

Renault SA
2005 company profile edition 2



www.just-auto.com

Renault SA

2005 company profile edition 2

June 2005

Published by

Aroq Limited

Seneca House

Buntsford Park Road

Bromsgrove

Worcestershire

B60 3DX

United Kingdom

Tel: +44 (0)1527 573 600

Fax: +44 (0)1527 577 423

Web: www.just-auto.com

Registered in England no: 430706

Single-user licence edition

This report is provided for individual use only. If you would like to share this report with your colleagues, please order additional copies or sign up for a multi-user licence by contacting:

Rebecca Rice

Sales and marketing manager, just-auto.com

Tel: +44 (0)1527 573605,

Fax: +44 (0)1527 577 423

Email: rebecca.rice@just-auto.com

Copyright statement

© 2004 All content copyright Aroq Limited. All rights reserved.

This publication, nor any part of it, may be copied, reproduced, stored in a retrieval system, or be transmitted in any form by any means electronic, mechanical, photocopying, recording or otherwise without the prior permission of Aroq Limited.

This report is the product of extensive research work. It is protected by copyright under the Copyright, Designs and Patents Act 1988. **Aroq Limited offers a reward of £1,000 for information leading to the successful prosecution for illegal copying of this document.**

The authors of Aroq Limited research reports are drawn from a wide range of professional and academic disciplines. The facts within this report are believed to be correct at the time of publication but cannot be guaranteed. All information within this study has been reasonably verified to the author's and publisher's ability, but neither accept responsibility for loss arising from decisions based on this report.

Table of contents

Single-user licence edition	ii
Copyright statement	ii
Table of contents	iii
List of tables	iv
List of figures	v
just-auto.com’s research portfolio	vi
Incredible ROI for your budget – single and multi-user licences	vi
just-auto.com membership	vii
Chapter 1: Company Dossier	1
Chapter 2: Worldwide Locations	4
Chapter 3: Financial Analysis	5
Chapter 4: Competitor Analysis	6
Chapter 5: Key Events	9
Chapter 6: SWOT Analysis	12
Strengths.....	12
Weakness	12
Opportunities.....	12
Threats	13
Chapter 7: Customers	14
Chapter 8: Products	16
Chapter 9: Product Development	21
Chapter 10: Prospects	23
Online sources of information	25
Free email newsletters	25
Other research reports	25
Global news and feature articles.....	25
Search the web	25
Your feedback	26

List of tables

Table 1: Renault S.A's worldwide facilities..... 4

Table 2: Renault S.A's Key Consolidated Performance, 2000-2004 (Figures given are in million of Euros, unless otherwise mentioned) 5

List of figures

Figure 1: Market share of competitors in Western Europe (in %), 2004	7
Figure 2: Geographical distribution of sales volume	14
Figure 3: Production by category	18
Figure 4: Segment-wise contribution to sales	20

just-auto.com's research portfolio

just-auto.com has been providing timely auto industry intelligence to the automotive industry globally since 1999. We use only experienced and respected authors to publish our portfolio of automotive component sector reports and profiles. Our approach is to cover niche technology sectors – often at a module level, such as roof systems or fuel injection systems, to provide you with the best available analysis at a good-value price point.

All of the reports in our growing portfolio, many in their 2nd or 3rd editions, give you an essential overview of a sector. Each study profiles the key players, assesses which technologies are being developed, and gives you other essential intelligence including market share data, forecasts and exclusive interviews with relevant senior executives. In addition just-auto profile many of the major automotive suppliers providing forward-looking commentary.

A full list of available reports is available at <http://www.just-auto.com/store/>

Incredible ROI for your budget – single and multi-user licences We understand the pressure your research budget is under and price our reports realistically. You won't find our reports with four, or even five-figure price tags, but you will find that they make some of the competition look expensive.

Each title is available to you on a single-user basis, supplied on the strict understanding that each title is not to be copied or shared. Alternatively, titles can be shared within departments or entire corporations via a cost-effective multi-user licence. Multi-user licences can also save you money by avoiding unnecessary order duplication. To further add value, all multi-user copies are hosted on a password protected web site saving you time, resources and effort when sharing research with your colleagues. To find out more please contact:

Rebecca Rice, sales and marketing manager, just-auto.com

Tel: +44 (0)1527 573 609

Fax: +44 (0)1527 577 423

Email: rebecca.rice@just-auto.com

just-auto.com membership

As a 'consumer' of automotive research, just-auto site membership will be especially valuable to you. For just £125 / US\$195 / €175* a year you will gain access to a growing portfolio of exclusive management briefing reports, and also receive 12 new reports for each year you are a member.

These reports are between 5,000 and 10,000 words and give you fresh insight into diverse sectors such as retailing, transmissions, x-by-wire, aftermarket issues and emerging markets.

As well as this impressive list of members' only reports, you also gain one year's access to a constantly updated stream of news, feature articles and analysis at **www.just-auto.com**. Established in 1999, just-auto.com has rapidly evolved into the premier source of global automotive news, analysis and data for busy senior executives.

In addition, membership gives you full access to four years of news and feature archives, key news headlines from around the web and your own email alerting tool - AMANDA. In short, a one-stop shop for global automotive intelligence.

For further details of this month's special joining offer visit **www.just-auto.com/offer/**

* Prices correct at time of publication.

Chapter 1: Company Dossier

Company name

Renault (Regie Nationale des Usines Renault) SA

Business activity

Renault S A, headquartered at Boulogne-Billancourt Cedax, France, is a leading manufacturer of passenger cars, light commercial vehicles (LCVs) and agricultural vehicles. The Group operates through two business segments, namely, Automobile Division and Sales Financing Division. The Group's automobile segment comprises of brands such as Renault, Dacia (Romania) and Samsung (South Korea). During 2004, the group sold approximately 2.4 million vehicles and had a market share of 10.8% in the western European region. Renault also has a strategic alliance with Nissan Motors. The Sales Financing Division operates through RCI Banque. The sales of Renault SA for fiscal year ended December 31 2004 stood at €40,715 million, with the Automobile Division contributed 95%.

