

EARNINGS REPORT 2010





EARNINGS REPORT - Year 2010

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KEY FIGURES

		2010	2009	Change
Worldwide Group sales	million units	2.63	2.31	+13.7%
Group revenues	euro million	38,971	33,712	+15.6%
Operating margin	euro million	1,099	-396	+1,495
	% of revenues	+2.8%	-1.2%	+4.0 pts
Capital gain on disposal of B shares in Volvo AB	euro million	2,000	-	+2,000
Contribution from associated companies	euro million	1,289	-1,561	+2,850
<i>o/w Nissan</i>		1,084	-902	+1,986
<i>o/w Volvo AB</i>		214	-301	+515
<i>o/w AvtoVAZ</i>		-21	-370	+349
Net income	euro million	3,490	-3,068	+6,558
Net income, Group share	euro million	3,420	-3,125	+6,545
Net income per share	euro	12.70	-12.13	+24.83
Automotive operational free cash flow ⁽¹⁾	euro million	1,670	2,007	-337
Automotive net financial debt	euro million	1,435	5,921	-4,486
Debt-to-equity ratio	%	6.3%	35.9%	+29.6 pts
Sales Financing average loans outstanding	euro billion	21.0	20.2	+3.9%

OVERVIEW

In 2010, unit sales for the Group grew by 13.7% and posted a global market share of 3.7%, thanks to its appealing range and an 11.7% increase in the global passenger car and light commercial vehicle (PC + LCV) market. All the Group's brands and Regions contributed to the growth:

- Renault brand sales increased by 13.6%, Dacia brand sales by 11.8% and Renault Samsung Motors brand sales by 18.6%;
- in Europe, in a PC + LCV market that fell 3.7%, the Group increased its market share by 1.1 points to 10.7%. Outside Europe, PC + LCV sales rose by 26.2%, outperforming market growth.

The Group reported **revenues** of €38,971 million, up 15.6% on 2009.

The Group's **operating margin** came to €1,099 million in 2010, or 2.8% of revenues, compared with a negative €396 million (-1.2% of revenues) in 2009.

Automotive division operating margin increased by €1,298 million to €396 million (1.1% of revenues) due to a combination of factors:

- a strong commercial performance that contributed for a €698 million increase;
- a positive €288 million exchange rate effect owing chiefly to the euro's slide against the ruble, Brazilian real, Korean won and other European currencies;
- a negative overall mix/price impact of €143 million;
- a €431 million decrease in purchasing costs (including a negative impact of €148 million from raw materials);
- the ongoing company-wide cost-cutting policy.

(1) Operational free cash flow: cash flow (excluding dividends received from associated companies) minus tangible and intangible investments net of disposals +/- change in working capital requirement. Dividends received from associated companies came to €88 million.

Sales Financing contributed €703 million to the Group's operating margin owing to the success of packaged offers and a lower cost of risk.

The Group posted a capital gain of €2,000 million on the sale in October of B shares in Volvo AB.

Renault's share in **associated companies**, mainly Nissan, Volvo AB and AvtoVAZ, contributed €1,289 million in 2010.

Net income amounted to €3,490 million, and net income, Group share, was €3,420 million.

Automotive division generated positive **operational free cash flow**⁽¹⁾ of €1,670 million.

As a result, Automotive **net financial debt fell** by €4,486 million compared with December 31, 2009 to €1,435 million. The debt-to-equity ratio came to 6.3% on December 31, 2010 compared with 35.9% at end-December 2009.

2011 OUTLOOK⁽²⁾

The global automotive market (PC+LCV) should grow by 6% compared to 2010. Trends by Region will continue to be contrasted. Markets outside Europe will remain dynamic while the European market should pursue consolidation (0% to -2%), notably with a decline in the French market of around -8%.

In this context, with the appeal of its internal-combustion vehicle range and the launch of a range of electric vehicles, unit sales and revenues in 2011 should be above 2010. The Group targets an automotive operational free cash flow above €500 million with a ratio of Capex+R&D at 9% of revenues.

(1) Operational free cash flow: cash flow (excluding dividends received from associated companies) minus tangible and intangible investments net of disposals +/- change in working capital requirement. Dividends received from associated companies came to €88 million.

(2) The Group has in parallel announced a new strategic plan for 2011 to 2016, presented in a separate press release.

SUMMARY

AUTOMOBILE

- The Renault group set a new sales record, with 2,625,800 vehicles sold in 2010.
- All the brands (Renault, Dacia, Renault Samsung Motors) increased sales volumes: Renault brand sales rose 13.6%, while Dacia sales increased 11.8% and Renault Samsung Motors sales grew 18.6%.
- All the Regions (Europe, Euromed, Eurasia, Americas, Asia-Africa) also increased sales volumes.
- Renault confirmed its number-one ranking in the European light commercial vehicle market for the 13th consecutive year, with a 15.9% share of the market.
- In a world market that rose 11.7%, the PC+LCV sales of the Renault group increased 13.7%, for a 3.7% share of the market.
- In 2010 Renault relied on a complete range of products adapted to the Group's different markets. The Mégane consolidated its very good performance, with a number-two ranking in the C segment in Europe.
- Renault Master sales rose 26.1% on the strength of New Master, reinforcing the Renault brand's leadership in the European light commercial vehicle market.
- The Dacia brand benefitted from the strong success of Duster, launched in April, which sold in 67,000 units.
- The Group grew market share in 14 of its 15 major markets in 2010.

THE RENAULT GROUP'S TOP 15 MARKETS:

		Volumes* 2010 (units)	Market share (PC+LCV) (%)	Change in M/S on 2009
1	France	744,735	27.9	+1.7
2	Germany	171,411	5.5	-0.5
3	Brazil	160,297	4.8	+0.9
4	South Korea	155,697	10.1	+0.8
5	Italy	140,678	6.6	+1.2
6	Spain + Canary Islands	124,813	11.4	+0.5
7	Turkey	114,111	14.9	+0.2
8	United-Kingdom	113,393	5.0	+1.7
9	Russia	96,466	5.1	+0.1
10	Belgium + Luxembourg	84,876	12.9	+1.8
11	Argentina	82,385	13.0	+0.6
12	Algeria	63,369	28.1	+4.7
13	Iran	46 587	3.1	+0.4
14	Romania	45 820	39.6	+4.0
15	Netherlands	45 759	8.6	+1.0

* Preliminary figures.

Chapter 1

Sales performance

EUROPE

In Europe, Group PC+LCV sales rose 7.3% to 1,642,000 units, in a market that contracted 3.7%.

The Group increased its market share by 1.1 points to 10.7%.

Renault became the number-two brand in Europe on the success of the *Mégane* family, *Clio* and a steady performance by *Twingo*.

- With a 6.1% increase in sales volumes, the Group reported the strongest growth of any brand in **France**, where the stable market (-0.3%) continued to be bolstered by the scrappage bonus. It increased its market share in the country by 1.7 points to 27.9%.
- Following the end of government aid, total industry volume in **Germany** fell 21.7%, with Renault group sales down 28.6% and a 5.5% market share.
- In an **Italian** market that fell 8.6%, Group sales grew 12.5% for a 6.6% share of the market.
- In the **United-Kingdom**, where the market grew 3.3%, the Group consolidated its market share at 5.0%, up 1.7 points year on year.
- In a stable **Spanish** market, up 3.6% on 2009, Group volumes rose 8.3% for a 0.5-point increase in market share to 11.4%.

OUTSIDE EUROPE

The Group continued to grow outside Europe, with volumes up 26.2% in dynamic markets (+19.2%).

Sales outside Europe accounted for 37% of total Group volumes in 2010, up from 34% in 2009.

- In **Brazil**, the Group's third-largest market, the Group set a sales record with 160,300 units, up 36.4%.
- Driven by the success of *Sandero* and *Logan* and the *Fluence* debut, market share rose to 13% in **Argentina**.
- In **South Korea**, where the market increased 7.2%, the strong success of the new *SM3* and *SM5* enabled Renault Samsung Motors to set a new sales record with 155,692 units, for a 10.1% share of the market.
- Renault sales in **Turkey** slightly outperformed the market with a 38.7% increase in volumes compared to the market rise of 37.3%.
- In **Romania**, the Group reported a four-point increase in market share to 39.6%, in a market that continued to fall (down 20.4%).
- The Group posted strong performances in **Algeria**, increasing market share by 4.7 points to 28.1%. Renault remains the number-one brand in the market, thanks to the continued success of the best-selling *Symbol*.
- The Group took a 33.8% share of the **Moroccan** market, with the *Dacia* and Renault brands placing first and second.
- Renault was the number-four brand in **Russia**, owing to the strong success of *Sandero*, produced locally since March 2010. Group sales rose 33.5% in a market that grew 30.0%.

