

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

Renault (security code: -)

<Outlook Change>

Foreign Currency Long-term Issuer Rating: A-
Outlook: from Positive to Stable

<Affirmation>

Bonds: A-

Rationale

- (1) Renault, 15% owned by the French government, is one of the leading European carmakers. It has an alliance with Nissan Motor, where it is the biggest shareholder with a 43.4% stake, and Mitsubishi Motors, which is Nissan's equity method affiliate. The Alliance comprising the three companies sold more than 10 million cars in 2018 to rank second in the world. Of Renault's car sales totaling 3.88 million units in the year, about half were sold in Europe. Renault retains a relatively stable position in the European car market and holds a leading position in the European electric vehicle market. In its global operations, Renault runs car manufacturing subsidiaries in Romania, Russia and South Korea along with the above-mentioned alliance. In addition to its conventional flagship cars such as midsize (C class) Megane, small-size (B class) Clio and entry-level vehicle Logan and Sandero, it has been expanding sales of the other C class cars including Duster and SUVs such as Kadjar and Kwid in recent years. In the alliance with Nissan, Renault has implemented functional integration including purchasing, business development and quality control. After the arrest of Mr. Carlos Ghosn, Renault CEO and Nissan chairman, in November 2018, Renault launched its new management led by Chairman Jean-Dominique Senard, former CEO of Michelin, in January 2019. In March, it decided to establish an organization to control the Alliance made up of a top officer each from the three alliance partners and chaired by Mr. Senard.
- (2) The ratings primarily reflect Renault's solid operating base in Europe centering on France, improving cost structure based on its alliance with Nissan and relatively sound financial structure. Its core auto division has improved its earnings capacity in recent years through the introduction of new models based on its Common Module Family (CMF), the next-generation vehicle engineering concept, and cost reduction efforts. However, its operating performance turned downward in the second half of 2018 and its profit steeply declined in the first half of 2019 due to sluggish car sales in the regions outside of Europe and a reduced equity method income stemming from the deterioration of Nissan's operating performance amid the slowdown of the world economy caused by the US-China trade war. In addition to concern over the prolongation of the US-China trade war, BREXIT may bring downward pressure on Renault's operating performance, should the EU economy be adversely affected depending on its future developments. On the other hand, while its profit may keep falling due to the deterioration of the business environment, JCR holds that Renault will retain its comparatively sound financial position of the auto division, helped in part by its steady accumulation of shareholders' equity backed by solid operating performances in recent years. Based on these factors, the rating outlook has been changed from Positive to Stable. JCR will keep watching how Renault as a group will cope with changes in the business environment facing the industry including Connected, Electrification, Automated Driving and Sharing in addition to its challenges such as recovery of its operating performance and strengthening of the alliance under the new management.
- (3) Renault saw its total car sales excluding those of Jinbei & Huasong drop 1.2% in 2018, although sales in Europa edged up 0.5%, slightly outperforming the growth of the global market. Its share in the European market stood at 10.9%, unchanged from the previous year. Meanwhile, its car sales in the markets outside of Europe excluding Jinbei & Huasong declined 2.8% due mainly to reduced sales in Iran, Turkey and India. Consolidated gross revenue shrank 2.3% due mainly to reduced revenue in the auto division and operating profit declined 6.3% to EUR3.6 billion due mainly to bleak car sales, higher material prices and lower exchange rates in some emerging countries, with operating margin dipping to 6.3% from 6.6% in the previous year. In the first half of 2019, gross revenue declined due mainly to sluggish sales in the regions other than Europe such as Argentina,

India and South Korea, with profit steeply falling due also to higher material prices and a reduction of equity method income. Operating profit in the period plunged 13.6% with operating margin declining to 5.9%. Furthermore, net income halved from a year earlier as the equity method income account slipped into a marginal loss due to the deterioration of Nissan's operating performance.

- (4) The Company's financial structure remained relatively sound as its auto division retained a free cash flow despite a reduced profit. It had a net cash position equivalent to EUR1.47 billion at the end of June 2019 albeit lower as compared to the end of 2018. The division is aiming to expand its net cash position to more than EUR5 billion by 2022. Its capital ratio stood relatively high at 47.2% at the end of June 2019.

