

VOLVO

VOLVO GROUP CAPITAL MARKETS DAY



Capital Markets Day 2024

2024-11-14

Gearing up for growth

- by delivering continuous solid performance
- by accelerating growth through transformation
- by evolving our performance culture

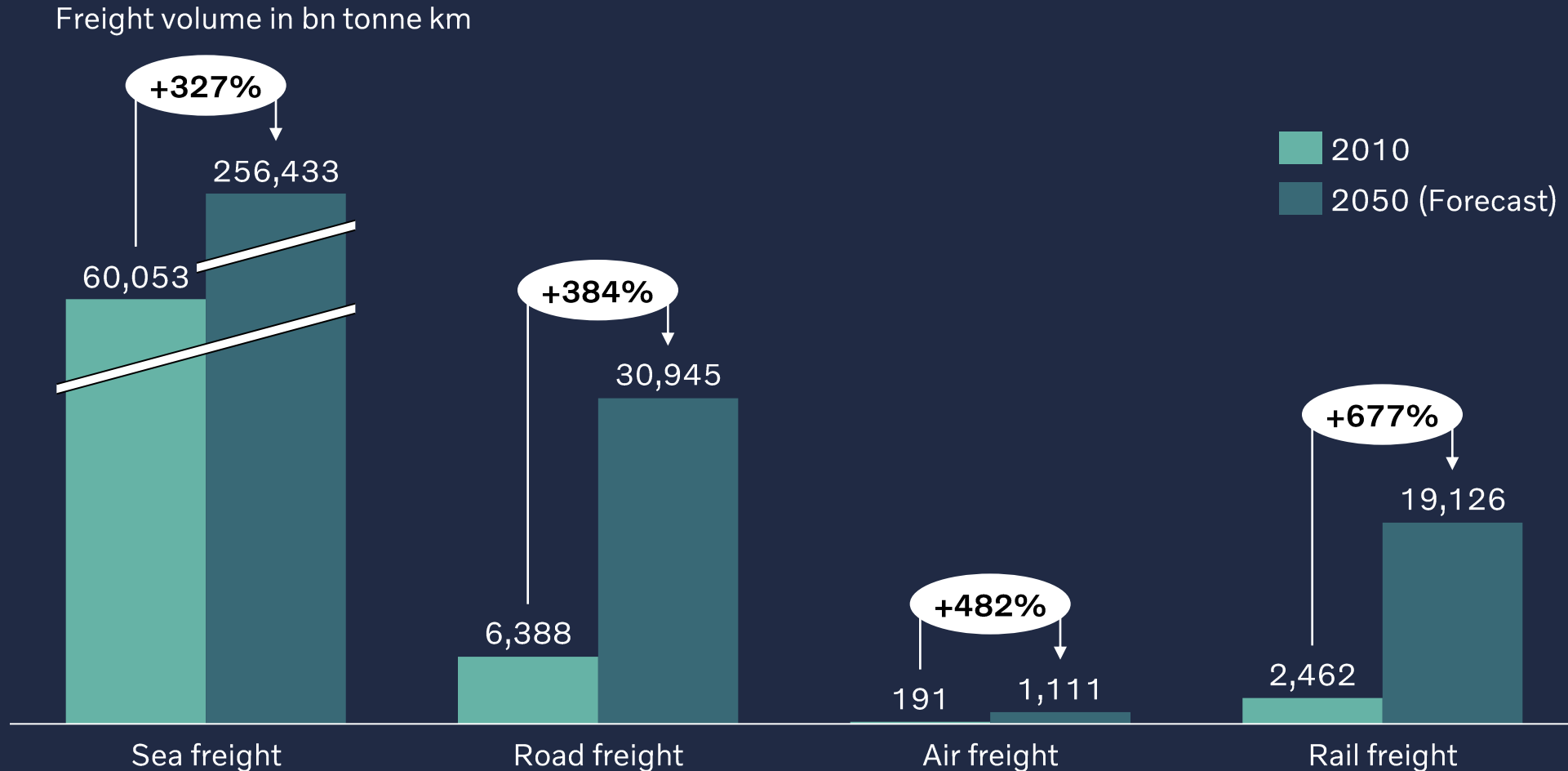


V O L V O

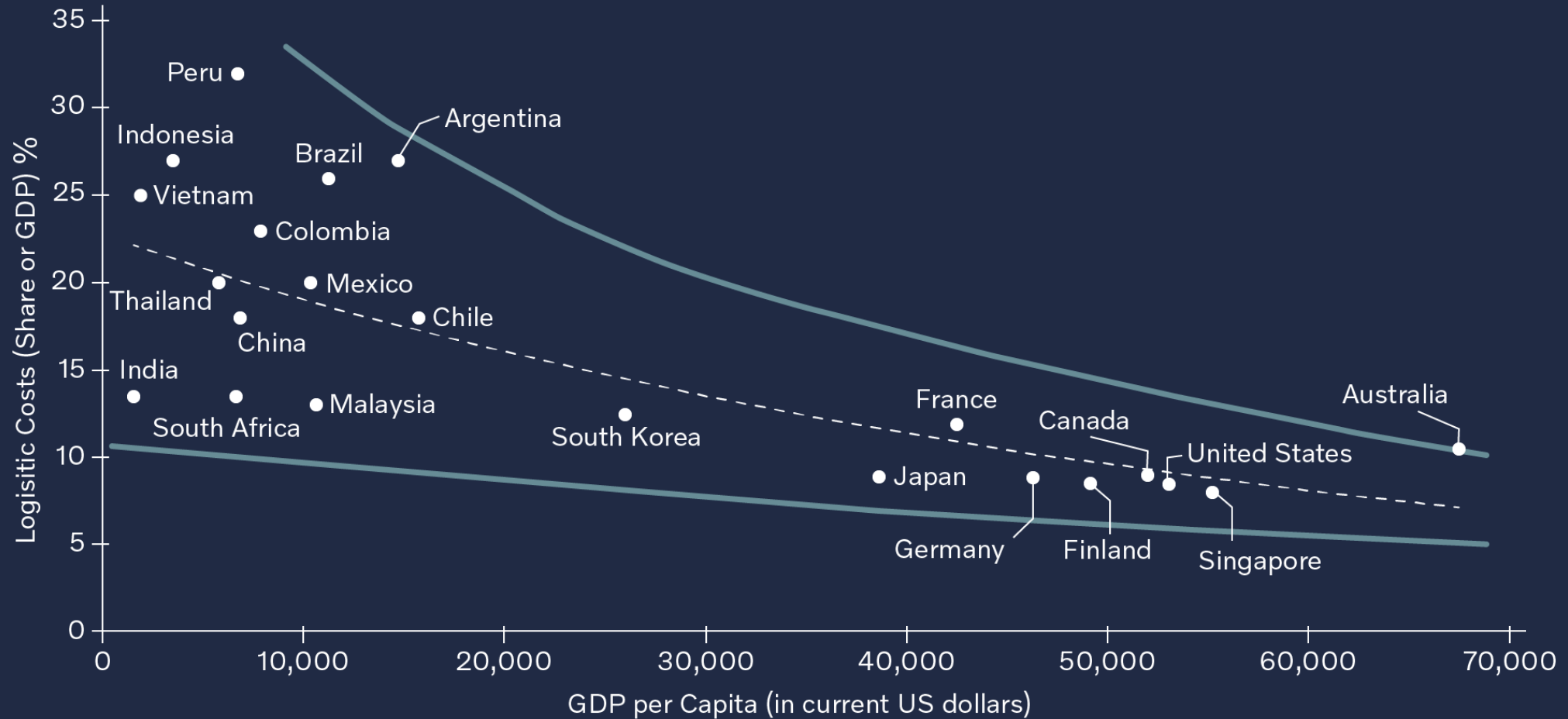


Driving prosperity through transport and infrastructure solutions

Road freight volumes expected to grow ~5 times 2010 to 2050



Advanced logistics systems drive prosperity and GDP per capita



Navigating in a changing world



Strong market, supply constraints and inflation

Normalized markets and lower inflation



Free trade and global market

Policies and regional market



Climate change tops everything

Climate change one of several global concerns



Robust energy mix

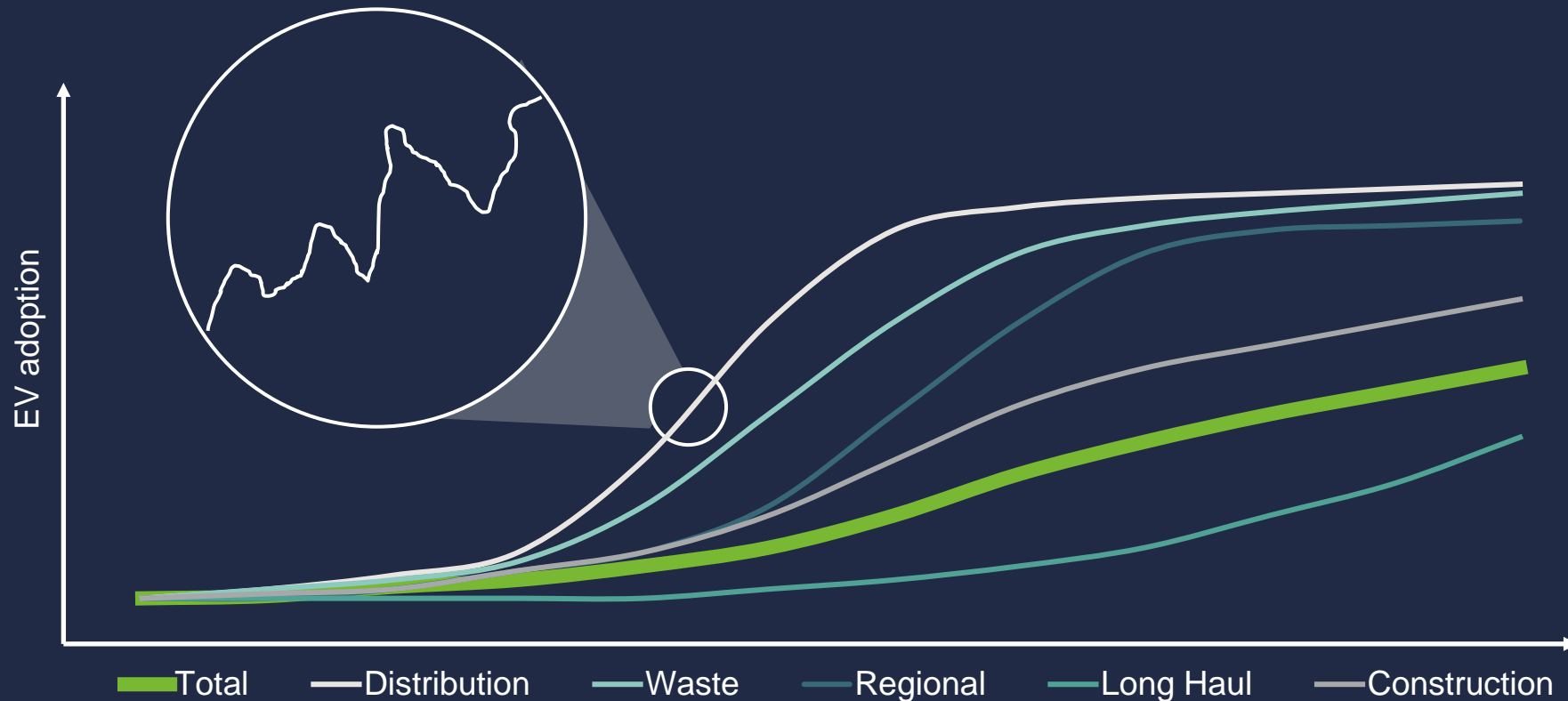
Energy transition



Hardware first

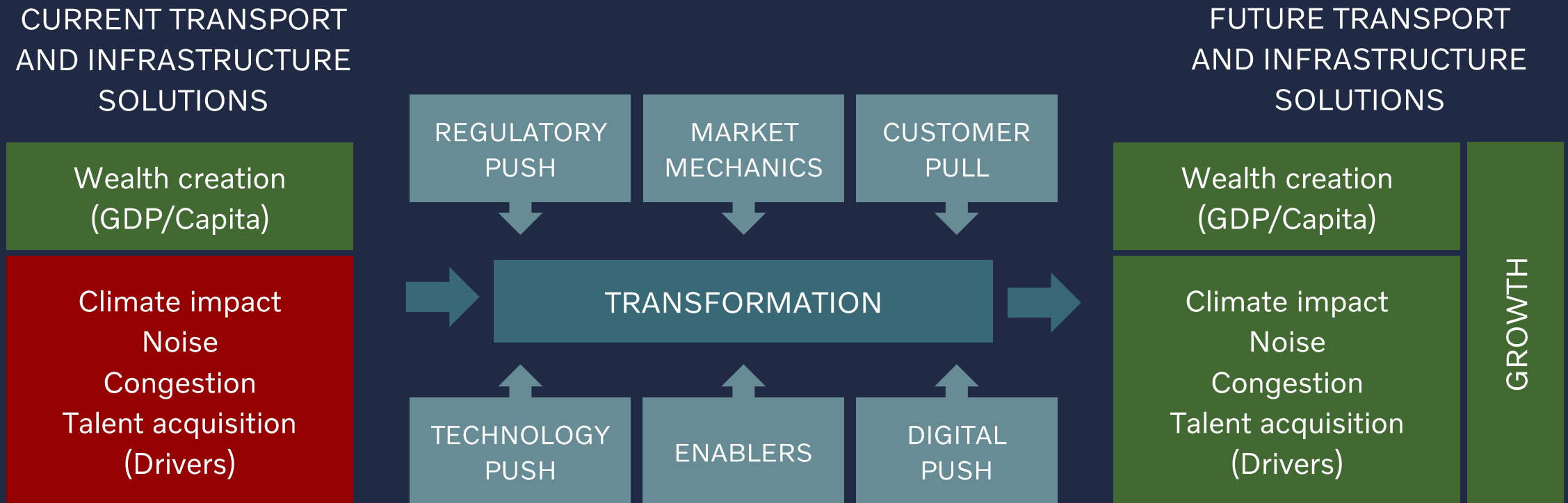
Software first

On macro level the electrification will happen segment by segment and region by region



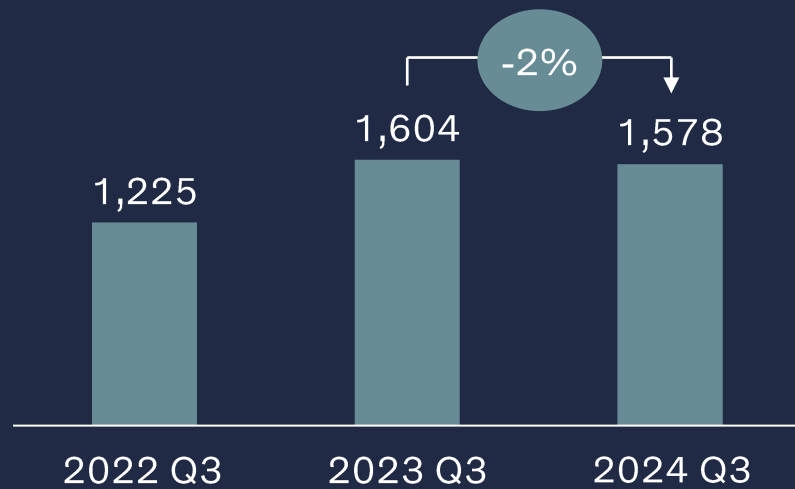
On micro level the transition will require a great deal of flexibility

Dynamical forces behind the speed of transformation

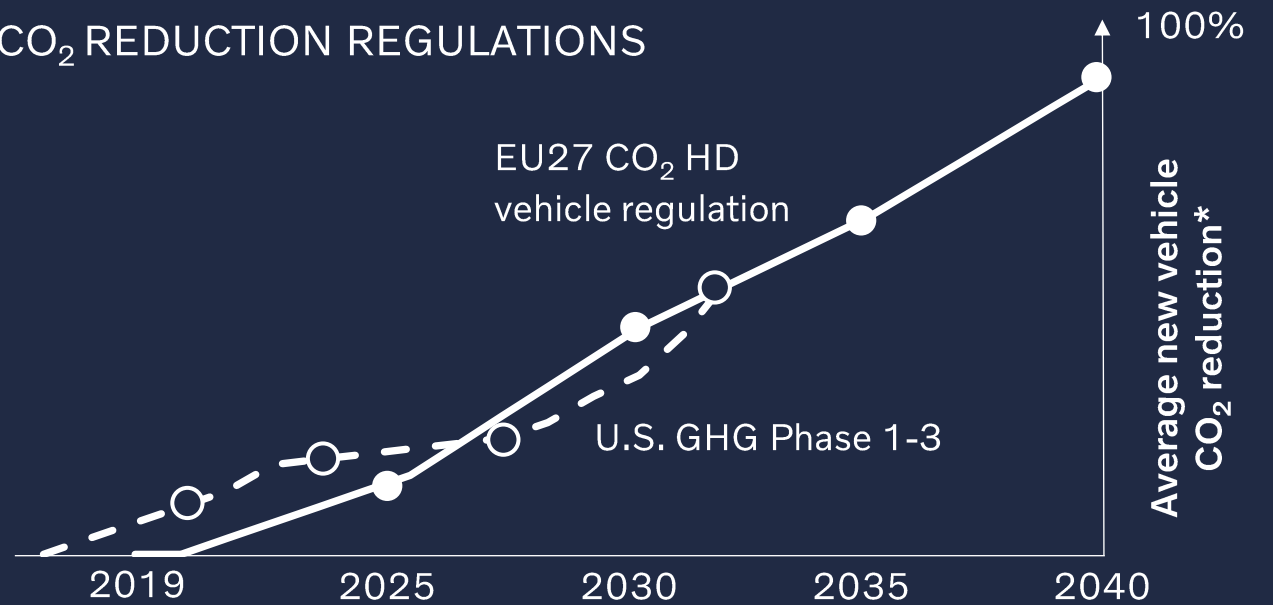


The regulatory frameworks need to balance between demand and supply for the transition to accelerate

ORDER INTAKE, FULLY ELECTRIC VEHICLES



CO₂ REDUCTION REGULATIONS



Synchronized regulatory frameworks critical for society to meet the Paris Accord of a maximum of 1.5 degrees temperature increase.

