EARNINGS REPORT
FIRST-HALF 2020

GROUPE RENAULT

EARNINGS REPORT - First-half 2020

KEY FIGURES

		H1 2020	H1 2019	Change
Worldwide Group sales [1]	Million vehicles	1.26	1.93	-34.9%
Group revenues	€ million	18,425	28,050	-9,625
Group operating profit	€ million	-1,203	1,654	-2,857
	% revenues	-6.5%	5.9%	-12.4 pts
Group Operating income	€ million	-2,007	1,521	-3,528
Contribution from associated companies	€ million	-4,892	-35	-4,857
o/w Nissan	*€ million*	*-4,817*	*-21*	*-4,796*
Net income	€ million	-7,386	1,048	-8,434
Net income, Group share	€ million	-7,292	970	-8,262
Earnings per share	€	-26.91	3,57	-30.48
Automotive operational Free cash flow [2]	€ million	-6,375	-716	-5,659
Automotive net financial position	€ million	-4,998 at June 30, 2020	+1,734 at Dec. 31, 2019	-6,732
Sales Financing, average performing assets	€ billion	48.1	46.7	+3.0%

(1) Worldwide Group sales include Jinbei&Huasong sales.

(2) Automotive operational Free cash flow: cash flows after interest and tax (excluding dividends received from publicly listed companies) minus tangible and intangible investments net of disposals +/- change in the working capital requirement.

OVERVIEW

In the first half of the year, **Groupe Renault** recorded 1,256,658 vehicles sold, down 34.9% in a market that fell 28.3% [1].

Group revenues reached €18,425 million (-34.3% compared to the first half of 2019). At constant exchange rates and perimeter [2], Group revenues would have decreased by 32.9%.

Automotive excluding AVTOVAZ revenues amounted to €15,727 million, down 36.6% compared to the first half of 2019. This decrease was mainly explained by a negative volume effect of -29.6 points and -7.3 points for the sales to partners. The Covid-19 health crisis was the main reason of these two impacts. The currency effect was negative 1.5 points mainly linked to the devaluation of the Argentinian peso, the Brazilian real and the Turkish lira.

The price effect, positive by 2.0 points, came from the repositioning of our new vehicles, notably Clio and Captur and the efforts to offset regulatory costs in Europe and currency devaluations in emerging countries.

The product mix effect is positive by 0.4 points thanks to the increase in sales of ZOÉ.

"Others" effects weighed negatively for 0.8 points, notably due to a lower contribution from aftersales strongly impacted by confinement measures.

The **Group** recorded a negative **operating margin** of -€1,203 million representing -6.5% of revenues. The negative impact of the Covid-19 health crisis was estimated at around €1.8 billion[3] for this semester.

The **Automotive excluding AVTOVAZ operating margin** was down €2,629 million to -€1,648 million.

Volume and sales to partners effect had a negative impact of €2,078 million. The Monozukuri effect was negative by €40 million: purchasing performance was weaker than usual, notably due to a limited production volume resulting from the temporary closure of plants. The impact of R&D in Monozukuri was a negative €133 million despite a €493 million decrease in cash expenses. This was due to a decrease in the capitalization ratio of nearly 6 points and an increase in R&D amortization of €126 million.

Mix/price/enrichment effect was negative €203 million mainly because of new products enrichment and regulatory content.

The €133 million improvement in G&A came mainly from the Group's efforts to limit its costs, notably in the context of the 2o22 plan project and the decline in activity.

Currencies and raw materials weighed respectively for -€186 million and -€90 million.

(1) 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.

(2) 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.

(3) The estimated Covid-19 impact on the activity volume is the result of a comparison between the Group's latest pre-crisis forecast and the actual results for the half-year. Furthermore, this estimate takes into account the impact of the health crisis on the company's costs net of government aid received during this period.

The **operating margin of AVTOVAZ** amounted to -€2 million, to be compared with €82 million in the first half of 2019, reflecting mostly the impact of the decrease of 30.1% in revenues.

Sales Financing contributed €469 million to the Group operating margin (including a negative currency effect for €15 million), compared with €591 million in the first half of 2019. The operating expenses ratio improved by 7 basis points, reflecting RCI Bank and Services ability to adapt to its level of activity.

On the other hand, the total cost of risk increased to 0.99% of the average performing assets compared to 0.40% in the first half 2019. It was strongly impacted by an increase in provisioning related to the health crisis and the negative consequences of confinement policies on repossession processes.

Other operating income and expenses stood at -€804 million (compared with -€133 million in the first half of 2019). They included -€445 million in impairment of assets, in particular for some vehicles whose volume assumptions have been revised, -€166 million in provisions for restructuring costs, in particular related to the early retirement plan in France, and -€153 million in capital losses notably in China.

After taking into account the other operating income and expenses, Group **operating income** came to -€2,007 million compared with €1,521 million in the first half of 2019.

Net financial income and expenses amounted to -€214 million, compared with -€184 million in the first half of 2019. This deterioration, despite a decrease in the cost of funding, is primarily explained by the absence of dividends paid by Daimler (€54 million in 2019).

The **contribution of associated companies** came to -€4,892 million, compared with -€35 million in the first half of 2019. This decline came mostly from Nissan's contribution, down €4,796 million including -€4,290 million of impairments and restructuring costs (including -€1,934 million of IFRS restatements).

Current and deferred taxes represented a charge of €273 million compared with a charge of €254 million in the first half of 2019. It includes -€268 million due to the discontinuation of the recognition of deferred tax assets on AVTOVAZ tax losses.

Net income reached -€7,386 million and net income, Group share totaled -€7,292 million (-€26.91 per share compared with €3.57 per share in the first half of 2019).

Automotive operational free cash flow was negative at -€6,375 million after taking into account a positive free cash flow for AVTOVAZ of €110 million and €135 million of restructuring expenses. Excluding AVTOVAZ and restructuring costs, this results from +€22 million cash flow, investments amounting to €2,543 million (down €367 million compared with the first half of 2019) and the negative impact of the change in working capital requirement for €3,829 million.

The **Automotive activity** at June 30, 2020 held €16.8 billion of liquidity reserves (€10.3 billion at March 30, 2020) which include the €5 billion credit facility agreement benefiting from the guarantee of the French State.

OUTLOOK 2020

Given the uncertainties around the health situation, both in Europe and in emerging countries, the Group estimates that it is not in a position to give a reliable guidance for the full year. Furthermore, the Group confirms its target to achieve €600 million of cost reduction this year, representing 30% of the 2o22 plan project cost savings.

MAIN RISKS AND UNCERTAINTIES FOR THE REMAINING SIX MONTHS OF THE FISCAL YEAR

Renault designs, manufactures and markets passenger cars and light commercial vehicles as well as sales financing thanks to its RCI Bank and Services subsidiary. As at today, no other risks than those described in the amendment of the 2019 Universal Registration Document filed on June 11, 2020, are anticipated in the remaining six months of the year.

The results for the first half of 2020 were impacted by the Covid-19 pandemic that occurred at the beginning of 2020. Over this period, the Group's total sales declined by 34.9% compared to the first half 2019 in a global market down 28.3% and the impact of the pandemic on the first half financial results is estimated at €1.8 billion.

In the current state of visibility, the consequences of the health crisis could extend into the second half of the year, with impacts on the health and availability of the Group's employees and those of its partners, on the evolution of commercial demand and on financial performance. The risk factors are linked to the pace of market recovery in each of the geographical areas due to the evolution of the pandemic and the potential occurrence of a second wave in certain areas.

To date, it is impossible to assess the impact that this crisis will have, particularly on the Group's annual results.

As of June 30, 2020, the Automotive segment had a liquidity reserve of €16.8 billion comprising €8.3 billion euros in cash and cash equivalents and €3.5 billion euros in undrawn confirmed credit lines as well as €5 billion relating to the credit facility agreement with a guaranty from the French State. RCI Bank and Services liquidity reserve amounts to €13.5 billion.

TRANSACTIONS WITH RELATED THIRD PARTIES

There are no transactions between related parties other than those described in Note 27 of the Appendix to the Annual Consolidated Financial Statements of the same Universal Registration Document and in Note 20 of the Appendix to the Half-Year Consolidated Financial Statements summarized in this report.

OVERVIEW

- With the Covid-19 pandemic context, **Groupe Renault** sold 1,256,658 vehicles in the first half, with a strong commercial recovery in June. The Renault brand was thus the number one brand in Europe in June.
- On the **electric market**, ZOÉ is the best-selling car in Europe, with growth of nearly 50% to 37,540 units in the first half and a record level of orders at 11,000 units in June.
- In the second half, the Group steps up its product offensive with the launch of the E-TECH Hybrid range and Twingo Z.E. in Europe, the arrival of a new Duster in the Americas and a new SUV in India.
- The Group is on track to meet its **CAFE** targets for 2020.

GROUPE RENAULT'S TOP FIFTEEN MARKETS

Rang H1 2020		Volumes H1 2020* (in units)	PC / LCV market share H1 2020 (%)	Change in market share on H1 2019 (points)
1	France	242,534	27.2	+0.5
2	Russia	192,158	30.2	+1.4
3	Germany	80,421	6.1	-0.4
4	China**	70,732	0.8	-0.0
5	Italy	63,530	9.9	-0.9
6	Brazil	59,941	7.9	-1.2
7	South Korea	55,242	6.1	+1.8
8	Turkey	49,131	19.3	+0.6
9	Spain	48,275	12.0	-0.9
10	Belgium+Luxembourg	31,106	11.3	-1.7
11	United-Kingdom	27,057	3.5	-0.7
12	India	26,245	2.8	+0.8
13	Poland	21,687	10.6	-1.4
14	Romania	21,299	37.0	-0.4
15	Argentina	19,875	13.6	-1.7

** Preliminary figures.*
*** Including Jinbei & Huasong.*

1

SALES PERFORMANCE

1.1 AUTOMOTIVE

1.1.1 GROUP SALES WORLDWIDE BY REGION, BY BRAND & BY TYPE

PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES (UNITS)**	H1 2020*	H1 2019	Change (%)
GROUP	**1,256,658**	**1,931,052**	**-34.9**
EUROPE REGION	**623,854**	**1,071,287**	**-41.8**
Renault	460,641	755,001	-39.0
Dacia	161,334	310,832	-48.1
Alpine	546	2,574	-78.8
Lada	1,333	2,880	-53.7
AFRICA MIDDLE-EAST INDIA & PACIFIC REGION	**150,734**	**217,977**	**-30.8**
Renault	76,224	135,801	-43.9
Dacia	19,650	47,192	-58.4
Renault Samsung Motors	53,142	33,463	+58.8
Alpine	153	273	-44.0
Lada	1,034	1,017	+1.7
Jinbei & Huasong***	531	231	+129.9
EURASIA REGION	**297,455**	**346,272**	**-14.1**
Renault	108,535	117,041	-7.3
Dacia	30,174	34,218	-11.8
Alpine	1	0	+++
Lada	150,225	195,013	-23.0
Avtovaz	8,520	0	+++
AMERICAS REGION	**113,826**	**205,767**	**-44.7**
Renault	112,575	204,714	-45.0
Lada	122	172	-29.1
Jinbei & Huasong***	1,129	881	+28.1
CHINA REGION	**70,789**	**89,749**	**-21.1**
Renault	2,324	12,492	-81.4
Jinbei & Huasong***	68,465	77,257	-11.4
BY BRAND			
Renault	760,299	1,225,049	-37.9
Dacia	211,158	392,242	-46.2
Renault Samsung Motors	53,142	33,463	+58.8
Alpine	700	2,847	-75.4
Lada	152,714	199,082	-23.3
Jinbei & Huasong	70,125	78,369	-10.5
Avtovaz	8,520	0	+++
BY VEHICLE TYPE			
Passenger cars	1,031,081	1,609,524	-35.9
Light commercial vehicles	225,577	321,528	-29.8

** Preliminary figures.*

*** Twizy is a quadricycle and therefore not included in Group automotive sales except in Bermuda, Chile, Colombia, South Korea, Guatemala, Ireland, Lebanon, Malaisia and Mexico where Twizy is registered as a passenger car.*

**** Jinbei & Huasong includes the brands Jinbei JV, Jinbei not JV (Shineray and Huarui) and Huasong.*

In the first half of the year, Groupe Renault recorded 1,256,658 vehicles sold, down 34.9% in a market that fell 28.3%. Group Market share now stands at 4.0%.

With 760,299 vehicles sold in the first half 2020 (-37.9% compared to last year), the Renault brand accounted for 61% of the Group's volumes.

Apart from sales of the Renault Samsung Motors brand, which increase by +58.8%, the other brands are all declining. Dacia and Lada are respectively down -46.2% and -23.3%. Alpine sales fall -75.4% and Jinbei&Huasong by -10.5%.

➔ Electric vehicle

The sales volumes of the Renault brand worldwide rose by 38%, with more than 42,000 vehicles sold in the first half.

In Europe, **ZOÉ is the best-selling car** with a sales growth close to 50% to 37,540 units and reached a record level of orders in June with nearly 11,000 orders.

The electric offensive with the arrival of Twingo Z.E. and the launch of E-TECH Hybrid engines (New Clio Hybrid, New Captur Plug-In Hybrid and New Megane Estate Plug-In Hybrid), have strengthened the Group's trajectory towards achieving its CAFE objectives for 2020.

➔ Europe

In Europe, the sales of the Group amounted to 623,854 vehicles, down 41.8% in a market that was down 38.9%. The Group successfully renewed all its B-segment models under the **Renault** brand (Clio, Captur and ZOÉ). **New Clio was the best-selling vehicle within the B-segment** in Europe in the first half, with 102,949 units sold.

In the first half of the year, the **Dacia** brand recorded a 48.1% decline in sales to 161,334 vehicles sold, impacted by its exposure to the retail market strongly affected by the Covid-19 crisis.

In June, Group sales in Europe picked up with Renault and Dacia achieving respectively 10.5% (leading brand) and 3.5% market share. The Dacia brand is benefiting fully from customers' return to the sales network taking advantage of its full range of engines: LPG, gasoline and diesel.

➔ Outside Europe

Outside Europe, the Group was particularly affected by the market downturn in Russia (-23.3%), in India (-49.4%), in Brazil (-39.0%), and China (-20.8%).

In Russia

In the Group's second-largest country in terms of sales volume, Groupe Renault is the leader with a market share of 30.2%, up 1.4 points. Sales fell 19.5% in a market that contracted 23.3%.

The **Renault** brand's market share rose 0.3 points to 8.1%. Arkana confirmed its success with more than 7,000 vehicles registered in the first half and established Renault in a brand-new coupe-SUV segment in Russia.

Lada confirms its position as the leading brand on the Russian market with a 20.8% market share, to which must be added 1.3% for the NIVA model (AVTOVAZ) which has just been rebadged Lada in July. Lada Granta and Lada Vesta remain the two best-selling vehicles in Russia.

In India

Group sales fell 28.7% in a market that was down 49.4%. Renault reached a market share of 2.8% (+0.8 points). Nearly 13,000 Tribers were sold in the first six months. In the second half, the Renault range (Kwid, Duster, Triber) will be expanded with the arrival of a brand-new SUV.

In Brazil

In a market down 39.0%, Group sales fell 46.9%, mainly due to the new strategy of improving profitability and repositioning vehicle prices.

In China

The Group's volumes were down 21.2% in a market that declined by 20.8%. The Group is currently implementing a new strategy aimed at refocusing its activities on LCVs with Renault Brilliance Jinbei Automotive Co, Ltd and electric vehicles with eGT New Energy Automotive Co, Ltd (eGT) and Jiangxi Jiangling Group Electric Vehicle Co. Ltd (JMEV).

In South Korea

The Group recorded a 51.3% increase in sales in a market up 6.9% thanks to the success of its new XM3 model launched in March 2020, which sold more than 22,000 units over four months.

1.1.2 SALES AND PRODUCTION STATISTICS

1.1.2.1 GROUP SALES WORLDWIDE

Consolidated global sales by brand and geographic areas as well as by model are available in the regulated information of the Finance section on Groupe Renault website.

https://group.renault.com/en/finance-2/regulated-information/Monthly sales

1.1.2.2 GROUP WORLDWIDE PRODUCTION

PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES (UNITS)	H1 2020 **	H1 2019	Change (%)
GROUP GLOBAL PRODUCTION*	**1,132,709**	**1,962,917**	**- 42.3**
O/w produced for partners:			
Opel / Vauxhall	9,043	17,212	- 47.5
Nissan	35,090	96,531	- 63.6
Mitsubishi	960		+++
Daimler	8,134	39,474	- 79.4
Fiat	6,517	11,717	- 44.4
Renault Trucks	6,634	9,621	- 31.0

PRODUCED BY PARTNERS FOR RENAULT	H1 2020 **	H1 2019	Change (%)
Nissan - Chennai	33,733	42,242	-20.1
Other Nissan	85	606	-86.0
China JVs (DRAC, RBJAC, e-GT-NEV) ***	12,119	7,842	+54.5

** Production data concern the number of vehicles leaving the production line.*
*** Preliminary figures.*
**** RBJAC and e-GT-NEV were not consolidated in H1 2019.*

1.1.2.3 GEOGRAPHICAL ORGANIZATION OF THE RENAULT GROUP BY REGION – COUNTRIES IN EACH REGION

At June 30, 2020

EUROPE	AFRICA MIDDLE-EAST INDIA AND PACIFIC		EURASIA	AMERICAS	CHINA
Albania	Abu Dhabi	Malaysia	Armenia	Argentina	China
Austria	Algeria	Mali	Azerbaijan	Bermuda	Hong Kong
Belgium-Lux.	Angola	Martinique	Belarus	Bolivia	
Bosnia	Australia	Mauritania	Bulgaria	Brazil	
Croatia	Bahrain	Mauritius	Georgia	Chile	
Cyprus	Bangladesh	Mayotte	kazakhstan	Colombia	
Czech Rep.	Benin	Morocco	Kyrgyzstan	Costa Rica	
Denmark	Burkina Faso	Mozambique	Moldova	Curacao	
Estonia	Cambodia	Myanmar	Mongolia	Dominica	
Finland	Cameroon	Nepal	Romania	Dominican Rep.	
France Metropolitan	Cape Verde	New Caledonia	Russia	Ecuador	
Germany	Cuba	New Zealand	Tajikistan	Guatemala	
Greece	Djibouti	Nigeria	Turkey	Mexico	
Hungary	Dubai	Oman	Ukraine	Netherlands Antilles	
Iceland	Egypt	Palestine	Uzbekistan	Panama	
Ireland	French Guiana	Philippines		Paraguay	
Italy	Gabon	Qatar		Peru	
Kosovo	Ghana	Rep. Democratic Congo		Trinidad & Tobago	
Latvia	Guadeloupe	Saint-Pierre & Miquelon		Uruguay	
Lithuania	Guinea	Saudi Arabia			
Macedonia	India	Senegal			
Malta	Indonesia	Seychelles			
Montenegro	Iraq	Singapore			
Netherlands	Israel	South Africa + Namibia			
Norway	Ivory Coast	South Korea			
Poland	Japan	Sudan			
Portugal	Jordan	Tahiti			
Serbia	Kenya	Tanzania			
Slovakia	Kuwait	Togo			
Slovenia	La Réunion	Tunisia			
Spain	Lebanon	Uganda			
Sweden	Liberia	Vanuatu			
Switzerland	Madagascar	Zambia			
United Kingdom	Malawi	Zimbabwe			

1.2 SALES FINANCING

In a context of a health crisis leading to a fall in the global automotive market, RCI Bank and Services achieved a financing penetration rate of 44.9%, an increase of +3.6 points compared to the same period last year. Excluding Turkey, Russia and India (companies consolidated by the equity method), this rate amounts to 47.6%, compared with 43.0% in the first half of 2019.

