



# Presentation for American Automotive Suppliers

August 29, 2008

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16, rue Rivay – F 92300 Levallois - Tél.+33 1 41 40 16 16 - Fax +33 1 41 40 16 00

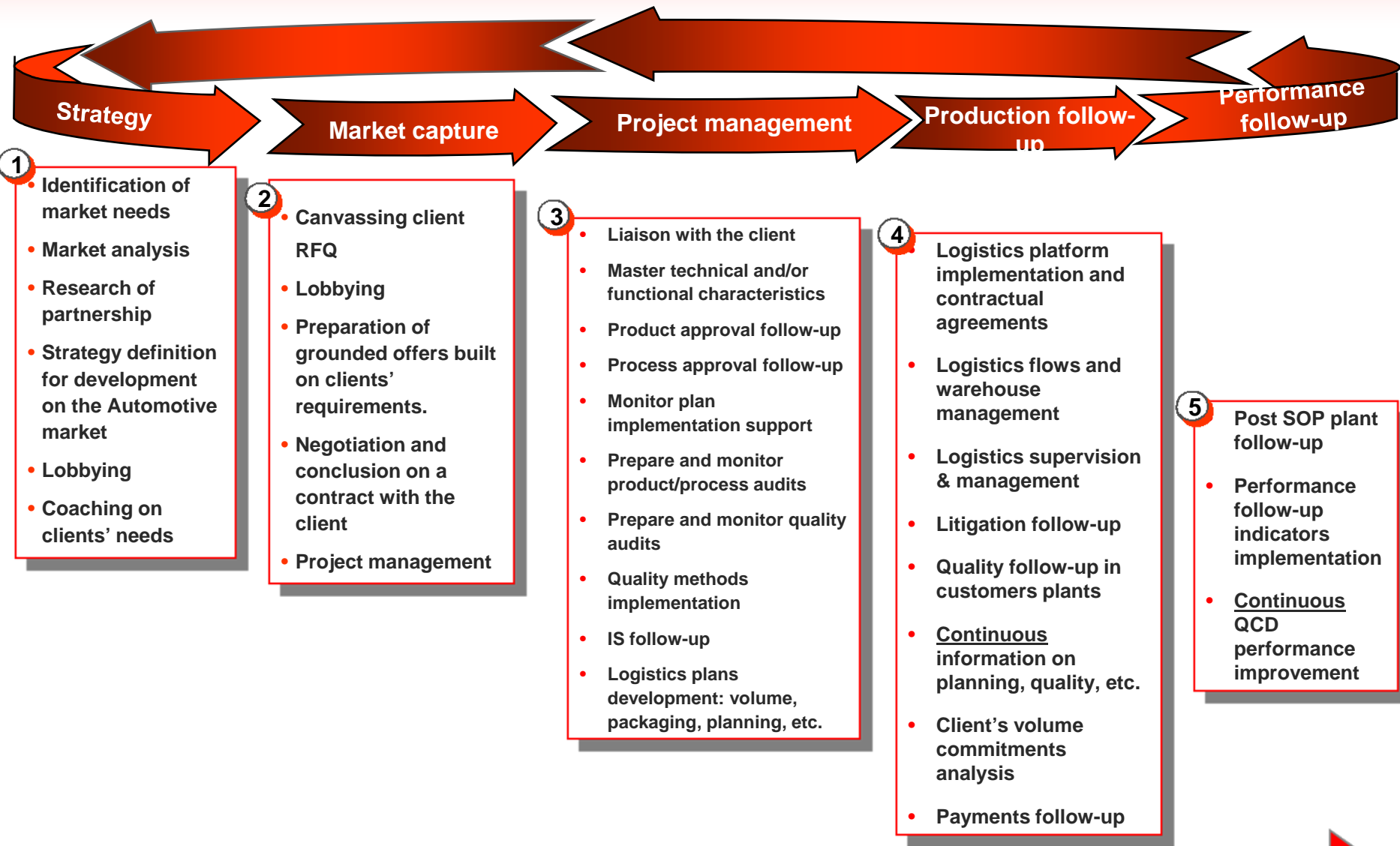
Email : [sneci@sneci.com](mailto:sneci@sneci.com) - Site web : [www.sneci.com](http://www.sneci.com)

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# SNECI quick overview

- **Operational services and Strategic Consulting company set up in 1952 with customized services based on business impact & offering added value to the customers.**
- **6 international offices (France, Spain, Slovakia, Brazil, Korea, India ) + shareholder of GAA : a dedicated network of 250 professionals in the world to support you in Germany, Italy, USA, China, Japan, India, Morocco**
- **Specialized in managing significant & complex projects allowing our customers, mainly in the automotive field, to develop their business and to optimize their operations in an international context**
- **A Strong knowledge of the organization of the French OEMs & Tier 1 suppliers due to our reputation & networking activity**
- **A wide range of competencies from market entry to deliveries in plants (market entry, strategy, canvassing, business development, project management, resident engineer, quality services, supply chain management, ...)**
- **A track record of more than 100 LOI per year & 1 000 automotive projects successfully managed with foreign industrials during the last 10 years**
- **A track record of more than 100 foreign suppliers coached, and more than 400 different production plants assessed, supported and improved**
- **The only service and consulting company member of the Executive Committee of the FIEV (French automotive supplier union)**

# Assist and lead automotive suppliers during the product life cycle



We take over local contacts and project management daily in a continuous improvement approach

