

Investors Day



Chief Financial Officer
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STRATEGY AND ACTIONS

Strategy and Actions

Consolidation phase

2000-2002

- Integration
- Change of Business Model
- Capitalization of all the hidden values

Expansion and exploitation distribution strategy in a controlled and profitable way

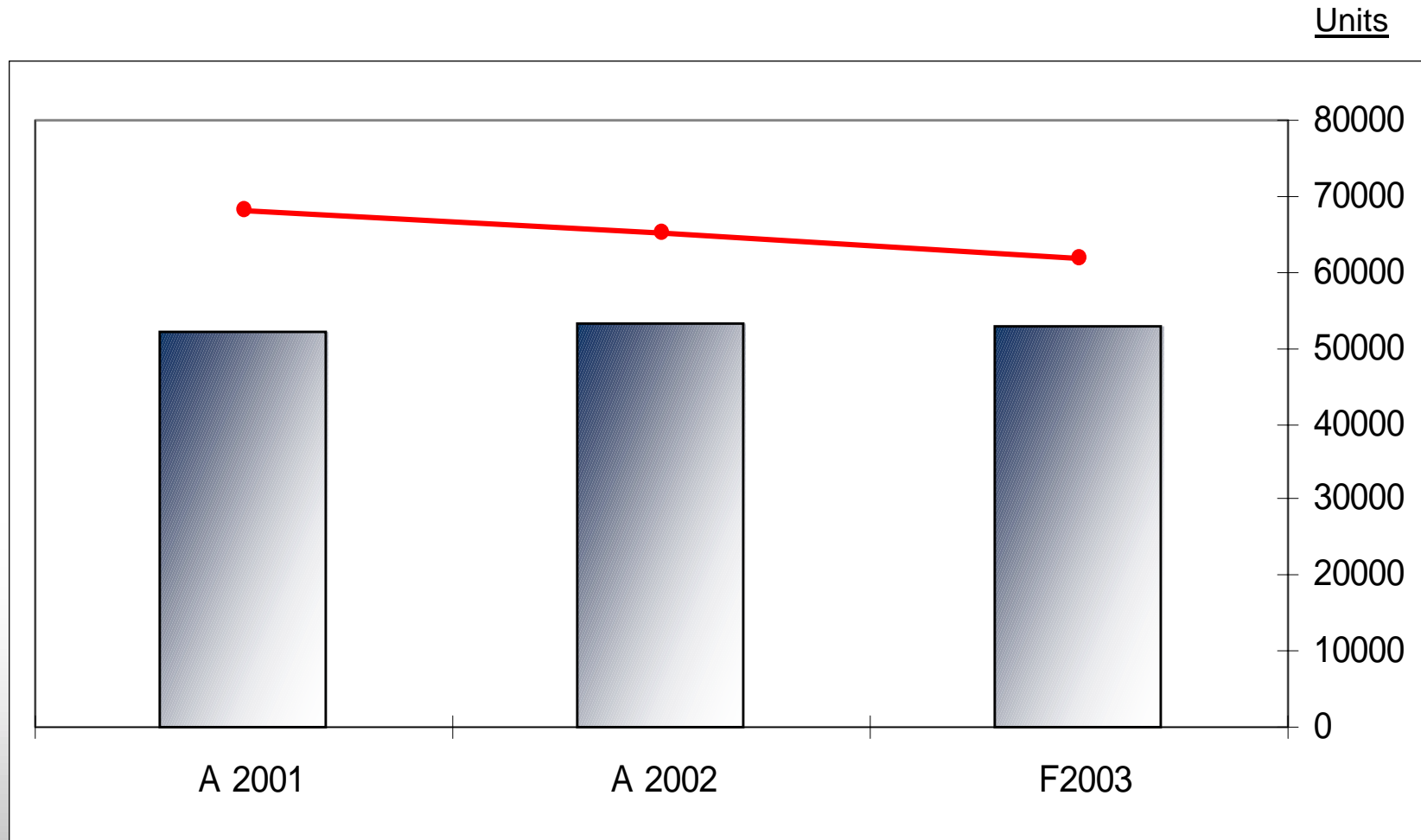
2003

- New Europe
- China
- New product launches

Strategy and Actions

- Price Management
- Quality assurance & Customer Focus
- Product Cycle Management
- Profitability Improvement
- Cash Flow & Capital management

