

VOLVO

Financial Services

Capital Markets Day

2009

Volvo Financial Services Big 5

2009



1

Pro-actively manage the impact of the recession
to ensure sustained profitability

2

Secure efficient funding
and execute on capital management strategies

3

Strengthen employee development and retention
while securing key competencies and global mobility

4

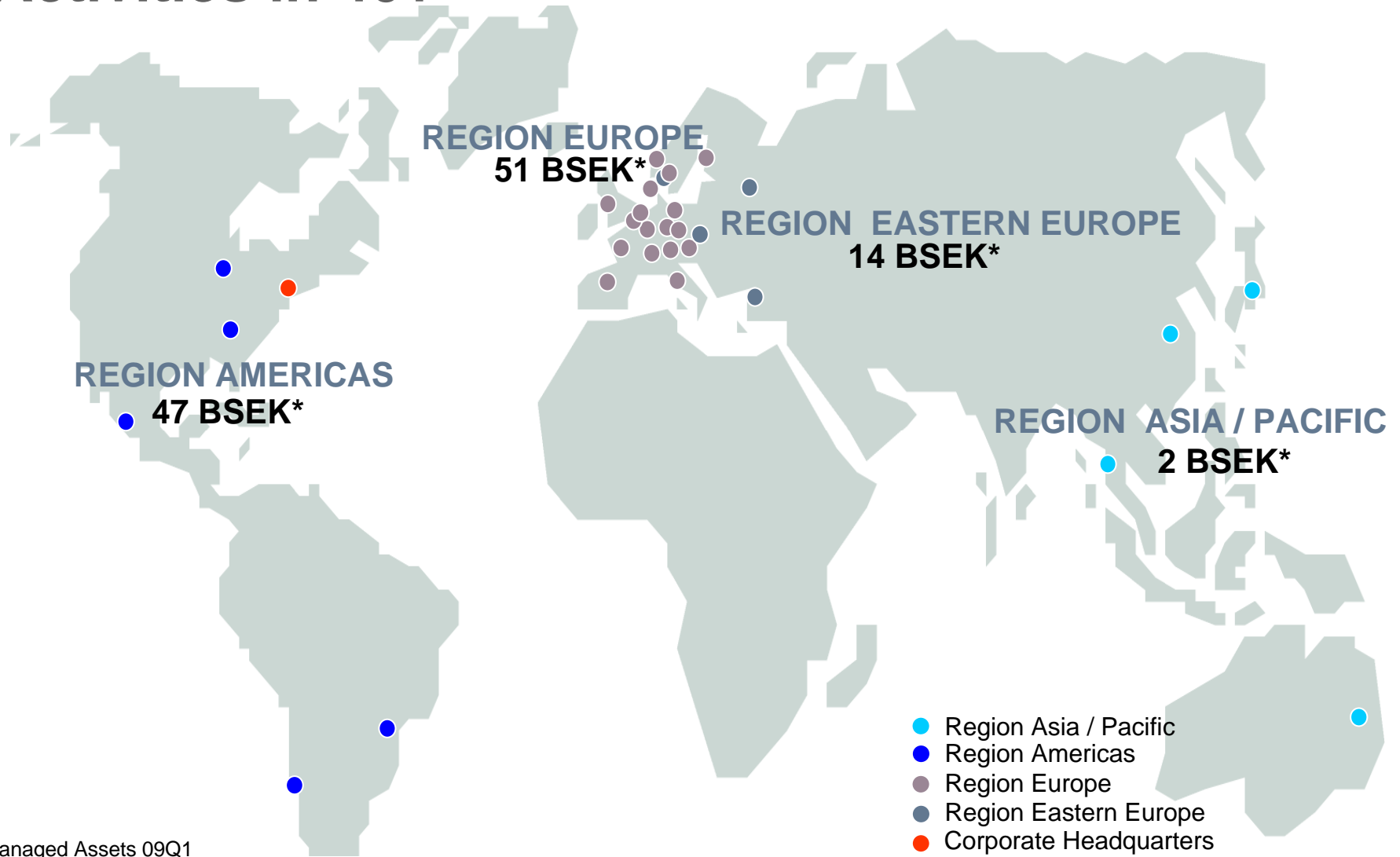
Optimize Volvo Group cash flow
by leveraging our integrated approach with the BAs

