GROUPE RENAULT

PRESS RELEASE

#RenaultResults

2018 FINANCIAL RESULTS

Groupe Renault maintained its operating margin at a high level despite a more challenging environment in the second half

•Sales were up 3.2% to 3.9 million units including Jinbei and Huasong brands as of January 1, 2018.

• Group revenues were down 2.3% to €57,419 million. At constant exchange rates[1], revenues would have risen by 2.5%.

• Group operating margin of €3,612 million, represented 6.3% of revenues compared to 6.6% in 2017. Excluding IFRS 15 impact, the operating margin would have been 6.5%, down 0.1 points compared to 2017.

• Group operating income stood at €2,987 million compared to €3,806 million. This decrease is notably due to the Argentinean crisis impact and provisions relating to the early retirement program in France.

• Net income of €3,451 million compared to €5,308[2] million. This decline came mainly from Nissan's contribution, down €1,282 million, which notably benefited in 2017 from a one-off gain of €1,021 million.

• Positive Automotive operational free cash flow of €607 million.

***"In 2018, Groupe Renault maintained its strong performance, despite the business environment deterioration. The commercial and financial results demonstrate the Group's resilience and its rapid adaptation to a more challenging environment. This performance is the result of a clear strategy, increasingly stringent execution and the efforts of all Group employees,"* commented Thierry Bolloré, Chief Executive Officer of Renault.**

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[1] In order to analyze the change in consolidated revenues at constant exchange rates, Groupe Renault recalculates revenues for the current year by applying the average annual exchange rates of the previous year.

[2] The figures for 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018.

Boulogne-Billancourt, February 14, 2019: **Group revenues** reached €57,419 million (-2.3%), including €3,040 million for AVTOVAZ (+11.5%). Excluding currency impact, Group revenues increased by 2.5%.

Automotive excluding AVTOVAZ revenues decreased -4.4% to €51,171 million, including the negative impact from the change in interest rate subsidies allocation between the Automotive excluding AVTOVAZ segment and Sales Financing of €555 million.
This change mainly reflects a negative currency effect of -4.1 points, lower volumes (-0.5 points) and sales to partners (-1.8 points). The downturn in sales to partners was mainly the result of the Iranian market closure and the decline in European demand for diesel. In contrast, the price effect was positive +1.4 points thanks to price increases in emerging countries as well as Europe. The model mix was slightly negative at -0.2 points. The "Others" effect (+0.8 points), including the aforementioned change in allocation, was due in particular to the strong performance of the used vehicle and spare parts activities, and lower sales with buy-back commitments.

The **Group's operating margin** amounted to €3,612 million and represented 6.3% of revenues.

Automotive excluding AVTOVAZ operating margin was down €545 million to €2,204 million, which represented 4.3% of revenues compared to 5.1% in 2017. In addition to a negative volume effect of -€329 million, this decrease was largely explained by an unfavorable environment, both in respect of currency, with an impact of -€526 million, and raw materials (-€356 million). To offset these negative effects, the Group pursued its cost management policy resulting in a positive +€421 million from Monozukuri[3] and price increases leading to a positive mix/price/enrichment effect of +€261 million.

The **AVTOVAZ operating margin contribution** rose to €204 million, compared to €55 million in 2017, and marked a new stage in the company's recovery thanks to the success of its recently launched models in a recovering market and efforts to streamline costs. In addition, AVTOVAZ benefited, in 2018, from positive non-recurring effects.

Sales Financing contributed €1,204 million to the Group's operating margin, compared to €1,050 million in 2017. This rise of nearly 15% was notably due to the good commercial performance in recent years.

Other operating income and expenses amounted to -€625 million (compared to -€48 million in 2017). This sharp deterioration stemmed mainly from two factors: on the one hand, the consequences of the Argentinean crisis for more than €200 million, and on the other hand, provisions notably relating to the early retirement program in France, for nearly €300 million.

The **Group's operating income** came to €2,987 million, compared to €3,806 million in 2017.

Financial income amounted to -€353 million, compared to -€391 million in 2017 (after taking into account the change in the accounting method for redeemable shares). Improvements in the Group's funding cost allowed it to absorb a €31 million expense relating to the application of accounting rules linked to Argentina's hyperinflation situation.

