



Strategic direction 2013-2015

# **Volvo Group Trucks Sales & Marketing EMEA**

Peter Karlsten – Executive Vice President

# Group Trucks sales & marketing EMEA

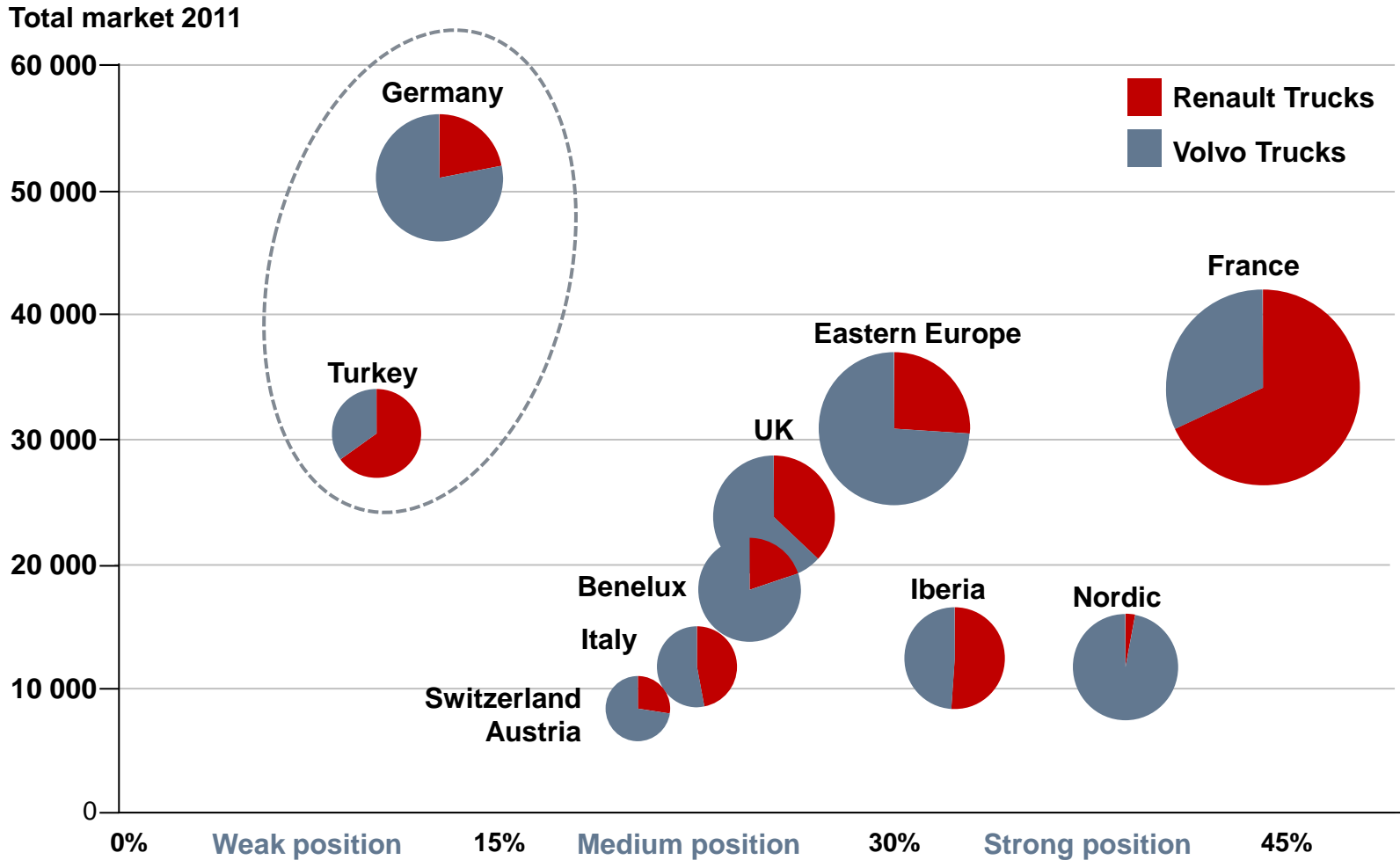
## EMEA today

- 13,500 employees
- 120,000 new trucks
- 320 own workshops
- 2,200 private workshops
- Active population  
900,000 MHDV

## ... growth opportunities

- Product/market/segment/  
brand combinations
- Operational excellence
- Sales and after market  
development

# Opportunities in Germany and Turkey



## 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 cost by 2015

### 4. Innovate energy-efficient transport and 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

### 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

### 5. Build high performing global teams

- 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

### 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 commercial solution offer for second owner
- 3.5 Build 1 BSEK new businesses complementary to existing offering





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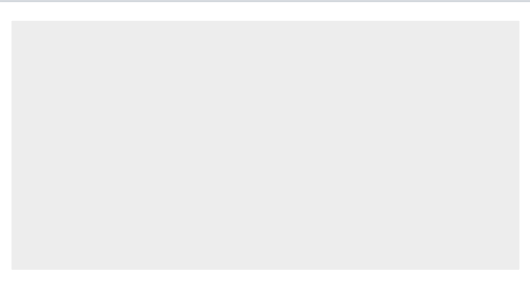
# Improving the market position in Germany

