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Annual General Meeting, April 30, 2004

Questions & Answers

Several strategic issues were raised at the traditional question-and-answer session. This datasheet contains the analyses and comments of Messrs. Schweitzer, Douin, Faure, Hinfrey, Moulouquet, De Smedt and de Virville.

Questions about Nissan and the Alliance

Question: *A recent advertising campaign in the media emphasized the close links between Renault and Nissan. Isn't there a contradiction here with the company's commitment to maintaining different brands and models and keeping the sales networks separate? How do Renault and Nissan's management intend to handle this in the near future?*

L. Schweitzer: True, we did run an ad in the mainstream press for the fifth anniversary of the Alliance, celebrating its uniqueness. But you will not be seeing any more joint Renault-Nissan advertisements, because the principle of preserving the identity of the two companies and the two brands is central to the Alliance and its efficiency.

Question: *Do you intend to raise your holding in Nissan above 44%?*

L. Schweitzer: No, we don't.

Question: *What percentage of Nissan components will Renault's future models contain?*

L. Schweitzer: I don't think we can talk of percentages, although there are exchanges of components. For example, Nissan supplies us with the V6 Petrol Vel Satis and Espace; in return, we provide Nissan with diesel engines. Our main aim now is in fact to develop common components that are neither Renault nor Nissan, such as engines, gearboxes, platforms and other components that do not express the identity of either brand and that offer a way to generate savings. I don't think it's apt to say there is such-and-such a percentage of Nissan in a Renault car, or vice versa.

Question: *When and under what conditions will Renault set up commercially in the USA and Canada?*

L. Schweitzer: I have said several times that we would definitely be back in North America after 2010. However, the conditions for our return have not been decided yet, and will not be decided until after 2005. I am convinced that the USA is the biggest and most profitable automotive market in the world. So it is only natural for Renault to be there. However, we have already made two attempts, both of which failed. We cannot afford to fail a third time. We need to wait until all the ingredients for success are in place and we can rely fully on Nissan.

Question: *Renault's capitalization is smaller than Nissan's. A competitor keen to take advantage of Nissan's newfound health and presence in Asia could launch a hostile bid for Renault. What can be done to avoid this?*

L. Schweitzer: Everything is possible. But given Renault's ownership structure and its rising share price, I think your scenario is highly unlikely. I do not think a hostile bid for Renault is something we have to fear. However, we must take everything into consideration, regardless of its probability. So we will be keeping a close watch on this issue.

Question: *Renault's target for operating margin is 4.5%, while Nissan's is above 11%. Why the difference? Do you think the gap will narrow over the next few years?*

L. Schweitzer: We have set a margin target of 4.5% for this year, compared with 10% to 11% for Nissan, which puts it among the leading Japanese carmakers in terms of operating margin. Our margin puts us in the lead among Europe's volume carmakers. This is one explanation: we are not on the same



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products and markets as our Japanese competitors. But this doesn't necessarily mean that we can be satisfied with our current margin. We must make the effort to do even better. Renault will mainly achieve this through growth outside Western Europe, which is the least profitable market for a volume carmaker. That is one of the reasons behind our strategy of profitable growth and international expansion.

Questions about safety and products

Question: *Will the Modus diesel be equipped with an automatic gearbox at some point?*

P. A. De Smedt: Modus will be launched with a manual gearbox, but we will gradually introduce automatic transmission in the form of a "robotized" gearbox, on petrol engines to start with.

Question: *Will cruise control be extended to the whole Renault range and, if so, when?*

P. A. De Smedt: We have promoted this system. We initiated installation of cruise control across almost our whole range in 2004. This is part of our technical policy. We intend to extend cruise control, as a standard feature or an option, depending on the type of vehicle.

Question: *I am concerned about the increasing importance of onboard computers and electronics in cars. What is Renault doing to improve reliability?*

P. A. De Smedt: This is an important question that relates to the reliability of the systems and functions managed electronically on our vehicles. The use of electronic functions in cars is increasing exponentially as the number of electronically managed functions practically doubles every two years. This increase must, of course, be managed properly. In line with our strategy, we aim to be one of the top three companies for quality and reliability on each market and each segment. This is one of the core components our shared vision within the Alliance. To achieve this goal, we work systematically with the Renault Quality Plan (PQR), which covers all aspects of quality control. It comprises four main sections:

- quality control in the product development phase
- quality control during monitoring of mass produced vehicles;
- quality control in service, i.e. after-sales
- reliability and durability

We are working intensively, thoroughly and systematically on quality control and are achieving satisfying results. Our warranty costs are now heading down. The number of customer complaints per 1,000 vehicles – across all models - has fallen sharply.

Question: *What is Renault's strategy on electric and hybrid vehicles?*

G. Douin: We have made a major contribution to electric vehicle development over the past 15 years. However, electric cars have a fairly limited future. Our catalogue includes an electric Kangoo, which has the same problem of limited range as its competitors. To extend the range of our vehicle, we have added a heat engine. The success of electric cars is limited by their potential uses. In addition, in the medium term, the use of nickel-cadmium batteries – the only affordable kind – will be prohibited. So we are fairly downbeat on the future of electric cars.

