RENAULT

DRIVE THE CHANGE

CEO Communication

Financial Results 2014

Press conference for JOURNALISTS

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Ladies and Gentlemen,

1- 2014 forecasts met

As Mr. Thormann has just shown you, the Renault group met all its forecasts for 2014.

At constant exchange rates, our sales volumes and revenues exceeded those in 2013.

Group and Automotive operating margin improved, and our operational free cash flow was positive.

We have achieved these results by strictly implementing Renault Drive The Change, despite a highly volatile environment.

Our markets in Europe rallied more strongly than we expected. By contrast, our main emerging markets went through a particularly tough period.

2- 2014: Stronger than expected recovery in the European market

The world automotive market grew by 3.5 per cent in 2014, with sales of 85 million vehicles.

For the first time since 1999, the European market outperformed the global market, expanding 5.9 per cent; That is more than we anticipated.

This increase can be attributed to recovery in southern Europe, especially the Spanish market, which grew 20 per cent.

The UK also turned in a strong performance for the third consecutive year, expanding 10 per cent.

The German market remained solid, growing 3 per cent, whereas the French market was disappointing because it remained practically stable.

3. Adverse environment in our main emerging markets

Our main emerging markets were weaker than expected, owing to the impact of political, economic and currency troubles.

In Russia, the Group’s number-three market, demand fell throughout the year. The automotive market declined 11 per cent in 2014.

In Brazil, the Group’s number-two market, the decline that began in 2013 continued, with the market contracting 7 per cent in 2014.

In Argentina, registrations fell by 28 per cent, reflecting extremely tough economic conditions.

Lastly, two of our other main emerging markets, Turkey and Algeria, were down sharply, with respective declines of 10 per cent and 20 per cent.

Both markets posted a slight uptick in the second half, however.

4. 2014: Solid progress

Renault group registrations increased by 3.2 per cent, while our global market share was stable at 3.2 per cent.

Our improved performance was mainly a result of the positive reception of our products.

5. 2014: Robust sales in Europe

In Europe, we posted the strongest increase of any carmaker, growing our market share by 0.6 points to 10.1 per cent.

In the B segment, New Clio and Captur continued to be successful. Captur led its segment, and importantly, 50% of buyers were new customers for Renault.

In light commercial vehicles, we launched New Trafic, and were the leading brand in Europe for the 17th consecutive year.

Dacia achieved the strongest growth for a car brand in Europe this year.

Dacia registrations were up 25 per cent, and market share increased 0.4 points.

As with the Renault brand, this strong performance can be ascribed to the renewal of the range. Dacia is also proving highly popular in the UK, where the brand was launched in early 2013.

6. 2014: Resilience in our emerging markets

Outside Europe, we also obtained good results in several emerging countries, since we increased our market share in four of our five main markets.

Argentina was the only exception, because we did not want to increase our exposure to the local currency, a choice we made reluctantly.

The success of our entry-level models enabled us to hold steady in these emerging markets.

That was especially true in Russia and Brazil, where New Logan and New Sandero, launched last year, enabled us to increase our market shares in an environment adversely affected by currency fluctuations.

In India, we lost market share owing to fierce competition over prices that impacted Duster, our best-selling model.

Lastly, in South Korea, RSM won back one point of market share, notably thanks to the success of Captur, sold locally as the QM3.

7. 2014: Higher sales to partners

In 2014, our sales to partners also rose sharply, increasing by 1.25 billion euros. That increase can be attributed to our strategy of optimizing industrial capacity.

In addition to making components for our partners, in 2014 we started producing assembled vehicles: manufacturing Rogue in South Korea for Nissan for the U.S. market; and Smart at our plant in Slovenia for Daimler.

Together, these activities helped us to increase our revenues by 0.3 per cent despite a strongly negative currency effect. At constant exchange rates, Group revenues rose by 3.1 per cent.

8. 2014: Ongoing cost reduction

In terms of cost reduction, we exceeded our target, with an overall reduction of 844 million euros.

Monozukuri generated 778 million euros worth of savings and management of overheads 66 million euros.

This result is due to the acceleration of synergies within the Alliance and the faster-than-expected positive impact of the competitiveness agreements in France and Spain.

9. 2014: Convergence of four key functions

In terms of synergies, we reached a major new stage in 2014, with the convergence of 4 key business functions: Engineering, Manufacturing, Purchasing and Human Resources.

If we add our strategy to expand platform-sharing, we are on track to strongly exceed our target of 4.3 billion euros worth of synergies by 2016.

10. 2014: Improving operating margin

In conclusion, 2014 has laid a solid base for the future.

Our sustained efforts to keep a firm grip on fixed costs, particularly in Europe, have started to bear fruit.

Together with the increase in our sales, this has enabled us to lift Group operating margin by 0.9 points.

11. Total Industry Volume Forecasts for 2015

Now let's take a look at our forecasts for 2015.

We expect the global automotive market to grow by 2 per cent, with a new sales record of around 87 million vehicles.

In Europe, we expect the market to expand by 2 per cent.

In emerging countries, market trends and currency fluctuations remain uncertain.

We are especially prudent about the Russian market, which could contract by 20 to 30 per cent.

We expect the Argentine and Brazilian markets to dip slightly.

In this environment, we will continue to adapt our fixed cost base as often as we have to.

We will also pursue a strict pricing policy to preserve our local profitability, as we did in 2014.

In short, to improve our performance we can rely only on our own strengths and on diligent implementation of Drive The Change.

12. 2015: Our main opportunities for growth

With five new models, 2015 will be an unprecedented year for Renault in terms of the launch schedule.

