% of Renault's share capital at June 30, 2019 (1.71% at December 31, 2018).

The Nissan group holds approximately 15% of Renault through its wholly-owned subsidiary Nissan Finance Co. Ltd (no voting rights are attached to these shares).

B. Distributions

At the General and Extraordinary Shareholders' Meeting of June 12, 2019, it was decided to pay a dividend of €3.55 per share, or a total of €1,036 million (€3.55 per share at December 31, 2018, or a total of €1,027 million). This dividend was paid in June 2019.

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

New performance share plans were introduced during the first half-year of 2019, concerning 1,462 thousand shares with initial total value of €50 million. The vesting period for rights to shares is 3 years, with no minimum holding period.

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

	Stock options			Share rights
	Quantity	Weighted average exercise price (€)	Weighted average share price at grant or exercise dates (€)	
Options outstanding and rights not yet vested at January 1, 2019	248,774	36	-	4,714,171⁽¹⁾
Granted				1,462,030
Options exercised and vested rights	(55,955) ⁽²⁾	39	49 ⁽³⁾	(1,214,438) ⁽⁴⁾
Options and rights expired and other adjustments	(40,000) ⁽²⁾			(547,903) ⁽⁵⁾
Options outstanding and rights not yet vested at June 30, 2019	152,819	35		4,413,860

(1) The figures include stock options awarded as part of the variable remuneration for the post of Chairman and CEO.

(2) Stock purchase options exercised or expired in 2019 were granted under plans 18 and 20.

(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 22 for non-residents and plan 23 for residents.

(5) Rights expired notably include rights of the Chairman and Chief Executive Officer at December 31, 2018, as explained in section 3.2.2 of the 2018 Registration Document.

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 €1,738 million at June 30, 2019 (€1,587 million at December 31, 2018). These provisions increased by €151 million in

the first half-year of 2019, mainly due to the lower financial discount rate used for France. The rate most frequently used to value the Group's obligations in France is 0.85% at June 30, 2019, against 1.69% at December 31, 2018.

B. Change in provisions

(€ million)	Restructuring provisions	Warranty provisions	Income tax provision	Litigation concerning other taxes	Insurance activities ⁽²⁾	Other provisions	Total
At December 31, 2018 ⁽¹⁾	437	1,001	162	240	480	405	2,725
Increases	109	363	3	30	42	54	601
Reversals for application	(89)	(319)	(7)	(14)	(17)	(62)	(508)
Reversals of unused residual amounts	(9)	(27)	(1)	(14)	-	(26)	(77)
Changes in scope of consolidation	-	-	-	-	-	-	-
Translation adjustments and other changes	-	6	1	2	-	(18)	(9)
At June 30, 2019 ⁽³⁾	448	1,024	158	244	505	353	2,732

(1) Including €57 million of provisions for risks on taxes other than income taxes, resulting from correction of an error concerning operations in the Americas region.

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

(3) Short-term portion of provisions: €1,001 million; long-term portion of provisions: €1,731 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 2019, 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, 2019			December 31, 2018		
	Non-current	Current	Total	Non-current	Current	Total
Renault SA redeemable shares	287	-	287	277	-	277
Bonds	5,629	561	6,190	4,665	581	5,246
Other debts represented by a certificate	-	1,201	1,201	-	649	649
Borrowings from credit institutions	230	845	1,075	314	643	957
Lease liabilities in application of IFRS 16 ⁽¹⁾	610	113	723			
Other interest-bearing borrowings ⁽²⁾	130	176	306	210	152	362
Financial liabilities of the Automotive (excluding AVTOVAZ) segment (excluding derivatives)	6,886	2,896	9,782	5,466	2,025	7,491
Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment	46	253	299	42	353	395
Total financial liabilities of the Automotive (excluding AVTOVAZ) segment	6,932	3,149	10,081	5,508	2,378	7,886
Borrowings from credit institutions	624	290	914	667	85	752
Other interest-bearing borrowings ⁽²⁾	-	(38)	(38)	6	-	6
Lease liabilities in application of IFRS 16 ⁽¹⁾	14	2	16			
Other non-interest-bearing borrowings	-	19	19	15	-	15
Financial liabilities of AVTOVAZ (excluding derivatives) ⁽³⁾	638	273	911	688	85	773
Total Automotive financial liabilities including AVTOVAZ	7,570	3,422	10,992	6,196	2,463	8,659
DIAC redeemable shares	13	-	13	13	-	13
Bonds	-	20,109	20,109	-	18,902	18,902
Other debts represented by a certificate	-	4,774	4,774	-	4,527	4,527
Borrowings from credit institutions	-	5,145	5,145	-	4,931	4,931
Other interest-bearing borrowings, including lease liabilities ⁽⁴⁾	-	17,010	17,010	-	16,053	16,053
Financial liabilities and debts of the Sales Financing segment (excluding derivatives)	13	47,038	47,051	13	44,413	44,426
Derivatives on financing operations of the Sales Financing segment	-	112	112	-	82	82
Financial liabilities and debts of the Sales Financing segment	13	47,150	47,163	13	44,495	44,508
Total Automotive financial liabilities including AVTOVAZ, and sales financing liabilities	7,583	50,572	58,155	6,209	46,958	53,167

