GROUPE RENAULT

PRESS RELEASE

#RenaultResults

2020 FINANCIAL RESULTS: A year of contrasts

The strong improvement in operating profitability in the second half shows the first positive impacts of the actions taken in the context of a year heavily impacted by Covid-19.

The results for the second half of 2020 (Group operating margin at 3.5% and positive Automotive operational free cash flow) mark the first step in the Group's recovery. The achievement of 60% of the €2 billion savings plan objectives right from the first year (compared with 30% announced), together with the implementation of the new commercial policy of the "Renaulution" strategic plan largely contributed to these results.

However, Fiscal Year 2020 remains strongly impacted by Covid-19.

- **Sales at 2.95 million units, down -21.3% (-6.8% in H2).**
- **Group revenues down -21.7% at €43.5 billion (-18.2% at constant exchange rates[1]). Group revenues down -8.9% in H2.**
- **Group operating margin of -€337 million (-0.8% of revenues). It was positive at €866 million (3.5% of revenues) in H2.**
- **Group operating income at -€1,999 million (+€8 million in H2). It takes into account an increase of charges related to competitiveness improvement (restructuring costs and impairments) for close to a billion euros.**
- **Net income of -€8,046 million (-€660 million in H2) compared to €19 million in 2019.**
- **Negative Automotive operational free cash flow of -€4,551 million after a positive contribution of €1,824 million in H2.**
- **Groupe Renault achieved its CAFE targets[2] (passenger cars and light commercial vehicles) in Europe where it maintains its EV leadership.**
- **The electronic chips shortage impacting the whole auto industry does not spare the Group. It is entirely dedicated to limit as much as possible the impact on production. The peak of the shortage should be reached in Q2. The most recent estimate, assuming a production catch-up in H2, gives a net risk of about 100,000 vehicles for the year.**
- **In accordance with the "Renaulution" plan, the Group will continue the implementation of the actions aiming at its recovery and confirms the 2023 objectives communicated during the plan presentation.**

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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] *These results should be consolidated and formalized by the European Commission in the coming months. CAFE = Corporate Average Fuel Economy*

"After a first half impacted by the Covid-19, the Group has significantly turned around its performance in the second half. This result is the fruit of all employees' efforts, the successful acceleration on our fixed cost cutting plan and pricing policy improvement. The priority is profitability and cash generation, as announced during our strategic plan « Renaulution ». 2021 is set to be difficult given the unknowns regarding the health crisis as well as electronic components supply shortages. We will face these challenges collectively, keeping the momentum towards recovery we've been successfully engaged in since last summer", said **Luca de Meo, CEO Groupe Renault**

Boulogne-Billancourt, February 19, 2021

Group revenues reached €43,474 million (-21.7%). At constant exchange rates, the decrease would have been -18.2%.

Automotive excluding AVTOVAZ revenues stood at €37,736 million, down -23.0%.

The volume effect was -19.2 points. It stemmed primarily from the health crisis and, to a lesser extent, from our commercial policy favoring profit over volume.
Sales to partners declined by -5.1 points, also impacted by the health crisis and the Nissan Rogue production discontinuation.
Forex impact was negative -2.8 points, and related to the devaluation of the Argentinean peso, Brazilian real and Turkish lira and to a lesser extent to the Russian rubble.
Price effect, up 3.9 points, came from a more ambitious price policy and measures to mitigate devaluations.
Product mix impacted for 1.1 points thanks to ZOE sales increase.
Effect « others » weighed for -1 point notably because of lower contribution from spare parts activity, largely impacted by the confinement measures in H1.

The **Group's operating margin** amounted to -€337 million and represented -0.8% of revenues (4.8% in 2019) thanks to a marked improvement in H2 (3.5% of revenues).

Automotive excluding AVTOVAZ operating margin was down -€2,734 million to -€1,450 million, which represented -3.8% of revenues compared to +2.6% in 2019. In the second half, it was positive at €198 million (0.9% of revenues).

The change can be explained by the following:

- Volume effect had a negative impact of -€2,556 million, including sales to partners.
- Mix/price/enrichment effect was positive +€172 million despite the enrichment of new products and the regulatory content.
- The Monozukuri effect was positive by +€36 million after taking into account a negative impact of -€479 million due to the increase in depreciation and amortization and a lower R&D capitalization rate.
- Raw materials weighed for -€131 million largely on higher prices for precious metals.
- The improvement of +€172 million of G&A spending stemmed from the impact of lower activity in H1 but also from the company's effort to limit its costs under the « 2o22 » plan.
- Currencies impacted by -€428 million reflecting the devaluation of our main currencies despite the positive impact of the Turkish lira on production costs.

