

2022

COST REDUCTION PROJECT

MAY 29, 2020

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01 Building a resilient performance

2022 fixed cost reduction project

02 Alliance as a performance enhancer of Groupe Renault

Zoom on new projects and associated benefits

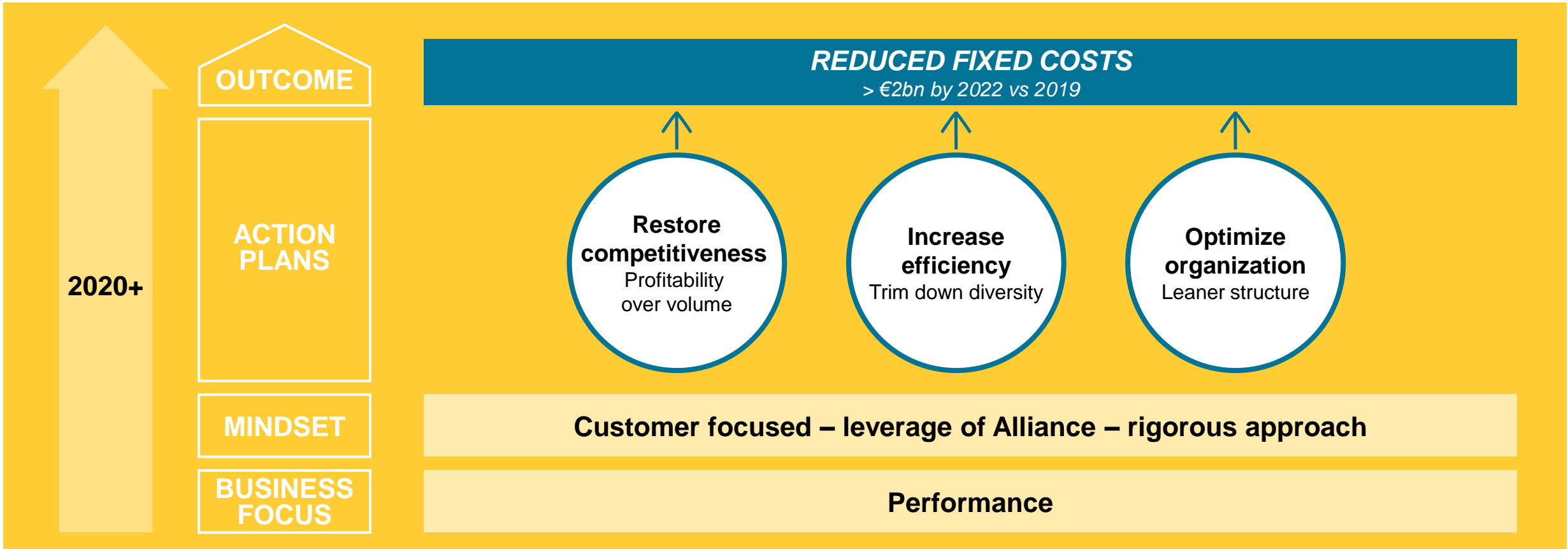
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A CHANGE OF PRIORITIES: TOWARDS BETTER PERFORMANCE

