

FINANCIAL RESULTS FOR THE 1ST HALF OF 2017: GROUPE RENAULT CONTINUES TO GROW AND SETS A NEW HALF-YEAR OPERATING MARGIN RECORD

- **Registrations increased 10.4% to 1.88 million units.**
- **Group revenues increased by 17.3% to €29,537 million (+12.2% excluding the AVTOVAZ consolidation effect⁽¹⁾).**
- **Group operating margin stood at €1,820 million, representing 6.2% of revenues. Excluding AVTOVAZ, the operating margin increased by 17.9% to €1,817 million (6.4% of revenues, as compared with 6.1% during the first half of 2016).**
- **Group operating income stands at €1,789 million (+21.2%) compared with €1,476 million.**
- **Net income at €2,416 million (+54.2%) compared with €1,567 million.**
- **Positive Automotive operational free cash flow of €358 million.**
- **The Group confirms its full-year guidance.**

Carlos Ghosn, Chairman and CEO of Renault, declared: *"The Group posted new record results for a first half-year. These results are due to our product range renewal plan, our geographic expansion and the commitment of all our employees. This achievement puts us on a solid ground for the implementation of our next strategic plan and allows us to confirm our guidance for the year."*

Boulogne-Billancourt, 7/28/2017 –Group revenues reached €29,537 million (+17.3%). Excluding the impact of the AVTOVAZ consolidation, Group revenues increased 12.2% to €28,246 million (+ 11.3% at constant exchange rates).

Automotive excluding AVTOVAZ revenues reached €26,995 million (+12.1 %) thanks primarily to an increase in volume (+4.4 points). The increase in sales to partners contributed 2.5 points to this growth. The performance reflects the strong momentum in our CKD activity in Iran and China and in the sales of vehicles assembled in Europe (notably with the start of Nissan Micra production). The price effect (+2.3 points) is mainly due to the price increases related to the renewal of the range. The currency impact is positive at 0.8 points.

The Group's operating margin amounted to €1,820 million and represents 6.2% of revenues.

Automotive excluding AVTOVAZ operating margin was up €171 million (+15.3%) to €1,292 million or 4.8% of revenues compared with 4.7% during the first half of 2016. This performance is due primarily to the strong growth in activity (positive impact of €346 million) and the decrease in industrial costs (positive impact of €204 million). Unlike 2016, the mix/price/enrichment effect no longer benefits from price increases in emerging countries to compensate for currency devaluations and it turned negative in the amount of €180 million. Raw materials had a negative impact of €132 million. The currency impact was slightly negative (–€99 million), largely due to the depreciation of the British pound.

The **operating margin of AVTOVAZ** amounted to €3 million, or 0.2% of revenues. As a reminder, this latter was not consolidated in Groupe Renault's 2016 accounts.

Sales Financing contributed €525 million to the Group operating margin, compared with €420 million in the first half of 2016. This increase is due to the strong growth in net banking income, in connection with the positive evolution of performing outstandings. The cost of risk has stabilized at a record level of 0.29% of the average performing assets (0.30% in the first half of 2016).

Other operating income and expenses improved this half-year (-€31 million compared with -€65 million in the first half of 2016), notably due to the gains from real estate disposals.

The Group's **operating income** came to €1,789 million compared with €1,476 million in the first half of 2016 (+21.2%). This improvement is due to the increase in the operating margin and the reduction in other operating expenses.

Net financial income and expenses amounted to -€211 million, compared with -€67 million in the first half of 2016. This deterioration is due to the first consolidation of the net financial income and expenses of AVTOVAZ amounting to -€64 million, as well as to the negative impact of other financial items (value adjustment on the redeemable shares and foreign exchange gains).

The contribution of associated companies, mainly Nissan, came to €1,317 million, compared with €678 million in the first half of 2016. Nissan's contribution in the first quarter included a one-off gain related to the sale of its interest in the equipment manufacturer Calsonic Kansei.

Current and deferred taxes represent an expense of €479 million, a decrease of €41 million compared with 2016.

Net income reached €2,416 million (+54.2%), and net income, Group share totaled €2,379 million (€8.77 per share compared with €5.51 per share in the first half of 2016).

Automotive operational free cash flow (including AVTOVAZ) was positive at €358 million, after taking into account the positive impact of the change in the working capital requirement for €191 million.

At June 30, 2017, total inventories (including independent dealers) represented 63 days of sales, compared with 60 days at end-June 2016.

Outlook 2017

In 2017, the global market should see growth of around 1.5% to 2.5%. The European market is still expected to grow 2% over the period. The French market is expected to expand by 2%.

Outside Europe, the Russian market could grow by more than 5% (versus up to 5% previously) and the Brazilian market by 5% (versus stable previously).

The growth momentum is expected to continue in China (+5%) and India (+8%).

Within this context, and including AVTOVAZ, Groupe Renault is confirming its full-year 2017 guidance:

- **increase group revenues, beyond the impact of AVTOVAZ (at constant exchange rates)*,**
- **increase group operating profit in euros*,**
- **generate a positive automotive operational free cash flow.**

() compared with 2016 Groupe Renault published results*

€ million	H1 2016	H1 2017 (1)	Change
Group revenues	25,185	29,537	+4,352
Operating profit <i>% of revenues</i>	1,541 6.1%	1,820 6.2%	+279 +0.1 point
Other operating income and expenses items	-65	-31	+34
Operating income	1,476	1,789	+313
Net financial income and expenses	-67	-211	-144
Contribution from associated companies	678	1,317	+639
o/w : NISSAN	749	1,288	+539
Current and deferred taxes	-520	-479	+41
Net income	1,567	2,416	+849
Net income, Group share	1,501	2,379	+878
Automotive operational free cash flow	+381	+358	-23

(1) AVTOVAZ profit and loss account consolidated by full integration from 1st of January 2017

Additional information

The condensed half-year consolidated financial statements of the Renault group at June 30, 2017 were approved by the Board of Directors on July 27, 2017.

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 2017, is available at www.groupe.renault.com in the Finance section.

About Groupe Renault

Groupe Renault has been making cars since 1898. Today it is an international multi-brand group, selling close to 3.2 million vehicles in 127 countries in 2016, with 36 manufacturing sites, 12,700 points of sales and employing more than 120,000 people. To meet the major technological challenges of the future and continue its strategy of profitable growth, the Group is harnessing its international growth and the complementary fit of its five brands, Renault, Dacia and Renault Samsung Motors, Alpine and LADA, together with electric vehicles and the unique Alliance with Nissan. With a new team in Formula 1 and a strong commitment to Formula E, Renault sees motorsport as a vector of innovation and brand awareness.

For More Information:

Rié YAMANE
Corporate Press Officer (Sales & Regions)
+33 (0)1 76 84 00 99
rie.yamane@renault.com
GROUPE RENAULT

PRESS OFFICE

Tel.: +33 (0)1 76 84 63 36
renault.media@renault.com

Websites: www.media.renault.com - www.group.renault.com

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