

2023 first half results

Record profitability & free cash flow

- **2023 H1: further upside versus guidance upgraded on June 29, 2023:**

	Operating margin	Free cash flow
2023 H1 guided on June 29	>7%	~€1.5bn
2023 H1 actual	7.6%	€1.8bn
FY 2023 initial guidance	≥6%	≥€2bn
FY 2023 upgraded guidance on June 29	between 7% and 8%	≥€2.5bn

- **Strong 2023 H1 results:**
 - **Group revenue:** €26.8bn, +27.3% vs 2022 H1¹
 - **Record profitability:**
 - Group operating margin: 7.6% of revenue (+3.0 points vs 2022 H1), more than doubled in value at €2bn vs 2022 H1
 - Automotive operating margin: 6.2% of revenue (+4.1 points vs 2022 H1), more than tripled in value at €1.5bn vs 2022 H1
 - **Net income:** €2.1bn, +€3.8bn vs 2022 H1
 - **Record free cash flow:** €1.8bn including a €0.6bn dividend from Mobilize Financial Services, +€0.8bn vs 2022 H1 driven by a strong operational performance
 - **Solid Automotive net cash financial position:** €2.2bn at June 30, 2023 (+€1.6bn vs December 2022)
 - **Breakeven point lowered by 50%** vs 2019 H1

“Renault Group achieved a record performance in the first half of 2023, both in terms of profitability and cash generation. These results are the outcome of our continuous efforts to reduce costs over the last 3 years and of our strategy focused on value combined with the first benefits of an unprecedented product offensive. Our fundamentals have never been as sound and robust.

At the same time, we are implementing at an incredible speed our strategic projects which are transforming the Group in depth: we have already carved-out Horse and signed a joint-venture agreement with Geely to give birth to a worldwide low-emission powertrain champion. In line with our plan, the carve out of Ampere will be completed in the second half: the more we are moving ahead with the process, the more we foresee the competitive advantages of our EV & Software business.

Renaulution is delivering faster and stronger! Our product offensive and our strategic projects will further improve the Group’s performance.

¹ The 2022 figures include restatements following the first application of IFRS 17 “Insurance contracts”.

Finally, the signature of the Alliance definitive agreements marks the formal entrance into a new cooperation era. These agreements secure the realization of major business opportunities for the three partners through our operational projects, define the strong involvement of Nissan into Ampere and give Renault Group significant additional capital allocation flexibility by enabling the sell down of Nissan shares.” said Luca de Meo, CEO of Renault Group

- **First benefits of an unprecedented product offensive:**

- **Worldwide Group’s sales** reached 1,134,000 vehicles in 2023 H1, up 13% compared to 2022 H1. In Europe, sales were up 24% in a market up 17%.

- Renault brand worldwide sales reached more than 772,000 units, almost +12% versus 2022 H1. In Europe, Renault brand increased its sales by 21% to more than 500,000 units and comes back on the podium, as the second best-selling brand and the first one in France.
- Dacia recorded sales up 24% to more than 345,000 units worldwide. In Europe, Dacia sales were up 30% to 301,000 units thanks to the success of its line-up. Dacia Sandero remains the best-seller to retail customers in Europe. Dacia moves up to 2nd place on the European podium for retail sales¹.
- Alpine continued to improve its sales with nearly 1,900 units, up 9% versus 2022 H1.

- **Strong price effect at 8.8 points** and **further improvement in product mix at 3.5 points** in the first half of 2023 driven by the commercial policy focused on value and the success of new products:

- 65% of **Group sales on the retail channel** in the Group’s five main countries in Europe².
- Renault brand sales in **C-segment** in Europe improved by 42% compared to 2022 H1, thanks to the success of Megane E-TECH Electric, Arkana and Austral. C & above segments represented 42% of Renault brand sales mix in Europe over the first half.
- Renault Megane E-TECH Electric recorded 23,000 sales in 2023 H1, with 70% on high trim versions and more than 80% on the most powerful engine.
- Renault Austral recorded almost 40,000 sales in 2023 H1 with 65% of hybrid mix and 60% of high trim versions. Just launched, Renault Espace will broaden the offer.

- Renault Group pursues its **electrification offensive:**

- Renault brand recorded a 18% volume increase in electrified passenger³ car sales versus 2022 H1, accounting for 37% of the brand’s passenger car sales in Europe. Full electric vehicles represented 11% of the brand’s passenger car sales.
- The first hybrid version in the Dacia range was launched in January 2023 on Jogger. Dacia Jogger Hybrid 140 already represents more than 25% of its order mix despite components constraints. Jogger is a key product to attract new customer profiles and its hybrid version supports Dacia smooth electrification strategy.

¹ Passenger car sales to retail customers in Europe (Dataforce Source, list of European countries with sales by customer channel) = Austria, Belgium, Croatia, Czech Republic, Denmark, Finland, France, Germany, Hungary, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom.

² Passenger cars in France, Germany, Spain, Italy, United Kingdom.

