

2002 Annual Report

# SUMMARY



**RENAULT**

# Renault group



Renault, an international, multi-brand group with worldwide scope through its Alliance with Nissan, pursues a strategy of profitable growth and corporate responsibility, offering a range of innovative, high-quality vehicles and services.

This strategy is structured around five main goals: build recognition for our brand identity; be the most competitive manufacturer on our markets in terms of quality, costs and delivery times; extend our international reach; develop Renault's core values; and translate success into financial performance.

€36,336 million

2002 revenues

€1,483 million

2002 operating margin

€1,956 million

2002 net income

Europe's No. 1 brand

in passenger cars and light commercial vehicles  
with market share of 10.7% and 15.8%, respectively

2,403,975

vehicles sold worldwide in 2002

132,351

employees




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# From the Chairman

**Renault turned in an excellent performance in 2002. While our main markets contracted and we were in the midst of renewing our range, we launched new models – including Vel Satis, the new Espace and Mégane II – on schedule, and increased our share of the European market for both passenger cars and light commercial vehicles. We also actively pursued our drive to reduce costs.**

Renault was the number-one brand in Western Europe for the fifth year running, gaining ground on nearly all markets. Rising sales in Central Europe – where our brand now ranks second – and more distant markets such as Mexico, Russia, North Africa and the Asia-Pacific region, offset much of the impact of sharp market contraction in Turkey and the Mercosur countries. In South Korea, Renault Samsung Motors rounded out its offering with a second model and turned in a remarkable performance to make a positive contribution to group earnings a full two years ahead of schedule. Dacia also reported higher sales and continued to upgrade facilities.

In trucks, AB Volvo returned to profit, bringing us the benefits of a strategic agreement that makes Renault the core shareholder of the world's number-two manufacturer of commercial vehicles.

Our financial results thus reflect a substantial improvement in operating margin and profits as well as a surge in earnings from our investment in Nissan. Net income came to €1,956 million for a return on equity of 19.8%, and our balance sheet was strengthened.

Last year marked an important stage in our program to build for the group's future and profitable growth. Renewal of our range, which is to continue at a brisk pace in 2003 and 2004, got under way with product launches that included Espace IV and the first two vehicles in the Mégane II lineup. These were warmly received, auguring well for their future success and that of the other new vehicles to follow.

Our employees' excellent workmanship is reflected in the awards received by our products. In particular, Vel Satis and Mégane II scored five stars for their performance in the Euro NCAP crash tests, while Mégane II was also voted European Car of the Year 2003.

A major milestone was the implementation of the second stage in the Renault-Nissan agreement, leading to the creation of an automobile group ranking fifth worldwide in terms of unit sales. Made up of two companies with distinct identities and cultures, each with its own momentum, this now operates under the guidance of Renault-Nissan bv, a common management company with responsibility for overall strategy and the development of synergies. The ownership structure of Renault-Nissan bv is designed to ensure a genuine community of interests and the necessary operating autonomy of each partner.

Renault and Nissan were thus able to accelerate joint initiatives to cut purchasing and IS/IT costs, develop common platforms and powertrains, and benefit from increased cooperation in sales and production in different regions. These initiatives will be a source of profitable growth for both companies.

Moving to back up the favorable dynamics at work during the year, Renault defined and disseminated five strategic goals to support our own program of profitable growth, targeting sales of 4 million vehicles a year as of 2010. These goals are:

1. Build recognition for our brand identity.
2. Be the most competitive manufacturer on our markets in terms of quality, costs and delivery times.
3. Extend our international reach.
4. Develop Renault's core values.
5. Translate success into financial performance.

Adopted and applied by all employees throughout the group, these goals will give us focus and continuity. In conclusion, I wish to congratulate all the men and women at Renault, Dacia and Samsung on their work, expertise, commitment and enthusiasm.







**Louis Schweitzer,**

Chairman and Chief Executive Officer, visiting the Auto Chassis International factory on July 17, 2002 with (left to right) plant manager Véronique Van Doren, foreman Olivier Bartoli and maintenance operator Jean-Claude Bobet.



# Board of Directors

on December 31, 2002

**Louis Schweitzer**  
Chairman



*Left to right*

**François de Combret**  
Associate Director, Lazard Frères

**Yoshikazu Hanawa**  
Chairman, Nissan Motor Co., Ltd.

**Carlos Ghosn**  
President and Chief Executive Officer, Nissan Motor Co., Ltd.

**Marc Ladreit de Lacharrière**  
Chairman and Chief Executive Officer, FIMALAC

**Bernard Larrouiturou**  
Chairman and Chief Executive Officer, INRIA

*Not pictured:*

**Jean-Luc Lagardère\***  
General Partner, Lagardère SCA



**Henri Martre**  
Honorary Chairman, Aérospatiale

**Jean-Claude Paye**  
Attorney

**Franck Riboud**  
Chairman and Chief Executive Officer, Danone Group

**Jeanne Seyvet**  
Director General, Industry, Information Technologies and Post,  
Ministry of the Economy, Finance and Industry

**Robert Studer**  
Former Chairman, Union des Banques Suisses

**Gérard Debris** attends the Board of Directors meetings  
as Secretary of the Central Works Council.



**Pierre Alanche**  
Engineer in charge of overseeing development  
of Renault's production information systems

**Yves Audvard**  
Renault Manufacturing Engineering Technician

**Michel Barbier**  
Renault Technician

**Bruno Bézard**  
Head of Shareholding Department,  
Treasury Division, Ministry of the Economy, Finance and Industry

**Alain Champigneux**  
Renault CAE Project Manager



*\* Resigned from the Board on January 27, 2003.*

**Raymond H. Lévy**  
Honorary President

# Management team

## Group Executive Committee on December 31, 2002

Third from left

### Louis Schweitzer

Chairman and Chief Executive Officer, 60 years old

Ecole Nationale d'Administration.  
Inspector of Finance.  
Joined Renault in 1986. Became Chief Financial Officer and Head of Strategic Planning in 1988, then Executive Vice President in 1989.  
Appointed President and Chief Operating Officer in December 1990. Chairman and CEO of the Renault group since May 1992.



Left to right

### Shemaya Lévy

Executive Vice President, 55 years old

Ecole Nationale de la Statistique et de l'Administration Economique (ENSAE).  
Joined Renault in 1972. After holding various positions at Renault V.I., he was appointed Vice President, Sales and Marketing in 1987 and Chairman and CEO of Renault V.I. in 1994.  
Became Executive Vice President in 1998, reported to by Finance, Audit, Financial Control and Information Technologies & Systems.

### Georges Douin

Executive Vice President, 57 years old

Ecole Polytechnique.  
Joined Renault in 1967 as a quality engineer in the R&D Department. Became Head of Engineering in 1988, then Vice President, Technology in 1989, before being appointed Senior Vice President Product & Strategic Planning and Projects in 1992. Senior Vice President, Product & Strategic Planning and International Operations since 1997. Appointed Executive Vice President in 1998.

### Patrick Faure

Executive Vice President  
Chairman and CEO of Renault F1 Team, 56 years old

Ecole Nationale d'Administration. Joined Renault in 1979, Head of Sales and Marketing from 1991 to 1998, then appointed Chairman and CEO of Renault V.I./Mack until 2000 when he was named Executive Vice President of the Renault group. Chairman of Renault Sport from 1986, he became Chairman and CEO of Renault F1 Team in 2002. The Corporate Communications Department reports to him.

### Michel de Virville

Corporate Secretary General  
Executive Vice President, Group Human Resources, 57 years old

PhD in mathematics. Research engineer at the CNRS (National Center for Scientific Research). Ministry of Labor (1986). Adviser at the Auditor-General's Department. Joined Renault in 1993. Became Head of the Human Resources Department in 1996, and was appointed Corporate Secretary General in 1998, with responsibility for the group's Human Resources.

### François Hinfray

Executive Vice President, 48 years old

Ecole Nationale d'Administration.  
Joined Renault in 1989 as Director in charge of European Affairs. He was appointed Director of the Rouen Branch Office in 1991, then Managing Director of Deutsche Renault in 1993. In 1997 he became Senior Vice President, Market Area France, before becoming Executive Vice President, Sales and Marketing in 1998. He is also responsible for the Light Commercial Vehicles Division.

### Pierre-Alain De Smedt

Executive Vice President, 58 years old

A graduate in engineering and business administration from the University of Brussels. After three years as Chairman of SEAT, he joined Renault in 1999 as Executive Vice President. Reporting to him are Research, Vehicle Engineering, Passenger Car Projects, Powertrain, Purchasing, Manufacturing, and the Mercosur Division.

## Group Executive Committee and Renault Management Committee on December 31, 2002

### Louis Schweitzer \*

Chairman and Chief Executive Officer

### Patrick Bessy

Senior Vice President, Corporate Communications

### Patrick Blain

Senior Vice President, Market Area Europe

### Marie-Christine Caubet

Senior Vice President, Market Area France

### Jean-Pierre Corniou

Senior Vice President,  
Chief Information Officer

### Pierre-Alain De Smedt \*

Executive Vice President,  
Industry and Technology

### Rémi Deconinck

Senior Vice President, Product Planning

### Georges Douin \*

Executive Vice President,  
Product & Strategic Planning  
and International Operations

### Jean-Baptiste Duzan

Senior Vice President, Supplier Relations  
Chairman and CEO, Renault Nissan Purchasing  
Organization (RNPO)

### Michel Faivre-Duboz

Senior Vice President,  
Vehicle Engineering Development

### Patrick Faure \*

Executive Vice President, Corporate Communications  
Chairman and CEO, Renault F1 Team

### Philippe Gamba

Chairman and CEO, RCI Banque

### Manuel Gomez

Senior Vice President, Northern Latin America

### Michel Gornet

Senior Vice President, Manufacturing and Logistics

### François Hinfray \*

Executive Vice President,  
Sales & Marketing and Light Commercial Vehicles

### Jacques Lacambre

Senior Vice President,  
Advanced Vehicle Engineering and Research

### Patrick le Quément

Senior Vice President, Corporate Design

### Shemaya Lévy \*

Executive Vice President,  
Chief Financial Officer

### Benoît Marzloff

Senior Vice President, Strategy and Marketing

### Luc-Alexandre Ménard

Senior Vice President, International Operations

### Bruno Morange

Senior Vice President,  
Light Commercial Vehicles

### Pierre Poupel

Senior Vice President, Mercosur

### Alain-Pierre Raynaud

Senior Vice President, Corporate Controller

### Jean-Louis Ricaud

Senior Vice President, Quality

### Tsutomu Sawada

Senior Vice President, Adviser to the Chairman

### Michel de Virville \*

Corporate Secretary General, Executive  
Vice President, Group Human Resources

*Appointed effective January 1, 2003:*

### Alain Dassas

Senior Vice President, Finance

### Kazumasa Katoh

Senior Vice President, Powertrain Engineering

\* Members of the Group Executive Committee chaired by Louis Schweitzer.

## Summary

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## Management team

# Clear strategy backed by high standards of corporate governance

## Board Regulations and Directors' Charter

**Renault applies best practices to improve standards of corporate governance, enhancing shareholders' perceptions of the group and consolidating confidence. In 2002, these efforts continued with stepped-up supervision and control to ensure fully transparent operation.**

Transparency, dialogue, risk control and elimination of conflicts of interest are the basic principles underlying Renault's management. The group responded promptly to the **Viénot report on corporate governance in France**, published in 1995 and followed by a second report in July 1999. By 1996, it had adopted a set of Board Regulations and established specialized Board committees. These regulations are designed to ensure that the Board fulfills its role as an effective representative for all shareholders.

