

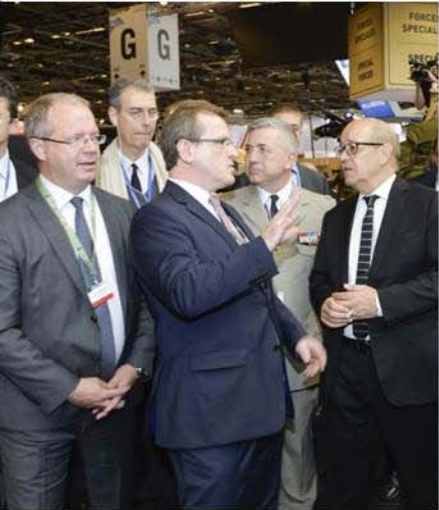


Volvo Group Investor Update

London, June 27, 2016



Reflections after the first eight months



The Volvo Group journey continues

1999-2011 ACQUISITION-DRIVEN GROWTH

Scale, synergies & geographical expansion



2012-2015 TRANSFORMATION TO CLOSE THE GAP

Product renewal, brand positioning & cost efficiency



2016 → IMPROVED PERFORMANCE

Customer focus, simplicity, speed, continuous improvements, organic growth



Volvo Group Headquarters

Volvo Group Investor Update, London

3 June 27, 2016

VOLVO

The Volvo Group is well invested with unique and strong assets to build on

Leading brands and products for each segment



Competitive technology platforms



Customer satisfaction and loyalty



Modern industrial footprint



Global distribution and presence



Volvo Group Headquarters

