



Driving safety forward

Renault in 2003

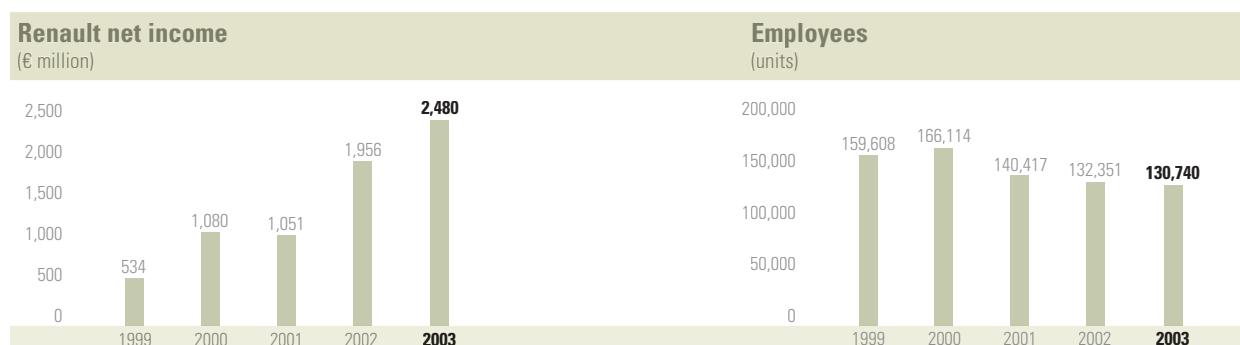
Annual Report

Key figures and highlights of 2003

Renault market share (%)	1999	2000	2001	2002	2003
Western Europe					
Passenger cars	11.0	10.6	10.6	10.7	10.6
Light commercial vehicles	13.9	14.1	15.3	15.9	15.1
Passenger cars and light commercial vehicles	11.3	11.0	11.2	11.3	11.1
Central Europe⁽¹⁾					
(passenger cars and light commercial vehicles)	6.3	7.0	9.9	10.7	10.6
Worldwide					
(passenger cars and light commercial vehicles)	4.2	4.2	4.3	4.2	4.1

⁽¹⁾ Not including Dacia brand sales

Renault group sales worldwide (units)	1999	2000	2001	2002	2003
Western Europe	1,948,449	1,873,865	1,905,308	1,870,344	1,806,443
Rest of the world	339,827	481,706	507,415	534,633	582,515
Total worldwide	2,288,276	2,355,571	2,412,723	2 404,977	2,388,958
of which, light commercial vehicles	301,306	335,669	338,148	340,656	331,620
of which, passenger cars	1,986,970	2,019,902	2,074,575	2,064,321	2,057,338





Mégane

The Mégane project has been a landmark event, putting a complete new range with seven different body styles on the market in under two years. And in 2003, Mégane II was Europe's top-selling model.



Euro NCAP

Renault is the only manufacturer with five models awarded the top five-star rating in Euro NCAP crash tests—Espace IV, Vel Satis, Laguna II, Mégane II and Scénic II. Safety is an absolute priority for all Renault vehicles.



Formula 1

In 2003, Renault scored 88 points, taking five podium places including one Grand Prix victory to rank fourth in the constructors' championship.



Dacia

Dacia and Renault Samsung Motors play a key role in the Renault group's drive for international expansion. In 2003, Dacia topped up its range with the Solenza, and in 2004 will be rolling out a new model especially designed for emerging markets.



International horizons

Renault's expansion outside Western Europe gathered pace in 2003, with major agreements for production in Russia, Iran and Morocco helping to achieve the goal of selling four million cars a year by 2010.



Concept car

Innovation has always been part and parcel of Renault's identity—illustrated by the Be Bop concept cars ushering in the future at the Frankfurt motor show in 2003.

Renault pursues a strategy of profitable growth with two prime goals: selling four million vehicles worldwide by 2010 and building a global automobile group with Nissan. In moving towards these goals, Renault has set five priorities. These are to:

- Build recognition for Renault's brand identity**
- Be the most competitive manufacturer on our markets in terms of quality, costs and delivery times**
- Extend our international reach**
- Develop Renault's core values**
- Translate success into financial performance.**

Considering their central place, these five priorities have been chosen to structure the presentation of our achievements this year.

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From the Chairman

At Renault, 2003 will be remembered for the successful launch of the Mégane II lineup—seven new models put on the market in the short space of 17 months between October 2002 and March 2004.

This complex, far-reaching project has yielded the rewards we hoped for in terms of sales and financial results. Brought to market on time, on budget and in line with our goals for quality, Mégane II has moved straight to the top as Europe's best-selling range in any category. Together with other successes such as the Espace IV and Clio, it enabled Renault to retain its place as Europe's number-one brand for the sixth year in a row. It thus marks an important stage in the renewal of our product line, which will continue in 2004 and beyond, consolidating Renault's image as an innovator and our brand's reputation for excellence in safety.

Faced with the slack market growth affecting all manufacturers in Western Europe, Renault continued its international expansion in 2003, despite the persistent economic slump in Mercosur countries. Our sales were on a particularly firm track in Central and Eastern Europe, in Turkey, Russia, Mexico and Colombia. A number of agreements finalized during the year open promising prospects for major new development on international markets, particularly in Iran.

Turning to financial results, market successes and effective cost control enabled us to post one of the best performances of any European volume manufacturer in terms of operating margin. Earnings also benefited from the contributions of our strategic interests in Nissan and AB Volvo.

The Renault-Nissan Alliance will be celebrating its fifth anniversary in 2004, which will be an occasion to reaffirm its goals. By systematically making the most of scope for synergies between two highly complementary companies, we are able to move ahead more quickly and consolidate our capacity to cut costs. This unique partnership already ensures a leading place for the Renault-Nissan group in the worldwide automobile industry.

Renault's results in Formula 1 racing are an excellent illustration of the will to win shared by all the men and women in our group. Just as clearly, they bear witness to talent, hard work, competence and dedication—qualities that mean so much in our shared efforts to build for the future. And I would like to thank all Renault staff members for those efforts.

Renault, together with its associated brands Dacia and Renault Samsung Motors, will be pursuing its strategy for profitable growth in the year ahead. In this, innovative new products and continuing progress to ensure constant improvement in quality, quicker responses and more effective cost control will naturally be fundamental priorities, as will consolidation of international expansion and affirmation of our core values, particularly as regards safety. By the same token, we will be doing all we can to optimize operating results.





Louis Schweitzer
Chairman and C.E.O.

Board of Directors (on December 31, 2003)



Louis Schweitzer

Chairman



Pierre Alanche

Engineer in charge of overseeing development
of Renault's production information systems



Yves Audvard

Renault Advanced Engineering Process Engineer



Michel Barbier

Renault Working Conditions Technician



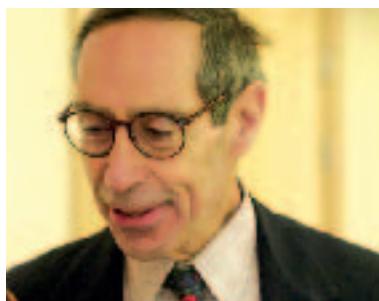
Jean-Louis Girodolle

Inspector of Finance and Deputy Director,
Treasury Department, Ministry of the Economy,
Finance and Industry



Alain Champigneux

Renault Engineering Project Manager



François de Combret

Associate Director, Lazard Frères



Carlos Ghosn

President and Chief Executive Officer,
Nissan Motor Co., Ltd.



Itaru Koeda

Co-Chairman of the Board of Directors and
Executive Vice President, Nissan Motor Co., Ltd.



Marc Ladreit de Lacharrière

Chairman and Chief Executive Officer, FIMALAC



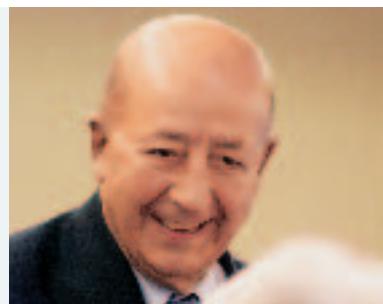
Dominique de La Garanderie

Attorney, Former Leader of the Bar
(Ordre des Avocats de Paris)



Bernard Larroutuou

Managing Director,
CNRS (National Center for Scientific Research)



Henri Martre

Honorary Chairman, Aérospatiale



Jean-Claude Paye

Attorney



Franck Riboud

Chairman and Chief Executive Officer,
Danone Group



Robert Studer

Former Board Chairman,
Union de Banques Suisses

Jeanne Seyvet

Director General, Industry, Information
Technologies and Post, Ministry of the Economy,
Finance and Industry
Term ended in 2003

Management Team

Group Executive Committee (on December 31, 2003)



Louis Schweitzer

Chairman and Chief Executive Officer,
61 years old

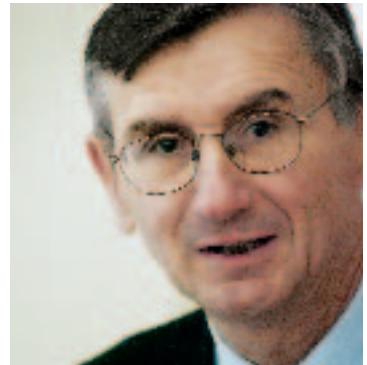
Ecole Nationale d'Administration.
Inspector of Finance.
Joined Renault in 1986. Became Chief
Financial Officer and Head of Strategic
Planning in 1988, then Executive Vice
President in 1989. Appointed President
and Chief Operating Officer in December
1990. Chairman and C.E.O. of the
Renault group since May 1992.



Pierre-Alain De Smedt

Executive Vice President, 59 years old

A graduate in engineering and business
administration from the University of
Brussels. After three years as Chairman
of SEAT, he joined Renault in 1999 as
Executive Vice President. Reporting
to him are Research, Vehicle and
Powertrain Engineering, Passenger Car
Projects, Purchasing, Manufacturing,
and the Mercosur Division.



Georges Douin

Executive Vice President, 58 years old

Ecole Polytechnique.
Joined Renault in 1967 as a quality
engineer in the R&D Department.
Became Head of Engineering in 1988,
then Vice President, Technology in
1989, before being appointed Senior
Vice President Product and Strategic
Planning and Projects in 1992. Senior
Vice President, Product and Strategic
Planning and International Operations
since 1997. Appointed Executive Vice
President in 1998.

Group Executive Committee and Renault Management Committee (on December 31, 2003)

Louis Schweitzer⁽¹⁾

Chairman and Chief Executive Officer

Patrick Bessy

Senior Vice President, Corporate Communications

Patrick Blain

Senior Vice President, Market Area Europe

Marie-Christine Caubet

Senior Vice President, Market Area France

Jacques Chauvet

Senior Vice President, Parts & Accessories
(since January 1, 2004)

Jean-Pierre Corniou

Senior Vice President, Chief Information Officer

Alain Dassas

Senior Vice President, Finance

Pierre-Alain De Smedt⁽¹⁾

Executive Vice President,
Industry and Technology

Remi Deconinck

Senior Vice President, Product Planning

Odile Desforges

Senior Vice President, Purchasing. Chairman and
Managing Director, Renault Nissan Purchasing
Organization (RNPO)

Georges Douin⁽¹⁾

Executive Vice President, Product & Strategic
Planning and International Operations

Jean-Baptiste Duzan

Senior Vice President, Corporate Controller

Michel Faivre-Duboz

Senior Vice President, Vehicle Engineering
Development

Patrick Faure⁽¹⁾

Executive Vice President, Corporate
Communications, Chairman and C.E.O., Renault
F1 Team

**Patrick Faure**

Executive Vice President
Chairman and C.E.O. of Renault F1 Team,
57 years old

Ecole Nationale d'Administration.
Joined Renault in 1979, Head of Sales and Marketing from 1991 to 1998. He was appointed Chairman and C.E.O. of Renault V.I. and then Renault V.I./Mack until 2000 when he was named Executive Vice President of the Renault group. Chairman of Renault Sport from 1986, he became Chairman and C.E.O. of Renault F1 Team in 2002.

**François Hinfray**

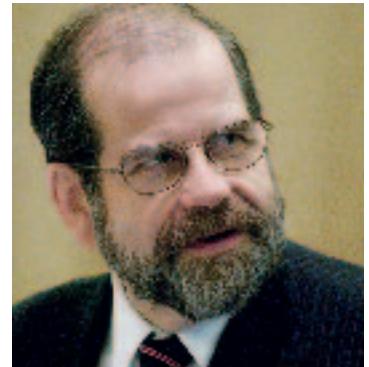
Executive Vice President, 49 years old

Ecole Nationale d'Administration.
Joined Renault in 1989 as Director in charge of European Affairs. He was appointed Director of the Rouen Branch Office in 1991, then Managing Director of Deutsche Renault in 1993. In 1997 he became Senior Vice President, Market Area France, before becoming Executive Vice President, Sales and Marketing in 1998. He is also responsible for the Light Commercial Vehicles Division.

**Thierry Moulouquet**

Executive Vice President, Chief Financial Officer
53 years old
(Since January 1, 2004)

École Nationale d'Administration.
Joined Renault in February 1991, as Head of Group Financial Relations, before being appointed Vice President, Capital Expenditures Controller in 1996. In 1999, following the signing of the Renault-Nissan Alliance agreement, joined Nissan Motor in Japan as Deputy Chief Financial Officer. In 2000, was appointed Chief Financial Officer of Nissan. Effective January 1, 2004, became Executive Vice President and Chief Financial Officer of Renault.

**Michel de Virville**

Corporate Secretary General
Executive Vice President, Renault Group Human Resources, 58 years old

PhD in mathematics. Research engineer at the CNRS (National Center for Scientific Research). Ministry of Labor (1986). Advisor at the Auditor-General's Department. Joined Renault in 1993. Became Head of the Human Resources Department in 1996, and was appointed Corporate Secretary General in 1998, with responsibility for the group's Human Resources.