(1) The effects of first application of IFRS 16 "Leases" under the simplified retrospective approach are presented in note 2-A2. The lease liabilities are now presented separately for the Automotive segments.

(2) Other interest-bearing borrowings at December 31, 2018 included finance lease liabilities of the Automotive (excluding AVTOVAZ) and AVTOVAZ segments, amounting to €74 million and €4 million respectively.

(3) Figures are presented after elimination of intragroup transactions. The negative figure reported for Other interest-bearing borrowings is thus explained by elimination of the cash loaned by AVTOVAZ to the Automobile (excluding AVTOVAZ) segment. 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.

(4) Including lease liabilities of the Sales financing segment, amounting to €53 million at June 30, 2019.

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

(€ million)	Dec. 31, 2018	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, 2019
Renault SA redeemable shares	277	-	-	-	10	287
Bonds	5,246	911	-	43	(10)	6,190
Other debts represented by a certificate	649	552	-	-	-	1,201
Borrowings from credit institutions	957	107	-	9	2	1,075
Lease liabilities in application of IFRS 16 ⁽¹⁾		(32)	-	-	755	723
Other interest-bearing borrowings	362	26	-	18	(100)	306
Financial liabilities of the Automotive (excluding AVTOVAZ) segment (excluding derivatives)	7,491	1,564	-	70	657	9,782
Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment	395	(73)	-	(24)	1	299
Total financial liabilities of the Automotive (excluding AVTOVAZ) segment	7,886	1,491	-	46	658	10,081
Borrowings from credit institutions	752	18	-	88	56	914
Other interest-bearing borrowings ⁽²⁾	6	(34)	-	(1)	(9)	(38)
Lease liabilities in application of IFRS 16 ⁽¹⁾		(1)	-	2	15	16
Other non-interest-bearing borrowings	15	-	-	4	-	19
Financial liabilities of AVTOVAZ (excluding derivatives) ⁽²⁾	773	(17)	-	93	62	911
Total automotive financial liabilities including avtovaz (A)	8,659	1,474	-	139	720	10,992
Derivative assets on financing operations of the Automotive (excluding AVTOVAZ) segment (B)	426	(158)	-	2	15	285
Net change in Automotive financial liabilities in consolidated cash flows (section 2.2.5) (A) – (B)		1,632				

(1) The effects of first application of IFRS 16 "Leases" under the simplified retrospective approach are presented in note 2-A2. The other changes with no impact on cash flows principally comprise the effects of first application at January 1, 2019 and new leases concluded during the first half-year of 2019.

(2) Figures are presented after elimination of intragroup transactions. The negative figure reported for Other interest-bearing borrowings is thus explained by elimination of the cash loaned by AVTOVAZ to the Automobile (excluding AVTOVAZ) segment. 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 redeemable shares of the Automotive (excluding AVTOVAZ) segment**

The redeemable shares issued in October 1983 and April 1984 by Renault SA are subordinated perpetual shares listed on the Paris Stock Exchange. They earn a minimum annual return of 9% comprising a 6.75% fixed portion and a variable portion that depends on consolidated revenues and is calculated based on identical Group structure and methods. Redeemable shares are stated at amortized cost. These shares are traded for €552 at June 30, 2019 and €601 at December 31, 2018. The stock market value of the corresponding financial liability was €440 million at 30 June 2019 (€479 million at 31 December 2018).