Stock symbol

Renault SA is listed on Euronext Paris under the ISIN code FR0000131906.

Key executives

Louis Schweitzer, Chairman of the Board

Carlos Ghosn, President and CEO

Patrick Blain, Executive Vice President, Sales and Marketing

Georges Douin, Executive Vice President, Product and Strategic Planning and International Operations

Michel Gornet, Executive Vice President, Manufacturing

Thierry Moulouquet, Executive Vice President, CFO

Jean-Louis Ricaud, Executive Vice President, Quality and Engineering

Michel de Virville, Corporate Secretary General, Renault Group Human Resources Department

Summary Financials

€millions	2002	2003	2004
Net sales	36,336	37,525	40,715
Net income/(loss)	1,956	2,480	3,551
Capital Expenditure	3,390	3,234	3,483
Working Capital	NA	4,081	4,581

Fiscal year ends on December 31

Source: Renault SA

Key Competitors

Renault's competitive strength lies in its creativity and design, safety, scale and efficiency of its alliances, and its strategy for international development. Some of its key competitors are Volkswagen (Wolfsburg, Germany), Ford (Dearborn, Michigan, USA), PSA Peugeot Citroen (Paris, France) and Fiat (Turin, Italy).

Key Customers

Renault has several customers across its various product segments. Western Europe contributed 72.8% of its total sales in 2004. Another strong market is the Latin American market, contributing to 5.9% of its total sales. In Western Europe, the Renault Megane 2 and Renault Kangoo Express are best sellers, enjoying very high sales volumes. In the cars and LCV segment of the French automobile market, Renault had the highest share at 28.4%, in 2004.

Outlook

Renault's strategy of expansion has paid off, with the company achieving an huge sales growth of 16.5% in countries outside Western Europe. It is looking at reducing its excessive dependence on the Western European region with a long-term goal of generating around 50% of its sales from countries outside the region, but at the same time retaining its leadership position in cars and LCVs.

The company expects this success story to continue into 2005. In addition, it expects an operating margin of over 4% of the Group's revenues. In 2005, it expects the European market to be stable and the other markets to grow marginally.

In the emerging markets, Renault can expect its growth rate to increase at a faster rate than the growth in infrastructure and logistical demands. The company has chartered detailed plans for enhancing its international reach by setting up new operations in potential markets and has plans to further leverage its alliance with Nissan. Renault's long-term sales projection for 2010 is 4 million vehicles, along with Dacia and Renault Samsung Motors. With production start-ups in Russia, Columbia and Morocco, the Logan programme is likely to be rolled out in many countries.

The company is looking at trimming its exposure to less profitable segments. However, the sluggish market and increasing raw material prices are expected to continue to impact profit margins.

Chapter 2: Worldwide Locations

The Renault Group, headquartered at Boulogne-Billancourt Cedax, France, has around 350 industrial and commercial sites in over 40 countries. It employed around 130,573 people the world over, as of 31st December 2004.

Table 1: Renault S.A's worldwide facilities

Location	Renault Plant/Nissan Plant	Functions
United Kingdom	Nissan plant	Powertrain, Body Assembly
France	Renault plant	Powertrain, Body Assembly
Spain	Renault plant & Nissan plant	Powertrain, Body Assembly
Portugal	Renault plant	Powertrain
Slovenia	Renault plant	Body Assembly
United States	Nissan plant	Powertrain, Body Assembly
Mexico	Nissan plant	Powertrain, Body Assembly
Columbia	Renault plant	Body Assembly
Brazil	Renault plant	Powertrain, Body Assembly
Chile	Renault plant	Powertrain
Argentina	Renault plant	Body Assembly
Russia	Renault plant	Body Assembly
Morocco	Renault plant	Body Assembly
Turkey	Renault plant	Body Assembly
Romania	Renault plant	Powertrain, Body Assembly
Egypt	Nissan plant	Body Assembly
Pakistan	Nissan plant	Body Assembly
Kenya	Nissan plant	Body Assembly
Zimbabwe	Nissan plant	Body Assembly
South Africa	Nissan plant	Powertrain, Body Assembly
China	Nissan plant	Body Assembly
South Korea	Renault plant	Powertrain, Body Assembly
Thailand	Nissan plant	Powertrain, Body Assembly
Japan	Nissan plant	Powertrain, Body Assembly
Taiwan	Nissan plant	Powertrain, Body Assembly
Philippines	Nissan plant	Powertrain, Body Assembly
Malaysia	Renault plant/Nissan plant	Powertrain, Body Assembly
Indonesia	Nissan plant	Body Assembly

Source: Renault SA

Chapter 3: Financial Analysis

Renault's 2004 sales stood at €40,715 million, a year-on-year increase of 8.5%. In the same year, its net income registered a growth of 43.2%, at €3,551 million.

In 2004, the Automobile Division's sales stood at €38,645 million, an increase of 8.8% over the previous year. The division accounted for 94.9% of the total sales. The Sales Financing Division registered a growth of 4.0%, at €2,070 million in 2004. The Automobile Division's operating margin was 5.1% of revenues, at €1,974 million. This can be attributed to an improved product mix, higher productivity and effective cost controls. Renault's sales volume increased by 4.2% to 2.5 million units in 2004 compared to 2003, whereas Nissan's sales volume grew by a whopping 11% to 3.3 million units. Thanks to the success of Logan, Dacia's sales increased by 39.1% in 2004. However, the sales of Samsung Motors decreased by 23.7% in 2004.