Revenue growth in 2015 will be driven mainly by the full-year impact of New Twingo and Trafic sales, and by our new models.

In Europe, **New Espace** will be the first new model to be released. Revealed at the 2014 Paris Motor Show, it will be launched in the spring.

The vehicle showcases our commitment to quality and will launch the renewal of the premium end of our range and enhance our brand image.

Early in the second half, we will launch **Kadjar**, our first C-segment cross-over, which was unveiled to the media 10 days ago.

Extending our range into the fast-growing cross-over segment will open up new opportunities for us, as Captur did in the B segment.

At the end of the year, we will continue our product offensive with a **new D-segment hatchback**.

Lastly, we will unveil the replacement for Megane at the end of the year, with a view to a market launch early in 2016.

Each of these new products will strengthen our price positioning and improve the sales mix.

At the same time, we will need to support some vehicles at the end of their market life.

Outside Europe, after the successful renewal of Logan and Sandero last year, we will continue on this positive trend, with the rollout of Duster Phase 2 in our main emerging markets, particularly Brazil and Russia.

In 2015, we will also enter a decisive stage in the expansion of our emerging-market coverage, with the launch of two new vehicles.

In the passenger-car market, our first **A entry-level** vehicle will be launched in India in the middle of the year.

This will be an innovative vehicle than can compete in the entry-level segment, where we are not yet present.

In the LCV market, we will launch a **0.5 tonne pick-up truck** in the second half of the year in Brazil. It will be based on the Entry platform.

The Oroch concept car, revealed at the last São Paulo International Motor Show, was a foretaste of the new pick-up truck.

As well as expanding volumes, we will deploy several levers to improve our revenue per unit.

The renewal of the premium end and extending our range into the cross-over segment should increase the value of our product mix.

Our sales policy will continue to improve both the option mix and the version mix.

The services offered by RCI Banque, combined with the Parts and Accessories business, will also contribute to boosting revenue per unit.

Lastly, sales to partners, the other mainstay of our growth strategy, will increase further this year.

13. 2015: Our main sources of cost control

To ensure these new products are successful and competitive, we will continue to carefully control our costs.

That will mitigate the increase in costs related to new regulations.

In 2015, the competitiveness agreement in France will continue to contribute to our performance, but less than in 2014.

As you know, under the agreement, signed in 2013, 8,250 employees were expected to leave voluntarily and would be partly counterbalance by 750 new hires between now and 2016.

At the end of 2014, the number of employees who left voluntarily exceeded our annual target.

Consequently, we have decided to increase our intake of new hires to 1,000. Half of the new employees will be hired for the manufacturing plants and half for other functions, particularly Engineering.

We will also hire 1,000 young people on apprenticeship contracts.

These new hires will enable us to prepare the future of the Group, by ensuring we have all the specialist skills needed for tomorrow's demands, particularly in terms of technological innovation.

The increase in new hires is good news for Renault in France. It shows that our efforts to remain competitive are paying off.

We must nevertheless continue those efforts, and we remain vigilant.

In an increasingly competitive environment, maintaining sustainable costs is crucial.

It is the best guarantee of the continuity of our manufacturing business in France.

The second lever for controlling costs is sharing platforms with Nissan.

In 2015, we will make a major step forward in platform-sharing, since all of our main new products will be based on the Common Module Family.

This will generate unprecedented economies of scale.

These savings will enable us to strengthen our C segment, the historic pillar of our profitability; they will also improve the profitability of our D segment models, which is currently unsatisfactory.

Lastly, we will draw on our experience with the Entry platform and the Alliance to develop the CMF-A.

The new platform will give us the cost structure we need in emerging countries in the entry-level segment.

The combination of these actions should enable us to achieve our cost-reduction target for 2015 and keep our fixed costs under control.

That is vital for us to benefit fully from our growth.

14. 2015: Preparing the future

Beyond implementation of “Drive The Change”, we are also preparing the future of the Group.

Our project in China is proceeding according to plan. Our plant there is being fitted out, and production is scheduled to start at the end of the year.

China is now the world's biggest automotive market, and the opening of this plant will offer new opportunities for the Renault group.

Regarding mobility, we are working actively on the car of the future, which will be safer, more connected and more environmentally-aware.

We have developed two prototypes in this direction.

“Next Two” foreshadows the autonomous car that we expect to see on the road in mature markets by 2020.

EOLAB is a response to increasingly drastic carbon emissions reduction targets, by offering record-breakingly low fuel consumption of only 1 liter per 100 km.

Safety, range and the environment are major issues for the automotive industry, and we will continue striving to respond to them.

15. Outlook 2015

Despite economic uncertainty in many countries, global demand for automobiles seems set to keep growing in 2015 at a rate of more than 2 per cent.

The European market should also grow by 2 per cent. By contrast, we are anticipating another turbulent year in our main emerging markets.

In this environment, the Renault group will aim to:

- grow registrations and revenues (at constant exchange rates)

- continue to improve Group and Automobile operating margin,

- generate positive operational free cash flow in Automobile.

16. Conclusion

In conclusion, after a solid performance in 2014, we are confident about 2015, despite an uncertain economic environment.

We have everything we need for a successful year: a solid plan, strong ability to deliver, and the commitment of all of the Group's employees.

After the successful launches of Clio, Captur and Twingo, we will be back in the upper segments in Europe, with New Espace, our new D-segment hatchback, and our crossover Kadjar.

Simultaneously, our A entry-level model in India and our first pick-up truck will enable us to continue to grow in emerging countries.

Thank you for listening. I suggest we move on to the question-and-answer session.