

### FINANCIAL RESULTS FOR THE 1<sup>st</sup> HALF OF 2019

#### Resistance of the Group's operating margin at 5.9%

- The Group confirms its full year objectives of a Group operating margin at around 6% and a positive Automotive operational free cash flow.
- Given the degradation in demand, the Group now expects 2019 revenues to be close to last year's (at constant exchange rates and perimeter<sup>1</sup>).
- Groupe Renault contained its first half sales decrease at -6.7% in the first half 2019 (1.94 million units sold) in a global market down -7.1%<sup>2</sup>.
- The Group's revenues reached €28,050 million (-6.4%) in the semester. At constant exchange rates and perimeter<sup>1</sup>, the decrease would have been -5.0%.
- The Group's operating margin stood at 5.9% and reached €1,654 million compared with €1,914 million in the first half 2018.
- The Group's operating income stood at €1,521 million compared with €1,734 million.
- The net income amounting to €1,048 million (versus €2,040 million), was heavily penalized by the decline of Nissan's contribution, down -€826 million.
- The Automotive operational free cash flow at June 30, 2019 was negative by -€716 million, primarily because of the investment increase.

**Thierry Bolloré, CEO of Renault, declared: "In a tougher than expected environment, the Group stayed its course and achieved a level of performance in line with its expectations for the first part of the year. The launches of many new models, enhanced competitiveness and the teams' fighting spirit allow the Group to confirm its profitability objectives for the full year. "**

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<sup>1</sup> 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

<sup>2</sup> 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.

Boulogne-Billancourt, 7/26/2019 – **Group revenues** reached €28,050 million (-6.4% compared to last year). At constant exchange rates and perimeter<sup>3</sup>, 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 0.40% of 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%).

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<sup>3</sup> 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

**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.

At June 30, 2019, **total inventories** (including independent dealers) have been reduced by -4.5% and represented 65 days of sales, compared with 61 days at the end of June 2018.

## OUTLOOK 2019

In 2019, the Global Automotive market<sup>4</sup> 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<sup>5</sup>) 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.

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<sup>4</sup> 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).

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**GROUPE RENAULT CONSOLIDATED RESULTS**

€ million	H1 2018	H1 2019	Change
<b>Group revenues</b>	<b>29,957</b>	<b>28,050</b>	<b>-1,907</b>
<b>Operating profit</b>	<b>1,914</b>	<b>1,654</b>	<b>-260</b>
<i>% of revenues</i>	<i>6.4%</i>	<i>5.9%</i>	<i>-0.5 points</i>
<b>Other operating income and expenses items</b>	<b>-180</b>	<b>-133</b>	<b>+47</b>
<b>Operating income</b>	<b>1,734</b>	<b>1,521</b>	<b>-213</b>
<b>Net financial income and expenses</b>	<b>-121</b>	<b>-184</b>	<b>-63</b>
<b>Contribution from associated companies</b>	<b>814</b>	<b>-35</b>	<b>-849</b>
<i>o/w : NISSAN</i>	<b>805</b>	<b>-21</b>	<b>-826</b>
<b>Current and deferred taxes</b>	<b>-387</b>	<b>-254</b>	<b>+133</b>
<b>Net income</b>	<b>2,040</b>	<b>1,048</b>	<b>-992</b>
<b>Net income, Group share</b>	<b>1,952</b>	<b>970</b>	<b>-982</b>
<b>Automotive operational free cash flow</b>	<b>+418</b>	<b>-716</b>	<b>-1,134</b>

**Additional information**

The condensed half-year consolidated financial statements of Groupe Renault at June 30, 2019 were approved by the Board of Directors on July 25, 2019.

The Group's statutory auditors have conducted a limited review of these financial statements and their half-year report will be issued shortly.

The financial report, with a complete analysis of the financial results in the first half of 2019, is available at [www.group.renault.com](http://www.group.renault.com) in the Finance section.

**About Groupe Renault**

Groupe Renault has manufactured cars since 1898. Today it is an international multi-brand Group, selling close to 3.9 million vehicles in 134 countries in 2018, with 36 manufacturing sites, 12,700 points of sales and employing more than 180,000 people.

To address the major technological challenges of the future, while continuing to pursue its profitable growth strategy, Groupe Renault is focusing on international expansion. To this end, it is drawing on the synergies of its five brands (Renault, Dacia, Renault Samsung Motors, Alpine and LADA), electric vehicles, and its unique alliance with Nissan and Mitsubishi Motors. With a 100% Renault owned team committed to the Formula 1 World Championship since 2016, the brand is involved in motorsports, a real vector for innovation and awareness.

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