



DRIVE THE CHANGE



RENAULT ALGERIE PRODUCTION

November 10, 2014

“RENAULT ALGERIE PRODUCTION”: THE BIRTH OF A NEW AUTOMOTIVE INDUSTRY IN ALGERIA WITH NEW RENAULT SYMBOL



Renault Algérie Production plant © Nasreddin Badawi / Icone

“Renault is proud to be the first carmaker to set up industrial operations in Algeria and thereby contribute to the development of a national automotive industry.”

Carlos Ghosn, Chairman and Chief Executive Officer of the Renault group.

The Renault Algérie Production plant (RAP) in Oran

Key information



- The Renault Algérie Production plant is owned 49% by the Renault group, 34% by SNVI (Société Nationale des Véhicules Industriels - Algeria) and 17% by the Algerian National Investment Fund (FNI).
- Chairman and Chief Executive Officer of the joint Algerian and French company Renault Algérie Production: Bernard Sonilhac.
- Chairman and Chief Executive Officer of the Renault group: Carlos Ghosn.
- Managing Director of SNVI: Hamoud Tazerouti.
- Managing Director of FNI: Ahcène Haddad.
- The plant is located at Oued Tlelat 27 km southwest of Oran.
- The site has a surface area of 151 hectares (of which 20 hectares reserved for subcontracting).
- The Renault Algérie Production plant on start-up is an assembly site, identical to other assembly shops at Renault plants, and may in the future be equipped with stamping, body and paint shops.
- The vehicle produced at the plant on start-up is New Renault Symbol, intended for the local market.
- Most of the parts come from Renault's Pitesti plant and logistics center in Romania.
- The production capacity of the plant is 25,000 vehicles a year (7 vehicles an hour). A second phase could see this number tripled to 75,000 vehicles a year (15 vehicles an hour).
- A sum of €50 million was invested in the plant.
- 350 direct jobs were created on the start-up of the plant, nearly 40% of which filled by women.
- 500 indirect jobs were created at suppliers.

“RENAULT ALGERIE PRODUCTION”: THE BIRTH OF A NEW AUTOMOTIVE INDUSTRY IN ALGERIA WITH NEW RENAULT SYMBOL

The Renault Algérie Production plant is inaugurated on November 10, 2014 in the presence of Abdelmalek Sellal, the Algerian Prime Minister, Abdesselam Bouchouareb, Algerian Minister of Industry and Mining, Laurent Fabius, French Minister of Foreign Affairs, Emmanuel Macron, French Minister of the Economy, Industry and Digital Affairs, and Carlos Ghosn, Chairman and Chief Executive Officer of the Renault group.

The Renault Algérie Production plant is a strategic and efficient Algerian plant. It is the result of a robust cooperative initiative between Renault and Algeria that gives birth to an automotive industry in Algeria, the second-largest automotive market on the African continent. The plant produces New Renault Symbol with an annual production capacity of 25,000, which may in the long-term be increased to 75,000. The highest quality standards are essential for this vehicle, both to satisfy the needs of Algerian customers and to continue the Renault brand's sales success in Algeria. For Renault, this industrial project is the culmination of more than 90 years' presence in the country. At end-2013 the Renault group had been the unrivalled leader in the Algerian automotive market for eight years with its Renault and Dacia brands. The project was also brought to fruition through the hard work of men and women. As part of a dynamic recruitment and training policy, 350 employees were hired at the plant, 40% of them women. In addition, some 500 new jobs were created in subcontracting.

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Renault Algérie Production plant © Renault Algérie

The Renault Algérie Production plant (RAP) in Oran

Timeline of the industrial project

May 25, 2012: Renault and the Algerian government sign a memorandum of understanding to progressively build up an automotive industry in Algeria.

December 19, 2012: Renault, Société Nationale de Véhicules Industriels (SNVI) and the Algerian National Investment Fund (FNI) sign a shareholders' agreement with a view to creating a joint company (49% Renault, 34% SNVI and 17% INF).

January 31, 2013: The Renault Algérie Production company is founded.

September 25, 2013: Construction begins at the Oued Tlelat site near Oran.

September 26, 2014: Manufacturing agreement is signed for the Renault Algérie Production plant.