* Baseline for EU27 is 2019 and U.S. GHG Phase 1-3 is 2017.

The formula for electromobility adoption



The formula for electromobility adoption





The industry is on a journey to learn the new economics in ZEV

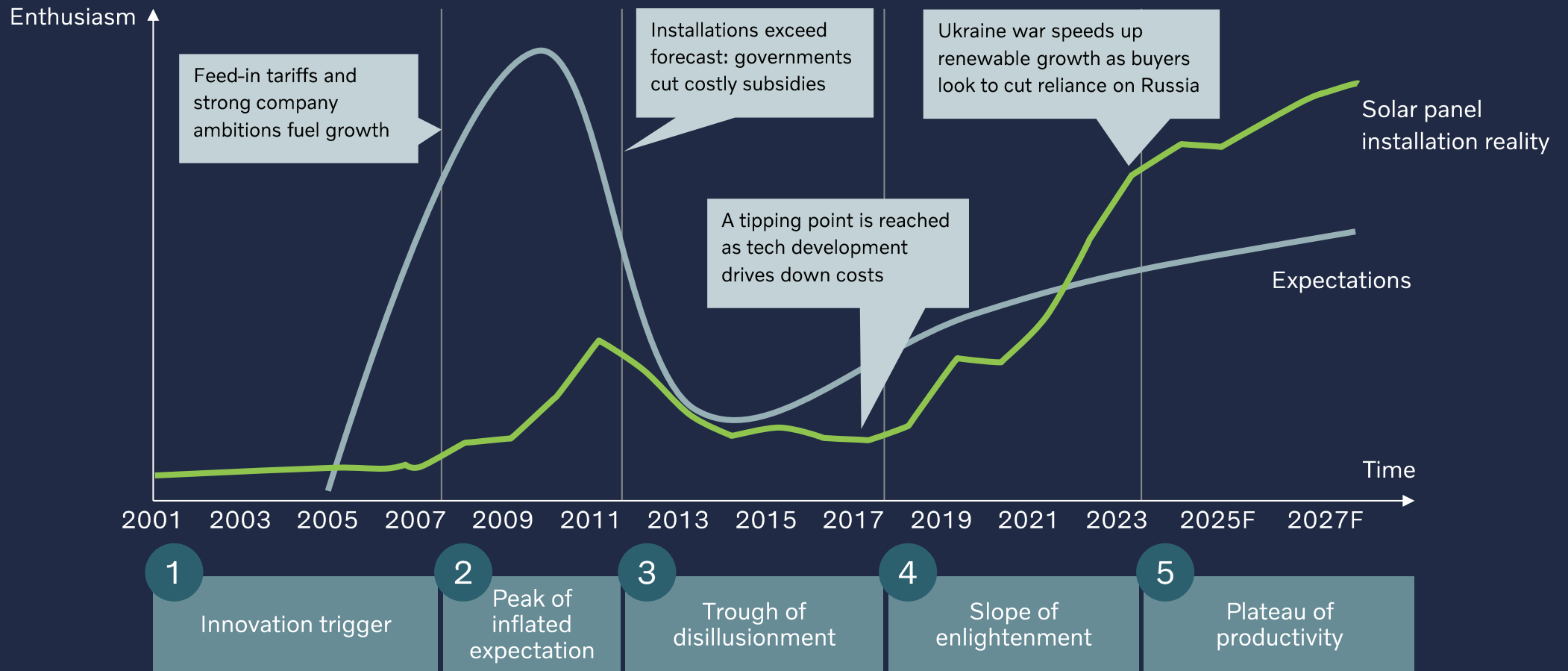
Today's economics are well known and stable

Tomorrow's economics will be different

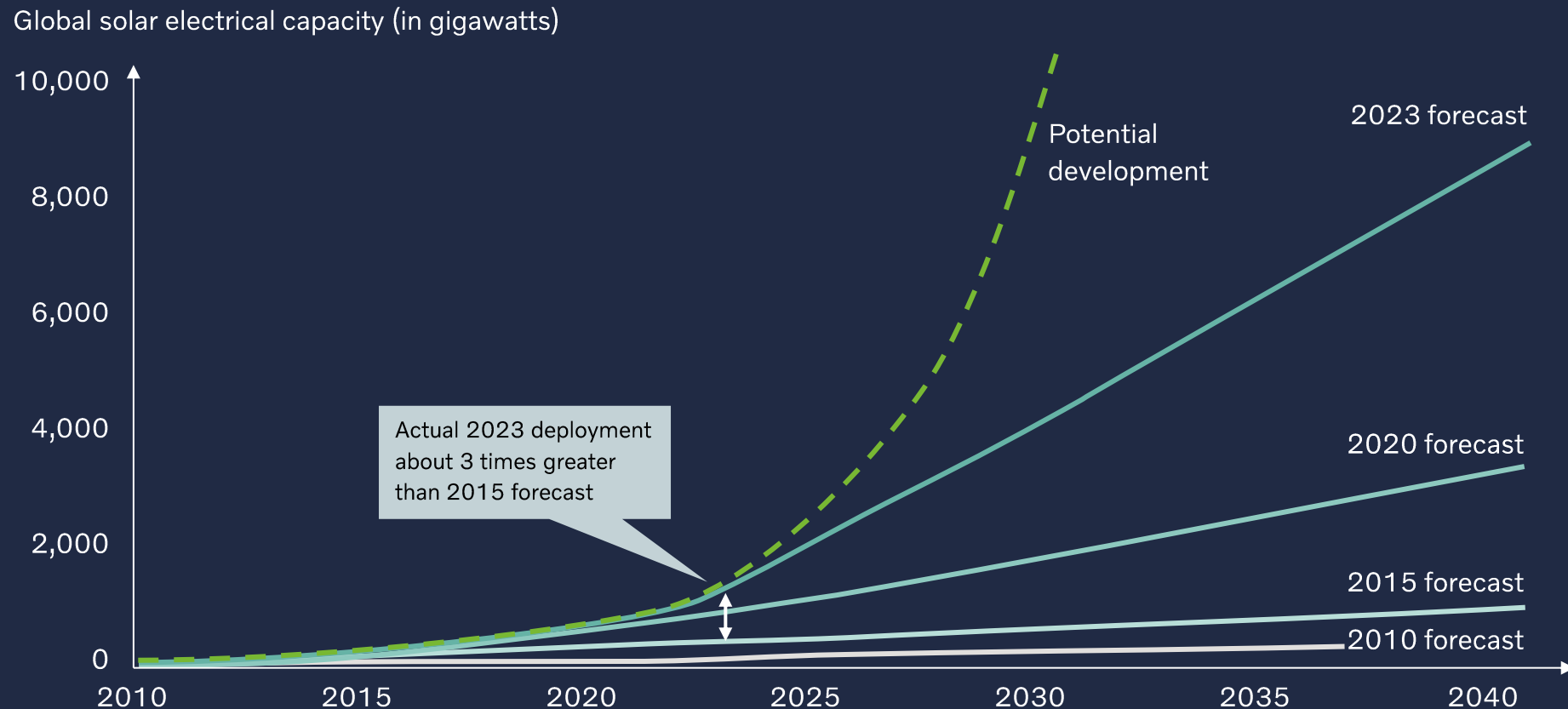


Over time, a balance between P&Ls of OEM's, customers and other players in the value chain is reached

Gartner change curve on common transformation cycles versus the example of solar panel installations

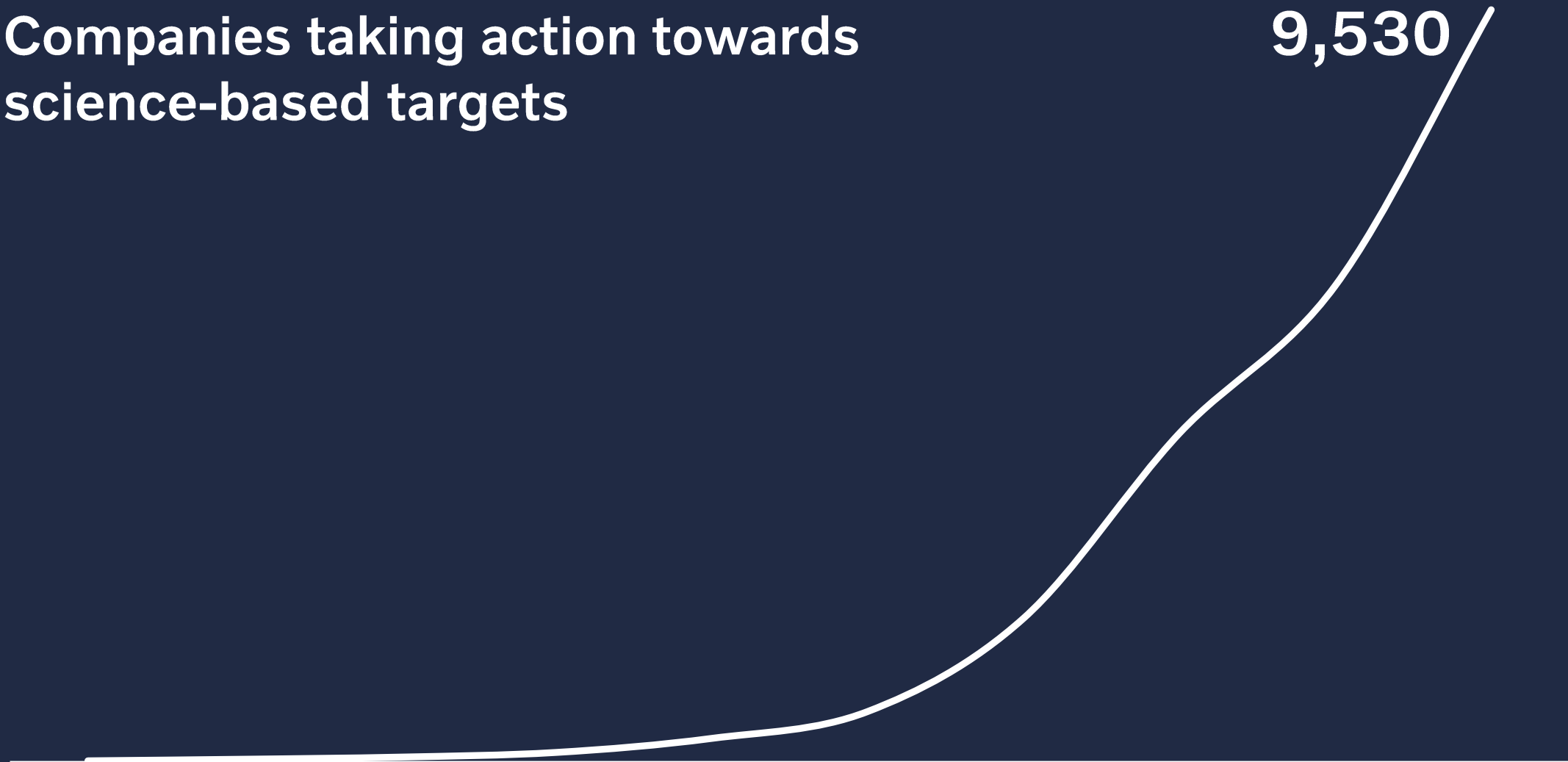


Forecasts consistently underestimate the speed of renewables' development



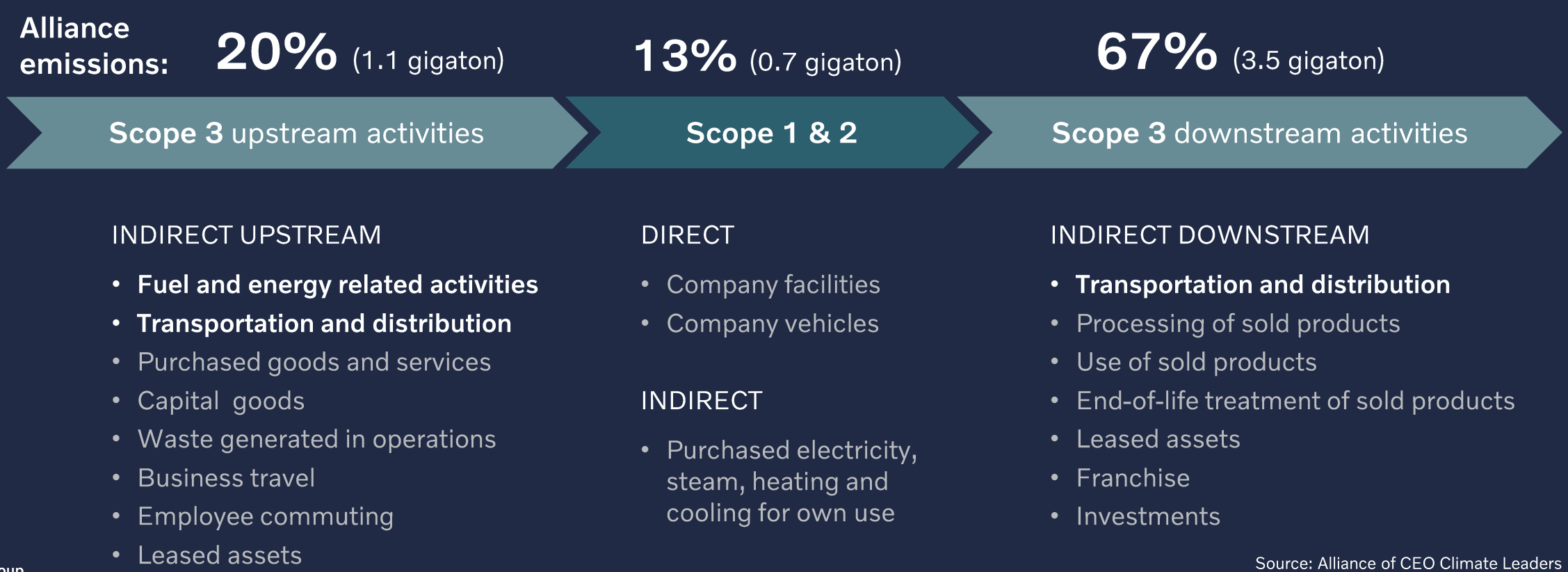
Companies taking action towards science-based targets

9,530



Key to decarbonization is to address Scope 3 emissions

Scope 3 represents ~87% of emissions among of Alliance of CEO Climate Leaders companies



Challenges and action areas to reduce scope 3 emissions

Five key challenges on Scope 3 downstream decarbonization



Energy mix dependence



Control over downstream emissions



Consumer/customer engagement and education



Lack of standardization and regulatory disparities



Transparency and data measurement

Four key action areas

Design for sustainability

- Design for product efficiency in use phase
- Design for material circularity
- Design for circular business models
- Design for life extension

Manage financial flows

- Invest in green assets and market green products
- Promote and support portfolio decarbonization

Guide customers

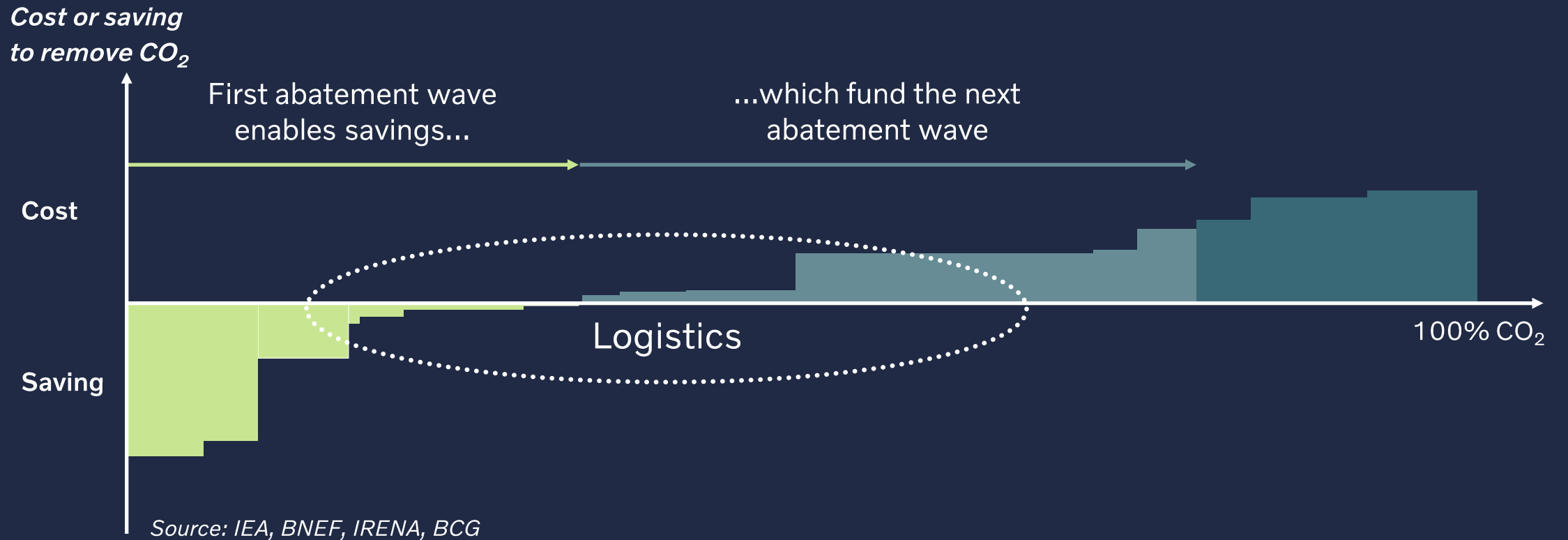
- Engage consumers on product impact along lifecycle (B2C)
- Partner with customers on product use decarbonization (B2B)