Similarly, Renault responded to the Bouton report of 2002, much of which is also devoted to corporate governance, conducting a thorough review of all recommendations and incorporating the essential principles into its Board Regulations.

These regulations are backed by a Directors' Charter defining the powers and duties of the Board,

which has also drawn up procedures for the use and disclosure of confidential information. At its meeting on July 26, 2001, it appointed a compliance officer who must be consulted by all staff members with regular access to confidential information to ensure that any exercise of stock options or other transaction in securities issued by a group company is proper.

The Board's role involves both participation in management and its supervision, which means considering the strategy proposed by senior management and ensuring that it is properly implemented. The Board's prior approval is required for all significant decisions not resulting from strategies already adopted and it is naturally kept fully up to date on group finances.

## Board committees

Three committees, each an integral part of Board organization, help to ensure that it carries out its duties effectively and achieves its goals.

The **Accounts and Audit Committee**, headed by an independent director since its inception in 1996, reviews financial reports and accounting methods to ensure their reliability and efficiency.

The **International Strategy Committee** oversees Renault operations outside Europe and examines strategic guidelines proposed by senior management for international business development.

The **Appointments and Remuneration Committee**, counting a majority of independent directors, naturally plays an essential role in corporate governance. It makes proposals for the appointment of new directors, renewal of directorships, management compensation and allocation of stock options.





Vel Satis shows its distinctive style.

## Performance review

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In 1998, Renault conducted its first review of the membership, organization and operation of its Board of Directors with the assistance of a specialized consultancy. The Board received a second report on February 27, 2001 and on October 22, 2002 used this as a basis for renewed examination of ways to improve efficiency in line with the recommendations of the Bouton report. As the Bouton report suggests, reviews are now to be conducted annually.

## Risk management

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Risk management is fully integrated into all aspects of operation. Clearly defined procedures are followed to identify, verify, quantify – where possible – and deal with risks associated with Renault's business. These are of three main kinds: market risk, operating risk and legal risk. Management of some types of risk, particularly financial, is centralized. In the second half of 2002, a separate **Risk Management department** was set up to

identify and monitor risk of all kinds. It is also charged with encouraging cross-functional and cross-company initiatives in this area, and supervising implementation of related action plans. The department reports to the Vice President in charge of corporate audit. The Board Accounts and Audit Committee is kept informed of the main risks and the results of major in-house audits.

## Code of Good Conduct

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Since 1998, Renault has applied a Code of Good Conduct that provides a framework for relationships with all stakeholders, within the group and outside. Circulated to suppliers and most managerial staff, this was reviewed and updated by the Board of Directors in 2002.

Themes covered include employee safety, preservation of tangible

and intangible assets, compliance with the law, respect for the environment and partners, disclosure and use of information, use of the group's financial resources, participation in local community life and conflicts of interest. An **Ethics and Compliance Committee** set up in 2000 oversees implementation and new developments within the group, taking responsibility for

defining communications policy in this area. The group compliance officer is in permanent contact with the Committee and plays an active role in its initiatives.

In addition to the Code of Good Conduct, Renault has an **Internal Audit and Monitoring Charter** defining rules for the delegation of operational responsibility by executives.

# A lasting framework for the Alliance

## Autonomous partners united for performance

**In 1999, Renault and Nissan joined forces in a unique alliance to create a global automobile group with an industrial and commercial presence on most markets. While each retains its independence and distinct identity, the two partners have since moved ahead with a common strategy for profitable growth, building on shared values of mutual trust, respect for each other's differences and a balanced relationship.**

As originally agreed in 1999, the Alliance took a new step forward in 2002 through the implementation of cross-shareholdings and the creation of a new strategic command structure to strengthen equity ties and provide a lasting basis for the Renault-Nissan group.

Renault raised its equity interest in Nissan to 44.4% while Nissan acquired a 15% equity interest in Renault, and representation of each on the other's Board of Directors was increased. Renault now accounts for four of the nine Directors on the Nissan Board and Nissan for two on the Renault Board, which has 17 members.

The two partners are now better placed to benefit from each other's successes. In 2002, Nissan thus

contributed €1,335 million to Renault earnings. This community of interests makes for additional stability in the shared strategy for profitable growth being pursued by the Renault-Nissan group, by the same token favoring convergence and greater cohesion.

In this, a key role has been assigned to **Renault-Nissan bv**, a management company incorporated under Dutch law. Equally owned by Renault and Nissan, the new company takes responsibility for overall strategy, aiming to generate new momentum and broaden the scope of cooperation. The Alliance Board, which has taken over from the Global Alliance Committee, met for the first time on May 29, 2002.

## A single strategic management structure

The **Alliance Board** counts eight members, four from each of the two groups. Its President is Louis Schweitzer, Chairman and Chief Executive Officer of Renault, and its Vice President is Carlos Ghosn, President and Chief Executive Officer of Nissan. The Board has an extensive brief and wide powers to define a joint strategy and manage commonality. Its assignments include the approval of all product and powertrain plans for the two partners, setting priorities and establishing an overall planning framework for the medium and long term. The Alliance Board draws up proposals for joint ventures, major market initiatives, shifts in product offerings, large investments and strategic cooperation with other organizations. Finally, it oversees the operation of joint working groups within the Alliance.

### International Advisory Board (on January 2, 2003)

The International Advisory Board, which counts members from the US, Europe and Japan, provides support for the Alliance's governing body.

The Board, which welcomed Carlos Ghosn as a new member in September 2002, is presided by Louis Schweitzer and Nissan Chairman Yoshikazu Hanawa. Its 12 other members are Pierre Bilger from Alstom in France, Jean-Claude Casanova from the Institut de France, Jean-François Dehecq from Sanofi-Synthelabo in France, Yoshiharu Fukuhara from Shiseido in Japan, Pehr G. Gyllenhammar from Aviva in the UK, Toru Hashimoto from Fuji Bank in Japan, Haruo Murakami from Japan Telecom, Iwao Nakatani from Tama University in Japan, Frank N. Newman from Banker's Trust Corporation in the US, Michel Pébureau from BNP-Paribas in France, Joseph Stiglitz from Columbia University in the US and Morris Tabaksblat from Reed Elsevier in the Netherlands.

### Alliance Board

- Louis Schweitzer, President
- Carlos Ghosn, Vice President
- Pierre-Alain De Smedt
- Georges Douin
- François Hinfray
- Norio Matsumura
- Nobuo Okubo
- Tadao Takahashi



The first two common platforms – for the Nissan Micra (left) and Renault Mégane II (right). By 2005, these will account for over half the combined output of Renault and Nissan.

### Structured cooperation

Under the leadership of the Alliance Board, cooperation is first of all through 13 Cross-Company Teams charged with the development of all new collaborative projects and supervising their implementation once decisions are made. They draw support from nine Functional Task Teams which also contribute to synergies between Renault and Nissan in management and administration.

Finally, there is an Alliance Steering Committee at both Renault and Nissan, while an Alliance Coordination Bureau, with offices in Paris and Tokyo, coordinates working groups and prepares meetings of the Alliance Board.

### First two joint subsidiaries

Renault and Nissan have coordinated purchasing policies since 1999. On April 2, 2001, they founded **Renault Nissan Purchasing Organization or RNPO**, an equally-owned company charged with purchasing worldwide and achieving additional savings on purchases which total an annual €21 billion. Through RNPO, Renault and Nissan have already pooled 40% of purchasing, and this proportion could in time rise to 70% with the gradual sharing of platforms and powertrains by the two partners.

A second equally-owned subsidiary, **Renault Nissan Information Services or RNIS** was founded on July 1, 2002. The company coordinates the work of IT departments in the two groups, aiming for cost-effective systems and high standards of performance. It thus finalizes the linkup initiated through the Renault Nissan IS/IT Office, a joint IT operation set up in September 2001. Both RNPO and RNIS are managed by Renault-Nissan bv.

"At the beginning, cooperation was a challenge, because Renault and Nissan each had a distinct identity and separate organization. But things fell into place bit by bit and we have now found effective ways to achieve common goals. The biggest differences were in manufacturing processes,

logistics for parts supplies and supervision of assembly. We got over this by setting up dedicated joint teams. We still have some work to do to achieve our overall targets, but both businesses have now seen how they can use their combined strengths. French, Japanese and Mexican teams

were able to work together effectively for the launch of the Renault Clio and the Nissan Platina, which is based on the Clio. These two cars, each with a distinct identity, now share a new market segment and have enabled both Renault and Nissan to increase total sales."



**Armando Avila**  
Director of the Nissan Mexicana Aguascalientes factory, Mexico



# Financial performance

The background of the page is a photograph of the interior of a Renault Mégane II. It shows a light-colored leather seat, a sunroof, and the interior trim. The lighting is bright, creating a clean and airy atmosphere.

Despite the pressures of range renewal and flat or downward trends in our markets, Renault benefited from a vigorous rise in operating margin as well as healthy earnings growth at Nissan. Improved performance is associated with reinforcement of the balance sheet and a significant decline in net financial debt. These results reflect a strong showing from our Automobile Division, effective cost control and consolidating of the Alliance with Nissan.

Mégane II – combining robustness, agility and fuel efficiency with a light and airy interior.





# 1

# Key figures and financial results in 2002

## Renault confirms its number-one place in Europe and continues international expansion

### Global and European automobile markets

Passenger cars and light commercial vehicles

(millions)	1998	1999	2000	2001	2002
Western Europe	16.1	16.9	16.7	16.7	16.2
<b>Total worldwide</b>	51.6	53.7	55.8	55.6	<b>55.8</b>

Worldwide automobile sales showed a modest rise from 2001 to total 55.8 million vehicles in 2002. In Western Europe the market contracted, with new

registrations of **passenger cars** down 2.9% to 14.4 million and **light commercial vehicles** down 4.1% to 1.8 million.

### Renault group market share in Europe

(%)	1998	1999	2000	2001	2002
<b>Western Europe</b>					
Passenger cars	10.7	11.0	10.6	10.6	10.7
Light commercial vehicles	13.0	13.9	14.1	15.3	15.8
Passenger cars and light commercial vehicles	11.0	11.3	11.0	11.2	11.3
<b>Central Europe<sup>(1)</sup></b> (passenger cars and light commercial vehicles)	6.2	6.3	7.0	9.9	10.6

In **Western Europe**, Renault took first place for passenger cars with market share of 10.7% and ranked number one for passenger cars plus light commercial vehicles for the fifth year running, taking 11.3% of the market after 11.2% in 2001. In **Central Europe**, Renault moved up to second place.

**Worldwide**, total group sales under Renault, Dacia and Renault Samsung brands accounted for 4.2% of the market, one-tenth of a percentage point less than in the previous year. The Renault-Nissan Alliance's 9.1% share placed it among the world's top five automakers.

### Renault group market share worldwide

(passenger cars and light commercial vehicles)	4.0	4.2	4.1	4.3	4.2
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(1) Not including Dacia brand sales.