For the first quarter of 2005, Renault's sales stood at €9,840 million, a decrease of 1.2% over the previous year. The Automobile Division's sales stood at €9,381 million, decreasing by 0.8% over the corresponding quarter of the preceding fiscal.

Table 2: Renault S.A's Key Consolidated Performance, 2000-2004 (Figures given are in million of Euros, unless otherwise mentioned)

€Millions	2000	2001	2002	2003	2004
Net sales	40,175	36,351	36,336	37,525	40,715
Cost of sales	31,267	29,405	29,347	30,428	32,333
Net income	1,080	1,051	1,956	2,480	3,551
Research and development expenses	2,048	1,935	1,143	1,243	1,383
Working Capital	NA	NA	NA	4,081	4,581
Capital expenditures	2,846	3,065	3,390	3,234	3,483
Cash and cash equivalents	1,812	2,135	3,354	4,276	5,521
Total shareholders' equity	9,652	10,051	11,828	13,591	16,060
Total assets	51,975	50,129	53,228	58,291	60,942
Number of employees	166,114	140,417	132,351	130,740	130,573

Fiscal year ends December 31
Source: Renault S.A

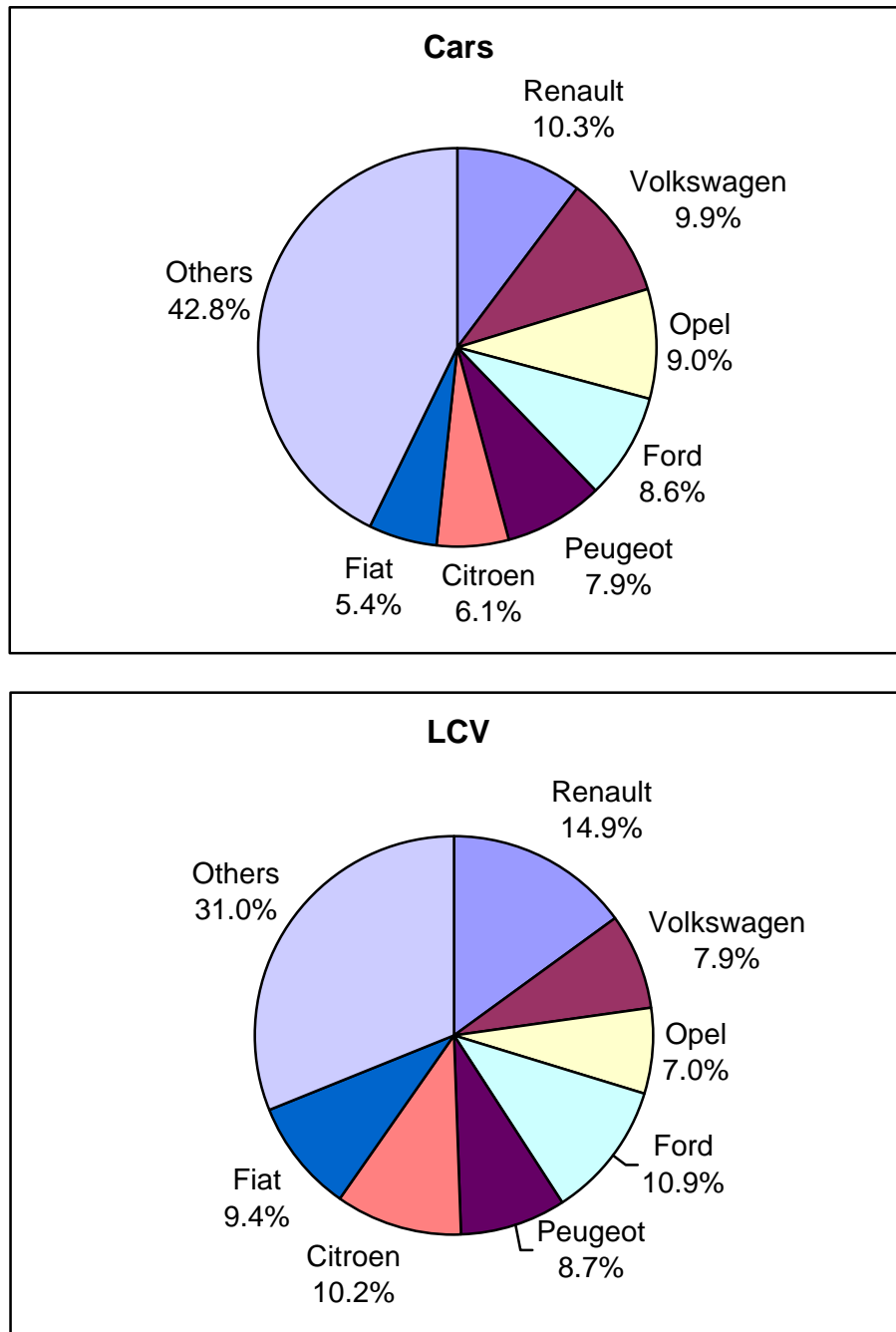
Chapter 4: Competitor Analysis

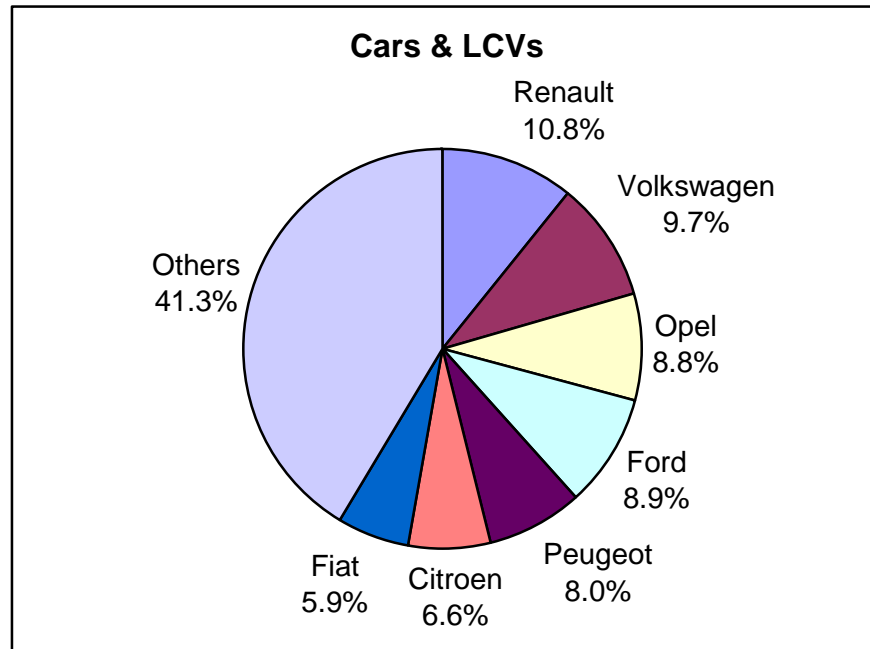
Renault's competitive strength lies in its creativity and design, safety, scale and efficiency of its alliances, and its strategy for international development. Some of its competitors are Volkswagen (Wolfsburg, Germany) Ford (Dearborn, Michigan, USA), PSA Peugeot Citroen (Paris, France) and Fiat (Turin, Italy).

PSA Peugeot Citroen held the second largest market share in Western Europe for a wide range of products including cars, LCVs, automotive components and spare parts, as of late 2004. It held a market share of 14.6% (passenger cars and light commercial vehicles) in that region during 2004. It also held the largest market share in France (33.2%) and Spain (21.2%) as of 2003. The company is expected to leverage on its capacity enhancements in Brazil, Argentina and China, which is expected to help it attain an annual worldwide production of 4 million vehicles in 2005.

Ford Motor ranks second among the original equipment manufacturers (OEMs), with a market share of 19.6% at the end of 2004. In the truck market, Ford continues to perform well through its F-Series line-up, which retained its industry leading position. Toyota enjoyed a market share of 12.2% at the end of fiscal 2004, while that of Honda was 8.2%.

Figure 1: Market share of competitors in Western Europe (in %), 2004





Company	Cars	LCVs	Cars & LCVs
Renault	10.3	14.9	10.8
Volkswagen	9.9	7.9	9.7
Opel	9.0	7.0	8.8
Ford	8.6	10.9	8.9
Peugeot	7.9	8.7	8.0
Citroen	6.1	10.2	6.6
Fiat	5.4	9.4	5.9
Others	42.8	31.0	41.3
Total	100.00	100.00	100.00

Source: Renault SA

Note: LCV denotes Light Commercial Vehicles

Chapter 5: Key Events

Renault's history dates back to 1898, when Louis Renault bagged 12 orders from his friends to create a small, four-wheeled direct drive system, which was a trend-setter then. The Renault Brothers Company was set up in 1899 and the Renault brothers won a series of motorcar races.

Louis Renault soon introduced the first Renault engine that had four cylinders and a horsepower of 24 and later the turbo. Around 1903, the company set up a network in Belgium, England, Italy, Germany, Spain and the US. Soon, it switched over from craft production to mass production and entered into aeronautics as well.