Question: *Are hybrid cars a viable alternative to electric vehicles?*

G. Douin: Hybrid cars combine thermal and electric power. Originally promoted by Japanese carmakers, they are now popular in the USA, especially as traditional American cars are "gas guzzlers". Also, there are no diesel-engined cars in the USA. In Europe, we have excellent engines and Renault is a leader in diesel technology. We see the future primarily as diesel engines, which offer excellent fuel consumption levels in the city, on the open road and on the freeway. By contrast, hybrid vehicles have acceptable consumption at low speeds but consume more than a normal car on the freeway. We are nevertheless working on these issues, which are strategic, since our competitors are forcing us to. We have two types of hybrid in the pipeline: one for short trips with a small electric motor, and a more ambitious version with a large electric motor and a diesel thermal engine, which should make it the best kind of hybrid.

Question: *How is LPG developing at Renault?*

P. A. De Smedt: Renault is undoubtedly one of the carmakers that has invested the most in LPG and we have a very broad LPG range. Unfortunately, customers are not responding very positively, and sales of



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LPG vehicles are extremely low. In contrast, natural gas seems to be more popular. We will be offering a natural gas version of the X90 for Iran, for example. Some of the vehicles sold in South America also come in natural gas versions, since demand is fairly strong there, particularly in Argentina.

Questions about trucks and Formula 1

Question: *What will happen with Renault's 20% stake in Volvo? Is it likely to be increased?*

P. Faure: The 20% stake in Volvo is a strategic holding that enables us to keep a foothold in an important sector, trucks. In financial terms, the holding has been highly satisfying. Two Renault directors - Mr. Schweitzer and myself - sit on Volvo's board. We have a very serious, conscientious attitude to our tasks there. In particular, we ensure that the interests of Renault Trucks and Mack Trucks, which used to be part of our Group, are taken into account.

Question: *To beat Ferrari, and others, should Renault invest more?*

P. Faure: In all honesty, even if we do not spend the most, I don't think we are at a disadvantage. We have the budget and teams we need to get results. The size of the budget is no excuse for underachieving. We must finish in one of the top three places this year and aim to be world champion next year.

Question about sales

Question: *What are the sales estimates for the Mégane and Mégane Renault Sport for 2004?*

F. Hinfray: The Mégane is our most popular model and we expect to sell between 875,000 and 900,000 this year. The final figure will depend on the market, of course, but also on our capacity to free up additional production capacity for several of our models. Indeed, some models have been more successful than we expected. Together with our suppliers, we need to provide extra capacity. This takes time. The Mégane Renault Sport has just been launched. The initial results bode well and we expect to sell 6,000 this year.

Question about human resources

Question: *With the same sized workforce, Nissan's worldwide output is much higher than Renault's. Since growth will come from abroad, jobs will be transferred out of Europe. How do you envisage this and how do you intend to manage the change in human terms?*

M. de Virville: Under our profitable growth strategy, activity and sales volumes are growing faster on developing markets than on mature markets. Job creation logically follows suit. For the Group, this means internationalizing our human resources. Already, more than 50% of new staff over the past five years have been recruited outside Europe. I would also like to stress that international expansion also creates jobs at Renault in France and Europe, in engineering, management, and so on.



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Question about Dacia

Question: *Is restructuring at Dacia now complete? I believe you purchased a company whose plants were in a pitiful state and that you built another plant. I also heard Dacia was overstaffed. Did you have to lay off staff? How was that done and what did it cost Renault?*

L. Schweitzer: At Dacia, we discovered an antiquated and dilapidated plant, with an extremely low technical level, and that employed 30,000 people. We invested just over €500 million in that plant and the company as a whole. We were not aiming to bring the plant up to the same level of automation as in Western Europe, because the cost of labor is not the same. What justifies automation in France does not necessarily justify it in Romania. The aim was to ensure that the plant was up to scratch in terms of organization, quality and efficiency of labor, for the launch of the L90. In the course of this modernization drive, we cut the company's workforce from 30,000 to 12,000. The 18,000 staff laid off received redundancy support in accordance with the Romanian government and without major problems. At constant production volumes, there will always be productivity gains that will be reflected in changes of staff. However, the bulk of these changes has been completed, on satisfactory terms. Today we have a plant that can manufacture, under excellent conditions, highly competitive cars in terms of quality, cost and delivery times, because we do not separate quality from cost.

Question about financial transactions

Question: *The financial press described the tender offer for Renault's redeemable shares as less than a complete success. What is your view and are you planning another offer? Personally, I'd rather hold onto my redeemable shares while the market is liquid, which has been the case until now.*

T. Moulouquet: As I indicated in my presentation, we are satisfied with the outcome. Sixty percent of the shares were tendered to the offer. This enabled those who wanted to take advantage of this opportunity – and we were aware of such a demand from a section of shareholders - to cash out their shares. This was achieved. We do not intend to renew this offer.



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