### Renault group sales worldwide

(units)	1998	1999	2000	2001	2002
Western Europe	1,800,998	1,948,449	1,873,868	1,905,635	1,869,251
Rest of the world	317,327	339,782	481,588	507,403	534,724
<b>Total worldwide</b>	<b>2,118,325</b>	<b>2,288,231</b>	<b>2,355,456</b>	<b>2,413,038</b>	<b>2,403,975</b>
of which, light commercial vehicles	261,828	301,210	335,554	338,046	336,392
of which, passenger cars	1,856,497	1,987,021	2,019,902	2,074,992	2,067,583

Group **sales worldwide** held steady at 2.4 million vehicles in 2002, which saw market share pick

up in **Western Europe** and jump from 9.9% to 10.6% in **Central Europe**. Turning to **other parts**

**of the world**, good results on new markets in Mexico and the Asia-Pacific region offset

declines in Turkey and Mercosur countries.



Espace IV – well-earned praise for a new top-range minivan.

### Renault group sales worldwide by brand

(units)	1998	1999	2000	2001	2002
Renault	2,118,325	2,288,231	2,292,353	2,287,804	2,229,112
Dacia	-	-	50,562	54,446	57,775
Renault Samsung	-	-	12,541	70,788	117,088
<b>Total worldwide</b>	<b>2,118,325</b>	<b>2,288,231</b>	<b>2,355,456</b>	<b>2,413,038</b>	<b>2,403,975</b>

Europe's leading brand for passenger cars and light commercial vehicles for the fifth year running. **Renault** improved performance in most European

countries. We turned in particularly strong showings in the UK and Germany, and held on to our number-one slot in Spain and Portugal. In the Asia-Pacific region,

**Renault Samsung** sales surged 65.4% to a total of 117,088 vehicles, while in Romania the group held a strong lead, taking 57.1% of the market with 66,873

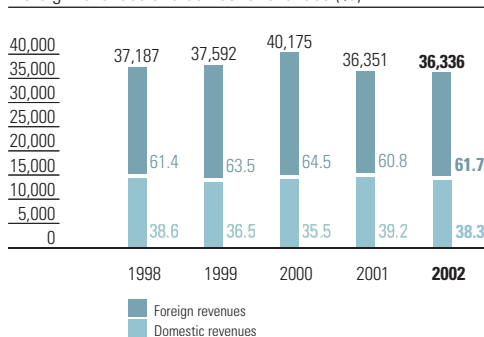
vehicles sold, including 57,775 under the **Dacia** brand, 6.1% more than in the previous year.

### Revenues up 2.6%

**At constant scope of consolidation and accounting methods, revenues rose 2.6%** to €36,336 million.

The contribution of the **Automobile Division** gained 2.3% from €33,675 million to €34,456 million. The rise in revenues was despite the negative impact of exchange rates and sales volume, which was offset by trends in prices for new vehicles and an improved product mix. This reflected the advent of Vel Satis and Espace IV at the top of the range, as well as growth in spare-parts business and sales of powertrains to third parties, especially Nissan.

**Revenues (€ million)**  
Foreign revenues and domestic revenues (%)



The revenue contribution of the **Sales Financing Division** rose

8.4% to €1,880 million from €1,734 million in 2001, due to increased

financing and service business for both Renault and Nissan brands.

### Revenues by Division

(€ million)	2001 restated <sup>(1)</sup>	2002 published	% change 2001/2002
Automobile	33,675	34,456	2.3
Sales Financing	1,734	1,880	8.4
<b>Total</b>	<b>35,409</b>	<b>36,336</b>	<b>2.6</b>

(1) 2001 data restated on the basis of scope of consolidation and accounting methods identical to those applying in 2002 statements.

### Summary

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### 1. Financial performance

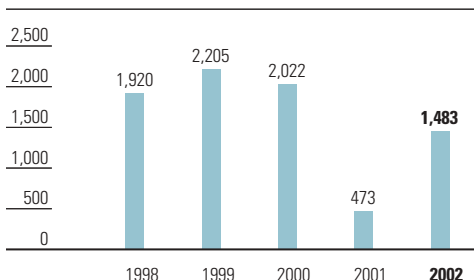
## Operating margin up nearly 90% on constant accounting methods

Renault has applied IAS 38 since January 1, 2002. Development costs incurred between the decision to develop a vehicle or powertrain and the start of production are now recorded as intangible fixed assets, while they were previously expensed in the year incurred.

In 2002, this resulted in a positive impact of €587 million on operating margin and €597 million on net income.

In 2002, operating margin came to €1,483 million or 4.1% of revenues, while the figure based on constant accounting methods was €896 million or 2.5% of revenues compared with 1.3% in 2001. On the basis of constant accounting methods, operating margin generated by

### Operating margin<sup>(1)</sup> (€ million)



(1) Operating margin is a significant indicator of business performance, measuring earnings before unusual items.

the **Automobile Division** was €602 million or 1.7% of revenues compared with 0.6% in 2001. This improvement reflects **declines in research and development expenses**, which peaked in the previous year, as well as in other

### Operating margin by Division (€ million)

	2001 published	2002		before IAS 38
		published	impact of IAS 38	
Automobile	216	1,189	587	602
Sales Financing	252	294	-	294
Other	5	-	-	-
<b>Total</b>	<b>473</b>	<b>1,483</b>	<b>587</b>	<b>896</b>
% of revenues	1.3	4.1	1.6	2.5

general costs. It also includes a **bigger contribution from outside Western Europe**, driven by a rise in earnings from Renault Samsung Motors and Renault's growth on new international markets. Performance in **Europe was resilient** despite

less favorable conditions associated with a decline in volumes and the end of Mégane's lifecycle. The **Sales Financing Division** generated an operating margin of €294 million, or 15.6% of revenues compared with 13.8% in 2001.

## Net income reaches record high on both published and restated basis

Alongside operating margin, main items affecting Renault results in 2002 were:

- a €266 million charge included in other operating income and expenses, mainly made up of restructuring costs and write-downs of industrial assets, particularly in Brazil;
- a €1,335 million profit on Renault's interest in Nissan Motor, accounted for by the equity method, up from €497 million in 2001 in line with Nissan's earnings growth;
- charges for current and deferred tax totaling €447 million, compared with €67 million in 2001.

All told, net income came to €1,956 million, setting earnings per share at €7.53. Restated on the basis of constant accounting

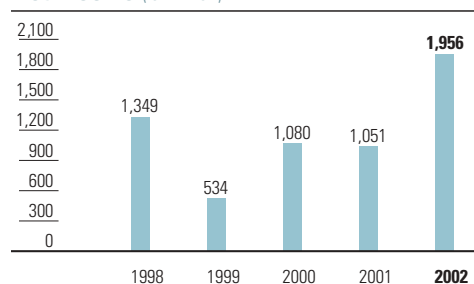
methods, net income was €1,359 million, up from €1,051 million in 2001.

This good result means that the dividend to be proposed at the next Annual General Meeting will be significantly higher than for the previous year.

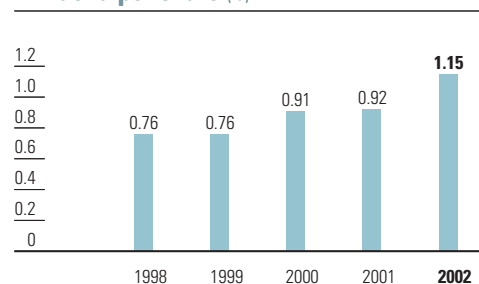
### Summary income statement (€ million)

	2001 published	2002		before IAS 38
		published	impact of IAS 38	
Revenues	36,351	36,336	-	36,336
Operating margin	473	1,483	587	896
Other operating income and expenses	231	(266)	-	(266)
Operating income	704	1,217	587	630
Net financial income (expense)	(64)	(91)	-	(91)
Share in the net income of Nissan Motor	497	1,335	190	1,145
Pre-tax income	1,020	2,457	805	1,652
Tax	(67)	(447)	(208)	(239)
<b>Renault net income</b>	<b>1,051</b>	<b>1,956</b>	<b>597</b>	<b>1,359</b>

### Net income (€ million)



### Dividend per share (€)

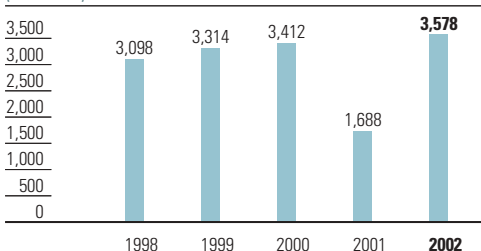


The Annual General Meeting to be held on April 29, 2003 will be asked to approve a dividend of €1.15, 25% higher than that paid for the 2001 financial year. The dividend will be payable from May 15, 2003.



## Operating conditions improve

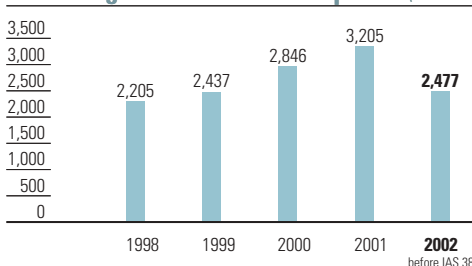
### Consolidated cash flow (€ million)



**Cash flow for the Automobile Division** came to €3,179 million in 2002 or €2,577 million before IAS 38, compared with €1,395 million in 2001.

This reflects in particular dividends received in amounts of €183 million from Nissan and €77 million from AB Volvo.

### Investments in property, plant and equipment and intangible assets net of disposals (€ million)

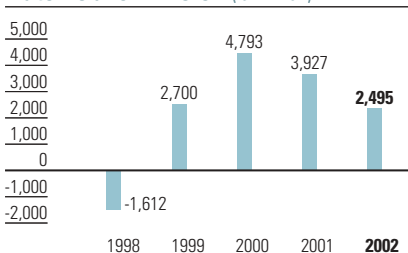


In 2002, investments were mainly focused on renewal of vehicle and powertrain ranges and on modernization of plant. A more selective approach reduced the Automobile Division's **investments**

**in property, plant and equipment and intangible assets** net of disposals and excluding the impact of IAS 38 to 6.8% of revenues compared with 7.4% in 2001.

## A stronger balance sheet

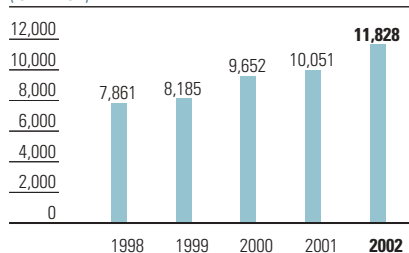
### Net financial debt Automobile Division (€ million)



**Net financial debt of the Automobile Division** declined €1,432 million to €2,495 million at December 31, 2002, a steep fall mainly attributable to improved operating conditions and more selective investments. It also

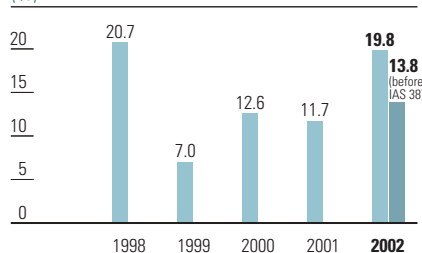
reflects the significant impact of exceptional transactions such as those relating to the second stage in the Renault-Nissan Alliance and the sale of equity interests. Consolidated shareholders' equity rose €1,777 million to

### Consolidated shareholders' equity (€ million)



€11,828 million. Net financial debt of the Automobile Division was reduced to 21.1% of consolidated shareholders' equity at December 31, 2002 compared with 39.1% a year earlier.

