

**PRESS RELEASE**

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## FINANCIAL RESULTS FOR THE 1<sup>ST</sup> HALF OF 2016

### **GROUPE RENAULT CONTINUED ITS GROWTH AND REACHED A RECORD OPERATING MARGIN IN THE 1<sup>ST</sup> HALF OF 2016**

- Group revenues up 13.5% to €25,185 million.
- Registrations up 13.4% to 1.57 million units.
- Group operating profit at €1,541 million (+40.6%), representing 6.1% of revenues, compared with €1,096 million<sup>1</sup>, representing 4.9%<sup>1</sup> of revenues in the 1<sup>st</sup> half of 2015.
- Automotive operating profit at €1,121 million (+64.9%), compared with €680 million<sup>1</sup> (4.7% of revenues compared with 3.2%<sup>1</sup>).
- Group operating income at €1,476 million (+50.6%) compared with €980 million<sup>1</sup>.
- Net income at €1,567 million (+7.9%) compared with €1,452 million<sup>1</sup>.
- Positive Automotive operational free cash flow of €381 million.

*“The first half results demonstrate the relevance of our strategy. Success of our new models, our regional diversification and all employees engagement have allowed the group to set a new record for its first half operating margin and to have confidence in the outlook for the full year”, said Carlos Ghosn, Chairman and Chief Executive Officer of Renault.*

In the first half of 2016, **Group revenues** came to €25,185 million, up 13.5% compared with the first half of 2015.

**Automotive revenues** amounted to €24,078 million, up 14.3% thanks to an increase in the Group's brand volumes (+10.6 points) and sales to partners (+3 points). The price effect was positive (+3.8 points), primarily due to price increases in some emerging markets to offset currency devaluation (-4.9 points). The mix effect is positive at 1.8 points.

The **Group's operating profit** amounted to €1,541 million (+40.6%), compared with €1,096 million<sup>1</sup> in the first half of 2015, and represents 6.1% of revenues (4.9%<sup>1</sup> in the first half of 2015).

The **Automotive operating profit** was up €441 million (+64.9%) to €1,121 million and reached 4.7% of revenues, compared with 3.2%<sup>1</sup> in the first half of 2015. This performance can be explained mainly by strong business growth (€614 million positive impact), higher prices and an improved mix. The currency impact is unfavorable (-€432 million), mainly due to the depreciation of the Argentinian peso, the Russian rouble and the British pound. However, raw materials had a positive effect of €164 million. The positive mix/price/enrichment effect of €135 million was a marked improvement compared with the first half of 2015, thanks in particular to the success of our new models. Cost reductions were affected by the increase in R&D expenses to prepare the future, the decrease in their capitalization rate, and higher than usual start-up costs due to the large number of launches.

**Sales Financing** contributed €420 million to the Group's operating margin, compared with €416 million<sup>1</sup> in the first half of 2015. This stable profit is related to the sharp increase in loans outstanding, but negatively impacted by adverse currency evolution and the decrease in Americas' business. However, the cost of risk stabilized at a very good level of 0.30% of the average performing assets (0.31% in the first half of 2015).

(1) Taxes, which satisfy the definition of tax based on a notion of net intermediate income within the meaning of IAS 12 "Income Tax" and which were previously presented as operating expenses, have been reclassified under current taxes from 2016 and conversely for taxes not satisfying the definition of tax based on net intermediate income. The presentation of the financial statements for the 1<sup>st</sup> half of the year and for 2015 were restated accordingly.

**Other operating income and expenses** improved notably thanks to the drop in expenses related to the competitiveness plan in France. They remained negative at -€65 million versus -€116 million in the first half of 2015.

**The Group's operating income** came to €1,476 million compared with €980 million<sup>1</sup> in the first half of 2015 (+50.6%). This improvement is due to the increase in the operating profit and the reduction in other operating expenses.

