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RENAULT – NISSAN – MITSUBISHI INCREASE ANNUAL SYNERGIES TO €5.7 BILLION

- Annual synergies rise 14%, from €5 billion in 2016 to €5.7 billion in 2017
- Mitsubishi Motors reports first full year of synergies as Alliance member
- Further convergence underway in Aftersales, Quality & Total Customer Satisfaction and Business Development
- The Alliance reaffirms synergy target of more than €10 billion by the end of 2022

Renault – Nissan – Mitsubishi today reported a 14% increase in annualized synergies to €5.7 billion, up from €5 billion in 2016, as members of the world’s largest automotive alliance benefited from growing cost savings, incremental revenues and cost avoidance.

The latest synergies reflect the economies of scale realized by the Alliance members, which reported total sales of more than 10.6 million vehicles for 2017 – becoming the world’s largest automotive group in terms of sales of passenger cars and light commercial vehicles (LCVs).

"The Alliance has a direct, positive impact on the growth and profit of each member company," said Carlos Ghosn, Chairman and CEO of Renault-Nissan-Mitsubishi. “In 2017, the Alliance turbo-charged the performance of all three companies including Mitsubishi Motors which saw its first full-year of synergy gains.”

“We expect to generate growing synergies in coming years as the Alliance accelerates convergence through increased utilization of joint plants, common vehicle platforms, technology-sharing and our combined presence in mature and emerging markets. We reaffirm our synergy goal of more than €10 billion by the end of 2022.”

Under the Alliance 2022 mid-term plan, the member companies forecast to sell more than 14 million vehicles by the end of the plan, of which 9 million will be built on four common platforms including electric and B segment vehicles, and extending the use of common powertrains from one third to 75% of the total.

Through the converged Engineering function, the Alliance member companies share R&D costs and investments, which increases their competitiveness. For instance, Nissan and Mitsubishi Motors joined forces last year to develop the next generation of Kei cars.

In 2017, the Alliance Purchasing Organization (formerly RNPO) generated significant cost reductions and avoidance through centralized sourcing of parts, equipment and tooling, global contract negotiations, and common utilities sourcing at facilities around the world.

Examples of new synergy include:
- The adoption by Mitsubishi Motors of Nissan Sales Finance and Renault RCI Bank and Services capabilities;
- Benchmarking between Nissan and Mitsubishi Motors in the ASEAN region;
- Shared spare parts warehouses between Renault, Nissan and Mitsubishi Motors in Europe, Japan and Australia.

In Manufacturing, ongoing synergies were also realized through vehicle production on shared platforms such as the Datsun Redi-Go and Renault Kwid, and through cross-manufacturing activities such as Renault Alaskan production at the Nissan plants in Cuernavaca, Mexico and Barcelona, Spain. Costs associated with vehicle transportation were significantly reduced in 2017, as Nissan and Mitsubishi Motors combined shipments of finished vehicles from plants in Thailand to their respective dealers.
The creation of the LCV converged business unit in 2017 maximized cross-development and cross-manufacturing, delivering synergies in costs and technology in vehicles such as the Nissan platform based one-ton pick-up truck by Renault and Daimler. This allowed the extension of Alliance market coverage to 77% with a total range of 18 models across Renault, Nissan and Mitsubishi Motors.

“Deeper convergence and increased synergies will cement the sustainability of the Alliance for the long term,” said Mr. Ghosn.

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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