



Strategic direction 2013-2015

## **Leveraging our unique brand portfolio**

Peter Karlsten – Executive Vice President  
Group Trucks Sales & Marketing EMEA

# Delivering our full potential

## 1. Secure number 1 or 2 in profitability

- 1.1 Increase vehicle gross profit margin per region by 3% points
- 1.2 Reduce actual standard cost of sales on total cost for current offer by 10%
- 1.3 Decrease wholesale selling expenses to 5% of sales
- 1.4 Increase own dealer soft offer absorption rate by 10 % points
- 1.5 Reduce R&D cost (spending pace) to 11,5 BSEK
- 1.6 IT cost on 2% of Volvo Group total

## 2. Strengthen customer business partnership

- 2.1 We will achieve 99% product availability contributing to 'strengthen customer business partnership'
- 2.2 Drive retail excellence by implementation of an integrated customer interface tool
- 2.3 Each brand to rank number 1 on decided brand attributes in competitive set

## 3. Capture profitable growth opportunities

- 3.1 By optimizing the brand assets become number 1 or 2 in combined Group Trucks HD market share
- 3.2 Establish required commercial presence to support revenue growth by 50% in APAC and 25% in Africa
- 3.3 Establish required OtD footprint and supply chain in APAC & Africa achieving lead time reduction by 15% and capital tied up reduction by 15%
- 3.4 Increase Aftermarket sales per unit in operation by 12% including total

## 4. Innovate energy-efficient infrastructure solutions

- 4.1 Fuel efficiency to be improved by 2% per annum through vehicle optimization, diesel efficiency and electromobility
- 4.2 Commercialize alternative fuel technology by launching concepts or products in all regions

## Brand positioning project

- 5.1 Become an attractive employer measured by reaching the employee engagement level (EEI) of high performing companies
- 5.2 Drive high performance measured by reaching performance excellence level (PEI) of high performing companies
- 5.3 Secure leadership and strategic competencies, primary focus is the implementation of Volvo Group University
- 5.4 Build an efficient and inclusive organization by implementing common global level 1 and 2 processes