RCI Bank and Services recorded 658,555 contracts financed during the first half of 2020, down -28.3% compared to the same period last year. Less impacted by the health crisis, the used vehicle financing business reported a limited decline of -15.0% compared to last year with 157,500 files financed.

RCI Bank and Services generated €7.7 billion in new financings.

Average performing assets (APA) now stand at €48.1 billion, showing a +3.0% increase compared to last year, supported by the 2019 second half commercial performance. Of this amount, €37.8 billion are directly related to the Customers business, up +3.9%.

RCI BANQUE FINANCING PERFORMANCE

	H1 2020	H1 2019	Change (%)
Number of financing contracts (Thousands)	**659**	**919**	**-28.3**
- Including UV contracts (Thousands)	*158*	*185*	*-15.0*
New financing (€ billion)	**7.7**	**10.9**	**-28.7**
Average performing assets (€ billion)	**48.1**	**46.7**	**+3.0**

PENETRATION RATE BY BRAND

	H1 2020 (%)	H1 2019 (%)	Change (points)
Renault	45.0	41.7	+3.3
Dacia	48.0	44.5	+3.4
Renault Samsung Motors	59.5	57.6	+1.9
Nissan	38.6	36.2	+2.4
Infiniti	34.9	29.6	+5.3
Datsun	24.7	21.4	+3.3
RCI Banque	**44.9**	**41.3**	**+3.6**

PENETRATION RATE BY REGION

	H1 2020 (%)	H1 2019 (%)	Change (points)
Europe	48.6	44.2	+4.4
Americas	42.7	36.7	+6.0
Africa Middle-East India and Pacific	43.1	41.2	+1.9
Eurasia	31.1	27.4	+3.8
RCI Banque	**44.9**	**41.3**	**+3.6**

Pillar of the Group's strategy, the services business represents 1.9 million insurance and service contracts, down -22.8%, of which 69% are customer and vehicle use-related services.

RCI BANQUE SERVICES PERFORMANCE

	H1 2020	H1 2019	Change
Number of services contracts (Thousands)	1,943	2,517	-22.8%
Penetration rate on Services	**174.1%**	**141.8%**	**+32.3 pts**

SUMMARY

(€ million)	H1 2020	H1 2019	Change
Group revenues	**18,425**	**28,050**	**-34.3%**
Operating profit	**-1,203**	**1,654**	**-2,857**
Operating income	-2,007	1,521	-3,528
Net Financial income & expenses	-214	-184	-30
Contribution from associated companies	**-4,892**	**-35**	**-4,857**
O/w Nissan	*-4,817*	*-21*	*-4,796*
Net income	**-7,386**	**1,048**	**-8,434**
Automotive operational free cash flow [1]	**-6,375**	**-716**	**-5,659**
Automotive net financial position	**-4,998** at June 30, 2020	**+1,734** at Dec. 31, 2019	**-6,732**
Shareholders' equity	26,396 at June 30, 2020	35,331 at Dec. 31, 2019	-8,935

(1) Automotive operational Free cash flow: cash flows after interest and tax (excluding dividends received from publicly listed companies) minus tangible and intangible investments net of disposals +/- change in the working capital requirement.

2.1 COMMENTS ON THE FINANCIAL RESULTS

2.1.1 CONSOLIDATED INCOME STATEMENT

OPERATING SEGMENT CONTRIBUTION TO GROUP REVENUES

	H1 2020			H1 2019			Change (%)		
(€ million)	Q1	Q2	H1	Q1	Q2	H1	Q1	Q2	H1
Automotive excluding AVTOVAZ	8,591	7,136	15,727	10,916	13,875	24,791	-21.3	-48.6	-36.6
AVTOVAZ	701	388	1,089	767	790	1,557	-8.6	-50.9	-30.1
Mobility Services	6	3	9	0	0	0	N/A	N/A	N/A
Sales Financing	827	773	1,600	844	858	1,702	-2.0	-9.9	-6.0
Total	**10,125**	**8,300**	**18,425**	**12,527**	**15,523**	**28,050**	**-19.2**	**-46.5**	**-34.3**

Group revenues reached €18,425 million (-34.3% compared to the first half of 2019). At constant exchange rates and perimeter[1], Group revenues would have decreased by 32.9%.

Automotive excluding AVTOVAZ revenues amounted to €15,727 million, down 36.6% compared to the first half of 2019. This decrease was mainly explained by a negative volume effect of -29.6 points and -7.3 points for the sales to partners. The Covid-19 health crisis was the main reason of these two impacts. The currency effect was negative 1.5 points mainly linked to the devaluation of the Argentinian peso, the Brazilian real and the Turkish lira.

The price effect, positive by 2.0 points, came from the repositioning of our new vehicles, notably Clio and Captur and the efforts to offset regulatory costs in Europe and currency devaluations in emerging countries.

The product mix effect is positive by 0.4 points thanks to the increase in sales of ZOÉ.

"Others" effects weighed negatively for 0.8 points, notably due to a lower contribution from aftersales strongly impacted by confinement measures.

(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.

2

FINANCIAL RESULTS

OPERATING SEGMENT CONTRIBUTION TO GROUP OPERATING PROFIT

(€ million)	H1 2020	H1 2019	Change
Automotive excluding AVTOVAZ	**-1,648**	**981**	**-2,629**
% of division revenues	*-10.5%*	*4.0%*	*-14.5 pts*
AVTOVAZ	**-2**	**82**	**-84**
% AVTOVAZ revenues	*-0.2%*	*5.3%*	*-5.5 pts*
Mobility Services	**-22**	**0**	**-22**
Sales Financing	**469**	**591**	**-122**
Total	**-1,203**	**1,654**	**-2,858**
% of Group revenues	*-6.5%*	*5.9%*	*-12.4 pts*

The **Group** recorded a negative **operating margin** of -€1,203 million representing -6.5% of revenues. The negative impact of the Covid-19 health crisis was estimated at around €1.8 billion(1) for this semester.

The **Automotive excluding AVTOVAZ operating margin** was down €2,629 million to -€1,648 million.

Volume and sales to partners effect had a negative impact of €2,078 million. The Monozukuri effect was negative by €40 million: purchasing performance was weaker than usual, notably due to a limited production volume resulting from the temporary closure of plants. The impact of R&D in Monozukuri was a negative €133 million despite a €493 million decrease in cash expenses. This was due to a decrease in the capitalization ratio of nearly 6 points and an increase in R&D amortization of €126 million.

Mix/price/enrichment effect was negative €203 million mainly because of new products enrichment and regulatory content.

The €133 million improvement in G&A came mainly from the Group's efforts to limit its costs, notably in the context of the 2o22 plan project and the decline in activity.

Currencies and raw materials weighed respectively for -€186 million and -€90 million.

The **operating margin of AVTOVAZ** amounted to -€2 million, to be compared with €82 million in the first half of 2019, reflecting mostly the impact of the decrease of 30.1% in revenues.

Sales Financing contributed €469 million to the Group operating margin (including a negative currency effect for €15 million), compared with €591 million in the first half of 2019. The operating expenses ratio improved by 7 basis points, reflecting RCI Bank and Services ability to adapt to its level of activity.

On the other hand, the total cost of risk increased to 0.99% of the average performing assets compared to 0.40% in the first half 2019. It was strongly impacted by an increase in provisioning related to the health crisis and the negative consequences of confinement policies on repossession processes.

Other operating income and expenses stood at -€804 million (compared with -€133 million in the first half of 2019). They included -€445 million in impairment of assets, in particular for some vehicles whose volume assumptions have been revised, -€166 million in provisions for restructuring costs, in particular related to the early retirement plan in France, and -€153 million in capital losses notably in China.

After taking into account the other operating income and expenses, Group **operating income** came to -€2,007 million compared with €1,521 million in the first half of 2019.

Net financial income and expenses amounted to -€214 million, compared with -€184 million in the first half of 2019. This deterioration, despite a decrease in the cost of funding, is primarily explained by the absence of dividends paid by Daimler (€54 million in 2019).

The **contribution of associated companies** came to -€4,892 million, compared with -€35 million in the first half of 2019. This decline came mostly from Nissan's contribution, down €4,796 million including -€4,290 million of impairments and restructuring costs (including -€1,934 million of IFRS restatement).

Current and deferred taxes represented a charge of €273 million compared with a charge of €254 million in the first half of 2019. It includes -€268 million due to the discontinuation of the recognition of deferred tax assets on AVTOVAZ tax losses.

Net income reached -€7,386 million and net income, Group share totaled -€7,292 million (-€26.91 per share compared with €3.57 per share in the first half of 2019).

(1) The estimated Covid-19 impact on the activity volume is the result of a comparison between the Group's latest pre-crisis forecast and the actual results for the half-year. Furthermore, this estimate takes into account the impact of the health crisis on the company's costs net of government aid received during this period.

2.1.2 AUTOMOTIVE OPERATIONAL FREE CASH FLOW

AUTOMOTIVE OPERATIONAL FREE CASH FLOW

(€ million)	H1 2020	H1 2019	Change
Cash flow (excluding dividends received from publicly listed companies and after interest and tax)	-106	2,274	-2,380
Change in the working capital requirement	-3,829	-131	-3,698
Tangible and intangible investments net of disposals	-2,079	-2,426	+347
Leased vehicles and batteries	-464	-484	+20
Operational free cash flow excl. AVTOVAZ	**-6,478**	**-767**	**-5,711**
Operational free cash flow AVTOVAZ	**103**	**51**	+52
Automotive operational free cash flow	**-6,375**	**-716**	**-5,659**

In the first half of 2020, the **Automotive operational free cash flow** was negative at -€6,375 million, resulting from the following elements of Automotive excluding AVTOVAZ segment:

- cash flow after interest and tax (excluding dividends received from publicly listed companies) of -€106 million, including €128 million restructuring costs,
- a negative change in the working capital requirement of -€3,829 million,
- property, plant and equipment and intangible investments net of disposals of -€2,079 million, a decrease of €347 million compared with the first half of 2019,
- investments related to vehicles with buy-back commitments for -€464 million.

and AVTOVAZ operational free cash flow for +€103 million at June 30, 2020, including €7 million restructuring costs.

2.1.3 CAPEX AND RESEARCH & DEVELOPMENT

TANGIBLE AND INTANGIBLE INVESTMENTS NET OF DISPOSALS BY OPERATING SEGMENT

H1 2020 (€ million)	Tangible investments net of disposals (excluding capitalized leased vehicles and batteries) and intangible (excluding capitalized development costs)	Capitalized development costs	Total
Automotive excluding AVTOVAZ	1,421	658	2,079
AVTOVAZ	75	28	103
Sales Financing	9	0	9
Services de Mobilité	0	6	6
Total	**1,505**	**692**	**2,197**

H1 2019 (€ million)	Tangible investments net of disposals (excluding capitalized leased vehicles and batteries) and intangible (excluding capitalized development costs)	Capitalized development costs	Total
Automotive excluding AVTOVAZ	1,442	984	2,426
AVTOVAZ	24	14	38
Sales Financing	8	0	8
Mobility Services	0	0	0
Total	**1,474**	**998**	**2,472**

Total gross investment in the first half of 2020 decreased compared to 2019, with Europe accounting for 72% and the rest of the world for 28%.

- **In Europe**, the investments made are mainly devoted to renewing the LCV (Kangoo), the C (Kadjar) and the EV ranges, and also to introducing hybrid engines for the A/B (Captur) and C (Mégane) ranges.
- **Internationaly**, the investments made are mainly for the renewal of the Global Access (successor of Logan and Sandero in Romania and Morocco, and of Duster in Brazil and Russia), the C (XM3 in Korea), the A/B (Clio Hybrid in Turkey) and the LCV (successor of Dokker in Morocco) ranges and the industrialization of engines of these vehicles.

RESEARCH AND DEVELOPMENT EXPENSES RECORDED IN THE INCOME STATEMENT

Analysis of research and development costs recorded in the income statement:

(€ million)	H1 2020	H1 2019	Change
R&D expenses	-1,399	-1,840	+441
Capitalized development costs	692	998	-306
Development costs capitalization rate	*49.5%*	*54.2%*	*-4.8 pts*
Amortization of capitalized development costs	-603	-485	-118
Gross R&D expenses recorded in the income statement*	**-1,310**	**-1,327**	**+17**
Of which AVTOVAZ	*-11*	*-17*	*+6*

* *Research and development expenses are reported net of research tax credits for the vehicle development activity.*
Gross R&D expenses: R&D expenses before expenses billed to third parties and others.

The capitalization rate is reducing from 54.2% for the first half of 2019 to 49.5% this half year, in relation to projects developments.

NET CAPEX AND R&D EXPENSES IN % OF REVENUES

(€ million)	H1 2020	H1 2019
Tangible investments net of disposals (excluding capitalized leased vehicles and batteries) and intangible (excluding capitalized development costs)	1,505	1,474
CAPEX invoice to third parties and others	-56	-81
Net industrial and commercial investments excluding capitalized development costs (1)	**1,449**	**1,393**
% of Group revenues	*7.9%*	*5.0%*
R&D expenses	**1,399**	**1,840**
O/w billed to third parties and others	*-160*	*-258*
Net R&D expenses (2)	**1,239**	**1,582**
% of Group revenues	*6.7%*	*5.6%*
Net CAPEX and R&D expenses (1) + (2)	**2,688**	**2,975**
% of Group revenues	*14.6%*	*10.6%*

Net Capital expenditures and R&D expenses amounted to 14.6% of Group Revenues, up +4.0 points compared to the first half of 2019.

2.1.4 AUTOMOTIVE NET FINANCIAL POSITION AT JUNE 30, 2020

CHANGE IN AUTOMOTIVE NET FINANCIAL POSITION (€ million)

Automotive net financial position at December 31, 2019	**+1,734**
2020 H1 operational free cash flow	-6,375
Dividends received	+0
Dividends paid to Renault's shareholders and minority shareholders	-7
Financial investments and others	-350
Automotive net financial position at June 30, 2020	**-4,998**

Beyond the Automotive segment reported negative operational free cash flow of -€6,375 million, the €6,732 million decrease in the **net financial position** of the Automotive segment compared with December 31, 2019 is mainly due to financial investments for €427 million essentially on Chinese joint-ventures.

AUTOMOTIVE NET FINANCIAL POSITION

(€ million)	June 30, 2020	Dec. 31, 2019
Non-current financial liabilities	-7,579	-7,927
Current financial liabilities	-6,606	-3,875
Non-current financial assets – other securities, loans and derivatives on financial operations	+100	+64
Current financial assets	+805	+1,174
Cash and cash equivalents	+8,282	+12,298
Automotive net financial position	**-4,998**	**+1,734**

The **Automotive** segment's liquidity reserves stood at €16.8 billion as at June 30, 2020. These reserves consisted of:

- €8.3 billion in cash and cash equivalents;
- €3.5 billion in undrawn confirmed credit lines;
- €5 billion in a undrawn credit facility with a guarantee of the French State.

At June 30, 2020, **RCI Banque** had available liquidity of €13.5 billion, consisting of:

- €4.5 billion in undrawn confirmed credit lines;
- €3.6 billion in central-bank eligible collateral;
- €5.0 billion in high quality liquid assets (HQLA);
- €0.4 billion in available cash.

2.2 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 2020

2.2.1 CONSOLIDATED INCOME STATEMENT

(€ million)	Notes	H1 2020	H1 2019	Year 2019
Revenues	**4**	**18,425**	**28,050**	**55,537**
Cost of goods and services sold		(15,869)	(22,330)	(44,665)
Research and development expenses	5	(1,310)	(1,327)	(2,658)
Selling, general and administrative expenses		(2,449)	(2,739)	(5,552)
Other operating income and expenses	6	(804)	(133)	(557)
Other operating income		*39*	*19*	*80*
Other operating expenses		*(843)*	*(152)*	*(637)*
Operating income (loss)		**(2,007)**	**1,521**	**2,105**
Cost of net financial indebtedness		(142)	(180)	(311)
Cost of gross financial indebtedness		*(167)*	*(216)*	*(386)*
Income on cash and financial assets		*25*	*36*	*75*
Other financial income and expenses		(72)	(4)	(131)
Financial income (expenses)	**7**	**(214)**	**(184)**	**(442)**
Share in net income (loss) of associates and joint ventures		**(4,892)**	**(35)**	**(190)**
Nissan	*11*	*(4,817)*	*(21)*	*242*
Other associates and joint ventures	*12*	*(75)*	*(14)*	*(432)*
Pre-tax income		**(7,113)**	**1,302**	**1,473**
Current and deferred taxes	8	(273)	(254)	(1,454)
Net income		**(7,386)**	**1,048**	**19**
Net income – parent-company shareholders' share		(7,292)	970	(141)
Net income – non-controlling interests' share		(94)	78	160
Basic earnings per share (1) in €		(26.91)	3.57	(0.52)
Diluted earnings per share (1) in €		(26.91)	3.55	(0.52)
Number of shares outstanding *(in thousands)*				
For basic earnings per share	*9*	*270,977*	*271,515*	*271,639*
For diluted earnings per share	*9*	*270,977*	*273,061*	*271,639*

(1) Net income – parent-company shareholders' share divided by the number of shares stated.