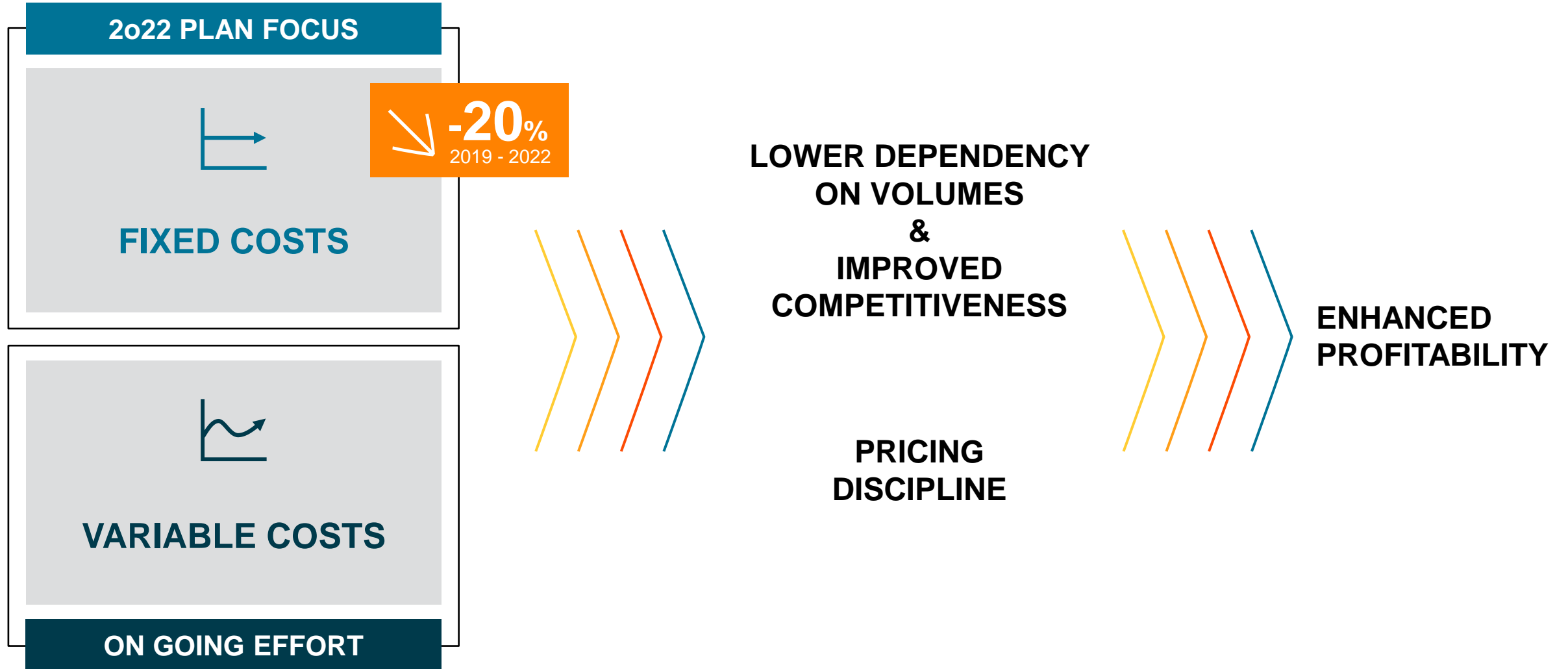


A NEW MINDSET FOR A BETTER RESILIENCE

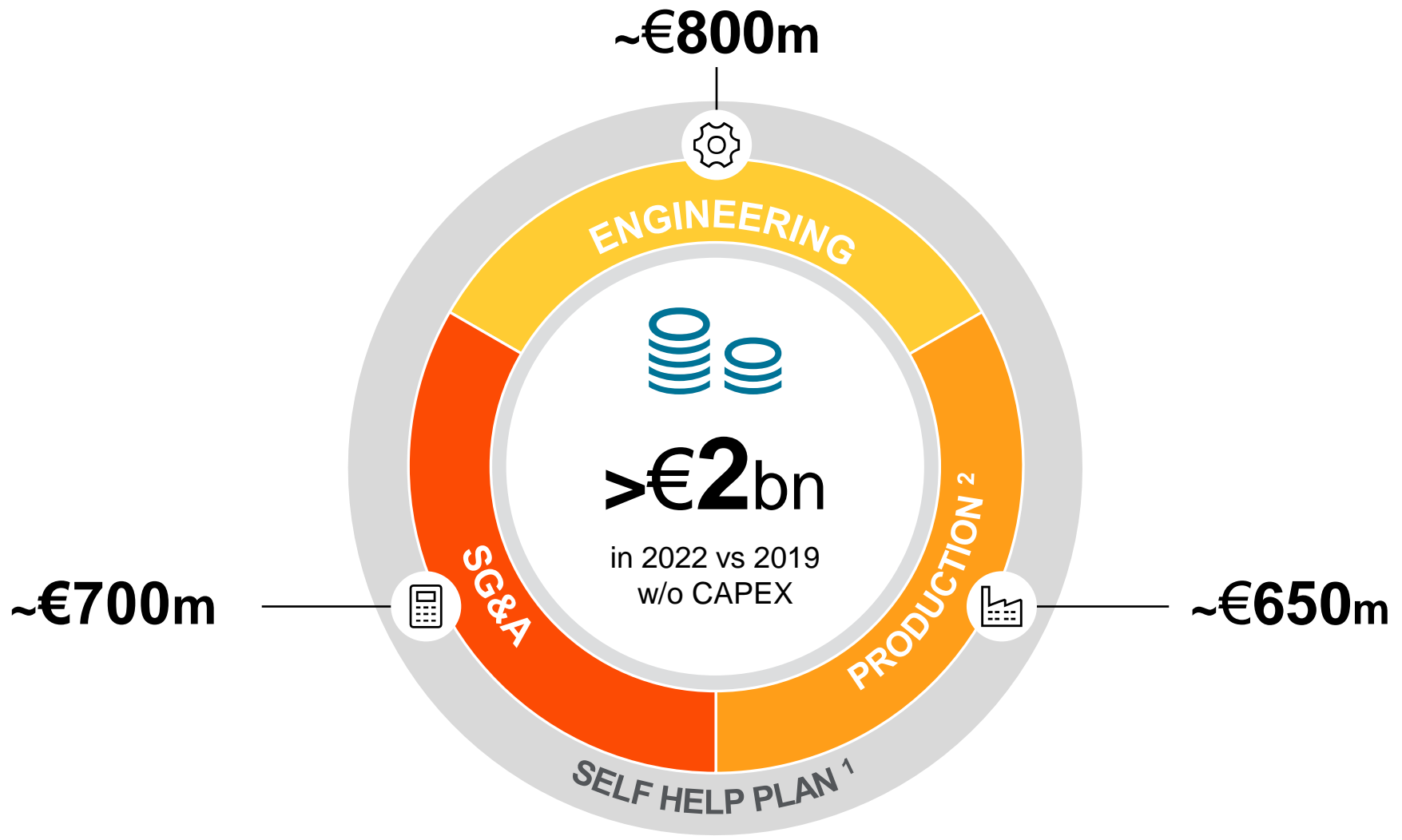


PARADIGM SHIFT AT RENAULT: PROFITABILITY OVER VOLUME

FIRST PRIORITY: REDUCE FIXED COSTS

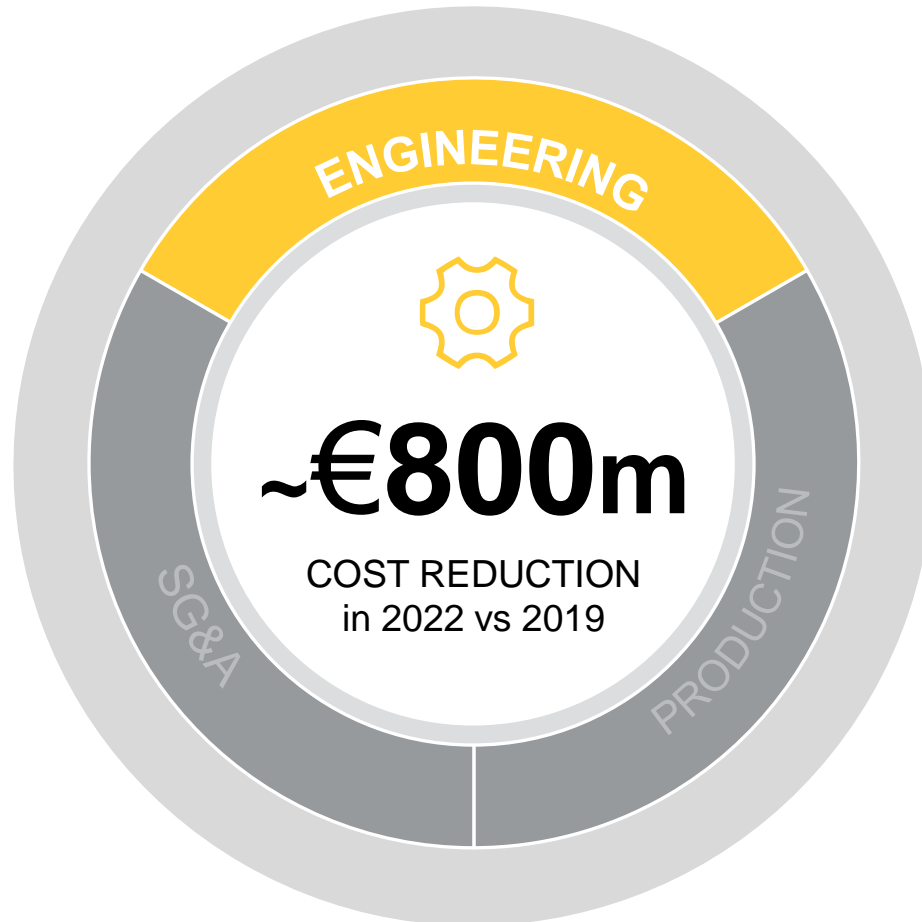


2022 PROJECT: OVER €2bn CASH COST REDUCTION VERSUS 2019



1. Execution of the € 2bn reduction plan does not rely on new Alliance projects or external factors like market growth
2. Includes production labor cost savings