By 1921, Louis Renault set up Societe Anonyme des Usines Renault (SAUR), which had comprehensive and advanced production units and sites. By 1929, the assembly line in Billancourt plant was in operation and the factory was completed in 1937. Meanwhile, by 1927, plants at Haren/Vilvoorde, Belgium and Acton, England were set up. In the following decade, a severe economic crisis led to acute unemployment and very low automobile production. Renault's archrival Citroen filed for bankruptcy in 1934. However, despite good production, SAUR incurred losses for the first time in its history. Juvaquatre, a small car, was launched in 1937, which added to the mounting financial losses. Citroen and Peugeot overtook Renault.

Soon after the death of Louis Renault, the company was nationalised and Regie Nationale des Usines Renault (RNUR) was set up. RNUR's first Chairman, Pierre Lefauchaux, introduced the 4CV small car at the first Paris Motor Show in 1946 and it was exported from 1947, which brought in substantial foreign income. The company made improvements in the production processes through transfer machines and high performance work tools for engine block machining. It also brought out multiple workstations and electromagnetic heads. By 1954, the company mass manufactured the 4CVs and accounted for 35% of the national automobile output. Pierre Dreyfus, who replaced Lefauchaux, bought two heavy goods manufacturers, Latil and Somua and Renault trucks. These were merged to create Saviem. In 1974, Berliet joined with Regie Renault to dominate the heavy goods sector. Dauphine was launched in 1956.

During the 1960s, Renault 4, Renault 8, Renault 8 Gordini and Alpine were launched. In 1966, the company signed a technical agreement with Peugeot and Volvo. In 1972, it introduced the Renault 5, a car with low-fuel consumption, which emerged a clear winner especially during the oil crisis. Three years later, the company's plants manufactured 1.3 million passenger cars. The company took up various restructuring activities in 1984 due to financial difficulties.

In 1990, Renault became a limited company and signed an agreement with the Volvo group. In 1996, it was privatised and three years later, in 1999, it signed an alliance with Nissan and acquired a 51% stake in Romanian carmaker Dacia. In the following year, it acquired Samsung Motors in South Korea. In 2001, Renault acquired a 20% stake in Volvo and the two together became the world's second largest truck manufacturer.

Nissan and Renault implemented the second part of their alliance in 2002 to strengthen their equity ties and their command structure. This necessitated the creation of Renault s.a.s, (a joint stock company, wholly owned by Renault SA). During 2003, Megane 2 was launched, and it became a best seller in Europe. In 2004, the company increased its stake in Slovenian subsidiary Revoz to 100%. Renault and Dongfeng started a new joint venture in June 2004 to manufacture 300,000 vehicles in China. It also raised its stake in Avtoframos, a Russian subsidiary, to 76%.