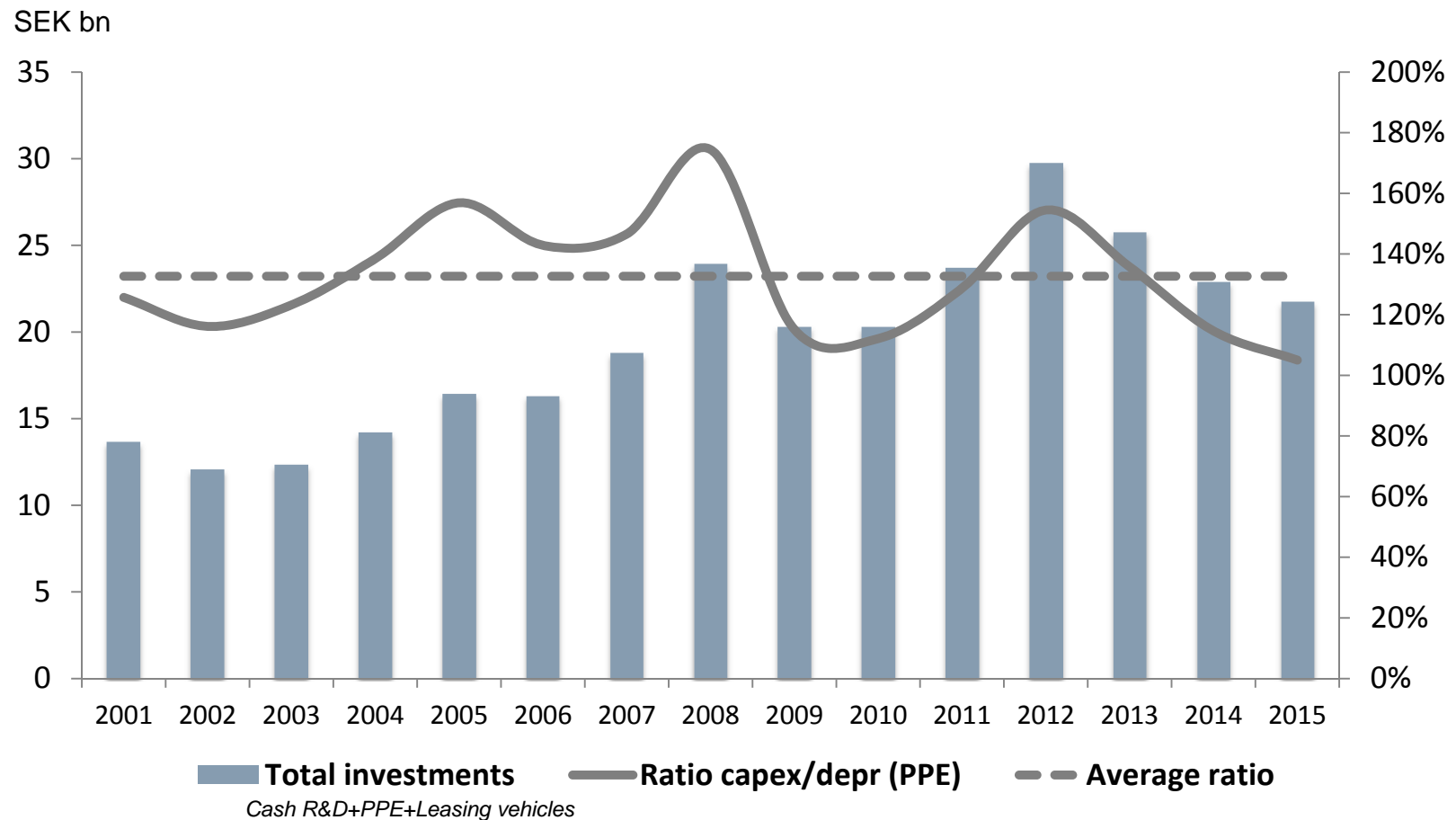
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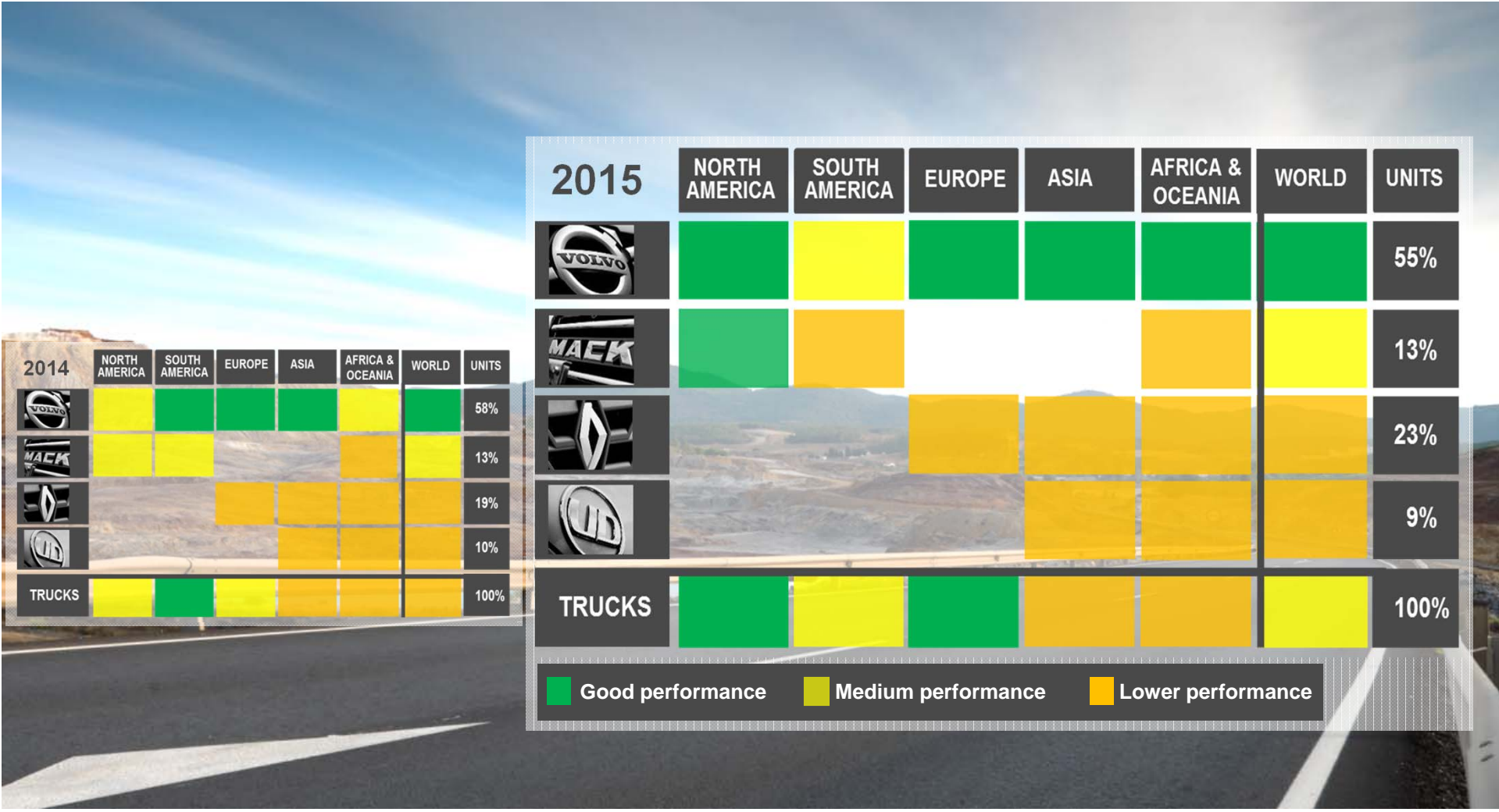
VOLVO

The Volvo Group is well invested

Capex (PPE) significantly above depreciation for 15 years



Improved performance



VOLVO

Volvo Group

Mission

Driving prosperity through transport solutions

Vision

Be the most desired and successful transport solution provider in the world

Aspirations

Have leading customer satisfaction for all brands in their segments

Be the most admired employer in our industry

Have industry leading profitability

Values

Customer success

Trust

Passion

Change

Performance

1

2

3

4

5

6

7

STRATEGIC PRIORITIES

moving forward

Strategic priorities

1

Reinforce Volvo as a global premium HD truck brand and regain position and market shares of Renault, Mack and UD as regional high-end truck brands

