RENAULT IN RUSSIA

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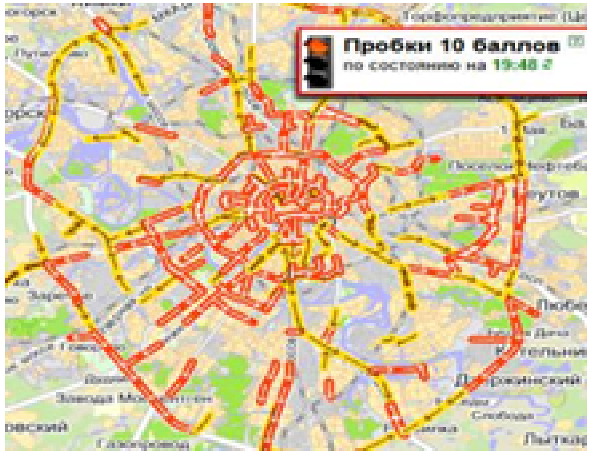
FROM 2010 TO 2014,
SVP, CHAIRMAN OF EURASIA REGION, AND MANAGING DIRECTOR OF RENAULT RUSSIA

DRIVING A CAR IN RUSSIA: UNIQUE COMBINATION OF CONDITIONS



- Distances
- Insufficient public transport
- Multitask usage of cars
- Variable quality of road infrastructure
- Muddiness
- Climate

  (extreme cold <=> subtropics)
- Traffic jams in cities

DRIVING A CAR IN RUSSIA: TECHNICAL SPECS REQUIRED TO BE COMPETITIVE IN RUSSIA

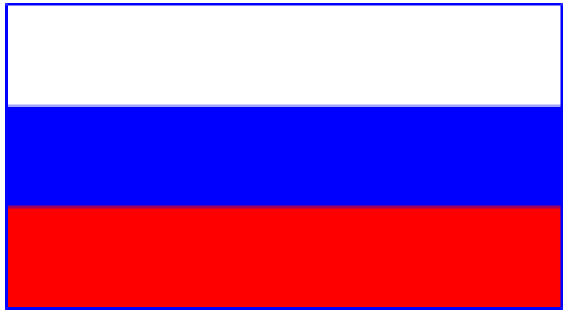
- Ground clearance and 4x4 (bad roads, snow, ice)
- Reliability & Robustness, anti-corrosion reinforced protection
- Powerful heating & Air-conditioning
- Acceleration: special gear set
- Ride comfort (suspension, quietness)
- Visibility: Heated windscreen / wipers / washing liquid
- Connectivity (especially traffic …)
- Remote Engine Start
- Roominess (multi-purpose usage)

NOT NEEDED IN RUSSIA

- Small cars / high price (Twingo, Clio): « Entry » is Logan size
- High cost fuel consumption reduction / CO_2 emissions: low price of fuel, no regulation
- High speed : bad roads
- Optimized diesel engine: does not heat!
- Cruise control: no or low penalties
- MPVs (monospaces) = « trucks for families »

FORGET

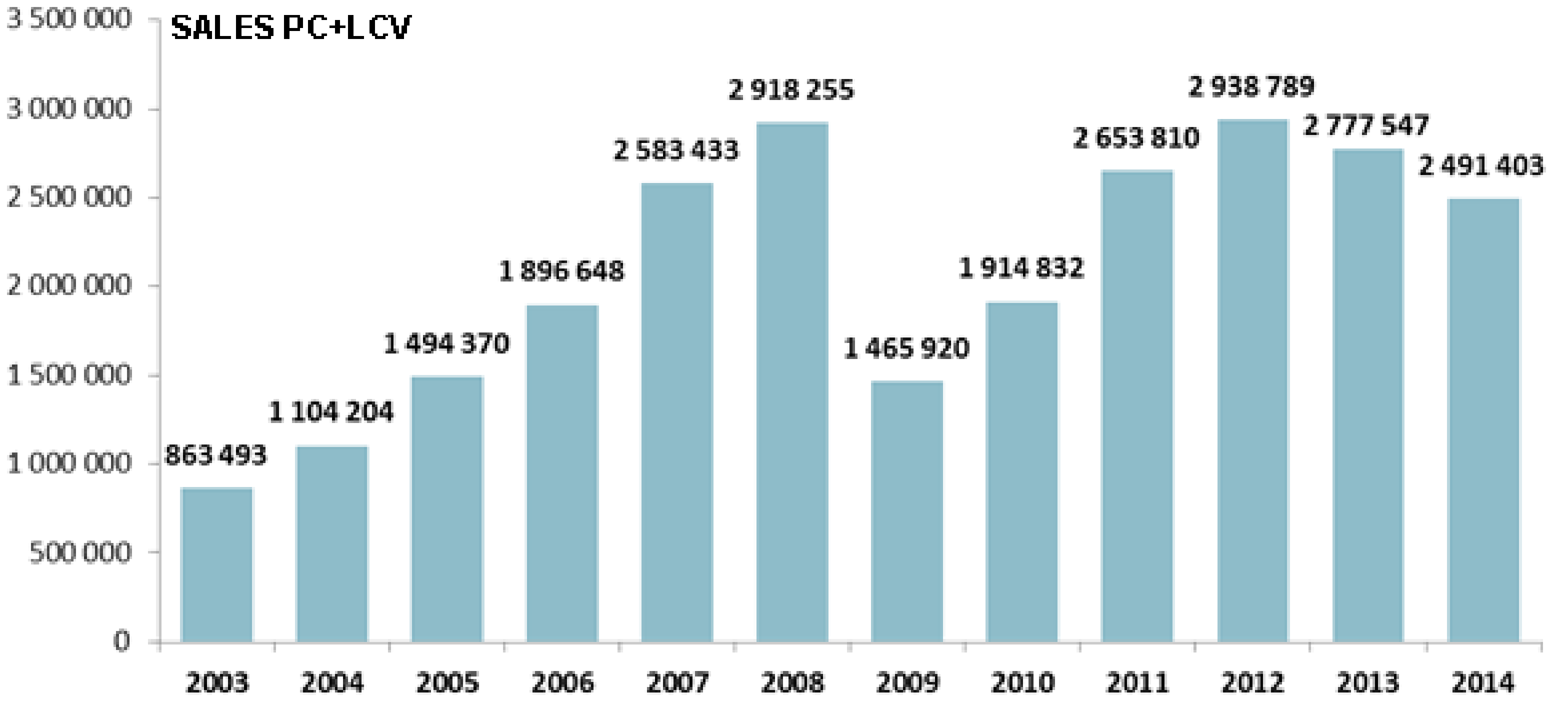
YOU ARE IN



RUSSIAN CUSTOMER

- Well informed (one of the best automotive press in the world)
- Well connected (time spent on the Web, automotive blogs and specialized forums: "Logan-owners", "Duster-owners" etc.)
- Looking for show – off (status, self-expression)
- Ready to over-invest in cars (~ yearly income of a household)

RUSSIAN CAR MARKET



- **7th market in the world with TIV around 2,5 Mveh.**
- **For 2015: forecast is extremely low, around 1,5 Mveh.**
- **Midterm perspective: main growth is forecasted in B & C segments, mainly for SUV.**
- **For Longterm: according to « western style KPIs », market could reach 4-4,5 Mveh.**