2.2.2 CONSOLIDATED COMPREHENSIVE INCOME

	H1 2020			H1 2019			Year 2019		
(€ million)	Gross	Tax effect	Net	Gross	Tax effect	Net	Gross	Tax effect	Net
NET INCOME	**(7,113)**	**(273)**	**(7,386)**	**1,302**	**(254)**	**1,048**	**1,473**	**(1,454)**	**19**
OTHER COMPONENTS OF COMPREHENSIVE INCOME FROM PARENT COMPANY AND SUBSIDIARIES									
Items that will not be reclassified subsequently to profit or loss	**(160)**	**(48)**	**(208)**	**(120)**	**41**	**(79)**	**(137)**	**49**	**(88)**
Actuarial gains and losses on defined-benefit pension plans	*57*	*(56)*	*(1)*	*(170)*	*42*	*(128)*	*(194)*	*50*	*(144)*
Equity instruments at fair value through equity	*(217)*	*8*	*(209)*	*50*	*(1)*	*49*	*57*	*(1)*	*56*
Items that have been or will be reclassified to profit or loss in subsequent periods	**(522)**	**10**	**(512)**	**3**	**1**	**4**	**(67)**	**(81)**	**(148)**
Translation adjustments on foreign operations	*(482)*	*-*	*(482)*	*75*	*-*	*75*	*119*	*-*	*119*
Translation adjustments on foreign operations in hyperinflationary economies	*(13)*	*-*	*(13)*	*(8)*	*-*	*(8)*	*(99)*	*-*	*(99)*
Partial hedge of the investment in Nissan	*(10)*	*-*	*(10)*	*(43)*	*(5)*	*(48)*	*(70)*	*(87)*	*(157)*
Fair value adjustments on cash flow hedging instruments	*(18)*	*9*	*(9)*	*(23)*	*7*	*(16)*	*(17)*	*6*	*(11)*
Debt instruments at fair value through equity	*1*	*1*	*2*	*2*	*(1)*	*1*	*-*	*-*	*-*
Total other components of comprehensive income from parent company and subsidiaries (A)	**(682)**	**(38)**	**(720)**	**(117)**	**42**	**(75)**	**(204)**	**(32)**	**(236)**
SHARE OF ASSOCIATES AND JOINT VENTURES IN OTHER COMPONENTS OF COMPREHENSIVE INCOME									
Items that will not be reclassified to profit or loss in subsequent periods	**(123)**	**-**	**(123)**	**(8)**	**-**	**(8)**	**24**	**-**	**24**
Actuarial gains and losses on defined-benefit pension plans	*(56)*	*-*	*(56)*	*(12)*	*-*	*(12)*	*23*	*-*	*23*
Other	*(67)*	*-*	*(67)*	*4*	*-*	*4*	*1*	*-*	*1*
Items that have been or will be reclassified to profit or loss in subsequent periods	**(587)**	**-**	**(587)**	**351**	**-**	**351**	**352**	**-**	**352**
Translation adjustments on foreign operations	*(533)*	*-*	*(533)*	*392*	*-*	*392*	*407*	*-*	*407*
Other	*(54)*	*-*	*(54)*	*(41)*	*-*	*(41)*	*(55)*	*-*	*(55)*
Total share of associates and joint ventures in other components of comprehensive income (B)	**(710)**	**-**	**(710)**	**343**	**-**	**343**	**376**	**-**	**376**
OTHER COMPONENTS OF COMPREHENSIVE INCOME (A) + (B)	**(1,392)**	**(38)**	**(1,430)**	**226**	**42**	**268**	**172**	**(32)**	**140**
Comprehensive income	(8,505)	(311)	(8,816)	1,528	(212)	1,316	1,645	(1,486)	159
Parent company shareholders' share			*(8,700)*			*1,240*			*1*
Non-controlling interests' share			*(116)*			*76*			*158*

2.2.3 CONSOLIDATED FINANCIAL POSITION

ASSETS (€ million)	Notes	June 30, 2020	Dec. 31, 2019
NON-CURRENT ASSETS			
Intangible assets and goodwill	10-A	6,706	6,949
Property, plant and equipment	10-B	16,560	16,900
Investments in associates and joint ventures		15,746	21,232
Nissan	*11*	*15,147*	*20,622*
Other associates and joint ventures	*12*	*599*	*610*
Non-current financial assets	15	771	1,072
Deferred tax assets		691	1,016
Other non-current assets		954	1,224
Total non-current assets		**41,428**	**48,393**
CURRENT ASSETS			
Inventories	14	6,450	5,780
Sales Financing receivables		41,487	45,374
Automotive receivables		1,373	1,258
Current financial assets	15	1,740	2,216
Current tax assets		137	86
Other current assets		4,074	4,082
Cash and cash equivalents	15	14,132	14,982
Total current assets		**69,393**	**73,778**
Total assets		**110,821**	**122,171**

SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)	Notes	June 30, 2019	Dec. 31, 2019
SHAREHOLDERS' EQUITY			
Share capital		1,127	1,127
Share premium		3,785	3,785
Treasury shares		(290)	(344)
Revaluation of financial instruments		(103)	232
Translation adjustment		(3,226)	(2,584)
Reserves		31,837	32,489
Net income – parent-company shareholders' share		(7,292)	(141)
Shareholders' equity – parent-company shareholders' share		**25,838**	**34,564**
Shareholders' equity – non-controlling interests' share		558	767
Total shareholders' equity	**16**	**26,396**	**35,331**
NON-CURRENT LIABILITIES			
Deferred tax liabilities		964	1,044
Provisions for pension and other long-term employee benefit obligations – long-term	17-A	1,563	1,636
Other provisions – long-term	17-B	1,342	1,458
Non-current financial liabilities	18	8,462	8,794
Provisions for uncertain tax liabilities – long-term		180	187
Other non-current liabilities		1,645	1,734
Total non-current liabilities		**14,156**	**14,853**
CURRENT LIABILITIES			
Provisions for pension and other long-term employee benefit obligations – short-term	17-A	88	64
Other provisions – short-term	17-B	1,105	1,064
Current financial liabilities	18	5,433	2,780
Sales Financing debts	18	46,527	47,465
Trade payables		6,933	9,582
Current tax liabilities		236	223
Provisions for uncertain tax liabilities – short-term		8	8
Other current liabilities		9,939	10,801
Total current liabilities		**70,269**	**71,987**
Total shareholders' equity and liabilities		**110,821**	**122,171**

2.2.4 CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(€ million)	Number of shares (thousands)	Share capital	Share premium	Treasury shares	Revaluation of financial instruments	Translation adjustment	Reserves (1)	Net income (parent – company shareholders' share)	Shareholders' equity (parent-company shareholders' share)	Shareholders' equity (non-controlling interests' share)	Total shareholders' equity
Balance at Dec. 31, 2019	**295,722**	**1,127**	**3,785**	**(344)**	**232**	**(2,584)**	**32,489**	**(141)**	**34,564**	**767**	**35,331**
1st-half 2020 net income								(7,292)	(7,292)	(94)	(7,386)
Other components of comprehensive income (2)					(335)	(1,018)	(55)		(1,408)	(22)	(1,430)
1st-half 2020 comprehensive income	**-**	**-**	**-**	**-**	**(335)**	**(1,018)**	**(55)**	**(7,292)**	**(8,700)**	**(116)**	**(8,816)**
Allocation of 2019 net income							(141)	141	-		-
Dividends									-	(21)	(21)
(Acquisitions) / disposals of treasury shares and impact of capital increases				54					54		54
Changes in ownership interests									-	(75)	(75)
Cost of share-based payments and other						376	(456)		(80)	3	(77)
Balance at June 30, 2020	**295,722**	**1,127**	**3,785**	**(290)**	**(103)**	**(3,226)**	**31,837**	**(7,292)**	**25,838**	**558**	**26,396**

(1) Reserves no longer include index-based restatements of equity items in hyperinflationary economies, which are now presented in the translation adjustment in accordance with the interpretation issued by the IFRS IC in March 2020 (see note 2-A2).

(2) Changes in reserves mainly correspond to actuarial gains and losses on defined-benefit pension plans recognized during the period.

Details of changes in consolidated shareholders' equity are given in note 16.

(€ million)	Number of shares (thousands)	Share capital	Share premium	Treasury shares	Revaluation of financial instruments	Translation adjustment	Reserves (1)	Net income (parent – company shareholders' share)	Shareholders' equity (parent – company shareholders' share)	Shareholders' equity (non-controlling interests' share)	Total share-holders' equity
Balance at Dec. 31, 2018	**295,722**	**1,127**	**3,785**	**(400)**	**236**	**(2,826)**	**30,265**	**3,302**	**35,489**	**599**	**36,088**
1st-half 2019 net income								970	970	78	1,048
Other components of comprehensive income (1)					(3)	410	(137)		270	(2)	268
1st-half 2019 comprehensive income	**-**	**-**	**-**	**-**	**(3)**	**410**	**(137)**	**970**	**1,240**	**76**	**1,316**
Allocation of 2018 net income							3,302	(3,302)	-		-
Dividends							(968)		(968)	(93)	(1,061)
(Acquisitions) / disposals of treasury shares and impact of capital increases				54					54		54
Changes in ownership interests							3		3	(10)	(7)
Index-based restatement of equity items in hyperinflationary economies						7	1		8		8
Cost of share-based payments and other							(89)		(89)		(89)
Balance at June 30, 2019	**295,722**	**1,127**	**3,785**	**(346)**	**233**	**(2,409)**	**32,377**	**970**	**35,737**	**572**	**36,309**
2nd-half 2019 net income								(1,111)	(1,111)	82	(1,029)
Other components of comprehensive income					(1)	(143)	16		(128)		(128)
2nd-half 2019 comprehensive income	**-**	**-**	**-**	**-**	**(1)**	**(143)**	**16**	**(1,111)**	**(1,239)**	**82**	**(1,157)**
Dividends							2		2	(3)	(1)
(Acquisitions) / disposals of treasury shares and impact of capital increases				2					2		2
Changes in ownership interests							(8)		(8)	116	108
Index-based restatement of equity items in hyperinflationary economies						(32)	58		26		26
Cost of share-based payments and other							44		44		44
Balance at Dec. 31, 2019	**295,722**	**1,127**	**3,785**	**(344)**	**232**	**(2,584)**	**32,489**	**(141)**	**34,564**	**767**	**35,331**

(1) Changes in reserves correspond to actuarial gains and losses on defined-benefit pension plans recognized during the period.

2.2.5 CONSOLIDATED CASH FLOWS

(€ million)	Notes	H1 2020	H1 2019	Year 2019
Net income		**(7,386)**	**1,048**	**19**
Cancellation of dividends received from unconsolidated listed investments		-	(46)	(46)
Cancellation of income and expenses with no impact on cash				
Depreciation, amortization and impairment		2,488	1,835	3,809
Share in net (income) loss of associates and joint ventures		4,892	35	190
Other income and expenses with no impact on cash before interest and tax	19	770	524	1,937
Dividends received from unlisted associates and joint ventures		1	-	4
Cash flows before interest and tax (1)		**765**	**3,396**	**5,913**
Dividends received from listed companies (2)		**-**	**473**	**625**
Net change in financing for final customers		785	(1,571)	(2,612)
Net change in renewable dealer financing		1,783	367	(659)
Decrease (increase) in Sales Financing receivables		**2,568**	**(1,204)**	**(3,271)**
Bond issuance by the Sales Financing segment		1,151	2,513	3,869
Bond redemption by the Sales Financing segment		(898)	(1,418)	(4,034)
Net change in other debts of the Sales Financing segment		(138)	1,369	3,696
Net change in other securities and loans of the Sales Financing segment		215	183	(428)
Net change in financial assets and debts of the Sales Financing segment		**330**	**2,647**	**3,103**
Change in capitalized leased assets		**(520)**	**(528)**	**(1,059)**
Change in working capital before tax	**19**	**(3,503)**	**(588)**	**1,214**
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX		**(360)**	**4,196**	**6,525**
Interest received		44	34	78
Interest paid		(189)	(226)	(368)
Current taxes (paid) / received		(166)	(294)	(636)
CASH FLOWS FROM OPERATING ACTIVITIES		**(671)**	**3,710**	**5,599**
Property, plant and equipment and intangible investments	19	(2,225)	(2,481)	(5,022)
Disposals of property, plant and equipment and intangible assets		28	9	31
Acquisitions of investments involving gain of control, net of cash acquired		-	(27)	5
Acquisitions of other investments		(97)	(7)	(157)
Disposals of investments involving loss of control, net of cash transferred		-	-	2
Disposals of other investments		(117)	3	36
Net decrease (increase) in other securities and loans of the Automotive segments		92	96	(2)
CASH FLOWS FROM INVESTING ACTIVITIES		**(2,319)**	**(2,407)**	**(5,107)**
Dividends paid to parent-company shareholders	16	-	(1,036)	(1,035)
Transactions with non-controlling interests		11	(10)	(10)
Dividends paid to non-controlling interests		(18)	(52)	(96)
(Acquisitions) sales of treasury shares		(41)	(39)	(36)
Cash flows with shareholders		**(48)**	**(1,137)**	**(1,177)**
Bond issuance by the Automotive segments		-	1,000	1,557
Bond redemption by the Automotive segments		(63)	(89)	(574)
Net increase (decrease) in other financial liabilities of the Automotive segments		2,523	721	(59)
Net change in financial liabilities of the Automotive segments		**2,460**	**1,632**	**924**
CASH FLOWS FROM FINANCING ACTIVITIES		**2,412**	**495**	**(253)**
Increase (decrease) in cash and cash equivalents		**(578)**	**1,798**	**239**

(1) Cash flows before interest and tax do not include dividends received from listed companies.
(2) In 2019, dividends from Daimler (€46 million in the first half-year) and Nissan (€427 million in the first half-year and €152 million in the second half-year).

(€ million)	H1 2020	H1 2019	Year 2019
Cash and cash equivalents: opening balance	**14,982**	**14,777**	**14,777**
Increase (decrease) in cash and cash equivalents	(578)	1,798	239
Effect of changes in exchange rate and other changes	(272)	(9)	(34)
Cash and cash equivalents: closing balance (1)	**14,132**	**16,566**	**14,982**

(1) Cash subject to restrictions on use is described in note 15-C.

2.2.6 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.2.6.1 INFORMATION ON OPERATING SEGMENTS AND REGIONS

The operating segments defined by Renault are the following:

- The **"Automotive"** segments, which in practice consist of two segments:
  - The *"Automotive excluding AVTOVAZ"* segment, consisting of the Group's automotive activities as they existed before Renault acquired control of the AVTOVAZ group under IFRS 10. This segment comprises the production, sales, and distribution subsidiaries for passenger and light commercial vehicles, automobile service subsidiaries for the Renault, Dacia and Samsung brands, and the subsidiaries in charge of the segment's cash management. It also includes investments in automotive-sector associates and joint ventures, principally Nissan.
  - The *"AVTOVAZ"* segment, consisting of the Russian automotive group AVTOVAZ and its parent company Alliance Rostec Auto b.v., which was formed at the end of 2016, after Renault acquired control over them, as defined by IFRS 10, in December 2016.
- The **"Sales Financing"** segment, which the Group considers as an operating activity in its own right, carried out for the distribution network and final customers by RCI Banque, its subsidiaries and its investments in associates and joint ventures.
- The **"Mobility Services"** segment, created on January 1, 2020 consisting of services for new mobilities brought together in the holding company Renault M.A.I. (Mobility As an Industry). This segment includes Flit Technologies Ltd and its subsidiaries (a taxi reservation platform), Coolnagour Ltd and its subsidiaries (software development for taxis under the iCabbi brand), Marcel (a private car hire app) and RCI Mobility (car-share services). The 2019 figures have not been restated due to the non-significant nature of these operations, which are included in the Sales Financing in 2019.

The segment result regularly reviewed by the Group Executive Committee, identified as the "Chief Operating Decision-Maker", is the **operating margin**. The definition of this indicator is unchanged from previous years and is detailed in the consolidated financial statements at December 31, 2019 (note 2-D Presentation of the consolidated financial statements). This interim result is no longer presented in the consolidated income statement. It is only reported in the consolidated income statements by operating segment below.

The operating margin excludes restructuring costs. The definition of these costs has been reviewed to bring it into line with IAS 37 – Provisions, Contingent liabilities and Contingent assets, which defines "a restructuring" as "a programme that is planned and controlled by management, and materially changes either: a) the scope of a business undertaken by an entity; or b) the manner in which that business is conducted." The impact of this change on previous periods is considered non-significant and its determination is not practicable. Consequently, no adjustments have been made to the amounts of the operating margin for those periods.