2

Capture Asia growth through JVs and Value Truck in a separate value chain – and leverage in other emerging markets

3

Create the most desirable HD product and service portfolio tailored to selected premium, high-end and value segments

4

Secure robust profitability through leading R&D, quality, purchasing and manufacturing operations using Volvo Production System

5

Establish brand specific sales operations with focus on retail excellence and a growing service business

6

Leverage Group assets in our non-truck Business Areas, creating additional profits, synergies and technology leadership

7

Revitalize the Volvo Group culture with focus on Customer Success, Trust, Passion, Change and Performance

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Our customers - our business



DISTRIBUTION France



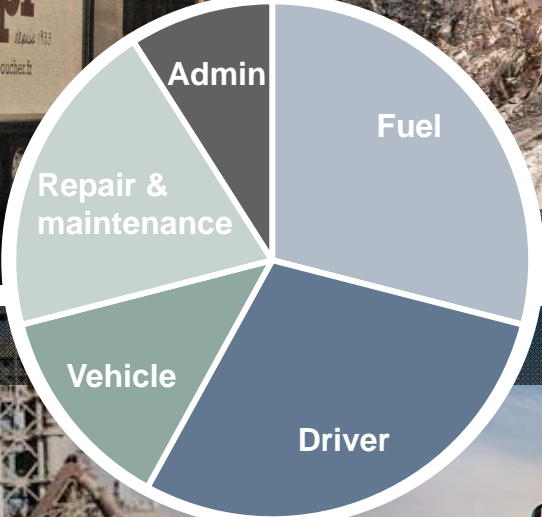
MINING Indonesia



CONSTRUCTION US



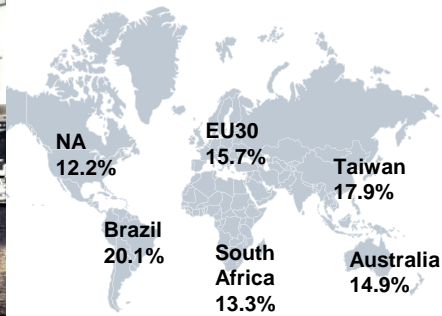
LONG-HAULAGE Europe



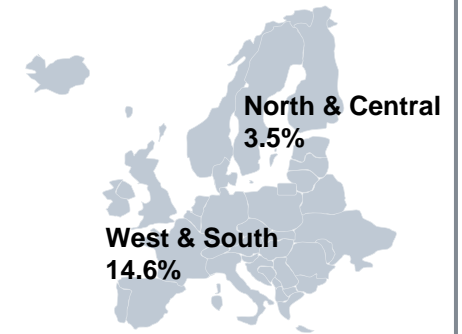
Truck brands



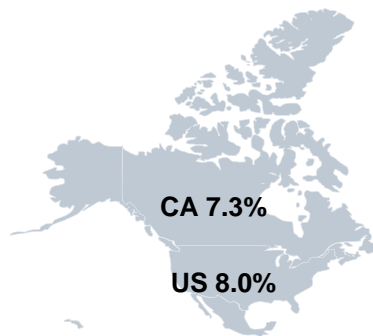
Volvo Trucks



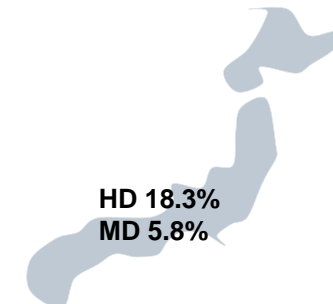
Renault Trucks



Mack Trucks



UD Trucks



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VOLVO

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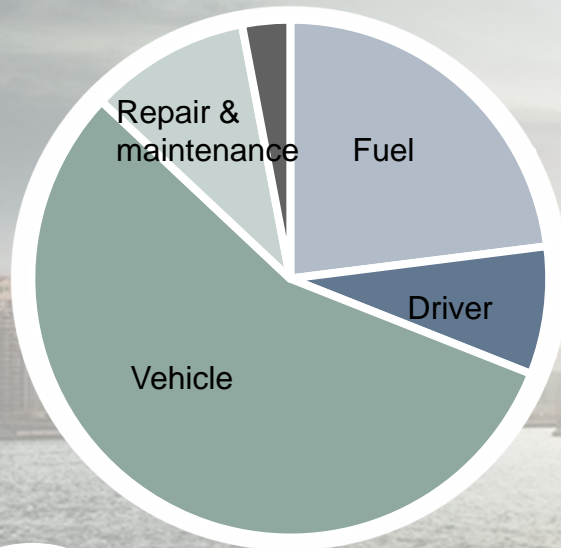
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Value offering to succeed in emerging markets