Philippe Gamba
Chairman and C.E.O., RCI Banque

Manuel Gomez
Senior Vice President, Northern Latin America

Michel Gornet
Senior Vice President,
Manufacturing and Powertrain

François Hinfray⁽¹⁾
Executive Vice President,
Sales and Marketing

Kazumasa Katoh
Senior Vice President, Powertrain Engineering

Jacques Lacambre
Senior Vice President,
Advanced Vehicle Engineering and Research

Patrick le Quément
Senior Vice President, Corporate Design

Benoît Marzloff
Senior Vice President, Strategy & Marketing

Luc-Alexandre Ménard
Senior Vice President, International Operations

Bruno Morange
Senior Vice President,
Light Commercial Vehicles

Thierry Moulouquet⁽¹⁾
Executive Vice President and Chief Financial Officer
(since January 1, 2004)

Pierre Poupel
Senior Vice President, Mercosur

Jean-Louis Ricaud
Senior Vice President, Quality

Tsutomu Sawada
Senior Vice President, Advisor to the Chairman

Michel de Virville⁽¹⁾
Corporate Secretary General, Executive Vice President, Group Human Resources

Up to December 31, 2003:

Shemaya Lévy
Executive Vice President

⁽¹⁾ Members of the Group Executive Committee chaired by Louis Schweitzer.

Commitment to good corporate governance

Board of Directors bylaws and Directors' Charter

Good corporate governance is fundamental to the confidence of shareholders and favorable perceptions of the company. Here Renault has made clarity the priority, adopting structures of control and supervision that have proven their effectiveness.

At Renault we are fully committed to the fundamental principles of good corporate governance—transparency of transactions, dialogue, risk control and prevention of conflicts of interest. In 1996, the Board of Directors adopted bylaws and set up internal committees in strict accordance with the recommendations of the first Vienot Report on corporate governance, published in 1995. This report, followed by a second in July 1999, is the acknowledged standard for French business. The bylaws define the role of the Board of Directors as the representative of all shareholders. The Board also

adopted the other main improvements to corporate governance covered in the Bouton report, in particular providing for an annual review of Board membership, organization and operation.

Backing up these bylaws, a Directors' Charter defines the rights and duties of Board members. The Board has also defined rules governing the use and disclosure of confidential information. All those with permanent access to confidential information must consult a Compliance Officer before they exercise stock options or

undertake any other transactions concerning securities issued by a Group company to ensure that these are ethical and comply with all applicable rules.

Combining management and supervisory roles, the Board examines Group strategies presented to it by senior management and supervises implementation once they have been adopted. The Board must give its prior consent to all major decisions that may diverge from the strategy already defined. Finally, the Board is kept up to date on Group finances.

Honesty is the best policy

Is transparency the most important part of good corporate governance?

Rather than transparency, I would say that the most important thing is sincerity—meaning what you say. Transparency is about saying what you plan to do. That is now something no one can afford to neglect these days. Sincerity means going one step further and actually doing what you said you would. That is really fundamental to good governance.

How is Renault meeting the challenge?

Well, the first thing to emphasize is the shared commitment of management as a whole to the principles involved. In this, the Alliance with Nissan had a major impact in raising awareness of the

need for transparency and sincerity, which in turn has been an effective catalyst for progress. And in a highly complex international business context, you are bound to fail if you do not apply these principles.

How do transparency and sincerity work for the Alliance?

If we hadn't started out on a basis of mutual trust with our Japanese partners, the Alliance would never have become as successful as it is now. We see the rewards of sincerity every day. The agreement recently reached in Iran gives you another example. The Iranians' view of the relationship between government and industry is very different from ours, but we were sincere about our concerns—market forces, pollution control, product safety, operating margin, and so on. And by just being ourselves,

we got a hearing on most points and reached an agreement.

Would you say that a lack of sincerity could be expensive?

Whether you're talking about international business, financial communications, safety or product quality, if you're not being sincere, it very quickly becomes counter-productive—and there is a price to pay, as well as a complicated situation to manage. If you are sincere, the people you are dealing with feel it and the trust that inspires leads to mutual respect.

Do you think sincerity is going to become more important?

One thing is certain: customers want to know the whole truth about the car they buy. And that entails an ethical side to the design and production of our cars.

Christian Husson
Vice President,
General Counsel



Board Committees

Three Committees, each an integral part of the Board, assist the Board in the accomplishment of its mission and realization of its objectives.

▪ **The Accounts and Audit Committee**, presided by an independent director, reviews financial statements and considers the appropriateness of the related accounting methods. In 2003, the Committee met three times, with major items on the agenda including:

- consolidated financial statements of the Renault group and single-entity financial statements of Renault SA for the 2002 financial year and the first half of 2003
- proposed dividend for the 2002 financial year
- the 2002 balance sheet and its 2003 audit plan.

▪ **The International Strategy Committee** is concerned with Group business outside the European Union in its enlarged form, and reviews the international development strategies proposed by senior management. The Committee met

twice in 2003, with main subjects on the agenda including:

- a move into Iran
- strategic developments in Mercosur countries
- customer expectations and product positioning on international markets.

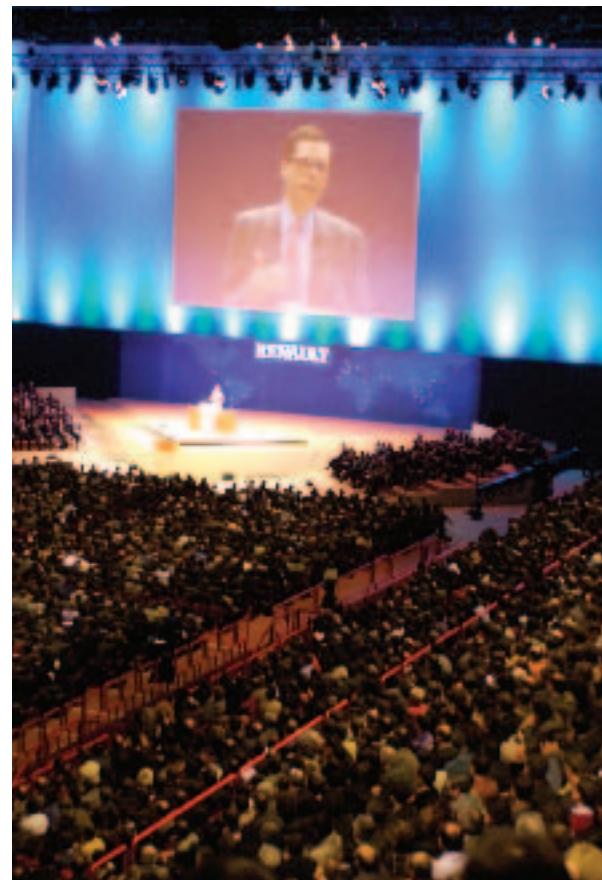
▪ **The Appointments and Remuneration Committee** makes a crucial contribution to good corporate governance. Comprising a majority of independent directors, it is responsible for all proposals to the Board concerning the appointment of new directors, the renewal of mandates at expiration, management compensation, and the allocation of stock options. The Committee met three times in 2003 with main items on the agenda including:

- stock-option plan for 2003
- proposed appointment of two new directors
- compensation of the Group Executive Committee and Renault Management Committee
- conditions for the attribution of directors' fees.

Code of Good Conduct

In 1998, Renault adopted a Code of Good Conduct, setting out rules for relationships with stakeholders inside and outside the Group. The Code, updated by the Board of Directors in 2002, is circulated to managers as well as suppliers. It covers issues that include personal safety, protection of the company's tangible and intangible assets, compliance with the law, environmental standards, respect for partners, supply and use of company funds, participation in community life and conflicts of interest.

An **Ethics and Compliance Committee** set up in 2000 monitors compliance with the Code and related developments and defines communications policies for the issues concerned. The Code of Good Conduct is backed by an Internal Audit and Monitoring Charter, circulated to managers, which sets out rules for the delegation of operational responsibilities.



Renault group managers meet on January 30, 2003.

Organization and risk management

Risk management is fully integrated in the Group's business processes. Organizations and procedures, as described in the Chairman of the Board's report on internal control, have been put in place for the identification, control, measurement —when possible—and treatment of risk relating to Group operations. These include market risk, operating risk and legal risk. Management of some forms of risk, in particular financial risk, is

centralized. A Risk Management Department is charged with continuing analysis of all kinds of risk that the business may face, at the same time favoring cross-company responses to issues of common concern and ensuring action plans are adopted as necessary. It reports to the Audit Department. Finally, the Accounts and Audit Committee is informed of the main risks and the findings of related audits.

Independent assessments

In 1998, Renault charged a specialized consultancy with a review of the membership, organization and operation of its Board of Directors. A second assessment was presented to the Board on February 27, 2001 and on October 22, 2003 the Board renewed the review carried out the previous year to assess its operation and scope for improvement.



An automaker's values are on show in the cars it produces.
And like the Mégane Coupé-Cabriolet here, all Renault
products testify to a powerful brand identity.

1 The Renault Brand—winning recognition for a strong identity



Renault is building its business worldwide.

In this, a powerful brand identity is essential to success. And as an established *créateur d'automobiles*, that is precisely what we have: an identity based on anticipating customer expectations and responding with innovative solutions. Along with the ability to inspire enthusiasm and passion.

Powerful identity

Créateur d'automobiles

A convincing brand identity is both reassuring and inspiring—standing for quality products with genuine appeal backed by outstanding customer relations. With Renault, motorists know they are buying a car that combines the very best in fundamentals: safety, roadholding, braking, robustness, reliability, performance and fuel consumption. But, each Renault vehicle must also have a special personality and illustrate in its own way the identity of the Renault brand.

Innovative design features reflect a constant drive to offer customers something extra, as exemplified by the daring lines of the Espace IV, a vehicle offering the exceptional roominess and modularity worthy of a standard-setter for MPVs on the European market for nearly 20 years. Similarly, the powerful sweep of the Mégane II body shows the strength that makes it the safest car in its category. The distinctive personality of Renault models is essential to the appeal of the brand and consolidation of its image, as their success with the public and specialists shows.

Kudos for Renault

Mégane II, named Car of the Year 2003, is far from the only prizewinner in the Renault line-up. Auto Plus readers voted Scénic II the best new model for 2003 after choosing Megane II in 2002. And Brazil's Quatro Rodas magazine named Clio, Clio Thalia (three-box version) and Scénic Best Cars in their categories for the third year running, while Clio won the highest marks for customer satisfaction. The findings published in Quattro Rodas were from a survey of owners of the 30 best-selling models in Brazil carried out by Research International, an independent organization recognized for its expertise in 60 countries. Renault Master took top place for light commercial vehicles, winning the Argus du Véhicule Utilitaire 2004 trophy awarded by a jury of 15 specialized journalists and professionals in France. In Germany, Megane II was named the preferred car for eastern regions at the Leipzig Motor Show and 110,000 readers of Auto Motor und Sport magazine voted Espace IV the world's best car in the MPV category, placing Clio and Twingo in the top three for their categories.



Espace IV—the European benchmark for large MPVs.



Scénic II: Outstanding safety is built into Europe's top-selling Mégane range.

The safest cars on the road

The outstanding active and passive safety performance of Mégane II and Scénic II reflect Renault's integrated vision of safety as an interactive system. Safety considerations are central to product design, with priorities coming under three headings:

- **Prevention**—helping drivers to anticipate risk and take all the action need to keep the likelihood of an accident to a minimum.
- **Correction**—helping drivers deal with difficult conditions or emergency
- **situations, correcting shortcomings without taking their place.**
- **Protection**—maximum protection for all occupants in the event of an accident.

The approach has proven its worth, since Renault's range is now Europe's safest. Five of our models have been awarded the top five-star rating in Euro NCAP crash tests—Mégane II Hatch and Sport Hatch, Scénic II, Laguna II, Vel Satis and Espace IV.

The Mégane II line-up— leading Europe



The Mégane range: Renault brought seven body styles to market in just 17 months, a major industrial feat and an innovative response to customer expectations.

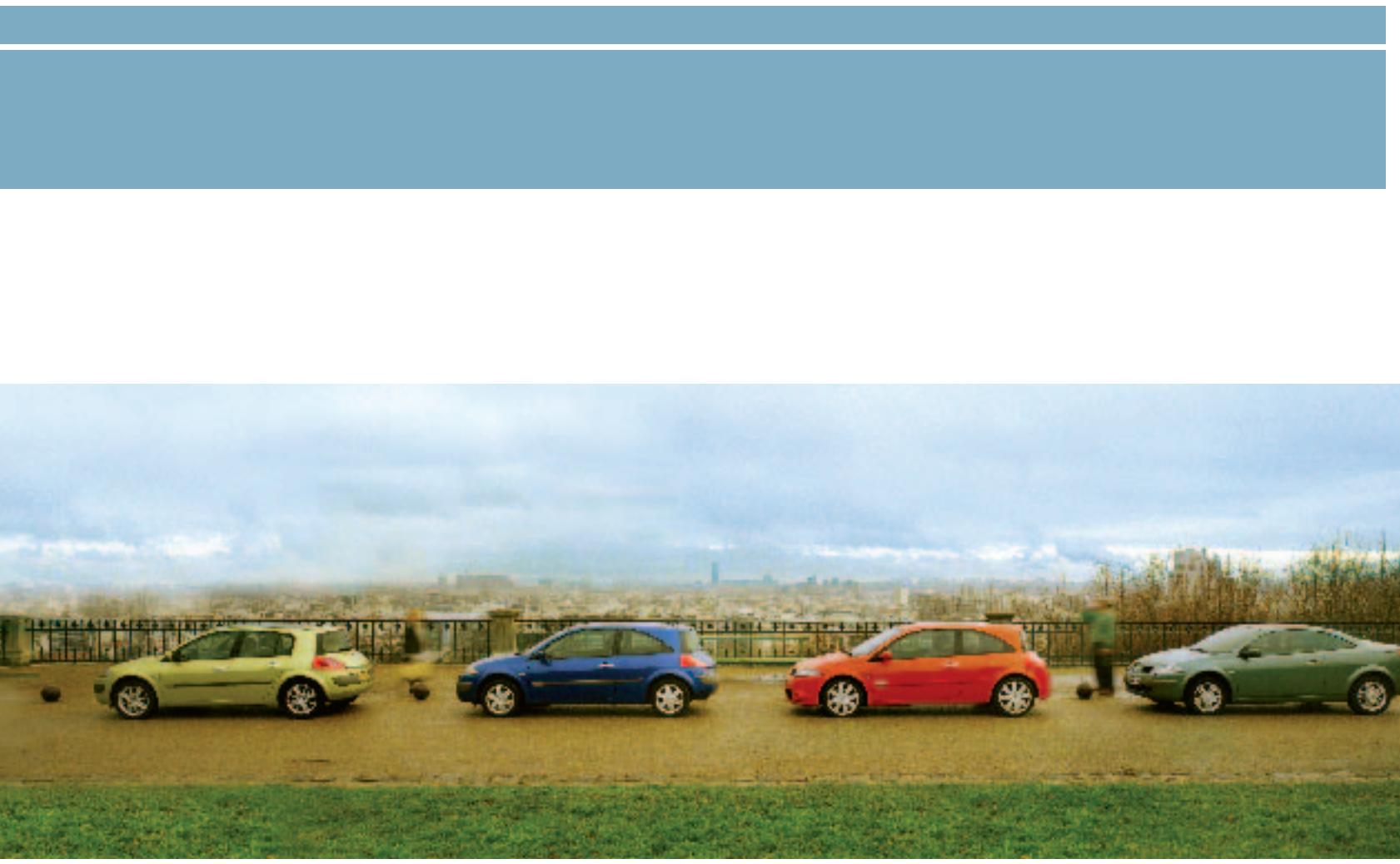
Take your pick

The Mégane II range has added five new bodies since the rollout of the Hatch and Sport Hatch versions in 2002. These include Scénic II, Grand Scénic (presented in 2003 and put on the market in early 2004), Mégane Coupé-Cabriolet, the Megane four-door sedan and the Mégane station wagon. Offering the widest choice in its class, the Mégane II range is well placed to win a healthy share of a segment that represents a third of the total Western European market.

