



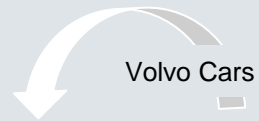
CAPITAL MARKETS DAY

Gothenburg December 4, 2013

Transforming the Group to realize our full potential

1999 - 2011

AQUISITION-DRIVEN GROWTH



Volvo Cars



Renault Trucks
Mack Trucks
UD Trucks
Eicher Trucks
Lingong
Samsung's excavator business
+ 10 minor acquisitions

Investment decisions for future products

Sales 1999
SEK 100 billion

Sales 2011
SEK 300 billion

2012-2015

TRANSFORMATION

- Reorganization
- Brand portfolio thinking
- Strategy 2013-2015
- Product renewal
- Group-wide efficiency
 - Production
 - Sales
 - R&D
 - Staff & support

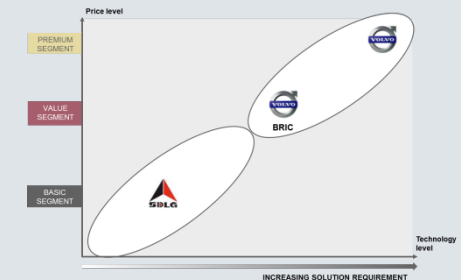
2016 →

PROFITABILITY DRIVEN BY ORGANIC GROWTH AND WORLD CLASS EFFICIENCY

TRUCKS



CONSTRUCTION EQUIPMENT



BUS



Group Trucks transformation

2012

Reorganization & Strategy

2013

Product renewal

2014

Execute efficiency programs & organic growth

2015

Deliver profitability improvement

2012 – REORGANIZATION & STRATEGY

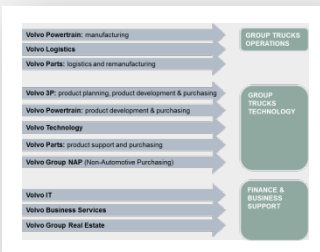
Building the foundation to execute transformation

REORGANIZATION

- Matrix → functional organization for 80,000 employees
- Consolidate to drive efficiency
 - Production
 - R&D
 - Purchasing
- One prioritized budget (R&D, IT, PPE)
- Internal support organization measured on cost instead of profit
- New management teams
- Strong focus to deliver new products 2013

Culture

- Speed, accountability
- Cost/efficiency
- Focus



NEW STRATEGY 2013-2015

- Improve operating margin by 3% points equivalent to SEK 9 bn by end of 2015
- 20 strategic objectives
 - >35 roadmaps
 - >400 activity plans
 - Monthly/quarterly follow-up
- Transparency
 - External
 - Internal
- Solid internal understanding



NEW BRAND POSITIONING

- Portfolio thinking
- Clear brand attributes for each brand
- Optimized position for each brand
- Align product specification to brand position
- Created clarity for our employees



Demand for total solutions

2013 – PRODUCT RENEWAL

The largest product renewal in the history of the Group

MASSIVE PRODUCT RENEWAL EXECUTED

VOLVO TRUCKS | New range to strengthen premium position

RENAULT TRUCKS | New range to revitalize brand and recapture position

UD TRUCKS | Changing the game across Asia-Pacific

EICHER TRUCKS | Push in heavy-duty in India and exports

In total >10 new models launched

- Extensive launch activities
- Major production change-overs
- **Busy and costly, but successful!**

EFFICIENCY PROGRAM LAUNCHED

- Industrial footprint reorganization
- Parts logistics reorganization
- Product portfolio prioritization and alignment
- Headcount reduction of 2,000 in corporate staff and support functions
- Etc.

2014 – EXECUTE EFFICIENCY PROGRAMS & ORGANIC GROWTH

Push for sales and efficiency

ORGANIC GROWTH

- Leverage new Volvo Trucks range
- Secure price level on new Renault Trucks range and start to regain position
- Grow volumes in Southeast Asia for UD with Quester
- Maintain positive momentum in Americas

EFFICIENCY

- Reduce structural headcount
- Take down R&D
- Improve manufacturing productivity after product renewal
- Stop activities that do not create value for the customer
- Strengthen process efficiency

2015 – DELIVER PROFITABILITY IMPROVEMENT

Leverage new product portfolio and benefit from efficiency improvement

PROFIT & ORGANIC GROWTH

- Finalize industrial parts and logistics footprint optimization
- Deliver reduced product cost
 - Purchasing together with R&D
 - Manufacturing
- Continuously improved white collar efficiency
- Push sales – leverage investment in product renewal
- Finalize global and regional processes

Enter 2016 utilizing the full potential of the Volvo Group



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Increased market coverage with new strategy

Peter Karlsten – EVP Group Trucks Sales & Marketing EMEA



CAPITAL MARKETS DAY

Strengthen premium position, Claes Nilsson Volvo Trucks



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Revitalize and recapture position

Bruno Blin – Renault Trucks



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Changing the game across Asia-Pacific

Joachim Rosenberg - EVP Group Trucks Sales & Marketing and JVs APAC

We have the products but not world class efficiency



Structured brand portfolio



HEADING FOR THE CUSTOMER



Competitive product portfolio



HEADING FOR EFFICIENCY

New process-driven organization