Yoshihiko Tamura, Daishi Takemitsu

Rating

Issuer: Renault

<Outlook Change>

Foreign Currency Long-term Issuer Rating: A- Outlook: Stable

<Affirmation>

Issue	Amount (bn)	Issue Date	Due Date	Coupon	Rating
Japanese Yen Bonds 18th Series (2016)	JPY 50.0	Sep. 23, 2016	Sep. 20, 2019	0.23%	A-
Japanese Yen Bonds 19th Series (2017)	JPY 63.4	Jul. 6, 2017	Jul. 6, 2020	0.36%	A-
Japanese Yen Bonds 20th Series (2017)	JPY 26.6	Jul. 6, 2017	Jul. 6, 2022	0.50%	A-
Japanese Yen Bonds 21st Series (2018)	JPY 39.1	Jul. 3, 2018	Jul. 2, 2021	0.36%	A-
Japanese Yen Bonds 22nd Series (2018)	JPY 18.3	Jul. 3, 2018	Jul. 3, 2023	0.49%	A-

Rating Assignment Date: August 30, 2019

The criteria used for identifying matters which serve as assumptions for the assessment of the credit status, and the criteria used for setting of grades indicating the results of the assessments of the credit status are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of methodology for determination of the credit rating is shown as "JCR's Rating Methodology" (November 7, 2014) and "Automakers and Auto Parts Manufacturers" (March 26, 2012) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

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JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)

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INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

Disclosure Required by Paragraph (a)(1)(ii) of Rule 17g-7

Issuer:	Renault
Rating Publication Date:	September 4, 2019

1

The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories and Notches and, the Identity of the Obligor or the Identity and a Description of the Security or Money Market Instrument as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

- Please see the news release.

2

The version of the procedure or methodology used to determine the credit rating; as Required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

- Please see the news release.

3

The Main Assumptions and Principles used in Constructing the Procedures and Methodologies used to Determine the Credit Rating as Required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

- The credit rating methodology assumes, in principle, to be applied to assess the likelihood of a given debt payment in light of its issuer's condition and business environment, etc. in the relevant future. There is certain limitation, however, in the time horizon that the rating foresees.
- The credit rating methodology assumes, in principle, that the factors posted in the below are particularly important for such likelihood to be determined, and that the rating determination is made by evaluating each of them not only quantitatively but also employing qualitative analyses.

A) Business Bases

The likelihood of a given debt payment is highly conditional to its issuer's business bases - how they can be maintained/ expanded into the future and thereby secure earnings and cash flows in adequacy and in a sustainable way.

B) Financial Grounds and Asset Quality

The likelihood of debt payment is highly dependent on the degree of the issuer's indebtedness and loss absorption capacity in terms of equity capital. Also notable is that a financial institution might see a significant loss of financial grounds as a result of changes in value of the assets under its possession.

C) Liquidity Positions

The likelihood of debt payment is highly dependent on the adequacy of the issuer's cash and other sources of repayment (liquidity positions).

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The likelihood of debt payment is affected one way or the other by the issuer's related parties such as parent company, subsidiary, guarantor, and the government of the issuer's business domicile, etc. - by their own conditions and/ or position of support/ assistance for the issuer.

E) Order of Seniority in Debt Payment

The likelihood of debt payment can be different between given debts of the same issuer. The likelihood of debt payment for an individual debt is dependent on the issuer's discretion, and/ or its rank relative to other debts of the same issuer in the order of seniority in principal/ interest payment which is determined by design as financial product or by laws, etc.

4 The Potential Limitations of the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- The objective of the credit rating herewith presented does not include any concerns other than the likelihood of debt payment, such as risks of price changes, market liquidity, etc.
- The credit rating herewith presented is necessary to be reviewed along with possible changes of the issuer of rated objects in its business performance and/ or circumstances which include regulatory environment, and hence subject to possible alteration.