2014:TOP 10 CAR MARKETS

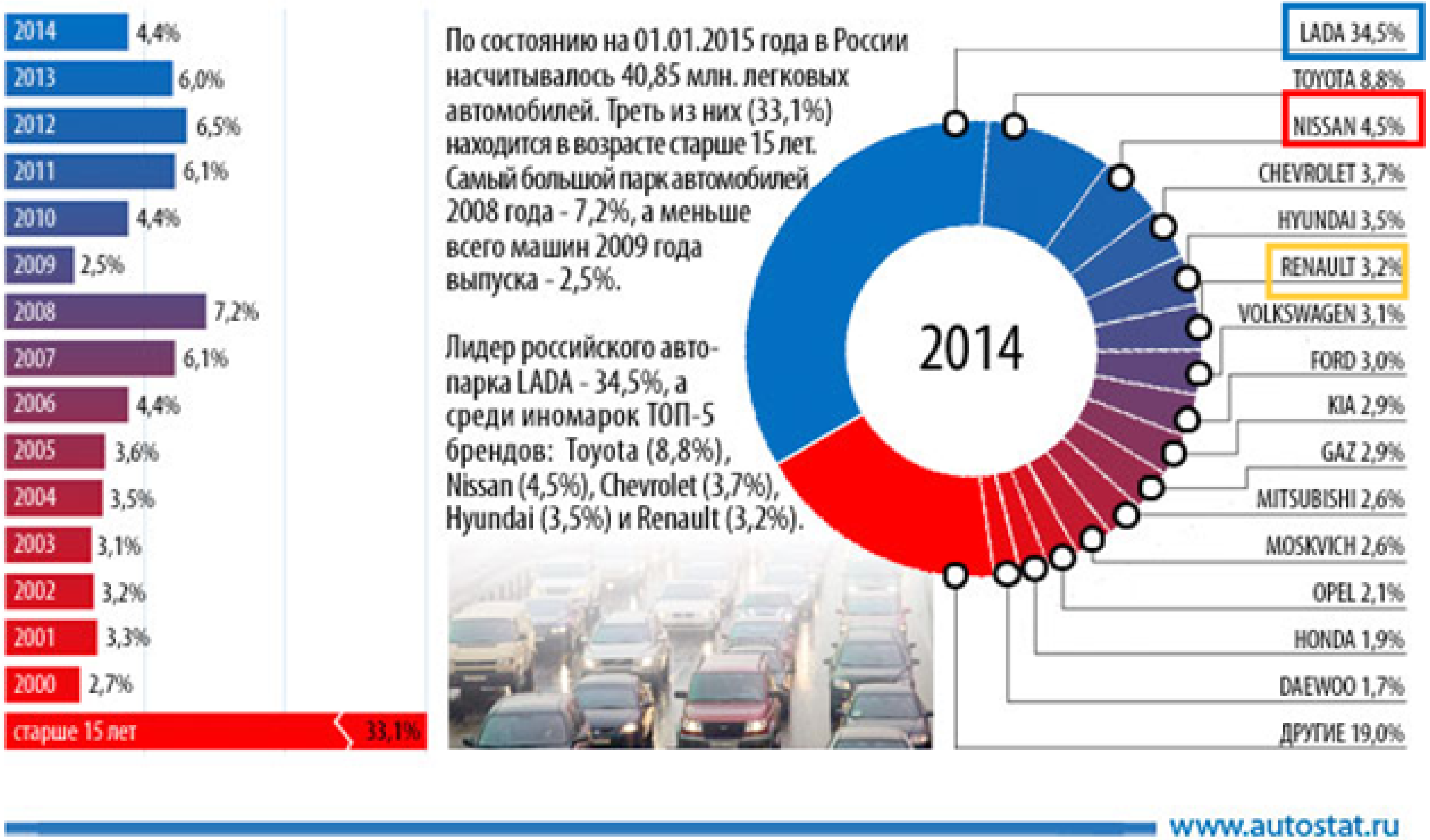
Rank	Country	Volume (ku)
1	CHINA	23 562
2	USA	16 531
3	JAPAN	4 700
4	BRAZIL	3 333
5	INDIA	3 140
6	GERMANY	3 037
7	RUSSIA	2 491
8	UK	2 476
9	CANADA	1 853
10	FRANCE	1 796

Source: ACEA

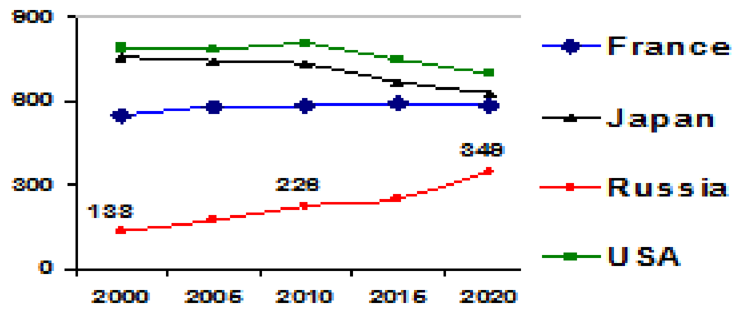
PASSENGER CARS ON RUSSIAN ROADS : 40,85 MILLION CARS

Age split of Russian parc

Russian parc split by brand



CAR DENSITY (VEH / 1 000 INHAB.)



- 40 million passenger cars on Russian roads (by 12/2014).
- 50 % of the car park is aged over 10 years and 33% over 15 years.
- In average, Russians renew their cars every 4.5 years.
- Low car density.

RUSSIAN AUTOMOTIVE FOOTPRINT: MAJOR CLUSTERS

RUSSIAN CAR MARKET: HIGHLY COMPETITIVE AND LOCALIZED

ALL GLOBAL OEM ARE INDUSTRIALY PRESENT

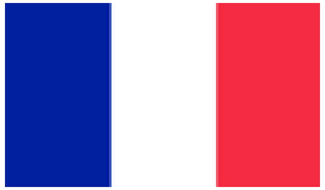
AND LOCALIZATION IS REWARDED

- Low or no customs duties on imported parts for OEM that localize production in Russia
- Customs Union Russia, Belarus, Kazakhstan: common high duties on new & used imported vehicles
- Regular programs of state support benefiting « locals »

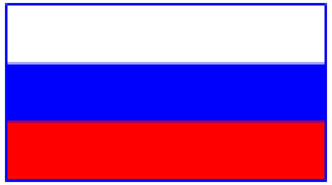
- Renault was one of the first to come in 1998 and one of the first with « full CKD process » in 2005
- Since September 2012, Russia is a member of the WTO

03 DOING BUSINESS IN RUSSIA: MULTICULTURAL ASPECTS

FORGET ABOUT « ESPRIT DE DESCARTES »



- Global
- Conceptual
- « Show me why »