³ Includes EV, Hybrid (HEV) and Plug-In Hybrid (PHEV), excludes Mild-Hybrid (MHEV).

- Dacia Spring (100% electric) recorded more than 27,000 sales in Europe in 2023 H1. It was again on the podium of retail electric vehicles in Europe in H1.
- This momentum will be supported, in second half, by Espace E-TECH Hybrid and New Clio with a hybrid engine at the core of its range. From 2024 onwards, Renault's electric line-up will further accelerate the dynamic, with Scenic and Renault 5 in particular.
- **Strong Group's orderbook in Europe** at 3.4 months of sales at the end of June. It would remain above the target of 2 months of sales through 2023, even with a market -30% below 2019.
- **Significant progress on Revolution projects**
 - **Horse:**
 - Carve-out of Horse, Renault Group's dedicated entity for advanced low-emission ICE and hybrid powertrains, effective on July 1st, 2023.
 - Signing of a JV agreement on July 11, 2023 combining Renault Group and Geely entities to launch the leading powertrain technology company.
 - As already announced in March 2023, Aramco is evaluating a strategic investment in this new company.
 - **Ampere:**
 - Carve-out to be completed in 2023 H2 as expected.
 - Targeting the best window for an IPO, most probably in 2024 H1.
 - Progressing towards 40% cost reduction on a car-by-car basis in next vehicles generation by 2027.
 - **Alpine:** RedBird Capital Partners, Otro Capital and Maximum Effort Investments are investing €200 million in Alpine Racing Ltd (United Kingdom) capital, with a 24% equity stake to accelerate Alpine's growth strategy and sporting ambitions in Formula 1. The transaction values Alpine Racing Ltd (chassis entity only) around \$900 million following this investment.
 - **Alliance:** Renault Group and Nissan concluded on July 26, 2023 the definitive agreements to reset the Alliance, to strengthen their long-standing partnership and maximize value creation for all stakeholders.

Boulogne-Billancourt, July 27, 2023

Group revenue reached €26,849 million, up 27.3% compared to 2022 H1. At constant exchange rates¹, it increased by 30.6%.

Automotive revenue stood at €24,850 million, up 27.0% compared to 2022 H1. It includes 3.2 points of negative exchange rates effect mainly related to the Argentinean peso and the Turkish lira devaluation. At constant exchange rates¹, it increased by 30.2%.

Volume effect stood at +15.0 points thanks to the commercial success of vehicles combined with an improved availability of electronic components. Invoices outperformed sales because of the high

¹ In order to analyze the variation in consolidated revenue at constant exchange rates, Renault Group recalculates the revenue for the current period by applying average exchange rates of the previous period.

level of vehicles still in transit between our plants and our final customers due to remaining outbound logistic tensions in the first half.

The price effect, positive by +8.8 points, continued to be very strong and reflects the Group's commercial policy focused on value over volume, as well as price increases to offset cost inflation, and an optimization of commercial discounts.

In 2023 H1, the product mix effect stood at +3.5 points mainly thanks to the success of Megane E-TECH Electric and Austral.

The impact of sales to partners was positive by +1.6 points, supported by the production of the ASX for Mitsubishi Motors since the beginning of the year as well as a dynamic LCV market driving sales to Nissan, Renault Trucks and Mercedes-Benz.

The **Group** posted a record **operating margin** at 7.6% of revenue versus 4.6% in 2022 H1, up 3.0 points. It continued to improve sequentially from 6.3% in 2022 H2 to 7.6% in 2023 H1. It stood at €2,040 million and more than doubled versus 2022 H1.

Automotive operating margin more than tripled in value and stood at €1,541 million versus €420 million in 2022 H1. It represented 6.2% of Automotive revenue, improving by 4.1 points versus 2022 H1.

The volume effect at +€763 million and the positive mix/price/enrichment effect of +€1,771 million illustrated the success of vehicles and of the commercial policy focused on value. The positive mix/price/enrichment effect more than compensated the increase in costs which amounted to -€1,181 million. The latter was mainly explained by the impact of the carry-over of raw materials and energy price increases, logistics and labor costs.

The operating margin includes, since the beginning of November 2022 and until the deconsolidation of Horse, a positive non-cash effect of the cessation of amortization for these assets held for sale. It accounted for €275 million in 2023 H1. Adjusted from Horse positive impact, the Group operating margin would have been 6.6% in 2023 H1, compared to an operating margin of 4.6% in 2022 H1.

The contribution of **Mobilize Financial Services** (Sales Financing) to the Group's operating margin reached €518 million, down €48 million compared to 2022 H1¹ due to non-recurring impacts of the swaps valuation linked to the interest rate increase in Europe since beginning 2022. Excluding this one-off, Mobilize Financial Services posted an operating margin up 9% compared to 2022 H1. New financings increased by 19% compared to 2022 H1, notably due to the strong increase in registrations and the 11% increase in the average financed amount.

Other operating income and expenses were positive at €56 million (versus -€49 million in 2022 H1) and were notably explained by +€227 million of asset disposals related to the sale of land in Boulogne-Billancourt and of several commercial subsidiaries of the Group and branches of Renault Retail Group, which more than compensated the restructuring costs linked to the Renaultion reorganization.