ENGINEERING: IMPROVED EFFICIENCY



LINE-UP

- Optimization
- Reduced parts diversity
- Increased commonalization

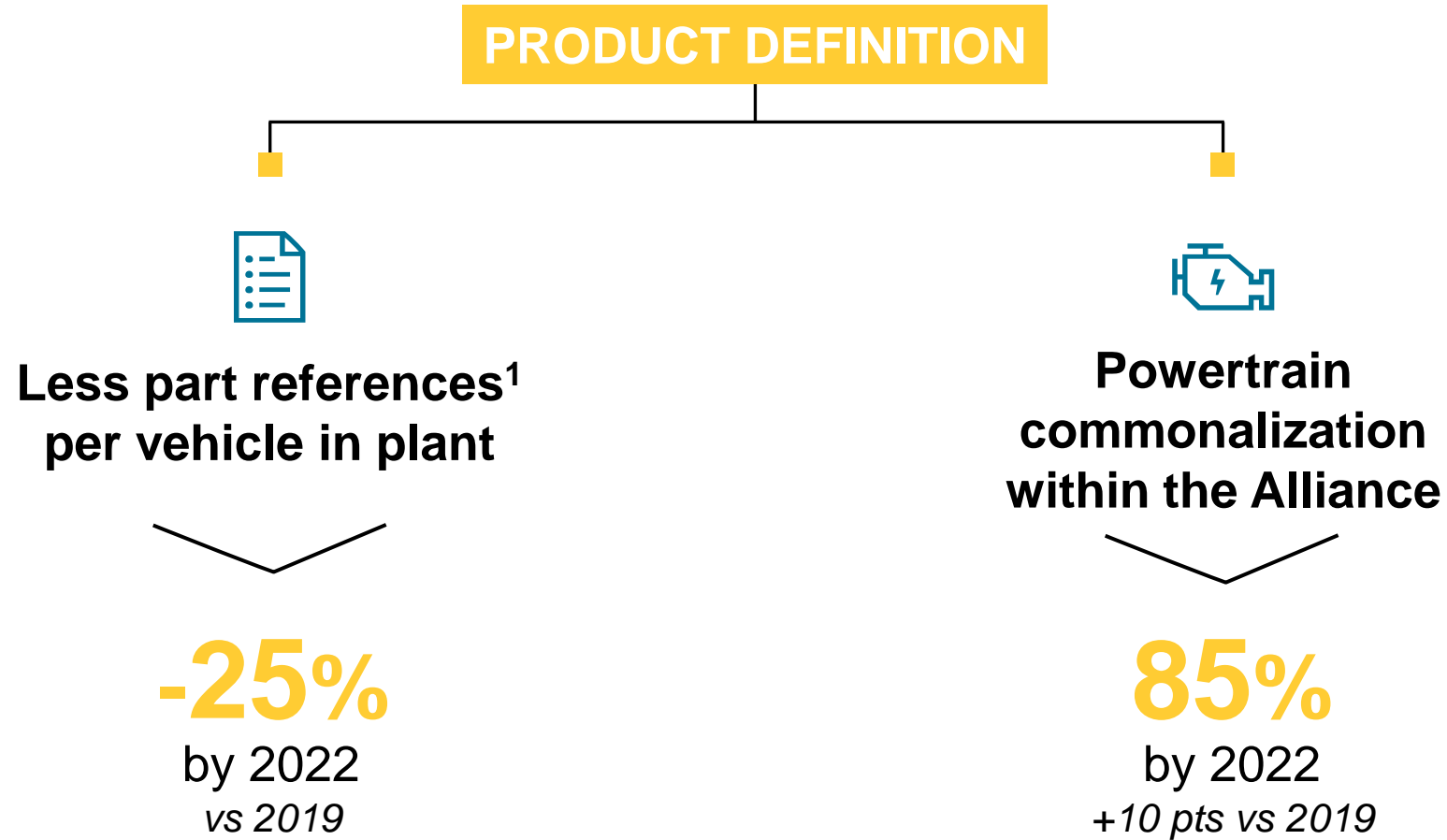


ORGANIZATION

- Subcontractor base rationalization
- Increase in RTX¹ utilization
- Rationalized structure
- Digitalization of validation