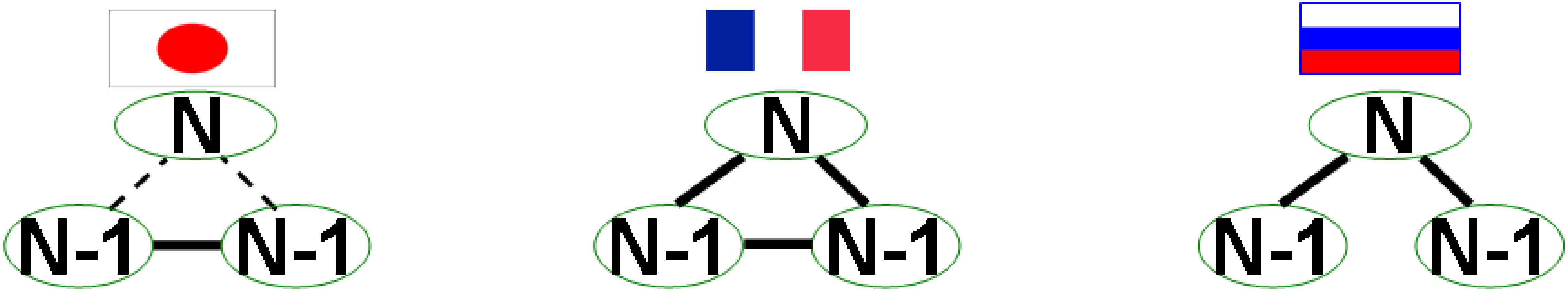
- Detailed
- Concrete
- « Show me how »

SUMMARY

COMMUNICATION

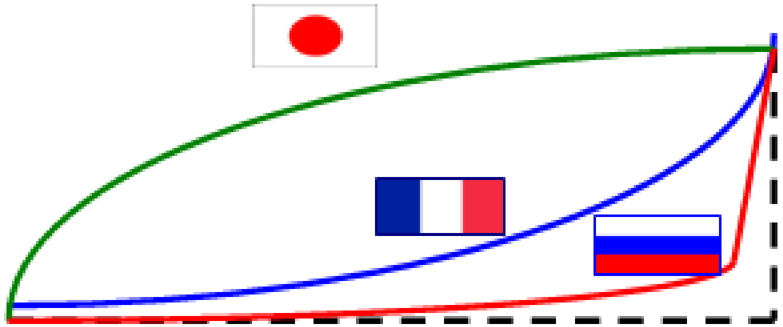
Implicit & Written **Explicit & verbal**

EMPLOYEES COMMUNICATE DIFFERENTLY

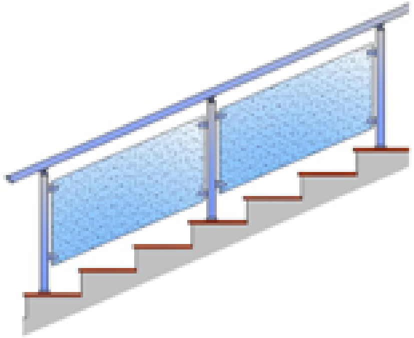


TIME

DIFFERENT WAYS OF MOUNTAIN CLIMBING



PREFERABLE OPTION IN RUSSIA



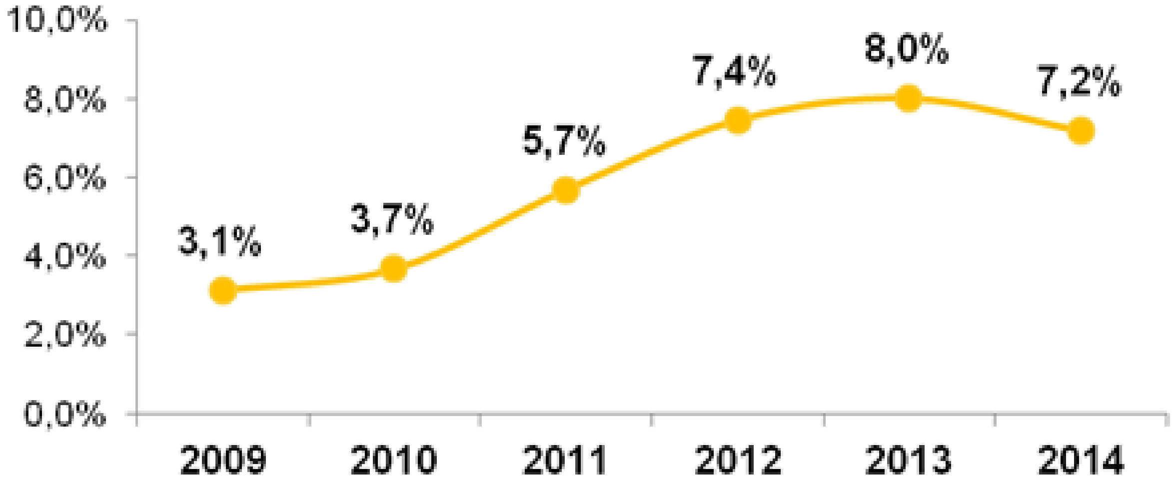
- Tasks with deadlines close to each other
- Great capacity for instant mobilization
- Very short notice (even at high level)

04 RENAULT IN RUSSIA

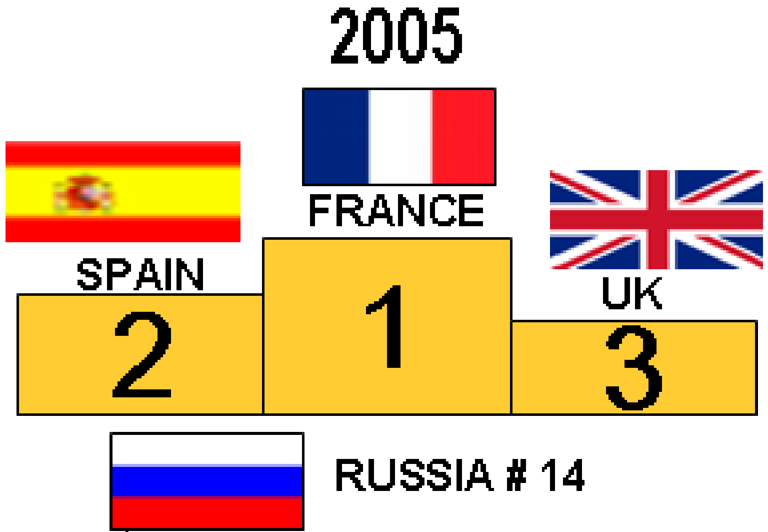
EURASIA: ONE OF RENAULT'S SIX REGIONS

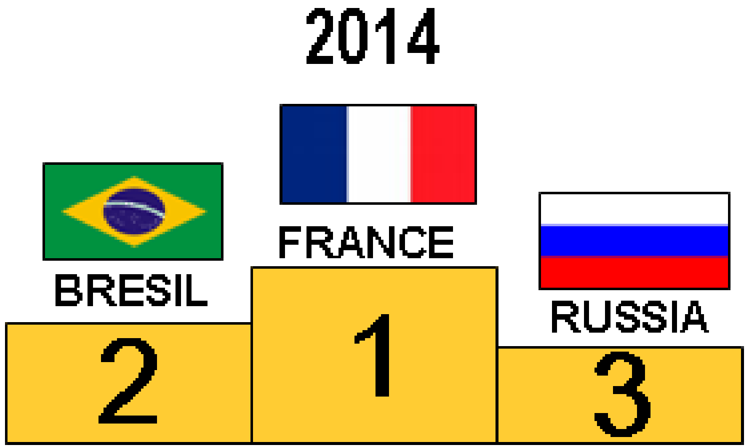
EURASIA REGION
Asie Centrale
Bulgarie
Bielorussie
Caucase
Kazakstan
Moldavie
Roumanie (Renault+ Dacia)
Russie
Turquie
Ukraine
Mongolie

