

## FIRST-HALF 2011 FINANCIAL RESULTS

Renault reports net income of €1,253 million, up 52% and positive Automotive operational free cash flow of €121 million.

- **Record first half-year sales, with 1.4 million units sold, up 1.9%.**
- **Group revenues of €21,101 million, up 7.3% year on year.**
- **Group operating margin of €630 million, or 3.0% of revenues (€780 million or 4.0% in first-half 2010). The negative impact of the tsunami in Japan on Group operating margin in first-half 2011 is estimated at €150 million.**
- **Group operating income up €54 million to €772 million in first-half 2011.**
- **Net income of €1,253 million, compared to €823 million in first-half 2010.**
- **Positive Automotive operational free cash flow<sup>[1]</sup> of €121 million.**
- **Automotive net financial debt of €1,221 million at end-June, down €214 million in the first half.**

Commenting on the results, Carlos Ghosn, Chairman and CEO of Renault, said: “The sales record in the first half confirms the Group’s strong potential for international growth. The financial results were impacted by external events, including supply constraints, which will subside in the second half, and a considerable increase in the cost of raw materials. In this context, the Group confirms its objective of operational free cash flow above €500 million for 2011.”

The Group reported revenues of €21,101 million in the first half of 2011, up 7.3%. Driven by continued international growth, Automotive contributed €20,143 million to revenues. This 7.3% year-on-year increase resulted mainly from an improvement in the sales mix and an increase in volumes.

The Group’s market share in France was negatively impacted in the first quarter of 2011 by a shortage of vehicles. This effect was worsened, in the second quarter, by supply issues following the tsunami in Japan.

Group **operating margin** in the first half came to €630 million, or 3.0% of revenues, compared to €780 million or 4.0% in the first half of 2010.

The operating margin of **Automotive** totaled €221 million, or 1.1% of revenues, down €189 million compared to the first-half of 2010. This difference was mainly a result of:

- **the higher cost of raw materials, for -€313 million, partially offset by the effect of the cost reduction plan (Monozukuri) for a positive €279 million,**
- **a negative currency effect of €102 million,**
- **growth in sales volumes totalling €59 million,**

- **a mix/price distortion of -€91 million in a competitive European market that was disrupted by supply constraints.**

In all, the supply constraints stemming from the Japanese tsunami had an unfavorable impact on the operating margin of Automotive of an estimated €150 million in the first half. The impacts were mainly felt in production, commercial offers and logistics.

The contribution of **Sales Financing** to the Group operating margin came to €409 million compared to €370 million euros in the first half of 2010. This €39 million increase resulted from higher outstandings and a strong decrease in the cost of risk, which reached an historical low.

In the first half of 2011 Renault reported a net gain of €557 million from the contribution of associated companies, notably Nissan, AB Volvo and AvtoVAZ.

Net income came to €1,253 million, and net income Group share totaled €1,220 million (€4.48 per share compared with €2.95 per share in the first-half of 2010).

Automotive operational **free cash flow** was positive at €121 million, despite an unfavorable change in the working capital requirement of €437 million compared with December 31, 2010 (due in part to an unusual seasonality in stocks linked to supply constraints).

As a result, the Automotive **net financial debt** fell €214 million on December 31, 2010, totaling €1,221 million at June 30, 2011. The ratio of net debt to shareholders' equity was 5.3% at end-June 2011 (compared to 6.3% at end-December 2010).

## **2011 OUTLOOK**

The global automotive market (PC + LCV) is expected to continue to grow, ending the year up 3% to 4% versus 2010. Emerging markets will remain the main growth drivers, while Europe should remain stable or even contract slightly (-2%) for the year as a whole, with a 4% to 6% decrease in the French market. In this context, Renault expects to post higher sales volumes and revenues than in 2010.

Supply constraints are expected to subside gradually in the second half, enabling a strong recovery in production from September. The impact of the Japanese tsunami on operating margin in the second half is estimated to be an additional €50 million.

In this context, the Group confirms its objective of an Automotive operational free cash flow above €500 million for 2011, with a ratio of capital expenditures and R&D below 9% of revenues.

## **Consolidated Group first-half results**

| € million                                    | H1 2011 | H1 2010 |
|--|---------|---------|
| Revenues[2]                                  | 21,101  | 19,668  |
| Operating margin                             | 630     | 780     |
| % of revenues                                | + 3.0 % | + 4.0%  |
| Other operating income and expenses          | 142     | -62     |
| Operating income                             | 772     | 718     |
| Net financial income and expenses            | -81     | -246    |
| Contribution from associated companies, o/w: | 557     | 531     |
| Nissan                                       | 441     | 460     |
| Volvo  | 70      | 121     |
| AvtoVAZ                                      | 37      | -56     |
| Current and deferred taxes                   | 5       | -180    |
| Net income                                   | 1,253   | 823     |
| Net income Group share                       | 1,22    | 780     |

## ADDITIONAL INFORMATION

The Group's consolidated financial statements were approved by the Board of Directors on July 27, 2011.

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

The earnings report with a complete analysis of the financial results for first-half 2011 is available for download in the Finance section of [www.renault.com](http://www.renault.com).

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[1] Operational free cash flow: cash flow (excluding dividends received from quoted companies) minus tangible and intangible investments +/- change in working capital requirement.

[2] On a consistent basis, first-half 2010 = €19,683 million, an increase of 7.2%.

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