

FINANCIAL RESULTS FOR THE 1st HALF OF 2020
SPEECH OF LUCA DE MEO, CEO OF RENAULT

Only the speech as made may be considered authentic.

Dear all,

Welcome to Groupe Renault.

We are pleased to be here with you today. Although frankly we would be happier if we could communicate better news.

In a moment Clotilde will share our financial results. But first a few words of introduction, and as a newcomer I'll also share my first impressions to hopefully help put numbers into perspective.

We are in a complex, difficult situation. We all are. But Renault took the Covid heat whilst we were already feverish, so for sure it is even harder for us.

I am already pretty deep in the diagnostic of what went wrong, what is wrong and what we need to do to fix it.

I quickly reviewed all major projects of the company and met personally or via videoconference all the most relevant people to assess the situation. I visited several plants, dealers, design and engineering centers. **The good news is that Renault is still a great company, with a lot of substance, projects and competence. People are frustrated but very eager to change direction.** The sense of urgency is definitely there. Today's results I'm sure will be a disturbing wake up call for them too, and also a strong stimulus to react. I think we are currently touching the bottom of a negative curve that started several years ago and probably even earlier.

We know WHAT we have to do. We have shared the concept and the ideas within the executive committee and agreed that this will be the way to move forward.

Conceptually it is very simple to summarize: **we will move the whole system from Volume to Value.**

Right now we are focusing on HOW to make it happen.

A few days after my arrival, on July 6th, we organized a **top team of about 40 experts** from all functions, all regions, all levels of the group. This squad, physically located on the highest floor of our HQ is working in a completely unconventional manner on the briefing we gave them. They will spend the coming months on detailing the Plan that we will present you by January 2021.

I can assure you that **the plan will not be just a wish list but rather the sum of actions** that we will have already decided and organized by then. A lot will happen in the house over the next 6 months.

It would be too early to give you all details after 4 weeks in the job but I'll take today's opportunity to give you some hints.

The plan will be looking at 3 phases within a horizon of 6/7 years. That goes from simply "surviving the storm" to putting this team in a place where we have never been.

I consider the **2022 Plan project, especially the fixed costs reduction part, as a crucial step to re-establish sound foundations for the company.** We are going for it at full speed and we already see that we are on track.

But we have already agreed within the Team that **all the 4 dimensions of the problem will have to be attacked at the same time: Fixed costs, Variable costs, Cash and Revenue management.**

We are clear that the effort to make this company leaner and more focused should **also feed the development of our future business potential.** This is very important to motivate the organization and the stakeholders to go for it...without hesitations.

Said in another way: what we are also doing is making clear to everybody that better times are awaiting at the end of this twisty road. Because when you know what is behind the corner you are more confident and you are willing to enter the curve much faster.

I've seen a lot of potential to create Value and **we are already taking clear decision to catch it: in Product, Technology, Market and Brands.**

We have, in a very short time, substantially **reworked the product plan** to put the money on more profitable and growing segments.

On the Technology side I found some pearls. E-tech is probably the best hybrid in the market when it comes to real usage for European drivers. The next C-Segment fully electric platform we share within the Alliance has nothing to envy to the one I've seen in my previous life, technically and cost-wise.

We are **reshuffling our markets priorities** based on the simple criteria of profit contribution and not volume potential. I can tell you it will change the geographical focus for Renault and unleash potential.

On the Brands side, which you know are my specialty, I have also seen 3 or 4 open highways in front of us.

Renault Brand of course needs to come back to where it deserves and where it belongs: in the "hearth" of the market.

Dacia seen from the inside looks even more like a miracle. Nobody in the industry can make that much money at that level of the market. It is time for Dacia to flourish as a full-fledged brand. As for Lada, it is an uncontested leader in its market.

Alpine is and might remain a niche brand in the future but it could be leveraged better. It is the living example of how far this company can go when it comes to generate emotions. And emotions in my world means pricing power.

What I really liked is the creativity that this organization still has.

This is perfect in these times when business discontinuity challenges established organizations. What I didn't like is how we play the game.

The new rule is simple: maximizing the opportunities to kick the ball and strike.

We are planning on a fundamental reorganization of the team on the playground. It will put players into a position in which they are more accountable, leaner, faster and more oriented to the market and to the score.

I have ridden too many kilometers in this industry and I have seen too many places and situations like this one not to be able to make the difference between **“naïve” optimism and real potential.**

I think we are here closer to the second scenario.

It will be tough, it will imply taking some high steps.

We will bring you with us in this journey before and beyond the presentation of the plan in January next year.

What I can say for the time being, and before leaving the stage to Clotilde, is that you can count on Groupe Renault's management team's **full determination** to turn our share into one of the good and unexpected positive surprise in the portfolio of our investors.

Clotilde please...