SHARE OF RUSSIA IN SALES OF RENAULT GROUP



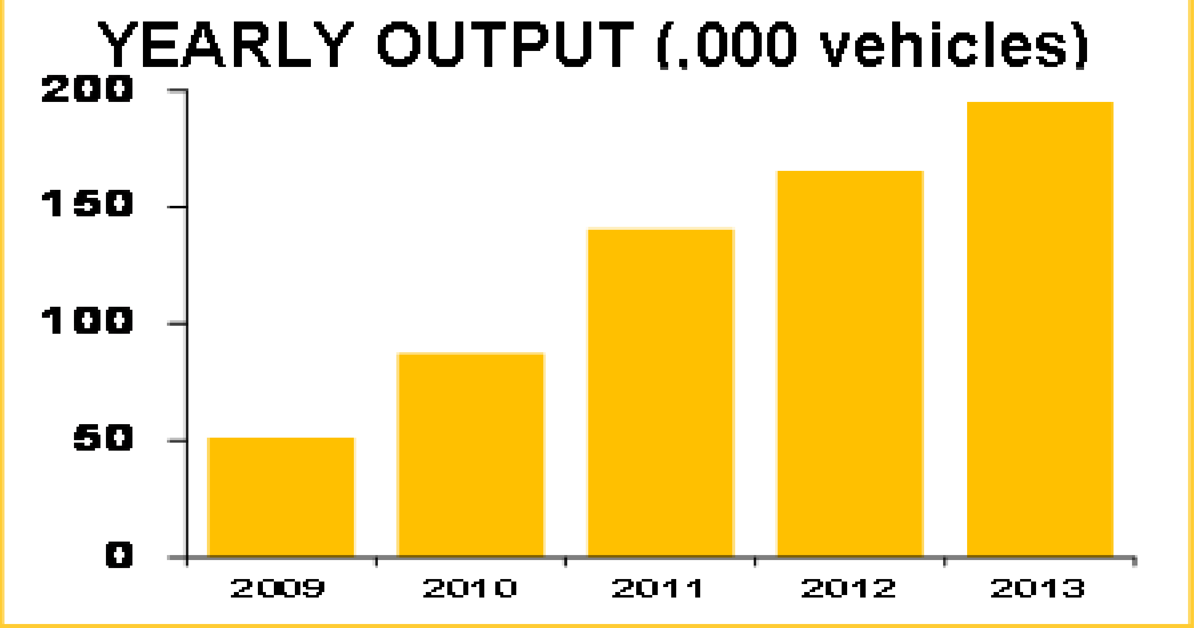
TOP 3 OF RENAULT COUNTRIES





RENAULT PLANT IN MOSCOW: LOCAL PRODUCTION OF BESTSELLERS

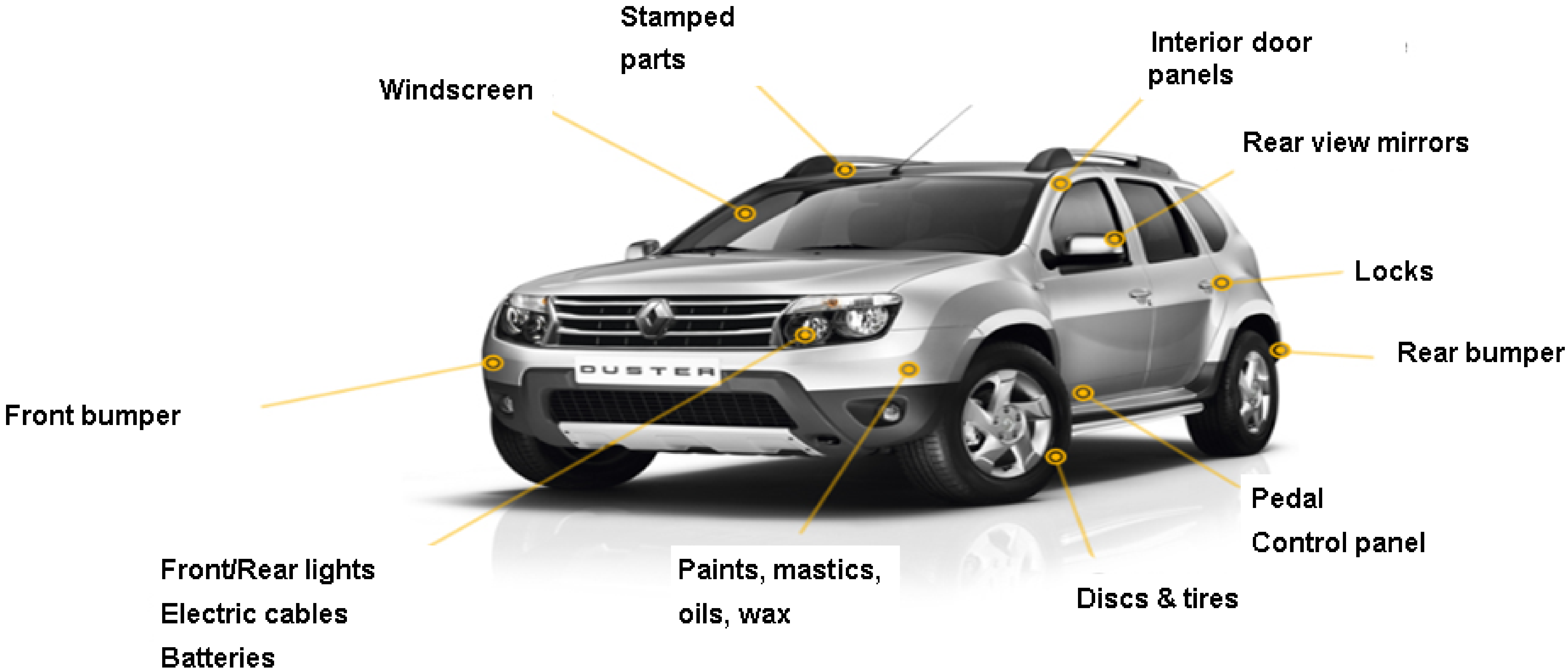
- CKD operations from April 2005
- Investment: ~ 500 M€
- 4 100 employees
- High localization of parts