In March 2005, Renault sold its stake of 43.6 million shares (17.88% stake) in Nissan Diesel Motor Co. A communication and navigation system was jointly developed by Renault and Nissan to be fitted in the new Nissan Pathfinder and Renault Laguna. Renault also set up a joint venture in India with Mahindra & Mahindra, named Mahindra Renault Ltd. for the production and sale of Logan. Renault would hold a 49% stake and Mahindra would hold 51%.

In April 2005, Carlos Ghosn replaced Louis Schweitzer as the President and CEO of Renault. The company increased its stake in Societe Marocaine de Construction Automobile (SOMACA) to 54%. Louis Schweitzer also inaugurated a production plant of Avtoframos (Renault's Russian subsidiary) at Moscow. In May 2005, Renault Europe Automobiles (REA) was renamed as REAGROUP in order to bring all of Renault Group's European distribution subsidiaries under the distinctive image. In the same

month, an agreement was signed between Renault and Pars Khodro for the assembling and selling of Renault Megane Sedan from mid-2006 in Iran. The new CEO, Carlos Ghosn, also announced that the company would be manufacturing three and five door Clio III at Bursa plant, Turkey. An investment of €216 million has been made towards this.

Chapter 6: SWOT Analysis

Strengths

Renault SA held a leading position in Western Europe, with a market share of 10.8% in the cars and LCVs segment, as of 2004. Its competitive strength lies in its association with Nissan, Samsung Motors and Dacia, which gives it an edge in R&D, production and distribution. The competitive production capacity at the Dacia production base coupled with Renault's technical expertise form the two most critical factors in the company's product line renewal strategies. In addition, the company's net income touched €3.5 billion in 2004, an increase of 43.2% over the previous year. This created a positive image of the company with the shareholders since the EPS increased from €9.32 in 2003 to €13.35 in 2004.

Seven of the company's vehicles were awarded with top five-star rating in Euro NCAP crash tests, thus demonstrating that Renault's vehicles have one of the best safety features.

Weakness

The company remains highly dependent on Western Europe for its sales. The region contributed 72.8% of its total sales in 2004. This is a matter of concern as the company's market share (for cars and LCVs) has declined from 11.1% in 2003 to 10.8% in 2004. In addition, the CAGR of auto production for Western Europe (from 2005-2007) is forecasted to decline by 0.2%. Hence, it's imperative that the company diversify its geographical customer base.

Opportunities

The geography-based synergies arising out of the alliance with Nissan will provide a major opportunity to be leveraged over the long term. Several model launches in 2005, such as the Modus, SM3, Espace Alyum and Kangoo Express, are expected to contribute to the company's earnings.

In the long term, Renault is looking at increasing its presence in the US at the industrial as well as commercial levels, as it views that market as highly lucrative.

Threats

Furthermore, the company also faces tough competition from Japanese and Korean automakers like Toyota, Honda and Mitsubishi, which are rapidly gaining ground in the European markets. Asian manufacturers are continuing to fortify their position in the crucial North American and European market, which is eating into Renault's market share. Competitors such as Nissan are targeting a worldwide market share of 15% by the end of 2010, which raises the bar of competitive pressure on Renault. It can also expect stiff competition from Toyota and BMW, which have been experiencing increasing market share in the past three years (in the passenger and LCV segment) in Europe.

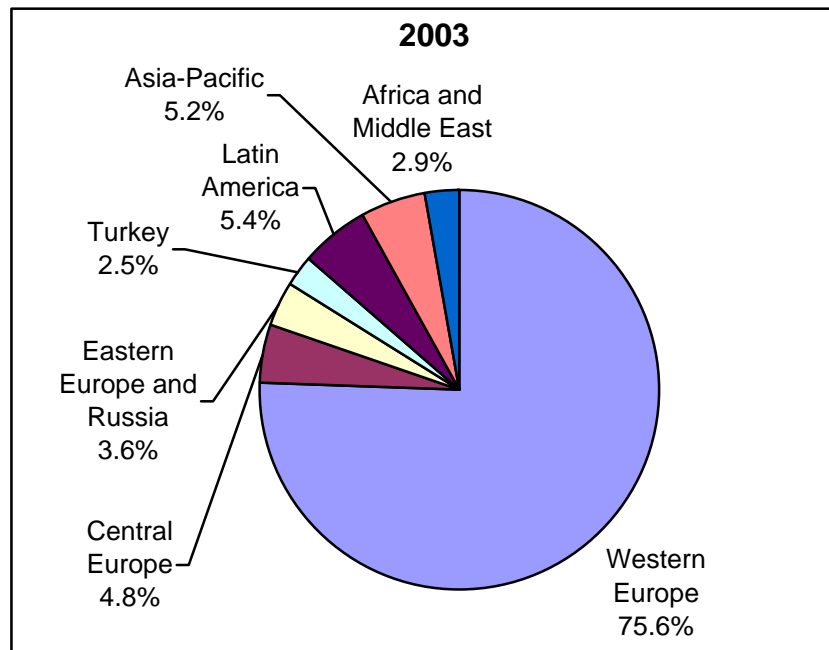
Rising raw material prices are expected to impact profit margins.

