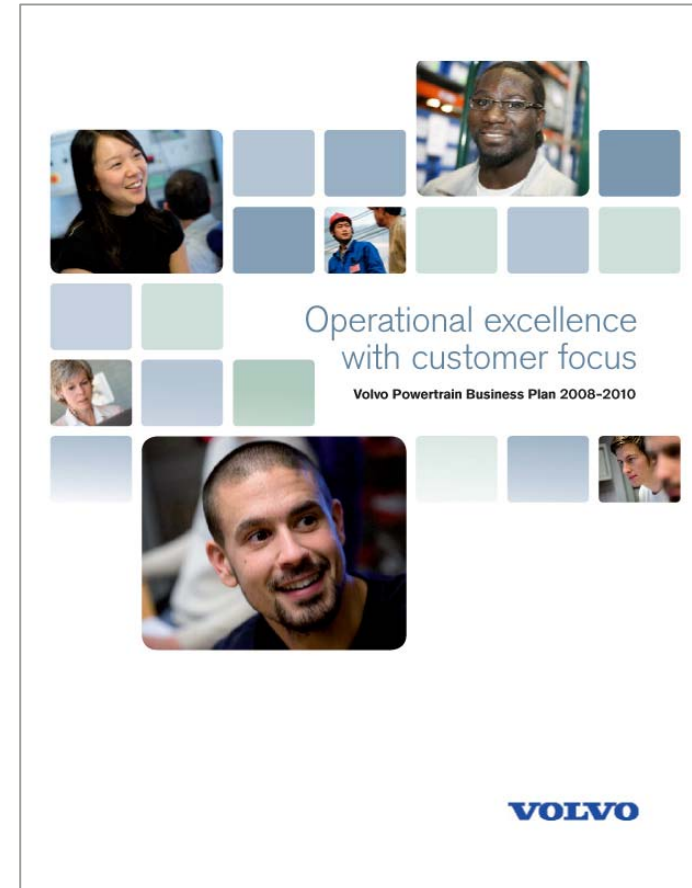


Volvo Group Capital Market Day 20080618

Volvo Powertrain France

Philippe Divry
SVP



Volvo Powertrain – driving the Volvo Group



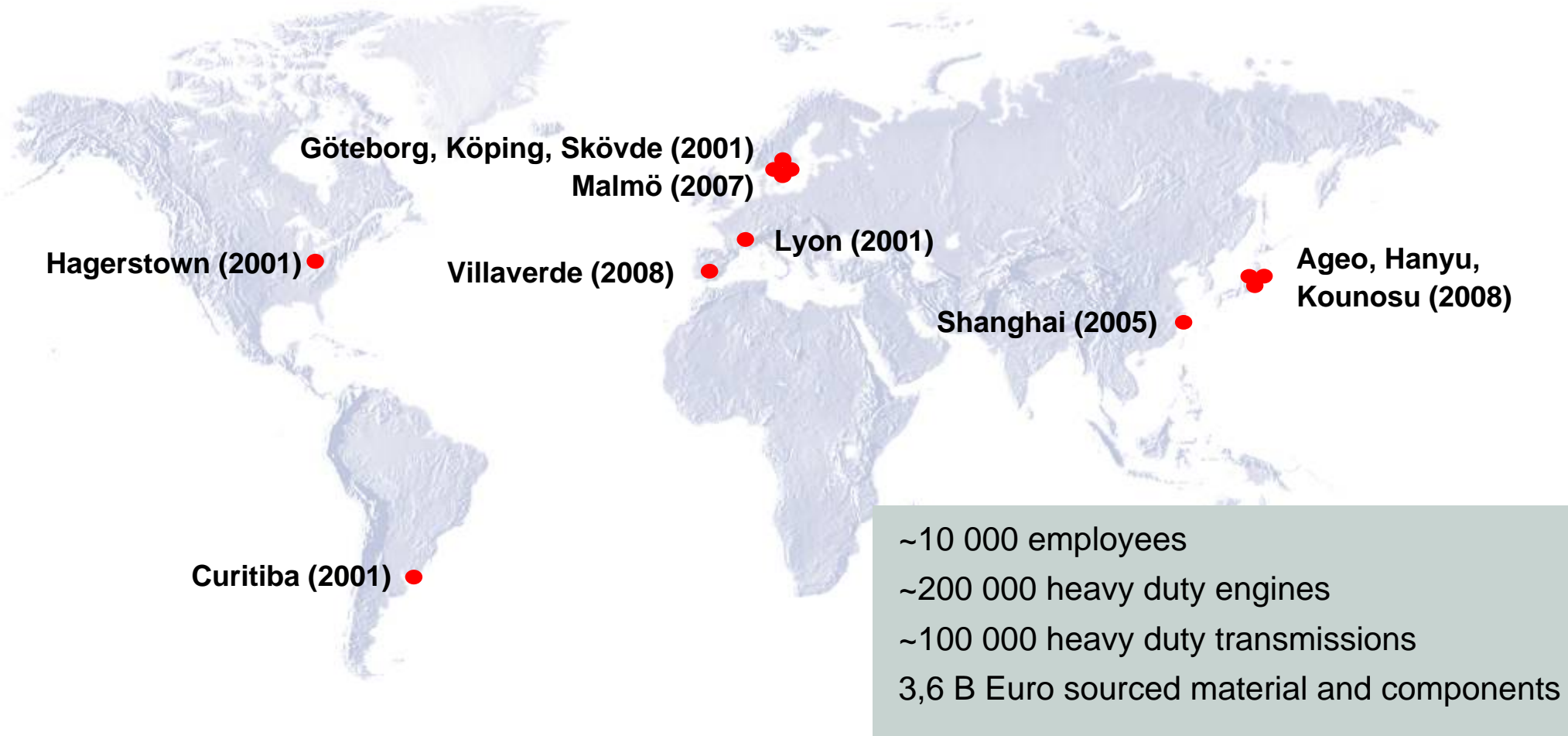
Volvo Powertrain consolidation 2001-2007 - at the heart of the Volvo Group synergies