# Leveraging our asset portfolio – unique in truck industry

## Strong brands



## Global industrial footprint

## Customer relations

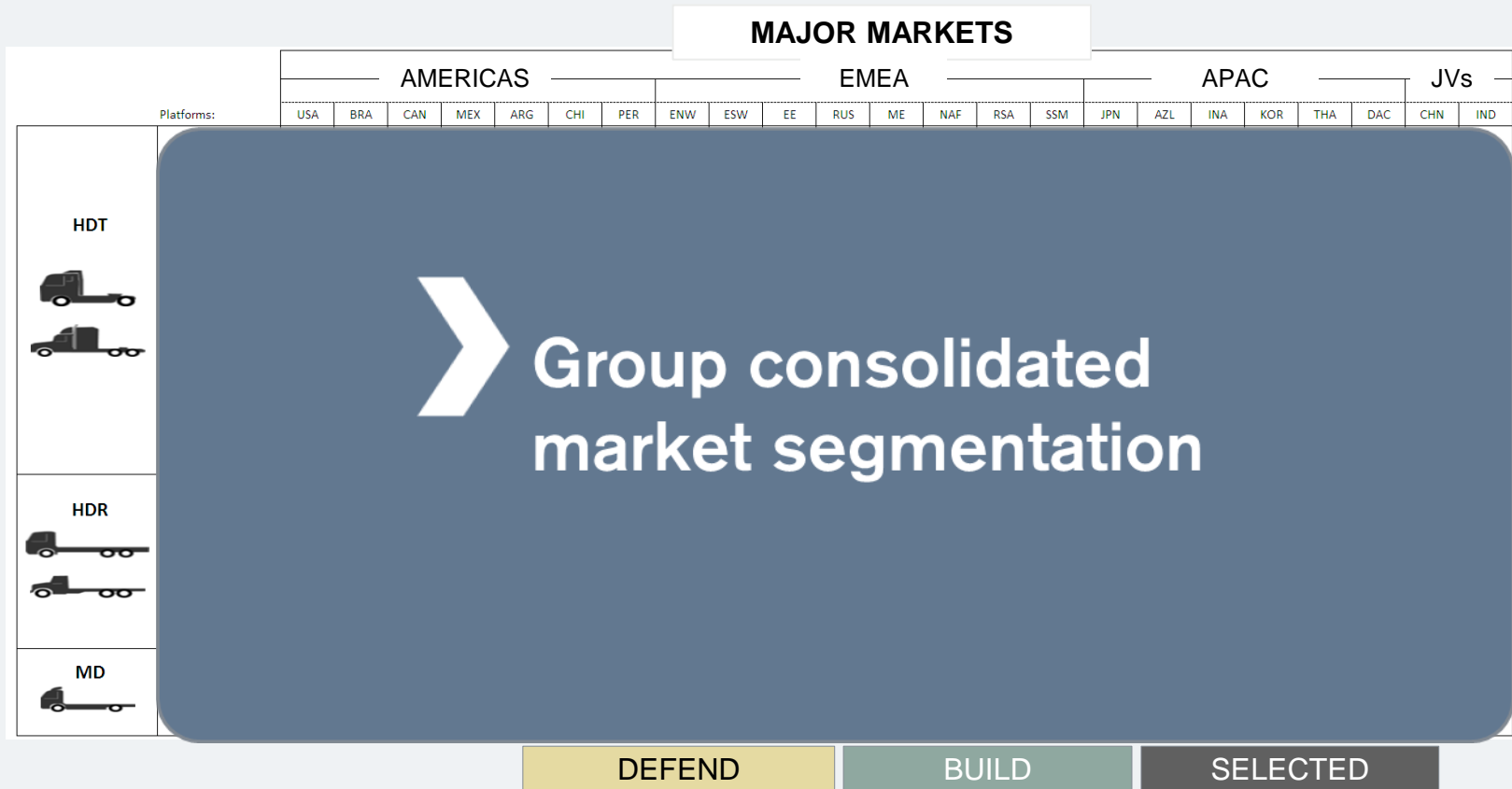


## Technology platforms

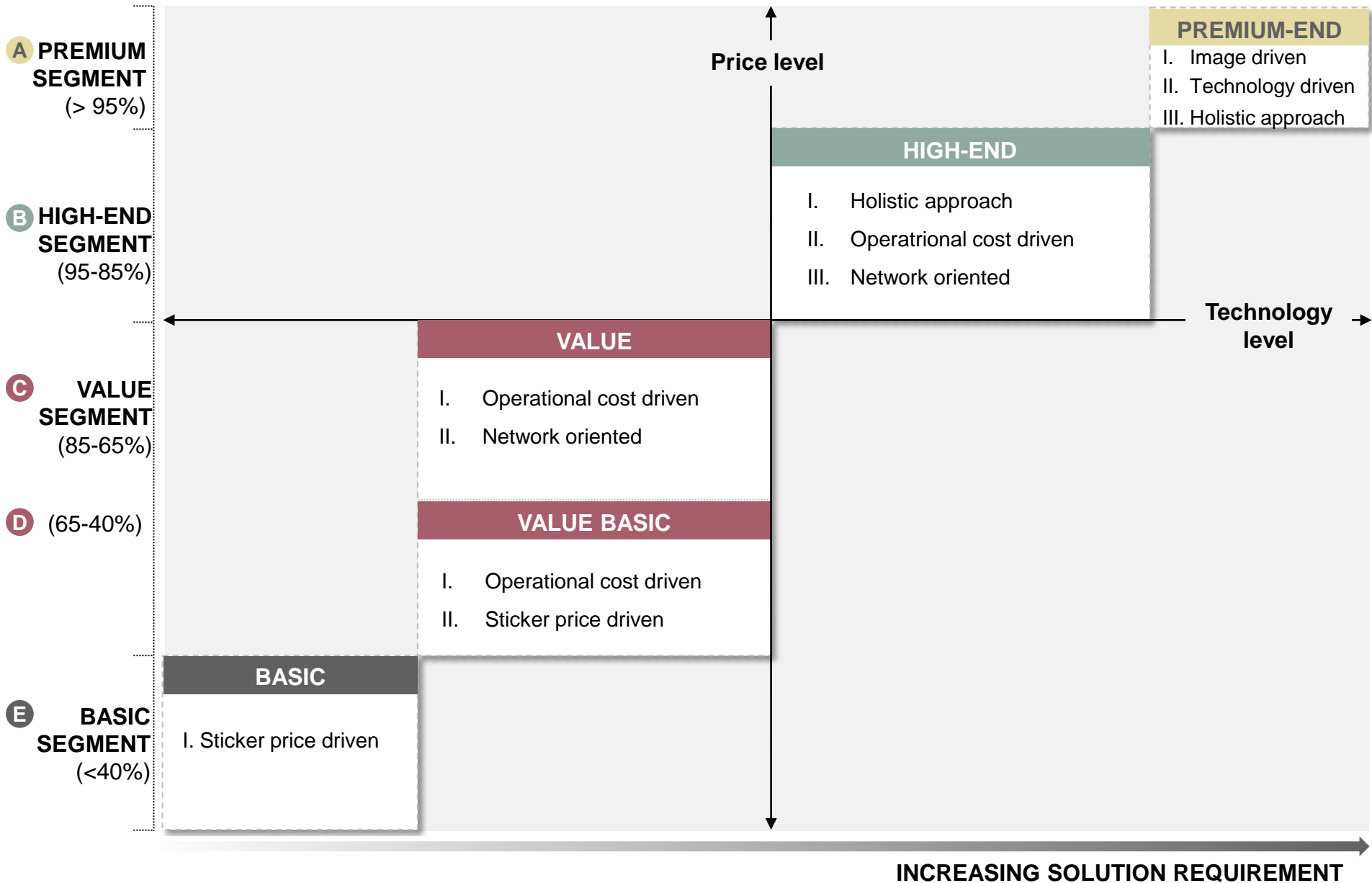