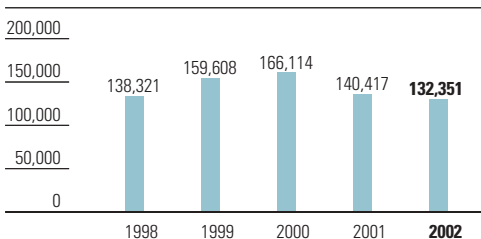
### Return on equity (%)



In 2002, Renault achieved its target of at least 11% for return on equity, with the actual figure coming in at 19.8% or 13.8% before IAS 38.

## Renault group workforce

### Employees



Renault employs 132,351 people around the world. The decline observed in 2002 mainly reflects the exclusion from the scope of consolidation of Irisbus, reducing the total by 3,810, and cuts in the

Dacia workforce, representing a further 4,663. Following two years of exceptionally high recruitment levels, the Renault group nonetheless took on over 4,500 new employees in 2002.

### Summary

2002 Renault Annual Report

### 1. Financial performance

# Renault shares

## Capital stock and ownership

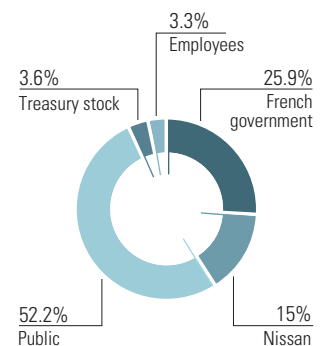
**After a difficult year in 2001, Renault shares did better than many in 2002, rising more than 13% over the 12 months to €44.78. This made it one of only two CAC 40 component stocks to show a rise; the French index itself fell nearly 34% over the period. During the year, Renault continued to make direct contacts with investors a central part of its shareholder relations policy.**

Two transactions led to significant changes to Renault's capital stock and ownership in the first half of 2002.

- **Nissan** acquired a **15% interest** through subscription to two reserved capital increases, although it cannot use its voting rights. Following these increases, capital stock is made up of 284,937,118 shares with a nominal value of €3.81 each, making a total of €1,085,610,419.58.
- The **French government** sold part of its interest in Renault through a placement with institutional investors. As provided in privatization legislation, 10% of these shares were then offered for sale to group employees. The government's interest now represents **25.9%** of equity compared with 43.8% at December 31, 2001.

Free float rose from 46.4% at December 31, 2001 to 52.2% a year later, making for greater liquidity and increasing the share's weighting in major indices.

Ownership of Renault equity at December 31, 2002 broke down as shown below.



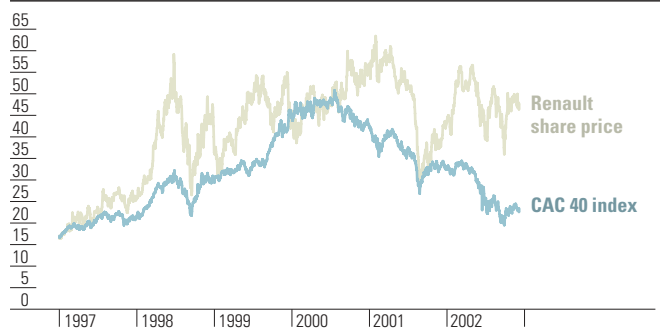
## Renault stock-market performance

Against a backdrop of high volatility and market slumps, Renault stock outperformed indices. At the beginning of 2002, the share price headed up sharply, reflecting not only the general rise in automotive stocks but also Renault's sales and the strong earnings posted by Nissan Motor. After reaching a peak for the year at €57.45 on May 17, the share fell back amid deepening stock-market gloom, but picked up again following the announcement of half-year earnings and better-than-expected full-year forecasts. It suffered a significant decline in September as a result of a general downturn in the automobile industry and a fall in Renault sales, reaching a low for the year at €34.60 on October 10. This was again followed by a rally,

reflecting a good half-year performance from Nissan and the success of the new Mégane II. Renault shares thus closed the year at €44.78, showing a 12-month rise of 13%. This compares with a 33.8% fall in the CAC 40 and declines of 8.5%

in the index for French automobile stocks and 29.6% in the DJ Euro Stoxx Auto for those in the euro zone. Renault thus recorded the strongest gain of any volume vehicle manufacturer in the world except Nissan, up 33.2%.

**Renault share performance from January 1, 1997 - December 31, 2002 (€)**  
CAC 40 indexed on Renault share price at January 1, 1997: €17



Vel Satis – Renault know-how shines at the top of the range.

## 1. Financial performance

## Summary

## Shareholder relations – information and dialogue

Since it was floated in November 1994, Renault has made it a priority to provide individual and institutional shareholders alike with transparent information, clearly stated, on a regular and consistent basis.

Set up in May 1995 to consolidate shareholder loyalty, our **Shareholder Club** now counts some 10,000 members who receive a quarterly newsletter, special reports on topics such as the Renault-Nissan Alliance, and an abridged version of the annual report. To help them get to know the company better, they also have opportunities to tour Renault sites. In 2002, nine visits were organized to factories in Flins, Batilly and Cléon as well as to the

Technocentre outside Paris. Other events for members included a preview showing of Espace IV and a free competition for invitations to the Paris Auto Show.

Ten shareholder meetings were held in 2002 at venues around France. Most were organized in conjunction with stock-market operator Euronext and FFCI, the French federation of shareholder clubs. Renault was also on hand at the Actionaria trade show for individual shareholders in Paris for the fifth year running.

A 12-member **Consultative Committee for Shareholders** was set up in 1996 to help ensure that shareholders get the information they want.

The Committee met three times in 2002, on one occasion in full session with the Renault Chairman in attendance. During the year, consideration focused on shareholders' new expectations in financial communications and related improvements in the shareholders' newsletter.

Over the past five years Renault has also pursued an active campaign targeting the advisers and opinion-makers who have a significant influence on stock-market investments – and who are thus important relays for information to shareholders. Four meetings were organized for this group in 2002, one at the Paris Auto Show and three in other parts of France.

### Website: [www.renault.com](http://www.renault.com)

The **Analysts & Shareholders** section of the Renault website gives shareholders convenient access to all financial communications material. Content includes up-to-the-minute share prices, press releases and other publications, a calendar of upcoming events, webcasts of presentations to analysts in Paris and the AGM, and answers to frequently asked questions. In November 2002, French internet specialists Investis named it the best financial website of any CAC 40 index stock.

### Key figures (€<sup>(1)</sup>)

	2000	2001	2002
Number of shares at December 31	239,798,567	242,196,550	<b>284,937,118</b>
<b>Financial data</b>			
Net earnings per share	4.50	4.38	<b>7.53</b>
Net assets per share	40.25	41.88	<b>45.57</b>
Net dividend per share	0.91	0.92	<b>1.15<sup>(2)</sup></b>
<b>Stock-market data</b>			
Closing price at December 31	55.50	39.61	<b>44.78</b>
Market capitalization at December 31	13.3 bn	9.6 bn	<b>12.8 bn</b>
High for the year	61.00	64.00	<b>57.45</b>
Low for the year	37.53	26.01	<b>34.60</b>

(1) Market capitalization in € billion.

(2) Proposed by the Board of Directors for submission to the Annual General Meeting of April 29, 2003.

### Key dates in 2003

**Tuesday, February 11:** Announcement of 2002 full-year results

**Friday, April 25:** Announcement of 2003 first-quarter revenues

**Tuesday, April 29:** Annual General Meeting

**Thursday, May 15:** Payment of dividend (\*)

**Thursday, July 24:** Announcement of 2003 first-half results

**Thursday, October 23:** Announcement of 2003 third-quarter revenues

(\*) Proposed by the Board of Directors for submission to the Annual General Meeting of April 29, 2003.

### Shareholder information

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### Summary

2002 Renault Annual Report

### 1. Financial performance

A large, bold white number '2' is positioned on the right side of the page. The background is a blurred image of a road winding through a landscape with hills under a bright sky, suggesting motion and speed.

# 2

## Brand with proven appeal

Renault was Western Europe's number-one brand for the fifth year running in 2002, with 11.3% of the market. In other parts of the world, group sales rose 5.4% despite a contraction in Turkey and the Mercosur countries. During the year, Renault vigorously pursued its own international development, together with associated brands Renault Samsung and Dacia, while at the same time consolidating cooperation with Nissan at both global and local levels.

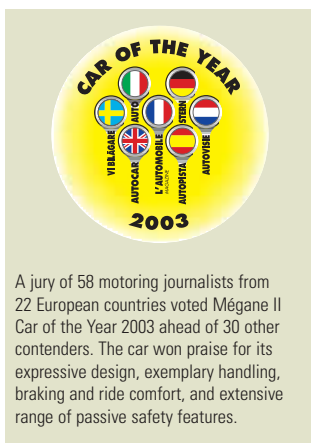
Mégane II, pictured here in Sport Hatch format, was voted Car of the Year 2003.





# Renault – Europe's number-one brand

## On the passenger car market...



A jury of 58 motoring journalists from 22 European countries voted Mégane II Car of the Year 2003 ahead of 30 other contenders. The car won praise for its expressive design, exemplary handling, braking and ride comfort, and extensive range of passive safety features.

With market share of **10.7%** in 2002, Renault took first place for passenger cars in Western Europe, a performance achieved against a backdrop of widespread market contraction except in the UK. It was also despite the fact that several models in the Renault range reached the end of their lifecycle.

The year saw major renewals, too, with good market starts for Vel Satis, Espace IV and Mégane II. Presented in autumn, Mégane II was quick to establish itself as the benchmark in its segment, winning the **Car of the Year 2003** title to reward Renault's confidence in this all-important lineup. By the end of the year, Mégane II sales had topped 40,000. It should now

gain added favor having been awarded a **five-star rating** in crash tests conducted by Euro NCAP, an independent organization assessing the safety of new cars on the European market.

At the top end of the range, Vel Satis, launched in spring, has begun to show its appeal for customers who are not afraid to break free from market conventions. And for Espace IV, its first months on the market confirmed Renault's firm lead in the large minivan segment. Avantage, in contrast, got off to a slower start than expected.

Clio had a record year in 2002, ranking second in its category with 3.5% of the market, while

Laguna took 8.7% of a declining segment in which Renault shared second place overall for volume manufacturers. Sales of Mégane, at the end of its lifecycle, tapered off but the model still ranked fourth in Western Europe. Scénic, with over 2 million units produced since launch in 1996, remained the leader for compact minivans despite the gradual diversification of competing ranges.

A major contribution to Renault's market success came from its 1.5- and 1.9-liter dCi diesel engines, which accounted for 47% of sales, compared with an average of 39.8% on the passenger car market overall.

## ...and on the LCV market



Traffic – a mainstay of Renault's number-one position for light commercial vehicles in Europe.

Renault significantly strengthened its number-one position for light commercial vehicles in Western Europe, with market share up half a percentage point to **15.8%**, widening its lead on its nearest rivals.

A renewed range offers customers with specialized requirements a broad choice of attractive high-performance vehicles. The new Traffic, on the market since 2001 and voted Van of the Year 2002, has brought a stylish new touch to this crucial compact van segment, where Renault also did well with

Master, raising its market share to over 10%. Kangoo Express was again number one in small vans with 26.4% of the market.