SALES FINANCING

- After four years of new financing decreases, the RCI Banque group returned to growth in 2010. Average loans outstanding have risen to €21 billion (+4% vs 2009).
- The group achieved its best sales performance in five years with 953,000 contracts signed and more than €10 billion in new financing, compared with €8.3 billion in 2009 (+21%).

1.1. Automobile

1.1.1. Group sales worldwide (units)

PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES	2010*	2009	Change (%)
GROUP	2,625,796	2,309,749	13.7
BY BRAND			
Renault	2,115,600	1,861,856	13.6
Dacia	348,279	311,426	11.8
Renault Samsung Motors	161,917	136,467	18.6
BY VEHICLE TYPE			
Passenger cars	2,293,768	2,032,595	12.8
Light commercial vehicles	332,028	277,154	19.8
BY REGION			
Europe	1,642,065	1,530,114	7.3
<i>o/w France</i>	<i>744,735</i>	<i>702,060</i>	<i>6.1</i>
Americas	317,028	227,963	39.1
Asia-Africa	287,421	230,760	24.6
Euromed	272,748	240,484	13.4
Eurasia	106,534	80,428	32.5
Outside Europe	983,731	779,635	26.2

* Preliminary figures.

1.1.2. Renault brand

→ Passenger cars

The Renault brand made a strong contribution to the growth in Group sales, selling 202,405 more units than in 2009.

- In the *A segment*, **Twingo** was the third best-selling vehicle in its category in Europe, with 150,597 registrations.

Twingo kept the number-one spot in France with a 33.9% share of the segment. Twingo also performed well in Germany, where it ranked number three in its segment.

- In the *B segment*, sales of **Sandero** under the Renault brand nearly doubled, up 98.3% to 145,076 worldwide.

Clio (Clio II + Clio III) strengthened its position with 339,692 sales in Europe, up 6.8%. Renault-branded **Logan** continued to advance, with 190,464 units sold in 2010 compared with 150,603 in 2009.

- The **Mégane** family consolidated its success, with the Renault brand increasing its share of the European *C segment* by 1.2 points.

The Mégane family became the second best-selling car in the C segment in Europe with 448,980 registrations. It was the segment leader in France with 155,115 registrations. Mégane is also the segment leader in Belgium and Portugal. In Europe, Mégane Hatch and Coupé continued to perform strongly, with market share having more than doubled from 3.6% in 2008 to 7.3% in 2010. Mégane Estate took a 16.6% share of the C station wagon segment (up 7.4 points) with 88,346 units sold.

Scénic is the top-selling minivan (MPV) in Europe, with 184,719 registrations in 2010.

Fluence got off to a strong start, selling in 59,839 units in a partial year, with half of the sales made in the Euromed Region.

- Laguna** remains number 2 in the *D segment* in France. Worldwide sales of **Espace** rose 4.9%. It remained the undisputed leader in the minivan (MPV) segment with a 36.0% share of the category in France.

→ Light commercial vehicles

In a recovering LCV market (+15.9%), Renault increased sales by 19.8%.

Renault led the market in Western Europe for the 13th consecutive year, with 4.7-point lead over its nearest rival, thanks to a renewed range (with the launch of three new models, **New Master**, **New Traffic** and **New Kangoo Express Maxi**).

The launch of New Master was particularly well received. The new model won a number of prizes in Europe, including Best Van of the Year in the Van Fleet World Honours, Light Commercial Vehicle of the Year in the Argus awards in France, Van of the Year 2011 in the UK, Truck of the Year in Lithuania, and Van of the Year in Denmark.

Renault reported a 16.1% share of the market in Western Europe and 32.5% in France.

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1.1.3. Dacia brand

The **Dacia** brand sold 348,279 units, up 11.8% on 2009. Europe remained the brand's number-one market, with 246,920 vehicle sales, followed by Euromed, with 95,146 units.

The **Duster** launch has proved particularly successful, with sales of 68,333 units in 2010. At end-2010, in a partial year, Duster was already in the top ten in its segment in Europe.

Dacia-branded **Sandero** continued to perform strongly in Europe, selling in 135,110 units and ranking fourth in its segment in France.

1.1.4. Renault Samsung Motors brand

South Korea was the Renault group's fourth-largest market, with the Renault Samsung Motors brand setting a new sales record of 155,692 units and taking a 10.1% share of the market.

In a South Korean market that rose 7.2%, RSM sales increased 16.5% on successful performances by the new **SM3** and **SM5** models, which respectively took a 15.6% and 15.7% share of the segment.

New SM3 is the second best-selling car in its segment.

New SM5 is the third best-selling vehicle in its segment and the fifth highest-seller in South Korea, all segments combined.

However, sales of **SM7** and **QM5** fell by 26.9% and 35.4% respectively.

1.1.5. Group sales by brand (units)

PASSENGER CARS & LIGHT COMMERCIAL VEHICLES	2010*	2009	Change (%)
EUROPE REGION			
Renault	1,395,145	1,315,592	6.0
Dacia	246,920	214,522	15.1
GROUP	1,642,065	1,530,114	7.3
<i>o/w France</i>			
Renault	634,660	635,513	-0.1
Dacia	110,075	66,547	65.4
GROUP	744,735	702,060	6.1
AMERICAS REGION			
Renault	310,808	225,127	38.1
Renault Samsung Motors	6,220	2,836	+++
GROUP	317,028	227,963	39.1
ASIA-AFRICA REGION			
Renault	125,511	92,395	35.8
Dacia	6,213	4,734	31.2
Renault Samsung Motors	155,697	133,631	16.5
GROUP	287,421	230,760	24.6
EUROMED			
Renault	177,602	151,340	17.4
Dacia	95,146	89,144	6.7
GROUP	272,748	240,484	13.4
EURASIA REGION			
Renault	106,534	77,402	37.6
Dacia	-	3,026	-
GROUP	106,534	80,428	32.5

* Preliminary figures.

1.2. SALES FINANCING

1.2.1. RCI Banque group activity

After four years of new financing decreases, the RCI Banque group returned to growth in 2010. Average loans outstanding have risen to €21 billion (+4% vs 2009).

The group achieved its best sales performance in five years with 953,000 contracts signed and more than €10 billion in new financing, compared with €8.3 billion in 2009 (+21%).

In **Europe**, the RCI Banque group reported 15% growth in new financing, driven by good sales performances from the manufacturers and an attractive and innovative product offering (success of package products in Spain, Germany, Italy, Switzerland, etc.).

Outside Europe, growth was marked by strong performances by the subsidiaries in Latin America (+85% in new financing) and South Korea (+39%).

1.2.2. Proportion of new vehicles financed

In 2010 the proportion of new Renault, Samsung, Nissan and Dacia vehicle registrations financed by RCI Banque rose 1.6 points to 31.6% (30% in 2009). Growth was particularly strong for the Nissan brand, at 25.8% compared with 20.4% in 2009, and for the Dacia brand, at 25.5% up from 22.9% in 2009. RCI Banque financed 33% of new Renault vehicle registrations, compared with 32.3% in 2009.

In 2010 the proportion of new Renault, Nissan and Dacia vehicle registrations financed by RCI Banque in the **Europe Region** increased to 31.3%, compared with 29.5% in 2009. For Renault, the proportion was 34% (33% in 2009). The proportion for Nissan rose sharply, from 20.3% in 2009 to 23.9% in 2010, for a 3.6-point increase year on year. This success was achieved notably through the numerous loyalty-building offers implemented between the marketing teams of RCI Banque and Nissan Europe, including for new Nissan launches such as Juke.

The proportion of RCI Banque in the **Americas Region** rose to 31% (28% in 2009), driven by the performance with the Nissan brand, with the proportion up 22.8 points to 39.1%. The proportion of Renault vehicles financed fell slightly, from 29.8% in 2009 to 29.5% in 2010.