Operating cost structure for a value truck customer



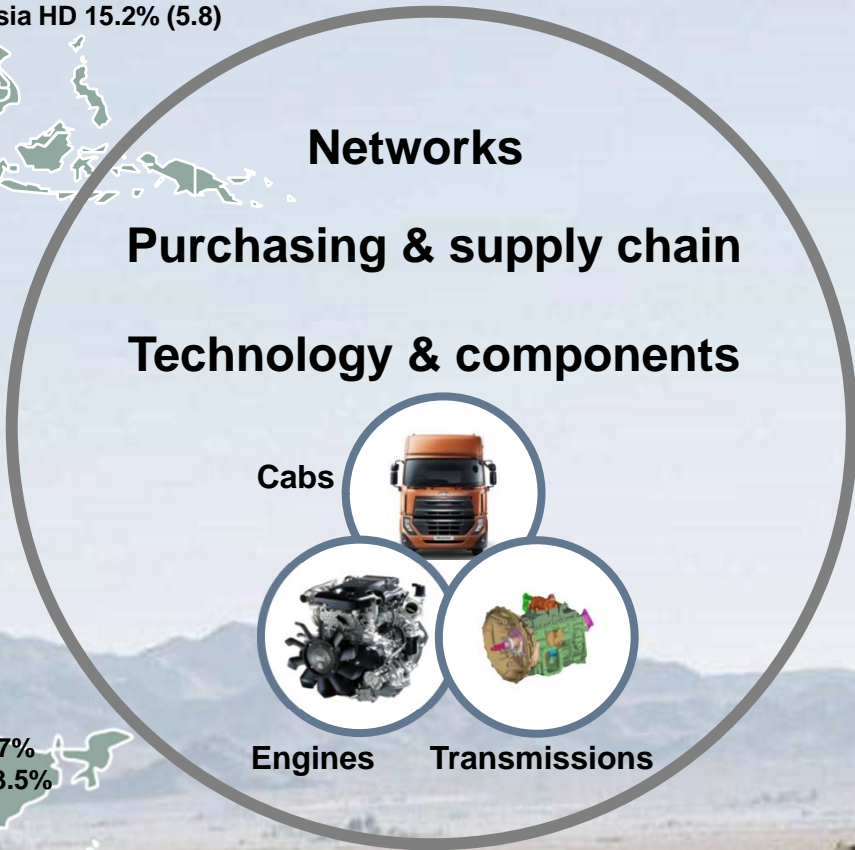
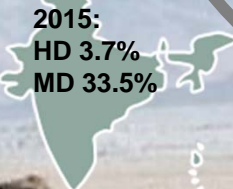
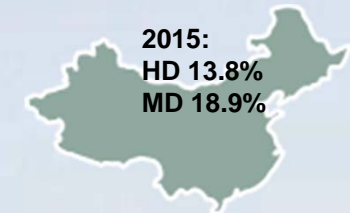
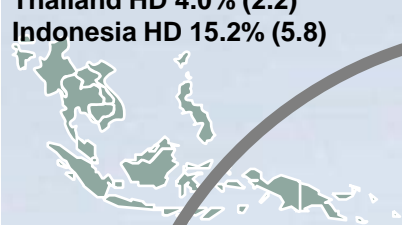
Long-haulage customer in Europe



Creating a separate eco-system in the value segment



YTD May 2016:
Thailand HD 4.0% (2.2)
Indonesia HD 15.2% (5.8)



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Common Architecture Shared Technology (CAST) to drive efficiency