Optimize transport & distribution

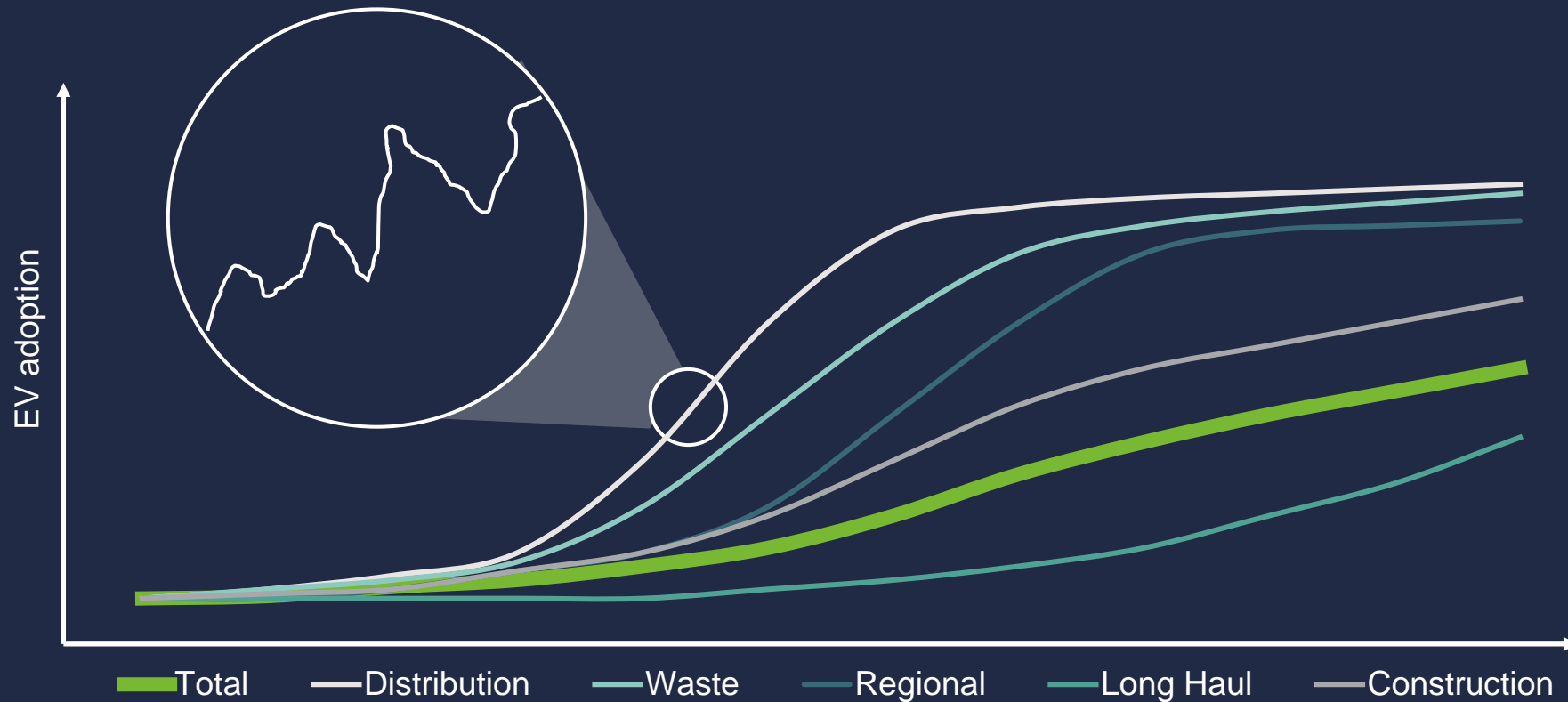
- Transition to low-carbon mode
- Collaborate to optimize routes and energy mix
- Optimize load management

Low investment to decarbonize logistics

Example: Automotive OEM, CO₂ scope 1–3

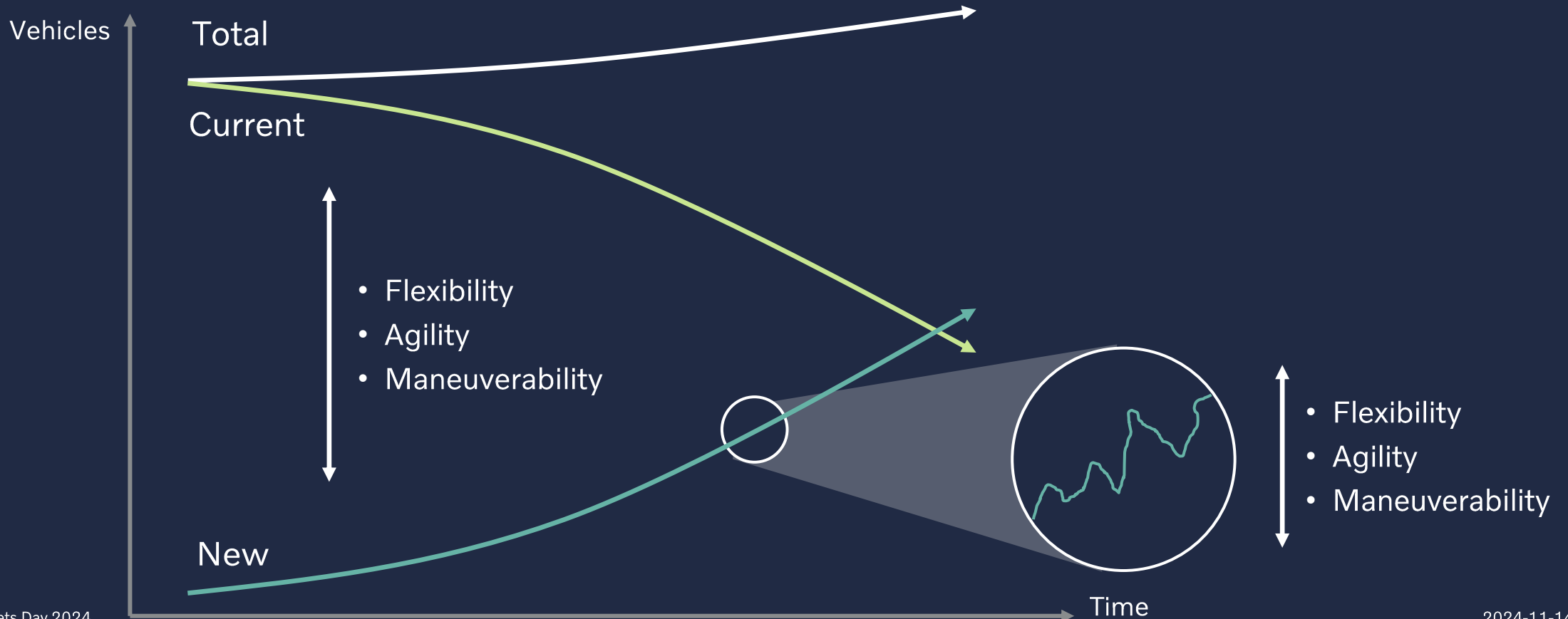


On macro level the electrification will happen segment by segment and region by region



On micro level the transition will require a great deal of flexibility

Uncertainty in speed of transformation requires flexibility both on macro and micro level



V O L V O



Driving prosperity through transport and infrastructure solutions

LONG TERM AMBITION

100%

Safe
Fossil free
More productive

V O L V O



Strategic direction: Winning today and tomorrow

Strong positions
in key markets
with regional
value chains

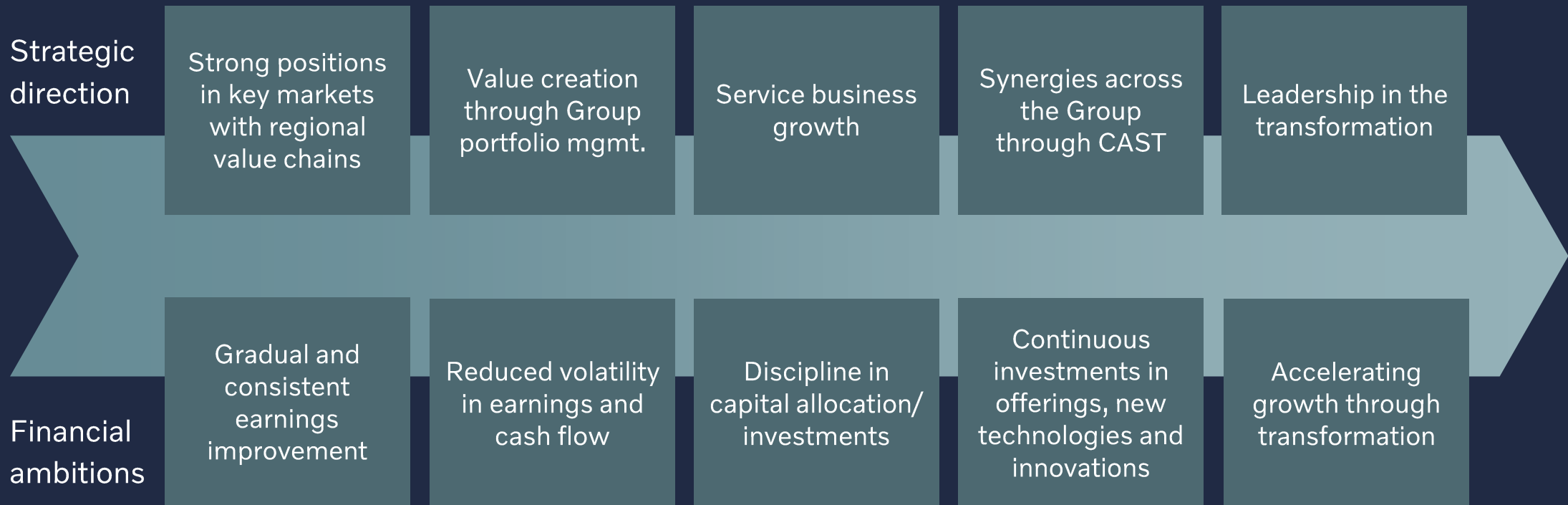
Value creation
through Group
portfolio mgmt.

Service business
growth

Synergies across
the Group
through CAST

Leadership in the
transformation

Our strategic direction is in sync with our financial ambitions



Our strategy has served us, our customers and our owners well ...

Cumulative total return Volvo vs MSCI Index Jan 1, 2014 – Oct 23, 2024, %



Comment

Total return to shareholders, including gross dividends, since Jan 1, 2014:

- Volvo Group: 448%
- MSCI World Machinery Index: 321%

... and we are dedicated to continue this journey

Evolving our performance culture

- Those closest to the customer are empowered to make the right decisions
- Clear leadership and P&L responsibility for each brand and owners' mentality
- Leveraging partnerships to drive innovation
- Driving simplicity and speed
- A mindset of continuous improvements
- Unleashing our full human potential



Our strategy is clear

**We will continue to win
in ICE, BEV and FCEV –
regardless of the pace
of transformation ...**

... with the strongest product and
solution lineup ever



Volvo CE continues to invest with its biggest launch ever!



- Launch of 80 new and updated machines, along with new services in 2024–2025
- A new range of excavators, articulated haulers, rigid haulers for regulated markets and several electric solutions
- Both conventional and electric vehicles
- With the new range of articulated haulers Volvo CE will continue its #1 market share position

VOLVO



LARGE
>300KW



MEDIUM



MIDI

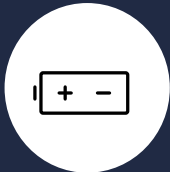


MINI
< 30KW



Volvo CE moving up the ladder on sustainably powered machines

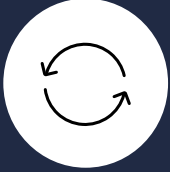
With additional electric machines Volvo CE continue to move up the ladder on sustainably powered machines with more products, in more segments, to new and existing customers. Leveraging Group technologies through CAST.



BATTERY
ELECTRIC



CABLE
ELECTRIC



MOTION
RECUPERATION



FUEL CELL
ELECTRIC

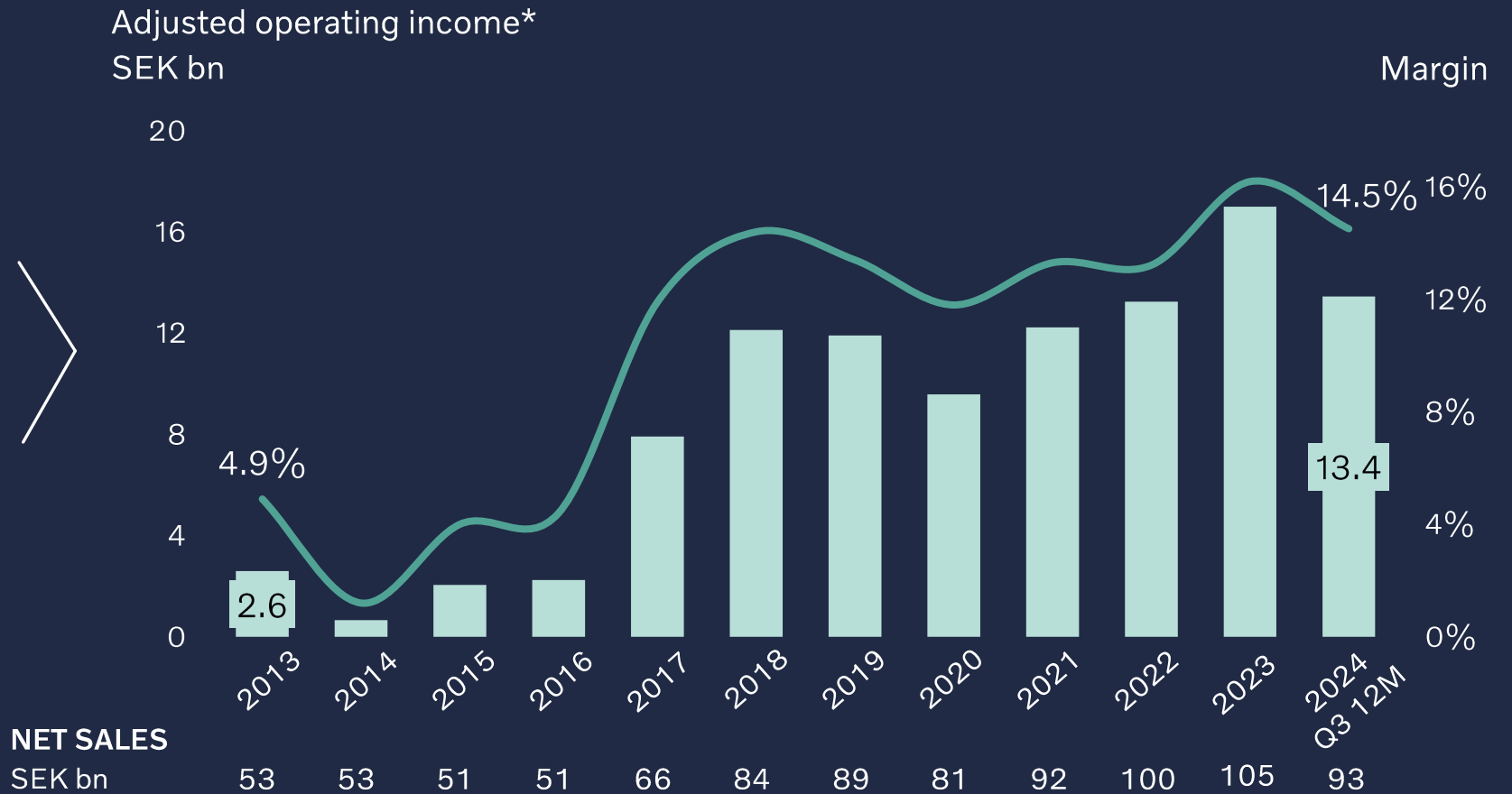


H2ICE

Volvo Construction Equipment focused strategy on GPE machines and service growth yields through cycle resilience






- Strong performance through the business cycle
- A focused strategy consisting of a global brand, product, and market mix in core segments
- Increasing share of service business
- Consistently strengthening the retail business

*Reported Operating Income 2013–2021, Adjusted Operating Income 2022–2024

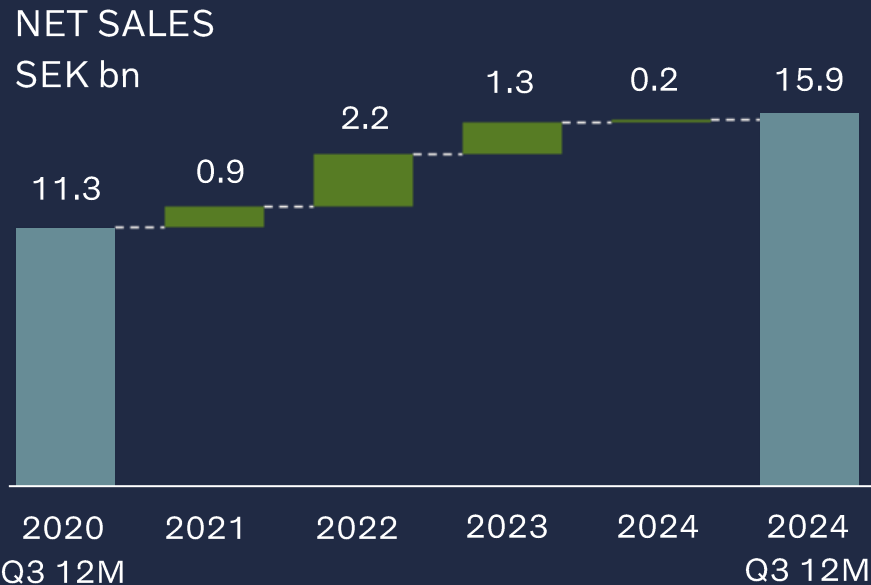


Expanding services and solutions business to come closer to customers and build earnings resilience

WHY SERVICES?

