

RENAULT

Combined Ordinary and Extraordinary General Meeting of Shareholders of April 29, 2003

Summary of speech by Louis Schweitzer *Chairman and Chief Executive Officer*

Net income at an all-time high in 2002

Against a backdrop of range renewal in 2002, Renault's world sales were stable at 2.4 million vehicles, in a market which declined overall. In Western Europe, the Renault brand strengthened its leading position for the fifth year running and conquered the No. 1 position for passenger cars for the first time since 1983. The Renault group benefited from a 6.1% increase in Dacia sales and a 65.4% jump in Renault Samsung Motors sales.

Group revenues were up 2.3% on a like-for-like basis. Operating margin rose nearly 90% like-for-like and income from the strategic shareholdings in Nissan and Volvo grew. This helped the group to report record net income of €1,956 million (equivalent to €7.53 per share), continue to pay down debt and strengthen its balance sheet.

Uncertain environment in 2003

In a European market off 2.6% in the first quarter of 2003, the Renault brand held on to its No. 1 position for cars in Western Europe, but saw a decline in market share. This drop was forecast given the new model launch schedule. Renault improved performance during the quarter and, thanks to a healthy order book, this trend should continue in the coming months. The target for 2003 is to match or exceed 2002 performance in Western Europe.

Continuing the strategy of profitable growth, boosted by the Alliance with Nissan

Renault updated its strategic goals in 2002 to incorporate the Alliance with Nissan and the Dacia and Samsung Motors acquisitions. Renault's five strategic goals are:

- 1- Build recognition for our brand identity: Based on a strong, innovative range, Renault's brand identity focuses on safety – a field in which the brand excels – environmental protection, engine efficiency and quality.
- 2- Be the most competitive manufacturer on our markets in terms of quality, costs and delivery times: Simultaneously targeting quality, costs and delivery times leads to gains in competitiveness. The Alliance with Nissan has given Renault a sound base to exchange best practice and commonize resources to achieve economies of scale.
- 3 - Extend our international reach: International development entails seeking out growth in emerging automobile markets. Renault will leverage the operations of Nissan and its two new brands Dacia and Renault Samsung to sell 4 million vehicles in 2010.
- 4- Develop Renault's core values: Renault is a company committed to values such as freedom, open-mindedness, creativity, labour/management dialogue, customer awareness and sustainable development. And it has put these values into practice in its partnership with Nissan in keeping with the principles set out in the Alliance Charter: mutual trust, respecting each others differences and striking a balance between the two partners.

- 5- Translate success into financial performance: This goal fulfils shareholders' expectations vis-à-vis value creation. Two indicators measure our success: an operating margin of 4% of revenues averaged over the business cycle and a return on equity of at least 11%.

Forging a lasting relationship with shareholders

This hinges on three factors:

- Rigorous application of the principles of **corporate governance**: Renault incorporated the recommendations of the Bouton report in France into its Board Regulations in 2002. Renault's 17-member Board of Directors met 12 times in 2002. It has three specialized committees: the Accounts and Audit Committee, the Appointments and Remuneration Committee and the International Strategy Committee.
- An **open, ongoing information and communication policy**. The policy's two-fold objective is to improve the quality of information and to strengthen shareholder relations.
- Payment of an **attractive dividend**. Renault's policy is to ensure share price growth in successive stages. A €1.15 dividend, with a €0.58 tax credit, is proposed for the year 2002, equivalent to an increase of 25%. Based on the share price at end-December 2002, this represents a yield of 3.9%, tax credit inclusive.

Conclusion

Despite the uncertain environment, Renault is moving forward. Renault's strategy is satisfactory, its product plan is on track and its Alliance with Nissan is sound. Renault believes it is well positioned to face the current economic situation.