**MODULARITY
BASED ON COMMON
ARCHITECTURE**



**COMMON COMPONENTS
AND VERSATILE
MODULES**

Engines



Transmissions



Electrical system



Chassis



Connectivity



**EFFICIENCY IN THE
VALUE CHAIN**

Industrial structure



Production flow



Common processes



**BRAND UNIQUE/
CUSTOMER-TAILORED
SOLUTIONS**



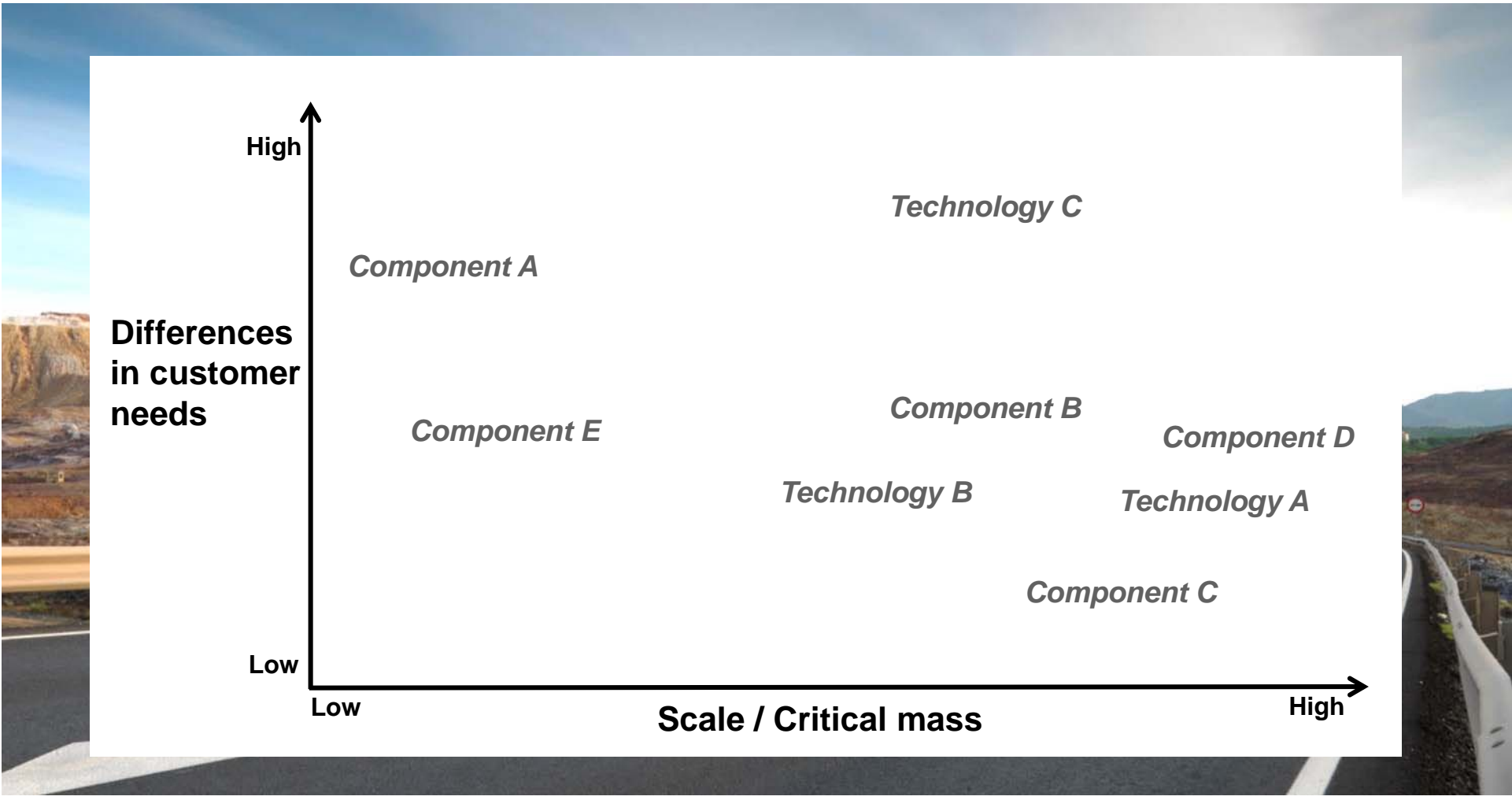
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VOLVO

CAST where it matters



R&D – improve efficiency

- Continuous introductions
- Debundle large projects into several
- Continuous improvements

- 
- + Improved product quality
 - + More stable workload
 - + Less project complexity
 - + Improved R&D productivity
 - + Less risk
 - + Competence retained and developed
 - + Empower people

Taking the lead in new technologies

ALTERNATIVE DRIVELINES & FUELS



AUTOMATION



CONNECTED PRODUCTS



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Governance for continuous improvements

