GROUPE RENAULT

COMMUNIQUÉ DE PRESSE 2014-02-13

RENAULT DRIVE THE CHANGE

Renault achieves its free cash flow objective and is ready to accelerate its growth plan

- **Renault exceeded its 2011-2013 objective and delivered € 2.5 billion in cumulative free cash flow.**
- **The group has set new ambitious yet realistic targets to be reached by the end of the plan "Drive the Change" to be measured in 2017:**
  - **To generate 50 billion[1]euros in consolidated turnover**
  - **To reach an operating margin greater than 5% of turnover with a positive free cash flow each year**

"Our strategy laid out in the first part of our plan Drive the Change has delivered results. Thanks to these achievements, the Renault group is well prepared to deploy a second ambitious, yet realistic phase of the plan", said **Carlos Ghosn**, Chairman and CEO of Renault.

2011 – 2013 Achievements

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- **Success of new Renault and Dacia models**
  - **The renewal of the Renault model line-up is off to a strong start: New Clio is number 1 in France and number 3 in Europe. Captur is the leading-selling cross-over in France and segment leader in Europe. Pioneering in zero-emission mobility, Renault delivered its commitment to launch a comprehensive range of electric vehicles.**

- **A better balanced geographic footprint**
  - **The Renault group increased its market share outside Europe. The mix of non-European sales increased from 38% in 2010 to 50% in 2013. Brazil and Russia**

became respectively the second and third largest markets for the company. Led by Duster, the company's most-sold vehicle in 2013, the unique M0 range has been the driving force behind the strong growth in emerging markets.

2014 – 2016 action plans

- **A sustained renewal and expansion of the product line-up**
  - **The Renault group is going to accelerate the renewal and expansion of its product line-up starting in the fall of 2014 with the launch of an all-new Twingo and Trafic van. These will be followed by the successors of Espace, Megane, Scenic and a new D sedan which will all share the new alliance 3 million CMF C-D platform.**
  - **Simultaneously, the group is going to extend its market coverage with a complete line-up of cross-over vehicles, an A-entry vehicle designed for India and South America as well as new pick-up trucks for emerging markets.**

- **International expansion and renewed growth in Europe**
  - **Following a successful first phase, the group is aiming at capturing more than 8% market share in Brazil and Russia and 5% in India.**
  - **China will become a top priority in the coming years with the construction of a new plant in Wuhan with an initial capacity of 150,000 units, designed to produce C and D segment cross-overs.**
  - **In Europe, Renault is aiming at recapturing second place among the mass-market brands with a renewed line-up of connected, user-friendly and environmentally responsible vehicles. At the same time, the Dacia brand will sustain its undisputed leadership in its category.**

- **Improved competitiveness**
  - **The Renault group will enjoy the benefits of scale and improved competitiveness as a result of sharing alliance platforms and modules (CMF) on which more than 80% of future vehicles will be based. Standardized modules will account for two thirds of the value of future vehicles, up from one third today.**
  - **The localization of parts and components will increase in order to make better use of the company's global manufacturing footprint and contain costs.**
  - **During the period, the company will also benefit from the effects of the competitiveness plans signed in France and Spain as well as manufacturing vehicles for partners.**
  - **By completion of the plan, the group will reach a capacity utilization rate of 100% in Europe (based on 2 shifts/day standard definition).**

- **Alliance synergies**
  - **Increase synergies from the Alliance will contribute to improving Renault's profitability. The convergence projects recently announced in purchasing,**

engineering, manufacturing and supply chain, and human resources will generate a minimum of € 4.3 billion by the end of 2016.

- **Cost containment**
  - **The strategy of sharing costs across the Alliance and with partners will allow Renault to sustain a high level of upstream development, while maintaining a ratio of R&D and CAPEX below 9% of group turnover.**

Action plans to deliver two critical objectives

By the end of the plan, the Renault group aims to deliver two critical objectives [2]:

- **Deliver € 50 billion[1] in consolidated group turnover at the current scope of consolidation. Group turnover includes sales of vehicles and parts, associated services and business with partners.**

- **Deliver a sustained level of profitability by achieving an operating profit margin of at least 5% of group turnover, while achieving a positive free cash flow each year.**

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[1]*Based on bank consensus FX rates at the beginning of 2014.*

[2] *Measured in 2017, first year with Plan full effect. Without AVTOVAZ consolidation.*

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