

Renault's Announcement on Financial Results for 1st Half of 2020 – Downward Pressure on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the Renault's announcement on its financial results for the first half of the fiscal year ended December 2020 (2020) on July 30.

- (1) Renault (the "Company") announced the financial results for the first half of 2020 on July 30. It revealed that the Company incurred an operating loss amounting to EUR2.0 billion due to a decrease of the number of car sales impacted by the new coronavirus disease (COVID-19) pandemic. It also incurred a net loss amounting to EUR7.4 billion for the period due also to an increase of an equity method loss stemming from the deterioration of Nissan's operating performance, which deteriorated its financial structure. For 2020, its operating performance will be improved to a certain extent by the implementation of its cost reduction measures. However, downward pressure on the business performance is growing amid its business environment deteriorating under the downturn of the world economy.
- (2) The Company announced along with NISSAN MOTOR CO., LTD. (security code: 7201) and Mitsubishi Motors Corporation (security code: 7211) in May measures to strengthen their alliance. Avoiding overlapping product development and production in areas, each of the 3 companies will concentrate on the areas in which each has strength and will use strength of the alliance in other areas. Going forward, it is expected that they will further promote communalizing chassis and parts and expand their mutual consignment of production. In addition to mitigating the impact of the COVID-19 pandemic, the Company will need to steadily improve its operating performance including the efficiency improvement, reduction of capital expenditures, and strengthening competitive edge through the measures to strengthen the alliance over the medium and long term. JCR will follow the development of the business environment and measures to strengthen the alliance, and its possible impact on the Company's operating performance and financial position, and will reflect it on the rating as necessary.

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Rating

Issuer: Renault

<Reference>

Foreign Currency Long-term Issuer Rating: A- Outlook: Stable

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