Sales Trend



Strategy and Actions

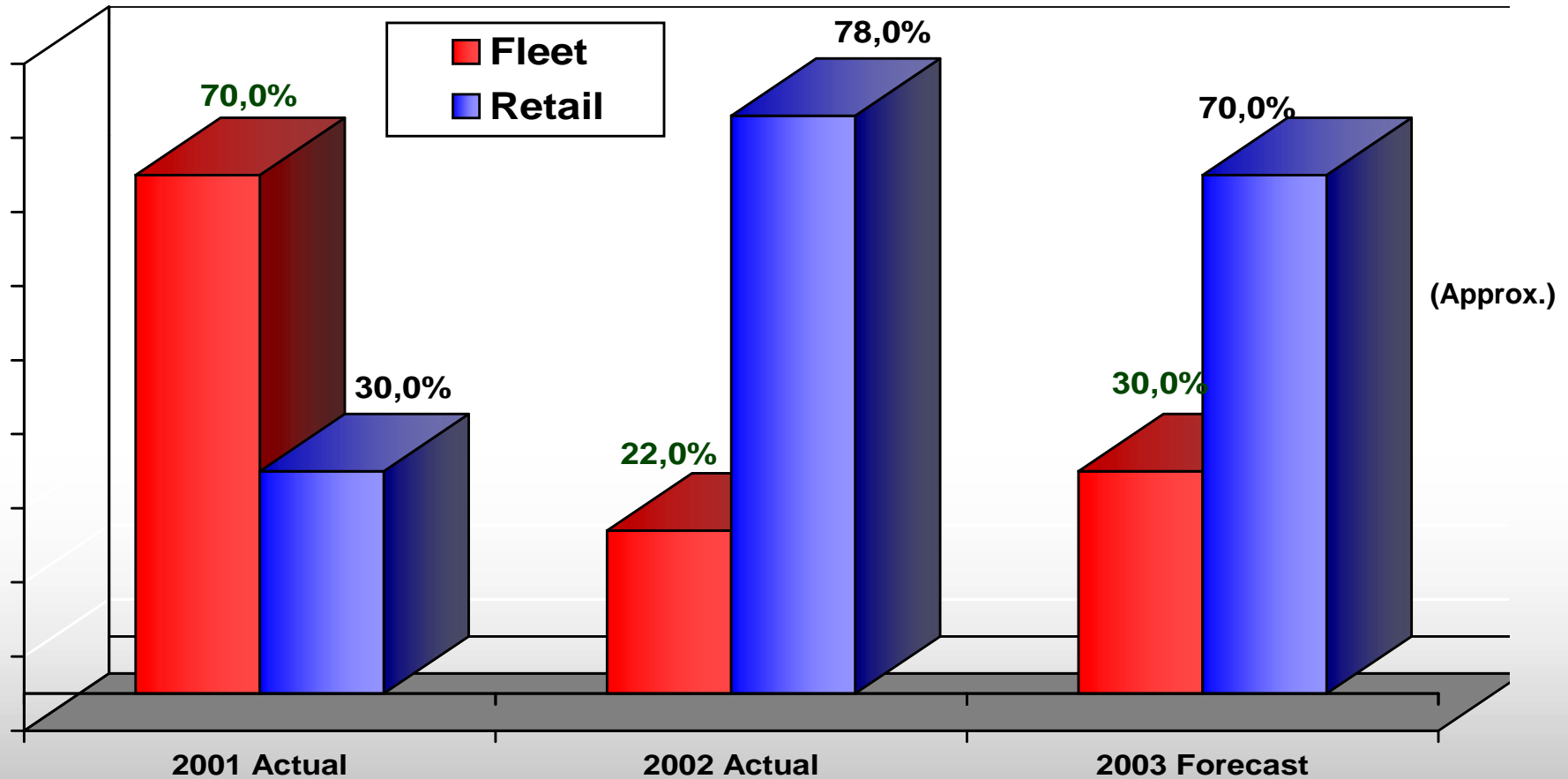
Price Management

- Focused positive price realization on selected products and markets
- Buy-Back content reduction
- Strong focus on monthly deliveries and contribution

Example

	Actual Buy Back content 2001	Actual Buy Back content 2002	Actual Buy Back content 2003
UK	77%	21%	13%
France	12%	9%	12%
Spain	22%	9%	5%

Example: Mix management UK



Strategy and Actions

Product Cycle Management

- Aggressive Target costing
- Major new product launches 2004-2006
- Focus on Quality and warranty cost