# **Discover how to Supply Renault Nissan from MOROCCO**

**Speaker :** Mrs Isabelle BAILLY  
Chairman SNECI

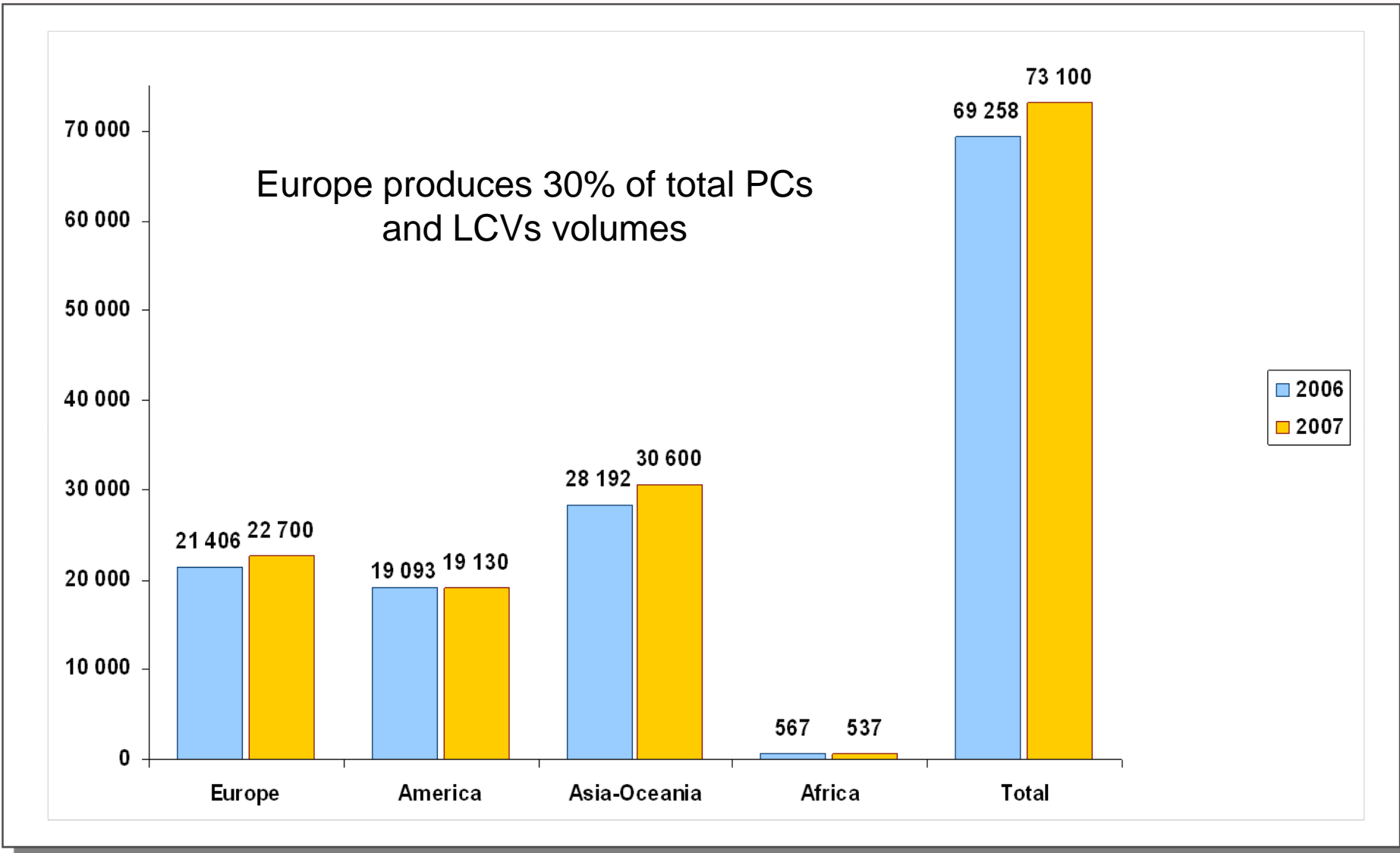
**August 29, 2008**

# Agenda

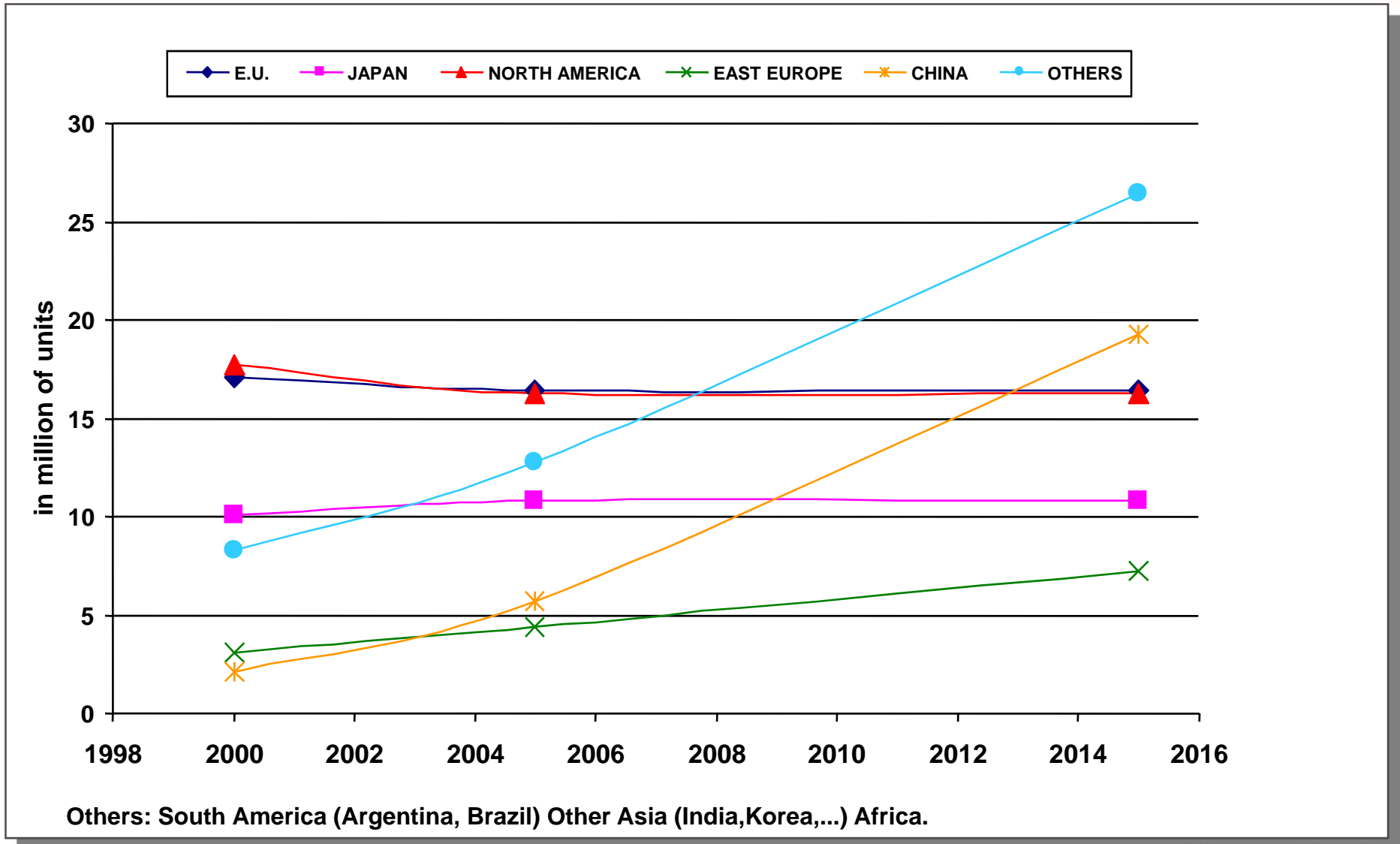
- I. Global overview of the worldwide automotive market
  
- II. Focus on Renault Nissan
  - 1. Corporate Structure of RENAULT-NISSAN
  - 2. Global Presence of RENAULT-NISSAN
  - 3. Renault : Key information
  - 4. The Alliance's purchasing strategy & process
  
- III. Renault Nissan Morocco
  
- IV. Key points to have success on your Moroccan projects

# I. Global overview of the worldwide automotive market

# PCs and LCVs 2006/2007 world production by area



# Worldwide automotive production forecast



Speed up customer-supplier performance to the International

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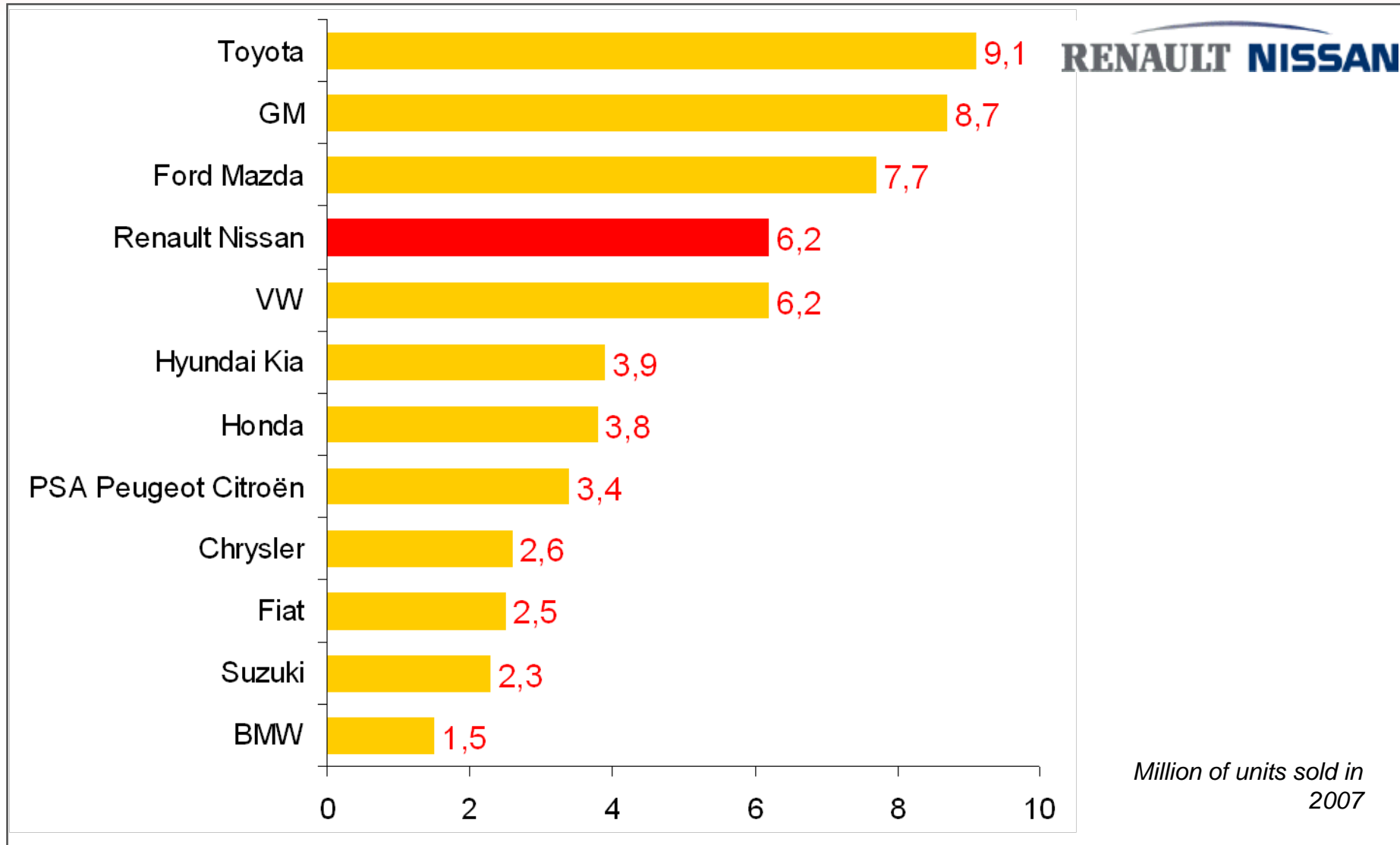


# Current Trends

- ✓ **Most of OEMs will not reached 2008 budget**
- ✓ **Reduction of Capital Investment**
- ✓ **Reduction CO<sup>2</sup> emission**
- ✓ **Raw material increase**
- ✓ **International production to :**
  - ✓ Produce close to the new consumers countries
  - ✓ Reduce logistics costs
  - ✓ Take advantage of low cost manpower
  - ✓ Reduce the currency risk

## II. Focus on Renault Nissan

# Renault Nissan Alliance: world 4<sup>TH</sup> biggest car manufacturer in 2007



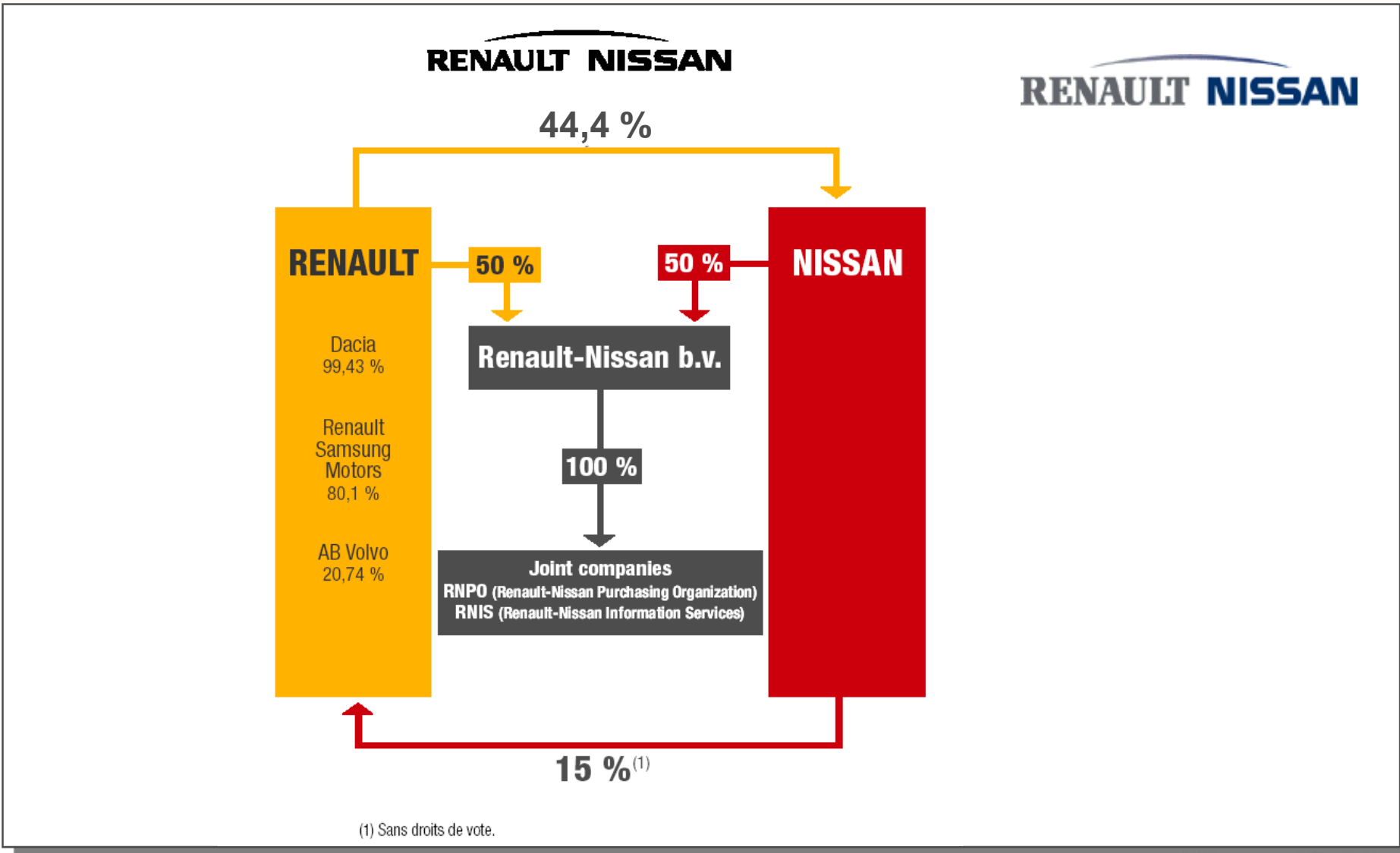
Speed up customer-supplier performance to the International