The proportion of RCI Banque in **South Korea** fell slightly, from 47.4% in 2009 to 46.1% in 2010. But new financing rose considerably, to €855 million (€613 million in 2009).

Lastly, the proportion of vehicles financed by RCI Banque in the **Euromed Region** (Romania and Morocco) decreased to 13.8% in a scrapping incentives context and a tightening of the underwriting policy following the risk increase.

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1.3. SALES AND PRODUCTION STATISTICS

TOTAL INDUSTRY VOLUME – REGISTRATIONS (IN UNITS) MAIN RENAULT GROUP MARKETS

PASSENGER CAR AND LIGHT COMMERCIAL VEHICLE	2010*	2009	Change (%)
EUROPE REGION	15,331,078	15,920,654	-3.7
<i>o/w:</i>			
France	2,669,282	2,676,401	-0.3
Germany	3,118,697	3,981,805	-21.7
Italy	2,137,345	2,337,193	-8.6
United-Kingdom	2,262,384	2,189,726	+3.3
Spain + Canary Islands	1,098,656	1,060,263	+3.6
Belgium + Luxembourg	656,401	580,877	+13.0
Poland	375,902	363,970	+3.3
AMERICAS REGION**	5,926,878	5,144,825	+15.2
<i>o/w:</i>			
Mexico	818,937	752,561	+8.8
Colombia	238,877	172,676	+38.3
Brazil	3,329,471	3,007,593	+10.7
Argentina	634,268	493,794	+28.4
ASIA-AFRICA REGION	32,598,607	27,180,415	+19.9
<i>o/w:</i>			
South Africa	406,243	337,558	+20.3
South Korea	1,542,979	1,439,546	+7.2
EUROMED REGION	1,290,710	1,129,320	+14.3
<i>o/w:</i>			
Romania	115,825	145,592	-20.4
Turkey	765,044	557,125	+37.3
Algeria	225,432	239,733	-6.0
Morocco	103,436	109,969	-5.9
EURASIA REGION	2,213,445	1,803,943	+22.7
<i>o/w:</i>			
Russia	1,906,119	1,465,922	+30.0
Ukraine	175,375	174,832	+0.3
WORLD (INCLUDING NORTH AMERICA)	70,476,213	63,078,460	+11.7

* Preliminary figures.

** Excluding North America.

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RENAULT GROUP REGISTRATIONS (REG.) AND MARKET SHARE (MS)

PASSENGER CAR AND LIGHT COMMERCIAL VEHICLE	2010*		2009	
	Reg (units)	MS (%)	Reg (units)	MS (%)
EUROPE REGION	1,640,726	10.7	1,528,016	9.6
<i>o/w:</i>				
France	743,486	27.9	700,052	26.2
Germany	171,411	5.5	240,037	6.0
Italy	140,678	6.6	125,025	5.3
UK	113,393	5.0	73,465	3.4
Spain + Canary Islands	124,813	11.4	115,214	10.9
Belgium + Luxembourg	84,786	12.9	64,692	11.1
Poland	29,752	7.9	24,140	6.6
AMERICAS REGION**	317,028	5.3	227,963	4.4
<i>o/w:</i>				
Mexico	18,046	2.2	11,500	1.5
Colombia	38,009	15.9	27,720	16.1
Brazil	160,297	4.8	117,524	3.9
Argentina	82,385	13.0	61,019	12.4
ASIA-AFRICA REGION	287,421	0.9	230,760	0.8
<i>o/w:</i>				
South Africa	10,000	2.5	7,001	2.1
South Korea	155,697	10.1	133,630	9.3
EUROMED REGION	272,748	21.1	240,484	21.3
<i>o/w:</i>				
Romania	45,820	39.6	51,793	35.6
Turkey	114,111	14.9	82,261	14.8
Algeria	63,369	28.1	56,094	23.4
Morocco	34,944	33.8	37,106	33.7
EURASIA REGION	106,534	4.8	80,428	4.5
<i>o/w:</i>				
Russia	96,466	5.1	72,284	4.9
Ukraine	9,092	5.2	7,128	4.1
OUTSIDE EUROPE	983,731	2.3	779,635	2.2
WORLD (INCLUDING NORTH AMERICA)	2,624,457	3.7	2,307,651	3.7

* Preliminary figures.

** Excluding North America.

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RENAULT GROUP MODELS PERFORMANCE BY SEGMENT IN THE EUROPE REGION

PASSENGER CARS	Change segment 2010 / 2009	Group share			Rank 2010
		2010* (%)	2009 (%)	Change 2010* / 2009 (points)	
A Segment	-18.1				
Twingo / Twingo II		10.5	10.0	+0.5	3
Wind		0.3	-	+0.3	20
B/Entry Segment	-7.3				
Clio / Clio III		7.7	6.7	+1.0	4
Thalia / Thalia II		0.1	0.2	-0.1	48
Modus		1.1	1.5	-0.4	22
Logan		0.9	1.5	-0.6	26
Sandero		3.1	2.8	+0.3	12
Kangoo		0.0	0.1	-0.1	61
C Segment	+0.2				
Kangoo II		0.8	0.8	-0.0	34
Mégane / Mégane II / Mégane III		9.2	7.9	+1.2	2
Fluence		0.3	-	+0.3	49
Duster		1.1	-	+1.1	23
D Segment	-6.0				
Laguna / Laguna III		2.5	2.4	+0.1	13
Latitude		0.0	-	+0.0	81
Koléos		0.7	1.0	-0.3	33
Trafic / Trafic II		0.6	0.4	+0.1	36
E Segment	+9.8				
Vel Satis		0.0	0.1	-0.1	116
Espace / Espace IV		1.8	2.0	-0.2	13
Master / Master II / Master III		0.2	0.3	-0.1	60

* Preliminary figures.

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RENAULT GROUP

MODELS PERFORMANCE BY SEGMENT IN THE EUROPE REGION

LIGHT COMMERCIAL VEHICLES	Change segment 2010 / 2009	Group share			Rank 2010
		2010* (%)	2009 (%)	Change 2010* / 2009 (points)	
Fleet vehicles	+6.7				
Twingo / Twingo II		2.1	2.5	-0.4	12
Clio / Clio III		18.4	17.7	+0.7	1
Modus		0.1	0.2	-0.1	50
Mégane / Mégane II / Mégane III		9.0	5.6	+3.3	3
Duster		0.1	-	-	45
Laguna / Laguna III		0.7	0.3	+0.4	22
Koléos		0.1	0.1	-0.0	69
Espace / Espace IV		0.5	0.1	+0.4	27
Sandero		0.1	0.0	+0.0	73
Logan		0.1	0.3	-0.2	53
Small vans	+10.7				
Kangoo / Kangoo II		17.2	16.3	+0.9	1
Logan		1.7	1.4	+0.2	12
Vans	+8.6				
Trafic / Trafic II		6.9	6.0	+0.9	6
Master / Master II / Master III		7.0	6.6	+0.4	5
Mascott** / Maxity** / Master III**		1.1	0.9	+0.2	17
Pick-ups	-2.3				
Logan		6.9	6.2	+0.7	6

* Preliminary figures.

** Renault Trucks.

NB: Change in segmentation

Renault now uses the international vehicle classification system of A, B, C, D and E. Hence vehicles in the Entry range are now classified in their respective segments and car-derived vans are included in the five main segments. The two sub-segments "SUV" and "Non-SUV" have been reclassified, the first in the H body style and the second in other body styles such as B or D.

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RENAULT GROUP WORLDWIDE PRODUCTION BY MODEL⁽¹⁾ (UNITS)

PASSENGER CARS + LIGHT COMMERCIAL VEHICLES	2010*	2009	Change (%)
Twingo	163,405	187,470	-12.8
Wind	6,556	-	-
Clio	444,603	411,291	8.1
Thalia	93,247	82,163	13.5
Modus	47,685	69,358	-31.2
Logan+Sandero	551,748	489,750	12.7
Kangoo	187,882	151,196	24.3
Mégane	490,005	459,862	6.6
Fluence	68,539	10,449	++
Duster	86,268	115	++
SM3	124,872	80,488	55.1
Laguna	54,137	46,919	15.4
SM5+Latitude	88,704	64,473	37.6
Koléos	49,424	28,925	70.9
Espace	17,261	15,212	13.5
Master	99,897	59,047	69.2
SM7	13,747	18,143	-24.2
Vel Satis	-	1,179	-
Mascott	-	5,706	-
Autres	10,617	-	-
PRODUCTION MONDIALE DU GROUPE	2,598,597	2,181,746	19.1
<i>o/w production for partners</i>			
Master for GM	9,952	5,744	73.3
SM3 for Nissan	45,859	31,855	44.0
Vehicles for Nissan in Mercosur	18,156	18,903	-4.0
PARTNERS' PRODUCTION FOR RENAULT			
GM plant (Trafic)	33,540	27,451	22.2
Nissan plant (Trafic)	11,561	10,932	5.8
Others (Iran+India)	63,239	39,504	60.1

* Preliminary figures.