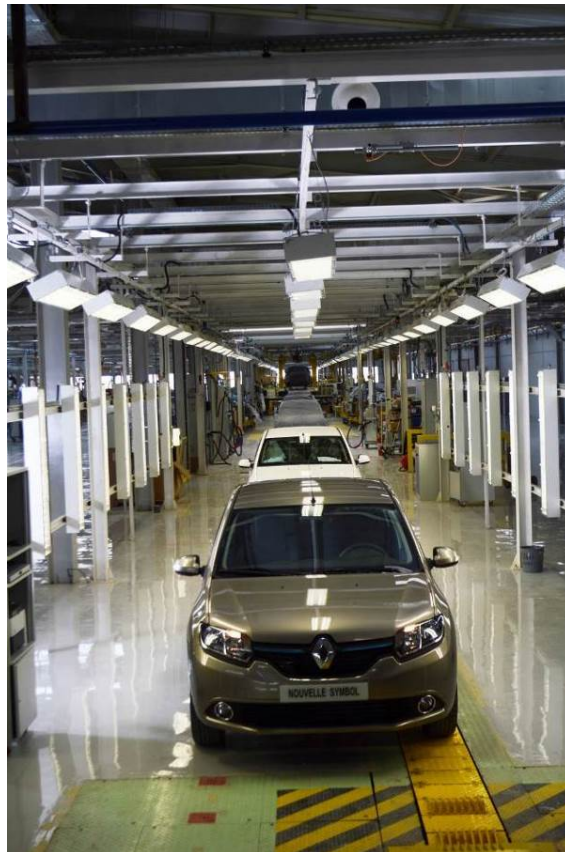
November 10, 2014: The plant is inaugurated.



An operator at the Renault Algérie Production plant © Nasreddin Badawi / Icone

I) A STRATEGIC AND EFFICIENT ALGERIAN PLANT

The Renault Algérie Production plant (RAP) is first and foremost **an Algerian plant**. It is the result of a robust partnership between Renault and Algeria, built with Algerian companies and intended to create an Algerian subcontracting network. It is also **a strategic plant**, located in Africa's second-largest automotive market near the no less strategic city of Oran. The plant is focused on **efficiency**, from start-up respecting the demanding production standards of the Renault-Nissan Alliance known as the Alliance Production Way.



New Renault Symbol at the RAP plant © Salim Sidi Attallah / Renault Algérie

"I would like to congratulate our team and our partners for the dynamism and commitment they showed in the success of this project."

Bernard Sonilhac, Chairman and Chief Executive Officer of Renault Algérie Production.

"Carrying out a project practically from scratch – from design through to the start of production – is a fabulous challenge."

Nida Kose, Manufacturing Project Manager at the Renault Algérie Production plant.

AN ALGERIAN PLANT

The result of a robust cooperative initiative between Renault and Algeria

- On May 25, 2012 Renault signed a **memorandum of understanding** with the Algerian government setting out the framework for the progressive build-up of an automotive industry in Algeria to support the growth of the local market. The progressive build-up is to begin with the assembly of a high-volume vehicle.
- On December 19, 2012 Renault, Société Nationale de Véhicules Industriels (SNVI) and the National Investment Fund (FNI) signed a shareholders' agreement in Algiers with a view to the creation, under partnership, of a joint company (51% Algerian and 49% Renault). The new entity was aimed at building an automotive industry in Algeria to support the development of the market. SNVI and FNI took a 34% and 17% share respectively of the Algerian 51% share. The agreement provided for the construction of a plant in Oued Tlelat southwest of Oran to produce Renault group passenger cars and light commercial vehicles mainly for sale in the domestic market.
- The “**Renault Algérie Production**” company was founded on January 31, 2013. The constitutive General Assembly for the creation of the joint company called Renault Algérie Production was held at the head office of SNVI in Rouiba in the presence of the Department of Algerian Affairs and in the presence of the three shareholders, SNVI, FNI and Renault. The meeting set in place the governance structures and the shareholders confirmed the road map actions remaining to be carried out for the completion of the project.
- Renault confirmed its commitments in Algeria on September 25, 2013 by **launching the construction** of the Oran plant.
- Manufacturing agreement was obtained on September 26, 2014 and the **plant was inaugurated** on November 10, 2014.