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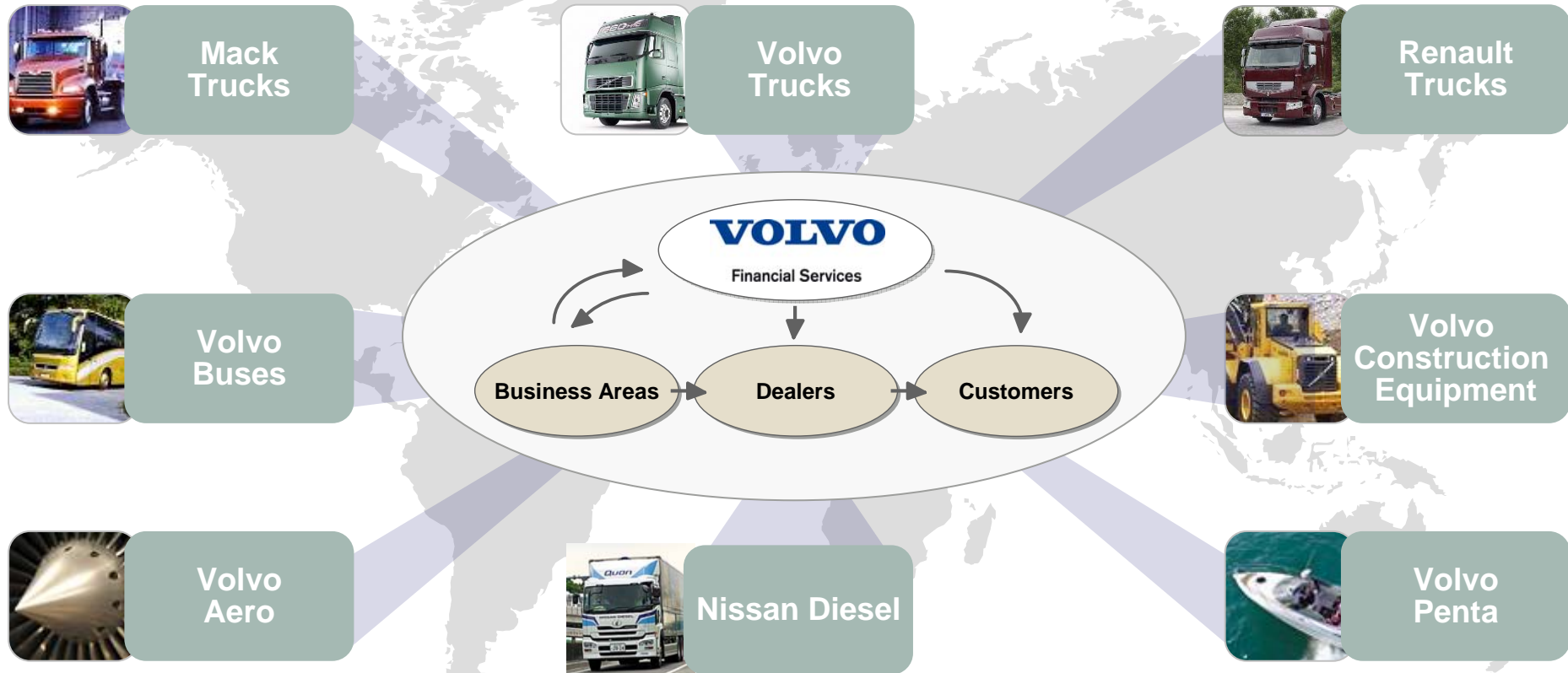
Maximize organic, geographic and acquisition growth opportunities
using tailored customer solutions

Operations in 29 Countries

Activities in 40+



Business Areas Served



Branded Finance Programs



Region Asia / Pacific Expansion



China - improving alignment with sister BAs with new leasing products and services

Japan - Establishment of UD Financial Services, based in Tokyo, to provide customer financing to Nissan Diesel customers

Australia - Establishing retail financing activities, based in Brisbane, in addition to the current wholesale finance program.