[3] Monozukuri: purchasing performance (excluding raw materials), warranty, R&D expenses, manufacturing and logistics costs.

The **contribution of associated companies**, primarily Nissan, came to €1,540 million, compared to €2,799 million in 2017. In 2017, Nissan's contribution included a non-recurring income of €1,021 million linked to the USA tax reform voted at the end of 2017 and sale of its interest in the equipment manufacturer Calsonic Kansei.

Current and deferred taxes showed an expense of -€723 million.

Net income amounted to €3,451 million, and net income, Group share, to €3,302 million (€12.24 per share compared to €19.23 per share in 2017).

Automotive operational free cash flow, including AVTOVAZ for €115 million**,** was positive at €607 million after taking into account a positive change in working capital requirements excluding AVTOVAZ for €781 million and an increase in total investments excluding AVTOVAZ for €784 million.

At December 31, 2018, total inventories (including the independent network) represented 70 days of sales, compared to 57 days at end December 2017. This sharp rise primarily reflected weak sales in the 4th quarter of 2018.

A **dividend** of €3.55 per share, stable with last year, will be submitted for approval at the Shareholders' Annual General Meeting.

2019 OUTLOOK

In 2019, both the global and European market are expected to be stable[4] compared to 2018. At international level, the Russian market is expected to grow by at least +3% and the Brazilian market by +10%.

Within this context, Groupe Renault is aiming to:

- increase revenues (at constant scope and exchange rates[5])
- achieve a Group operating margin of around 6%
- generate a positive Automotive operational *free cash flow*

[4] Excluding "hard Brexit"

[5] 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.

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GROUPE RENAULT CONSOLIDATED RESULTS

In € million	*2017 published*	*2017 restated*	*2018* [(1)]	*Change vs restated*
Group revenues	**58,770**	**58,770**	**57,419**	**-2.3 %**
Operating margin	**3,854**	**3,854**	*3,612*	-242
% of revenues	*6.6%*	*6.6%*	*6.3%*	-0.3 pt
Other operating income and expenses	**-48**	**-48**	**-625**	**-577**
Operating income	**3,806**	**3,806**	**2,987**	**-819**
Financial income [(2)]	**-504**	**-391**	**-353**	**+38**
Contribution from associated companies	**2,799**	**2,799**	**1,540**	**-1,259**
o/w: NISSAN	**2,791**	**2,791**	**1,509**	**-1,282**
Current and deferred taxes	**-891**	**-906**	**-723**	**+183**
Net income [(2)]	**5,210**	**5,308**	**3,451**	**-1,857**
Net income, Group share [(2)]	**5,114**	**5,212**	**3,302**	**-1,910**
***Automotive operational free* cash flow**	**945**	**945**	**607**	**-338**

(1) Application of IFRS 9 "Financial Instruments "and IFRS 15 "Revenue from contracts with Customers" as of January 1, 2018.
(2) The figures for 2017 include adjustments due to the change in the accounting treatment of redeemable shares in 2018.

Addition Information

The consolidated financial statements of Groupe Renault and the company accounts of Renault SA at December 31, 2018 were approved by the Board of Directors on February 13, 2019.
The Group's statutory auditors have conducted an audit of these financial statements and their report will be issued on March 16, 2019.
The earnings report, with a complete analysis of the financial results in 2018, is available at www.group.renault.com in the "Finance" section.

About Groupe Renault

Groupe Renault has manufactured cars since 1898. Today it is an international multi-brand group, selling close to 3.9 million vehicles in 134 countries in 2018, with 36 manufacturing sites, 12,700 points of sales and employing more than 180,000 people. To address the major technological challenges of the future, while continuing to pursue its profitable growth strategy, Groupe Renault is focusing on international expansion. To this end, it is drawing on the synergies of its five brands (Renault, Dacia, Renault Samsung Motors, Alpine and LADA), electric vehicles, and its unique alliance with Nissan and Mitsubishi Motors. With a 100% Renault owned team committed to the Formula 1 World Championship since 2016, the brand is involved in motorsports, a real vector for innovation and awareness.

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