(1) Production data concern the number of vehicles leaving the production line.

Chapter 1

Sales performance

GEOGRAPHICAL ORGANIZATION OF THE RENAULT GROUP BY REGION – COUNTRIES IN EACH REGION

At January 1, 2011

EUROPE	AMERICAS	ASIA & AFRICA	EUROMED	EURASIA
WESTERN EUROPE	NORTH LATIN AMERICA	ASIA-PACIFIC	EASTERN EUROPE	Russia
Metropolitan France	Colombia	Australia	Bulgaria	Armenia
Austria	Costa Rica	Indonesia	Moldova	Azerbaijan
Belgium-Lux.	Cuba	Japan	Romania	Belarus
Denmark	Ecuador	Malaysia		Georgia
Finland	Honduras	New Caledonia	MAGHREB	Kazakhstan
Germany	Mexico	New Zealand		Kyrgyzstan
Greece	Nicaragua	Singapore	Algeria	Tajikistan
Iceland	Panama	Tahiti	Morocco	Turkmenistan
Ireland	Panama	Thailand	Tunisia	Ukraine
Italy	Salvador	Guadeloupe		Uzbekistan
Netherlands	Venezuela	French Guiana		
Norway	Dominican Republic	Martinique	Turkey	
Portugal				
Spain + Canary Islands	SOUTH LATIN AMERICA	MIDDLE EAST AND FRENCH-SPEAKING AFRICA		
Sweden	Argentina	Saudi Arabia		
Switzerland	Brazil	Egypt		
United-Kingdom	Bolivia	Jordan		
	Chile	Lebanon		
Albania	Paraguay	Gulf States		
Baltic States	Peru	Syria		
Bosnia-Herzegovina	Uruguay	+ French-speaking african countries		
Croatia				
Cyprus		AFRICA AND INDIAN OCEAN		
Czech Republic		South Africa + sub-Saharan African countries		
Hungary		Indian Ocean islands		
Macedonia				
Malta		CHINA		
Poland		Hong Kong		
Serbia				
Slovakia		India		
Slovenia		Iran		
		Israël		
		Korea		
		Taiwan		

Chapter 2

Financial results

OVERVIEW

- Group revenues totaled €38,971 million in 2010, up 15.6% on 2009, thanks to the Group's strong sales momentum and the expanding global automotive market.
- The Group's operating margin came to €1,099 million in 2010, or 2.8% of revenues, compared with a negative €396 million (-1.2% of revenues) in 2009.
- Other Group operating income and expenses showed a net charge of €464 million, compared with a net charge of €559 million in 2009.
- The financial result showed a net charge of €376 million, compared with a net charge of €404 million in 2009.
- The disposal of B shares in Volvo AB generated a capital gain of €2,000 million.
- Nissan's contribution to Renault's earnings was €1,084 million, compared with a loss of €902 million in 2009. Volvo AB's contribution was €214 million, compared with a loss of €301 million in 2009. AvtoVAZ had a €21 million negative impact on Renault's earnings, compared with a €370 million negative impact in 2009.
- Net income was €3,490 million, compared with a net loss of €3,068 million in 2009. Net income, Group share, was €3,420 million, compared with a net loss of €3,125 million in 2009.
- Automotive division generated operational free cash flow⁽¹⁾ of €1,670 million.
- Automotive division net financial debt fell significantly, declining by €4,486 million compared with December 31, 2009 to €1,435 million.
- Shareholders' equity stood at €22,757 million at December 31, 2010. The net debt-to-equity ratio fell sharply from 35.9% at December 31, 2009 to 6.3%.

2.1. COMMENTS ON THE FINANCIAL RESULTS

2.1.1. Consolidated income statement

Group **revenues** totaled €38,971 million, up 15.6%⁽²⁾ on 2009. Excluding the exchange rate effect, revenues increased by 12.4%.

OPERATING SEGMENT CONTRIBUTION TO GROUP REVENUES

(€ million)	2010					2009 published				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Automotive division	8,642	10,136	8,268	10,126	37,172	6,634	8,467	7,664	9,186	31,951
Sales Financing	430	460	443	466	1,799	446	444	438	433	1,761
Total	9,072	10,596	8,711	10,592	38,971	7,080	8,911	8,102	9,619	33,712

	Change 2010/2009 published				
	Q1	Q2	Q3	Q4	Year
Automotive division	30.3%	19.7%	7.9%	10.2%	16.3%
Sales Financing	-3.6%	3.6%	1.1%	7.6%	2.2%
Total	28.1%	18.9%	7.5%	10.1%	15.6%

(1) Operational free cash flow: cash flow (excluding dividends received from associated companies) minus tangible and intangible investments net of disposals +/- change in working capital requirement. Dividends received from associated companies came to €88 million.

(2) Up 15.5% on 2009 revenues of €33,733 million on a consistent basis.

In 2010 Automotive's revenue contribution was €37,172 million, up 16.3% on 2009. This progression can be attributed to the Group's strong sales momentum, reflected in market share gains and a positive volume effect. Sales volumes accounted for 7.8 points of the increase in revenues, the mix/price for 2.3 points, currencies for 3.4 points and other Group activities (sales of components and vehicles to partners) for 2.8 points.

Excluding other activities and by Region:

- Europe accounted for 2.8 points of the increase in revenues. Despite the gradual dismantling of government-subsidized scrappage incentives introduced by some countries during the crisis, over the year as a whole, the market slowed less

sharply than initially forecasted. The product mix, which had been negatively impacted by scrappage schemes in the previous year, improved and was boosted by the renewal of the Mégane range;

- International operations⁽¹⁾ made the biggest contribution, accounting for 10.7 points of the increase on a positive volume effect in all Regions, accentuated by favorable currency effects, especially on the Korean won and the Brazilian real.

Group **operating margin** in 2010 was €1,099 million, or 2.8% of revenues, compared with a negative €396 million (negative 1.2% of revenues) in 2009.

OPERATING SEGMENT CONTRIBUTION TO GROUP OPERATING MARGIN

(€ million)	2010	2009	Change
Automotive division	396	-902	+1,298
<i>% of division revenues</i>	<i>1.1%</i>	<i>-2.8%</i>	<i>+3.9 pts</i>
Sales Financing	703	506	+197
Total	1,099	-396	+1,495
<i>% of Group revenues</i>	<i>2.8%</i>	<i>-1.2%</i>	<i>+4.0 pts</i>

Lifted by strong commercial momentum and measures introduced during the crisis, the **Automotive division** operating margin increased sharply by €1,298 million to €396 million (1.1% of revenues) due to:

- a strong commercial performance by the Renault Group's three brands that contributed to a €698 million increase;
- a positive €288 million exchange rate effect owing chiefly to the euro's slide against the ruble, Brazilian real, Korean won and other European currencies;
- a negative overall mix/price impact of €143 million;
- a €148 million increase in raw materials costs over the year as a whole;

- the ongoing cost-cutting policy, which led to a €579 million reduction in purchasing.

Sales Financing contributed a record €703 million to operating margin, demonstrating both the robustness of the business model and the Renault Group's ability to create value by offering a full range of products and services. Sales Financing posted a record increase in profitability, driven by sales growth, the continued expansion of services and the success of risk management plans introduced during the crisis. Accordingly, the cost of risk (including country risk) fell sharply, to 0.40% of average outstanding loans (down 0.59 of a point relative to 2009).