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# Corporate Structure of RENAULT-NISSAN

# Structure of the Renault Nissan Alliance



# Structure: 1 alliance & 6 brands

- The Alliance



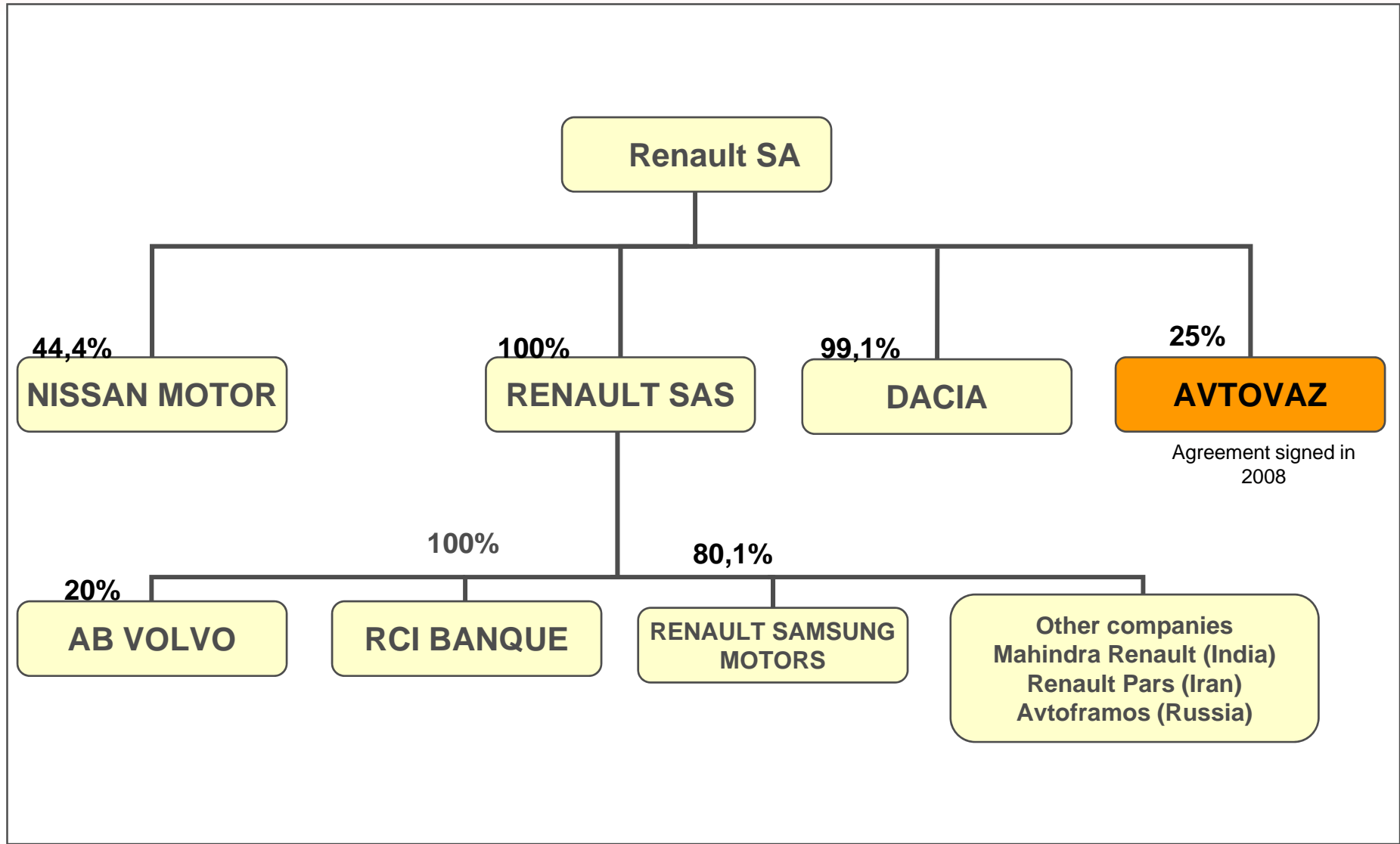
- The Nissan Brands



- The Renault Brands



# Renault group structure



# Current Renault-Nissan Trends

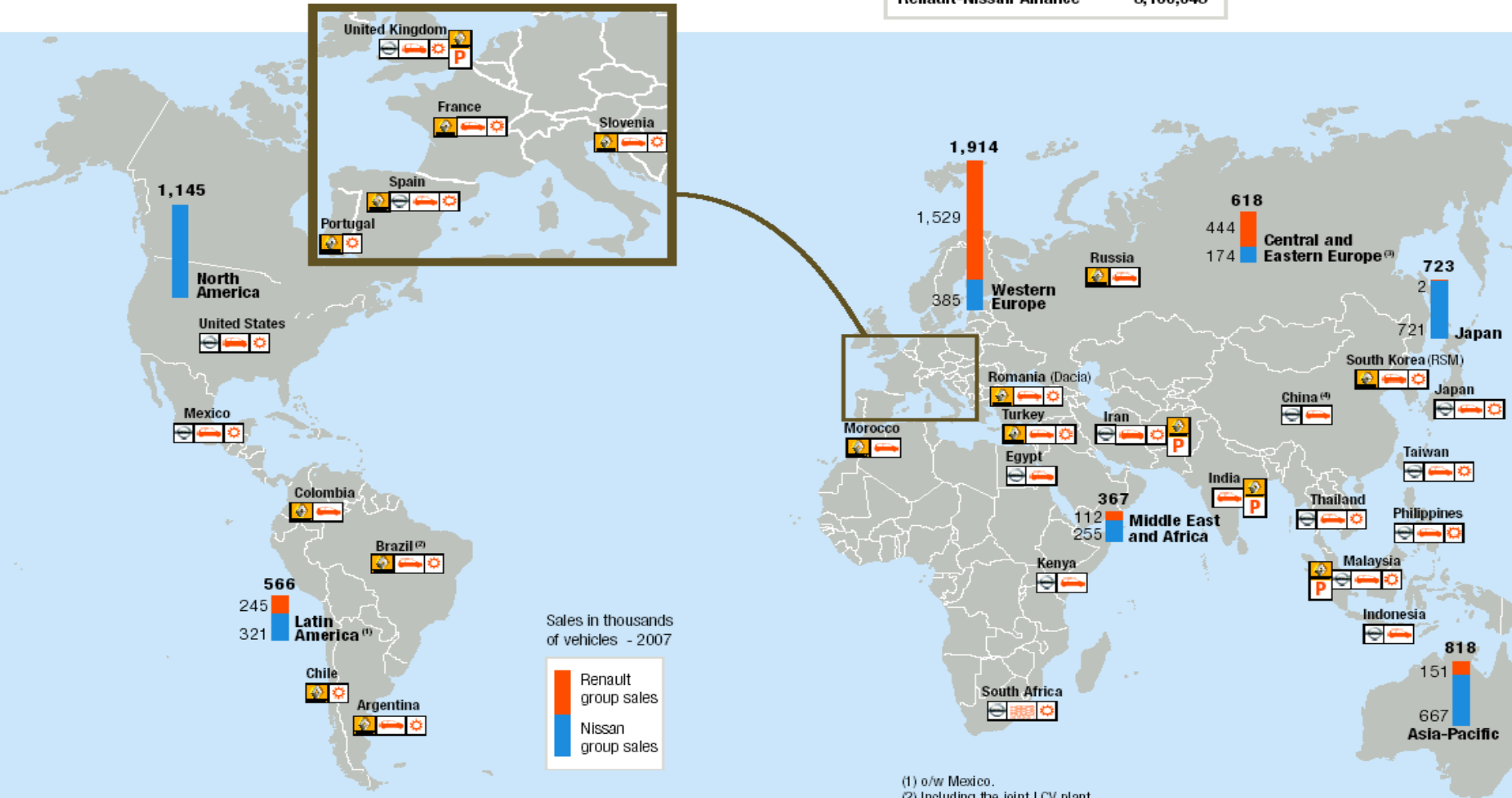
- ✓ **Nissan goals “Value-up” not reached**
- ✓ **At least, volume Renault goals “Contrat 2009” will be not reached**
- ✓ **Reduction of Capital Investment**



# Global Presence of RENAULT-NISSAN

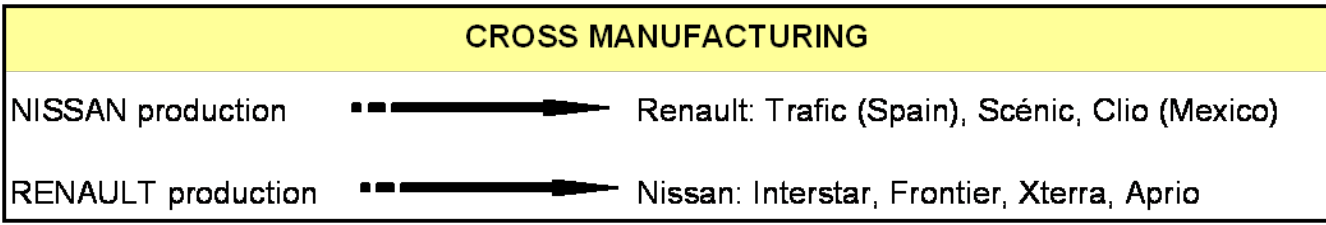
# WORLDWIDE SALES AND PRODUCTION SITES

Number of units sold worldwide - 2007	
Renault group	2,484,472
Nissan group	3,675,574
Renault-Nissan Alliance	6,160,046



(1) o/w Mexico.  
 (2) Including the joint LCV plant.  
 (3) o/w Russia and Turkey.  
 (4) Nissan and Dongfeng Motor have set up a joint venture to produce and sell a range of vehicles.