-  Strengthened customer loyalty & uptime
-  Improved customer performance
-  Reduced site complexity lowering customer cost
-  Competitive advantage and differentiation
-  Potential for revenue increase and earnings resilience
-  Safeguard position in ecosystem

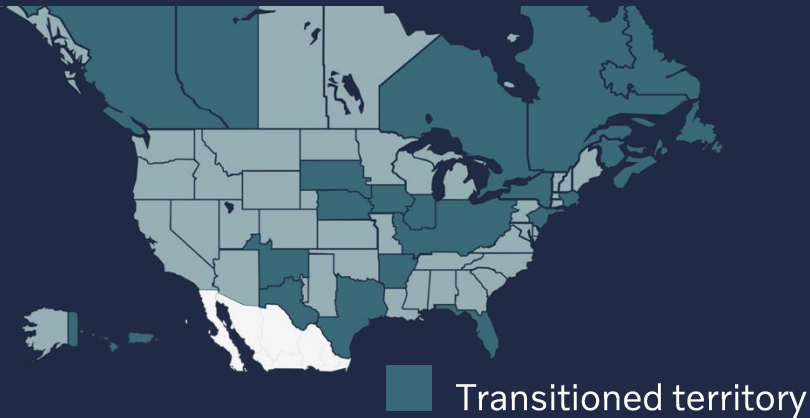
GOOD TRACTION IN OUR SERVICES AND SOLUTIONS DEVELOPMENT



- Net sales from services and solutions have grown by more than 40% since 2020.
- The service portfolio includes Parts and Uptime & Productivity services driving performance and earnings resilience.
- Uptime and Productivity services now make up about 19% of total net sales, up from 14% in 2020.

Strengthening North American market position through strategic dealer network consolidation

DEALER NETWORK CONSOLIDATION



- 18 transferred dealers since 2017, representing 52% of the North American market
- 117% growth in dealer equity
- Dealer network consolidation resulting in win-win for the Volvo Group and our retail partners

BRAND RECOGNITION

8%

in 2017, considered Volvo CE as a brand to purchase



60%

in 2023, considered Volvo CE as a brand to purchase

3%

Market share increase 2017–2024 on average

Volvo Construction Equipment is driving growth from a position of strength



Biggest launch ever to drive growth and market share worldwide



Leverage partnerships and Group technologies to accelerate the transformation journey



Accelerate service growth, customer productivity and uptime through connectivity



Strengthen market position through retail development along with dealer partners

V O L V O

A RANGE MADE FOR GROWTH





A NEW LEVEL OF
Fuel efficiency
Safety
Sustainability
Productivity
Driver comfort



THE ALL-NEW VOLVO VNL

- Fuel reductions of 10%
- Superior safety, uptime and driver comfort



VOLVO FH AERO

- Most fuel-efficient truck ever
- Camera Monitor System (CMS)
- Electric, gas-powered or diesel



VOLVO

VOLVO FH16

- The most powerful truck in the industry
- 780 horsepowers
- 3800 Nm torque



VOLVO FM LOW ENTRY

- All-electric for all city segments
- Excellent driver comfort, safety and visibility

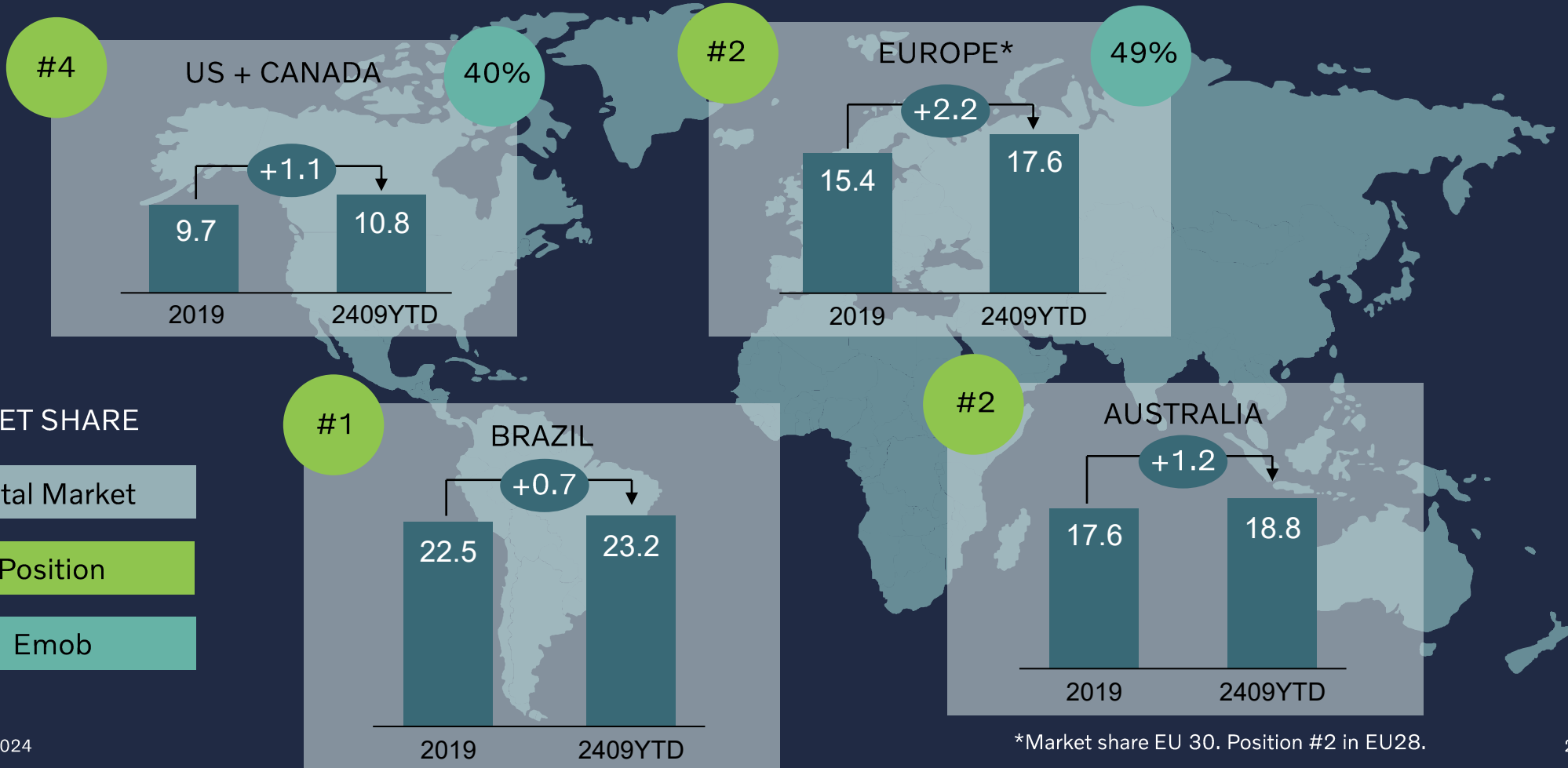


V O L V O



Driving market share growth globally

Strong focus on North America and on capturing the electric market



MARKET SHARE

- Total Market
- Position
- Emob

*Market share EU 30. Position #2 in EU28.

Capturing the growth prospects of the transformation

Leveraging our electric leadership



- 4,600 trucks in 49 countries
- +120 million km in commercial operations
- 8 electric models in series production
- Volvo on Demand

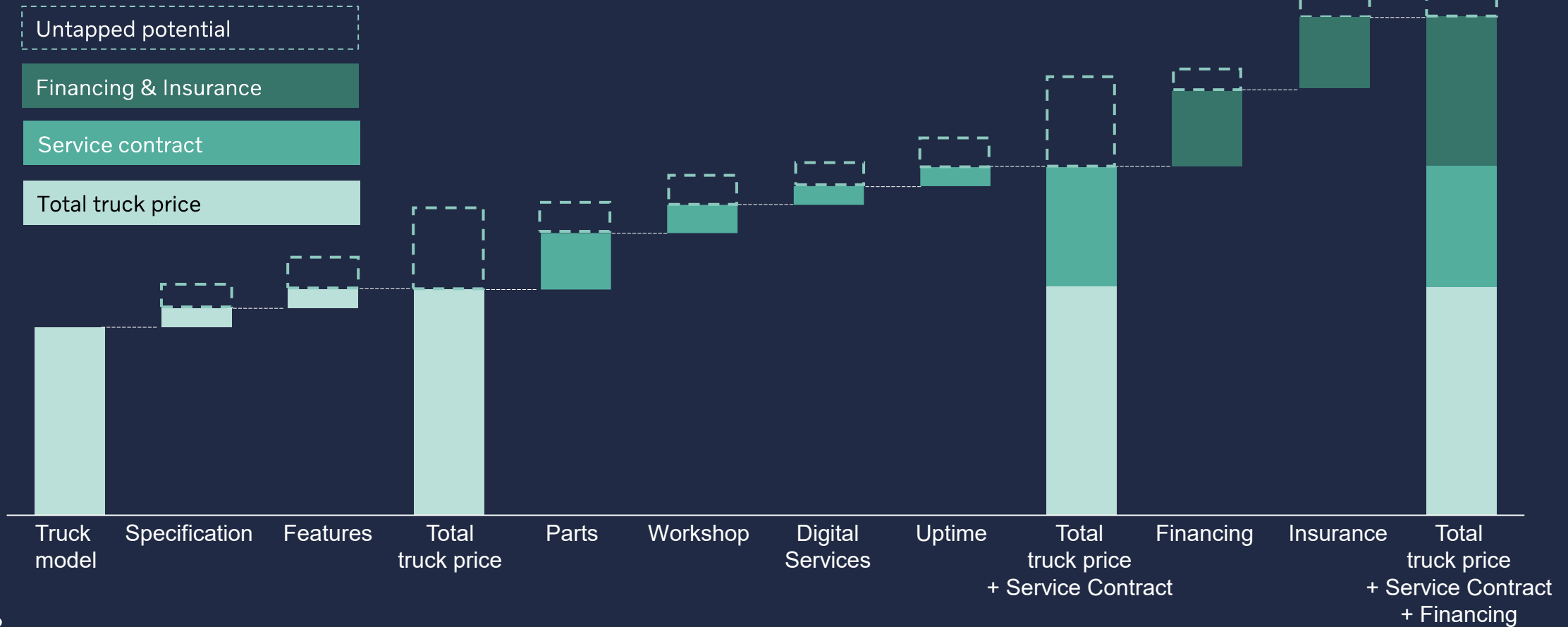


Our growth potential:

- More segments targeted with 600 km range
- Higher truck value and larger share of service contracts and financing
- Charging service adds new revenue streams