Changes in bonds of the Automotive (excluding AVTOVAZ) segment

Renault SA issued a Eurobond on June 24, 2019 under its EMTN programme, with nominal value of €1 billion 6-year maturity and a 1.25% coupon.

During the first half-year of 2019, Renault SA and Renault Do Brasil SA redeemed bonds for a total of €77 million and €12 million respectively.

Changes in liabilities of the Sales Financing segment

During the first half-year of 2019, RCI Banque group issued new bonds totalling €2,513 million and maturing between 2019 and 2026, and redeemed bonds for a total of €1,418 million. A €153 million bond issue,

for which the funds have not yet been collected, was also undertaken in late June 2019.

New savings collected rose by €855 million during the first half-year of 2019 (€465 million of sight deposits and €390 million of term deposits) to €16,718 million (€12,584 million of sight deposits and €4,134 million of term deposits), and are classified as other interest-bearing borrowings. These savings are collected in Germany, Austria, Brazil, France and the United Kingdom.

Credit lines

At June 30, 2019, Renault SA's confirmed credit lines opened with banks amounted to the equivalent of €3,480 million (the same as at December 31, 2018). These credit lines have maturities of over one year and were unused at June 30, 2019 (and at December 31, 2018).

Also, at June 30, 2019, the Sales Financing segment's confirmed credit lines opened in several currencies with banks amounted to €4,789 million (€4,820 at December 31, 2018). These credit lines were drawn to the extent of €26 million at June 30, 2019 (€22 million at December 31, 2018).

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, 2019 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 €6,173 million (€7,454 million at December 31, 2018). These

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2.2 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 2019

assets comprise €5,247 million of shares in securitization vehicles, €159 million of euro bonds and €767 million of sales financing receivables (€6,184 million of shares in securitization vehicles, €159 million of euro bonds and €1,111 million of sales financing

receivables at December 31, 2018). The funding provided by the Banque de France against these guarantees amounts to €2,500 million at June 30, 2019 (the same as at December 31, 2018).

D. Financial liabilities of the AVTOVAZ segment

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

(€ million)	June 30, 2019	Dec. 31, 2018
Rouble-denominated bank loans	290	88
Rouble-denominated interest-free promissory notes	19	-
Lease liabilities in application of IFRS 16 ⁽¹⁾	2	-
Total current financial liabilities of the AVTOVAZ group	311	88
Current financial liabilities of Alliance Rostec Auto b.v.	7	6
Total current financial liabilities of the AVTOVAZ segment	318	94
Less current financial liabilities due to Renault s.a.s. and intragroup cash of the AVTOVAZ segment	(45)	(9)
Total current financial liabilities of the AVTOVAZ segment	273	85

(1) The effects of first application of IFRS 16 "Leases" under the simplified retrospective approach are presented in note 2-A2. Lease liabilities are now presented separately.

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

(€ million)	June 30, 2019	Dec. 31, 2018
Rouble-denominated bank loans	624	673
Rouble-denominated interest-free promissory notes	-	15
Lease liabilities in application of IFRS 16 ⁽¹⁾	14	-
Total non-current financial liabilities of the AVTOVAZ segment	638	688

(1) The effects of first application of IFRS 16 "Leases" under the simplified retrospective approach are presented in note 2-A2. Lease liabilities are now presented separately.

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

Issue date	Maturity date (after extension)	June 30, 2019				December 31, 2018			
		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									
April 29, 2010	April 29, 2032	20,582	290	-	-	20,582	258	-	-
Rouble-denominated interest-free promissory notes									
April 23, 2001	March 7, 2020	1,481	21	1,339	19	1,481	19	1,209	15

During the first half-year of 2019, the AVTOVAZ group repaid financial liabilities totalling €259 million and contracted new financial liabilities totalling €275 million.

At June 30, 2019, the AVTOVAZ group's average interest rate is 9.5% for outstanding rouble-denominated bank loans (at December 31, 2018 the average rate was 10.16% for loans in roubles and 3.00% for loans in other currencies). At June 30, 2019, the AVTOVAZ group has €689 million of floating-rate bank loans (€414 million at December 31, 2018).

At June 30, 2019, the AVTOVAZ group has confirmed credit lines opened with banks in the amount of €1,516 million (€1,299 million at December 31, 2018). At June 30, 2019, the AVTOVAZ group has

€629 million of undrawn available confirmed borrowing facilities (€519 million at December 31, 2018), of which €418 million were available for operating activities and €211 million were available for investment activities (€329 million and €190 million respectively at December 31, 2018).