- The five-seat Scénic II and seven-seat Grand Scénic—23 cm longer—offer the first-ever choice between two compact MPVs with different lengths, each combining the traveling comfort of an MPV with the driving pleasure of a sedan.
- The Mégane Coupé-Cabriolet breaks new ground in its class with a folding glass roof. This model is made at the Douai plant in France on the same assembly line as Scénic II and the Mégane II Hatch, and shares 63% of its components with them.

▪ Developed as an integral part of the project from the beginning, the four-door Mégane II sedan avoids the usual pitfalls of a new version with a trunk, which often looks as if something has been simply tacked on. Size, styling and cabin space give it the credentials of a vehicle from a higher segment.

▪ The Mégane station wagon, heir to the spirit of the Laguna station wagon, has a wheelbase 61 mm longer than the hatchback, a feature it shares with the four-door sedan version. This makes for easier access at the rear, as well as more cabin space and added luggage room. The Mégane station wagon is the roomiest car in its category.



Left to right : Scénic, Grand Scénic, Mégane Station Wagon, Mégane Sedan, Mégane Hatch, Mégane Sport Hatch, Mégane Renault Sport, Mégane Coupé-Cabriolet.

Safety first

The Mégane II Hatch, Sport Hatch and Scénic II all scored maximum five-star ratings in Euro NCAP crash tests, rewarding the strict safety requirements built into their development from the start. Design factored in the recommendations of the Laboratory of Accident Research, Biomechanics and Human Behavioral Studies, an organization

jointly funded by Renault and PSA. A reinforced structure with impact-absorbent areas and programmed crumpling make for optimal deformation in the event of impact, while the Renault System for Restraint and Protection (SRP) provides maximum protection for occupants in all seats.

International horizons

The Mégane II project was from the start intended for the international market, the aim being to generate 20% of sales outside Western Europe. The Mégane II station wagon and four-door sedan are already making a significant contribution to Renault's international expansion. The station wagon has great potential, notably in Northern Europe and Italy where this type of vehicle is particularly popular. The Mégane four-door sedan is well placed on markets outside Western Europe where sedans account for

a large share of the market. The international successes of these models is backed by the choice of production sites, with the Mégane station wagon made at the Palencia plant in Spain alongside the Mégane Hatch and Sport Hatch, while the Mégane sedan is made at Bursa in Turkey. A high proportion of components are manufactured locally. All told, the Mégane II range will be on offer in 75 countries, with sedan versions accounting for the bulk of sales outside Western Europe.

An eventful year for new products

Passenger cars

The new Kangoo switches category

New Kangoo moves closer to a sedan style specification, with a sleeker front end and greater interior comfort. New features include a more functional and plush dashboard, and customers can now opt for leather and cloth upholstery unlike any other vehicle in its category. Quieter, better equipped and offering a new 1.6 liter 16-valve engine with proactive transmission, New Kangoo also

factors in the same environmental policies as Mégane II, with 95% recyclable by weight.

The New Kangoo 4x4 is a full-fledged SUV. Offering all the added features of New Kangoo, it retains the same permanent four-wheel drive unit developed by Nissan. Together these features confirm Kangoo's leading position in the leisure activity vehicle segment.

Trafic Passenger and Trafic Generation go MPV

Trafic Passenger deserves its name more than ever with features that now include velour upholstery, floor carpets and adjustable driver seat and steering wheel. Air conditioning, heat-reflective windshields, air recycling and the Carminat navigation system are available as options. Trafic Generation, with room for seven people and their luggage, features a modular interior developed in partnership with French coach-builder Gruau. This includes two swiveling front seats, a fold-up table and a rear seat that can be used as a bed.



New Kangoo 4x4, on and off the road—an all-terrain SUV combining performance with efficiency.



Trafic Passenger and Trafic Generation redefine family travel.

An eventful year for new products

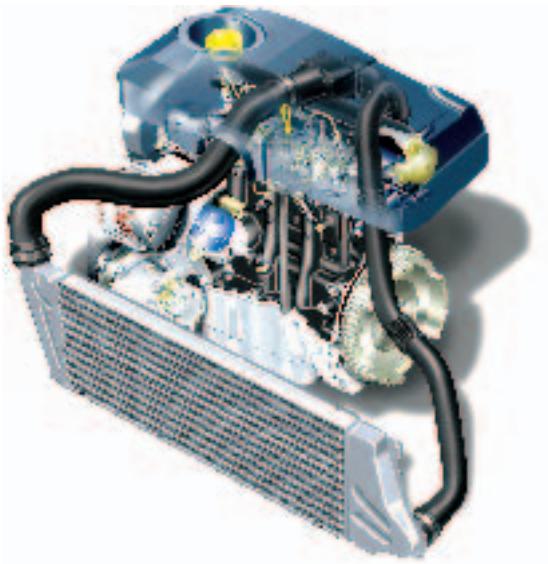
Light commercial vehicles

Master—a major overhaul

In addition to a redesigned front end, the new Master offers a choice of two new engines and a completely remodeled cab. The gear stick is now integrated in a redesigned dashboard. Powered with either the Nissan-sourced 3.0 liter dCi 140 or the Renault 2.5 liter dCi 100, the new Master has ABS as standard equipment and is the only vehicle in its category to offer emergency brake assist to go with it. Result: in 2003 Master remained the best-selling panel van in France.



New Master got a makeover in 2003.



K9K 1.5 liter dCi engine: powerful, fuel efficient and environmentally friendly.

Engines: demand for diesel on the rise

Two long-term trends continue to shape demand in the world's main markets. The first is the rising popularity of diesel power, especially in Europe. Car buyers are particularly keen in France, where diesel engines now account for over two-thirds of new vehicles sold. Second is the introduction of exhaust-emission standards requiring carmakers to hone existing expertise at every turn. With its additive-free particulate filter, designed first for the G9 and then for the F9 and launched in 2003, Renault addresses both developments. And the range of available power outputs

has increased, with a series of dCi engines providing greater power and torque including the 100hp 1.5-liter and 135hp 2.5-liter units. A programme now in progress will ensure compliance with the forthcoming Euro 4 environmental standard. Finally, in gasoline-powered engines, Renault has introduced a version of the F4RT 2-liter turbo engine for the Mégane Renault Sport. This combines 225hp with outstanding driving pleasure and an exceptional environmental performance for such a high specific output.



Be Bop and Be Bop

The Be Bop and Be Bop concept cars unveiled at the Frankfurt motor show add a new note of fun to the compact MPV concept in two interpretations—an all-terrain SUV and a sporting model. Two rear-hinged doors with no centre pillar make it easy to get in and out, while the interior is structured around a central arch to which seats are

anchored. The gearlever rises over this central arch, which houses the other main controls. The rear seats slide under the front seats at the flick of a switch, freeing space for luggage. Be Bop and Be Bop carry Renault's Touch Design ergonomics to new levels of sophistication, as exemplified by the steering wheel, with its "hand print" motif. Likewise, all controls suggest

their function and invite contact. On-board technology is unobtrusive: Key driver information (speed, engine revs, etc.) is shown on two superimposed LCD screens, while a third screen on a swivel base atop the dashboard displays other information—navigation guidance, music options and communications links.

Quality service—a strategic priority

New ways to buy a car

Growing customer demand for problem-free mobility and effective financial planning calls for the highest standards of quality at all times. Renault is rising to the challenges with moves that include a new approach to distribution.

Increasingly, the priority for customers is to be able to get around freely, rather than car ownership for its own sake. In response, Renault, via its subsidiary RCI Banque, has applied worldwide a broad range of financing options taking into account the differences in legal systems from one country to the next. In each case, the aim is to

give customers a clear view of costs—not only of the vehicle itself, but also of maintenance and possible replacement with another model in the course of the contract. Alternatives to traditional car loans such as leasing and contract hire are available in most countries in which Renault operates. Examples include Easyfin in Belgium and Multiestreno in Spain, as well as

similar options in Brazil and the Rombo plan in Argentina. In France, the New Deal offering launched in 2001 includes loans with a buyback commitment, leases with a purchase option and buyback clause, and contract hire. In 2003, New Deal contracts headed up sharply to account for a quarter of all sales to individual customers.



Reaching customers—Renault has the largest network in Europe.

Focus on expertise in sales and maintenance

Remodeling of the Renault sales network begun in the mid-1990s has shown its full effects with the application of new EU legislation from October 1, 2003. Despite some concentration, our network will remain large, with 12,000 outlets expected to be in operation in Europe in 2005. Under the new regulations, manufacturers can either take a selective approach, authorizing dealers on the basis of quality criteria and, in some cases, capacity requirements, or they can grant exclusive rights on a territorial basis. Renault has naturally opted for selective distribution, better suited to the development of a homogeneous network with the required professional know-how. Meeting Renault quality standards demands significant investment, not only in equipment and technology, but also in training. The remodeled network will continue to apply transparent pricing policies, in particular through flat rates for repairs, and offer a full range of

products. Maintenance and repairs are also naturally a crucial component of customer relations, and quality service is now available from 452 Renault Minute facilities offering on-the-spot repairs in France and 265 in other countries. The Renault Minute Bodyshops network, specialized in bodywork, is also expanding rapidly, with over 190 locations—half of them outside France—in operation at the end of 2003.

Other components of the Renault customer relations network include Business Centers for fleet managers and business customers, and Renault Assistance, one of France's leading providers of breakdown assistance. In other parts of Europe, Renault has forged alliances with local operators offering similar services. Finally, we have customer relationship service sections in 30 countries. In 2003, the French unit was rated the country's top customer service in a BearingPoint-TNS Sofres survey published in Le Point magazine.

Aftersales service comes into its own

Aftersales service is a priority at Renault, where a specialized department supervises networks worldwide to ensure that the necessary skills and equipment are applied to the maintenance of Renault vehicles. The shift from traditional mechanics to electronics and multiplexing makes this all the more vital. Today simply listening to the engine or inspecting components is no longer enough—the same problems may have a variety of different causes.

To meet the challenge effectively, Renault provides full training in new vehicle technologies through special seminars and ongoing programs. Support is also available from "Cotechs"—specially trained mechanics who provide expert advice as needed in the dealerships, in particular for the diagnosis of breakdowns. In 2003, 520 new Cotech positions were set up and the aim for 2004 is to add a further 600.

Improving standards of customer services is also factored in from the start of new development projects by vehicle and powertrain engineers. The objective is to design vehicles that can be easily repaired and ensure that any malfunctions are rapidly diagnosed using special tools. This marks an important new departure making life easier for both technicians and customers by offering a promise of quick and completely reliable repairs.



A new Renault dealership in France: easily identifiable, customer-friendly and contemporary.



A specialist in Colombia diagnoses a car's electronic systems.

Renault SITe—serving customers online

The Internet, like other forms of information technology, offers new opportunities to deploy strategies that consolidate Renault's competitive position. With Renault SITe, the group is the European leader in this area of e-commerce, with the monthly visits to its sites topping the two-million mark in September 2003. And expansion continues in other parts of the world, with sites now serving markets in Brazil, Turkey,

Russia, Japan and Australia. The benefits are two-fold, since sites raise customers' overall awareness of Renault while providing practical advice to those considering buying a new car. The results are highly promising. Two in-house surveys show that overall some 30% of requests for information lead to the sale of a new or used vehicle—irrespective of the brand—in the four months following initial contact.

