

Renault reports first net losses in decade for 2019

14 February 2020, by Daniel Aronsson



Renault said 2020 would likely also be a difficult year as it emerges from the Ghosn controversy in a challenging global market

French carmaker Renault said Friday it went into the red last year for the first time in a decade on lower sales and a falling contribution from its Japanese partner Nissan.

Renault said in a statement it suffered net losses of 141 million euros (\$152 million).

It added the outlook for 2020 was bleak with a fresh fall in operational profitability expected and did not rule out possible plant closures.

Last year saw group operating margin drop from 6.3 percent to 4.8 percent, though Renault stated that it "achieved its targets, revised in October," despite "a troubled context."

The auto giant in 2019 marked its first full year without former emblematic CEO Carlos Ghosn, arrested in Japan in November 2018 over allegations of financial misconduct, including under reporting salary and misuse of company assets at Renault partner Nissan.

Brazilian-born Ghosn, who also has French and Lebanese nationality, is now in Lebanon, where he fled in December after jumping bail in Japan.

In a struggling global auto market Renault saw group revenues slide 3.3 percent to 55.5 billion euros while confirming sales dropped 3.4 percent at 3.75 million vehicles.

Unveiling operating income down almost a third to 2.11 billion euros, the group said it expected 2020 to bring a further profitability hit, with revenues of a similar order to 2019.

"Visibility for 2020 remains limited by expected market volatility ... and the possible impacts of the coronavirus," said acting CEO Clotilde Delbos.

Delbos said she did not rule out potential site closures in the teeth of current difficulties.

"We have no taboos and we exclude nothing," stated Delbos in allusion to a three-year programme of two billion euros of savings cuts.

"We are going to reassess all our cost types and charges ... some of these costs will imply restructuring charges," added Delbos, noting the group was in the throes of a strategic review of its activities.

Ghosn fallout

Renault also took a hit from a decline in the financial contribution of a likewise struggling Nissan, in which it has a 43-percent stake, coming in at 242 million euros, down from 1.51 billion in 2018.

Thursday, Nissan said its [net profit](#) plunged more than 87 percent for the nine months to December as it struggles with weak demand and fallout from the Ghosn case.

Nissan also revised downwards its full-year sales and profit forecasts, but warned that the impact from the spreading coronavirus crisis was not yet included in their figures.

Friday's results marked the first time Renault—which said it would slash its dividend by more than two thirds to 1.10 euros a share—had plunged into the red since 2009 in the throes of the financial crisis when it made a 3.1 billion [euro](#) loss.

Last year saw further upheaval, post-Ghosn, in the Renault hierarchy as director general Thierry Bollore was forced out.

Delbos took the position on an interim basis but will give way to Italian Luca de Meo, most recently boss at Seat, Volkswagen's Spanish subsidiary.

One of his first tasks will be to restore flagging investor confidence in the marque with Renault's share price having slumped by around half over the past year to a 10-year low.

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