5 Information on the Uncertainty of the Credit Rating as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

- The information used for the determination of credit rating as herewith presented is obtained by JCR from the issuer of rated objects and other sources that JCR trusts in terms of accuracy and reliability but possibly contains errors due to human, non-human or other causes. Consequently, the credit rating determined on the grounds of such information does not constitute, explicitly or implicitly, any representation or warrant of JCR on the information itself or any consequences of its use in terms of accuracy, relevance, timeliness, wholeness, market value, or usefulness for any specific purposes.

6 Use of Due Diligence Services of a Third Party in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

- There is no use of any third-party due diligence service in the determination of the credit rating herewith presented.

7 Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

- There is no use of any servicer or remittance report to conduct surveillance of the credit rating herewith presented.

8 The Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule 17g-7

- The information posted in the below, which includes data, is used for the determination of the credit rating herewith presented.

A) Audited financial statements presented by the rating stakeholders

B) Explanations of business performance, management plans, etc. presented by the rating stakeholders

9 Overall assessment of the Quality of Information Available and Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

- JCR holds its basic policies for securing the quality of information as a base of due diligence for the determination of credit ratings. The information used as a base for the determination of credit rating herewith presented satisfies such policies, which include the audit by an independent auditor, the publication by the issuer or some independent media or, otherwise, JCR analyst's scrutiny, etc.
- JCR sees no particular weakness in the quality of information used for the determination of the credit rating herewith presented as compared to the information used in other cases of the credit rating for comparable issuers or ratable objects.

10 Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

- JCR receives payment of compensation for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR did not receive in the last fiscal year in the past payment of compensation from the same party for any kind of JCR's service other than the determination of credit rating, such as one in the ancillary business.

11 Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

A) Business Bases

The credit rating is subject to alteration if there is improvement or deterioration of the issuer's business bases, since its revenue, etc. may improve or deteriorate by the change in its business management policies, clients' preferences, competitive situation, or a technological innovation. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the business bases is large.

B) Financial Grounds and Asset Quality

The credit rating is subject to alteration if the issuer increases/ decreases its debt/ capital or vice versa and thereby makes its individual debt payment liability less or more bearable and its loss absorption capacity into the future decreased or increased. Also, the changes in the quality of asset under the issuer's holding may affect the credit rating, since such changes could raise or lower the likelihood of future loss of the issuer's financial grounds. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the financial grounds and/ or asset quality is large.

C) Liquidity Positions

The credit rating is subject to alteration if there is a change in the issuer's financial management policy or in the relations with fund procurement sources and the change thereby makes its liquidity positions improve or deteriorate. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating is subject to alteration if there is a change in the issuer's parent company or subsidiary, guarantor or other provider of credit enhancement, or the government of the issuer's

business domicile, or other related parties' own conditions and/ or position of support/ assistance for the issuer, and the change thereby makes its business bases, financial grounds and/ or liquidity positions improve or deteriorate, and/ or making the effectiveness of guarantee and other credit enhancement improve or deteriorate. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

E) Order of Seniority in Debt Payment and Non-Payment Forgiven by Contract

The credit rating is subject to alteration if there is a change in the rated debt's status in the order of seniority relative to other debts caused by the improvement/ deterioration of the issuer's financial condition. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large. Also, in case of the financial products for which non-payment of interest/ principal is contractually permissible, the credit rating is subject to alteration if and when the likelihood of such non-payment is projected to increase or decrease. The resultant alteration of the credit rating could be by a notch but often as much as a few notches.

F) Rise and Fall in General Economy and Markets

The credit rating is subject to alteration if there is a rise/ fall in the general economy and/ or the markets inducing the issuer's revenues/ expenses to increase/ decrease and vice versa, etc. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is exceptionally large.

G) Various Events

The credit rating is subject to alteration on occurrence of various events, such as change in the issuer's major shareholders, M&A and other organizational change, accident, violation of the law, litigation, legal/ regulatory change, natural disaster, etc., which are unforeseeable at the time when the credit rating is determined, causing a significant change on the issuer's business bases, financial grounds, etc. The resultant alteration of the credit rating could be by a notch but more often than not as much as a few notches.

