

In first-half 2007,
Renault reports operating margin of 3.5%

- **Renault reports operating margin of €722 million (3.5% of revenues) in first-half 2007 despite a lackluster environment thanks to cost control and the development of sales outside Europe.**
- **The deployment of Renault Commitment 2009 continues and the product offensive has begun. The group confirms its 3% operating margin guidance for 2007.**

In first-half 2007, the Renault group's sales declined by 3.7% on first-half 2006 to 1.27 million units, reflecting contrasting performances.

- In the European market¹, sales declined by 9.1% to 866,440 vehicles.

- Outside Europe, the Group continued to advance with a 10.2% increase in sales to 400,651 units, representing 32% of total Renault sales worldwide.

Operating margin increases by 22% versus first-half 2006

On a consistent basis, Renault reported **revenues** of €20,562 million, down 1.4% on first-half 2006.

The **Automobile Division's** contribution to group revenues decreased by 1.5% vs. first-half 2006 to €19,567 million. The decline in sales in the France and Europe regions was partly offset by continued growth in international activities and the sales of spare parts, powertrains and built-up vehicles to partners.

On a consistent basis, the **sales financing** subsidiary, RCI Banque, contributed €995 million to revenues, up 1% on first-half 2006.

The group **operating margin** came to €722 million, or 3.5% of revenues, compared with 2.8%² in first-half 2006.

The **Automobile Division** reported an operating margin of €455 million or 2.3% of revenues in first-half 2007, compared with 1.6% in first-half 2006. This upturn was achieved through ongoing cost controls despite an unfavorable environment.

¹ France and Europe Regions

² 2006 published operating margin of 2.7%, with an additional 0.1 points (seen at the same level in 2007) corresponding to the change in accounting methods for revenues. These changes relate chiefly to the neutralization of operations arising on outsourcing contracts and sales of spare parts in connection with customer warranties.

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- Purchasing costs were reduced despite an additional €147 million charge arising on the increase in raw material prices,
- G&A expenses decreased
- Manufacturing costs declined
- International activities expanded and the LCV segment performed well.

First-half 2007 R&D expenses remained stable at €1.2 billion. The expense capitalization rate was 54.5%, compared with 44.3% in first-half 2006, reflecting the rapid development of new models, 25 of which are in the pre-production stage.

Exchange rate fluctuations, mainly on the US dollar, Turkish lira and the Mercosur currencies, had a negative impact.

RCI Banque contributed €267 million to the operating margin against €269 million in first-half 2006.

Operating income stands at €689 million, compared with €649 million in first-half 2006.

Net financial expense came to €112 million, compared with an expense of €36 million in first-half 2006. This is attributable to the €104 million negative impact of fluctuations in redeemable share prices, versus a €4 million positive impact in first-half 2006. Stripping out this effect would reduce net financial expense by €32 million.

Renault reported a profit of €837 million for its share in the **net income of associated companies**. **Nissan's** contribution, which takes into account the fourth quarter results of its 2006 financial year and the first quarter results of its 2007 financial year, totaled €615 million, compared with €1,013 million in first-half 2006. The decrease was caused by the decline in Nissan's results and unfavorable developments in the yen/euro exchange rate. Renault's share in the net income of other associated companies, in particular **AB Volvo**, was €222 million, compared with €199 million at June 30, 2006.

Net income came to €1,317 million in first-half 2007, versus €1,659 million in first-half 2006. Earnings per share amount to €4.96, compared with €6.34 in first-half 2006.

The Automobile Division generated free cash flow¹ of €1,339 million. **Shareholders' equity** was €21,704 million at June 30, 2007. The **net financial debt** of the **Automobile Division** declined by €861 million in first-half 2007 and represented 7.2% of shareholders' equity at June 30, 2007, compared with 11.5% at December 31, 2006 (restated).

Outlook

- Renault is forging ahead with the implementation of Renault Commitment 2009 by rolling out its product offensive with Twingo, which continues its European launch program, and Laguna, which epitomizes the Plan and will come to market in October 2007.
- Outside Europe, strong sales growth will continue on the back of the momentum achieved by Logan, combined with the success of the Renault models launched in Mercosur and the good performance of Renault Samsung Motors.

Renault is confirming its operating margin guidance of 3% for 2007.

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¹ Free cash flow = cash flow less net capital expenditure, including the change in working capital requirements

Renault group's consolidated revenues¹ by Division and half-year period

€ million	H1 2007	H1 2006 on a consistent basis with 2007	% change 2007/2006
Automobile	19,567	19,871	- 1.5%
Sales Financing (RCI Banque)	995	985	+1.0%
Total	20,562	20,856	- 1.4%

Renault's consolidated results by half-year period

€ million	H1 2007	H1 2006
Operating margin	722	592
Operating income	689	649
Net financial income (expense)	-112	-36
Share in net income of associated companies	837	1212
Current and deferred taxes	-97	-166
Net income	1317	1,659

Divisional contribution to Renault's operating margin by half-year period

€ million	H1 2007	H1 2006	Variation
Automobile	455	323	+ 40.9%
<i>As a % of revenues</i>	2.3%	1.6%	
Sales Financing (RCI Banque)	267	269	- 0.7%
<i>As a % of revenues</i>	26.8%	27.3%	
Total	722	592	+ 22%
<i>As a % of revenues</i>	3.5%	2.8²%	

¹ On a consistent basis

² 2006 published operating margin of 2.7%, with an additional 0.1 points (seen at the same level in 2007) corresponding to the change in accounting methods for revenues. These changes relate chiefly to the neutralization of operations arising on outsourcing contracts and sales of spare parts in connection with customer warranties.