

## Renault sets out targets for EV unit, won't sell it cheap

By Gilles Guillaume and Silvia Aloisi  
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[1/8] Luca de Meo, Chief Executive Officer of Renault Group, delivers a speech during Renault Group capital market day for its new electric vehicle unit Ampere, in Paris, France, November 15, 2023. REUTERS/Gonzalo Fuentes [Acquire](#)

### Summary Companies

- Renault will not proceed with Ampere IPO if valuation low -CEO
- Ampere eyes 10 bln euros in revenue in 2025, 25 bln in 2031

PARIS, Nov 15 (Reuters) - French car maker Renault said its electric vehicles unit Ampere would see revenue more than treble to 10 billion euros (\$10.8 billion) in 2025 as it sought to fire up doubtful investors ahead of a planned market listing of the business next year.

The group fleshed out financial targets for the unit, including revenue of 25 billion euros in 2031, break-even in 2025 and an operating margin of at least 10% from 2030, as well as unveiling a smaller and cheaper EV model.



It also defended its plans for an initial public offering (IPO), already delayed once and now slated for next spring despite mounting challenges.

The project has been complicated by slower demand for EVs, choppy markets and increased Chinese competition, with sources close to the deal telling Reuters last month that CEO Luca de Meo's hoped-for valuation of 8 billion to 10 billion euros looked over-ambitious.

De Meo said on Wednesday that Renault had enough cash to finance Ampere's growth without an IPO but that the listing remained its preferred option as the funds raised would allow it to accelerate its development and pay dividends sooner.

He said he would scrap the IPO if the valuation was too low.

"We are not crazy," he told reporters.

Sources close to the matter told Reuters last month the company was unlikely to go ahead with the IPO if the overall valuation for Ampere fell below 7 billion euros.

De Meo, who is facing calls from some analysts to explore alternative options to raise cash, including by selling a 28% stake in long-time partner Nissan now worth around 4.5 billion euros, declined to give a red line for the IPO.

Massimo Baggiani, founder of investment boutique Niche Asset Management which owns Renault shares, said it made sense to carve out Ampere as a "leaner, more modern business that is separated from Renault's dinosaurs". But he said a question mark remained over whether it could grow as quickly as Renault expects it to.

UBS analysts reiterated in a report on Wednesday their valuation for Ampere of just 3 billion-4 billion euros, and said that while the development plan for the business was well framed "the turning point in financial performance is mostly geared towards 2025-2030, on which the visibility remains low".

Renault announced on Wednesday the launch of a new EV Twingo, called Legend, at less than 20,000 euros as European car makers face increased competition from Tesla and cheaper Chinese models.

Finance chief Thierry Pieton said the aim was to democratise the EV market by slashing production costs to be able to cut final prices without hurting margins.

But UBS analysts were more sceptical. "We need more tangible evidence new model prices at 20,000-25,000 euros are (1) successful and (2) profitable," they said.

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