DIVERSITY REDUCTION: VERSIONS, PARTS, POWERTRAINS

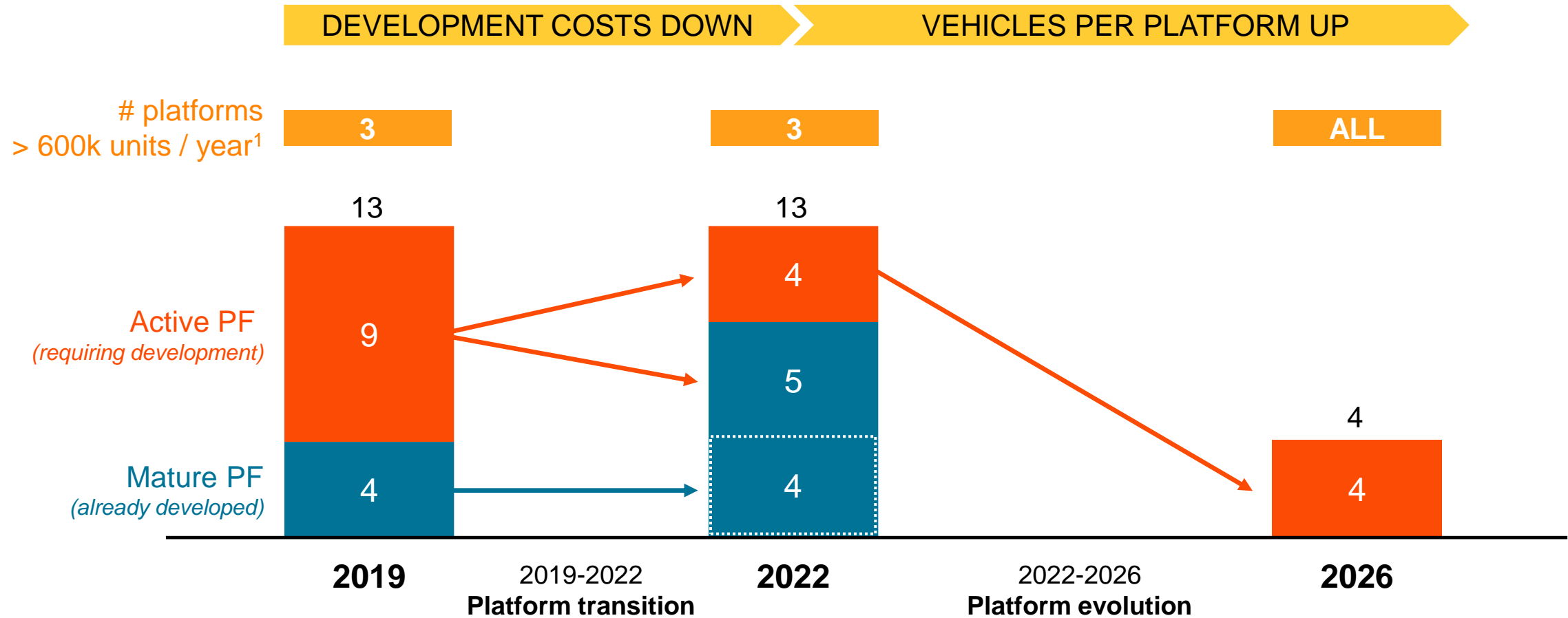
ENGINEERING
LINE-UP
ORGANIZATION



1. Part reference = part number.

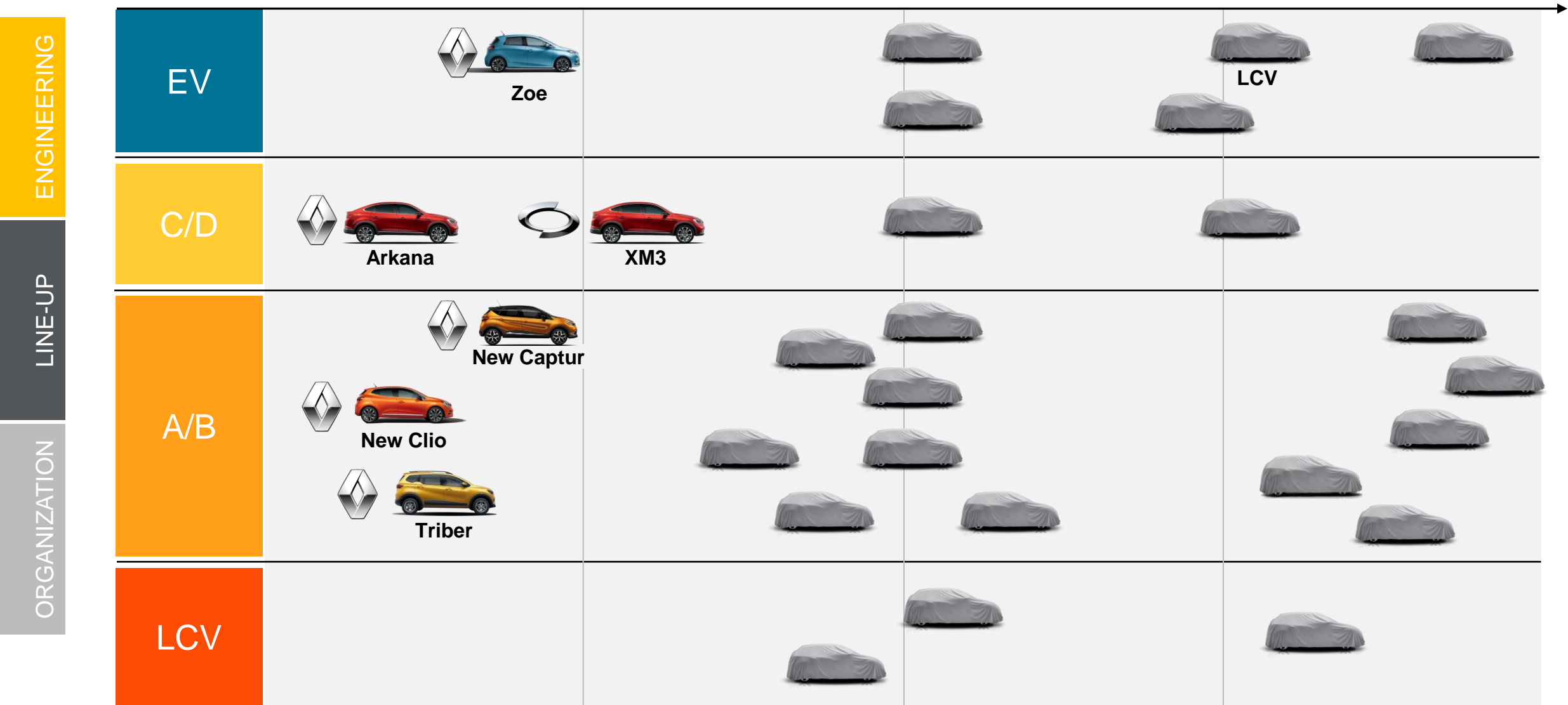
FEWER PC¹ PLATFORMS TO DEVELOP IN 2022 & MORE VEHICLES PER PLATFORM BY 2026

ENGINEERING
LINE-UP
ORGANIZATION



1. Passenger cars, platforms including partners' volumes

SIMPLIFICATION BUT NOT AT THE EXPENSE OF THE PRODUCT CADENCE



WORK ORGANIZATION: LEVERAGE REGIONAL FOOTPRINT

ENGINEERING

LINE-UP

ORGANIZATION

ENGINEERING EFFICIENCY



Skills and resources

Focus France
Core technologies
High added-value



Increased RTx¹ use

40% → **60%**
RTx 2019 RTx 2022

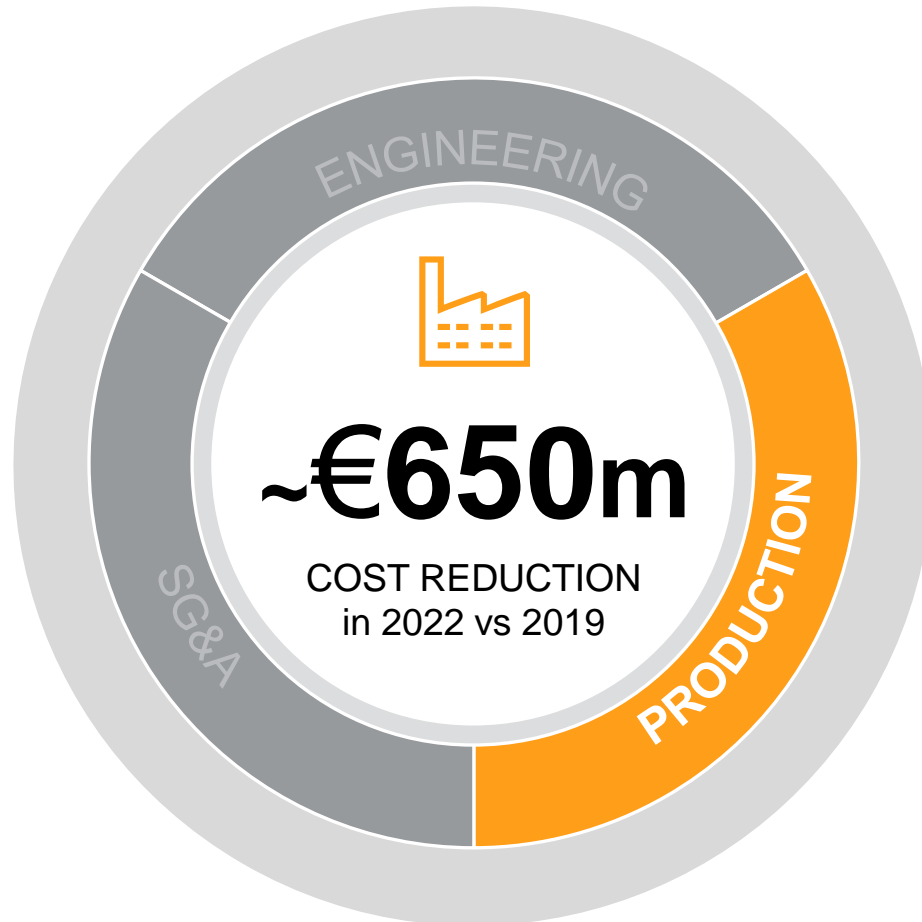


Subcontractor base rationalization

80%
of business with
Top 9 → **Top 4**
subcontractors 2019 subcontractors 2022

1. Regional Technical Centers

PRODUCTION: CAPACITY RIGHTSIZING, ENHANCED EFFICIENCY



PERFORMANCE & CAPACITY RIGHTSIZING

- Industry 4.0
- Lines/plants rightsizing
- Supply chain efficiency
- Labor savings



PROCESS ENGINEERING

- Performance “best in class”
- Subcontractors rationalization
- Digitalization of prototype process
- Maximization of 3D Printing