RENAULT GROUP – R&D EXPENSES*

(€ million)	2010	2009	Change
R&D expenses	1,728	1,643	+85
Capitalized development expenses	-666	-587	-79
<i>% of R&D expenses</i>	<i>38.5%</i>	<i>35.7%</i>	<i>+2.8 pts</i>
Amortization	772	739	+33
R&D expenses recorded in the income statement	1,834	1,795	+39

* R&D expenses are fully incurred by Automotive division.

(1) Euromed, Eurasia, Asia-Africa, Americas.

Chapter 2

Financial results

Research and Development expenses amounted to €1,728 million in 2010, up 5.2% on 2009. The low level reflects the product cycle and measures taken under the action plans introduced in 2009 to adjust expenditures and improve efficiency.

The ratio of capitalized development expenses rose from 35.7% in 2009 to 38.5%.

Other operating income and expenses showed a net charge of €464 million, as compared with a net charge of €559 million in 2009. This item was mainly made up of:

- a €159 million impairment charge, compared with a charge of €297 million in 2009;
- €449 million in workforce adjustment and restructuring costs;
- property disposals for +€112 million.

After recognizing this item, the Group reported an **operating income** of €635 million, compared with a loss of €955 million in 2009.

The **net financial result** showed a net charge of €376 million, compared with a net charge of €404 million in 2009. This included a charge of €31 million linked to the negative impact of the fair value change in Renault SA's redeemable shares, compared with a charge of €43 million in 2009.

In 2010 Renault's **share in associated companies** generated a net contribution of €1,289 million (compared with a loss of €1,561 million in 2009), of which:

- €1,084 million from Nissan (compared with a loss of €902 million in 2009);
- €214 million from Volvo AB (compared with a loss of €301 million in 2009);
- a loss of €21 million from AvtoVAZ (compared with a loss of €370 million in 2009).

Current and deferred taxes represented a net charge of €58 million (€148 million in 2009), reflecting increased current taxes for foreign subsidiaries, which were largely offset, particularly in France, by the recognition of a portion of deferred tax assets relative to tax loss carry-forwards, previously unrecognized owing to the absence of forecasted future taxable amounts.

Net income, which included a capital gain of €2,000 million on the disposal in October 2010 of B shares in Volvo AB, came to €3,490 million, compared with a loss of €3,068 million in 2009.

The Group's share of net income was €3,420 million, compared with a negative €3,125 million in 2009.

2.1.2. Net capex and R&D expenses

Automotive's tangible and intangible investments net of disposals (excluding capitalized leased vehicles) came to €1,644 million in 2010 (including €666 million in R&D expenses) compared with €2,054 million (including €587 million in R&D expenses) in 2009.

TANGIBLE AND INTANGIBLE INVESTMENTS NET OF DISPOSALS, BY OPERATING SEGMENT

(€ million)	2010	2009
Tangible investments (excluding capitalized leased vehicles)	1,130	1,620
Intangible investments	733	670
<i>o/w capitalized R&D expenses</i>	666	587
Total acquisitions	1,863	2,290
Disposal gains	-219	-236
Total Automotive division	1,644	2,054
Total Sales Financing	4	19
TOTAL GROUP	1,648	2,073

The plan introduced in 2009 to reduce fixed costs, together with the product cycle, led to a significant decrease in tangible and intangible investments excluding R&D in 2009 and 2010.

By Region:

- In Europe (53% of total gross investments), range-related investments accounted for 65% of total outlays. Funds were allocated chiefly to the new Mégane coupé-cabriolet, the Master range, the Wind roadster and the new R9M diesel engine;

- Investments outside Europe accounted for 47% of the total gross spend and were primarily allocated to Morocco (start-up of new facility), Romania, South America and South Korea.

The tangible investments made to develop electric vehicles continued this year, with funds committed both to vehicles and to engines.

Consistent with previous years, the non range-related investment policy was focused mainly on quality, working conditions and the environment.

NET CAPEX

(€ million)	2010	2009
Tangible and intangible investments net of disposals (excluding capitalized leased vehicles)	1,648	2,073
Capitalized development expenses	-666	-587
Others	-17	-2
Net industrial and commercial investments (1)	965	1,484
<i>% of revenues</i>	<i>2.5%</i>	<i>4.4%</i>

NET R&D EXPENSES

R&D expenses	1,728	1,643
R&D expenses billed to third parties and others	-161	-112
Net R&D expenses (2)	1,567	1,531
<i>% of revenues</i>	<i>4.0%</i>	<i>4.5%</i>

NET CAPEX AND R&D EXPENSES

Net capex and R&D expenses (1) + (2)	2,532	3,015
<i>% of revenues</i>	<i>6.5%</i>	<i>8.9%</i>

2.1.3. Automotive debt

As targeted the Automotive division generated positive operational free cash flow of €1,670 million in 2010. That strong performance can be attributed to the sharp improvement in operational performance and the reduction in expenses. The operational free cash flow generated in 2010 comprises:

- cash flow of €3,074 million, up €1,688 million on 2009. This does not include dividends from associated companies, which amounted to €88 million, compared with €81 million in 2009;
- a positive €395 million contribution from the change in working capital requirement;

- tangible and intangible investments net of disposals in the amount of €1,644 million, down €410 million (€2,054 million in 2009);
- a negative €155 million change in capitalized leased vehicles.

Combined with the sale in October of the Group's holdings of B shares in Volvo AB for €3,006 million, this free cash flow enabled **Automotive net financial debt** to be reduced to €1,435 million as at December 31, or 6.3% of equity, compared with €5,921 million (35.9% of equity) on December 31, 2009.

AUTOMOTIVE NET FINANCIAL DEBT

(€ million)	Dec 31 2010	Dec 31 2009
Non-current financial liabilities	6,835	8,787
Current financial liabilities	5,124	4,455
Non-current financial assets - other securities, loans and derivatives on financial operations	-800	-888
Current financial assets	-910	-1,025
Cash and cash equivalents	-8,814	-5,408
Automotive net financial debt	1,435	5,921

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2.1.4. Liquidity at December 31, 2010

As at December 31, 2010 the Automotive division increased its liquidity reserve by €3.3 billion compared with end-December 2009 and had:

- €8.8 billion in cash and cash equivalents;
- €4.0 billion in undrawn confirmed credit lines.

On December 31, 2010, RCI Banque had:

- a liquidity reserve of €3.9 billion, representing available liquidity surplus to outstanding certificates of deposit and commercial paper;
- available liquidity of €6.5 billion, covering more than 2 times all outstanding commercial paper and certificates of deposit, and comprising €4.5 billion in undrawn confirmed credit lines, €1.6 billion in central-bank eligible collateral, and €0.4 billion in cash.

2.2. CONSOLIDATED FINANCIAL STATEMENTS

2.2.1. Consolidated income statement

(€ million)	2010	2009
Sales of goods and services	37,654	32,415
Sales financing revenues	1,317	1,297
Revenues (note 4)	38,971	33,712
Cost of goods and services sold	(30,620)	(26,978)
Cost of sales financing (note 5)	(813)	(953)
Research and development expenses (note 12-A)	(1,834)	(1,795)
Selling, general and administrative expenses	(4,605)	(4,382)
Operating margin (note 6)	1,099	(396)
Other operating income and expenses (note 7)	(464)	(559)
<i>Other operating income</i>	197	137
<i>Other operating expenses</i>	(661)	(696)
Operating income	635	(955)
Net interest income (expenses)	(354)	(353)
<i>Interest income</i>	146	118
<i>Interest expenses</i>	(500)	(471)
Other financial income and expenses	(22)	(51)
Financial income (note 8)	(376)	(404)
Gain on sale of B shares in Volvo AB	2,000	-
Share in net income (loss) of associates	1,289	(1,561)
<i>Nissan (note 14)</i>	1,084	(902)
<i>Other associates (note 15)</i>	205	(659)
Pre-tax income	3,548	(2,920)
Current and deferred taxes (note 9)	(58)	(148)
Net income	3,490	(3,068)
Net income – non-controlling interests' share	70	57
Net income – parent company shareholders' share	3,420	(3,125)
Earnings per share ⁽¹⁾ in € (note 10)	12.70	(12.13)
Diluted earnings per share ⁽¹⁾ in € (note 10)	12.70	(12.13)
Number of shares outstanding (in thousands) (note 10)		
<i>for earnings per share</i>	269,292	257,514
<i>for diluted earnings per share</i>	269,292	257,514

(1) Net income – parent company shareholders' share divided by number of shares stated.