At June 30, 2019, 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 €142 million are guaranteed by property, plant and equipment in the amount of €86 million (at December 31, 2018, €357 million of loans and borrowings were guaranteed by €86 million of property, plant and equipment).

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 2019	H1 2018	Year 2018
Net allocation to provisions	(7)	100	204
Net effects of sales financing credit losses	43	32	63
Net (gain) loss on asset disposals	(3)	(46)	(69)
Change in fair value of financial instruments	-	25	22
Cost of net financial indebtedness	180	141	308
Deferred taxes	(90)	10	33
Current taxes	344	377	690
Other	57	38	145
Other income and expenses with no impact on cash before interest and tax	524	677	1,396

B. Change in working capital before tax

(€ million)	H1 2019	H1 2018	Year 2018
Decrease (increase) in net inventories	(982)	(905)	240
Decrease (increase) in Automotive net receivables	(250)	(252)	283
Decrease (increase) in other assets	(276)	(301)	(39)
Increase (decrease) in trade payables	326	536	(240)
Increase (decrease) in other liabilities	594	718	307
Change in working capital before tax	(588)	(204)	551

C. Capital expenditure

(€ million)	H1 2019	H1 2018	Year 2018
Purchases of intangible assets	(1,015)	(826)	(1,772)
Purchases of property, plant and equipment (other than assets leased to customers)	(1,171)	(892)	(2,745)
Total purchases for the period	(2,186)	(1,718)	(4,517)
Deferred payments	(295)	(326)	110
Total capital expenditure	(2,481)	(2,044)	(4,407)

Note 19 – Related parties

A. Remuneration of Directors and Executives and Executive Committee members

Apart from the points described in section 3-2-4 of the 2018 Registration Document, there was no significant change in the principles for remuneration and related benefits of Directors and Executives and Executive Committee members.

At its meeting of January 24, 2019, the Renault Group's Board of Directors decided to separate the functions of Chairman of the Board and Chief Executive Officer.

The table below reports the remuneration paid to Directors and Executives and Group Executive Committee members. Amounts are allocated pro rata to the periods in which the functions were occupied. Since April 1, 2019 the Renault Group's Executive Committee has had 12 members compared to 10 previously.

(€ million)	H1 2019	2018
Basic salary	2.9	5.5
Variable remuneration	2.9	7.4
Employer's social security charges	3.4	11.0
Complementary pension and retirement indemnities	3.0	9.5
Other components of remuneration	0.1	0.5
Total remuneration paid in cash	12.3	33.9
Stock options, performance shares and other share-based	3.1	16.1
Total remuneration paid in shares	3.1	16.1
Total	15.4	50.0

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FINANCIAL RESULTS

2.2 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 2019

The resignation of Renault's former Chairman and CEO announced by the Board of Directors on January 24, 2019 and its consequences for his 2018 compensation, are not included in the 2018 figures shown above.

As Renault's Chairman and CEO at December 31, 2018 was unable to exercise his management duties during the first half-year of 2019 and resigned (i) from his position as Chief Executive Officer and Chairman of the Board of Directors of Renault on January 23, 2019, (ii) from his positions in Renault group companies other than his position as director on January 23, 2019, and (iii) from his position as director of Renault SA after the General Shareholders' Meeting of June 12, 2019, he is no longer considered to be part of the Group's key executives for the year 2019, as defined in IAS 24 "Related party disclosures", as he has had no management or control authority in Renault since the end of 2018. The figures for 2019 presented above thus contain no compensation concerning him.

Following publication of France's ordinance 2019-697 of July 3, 2019 reforming supplementary defined-benefit pension plans, Renault's top-up pension scheme for Executive Committee members will be amended so that no additional entitlements are earned through it from January 1, 2020. As the exact terms of the amendment and the new replacement scheme have not yet been finalized, the accounting impact of these changes cannot currently be estimated.

A. Off-balance sheet commitments given and contingent liabilities

A1. Ordinary operations

The Group is committed for the following amounts:

(€ million)	June 30, 2019	Dec. 31, 2018
Financing commitments in favour of customers ⁽¹⁾	2,770	2,367
Firm investment orders	2,095	1,327
Lease commitments ⁽²⁾	81	661
Assets pledged, provided as guarantees or mortgaged ⁽³⁾	88	86
Sureties, endorsements, guarantees given and other commitments ⁽⁴⁾	722	425

(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 €2,692 million at June 30, 2019 (€2,331 million at December 31, 2018).

