GROUPE RENAULT

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FINANCIAL RESULTS FOR THE 1ST HALF OF 2018: GROUPE RENAULT SETS A NEW OPERATING MARGIN RECORD FOR A FIRST HALF-YEAR

- **Registrations increased 9.8% to 2.07 million units (+5.3% excluding Jinbei and Huasong).**
- **Group revenues increased by 1.4% to €29,957 million (+2.4% in the second quarter versus +0.2% in the first quarter). At constant exchange rates and perimeter[1], the increase would have been +6.8% in the first half.**
- **Group operating margin stood at €1,914 million compared with €1,820 million, representing 6.4% of revenues. Excluding IFRS 15 impact, the operating margin would have reached 6.6%.**
- **Group operating income stood at €1,734 million (-3.1%) compared with €1,789 million. This decrease came mainly from a provision for restructuring.**
- **Net income at €2,040 million compared with €2,437 million[2] (-16.3%). This decrease came from Nissan's contribution, down 483 million, which notably benefited from a capital gain last year.**
- **Positive Automotive operational free cash flow of €418 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 in a volatile economic environment. These results are due to our strategy of regional diversification, the success of our new products and the commitment of all our employees. The results give us confidence in the achievement of our guidance for the year."*

Boulogne-Billancourt, 7/27/2018 – Group revenues reached €29,957 million (+1.4%). At constant exchange rates and perimeter, Group revenues increased by 6.8%.

From January 1st, 2018 the Group applies IFRS 15 ("Revenue from Contracts with Customers"). The main impact relates to the treatment of incentives granted in the form of reduced interest on the sale of a vehicle with associated financing. These incentives are now recognized in profit and loss at the time of the vehicle sale, instead of being recognized progressively as it was previously the case.

Within this framework, the Group changed the allocation of interest rate subsidies between operating segments, with no impact on consolidated revenues. With comparable presentation method, Automotive excluding AVTOVAZ revenues would have been higher by €278 million (1.0 point), offset by an equal decrease in Sales Financing revenues.

Automotive excluding AVTOVAZ revenues amounted to €26,867 million, down -0.5%. Beyond the negative -1.0 point effect mentioned above, this decrease was mainly explained by a negative currency effect of -4.6 points, due to the strong devaluation of the Group's main currencies (Argentinean peso, Brazilian real, US dollar, Russian rubble). The volume effect was positive (+3.1 points). The price effect was positive by 1.2 points mainly driven by emerging countries to offset currency weakness.

The **Group's operating margin** amounted to €1,914 million, and represents 6.4% of revenues. Excluding IFRS 15 impact, the operating margin would have reached €1,984 million (6.6% of revenues).

The **Automotive excluding AVTOVAZ operating margin** was down €77 million to €1,215 million, representing 4.5% of revenues (4.7% excluding the accounting reclassification mentioned here above and the IFRS 15 impact) compared to 4.8% in the first half of 2017. This performance can be explained mainly by business growth (€80 million positive impact) and industrial costs reduction (€254 million positive impact). In contrast, raw materials had a negative effect of -€192 million, and currencies of -€347 million (mainly due to the devaluation of the Argentinian peso). The mix/price/enrichment effect benefits from price increases in emerging markets to offset currency devaluation and becomes positive at €184 million.

The **operating margin of AVTOVAZ** amounted to €105 million, to be compared with €3 million in the first half of 2017. AVTOVAZ benefits from the success of its recently launched models in a recovering market, its efforts to streamline costs, but also positive non-recurring impacts.

Sales Financing contributed €594 million to the Group operating margin, compared with €525 million in the first half of 2017. This 13.3% increase is mainly due to the strong growth in net banking income, in connection with its high level of performance on customer outstandings.

Other operating income and expenses have a negative impact of -€180 million (compared with -€31 million in the first half of 2017), notably due to provisions on restructuring charges related to the implementation of the competitiveness agreement in France (CAP 2020).

The Group's **operating income** came to €1,734 million compared with €1,789 million in the first half of 2017 (-3.1%). This decrease comes mainly from the provision for restructuring mentioned above.

Net financial income and expenses amounted to -€121 million, compared with -€187 million in the first half of 2017 (restated at comparable accounting method). This improvement is explained by the decrease in the funding cost of Renault SA, Renault do Brasil and AVTOVAZ.

The contribution of associated companies, mainly Nissan, came to €814 million, compared with €1,317 million in the first half of 2017. Nissan's contribution included in 2017 a one-off gain of €284 million related to the sale of its interest in the equipment manufacturer Calsonic Kansei.

Current and deferred taxes represent an expense of -€387 million, a decrease of €95 million compared with the restated first half of 2017.

Net income reached €2,040 million (-16.3%), and net income, Group share totaled €1,952 million (€7.24 per share compared with €8.85 per share in the restated first half of 2017).

Automotive operational free cash flow (including AVTOVAZ) was positive at €418 million, after taking into account the positive impact of the change in working capital requirement for €200 million.

At June 30, 2018, total inventories (including independent dealers) represented 62 days of sales, compared with 63 days at end-June 2017.

Outlook 2018

The global market is expected to grow 3% on 2017 (previously +2.5%). The European market is expected to expand 1.5% (vs +1%) with an increase of 2% (vs +1%) for France.

Internationally, the Brazilian market is expected to grow 10% (vs +5%) and the Russian market more than 10% (vs close to +10%). China is expected to grow 5% (unchanged), and India 8% (vs 6%).

Within this context, Groupe Renault is confirming its full-year 2018 guidance:

- Increase Group revenues (at constant exchange rates and perimeter[1])*
- Maintain Group operating margin above 6.0%*
- Generate a positive Automotive operational free cash flow

**Excluding IFRS 15 impact*

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[1]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. Concerning 2017, recalculated revenues are only adjusted for the exchange rate effect, as no significant change in the perimeter of consolidation occurred in 2017 other than the integration of the AVTOVAZ Group, which is presented as a separate operating segment.

[2]The figures for first-half 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 and allocation of the purchase price for the AVTOVAZ Group which was finalized in the second half-year of 2017.

Groupe Renault consolidated results

€ million	H1 2017 Reported	H1 2017 Restated	H1 2018	Change (vs Restated)
Group revenues	29,537	29,537	29,957	+420
Operating profit	1,820	1,820	1,914	+94
% of revenues	*6.2%*	*6.2%*	*6.4%*	*+0.2 points*
Other operating income and expenses items	-31	-31	-180	-149
Operating income	1,789	1,789	1,734	-55
Net financial income and expenses*	-211	-187	-121	+66
Contribution from associated companies	1,317	1,317	814	-503
o/w : NISSAN	1,288	1,288	805	-483
Current and deferred taxes*	-479	-482	-387	+95
Net income*	2,416	2,437	2,04	-397
Net income, Group share*	2,379	2,399	1,952	-447
Automotive operational free cash flow	+358	+358	+418	+60

**The figures for first-half 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018 and allocation of the purchase price for the AVTOVAZ Group which was finalized in the second half-year of 2017.*

Additional information

The condensed half-year consolidated financial statements of the Renault group at June 30, 2018 were approved by the Board of Directors on July 26, 2018.

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 2018, is available at www.group.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 3.76 million vehicles in 134 countries in 2017, with 36 manufacturing sites, 12,700 points of sales and employing more than 180,000 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 and Mitsubishi. With a new team in Formula 1 and a commitment to Formula E, Renault sees motorsport as a vector of innovation and brand awareness.

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