## Global distribution and presence

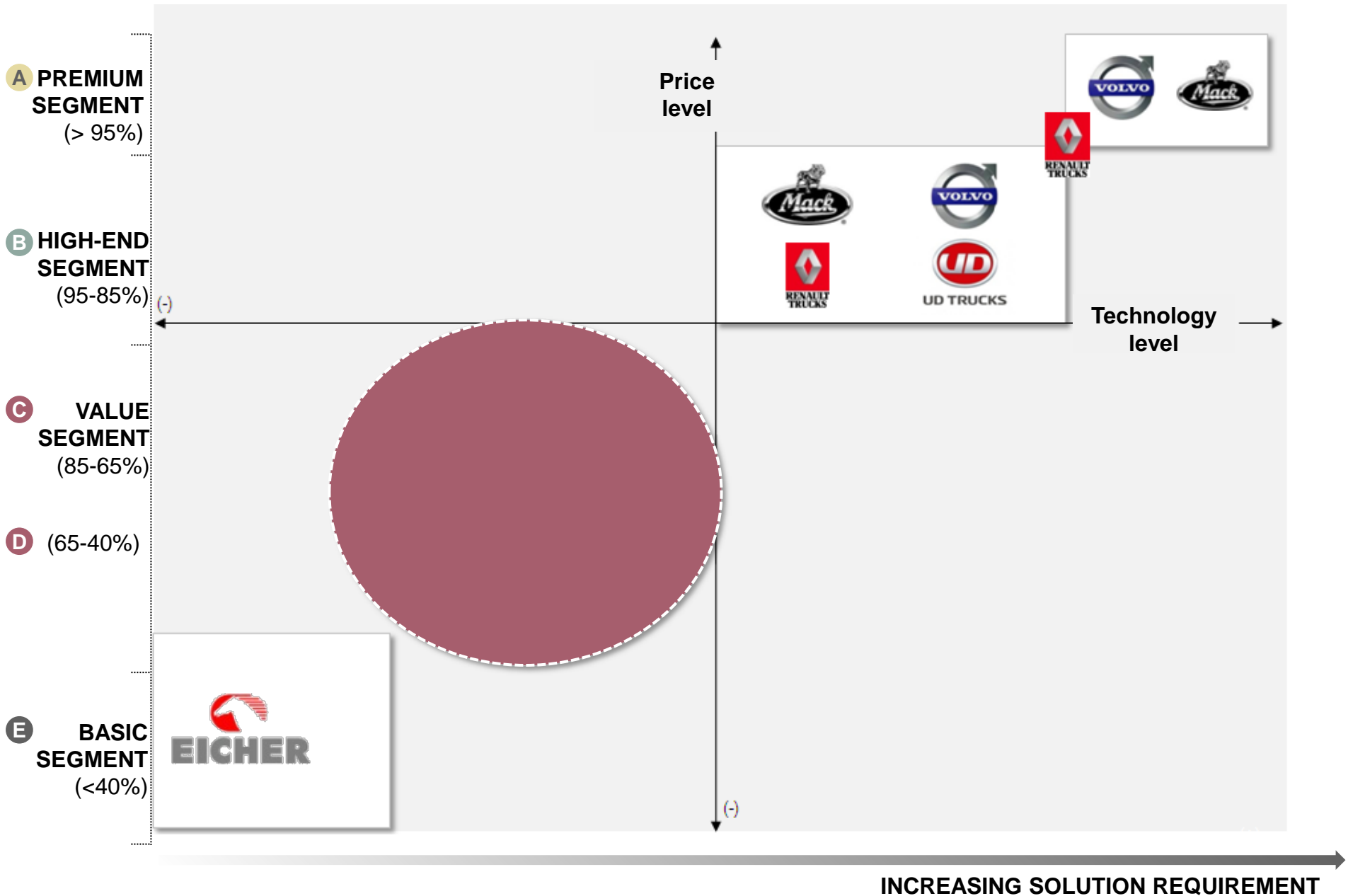
# Market segments defined and prioritized at Group level