(2) The effects of first application of IFRS 16 "Leases" are presented in note 2-A2. Lease liabilities at June 30, 2019 now only relate to leases that are outside the scope of IFRS 16 or exempt from the accounting treatment prescribed by IFRS 16.

(3) At June 30, 2019, assets pledged, provided as guarantees or mortgaged include commitments given by AVTOVAZ amounting to €86 million (€86 million at December 31, 2018), corresponding to fixed assets.

(4) Other commitments include guarantees given to government authorities and share subscription commitments.

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

On July 17, 2019, the Renault group announced that it had set up a joint venture with Jiangling Motors Corporation Group for electric vehicles in China, and made a commitment to fund a RMB 1 billion (around €128.5 million) capital increase to become a 50% shareholder in this entity.

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

B. Renault's investments in associates

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

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 €100 million for the first half-year of 2019, an Automotive receivable of €59 million, a Sales financing receivable of €397 million and a financing commitment of €25 million at June 30, 2019.

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).

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, 2019, 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 given the recent crisis in Argentina and the

recovery of the automobile market in Brazil, resulting in particular in a significant decline in the ratio starting in the second half-year of 2018.

After the introduction of regulation 21-E of January 23, 2018, a guarantee of USD 86 million was 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 the period concerned by the agreement, on June 30, 2020.

Discussions between the two countries' authorities concerning extension of the period covered by the agreement were begun in 2018 at the meeting of the Argentina-Brazil Automotive Committee. These discussions were still ongoing at June 30, 2019.

Disposals of subsidiaries or businesses by the Group generally include representations and warranties in the buyer's favor. At June 30, 2019, the Group had not identified any significant risk in connection with these operations.

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.

On January 9, 2019 the Italian Competition Authority (*Autorità Garante della Concorrenza e del Mercato*) fined RCI Banque €125 million, and Renault SA is jointly liable for payment of the fine. The Group is contesting the grounds for this fine and intends to appeal against the decision. Renault considers that the probability of the decision being cancelled or fundamentally amended by a court order is high. Also, due to the large number of variables affecting the amount of the fine, if upheld, it is impossible to reliably estimate the amount that could be payable at the end of the proceedings. Consequently, no provision was recognized in connection with this matter at December 31, 2018. On April 3, 2019 the application for suspension of the payment was accepted, with arrangement of a bank guarantee. The next court hearing is scheduled for February 26, 2020.

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, 2019 concern the level of vehicle emissions in Europe.

In the ongoing "emissions" affair in France, Renault acknowledges that a formal legal investigation was opened on January 12, 2017 at the request of the Paris public prosecution office. This new stage in the procedure was seen as an indication that the French prosecution office wanted to pursue this matter. No provision was recognized at June 30, 2019 (or December 31, 2018).

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, 2019 the balance of the provision is €11 million (compared to €23 million at December 31, 2018).

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, in the notes to the consolidated financial statements at December 31, 2018.

B. Off-balance sheet commitments received and contingent assets

(€ million)	June 30, 2019	Dec. 31, 2018
Sureties, endorsements and guarantees received	2,912	2,629
Assets pledged, provided as guarantees or mortgaged ⁽¹⁾	4,133	3,739
Buy-back commitments ⁽²⁾	4,504	3,961
Other commitments	40	26

(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 €3,583 million at June 30, 2019 (€3,374 million at December 31, 2018). In addition, AVTOVAZ received €13 million in real estate property rights and ownership rights as guarantees of loans, and €128 million in rights to vehicles as guarantees of trade receivables (€12 million and €78 million respectively at December 31, 2018).

(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, 2019.

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

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Statutory Auditors' Review Report on the condensed half-yearly consolidated financial statements (For the period from January 1 to June 30, 2019)

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 users. 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 the requirements of 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 period from January 1 to June 30, 2019,
- the verification of the information presented 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 matter set out in note 2-A2 to the condensed half-yearly consolidated financial statements regarding the changes resulting from the first application of IFRS 16 "Leases".

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 26, 2019

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. Thierry Bolloré, 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 26, 2019

Chief Executive Officer

A handwritten signature in black ink, reading "T. Bolloré", is written above a horizontal line.

Thierry Bolloré

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