



RENAULT NISSAN MITSUBISHI

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ALLIANCE ACCELERATES CONVERGENCE IN KEY FUNCTIONS TO SUPPORT AND DELIVER MID-TERM PLAN

PROJECT LEADERS APPOINTED TO DRIVE INCREASED COOPERATION AND NEW SYNERGY OPPORTUNITIES AS PART OF ALLIANCE 2022

Highlights of the new project initiative include:

- **Extended convergence in Purchasing, Engineering and Manufacturing & Supply Chain**
- **Two new converged functions in Quality & Total Customer Satisfaction as well as Aftersales**
- **Alliance organization strengthened with the creation of a Business Development function**

Renault-Nissan-Mitsubishi today announced the launch of multiple projects to accelerate convergence in key operational areas including Engineering, Manufacturing, Purchasing, Quality & Total Customer Satisfaction (TCS), Aftersales and Business Development at the world's largest automotive alliance.

The initiative comes four years after Renault and Nissan – the founding members of the Alliance – converged their activities in areas such as Engineering, Manufacturing & Supply Chain Management (SCM). It follows the announcement, in September 2017, of the Alliance 2022 mid-term plan targeting increased annual synergies of more than €10 billion by the end of the plan, up from €5 billion in 2016. Additionally, the Alliance member companies are forecasting sales of 14 million units by the end of the plan, compared to 10.6 million units in 2017.

Carlos Ghosn, chairman and chief executive officer of the Alliance, said: "We are accelerating convergence to support our member companies with rising synergies. The Alliance will turbo-charge the performance and growth of its member companies, while preserving the autonomy and distinct strategies of Renault, Nissan and Mitsubishi Motors."

Alliance project leaders have been appointed to identify new synergies and reinforce convergence. They will focus on optimizing revenues and global spending, maximizing areas of commonality; sharing technologies and resources, and simplifying decision-making processes to accelerate growth.

The projects are expected to lead to a new organizational structure to be reviewed and finalized following consultations with the appropriate employee representatives. Detailed project recommendations will then be submitted to the corporate decision-making bodies of Renault, Nissan and Mitsubishi Motors. This process is expected to lead to the implementation of the convergence plan beginning April 1st, 2018.

Upon conclusion of the projects, it is expected that Mitsubishi Motors will join the Alliance Purchasing, Business Development, Quality & TCS organizations in April 2018. Mitsubishi will then gradually move towards full participation in Engineering, Manufacturing & SCM and Aftersales starting in 2019.

Project leaders have been appointed to monitor and coordinate the project initiatives in connection with the following functions:

- **Engineering: Tsuyoshi Yamaguchi**, Alliance executive vice-president (EVP), will oversee increased convergence in engineering across the Alliance. For four years, we have developed common technologies,

common platforms and powertrains. The Alliance will seek larger-scale cooperation including all engineering activities, especially all product development, under a single head to ensure effective execution of the respective companies' mid-term plans. Single Alliance executives would be responsible for product development for member companies on their respective segment.

- **Manufacturing & Supply Chain: John Martin**, Alliance EVP, will lead the Alliance Manufacturing and Supply Chain Management (SCM) convergence project. He will be responsible for maximizing synergies through delivery and efficiency improvement, full utilization of Alliance assets and by optimizing the management of capital expenditures and the manufacturing footprint of our member companies.
- **Purchasing: Véronique Sarlat Depotte**, Alliance EVP, will take leadership of the Purchasing convergence project focused mainly on integrating Mitsubishi Motors. Building on a 17-year history, the project will drive purchasing synergies, leverage activities of R&D, Manufacturing and other functions and help to deliver greater economies of scale for the Alliance member companies and their suppliers globally.
- **Quality & TCS: Christian Vandenhende**, Alliance EVP, will be the Quality & TCS convergence project leader. The new Alliance Quality & TCS project will develop a common Quality Strategy, recommending measures to harmonize the processes for quality assurance in projects developed by Alliance engineering.
- **Aftersales: Kent O'Hara**, Alliance senior vice-president (SVP), will lead the Alliance Aftersales convergence project. As part of Alliance 2022, the member companies are targeting increased synergies and cooperation in aftersales activities such as accessories, parts, engineering, purchasing and connected services. Areas of convergence are expected to include the adoption of common data-management systems, customer-relationship management best practices and economies of scale in parts logistics, inventories and purchasing.
- **Business Development: Hadi Zablit**, Alliance SVP, will focus on future activities and breakthrough innovation including the development of the Common Module Family A-segment platform, partnerships with OEMs, Alliance Connected Mobility Services, new technology and product planning synchronization and Alliance Ventures. Additionally, we will seek convergence in other activities including information management and digitalization as well as customer experience.

Increasing convergence in these areas will contribute to the goals of Alliance 2022. Under the six-year plan, the Alliance member companies will increase their use of shared vehicle architectures, with nine million units expected to be derived from four common platforms, up from two million vehicles on two platforms in 2016. The plan will extend the use of common powertrains from one third in 2016 to three quarters of total volumes by the end of the plan.

Alongside continued commonality in areas such as manufacturing, quality and engineering, Alliance 2022 will also see increased convergence in new technologies and mobility services. This will include the launch of 12 new pure electric models by 2022, which will utilize new common electric vehicle platforms and components for multiple segments. During the plan, 40 vehicles will be introduced with different levels of autonomy, leading to fully autonomous capabilities that will enable the Alliance to offer new mobility services including robo-vehicle ride-hailing operations.

Mr. Ghosn concluded: "I am confident that these projects to strengthen and accelerate convergence in key functions will sustainably boost the growth and profitability of our member companies. With Alliance 2022 we will grow with three companies, or more, performing increasingly as one."

➤ ABOUT RENAULT-NISSAN-MITSUBISHI:

Groupe Renault, Nissan Motor and Mitsubishi Motors represent the world's largest automotive alliance. It is the longest-lasting and most productive cross-cultural partnership in the auto industry. Together, the partners sold more than 10.6 million vehicles in nearly 200 countries in 2017. The member companies are focused on collaboration and maximizing synergies to boost competitiveness. They have strategic collaborations with other automotive groups, including Germany's Daimler and China's Dongfeng. This strategic alliance is the industry leader in zero-emission vehicles and is developing the latest advanced technologies, with plans to offer autonomous drive, connectivity features and services on a wide range of affordable vehicles.

www.alliance-2022.com

www.media.renault.com
www.nissan-newsroom.com
www.mitsubishi-motors.com/en/newsrelease/

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