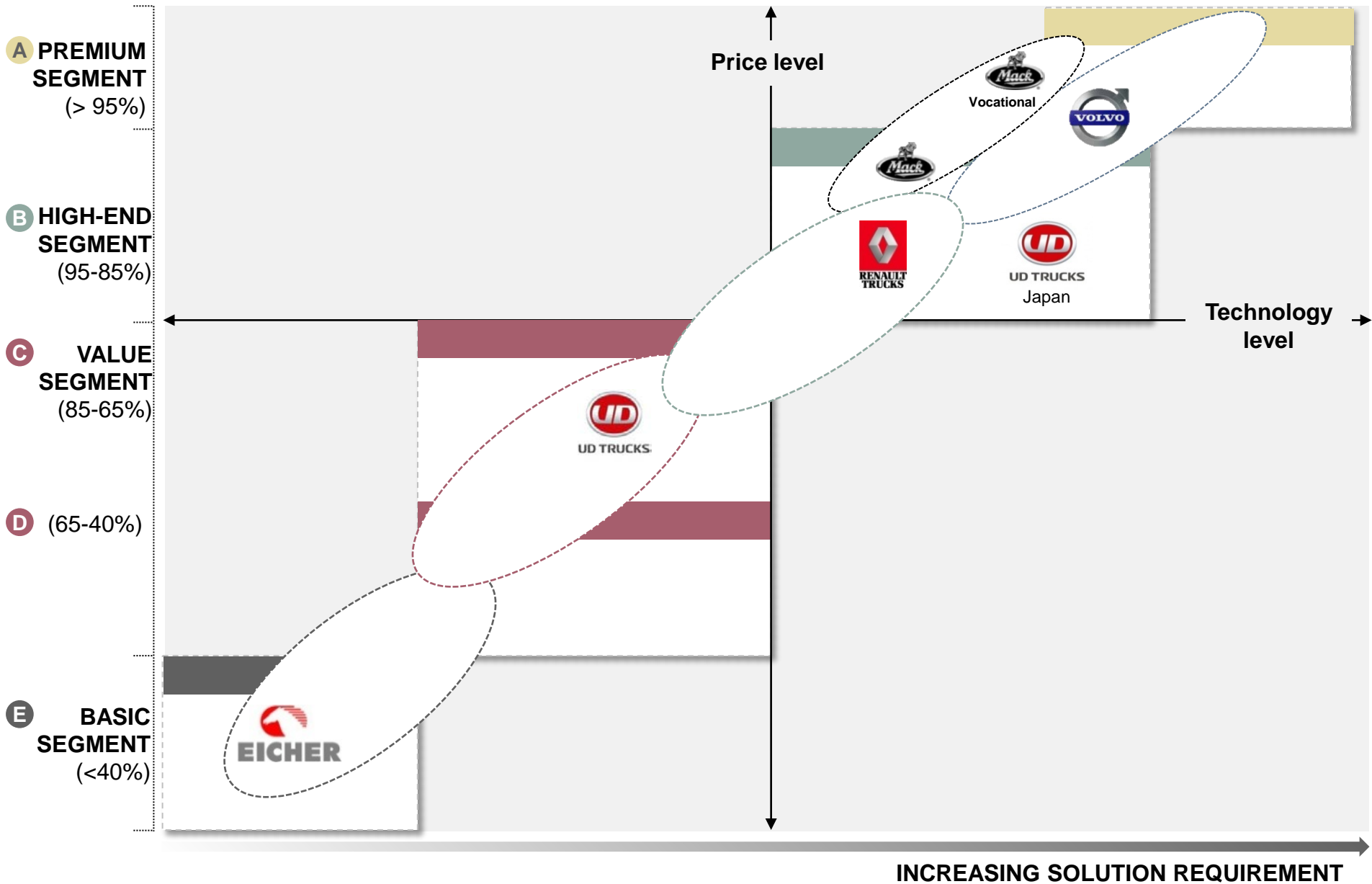
# Global market structure



# Underserved market segment – a great potential

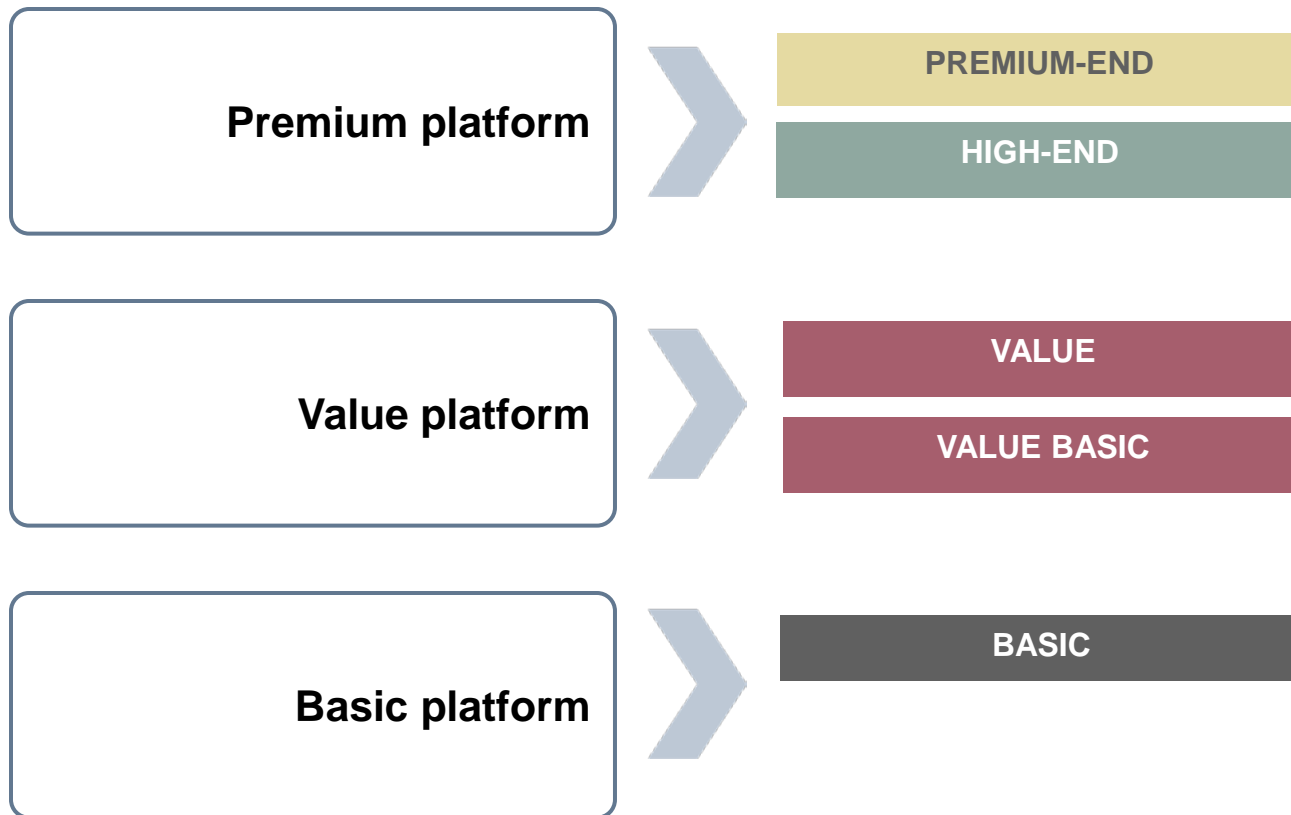