> 85 % of total sales in Russia in 2013

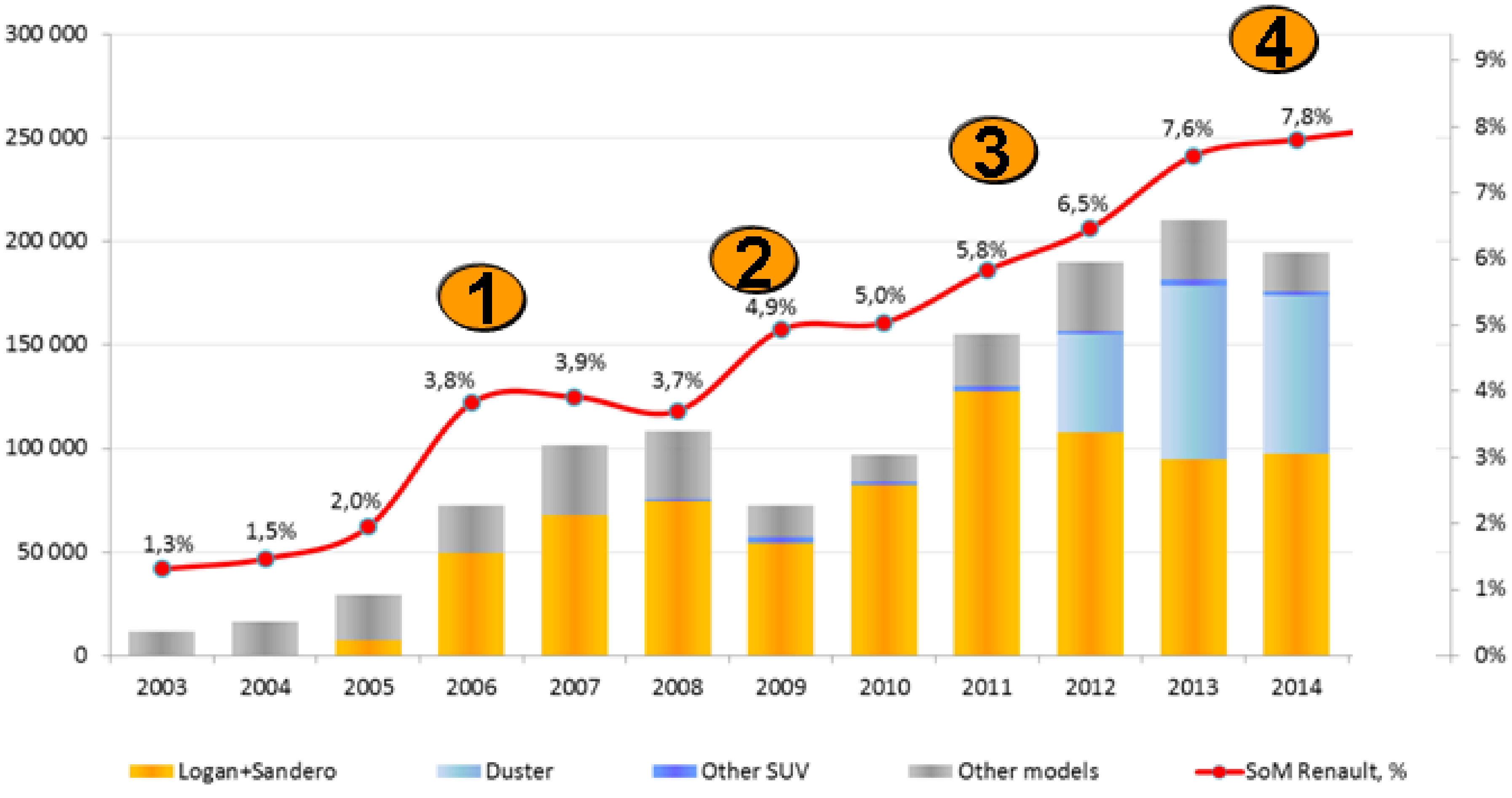
> 95 % of total sales in Russia in H1 2014

LOCALIZATION OF PARTS – EXAMPLE OF DUSTER [1]



LOCALIZATION OF PARTS – EXAMPLE OF DUSTER [2]

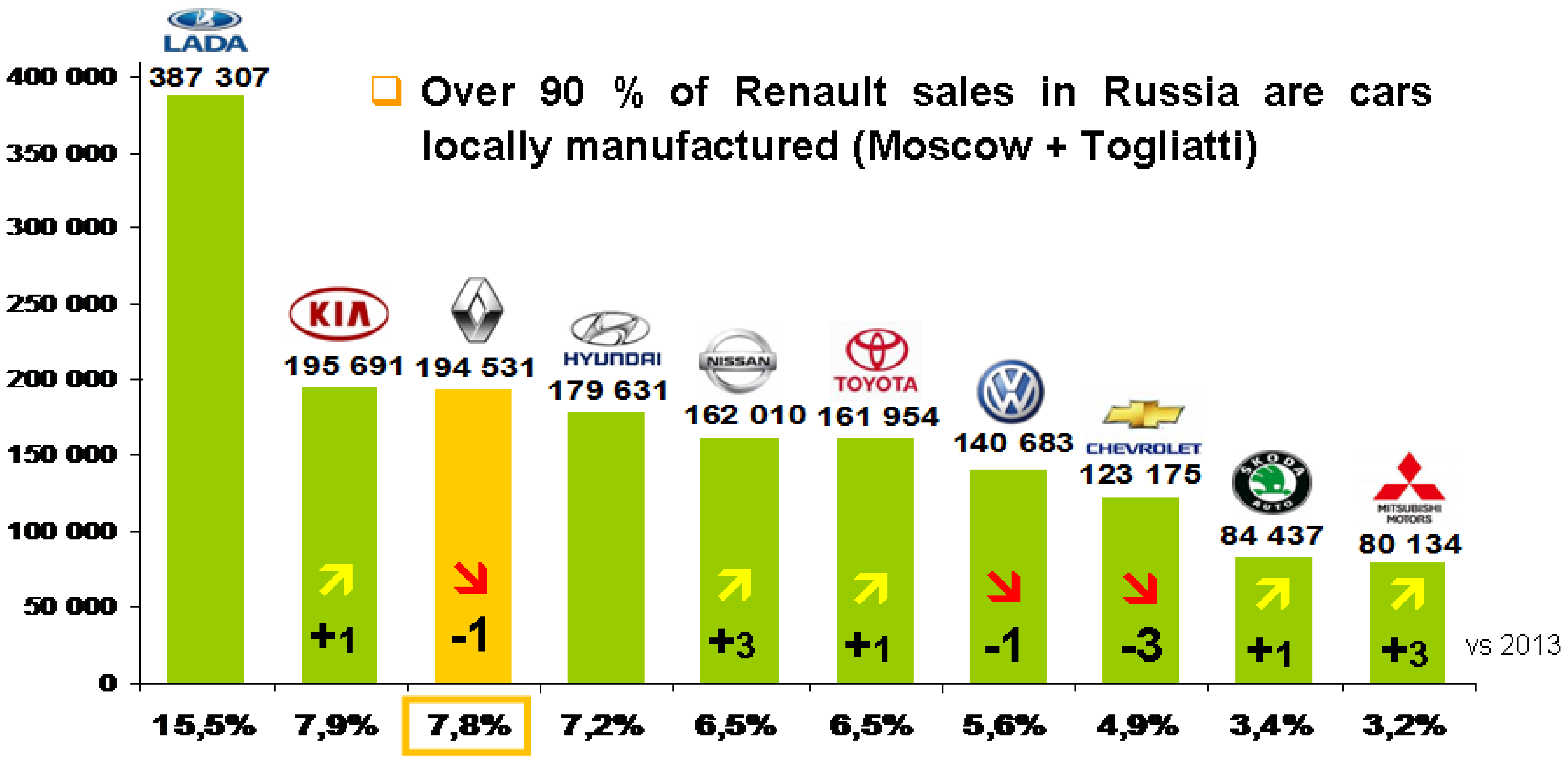
RENAULT RUSSIA: 4 BREAKTHROUGHS IN 12 YEARS



1. 2004-2007: Launch of Logan produced locally
2. 2008-2010: Efficient crisis management
3. 2011-2013: Sandero + Duster + Fluence
4. 2014: Range extension + Alliance capacities

TOP10 BRAND SALES FOR FY 2014

- Over 90 % of Renault sales in Russia are cars locally manufactured (Moscow + Togliatti)



