

Renault vows 'fresh start' for alliance with Nissan

June 12 2019, by Daniel Aronsohn



Renault called the Nissan alliance 'a pillar'

Renault's chairman vowed a "fresh start" on Wednesday for the carmaker's strained alliance with Japanese partner Nissan, saying its success was key after a proposed merger with Fiat Chrysler fell apart.

Calling the Franco-Japanese partnership a "pillar and a motor for the development of all its members," chairman Jean-Dominique Senard told Renault shareholders at their annual general meeting: "Today, the alliance is making a fresh start."

"There can be no success for Renault without the success of the alliance," he said.

Shareholders appeared receptive to his pledge to repair the damage with Nissan, with 91 percent approving his appointment as head of the board.

It was Renault's first AGM since the shock arrest last November of former chief executive Carlos Ghosn, who built up the alliance between Renault, Nissan and Mitsubishi into an industry giant selling some 10.8 million vehicles last year.

Since then Renault has been thrown into turmoil, its share price slumping to levels not seen since 2014 following Ghosn's ouster from top posts at the three automakers.

And relations with Nissan have soured, with the Japanese firm accusing Renault of having too much weight in the alliance, and of keeping it in the dark over its tie-up plans with Fiat Chrysler.

That deal with Italian-American group would have forged a globe-spanning automotive network with the resources to develop electric and autonomous vehicles, seen as essential for cutting carbon emissions and addressing the mobility challenges of a rapidly urbanising world.

Senard told shareholders the project foundered after the French government demanded more time to study the deal, including Nissan and Mitsubishi's role.

Carlos Ghosn

ARREST TIMELINE



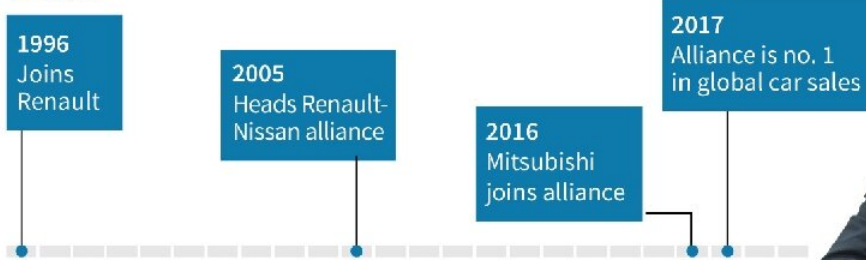
MAIN ACCUSATIONS

Nissan:
"Numerous significant acts of misconduct", including **under reporting his income**

Japanese prosecutors:
Under-reported income by **5 bln yen (\$44 mln)** between June 2010 and June 2015

Nissan:
"Personal use of company assets"

CAREER



Source: AFP Photo © AFP



Factfile on the arrest and charges against former Nissan boss Carlos Ghosn.

"The state's representatives didn't share our analysis, so a vote couldn't take place, something I consider disappointing," he said.

"Rarely have I seen a merger project able to produce such significant synergies, and without having negative consequences in terms of jobs

and livelihoods," he added.

Investor doubts

Around 900 shareholders attended the Renault AGM in Paris on Wednesday, a 50 percent jump from last year's attendance, with executives facing a barrage of questions over the Nissan crisis and the failed Renault-Fiat deal.

Renault's net profit slumped by a third last year to 3.3 billion euros (\$3.7 billion), in large part because of a tough year for Nissan, in which Renault owns a 43 percent stake.

And the management turbulence following Ghosn's arrest on charges of financial misconduct at Nissan comes as carmakers worldwide grapple with a costly shift to electric and hybrid vehicles.

"The board clearly failed to exercise its responsibility in the best interests of shareholders," analysts at the Paris investment firm Phitrust said this week.

Senard, who took over as Renault chairman this year, is also under pressure to lay out his strategy for shoring up the alliance with Nissan, just weeks after his plans for closer management integration were rejected by the Japanese firm.

Adding to the tensions, a leaked letter from Senard to Nissan this week said Renault would block a governance overhaul at the Japanese firm, which Nissan denounced as a "most regrettable" move.



Renault shares have been badly hit by the Ghosn scandal and the resulting tensions with its Japanese alliance partner Nissan

Renault executives have played down the issue, saying they are confident the two carmakers will reach an agreement before Nissan's AGM on June 25.

Many investors aren't so sanguine, not least because Nissan executives have bristled at owning just a 15 percent non-voting stake in Renault—the same as the French state—while its French partner controls 43 percent of Nissan's shares.

Clouds gathering

Last month, Fiat Chrysler unveiled a surprise 50-50 merger with Renault, but the deal collapsed just over a week later, with the Italian-American carmaker blaming political resistance from the French state.

French Finance Minister Bruno Le Maire said it was "legitimate" for Paris, as the biggest shareholder in Renault, to have a say in the proposed tie-up and that Renault should focus on shoring up its relationship with Nissan before pursuing mergers with other firms.

The tensions with Nissan and the collapse of the merger talks have raised questions over the future of the French carmaker, which last year sold 3.9 million vehicles, more than half of them outside of Europe.

Nissan and Renault have been partners for more than 20 years after Ghosn stepped in to pull the Japanese firm back from the brink of bankruptcy.

But in the latest sign of Ghosn's fall from grace, shareholders overwhelmingly voted to deny him a 224,000 euro performance bonus, after Renault had already stripped him of millions of euros in pay.

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