Aiming for leadership in terms of running costs as well as quality and reliability, Renault designs, develops and regularly upgrades its range of light commercial vehicles to match professional needs, building in innovative functions while ensuring the best value for money at all times. This is well illustrated by the new versions of Traffic put on the

market at the end of 2002, as well as significant upgrades to the Kangoo and Master in early 2003.

Another demonstration of Renault's dedication to serving business customers is its network of Business Centers. At the end of 2003, 500 were in operation around Europe.

Building on these strengths, Renault is also well placed to achieve its aim of selling at least 100,000 light commercial vehicles outside Western Europe by 2005.

## 2. Brand with proven appeal

## Summary





Thalia in Prague – gaining new ground for Renault in Central Europe.

## Growth on international markets

In **Central Europe** Renault consolidated earlier gains and took the number-two position with market share up from 9.9% in 2001 to 10.6% in 2002, equaling its performance in Western Europe. This sharp rise on an expanding market reflects the success of the entire range.

Sales in **Eastern Europe** and **Russia** also grew, with 74,300 vehicles sold during the year. Mégane and the Clio sedan did particularly well. In Romania, the combined sales of Renault and Dacia accounted for 57.1% of the market for passenger cars and light commercial vehicles. In Russia, Renault sales surged 48% to a total of 8,300 vehicles.

**Colombia** is a strategic focus of business in the Andean Pact countries. Here Renault consolidated its number-two position, taking 23.2% of the market through a factory in Medellin and a network of 31 dealerships. In keeping with a strategy of international expansion, Renault raised its interest in Sofasa SA – owner of the Medellin factory – from 23.7% to 60%. Other shareholders are Toyota and Mitsui.

This strategy was also at work in **South Africa**, where market share was 3.5%. During the year, Renault announced a joint venture with Imperial Car Imports, which imports vehicles for distribution in South Africa and neighboring countries. The transaction should get approval from the South African competition authority in March 2003.

Turning to **North Africa**, Renault posted sustained growth in sales of passenger cars and, even more, light commercial vehicles. This reflected a particularly good performance in Algeria, where market share was over 28%.

In **Turkey**, there was a 14.9% drop in the market but Renault held on to its leadership with a 17.6% share and moved up to third place in passenger cars and light commercial vehicles combined. The Clio Symbol sedan remained the best-selling car in the country, with 8.5% of the market. To offset domestic economic difficulties, nearly 90% of production at the Bursa factory was exported.

In **Argentina**, where demand plunged 51%, Renault remained number one with 18.9% of the market, while in **Brazil**, also in the grip of economic difficulties, sales were down 13% to 61,266 vehicles, representing 4.3% of the market. The Mercosur department responded to market trends with measures including a temporary cutback in production at the Curitiba plant in Brazil.



Laguna II – new powertrains, new colors, new trim and new high-tech equipment for its first update.

# Renault and its new markets

## New international scope through the Alliance

Renault and Nissan continued to benefit from the synergies associated with complementary geographical positions. Renault is thus able to provide effective support for its partner on the crucially important Western European market while at the same time cooperating with Nissan in a growing number of regional initiatives easing its own moves into new markets.

Since its return to **Mexico** two years ago, Renault has benefited from the strong industrial and commercial presence of Nissan Mexicana and in 2002 sold nearly 15,900 vehicles, beating its target for the year.

This is mainly attributable to the success of the 110hp 1.6-liter 16-valve version of Clio II, which accounted for 60% of sales. Produced at the Nissan plant in Aguascalientes, the model made its debut in February 2002. Scénic – produced at the Nissan factory in Cuernavaca since 2000 – and imported Méganes each accounted for 13% of sales, while Laguna II and Clio Renault Sport, both imported, accounted for 6% and 7%, respectively. The Renault brand's share of the Mexican market reached 2.2%.

At the end of 2002, Renault Mexico counted 32 franchised outlets built to Renault standards.

Sales are now also backed by RCI Banque making new services available to customers of both partners.

Renault has also benefited from Nissan's presence to develop sales in **Central America, Ecuador, Peru, the Middle East** and the **Gulf**. Nissan importers will be selling Renault cars in Bahrain, Kuwait and Qatar from January 2003.

Turning to the **Asia-Pacific** region, where Renault is present in Japan, Australia, Taiwan and Indonesia, sales were up 25% in 2002.



The imported Clio Renault Sport – Mexico's Rally Champion in the N3 FIA group.

### Pooling resources for optimum effect

Pursuing their common strategy of profitable growth, Renault and Nissan are steadily expanding the scope of cooperation, sharing organizational resources, know-how and skills in a wide range of areas and adopting each other's best practices.

While the partners have maintained separate distribution networks to preserve their distinct brand identities, they are pooling sales-support resources through group offices wherever possible, thereby generating significant savings. At the same time **RCI Banque**, which backs Renault's international expansion, is progressively taking over Nissan financing subsidiaries, as is already the case in Western Europe.

Complementary facilities and convergent methods and processes let Renault and Nissan use each other's production resources to make the most of overall capacity and extend their ranges. This may involve either assembly of their own

vehicles at their counterpart's plant or production of the other partner's models adapted to their specific requirements in their own plant.

By the end of 2002, four factories were involved in cross-manufacturing operations of this kind. In Mexico, Nissan's Cuernavaca factory has been making Renault Scénics since 2000, while the Aguascalientes plant has been making Clio IIs since the end of 2001 and Nissan Platinas, a model based on the sedan version of Renault's Clio, since March 2002. In Brazil, the new light commercial vehicle factory at Renault's Curitiba site in San José dos Pinhais has been producing Renault Master vans and Nissan Frontier pickups since April 2002. Finally, since autumn 2002 Nissan's factory in Barcelona, Spain, has been producing a van based on the Renault Trafic. Renault and Nissan are now working on a global logistics system. The aim is to establish a flexible manufacturing base equally able to assemble vehicles for both partners.



# Renault Samsung Motors, a new life with the Alliance

South Korea is the second-biggest market in the region – 1,241,653 vehicles were sold in 2002, an increase of 15.8% on 2001.

In 2002, two years after its launch, Renault Samsung Motors (RSM) turned in a remarkable performance on this market, showing a strong profit two years ahead of schedule. The brand thus made its first positive contribution to Renault group results.

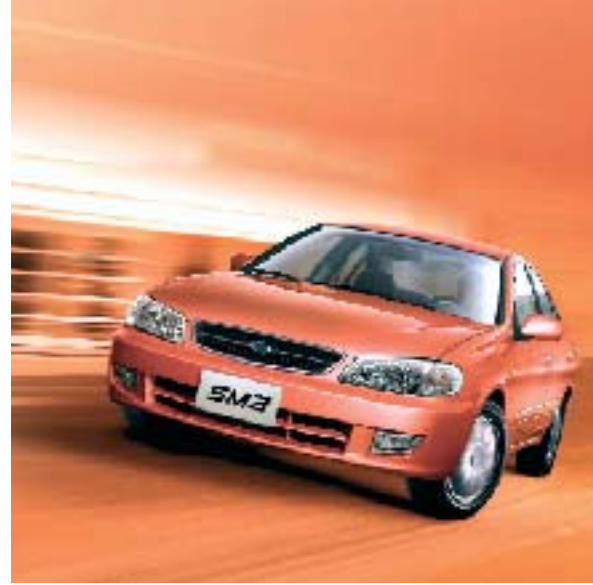
This reflected the benefits of highly-efficient, state-of-the-art production facilities at the Busan site in the south of the country and the rapid redevelopment of a sales network applying innovative methods, as well as public recognition for the quality of two vehicles based on Nissan models. At the same time, the company

imposed rigorous cost controls to make the most of favorable market trends.

In September 2002, Renault Samsung successfully rounded out its offering with the launch of the SM3, the fruit of 21 months of development work. Coming on top of orders for the SM5, those for the new model lifted output for the year to over 120,000 vehicles, beating targets even before the end of the year. With these two cars, RSM covered 40% of the market and accounted for 9.4% of the passenger car market.

Like the SM5, the SM3 was developed and produced with technical support from Nissan. Renault Samsung Motors is a full participant in the Alliance, thus

benefiting from a triple culture and the combined know-how of Renault and Nissan in the pursuit of complementary strategies.



SM3 – an immediate success in South Korea following its September launch.

“The SM3 has benefited enormously from the high profile that has come with the success of the SM5. The new model combines the intrinsic strengths of the line with new features appealing to younger customers. While domestic manufacturers still account for 99% of the South Korean market, there has been significant shift in demand. This is especially true as regards vehicle safety, where the country lags well behind Europe. The SM3, which meets NCAP safety standards in full, is thus the first sedan on the market with side airbags for front

seats. Along with the continued success of the SM5, this new model's strong start makes us feel confident in prospects for another product we plan to bring out soon, as well as in the overall outlook for growth at home and abroad.”

**Guillaume Berthier**  
Marketing  
Director  
Renault Samsung  
Motors



# Dacia, a fresh start

Dacia continued its recovery with a 6.1% rise in sales from 2001 demonstrating the benefits of a growing distribution network. Dacia sales totaled nearly 53,000 vehicles, representing 48.7% of its domestic market.

Work on upgrades continued at the Pitesti plant, which also launched two new additions to its lineup – the SuperNova Campus and the first range of light commercial vehicles equipped with Renault diesel engines. In April 2002, two new stamping lines went into operation and work began on a national spare parts center, scheduled to start up in 2003.

Initiated in 2000 with the support of the Romanian government and the regional environment agency, plant upgrades and improvements in working conditions illustrate Renault's commitment to sustainable development. Application of waste-reduction at source and environmental management technologies through a shared effort will raise standards at the plant to match the best in Europe in just five to seven years. To take one example, Dacia already uses the most advanced ultra-filtration techniques in its machine shops. Current priorities include management of chemical products and employee safety and health.

Dacia is moving ahead on schedule with the €5,000 car project. This targets emerging markets, home to 80% of the world's population, where the automobile is only beginning to take its place. The car will also make modern technologies in key areas such as safety and environmental standards more affordable.



Dacia assembly line at the Pitesti factory in Romania.

## Summary

2002 Renault Annual Report

## 2. Brand with proven appeal





# Ambitions built on competitive strengths

Constantly enhancing the quality and reliability of products for our customers is a priority at Renault. We make the most of expertise in areas including safety – as illustrated by the five-star ratings Euro NCAP awarded to Laguna II and, more recently, Mégane II and Vel Satis – as well as cost control and industrial efficiency at the highest level in Europe.

The glass roof of Mégane II has a total area of 1.32 square meters, the biggest of any in its segment.

# Frontrunners in key areas

## Safety

**Farid Bendjellal**  
Passive Safety  
Expert  
Renault  
Technocentre



“There can be no doubt about the efficiency of Renault’s third-generation System for Restraint and Protection. Today research in passive safety is focusing on ‘impact anticipation’ which allows you to gain precious time – measured in thousandths of a second! – and makes deployment even more effective. That said, almost 80% of accidents are caused by people rather than the actual cars.

Which makes it important to study behavior, and find ways to make drivers more aware and more responsible. However sophisticated onboard systems may be, they can never replace the driver’s skill and attention. Naturally, the safety of children has always been and will remain a major concern. To take an example, we are working on ways to avoid possible error in installing baby seats. Another line of research is the development of digital models to gradually replace physical ones and gain fresh insights into how the body reacts in a crash. Finally, where active safety is concerned, we are working on systems to allow the exchange of information between vehicles and the surrounding road environment.”