A. Consolidated income statement by operating segment

(€ million)	Automotive (excluding AVTOVAZ)(1)	AVTOVAZ (1)	Intra Automotive Transactions	Total Automotive	Sales Financing	Mobility Services	Inter-segment transactions	Consolidated total
H1 2020								
External sales	**15,727**	**1,089**	**-**	**16,816**	**1,600**	**9**	**-**	**18,425**
Intersegment sales	45	258	(258)	45	12	1	(58)	-
Sales by segment	**15,772**	**1,347**	**(258)**	**16,861**	**1,612**	**10**	**(58)**	**18,425**
Operating margin (2)	**(1,653)**	**(2)**	**-**	**(1,655)**	**469**	**(22)**	**5**	**(1,203)**
Operating income	**(2,455)**	**(2)**	**-**	**(2,457)**	**469**	**(24)**	**5**	**(2,007)**
Financial income (expenses)	**(179)**	**(31)**	**-**	**(210)**	**(3)**	**(1)**	**-**	**(214)**
Share in net income (loss) of associates and joint ventures	**(4,902)**	**-**	**-**	**(4,902)**	**10**	**-**	**-**	**(4,892)**
Pre-tax income	**(7,536)**	**(33)**	**-**	**(7,569)**	**476**	**(25)**	**5**	**(7,113)**
Current and deferred taxes	89	(283)	-	(194)	(81)	-	2	(273)
Net income	**(7,447)**	**(316)**	**-**	**(7,763)**	**395**	**(25)**	**7**	**(7,386)**

(1) External sales by the Automotive (excluding AVTOVAZ) segment include sales to the AVTOVAZ group, which amount to €96 million in the first half-year of 2020, and these sales are thus included in the AVTOVAZ segment's intersegment transactions.

(2) Details of amortization, depreciation and impairment are provided in the statement of consolidated cash flows by operating segment.

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FINANCIAL RESULTS

(€ million)	Automotive (excluding AVTOVAZ) [1]	AVTOVAZ [1]	Intra Automotive Transactions	Total Automotive	Sales Financing	Inter-segment transactions	Consolidated total
H1 2019 [2]							
External sales	**24,791**	**1,557**	**-**	**26,348**	**1,702**	**-**	**28,050**
Intersegment sales	53	371	(371)	53	8	(61)	-
Sales by segment	**24,844**	**1,928**	**(371)**	**26,401**	**1,710**	**(61)**	**28,050**
Operating margin [3]	**986**	**84**	**(2)**	**1,068**	**591**	**(5)**	**1,654**
Operating income	**862**	**78**	**(2)**	**938**	**589**	**(6)**	**1,521**
Financial income (expenses) [4]	**(87)**	**(46)**	**-**	**(133)**	**(1)**	**(50)**	**(184)**
Share in net income (loss) of associates and joint ventures	**(52)**	**7**	**-**	**(45)**	**10**	**-**	**(35)**
Pre-tax income	**723**	**39**	**(2)**	**760**	**598**	**(56)**	**1,302**
Current and deferred taxes	(73)	(5)	-	(78)	(177)	1	(254)
Net income	**650**	**34**	**(2)**	**682**	**421**	**(55)**	**1,048**
YEAR 2019 [2]							
External sales	**49,002**	**3,130**	**-**	**52,132**	**3,405**	**-**	**55,537**
Intersegment sales	105	774	(774)	105	18	(123)	-
Sales by segment	**49,107**	**3,904**	**(774)**	**52,237**	**3,423**	**(123)**	**55,537**
Operating margin [3]	**1,289**	**156**	**(1)**	**1,444**	**1,223**	**(5)**	**2,662**
Operating income	**762**	**130**	**(1)**	**891**	**1,294**	**(80)**	**2,105**
Financial income (expenses) [4]	**179**	**(111)**	**-**	**68**	**(10)**	**(500)**	**(442)**
Share in net income (loss) of associates and joint ventures	**(213)**	**2**	**-**	**(211)**	**21**	**-**	**(190)**
Pre-tax income	**728**	**21**	**(1)**	**748**	**1,305**	**(580)**	**1,473**
Current and deferred taxes	(1,122)	51	-	(1,071)	(383)	-	(1,454)
Net income	**(394)**	**72**	**(1)**	**(323)**	**922**	**(580)**	**19**

(1) In 2019, external sales by the Automotive (excluding AVTOVAZ) segment include sales to the AVTOVAZ group, which amount to €246 million in 2019, and these sales are thus included in the AVTOVAZ segment's intersegment transactions.

(2) The "Mobility Services" segment was not significant in 2019.

(3) Details of amortization, depreciation and impairment are provided in the statement of consolidated cash flows by operating segment.

(4) Dividends paid by the Sales Financing segment are included in the Automotive segments' financial income and eliminated in the intersegment transactions. They amounted to €500 million for 2019.

B. Consolidated financial position by operating segment

JUNE 30, 2020	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra-Automotive Transactions	Total Automotive	Sales Financing	Mobility Services	Inter-segment transactions	Consolidated total
ASSETS (€ million)								
NON-CURRENT ASSETS								
Property, plant and equipment and intangible assets and goodwill	21,090	1,685	-	22,775	415	76	-	23,266
Investments in associates and joint ventures	15,607	2	-	15,609	137	-	-	15,746
Non-current financial assets – equity investments	7,230	-	(700)	6,530	1	-	(5,885)	646
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segments	125	-	-	125	-	1	(1)	125
Deferred tax assets and other non-current assets	1,220	30	(17)	1,233	410	2	-	1,645
Total non-current assets	**45,272**	**1,717**	**(717)**	**46,272**	**963**	**79**	**(5,886)**	**41,428**
CURRENT ASSETS								
Inventories	6,063	338	-	6,401	48	1	-	6,450
Customer receivables	1,641	121	(65)	1,697	42,569	2	(1,408)	42,860
Current financial assets	817	2	(6)	813	1,567	-	(640)	1,740
Current tax assets and other current assets	2,813	59	(2)	2,870	6,192	5	(4,856)	4,211
Cash and cash equivalents	7,763	647	(128)	8,282	5,853	15	(18)	14,132
Total current assets	**19,097**	**1,167**	**(201)**	**20,063**	**56,229**	**23**	**(6,922)**	**69,393**
Total assets	64,369	2,884	(918)	66,335	57,192	102	(12,808)	110,821
SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)								
SHAREHOLDERS' EQUITY	**26,395**	**677**	**(703)**	**26,369**	**5,862**	**66**	**(5,901)**	**26,396**
NON-CURRENT LIABILITIES								
Long-term provisions	2,450	26	-	2,476	608	1	-	3,085
Non-current financial liabilities	6,734	845	-	7,579	871	13	(1)	8,462
Deferred tax liabilities and other non-current liabilities	1,766	64	(17)	1,813	793	3	-	2,609
Total non-current liabilities	**10,950**	**935**	**(17)**	**11,868**	**2,272**	**17**	**(1)**	**14,156**
CURRENT LIABILITIES								
Short-term provisions	1,107	58	-	1,165	36	-	-	1,201
Current financial liabilities	6,239	501	(134)	6,606	-	8	(1,181)	5,433
Trade payables and Sales Financing debts	6,853	306	(68)	7,091	47,087	2	(720)	53,460
Current tax liabilities and other current liabilities	12,825	407	4	13,236	1,935	9	(5,005)	10,175
Total current liabilities	**27,024**	**1,272**	**(198)**	**28,098**	**49,058**	**19**	**(6,906)**	**70,269**
Total shareholders' equity and liabilities	64,369	2,884	(918)	66,335	57,192	102	(12,808)	110,821

DECEMBER 31, 2019 (1)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra-Automotive Transactions	Total Automotive	Sales Financing	Inter-segment transactions	Consolidated total
ASSETS (€ million)							
NON-CURRENT ASSETS							
Property, plant and equipment and intangible assets and goodwill	21,701	1,740	-	23,441	408	-	23,849
Investments in associates and joint ventures	21,087	3	-	21,090	142	-	21,232
Non-current financial assets – equity investments	7,478	-	(1 025)	6,453	2	(5,577)	878
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segments	194	-	-	194	-	-	194
Deferred tax assets and other non-current assets	1,446	469	(108)	1,807	433	-	2,240
Total non-current assets	**51,906**	**2,212**	**(1 133)**	**52,985**	**985**	**(5,577)**	**48,393**
CURRENT ASSETS							
Inventories	5,379	352	-	5,731	49	-	5,780
Customer receivables	1,175	183	(87)	1,271	46,252	(891)	46,632
Current financial assets	1,197	5	(7)	1,195	1,948	(927)	2,216
Current tax assets and other current assets	3,003	66	(3)	3,066	5,984	(4,882)	4,168
Cash and cash equivalents	12,231	70	(3)	12,298	2,762	(78)	14,982
Total current assets	**22,985**	**676**	**(100)**	**23,561**	**56,995**	**(6,778)**	**73,778**
Total assets	74,891	2,888	(1,233)	76,546	57,980	(12,355)	122,171
SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)							
SHAREHOLDERS' EQUITY	**35,214**	**1,108**	**(1,028)**	**35,294**	**5,632**	**(5,595)**	**35,331**
NON-CURRENT LIABILITIES							
Long-term provisions	2,604	37	-	2,641	640	-	3,281
Non-current financial liabilities	7,106	821	-	7,927	867	-	8,794
Deferred tax liabilities and other non-current liabilities	1,982	60	(108)	1,934	844	-	2,778
Total non-current liabilities	**11,692**	**918**	**(108)**	**12,502**	**2,351**	**-**	**14,853**
CURRENT LIABILITIES							
Short-term provisions	1,034	66	-	1,100	36	-	1,136
Current financial liabilities	3,785	100	(10)	3,875	-	(1,095)	2,780
Trade payables and Sales Financing debts	9,520	487	(84)	9,923	48,253	(1,129)	57,047
Current tax liabilities and other current liabilities	13,646	209	(3)	13,852	1,708	(4,536)	11,024
Total current liabilities	**27,985**	**862**	**(97)**	**28,750**	**49,997**	**(6,760)**	**71,987**
Total shareholders' equity and liabilities	74,891	2,888	(1,233)	76,546	57,980	(12,355)	122,171

(1) The "Mobility Services" segment was not significant in 2019.

C. Consolidated cash flows by operating segment

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra Automotive transactions	Total Automotive	Sales Financing	Mobility Services	Inter-segment transactions	Consolidated total
H1 2020								
Net income	**(7,447)**	**(316)**	**-**	**(7,763)**	**395**	**(25)**	**7**	**(7,386)**
Cancellation of dividends received from unconsolidated listed investments	-	-	-	-	-	-	-	-
Cancellation of income and expenses with no impact on cash								
Depreciation, amortization and impairment	2,401	39	-	2,440	43	5	-	2,488
Share in net (income) loss of associates and joint ventures	4,902	-	-	4,902	(10)	-	-	4,892
Other income and expenses with no impact on cash, before interest and tax	219	306	(2)	523	253	6	(12)	770
Dividends received from unlisted associates and joint ventures	-	1	-	1	-	-	-	1
Cash flows before interest and tax (1)	**76**	**29**	**(2)**	**103**	**681**	**(14)**	**(5)**	**765**
Dividends received from listed companies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Decrease (increase) in sales financing receivables	-	-	-	-	2,376	-	192	2,568
Net change in financial assets and Sales Financing debts	-	-	-	-	205	-	125	330
Change in capitalized leased assets	(464)	-	-	(464)	(56)	-	-	(520)
Change in working capital before tax	(3,829)	221	(3)	(3,611)	106	3	(1)	(3,503)
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX	**(4,217)**	**250**	**(5)**	**(3,972)**	**3,312**	**(11)**	**311**	**(360)**
Interest received	39	5	-	44	-	-	-	44
Interest paid	(156)	(40)	1	(195)	-	(3)	9	(189)
Current taxes (paid)/received	(65)	(5)	-	(70)	(97)	-	1	(166)
CASH FLOWS FROM OPERATING ACTIVITIES	**(4,399)**	**210**	**(4)**	**(4,193)**	**3,215**	**(14)**	**321**	**(671)**
Purchases of intangible assets	(717)	(28)	-	(745)	(1)	(6)	-	(752)
Purchases of property, plant and equipment	(1,386)	(82)	3	(1,465)	(8)	-	-	(1,473)
Disposals of property, plant and equipment and intangibles	24	4	-	28	-	-	-	28
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired	-	-	-	-	-	-	-	-
Acquisitions and disposals of other investments and other	(214)	-	-	(214)	-	(4)	4	(214)
Net decrease (increase) in other securities and loans of the Automotive segments	293	-	(1)	292	-	-	(200)	92
CASH FLOWS FROM INVESTING ACTIVITIES	**(2,000)**	**(106)**	**2**	**(2,104)**	**(9)**	**(10)**	**(196)**	**(2,319)**
Cash flows with shareholders	(37)	-	-	(37)	(11)	4	(4)	(48)
Net change in financial liabilities	2,152	504	(130)	2,526	-	8	(74)	2,460
CASH FLOWS FROM FINANCING ACTIVITIES	**2,115**	**504**	**(130)**	**2,489**	**(11)**	**12**	**(78)**	**2,412**
Increase (decrease) in cash and cash equivalents	(4,284)	608	(132)	(3,808)	3,195	(12)	47	(578)
Cash and cash equivalents: opening balance	**12,231**	**70**	**(3)**	**12,298**	**2,762**	**-**	**(78)**	**14,982**
Increase (decrease) in cash and cash equivalents	(4,284)	608	(132)	(3,808)	3,195	(12)	47	(578)
Effect of changes in exchange rate and other changes	(184)	(31)	7	(208)	(104)	27	13	(272)
Cash and cash equivalents: closing balance	**7,763**	**647**	**(128)**	**8,282**	**5,853**	**15**	**(18)**	**14,132**

(1) Cash flows before interest and tax do not include dividends received from listed companies.

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FINANCIAL RESULTS

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra Automotive transactions	Total Automotive	Sales Financing	Inter-segment transactions	Consolidated total
H1 2019 (1)							
Net income (2)	**650**	**34**	**(2)**	**682**	**421**	**(55)**	**1,048**
Cancellation of dividends received from unconsolidated listed investments	(46)	-	-	(46)	-	-	(46)
Cancellation of income and expenses with no impact on cash							
Depreciation, amortization and impairment	1,738	59	-	1,797	38	-	1,835
Share in net (income) loss of associates and joint ventures	52	(7)	-	45	(10)	-	35
Other income and expenses with no impact on cash, before interest and tax	209	46	(1)	254	278	(8)	524
Cash flows before interest and tax (3)	**2,603**	**132**	**(3)**	**2,732**	**727**	**(63)**	**3,396**
Dividends received from listed companies (4)	**473**	**-**	**-**	**473**	**-**	**-**	**473**
Decrease (increase) in sales financing receivables	-	-	-	-	(1,526)	322	(1,204)
Net change in financial assets and Sales Financing debts	-	-	-	-	2,659	(12)	2,647
Change in capitalized leased assets	(484)	-	-	(484)	(44)	-	(528)
Change in working capital before tax	(131)	6	-	(125)	(469)	6	(588)
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX	**2,461**	**138**	**(3)**	**2,596**	**1,347**	**253**	**4,196**
Interest received	34	2	-	36	-	(2)	34
Interest paid	(191)	(45)	-	(236)	-	10	(226)
Current taxes (paid)/received	(172)	(3)	-	(175)	(119)	-	(294)
CASH FLOWS FROM OPERATING ACTIVITIES	**2,132**	**92**	**(3)**	**2,221**	**1,228**	**261**	**3,710**
Purchases of intangible assets	(997)	(16)	-	(1,013)	(2)	-	(1,015)
Purchases of property, plant and equipment	(1,434)	(37)	13	(1,458)	(8)	-	(1,466)
Disposals of property, plant and equipment and intangibles	5	13	(11)	7	2	-	9
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired	(33)	-	-	(33)	(1)	-	(34)
Acquisitions and disposals of other investments and other	3	-	-	3	-	-	3
Net decrease (increase) in other securities and loans of the Automotive segments	96	-	-	96	-	-	96
CASH FLOWS FROM INVESTING ACTIVITIES	**(2,360)**	**(40)**	**2**	**(2,398)**	**(9)**	**-**	**(2,407)**
Cash flows with shareholder	(1,125)	(1)	-	(1,126)	(61)	50	(1,137)
Net change in financial liabilities of the Automotive segments	1,990	17	(34)	1,973	-	(341)	1,632
CASH FLOWS FROM FINANCING ACTIVITIES	**865**	**16**	**(34)**	**847**	**(61)**	**(291)**	**495**
Increase (decrease) in cash and cash equivalents	637	68	(35)	670	1,158	(30)	1,798
Cash and cash equivalents: opening balance	**11,691**	**89**	**(3)**	**11,777**	**3,094**	**(94)**	**14,777**
Increase (decrease) in cash and cash equivalents	637	68	(35)	670	1,158	(30)	1,798
Effect of changes in exchange rate and other changes	(3)	12	-	9	(17)	(1)	(9)
Cash and cash equivalents: closing balance	**12,325**	**169**	**(38)**	**12,456**	**4,235**	**(125)**	**16,566**

(1) The "Mobility Services" segment was not significant in 2019.

(2) Dividends paid by the Sales Financing segment are included in the net income of the Automotive (excluding Avtovaz) segment. They amounted to €50 million for the first half-year of 2019.

(3) Cash flows before interest and tax do not include dividends received from listed companies.

(4) Dividends received from Daimler (€46 million) and Nissan (€427 million).