The **AVTOVAZ operating margin contribution** amounted to €141 million, compared to €155 million in 2019 highlighting the resilience of AVTOVAZ in the Covid-19 context.

Sales Financing contributed €1,007 million to the Group's operating margin, compared to €1,223 million in 2019. This decrease was due to a lower activity, with new financings down -17% and a cost of risk representing 0.75% of average performing assets compared to 0.42% last year.

The contribution of **Mobility Services** to the Group's operating margin amounted to -€35 million in 2020.

Other operating income and expenses amounted to -€1,662 million (compared to -€557 million in 2019) coming from significantly higher restructuring charges and impairments.

Group operating income came to -€1,999 million compared with €2,105 million in 2019 after taking into account a strong increase of charges related to competitiveness improvement.

Net financial income and expenses amounted to -€482 million, compared with -€442 million in 2019, due to higher average indebtedness.

The contribution of associated companies came to -€5,145 million, compared with -€190 million in 2019. Nissan's contribution was negative at -€4,970 million and the one of other companies amounted to -€175 million.

Current and deferred taxes represented a charge of -€420 million compared to a charge of -€1,454 million in 2019.

Net income stood at -€8,046 million and **net income, Group share** totaled -€8,008 million (-€29.51 per share compared with €0.52 per share in 2019).

Automotive operational free cash flow, including AVTOVAZ, was negative at -€4,551 million. It takes into account the fall in operating margin, the change in working capital requirements and the absence of dividend received from RCI following European Central Bank's decisions. On the sole second half, the free cash flow was positive at +€1,824 million due to investment management and a reverse of the change in working capital requirement, without, however, offsetting the change in the first half of the year.

The **Automotive net cash position** was negative at -€3,579 million at December 31, 2020 compared with a positive position of €1,734 million at December 31, 2019.

The Automotive activity at December 31, 2020 held +€16.4 billion of **liquidity reserves**.

At December 31, 2020, **total inventories** (including independent dealers) represented 486,000 vehicles, down more than 100,000 units (-19%). It represented 61 days of sales, compared to 68 days at end December 2019.

The Board of directors will propose at the Shareholders' Annual General Meeting, scheduled for April 23, 2021, not to pay a dividend in respect of 2020.

OUTLOOK

Groupe Renault confirms the 2023 objectives communicated in the "Renaulution" strategic plan:

- Group operating margin above 3% by 2023,
- Cumulative automotive operational free cash flow[3] (2021-23) about €3bn,
- Investments (R&D and capex) at about 8% of revenues by 2023.

GROUPE RENAULT CONSOLIDATED RESULTS

In € million	*2020*	*2019*	*Change*
Group revenues	**43,474**	**55,537**	**-12,063**
Operating margin	**-337**	**2,662**	**-2,999**
% of revenues	*-0.8%*	*4.8 %*	*-5.6 pts*
Other operating income and expenses	**-1,662**	**-557**	**-1,105**
Operating income	**-1,999**	**2,105**	**-4,104**
Financial income	**-482**	**-442**	**-40**
Contribution from associated companies	**-5,145**	**-190**	**-4,955**
o/w: NISSAN	**-4,970**	**242**	**-5,212**
Current and deferred taxes	**-420**	**-1,454**	**1,034**
Net income	**-8,046**	**19**	**-8,065**
Net income, Group share	**-8,008**	**-141**	**-7,867**
***Automotive operational free* cash flow**	**-4,551**	**153**	**-4,704**

Additional Information

The consolidated financial statements of Groupe Renault and the company accounts of Renault SA at December 31, 2020 were approved by the Board of Directors on February 18, 2021.

The Group's statutory auditors have conducted an audit of these financial statements and their report will be issued shortly.

The earnings report, with a complete analysis of the financial results in 2020, is available at www.group.renault.com in the "Finance" section.

About Groupe Renault

Groupe Renault is at the forefront of a mobility that is reinventing itself.

Strengthened by its alliance with Nissan and Mitsubishi Motors, and its unique expertise in electrification, Groupe Renault comprises 5 complementary brands - Renault, Dacia, LADA, Alpine and Mobilize - offering sustainable and innovative mobility solutions to its customers. Established in more than 130 countries, it currently employs more than 180,000 people and has sold 2,95 million vehicles in 2020.

Ready to pursue challenges both on the road and in competition, Groupe Renault is committed to an ambitious transformation that will generate value. This is centered on the development of new technologies and services, and a new range of even more competitive, balanced and electrified vehicles. In line with environmental challenges, the Group's ambition is to achieve carbon neutrality in Europe by 2050.

[3] *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*

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