# Full market coverage with future positioning





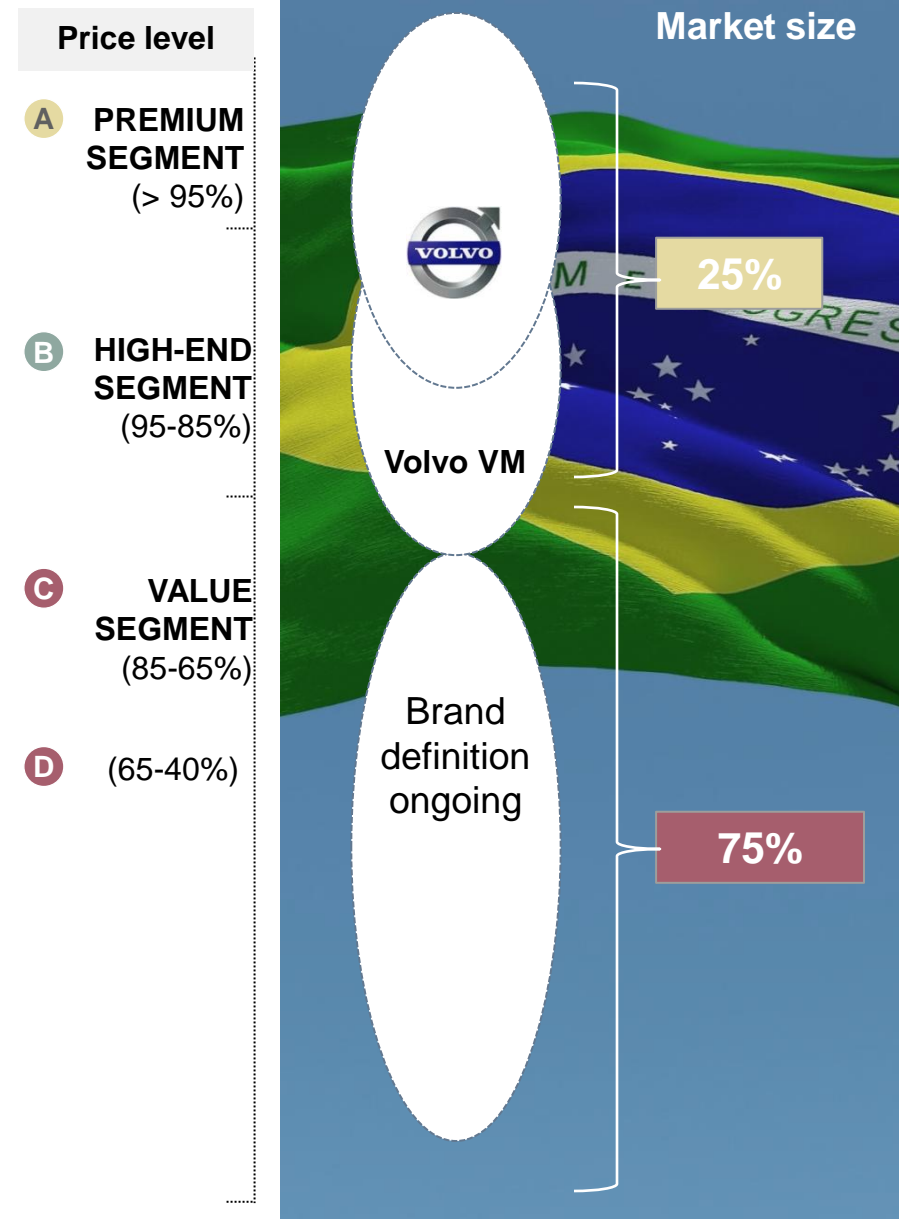
# Three heavy-duty truck platforms to capture full market potential