Customer Offering



**Insurance/
Service &
Maintenance
Contracts
(Non Risk Based)**

**Operational
Lease
(11.8%)**

Residual value exposure taken
By industrial operations

**Receivables
Management
(0.5%)**

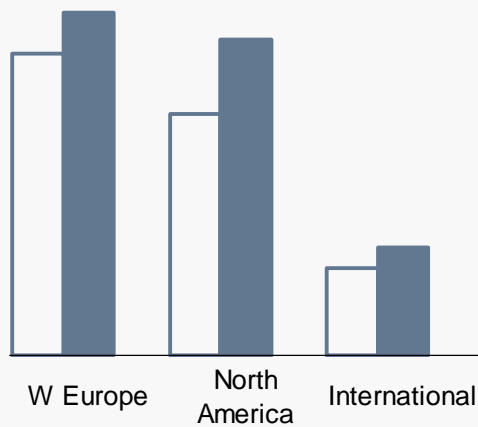
**Installment
Credit
(36.5%)**

**Finance Lease
(36.3%)**

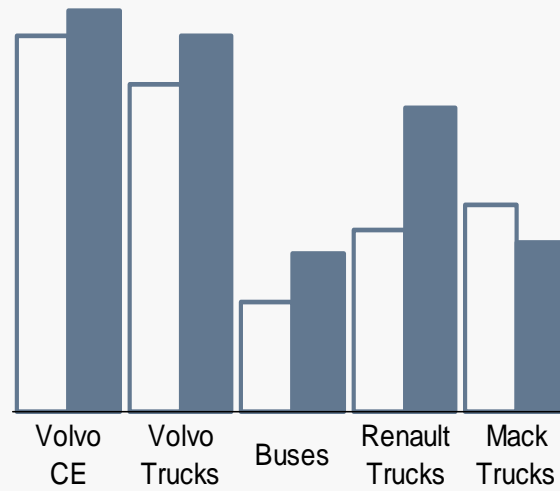
**Dealer Financing
(14.9%)**

Financial Services

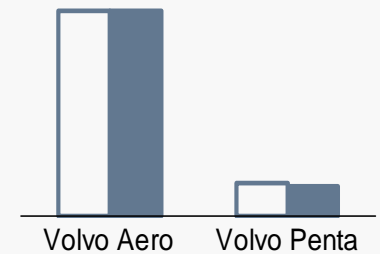
Total managed assets
(SEK bn)



Penetration on new financing



**Managed assets in:
Volvo Aero & Volvo Penta**
(SEK M)



Portfolio Management: Performance

Europe



- Crisis hit swiftly in Q1
- All markets impacted but with varying severity
- Spain and Poland under high focus

North America



- Managing downturn for past 18+ months
- Quick and decisive repossession processes
- Efficient used distribution channels; severity high
- No large fleet/dealer failures thus far

Eastern Europe



- Market collapse during Q1
- Concentration of assets in Russia and in car haulage
- Used distribution under-developed
- Exit strategies strained even with deal structuring

Portfolio Management: Remarketing

Remarketing Objectives

- Sell repossessed assets quickly and orderly via select channels
 - *Avoid third parties and grey dealers*
 - *Enable market companies to earn second margin where possible*
- Optimize price while managing inventory aging
- Provide customer solutions for used units

Remarketing Focus

- Maintain sales velocity in NA and mitigate further deterioration of severity
- Increase channel capacity in Europe to handle > 500 sales/month
- Develop competence and infrastructure in Eastern Europe

North America

- VFS is selling repossessed assets via multiple channels
- First right of refusal given to market companies
- Velocity of sales versus repossessions is sufficient

Europe

- Integrated remarketing processes with Volvo Group market companies supported by Pan-European remarketing agreements
- Sales capacity increased from 30-40 per month to 300-350 per month
- Possible external rental company failures could increase pressure on used truck market

Eastern Europe

- Lack of distribution network negatively impacting remarketing possibilities
- Sales velocity must improve (less than 100/month)
- Establishment of separate remarketing board and dedicated resources

Optimize Group Cash Flow

CAMPAÑA "RETO 2009"

20% MENOS DE ENTREGA MEDIAL

FINANCIACIÓN MÁQUINA + COMPLUS = IMPORTE A FINANCIAR

Plazo	24 meses	36 meses
TIR	4,95%	5,95%
Máximo coste de financiación	6,95%	7,95%
Comisión de apertura	2,50%	2,50%
Comisión de mantenimiento	0,50%	0,50%

VEILIGHEID LOONT.