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra Automotive transactions	Total Automotive	Sales Financing	Inter-segment transactions	Consolidated total
YEAR 2019 (1)							
Net income (2)	**(394)**	**72**	**(1)**	**(323)**	**922**	**(580)**	**19**
Cancellation of dividends received from unconsolidated listed investments	(46)	-	-	(46)	-	-	(46)
Cancellation of income and expenses with no impact on cash							
Depreciation, amortization and impairment	3,607	120	-	3,727	82	-	3,809
Share in net (income) loss of associates and joint ventures	213	(2)	-	211	(21)	-	190
Other income and expenses with no impact on cash, before interest and tax	1,355	50	-	1,405	475	57	1,937
Dividends received from unlisted associates and joint ventures	4	-	-	4	-	-	4
Cash flows before interest and tax (3)	**4,739**	**240**	**(1)**	**4,978**	**1,458**	**(523)**	**5,913**
Dividends received from listed companies (4)	**625**	**-**	**-**	**625**	**-**	**-**	**625**
Decrease (increase) in sales financing receivables	-	-	-	-	(3,353)	82	(3,271)
Net change in financial assets and sales financing debts	-	-	-	-	2,968	135	3,103
Change in capitalized leased assets	(1,002)	-	-	(1,002)	(57)	-	(1,059)
Change in working capital before tax	1,829	15	-	1,844	(635)	5	1,214
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX	**6,191**	**255**	**(1)**	**6,445**	**381**	**(301)**	**6,525**
Interest received	73	5	-	78	-	-	78
Interest paid	(301)	(87)	1	(387)	-	19	(368)
Current taxes (paid) / received	(367)	(11)	-	(378)	(258)	-	(636)
CASH FLOWS FROM OPERATING ACTIVITIES	**5,596**	**162**	**-**	**5,758**	**123**	**(282)**	**5,599**
Purchases of intangible assets	(2,016)	(67)	-	(2,083)	(3)	-	(2,086)
Purchases of property, plant and equipment	(2,846)	(95)	15	(2,926)	(10)	-	(2,936)
Disposals of property, plant and equipment and intangibles	16	27	(14)	29	2	-	31
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired	(55)	(9)	-	(64)	71	-	7
Acquisitions and disposals of other investments and other	(120)	-	-	(120)	(1)	-	(121)
Net decrease (increase) in other securities and loans of the Automotive segments	(3)	1	-	(2)	-	-	(2)
CASH FLOWS FROM INVESTING ACTIVITIES	**(5,024)**	**(143)**	**1**	**(5,166)**	**59**	**-**	**(5,107)**
Cash flows with shareholders	(1,165)	(1)	-	(1,166)	(511)	500	(1,177)
Net change in financial liabilities of the Automotive segments	1,180	(49)	-	1,131	-	(207)	924
CASH FLOWS FROM FINANCING ACTIVITIES	**15**	**(50)**	**-**	**(35)**	**(511)**	**293**	**(253)**
Increase (decrease) in cash and cash equivalents	587	(31)	1	557	(329)	11	239

Cash and cash equivalents: opening balance	**11,691**	**89**	**(3)**	**11,777**	**3,094**	**(94)**	**14,777**
Increase (decrease) in cash and cash equivalents	587	(31)	1	557	(329)	11	239
Effect of changes in exchange rate and other changes	(47)	12	(1)	(36)	(3)	5	(34)
Cash and cash equivalents: closing balance	**12,231**	**70**	**(3)**	**12,298**	**2,762**	**(78)**	**14,982**

(1) The "Mobility Services" segment was not significant in 2019.
(2) Dividends paid by the Sales Financing segment are included in the net income of the Automotive (excluding Avtovaz) segment. They amounted to €500 million.
(3) Cash flows before interest and tax do not include dividends received from listed companies.
(4) Dividends received from Daimler (€46 million) and Nissan (€579 million).

D. Other information for the automotive segments: net cash position or net financial indebtedness and operational free cash flow

The net cash position or net financial indebtedness and operational free cash flow are only presented for the Automotive segments.

The net cash position or net financial indebtedness includes all non-operating interest-bearing financial liabilities and commitments less cash and cash equivalents and other non-operating financial assets such as marketable securities or the segment's loans.

Net cash position (net financial indebtedness)

JUNE 30, 2020 (€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra-Automotive transactions	Total Automotive
Non-current financial liabilities	(6,734)	(845)	-	(7,579)
Current financial liabilities	(6,239)	(501)	134	(6,606)
Non-current financial assets – other securities, loans and derivatives on financing operations	100	-	-	100
Current financial assets	811	-	(6)	805
Cash and cash equivalents	7,763	647	(128)	8,282
Net cash position (net financial indebtedness) of the Automotive segments	**(4,299)**	**(699)**	**-**	**(4,998)**

DECEMBER 31, 2019 (€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra-Automotive transactions	Total Automotive
Non-current financial liabilities	(7,106)	(821)	-	(7,927)
Current financial liabilities	(3,785)	(100)	10	(3,875)
Non-current financial assets – other securities, loans and derivatives on financing operations	64	-	-	64
Current financial assets	1,180	1	(7)	1,174
Cash and cash equivalents	12,231	70	(3)	12,298
Net cash position (net financial indebtedness) of the Automotive segments	**2,584**	**(850)**	**-**	**1,734**

Operational free cash flow

H1 2020 (€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra-Automotive transactions	Total Automotive
Cash flows (excluding dividends from listed companies) before interest and tax	76	29	(2)	103
Changes in working capital before tax	(3,829)	221	(3)	(3,611)
Interest received by the Automotive segments	39	5	-	44
Interest paid by the Automotive segments	(156)	(40)	1	(195)
Current taxes (paid) / received	(65)	(5)	-	(70)
Acquisitions of property, plant and equipment, and intangible assets net of disposals	(2,079)	(106)	3	(2,182)
Capitalized leased vehicles and batteries	(464)	-	-	(464)
Operational free cash flow of the Automotive segments	**(6,478)**	**104**	**(1)**	**(6,375)**
Including: payments corresponding to restructuring costs	*(128)*	*(7)*	-	*(135)*
Operational free cash flow of the Automotive segments (excluding restructuring costs) (1)	**(6,350)**	**111**	**(1)**	**(6 240)**

(1) The definition of restructuring is presented in note 2.2.6 and the amounts of restructuring costs recognized during the period are presented in note 6-A. The above table presents the Operational Free Cash Flow excluding restructuring costs because a 2020 target for that performance indicator was announced in February 2020. Due to the Covid-19 pandemic, that target was suspended when the Universal Registration Document was filed in April 2020.

YEAR 2019 (€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra-Automotive transactions	Total Automotive
Cash flows (excluding dividends from listed companies) before interest and tax	4,739	240	(1)	4,978
Changes in working capital before tax	1,829	15	-	1,844
Interest received by the Automotive segments	73	5	-	78
Interest paid by the Automotive segments	(301)	(87)	1	(387)
Current taxes (paid) / received	(367)	(11)	-	(378)
Acquisitions of property, plant and equipment, and intangible assets net of disposals	(4,846)	(135)	1	(4,980)
Capitalized leased vehicles and batteries	(1,002)	-	-	(1,002)
Operational free cash flow of the Automotive segments (1)	**125**	**27**	**1**	**153**

(1) The definition of Operational free cash flow is unchanged from 2019.

2.2.6.2 ACCOUNTING POLICIES AND SCOPE OF CONSOLIDATION

Note 1 – Approval of the financial statements

The Renault Group's condensed consolidated half-year financial statements at June 30, 2020 were examined at the Board of Directors' meeting of July 29, 2020.

Note 2 – Accounting policies – impacts of the Covid-19 pandemic

The condensed consolidated half-year financial statements at June 30, 2020 are compliant with IAS 34 "Interim financial reporting". They do not contain all the information required for annual consolidated financial statements and should be read in conjunction with the financial statements at December 31, 2019.

The Renault Group's condensed consolidated half-year financial statements at June 30, 2020 are prepared under the IFRS (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) at June 30, 2020 and adopted by the European Union at the closing date. Except for the changes presented in paragraph A below, the accounting policies are identical to those applied in the consolidated financial statements at December 31, 2019.

2-A. Changes in accounting policies

2-A1. Changes in accounting policies from January 1, 2020

The Renault Group applies the accounting standards and amendments that have been published in the Official Journal of the European Union and are mandatory from January 1, 2020.

New amendments that became mandatory on January 1, 2020

Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate benchmark reform – Phase 1
Amendments to IAS 1 and IAS 8	Definition of Material
Amendment to IFRS 3	Definition of a Business
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

The standards and amendments that became mandatory on January 1, 2020 have no significant impact on the Group's financial statements.

The amendments to IFRS 9, IAS 39 and IFRS 7 (financial instruments) related to the interest rate benchmark reform were applied early by the Renault Group in its financial Statements at December 31, 2019.

Other standards applied by the Group from January 1, 2020

From January 1, 2020 the Group applies phase 3 of IFRS 9 concerning hedge accounting. This has no material impact on the Group's financial statements, but allows an aggregated position consisting of an exposure and a derivative to be designated as hedged item in the Sales Financing segment.

New amendment released by the IASB for application in 2020 but not yet published in the Official Journal of the European Union

On May 28, 2020 the IASB published an amendment to IFRS 16 entitled "Covid-19-Related rent concessions", with an effective date of June 1, 2020, which has not yet been approved by the European Union. This amendment offers an optional exemption for lessees, allowing them to recognise lease payment reductions granted by agreement with lessors in profit and loss. This applies to lease payments initially due up to June 30, 2021. Lessees can choose to apply IFRS 16 unamended, i.e. carry out a detailed analysis of rent concession agreements and treat them as modifications to the lease if necessary. The Renault Group has not applied this IFRS 16 amendment in the financial statements at June 30, 2020, and does not expect to apply it in 2020. The concessions from which the Group has benefited have no significant impact.

2-A2. IFRIC interpretation concerning classification of the effects of index-based restatement and translation of the financial statements of subsidiaries in hyperinflationary economies

In view of the IFRIC's agenda decision of March 2020 concerning classification of the effects of index-based restatement and translation of the financial statements of subsidiaries in hyperinflationary economies, the Group has concluded that the combined effect of index-based restatement and translation qualifies as an exchange difference under IAS 21 – the effects of changes in foreign exchange rate –, as restatement based on price indexes is correlated with movements in the exchange rate between the Argentinian peso and the euro, and mitigates the effect of the peso's devaluation. Consequently, the effects of restatement and translation of the equity of subsidiaries located in Argentina are now reported in the translation adjustment in other components of comprehensive income, whereas the effects of index-based restatement were included in reserves in the 2018 and 2019 financial statements. The change led to reclassify €376 million in translation adjustment.

2-B. Context at the interim financial reporting – Covid-19 pandemic, draft plan to reduce fixed costs and new business strategy in the chinese market

In the context of the Covid-19 pandemic that appeared in the first quarter of 2020, the global automotive market suffered a downturn of 28.3% compared to the first half-year of 2019. To protect its employees, and in compliance with the measures introduced by national governments, the Renault Group suspended its commercial and production activities in most countries during March, and saw its sale volumes for the first half-year decline by 34.9% to 1,256,658 units year-on-year. During the lockdown periods, practically all employees not working in production and sales worked from home, and furlough measures were put in place. Production and sales resumed mainly from May 2020, respecting the end-of-lockdown measures imposed by the governments of the countries where the Renault Group has operations.

To maintain a sufficient level of liquidity for operations, the Renault Group arranged a €5 billion credit line guaranteed by the French government. The characteristics of this credit line are described in note 18. At the date of publication of these consolidated half-year financial statements, the Group has sufficient cash and sources of financing to ensure continuity of operations for the next twelve months.

The total impact of Covid-19 on our 2020 annual financial statements will depend on how the pandemic develops, how long it lasts, its consequences for the automotive market, customer behavior, dealers and suppliers, and our sector's ability to return to normal market conditions in an economic context made difficult by this global pandemic.

Expenses and income recognized during the first half-year of 2020 that are identified as resulting wholly or partly from the Covid-19 pandemic are not considered as "Other operating income and expenses", except for expenses which due to their nature are always included in that category, such as impairment of tangible and intangible assets.

Payroll costs net of state aid received by Renault, additional logistics costs, the costs of introducing new health protocols, and depreciation on assets unused or only partially-used during the period because of the lockdown rules are allocated to the relevant functions (cost of goods and services sold, research and development expenses, and selling, general and administrative expenses). The amounts concerned are not reported because it is impossible to reliably identify the amounts solely attributable to the Covid-19 pandemic.

The consolidated half-year financial statements at June 30, 2020 include restatements of some assets and liabilities made in the context of this pandemic. The principal impacts are €445 million of impairment in respect of certain tangible and intangible assets (see note 10), €268 million relating to non-recognition of deferred tax assets (see note 8), and an increase in impairment of €152 million for expected credit losses on sales financing receivables in accordance with ESMA's recommendation (see note 13). Estimation of the impacts of the Covid-19 pandemic on the these half-year financial statements described in this chapter is particularly complex and involves the use of judgements that are explained in the notes where relevant.

On April 14, 2020 the Renault Group announced its new business strategy in China, and the signature of a preliminary agreement with Dongfeng Motor Corporation under which Renault transferred its shares in the joint venture Dongfeng Renault Automotive Company Ltd (DRAC) to Dongfeng. DRAC ceased operations concerning the Renault brand on 1 April 2020 (see notes 3 and 6-B). The Renault Group is refocusing its business activities in China on commercial vehicles (through Renault Brillance Jinbei Automotive Co. Ltd (RBJAC) – see note 12) and on electric vehicles (trough New Energy Automotive Co. Ltd (eGT) and Jiangxi Jiangling Group Electric Vehicle Co. Ltd (JMEV) – see note 3.

On May 29, 2020 the Renault Group also announced a draft plan to reduce fixed costs, comprising optimisation of industrial assets and a refocusing of activities to improve resource allocation. As the consultation process with employee representation bodies, mainly in France, is currently in process, the IFRS criteria for recognition of provisions are not fulfilled at June 30, 2020.

More generally, in the context of the Covid-19 pandemic, the new strategy in China, and the fixed cost reduction plan, the main items in the Group's consolidated half-year financial statements that are dependent on estimates and judgements and have been paid particular attention are the following:

- Potential impairment of fixed assets, particularly impairment on specific assets linked to vehicles (see note 10-C) and the goodwill of AVTOVAZ (see note 10-E);
- The recoverable value of leased vehicles classified as property, plant and equipment or inventories;
- Investments in associates, notably Nissan and RBJAC (see notes 11 and 12);
- Impairment for expected credit losses concerning sales financing receivables (see note 13);
- Determination of sales incentive programs recorded in other liabilities given the current pressure on sale prices;
- Vehicle warranty provisions, particularly the information based on expense extrapolations used in calculating these provisions (see note 17-B);
- Determination of restructuring provisions (see note 6-A);
- Determination of risks associated with distressed suppliers;
- The potential impact of the European CAFE (Corporate Average Fuel Economy) regulation from 2020: under this regulation, automakers will be fined if the average CO_2 emissions target for all vehicles registered in Europe each calendar year is exceeded (see note 21-A2).

This list is not exhaustive due to the constantly evolving Covid-19 situation and its effects on the financial health of the world's economies, and it remains very difficult to predict the magnitude and duration of the pandemic's economic impacts on our business.

Note 3 – Changes in the scope of consolidation

- In January 2020, the Group sold its 35.11% investment in Les Éditions Croque Futur (magazine titles) for the price of €5 million. This company was previously accounted for by the equity method in the consolidated financial statements.
- On April 14, 2020, the Renault Group announced its new business strategy in China. For petrol and diesel passenger cars, Renault SA signed an agreement in April 2020 for the sale of its 49% share in the Chinese joint venture DRAC, discontinuation of production of Renault brand petrol and diesel cars, and the takeover of after-sales service for Renault vehicles sold by DRAC, which is accounted for by the equity method until March 31, 2020. Until the sale to Dongfeng Motor Group Company Ltd is finalized, the shares concerned are reported at June 30, 2020 at a value that takes account of the terms of the operation. The costs associated with this agreement are classified as "other operating income and expenses".
- The Group has completed negotiations with its Chinese partner and proceeded to a capital increase for JMEV Jiangxi Jiangling Group Electric Vehicle Co. Ltd which has been under the exclusive control of Renault since July 2019. This capital increase totalled RMB 380 million, or €48 million, equal to a 50% share in JMEV. Determination of the fair value of the assets acquired and liabilities transferred will be finalized in the financial statements at December 31, 2020.
- The purchase price allocation related to the takeover of GM-AVTO, now renamed Lada Zapad, was finalized during the first half-year of 2020 and the goodwill was consequently adjusted at June 30, 2020. It now amounts to €11 million (RUB 886 million) versus €19 million (RUB 1,298 million) at December 31, 2019. The final goodwill will be determined in December 2020.

2.2.6.3 CONSOLIDATED INCOME STATEMENT

Note 4 – Revenues

4-A. Breakdown of revenues

(€ million)	H1 2020	H1 2019	Year 2019
Sales of goods - Automotive segments	**14,150**	**21,848**	**43,901**
Sales to partners of the Automotive segments	**1,736**	**3,535**	**6,203**
Rental income on leased assets (1)	309	294	630
Sales of other services	621	671	1,398
Sales of services - Automotive segments	**930**	**965**	**2,028**
Sales of goods - Sales Financing segment	**15**	**17**	**36**
Rental income on leased assets (1)	56	58	116
Interest income on sales financing receivables	1,043	1,105	2,210
Sales of other services (2)	486	522	1,043
Sales of services - Sales Financing segment	**1,585**	**1,685**	**3,369**
Sales of services - Mobility Services segment	**9**	**-**	**-**
Total Revenues	**18,425**	**28,050**	**55,537**

(1) Rental income recorded by the Group on vehicle sales with a buy-back commitment or fixed asset rentals.
(2) Mainly income on services comprising insurance, maintenance, and replacement vehicles under a financing contract or otherwise.

4-B. Revenues by Region

Consolidated revenues are presented by location of customers.

(€ million)	H1 2020	H1 2019	Year 2019
Europe	12,295	18,678	36,516
Including: France	*5,064*	*6,850*	*13,581*
Americas	1,096	2,264	4,435
China	53	48	127
Africa-Middle East-India-Asia-Pacific	2,260	3,497	7,038
Eurasia	2,721	3,563	7,421
Including: AVTOVAZ	*1,176*	*1,644*	*3,317*
Total revenues	**18,425**	**28,050**	**55,537**

The Regions are defined in chapter 1.3 of the 2019 annual financial report.

Note 5 – Research and Development expenses

(€ million)	H1 2020	H1 2019	Year 2019
Research and development expenses	(1,399)	(1,840)	(3,697)
Capitalized development expenses	692	998	1,985
Amortization of capitalized development expenses	(603)	(485)	(946)
Total reported in income statement	**(1,310)**	**(1,327)**	**(2,658)**

The decrease in research and development expenses over the first half-year of 2020 is mainly explained by the end of an initial cycle of upgrades to the product range.