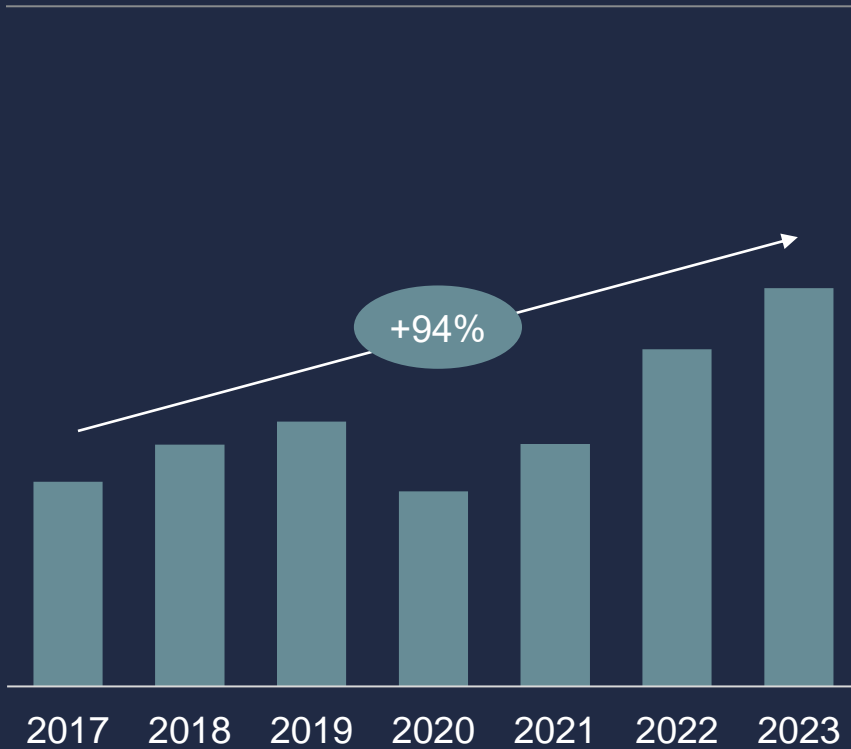


Selling the total offer to maximize the life-cycle earnings

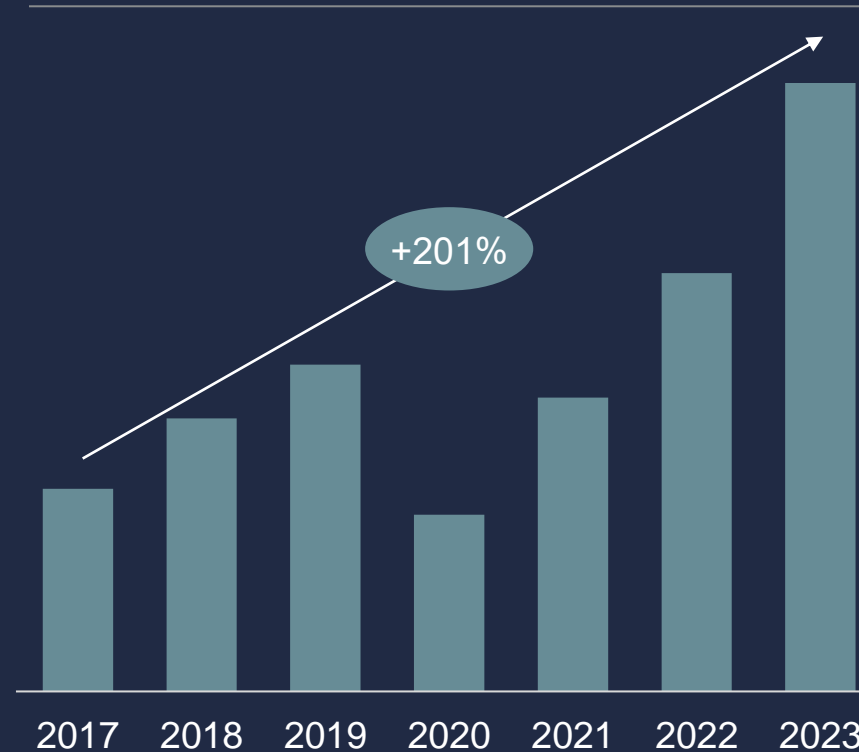


Volvo Trucks – profitable growth journey

NET SALES



OPERATING INCOME



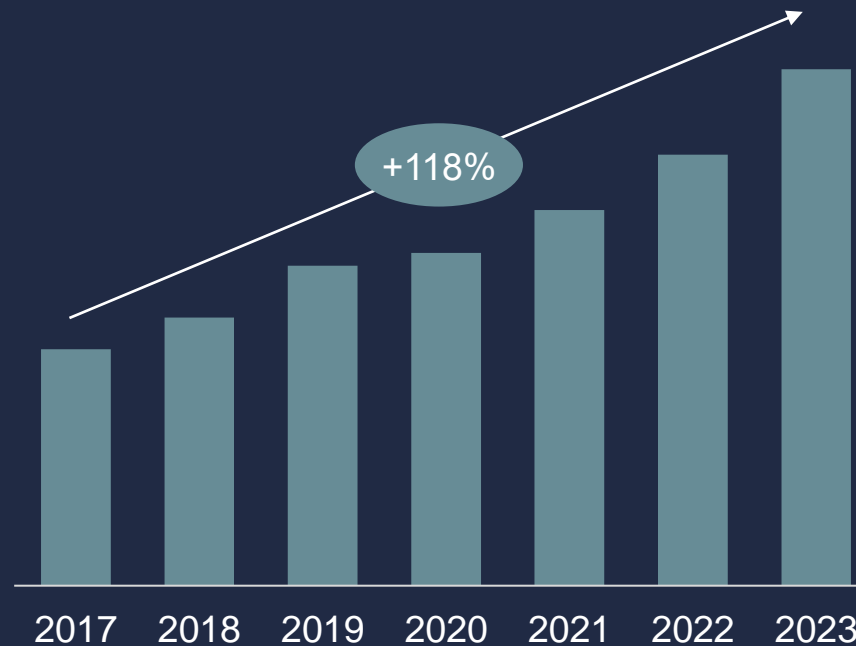
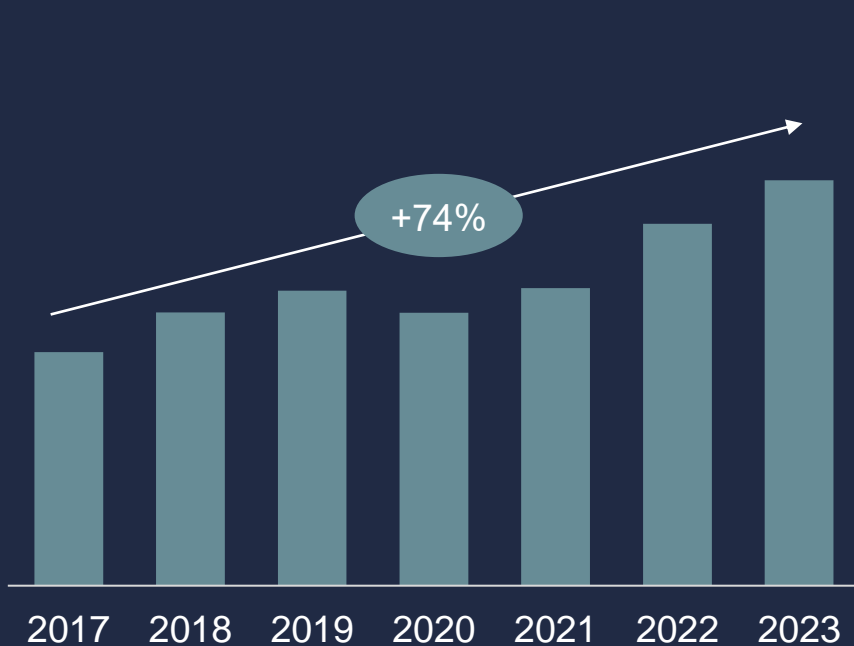
- +6.7 ppt operating margin improvement
- Record volumes for trucks and services
- Significant price realization
- Increased R&D investments

Strong service business development

Growing population and service contract penetration is our foundation for growth

SERVICES NET SALES

SERVICE CONTRACT PORTFOLIO VALUE



Our growth potential:

- Service potential of rolling population: 1.1 million trucks and increasing
- Increase the take rate of service contracts and bundle services

Capturing growth opportunities from a position of strength



Maximizing the new product range to grow market share and total offer



Capturing the growth of the transformation by leveraging our leading position



Untapping the full potential of the service business



Targeting further market growth with special focus on North America

Broad customer base with strong and long-term relations

VOLVO



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Holistic program in place to drive growth in North America

PRODUCT PORTFOLIO



New product range

- Leading fuel efficiency and feature positions

SUPPLY CHAIN & MANUFACTURING



New factory in Mexico

- Start of production 2026
- Stabilized supply chain

COMMERCIAL AND DISTRIBUTION NETWORK



Strengthening and expansion of dealer network

SERVICE GROWTH



Driving service sales with end-to-end growth plan and service contracts

A regional value chain with a strong culture and leading customer satisfaction

Holistic program in place to drive growth in North America

PRODUCT PORTFOLIO



New product range

- Leading fuel efficiency and feature positions

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COMMERCIAL AND DISTRIBUTION NETWORK



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SERVICE GROWTH



Driving service sales with end-to-end growth plan and service contracts

A regional value chain with a strong culture and leading customer satisfaction



MACK®

An American icon gearing up for the future

THE FOUNDATION IS IN PLACE



#1 Customer Satisfaction

Strong dealer network

Expanded product offer

Increased capacity

Vocational solutions

Additional Business

Driving growth in North America

INCREASING ADDRESSABLE MARKET AND TOTAL SOLUTIONS



24%*



3%*

Core MACK segments: MAINTAIN LEADERSHIP POSITION



73%*



Long & regional haul & medium duty: GROW FOCUS

Truck

Parts

Uptime

Digital Services

Vocational
Productivity

Financing

Insurance

Mack
Total Offer

CUSTOMER SATISFACTION

Additional Business Opportunities

IMPROVED PROFITABILITY & RESILIENCE

Latin America



Mexico



Australia

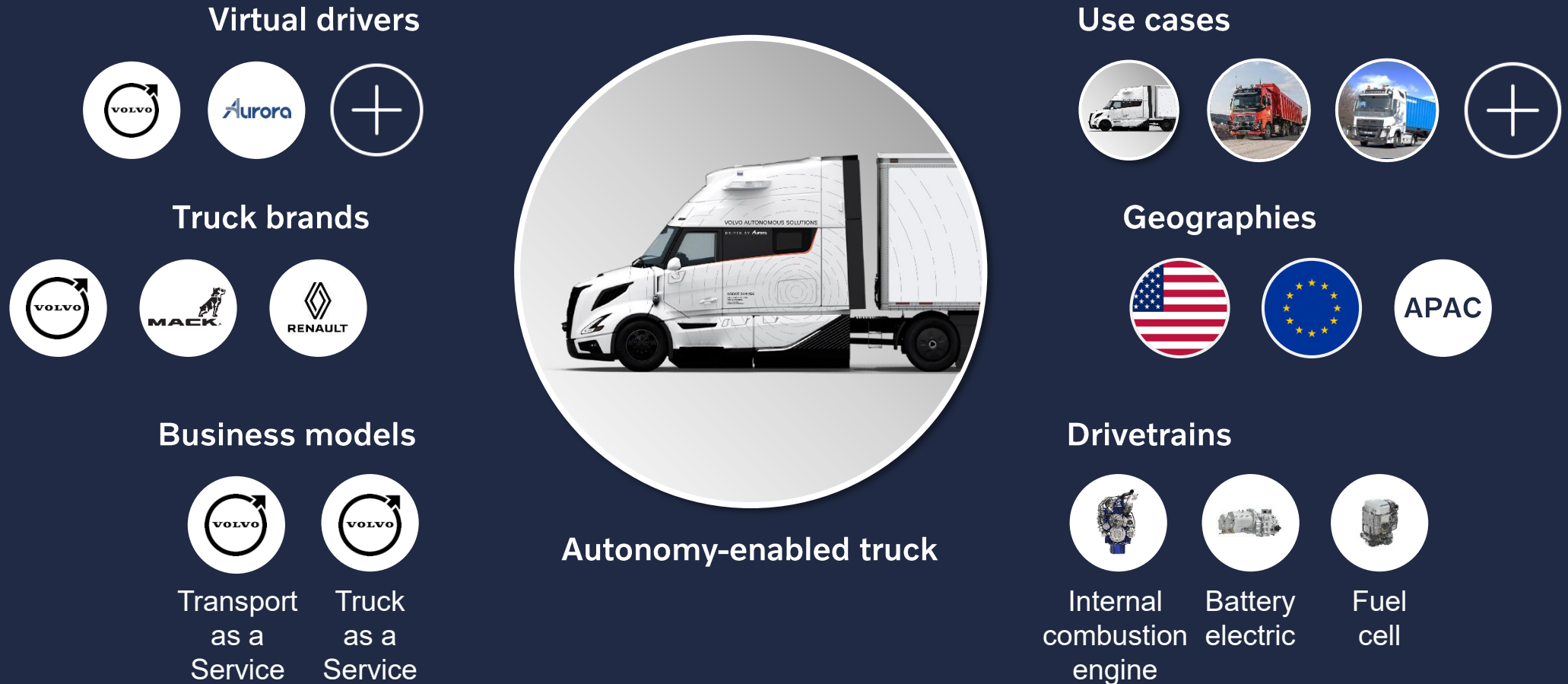


Defense



Volvo's standard vehicle for autonomous transportation

Platform to maximize value creation for Volvo Group



Volvo Autonomous Solutions has achieved critical milestones



Unveiling of the Volvo VNL Autonomous



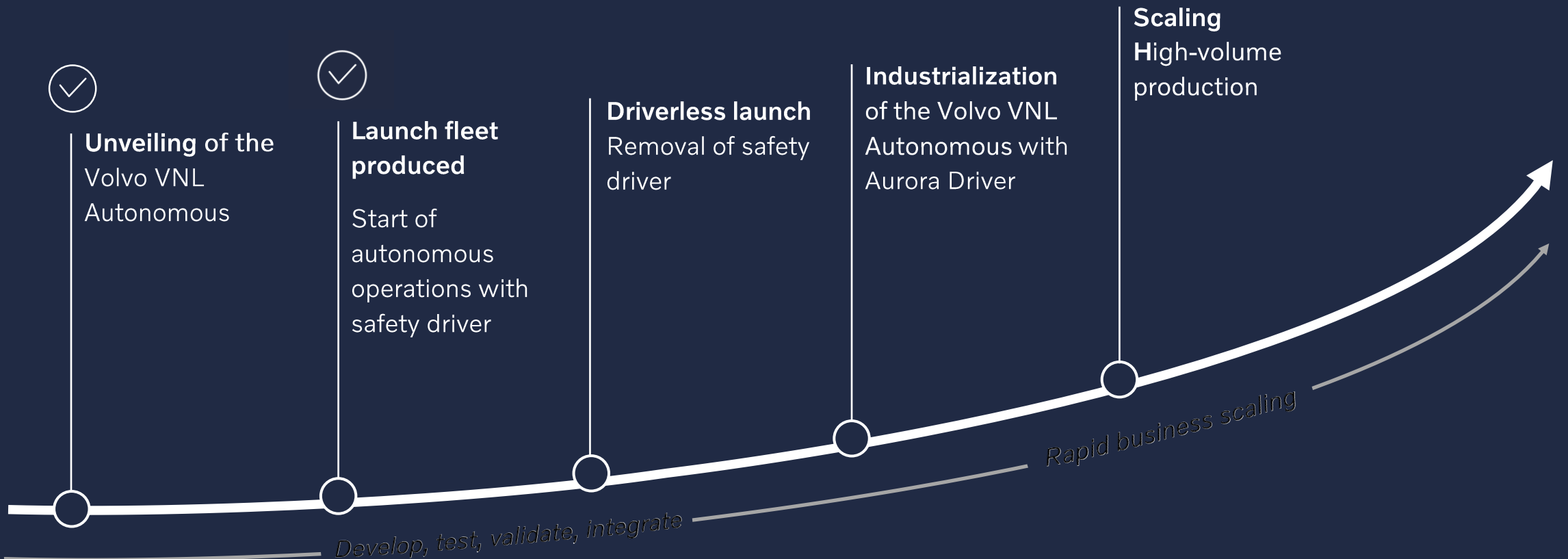
Launch fleet produced

Start of autonomous operations with safety driver



Develop, test, validate, integrate

Volvo Autonomous Solutions has a clear path towards driverless launch & scaling



VOLVO

PRODUCT LAUNCHES 2024



Volvo Group
Capital Markets Day 2024



2024-11-14 60

Common Architecture and Shared Technology (CAST)



CAST components and systems in recent launches



E/E architecture
with base SW



Driver interaction



Camera Monitor
System



Safety systems



Volvo FH Aero



All-new Volvo VNL



Renault Trucks T

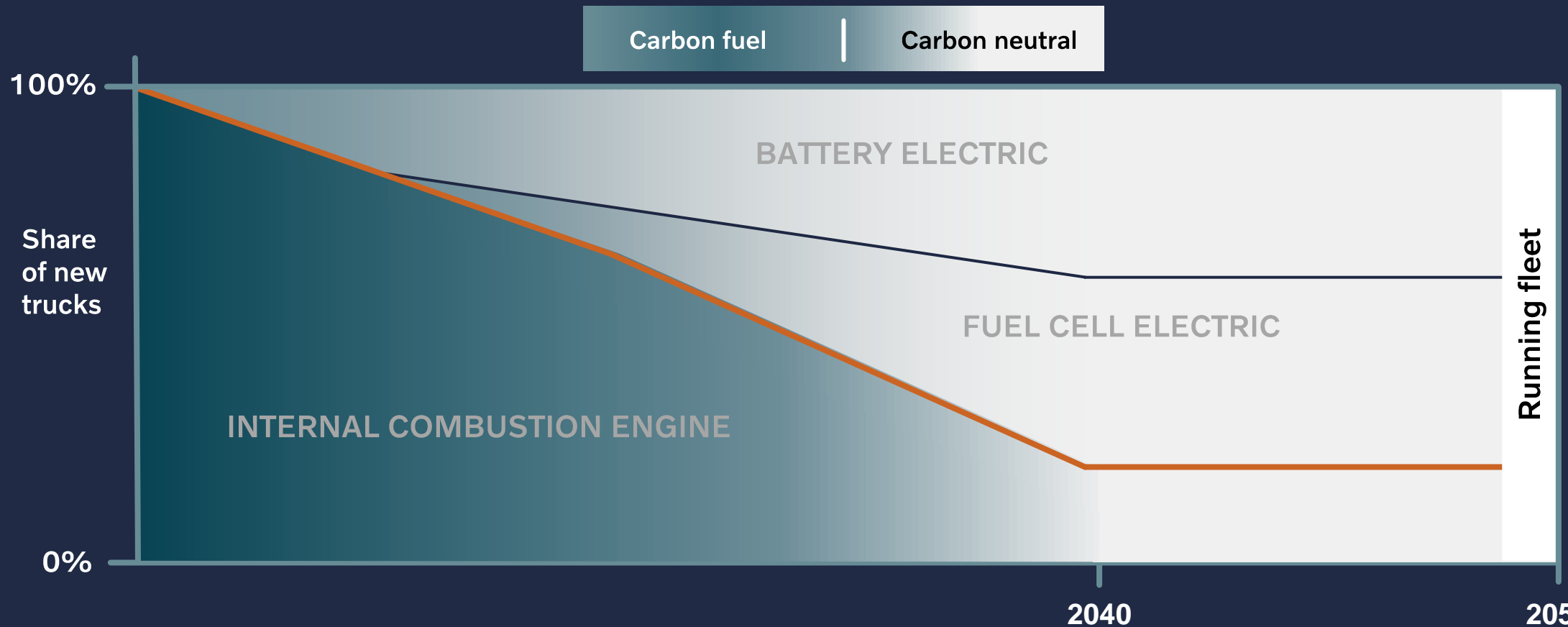


Mack Trucks

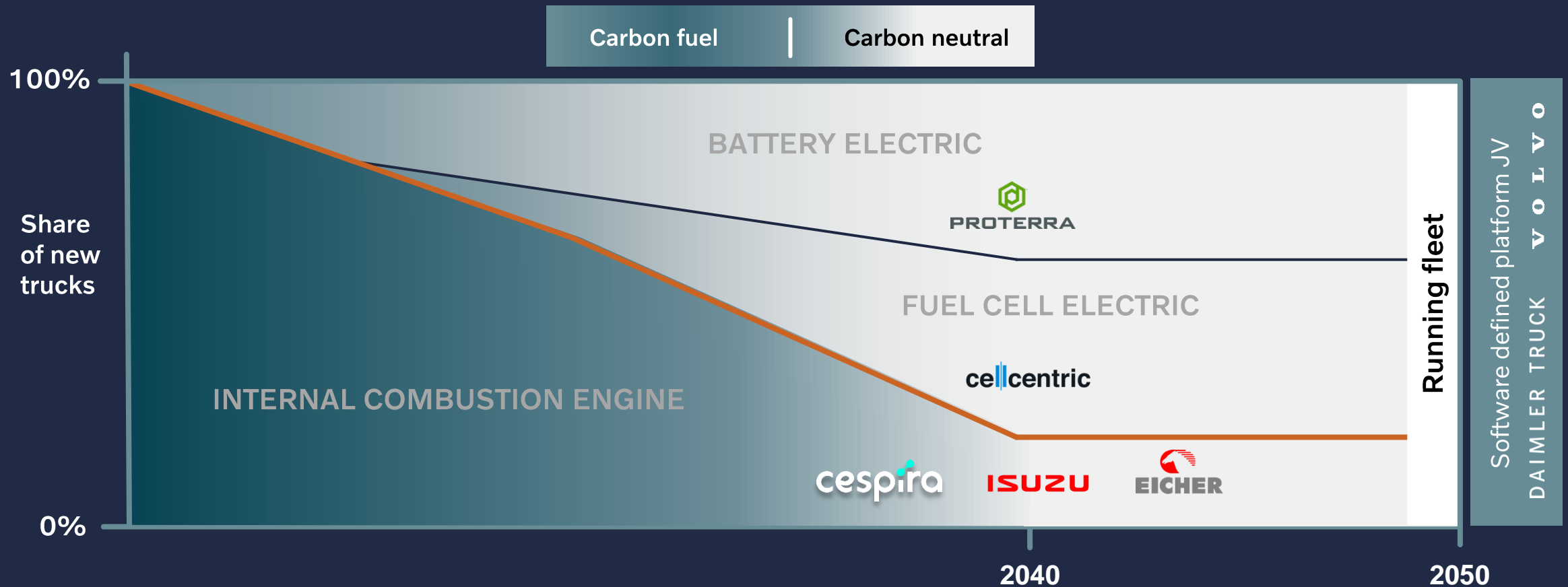


- Clear brand distinction and differentiated value propositions
- Leveraging CAST modularity driving earnings
- Platform for ICE, BEV and FCEV solutions

