

# Renault ends Ghosn era with Nissan-induced profits plunge

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Ghosn is accused of under-reporting millions of dollars in salary as head of Nissan

French automaker Renault unveiled Thursday a sharp drop in earnings as profit plunged at its Japanese partner Nissan, posing a fresh challenge

for their alliance after the shock arrest of former chief Carlos Ghosn last November.

The results came as Renault's new chairman Jean-Dominique Senard was in Japan for talks with Nissan, hoping to smooth relations which grew strained under Ghosn's leadership.

Renault's net profit for 2018 fell 37 percent from a record 5.1 billion euros (\$5.75 billion) the previous year, reflecting a slump in profits at Nissan, in which Renault holds a 43 percent stake.

Earlier this week Nissan slashed its full-year forecast as nine-month net profit dropped 45 percent.

The earnings put additional pressure on the Renault and Nissan, which along with Mitsubishi form an alliance which has become the world's top-selling automotive group.

"We all, within the alliance, want more of an alliance... it is one of our most valuable assets," Thierry Bollore, Ghosn's successor as Renault CEO, said at a news conference.

"We confirm the strategic plan objectives," for the future, Bollore added, saying he aimed for an operating margin of 6 percent this year.

That would be down from the 6.3 percent margin reached last year, as the company grappled with demand slumps in emerging markets like Argentina and Turkey, and the halt of operations in Iran after the US re-imposed sanctions over Tehran's nuclear programme.



Renault's Japanese partners want to be sure that Jean-Dominique Senard is not another Carlos Ghosn

## **Restore confidence**

Ex-Renault CEO Ghosn remains stuck in a Tokyo jail on charges he under-reported millions of dollars in salary as head of Nissan, the biggest partner by sales in an alliance built up by Ghosn.

He resigned as CEO last month—having already been stripped of his chairman titles—ahead of a trial which could still be months away.

Ghosn has denied the charges, accusing Nissan executives of treachery.

Renault's new chairman Senard told reporters before leaving for Japan that he intended to "re-establish confidence, transparency and loyalty" between the partners.

He will join Nissan's board in April, but the question of overall chairmanship of the Nissan-Renault group remains a bone of contention, with the Japanese fearing conflicts of interest.

## Record sales

Looking ahead, Renault is aiming for world sales of five million vehicles by 2022, worth some 70 billion euros, and a 7 percent operating margin.



Renault's new chief executive Thierry Bollore presented the French carmaker's

2018 results at its headquarters outside Paris on Thursday

The company sold a record 3.9 million vehicles last year.

"Both the global and European market are expected to be stable compared to 2018," Bollore said.

"The commercial and financial results demonstrate the group's resilience and its rapid adaptation to a more challenging environment. This performance is the result of a clear strategy, increasingly stringent execution and the efforts of all group employees," he added.

Bollore also stressed the importance of new electric cars—including the Zoe and Kangoo utility van—whose world sales increased by 37 percent, and now account for 3 percent of the group's revenues.

In the meantime Bollore will have to navigate Ghosn's efforts to secure millions of euros of pay he is due since leading Renault since 2005.

The automaker's board said Wednesday that it would block a major payout as the group seeks to avoid the prospect of an embarrassing "golden parachute".

It said that it would not pay two years' worth of salary as part of a noncompete clause, and that Ghosn would miss out on stock options issued between 2015 and 2018, since they were "subject to his presence within Renault."

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