This decrease was accentuated by the Covid-19 pandemic, which had no significant effect on the capitalization rate applied to development expenses under the rules set out in IAS 38. The lower capitalization rate is notably attributable to deferral of certain technical milestones from which development expenses are capitalized.

Amortization was substantially higher in the first half-year of 2020 than the same period of 2019, due in particular to the higher capitalization rate applied in 2018 and 2019.

Note 6 – Other operating income and expenses

(€ million)	H1 2020	H1 2019	Year 2019
Restructuring and workforce adjustment costs	(166)	(117)	(236)
Gains and losses on total or partial disposal of businesses or operating entities, and other gains and losses related to changes in the scope of consolidation	(172)	-	(5)
Gains and losses on disposal of property, plant and equipment and intangible assets (except leased asset sales)	19	3	(10)
Impairment of property, plant and equipment, intangible assets and goodwill (excluding goodwill of associates and joint ventures)	(445)	(12)	(229)
Impairment related to operations in Iran	-	-	-
Other unusual items	(40)	(7)	(77)
Total	**(804)**	**(133)**	**(557)**

As stated in note 2, expenses and income recognized during the first half-year of 2020 that are identified as resulting wholly or partly from the Covid-19 pandemic are not considered as "Other operating income and expenses", except for expenses which due to their nature are always included in that category, such as impairment of tangible and intangible assets.

6-A. Restructuring and workforce adjustment costs

From 2020, restructuring costs include the costs of planned programs that significantly modify an entity's scope of activity and/or the way the activity is managed, as stated in the introduction in note 2.2.6.1.

Restructuring and workforce adjustment costs mainly concern the Europe region in 2020 and 2019.

In the first half-year of 2020, these costs include €(107) million for a new work exemption plan in France which eligible employees can join between 1 April 2020 and 1 January 2021. In 2019 these costs particularly included €(89) million of complementary expenses related to revision of the assumptions regarding the higher than anticipated numbers signing up to the French career-end work exemption plan set out in the initial agreement signed on January 13, 2017 and amended on April 16, 2018 named *"Renault France CAP 2020 – Contrat d'Activité pour une Performance durable"* (activity contract for sustainable performance).

On May 29, 2020 the Group announced a proposed plan to reduce fixed costs by more than €2 billion over 3 years. The proposal includes a workforce adjustment involving outplacements, internal mobility and voluntary redundancies, to be spread over 3 years, and would concern nearly 4,600 jobs in France and more than 10,000 jobs in the rest of the world.

An initial information and consultation meeting with employee representative bodies was held by Renault SAS Central Social and Economic Committee on June 16, 2020 to present the information and consultation file concerning implementation in France of the plan announced on May 29, 2020. A second meeting took place on June 29, 2020 to discuss the file and answer questions from the employee representatives. The representatives decided to defer the consultation initially scheduled for that meeting until the results of the expert assessment requested by vote on June 16 are available.

Meanwhile, presentations of the plan to reduce fixed costs were given to the Group Works Council on May 28 and June 26, 2020. The information and consultation procedure and expert assessments conducted at the request of employee representatives will continue in the coming months. Since the conditions for recognition of a provision for restructuring under IAS 37 – Provisions, Contingent liabilities and Contingent assets were not fulfilled at June 30, 2020, no significant provision for the potential restructuring costs is recorded at that date.

6-B. Gains and losses on disposal of businesses or operating entities

Costs associated with the sale of Renault's share in the joint venture DRAC and the takeover of the after-sales activity were recognized in April 2020, in the total amount of €(172) million.

6-C. Impairment of fixed assets and goodwill (excluding goodwill of associates and joint ventures)

In the first half-year of 2020, impairment amounting to €(445) million was recorded (€(229) million net of reversals in 2019, including €(12) million for the first-half year). No reversal of impairment was recorded in this period (€10 million of reversals were recognized in the 2019, including €8 million for the first-half year). The new impairment concerns intangible assets (net increase of €(260) million) and property, plant and equipment (net increase of €(185) million) (note 10). New impairment was principally recorded as a result of impairment tests on petrol and diesel engine vehicles in the context of the Covid-19 pandemic, given the lower sales volumes and the downward revision of business prospects on those vehicles (note 10).

6-D. Other unusual items

Impairment tests on certain vehicles led to recognition of unusual expenses corresponding to advance and future payments to partners and suppliers in connection with those vehicles, amounting to €(23) million in 2020 and €(78) million in 2019.

Note 7 – Financial income (expenses)

(€ million)	H1 2020	H1 2019	Year 2019
Cost of gross financial indebtedness	(167)	(216)	(386)
Income on cash and financial assets	25	36	75
Cost of net financial indebtedness	**(142)**	**(180)**	**(311)**
Dividends received from companies that are neither controlled nor under significant influence	-	54	59
Foreign exchange gains and losses on financial operations	20	15	30
Gain/Loss on exposure to hyperinflation	(16)	15	(34)
Net interest expenses on the defined-benefit liabilities and assets corresponding to pension and other long-term employee benefit obligations	(9)	(16)	(28)
Other [(1)]	(67)	(72)	(158)
Other financial income and expenses	**(72)**	**(4)**	**(131)**
Financial income (expenses)	**(214)**	**(184)**	**(442)**

(1) Other items mainly comprise expenses on assignment of receivables, changes in fair value (the investments in FAA and Partech Growth), bank commissions, discounting fees and late payment interest.

The net liquidity position (or net financial indebtedness) of the Automotive segments is presented in the information by operating segment (see section 2.2.6.1-D).

Note 8 – Current and deferred taxes

(€ million)	H1 2020	H1 2019	Year 2019
Current income taxes	(120)	(344)	(626)
Deferred tax income (charge)	(153)	90	(828)
Current and deferred taxes	**(273)**	**(254)**	**(1,454)**

In the first half-year of 2020, €(105) million of the current income tax charge comes from foreign entities including AVTOVAZ ((€509) million in 2019, including €(287) million in the first half-year).

The current income tax charge for entities included in the French tax consolidation group amounts to €(15) million in the first half-year of 2020 (€(117) million in 2019, including €(57) million in the first half-year).

French tax consolidation group

The effective tax rate in the French tax consolidation group is 5% (5.5% in the first half-year of 2019, not relevant at December 31, 2019). The residual unrecognized deferred tax assets amounted to €3,656 million (€3,422 million at December 31, 2019). They comprise tax losses that can be carried forward indefinitely to set against future taxable income up to a limit of 50% of that income. €345 million of these unrecognized assets were generated by items recognized in shareholders' equity (effects of the partial hedge of the investment in Nissan) and €3,311 million were generated by items affecting the income statement (€393 million and €3,049 million respectively at December 31, 2019).

Entities not in the French tax consolidation group

For foreign entities including AVTOVAZ, the effective tax rate is not informative, mainly because of the discontinuation of recognition of deferred tax assets on the AVTOVAZ segment's tax losses.

An analysis of the recoverability of deferred taxes linked to the AVTOVAZ tax-loss carry-forwards was conducted in the context of the Covid-19 pandemic. Because of the significant deterioration in the outlook for the Russian market, and the forecast of a tax loss in 2020, these assets are no longer recognized. This has generated an additional deferred tax expense of €(268) million (RUB (20 510) million) in the first half-year of 2020.

Last year, the effective tax rate across all foreign entities including AVTOVAZ was 25.6% for the first half-year of 2019 and 19.4% for the year 2019.

Note 9 – Basic and diluted earnings per share

(in thousands of shares)	H1 2020	H1 2019	Year 2019
Shares in circulation	295,722	295,722	295,722
Treasury shares	(5,362)	(4,825)	(4,700)
Shares held by Nissan x Renault's share in Nissan	(19,383)	(19,382)	(19,383)
Number of shares used to calculate basic earnings per share	**270,977**	**271,515**	**271,639**

The number of shares used to calculate the basic earnings per share is the weighted average number of ordinary shares in circulation during the period, i.e. after neutralization of treasury shares and Renault shares held by Nissan.

The number of shares used to calculate the diluted earnings per share is the weighted average number of ordinary shares potentially in circulation during the period, i.e. the number of shares used to calculate the basic earnings per share plus the number of stock options and rights to performance shares awarded under the relevant plans that have a dilutive effect and fulfil the performance conditions at the reporting date when issuance is conditional.

(in thousands of shares)	H1 2020	H1 2019	Year 2019
Number of shares used to calculate basic earnings per share	270,977	271,515	271,639
Potential dilutive effect of stock options, performance share rights and other share-based payments	1,318	1,546	1,930
Number of shares used to calculate diluted earnings per share	**270,977(1)**	**273,061**	**271,639(1)**

(1) As the net income – parent-company shareholders' share is negative, the dilutive effect of stock options, performance share rights and other share-based payments is not reported.

2.2.6.4 OPERATING ASSETS AND LIABILITIES, SHAREHOLDERS' EQUITY

Note 10 – Intangible assets and property, plant and equipment

10-A. Intangible assets and goodwill

(€ million)	Gross value	Amortization and impairment	Net value
Value at December 31, 2019	**13,924**	**(6,975)**	**6,949**
Acquisitions / (amortization and impairment) (1)	752	(920)	(168)
(Disposals) / reversals	(10)	10	-
Translation adjustement	(182)	26	(156)
Change in scope of consolidation and other	89	(8)	81
Value at June 30, 2020	**14,573**	**(7,867)**	**6,706**

(1) Including impairment of €(260) million concerning intangible assets.

10-B. Property, plant and equipment

(€ million)	Gross value	Depreciation and impairment	Net value
Value at December 31, 2019	**47,998**	**(31,098)**	**16,900**
Acquisitions / (depreciation and impairment) (1)	1,882	(1,568)	314
(Disposals) / reversals	(561)	254	(307)
Translation adjustment	(904)	530	(374)
Change in scope of consolidation and other	49	(22)	27
Value at June 30, 2020	**48,464**	**(31,904)**	**16,560**

(1) Including €(185) million of impairment on property, plant and equipment.

10-C. Impairment tests on vehicle-specific assets (including components) and entities

Following impairment tests of specific assets dedicated to vehicles (including components) and entities, impairment of €(445) million was booked during the first half-year of 2020 (€(239) million in the year 2019), comprising €(260) million for intangible assets (€(206) million in 2019) and €(185) million for property, plant and equipment (€(33) million in 2019). This impairment mainly concerns petrol and diesel vehicles, given the lower sales volumes in 2020 and the downward revision of the prospects for those assets, in the context of the Covid-19 pandemic. In 2019 the impairment principally concerned vehicles made for the Chinese market.

Impairment for intangibles and property, plant and equipment was recognized in 2013 in respect of electric vehicles. As the market for electric vehicles grew substantially in 2018 and that trend was confirmed in 2019, residual impairment was reversed in 2019, in the amounts of €5 million on intangible assets (during the first half-year) and €3 million on property, plant and equipment (during the first half-year).

No impairment reversals were recorded in the first half-year of 2020.

The impairment tests used assumptions consistent with the assumptions applied in impairment testing of cash-generating units, which are described in note 10-D notably concerning the accounting consequences of the Covid-19 pandemic.

Should the Covid-19 pandemic continue to have negative impacts on sales volumes in 2021 and 2022 for vehicles on which impairment was recognized in the first half-year of 2020, a 10% decrease in those volumes compared with the test assumptions would lead to €(31) million of additional impairment.

10-D. Impairment tests of country-specific assets or cash-generating units of the Automotive (excluding AVTOVAZ) segment

China and other countries

The test conducted in 2019 on specific assets dedicated to the Chinese market led to recognition of impairment as described in note 10-C above, and impairment on investments in joint ventures operating on the Chinese market (see note 12).

Automotive (excluding AVTOVAZ) segment

The recoverable value used for the purpose of impairment tests for the Automotive (excluding AVTOVAZ) segment is the value in use, determined under the discounted future cash flow method on the basis of the following assumptions:

	June 30, 2020	Dec. 31, 2019
Growth rate to infinity	1.6%	1.7%
After-tax discount rate	9.2%	8.5%
Decrease in medium-term plan sales volumes for 2020 due to the Covid-19 pandemic	21%	NA
Decrease in medium-term plan sales volumes beyond 2020 due to the Covid-19 pandemic	0%	NA

The assumptions used for impairment testing at June 30, 2020 are taken from the six-year strategic plan, Drive the Future 2017-2022, which was announced in October 2017. These assumptions were updated using data from the reforecast results established in late May 2020 and Renault's best estimate of trends in results for 2021 and 2022, which will be affected by unfavourable market developments and the Covid-19 pandemic. The revision of the strategic plan was still ongoing at the closing date and will be finalized during the second half-year of 2020.

In 2019, no impairment was recognized on assets included in the Automotive (excluding AVTOVAZ) segment as a result of the impairment test. A reasonably possible change in the main assumptions used should not result in a lower recoverable value than the book value of the assets.

At June 30, 2020 no reasonably possible change in the main assumptions used should result in a recoverable value that is lower than the book value of the assets tested. The recoverable value of the assets tested would remain higher than the book value in the event of the following changes in those assumptions:

- A growth rate to infinity of 0%;
- A 10% decrease in sales volumes for 2021 and 2022 due to persistence beyond 2020 of the negative effects of the Covid-19 pandemic;
- An after-tax discount rate of 10%.

10-E. Impairment tests on the AVTOVAZ cash-generating unit and the Lada brand

Impairment tests of the AVTOVAZ cash-generating unit

AVTOVAZ was delisted from the Moscow stock exchange in May 2019, and consequently reference is no longer made to its market capitalization to assess the recoverable value of its net assets (including goodwill).

In application of the approach presented in the note on accounting policies (note 2-M to the consolidated financial statements for 2019), impairment tests were conducted at June 30, 2019 and December 31, 2019 that did not lead to recognition of any impairment at those dates. A further test was conducted at June 30, 2020 due to the downturn on the Russian market and the effects of the Covid-19 pandemic. Since December 31, 2019 an annual impairment test is now conducted at December 31 every year.

For the impairment test of the AVTOVAZ cash-generating unit, an after-tax discount rate of 14.7% (14% at December 31, 2019) and a growth rate to infinity (including the effect of inflation) of 3.2% (4% at December 31, 2019) were used to calculate value in use.

The test results did not lead to recognition of any impairment at June 30, 2020.

A decrease of more than 33% in the profitability assumption included in the terminal value would lead to recognition of impairment on goodwill.

Impairment tests of the Lada brand

For the purpose of allocation of the purchase price of AVTOVAZ, the Lada brand was recognized at its fair value at the date control was acquired (in late 2016), i.e. 9,248 million Russian roubles (€116 million at the exchange rate of June 30, 2020). Since this brand is an intangible asset with an indefinite useful life, an impairment test was carried out at December 31, 2019 based on a discount rate of 14% and a growth rate to infinity of 4%. No impairment was booked in 2019, as the recoverable value was higher than the book value. A further test was conducted at June 30, 2020 due to the downturn on the Russian market and the effects of the Covid-19 pandemic, using the following assumptions: discount rate of 14.7% and growth rate to infinity of 3.2%.

A reasonably possible change in the key assumptions used should not result in a recoverable value that is below the book value.

Since December 31, 2019 an annual impairment test is now conducted at December 31 every year.

Note 11 – Investment in Nissan

Renault's investment in Nissan in the income statement and financial position:

(€ million)	H1 2020 at June 30, 2020	H1 2019 at June 30, 2019	Year 2019 at Dec. 31, 2019
Consolidated income statement			
Share in net income (loss) of associates accounted for by the equity method	(4,817)	(21)	242
Consolidated financial position			
Investments in associates accounted for by the equity method	15,147	20,503	20,622

11-A. Nissan consolidated financial statements included under the equity method in the Renault consolidation

The Nissan accounts included under the equity method in Renault's financial statements are Nissan's consolidated accounts published in compliance with Japanese accounting standards (as Nissan is listed on the Tokyo Stock Exchange), after adjustments for the requirements of the Renault consolidation.

Nissan held 0.7% of its own treasury shares at June 30, 2020 (0,7% at December 31, 2019). Consequently, Renault's percentage interest in Nissan is 43.7% (43.7% at December 31, 2019).

11-B. Changes in the investment in Nissan as shown in Renault's statement of financial position

(€ million)	Share in net assets: Before neutralization	Share in net assets: Neutralization proportional to Nissan's investment in Renault (1)	Share in net assets: Net	Goodwill	Total
At December 31, 2019	**20,837**	**(974)**	**19,863**	**759**	**20,622**
First half 2020 net income (2)	(4,817)		(4,817)		(4,817)
Dividend distributed	-		-		-
Translation adjustment	(486)		(486)	8	(478)
Other changes (3)	(180)		(180)		(180)
At June 30, 2020	**15,354**	**(974)**	**14,380**	**767**	**15,147**

(1) Nissan has held 44,358 thousand Renault shares since 2002, corresponding to an investment of around 15%. The neutralization is based on Renault's percentage holding in Nissan.
(2) The first-half 2020 net income includes impairment of non-current assets and restructuring costs amounting to €4,290 million, €1,934 million of which relate to the transition from Japanese accounting standards to IFRS (principally for development expenses, which are only capitalized under IFRS).
(3) Other changes include the change in actuarial gains and losses on pension obligations, the change in the financial instruments revaluation reserve and the change in Nissan treasury shares.