100% fossil-free Volvo Group vehicles from 2040



Strong partnerships to accelerate the transition



100% FOSSIL-FREE 2040



Battery Electric



Fuel Cell Electric



Internal Combustion Engine

Driving global platforms supported by CAST



**VOLVO
TRUCKS**



**RENAULT
TRUCKS**



**MACK
TRUCKS**



**VOLVO
PENTA**



**VOLVO
BUSES**



**VOLVO
CE**



**EICHER
TRUCKS**



**FINANCIAL
SERVICES**

MANUFACTURING OF CABS & TRUCKS

REMANUFACTURING OF COMPONENTS

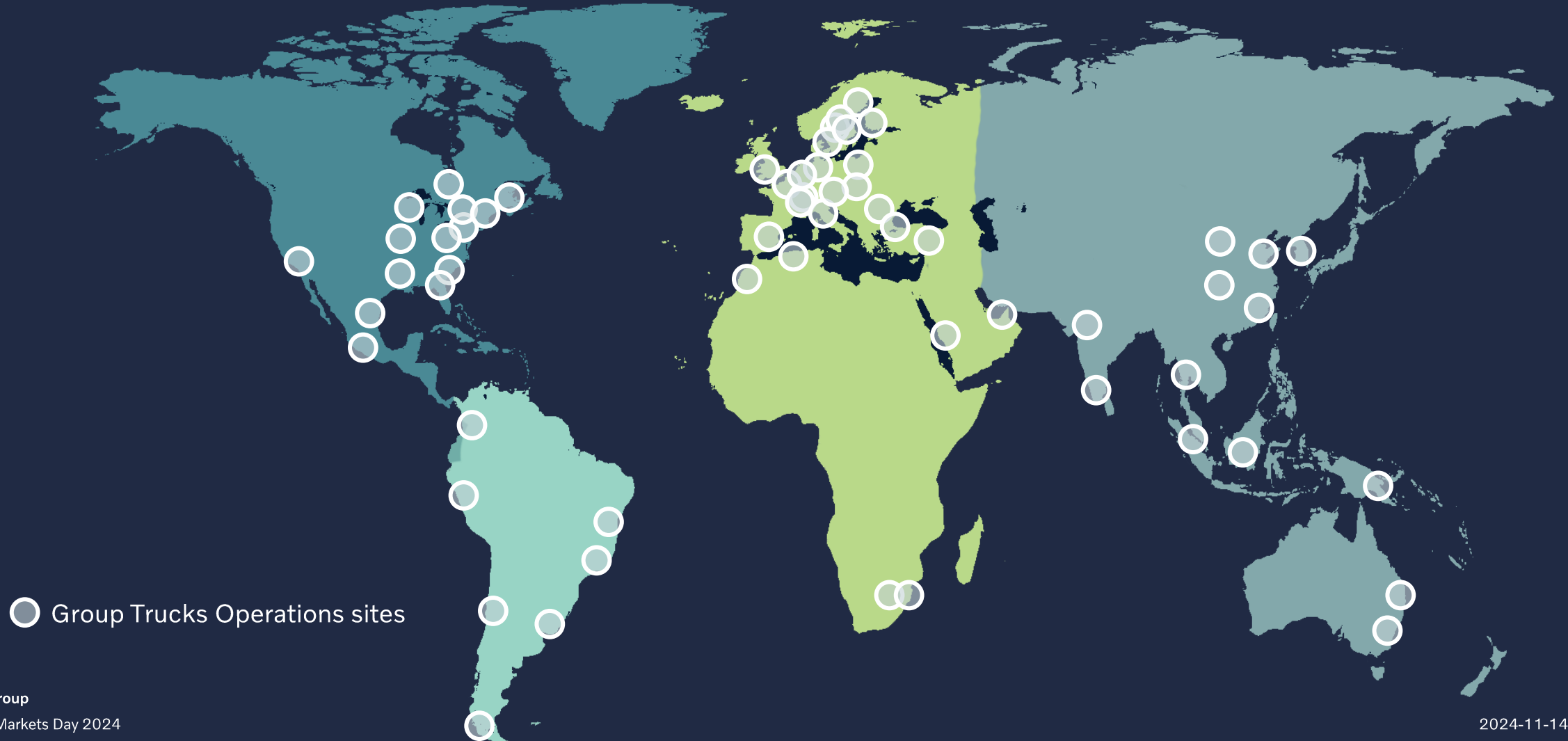
PRODUCTION LOGISTICS

MANUFACTURING OF COMPONENTS (ENGINES, TRANSMISSIONS, BATTERIES)