INNOVATION: BOOSTING INDUSTRIAL PERFORMANCE

PRODUCTION
PERFORMANCE
FOOTPRINT

PERFORMANCE GAINS



**Competitiveness
& Industry 4.0**



**Digitalization
prototype process**

Maximization of 3D Printing

2019

80

Veh/employee

+14%

2022

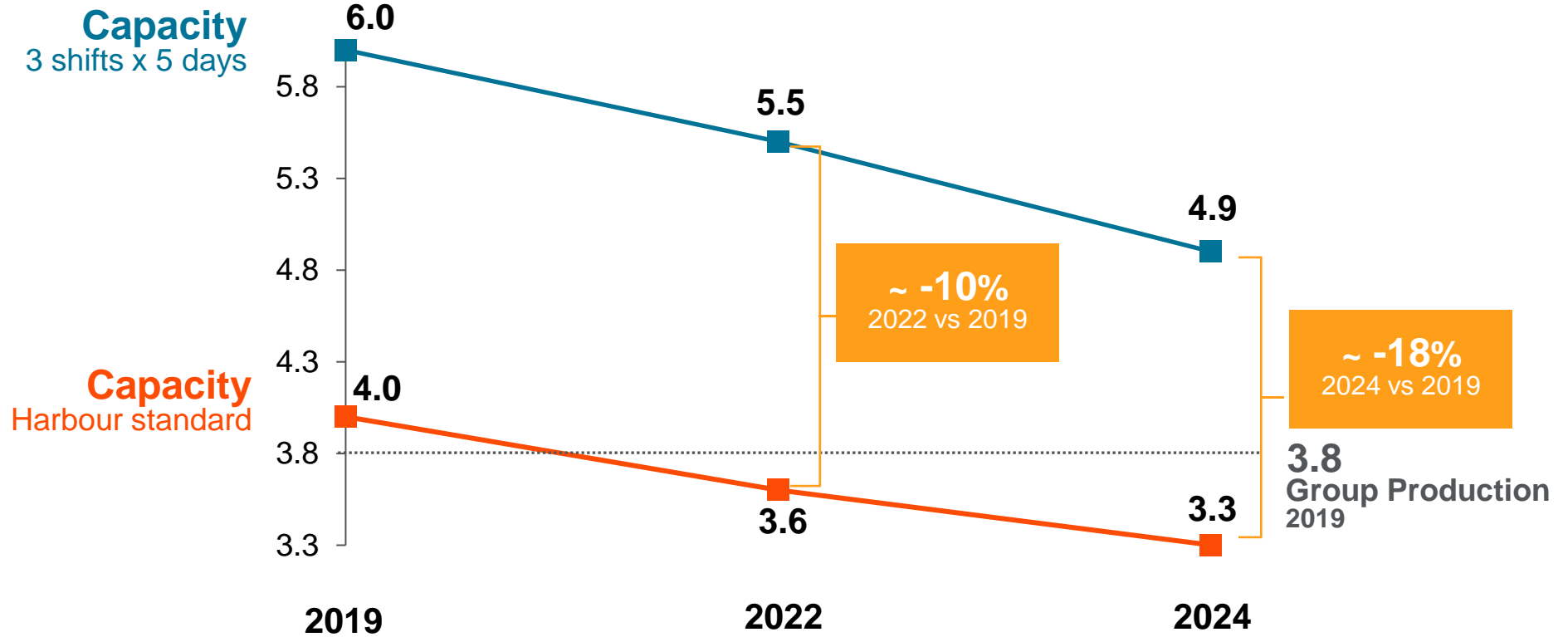
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Veh/employee

CAPACITY RIGHTSIZING

PRODUCTION
PERFORMANCE
FOOTPRINT

Groupe Renault capacity evolution Vehicle production and max capacity (in Million veh)¹