# Renault Nissan Alliance : areas of cooperation



**CROSS BADGING**

RENAULT	NISSAN
Master	Interstar
Trafic	Primastar
Kangoo	Kubistar
Clio	Platina (Mexico)
Logan	Aprio (Mexico)
Renault SamsungSM3	Sunny Almera

**COMMON QUALITY PROCESS**

ANPQP, AVES, ASES

**SINGLE LEGAL ENTITY (SLE)**

7 common sales structures worldwide

# Renault : Key information

Revenues : 40 682 M € **+ 1,8%**

Recurring operating income: 1 354 M € **+27,4%**

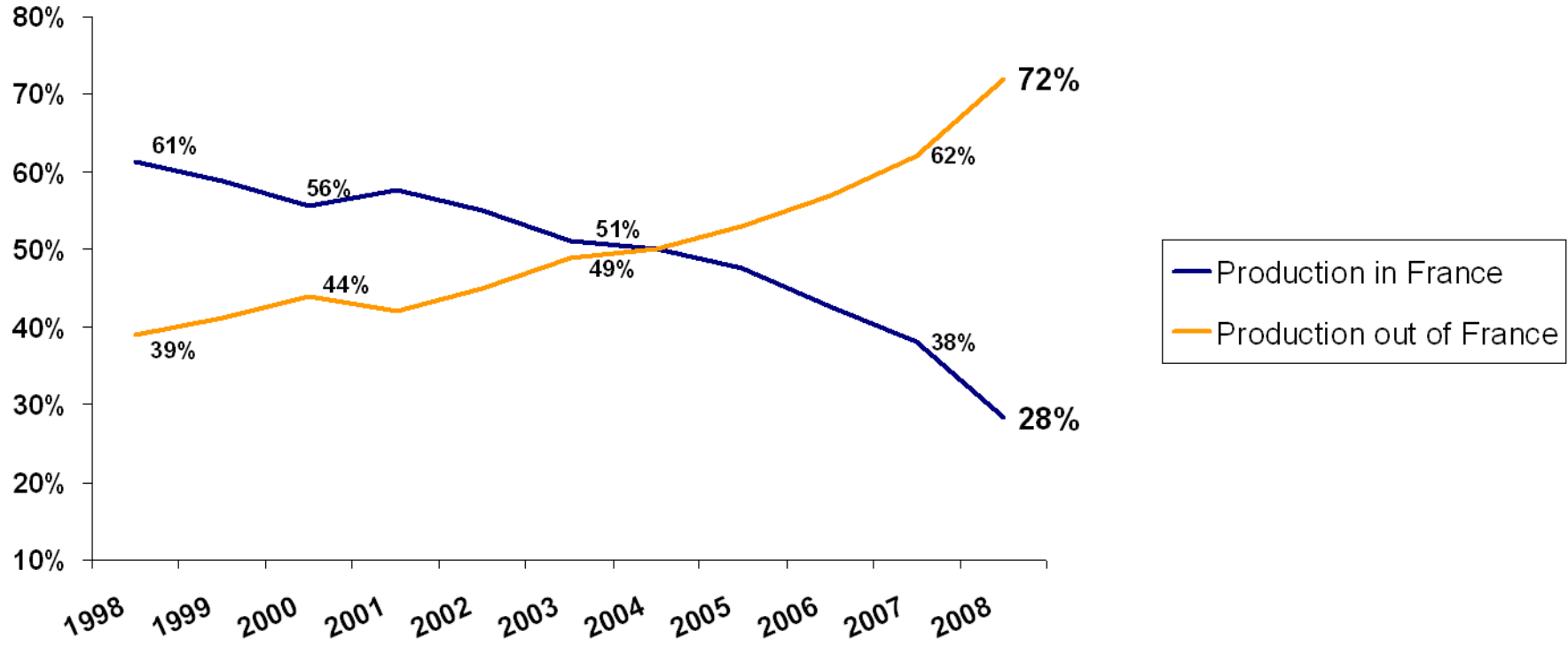
Group operating margin: 3,3% **+ 0,7 pts**

Net Income: 2 734 M € **(6,7% turnover)**

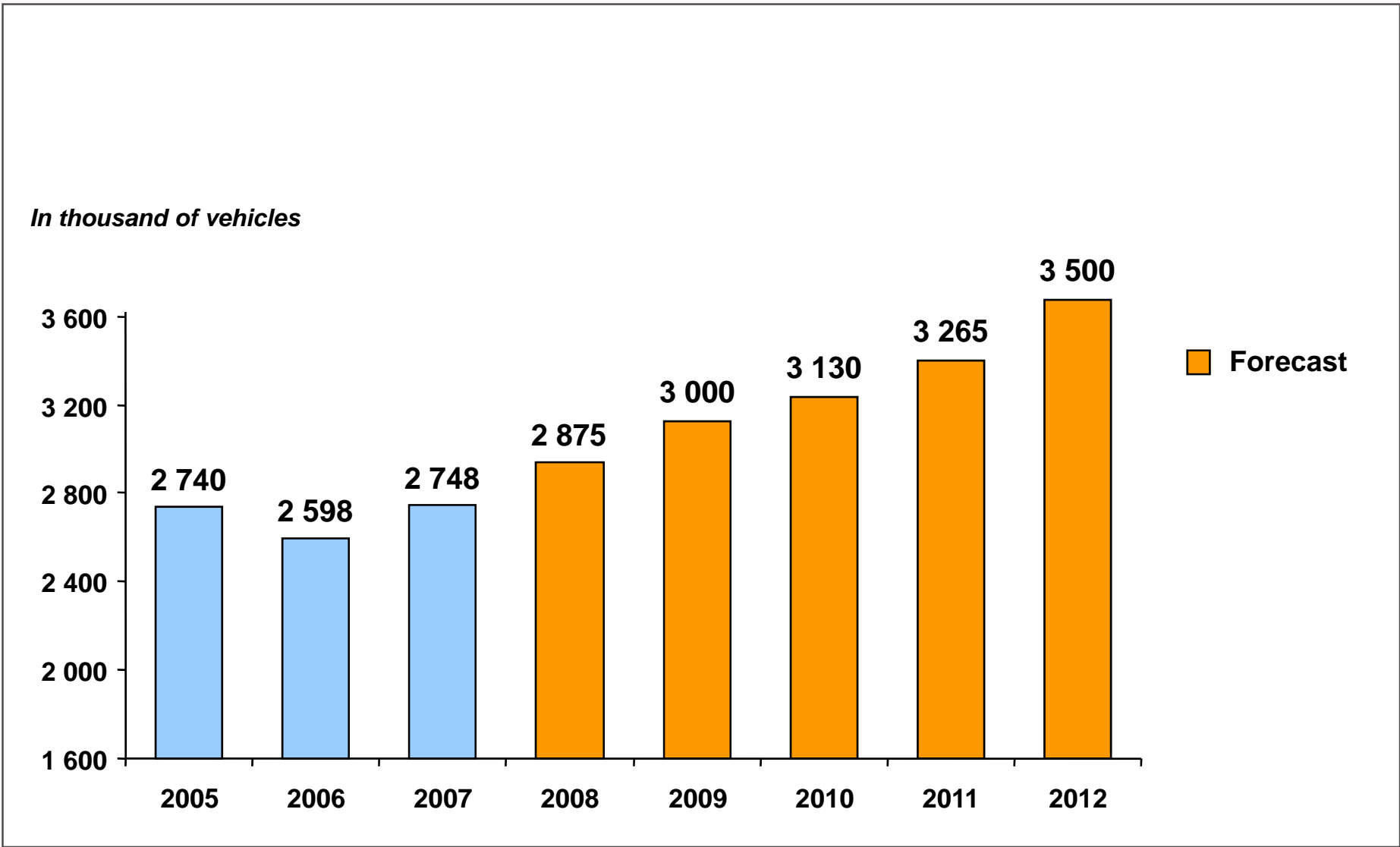
Workforce: 128 893 **- 1,3%**

# Renault production

% of Renault global production



# Renault Group Production 2005-2012



**Car production 2007 : 2 748 000**

**Plan for 2008: 2 874 665 +2,4%**

✓ **6 plants in France**

Flins, Douai, Maubeuge, Batilly, Sandouville, Dieppe

✓ **6 plants in Europe (EU)**

Romania, Spain (3), Slovenia, UK (GM plant)