SERVICE MARKET LOGISTICS

VOLVO PERFORMANCE SYSTEM

Geoflex and continued regionalization of value chains

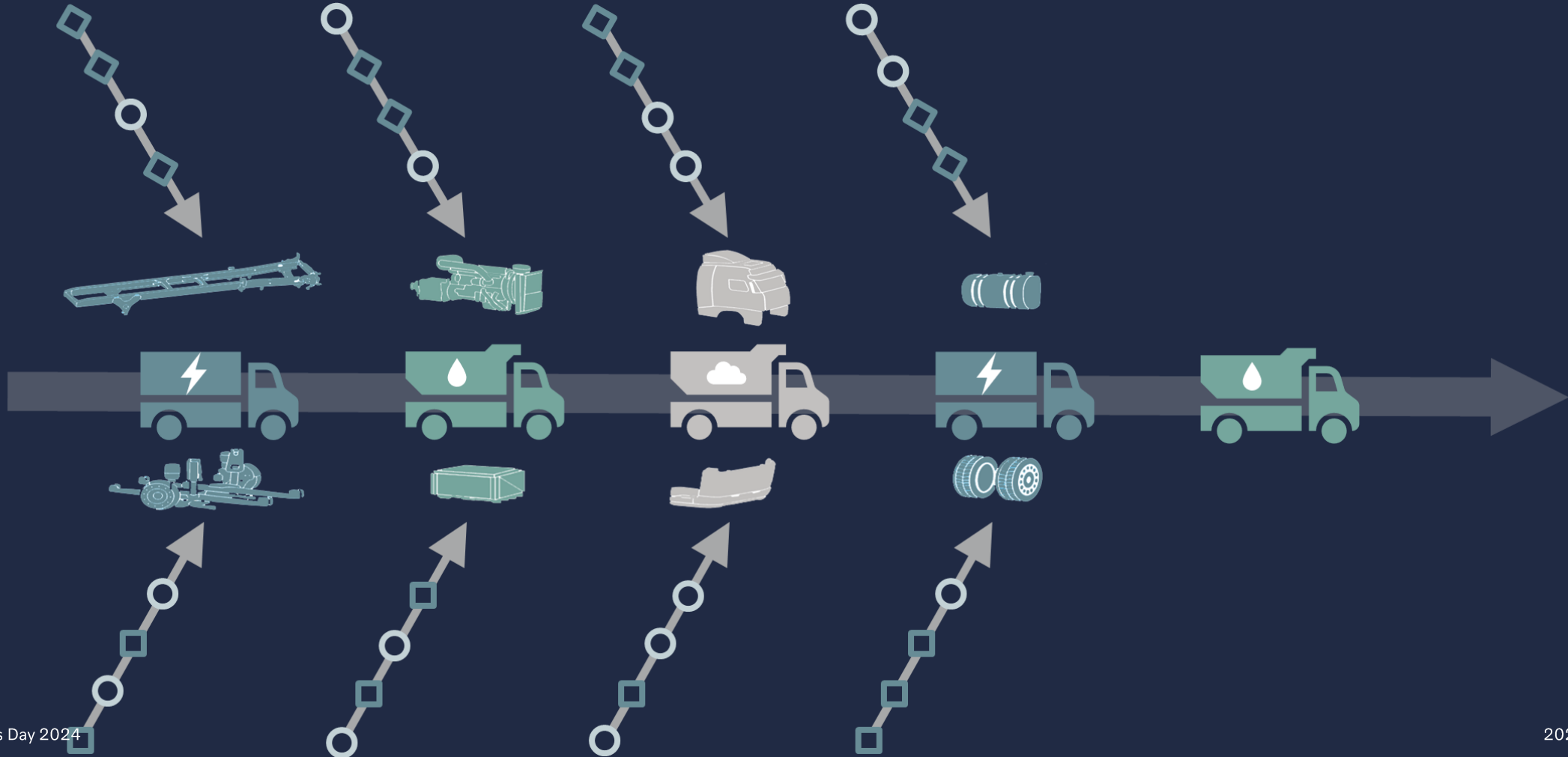


New factory site in
Monterrey, Mexico

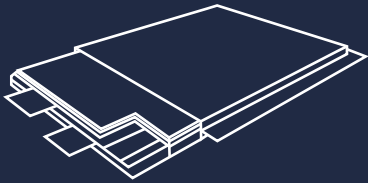


Resilience through mixed model assembly

Also for components



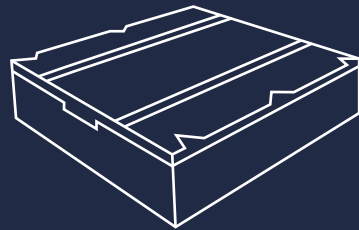
CELL



V O L V O
+ partner



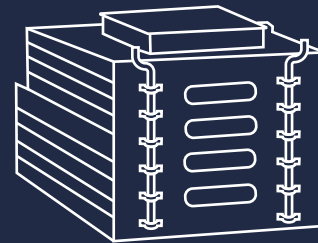
MODULE



V O L V O



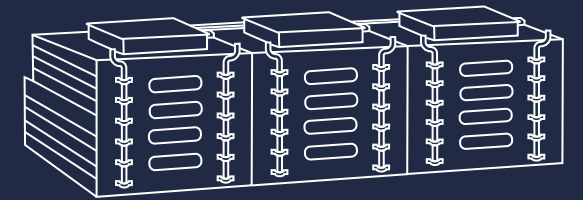
PACK



V O L V O

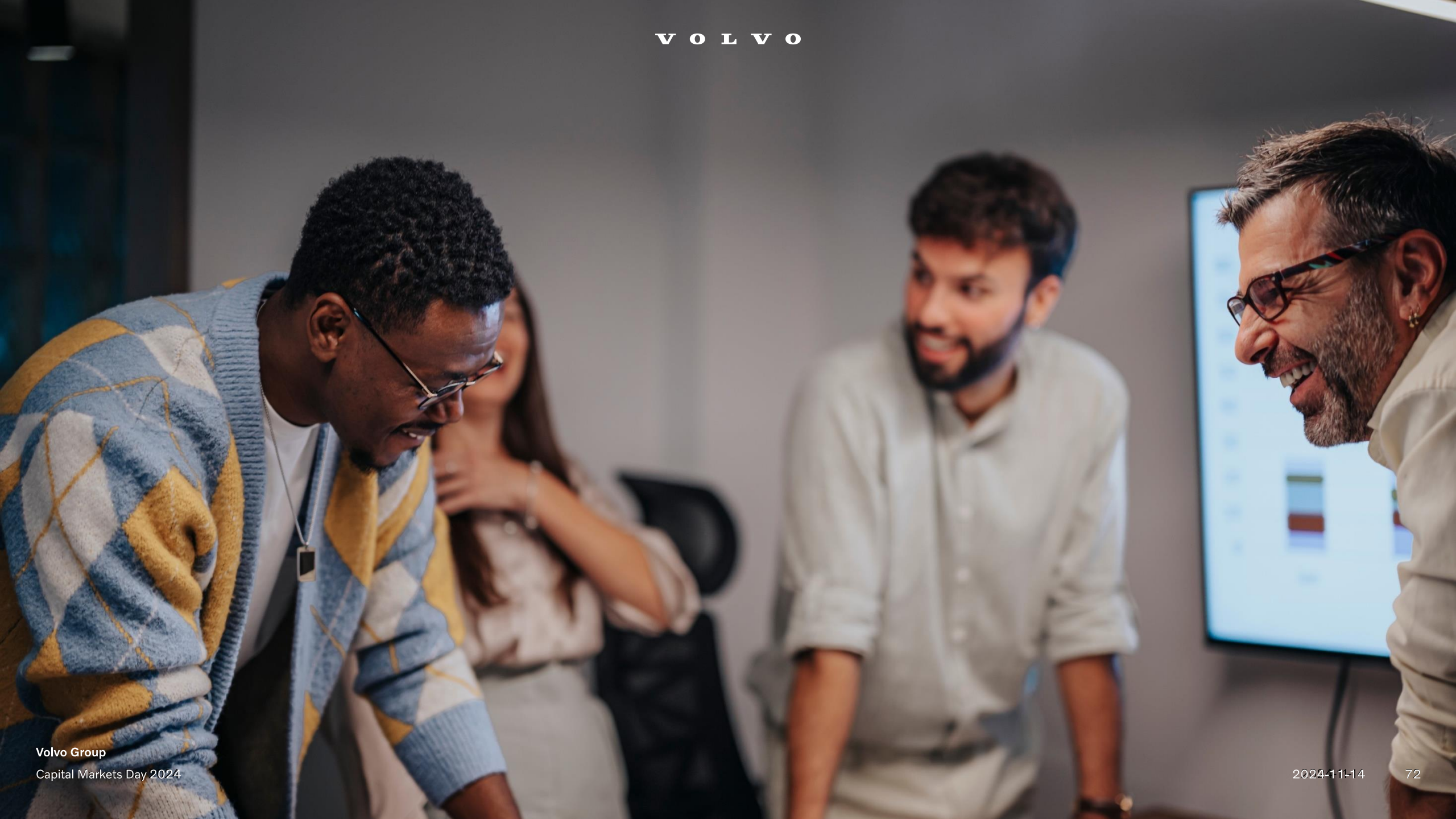


ENERGY STORAGE SYSTEM



V O L V O

GRADUAL BACKWARD INTEGRATION



V O L V O

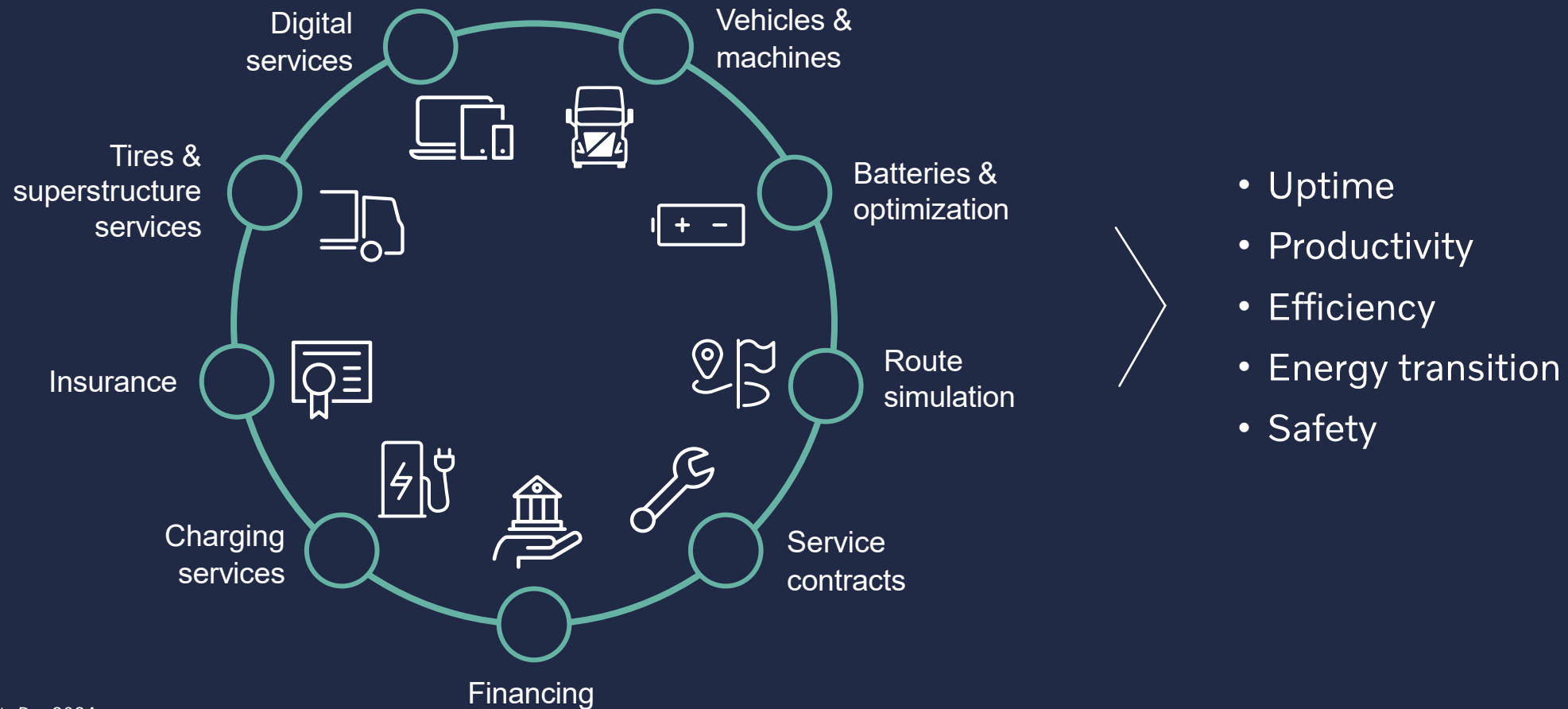
24/7/365



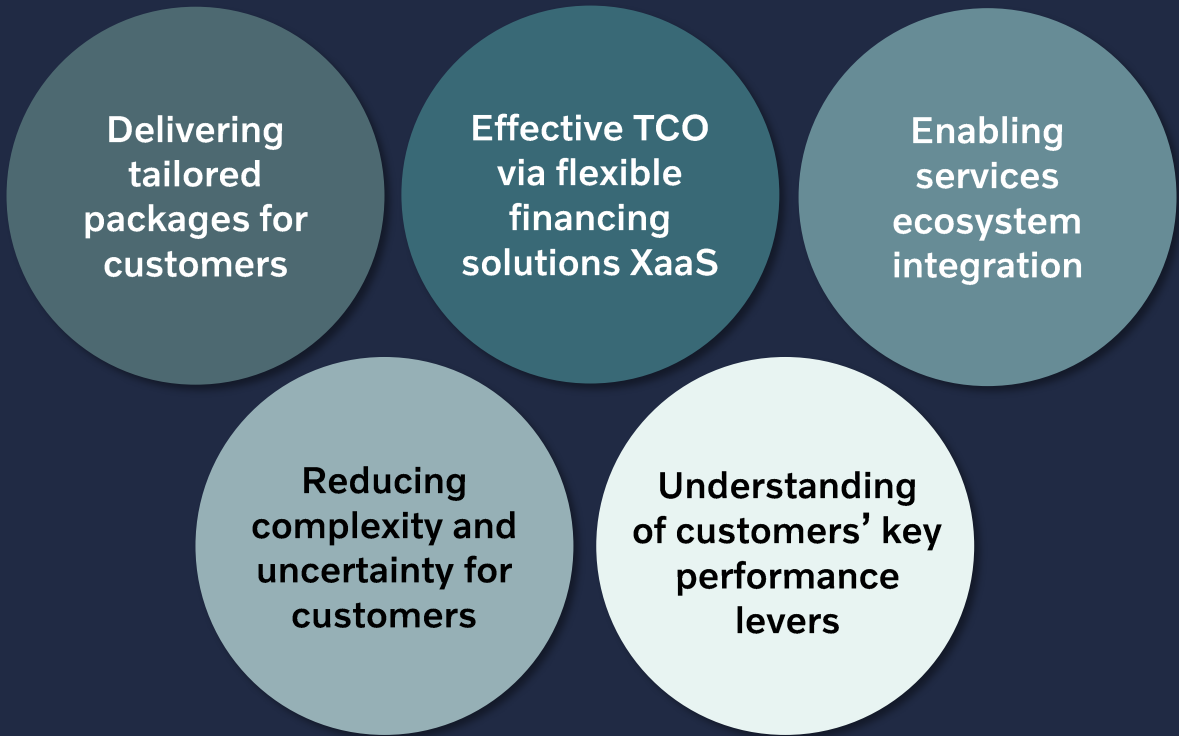
>1.7 MILLION

The job to be done – maximize customer value

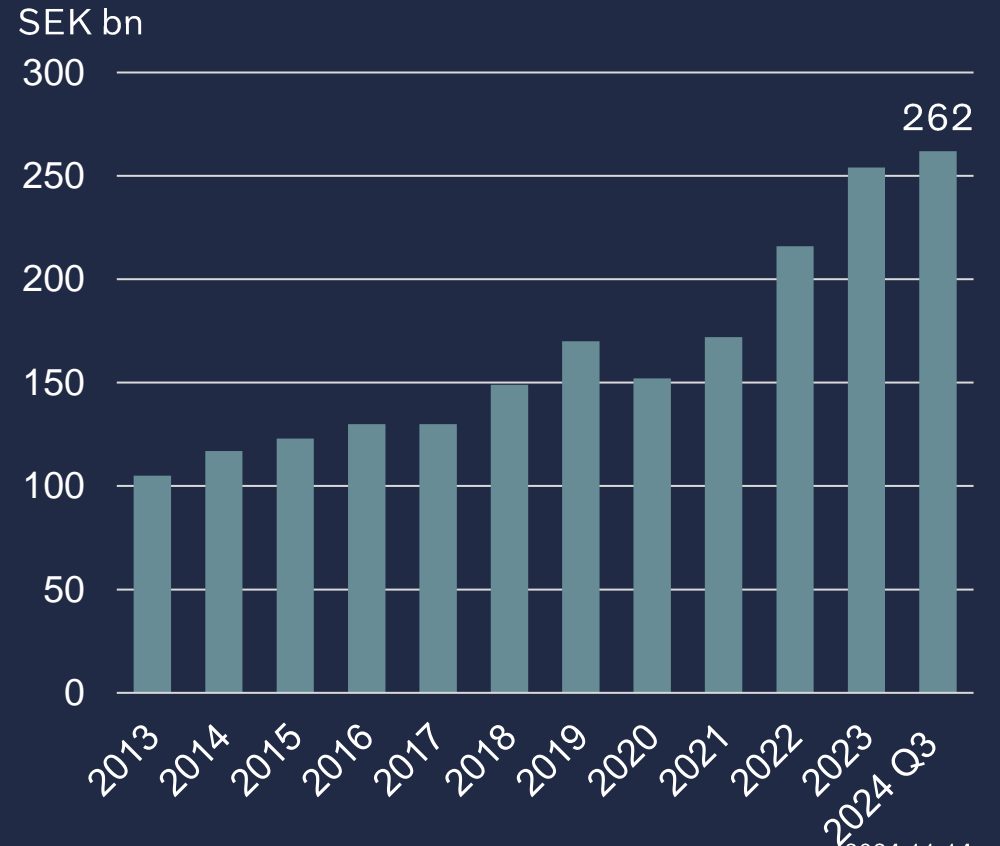
Volvo Group’s services are a key component to provide a total solution



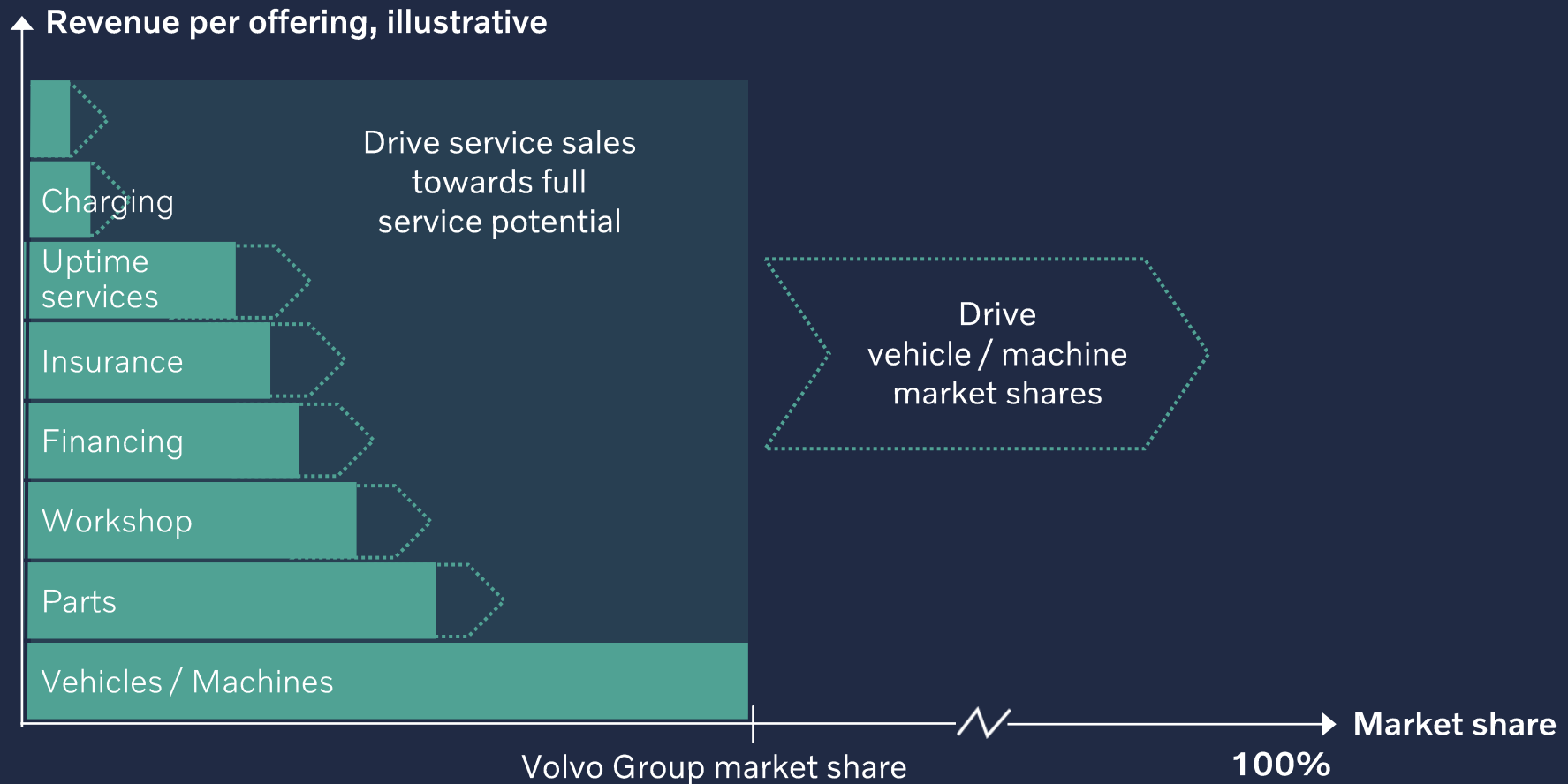
Financial Services as a core part of the commercial crew



VOLVO FINANCIAL SERVICES CREDIT PORTFOLIO NET



Services strengthening both customer retention, profitability and resilience



The energy transition is a great opportunity for the Group

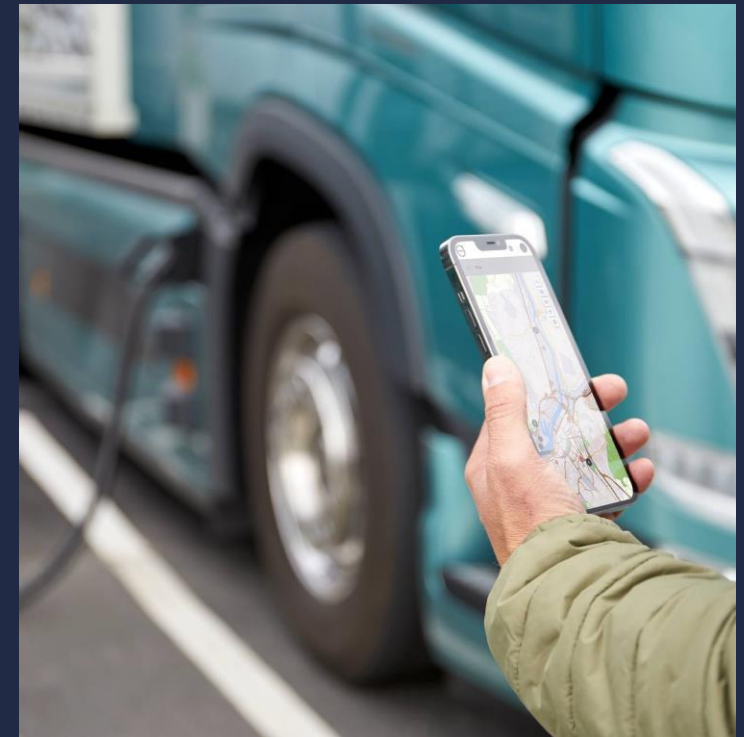
Charging services



Battery Energy Storage System (BESS)

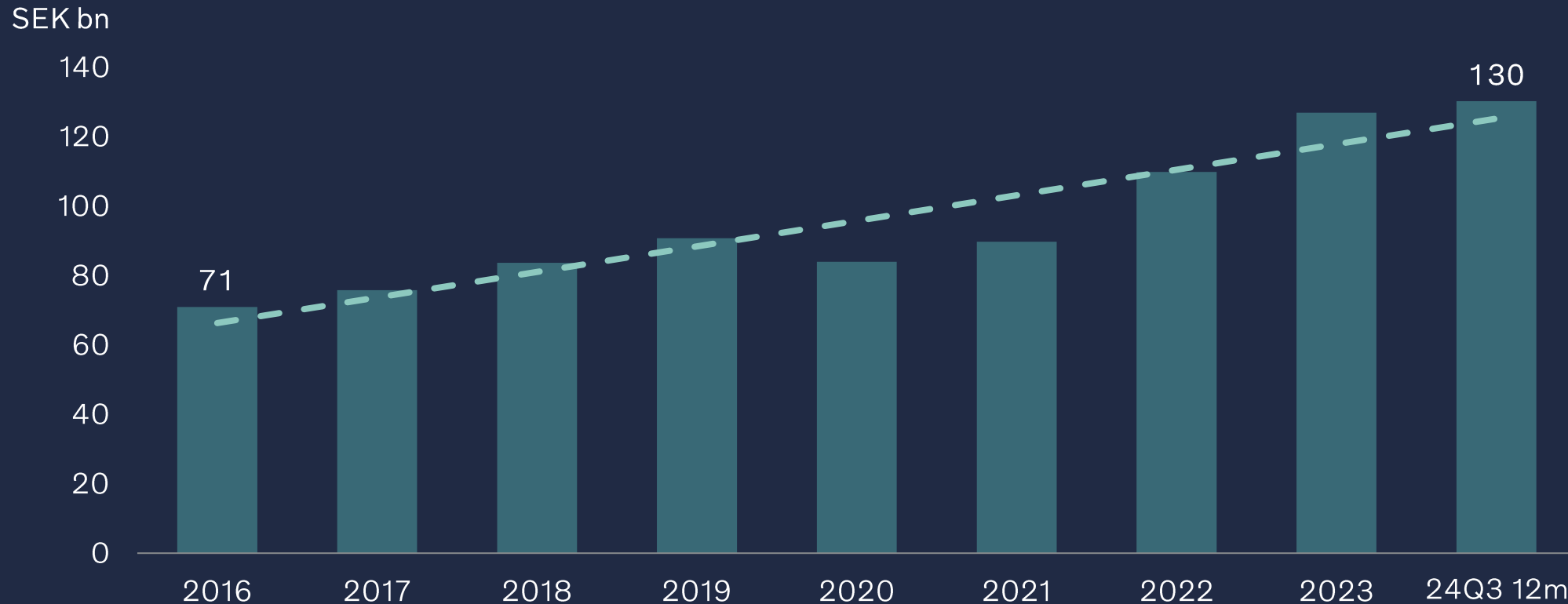


e-Mobility Service Provider (eMSP)



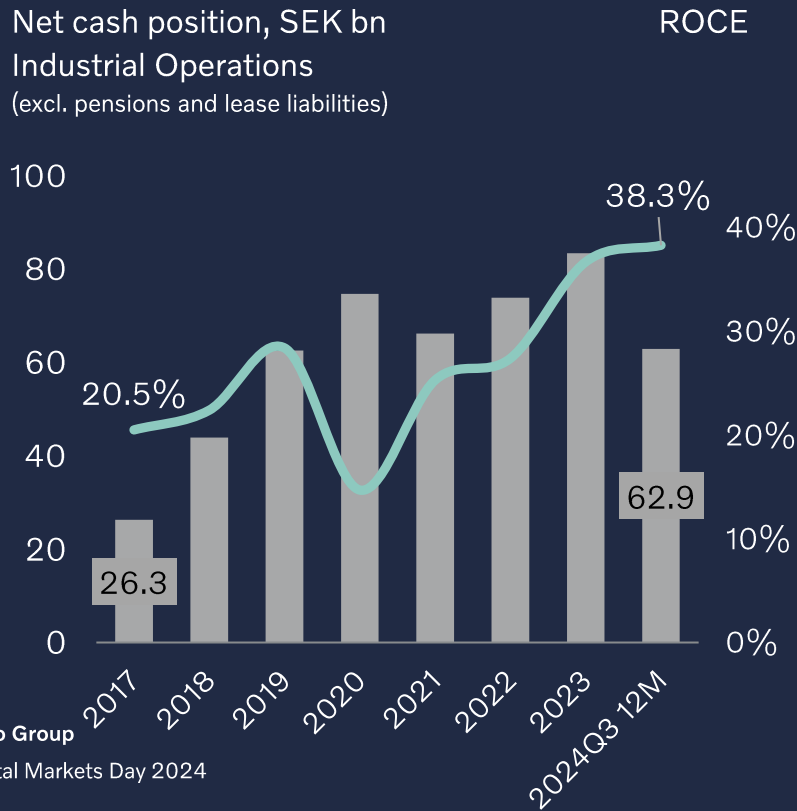
Services strengthening both customer retention, profitability and resilience