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Information on the Content of the Credit Rating, Including the Historical Performance of the Credit Rating and the Expected Probability of Default and the Expected Loss in the Event of Default as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

- Historical records of the credit rating herewith presented are posted in the end of this paper.
- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- Facts of the probability of default are posted as Form NRSRO Exhibit 1 on the JCR website under the URL:

<https://www.jcr.co.jp/en/service/company/regu/nrsro/>

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Information on the Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

A) Business Bases

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's business bases and powers of earning or cash flow generation, etc. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's business bases on some drastic change in the operational environments, etc.

B) Financial Grounds and Asset Quality

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's financial grounds and asset quality. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's financial grounds and/ or asset quality on some drastic change in its business bases.

C) Liquidity Risks

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's liquidity positions. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's liquidity positions on some drastic change in its financial management policy or relations with fund procurement sources, etc.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's parent company or subsidiaries, guarantor or other providers of credit enhancement, the government of the issuer's business domicile or other related parties' status and stance of support/ assistance for the issuer. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if there is a major change on the part of related parties, such as replacement, disappearance, some drastic improvement/ deterioration of financial grounds/ balances, etc.

E) Rise and Fall in General Economy and Markets

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the prospects of general economy and markets. JCR expects the change should be most likely by a notch but could be as much as a few notches, should the economy or the markets change so greatly.

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Information on the Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of rule 17g-7

- The credit rating herewith presented is not for an ABS product, and hence no relevant issue.

Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
Renault	Issuer(Long-term)(FC)	September 19, 2003	A-	
Renault	Issuer(Long-term)(FC)	August 2, 2004	A	
Renault	Issuer(Long-term)(FC)	September 6, 2005	A	
Renault	Issuer(Long-term)(FC)	September 8, 2006	A	Stable
Renault	Issuer(Long-term)(FC)	August 20, 2007	A	Stable
Renault	Issuer(Long-term)(FC)	October 24, 2008	A	Stable
Renault	Issuer(Long-term)(FC)	December 17, 2008	A	Negative
Renault	Issuer(Long-term)(FC)	February 27, 2009	A-	Negative
Renault	Issuer(Long-term)(FC)	September 30, 2009	BBB+	Stable
Renault	Issuer(Long-term)(FC)	November 26, 2010	A-	Stable
Renault	Issuer(Long-term)(FC)	December 9, 2011	A-	Stable
Renault	Issuer(Long-term)(FC)	March 15, 2013	A-	Stable
Renault	Issuer(Long-term)(FC)	March 20, 2014	A-	Stable
Renault	Issuer(Long-term)(FC)	February 26, 2015	A-	Stable
Renault	Issuer(Long-term)(FC)	March 31, 2016	A-	Stable
Renault	Issuer(Long-term)(FC)	March 24, 2017	A-	Stable
Renault	Issuer(Long-term)(FC)	March 20, 2018	A-	Positive
Renault	Japanese Yen Bonds 18th Series (2016)	September 15, 2016	A-	
Renault	Japanese Yen Bonds 18th Series (2016)	March 24, 2017	A-	
Renault	Japanese Yen Bonds 18th Series (2016)	March 20, 2018	A-	
Renault	Japanese Yen Bonds 19th Series (2017)	June 29, 2017	A-	
Renault	Japanese Yen Bonds 19th Series (2017)	March 20, 2018	A-	
Renault	Japanese Yen Bonds 20th Series (2017)	June 29, 2017	A-	
Renault	Japanese Yen Bonds 20th Series (2017)	March 20, 2018	A-	
Renault	Japanese Yen Bonds 21th Series (2018)	June 26, 2018	A-	
Renault	Japanese Yen Bonds 22th Series (2018)	June 26, 2018	A-	

Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Atsushi Masuda, have responsibility to this Rating Action and to the best of my knowledge:

- A) No part of the credit rating was influenced by any other business activities.
- B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.
- C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.



Atsushi Masuda
General Manager of International Rating Department

Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026