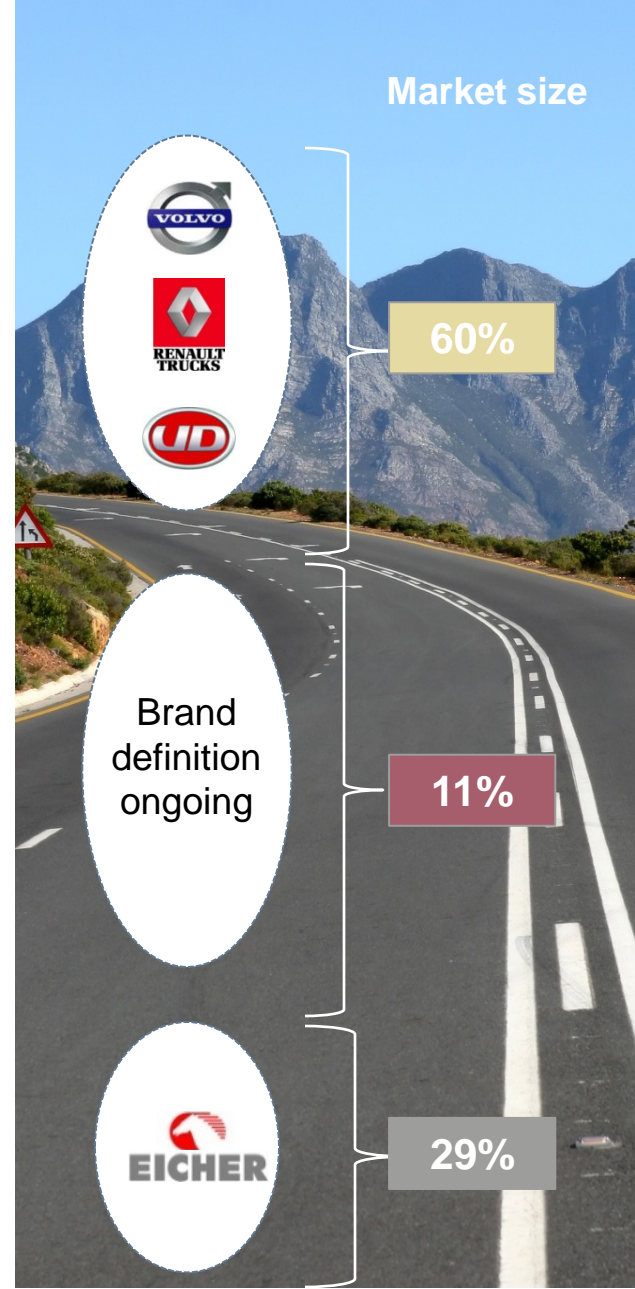
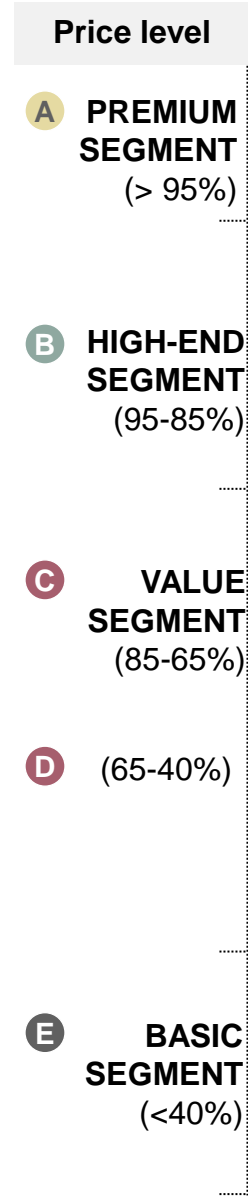
# Untapped potential in Brazil

- Value truck complementary to Volvo Trucks' market leading position
- Leverage on strong market presence:
  - Industrial footprint
  - Network



# Untapped potential in Africa

- Emerging continent
- Opportunity for Eicher and Value truck to address customer base in Basic and Value segments
- Value and basic segments will grow substantially in future



# Unlocking a hidden potential with brand portfolio approach

- Increased market coverage – share growth
- Offer aligned to customer needs - improved margins
- Improved competitiveness
- Further leverage distribution and industrial footprint



# Next step – implement the new brand strategy into product plans

## Globally maximise brand positions

- ✓ Optimize the brand portfolio from a Group perspective
- ✓ Define brand position in the market and targeted customer segments
- **Q4 2012** - Define brand characteristics and brand promises for each brand

## New and fully aligned product strategies

- **Q4 2012** - Define brand distinction: Unique vs. Similar vs. Common
- **Q1 2013** - Align features and specifications to support new brand position
- **Q2 2013** – Define aftermarket and service offers (telematics etc)

## Revised product plans

- Create cost efficiency through Common Architecture and Shared Technology (CAST)
- R&D efficiency
- Purchasing leverage
- Industrial efficiency