VOLVO GROUP SERVICE SALES (incl. Financial Services)



Disciplined capital allocation balancing shareholder return while future proofing the Group

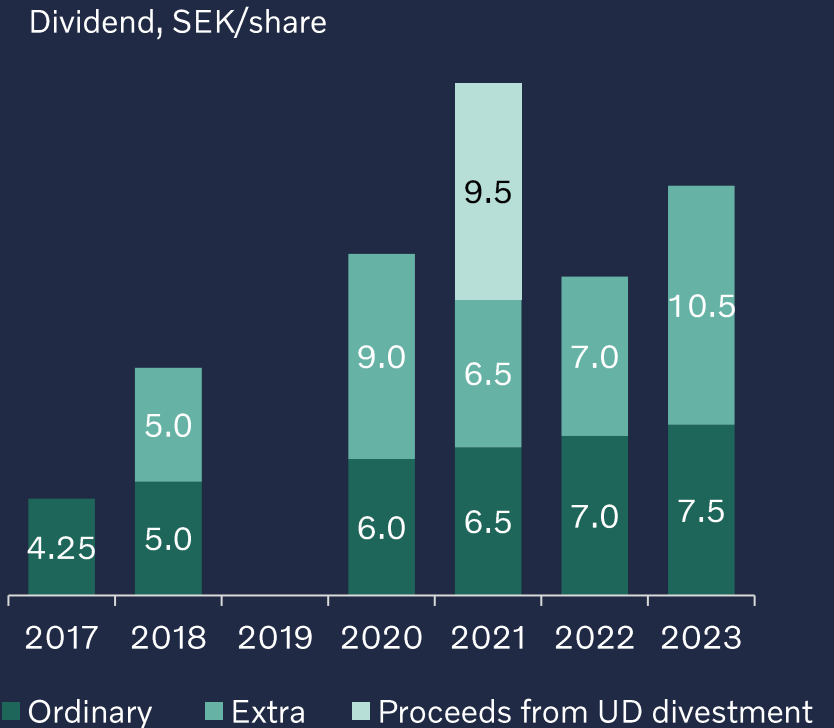
STRONG FINANCIAL POSITION AND RETURN ON CAPITAL EMPLOYED



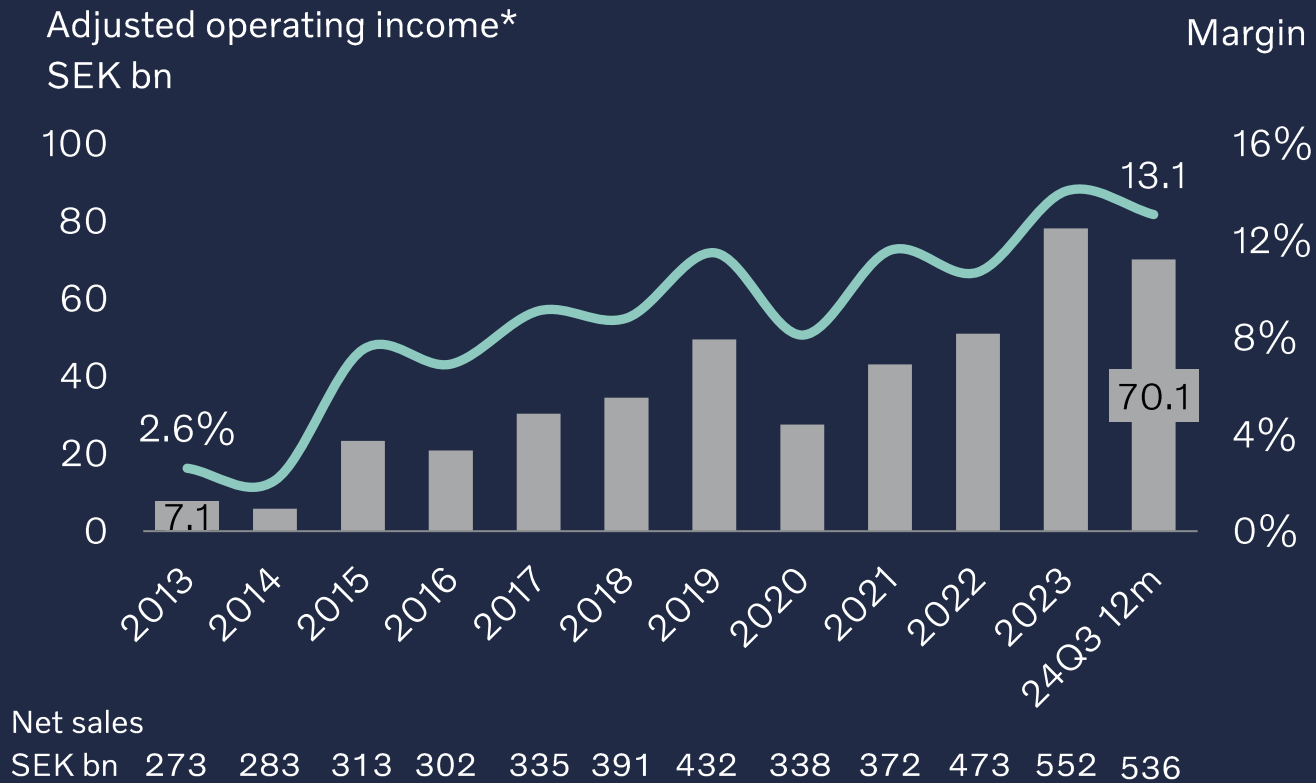
FORWARD-LEANING INVESTMENTS INTO TECHNOLOGY AND INNOVATION



ATTRACTIVE SHAREHOLDER RETURN



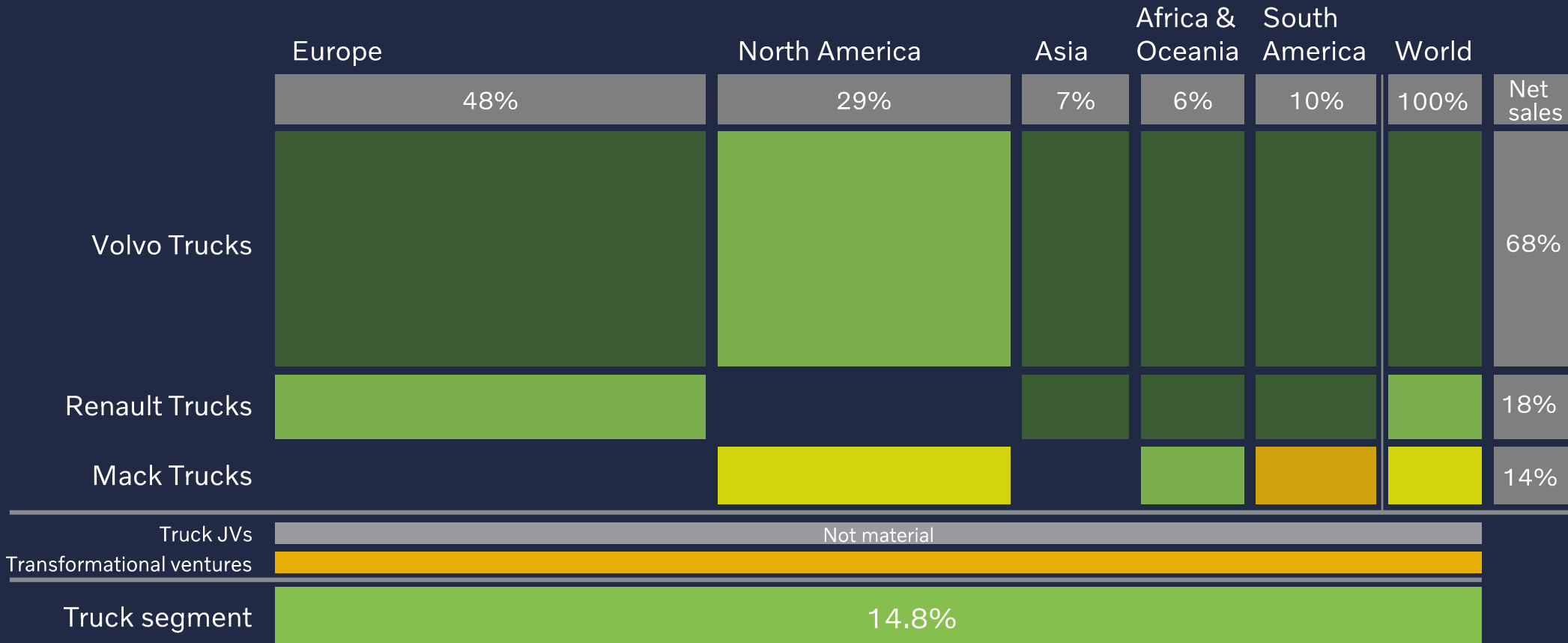
Consistent earnings improvement while investing in new technologies



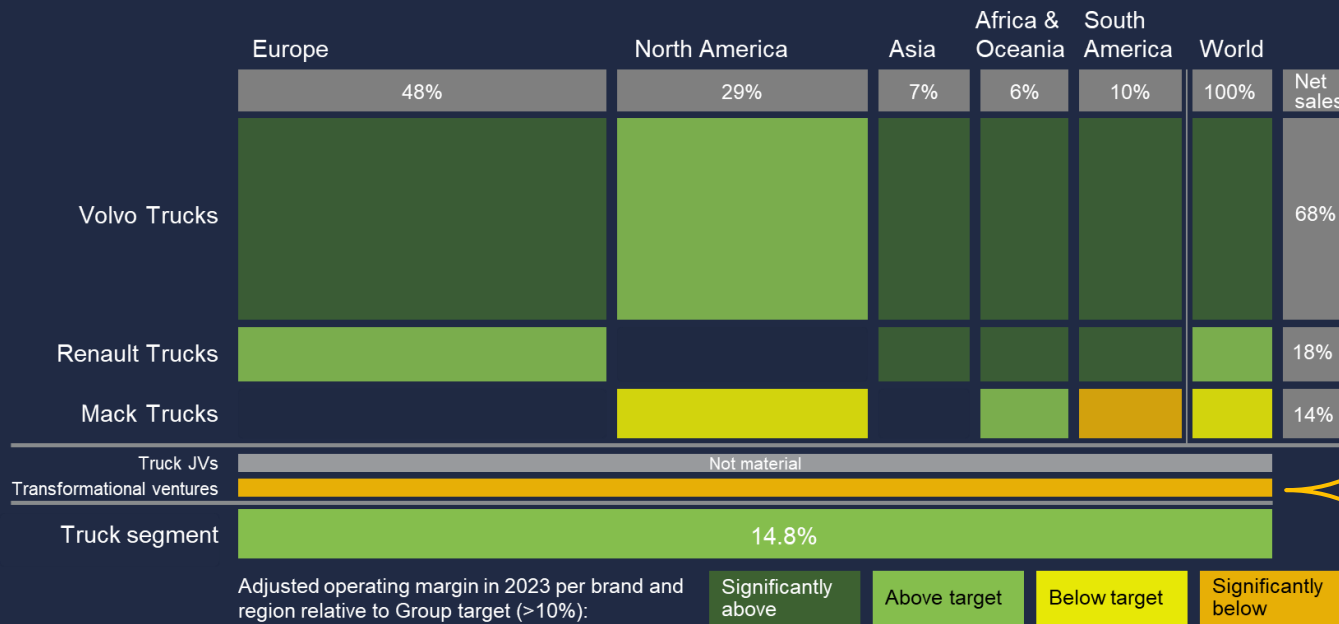
Continuously reviewing the Group's business portfolio



Driving performance improvements across truck brands and JV's while investing into tomorrow's value chain and technologies



Truck segment carrying the way for tomorrow's business



Transformational ventures

- Volvo Autonomous Solutions
- Volvo Energy (BEV)
- Milence (BEV)
- Proterra (BEV)
- Flexis (BEV)
- Cellcentric (FCEV)
- Cespira (H2-ICE)
- Software-defined vehicle platform

There is no way to leapfrog the investment phase into ZEV and we have a first mover advantage

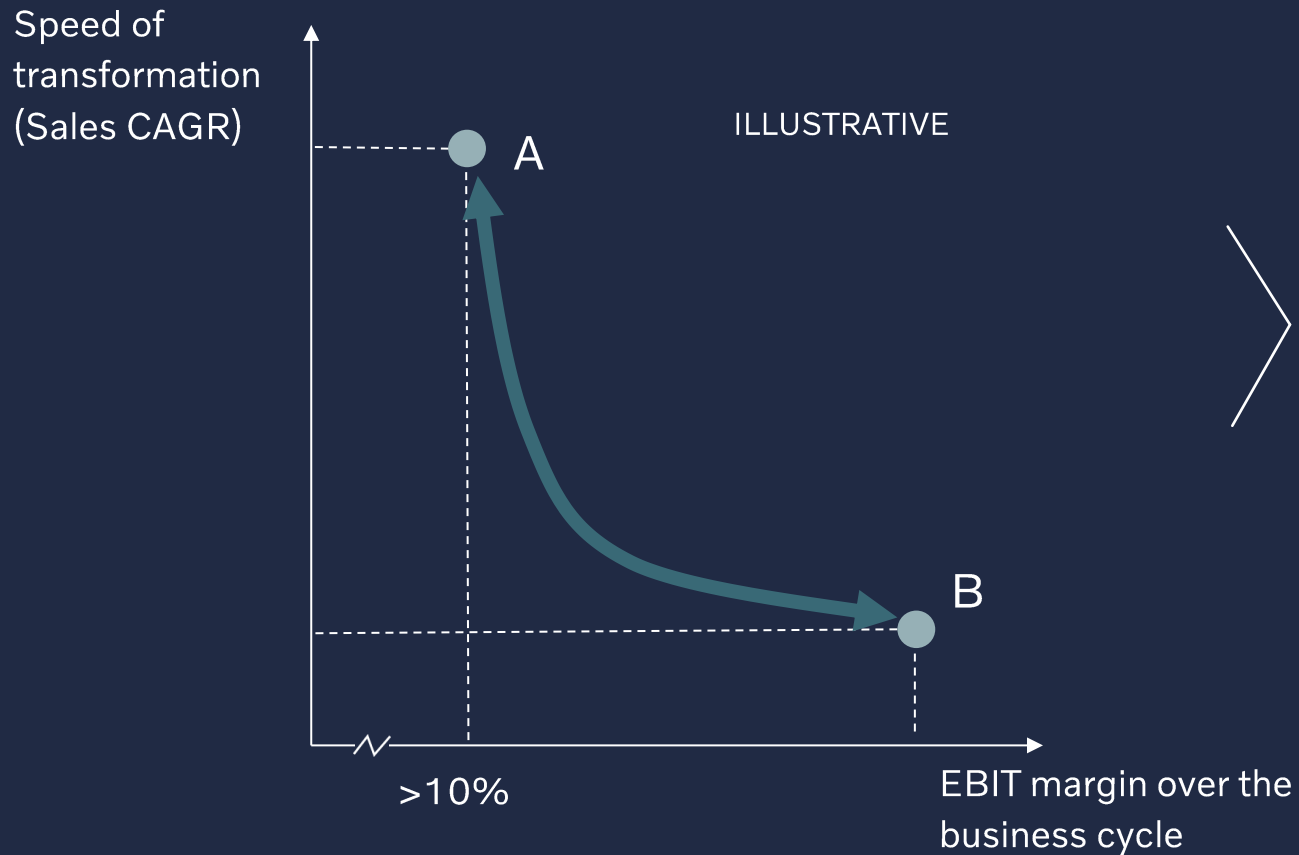
Current view,
illustrative



- Continued large investments in ICE to have the best offer on the market
- Flexible industrial system to manage the transformation
- ICE business funding ZEV transition

- Investing in ZEV to future proof our business
- Volume growth and value chain maturity are prerequisites for increased ZEV profitability

We will generate strong shareholder returns regardless of the speed of transformation



- The Group is geared to operate effectively anywhere between point A and B on the curve
- In both scenarios, the Group will generate strong shareholder returns
- Unprecedented value generation upside from an accelerated transformation

Gearing up for growth

- by delivering continuous solid performance
- by accelerating growth through transformation
- by evolving our performance culture



Gearing up for growth

BY DELIVERING CONTINUOUS SOLID PERFORMANCE

- Broad customer base with long standing relations
- Leading market positions and a strong service base
- Solid financial position
- Great growth opportunities in North America
- Untapped potential in our service business
- Driving continuous improvement

BY ACCELERATING GROWTH THROUGH TRANSFORMATION

- We are committed to win in ICE, BEV and FCEV
- The technology transformation increases our value proposition to our customers
- Driving earnings resilience through timely and balanced investments
- We are geared for continued strong total share holder returns regardless of the speed in the ZEV transition

BY EVOLVING OUR PERFORMANCE CULTURE

- A strong culture and a winning team
- Navigating the transformation with flexibility and maneuverability
- Portfolio optimization and capital allocation discipline drive value creation
- Leveraging partnerships to drive speed in innovation

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