## Leverage new products

### New Volvo FH



### New Renault truck



## Developing Network

- Increase density
- Improve customer service
- Strengthen retail competence



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- 2.2 Drive retail excellence by implementation



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# Leverage on strong presence in Eastern Europe (30 countries)

- Early entry in – 70's
- Assembly in Kaluga
- Extensive network (155 workshops / 65 own)
- Large vehicle population
- Leading image
- 29 new dealers opened since 2010

New Truck Center in Yekaterinburg, Russia





# Leading market positions in eastern Europe

YTD June 2012

## Market shares

19.5%  
in Russia (no 2)



22.9%  
in Slovenia (no 2)



20%  
in Romania (no 2)



30.3%  
in Slovakia (no 1)



34.5%  
in Estonia (no 1)



21.1%  
in Hungary (no 2)



43%  
in Lithuania (no 1)



# Opportunities in Russia – Local production for competitive edge

- Value truck for new segments
- Competitive edge vs western brands
  - Localized assembly
  - Avoidance of scrapping fee
  - New investment in cab production
- Group approach on network



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# Grow revenues with 25% in Africa



## Today

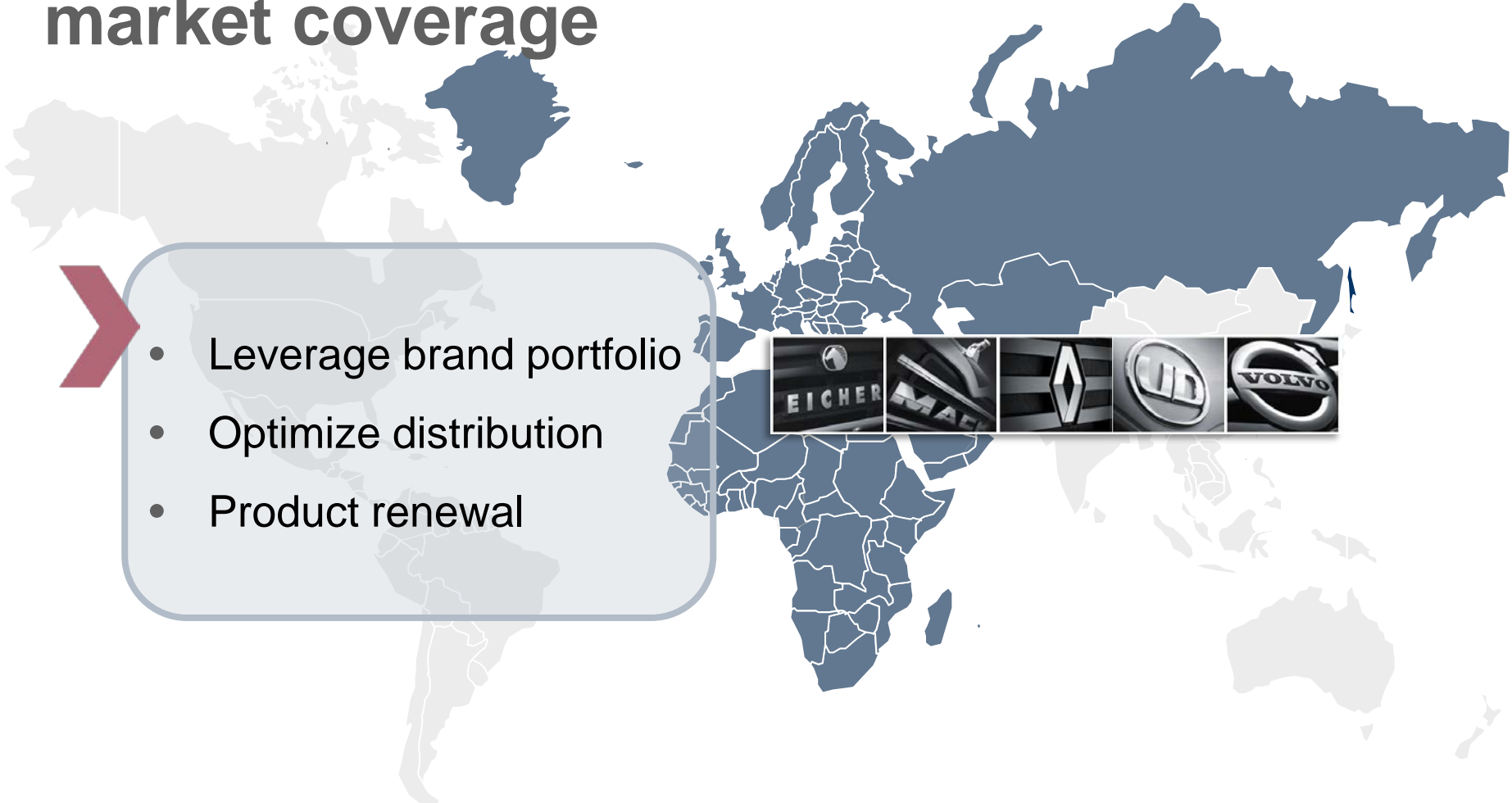
- Strong presence; Renault in Northern Africa, UD and Volvo in Southern Africa
- 25% market share
- Scattered distribution channels

## Future

- Optimize distribution channels
- Entry into new market segments
- Product introductions



# Great opportunities to increase market coverage

- 
- Leverage brand portfolio
  - Optimize distribution
  - Product renewal