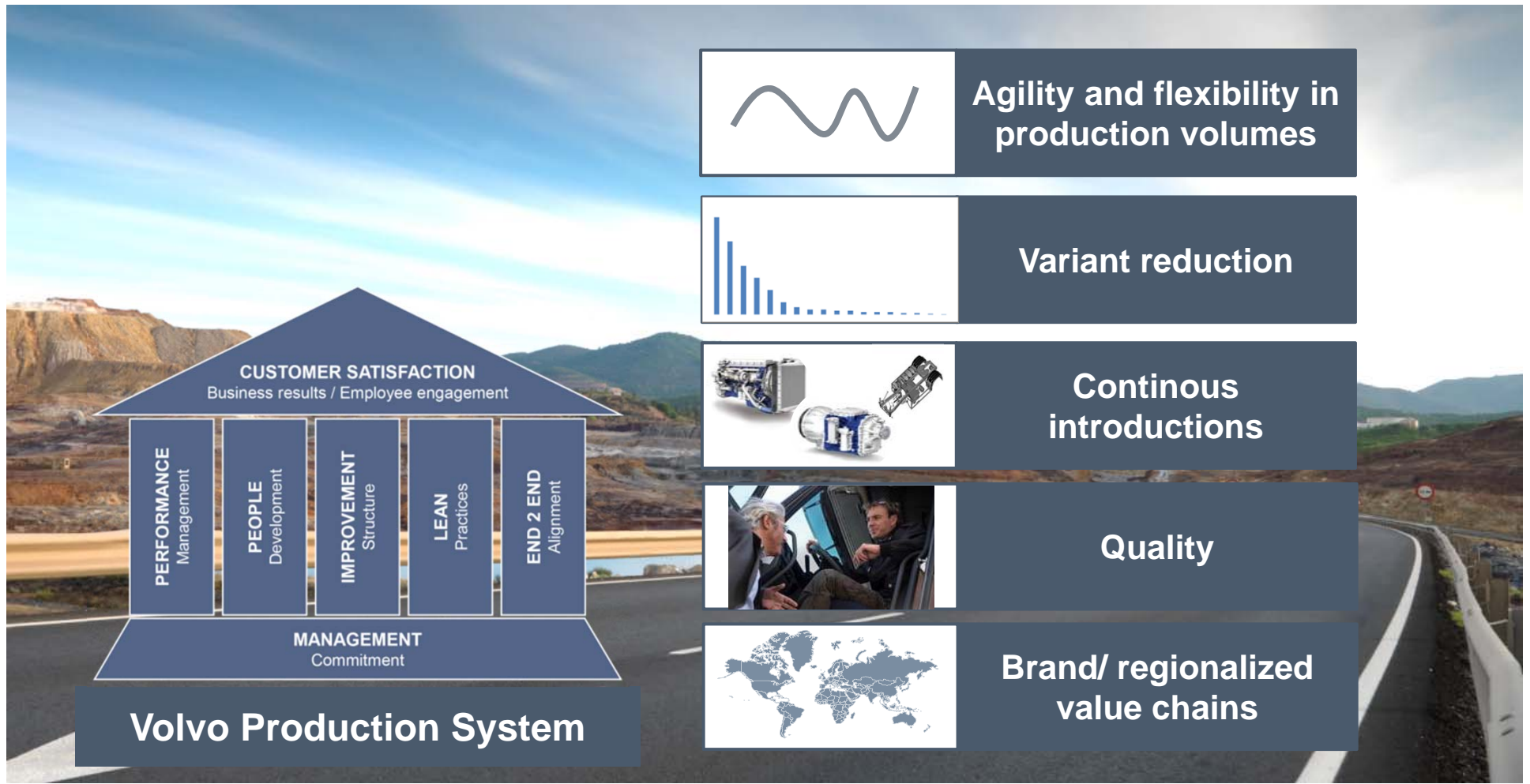


Operational level

Portfolio level

Strategic level

Creating a culture for continuous improvements



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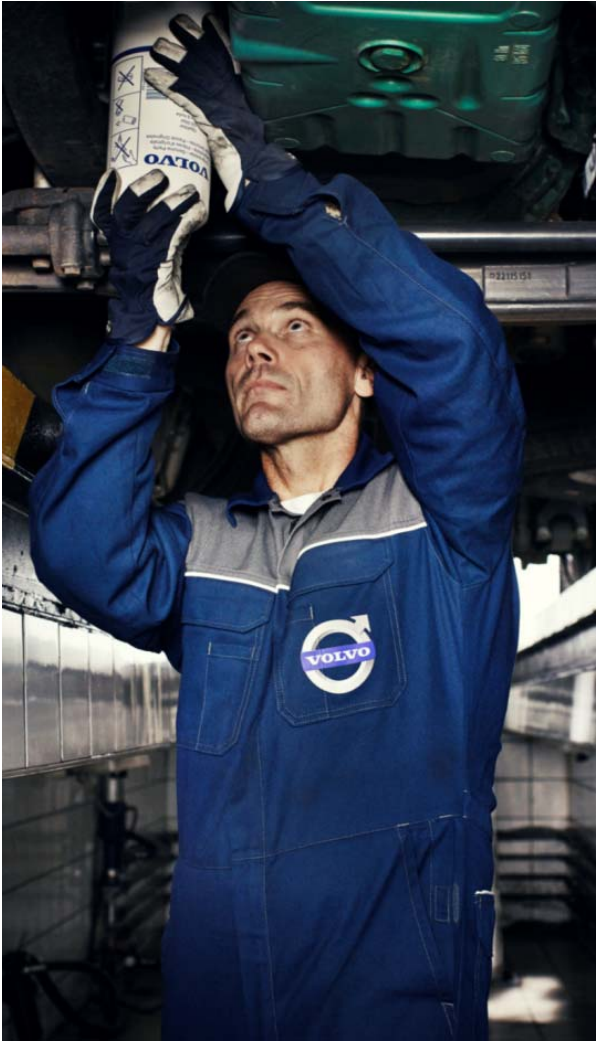
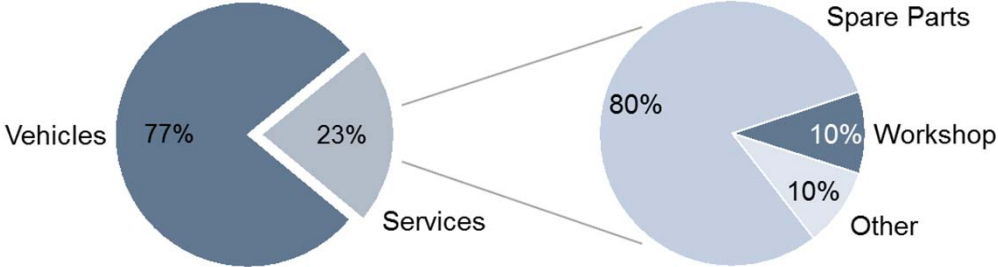
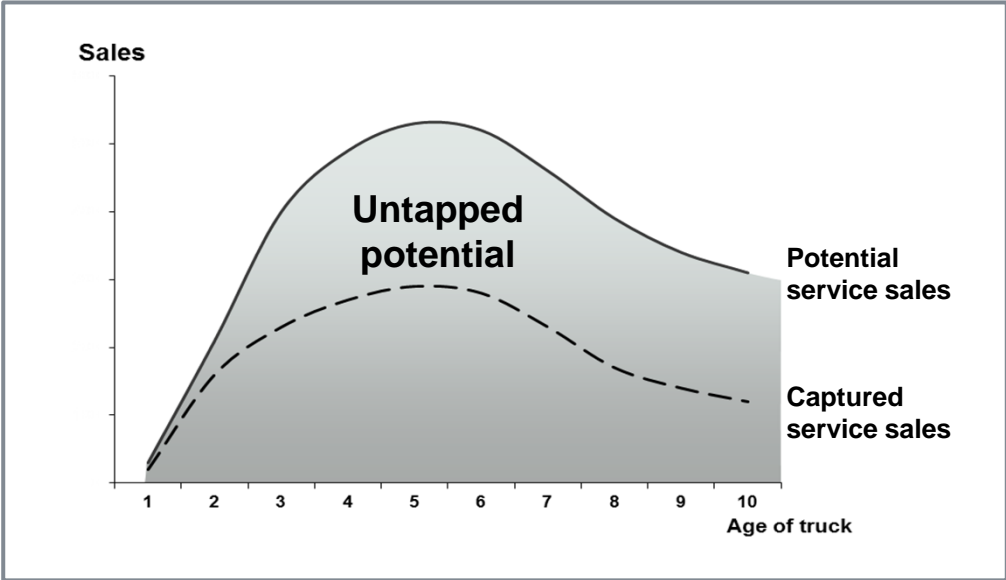