✓ **13 plants out of Europe**

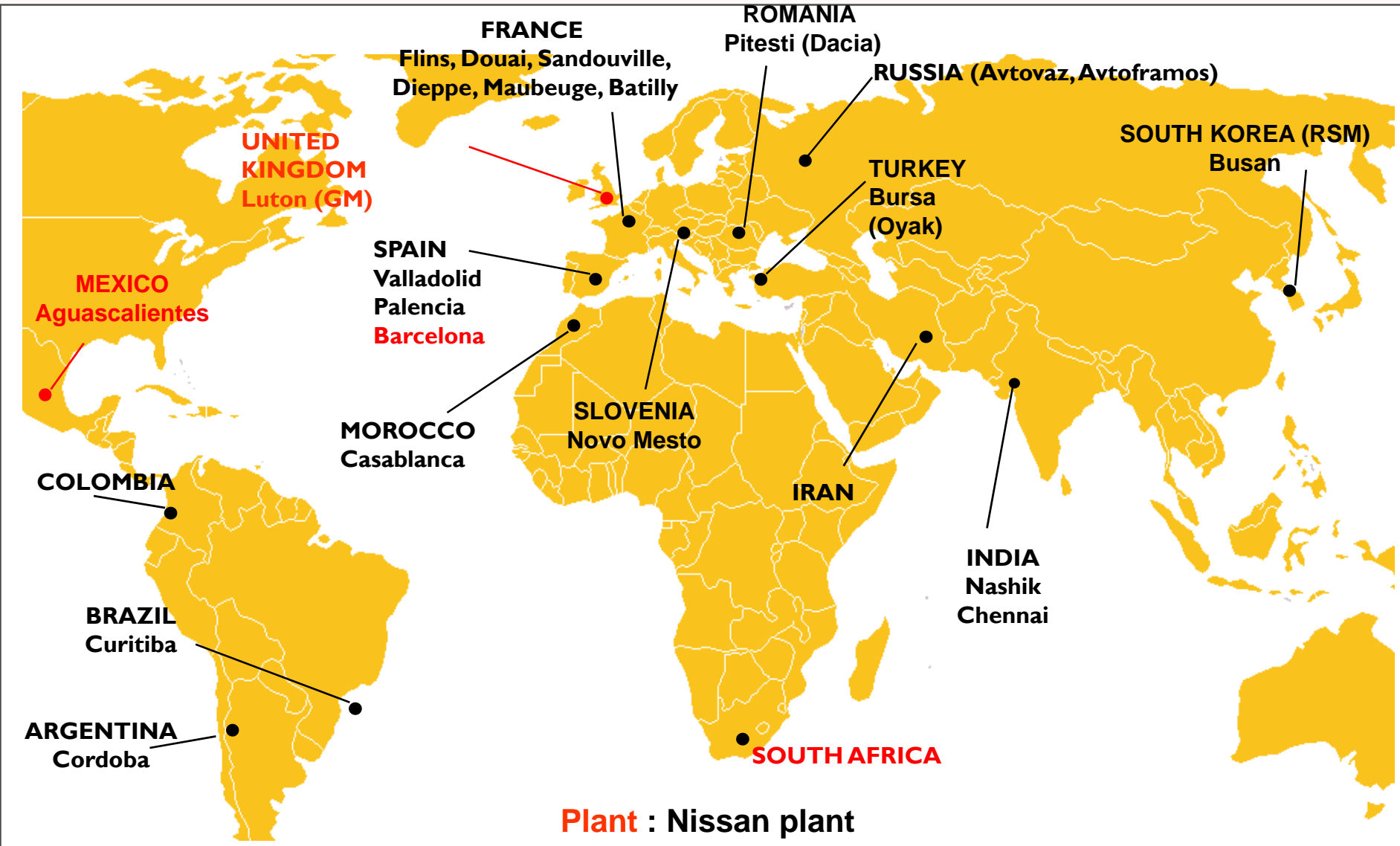
Argentina, Brazil, Colombia, Malaysia, Morocco, Russia, Turkey, Iran, India (Mahindra), South Korea, South Africa (Nissan), Mexico (Nissan)

**71% of the production out of France**

**47% of the production out of Europe**

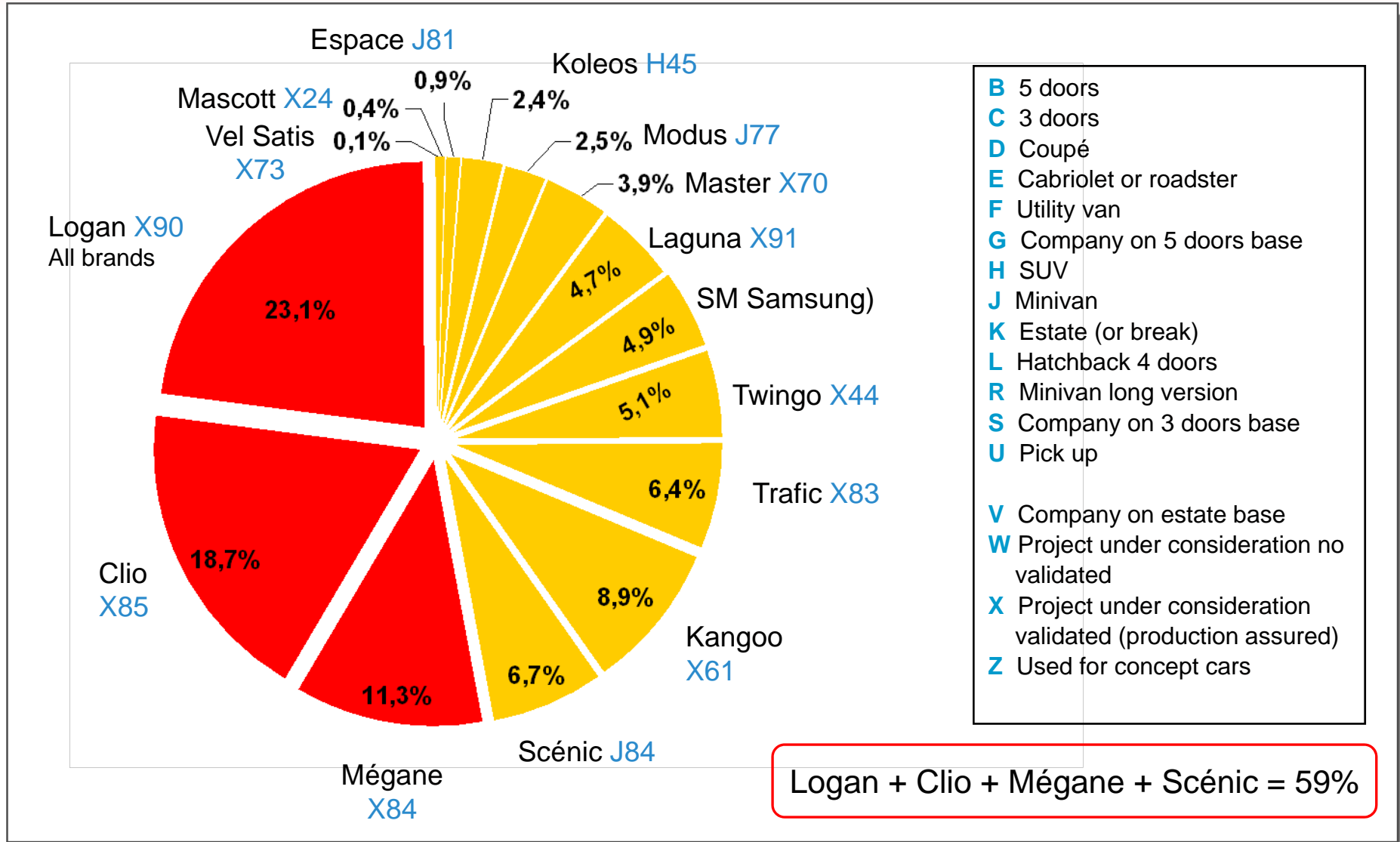


# Worldwide RENAULT production centers



**Plant : Nissan plant**

# Vehicles range 2008 Renault



# LOGAN Line up



Logan (Renault/Dacia)  
SOP 2004



Logan MCV  
SOP 2006



Sandero (Renault)  
SOP 2007

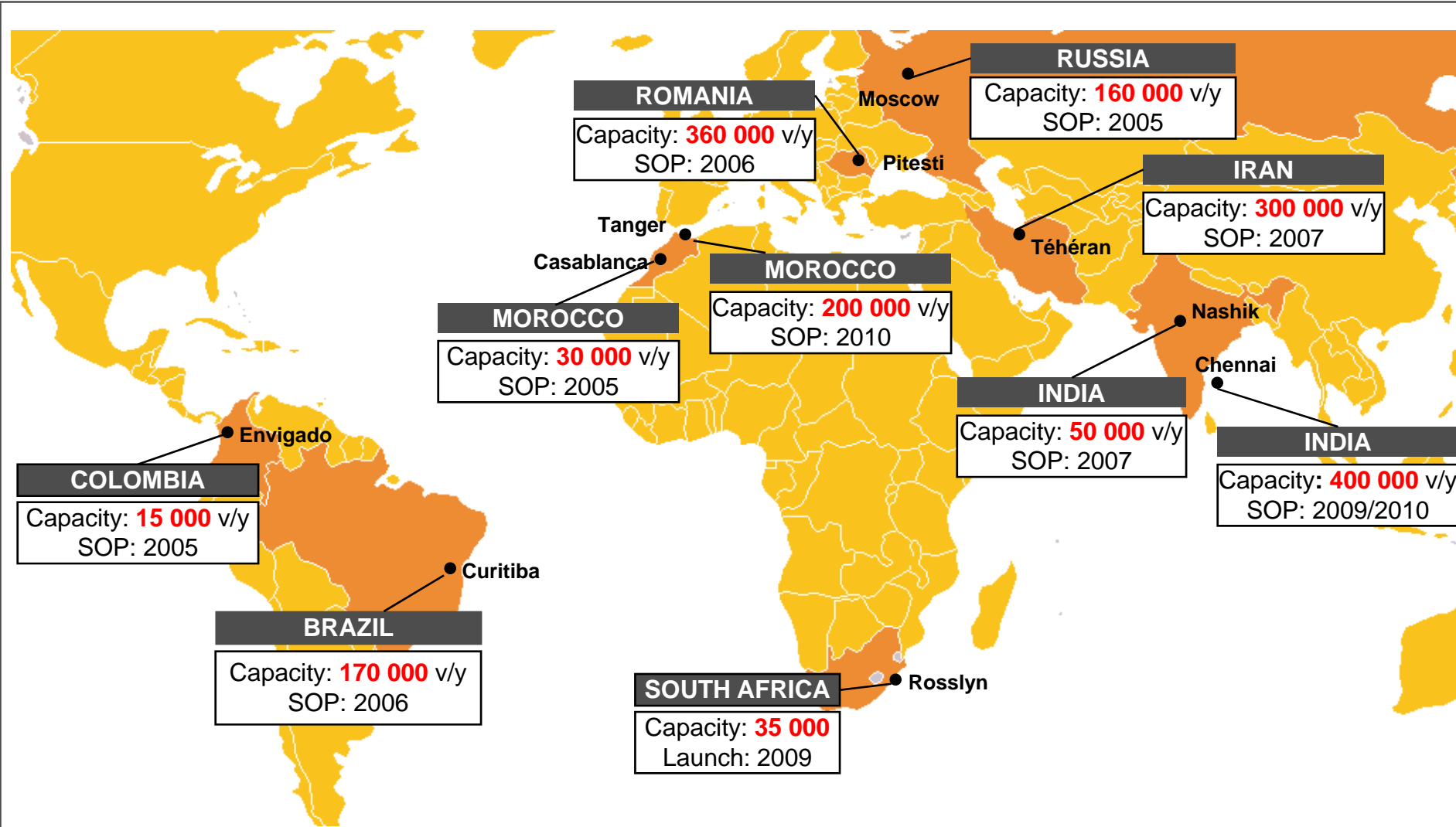


Logan Van



Logan pick up  
SOP 2007

# Logan 2010 : 10 plants worldwide



Forecast 2009: 1 Million Logan sold

# The Alliance's purchasing strategy & process

# RNPO – Presentation



## RNPO : Renault Nissan Purchasing Organisation

- Aimed at accelerating purchasing performance by implementing a global management system within the Alliance
- Focused on purchasing competitiveness through quality, cost and delivery