In the offices of the Renault Algérie Production plant © Salim Sidi Attallah / Renault Algérie

Construction work carried out with Algerian partners: deadlines respected

- **The site was prepared and developed** by the **Algerian partner SNVI** (Société Nationale des Véhicules Industriels), which cleaned up the site, set up the water, gas and electricity supply, and handled the road works. This initial phase was completed on July 23, 2013.
- Construction work then began on September 25, 2013, carried out by a **majority of Algerian partners**.
- Construction work began with **the installation of the site facilities, earthworks and the rehabilitation and improvement of the former facilities** (of the Sonitex textile plant). The next phase consisted of the **construction of the manufacturing buildings and premises** required for the vehicle assembly process, built over a surface area of 10,000 m². The **equipment installation** phase began in April 2014.
- Three Algerian companies led the work on the site: **SFMAI** (building, metal structures), **ELECDAL** (road works, technical work package) and **SATEM** (design office). The **CEVIELE** company also contributed to electrical work. Particular attention was paid to preserving green spaces and trees throughout the construction process.

Algerian subcontracting: high quality standards

- One of the other objectives of the plant is the development of national subcontracting to contribute to the creation of a **local automotive industry** and for reasons of proximity and cost reduction. Local sourcing for the vehicles will thus evolve in a gradual manner.
- The development of local subcontracting has been facilitated by **the support of Renault and its expertise in training, quality and competitiveness**.
Training is key to the success of the project because the subcontracting network must respect the highest standards in order to guarantee the top-level quality of New Renault Symbol.
- **The initial subcontractors were selected through a robust partnership between Renault Algérie Production and SNVI**. Based on SNVI's panel of local suppliers, these last were approached and put in contact with the suppliers already included in the Renault group panel. This approach provided local support to these suppliers, enabling them to meet the quality requirements of the Renault-Nissan Alliance.
- An agreement has been signed with the **Joktal subcontractor** on the production of plastic injection parts. A further partnership was recently signed with **Martal, a seat supplier**. Other agreements are under review.

A STRATEGIC PLANT

A strategic plant in Africa's second-largest automotive market

- Algeria is the largest country in Africa, the Arab world and the Mediterranean Basin. At over 2.4 million square kilometers, Algeria is the world's tenth-largest country. The Algerian population (37 million) is young (nearly half under 25) and population growth is strong, with estimates for 2050 standing at 50 million. The population is mainly concentrated on the Mediterranean coast.
Algeria is the world's number-four gas producer and number-ten oil producer. The country has the highest GDP in North Africa and the fourth-highest on the African continent.
- Some 425,000 vehicles were sold in the country in 2013, making it **Africa's second-largest automotive market** behind South Africa. After a period of strong growth, the market has contracted in 2014, with just over 265,000 vehicle sales through end-September.
- Algeria also has **Africa's second-largest vehicle population** at over three million, the average age of which, 16, is relatively high. A full 70% of the vehicles on the road are over 10 years old. The **vehicle ownership rate is 100 per 1,000 inhabitants** (compared with 500 per 1,000 in Western Europe). The road network is the densest in Africa and continues to grow.

A plant situated in a strategic location, Oued Tlelat, near Oran

- Oued Tlelat was chosen for the project for its industrial advantages, including **its road network, qualified labor and proximity to the port of Oran, as well as for its infrastructure and the quality of the land.**
- Oran, known as the "radiant city", is Algeria's second largest urban area, with roughly one million inhabitants, and stands as the economic capital of western Algeria. It is a Mediterranean port city in the northwest of the country, situated on the Gulf of Oran 430 km from the capital city of Algiers. It is the administrative center of the Oran *wilaya* (province).

AN EFFICIENT PLANT

Respect for the Alliance Production Way

- Like all Alliance plants, the plant complies with the requirements of the Alliance Production Way (APW), a set of the most demanding production standards of the Renault-Nissan Alliance.



Assembly line at Renault Algérie Production © Nasreddin Badawi / Icone

Impressive logistics

- On start-up, the Renault Algérie Production plant will work in semi-knocked down (SKD) mode, which poses a real logistics challenge in that the parts in question are manufactured and shipped by Renault's Pitesti plant in Romania.
- As such, over **220 containers will be sent from the port of Constanta in Romania every week**. Following an order, it takes eight weeks to receive the parts and use them in assembly at the Oran plant. These material flows are managed with the involvement of all the stakeholders, including suppliers, plants, the port of Oran, logistics engineering, customs, invoicing and finance.