NB : the notes mentioned in this section refer to the Notes to the consolidated financial statement 2010 presented in chapter 4 of the 2010 Registration document.

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2.2.2. Consolidated comprehensive income

Other components of comprehensive income are reported net of tax effects, which are presented in note 11-B.

(€ million)	2010	2009
NET INCOME	3,490	(3,068)
Actuarial gains and losses on defined-benefit pension plans	(14)	(45)
Translation adjustments on foreign activities	258	112
Partial hedge of the investment in Nissan	(242)	(43)
Fair value adjustments on cash flow hedging instruments	80	32
Fair value adjustments on available-for-sale financial assets	232	6
Total other components of comprehensive income excluding associates (A)	314	62
Actuarial gains and losses on defined-benefit pension plans	59	83
Translation adjustments on foreign activities	2,019	(387)
Fair value adjustments on cash flow hedging instruments	8	59
Fair value adjustments on available-for-sale financial assets	24	17
Associates' share of other components of comprehensive income (B)	2,110	(228)
Other components of comprehensive income (A) + (B)	2,424	(166)
COMPREHENSIVE INCOME	5,914	(3,234)
<i>Parent company shareholders' share</i>	<i>5,826</i>	<i>(3,300)</i>
<i>Non-controlling interests' share</i>	<i>88</i>	<i>66</i>

2.2.3. Consolidated financial position

ASSETS (€ million)	Dec. 31, 2010	Dec. 31, 2009
NON-CURRENT ASSETS		
Intangible assets (note 12-A)	3,677	3,893
Property, plant and equipment (note 12-B)	11,504	12,294
Investments in associates	14,199	12,084
<i>Nissan (note 14)</i>	13,345	10,583
<i>Other associates (note 15)</i>	854	1,501
Non-current financial assets (note 23)	1,728	1,026
Deferred tax assets (note 9)	705	279
Other non-current assets (note 19)	435	424
Total non-current assets	32,248	30,000
CURRENT ASSETS		
Inventories (note 16)	4,567	3,932
Sales financing receivables (note 17)	19,276	18,243
Automobile receivables (note 18)	1,329	1,097
Current financial assets (note 23)	799	787
Current tax assets	178	195
Other current assets (note 19)	1,685	1,636
Cash and cash equivalents (note 23)	10,025	8,023
Total current assets	37,859	33,913
Assets held for sale (note 7-B)	-	65
TOTAL ASSETS	70,107	63,978
SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)	Dec. 31, 2010	Dec. 31, 2009
SHAREHOLDERS' EQUITY		
Share capital	1,127	1,086
Share premium	3,785	3,453
Treasury shares	(145)	(229)
Revaluation of financial instruments	235	(109)
Translation adjustment	(554)	(2,568)
Reserves	14,367	17,474
Net income – parent company shareholders' share	3,420	(3,125)
Shareholders' equity – parent company shareholders' share	22,235	15,982
Shareholders' equity – non-controlling interests' share	522	490
Total shareholders' equity (note 20)	22,757	16,472
NON-CURRENT LIABILITIES		
Deferred tax liabilities (note 9)	125	114
Provisions – long-term (note 21)	2,243	1,829
Non-current financial liabilities (note 24)	7,096	9,048
Other non-current liabilities (note 22)	734	660
Total non-current liabilities	10,198	11,651
CURRENT LIABILITIES		
Provisions – short-term (note 21)	965	914
Current financial liabilities (note 24)	4,546	3,825
Sales financing debts (note 24)	19,366	19,912
Trade payables	6,348	5,911
Current tax liabilities	106	54
Other current liabilities (note 22)	5,821	5,179
Total current liabilities	37,152	35,795
Liabilities associated with assets held for sale (note 7-B)	-	60
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	70,107	63,978

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2.2.4. Changes in shareholders' equity

	Number of shares (thousand)	Share capital	Share premium	Treasury shares	Revaluation of financial instruments	Translation adjustment	Reserves	Net income (parent company shareholders' share)	Shareholders' equity (parent company shareholders' share)	Shareholders' equity (non-controlled entities' share)	Total shareholders' equity
(€ million)											
Balance at December 31, 2008	284,937	1,086	3,453	(612)	(223)	(2,241)	16,925	571	18,959	457	19,416
2009 Net income	-	-	-	-	-	-	-	(3,125)	(3,125)	57	(3,068)
Other components of comprehensive income	-	-	-	-	114	(327)	38	-	(175)	9	(166)
2009 comprehensive income	-	-	-	-	114	(327)	38	(3,125)	(3,300)	66	(3,234)
Allocation of 2008 net income	-	-	-	-	-	-	571	(571)	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	(34)	(34)
Cost of stock option plans	-	-	-	-	-	-	16	-	16	-	16
(Acquisitions) / disposals of treasury shares	-	-	-	383	-	-	(256)	-	127	-	127
Impact of capital increases	-	-	-	-	-	-	-	-	-	15	15
Impact of changes in the scope of consolidation with no loss of control ⁽¹⁾	-	-	-	-	-	-	-	-	-	(14)	(14)
Other changes	-	-	-	-	-	-	180	-	180	-	180
Balance at December 31, 2009	284,937	1,086	3,453	(229)	(109)	(2,568)	17,474	(3,125)	15,982	490	16,472
2010 net income	-	-	-	-	-	-	-	3,420	3,420	70	3,490
Other components of comprehensive income	-	-	-	-	344	2,014	48	-	2,406	18	2,424
2010 comprehensive income	-	-	-	-	344	2,014	48	3,420	5,826	88	5,914
Allocation of 2009 net income	-	-	-	-	-	-	(3,125)	3,125	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	(40)	(40)
Cost of stock option plans	-	-	-	-	-	-	7	-	7	-	7
(Acquisitions) / disposals of treasury shares	-	-	-	84	-	-	(24)	-	60	-	60
Impact of capital increases	10,785	41	332	-	-	-	-	-	373	-	373
Impact of changes in the scope of consolidation with no loss of control ⁽¹⁾	-	-	-	-	-	-	(3)	-	(3)	(16)	(19)
Other changes	-	-	-	-	-	-	(10)	-	(10)	-	(10)
Balance at December 31, 2010	295,722	1,127	3,785	(145)	235	(554)	14,367	3,420	22,235	522	22,757

(1) The impact of changes in the scope of consolidation results from the treatment applied to acquisitions of non-controlling interests and put options for buyouts of non-controlling entities (note 2-J).

Details of changes in consolidated shareholders' equity in 2010 are given in note 20.

2.2.5. Consolidated cash flows

(€ million)	2010	2009
NET INCOME	3,490	(3,068)
Cancellation of unrealized income and expenses		
Amortization and impairment	3,069	3,146
Share in net (income) loss of associates	(1,289)	1,561
Other unrealized income and expenses (note 27-A)	(2,087)	(5)
Cash flow ⁽¹⁾	3,183	1,634
Dividends received from associates	88	81
Net change in financing for final customers	(448)	377
Net change in renewable dealer financing	(146)	(126)
Decrease (increase) in sales financing receivables	(594)	251
Bond issuance by the Sales financing segment (note 24-A)	3,929	3,149
Bond redemption by the Sales financing segment (note 24-A)	(2,308)	(2,795)
Net change in other Sales financing debts	(2,354)	871
Net change in other securities and loans of the Sales financing segment	(129)	152
Net change in Sales financing financial assets and debts	(862)	1,377
Change in capitalized leased vehicles	(109)	(256)
Decrease (increase) in working capital (note 27-B)	264	2,953
CASH FLOWS FROM OPERATING ACTIVITIES	1,970	6,040
Capital expenditure (note 27-C)	(1,867)	(2,309)
Disposals of property, plant and equipment and intangibles	219	236
Acquisitions of investments with gain of control, net of cash acquired	-	-
Acquisitions of other investments, net of cash acquired	(39)	(86)
Disposals of investments with loss of control, net of cash transferred	7	-
Disposals of other investments, net of cash transferred and other ⁽²⁾	3,114	-
Net decrease (increase) in other securities and loans of the Automotive segment	(30)	65
CASH FLOWS FROM INVESTING ACTIVITIES	1,404	(2,094)
Transactions with non-controlling interests ⁽³⁾	-	-
Dividends paid to parent company shareholders (note 20-D)	-	-
Dividends paid to non-controlling interests	(77)	(22)
(Purchases) sales of treasury shares	60	127
Cash flows with shareholders	(17)	105
Bond issuance by the Automotive segment (note 24-A)	1,696	750
Bond redemption by the Automotive segment (note 24-A)	(1,164)	(1,271)
Net increase (decrease) in other financial liabilities of the Automotive segment	(1,982)	2,378
Net change in financial liabilities of the Automotive segment	(1,450)	1,857
CASH FLOWS FROM FINANCING ACTIVITIES	(1,467)	1,962
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,907	5,908
Cash and cash equivalents: opening balance	8,023	2,058
Increase (decrease)	1,907	5,908
Effect of changes in exchange rate and other changes	95	57
Cash and cash equivalents: closing balance	10,025	8,023

(1) Cash flow does not include dividends received from associates.