2003 ranges



Espace



Vel Satis



Laguna



Laguna Station Wagon



Scénic



Mégane Hatch



Mégane Renault Sport



Mégane Coupé-Cabriolet



Mégane Sedan



Mégane Station Wagon



Clio



Twingo



Kangoo Car



Kangoo Van



Trafic



Trafic L2H2



Master



RENAULT SAMSUNG
MOTORS



SM3



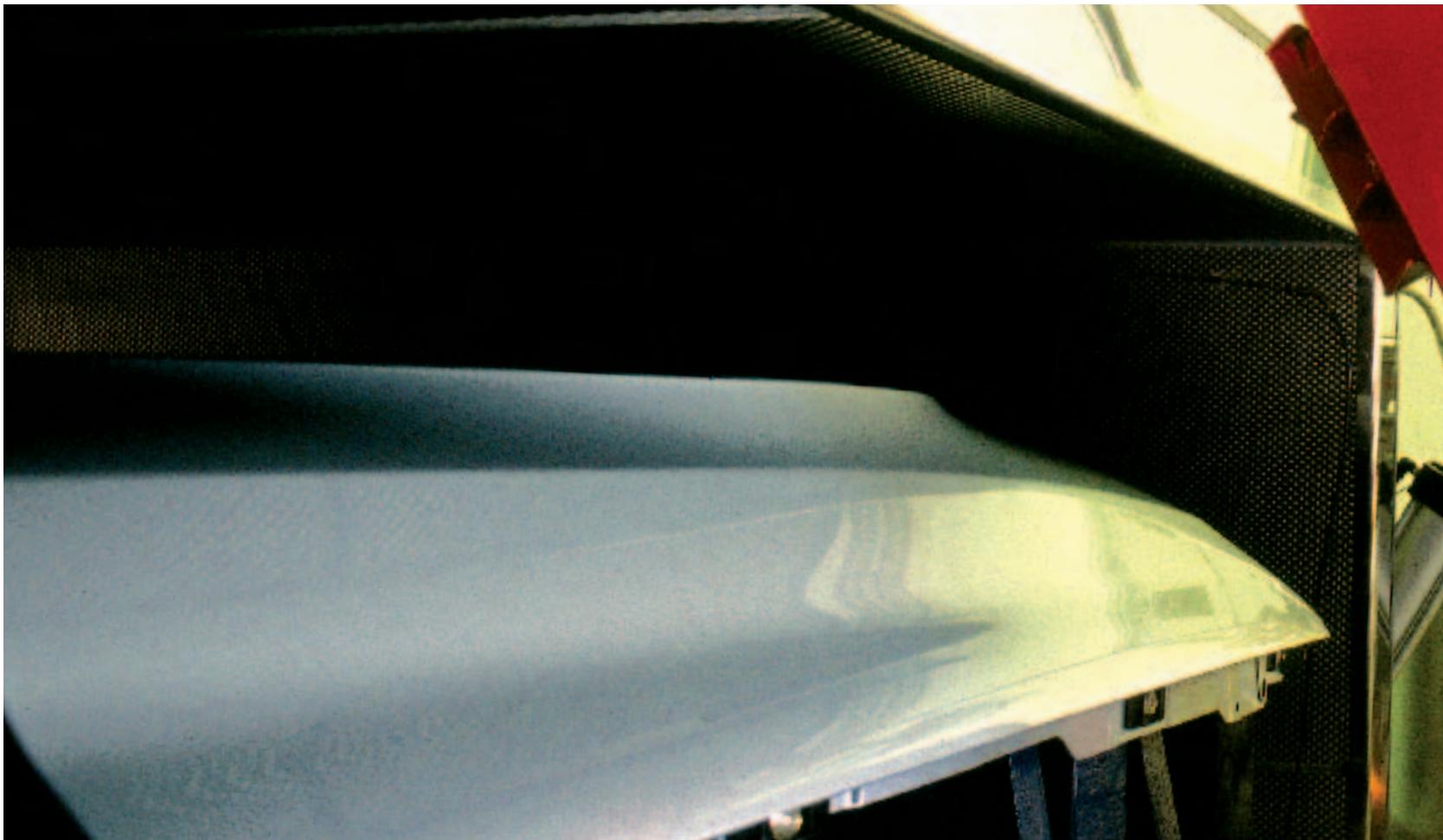
SM5



Solenza



Pickup



Competitiveness is built on quality, verified at every stage
of design, development and production.

2

Competitiveness: aiming to be one of the best



Competitiveness is an essential goal for any business.

And Renault's strategy for profitable growth calls for a constant drive to rank among the most competitive European manufacturers in every area of operation—in the Alliance it is building with Nissan, and through its ties to suppliers and other partners.

Keys to profitable growth

Quality

Renault's strategy for profitable growth requires an unwavering commitment to competitiveness in terms of quality, costs and delivery times.

Renault aims to constantly raise the quality and reliability of products and services, creating vehicles that meet ever-higher standards of safety, performance and innovation. In this, we build on the day-to-day commitment of staff at every stage in the vehicle life cycle, from design, development and production to sales, maintenance and repairs. Rewarding their efforts, the incident rate on new vehicles fell by more than 20% from 2002 to 2003, a trend that staff in our engineering offices and plants are intent on maintaining. Similarly, in aftersales new tools are helping teams to identify and remedy problems more quickly—and more effectively. All workshop personnel receive an EasyClip kit simplifying diagnostics, and new systems are being developed to allow experts to make direct online assessments of more complicated breakdowns. Renault aims to be the most competitive manufacturer on our markets in terms of quality, costs and delivery times, a strategic goal that also plays an essential role in our Alliance with Nissan. To achieve this, we are committed to the highest standards of quality and customer satisfaction at all times.



Quality control at the Douai plant in Northern France.

Suppliers: looking to the long term

Renault's aims for long-term partnerships with suppliers, building on agreed rules in areas ranging from finance and technology to working conditions, eco-design, life cycle

management, and more. Supplier relationships are also consolidated through the Suppliers' Council, which brings together Renault management and key suppliers

several times a year, as well as the action of the Renault Institute, which provides quality and management consultancy services, principally to Renault and its partners.

Costs

Cost reduction is central to Renault strategy. A first drive, which brought savings of €3 billion in three years, was renewed for the same period in 2001, targeting annual savings of €1 billion. It was completed successfully. The main focus was on purchasing, an area where savings have been achieved through closer partnerships with suppliers as well as the economies of scale generated by our Alliance with Nissan via the joint Renault Nissan Purchasing Organization (RNPO). But we have also made progress in production efficiency. This is confirmed in the Harbour Report on vehicle plant productivity for 2002, which shows an excellent performance from Renault.

Three of our assembly plants ranked among the five best performers in Europe, and the Valladolid plant in Spain is Renault's top plant with production time per vehicle averaging 16.1 man-hours. The same is true where powertrains are concerned: Renault is a leading contender with production times of 1.6 hours for the D7 engine and 2 hours for the D4 unit.

Other cost savings have been achieved in areas that include engineering, warranty costs, IT expenditure, costs linked to international transactions and general expenses.

RCI Banque: underpinning Renault's competitiveness

Wholly owned by Renault, the RCI Banque group succeeded Renault Crédit International on January 1, 2002. Its mission is to offer a full range of financing options and services to individuals, business

customers and the Renault and Nissan brand networks. In this, it backs the market development of Renault and the Alliance, financing over a third of Renault and Nissan sales, as well as international expansion. RCI Banque is

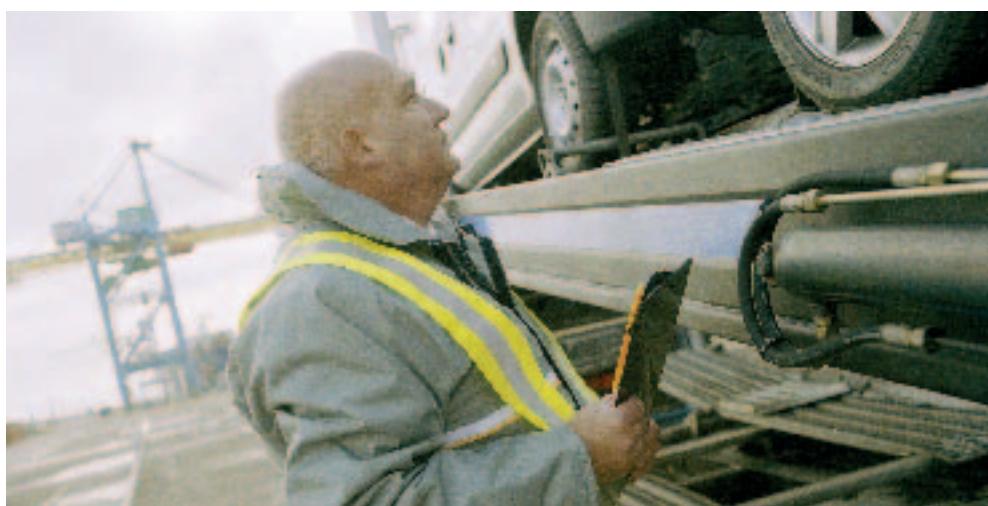
present in 18 countries in Western and Central Europe, in Argentina, Brazil and Mexico. RCI Banque also makes a highly significant contribution to the Renault group's operating margin (€367 million in 2003).

Time to market

The Mégane II Hatch and Sport Hatch were developed in just 29 months compared with 46 months for the previous generation, a performance that reflects effective streamlining of product development and production engineering processes. The Renault Technocentre has made a major contribution to this with a vehicle project approach based on the presence of design and engineering teams on a single site, ensuring greater efficiency and speedier processes. Reducing

time to market makes for financial savings, but also helps to leverage sales, since shorter development times mean quicker responses to shifts in demand. Vehicle production and delivery are also being speeded up. Renault is the only European manufacturer applying a deliver-to-order approach for its entire range under our New Distribution program. This is an effective means to make the most of an increasingly extensive range. The New Distribution project

has also helped to get cars to customers more quickly, with 100% of Twingos and Crios now reaching destination in under five weeks. In addition, schedules are more reliable since a full 85% of cars reach customers at the date announced at order compared with 60% three years ago. New Distribution has thus made for a significant reduction of inventories at both plants and dealerships—despite the inevitable rise when new models are launched.



Delivery times have been slashed.

The Renault-Nissan Alliance:

continued momentum

Five years on: an exemplary Alliance

The Alliance founded by Renault and Nissan in 1999 brings together two independent yet complementary companies, each with its own culture and brand identity, through a shared strategy for profitable growth and a community of interests. United for performances each has a direct interest in the other's results, since Renault holds 44.4% of Nissan and Nissan 15% of Renault (non-voting shares).

Renault and Nissan put their signatures to the agreement underpinning their Alliance on March 27, 1999. Five years on, this unique initiative has become a benchmark for the rest of the automotive industry. For the Renault-Nissan Alliance combines independence and mutual respect with a common strategy and shared interests—and in so doing has proved its ability to make a key contribution to each partner's competitiveness. Since 1999, complementary strengths have driven a host of shared projects from initial development to successful completion.

By the same token, these strengths—in technical and managerial practices, manufacturing, purchasing, and international deployment—have served shared goals for development based on sound finances. The results speak for themselves, with both finances and sales firming over the past five years, even as rising stock prices confirm investor confidence. These factors generated value-creating synergies from the very start, with joint projects getting under way in very short order in areas such as development, purchasing, production, logistics,

distribution and the cross-sourcing of powertrains. Today such initiatives are gathering strength. The results achieved by the Alliance and the scope for future developments these create are based on Renault and Nissan's joint commitment to work together and respect each other's culture. With an equity structure ensuring mutual benefits and strong organization, staff from both Groups have the commitment and resources to pool their skills in working towards a shared goal of profitable growth.



Nissan and Renault cars are assembled side by side at Nissan's plant in Aguascalientes, Mexico.



Working together pays off: a functional task team in action.

Structured cooperation

▪ **Thirteen Cross-Company Teams (CCT)**

bring together staff members from Renault and Nissan to explore scope for synergies between the two companies, overseeing their implementation. Nine Functional Task Teams (FTT) are charged with implementing the synergies.

▪ **The Renault Nissan Purchasing Organization (RNPO)**

is a purchasing subsidiary operating worldwide to generate savings, by sharing the purchases of both companies.

▪ **Renault Nissan Information Services (RNIS)**

is a subsidiary coordinating IT/IS teams to share information systems and telecommunications worldwide.

▪ **The Global Alliance Logistics Committee (GALC)**

monitors progress towards goals for international logistics

▪ **The Alliance Logistics Taskforce (ALT)**

acts as a coordinator and support unit for the Cross-Company Teams, reporting back to the Global Alliance Logistics Committee on opportunities for cost reduction.

Alliance Board members

Louis Schweitzer, President
Carlos Ghosn, Vice President
Pierre-Alain De Smedt
Georges Douin

François Hinfray
Norio Matsumura
Nobuo Okubo
Tadao Takahashi



Toolmakers from Renault Douai (Northern France) and Nissan examine tools to produce Mégane.

Progress in the Alliance

Common platforms and powertrains

Together, Renault and Nissan rank fourth worldwide in automobile manufacturing, with more than five million cars sold each year representing over 9% of the world market. Building on the complementary strengths of Renault and Nissan in sales and production, the Alliance enhances competitiveness for both partners. In 2003, cooperation made further progress, particularly in common purchasing through subsidiary RNPO, which showed a vigorous rise.

Two of the three common platforms developed by Renault and Nissan are now on the road. The B platform launched for Micra, will be used for the next Clio, while the C platform—first introduced for the Mégane II range—will be used for Nissan's future mid-range model in Europe, and the next Primera will share the D platform with future Renault models in the D/E segment. Preparations for common sourcing for the Alliance's D platform began through RNPO in 2003. The aim is to have ten common platforms serving all Alliance vehicles by the end of the decade. Progress to date puts this goal well within reach.

At the same time, the move to share powertrains is gathering momentum.

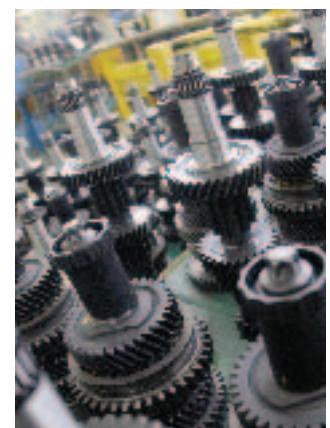
- Renault for Nissan: the two versions of Renault's K9 diesel engine and the JR and JH gearboxes equip Nissan's

Almera and Micra. Similarly, the F9 engine equips the Primera, while the Clio sedan produced in Mexico under the Nissan Platina name is powered by the K4 gasoline engine coupled with the JB gearbox.

- Nissan for Renault: Vel Satis and Espace IV are already fitted with Nissan's V6 3.5 liter gasoline engine. Mégane II uses the Nissan ND six-speed transmission and the four-wheel drive version of Kangoo a Nissan hydraulic coupling. Since the end of 2003, the four-cylinder common rail diesel unit used on Nissan's Patrol and X-Terra has also equipped Renault Master and Mascott vans.

Shared efforts are also preparing for the future. Renault's Powertrain Engineering Department and Nissan's Research Department are working together on the development of traditional

powertrains. Among other things, projects concern infinitely variable transmissions, variable compression engines, after-treatment of exhaust emissions, and homogeneous combustion. Advanced technologies in areas including hybrid drive units, fuel cells and telematics are also important themes.



Gearboxes are just one of the components shared by the Alliance.