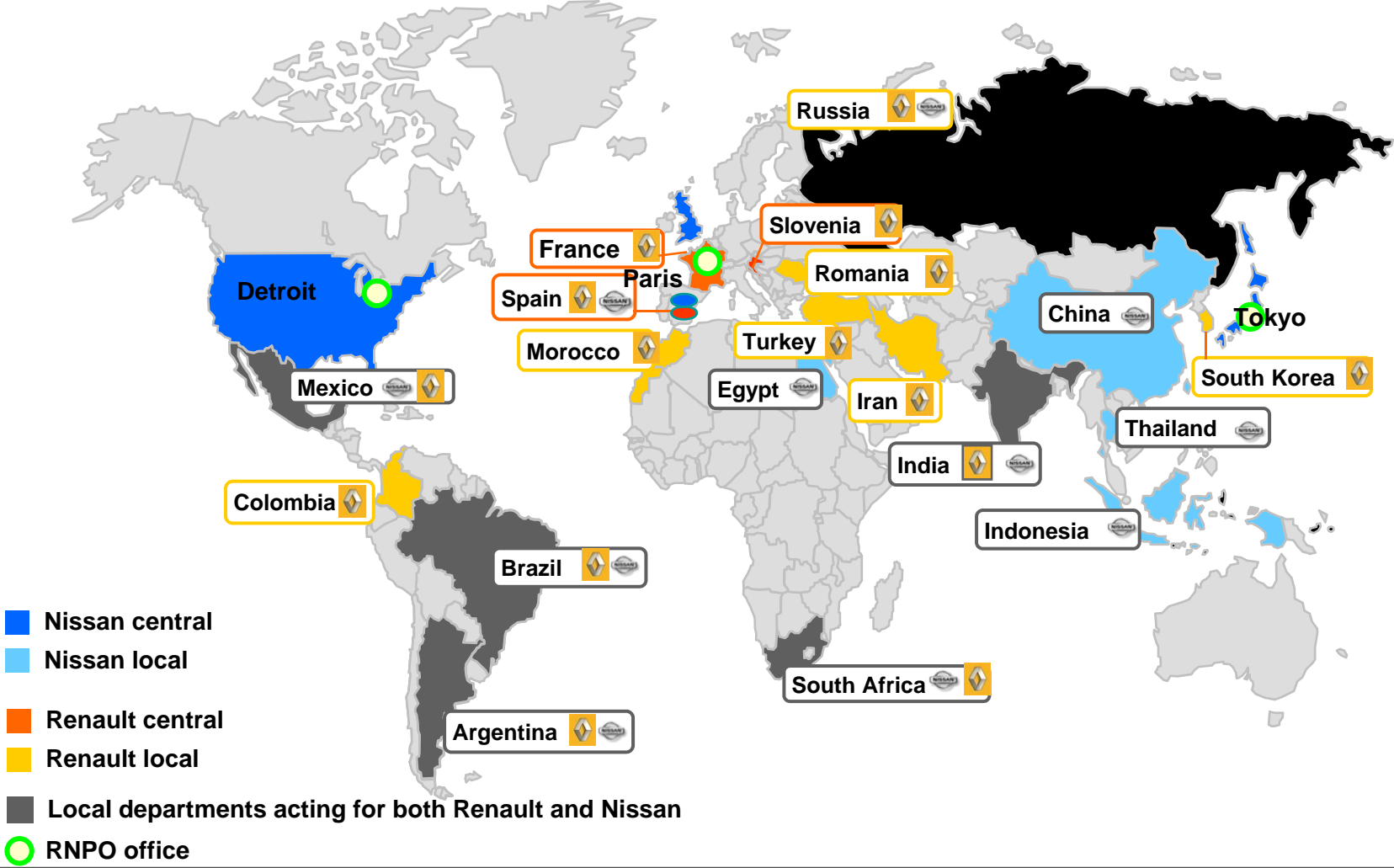
Forecast 2008: **94,7 billion \$** (60 billion €)

**90% of Alliance purchasing turnover**

100% responsible for Renault and Nissan's parts purchases

# RNPO scope and figures

## Worldwide responsibility





## 4 technical centers :

Renault Guyancourt for Clio, Megane (X95)

Renault Pitesti for LOGAN

Renault Samsung for Top of the range including L38 ( X95 international )

Renault + Nissan in India (Chennai)

## All the industrial increases will be done OUT of Europe with :

- ✓ Set-up of + 900.000 veh/year additional capacities
- ✓ India and Morocco are the new main targets
- ✓ 50% of components for the new Megane (X95) will be sourced out of Western Europe
- ✓ Logan produced in 7 Countries (Romania, India, Iran, Brazil, Columbia, Morocco, Russia) for a total production > 1,2 million vehicles in 2010, this means 1/3 of total Renault volumes
- ✓ Logan to have six variants by 2010; second generation widens lineup further from 2013 and target China
- ✓ Top of the range will be developed & produced in Korea by RSM (no more Vel Satis & Epsace produced in France)



# Strategy

## Renault Group geographic expansion



### Reducing cost: through local integration

**Morocco 80% (w/o powertrain)**

Romania 75 %

Mercosur 80 %

South Korea 63 % - Key to engineering/sourcing of future large car programs

Iran 62 % - Major investments in the medium term (Logan)

Turkey 55 %

**Target 80 %**

### Consolidation of positions in fast-growing markets:

#### MOROCCO

Agreement to create a production site in Tangiers by 2010.

#### RUSSIA

Partnership with AvtoVaz

#### INDIA

New factory in Chennai and in Chakan (2011)

## Reducing cost: through common suppliers for RENAULT-NISSAN

From 64% common suppliers in 2007 to 90% in 2010

- to reduce development costs
- to propose carry-over from a Renault model to a Nissan model
- to have « one face entry » to Renault-Nissan Purchasing Organisation

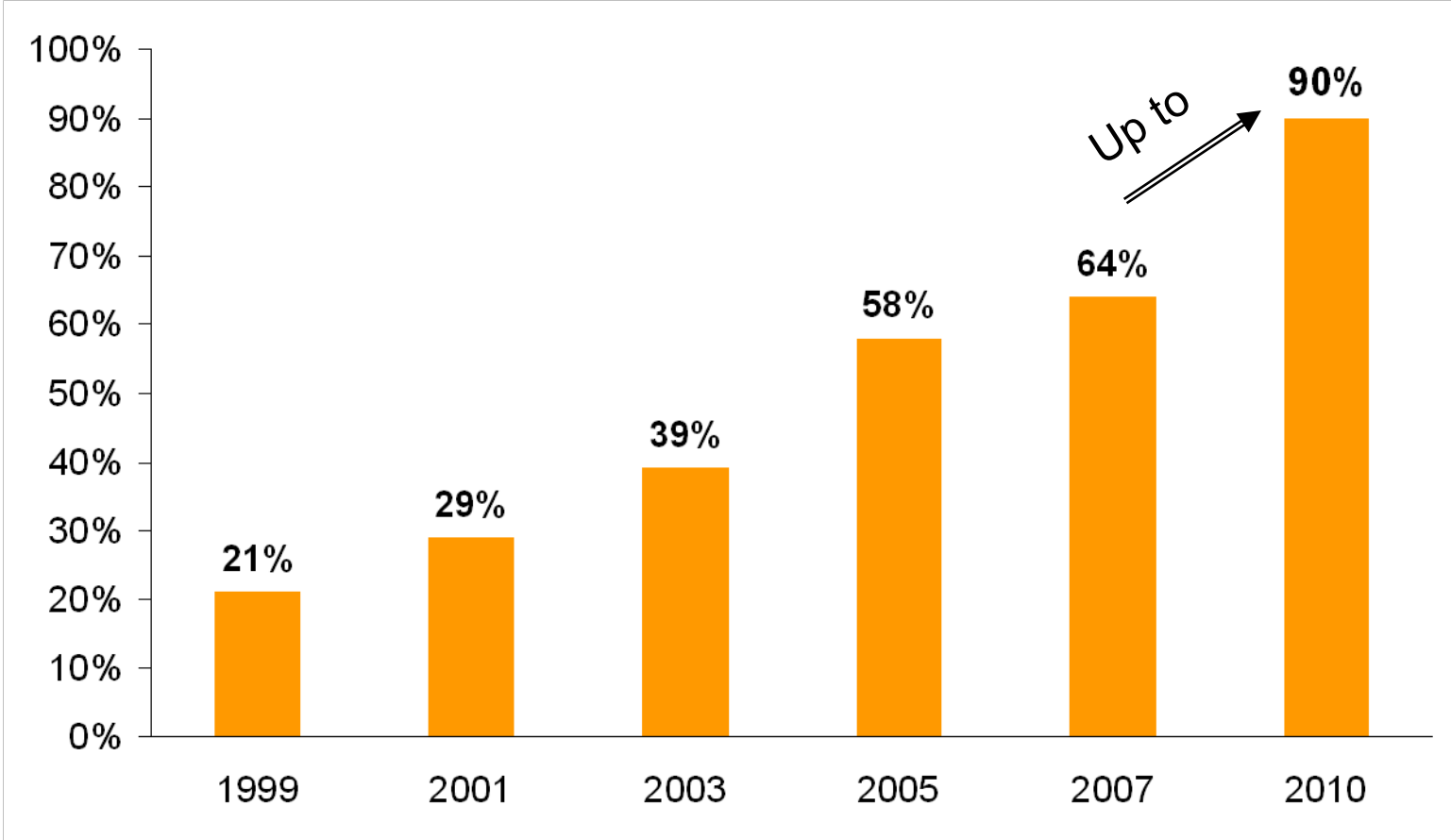
In the same time, due to the International strategy, Renault-Nissan will work from 1000 to 1400 plants in the world

## Logistics improvement

RENAULT in charge of logistics (ex-work conditions)

# Renault Nissan Common suppliers

## Increasing number



■ Renault-Nissan common suppliers (out of first 100 suppliers)

