



**RENAULT**  
Passion for life





# SUMMARY

- > Firm general presentation (History, activities, ...)
- > Governance structure (main shareholders, Board of Directors, CEO...)
- > ROCE 2018 & 2017
- > WACC 2018 & 2017
- > ROCE / WACC & analysis

# PART ONE

# NON-FINANCIAL

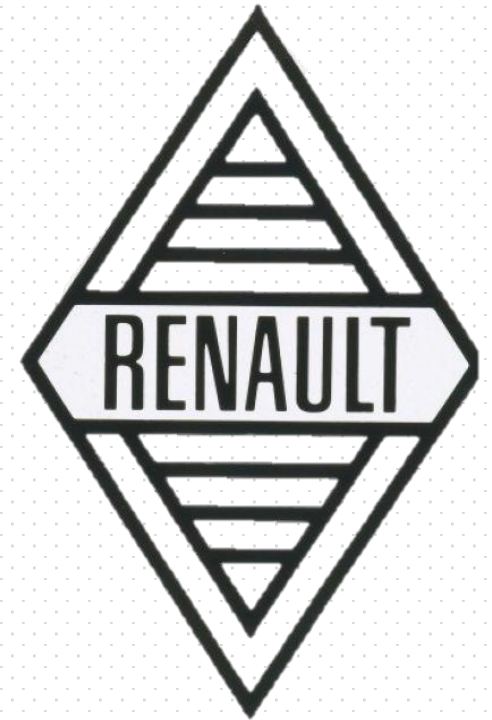




- Founded in **1899** by the **Renault brothers**
- Played a major part in France's **WWII equipment**
- After the War, Renault focused on making road cars
- **State company until 1990**
- Expanding in eastern Europe and Asia in the 90's and the 2000's
- Late 2018 : Renault's CEO **Carlos Ghosn** arrested for alleged false accounting
  - > Renault's stock value fall by 15%.
- Today, the new **Chairman is Jean-Dominique Senard.**



- **Major shareholders** : French Government (15%), Nissan (15%), Daimler (3,1%)
- **Chairman** : Jean-Dominique Senard
- **Board of directors**
  - ❖ Clotilde Delbos (*Executive Vice President & Chief executive*)
  - ❖ José-Vicente de los Mozos Obispo (*Deputy Managing Director*)
  - ❖ Philippe Buross (*Chairman of Europe Region Groupe Renault*)
  - ❖ ... 11 men, 7 women





- Group's **main company**
- Historically the group's biggest manufacturer



- The group's front company on the **Asian and American markets**
- Also present on the European market to complement Renault's sales



- Renault's **low-cost** car manufacturer
- Based in Romania
- Huge sale growth in the last few years



- Renault's **sports and concept** historical partner
- Long time associate



# MAIN ACTIVITIES

- Renault & Nissan : engaged in **motorsport competitions**
- Renault is competing in **Formula 1** both as an engine provider and as a team
- Nissan has recently entered the **Formula E**
- These competitions help Renault and Nissan get a lot of **visibility worldwide**
- The other reason for entering these competitions is to **experiment for the group's future projects**
- The group wants to expand widely its **hybrid and electrical car range**. These disciplines help the companies test **new technologies** and gain data for road models



# PART TWO

## FINANCIAL DATA



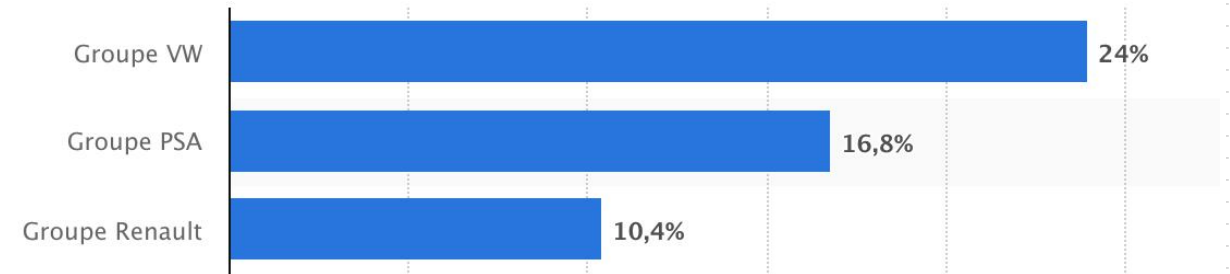


## Worldwide Automobile Manufacturer Marketshares

\$ 280 billion in 2018 → increase of 12% (2015-2018)

## European Market Shares

- One of the three biggest groups in Europe, with a **10,4% market share**
- Volkswagen comfortably leads the market
- France = groups' main market, while Volkswagen is also present in the USA



European market shares – 2018  
Source : Euromonitor

Ratio that measures a **company's profitability** and the **efficiency** with which its capital is employed

### FORMULA

$$\frac{\text{Earnings Before Interest and Tax (EBIT)}}{(\text{Total Assets} - \text{Current Liabilities})}$$

**2018 :**

$$\frac{1253}{(114996 - 67858)}$$

$$\text{ROCE}_{2018} = 2,6 \%$$

**2017 :**

$$\frac{2017}{(109899 - 66243)}$$

$$\text{ROCE}_{2017} = 2,6 \%$$

Rate that a company is expected to pay on average to all its security holders to finance its assets

**= cost of capital**

$$WACC = \frac{E}{D + E} (r_e) + \frac{D}{D + E} (r_d)(1 - t)$$

E = market value of equity

D = market value of debt

$r_e$  = cost of equity

$r_d$  = cost of debt

t = corporate tax rate

	2018	2017
Cost of equity	6.02%	6.02%
Cost of debt	0.64%	0.78%
Equity (in M€)	15777.50	24370.43
Net Debt	52,179.00	52,433.00
Corporate Tax Rate	33%	33%
<b>WACC</b>	<b>0.017</b>	<b>0.023</b>





The WACC is the most important variable if we want to buy shares of a company because it **shows the future cash flow of an organization** that we are considering to invest.

The ROCE measures the **economic return on firm's operating assets**

Basically it is the return on the invested capital of an organization.

IF ROCE < WACC THEN - UNPROFITABLE  
IF ROCE > WACC THEN + PROFITABLE

	WACC	ROCE
2017	2.3%	< 2.6%
2018	1.7%	< 2.6%

2017	2018
$\frac{2.6\%}{2.3\%} = 1.13$	$\frac{2.6\%}{1.7\%} = 1.60$

In both years, **the company is creating value**. Although in 2017 their earnings were higher, they generate more value the next year because the WACC were lower making the **investments more attractive**

**THANK YOU**  
**FOR YOUR ATTENTION**

