

# Renault Earnings Slump In 2012 Despite Volvo Sale

The Associated Press

PARIS (AP) — French car maker Renault managed to shore up its cash position in 2012 even though it saw its profits crumble during the year in spite of a big one-off gain from the sale of its shares in Swedish truck maker AB Volvo.

Renault said Thursday its net profit fell 15 percent to €1.77 billion (\$2.39 billion) in 2012. The 2012 earnings included a nearly €1 billion (\$1.34 billion) gain from the sale in December of its remaining stake in AB Volvo.

Renault's car making operations lost money last year as a steep drop in vehicle sales more than offset gains from cost reductions.

The carmaker said its goals for 2013 were to return its automotive division to profit and lift vehicle sales, which plummeted nearly 20 percent last year to 551,334.

Renault investors cheered the group's debt reduction which saw it swing to a net positive cash position of €1 billion at the end of 2012. In early trading on the Paris stock exchange Renault shares were up 6 percent at €45.86.

France's second largest car maker after PSA Peugeot Citroen said it expects the European car market to drop another 3 percent this year, after contracting 8.2 percent in 2012.

Last year's contraction in the European car market was the biggest in two decades, with new car and light truck registrations falling to the lowest level since 1995, according to European car manufacturers group ACEA.

The maker of Megane sedans and Twingo compact cars said its core French market will contract another three to five percent this year, after a steep 14.6 percent drop in 2012.

Renault is attempting to bolster sales outside Europe to offset its evaporating home market. Last year Renault grew its sales 9.1 percent outside of Europe, and now makes over half its sales outside its home region.

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