- Strategy
- Results
- Skills
- Support
- Quality relations

# Expectations towards suppliers

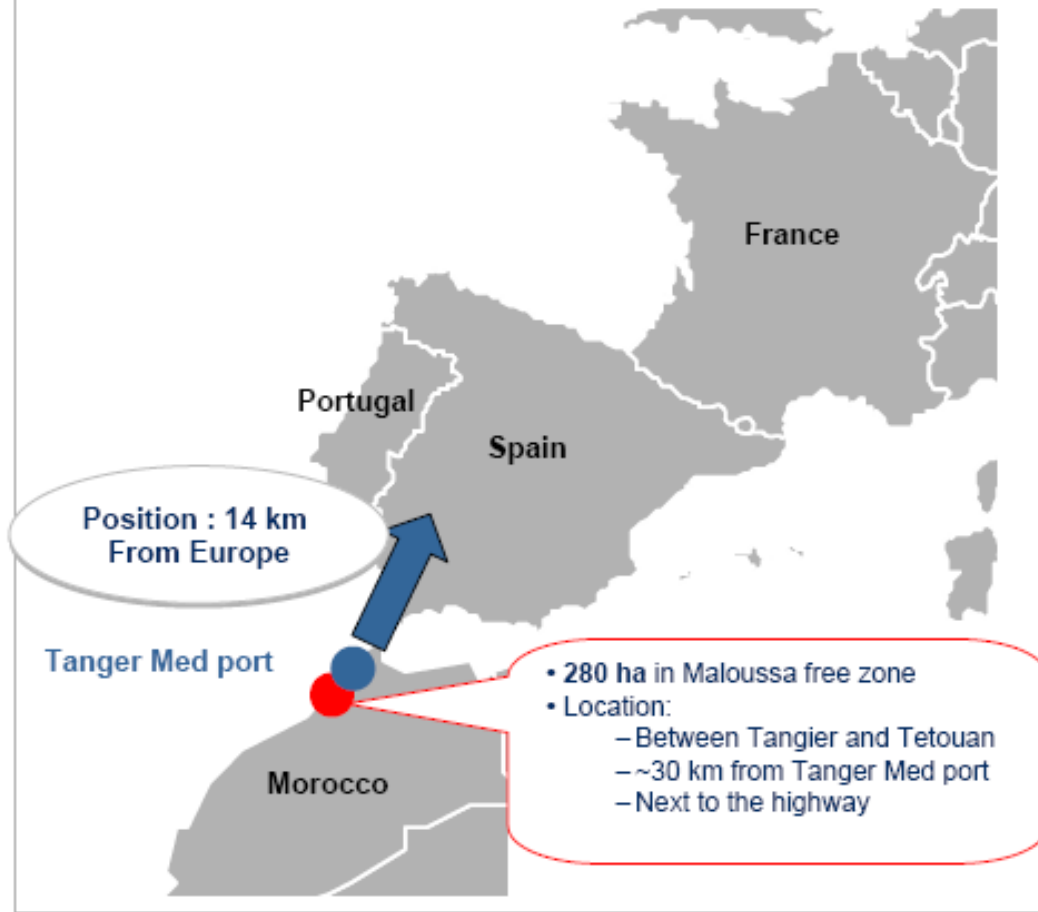
- Offer the best Quality, Cost, Delivery, Development and Management (QCDDM) performance at international level and in each region
- Provide opportunities in countries offering competitive costs and quality
- Boost introduction of technology and innovation
- Support technical convergence between Renault and Nissan
- Respond to shortened development process

### III. RENAULT NISSAN MOROCCO






# A free-zone at 14 km from Europe

Anchoring of the Renault site in Tanger Med Port - with world-class industrial and logistics platform 14 km from Europe








# A market of 7 000 000 vehicles in less than 3 days









## PORTUGAL

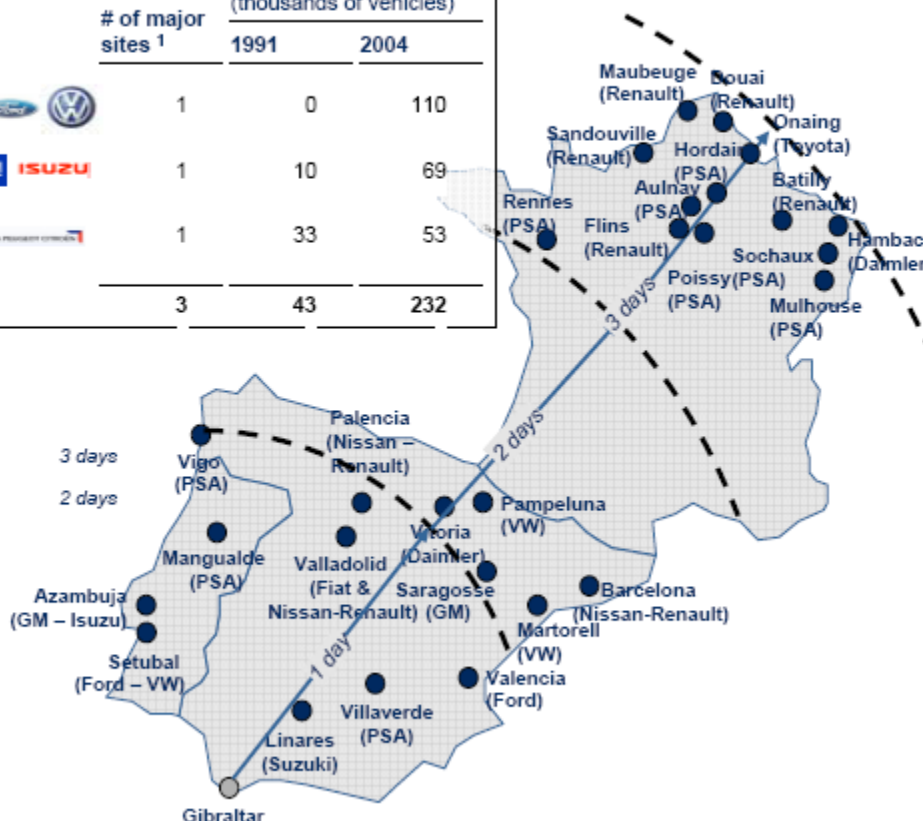
	# of major sites <sup>1</sup>	Production (thousands of vehicles)	
		1991	2004
	1	0	110
	1	10	69
	1	33	53
	<b>3</b>	<b>43</b>	<b>232</b>

## FRANCE

	# of major sites <sup>1</sup>	Production (thousands of vehicles)	
		1991	2004
	5	1 336	1 800
	5 <sup>2</sup>	1 027	1 288
	1	0	184
	1 <sup>3</sup>	9	169
	1	0	127
	<b>13</b>	<b>2 372</b>	<b>3 568</b>

## SPAIN

	# of major sites <sup>1</sup>	Production (thousands of vehicles)	
		1991	2004
	34	552	680
	3	433	661
	2	338	633
	1	382	459
	1 <sup>5</sup>	341	385
	1	28	68
	1	0	28
	1	25	22
	<b>13</b>	<b>2 099</b>	<b>2 936</b>



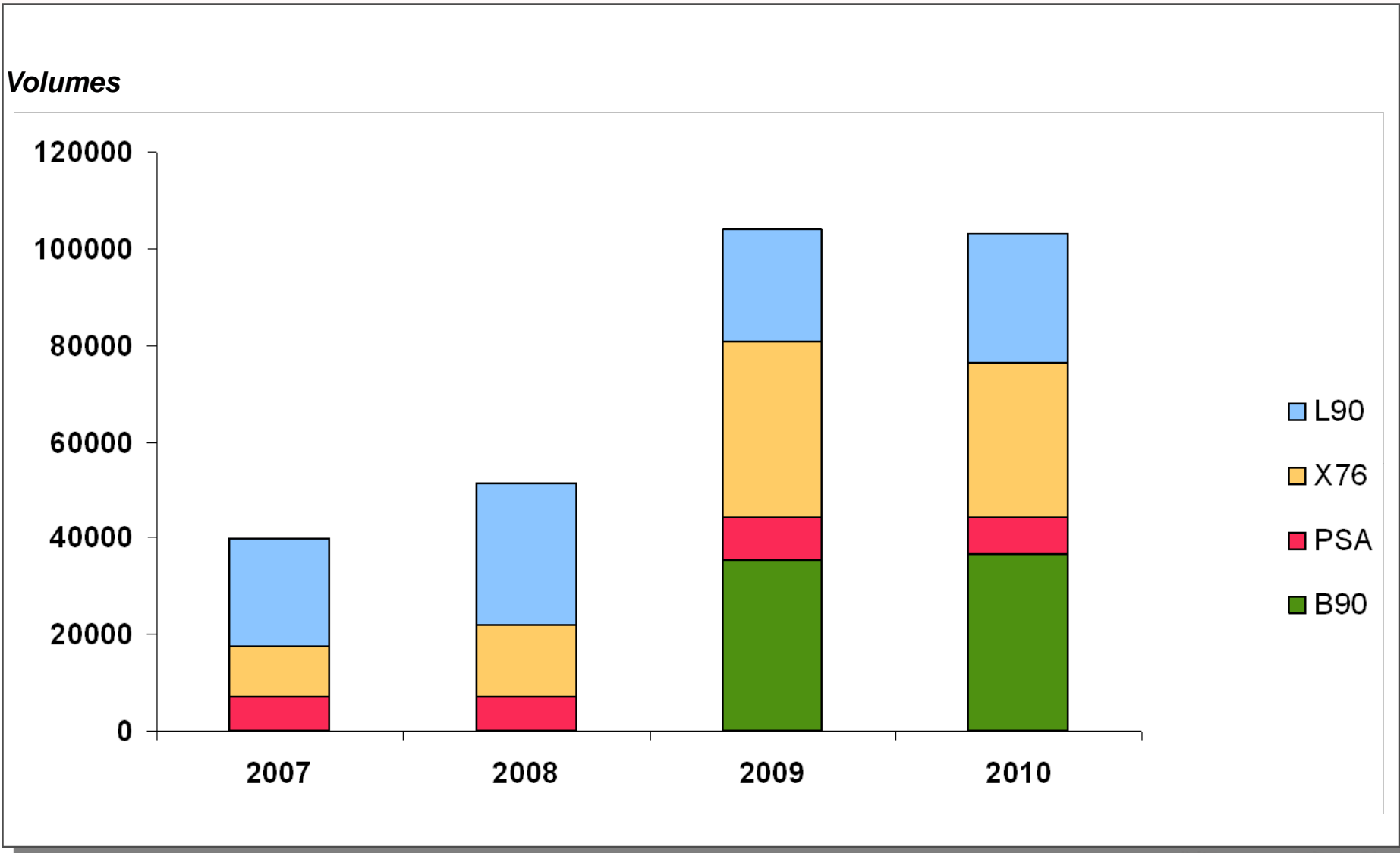
- > 20 000 vehicles / years – 2. incl. Batilly (Renault site with Nissan and Opel production) / Excl. Romorantin site (Matra) – 3. Hordain site
- 1 closed since 1999 – 5. Incl. Mazda Production