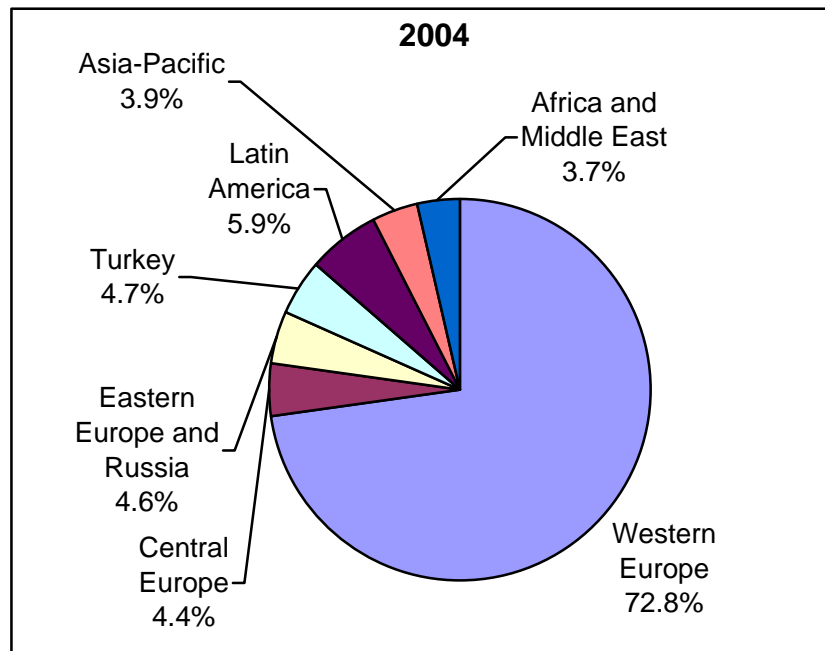
Chapter 7: Customers

Renault SA has several customers across its various product segments. Western Europe contributed 72.8% of its total sales in 2004. Another strong market is the Latin American market, contributing 5.9% of its total sales. In Western Europe, Renault Megane 2 and Renault Kangoo Express are best sellers, enjoying very high sales volumes. The company has sold approximately 2.5 million vehicles during 2004, of which more than 80% of the sales came from the European market.

In the French automobile market, Renault's share in the cars and LCV segment was the highest, at 28.4%, in 2004.

Figure 2: Geographical distribution of sales volume





Region	2003 (in units)	% contribution	2004 (in units)	% contribution
Western Europe	1,806,995	75.6	1,812,044	72.8
Central Europe	115,511	4.8	108,746	4.4
Eastern Europe and Russia	86,910	3.6	115,264	4.6
Turkey	58,721	2.5	118,121	4.7
Latin America	127,936	5.4	147,790	5.9
Asia-Pacific	123,767	5.2	95,808	3.9
Africa and Middle East	68,642	2.9	91,628	3.7
Worldwide total	2,388,482	100.00	2,489,401	100.00

Source: Renault SA

Note: Sales volume of cars and LCVs include Dacia and Renault Samsung Motors

Chapter 8: Products

Renault's products can be classified into two categories, namely, passenger cars and light commercial vehicles (LCVs). The various models of each category are listed below:

Passenger Cars

Small Car Segment

- Twingo
- Clio
- Clio V6
- Clio Saloon
- Clio Renault Sport
- Modus
- Kangoo
- Kangoo 4*4
- Traffic Generation

C Segment (Mid Range)

- Megane Hatch
- Megane Sport Hatch
- Megane Coupe-Cabriolet
- Megane Sport Saloon
- Megane Sport Tourer
- Megane Renault Sport
- Scenic
- Grand Scenic

D Segment (Upper Midrange)

- Laguna 2
- Laguna Sport Tourer

E Segment (High End)

- Espace
- Grand Espace
- Vel Satis

Light Commercial Vehicles

Small Van Segment

- Kangoo Express
- Clio Van

Van Segment

- New Trafic
- New Master
- New Master RWD

The latest launches are:

- Laguna
- Modus
- Scenic

Under the Dacia brand, vehicles manufactured are listed below:

Passenger Cars

- Berlina
- Dacia 1310
- Logan

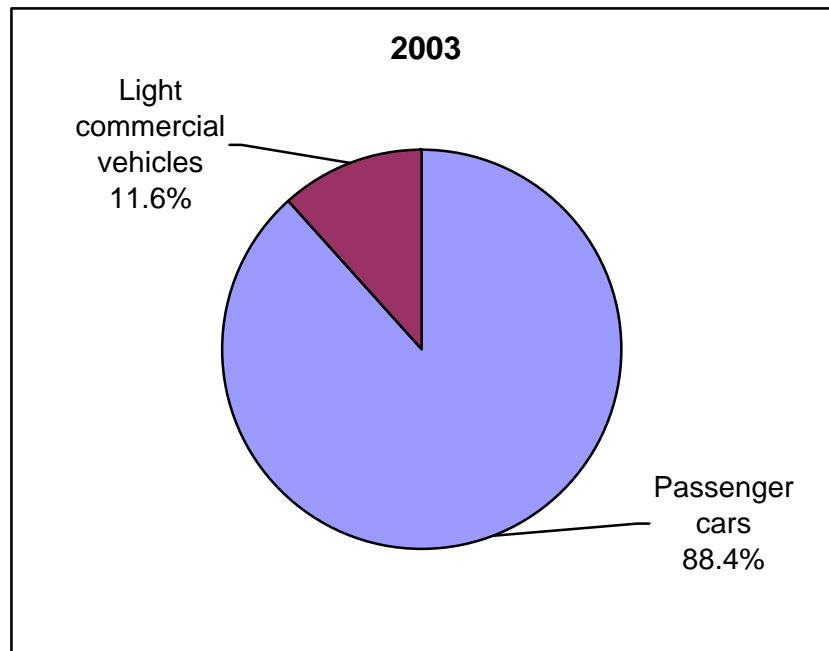
Light Commercial Vehicles

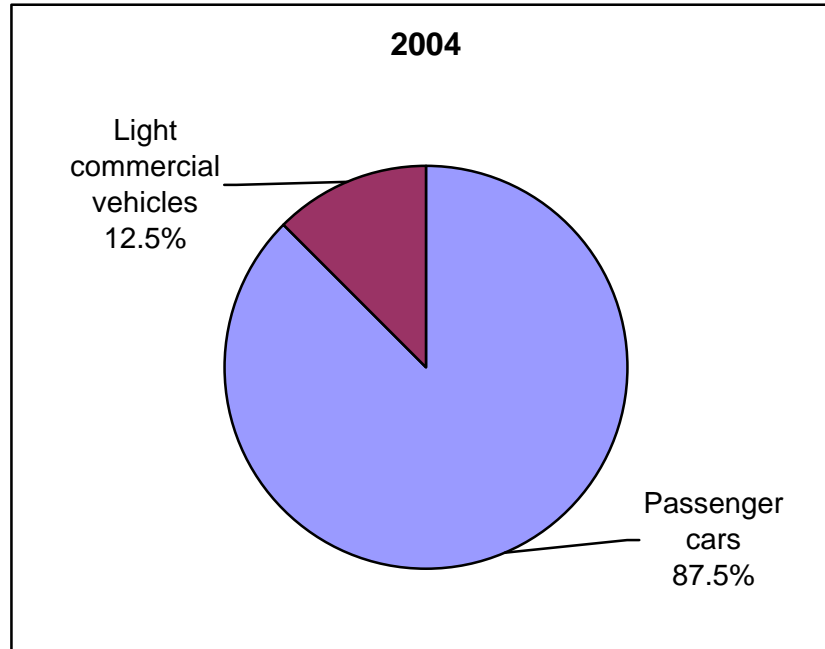
Pick-up body types (single cab, double cab and drop-side) with diesel engines.

Under the Renault-Samsung brand, vehicles manufactured are listed below:

- SM5
- SM3
- SM7

Figure 3: Production by category



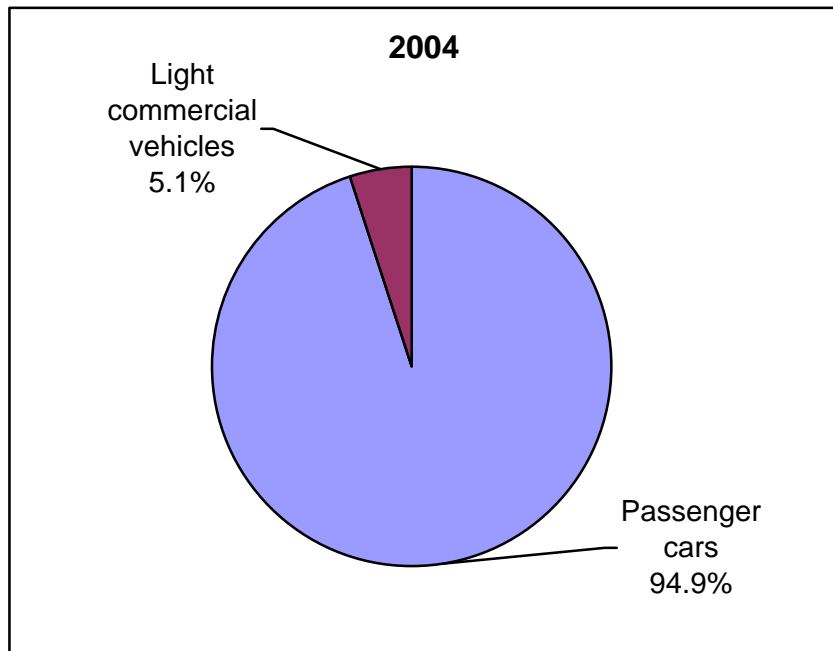
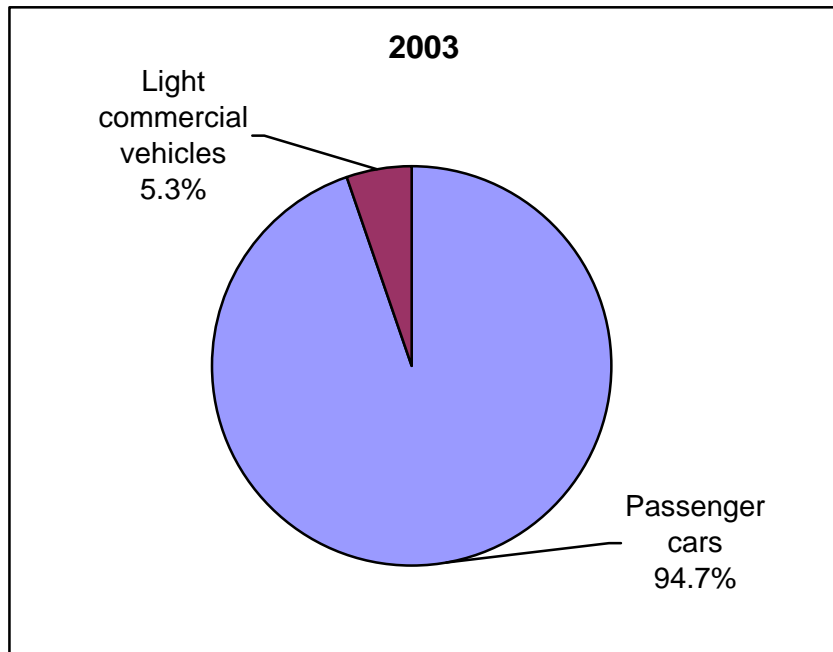


	2003 (in units)	% contribution	2004 (in units)	% contribution
Passenger cars	2,109,467	88.4	2,163,620	87.5
Light commercial vehicles	275,620	11.6	308,034	12.5
Total	2,385,087	100.00	2,471,654	100.00

Source: Renault SA

Note: incl. Dacia and Renault Samsung Motors

Figure 4: Segment-wise contribution to sales



	2003 (million €)	% contribution	2004 (million €)	% contribution
Passenger cars	35,535	94.7	38,645	94.9
Light commercial vehicles	1,990	5.3	2,070	5.1
Total	37,525	100.00	40,715	100.00

Source: Renault SA

Note: Sales Revenue incl. Dacia and Renault Samsung Motors

Chapter 9: Product Development

Renault spent €1,961 million in 2004 on R&D, which accounted for 5.1% of its Automobile Division's revenues; Renault-Nissan spent €3,534 million on R&D in the same year. During 2004, the company launched the New Master RWD, the Twingo range of cars and the Modus range.