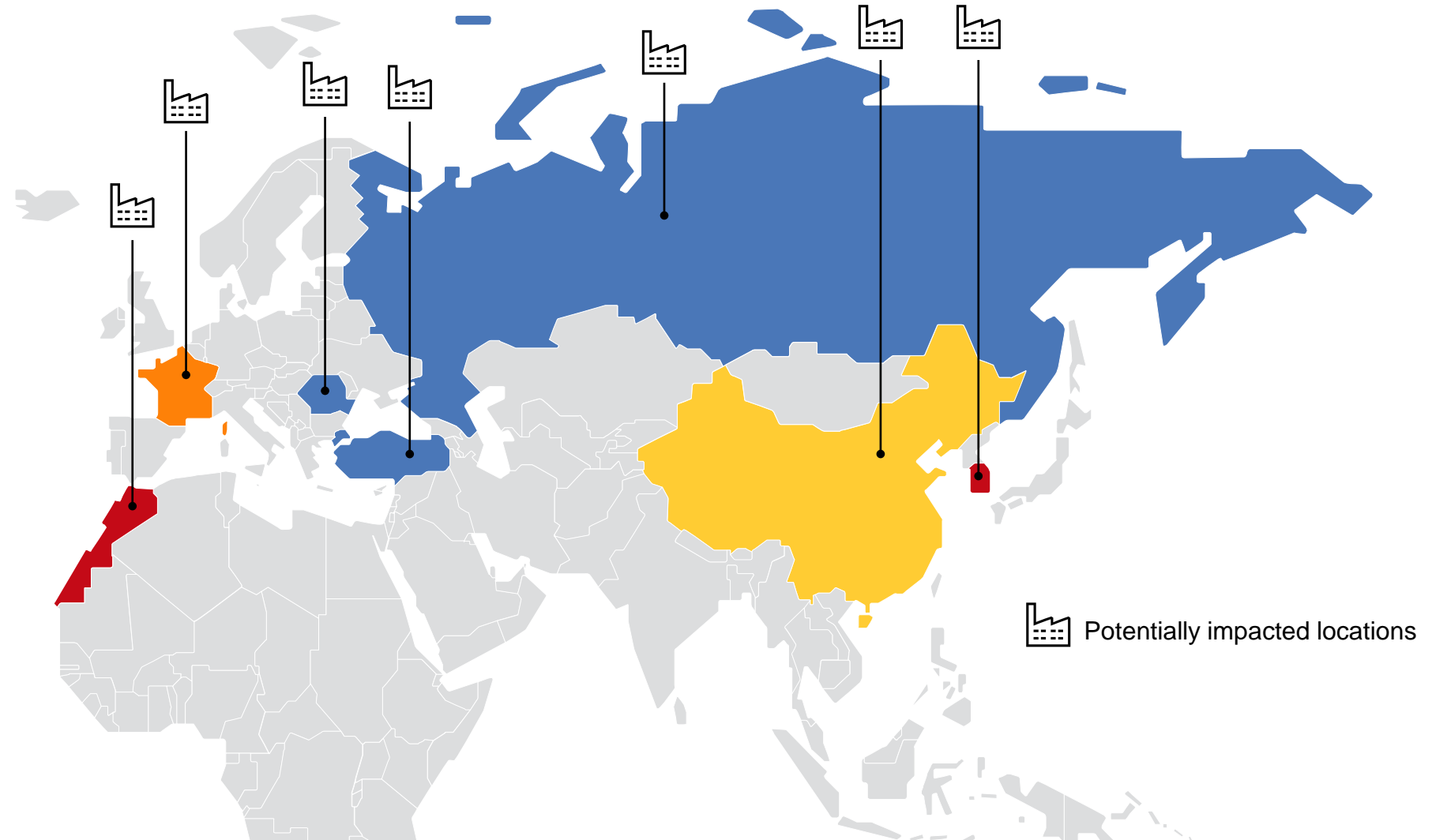


1. including AVTOVAZ & JVs, w/o Renault Nissan Automotive India Private Limited

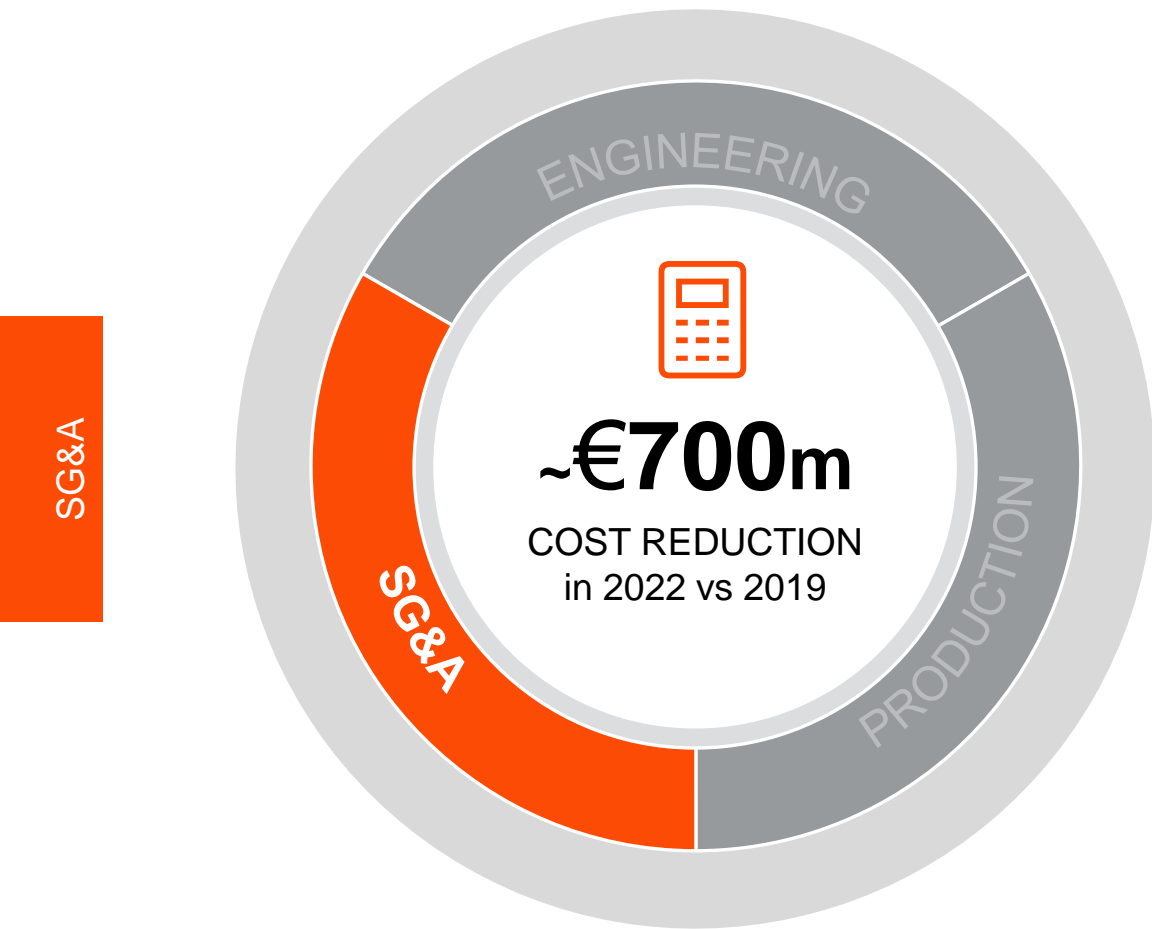
GLOBAL RIGHTSIZING PROJECT

Capacity rightsizing 2019-2024

PRODUCTION
PERFORMANCE
FOOTPRINT



ADAPTING OVERALL STRUCTURE TO RESTORE COMPETITIVENESS



FIXED MARKETING EXPENSES

- Digitalization and media efficiency
- Media cost optimization
- Scope adjustments

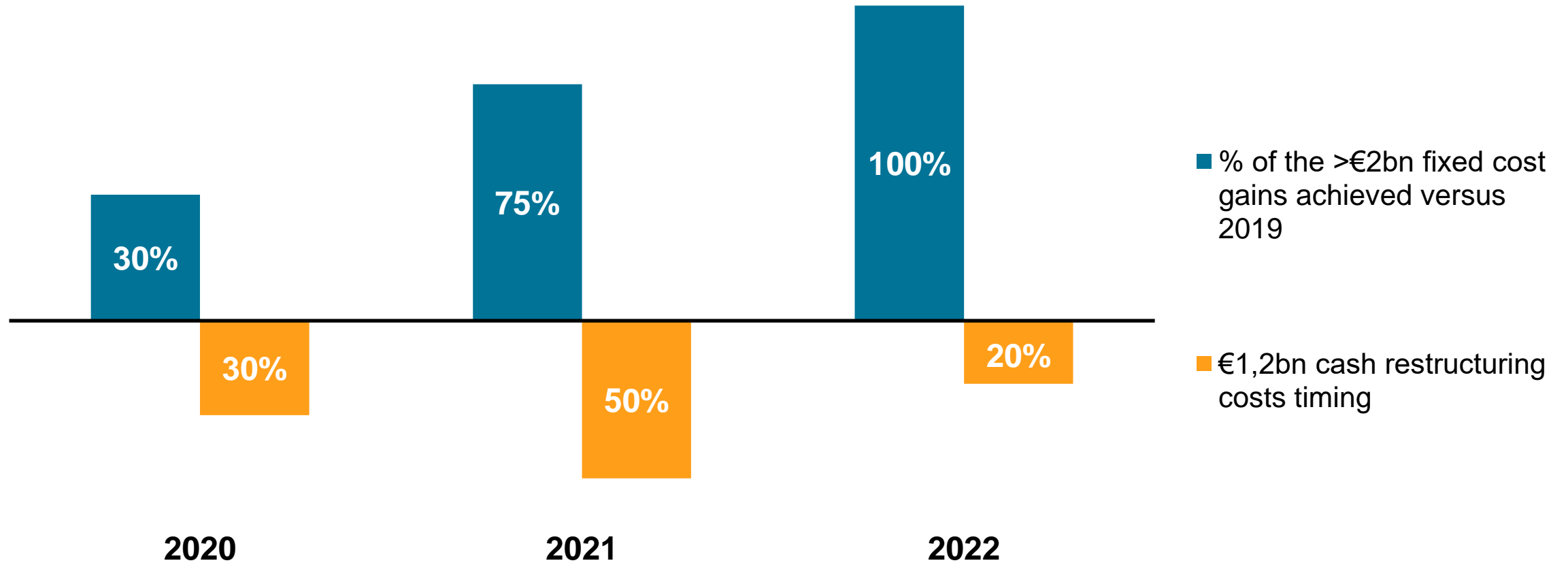


G&A

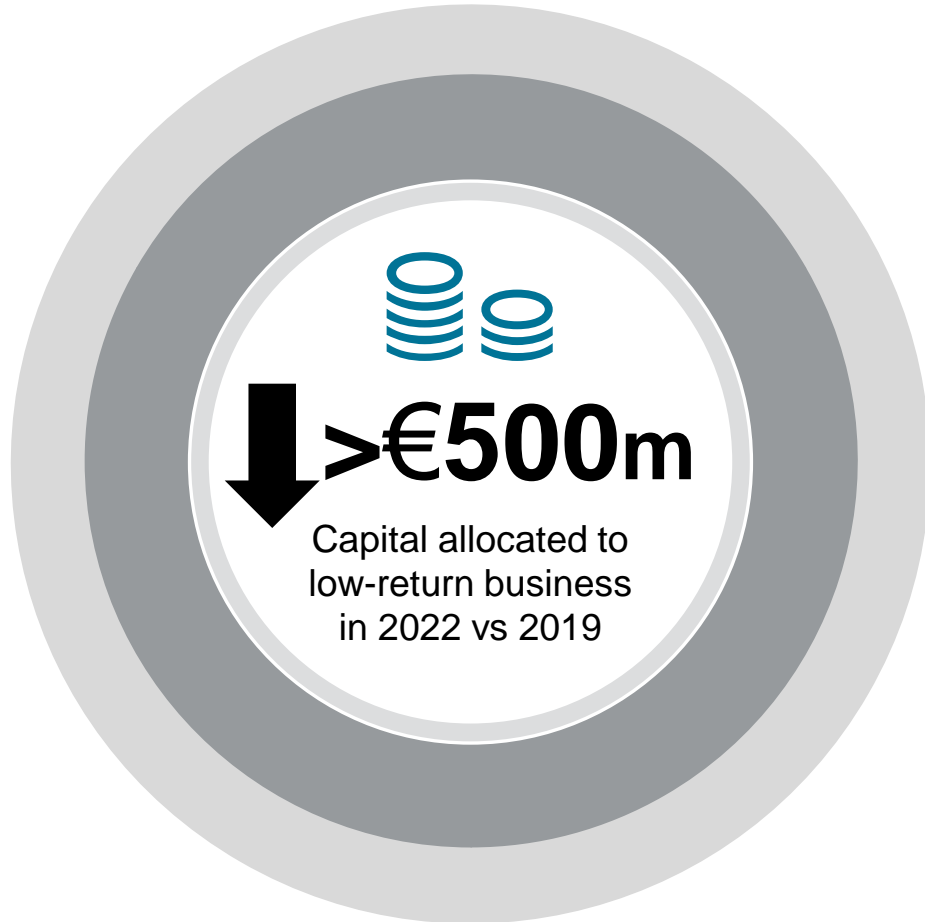
- Cross function approach
- Optimization
- Downsizing
- Shared service centers expansion