- New Product Platforms
- One Industrial System
- One Purchasing Structure and Supplier Base
- One Team Organization



The Volvo Powertrain Operational Structure

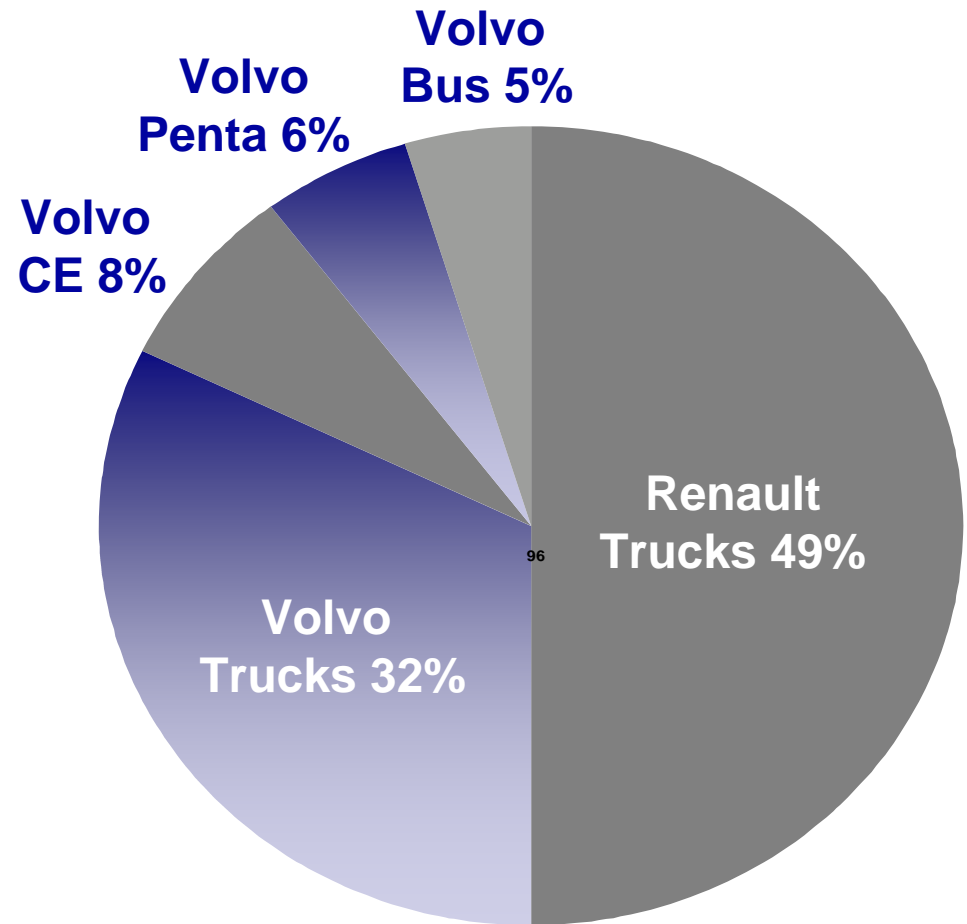
World wide presence to serve the Group



The transformation of Volvo Powertrain France

Business Card 2007

- Main base MD9/11 engine
- Main base medium duty engine partnership with Deutz
- Main base axle partnership with ARM Europe
- 2.2 Billion Euro business
- 1 500 employees
- Manufacturing, Product Development, Purchasing



The transformation of Volvo Powertrain France 2001-2007

- New Products
- Site totally restructured
 - new engine plant
 - divested axle activities
- New global responsibilities
- New competencies