01 AUTOMOTIVE LANDSCAPE. ALLIANCE RENAULT – NISSAN

TOP20 ALL MODELS FY 2014

Rank Ytd	Model	Liv Ytd 2013	Liv Ytd 2014	vs Ytd Y-1 (%)	Rank vs Ytd Y-1	
1	Granta	166 947	152 474	-9	=	
2	Solaris	113 993	114 644	+1	=	
3	Logan+Sandero	94 631	97 283	+3	=	
4	Rio	89 788	93 648	+4	=	
5	Duster	83 702	76 138	-9	=	
6	Kalina	67 960	65 609	-3	+2	▲
7	Largus	57 641	65 156	+13	+4	▲
8	Gazelle	77 130	64 101	-17	-2	▼
9	Polo	72 565	58 953	-19	-2	▼
10	Priora	57 687	47 818	-17	=	
11	Almera	16 252	46 225	+184	+30	▲
12	Niva	53 344	43 441	-19	+1	▲
13	Cee'd+Cerato	47 767	42 951	-10	+2	▲
14	4x4	51 693	42 904	-17	=	
15	RAV 4	39 885	38 919	-2	+5	▲
16	Octavia A7	45 816	35 292	-23	=	
17	ix35	31 706	34 814	+10	+7	▲
18	Camry	32 894	34 117	+4	+4	▲
19	Qashqai	40 739	31 710	-22	-1	▼
20	Sportage	33 451	30 606	-9	+1	▲

- **Logan/Sandero top 3**
- **Renault Duster is SUV N1 in Russia 2014, unchallenged SUV since October 2012**

OUR CUSTOMERS RECOGNIZE RENAULT CARS FOR…

1. **Durability and reliability, robustness and sturdiness**

2. **Adaptation to local roads and weather conditions**

3. **Roominess and trunk capacity**

4. **Good value for money**

RENAULT IN RUSSIA: KEY SUCCESS FACTORS

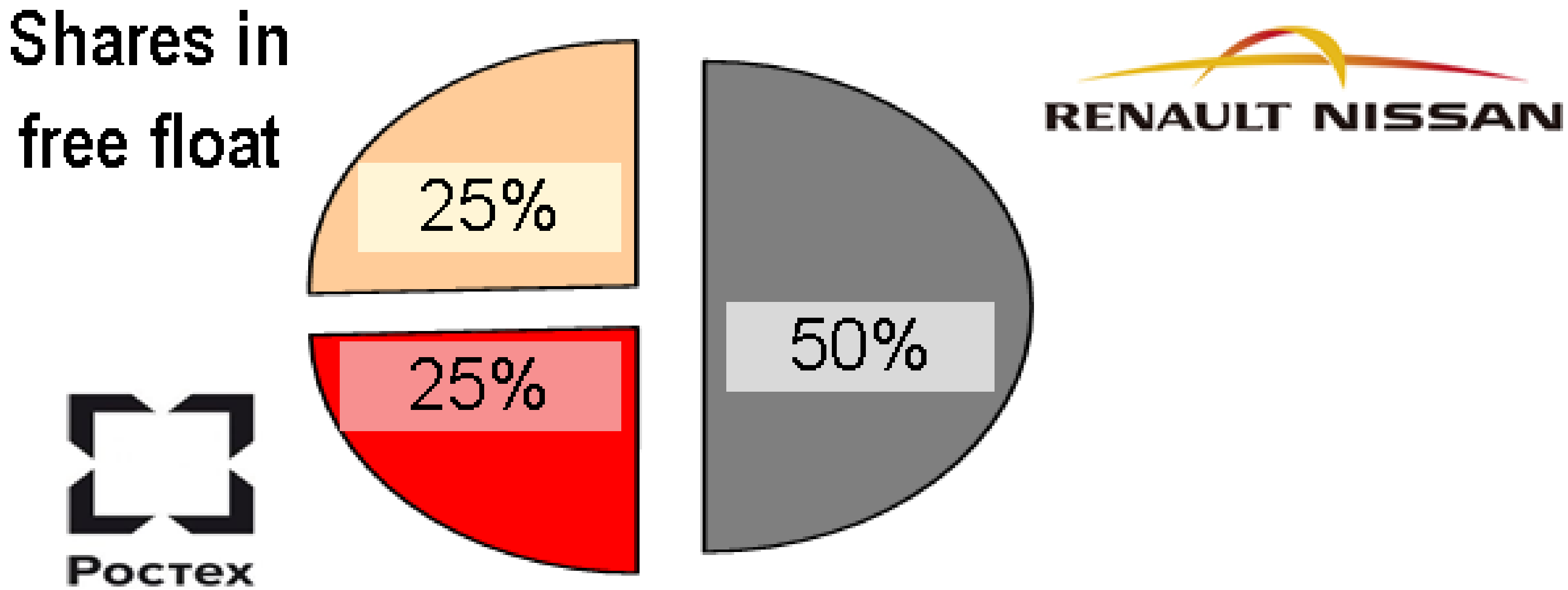
- Product plan / Industrial strategy
  - ✓ Strong offer in Entry segment "made in Russia"
  - ✓ Attractive / Competitive SUV offer
- Best – in – class localization of parts
  - ✓ Minimize FOREX risk
  - ✓ Remain competitive
  - ✓ Avoid customs duties
  - ✓ Save on logistics
- Strong USPs recognized by customers
- Robust network
  - ✓ 170 outlets in 115 cities
  - ✓ Highly-standardized
  - ✓ Customer-oriented

→ **High customer loyalty reward**

05 STRATEGIC PARTNERSHIP WITH AVTOVAZ

SINCE JUNE 2014, ALLIANCE INDIRECTLY CONTROLS AVTOVAZ

JSC AVTOVAZ: SHAREHOLDER STRUCTURE



- **C. Ghosn was elected Chairman of the Board of Directors in June 2013 and re-elected in June 2014.**
- **B. Andersson was appointed President of Avtovaz by the Alliance in January 2014**

STRATEGIC COOPERATION: A TRIPLE WIN FOR ALL

АВТОВАЗ

- Leader of the Russian market
- Capacity and in-house facilities
- Knowledge of Russian technical constraints
- Crucial local and national employer

RENAULT NISSAN

- Successful history of strategic partnerships
- Technologies, common and modern platforms and powertrain
- Manufacturing & Quality standards
- Opportunities of benchmarking

AVTOVAZ IS NOW A MULTIBRAND CAR MANUFACTURER

- Yearly capacity
  - Togliatti : 800 ku (current), 1050ku (potential)
  - Izhevsk: 100 ku (current), 350ku (potential)

CURRENT LINE-UP TOGLIATTI

LADA

GRANTA

LARGUS

KALINA

4x4

PRIORA

X-RAY

RENAULT

NEW LOGAN

NEW SANDERO

NISSAN

ALMERA

DATSUN

ON-DO

LINE-UP IZHEVSK

LADA

GRANTA

VESTA

NISSAN

SENTRA

RENAULT – NISSAN – AVTOVAZ: KEY SYNERGIES ALREADY IMPLEMENTED

- **CROSS-MANUFACTURING TO OPTIMIZE INVESTMENTS**
  - B0 line, 350 ku / year – 5 cars on 1 platform for 3 brands (Lada, Renault, Nissan)
  - Kalina line: 4 cars on 2 brands (Lada, Datsun)
  - Engines and Gearboxes assembly lines (300 ku / year each)
  - Chassis welding, machining and assembly lines for B0 pf (340 ku / year)

- **PURCHASING: volume effect to attract new suppliers for deeper localization**
  - **Supplier Quality and Supplier Development (Common team Avtovaz–Renault)**
  - **ARNPO**