Joint production

Sharing of best practices, particularly in production, is a key goal of the Alliance. Renault thus gave Nissan the benefit of its expertise in production ergonomics, at the same time drawing on Nissan's experience to enhance the Renault Production Way. Since January 2003, the Alliance's AVES vehicle evaluation system has replaced the

traditional AQR quality rating system at all Renault sites. Common systems are an important factor in the development of cross-manufacturing operations, as many examples already show. In Mexico, Nissan assembles Scénic and Clio and markets the Clio sedan under the name Nissan Platina. In Europe, the X83 compact van, developed

by Renault and GM Europe, is also assembled by Nissan in Spain. It is sold under the Renault Trafic, Opel and Vauxhall Vivaro and Nissan Primastar nameplates. And in Brazil, Renault assembles Nissan Frontier and X-Trail, while Nissan markets Renault Master vans under the name Interstar.

Sharing expertise

The Alliance's success is in large part attributable to the exchange of personnel, a process directly involving some 300 staff members including senior managers, engineers and other experts. This concerns:

- exchange of expatriates between the two parent companies to share best practices and consolidate expertise in key areas, at the same time fostering mutual understanding.
- participation of expatriates in Alliance projects for the development of common platforms, engines and transmissions.

- employees in joint subsidiaries (Renault Nissan Purchasing Organization and Renault Nissan Information Services).
- inter-regional staff exchanges.

Overall, operations of the Alliance concern a much larger number, with several hundred people working in Alliance structures, many in organizations such as Cross-Company Teams and Functional Task Teams.



Mexico shows the way

Nissan plant in Aguascalientes (Mexico).

Cooperation between Renault and Nissan is on an exemplary scale in Mexico, where shared production concerns Renault's Scénic and Clio, and Nissan's Platina—the last based on the Clio sedan. Joint sub-

sidiary Renault Nissan Purchasing Organization operates on the spot and shared back-office structures are expanding with a steady rise in Renault sales outlets, two-thirds of them owned by Nissan dealers.

Each progresses, drawing on the other partner's best



Odile Desforges
Chairman and
Managing
Director, Renault
Nissan Purchasing
Organization

How does RNPO contribute to Group performance?

RNPO buys parts on better terms and when a function is handled by RNPO, decision-making is quicker—not only for common technical specifications, but also for the choice of suppliers. The same goes for negotiations with suppliers. RNPO gives Renault and Nissan common access to all suppliers, internationally, with opportunities for shared sourcing in all parts of the world. In this type of structure, results are what really count, helping Renault and Nissan develop the common procedures needed to achieve their goals. And the underlying dynamics ensure that each partner progresses, drawing on the other's best.

What has been the biggest benefit for Renault?

Raising quality standards on incoming parts in plants to the same level as at Nissan.

And for Nissan?

Progress has mainly been in business economics, with new tools offering a better understanding of cost structures.

Where did RNPO make most headway in 2003?

We continued to move ahead with the second stage in the development of RNPO with 43% of purchasing in common. We also defined common strategies and selected a common

supplier base. Suppliers have welcomed the resulting clarification, as has been confirmed by those interviewed in a survey we conducted. They consider RNPO one of the most effective purchasing organizations in the automobile industry, resulting as it does from a process that is clearly defined, transparent and based on objective criteria.

How do you ensure overall cohesion between RNPO and purchasing teams at Nissan and Renault?

I am responsible for both RNPO and purchasing at Renault, and my opposite number at Nissan has the same dual role. We each ensure that the direction taken at RNPO matches purchasing strategies in the business we represent. In particular, we ensure that RNPO keeps to quality and price criteria set by Renault and Nissan.

What will be the main focus for RNPO in 2004?

Since January 2, 2004 we have moved into the third stage for RNPO, with 70% of purchasing turnover now on a common basis. In addition to vehicle parts, RNPO now also handles purchases of machinery and equipment, plus all aspects of logistics. With this new stage, we will be extending RNPO's reach to all countries where Renault and Nissan have common production facilities. We will be a truly global organization with an integrated management structure.



In 2003 over 23% of Renault sales were outside Western Europe.
Here Mégane in Turkey.

3 Building a global group



Today Renault is a French group with worldwide reach
through direct moves into new markets, associated brands
Dacia and Renault Samsung Motors, the Alliance with
Nissan and our interest in AB Volvo.

Reinforcing positions in Europe and worldwide

Leading the field in Western Europe

In 2003, Renault held onto a steady 4.1% share of the world market, at the same time consolidating its ranking as Europe's number-one brand for passenger cars and light commercial vehicles. Expansion outside Western Europe continued with a 9% rise in sales, reflecting firm trends in Central and Eastern Europe, recovery in Turkey, growth at Dacia and a healthy showing from Renault Samsung Motors in Korea. Expansion of production facilities went hand in hand with sales growth, with active contributions from Renault group brands Dacia and Renault Samsung Motors. Finally, as the principal shareholder of the AB Volvo group, Renault has a significant stake in the world truck market.

While the automobile market contracted 1.6% in Western Europe, the Renault brand ranked first for passenger cars for the second year running. Number one in France, Spain, Portugal and Belgium, we count among the top three brands in the Netherlands, the United Kingdom, Italy and Austria. Renault is also number one in Europe for diesel vehicles, with 13% of the market.

In 2003, Renault took 10.6% of the Western European market for passenger cars, registering 1,504,454 units.

In France, we confirmed our number-one spot with 546,014 new registrations representing 27.2% of the market. Mégane and Clio were the best and second best-selling models on the market, respectively. Including Laguna and Twingo, four Renault models counted among the ten most popular on the French market in 2003.

Renault is also number one in Spain with 12.7% of the market, in Portugal with 14.6% and in Belgium with 11.7%. The top import brand in Germany for the fourteenth consecutive year, with 6.3% of the market, Renault counts among the top three in the Netherlands, the UK, Italy and Austria.

In the small passenger car segment, Clio turned in another strong showing, ranking second in Western Europe with 460,000 sold, accounting for 3.3% of the total



Renault and Dacia: two separate sales outlets managed by the same dealer, near Bucharest (Romania).

market. Twingo held onto its top slot for small city cars, and Kangoo, now in a new phase, took first place in the leisure-activity vehicle segment.

In mid-range cars, Mégane beat expectations with a 16.5% rise in volumes making it the best-selling car in Western Europe with 4.1% of the market. Number one in France, Spain, Portugal and Belgium, Mégane is making strong gains in other markets and counts among the top three in the Netherlands and Austria. Scénic II, which reached showrooms in June 2003, took over 23% of the European market for compact MPVs. The Coupé-Cabriolet, station wagon and sedan versions of the Mégane launched at the end of 2003 reinforce Renault's position on this strategic segment.

Further up the range, Espace IV sales rose 30.6% from 2002, with the high-spec version accounting

for nearly half the total. Espace maintained its leading place in the large MPV market in Europe, with 19.1% of the segment. Laguna was again third among volume manufacturers' models on a segment that showed a marked decline in Europe. Finally, Vel Satis recorded 13,300 registrations, benefiting—like the Espace—from a high-end version mix. For the sixth year running, Renault also held onto its top share of the market for light commercial vehicles, which contracted 3% over the year, with 267,700 new registrations representing a 15% share. Renewed in spring, the Kangoo Express was the best-selling small van in Europe, taking 23.6% of the market in its segment. With Trafic sales up 20% and Master holding on to its top place on the French market, Renault took fourth place on the compact van market with an 11.2% share.

Healthy growth in Group sales outside Western Europe

Renault sales outside Western Europe rose 9% in 2003.

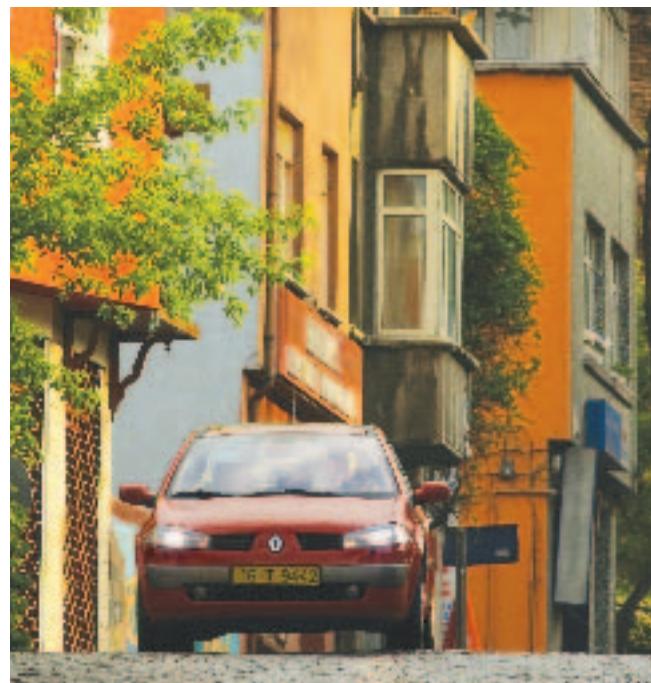
In Central Europe, where market growth reached 11.5%, Renault consolidated its number-two place behind Skoda. Ranking first in Slovenia and Croatia, Renault posted gains in its share of the Polish market.

In Eastern Europe, Group sales were up 17.1%. In Russia, they reached a new record, reflecting the success of the Clio Symbol, while in Turkey Renault reaped the full benefit of the strong market recovery, raising sales 160.2% and accounting for 15.7% of the market for passenger cars and light commercial vehicles.

Market performances were patchier in Latin America. In Mercosur countries, Renault, like other manufacturers, continued to face extremely difficult conditions. In Brazil, we held onto our number-five place with 4.3% of the market. In contrast, sales rose sharply in Mexico, where they were up 17.3% to 16,116 units, as well as in Colombia, up 9.3% to 16,950.

Sales in the Asia-Pacific area reached 123,758 units, driven by a good performance from Renault Samsung Motors in Korea.

Finally, total sales in northern Africa, other parts of Africa and the Middle East edged up by 1.9% to 69,735 units, with gains recorded in South Africa and Morocco.



Mégane on the streets of Istanbul (Turkey).

Renault group sales worldwide

(cars + LCVs, units)

	2002	2003	Change %
Renault group of which	2,404,977	2,388,958	-0.7 %
▪ Renault	2,230,103	2,208,900	-1.0 %
▪ Renault Samsung Motors	117,085	111,431	-4.8 %
▪ Dacia	57,789	68,627	+18.8 %
Western Europe	1,870,344	1,806,443	-3.4 %
Rest of the world*	534,633	582,515	+9.0 %

*Central and Eastern Europe (including Russia and Turkey), Asia-Pacific, Latin America, Africa-North Africa-Middle East.

Renault Samsung Motors— on course for growth

A growing range

Renault Samsung Motors continued the development begun in 2000, moving into the second stage of its strategic business plan. By 2010 this aims to contribute significant volumes to Renault group production, including output for exports.

Renault Samsung Motors sales, mainly on a domestic market that suffered a steep 18.7% fall in 2003, declined a much more moderate 4.8% to 111,431 units. Support came from the launch of the SM3, which took 14.3% of the market in its segment, along with the continuing success of the SM5

sedan, with sales of the latter topping 350,000 units. The two Renault Samsung Motors models have thus proven winners on the Korean market, rewarding high levels of quality, reliability and safety—and helping to establish Renault Samsung Motors' image as a youthful, modern brand with

up-market status. Driven by steady growth in its sales network, with the number of outlets up from 39 in September 2000 to 151 in July 2003, as well as expansion of the range, Renault Samsung Motors enjoys promising near-term prospects with a major model launch planned for 2005.



Samsung SM5 has acquired an excellent reputation for quality.

Quality production facilities

In pursuing its strategy for growth, Renault Samsung Motors benefits from a key strength—the quality of its Busan factory. Opened in 1996, this highly efficient plant now has an annual capacity of 260,000 vehicles built to the most demanding standards of quality. As a vehicle manufacturer in

its own right, Renault Samsung Motors also draws strength from its own technical center and styling department. All told, the company—which also benefits from synergies with Renault and the Renault Nissan Alliance—is well placed to become the main hub for Renault's business in the region.

Dacia readies an entirely new range

Solenza launch

Marking a first step in the renewal of the Dacia range, the Solenza is the standard bearer for a new visual identity with a blue shield topping a V-shaped radiator grill. Renault aims to sell 200,000 of these cars by 2007, with exports accounting for a quarter of the total. Dacia invested €40 million in the launch, including €30 million for model-related investment. Since its launch in April 2003, Solenza has won a top 22.1% of the Romanian passenger car market.

Backing up expansion, on May 19, 2003, Dacia opened a new distribution center near its Pitesti plant to supply all Dacia dealers in Romania and its distributors in other countries with spare parts and accessories. It will later also take over local distribution of parts and accessories for Renault and Nissan brands in these markets.

X90 poised for market

X90 is a key component of the Group's growth strategy. Featuring attractive, modern design, X90 combines reliability and roomy on-board comfort. The size of a family sedan, it is well equipped and highly affordable, with prices starting at €5,000 in Romania, making it well suited to target markets. With development of the powertrain and rolling chassis drawing on Renault expertise, X90 will use a platform derived from the Alliance's B platform. Production is scheduled to start up in the summer of 2004 at Dacia's Pitesti plant in Romania. It will then be assembled in Russia, Morocco and Colombia. A major project is also planned in Iran.

Dacia sales totaled 68,627 units, up 18.8% from 2002, rewarding the success of its new Solenza, which accounted for 42% of the total. Dacia has also benefited from firm trends for other models in its range, while exports reached 11,292 vehicles or over 16% of unit sales. The forthcoming launch of the X90, targeting new markets, will mark a fresh stage in the development of the brand.



Dacia Solenza.

Winning a place on new markets

Production of the X90 , initially centered on Romania, will also call on sites in Russia, Morocco, Colombia and Iran

Renault is expanding production and sales operations beyond Western Europe, moving into new automobile markets. In 2003, important agreements paved the way for the launch of X90, a car specifically designed to win over customers on these markets.

Russia: targeting annual sales of 60,000 cars

Sales of Renault vehicles rose 38.8% to 11,357 in a fast expanding market. Growth is running at an average annual rate of 10%, with vehicles under \$10,000 accounting for over 80% of the total. Favorable trends in the economic, regulatory and political environment

have led Renault to speed up development in Russia, where it has been present for the past five years. To this end, it will be investing €230 million to make and market the X90 in the country, starting in mid-2005. Renault's medium-target is to sell 60,000 imported and locally assembled cars a year.