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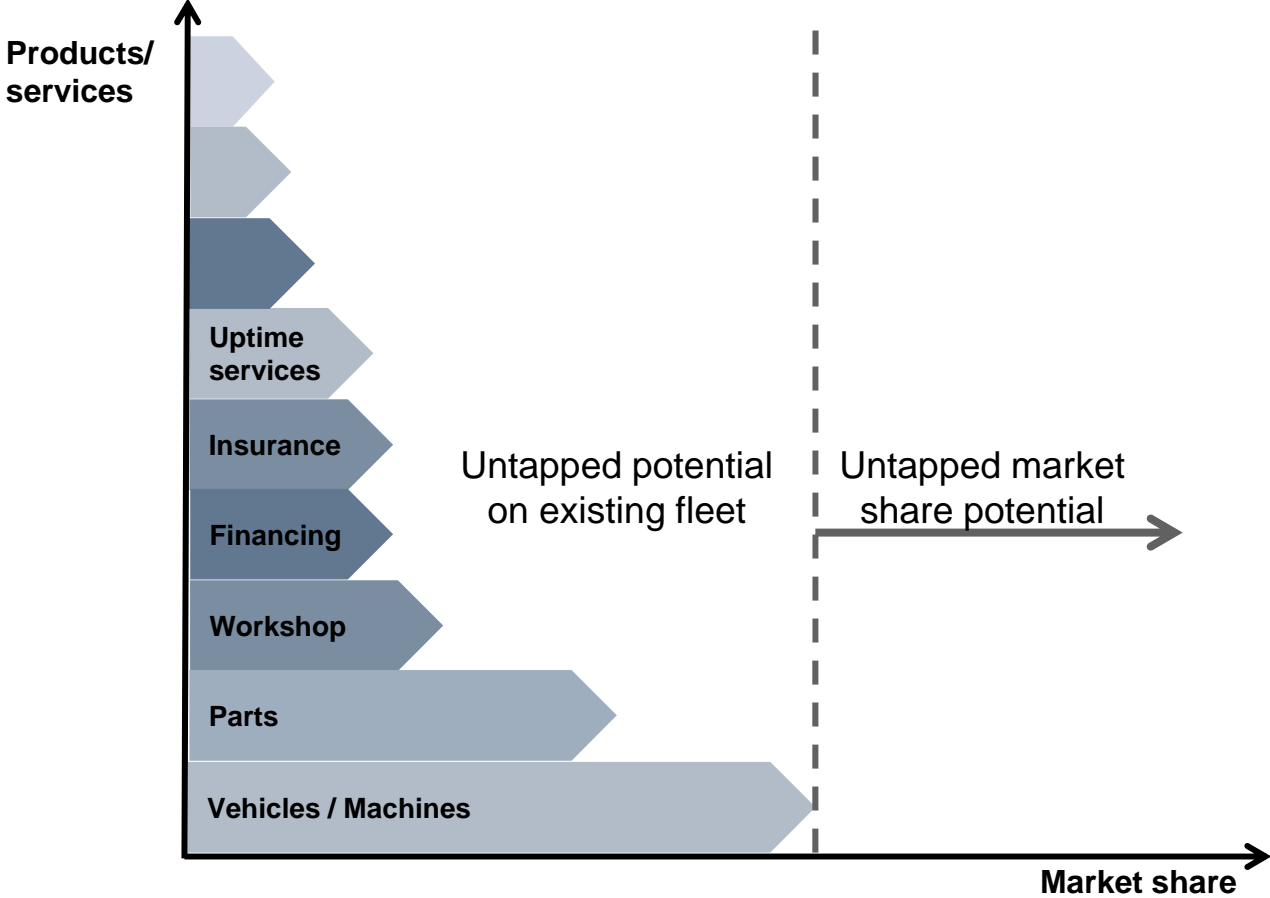
Customer loyalty starts in retail



Great potential in increasing service sales



Untapped service potential - illustrative



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Leverage Group assets

All business areas to deliver on P&L responsibility ...