- **QUALITY: Application of Alliance standards in AVTOVAZ**

STRATEGIC COOPERATION: PRINCIPLES

- AVTOVAZ is the full right partner of RENAULT and NISSAN, with respective responsibilities and benefits
- Operations in AVTOVAZ plants is under the responsibility of AVTOVAZ management
- Complementary line-up of all the brands
- Independent Sales and Marketing strategy, including pricing policies, networks…
- Each partners brings its own contribution in terms of expertise
- Job sharing
- Each company keeps its own brand identity

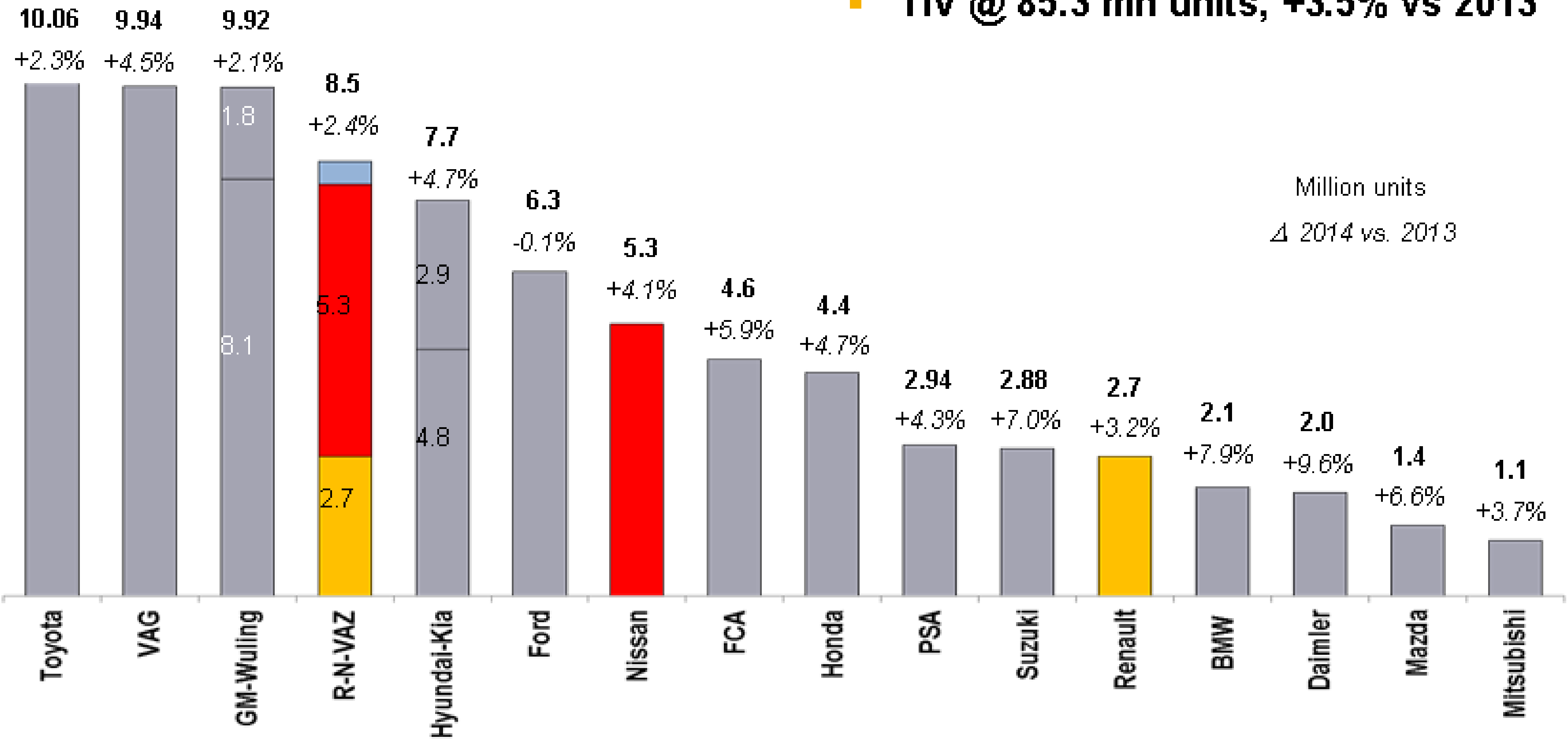
LONG-TERM COMMITMENT OF RENAULT TO THE RUSSIAN MARKET

- **Up-to-date, Renault has invested 1.5 bln. EUR in Russia, which makes us is the biggest investor in local car industry**
- **Despite current headwinds, Renault is a firm believer in the long-term potential of the Russian car market**
- **Moscow Plant will continue to be at the forefront of our industrial strategy in Russia: new projects launched for 2015 / 2016**
- **Renault has a flexible strategy in Eurasia**
  - Product line-up based on pillar models in prized segments (B / C + C-SUV)
  - Available capacities are adjustable to market demand
  - Decrease in Russia and Ukraine is partly compensated
- **Together with its partners AVTOVAZ and Nissan, Renault targets common market share of 40 % on the Russian car market**

YEAR 2014 SALES OF CARS (PC+LCV) BY AUTOMOTIVE GROUPS (MLN. UNITS)

Volumes

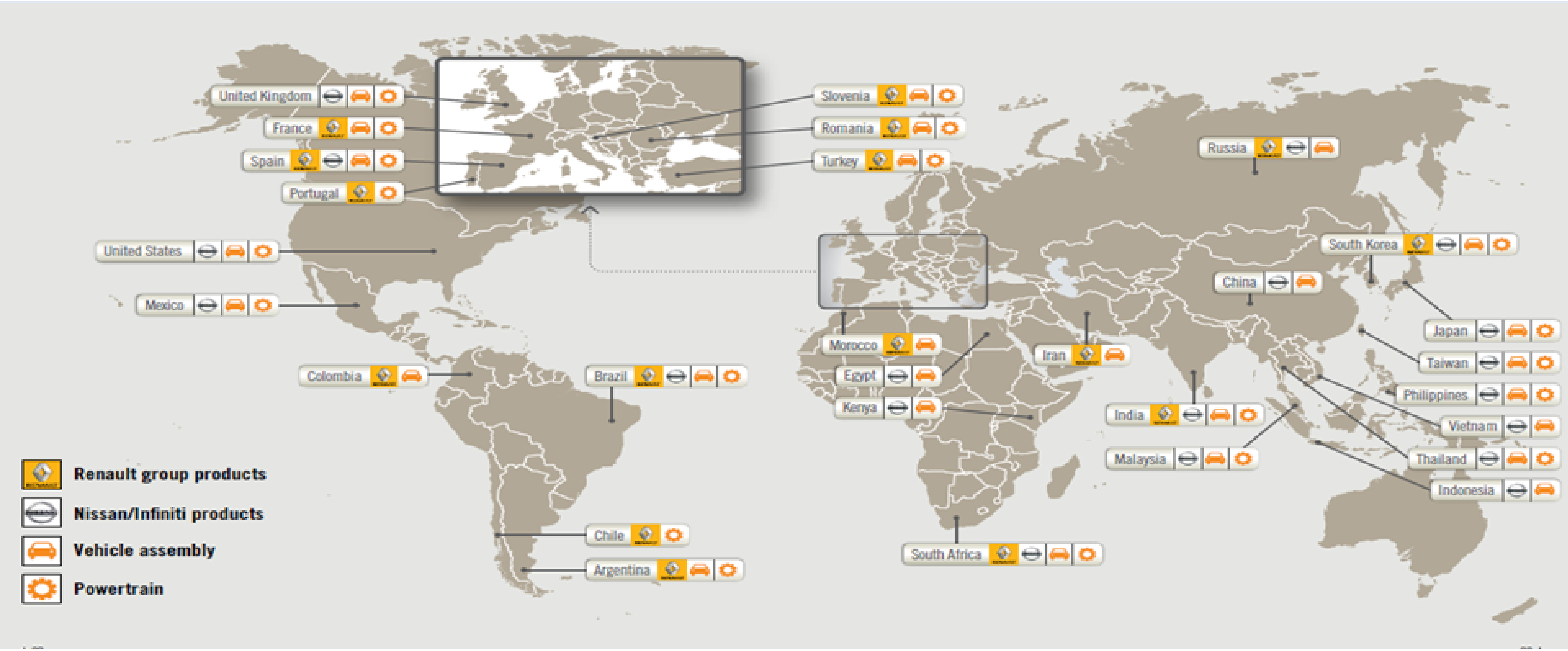
▪ **TIV @ 85.3 mn units, +3.5% vs 2013**



