
"À la Dacia": a unique business model which drives high margins and returns

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Renault Group organizes an analyst & investor field trip in Romania dedicated to **Dacia** on June 17th and 18th, the opportunity for Luca de Meo, CEO of Renault Group, and the Dacia management team led by Denis Le Vot, CEO of Dacia, to present the uniqueness of Dacia's business model and how the brand is now expanding while continuing to further increase its profitability.

A unique business model

Dacia's model is unique, built upon the combination of three main components:

- **A design-to-cost as a way of life**, which aims c. -15% of cost advantage vs. competition thanks to a focus on what really matters for the customers (the "essentials"), Renault Group assets leverage, and 3,000 engineers' know-how.
- **A unique industrial and sourcing footprint** with a benchmark cost competitiveness supported by high plant utilization rates (>130% - Harbour) and high local integration rate.
- **A very effective distribution model** with distribution costs c.50% below Western European average, almost no discount and 30% of sales coming from digital initiatives.

A success story boosted by a new brand identity: from low-cost to best value-for-money

In a changing environment marked by inflationary pressures and increasing regulation, vehicles have become more expensive. Dacia provides a clear answer to customers aspiring for affordable cars with the right content thanks to its complementary line-up and trim versions such as Extreme or Journey.

Thanks to its new brand identity that reflects its values of simplicity, authenticity, and robustness, always at a fair price, Dacia has become in addition a compelling brand in Europe with an attractive line-up.

Dacia is clearly a conquest brand for the Group with 76% of its customers coming from outside. Loyalty is at the heart of Dacia's business model since 68% of previous Dacia owners have bought a Dacia as their new car; 81% have chosen a Renault Group car.

Thanks to its simple range of vehicles with a best-in-class price point, Dacia benefit from an 80-85% retail channel mix which results in a no or low rebates approach and leads to high residual values (+10 pts on average vs. market) alongside a remarkable dealer satisfaction.

Mid-2024, Dacia is on track to confirm for the 4th year in a row its position on the retail sales podium in Europe as its best value-for-money proposition attracts more and more customers in a global inflationist environment.

The success of Dacia is the one of its vehicles. As of April 2024 YTD in Europe:

- **Sandero** is the #1 vehicle sold (and market leader for retail vehicle sales since 2017);
- **Duster** is ranked 1st in retail SUVs sales;
- **Jogger** is on the podium of C-segment retail sales and the best-selling vehicle in the C-segment retail sales, excluding SUVs;
- **Spring** is the 4th best-selling EV to retail in the A+B segments.

Dacia's unique design-to-cost approach, ecosystem, and economic efficiency

Dacia's approach is to reverse the logic: from the standard product development way in which cost is the outcome, to Design-to-cost in which cost is the input.

Standard platform & upper body reuse is the key to drive capex & manpower efficiency while lowering the entry ticket and variable costs through scale effect. As such, Dacia will keep reducing its costs and will benefit from the doubling of the volume of the global standard CMF-B platform across brands which will reach 2 million units by 2030. In the meantime, Dacia will maintain R&D capex expenses below Renault Group's average thank to high carry-over rates between the vehicles, from minimum 40% to 80%.

Dacia's returns and efficiency are also driven by:

- high utilization rate of the industrial footprint (>130% - Harbour) in which a new car is produced every 30 seconds;
- ultra-competitive ecosystems in Romania, Morocco and Türkiye with strong local integration within its supplier base.

Affordable doesn't mean small: a strong product plan to ensure future growth

Dacia, currently a B-segment champion, will boldly enter the C-segment thanks to a carefully crafted product line-up strategy. After Jogger, Dacia Bigster will embody this move from 2025 and 2 other vehicles will follow, that will allow Dacia to double its profit pool coverage. As a result, it expects to reach ~1 million sales in 2030 of which ~1/3rd in C-segment mix.

From affordable ICE electrified solutions, Dacia will smoothly transition to EV in Europe by pioneering affordable EV solutions. It will do it "à la Dacia" to provide the right products to its customers and to leverage Renault Group's and Ampere's technology bricks. This approach will support Dacia in driving down its carbon footprint by 50% by 2035.

In the meantime, Dacia confirms it will play a role of safety net for Renault Group in terms of speed of electrification and provides a solid foundation for a profitable ICE offer. Dacia will contribute to reinvent the ICE value chain through the cooperation with HORSE Powertrain by developing breakthrough powertrains adaptation for alternative fuels.

Higher and higher margins and returns

Dacia's business model and product approach will ensure a strong growth together with a solid profitability which drives remarkable returns:

- **Dacia expects its revenue to double between 2022 and 2030**, driven half by volume and half by mix and price while fixed costs are expected to increase slightly over the same period.
- **Dacia already generates a solid double-digit operating margin and will reach 15% before 2030.**
- Focusing on returns, Dacia expects to confirm its "ROCE champion" profile with **a ROCE superior to Renault Group's** (Group's target >30% from 2025 onwards) and expected **to be multiplied by 2 between 2022 and 2030.**

About Renault Group

Renault Group is at the forefront of a mobility that is reinventing itself. Strengthened by its alliance with Nissan and Mitsubishi Motors, and its unique expertise in electrification, Renault Group comprises 4 complementary brands - Renault, Dacia, Alpine and Mobilize - offering sustainable and innovative mobility solutions to its customers. Established in more than 130 countries, the Group has sold 2.235 million vehicles in 2023. It employs more than 105,000 people who embody its Purpose every day, so that mobility brings people closer.

Ready to pursue challenges both on the road and in competition, Renault Group is committed to an ambitious transformation that will generate value. This is centred on the development of new technologies and services, and a new range of even more competitive, balanced, and electrified vehicles. In line with environmental challenges, the Group's ambition is to achieve carbon neutrality in Europe by 2040.

<https://www.renaultgroup.com/en/>

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