Renault has made safety central to its strategy for many years, acquiring an unrivaled store of experience and expertise. This was illustrated in November 2002, when Euro NCAP, the independent car assessment organization, awarded its top five-star rating to Mégane II and Vel Satis – as it already had to Laguna II in the previous year. Renault thus offers the safest range in the industry.

The results of the crash tests carried out by Euro NCAP demonstrate the structural

strength of Renault vehicles, a critical factor in overall safety, and the reliability of restraint systems. However, this is only part of the picture, since Renault has also dedicated significant research resources to developing innovative ways to detect emergency situations and correct vehicle trajectory where necessary. Other priorities are protection of occupants as well as pedestrians and cyclists.

The design of our Mégane II Sport Hatch thus incorporates a **world**

**premiere:** front seats with built-in anti-submarining airbags for safety equivalent to that of the Mégane II Hatch. This rounds out recent enhancements to the Renault System for Restraint and Protection already available, with its adaptive airbags, inertia-type seat belts, load limiters set at 600 kilograms, Isofix attachments for child seats, pretensioners for rear side seating positions and back-seat anti-submarining devices. Our aim: ensure maximum safety for every passenger in every seat, regardless of their age and build.



Setting up crash tests at the Lardy technical center outside Paris.



### Recognition from Euro NCAP

Euro NCAP – for New Car Assessment Program – brings together consumer groups and government organizations from the 15 European Union countries as well as specialized laboratories. Founded in 1997, it tests new cars and rates safety on a scale of one to five stars. Laguna II was the first car to win five-star status.



## Controlling costs

In recent years Renault has won a well-deserved reputation for **reducing costs** and, by the same token, reinforcing competitiveness and profitability. Our first three-year plan was completed in 2001, generating savings of €3 billion, and was followed by a second plan, also targeting annual savings of €1 billion over three years. This drive for rationalization of spending calls for strict management criteria and efficiency in both organization and processes. It concerns all areas of operation, all departments and all disciplines. It also – of necessity – requires the participation of suppliers, dealers and all other business partners.

**Purchasing** of industrial supplies and services is naturally a special focus of attention. Renault has developed extensive experience and expertise that we have put to good use within the Alliance. Nissan adopted the Renault approach to purchasing from the start, and in 2001 the two companies set up the Renault Nissan Purchasing Organization which has already generated significant economies of scale. Nissan also applies Renault's strict approach to suppliers of outsourced services, and its purchasing division, like Renault's, now participates directly in all major company decisions, whereas previously it played only an advisory role.



Mégane II Hatch shaping up on the body assembly line at Douai, France.

### New Distribution

To win a lead on competitors by cutting **delivery times**, Renault was the first manufacturer in Europe to adopt and apply across the board a unique delivery-to-order approach. Introduced under our New Distribution program, this system demands the capacity to make a car to exact customer specifications in a very short time. Launched in 1999, the New Distribution program has enabled Renault to better meet customer requirements and get the full benefits of our increasingly broad range. Three customers out of four now wait less than five weeks for their new car to be delivered, compared with one out of six before the program began. And delivery schedules are increasingly reliable, with over 80% of vehicles reaching outlets at the date set when the order was placed, compared with only 60% in 2000. The New Distribution program has also cut costs, reducing vehicle inventories by 10% in each of the past three years.

### Summary

2002 Renault Annual Report

### 3. Ambitions built on competitive strengths

# Renault's alternative response to economic, industrial and financial challenges

## Mégane II shows the way

The platform that began operation with Mégane II is the second to be shared with Nissan, and is central to Renault's program for the renewal of its range. Altogether it will be used for seven models, of which six will be on the market by the end of 2003.

Mégane II targets an all-important market segment that accounts for nearly 35% of cars sold in Europe and makes a key contribution to both earnings and brand image. Renault aims for market share of 14% in Western Europe, with 20% of sales in the rest of the world. It is looking to sell 5.5 million cars over the life of the model, 10% more than with the previous generation.

Designed for an innovative strategy based on the concept of a range within the range, Mégane II offers customers **unprecedented freedom of choice** and thus matches a fundamental trend in demand. Each version has a distinctive appearance and identity for a clearly defined customer base. In addition, customers can choose between four trim schemes, three levels of equipment, and nine powertrains, combining these at will for a car suited to their personal preferences.

Development work on the first two vehicles in the range took only 29 months compared with 52 for the first-generation Mégane, rewarding a fresh management approach that called on all relevant departments, functions, factories and suppliers from the earliest stages of the project. This resulted in significant savings, with overall program outlay limited to €2.1 billion.

The diversity of the Mégane II range and its broad scope for personalization naturally demands maximum **flexibility in production**. Achieving this has meant reorganization and major investments in manufacturing facilities at the Douai plant in France, Palencia in Spain and Bursa in Turkey. Manufacturing processes first introduced at the Douai site and extended to the other two by stages will enhance productivity and overall industrial efficiency, the target being to cut production times by 24% compared with the original Mégane. Plants will thus have the flexibility needed to cope with commercial flexibility based on a build-to-order system and shorter delivery times.

### Environmental management

With the Mégane II program, Renault has for the first time integrated environmental management goals into the product lifecycle at every stage – from design to recycling. In particular, carbon-dioxide emissions for the 80hp 1.5-liter dCi model have been cut to 120 grams per kilometer. This reflects the efficiency of Renault's latest engines – including diesels – as well as work on improving aerodynamics, reducing friction and lowering weight, all features that impact fuel consumption. Noise has been cut to 71 decibels, below the EU standard of 74 decibels. And consumption of natural resources has been limited through the use of renewable and recyclable materials. Altogether, 95% of Mégane II can be recycled by weight.





Mégane II Hatch in Valencia, Spain, with Science City in the background (architect: Santiago Calatrava).

## Competitive strength built on an efficient production system...

Launched in 2000, the **Renault Production Way (SPR)** now ranks among the best in Europe in terms of performance. Drawing inspiration from the Nissan system, it is based essentially on standardization of operations at the workstation and reinforcement of first-level management to make processes more reliable.

The system calls on the full participation of engineers, production staff, support teams and outside suppliers to track down and correct flaws in the production process quickly and in so doing achieve consistent quality.

Program profitability also depends in large measure on the thoroughness of initial planning and the

time taken for design and development. With Mégane II, Renault was able to optimize these aspects and achieve its best performance ever – without neglecting any stage in the validation process and without any compromise on quality.

Similarly, the overall program outlay for Espace IV was significantly reduced, with development time kept to an optimum and manufacturing streamlined through integration in the Laguna II-Vel Satis program. Common project management and shared industrial processes paid off: in production, it uses the same platform and some of the same components as the other vehicles.

The **Renault Technocentre**, our vehicle design and development site, plays a fundamental role in such successes. Constantly enhanced, development organization is structured around project teams that make for greater efficiency, save time and reduce costs. The Mégane II project teams, for example, brought together product planners, designers, product and process engineers, quality specialists and IT teams as well as staff from purchasing, after-sales, training and communications departments. This made for **optimum synchronization** of product and process engineering and significantly reduced overall development times.



Denis Sainte-Agathe at the Sandouville factory in France, now producing Espace IV alongside Laguna and Vel Satis.





Quality and transparency – the watchwords throughout Renault’s Mexico network as seen here at the Polanco branch in Mexico City.

### ...and on the quality and reliability of products and services

Laguna II marked a major advance in quality and reliability, and the fundamental features behind its success have benefited Vel Satis, Espace IV and Mégane II – vehicles combining robustness, safety, durability, high-performance powertrains, and top-quality materials and finish.

Other Renault vehicles – Clio II, Kangoo and Twingo, to name only three – have also benefited, with improvements to structure and equipment developed for vehicles at the upper end of the range.

**Leading the field in Europe** for quality of service, Renault makes customer satisfaction central to its strategy for achieving progress and reinforcing its brand image. Results are carefully monitored through surveys, customer call

centers and complaint services, and significant resources are dedicated to enhancing professional skills throughout the Renault network. Our priorities include the quality of reception and rapid, effective repairs, plus maintenance on and off site, as well as making replacement vehicles available when necessary. The aim is to keep customers mobile and in so doing consolidate their loyalty.

Renault is aware of its responsibility to the community as a whole, and we are integrating environmental management in all areas of operation by stages. Our aim here is to keep negative effects to a minimum. Thus, all factories are ISO 14001 certified, to ensure ongoing improvements to plant facilities and increasingly effective limits on pollution. To meet and anticipate

stricter regulatory requirements, we pay special attention to atmospheric emissions and liquid effluents. Action includes raising the capacity of biological water treatment units, increasing use of water-based paints and greater reliance on natural gas – as at the Douai plant – to reduce sulfur-oxide emissions and eliminate dust. Energy saving is another priority, again illustrated at Douai where energy consumption required for Mégane II is 16% lower than for its predecessor. Corporate responsibility also naturally involves continuing efforts to improve working conditions at Renault sites, factoring this into planning of tools and processes used in the development and production of new products. Action is also taken to change the forms of behavior that are the most common causes of accidents.

# Strength and innovation to meet customer needs

In its drive to consolidate ties to existing customers and attract a demanding new clientele, Renault builds on strengths that include a renewed and extended range of vehicles equipped with high-performance engines, and an increasingly responsive and effective service offering.

Shopping around – customer Sabine Lecote learns more about the Mégane II “à la carte” offering from Kader Meraitis, salesman at the Versailles Chantiers dealership near Paris.





# The Renault range



Espace IV benefits from the new platform policy with sedan-like driving sensations.

## Settling in at the top

**Espace IV** has joined **Avantime** and **Vel Satis** at the top of the range. Using the same platform as Vel Satis and Laguna II, it incorporates the same advanced technology and safety features. While clearly heir to the Espace

tradition, the new model is much more daring in its design. The spaciouly comfortable interior gets added light from the largest sun-roof area in the market, and road performance has been enhanced with more environment-friendly V6

gasoline and diesel engines that are the most powerful in the segment. Espace IV is thus well placed to defend Renault's position as number one in Europe for top-of-the-range minivans.



Mégane II targets world markets with sales now spanning 75 countries.

## Innovation and diversity underpin the new lineup

With seven different body types using the same platform, the **Mégane II** offering has the flexibility to match varied customer requirements and tastes, for unrivaled freedom of choice. Mégane II marks a break with traditional esthetics in this segment, combining stylish design and a high level of equipment with robustness, advanced safety, driving pleasure

and comfort – features passed down to it from the top of the range. While a distinctive identity gives it special appeal.

Four new products will be unveiled successively throughout 2003. They will make a powerful contribution to the overall consistency of the Renault range.

## Europe's most competitive light commercial vehicles

The Renault lineup of light commercial vehicles leads the field in terms of operating costs, ergonomics and different body conversions. The smallest in the range is **New Kangoo Express**, an upgrade with revamped design for even greater practical appeal. At the other extreme there are multiple versions of **Master**, offering a choice of three wheelbases. In between, **New Traffic** brings fresh style to light commercial vehicles. The range is ideally suited to professional needs and offers the same comfort, safety and high environmental standards as Renault's passenger cars.