11-C. Changes in Nissan equity restated for the purposes of the Renault consolidation

	Dec. 31, 2019	H1 2020 net income	Dividends	Translation adjustment	Other changes (1)	June 30, 2020
(¥ billion)						
Shareholders' equity – Parent-company shareholders' share under Japanese GAAP	**5,051**	**(996)**	**-**	**(204)**	**(144)**	**3,707**
Restatements for compliance with IFRS:						
Provision for pension and other long-term employee benefit obligations	(27)	(5)		(5)	77	40
Capitalization of development expenses	752	(351)		(1)		400
Deferred taxes and other restatements	(122)	7		(1)	10	(106)
Net assets restated for compliance with IFRS	**5,654**	**(1,345)**	**-**	**(211)**	**(57)**	**4,041**
Restatements for Renault Group requirements (2)	161	27		5	6	199
Net assets restated for Renault Group requirements	**5,815**	**(1,318)**	**-**	**(206)**	**(51)**	**4,240**
(€ million)						
Net assets restated for Renault Group requirements	**47,687**	**(11,023)**	**-**	**(1,113)**	**(412)**	**35,139**
Renault's percentage interest	43.7%					43.7%
Renault's share (before neutralization effect described below)	20,837	(4,817)		(486)	(180)	15,354
Neutralization of Nissan's investment in Renault (3)	(974)					(974)
Renault's share in the net assets of Nissan	**19,863**	**(4,817)**	**-**	**(486)**	**(180)**	**14,380**

(1) Other changes include the change in actuarial gains and losses on pension obligations, the change in the financial instruments revaluation reserve and the change in Nissan treasury shares.
(2) Restatements for Renault Group requirements essentially correspond to revaluation of fixed assets by Renault for the acquisitions undertaken between 1999 and 2002, and elimination of Nissan's investment in Renault accounted for under the equity method.
(3) Nissan has held 44,358 thousand Renault shares in Renault since 2002, an ownership interest of about 15%. The neutralization is based on Renault's percentage holding in Nissan.

11-D. Nissan net income under Japanese GAAP

Since Nissan's financial year ends at March 31, the Nissan net income included in the first-half 2020 Renault consolidation is the sum of Nissan's net income for the final quarter of its 2019 financial year and the first quarter of its 2020 financial year.

	January to March 2020 Final quarter of Nissan's 2019 financial year		April to June 2020 First quarter of Nissan's 2020 financial year		January to June 2020 Reference period for Renault's first-half 2020 consolidated financial statements	
	(¥ billion)	(€ million) (1)	(¥ billion)	(€ million) (1)	(¥ billion)	(€ million) (1)
Net income – Parent-company shareholders' share	(711)	(5,916)	(285)	(2,414)	(996)	(8,330)

(1) Converted at the average exchange rate for each quarter.

11-E. Valuation of Renault's investment in Nissan at stock market prices

Based on the quoted price at June 30, 2020 of ¥399 per share, Renault's investment in Nissan is valued at €6,058 million (€9,554 million at December 31, 2019 based on the price of ¥636 per share).

11-F. Impairment test of the investment in Nissan

At June 30, 2020, the stock market value of the investment was 60% lower than the value of Nissan in Renault's statement of financial position (53.7% at December 31, 2019).

In application of the approach presented in the note on accounting policies (note 2-M to the consolidated financial statements for 2019), an impairment test was carried out at December 31, 2019. An after-tax discount rate of 6.95% and a growth rate to infinity (including the effect of inflation) of 2.25% were used to calculate value in use. The terminal value was calculated under profitability assumptions consistent with Nissan's past data and balanced medium-term prospects.

The test result did not lead to recognition of any impairment on the investment in Nissan at December 31, 2019. It was concluded that a possible change in the main assumptions should not conduct to determine a lower recoverable value than the book value of the investment in Nissan.

A further impairment test was performed at June 30, 2020 in view of the Covid-19 pandemic situation. An after-tax discount rate of 5.80% and a growth rate to infinity (including the effect of inflation) of 1.99% were used to calculate value in use. The test result did not lead to recognition of any impairment on the investment in Nissan at June 30, 2020, and no reasonably possible change in the main assumptions used should result in a recoverable value that is lower than the book value of the investment in Nissan.

11-G. Operations between the Renault Group and the Nissan Group

G1 – Automotive (excluding AVTOVAZ) and Nissan group

The Automotive (excluding AVTOVAZ) segment is involved in operations with Nissan on two levels:

- Industrial production: cross-over production of vehicles and components in the Alliance's manufacturing plants:
  - In the first half-year of 2020, total sales by the Automotive (excluding AVTOVAZ) segment to Nissan and purchases by the Automotive (excluding AVTOVAZ) segment from Nissan amounted to an estimated €0.8 billion and €0.6 billion respectively (€3.4 billion and €1.2 billion respectively in 2019, including €1.8 billion and €1 billion for the first half-year).
  - At June 30, 2020, the balance of Automotive (excluding AVTOVAZ) segment receivables on the Nissan group is €423 million and the balance of Automotive (excluding AVTOVAZ) segment liabilities to the Nissan group is €571 million (€521 million and €738 million respectively at December 31, 2019).
- Finance: In addition to its activity for Renault, Renault Finance acts as the Nissan group's counterparty in financial instruments trading to hedge foreign exchange and interest rate risks. In the balance sheet, the derivative assets on the Nissan group amount to €13 million at June 30, 2020 (€26 million at December 31, 2019) and derivative liabilities amount to €8 million at June 30, 2020 (€4 million at December 31, 2019).

Renault's Sales Financing segment helps to attract customers and build loyalty to Nissan brands through a range of financing products and services incorporated into the sales policy, principally in Europe. In the first half-year of 2020, RCI Banque recorded €62 million of service revenues in the form of commission and interest received from Nissan (€148 million in 2019, of which €89 million were recorded in the first half-year). The balance of sales financing receivables on the Nissan group is €50 million at June 30, 2020 (€86 million at December 31, 2019) and the balance of liabilities is €121 million at June 30, 2020 (€184 million at December 31, 2019).

The cooperation agreement with Nissan in Europe expires on December 31, 2021. Negotiations to define the terms of a new agreement are ongoing.

G2 – Operations between AVTOVAZ and the Nissan group

In the first half-year of 2020, total sales by AVTOVAZ to Nissan and purchases by AVTOVAZ from Nissan amounted to an estimated €34 million and €9 million respectively (€118 million and €23 million in 2019, of which €56 million and €10 million were recorded in the first-half year).

In the AVTOVAZ financial position at June 30, 2020, the balances of transactions between AVTOVAZ and the Nissan Group consist mainly of:

- a non-current receivable for jointly controlled assets amounting to €0 million (€25 million at December 31, 2019),
- operating receivables and payables amounting respectively to €6 million and €19 million (€0 million and €18 million at December 31, 2019).

Note 12 – Investments in other associates and joint ventures

Details of investments in other associates and joint ventures are as follows in the Group's financial statements:

(€ million)	H1 2020 at June 30, 2020	H1 2019 at June 30, 2019	Year 2019 at Dec. 31, 2019
Consolidated income statement			
Share in net income (loss) of other associates and joint ventures	**(75)**	**(14)**	**(432)**
Associates accounted for under the equity method	15	27	43
Joint ventures accounted for under the equity method [1]	(90)	(41)	(475)
Consolidated financial position			
Investments in other associates and joint ventures	**599**	**875**	**610**
Associates accounted for under the equity method	454	475	479
Joint ventures accounted for under the equity method	145	400	131

(1) The loss recorded at June 30, 2020 principally corresponds to impairment of the investment in Renault Brilliance Jinbei Automotive Company, a joint venture accounted for under the equity method. The loss recorded in 2019 principally corresponds to impairment of the investments in two joint ventures accounted for under the equity method: Dongfeng Renault Automotive Company and Renault Brilliance Jinbei Automotive Company.

Note 13 – Sales Financing receivables

13-A. Sales financing receivables by nature

(€ million)	June 30, 2020	Dec. 31, 2019
Dealership receivables	8,918	10,901
Financing for end-customers	23,030	25,016
Leasing and similar operations	10,539	10,305
Gross value	**42,487**	**46,222**
Impairment [1]	(1,000)	(848)
Net value	**41,487**	**45,374**

(1) The change of €152 million in impairment in the first half-year of 2020 primarily results from revision of the expected credit loss assumptions in the context of the Covid-19 pandemic.

13-B. Sales financing receivables by level of risk

Difficulties with recovery of receivables during the Covid-19 pandemic led to an increase in the impairment of receivables due to the higher amounts transferred to receivables in default, and an increase in the calculation parameters. In accordance with the recommendation of ESMA, the Sales Financing segment did not always consider that payment date extensions granted systematically to a large population of outstanding receivables should give rise to transfer of the receivables to the three stages of risk (healthy receivables, receivables showing higher credit risk since initial recognition, and receivables in default). The Sales Financing segment also raised the weighting of the "adverse" forward-looking scenario, while continuing the higher weighting for the stability scenarios.

(€ million)	Financing for final customers	Dealer financing	June 30, 2020
Gross value	**33,569**	**8,918**	**42,487**
Healthy receivables	30,031	8,333	38,364
Receivables showing higher credit risk since initial recognition	2,867	516	3,383
Receivables in default	671	69	740
% of total receivables in default	2.0%	0.8%	1.7%
Impairment	**(885)**	**(115)**	**(1,000)**
Impairment in respect of healthy receivables	(209)	(65)	(274)
Impairment in respect of receivables showing higher credit risk since initial recognition	(224)	(17)	(241)
Impairment in respect of receivables in default	(452)	(33)	(485)
Total net value	**32,684**	**8,803**	**41,487**

(€ million)	Financing for final customers	Dealer financing	Dec. 31, 2019
Gross value	**35,321**	**10,901**	**46,222**
Healthy receivables	31,690	10,527	42,217
Receivables showing higher credit risk since initial recognition	3,034	298	3,332
Receivables in default	597	76	673
% of total receivables in default	1,7%	0,7%	1,5%
Impairment	**(747)**	**(101)**	**(848)**
Impairment in respect of healthy receivables	(173)	(57)	(230)
Impairment in respect of receivables showing higher credit risk since initial recognition	(167)	(10)	(177)
Impairment in respect of receivables in default	(407)	(34)	(441)
Total net value	**34,574**	**10,800**	**45,374**

Note 14 – Inventories

(€ million)	June 30, 2020			December 31, 2019		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Raw materials and supplies	2,123	(305)	1,818	1,724	(290)	1,434
Work in progress	312	(5)	307	330	(7)	323
Used vehicles	1,332	(137)	1,195	1,465	(141)	1,324
Finished products and spare parts	3,307	(177)	3,130	2,842	(143)	2,699
Total	**7,074**	**(624)**	**6,450**	**6,361**	**(581)**	**5,780**

The value of inventories at June 30, 2020 excludes the impact of the low business activity levels caused by the Covid-19 pandemic.

Note 15 – Financial assets - cash and cash equivalents

15-A. Current / non-current breakdown

(€ million)	June 30, 2020			December 31, 2019		
	Non-current	Current	Total	Non-current	Current	Total
Daimler shares	595	-	595	812	-	812
Other investments in non-controlled entities	51	-	51	66	-	66
Marketable securities and negotiable debt instruments	-	1,034	1,034	-	1,375	1,375
Derivatives on financing operations by the Automotive segments	79	169	248	49	216	265
Loans and other	46	537	583	145	625	770
Total financial assets	**771**	**1,740**	**2,511**	**1,072**	**2,216**	**3,288**
Gross value	*771*	*1,751*	*2,522*	*1,072*	*2,221*	*3,293*
Impairment	-	*(11)*	*(11)*	-	*(5)*	*(5)*
Cash equivalents	-	3,673	3,673	-	8,375	8,375
Cash	-	10,459	10,459	-	6,607	6,607
Total cash and cash equivalents	**-**	**14,132**	**14,132**	**-**	**14,982**	**14,982**

15-B. Investments in non-controlled entities

At June 30, 2020, investments in non-controlled entities include €595 million (€812 million at December 31, 2019) for the Daimler shares purchased under the strategic partnership agreement. These shares are carried at fair value through other components of comprehensive income by option. If the Daimler shares were sold, the gain on sale would not be transferred to profit and loss. Their fair value is determined by reference to the stock market price. At June 30, 2020 the stock market price (€36.15 per share) was higher than the acquisition price (€35.52 per share) and the unrealized gain on the Daimler shares held is €10 million. The decrease in fair value over the period, amounting to €217 million (increase of the fair value of €57 million in 2019 and of €50 million in the first half 2019), is recorded in other components of comprehensive income for the first half-year 2020.

15-C. Cash not available to the Group

The Group has liquidities in countries where repatriation of funds can be complex for regulatory or political reasons. In most of these countries, such funds are used locally for industrial or sales financing purposes.

Some current bank accounts held by the Sales Financing Securitization Fund are used to increase credit on securitized receivables, and consequently act as guarantees in the event of default on payment of receivables. These current bank accounts amount to €611 million at June 30, 2020 (€540 million at December 31, 2019).

Note 16 – Shareholders' equity

16-A. Share capital

The total number of ordinary shares issued and fully paid at June 30, 2020 is 295,722 thousand, with par value of €3.81 per share (unchanged since December 31, 2019).

Treasury shares do not bear dividends. They account for 1.56% of Renault's share capital at June 30, 2020 (1.54% at December 31, 2019).

The Nissan Group holds approximately 15% of Renault through its wholly-owned subsidiary Nissan Finance Co. Ltd (no voting rights are attached to these shares).

16-B. Distributions

At the General and Extraordinary Shareholders' Meeting of June 19, 2020, it was decided not to distribute dividends. In 2019, the dividends were €3.55 per share or a total of €1,035 million.

16-C. Stock option and performance share plans and other share-based payments

New performance share plans were introduced in the first half 2020, concerning 1,369 thousand shares with initial total value of €12 million. The vesting period for rights to shares is 3 years, with no minimum holding period.

Changes in the number of stock options and share rights held by personnel and other share-based payments

	Stock options			
	Quantity	Weighted average exercise price (€)	Weighted average share price at grant and exercise dates (€)	Share rights
Options outstanding and rights not yet vested at January 1, 2020	**102,987**	**37**	**-**	**4,343,329**
Granted				1,368,615
Options exercised or vested rights	(471) (1)	37	50 (2)	(1,211,176) (3)
Options and rights expired and other adjustments				(65,304)
Options outstanding and rights not yet vested at June, 30 2020	**102,516**	**37**		**4,435,464**

(1) Stock options exercised or expired in 2020 were granted under plan 20 in 2012.
(2) Price at which the shares were acquired by the Group to cover future options.
(3) Performance shares vested were awarded under plan 23 for non-residents and plan 24 for residents.

Note 17 – Provisions

17-A. Provisions for pensions and other long-term employee benefit obligations

Provisions for pensions and other long-term employee benefit obligations amount to €1,651 million at June 30, 2020 (€1,700 million at December 31, 2019), These provisions decreased by €49 million in the first half-year of 2020. The financial discount rate most frequently used to value the Group's obligations in France is 0.71% at June 30, 2020, against 0.79% at December 31, 2019 and the salary increase rate for the first half-year of 2020 is 2.20%, compared to 2.50% at December 31, 2019.

17-B. Changes in provisions

(€ million)	Restructuring provisions	Warranty provisions (3)	Provisions for litigation and risks concerning other taxes	Provisions for insurance activities (1)	Provisions for commitments given and other	Total
At December 31, 2019	**450**	**1,016**	**228**	**523**	**305**	**2,522**
Increases	154	224	23	(1)	55	455
Reversals of provisions for application	(108)	(255)	(9)	(27)	(37)	(436)
Reversals of unused balance of provisions	(11)	(5)	(5)	-	(15)	(36)
Changes in scope of consolidation	-	-	-	-	-	-
Translation adjustments and other changes	(2)	(28)	(28)	-	-	(58)
At June 30, 2020 (2)	**483**	**952**	**209**	**495**	**308**	**2,447**

(1) Technical reserves established by the Sales Financing segment's insurance companies.
(2) Short-term portion of provisions: €1,105 million; long-term portion of provisions: €1,342 million.
(3) The decrease in warranty provisions is principally explained by the lower sales in first-half 2020 following the Covid-19 pandemic. The decrease in warranty expenses during lockdown periods has no significant impact on the amount of the provision, since the legal warranty period was generally extended from 1 to 5 months, particularly in France where a 3 to 5-month extension was applied, and expenses not recognized during this first half-year will be recognized in subsequent periods.

No significant provision was recognized at June 30, 2020 in connection with the plan to reduce fixed costs announced on May 29, 2020 (see note 6-A).

All known litigation in which Renault or Group companies are involved is examined at each closing. After seeking the opinion of legal advisors, any provisions deemed necessary are set aside to cover the estimated risk. During the first-half 2020, the Group recorded no provisions in connection with significant new litigation. Information on contingent liabilities is provided in note 21-A.

Note 18 – Financial liabilities and sales financing debts

18-A. Current / non-current breakdown

(€ million)	June 30, 2020 Non-current	June 30, 2020 Current	June 30, 2020 Total	December 31, 2019 Non-current	December 31, 2019 Current	December 31, 2019 Total
Renault SA redeemable shares	292	-	292	281	-	281
Bonds	5,182	1,050	6,232	5,671	613	6,284
Other debts represented by a certificate	-	1,838	1,838	-	648	648
Borrowings from credit institutions	1,352	1,772	3,124	1,170	690	1,860
- Russia	*833*	*503*	*1,336*	*807*	*71*	*878*
- Brazil	*179*	*476*	*655*	*23*	*359*	*382*
- France	*340*	*50*	*390*	*340*	*158*	*498*
- Turkey	*-*	*330*	*330*	*-*	*-*	*-*
Lease liabilities	594	123	717	622	117	739
Other financial liabilities	80	524	604	134	493	627
Financial liabilities of the Automotive segments (excluding derivatives)	**7,500**	**5,307**	**12,807**	**7,878**	**2,561**	**10,439**
Derivatives on financing operations of the Automotive segments	79	124	203	49	219	268
Financial liabilities of the Automotive segments	**7,579**	**5,431**	**13,010**	**7,927**	**2,780**	**10,707**
Financial liabilities of the Mobility Services segment	**12**	**2**	**14**	**-**	**-**	**-**
Diac redeemable shares and subordinated loans (1)	871	-	871	867	-	867
Bonds	-	18,846	18,846	-	18,825	18,825
Other debts represented by a certificate	-	3,945	3,945	-	5,114	5,114
Borrowings from credit institutions	-	4,786	4,786	-	5,480	5,480
Other interest-bearing borrowings, including lease liabilities (2)	-	18,846	18,846	-	17,954	17,954
Debts of the Sales Financing segment (excluding derivatives)	**871**	**46,423**	**47,294**	**867**	**47,373**	**48,240**
Derivatives on financing operations of the Sales Financing segment	-	104	104	-	92	92
Debts of the Sales Financing segment	**871**	**46,527**	**47,398**	**867**	**47,465**	**48,332**
Total financial liabilities and sales financing debts	**8,462**	**51,960**	**60,422**	**8,794**	**50,245**	**59,039**

(1) Including subordinated loans of RCI Banque, amounting to €850 million at June 30, 2020.
(2) Including lease liabilities of the Sales Financing segment, amounting to €48 million at June 30, 2020 (€53 million at December 31, 2019).