Renault Algérie Production plant © Nasreddin Badawi / Icone

II) AN ALGERIAN-MADE CAR WITH IRREPROACHABLE QUALITY

On start-up, the Renault Algérie Production plant will produce **New Renault Symbol**. With an initial production capacity of 25,000 units a year, the vehicle is intended for the Algerian market. The plant is making every effort to achieve **irreproachable quality**. New Renault Symbol has already achieved major sales success in the country and will contribute to the pursuit of Renault's growth strategy in Algeria. The Renault group has been **the clear leader in the Algerian automotive market for eight years with its Renault and Dacia brands**.



New Renault Symbol in Oran © Nasreddin Badawi / Icone

"We are capable of producing for Algerians to the very highest international standards!"

Hichem K., Process engineer.

New Renault Symbol made in Algeria: a high-end model equipped with a GPS

- The Algerian-produced New Renault Symbol is the **high-end version** of New Renault Symbol, featuring the **highest quality and safety levels**. It is particularly well equipped to satisfy the requirements of Algerian customers looking for a prestigious and modern vehicle and who place their trust in Symbol, which has sold in **over 120,000** units in Algeria since launch in 2008. New Symbol (import) was launched in March 2013.
- Major development: **New Renault Symbol made in Algeria is the first vehicle in Algeria to be equipped with a GPS**. This makes Renault the first carmaker in Algeria to be authorized to fit a vehicle with a GPS.

The GPS to be fitted on the car is integrated in the MediaNav touch multimedia system, which includes a radio, MP3 player, USB, Bluetooth, jack, and hands-free telephony. Once the destination has been programmed, the route is calculated in just a few seconds and can be visualized on the screen from departure to arrival point (depending on available mapping).

- New Renault Symbol made in Algeria also features a **new lower body design with black side strips, 16-inch wheels and restyled dark-red rear lights**. This equipment comes in addition to that on New Symbol imported from Romania. New Renault Symbol made in Algeria will be marketed as **Symbol "Extrême"**, a name clearly distinguishing it as the high-end Symbol model.
- To ensure the irreproachable quality of this model, **road tests** were organized on Algerian roads in real-life conditions of use.
- New Renault Symbol is part of the **M0 segment** accounting for one-third of the passenger-car market in Algeria. Symbol currently has a 15% share of the M0 segment.



New Renault Symbol launch campaign © Renault Algérie

New Renault Symbol made in Algeria: to continue Renault's eight-year market leadership

- Renault has **strong roots in Algeria dating back over 90 years**. In 2002 the company became a **wholly-owned subsidiary** of Renault. Since then, it has continued to develop on all fronts, having made **sizeable investments**.
- At end-September 2014 Algeria was Renault's tenth-largest market. Renault enjoys strong awareness in the country and has the country's **most extensive and professional automotive network**, consisting of 64 agents and 127 dealerships. Renault has **six main sites in Algeria**: the Renault Algérie sales subsidiary, two branches, a delivery center, a government-certified training center, "Renault Algérie Académie", and a spare parts warehouse.

Renault's network in Algeria complies with the very latest international standards, thereby providing **excellent service quality**.



Benzerga dealership in Oran © Nasreddin Badawi / Icone



- The Renault group has been the **unrivalled leader in the Algerian automotive market for eight years** with its Renault and Dacia brands, with a 25.5% share of the market at end-September 2014.
- **The range was entirely renewed in 2013** with the launch of New Clio, Captur, New Symbol, New Logan, New Sandero, New Kangoo, Fluence and New Duster.

Renault in Algeria: a history dating back over 90 years

1922 - 1959: Société Algérienne des Automobiles Renault (SADAR)

Renault's presence in Algeria dates back to November 13, 1922 with the founding of Société Algérienne des Automobiles Renault (SADAR). SADAR at the time is the country's number-one vehicle distribution company.

1959 -1969: Construction of Construction des Automobiles Renault en Algérie (CARAL) assembly plant

The Construction des Automobiles Renault en Algérie (CARAL) plant is created in 1959. Eight years later, in 1967, the two entities SADAR and CARAL merge to become CARAL Renault Algérie.

1970: Nationalization

The Algerian government nationalizes CARAL in 1970.

The public enterprise SONACOME then ENDVP (Entreprise Nationale Division Véhicules Particuliers) handles import, distribution and maintenance for passenger cars and light commercial vehicles.

1986-2002: The return of Renault

Renault returns to Algeria in the 1980s with the opening of a representation office in 1986. An export office is opened in Algiers the year after.

