PRESS RELEASE

**GROUPE RENAULT “RENAULUTION” STRATEGIC PLAN**

Boulogne-Billancourt, January 14, 2020 – Following approval by the Board of Directors, Luca de Meo, CEO Groupe Renault, presents today “Renaulution”, a new strategic plan, which aims to **shift Groupe Renault’s strategy from volume to value.**

This strategic plan is structured in **3 phases** that are launched in parallel:

* “Resurrection”, running up to 2023, will focus on margin and cash generation recovery,
* “Renovation”, spanning up to 2025, will see renewed and enriched line-ups, feeding brand’s profitability,
* “Revolution” from 2025 and onwards, will pivot the business model to tech, energy and mobility; making Groupe Renault a frontrunner in the value chain of new mobility.

**The Renaulution plan will restore Groupe Renault’s competitiveness by**:

* taking the 2o22 plan[[1]](#footnote-2) one step further, driving efficiency through engineering and manufacturing, to reduce fixed costs and to improve variable costs worldwide,
* leveraging on current Group’s industrial assets and electric leadership in Europe,
* building on the Alliance to boost our reach in products, business and technology coverage,
* accelerating on mobility, energy-dedicated and data-related services,
* driving profitability through 4 differentiated business units based on empowered brands, customers and markets oriented.

A **new organization will roll-out this plan**: the functions, with engineering at the forefront, are accountable for the competitiveness, costs and time-to-market of the products of the brands. The fully-fledged, clear and differentiated brands manage their profitability.

In accordance with this value-driven organization, the company will no longer measure its performance on market shares and sales but on profitability, cash generation and investment effectiveness.

The Group sets **new financial objectives**:

* By 2023, the Group targets to reach more than 3% group operating margin, about €3bn of cumulative automotive operational free cash flow[[2]](#footnote-3) (2021-23) and lower investments (R&D and capex) to about 8% of revenues,
* By 2025, the Group aims for at least 5% group operating margin, about €6bn of cumulative automotive operational free cash flow² (2021-25), and a ROCE[[3]](#footnote-4) improvement by at least 15 points compared to 2019.

The Renaulution plan will ensure the Group’s sustainable profitability while keeping on track with its Zero CO2 footprint commitment in Europe by 2050.

**Luca de Meo, CEO Groupe Renault, said**:“*The Renaulution is about* *moving the whole company from volumes to value. More than a turnaround, it is a profound transformation of our business model. We’ve set steady, healthy foundations for our performance. We’ve streamlined our operations starting with engineering, adjusting our size when required, reallocating our resources in high-potential products and technologies*. *This boosted efficiency will fuel our future line-up: tech-infused, electrified and competitive. And this will feed our brands’ strength, each with their own clear, differentiated territories; responsible for their profitability and customer satisfaction. We’ll move from a car company working with tech to a tech company working with cars, making at least 20% of its revenues from services, data and energy trading by 2030.*

*We’ll get there steadily, leaning on the assets of this great company, on the skills and dedication of its people. The Renaulution is an in-house strategic plan we’ll roll-out and achieve the same way we’ve crafted it: collectively.”*

The Renaulution plan includes the following main elements:

1. **Accelerating functions efficiency,** which will be accountable for competitiveness, costs, development time and time-to-market.
* **Engineering and manufacturing efficiency, speed and performance, boosted by the Alliance**:
	+ Rationalization of platforms from 6 to 3 (with 80% of Group volumes based on three Alliance platforms) and powertrains (from 8 to 4 families)
	+ All models to be launched on existing platforms will be in the market in less than 3 years
	+ Rightsizing manufacturing footprint from 4M units in 2019 to 3.1M units in 2025 (Harbour standard)
	+ Reinvented efficiency with suppliers
* **Steer Group’s international footprint towards high margin business**: notably in Latin America, India and Korea while leveraging our competitiveness in Spain, Morocco, Romania, Turkey and creating more synergies with Russia.
* **A strict cost discipline:**
	+ Fixed costs reduction: 2o22 plan achieved earlier and pushed further by 2023 to reach
	€2.5bn, and target €3bn by 2025 (including fixed cost variabilization)
	+ Variable costs: €600 improvement per vehicle[[4]](#footnote-5) by 2023
	+ Decreasing investment (R&D and Capex) from about 10% of revenues to below 8% by 2025

All these efforts will strengthen Group’s resilience and lower its break-even point by 30% by 2023.

1. **Four business units with strong identity and positioning.** This new model will create a rebalanced and more profitable product portfolio with 24 launches by 2025 - half of them in C/D segments – and at least 10 full EVs.

This new value-driven organization and product offensive will drive a better pricing and product mix.

**Renault, *La nouvelle Vague***

The brand will embody modernity and innovation within and beyond the automotive industry in energy, tech and mobility services, for example.