The transformation of the engine plant

- 2001-2005 Transformation - phase out and phase in
- 2006 Stabilization and implementation of Volvo Production System
- 2007-2009 Operational Excellence and Cost Efficient Capacity Increase



Stability and productivity progress 2006-08

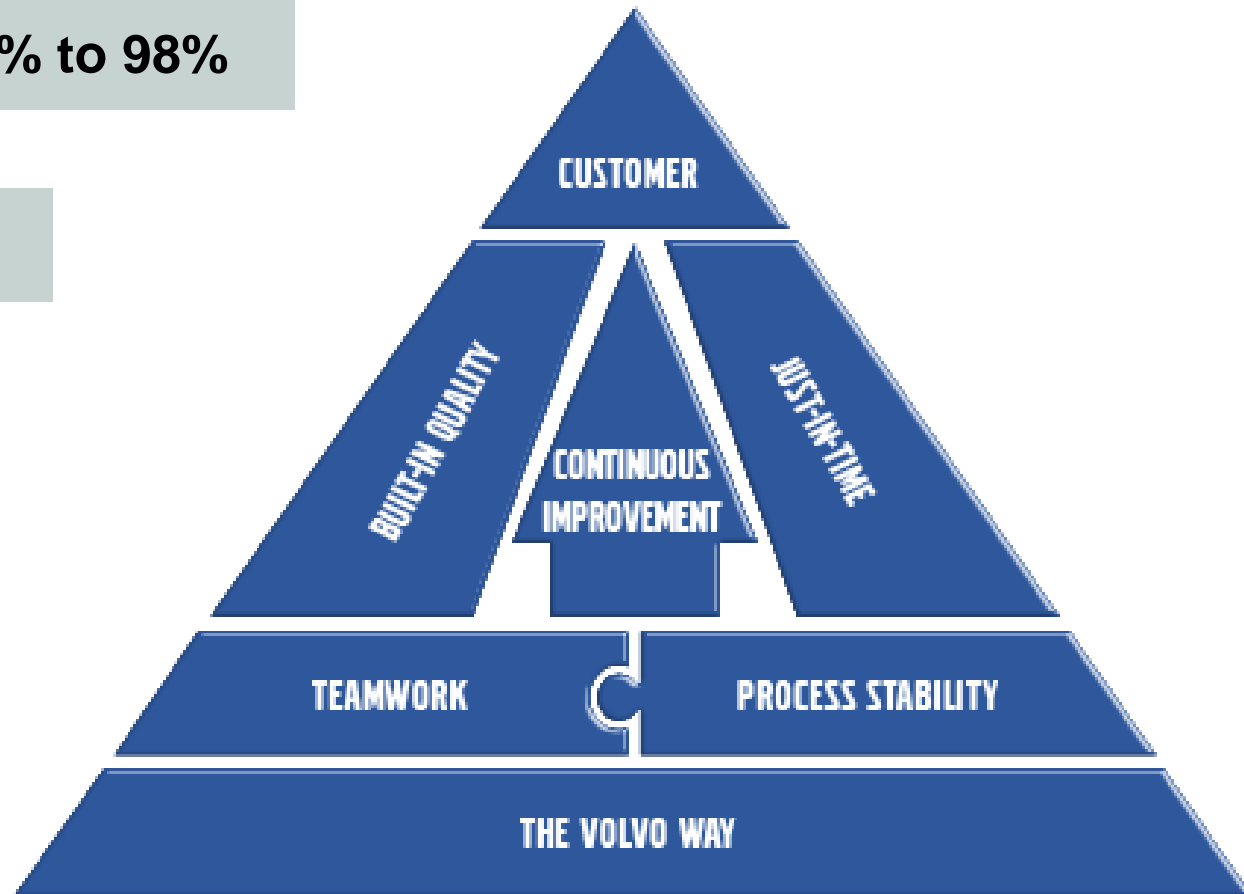
Delivery Precision from 81% to 98%

Quality complaints -40%

Hours per engines -15%

Direct Runners +30%

Safety accident -20%



Cost Efficient Capacity Increase in 2008

- Plant capacity 45 000 – current deliveries at 55-60 000 engines
- Dayshift capacity increased by 30%
 - Night shift closed down
 - Limited investments
 - Payback time < 1 year
- Lean logistics
- Plant density project finalized
- High diversity production optimized



Summary and next steps

- Volvo Powertrain France transformation finalized
- Fully integrated part of the Volvo Powertrain
- Focus on Operational Excellence
- Good operational progress in manufacturing 2006-2008
- Further potential with Volvo Production System
- New product launches 2008-10
- Alternative fuels and drivelines

Engine plant visit

1. Basic process
2. Quality
3. UEP Team Work
4. High Diversity Production
5. Lean Logistics
6. Master Plan