(2) Including the sales of B shares in Volvo AB for €3,006 million (operation described in "Significant events").

(3) Via capital increases or capital reductions and acquisitions of additional investments in controlled companies (note 2-J).

Details of interest received and paid by the Automotive segment are given in note 27-D.

Current taxes paid by the Group are reported in note 9-A.

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2.2.6. Segment reporting

A. Consolidated income statement by operating segment

(€ million)	Automotive	Sales financing	Intersegment transactions	Consolidated total
2010				
Sales of goods and services	37,172	482	-	37,654
Sales financing revenues	-	1,317	-	1,317
External sales (note 4)	37,172	1,799	-	38,971
Intersegment sales	(283)	376	(93)	-
Sales by segment	36,889	2,175	(93)	38,971
Operating margin ⁽¹⁾	381	703	15	1,099
Operating income	(78)	698	15	635
Financial income ⁽²⁾	26	-	(402)	(376)
Gain on sale of Volvo Series B shares	2,000	-	-	2,000
Share in net income (loss) of associates	1,287	2	-	1,289
Pre-tax income	3,235	700	(387)	3,548
Current and deferred taxes	157	(211)	(4)	(58)
Net income	3,392	489	(391)	3,490
2009				
Sales of goods and services	31,951	464	-	32,415
Sales financing revenues	-	1,297	-	1,297
External sales (note 4)	31,951	1,761	-	33,712
Intersegment sales	(317)	342	(25)	-
Sales by segment	31,634	2,103	(25)	33,712
Operating margin ⁽¹⁾	(915)	506	13	(396)
Operating income	(1,457)	489	13	(955)
Financial income ⁽²⁾	(102)	-	(302)	(404)
Share in net income (loss) of associates	(1,566)	5	-	(1,561)
Pre-tax income	(3,125)	494	(289)	(2,920)
Current and deferred taxes	14	(157)	(5)	(148)
Net income	(3,111)	337	(294)	(3,068)

(1) Details of amortization and depreciation are provided in the consolidated cash flow statements by operating segment.

(2) Sales financing dividends are included in the Automotive segment's financial income and eliminated as an intersegment transaction.

B. Consolidated financial position by operating segment

Consolidated financial position by operating segment - December 31, 2010

ASSETS (€ million)	Automotive	Sales financing	Intersegment transactions	Consolidated total
NON-CURRENT ASSETS				
Property, plant and equipment and intangible assets	15,003	188	(10)	15,181
Investments in associates	14,165	34	-	14,199
Non-current financial assets – investments in non-controlled entities	3,359	-	(2,431)	928
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segment	800	-	-	800
Deferred tax assets and other non-current assets	1,044	145	(49)	1,140
Total non-current assets	34,371	367	(2,490)	32,248
CURRENT ASSETS				
Inventories	4,563	4	-	4,567
Customer receivables	1,414	19,642	(451)	20,605
Current financial assets	910	520	(631)	799
Other current assets and current tax assets	1,587	2,222	(1,946)	1,863
Cash and cash equivalents	8,814	1,342	(131)	10,025
Total current assets	17,288	23,730	(3,159)	37,859
Assets held for sale	-	-	-	-
TOTAL ASSETS	51,659	24,097	(5,649)	70,107
SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)				
	Automotive	Sales financing	Intersegment transactions	Consolidated total
SHAREHOLDERS' EQUITY				
	22,638	2,435	(2,316)	22,757
NON-CURRENT LIABILITIES				
Deferred tax liabilities and long-term provisions	1,977	391	-	2,368
Non-current financial liabilities	6,835	261	-	7,096
Other non-current liabilities	544	190	-	734
Total non-current liabilities	9,356	842	-	10,198
CURRENT LIABILITIES				
Short-term provisions	921	44	-	965
Current financial liabilities	5,124	-	(578)	4,546
Trade payables and sales financing debts	6,407	20,058	(751)	25,714
Other current liabilities and current tax liabilities	7,213	718	(2,004)	5,927
Total current liabilities	19,665	20,820	(3,333)	37,152
Liabilities associated with assets held for sale	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	51,659	24,097	(5,649)	70,107

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Consolidated financial position by operating segment - December 31, 2009

ASSETS (€ million)	Automotive	Sales financing	Intersegment transactions	Consolidated total
NON-CURRENT ASSETS				
Property, plant and equipment and intangible assets	15,953	245	(11)	16,187
Investments in associates	12,058	26	-	12,084
Non-current financial assets – investments in non-controlled entities	2,392	-	(2,254)	138
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segment	888	-	-	888
Deferred tax assets and other non-current assets	553	145	5	703
Total non-current assets	31,844	416	(2,260)	30,000
CURRENT ASSETS				
Inventories	3,927	5	-	3,932
Customer receivables	1,179	18,660	(499)	19,340
Current financial assets	1,025	380	(618)	787
Other current assets and current tax assets	1,532	2,041	(1,742)	1,831
Cash and cash equivalents	5,408	2,738	(123)	8,023
Total current assets	13,071	23,824	(2,982)	33,913
Assets held for sale	65	-	-	65
TOTAL ASSETS	44,980	24,240	(5,242)	63,978
SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)				
SHAREHOLDERS' EQUITY				
	16,363	2,259	(2,150)	16,472
NON-CURRENT LIABILITIES				
Deferred tax liabilities and long-term provisions	1,585	309	49	1,943
Non-current financial liabilities	8,787	261	-	9,048
Other non-current liabilities	509	151	-	660
Total non-current liabilities	10,881	721	49	11,651
CURRENT LIABILITIES				
Short-term provisions	865	49	-	914
Current financial liabilities	4,455	4	(634)	3,825
Trade payables and sales financing debts	5,938	20,593	(708)	25,823
Other current liabilities and current tax liabilities	6,418	614	(1,799)	5,233
Total current liabilities	17,676	21,260	(3,141)	35,795
Liabilities associated with assets held for sale	60	-	-	60
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	44,980	24,240	(5,242)	63,978

C. Consolidated cash flows by operating segment

(€ million)	Automotive	Sales financing	Intersegment transactions	Consolidated total
2010				
Net income	3,392	489	(391)	3,490
Cancellation of unrealized income and expenses				
Amortization and impairment	3,045	24	-	3,069
Share in net (income) loss of associates	(1,287)	(2)	-	(1,289)
Other unrealized income and expenses	(2,076)	(14)	3	(2,087)
Cash flow ⁽¹⁾	3,074	497	(388)	3,183
Dividends received from associates	88	-	-	88
Decrease (increase) in sales financing receivables	-	(563)	(31)	(594)
Net change in financial assets and Sales Financing debts	-	(867)	5	(862)
Change in capitalized leased vehicles	(155)	48	(2)	(109)
Decrease (increase) in working capital	395	(105)	(26)	264
CASH FLOWS FROM OPERATING ACTIVITIES	3,402	(990)	(442)	1,970
Purchases of intangible assets	(733)	(1)	-	(734)
Purchases of property, plant and equipment	(1,130)	(3)	-	(1,133)
Disposals of property, plant and equipment and intangibles	219	-	-	219
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired/transferred	7	-	-	7
Acquisitions and disposals of other investments and other assets ⁽²⁾	3,075	-	-	3,075
Net decrease (increase) in other securities and loans of the Automotive segment	(30)	-	-	(30)
CASH FLOWS FROM INVESTING ACTIVITIES	1,408	(4)	-	1,404
Cash flows with shareholders	(12)	(407)	402	(17)
Net change in financial liabilities of the Automotive segment	(1,493)	-	43	(1,450)
CASH FLOWS FROM FINANCING ACTIVITIES	(1,505)	(407)	445	(1,467)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,305	(1,401)	3	1,907

(1) Cash flow does not include dividends received from associates.