As part of its strategy, the brand will lift up its segment mix with a C-segment offensive and will strengthen its positions in Europe, while focusing on profitable segments and channels in key markets such as Latin America and Russia.

The brand will lean on our powerful assets:

* **Leader in electrification by 2025 with:**
	+ “Electro pole” potentially in the North of France, the Group’s largest EV manufacturing capacity worldwide,
	+ Hydrogen joint-venture from fuel-cell stack to vehicle
	+ “Greenest” mix in Europe
	+ Half of launches in Europe being full EVs, with higher margin contribution than ICE (in €)
	+ Challenger in hybrid market with 35% hybrid mix
* **High-tech Ecosystem assembler:** becoming a player in key technologies from big data to cybersecurity, with the “Software République”
* **Leader in circular economy** withEV & energy-dedicated services through Re-Factory in Flins (France)

**Dacia-Lada, *Tout. Simplement***

Dacia, will stay Dacia with a touch of coolness, and Lada, still rough and tough, will continue to offer affordable products, based on proven technologies targeting smart buyers, while breaking the C-segment glass ceiling.

* **Super-efficient business models**
	+ Design-to-cost
	+ Improved efficiency: from 4 platforms to 1, 18 body-types to 11, increasing average production from 0.3m units/platform to 1.1m units/platform.
* **Revamped competitive line-up and outbreaking into the C-segment**
	+ 7 models launched by 2025, 2 in the C-segment
	+ Revival of iconic models
	+ CO2 efficiency: Leverage group tech assets (LPG for both brands, E-Tech for Dacia)

**Alpine**

Alpine will combine Alpine cars, Renault Sport Cars and Renault Sport Racing into a fully-fledged, new lean and smart entity, dedicated to developing exclusive and innovative sportscars.

* **100% electric product plan to support brand expansion through**
	+ Leveraging the scale and capabilities of Groupe Renault and the Alliance with the CMF-B & CMF-EV platforms, a global manufacturing footprint, a powerful purchasing arm, a global distribution network and RCI Bank and Services financial services, all of which ensuring optimum cost competitiveness.
	+ F1 at the heart of the project, renewed commitment to championship.
	+ Developing a next-generation EV sports car with Lotus.
* **Aiming at being profitable in 2025, including investment in motorsport**.

**Mobilize, *Beyond automotive***

This new business unit aims at developing new profit pools from data, mobility and energy-related services for the benefit of vehicle users and to generate more than 20% of group revenues by 2030.

Mobilize will enable Groupe Renault to jump faster into the new world of mobility, providing solutions and services to the other brands and external partners.

* **Three missions:**
	+ More time-use of the car (90% unused)
	+ Better residual value management
	+ Ambition to 0 carbon footprint
* **A unique, accessible and useful offer:**
	+ 4 Purpose- designed vehicles, two for carsharing, one for ride-hailing, one for last-mile delivery
	+ Innovative financing solutions (subscription, leasing, pay-as-you-go)
	+ Dedicated data, services and software platform
	+ New maintenance and refurbishment services (Re-Factory)

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This plan will be presented to employee representative bodies in accordance with applicable regulations.

*The presentation is  available on* [*www.groupe.renault.com*](http://www.groupe.renault.com) *or you can visit for more information the dedicated website renaulution.com.*

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**About Groupe Renault**

Groupe Renault is at the forefront of a mobility that is reinventing itself. Strengthened by its alliance with Nissan and Mitsubishi Motors, and its unique expertise in electrification, Groupe Renault comprises 5 complementary brands - Renault, Dacia, LADA, Alpine and Mobilize - offering sustainable and innovative mobility solutions to its customers. Established in more than 130 countries, it currently employs more than 180,000 people and has sold 2,9 million vehicles in 2020.

Ready to pursue challenges both on the road and in competition, Groupe Renault is committed to an ambitious transformation that will generate value. This is centered on the development of new technologies and services, and a new range of even more competitive, balanced and electrified vehicles. In line with environmental challenges, the Group’s ambition is to achieve carbon neutrality in Europe by 2050.

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1. *The 2o22 plan of reducing fixed costs by more than 2 billion euros over 3 years was presented on May 29, 2020.* [↑](#footnote-ref-2)
2. *Automotive operational free cash flow: cash flows after interest and tax (excluding dividends received from publicly listed companies) minus tangible and intangible investments net of disposals +/- change in the working capital requirement* [↑](#footnote-ref-3)
3. *ROCE= Auto Operating Profit (incl. AVTOVAZ) \* (1- average tax rate) / (PP&E + intangible assets + financial assets - investments in RCI/Nissan/ Daimler + WCR)* [↑](#footnote-ref-4)
4. *At iso mix.* [↑](#footnote-ref-5)