The Renault Algérie SPA company is created in 1997 (owned 70% by Renault and 30% by Union Part) and begins operations in 1998.

Since 2002: A wholly-owned Renault subsidiary that continues to develop on all fronts, making a number of investments

Renault Crédit is launched in 2006.

*The new **MCPR central spare parts warehouse** is inaugurated in September 2007 in Tessala el Merdja.*

*In 2008 Renault opens its **Renault Algérie Académie** training center, also in Tessala el Merdja.*

In 2011 Renault opens its new head office in Oued Smar.

In 2012 Renault celebrates its 90th year of presence in Algeria.

In 2013 Renault inaugurates a second branch in Algiers.

*And in 2014 Renault inaugurates **the first automotive production plant in Algeria.***

III) MEN AND WOMEN

The teams at Renault Algérie Production were constituted by **Renault and several Algerian partners and public authorities**, demonstrating a true commitment to develop an automotive industry in Algeria. The **ANEM national employment agency** and the **CFPA professional training and apprenticeship center** were two essential partners in these efforts.



An operator at the Renault Algérie Production plant © Salim Sidi Attallah / Renault Algérie

*"The new employees form a young team showing enthusiasm and professionalism."
Bernard Sonilhac, Chairman and Chief Executive Officer of Renault Algérie Production.*

Recruitment: 350 direct jobs and 500 indirect jobs

- **The ANEM national employment agency** played a major role in the recruitment of the teams at Renault Algérie Production. In particular, it contributed to the recruitment of a range of operational profiles, including senior staff and check men, by implementing a specific and rigorous recruitment method called RSM, short for recruitment via simulation method. This involved the rollout of particular exercises to help in the selection of shortlisted applicants on the basis of their dexterity.
- In all, **350 employees** have been hired for the start-up of the plant. **Nearly 40% of the employees are women.** The average age is **32**. The professional profiles are highly varied, serving as a source of mutual enrichment.
- **500 jobs** have been created at suppliers to the plant.

Training: commitment and high standards

- Renault and its Algerian partners place particular importance on the training of the teams, both for production operators and subcontractors.
- All the successful applicants were trained in automotive functions either by the RAP plant training center, the Oued Tlelat Training Center (CFPA) or at a Renault group plant in France, Romania or Morocco.
- The **Oued Tlelat Training Center (CFPA)** provided the RAP center with classrooms for training employees. CFPA **trainers**, themselves trained by Renault, supported the operators in their studies at the dexterity school.
- The training programs continued for some employees at **Renault-Nissan Alliance plants, notably in Romania**, where Renault Symbol is currently produced, and **in France and Morocco**.
- In addition, **all the employees from the Renault network in Algeria (sales and after-sales) attended a week-long course on New Renault Symbol**, consisting of presentations of the product, the GPS system making its debut in the country, the plant, and road tests.

These comprehensive efforts on recruitment and training have resulted in **motivated teams that are proud to be a part of this industrial project and share a feeling of belonging based on the values of the Renault group.**



Operators at the Renault Algérie Production plant © Nasreddin Badawi / Icone



A team at the Renault Algérie Production plant © Nasreddin Badawi / Icone

"The main qualities essential to my assignments are perseverance and responsiveness. Heading to RAP in the morning, I say to myself that I am contributing to a project that will help Algeria to triumph! I like the multi-tasking aspect of my job and being able to replace my colleagues."

Amira B., Multi-Tasking Production Management Technician

"I assess the perceived quality of new vehicles. The job requires high standards, rigor and strong observational powers. I am enjoying the challenge. I help to support the other teams, work alongside all the plant's functions and provide information. I see myself as a pillar for the other departments."

Khadidja K., Basic Work Unit Head, Alliance Vehicle Evaluation Standard (AVES)

"I'm a documentation technician for internal logistics flows. I work on IT installation, parameter settings, the warehouse, and the route taken by each part in the plant. The qualities essential to my work are rigor, professionalism and a firm grasp of all the other functions at the plant. I also like working as part of a team. What motivates me when I wake up in the morning? Being a part of the first automotive plant in

Algeria – this is an honor for me and I'm giving it my all."

Hamhami A., Logistics Flow Documentation Technician.

"I report to the quality department, working in supplier relations. My aim is zero defects on cars delivered to customers. I see this as my responsibility."

Belkeir M. C., Supplier Quality Technician.