## Compact class

Our smaller cars continue to make a strong showing despite stiff competition, with enhanced safety and comfort features plus new high-performance engines ensuring that they remain best in class. **New Clio**, with added pace and power, is continuing earlier successes: it now ranks second in its segment in Western and Central Europe in its hatch and sedan versions. **Twingo**, a city car that has lost none of its youthful appeal, is now available in a sixth attractive collection. Finally, **New Kangoo**, as unconventional as ever, now has added features to consolidate its leadership.

## Cars for the love of driving

The love of driving is part and parcel of what Renault is all about, as **New Clio V6** shows. Displaying even more sporting style than its predecessors, it is powered by a 3-liter 24-valve engine supplying 255hp through a six-speed close-ratio manual gearbox in a version with guaranteed appeal for the most demanding enthusiast. In a different vein, **Mégane II Coupé-Cabriolet** combines elegance and pace. Seating four comfortably, it will be the first car of its kind to be fitted as standard with a folding metal/glass roof for a drive under open skies, whatever the weather.



Clio V6 255hp for pure driving pleasure.



Twingo, the smallest minivan on the market – and still a pace-setter 10 years on.





The 1.9-liter dCi is Renault's most versatile engine, with different versions generating from 80 to 120hp.

### High-performance, low-emission engines

Renault regularly upgrades its multi-valve gasoline engines, from the 1.2-liter 16-valve to the 3.5-liter 24-valve V6 – one of the fullest ranges on the market and one of the most competitive in terms of output for consumption. Environmental standards are a priority for Renault, and in recent years we have made a special effort to develop turbodiesel engines where we now offer an outstanding range. Latest developments in common-rail technology

ensure more effective control of combustion, particularly at the pre-injection stage which in turn makes for better performance, lower emissions and less noise. This is well illustrated by the 80hp 1.5-liter dCi unit equipping Clio, which generates only 113 grams of carbon dioxide per kilometer – setting the standard for this sector – as well as the 120hp 1.9-liter dCi on Mégane II. Transmissions have naturally been another focus of development,

with a new generation including in particular a six-speed manual gearbox and a five-speed advanced manual gearbox, as well as four- and five-speed Proactive automatic transmissions with flick shift. The results speak for themselves, ensuring that both diesel and gasoline engines combine driving pleasure and low consumption, while complying with Euro 3 (Euro 2000) emission standards.



#### Renault F1 Team

Racing under its own colors for the first time, Renault took a very honorable fourth place in the Formula 1 Constructors' Championship behind Ferrari, McLaren Mercedes and Williams BMW. Our performance should improve significantly in 2003 following upgrades on the chassis

and transmission made by Mike Gascoyne's team at Enstone in the UK, plus completion of development work on the V10 RS 23 engine at Viry-Châtillon in France by Jean-Jacques His and his team. The drivers are Jarno Trulli from Italy and Fernando Alonso of Spain, who replaces Britain's Jenson Button.

Driver Jarno Trulli with his team at the Spanish Grand Prix.

# A dependable presence

## Renault's response to new EU regulations for car sales

A new era began for the European automobile market on October 1, 2002, when new EU regulations came into force. Designed to harmonize prices and taxes in member countries by stages, these will apply through to September 30, 2010, starting with an initial transition period of one year. They represent a complete change in the traditional system of distribution by brand networks and thus in the relationship between manufacturers and dealers. In response, Renault is applying a **selective approach**, requiring distributors/dealers to meet

quality criteria and limiting the number of such franchised dealers in each country.

Dealers are still required to provide after-sales services but, in line with the new regulations, they can now sub-contract this area of business to another member of the network meeting quality criteria defined by Renault.

This selective approach will enable us to provide customers with the support they expect, offering our products and services through a brand network that is

present where needed and operates on a profitable, permanent basis.

Since the new regulations overrule many of existing contracts with our dealer network, Renault is proposing replacement contracts with terms approved by the Renault dealer group. Separate versions are being drawn up to meet legal requirements in different countries.



Speedy, professional service – Christophe Dorin with customer Florence Glasson at the Renault Minute service center in Andelnans, France.

## Renault expands web presence

Renault is the leading automobile brand name on the web in Europe, with over 45,000 visitors a day logging on in 2002. Sites offer customers a full range of information on new and used vehicles and accessories, as well as services such as service contracts and financing. Those interested can contact distributors online to consider a purchase. Using a common platform, **Renault.Site**, e-commerce sites target both international audiences and markets in individual countries, where they provide sales teams with powerful backup to consolidate customer relations. Full e-commerce offerings are now available in France, Germany and the UK, with Spain and Brazil added to the list

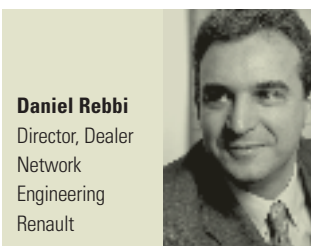
in 2002. Altogether there are some 20 websites representing the Renault brand around the world.

In the hotly disputed after-sales sector, Renault is the first manufacturer to offer e-commerce facilities for the purchase of parts and accessories.

The **Renaultp@rts** site will go online in 2003, serving major markets across Europe. We expect to boost wholesale business for the Renault brand network through a rise in sales to other dealers and independent garage operators. By the same token, the site will enable Renault to consolidate links to our distribution network, which is especially important in view of new EU regulations on car sales.

"It is essential for us to maintain direct links to customers to meet their repair needs effectively – especially with the amount of electronic equipment now used in cars. We have to be absolutely certain that approved garages have the skills and training to properly understand all the technical documentation we send them – as manufacturers, we must do everything we can to avoid the risk of technical failures. Spare parts are the second key issue. The new regulations have redefined the notion of genuine parts, and this will probably mean increased competition.

We currently require genuine Renault parts to be used for all repairs and replacements under warranty or service contracts. In the future, we will have to make sure that customers have an even clearer perception of the difference between our replacement offering and others in terms of quality assurance and manufacturer's warranty."



**Daniel Rebbi**  
Director, Dealer  
Network  
Engineering  
Renault

### Summary

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### 4. Strength and innovation to meet customer needs

# 2002 ranges



Vel Satis



Espace



Avantime



Laguna



Laguna Sport Tourer



Mégane Hatch



Mégane Sport Hatch



Scénic



Mégane Cabriolet



Mégane Station Wagon



Clio





Twingo



Kangoo Car



Kangoo Van



Trafic L2H2



Trafic



Master



SM3



SM5



SuperNova



Pickup

# Sustainable, responsible development

Acting globally and locally, Renault contributes to sustainable world development through economic efficiency, social responsibility, and environmental protection – reflecting our long-term commitment to good corporate citizenship, transparency and fairness.

At the Renault Technocentre – Delphine Bignon, responsible for paint finish and new body materials, and Christophe Becaert, a technician specialized in surface appearance, both members of the Painted Body Engineering department.

# 5







# Professional expertise underpins strategy

**At Renault, growth and lasting business success are backed by carefully targeted recruitment and skills management, combined with ongoing improvements in working conditions and active encouragement of intercultural exchange based on mutual respect.**

## Looking to the future: recruiting the best

The world is changing and so is Renault. In 2000 and 2001, we carried out an exceptional recruitment program to meet the human resource challenges posed by the growing scope of our operations – and cope, too, with swift changes in skills requirements and a fiercely competitive world market. As a result, we hired over 4,500 new employees worldwide in 2002, more than 1,300 of them at Renault s.a.s.

Many applied through the jobs board on our corporate website [www.renault.com](http://www.renault.com), which displays all openings, including those in production, and we expect recruitment to gather pace in 2003.

To make our vision a reality, we have launched an in-depth review to identify the professional skills needed in the 10 years ahead. Results will be used in a variety of ways – to draw up short-term employment projections, identify recruitment priorities, plan career paths and develop training programs. All corporate departments are involved.

## ...fostering an international corporate culture

At Renault, we are convinced that ongoing exchanges among the cultural groups represented within our corporation hold the key to successful international expansion. This has led to a steady rise in our recruitment of non-French managerial staff – up from 9% in 1999 to 27% in 2001 and 36% in 2002. Step by step, we are forging an international network to recruit the talent we need, starting with employment fairs and other joint projects at leading universities and business schools in France and abroad.

We also offer internships to students from around the world and to French students doing voluntary overseas service.

## ...and ongoing training

In 2002, Renault s.a.s. spent the equivalent of 5.8% of payroll on training (excluding government rebates and subsidies). Programs develop the professional skills needed to cope in a changing environment and implement corporate strategy, while enabling participants to acquire the expertise they need for a stimulating and satisfying career. This year distance learning over the internet was particularly popular, notably language courses to improve fluency in English.

Our intranet also offered a range of courses in each professional area.

“Our new production way introduced standardized workstations. It’s quite a challenge: operators are trained by their BWT leader to handle not just their own job but those of two or three other team members. Under our new 100 career path program, unskilled workers can move up to the position of facility supervisor. New recruits start at the receiving end, but as they gain experience they take on more responsibilities, and can end up guiding others. The system gives promising candidates – and we’ve identified plenty among the 1,300

young people recruited at Cleon over the past four years – an opportunity to develop genuine professional skills. And if they demonstrate clear potential, they can even move onto a management track.”

**Frédéric Banget**  
Head of Gearbox Assembly Processes, Cleon plant France



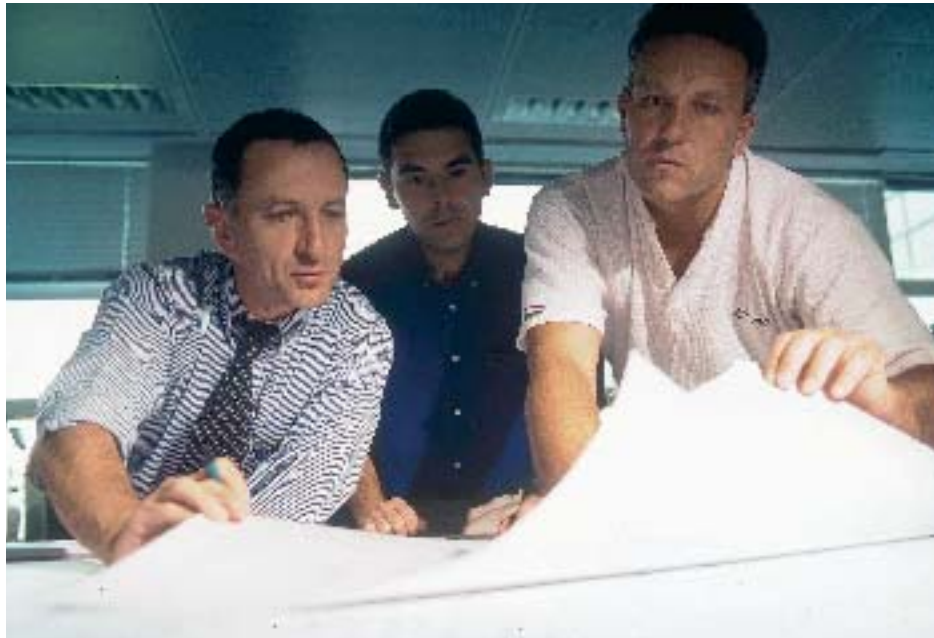
## Attracting and motivating talent – opening the way

To develop long-term loyalty among its employees, Renault strives to provide a non-conflictual environment in which everyone – at whatever level – can make the most of his or her skills. We have a long-standing policy of filling positions in-house whenever possible, and we encourage moves from one country or function to another. In 2002, 787 employees took advantage of this policy, which favors the transfer of expertise and is also an excellent means of promoting experts and young executives with international potential. Through our intranet job board – Job@ccess to Renault – all employees have an opportunity to take their career in hand. Nearly 100 positions are posted and filled each month in locations around the world, representing a total of 3,150 jobs to date.