The **contribution of associated companies**, mainly Nissan, came to €678 million, compared with €895 million<sup>2</sup> in the first half of 2015. Nissan's contribution was impacted by a one-off charge booked in Q1. AVTOVAZ contribution is negative at -€75 million versus -€87 million<sup>2</sup> in the first half 2015, despite a deterioration of the operating result.

Regarding AVTOVAZ, the group confirms its intention to take part in a recapitalization operation before the end of the year, which should result in the consolidation of AVTOVAZ as of December 31, 2016.

**Net income** came to €1,567 million (+7.9%), and Group share totaled €1,501 million (€5.51 per share compared with €5.06<sup>1</sup> per share in the first half of 2015).

**Automotive operational free cash flow** was positive at €381 million after taking into account a negative change of €129 million in the working capital requirement.

At June 30, 2016, total inventories (including the independent network) represented 60 days of sales, compared with 66 days at end-June 2015.

## OUTLOOK 2016

In 2016, the global market is expected to record growth around 1.7% compared to 2015. The European market, as well as the French one, are now expected to increase by at least 5%.

Outside Europe, the Brazilian and Russian markets are expected to decline: -15% to -20% for Brazil and -12% for Russia. On the contrary, China (+4% to +5%) and India (+7% to +9%) should pursue their positive momentum.

Within this context, the Renault Group (at constant scope of consolidation) confirms its full-year 2016 guidance:

- Increase Group revenues (at constant exchange rates)
- Improve Group operating margin
- Generate a positive Automotive operational free cash flow

(2) Since December 31, 2015, the AVTOVAZ accounts are included in the Group's financial statements without any three-month lag, therefore, the previously published figures for the 1<sup>st</sup> half of 2015 regarding AVTOVAZ are restated so that the 1<sup>st</sup> half of 2015 covers the calendar period from January 1 to June 30.

**GROUPE RENAULT CONSOLIDATED RESULTS**

€ million	H1 2016	H1 2015 <i>restated</i>	Change	H1 2015 <i>published</i>
<b>Group revenues</b>	<b>25,185</b>	<b>22,197</b>	<b>+2,988</b>	<b>22,197</b>
<b>Operating profit</b>	<b>1,541</b>	<b>1,096</b>	<b>+445</b>	<b>1,069</b>
<i>% of revenues</i>	<i>6.1%</i>	<i>4.9%</i>	<i>+1.2 points</i>	<i>4.8%</i>
<b>Other operating income and expenses items</b>	<b>-65</b>	<b>-116</b>	<b>+51</b>	<b>-116</b>
<b>Operating income</b>	<b>1,476</b>	<b>980</b>	<b>+496</b>	<b>953</b>
<b>Net financial income</b>	<b>-67</b>	<b>-161</b>	<b>+94</b>	<b>-161</b>
<b>Contribution from associated companies</b>	<b>678</b>	<b>895</b>	<b>-217</b>	<b>912</b>
<i>o/w : NISSAN</i>	<i>749</i>	<i>979</i>	<i>-230</i>	<i>979</i>
<i>AVTOVAZ</i>	<i>-75</i>	<i>-87</i>	<i>+12</i>	<i>-70</i>
<b>Current and deferred taxes</b>	<b>-520</b>	<b>-262</b>	<b>-258</b>	<b>-235</b>
<b>Net income</b>	<b>1,567</b>	<b>1,452</b>	<b>+115</b>	<b>1,469</b>
<b>Net income, group share</b>	<b>1,501</b>	<b>1,379</b>	<b>+122</b>	<b>1,396</b>
<b>Automotive operational free cash flow</b>	<b>+381</b>	<b>-52</b>	<b>+433</b>	<b>-95</b>

**ADDITIONAL INFORMATION**

The condensed half-year consolidated financial statements of the Renault group at June 30, 2016 were approved by the Board of Directors on July 27, 2016.

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

The financial report, with a complete analysis of the financial results in the first half of 2016, is available at [www.group.renault.com](http://www.group.renault.com) in the Finance section.

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