TIMELINE OF CASH IMPACTS

Ramp-up of Group cash savings & implementation costs



SCOPE ADJUSTMENTS: CAPITAL ALLOCATION OPTIMIZATION



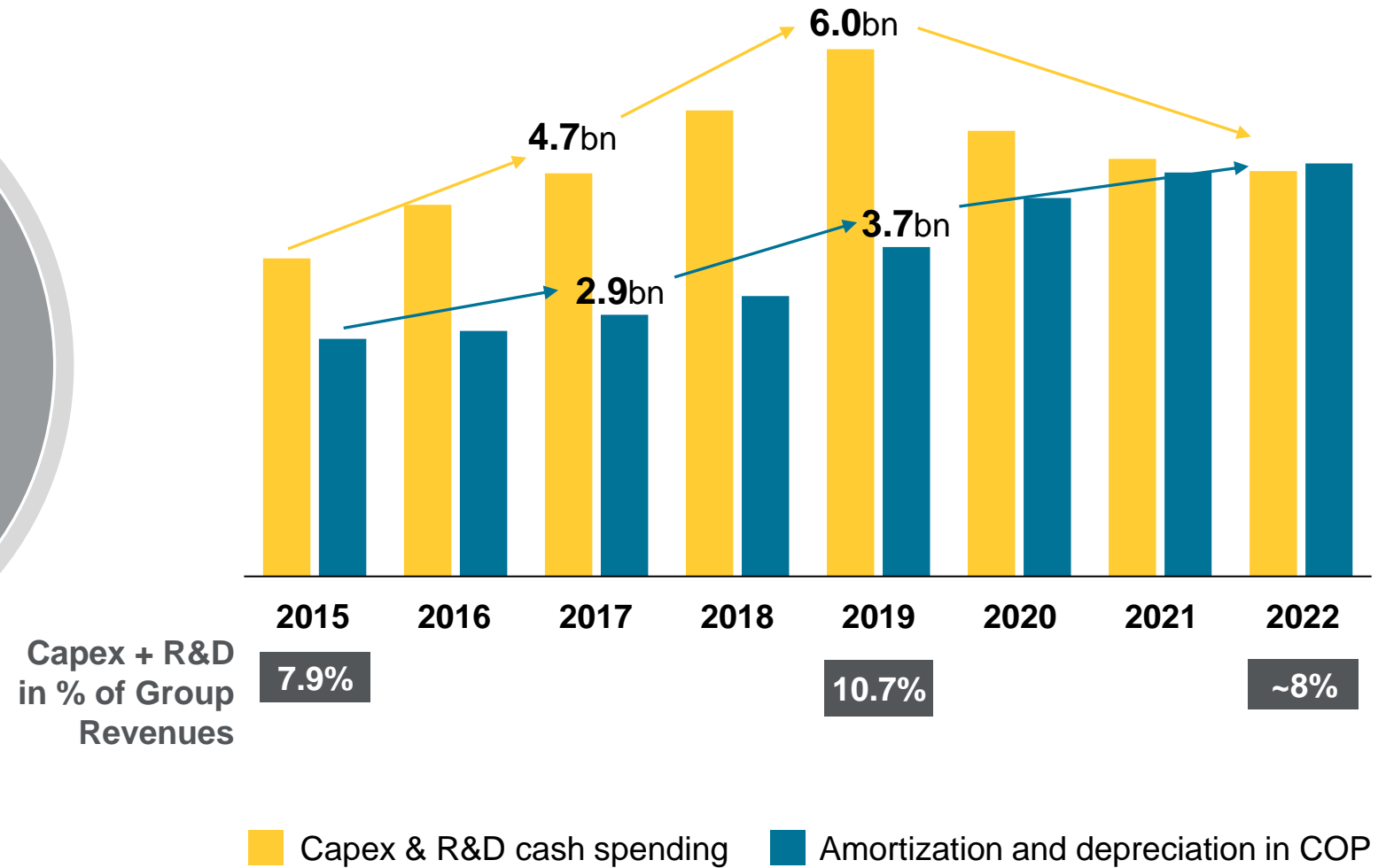
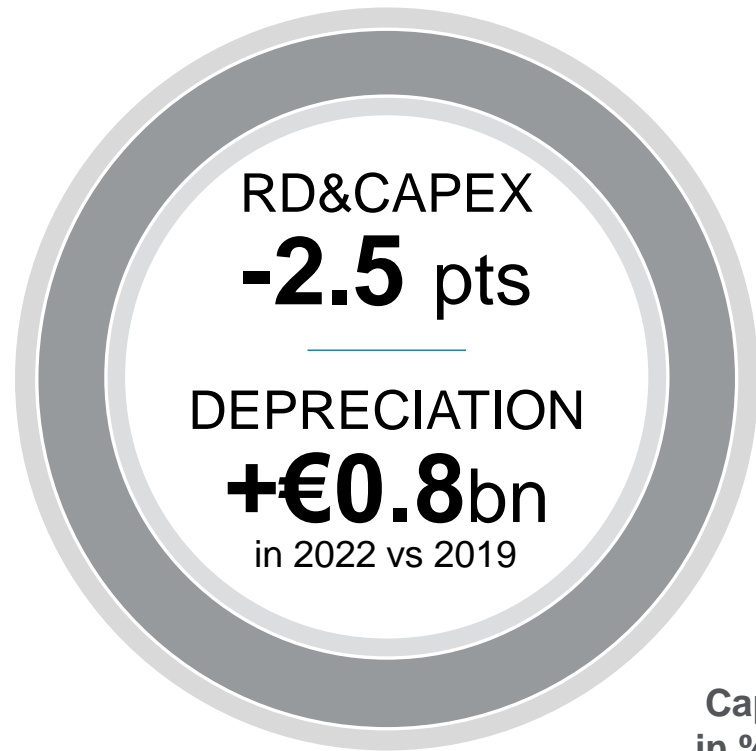
RRG GROUP

- Assets reduction (real estate and working capital)
- Variable costs vs fixed costs