Morocco: building on long-standing ties

On July 26, 2003, Renault signed a memorandum of understanding with the Moroccan government for the acquisition of a further 38% interest in Somaca (Société Marocaine de Construction Automobile), raising its total interest to 46%. Under a second agreement, Somaca is also to assemble the L90, the three-box version of X90, from the end of 2005. Output is expected to reach 30,000 a year, with half going to export markets. In 2003, Renault sold 8,348 cars in Morocco, representing 16.7% of the market.



The L90 will be assembled by Sofasa in Colombia.

Colombia: expanding commercial and industrial presence

The Colombian market continued the recovery begun in the previous year. Renault benefited with sales up 13.8% to 16,950 cars compared with 15,515 in 2002. We have a long-standing presence in the country, where Sofasa, in which Renault acquired a majority interest (60%) in 2003, has assembled cars including Twingo, the Clio sedan and hatchback and the Mégane sedan since 1970. The number-two manufacturer in Colombia, Renault plans to step up its operations with Sofasa, which will be assembling X90s for Latin American markets from end-2005 on.

Iran: a highly promising market

Car ownership is particularly low in Iran, vehicles are generally old and the population is young, which means the market combines the key factors for strong growth. On October 27, 2003, Renault Chairman and C.E.O. Louis Schweitzer and Reza Veyseh, Chairman and C.E.O. of IDRO, the Iranian public body in charge of the automobile industry, signed a framework agreement for the production and sale of the X90. Under the agreement, which is to be finalized in mid-2004, a joint company is to be set up in which Renault will hold a 51% interest. The remaining 49% will be owned by AID Co, in turn jointly owned by IDRO and Iran's two main

automobile manufacturers: Iran Khodro, the largest manufacturer in the Middle East, and SAIPA. From 2006 on, Iran Khodro and SAIPA plants will be turning out vehicles under license using the X90 platform. Initial capacity of each will be 100,000 units a year. Assembly will involve both imported parts and components supplied locally by the joint venture, which will thus operate as a full-fledged automobile manufacturer. Iran Khodro and SAIPA will distribute the cars through their networks. A second assembly plant could be set up through the joint company if the development of the Iranian market warrants this.



The agreement signed on October 27, 2003 opens the way for expansion in Iran.



Renault, largest shareholder in the AB Volvo group

In 2003, Renault got the full benefit of the strategic agreement signed with AB Volvo in July 2000. Renault is AB Volvo's largest shareholder with a 20% equity stake. The group is the world's number-two maker of trucks, which it sells under the Volvo,

Mack and Renault Trucks brands. AB Volvo's operations also include buses, marine engines, construction industry equipment, aerospace components and financial services. In 2003, the group continued its development, posting a sharp rise in financial results, with

operating margin for the first nine months of 2003 double that recorded full year in 2002. Through its interest in AB Volvo, Renault maintains a presence in the truck sector, at the same time enjoying significant financial benefits.

Formula 1: world class competition

Renault's strong performance in Formula 1—a sport tracked by media around the globe—is a powerful catalyst for international development of the brand

- **Malaysia:** Alonso 3rd
- **Brazil:** Alonso 3rd
- **Spain:** Alonso 2nd
- **Germany:** Trulli 3rd
- **Hungary:** Alonso 1st
- **88 points**

The Renault F1 Team made progress throughout the 2003 season, gaining momentum to score points in all Grand Prix events except one. The team scored

podium finishes in five races, including a victory for Fernando Alonso in Hungary—more than meeting its objectives. This augurs well for 2004, when Renault F1

Team Chairman Patrick Faure is targeting a top-three place in the championship for constructors.

Fernando Alonso "Moving ahead with the Renault F1 team"

from an interview published in monthly house magazine Global (March 2003)

How difficult was it to switch from test to Grand Prix racing?

There are more people and there is more organization. More at stake and more media attention, too. But most importantly, more opportunity to progress.

What do you think of the new organization in Formula 1?

I'm happy with it. Especially the qualifying format. I was used to that

in go-kart racing and I did fairly well. I like the idea of direct competition where conditions are the same for everyone [Fernando Alonso drove in go-kart races for ten years].

Some people see you as the new star. Does that affect the way you go about things?

I am just a racing driver who has a chance to take advantage of a rare opportunity with a big team. That's it.

Of course, I know what I can do, but I don't make a big thing out of it. My aim is simple — moving ahead with the Renault team. And going as far as we possibly can.

How do you get on with Jarno Trulli?

Like a house on fire. He is someone special. It could be that we share a Latin temperament. Whatever it is, we have no trouble understanding each other, on or off the track.



Renault — an undisputed place among the top four F1 teams



Patrick Faure
Chairman,
Renault F1 Team

What would you say about the 2003 season?

We finished on the podium in five Grands Prix, and we scored points in every race except one—which means that we more than achieved our goals. Of course, the biggest thrill was winning the Hungarian Grand Prix with a 100% Renault car driven by Fernando Alonso, a talent we identified only four years ago. Today Renault has won an undisputed place among the top four F1 teams.

Concretely, what does Formula 1 do for Renault?

Renault Chairman Louis Schweitzer took the decision to come back to Formula 1 racing on the basis of its implications for Renault's objective of selling four million cars a year by 2010. To achieve that sort of volume, we have to look beyond our traditional markets and identify opportunities in regions including Asia, Africa and the Middle East. The profile of Formula 1 and the attention it attracts make it an ideal vector for geographical expansion. This is especially true as races are now

more often in the countries we are targeting. Venues for 2004 include China and Bahrain, and in 2005 there will be a Grand Prix in Turkey. In addition, F1 is a powerful source of motivation not only within the company, but also for the distribution network, suppliers and even our customers. There is a feeling of pride when Renault scores a success.

What does Renault hope to achieve in 2004?

We are targeting a top-three place in the championship for constructors—which is an ambitious objective over 18 races. At the end of the season we have to be well up the rankings and ready to win the championship in 2005.

And, along with Flavio Briatore, we are keen to emphasize what distinguishes the Renault F1 Team from the cold, high-tech image embraced by other teams. Our aim is to bring Renault's core values into Formula One racing. And to develop awareness of our brand, communications will keep pace with our victories on the track.



Renault F1 Team turned in a highly promising performance in 2003.



Operating worldwide, Renault makes an active contribution to quality of life at local level. One example: the Safety for All program for children aged seven up.

4 Values underpinning growth



Renault's strategy for profitable growth is rooted in a corporate culture and strong core values.

By nature aiming for the longer term, this strategy cannot succeed if it is not applied responsibly, which means with respect for people and the environment. This responsibility is central to Renault values, illustrated by dedication to the highest standards of safety, demanding environmental policies and continuing initiatives to benefit the community at large.

Safety:

a fundamental commitment

An integrated approach

Renault has made safety an essential priority for over thirty years. Today, five of our models have won top five-star ratings in Euro NCAP crash tests, and Renault is a recognized standard setter for safety. In this, concerns go beyond product features to include driver education, responsibility and awareness of safety issues.

Renault's commitment to safety integrates four inseparable concerns: preventing risk, correcting difficulties, protecting vehicle occupants and educating drivers.

■ **Prevention:** Renault vehicles are designed to keep potential risk to a minimum. They are recognized for exemplary handling and road holding, and are considered benchmarks in braking and ergonomics.

■ **Correction:** In difficult or emergency conditions, the driving aids fitted to Renault vehicles (ABS, emergency brake assist, ESP) correct any driving errors, without ever becoming a substitute for the driver.

■ **Protection:** In 2003, Renault's investments in passive safety came to €100 million. A longstanding commitment in this area is reflected in the fact that five Renault models have won top five-star ratings in Euro NCAP crash tests. A stiff structure keeps the cabin intact while occupant restraint systems limit the load applied and, by the same token, the danger of injury.

■ **Education:** Renault is committed to raising motorists' awareness of the risks of driving. Renault is also behind a Europe-wide program for schoolchildren aged from seven up, helping to make the drivers of tomorrow more aware of their responsibilities. In addition, the Kids on the Road kit developed by Renault for distribution to primary school teachers, has so far provided nearly five million children with an average of six hours of road safety education.

Building staff support for safety

June 2003 was Road Safety month for Renault staff in all countries, calling on each individual to become a road-safety ambassador. Launching the program, on June 5 Renault Chairman Louis Schweitzer and French Transport Minister Gilles de Robien signed an agreement for partnership in road safety. Renault gave a three-year undertaking to participate in efforts to encourage safe driving and to market vehicles with high standards of safety equipment. A copy of the Renault

Driver's Charter accompanied by a letter from Louis Schweitzer was then personally addressed to each staff member. Special displays and events were organized to raise road-safety awareness at all sites in France and other countries. Altogether, 30 countries were involved in the program, which put special emphasis on bad driving behavior to be avoided. Initiatives continued throughout the rest of the year, underscoring the importance of new attitudes on the road.



French Transport Minister Gilles de Robien and Renault C.E.O. Louis Schweitzer.



Express Yourself posters raise teenagers' awareness of road safety.

New safety-awareness initiatives for young people

As part of Renault's policy of raising youngsters' awareness of safety on the road, nearly 3,000 primary school classes—65,000 pupils in nine countries—took part in our third international Safety for All competition. In 2002–2003, participants developed and presented their ideas on the theme

Kids for Road Safety. In 2004, the program will be extended to secondary school students aged 12 to 15 under the name Express Yourself. This Europe-wide initiative is a further illustration of Renault's integrated approach to safety.



Five cars in the Renault line-up have won Euro NCAP's top 5-star rating.

Top marks for safety

Following the examples of Laguna II, Mégane II and Vel Satis, Espace IV and Scénic II have won five-star ratings in Euro NCAP crash tests. Espace IV achieved a record 35.11 points out of a possible 37, making it the safest car on the road in any category. Scénic II is the first car in the C segment to top the 34 mark, coming in with 34.12 points, as well as the only compact MPV to win a five-star rating from Euro NCAP. In the frontal collision test, it scored 15.12 points out of a possible 16, the best score for a car of any type.

Technology for continued progress

Scénic II showcases Renault's latest progress in passive safety. Designed using new types of steel, the body responds to impacts in a way that protects the cabin from any intrusion. A larger A-pillar, stiff B-pillar and fuel tank housed in a deformation-protected zone all contribute to this programmed deformation and anti-intrusion strategy. Scénic also features the third-generation Renault System for Restraint and Protection, which has equipped all vehicles since Laguna II. This includes airbags with two inflation levels, safety belts with dual pretensioners, and load limiters—400kg in the front and 600kg in the rear. All of Scénic II's safety features are designed to ensure the same optimal level of protection to every occupant, all the more impressive in that they cover a wider array of impacts than those measured by the Euro NCAP crash tests.

The same level of safety throughout the range



Jacques Faure
Passive Safety
manager

Regarding safety, what were the highlights of 2003 for Renault?

The Scénic II and Espace IV MPVs both won top five-star ratings in Euro NCAP crash tests, so Renault now has five models with this distinction. That makes it a clear leader in passive safety.

What explains this strong performance?

Most of all it's a matter of dedication. Road safety is an integral part of Renault's commitment to good corporate citizenship and sustainable development. Our achievements in this area reward the contributions of all sectors of the company. Naturally, an important part of this is close tracking of accidents on the basis of analyses by the Laboratory for Accident Research and Biomechanics so that we can see how effective our equipment really is in real-life situations.

How can passive safety be further improved?

By offering the same level of safety throughout the range. Obviously that is no easy task, considering the economic and design constraints for smaller cars. But we have already come a good way down that road. It's also worth noting that our concerns are not limited to Euro NCAP crash tests, since we are working on a number of subjects which that organization does not take into account. They include safety in rear seating and adaptation of restraint to the severity of impacts and the bodyweight of occupants. We are also working to improve the crash compatibility of vehicles. And of course we pay a lot of attention to driver behavior and responsibility. In this area, a significant development is that cruise control/speed limiters are becoming increasingly common as standard equipment or as an option. We are constantly working on systems to help drivers, but not to take over from them—they always have the final say.

Human Resources: harnessing talent for a winning strategy

Recruiting the best

Internationalization of the Group and the momentum of the Alliance with Nissan mean rapid and far-reaching changes in organization and the way we go about our business. Which makes the men and women at Renault more crucial to success than ever. By the same token, performance and long-term growth hinge on effective human resource policies. At Renault, these center on anticipating future needs, attracting and motivating talent, and sharing information.

Human resource planning at Renault is based on a group-wide approach aimed at identifying and building the skills needed to implement strategies over the

coming ten years. In 2003, over 5,000 people were recruited worldwide, including 1,965 by Renault s.a.s. as part of a general drive to renew competencies. Since

2000, over 21,000 people have joined the Group, providing support for growth and lowering the average age of the workforce. This trend should continue in 2004.



Jean-Michel Kerebel, Vice President, Central Human Resources: Working together is the key to dynamic HR management.

Backing international expansion

Renault human-resource policies place special emphasis on inter-cultural understanding and staff motivation to underpin international growth and the development of the Alliance with Nissan. In 2003, international recruitment accounted for 23% of

the total (9% in 1999). Similarly, languages and cross-cultural themes are a focus of training. Renault has implemented a company-wide training program to upgrade the English language skills of managerial staff.

Training is essential to meet the challenges of change, enabling the men and women within the group to continually renew skills. Renault thus makes it a major priority, as illustrated by the fact that three out of every four staff members receive training each year.

Career-long training

Career planning for motivation and success

Renault offers diversified career options to motivate staff with attractive opportunities and at the same time develop the competencies it needs to succeed. Wherever possible, vacancies are filled in-house rather than through outside recruitment, and staff members

are encouraged to consider opportunities in different countries or different business divisions. To help them, all vacancies throughout the Group are posted on a single intranet site, Job@ccess to Renault, accessible in 34 countries and actively used in 22.

Employee share ownership

On July 28, 2003, the French State announced the sale of 29.6 million Renault shares to institutional investors. As required under French law, 10% of the shares for sale were offered to Group employees and former employees.