... with ability to pull on Group-common assets:

- Customers & dealers
- Powertrain technology
- Financial services
- Electromobility
- Knowledge & talent
- Etc.



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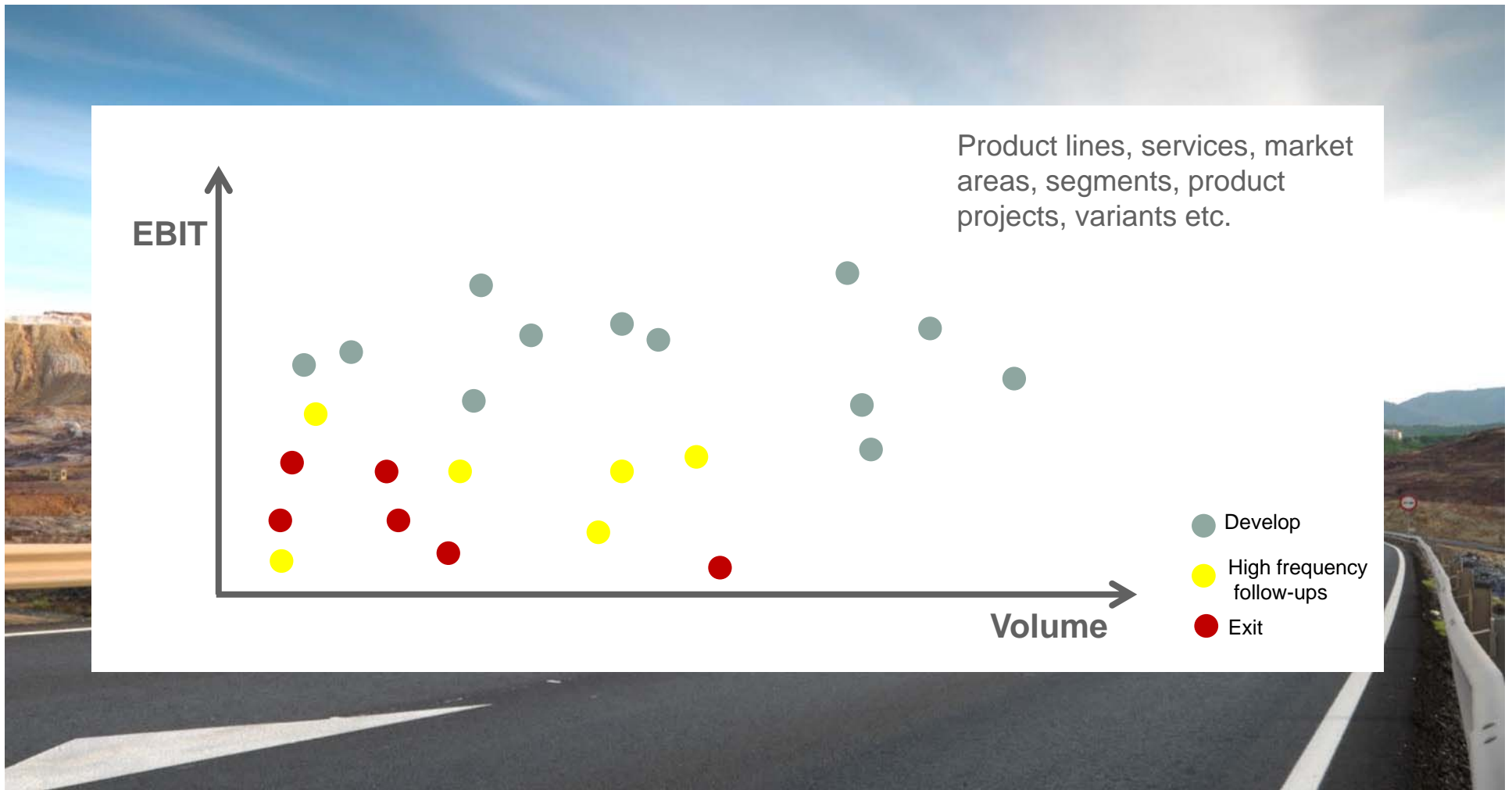
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Continuously review commercial performance and take action



What we want to achieve

- Clear leadership and profit and loss responsibility for each brand
- Those closest to the customer are empowered to make the right decisions
- More regionalized value-chain approach
- Simplicity, improved speed
- A mindset for continuous improvements





Q&A 