VOLVO Financial Services

VOLVO FINANCIAL SERVICES. FLEXIBILITEIT EN HAATWERK

VOLVO BUSES. WHEN PRODUCTIVITY COUNTS

Driving Joint Campaigns

- Financial programs to move new inventory
- Financial programs to redistribute used inventory
- Wholesale finance programs to facilitate movement of inventory to dealers

Optimizing Process Efficiency & Effectiveness

- Integrated processes to eliminate funding delays
- Efficient repossession processes to facilitate a quick redistribution
- Pre-approved credit lines for Top 10 customers per market per BA

Relative Performance: European Benchmark



Main focus of the study was on the **operational performance** for finance and lease products, with additional information about Wholesale, Accounting, and Support Services.

- “VFS has **successfully implemented a new, more competitive organization and management structure**, of which the full benefit is not yet even achieved.”
- “The reporting system at VFS seems to be **more comprehensive than at the other groups resulting in advantages** with respect to **data availability and transparency**.”
- “VFS is the **only participant** that has developed and started to implement a **standardized front end (Price Manager)** as a European solution.“
- “While the overall performance of VFS is **consistently better than average and sometimes best in class**, potential and action items for improvements in operational processes in all countries have been identified. These will be systematically closed by **continuous improvement initiatives** to maintain the competitive edge.”*

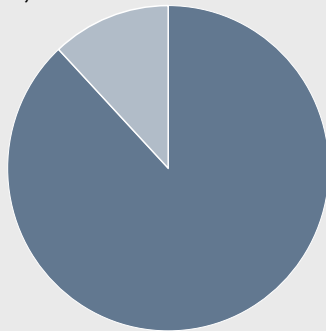
* direct quotes / extracts of documentation of Benchmark International during results presentation on 06.05.2009

Customer Loyalty Metrics*

Will your experience with VFS positively influence your decision to...

...Purchase Another Volvo Group Product

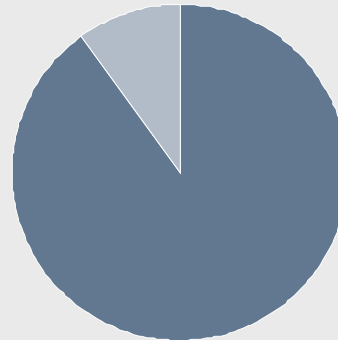
No, 12%



Yes, 88%

...Consider Using VFS for Another Purchase

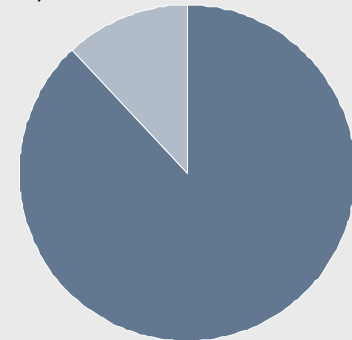
No, 10%



Yes, 90%

...Use Current Selling Dealer for Another Purchase

No, 12%



Yes, 88%

* Based on 2008 VFS New Customer Satisfaction Survey

► VFS provides a strong loyalty benefit to its business area partners and dealer networks.

Summary

Benefits Provided to The Volvo Group



- Increased Business Area sales
- Enhanced customer loyalty & retention
- Strengthen brand recognition
- Ongoing access to customers
- Superior customer & dealer service
- Sole focus on Volvo Group products
- Liquidity & longevity in the market
- Sustainable profitability over the business cycle

FLEXIBLE FINANCE SOLUTIONS

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Capital Markets Day - June 16, 2009

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