All told, 43,300 employees, retirees and other former employees subscribed to the offer, open from December 6 to December 12, acquiring 2.59 million shares for €102 million.



Management training is a priority at Renault, honing skills and performance.

Information flows

Renault keeps staff members up to date on company news, strategy and goals in all areas through a range of publications and the Group intranet. It also conducts two international surveys each year to assess perceptions of the company with employees around the world in areas that include image, management, working conditions and labor relations. On the last point, Renault's aim is to establish permanent ties for responsible, quality dialogue.

On April 4, all trade unions signed a new agreement concerning the Group Works Council, the single organization for employee representation at Group level. In the agreement, Renault renewed its commitment to implementation of the ILO Declaration on Fundamental Principles and Rights at Work. This Declaration concerns in particular freedom of association, the effective abolition of child labor and the elimination of forced labor.

Developing management expertise

To ensure high standards of management practice, Renault provides both individual support and corporate training programs, which benefited 3,100 staff members in

2003. The development of special courses for managers continues in Spain, Korea, Romania and the Mercosur countries, as well as within different group departments.

Well-being at the workplace

Employee health and working conditions are priorities for Renault, which seeks to make improvements wherever possible. To assess results, 39 sites have been audited, with five winning

quality certification. In 2003, road-safety issues, particularly those affecting staff, were a special concern, in line with the official undertakings on road safety given by Renault during the year.

Human Resources: harnessing talent for a winning strategy



Dexterity classes at the Douai plant (Northern France).

Competencies: the key to competitiveness

Why manage functional expertise?

The automobile industry is extremely complex, calling on many different functions and areas of expertise. And each of these functions is itself profoundly product-based—you are not just a lawyer, you are an automobile-industry lawyer. Managing the complexities of the automobile also means managing the teams that design, develop, manufacture and sell it. Which means the ability to manage competencies effectively, and make this an important form of know-how in its own right. It plays a decisive role in setting an automobile manufacturer apart from its rivals, by the same token making a key contribution to its competitiveness.

Renault aims to manage competencies in a ten-year horizon. Could you explain that?

Acquiring skills takes time. For example, you can't put new recruits straight into key positions in engineering—they have to get used to the business, build contacts and get a good understanding of how the engineering system works. People build up their knowledge step by step during their careers. And if a business does not anticipate future needs and identify potential shortfalls, it will find it impossible to make up for the time lost.

How do you anticipate future needs?

Only the people in each function can do that. Which is why, nearly two years ago, Louis Schweitzer appointed 56 competency managers covering all company functions. These managers are there to ensure that Renault has all the skills it needs and that these are on a higher level than our competitors'.



Michel de Virville
Corporate Secretary General, Executive Vice President, Group Human Resources

How do they go about that?

Generally speaking, they take a cross-functional approach, since each function is present in different sectors and entities. Naturally the expertise needed in a given profession changes over time, and they have to be able to plan for that. Finally, they have to think strategically, and decide whether Renault needs to have full control of a competency or should outsource it to a greater or lesser degree. Once they are clear about all that, they assess the skills available in functional departments within the company and see how far these match or fall short of needs.

With an eye on the future?

Yes, which is what makes it so difficult. All too often, organizations adapt themselves to the skills actually available. To see the gaps, you have to look ahead, and above all not try to perpetuate the current way of doing things.

What action does Renault take to consolidate competencies?

Training programs are a special priority, as is recruitment, as well as partnerships outside the Group. Another important way to help people learn is to give them opportunities to work in several different parts of the business, as part of their career path.

What was achieved in this area in 2003 and what are your aims for the year ahead?

Last year was important because I think the significance of competency management was fully recognized. In 2004, we will be working to achieve concrete results in all the areas concerned. Competency management is at its best when it leads to rapid adoption of effective action plans.

Automobiles: a stake in the environment

The product life cycle

The environmental impact of each stage in the vehicle's life, and that of each technology used, must be factored into design. To take an example, the plastic fenders used on Renault cars are lighter than the equivalent made out of sheet metal, thus reducing fuel consumption and, by the same token, CO₂ emissions.

On the road

In keeping with the terms of the Kyoto Agreement, European manufacturers are making a major drive to cut CO₂ emissions per kilometer to an average of 140g or less for new cars sold from 2008 on. This represents a reduction of 25% from average emissions in 1995. Renault is well placed to achieve this goal with its lineup of low-consumption—and thus low CO₂ emission—engines. Acknowledged expertise in diesel engines is

another plus, as illustrated by Clio and Mégane models powered with the 1.5dCi engine, which already shows emission levels below the 140g limit. Looking ahead, Renault's main focus is on reducing emissions from conventional engines, in particular by reducing vehicle weight, and the development of alternative sources of energy. Another goal is to lengthen the periods between routine maintenance, which is another way to reduce waste.

Meeting environmental standards is already a crucial issue, and its importance is growing. Renault integrates environmental responsibility into every stage of the product life cycle.

Production

Renault applies the same environmental policies wherever it operates and 28 of our plants—accounting for over 90% of output—are already certified under ISO 14001. Renault Samsung Motors recently obtained certification and the Dacia plant should follow suit in 2004. Separately, Slovenia's Environmental Development Fund awarded Renault's Novo Mesto site its prize for the company best respecting the environment. Policies also encompass suppliers, which play an essential role in production. In this area, Renault offers a broad range of training and, in the case of smaller companies, takes the initiative to keep them up to date on regulatory changes and advise them on desirable technological changes.



The same high environmental standards are applied at all sites—here at Bursa, Turkey.

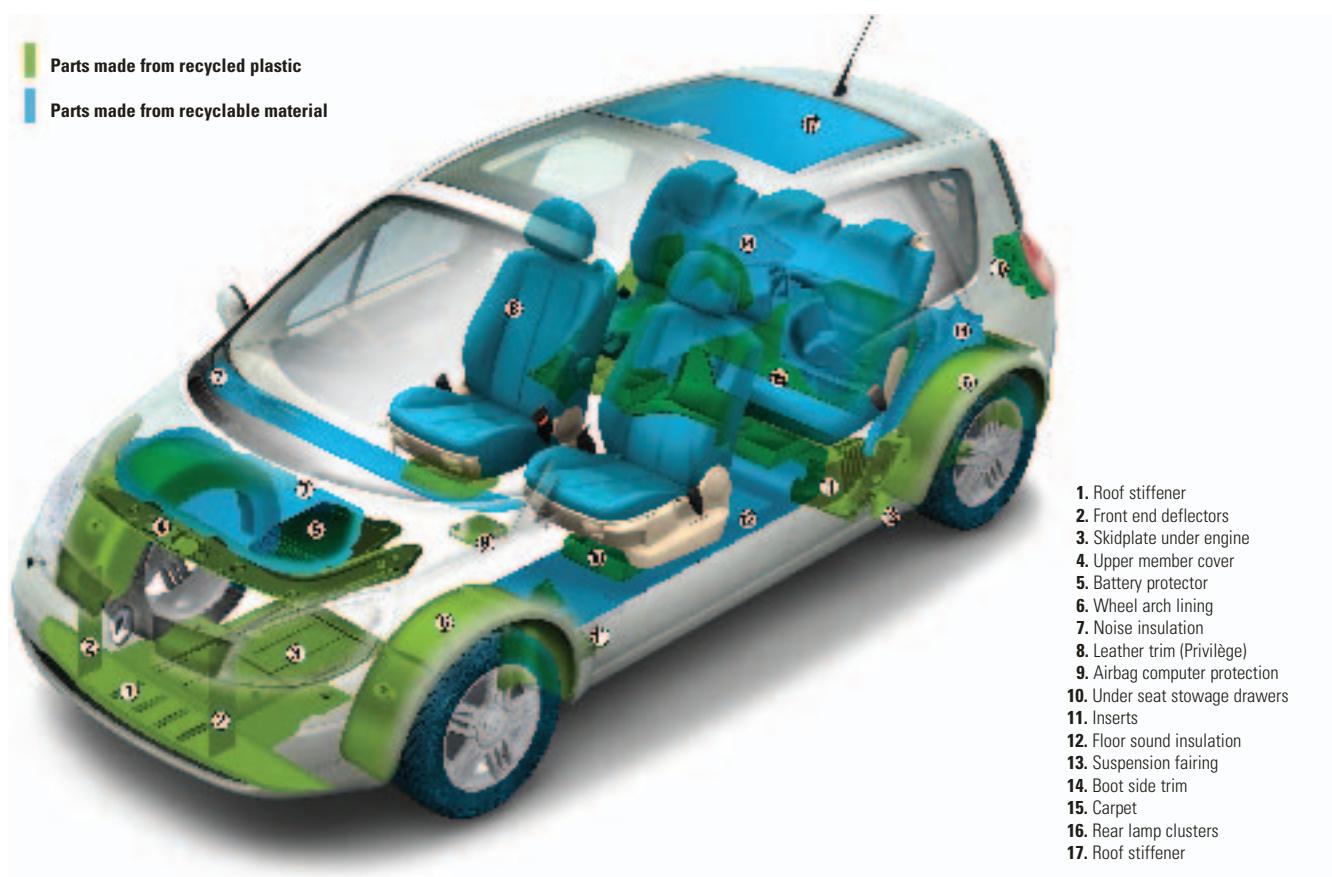
Automobiles: a stake in the environment

Recycling

Since 1991, Renault has had a specialized Recycling Department charged with developing ways to dismantle end-of-life vehicles (ELVs). In this area, 2003 marked a watershed as the Directive on Management of ELVs came into force throughout the European Union. Renault makes an active contribution to recycling in all parts of Europe and has worked in close cooperation with suppliers to establish the detailed composition

of their components—and thus to apply the Directive's prohibition on the use of heavy metals including lead, cadmium and chromium 6. Information technology also plays its part, with Renault and Nissan's shared software package Opera routing information on recycling processes to development engineers. The economics of recycling are not forgotten and are taken on board from the design stage. The Mégane II's

front wraparound bumper, made entirely from recycled materials, provides a telling illustration, since a whole new recycling chain had to be developed. This economic success was also the reward for a technological feat, since it involved making a safety-critical part from recycled materials without deterioration of physical properties—as Mégane II has shown with its five-star rating in Euro NCAP crash tests.



Looking ahead: today recycling is seen as a necessity, and built into new models from the design stage. Virtually all of the Mégane Scénic II can be recycled—a total 95% by weight.



Clio 1.5 liter dCi: less than 120g of CO₂ per km.

Environmental master plan for a model plant

You use what you call an environmental master plan. Could you explain what that means?

Well, we start out with a full examination of the site. Then we draw up a master plan defining the targets for the next ten years. These concern environmental impact on the air, water and the ground, as well as noise. They also concern the control of risks such as fire, flooding and explosions.

How did you go about it at the Cléon plant?

The plan was prepared in connection with the Alliance's M1D engine project. In mid-2002, when the project was in the development phase, we drew up a contract

reconciling the site's environmental targets with the technical and financial constraints of the project.

What are your main aims for the new production workshop for the Alliance's engine?

Above all, zero waste released into water—the big challenge for a powertrain plant. Water used to cool machines will be in a closed circuit and not let out into the environment. Machining and cleaning fluids will be treated in an evaporator immediately instead of being pumped to the facility's waste-processing unit.

What are the other targets in the master plan?

Sorting of waste at source will continue, as will efforts to reduce



Martine Martin

Environmental manager,
Cléon powertrain
plant

packaging. We have also asked suppliers of machines not to specify different oils for new tooling. New equipment, in particular test benches, must not generate excessive noise. And we are working on ways to cut SO₂ and NOx emissions.

Is only the Cléon plant concerned?

Definitely not. All the Group's powertrain plants are moving in the same direction. Sites at Curitiba in Brazil and Seville in Spain, for example have already achieved the zero-waste target.

Community initiatives

In all areas of our business and in society as a whole, Renault puts people first, a fundamental value underpinning our commitment to responsible corporate citizenship. This takes concrete form through local initiatives in countries around the world plus support for international organizations, with special emphasis on education, culture and mobility.

Knowledge to serve the community

Renault actively supports the cause of education and culture in many countries through initiatives that yield concrete benefits. An exemplary illustration is the Valued Citizens program in South Africa, for which Renault became the leading partner in 2003. The program aims to foster civic sense among school children and encourage teachers to put the principles of democracy to work in the classroom. Civic sense in turn contributes to the realization of simple, yet fundamentally important goals that include

greater efficiency in an education system based on mutual respect and a sense of responsibility, countering the rise in violence and crime. The program also offers job opportunities for unemployed young people to act as mediators. The Valued Citizens program is currently in operation at 335 schools in Gauteng and Free State Provinces, benefiting some 32,500 youngsters under the guidance of 500 teachers. In 2004, it will be extended to junior secondary schools with the continuing support of Renault.

International programs

Renault is an active participant in a large number of study groups, associations and programs in fields relating to the social and environmental implications of sustainable development—in France, across Europe and at international level. This includes membership of the United Nations Global Compact network, entailing a commitment to the Compact's nine principles for human rights, labor standards and the environment.



Community action: Safety for All brings the message home.

The nine Global Compact principles

- 1.** Businesses should support and respect the protection of internationally proclaimed human rights.
- 2.** They should make sure that they are not complicit in human rights abuses.
- 3.** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Businesses are to work for:
4. The elimination of all forms of forced and compulsory labor.
5. The effective abolition of child labor.
They must also:
6. Eliminate discrimination in respect of employment and occupation.

Responsibilities to our environment:
7. Businesses should support a precautionary approach to environmental challenges.
8. Businesses should undertake initiatives to promote greater environmental responsibility.
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.

Mobility and sustainability

People everywhere want to be able to move around freely, safely and, at acceptable cost, to communicate, meet and do business. It is important to find ways for them to do this that also respect essential social and environmental values—for the present and for the future. Here Renault's policies are rooted in our commitment to sustainable development, with priorities that include reducing the environmental impact of the automobile, development of innovative transport services and participation in public debate on sustainable mobility policies as well as related initiatives. Examples of action involving Renault are given below.

France:

- Support for car-sharing programs
- SARRASIN program for mobility in rural areas, in partnership with French transport company Kéolis in the Abbeville area in Northern France.
- Predit 3, France's national program for research and innovation in land transport.