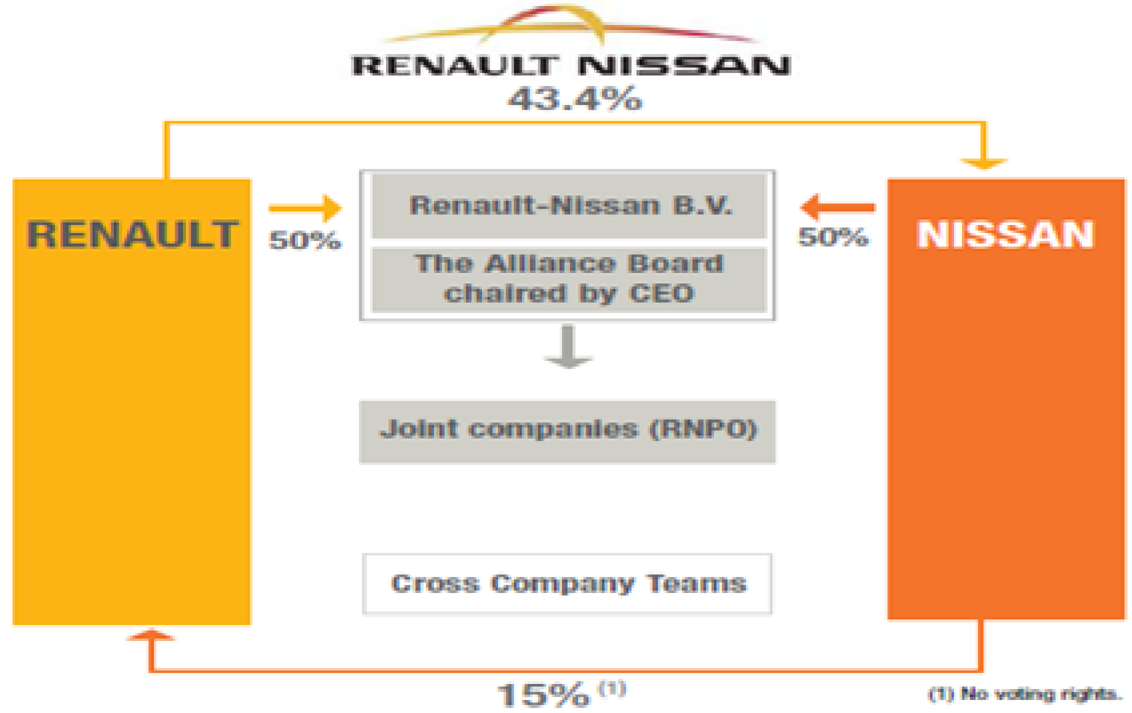
Sources: OEM Company Press Releases. TIV: Renault statistics

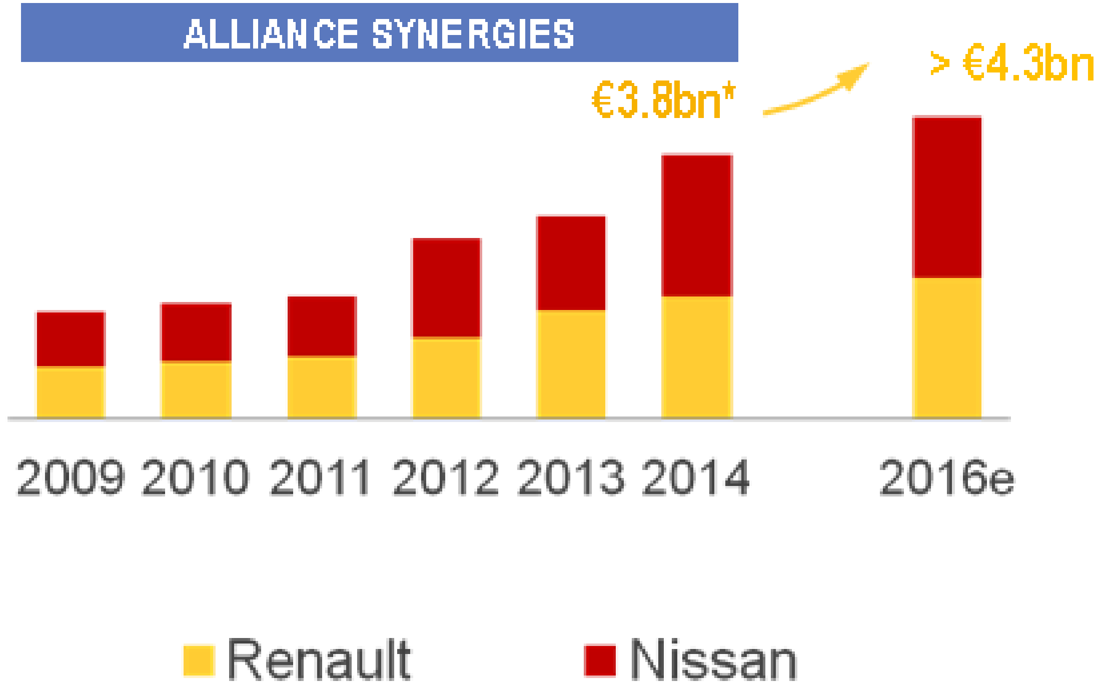
THANK YOU

ALLIANCE MANUFACTURING PLANTS



RENAULT – NISSAN ALLIANCE: STRUCTURE / 'RAISON D'ÊTRE'





- **Mutual benefit of Industrial footprint of each partner**
  - Facilitating entrance of a new market or new technology
  - Keeping the cost down
- **Each partner's expertise drives new business opportunities**

- **Upstream / Downstream synergies through cost reduction and cost avoidance**
  - **Purchasing**
  - **Vehicle engineering & Powertrain**
  - **Logistics**

02 RUSSIA: COUNTRY, CUSTOMERS, CAR MARKET

RUSSIA: WORLD'S LARGEST COUNTRY
17 M. KM² IN 9 TIME ZONES (31 X FRANCE)

CLIMATE CONDITIONS

BLACK SEA COAST (SOUTH)

SUMMER: + 45° C

CHUKOTKA (FAR NORTH-EAST)

WINTER: - 70 ° C

Δ = 115 degrees!