Modus and Megane come with "technology packages", with adjustable 2/3-split rear seat, computer controlled alternator and additional cornering lights. The cooperation with Nissan was stepped up in the area of powertrains. Currently, diesel engines and gearboxes are being developed by Renault to be used on Renault and Nissan vehicles.

Renault also offered Proactive automatic transmission on the 1.5 dCi 100 engines. The Laguna Evolution 2's range was enhanced with features like cruise control with speed limiter. The range was made available in six equipment levels and with new powertrain combinations.

To appeal to sporty customers, Clio Renault Sport 2.0 16v "Team" was launched. The Team offers simple features like Clio Renault Sport 2.0 16v Generation 2004 chassis and 182hp (131.5kW) 2.0 16v engine. Its safety features include adaptive passenger and safety airbags, ABS with ESP directional stability control, speed limiter/cruise control and foglamp. In addition, the Dacia Logan will be launched and marketed in Western Europe from mid-2005. Six-speed robotised Quickshift gearbox is made available on Trafic and Master as well as in Twingo and Clio. This technology offers the advantages of automatic transmission with the performance and operating economy of a manual gearbox.

Renault and Nissan have developed a new navigation and communication system to be fitted on the Nissan Pathfinder and Renault Laguna. The system includes system architecture, menus and navigation function, hardware of the main control unit and the mechanism of the audio-visual control unit. This system has traffic information receiving capability, clear map visibility in 2D and 3D modes and accurate route guidance. This joint venture research took place at Nissan Technical Centre, Atsugi (near Tokyo).

Renault has also set up a joint venture in India with Mahindra & Mahindra for the production and sale of Logan, to be marketed in 2007. It has extended the Modus range with the launch of the Modus Initiale. Its features include automatic climatic control, 16-inch alloys and cruise control speed limiter.

In March 2005, it launched three new engines including a 1.5dCi engine boosted to 105hp, a 1.9dCi engine with 130hp (96kW) Euro 4 version having a particulate regeneration filter and a 205hp (150kW) 2.0 T unit. Renault and Nissan jointly developed the first engine under their alliance's third powertrain co-development project.

Chapter 10: Prospects

Renault's strategy of expansion has paid off, with the company achieving high sales growth of 16.5% in countries outside Western Europe. It is looking at reducing its high dependence on the Western European region with a long-term goal of generating around 50% of its sales from countries outside the region but retaining its leadership position in cars and LCVs at the same time. Registrations in Western Europe increased 0.3%, primarily due to increased sales of Megane, with one out of 20 cars sold being a Megane.

The company expects this success story to continue into 2005. In addition, it expects an operating margin of over 4% of the Group's revenues. In 2005, it expects the European market to be stable and the other markets to grow marginally.

In the emerging markets, Renault can expect its growth rate to increase at a faster rate than the growth in infrastructure and logistical demands. The company has chartered detailed plans for enhancing its international reach by setting up new operations in potential markets and has plans to further leverage its alliance with Nissan. However, the company will not compromise existing interests in Western Europe, wherein reinforcing measures will be undertaken to consolidate its position. Its joint venture with the Dongfeng Motor Company is expected to roll out the Megane Sedan and Logan after it starts production in 2006. It also plans to further Dacia and Renault Samsung Motors' businesses in domestic as well as export markets.

Renault's long-term sales projection for 2010 is 4 million vehicles, along with Dacia and Renault Samsung Motors. It has chalked out production plans in Iran, Russia, Columbia and Morocco to achieve the same. Renault has speeded up development in Russia due to the favourable political and economic environment. It also views the US market as the most profitable in the years to come. Hence, it is working at being present on the North American market on an industrial as well as commercial level.

The company is likely to benefit from various product launches expected in 2005, like the Modus, SM3, New SM5, SM7, Twingo Kiss Cool, Kangoo Ice, Kangoo 4X4 Fairway, Espace Alyum, Kangoo Express, Master Pack Clim, Trafic and Clio. In 2007, the

passenger cars expected are SM3, New SM5, and SM7. With production start-ups in Russia, Columbia and Morocco, the Logan programme is likely to be rolled out in many countries.

The company is looking at trimming its exposure to less profitable segments. However, the sluggish market and increasing raw material prices are expected to continue to impact profit margins.

Online sources of information

Free email newsletters

Experience just-auto.com via our free newsletters:

- **Daily industry headlines**
The most important headlines direct to your inbox daily.
- **Dave Leggett's 'Editor's weekly highlights'**
Dave's unique take on the most important industry events each week.
- **Rebecca Rice's 'Research Update'**
A monthly synopsis of new, important and reduced-price research.

Sign up at http://www.just-auto.com/subscribe_large.asp

Other research reports

Search for related research reports from over 20 leading research suppliers in the **just-auto.com store**.

Global news and feature articles

Search for related news items and feature articles from **just-auto's news and feature archives**, going back more than four years.

Search the web

Try <http://www.google.com> to search for related web sites and pages.

Your feedback

Your feedback is greatly valued. Please complete the form below with your positive and negative comments, along with any questions or queries, and fax it to us on +44 (0)1527 577 423. Thank you.

Name _____ Job title _____

Company _____ Phone _____

Email _____

Study title _____

Things I liked about this study...

Things I disliked about this study...

My questions regarding the content...

I would like to see more information on...

Other subject areas of interest to me include...
