

**PRESS RELEASE**

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## **RENAULT'S INDUSTRIAL STRATEGY: A PILLAR OF COMPETITIVENESS AND GROWTH**

- **To continue to grow, Renault needs competitive plants that are adapted to the markets in which they operate.**
- **Renault is adjusting its industrial base as part of its new strategic plan.**

- In Western Europe, the Group is adapting capacity, continuing to improve performance and concentrating on high-added-value products, primarily European mid-and upper range vehicles, LCVs, electric vehicles and motors, and batteries.

- In the rest of the world, plant capacity is being expanded and performance enhanced so that Renault can make a strong contribution to growth in emerging markets. Manufacturing locally is essential in order to be competitive, responsive and to sell vehicles at the right price.

- **Regarding its French sites, Renault is announcing the:**
  - **production of the electric motor at the Cl  on plant as from 2013,**
  - **allocation of a van to the Sandouville plant in 2013 with potential output of 100,000 units/year once all versions have been launched,**
  - **production of its future European top-of-the-range vehicle at the Douai plant from 2014.**
- **The Alliance with Nissan and the strategic cooperation with Daimler are generating additional production volumes and contributing directly to the activity of industrial sites in Europe.**

Carlos Ghosn, President and CEO of Renault, said: *"The performance and competitive edge of our plants will be crucial to the success of our forthcoming strategic plan. The mobilization of the men and women producing our vehicles and powertrains is essential. Our strategic plan enables us to adjust industrial production capacity to global demand, without closing sites or implementing redundancy plans or staff departure plans."*

### **High added-value production in Western Europe**

Renault sets industrial standards applicable worldwide to guarantee that each plant is economically viable. To counter the steady decline in the European market (PC + LCV sales fell by almost 20% between 2007 and 2010), Renault is investing in high added-value production for its industrial facilities in Europe, and particularly in France. The Alliance with Nissan and its other partnerships are generating additional volumes in this region.

### France is the center for electric vehicle production

With the production of Renault ZOE in Flins (France) and Renault Kangoo Z.E. in Maubeuge (France), by 2015, 80% of the electric vehicles sold worldwide by Renault will be produced in France.

Moreover, the Flins battery plant will come on stream (potential capacity of 100,000 batteries/year), while the Cl  on plant

begins producing the third-generation motor in 2013.

#### Allocation of a van to the Sandouville plant in France in 2013

Boosted by strong growth for Renault LCVs in Europe and rising exports, production of this new van is expected to reach 100,000 units/year. The majority of LCVs are produced in France, and this new arrival at Sandouville stands alongside Master at Batilly (France) and Kangoo Express and Kangoo Z.E. at Maubeuge (France).

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#### Douai to make mid- and upper range vehicles for Europe

The future upper range vehicles of the Renault brand (replacing Espace and Laguna) will be produced at the Douai plant as from 2014, on a platform shared with Nissan. This new platform will generate substantial economies of scale for both companies.

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#### Exporting excellence in powertrain production

The Cl  on plant has been assigned two new projects: the new 1.6 dCi 130 engine starting in 2011 and the electric motor in 2013.

Today, we are exporting the excellence of our French-produced engines and gearboxes not just to our partner Nissan, but also to other brands, such as Opel and Chery.

In 2010, for example:

- one-quarter of the gearboxes produced at Ruitz and Cl  on were exported to China, for Nissan among other clients;
- 60% of the engines built at Cl  on were sold outside of France.

The Daimler partnership will reinforce this trend.

#### Europe excl. France

Spain is the Group's second-largest production centre in Europe, and the future of its four plants is assured. Twizy, the brand's third electric vehicle, will come into production in Valladolid this year. The Valladolid Motores powertrain plant is reaping the benefits of cooperation with Nissan and Daimler, Seville remains the Group's biggest gearbox producer, while Palencia is building M  gane.

In Slovenia, the Novo mesto plant is producing compact vehicles - Twingo, Wind and Clio Campus - for the brand's European markets. In 2013, it will also start producing the 4-seater Smart for Daimler.

### **Producing locally to contribute to emerging-market growth**

Locating industrial facilities in emerging markets fuels growth in those markets and compensates for the decline in European markets. Over the past ten years, Renault has increased its penetration of emerging markets, thus increasing its international footprint. Sales outside Europe now account for 37% of total sales, compared with 17% in 2000, and in 2011 the proportion is expected to rise to 43%. Renault will continue to invest abroad, in particular in Brazil, India and Russia.

In Morocco, the Tangiers plant will start up its first production line with 30 vehicles per hour in 2012. The second production line will come on stream in 2013 to meet demand for Entry-level vehicles across Europe, Africa, Mexico and the Middle East.

### **Two major tools serving industrial performance**

#### The Global Training Center (GTC) in Flins: applying the know-how of our traditional industrial base to the performance of our plants worldwide

The Global Training Center was inaugurated on May 25, 2010 in Flins (France). It plays a key role in the constant quest to improve the quality-cost-deadline performance of the plants and has made Flins a hub for production skills training. Its mission: to coordinate all training necessary for the various manufacturing activities worldwide. Its goal: to keep pace with a constantly evolving business and ensure that all the skills necessary for production start-ups are available. From 2010 to 2012, 23 of the Group's plants will be starting up new production.

The GTC draws on the experience and know-how of the men and women working in Renault's manufacturing facilities. The

trainers are all Group staff and are experts in their fields. The GTC represents a significant investment with a total of €4 million over four years. At end 2010, it had carried out 100,000 hours of training for 250 trainees.

#### Monozukuri: a major project to gain a competitive edge

Monozukuri, an approach already adopted by Nissan some years ago, is set to come into everyday use by Group staff worldwide.

The objective is to cut the total cost of a vehicle while optimizing quality.

The method involves working on the entire value creation chain, starting with vehicle design and continuing with the detailed design of each component, cooperation with suppliers, packaging and shipment of components, lineside delivery and assembly on the vehicle, through to delivery to the end customer.

#### **Renault capital expenditure:**

Between 2010 and 2013, Renault will invest €5.7 billion in its industrial sites, of which 40% in France.

#### **Two key trends in the auto market**

##### Renault foresees a lasting decline in the European market

- In 2010, vehicle sales (15.3 million) were 20% lower than in 2007.
- Annual declines: -7.2% in 2008, -4.5% in 2009, -3.6% in 2010.
- Forecasts for 2016 do not see the European auto market returning to its pre-crisis level of 2007.

##### Automobile growth will be driven by markets outside of Europe

- Sales in the BRIC countries (Brazil, Russia, India and China) have increased four-fold in the past ten years and now account for 1/3 of car sales worldwide.
- In 1990, 82% of new cars were sold in the United States, Europe or Japan. In 2007, the percentage was 62% and today, it is less than 50%.
- The non-European market is expected to expand by nearly 50% from 2010 to 2016.

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