Europe:

- TRASCOM—Traveler Assistance for Combined Mobility in Regional Areas—research program.
- Freight Delivery Rationalization in Cities, Smooth Traffic and Safe Map projects within the framework of EUCAR, the European Council for Automotive R&D.

International:

- Program for sustainable mobility in 2030 under the aegis of the World Business Council for Sustainable Development.
- Clean Air project for Rio de Janeiro.



Scénic II is a lynchpin of the Mégane program, illustrating Renault's product, production and business choices for the years ahead.

5 Building for proven success



Financial results are the proof of business success.
Renault's performance in 2003 and prospects for 2004 offer a sound basis for the pursuit of our strategy for profitable growth.

Renault posts record net income in 2003

Revenues up 3.8%

Revenues by Division (€ million)			
	2002 restated ⁽¹⁾	2003 published	% change 2003/2002
Automobile	34,274	35,535	+ 3.7
Sales Financing	1,893	1,990	+ 5.1
Total	36,167	37,525	+ 3.8

⁽¹⁾2002 data restated on a consistent basis with 2003 (revenues published in 2002: €36,336 million).

Despite a sluggish environment in Europe, with the automobile market declining and the euro on the rise, particularly against sterling, Renault achieved a 3.8% increase in revenues*. This reflects both the success of our ranges and the benefits of our strategy of international development.

- Revenues of the Automobile Division rose 3.7% to €35.5 billion despite the adverse impact of exchange rates, which cut the figure by 2.1%. Sales performances benefited from an improved product mix and higher vehicle

prices in Europe. The success of new models including the Mégane II Hatch, Scénic II and Espace IV made an important contribution, as did steady growth for diesel-powered vehicles, gains on international markets and increased sales of components, particularly to Nissan.

- Revenues from the Sales Financing Division rose 5.1% to €2 billion, rewarding the marketing performance of RCI Banque.

* on a consistent basis.

Operating margin rebounds in the second half

Operating margin by Division (€ million)		
	2002	2003
Automobile	1,189	1,035
Sales Financing	273	294
Total	473	1,483
<i>% of revenues</i>	1.3	4.1
		3.7

⁽¹⁾Data restated to reflect change in presentation by division.

Operating margin for the year came to €1,402 million, representing 3.7% of revenues compared with 4.1% in 2002. Trends during the year were uneven, with operating margin picking up from 3.2% in the first half to 4.3% in the second.

In the Automobile Division the increase resulted not only from growth in sales but also from continued cost reduction, tighter control of general costs and increased industrial efficiency. The contribution of business outside Western

Europe was steady as sales recovered in Turkey and losses in the Mercosur countries leveled off, offsetting a decline in the contribution from Renault Samsung Motors, hit by the contraction of the Korean market and a fall in the won.

The sales financing activity showed healthy growth and its contribution to operating margin rose €73 million from €294 million in 2002 to €367 million in 2003.

Net income reaches new record

Summary income statement (€ million)			
	2001	2002	2003
Revenues	36,351	36,336	37,525
Operating margin	473	1,483	1,402
Other operating income and expenses	231	(266)	(168)
Operating income	704	1,217	1,234
Financial expense	(64)	(91)	(71)
Share in net income of Nissan Motor	497	1,335	1,705
Pre-tax income	1,020	2,457	3,023
Taxes	(67)	(447)	(510)
Net income	1,051	1,956	2,480
Earnings per share (in euros)	4.38	7.53	9.32

Main items following operating margin include:

- a €168 million net charge under **Other operating income and expenses**, compared with €266 million in the previous year. This reflected in particular costs for the early retirement scheme for older employees and the proceeds of property sales in an amount of €112 million
- a €1,705 million **contribution from Nissan Motor**, up from

€1,335 million in the previous year as a result of continued earnings growth

- a **tax charge** of €510 million, compared with €447 million in 2002.

Net income thus reached a record €2,480 million, up from €1,956 million in 2002. This set earnings per share at €9.32, up from €7.53 in 2002.

Further consolidation of financial structure

Against this backdrop, Renault continued consolidation of its financial base in 2003.

■ Net financial indebtedness of the Automobile Division

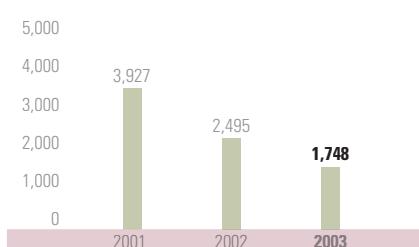
Automobile Division declined €747 million to €1,748 million at December 31, 2003. This reflected robust operating conditions and lower investment, in turn the result of more selective policies and a favorable phase in the product cycle.

■ Shareholders' equity

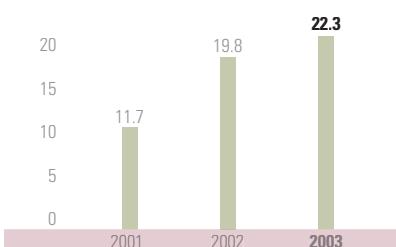
rose €1.8 billion to €13.6 billion at December 31, 2003.

At that date, net financial indebtedness of the Automobile Division was down to 12.9% of group shareholders' equity, compared with 21.1% a year earlier.

Net financial debt of the Automobile Division (€ million)



Return on equity (%)

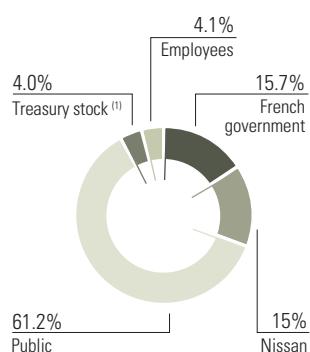


The net return on equity for the year was 22.3%, in line with the Group's target of 11% or better.

Forging lasting ties to shareholders

Renault shareholders at December 31, 2003

In the second half of 2003, the French government further reduced its interest in Renault, selling shares representing some 10% of equity to institutional investors from France and other countries as well as to employees and former employees of some Group companies. The government's interest thus fell from 25.9% at December 31, 2002 to 15.7% a year later. Float represents 61.2% of equity, of which some 36% is held by foreign institutions, 19% by French institutions and 6% by individual shareholders.



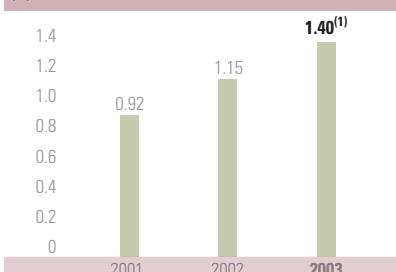
Dividend rises by over 20%

In line with Renault's policy of regular increases in dividends, the Annual General Meeting to be held on April 30, 2004 will be asked to approve the payment of a dividend amounting to €1.40 per share on May 17, 2004. Distributed earnings will thus represent 16.1% of net income for 2003.

Shareholder communications—keeping the lines open

Renault is actively committed to maintaining close ties to shareholders and providing a steady flow of quality information. In addition to a growing number of publications, this is illustrated by the shareholder section on the renault.com website and a host of meetings and other events in France and other countries. The Renault shareholder club set up in 1995 now counts some 10,000 members and since 1996 Renault has also had a Shareholders' Advisory Committee. Services for individual shareholders include a toll-free information line (0 800 650 650 in France) and a dedicated e-mail connection (communication.actionnaires@renault.com).

Dividend per share (€)



⁽¹⁾ Subject to decision of Annual General Meeting on April 30, 2004.

Payout (%)



⁽¹⁾ Shares acquired for stock option programs.

Looking ahead

Finance

Renault expects the automobile market in 2004 to edge upwards in Europe and increase slightly in the main countries in which the group operates outside Europe.

Amid sluggish markets, Renault will benefit from a Mégane family at full strength as well as from heightened competitiveness, primarily as a result of cooperative ventures within the Alliance. In addition, Renault will pursue its international development and will be looking to grow volumes outside Western Europe.

Overall, assuming no significant changes in major exchange rates compared to the current situation, the group has set itself the objective of achieving operating margin of around 4.5% of revenues in 2004. Renault also anticipates a further increase in net earnings.

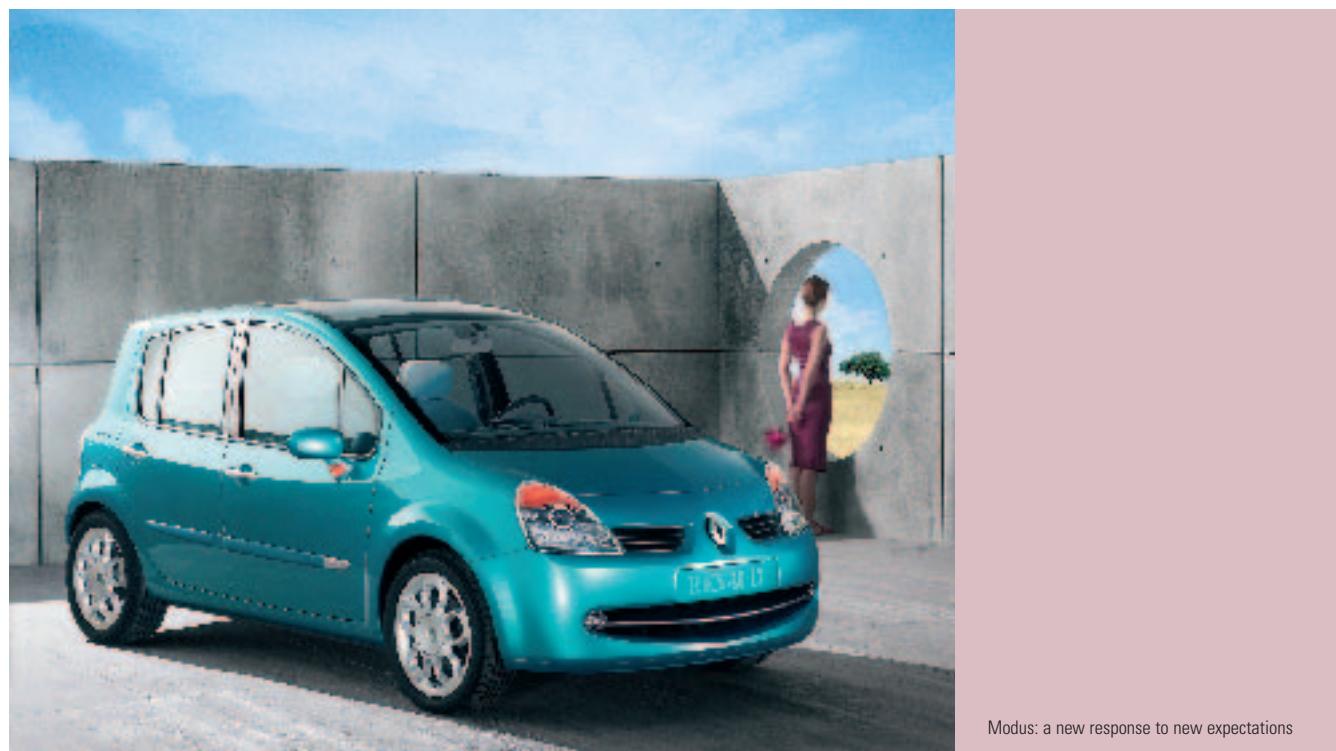
Text approved by the Board of Directors on February 9, 2004.

Products

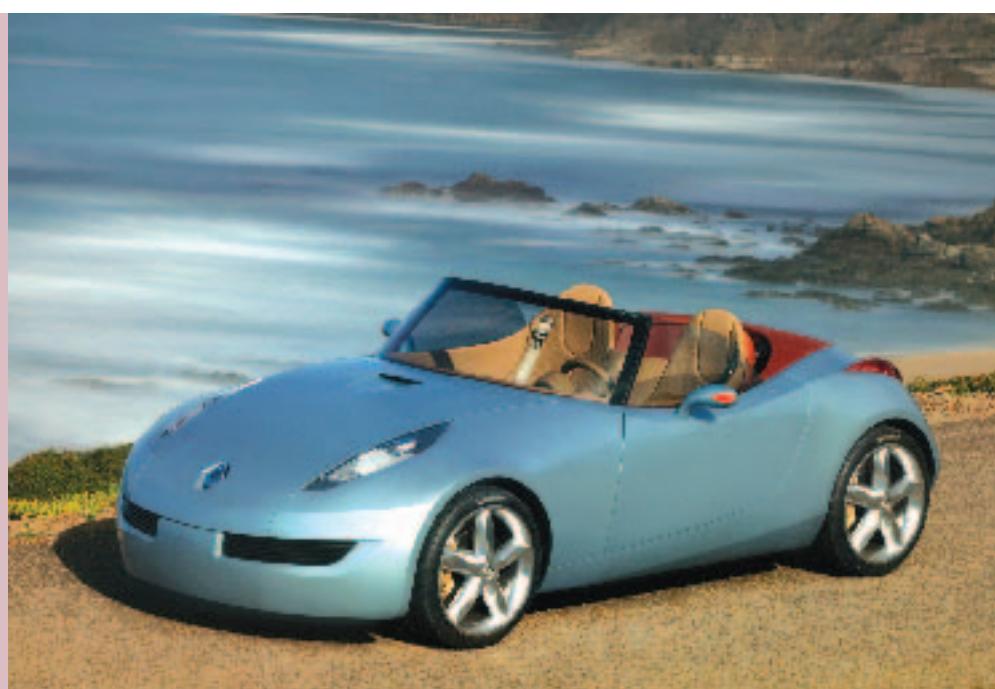
Two major events are scheduled for 2004 as Renault continues the renewal of its product line.

At the end of the year, a new model, foreshadowed by the Modus show car unveiled at the 2004 Geneva Motor Show, will be joining Twingo and Clio to reinforce Renault's presence on the small-car segment. This new concept combines stylish design with an innovative interior that ensures outstanding roominess for a car of its size.

The second big event, also at the end of the year, will be the rollout of the first X90 model. Based on an entirely new approach to meet the specific needs of new markets, the development of this model has drawn on the technical expertise of Renault and the competitiveness of Dacia's production base. Modern and attractively designed, it will not only be highly affordable but also offer quality matching international standards, as well as a spacious interior and a robust structure to deal with the tough conditions on some target markets. This new model is central to the Renault group's international strategy and plans for expansion on emerging markets.



Modus: a new response to new expectations



Wind: the roadster according to Renault

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