During the year, Renault s.a.s. put the finishing touches on a career-path management system. Three agreements were signed, and new degree courses were launched to boost the number of in-house promotions to managerial status.

## Management training

Management skills, Renault's mainstay of success, came in for special attention in 2002, with nearly 3,500 people signing up for a range of courses and seminars. The emphasis was on progress plans with managerial skills appraisal programs and individual coaching initiatives. Other options to strengthen management practice covered team building, training managers in their coaching role, management workshops and the exchange of ideas with management from other companies.



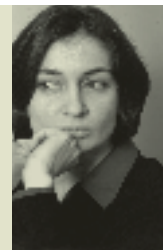
At the Renault Technocentre: Bruno Cébile, vehicle packaging engineer with fellow engineers Philippe Couret and Eric Quevilly.

"I studied economics in Sofia and got a masters at the University of Central Europe in Budapest, then came to France under an EU exchange program for business students. That was followed by a six-month internship at Renault's Brand Identity department, where I helped collect information for marketing briefs on two Mégane II models – Scénic and Mégane Coupé-Cabriolet – which involved

conducting customer surveys. I've just joined the Product Planning Department's Range/Price/Volumes unit, which means my next surveys will focus more on quantitative data. During my internship I got expert guidance and soon felt part of the company; we worked hard and I enjoyed the challenges. With a big company like Renault, there are lots of opportunities to broaden your horizons and acquire new skills.

I wouldn't mind working outside France."

**Krassimira Iordanova**  
Sales Projections,  
Light Commercial  
Vehicles  
Product Planning  
Renault  
Technocentre



# Professional expertise underpins strategy (cont.)

## Well-being at work

For Renault, improving employees' quality of life is a priority and a key measure of our overall performance. We start by ensuring a safe and healthy working environment, which includes making ergonomics a fundamental consideration on the shop floor. We also conduct regular check-ups of general health and monitor cardio-vascular ailments and other potential problems. Renault was one of the first companies in France to set up a special medical unit to measure stress. Nearly 24,000 volunteers have already been tested, with individual and group recommendations issued as a result.

## Employee information

Renault is committed to keeping all employees up to date on recent developments in business performance, corporate strategy and company-wide objectives. Information is relayed through print publications as well as a dual-language intranet with 60,000 terminals around the world. Two or three times a year, we also commission an in-house survey from a specialized consultancy to see how employees around the

world rate our image, management, working conditions and workplace atmosphere. In 2002 Renault took part in "Best Employers, Best Results", a pan-European business survey comparing employee assessments of their employers' image, and ranked among the top five outstanding employers in Europe.

## Keeping the lines of communication open

Renault is particularly keen on promoting consultation and empowering employees to help the company move forward. In 2002 the role of the Central Works Council was strengthened and the select committee of the Renault Group Works Council, the 36-member body that represents employees group-wide, met more frequently. In France, trade unions placed webpages describing their activities on the company intranet.



Bernard Deville and Humbert Tosarelli, line supervisors at the stamping unit of the Douai factory, France.



# Renault safeguards the environment

**Renault applies strict procedures and methods to reduce the impact of its factories and vehicles on the environment and quality of life.**

## Eco-design – putting principles into practice

Making environment-friendly vehicles means factoring environmental considerations into planning from the earliest stages of development to reduce or eliminate harmful effects. In recent years, Renault has conducted in-depth research into automobile-related environmental risk, and the results have served as a basis for the definition of strict guidelines and procedures for environmental management. Achieving progress in this area has involved all Renault sites, with contributions from suppliers and all those concerned with production. In-house tools such as our Recyclability Index and environmental charters for factories enable development engineers to rapidly assess the environmental

standards of the product to be renewed, and, by the same token, identify areas for progress.

Eco-design involves not only full consideration of ecological factors at every stage in development but also a disciplined approach to ergonomics to enhance work-place quality. Phasing in this approach has required a significant commitment to training. By the end of 2002, 1,750 Renault engineers had received eco-design training based on the Cap-Eco package developed in house, as had 400 experts from 180 suppliers. These experts will now be taking charge of training in their own businesses and with their own suppliers.

## Factories that respect the environment

Renault first drew up an environmental management system for vehicle production in 1995, and the results now speak for themselves. Water and energy consumption is declining steadily and emission of volatile organic compounds from paint has been halved. Similarly, the total weight of packaging waste has been halved in six years and 90% of the remainder can be recycled. All group factories are now ISO 14001 certified with the exception of Renault Samsung Motors and Dacia sites, where certification procedures are under way.



The Ellypse concept car.

## Site revitalization – Renault sets the example

In 2002, Renault began a complete clean-up to prepare for the urban redevelopment of 75 acres of land – formerly its main factory site – at Boulogne on the right bank of the Seine, just downstream from Paris. Decontamination work carried out by specialized contractors will ensure full compliance with official instructions defining strict standards of rehabilitation. Polluted soil and concrete was the main focus of operations, with eight to 10 truck-loads carried away for treatment or disposal every day over a period of several months. Demolition and decontamination will take several more years and is currently expected to be complete in the course of 2007.

“We now have a harmonized approach to environmental protection throughout the group. Our policy is based on the principle that environmental protection is not a separate issue, that instead it is part and parcel of all business issues. We have set clearly defined targets to reduce or eliminate environmental impact at all stages

in the product lifecycle, from purchasing to production and from use to disposal. With these basic principles and targets, we have been able to build a network involving people from all areas of business operation and expertise in a shared commitment to environmental standards. This commitment has quite naturally moved beyond

environmental issues in the narrow sense to address the broader question of quality of life. Still, we have to take a long-term view and move ahead one step at a time. There is no point in being high-handed – it takes time for these things to really sink in at every level and bring about a change of corporate culture.”

**Alice de Brauer**  
Director,  
Environmental  
Policy for  
Industrial Sites  
Renault



## Summary

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## 5. Sustainable, responsible development



Ellype embodies Renault's commitment to sustainable development. In this all-new concept car, Renault has harnessed its creative skills to explore innovative solutions to reconcile the conflicting demands of mobility, vehicle comfort and safety features, manufacturing methods and environmental requirements. Cheerful and comfortable, Ellype is a car for the city and the road. Its environmentally-friendly design uses advanced technology to deliver high performance and low emissions, with components that can be fully recycled at the end of its life. The project was also a management challenge in its own right, calling on the environmental expertise of in-house specialists and suppliers alike.



# Renault and corporate citizenship

**In addition to assuming its economic, social and environmental responsibilities to the full, Renault makes an active contribution to community well-being through initiatives in areas such as training and education, as well as participation in programs conducted by international organizations.**

## Road safety

Since 2001, Renault has been involved in the UN's Global Compact program encouraging businesses to take action to offset the negative effects of globalization. Participants report on results each year. At the World Summit on Sustainable Development held in Johannesburg in September 2002, Renault chose to present its international educational program **Safety for All**. Reflecting the principles of responsible corporate citizenship, this focuses on raising young people's awareness of road safety through a competition, first launched in 2000, using the **Kids on the Road** kit developed in cooperation with teachers and road-safety specialists. Over 35,000 classes in nine European countries, representing a total of 1.7 million children aged seven to 11, participated in the 2001-2002 event, making it the most far-reaching of its kind ever seen in Europe. Through its European subsidiaries, Renault also provides training in preventive driving safety.



Children learn how to stay safe with the "Kids on the Road" kit, circulated to primary schools.

## Mobility for all

Renault takes a special interest in the challenges of providing mobility for people in all parts of the world and at all levels of society. Alongside major oil companies and other vehicle manufacturers, we participate in the Sustainable Mobility 2030 program within the framework of the World Business Council for Sustainable Development. From 2003 on, this will be generating proposals for private and public transport options compatible with the goals of sustainable development. In a similar vein, Renault contributes to a number of initiatives in developing countries, including the Massachusetts Institute of Technology's Cooperative Mobility program in Brazil, Mexico City, Santiago de Chile, and urban areas of China.

## Lifeskills

With its move into South Africa, Renault became a local employer and as such has a role to play in the country's development. Since 2001, Renault South Africa has thus supported the Valued Citizens program, teaching children in disadvantaged communities to know their rights and duties. Begun at 10 schools in Soweto and Alexandra townships with 30 teachers assigned to some 1,500 pupils, the program was extended to a total of 100 primary schools in the Johannesburg area in 2002 and a pilot project is planned for KwaZulu-Natal Province.

## The Renault Foundation,

established in cooperation with French and Japanese universities in March 2001, provides support for Japanese students furthering their university studies in Europe. In 2002, it extended its scope with the launch of the IP Fondation Renault MBA, offered with the assistance of the Sorbonne and Dauphine universities in Paris. The first 25 Japanese students began the 12-month program, which also includes courses in parts of Europe outside France, in July 2002.



September 2002. At the World Summit on Sustainable Development in Johannesburg, Louis Schweitzer talks to pupils participating in the Valued Citizens program.

## Summary

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## 5. Sustainable, responsible development



# Looking ahead

## Finance

(Approved by the Board of Directors meeting of February 11, 2003).

At this point in time, Renault is expecting a slight downturn in 2003 in the automobile market in Europe and a slight upturn in the main countries in which the group operates outside Europe. On the basis of this assumption, Renault is targeting higher revenues in 2003 than in 2002 and an operating margin of around 4% of revenues.

However, given the uncertain economic environment, a sharper decline in the automobile market cannot be ruled out. Renault considers that it has key strengths to cope with the situation: in particular, after the introduction of the Mégane II Hatch at the end of 2002, Renault will benefit in 2003 from the ongoing renewal of the Mégane family with the launch of four new models including Scénic II in the summer. The impact of these new models will be significant as of the second half of the year. Further, the group will pursue its cost-reduction efforts and continue to act responsively.

## Products

Renewal of the Renault lineup will continue at a swift pace in 2003, with five new Mégane II body types unveiled, bringing the family total to seven in all.

Newcomers are the Mégane Coupé-Cabriolet, two Scénics – a compact and a long version, the latter with seven full-size seating positions – the Mégane Sport Tourer and the Mégane sedan.

New Kangoo has a stronger design with all of the personality and appeal of the existing model, plus a marked improvement in perceived quality with a stylish new dashboard and greater comfort.

A minivan-inspired Traffic Minibus will be rolled out towards summer. Drivers can choose from one gasoline and three diesel engines, with the new 135hp 99kW 2.5-liter dCi 16-valve unit available across the Traffic range.

A wider choice of automatic transmissions will also be available, with the five-speed Proactive transmission used for four-cylinder engines equipping top-of-the-line models including the Vel Satis 2.0-liter T and 2.2-liter dCi, Espace IV, the Avantime 2.0-liter T, and Laguna.



A new boost for Kangoo, Europe's best-selling purpose-built small van, now restyled and powered by the new 1.6-liter 16V engine with automatic transmission.



A compact and dynamic design, sedan-style driving pleasure and two body lengths for Scenic II.



Elegance, performance, four full-size seats and the first folding metal/glass roof for the Mégane Coupé-Cabriolet.



The Solenza, the first model in the renewal of the Dacia lineup, epitomizes the brand's new visual identity.

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