(2) Including the sales of B shares in Volvo AB for €3,006 million (operation described in "Significant events").

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(€ million)	Automotive	Sales financing	Intersegment transactions	Consolidated total
2009				
Net income	(3,111)	337	(294)	(3,068)
Cancellation of unrealized income and expenses				
Amortization and impairment	3,124	30	(8)	3,146
Share in net (income) loss of associates	1,566	(5)	-	1,561
Other unrealized income and expenses	(193)	183	5	(5)
Cash flow ⁽¹⁾	1,386	545	(297)	1,634
Dividends received from associates	81	-	-	81
Decrease (increase) in sales financing receivables	-	76	175	251
Net change in financial assets and Sales Financing debts	-	1,366	11	1,377
Change in capitalized leased vehicles	(248)	(9)	1	(256)
Decrease (increase) in working capital	2,923	33	(3)	2,953
CASH FLOWS FROM OPERATING ACTIVITIES	4,142	2,011	(113)	6,040
Purchases of intangible assets	(670)	(16)	-	(686)
Purchases of property, plant and equipment	(1,620)	(3)	-	(1,623)
Disposals of property, plant and equipment and intangibles	236	-	-	236
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired/transferred	-	-	-	-
Acquisitions and disposals of other investments and other assets	(86)	-	-	(86)
Net decrease (increase) in other securities and loans of the Automotive segment	81	-	(16)	65
CASH FLOWS FROM INVESTING ACTIVITIES	(2,059)	(19)	(16)	(2,094)
Cash flows with shareholders	105	(302)	302	105
Net change in financial liabilities of the Automotive segment	2,017	-	(160)	1,857
CASH FLOWS FROM FINANCING ACTIVITIES	2,122	(302)	142	1,962
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,205	1,690	13	5,908

(1) Cash flow does not include dividends received from associates.

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B. Information by Region

(€ million)	Europe ⁽¹⁾	Euromed	Eurasia	Asia-Africa	Americas	Consolidated total
2010						
Revenues	27,171	2,996	1,044	3,869	3,891	38,971
Property, plant and equipment and intangibles	11,612	1,644	431	810	684	15,181
2009						
Revenues	25,714	2,428	598	2,393	2,579	33,712
Property, plant and equipment and intangibles	12,784	1,583	376	809	635	16,187

(1) Including France:

(€ million)	2010	2009
Revenues	12,697	12,517
Property, plant and equipment and intangibles	9,918	10,840

The Regions presented correspond to the geographic sectors of the Group's structure.

Consolidated revenues are presented by location of customers.

Property, plant and equipment and intangibles are presented by location of subsidiaries and joint ventures.

Chapter 3

Financial Information on the Alliance

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Chapter 3

Financial Information on the Alliance

The purpose of the financial data in this section is twofold: to broadly quantify the economic significance of the Renault-Nissan Alliance through key performance indicators, and to make it easier to compare the assets and liabilities of the two Groups. The data of both Groups comply with the accounting standards applied by Renault in 2010.

The characteristics of the Alliance mean, among other things, that Renault and Nissan's assets and liabilities cannot be combined. Consequently, these data do not correspond to a consolidation as defined by generally accepted accounting principles and are not certified by the statutory auditors.

Information concerning Renault is based on the consolidated figures released at December 31, 2010, while the information concerning Nissan is based on the restated consolidated figures prepared for the purposes of the Renault consolidation, covering the period from January 1 to December 31, 2010 whereas Nissan's financial year-end is March 31.

KEY PERFORMANCE INDICATORS

The preparation of the key performance indicators under Renault accounting policies takes into account restatement of figures published by Nissan under Japanese Accounting Standards into IFRS. Additionally, the following treatments have been performed:

- reclassifications have been made when necessary to harmonize the presentation of the main income statement items;
- restatements for harmonization of accounting standards and adjustments to fair value applied by Renault for acquisitions of 1999 and 2002 are included.

REVENUES 2010

(€ million)	Renault	Nissan ⁽¹⁾	Intercompany eliminations	Alliance
Sales of goods and services	37,654	68,324	(2,755)	103,223
Sales financing revenues	1,317	4,321	(72)	5,566
Revenues	38,971	72,645	(2,827)	108,789

(1) Converted at the average exchange rate for 2010: EUR 1 = JPY 116.5.

The Alliance's intercompany business mainly consists of commercial transactions between Renault and Nissan. Those items have been eliminated to produce the revenue indicator. Their value is estimated on the basis of Renault's 2010 results.

The **operating margin**, the **operating income** and the **net income** of the Alliance in 2010 are as follows:

(€ million)	Operating margin	Operating income	Net income ⁽²⁾
Renault	1,099	635	2,406
Nissan ⁽¹⁾	4,375	4,169	2,613
Alliance	5,474	4,804	5,019

(1) Converted at the average exchange rate for 2010: EUR 1 = JPY 116.5.

(2) Renault's net income is adjusted to exclude Nissan's contribution and Nissan's net income is similarly adjusted to exclude Renault's contribution.

Intercompany transactions impacting the previous indicators are minor and have therefore not been eliminated.

For the Alliance, the operating margin is equivalent to 5,0% of revenues.

In 2010, the Alliance's **research and development expenses**, after capitalization and amortization, are as follows:

(€ million)	
Renault	1,834
Nissan	3,029
Alliance	4,863

Chapter 3 Financial Information on the Alliance

BALANCE SHEET INDICATORS

CONDENSED RENAULT AND NISSAN BALANCE SHEETS

RENAULT AT DECEMBER 31, 2010

ASSETS (€ million)		SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)	
Intangible assets	3,677	Shareholders' equity	22,757
Property, plant and equipment	11,504	Deferred tax liabilities	125
Investments in associates (excluding Alliance)	854	Provisions for pension and other long-term employee benefit obligations	1,246
Deferred tax assets	705	Financial liabilities of the Automotive division	11,380
Inventories	4,567	Financial liabilities of the Sales financing division and sales financing debts	19,628
Sales financing receivables	19,276	Other liabilities	14,971
Automotive receivables	1,329		
Other assets	4,825		
Cash and cash equivalents	10,025		
Total assets excluding investment in Nissan	56,762		
Investment in Nissan	13,345		
TOTAL ASSETS	70,107	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	70,107

NISSAN AT DECEMBER 31, 2010 ⁽¹⁾

ASSETS (€ million)		SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)	
Intangible assets	6,405	Shareholders' equity	33,299
Property, plant and equipment	35,915	Deferred tax liabilities	5,119
Investments in associates (excluding Alliance)	198	Provisions for pension and other long-term employee benefit obligations	3,195
Deferred tax assets	1,381	Financial liabilities of the Automotive division	6,521
Inventories	9,790	Financial liabilities of the Sales financing division and sales financing debts	30,574
Sales financing receivables	25,189	Other liabilities	22,764
Automotive receivables	5,483		
Other assets	8,241		
Cash and cash equivalents	7,026		
Total assets excluding investment in Renault	99,628		
Investment in Renault	1,844		
TOTAL ASSETS	101,472	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	101,472

(1) Converted at the closing rate for 2010 EUR 1 = JPY 108,65.

The values shown for Nissan assets and liabilities reflect restatements for harmonization of accounting standards and adjustments to fair value applied by Renault for acquisitions made in 1999 and 2002, mainly concerning revaluation of land and other tangible fixed assets, capitalization of development expenses, and pension-related provisions.

Balance sheet items have been reclassified where necessary to make the data consistent across both Groups.

Nissan's restated balance sheet includes the securitized items presented off-balance sheet in Nissan's financial statements under Japanese GAAP.

Purchases of property, plant and equipment by both Alliance groups for 2010, excluding leased vehicles, amount to:

(€ million)	
Renault	1,133
Nissan	1,956
Alliance	3,089

Based on the best available information, Renault estimates that the impact of full consolidation of Nissan on its shareholders' equity calculated under current accounting policies would result in :

- a maximum 5-10% decrease in shareholders' equity - Group share;
- a €20 billion increase in shareholders' equity – minority interests' share.



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