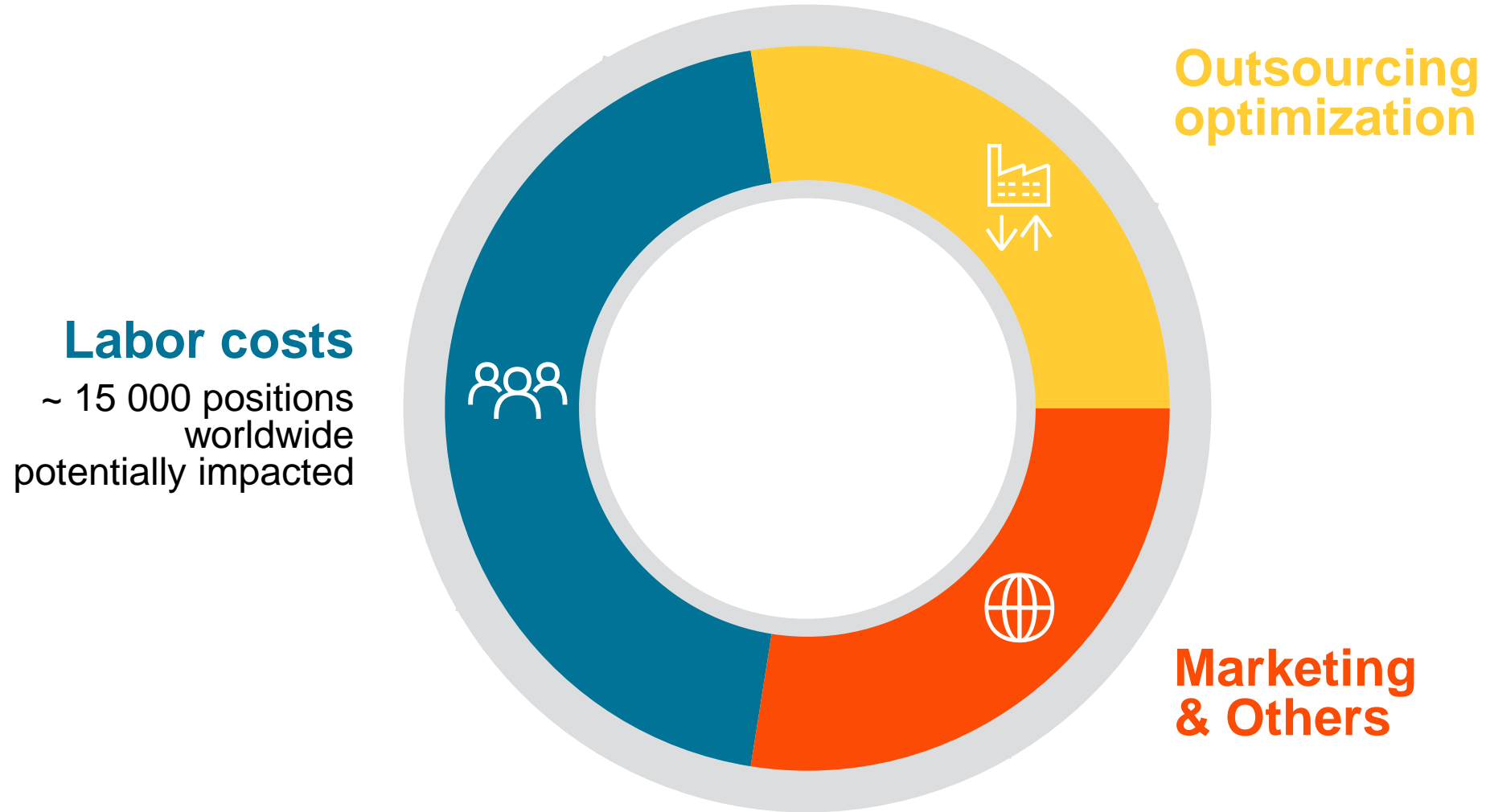
NEW FOCUS IN CHINA

- Transfer of DRAC shares to Dongfeng
- Re-focusing on EVs and LCVs

PEAK PASSED FOR INVESTMENT BUT NOT FOR DEPRECIATION



WRAP-UP: FIXED COST REDUCTION BY NATURE BY 2022



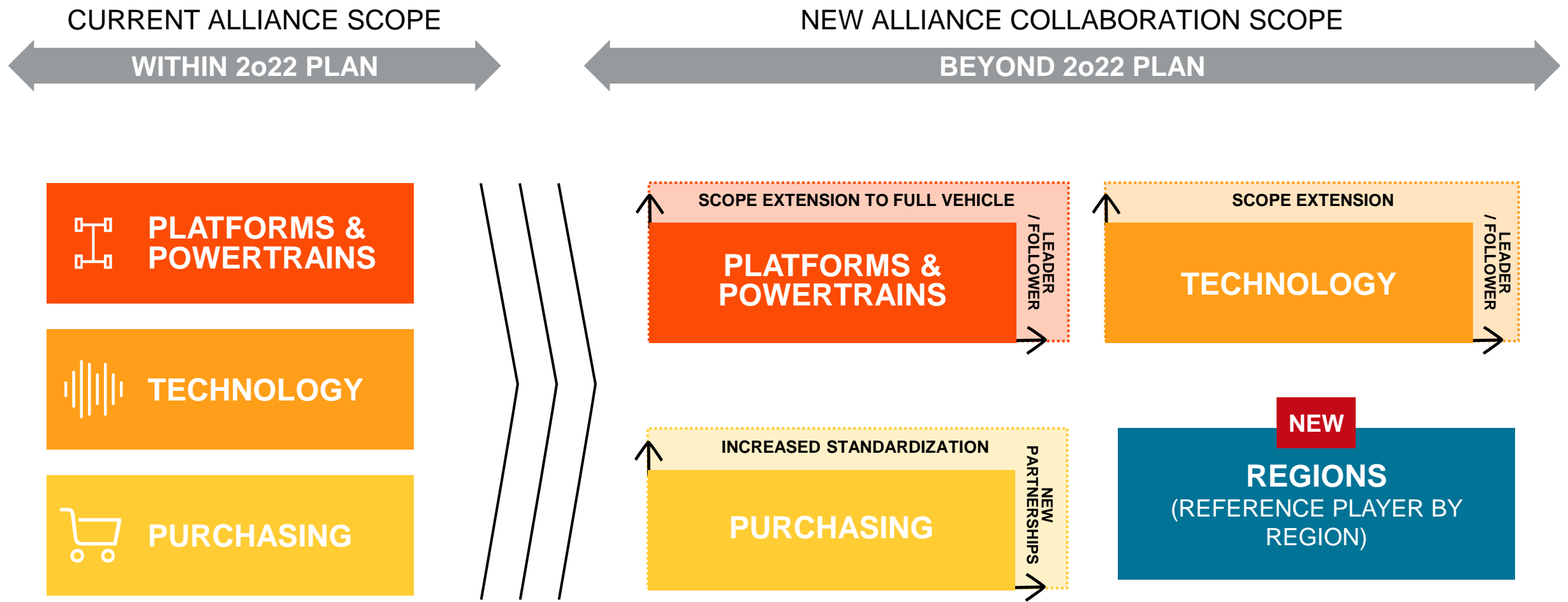
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Zoom on new projects and associated benefits

ALLIANCE NEW COLLABORATION SCOPE BEYOND OUR FIXED COST REDUCTION PLAN



SIGNIFICANT BENEFITS FROM NEW COLLABORATION SCOPE



	EXAMPLE	LEADER	FOLLOWER	EXAMPLE OF BENEFITS
 VEHICLE	B-SUV Next Generation			Up to -40% Model investment ¹
 TECHNOLOGY	Autonomous driving			Nissan Development
	e-Body architecture²			Renault Development
 PURCHASING	EV Battery Standardization: Geometry & chemistry, design, carry-across			Under 100\$/kWh
 REGIONS	Renault reference player Europe, Russia, Latam		New opportunities for Fixed costs gains

1. Model investment = R&D + Tooling
2. Core system of electric-electronic

2022

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