Strategy and Actions

● **Quality assurance & Customer Focus**

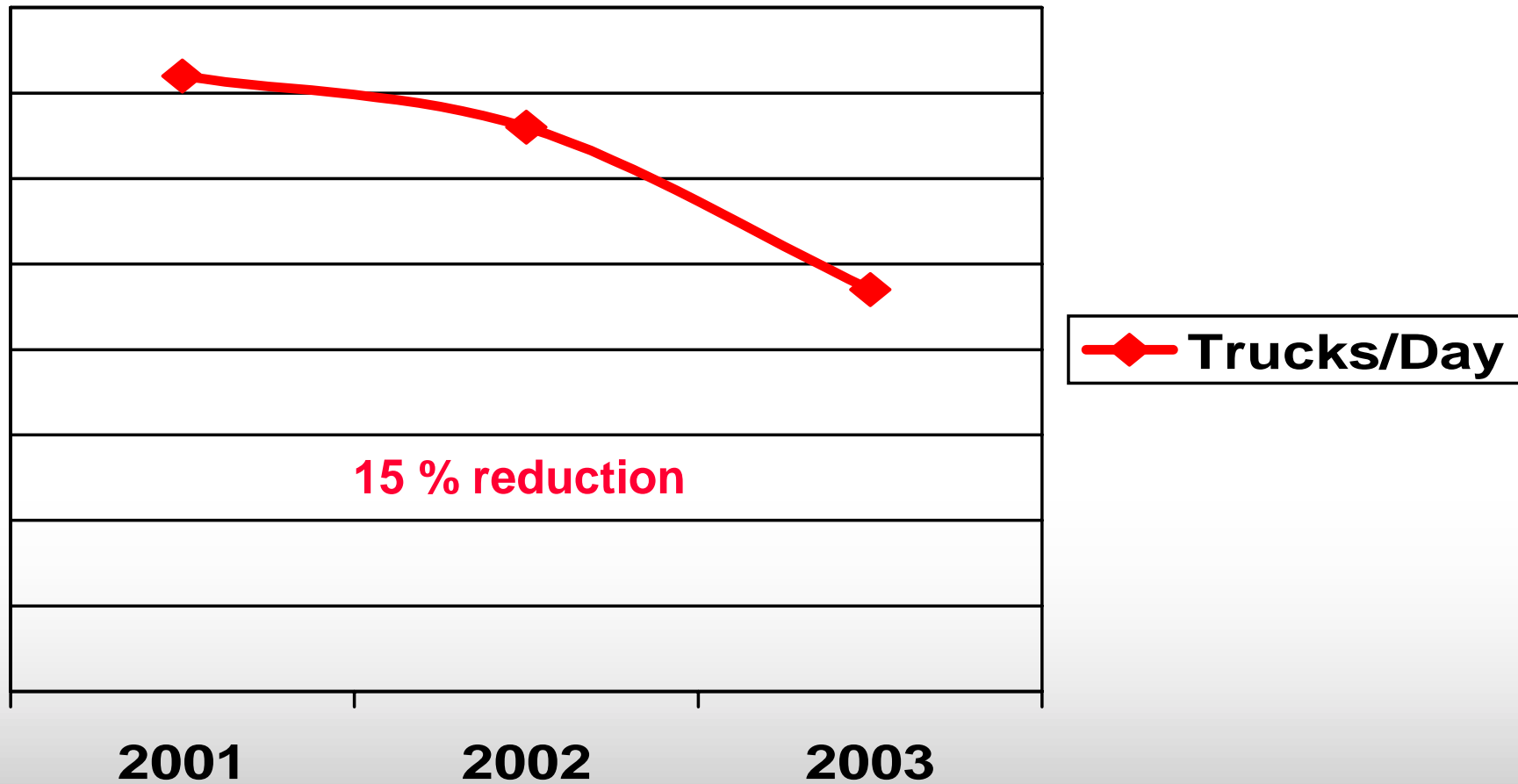
- Good results quality at zero kilometer measured by product audits
- Strong improvement in comparison with previous years

Strategy and Actions

Profitability Improvement

- Quarter by quarter an improved result development throughout 2003 despite lower volumes
- Focus on delivery of committed results and performance
- Operating margins to be further increased over the next coming years
- Price management in focus
- Quality and product cost
- Industrial efficiency and and break-even level reduction
- Lean distribution-project
- Investments in new information systems are ongoing