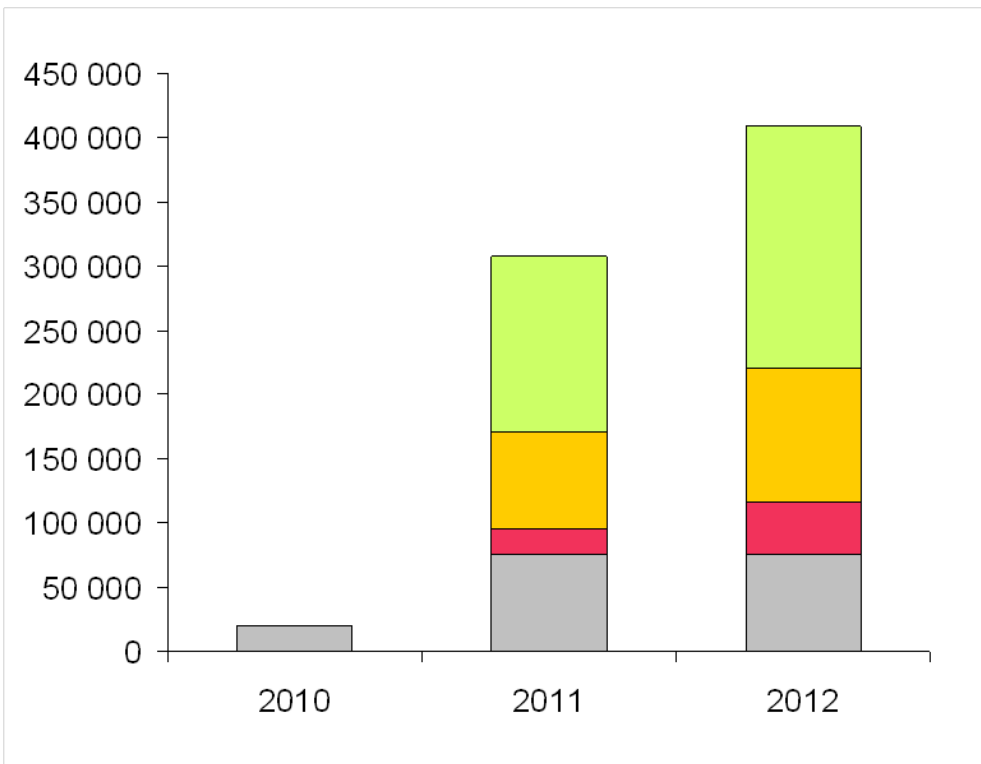
# Key Datas

- **Investment: 600 Million €**
- **Volumes : 100 000 in Casablanca**  
**400,000 vehicles** (starting at 200,000 in 2010)
- **3 brands : Renault, Dacia, Nissan**

# Somaca Production in Casablanca



# Production Volumes in Tangiers



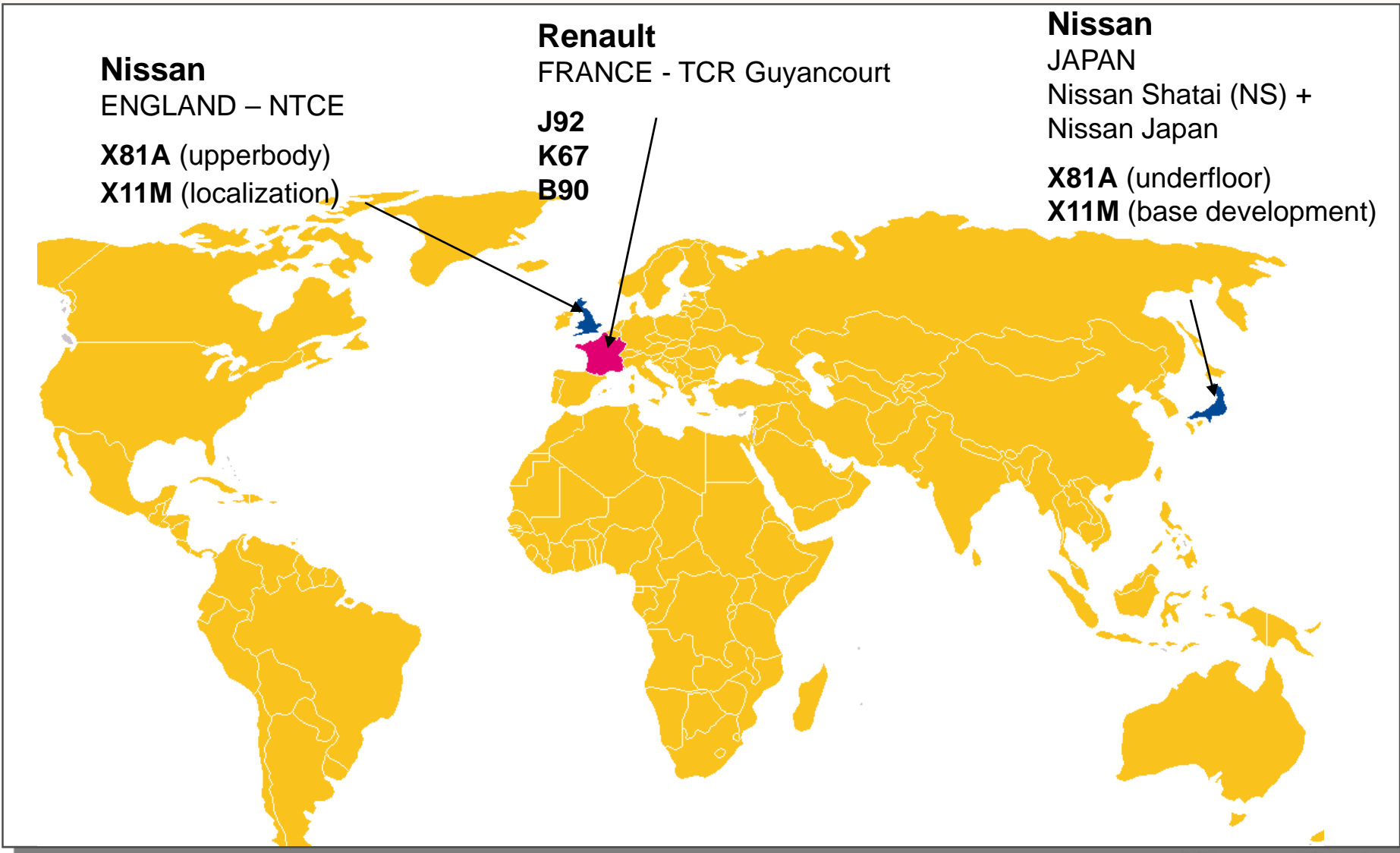
- Renault **J92**  
SOP: April 2011
- Renault **K67**  
SOP: April 2011
- Nissan **X11M**  
SOP: - July 2009 (NS Japan)  
- November 2010  
August 2011 (Morocco) TBC
- Nissan **X81A**  
SOP: June-November 2010

## Cars in full production:

Nissan **117 000**

Renault **280 000**

# Development: Engineering locations



# Supplier Selection Road Map

## 1. Manufacturing strategy presentation

Each supplier is requested to present to Paris and Tokyo SAMs its localization industrial strategy on Morocco project

Deadline: **2008**

## 1. RFQs

- ◆ Joint Renault and Nissan RFQs
- ◆ RFQ launch will start beginning of **May 2008**
- ◆ The detail on each project milestones will be included in the RFQ

## 2. RFQ reply & supplier selection

- ◆ The detailed strategy will be mandatory in the RFQ answer
- ◆ All proposals for optimized localization plan are welcome
- ◆ **Final supplier selection will be common Renault and Nissan**

# IV. KEY POINTS TO HAVE SUCCESS ON YOUR MOROCCON PROJECTS

# Marketing reasons to be in Morocco

- ✓ To be a local supplier of RENAULT & NISSAN : a local production of 480 000 vehicles in 2015
- ✓ To be a supplier of RENAULT & NISSAN on a worldwide basis
- ✓ To deliver from a “low cost basis” OEMs close to Tangiers :
  - ✓ PSA in Vigo
  - ✓ Volkswagen & Seat in Barcelona
  - ✓ Nissan in Barcelona
  - ✓ Ford in Saragossa
  - ✓ Ford in Portugal ...

# Economical reasons to be in Morocco

- ✓ A “low cost” production center at 14 km from Europe
- ✓ A Production Center close to Europe BUT not linked with the evolution of EURO to deliver OEMs based in South of Europe
- ✓ A way to improve your competitiveness thank to an industrial center needing less automatisisation & using low cost manpower.
- ✓ Tangier : a tax free zone.
- ✓ Attractive incentive
- ✓ A World-Class logistics platform with Europe
- ✓ Free-trade agreement with EU & USA



## Take care of the specificities to be successful

- ✓ **Bargain**
- ✓ **Close contacts more important**
- ✓ **Discussion on decision**
- ✓ **Email quick answer must not be expected**
- ✓ **Religious behavior**

 **A large culture gap with US mentality :  
a mix between a Muslim & Mediterranean culture**

**For more information, please contact :**



**Isabelle BAILLY**

Chairman

16 rue Rivay  
F - 92 300  
LEVALLOIS  
www.sneci.com

Tel: + 33 1 41 40 16 17  
Handy : + 33 6 07 81 38 39  
Fax: + 33 1 41 40 16 00  
email: [ibailly@sneci.com](mailto:ibailly@sneci.com)



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**16, rue Rivay – F 92300 Levallois - Tél.+33 1 41 40 16 16 - Fax +33 1 41 40 16 00**

**Email : [sneci@sneci.com](mailto:sneci@sneci.com) - Site web : [www.sneci.com](http://www.sneci.com)**