After taking into account other operating income and expenses, the **Group's operating income** stood at €2,096 million versus €923 million in 2022 H1 (+€1,173 million versus 2022 H1).

¹ The 2022 figures include restatements following the first application of IFRS 17 "Insurance contracts".

Net financial income and expenses amounted to -€260 million compared to -€236 million in 2022 H1. The increase is explained by the impact of hyperinflation in Argentina partially compensated by the positive impact of the rise in interest rates on the net cash position.

The **contribution of associated companies** amounted to €566 million compared to €214 million in 2022 H1. This included €582 million related to Nissan's contribution.

Current and deferred taxes represented a charge of -€278 million compared to a charge of -€254 million in 2022 H1. The increase is linked to the improvement of the pretax income.

Thus, **net income** stood at €2,124 million, up €3,800 million compared to 2022 H1 and **net income, Group share**, was €2,093 million (or €7.70 per share). As a reminder, in 2022 H1, net income from discontinued operations amounted to -€2,323 million due to the non-cash adjustment related to the disposals of the Russian industrial activities.

The **cash flow of the Automotive business** is at record level in 2023 H1 and reached €3,292 million, up around €650 million compared to 2022 H1. It includes €600 million of Mobilize Financial Services dividend versus €800 million in 2022 H1.

Excluding the impact of asset disposals, the Group's net CAPEX and R&D stood at €1,859 million i.e., 6.9% of revenue compared to 8.0% of revenue in 2022 H1. It amounted to 6.2% including asset disposals.

Free cash flow¹ stood at €1,775 million taking into account a negative change in working capital requirement of -€138 million. Restated from Mobilize Financial Services dividend, it stood at €1,175 million versus €156 million in 2022 H1.

As of June 30, 2023, **total inventories** of new vehicles (including the independent dealer network) represented 569,000 vehicles. This level is explained by continuing tensions on the downstream logistics which weigh on the ability to deliver vehicles to the final customers. It slightly decreased compared to 2023 Q1, which was at 580,000 units. This improvement will pursue in 2023 H2 as tensions on logistics start to ease.

The level of inventories must be observed considering the very strong orderbook at 3.4 months of sales at the end of June, largely beyond our optimal level of around 2 months.

The Automotive net financial position stood at €2,185 million on June 30, 2023 compared to €549 million on December 31, 2022, an improvement of €1.6 billion.

In the first half of 2023, Renault Group made, in advance, the last repayment of €1 billion for the mandatory annual repayment of the loan of a banking pool benefiting from the guarantee of the French State (PGE). This loan is now fully reimbursed.

Liquidity reserve at the end of June 2023 stood at a high level at €16.8 billion.

¹ *Free cash flow: cash flow after interest and taxes (excluding dividends received from listed companies) less tangible and intangible investments net of disposals +/- change in working capital requirement.*

2023 FY financial outlook

Renault Group confirms its 2023 FY financial outlook upgraded on June 29, 2023:

- **Group operating margin between 7% and 8%**
- **Free cash flow superior or equal to €2.5bn**

Renault Group's consolidated results

In € million	2022 H1 ⁽¹⁾	2023 H1	Change
Group revenue	21,089	26,849	+27.3%
Operating margin	972	2,040	+1,068
<i>% of revenue</i>	4.6%	7.6%	+3.0 pts
Other operating income and expenses	-49	56	+105
Operating income	923	2,096	+1,173
Net financial income and expenses	-236	-260	-24
Contribution from associated companies	214	566	+352
of which Nissan	325	582	+257
Current and deferred taxes	-254	-278	-24
Net income	-1,676	2,124	+3,800
of which continuing operations	647	2,124	+1,477
of which discontinued operations	-2,323	0	+2,323
Net income, Group share	-1,367	2,093	+3,460
Free cash flow	956	1,775	+819
Automotive Net Financial Position	549 at 2022-12-31	2,185 at 2023-06-30	+1,636

(1) The 2022 figures include restatements following the first application of IFRS 17 "Insurance contracts".

Additional information

The condensed half-year consolidated financial statements of Renault Group at June 30, 2023 were reviewed by the Board of Directors on July 26, 2023.

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 2023, is available at www.renaultgroup.com in the "Finance" section.

2023 H1 Financial Results Conference

Link to follow the conference at 8am CEST today and available in replay:

[2023 H1 conference streaming](#)

About Renault Group

Renault Group 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, Renault Group comprises 4 complementary brands - Renault, Dacia, Alpine and Mobilize - offering sustainable and innovative mobility solutions to its customers. Established in more than 130 countries, the Group has sold 2.1 million vehicles in 2022. It employs nearly 106,000 people who embody its Purpose every day, so that mobility brings people closer. Ready to pursue challenges both on the road and in competition, Renault Group is committed to an ambitious transformation that will generate value. This is centred 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 2040.

<https://www.renaultgroup.com/en/>

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