Example: Break even reduction



Strategy and Actions

Cash Flow

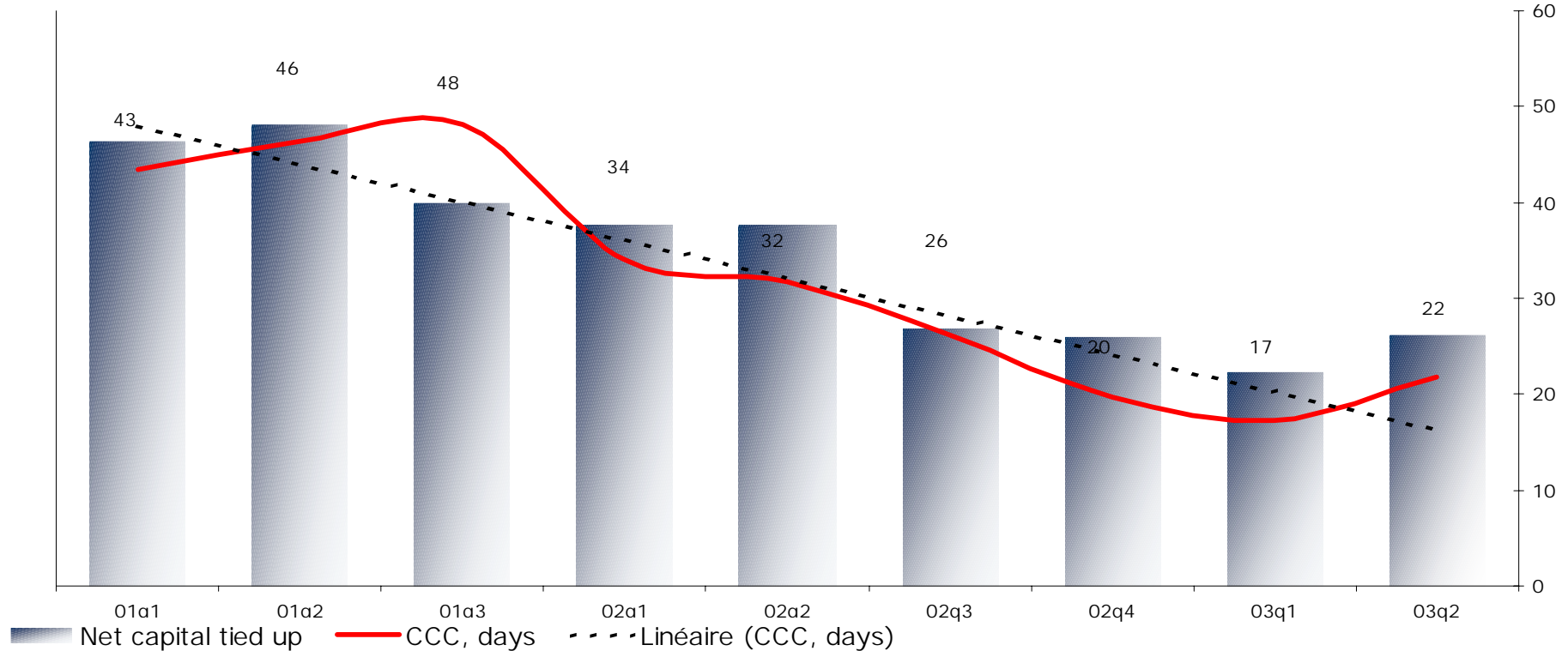
- Self financing capabilities exploited
- Cash flow always on the agenda, strong reduction of
 - Inventory
 - Receivables

Renault Trucks Cash Conversion Cycle

Renault Trucks

Cash Conversion Cycle

Days



Strategy and Actions

Conclusion Capital Management

- Strong focus in the organisation
- Operating capital turns + 40 % over the last 3 years
- Overdues reduced by 76% from 2001 to 2003
- Significant improvement of ROC

Renault Trucks European Distribution Strategy

- ➔ Closely control the distribution of our products and services.
- ➔ Distribute our products and services through a dense and high quality network.
- ➔ Manage a network composed of a mix of private dealers and owned branches.

Renault Trucks European Distribution Strategy

Key Success Factors

- ➔ Develop a win/win long term relationship with our network
- ➔ Make our network reliable, profitable and Brand supportive
- ➔ Increase our "franchise value" and network density
- ➔ Achieve profitability in each of our Branches
- ➔ Same performance level for Branches & Private Dealers (2% target)
- ➔ Focus energies and competencies on core activity

Make each Branch work and act as a Private Dealer,
despite ownership

Implementation : Creation of Renault Trucks Commercial Europe

Why ?

- ⇒ Customer focused organisation
- ⇒ Create Lean Distribution channel separated from the market companies (importer)
- ⇒ Focus on core activities

Market company management is Renault Trucks core business
(markets, products launches, market strategies)

Whereas Euro Trucks is an instrument to support sales growth strategy

Euro Trucks => a moving perimeter

- ⇒ Adapt number and location of Branches according to results and Sales strategy

Extension of the French model with France VI

- ⇒ Transfer of knowledge, share best practice with European Branches
- ⇒ Achieve profitability and provide adequate support to Renault brand development.