

Renault boosts profitability but Russia exit pushes it into loss

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Renault exited Russia in May after Moscow invaded Ukraine.

French automaker Renault said Thursday it boosted manufacturing profitability in 2022 but the sale of its operations in Russia pushed the company into a net loss.

Renault expanded its [operating profit margin](#) to 5.6 percent of sales in 2022 and aims to increase it to at least 6.0 percent this year.

Meanwhile sales rose by 11.4 percent to 46.4 billion euros (\$49.7 billion).

"2022 has more than kept its promises: with results above our initial objectives and [market expectations](#)," chief executive Luca de Meo said in a statement.

"This performance reflects the energy and hard work of the Renault Group's teams even as we have faced strong headwinds related to the disposal of our operations in Russia, the semiconductor crisis and cost inflation," he added.

Last May, Renault handed over its 68 percent stake in AvtoVAZ, the largest carmaker in Russia along with top brand Lada, to the Moscow government as it joined an exodus of firms fleeing the country after the military intervention in Ukraine.

That created a 2.3-billion-euro hole in the balance sheet and pushed Renault into a net loss of 338 million euros for the year.

Despite that setback, de Meo said, "Renault Group's fundamentals have been thoroughly cleaned up and there will be no turning back."

The increasing profitability came despite Renault's sales volumes falling by 5.9 percent excluding Russia and the overall car market continuing to shrink.

The group barely kept above the two million vehicles sold last year, with a quarter of them by its budget Dacia brand.

Renault managed the trick by a combination of cutting costs, reducing rebates and raising prices, as well as clients shifting to more upscale models.

The company also boosted sales of hybrid and [electric vehicles](#), which are pricier. They now account for 39 percent of sales in Europe, the group's top market.

Renault decided to propose a dividend of 0.25 euros per share, the first time it will pay out to shareholders since 2019.

Earlier this month Renault reached agreement with its alliance member Nissan that will balance their cross shareholdings and clear the way for the companies to launch a number of projects throughout the world.

Last year Renault unveiled a sweeping overhaul to attract investors as it seeks to accelerate the shift to electric vehicles.

Under the green revamp, Renault is to split operations in two, with a new electric vehicle unit and a subsidiary for petrol, diesel and [hybrid cars](#) that will pair up with China's Geely.

Renault's shares jumped 1.9 percent at the open of trading.

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