18-B. Changes in Automotive financial liabilities and derivative assets on financing operations

(€ million)	Dec. 31, 2019	Change in cash flows	Change resulting from acquisition or loss of control over subsidiaries and other operating units	Foreign exchange changes with no effect on cash flows	Other changes with no effect on cash flows	June 30, 2020
Renault SA redeemable shares	281	-	-	-	11	292
Bonds	6,284	(63)	-	13	(2)	6,232
Other debts represented by a certificate	648	1,193	-	(3)	-	1,838
Borrowings from credit institutions	1,860	1,442	-	(292)	114	3,124
Lease liabilities	739	(49)	5	(20)	42	717
Other financial liabilities	627	(172)	(11)	131	29	604
Financial liabilities of the Automotive segments (excluding derivatives)	**10,439**	**2,351**	**(6)**	**(171)**	**194**	**12,807**
Derivatives on financing operations of the Automotive segments	268	61	-	(145)	19	203
Total financial liabilities of the automotive segments (A)	**10,707**	**2,412**	**(6)**	**(316)**	**213**	**13,010**
Derivative assets on Automotive financing operations (B)	265	(48)	-	(9)	40	248
Net change in Automotive financial liabilities in consolidated cash flows by segment (section 2.2.5) (A) – (B)		**2,460**				
Financial liabilities of the Mobility Services segment	**-**	**-**	**-**	**(2)**	**16**	**14**
Net change in Automotive financial liabilities in consolidated cash flows		**2,460**				

18-C. Changes in financial liabilities and sales financing debts

Changes in Renault SA redeemable shares

The redeemable shares issued in October 1983 and April 1984 by Renault SA are subordinated perpetual shares listed on the Paris Stock Exchange. They earn a minimum annual return of 9% comprising a 6.75% fixed portion and a variable portion that depends on consolidated revenues and is calculated based on identical Group structure and methods.

Redeemable shares are stated at amortized cost. These shares are traded for €362 at June 30, 2020 and €557 at December 31, 2019. The financial liability based on the stock market value of the redeemable shares at June 30, 2020 is €289 million (€444 million at December 31, 2019).

Changes in bonds of the Automotive (excluding AVTOVAZ) segment

In the first-half 2020, Renault SA and Renault Do Brasil SA redeemed bonds for a total of €58 million and €5 million respectively. The Renault Do Brasil SA bond has thus been fully redeemed.

Changes in financial liabilities of the AVTOVAZ segment

During the first half-year of 2020, the AVTOVAZ group repaid financial liabilities totalling €30 million and contracted new financial liabilities totalling €534 million.

Changes in debts of the Sales Financing segment

During the first half-year of 2020, RCI Banque group issued new bonds totalling €1,151 million with maturities between 2021 and 2025, and redeemed bonds for a total of €898 million.

New savings collected rose by €848 million during the first half-year of 2020 (€92 million of sight deposits and €756 million of term deposits) to €18,559 million (€13,095 million of sight deposits and €5,464 million of term deposits), and are classified as other interest-bearing borrowings. These savings are collected in Germany, Austria, Brazil, France and the United Kingdom.

Credit lines and State-guaranteed credit agreement

At June 30, 2020, Renault SA's confirmed credit lines opened with banks amounted to €3,480 million (unchanged from December 31, 2019). These credit lines have maturities of over one year and were unused at June 30, 2020 (and at December 31, 2019).

On June 2, 2020, the Renault Group opened a credit line with a pool of five banks, for the maximum amount of €5 billion, covered by a French State guarantee for up to 90% of the amount borrowed. The main characteristics of this credit line are the following:

- The maximum total amount is €5 billion, and it can be drawn in whole or in part, in one or more times, until December 31, 2020.
- The initial maturity for each drawing is 12 months, with an option for Renault to extend the maturity by a further three years, with repayment of one third each year;
- The interest rate on each drawing is indexed on the 12-month Euribor for the first year, then the 6-month Euribor for any extensions;
- Early repayment after extension is possible for a principal amount of at least €500 million.

At June 30, 2020, this credit line was not drawn. The Group considers that this credit facility has been provided under normal market conditions, and consequently that no subsidy is to be recorded if any drawing is made on the credit line in future. In such an eventuality, the borrowing would be recognized at its initial nominal value. If the Group considers it is in a position to repay any drawings it May make without using the extension option, the drawings will be recorded in current liabilities and the option to extend the maturity will be analysed as a financing commitment received. In such a case, subsequent execution of the extension option will then be treated for accounting purposes as a new credit.

Also, at June 30, 2020, the Sales Financing segment's confirmed credit lines opened in several currencies with banks amounted to the equivalent of €4,832 million (€4,847 million at December 31, 2019). These credit lines were drawn to the extent of €13 million at June 30, 2020.

At June 30, 2020, the AVTOVAZ group has unconfirmed credit lines opened with banks in the amount of €1,544 million (€1,347 million at December 31, 2019). At June 30, 2020, the AVTOVAZ group has €242 million of undrawn available confirmed borrowing facilities (€474 million at December 31, 2019), available for operating activities.

Financing by reverse-factoring programs

The Automotive segments participate in reverse-factoring programs. These programs can be used to support a supplier, or to benefit the Group by extending payment deadlines. In the latter case, if the contract includes an unconditional commitment by the Group to pay the amount initially due to the supplier to the financial institution that is a party to the contract, the amounts concerned are reclassified as financial liabilities (this has no impact on the cash flow statement at the reclassification date). Otherwise, the amounts payable remain in trade payables. At June 30, 2020 reverse-factoring programs concerned €145 million of financial liabilities.

Changes in assets pledged as guarantees by the Sales Financing segment for management of the liquidity reserve

For management of its liquidity reserve, at June 30, 2020, the Sales Financing segment had provided guarantees to the Banque de France under France's central collateral management system 3G *(Gestion Globale des Garanties)* in the form of assets with book value of €6,511 million (€5,882 million at December 31, 2019). These assets comprise €5,682 million of shares in securitization vehicles, €117 million of euro bonds and €712 million of sales financing receivables (€5,325 million of shares in securitization vehicles, €151 million of euro bonds and €406 million of sales financing receivables at December 31, 2019). The funding provided by the Banque de France against these guarantees amounts to €2,250 million at June 30, 2020 (€2,700 million as at December 31, 2019).

18-D. Financing by assignment of receivables

Some of the Automotive segments' external financing comes from assignment of commercial receivables to non-Group financial establishments.

Details of financing by assignment of commercial receivables is as follows:

(€ million)	June 30, 2020 Receivables assigned to non-Group entities and derecognized	June 30, 2020 Receivables assigned and not derecognized	December 31, 2019 Receivables assigned to non-Group entities and derecognized	December 31, 2019 Receivables assigned and not derecognized
Automotive (excluding AVTOVAZ)	1,074	-	1,805	-
AVTOVAZ	-	-	5	-
Total assigned	**1,074**	**-**	**1,810**	**-**

In the first half-year of 2020, the total amount of tax receivables assigned and derecognized is €219 million, comprising €165 million of CIR receivables and €54 million of VAT receivables (€324 million of CIR receivables, €54 million of CICE receivables and €60 million of VAT receivables in 2019).

French tax receivables assigned outside the Group (the "CIR" Research Tax Credit and "CICE" Tax Credit For Competitiveness and Employment), with transfer of substantially all the risks and benefits associated with ownership of the receivables, are only derecognized if the risk of dilution is deemed to be non-existent. This is notably the case when the assigned receivables have already been subject to a tax inspection or preliminary audit. No assigned tax receivables remained in the balance sheets at June 30, 2020.

The assigned receivables are derecognized when the associated risks and benefits are substantially transferred, as described in note 2-P to the 2019 consolidated financial statements.

2.2.6.5 CASH FLOWS AND OTHER INFORMATION

Note 19 – Cash flows

19-A. Other income and expenses with no impact on cash before interest and tax

(€ million)	H1 2020	H1 2019	Year 2019
Net allocation to provisions	(18)	(7)	(115)
Net effects of sales financing credit losses	190	43	67
Net (gain) loss on asset disposals	126	(3)	23
Change in fair value of other financial instruments	20	-	33
Net financial indebtedness	142	180	311
Deferred taxes	154	(90)	828
Current taxes	119	344	626
Other	37	57	164
Other income and expenses with no impact on cash before interest and tax	**770**	**524**	**1,937**

19-B. Change in working capital before tax

(€ million)	H1 2020	H1 2019	Year 2019
Decrease (increase) in net inventories	(872)	(982)	165
Decrease (increase) in Automotive net receivables	(144)	(250)	390
Decrease (increase) in other assets	90	(276)	155
Increase (decrease) in trade payables	(2,428)	326	(161)
Increase (decrease) in other liabilities	(149)	594	665
Increase (decrease) in working capital before tax	**(3,503)**	**(588)**	**1,214**

19-C. Capital expenditure

(€ million)	H1 2020	H1 2019	Year 2019
Purchases of intangible assets	(752)	(1,015)	(2,086)
Purchases of property, plant and equipment (other than assets leased to customers)	(909)	(1,171)	(3,035)
Total purchases for the period	**(1,661)**	**(2,186)**	**(5,121)**
Deferred payments	(564)	(295)	99
Total capital expenditure	**(2,225)**	**(2,481)**	**(5,022)**

Note 20 – Related parties

20-A. Remuneration of directors and executives and Executive Committee members

Apart from the points described in section 3.2.4 of the 2019 Universal Registration Document, there was no significant change in the principles for remuneration and related benefits of Directors and Executives and Executive Committee members.

20-B. Renault's investments in associates

Details of Renault's investments in Nissan and in other companies accounted for by the equity method are provided in note 11.

20-C. Transactions with the French State and public companies

In the course of its business the Group undertakes transactions with the French State and public companies such as UGAP, EDF, and La Poste. These transactions, which take place under normal market conditions, represent sales of €93 million in the first-half 2020, an automotive receivable of €50 million, a sales financing receivable of €298 million and a financing commitment of €50 million at June 30, 2020.

Note 21 – Off-balance sheet commitments and contingent assets and liabilities

In the course of its business, Renault enters into a certain number of commitments, and is involved in litigations or subject to investigations by competition and automobile regulation authorities. Any liabilities resulting from these situations (e.g. pensions and other employee benefits, litigation costs, etc.) are covered by provisions. Details of other commitments that constitute off-balance sheet commitments and contingent liabilities are provided below (note 21-A).

Renault also receives commitments from customers (deposits, mortgages, etc.) and May benefit from credit lines with credit institutions (note 21-B).

21-A. Off-balance sheet commitments given and contingent liabilities

A1 – Ordinary operations

The Group is committed for the following amounts:

(€ million)	June 30, 2020	Dec. 31, 2019
Financing commitments in favour of customers (1)	3,105	2,583
Firm investment orders	1,633	1,572
Assets pledged, provided as guarantees or mortgaged	2	2
Sureties, endorsements and guarantees given and other commitments (2)	981	696

(1) Commitments in favour of customers by the Sales Financing segment will lead to outflows of liquidities during the three months following the closing date in the maximum amount of €2,984 million at June 30, 2020 (€2,488 million at December 31, 2019).

(2) Other commitments include guarantees granted to administrations, share subscription commitments, and lease commitments.

Assets pledged as guarantees by the Sales Financing segment for management of the liquidity reserve are presented in note 18-C.

A2 – Contingent liabilities

Group companies are periodically subject to tax inspections in the countries in which they operate. Accepted tax adjustments are recorded as provisions in the financial statements. Contested tax adjustments are recognized on a case-by-case basis, taking into account the risk that the proceedings or appeals undertaken May be unsuccessful. Tax liabilities are recognized through provisions when there are uncertainties over the determination of taxes.

Disposals of subsidiaries or businesses by the Group generally include representations and warranties in the buyer's favour. At June 30, 2020, the Group had not identified any significant risk in connection with these operations.

Group companies are periodically subject to investigations by the authorities in the countries in which they operate. When the resulting financial consequences are accepted, they are recognized in the financial statements through provisions. When they are contested, they are recognized on a case-by-case basis, based on estimates that take into account the risk that the proceedings or appeals undertaken may be unsuccessful.

The main investigations by the competition and automotive regulations authorities in progress at June 30, 2020 concern illegal agreements and the level of vehicle emissions in Europe.

On January 9, 2019 the Italian Competition Authority *(Autorità Garante della Concorrenza e del Mercato)* fined RCI Banque €125 million, and Renault SA is jointly liable for payment of the fine. The Group is contesting the grounds for this fine and has appealed against the decision. Renault considers that the probability of the decision being cancelled or fundamentally amended by a court order is high. Due to the large number of variables affecting the amount of the fine, if upheld, it is impossible to reliably estimate the amount that could be payable at the end of the proceedings. No provision was recognized in connection with this matter at June 30, 2020. On April 3, 2019 Renault's application for suspension of the payment was accepted, with arrangement of a bank guarantee. The court hearing initially scheduled for February 26, 2020 has been postponed to October 21, 2020 .

In the proceedings concerning the request for a preliminary ruling regarding another automaker, the Advocate General of the Court of Justice of the European Union (CJEU) published his opinion on 30 April 2020. The CJEU's interpretative ruling is likely to be issued during the final quarter of 2020. It will clarify how European laws relating to the "emissions" affair are to be interpreted and will be binding on national courts.

Beginning in March 2016, Renault decided to roll out a plan to reduce nitrogen oxide (NOx) emissions by its Euro 6b vehicles by applying new factory calibrations for vehicle production, and a corresponding €20 million provision was recognized for vehicles manufactured before this decision. A step-up in this plan was decided in October 2017, leading to recognition of an additional €24 million provision. At June 30, 2020 the balance of the provision is €6 million (compared to €8 million at December 31, 2019).

Group companies are subject to the applicable regulations regarding CO_2 emissions, principally in the European Union, but also in China, Switzerland, South Korea and other countries. Approximately 70% of the Group's sales are subject to this type of regulation. The risk of failing to meet the European CAFE (Corporate Average Fuel Economy) target of 95g CO_2/km in 2020 is considered unlikely at June 30, 2020, even though the average CO_2 emissions of vehicles registered between January 1 and June 30, 2020 is above the 95g threshold, as our simulations indicate that the threshold should not be exceeded for 2020.

Group companies are also subject to the applicable regulations regarding pollution, notably of soil and ground water. These regulations vary depending on the country of location. Some of the associated environmental liabilities are potential and will only be recognized in the accounts if the activity is discontinued or the site closed. It is also sometimes difficult to determine the amount of the obligation reliably. Provisions are only established for liabilities that correspond to a legal or constructive obligation at the closing date, and can be estimated with reasonable reliability.

21-B. Off-balance sheet commitments received and contingent assets

(€ million)	June 30, 2020	Dec. 31, 2019
Sureties, endorsements and guarantees received	2,868	2,671
Assets pledged or mortgaged (1)	2,794	3,790
Buy-back commitments (2)	5,178	4,832
Other commitments	45	43

(1) The Sales Financing segment receives guarantees from its customers in the course of sales financing for new or used vehicles. Guarantees received from customers amount to €2,750 million at June 30, 2020 (€3,727 million at December 31, 2019). In addition, AVTOVAZ received €15 million in real estate property rights and ownership rights as guarantees of loans, and €28 million in rights to vehicles as guarantees of customer receivables (€13 million and €49 million respectively at December 31, 2019).

(2) Commitments received by the Sales Financing segment for sale to a third party of rental vehicles at the end of the rental contract.

Off-balance sheet commitments received concerning confirmed opened credit lines are presented in note 18.

Note 22 – Subsequent events

Luca de Meo took over as Chief Executive Officer of Renault SA on July 1, 2020.

STATUTORY AUDITORS' REVIEW REPORT ON THE CONDENSED HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS

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Statutory Auditors' Review Report on the Half-yearly Financial Information

(For the six-month period ended June 30, 2020)

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In compliance with the assignment entrusted to us by your general meeting and in accordance with the requirements of article L.451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Renault, for the period from January 1st to June 30th, 2020,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements were approved by the Board of Directors on July 29, 2020, based on the information available at that date in the evolving context of the Covid-19 and difficulties to understand its impact and future prospects. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly consolidated financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the Group as at June 30, 2020 and of the results of its operations for the period then ended in accordance with IFRSs as adopted by the European Union.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review prepared on July 29, 2020.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris La Défense, July 30, 2020
The statutory auditors
French original signed by

KPMG S.A.
Bertrand Pruvost

MAZARS
Loic Wallaert

PERSON RESPONSIBLE FOR THE DOCUMENT 4

Mr. Luca de Meo, Chief Executive Officer,
accepts full responsibility for this Earnings Report.

I hereby declare that, to the best of my knowledge, the condensed consolidated financial statements for the first half-year have been prepared under generally accepted accounting principles and give a true and fair view of the assets and liabilities, financial situation and results of the company and all the companies within the consolidated Renault group and that the attached Earnings Report gives a faithful picture of the material events that occurred during the first six months of the financial year and their impact on the half-yearly accounts, of the principal related party transactions and describes the main risks and uncertainties for the remaining six months of the fiscal year.

Boulogne-Billancourt, July 30, 2020

Chief Executive Officer

Luca de Meo

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