

# Olof Persson

President & CEO



**VOLVO**

# 2014 - the year of efficiency



**2012** Reorganization and strategy

**2013** Comprehensive product renewal

**2014** Drive organic growth and implement efficiency program

**2015** Deliver increased profitability

# Global market for heavy trucks unchanged

NORTH AMERICA  
**+14%**

EUROPE  
**-5%**

CHINA  
**-4%**

JAPAN  
**+25%**

INDIA+  
**18%**

SOUTH AMERICA  
**-11%**



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# Global market for construction equipment strongly impacted by slowdown in China

NORTH AMERICA  
**+11%**

EUROPE  
**+7%**

CHINA  
**-18%**

ASIA  
Excl. China  
**-2%**

SOUTH AMERICA  
**-17%**



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# Successful strategy in North America



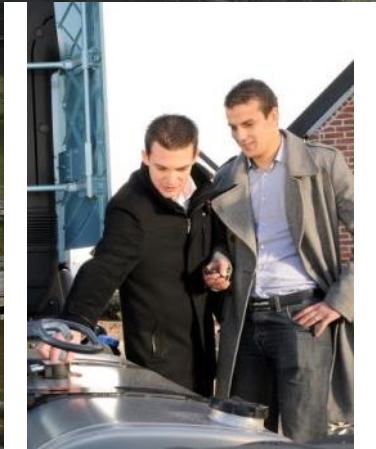
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# Historically high market share for Volvo's new product program



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# Well received by customers and named International Truck of the Year 2015



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With Dongfeng, Volvo Group is breaking new ground  
in the world's largest truck market



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# Measures in place to meet reduced demand for construction equipment



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# Gothenburg the starting point for the next step in electrification



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# Sustainability – good business



**ENVIRONMENTAL  
SUSTAINABILITY**



**FINANCIAL  
SUSTAINABILITY**



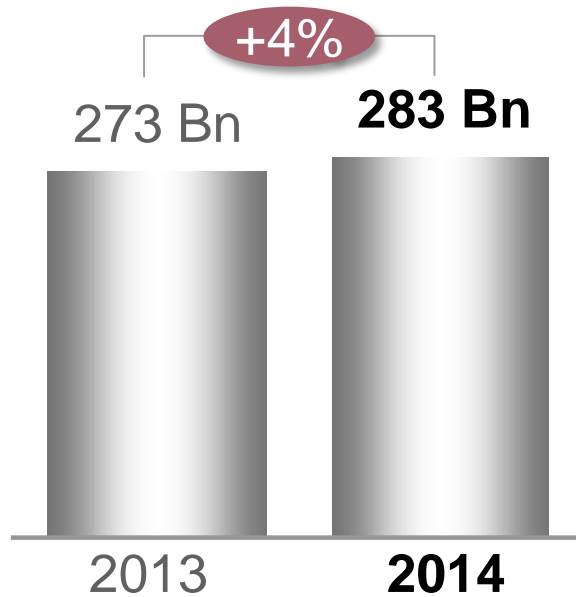
**SOCIAL  
SUSTAINABILITY**



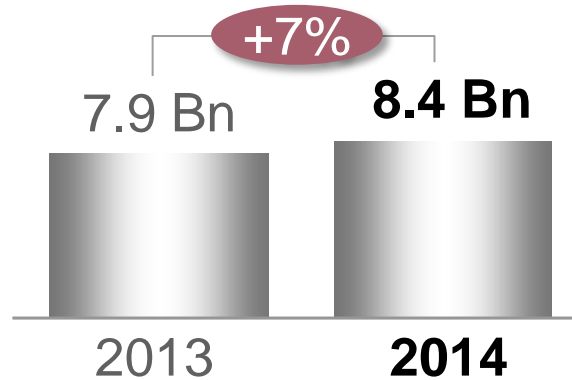
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# Improved result for the Group despite nonrecurring items

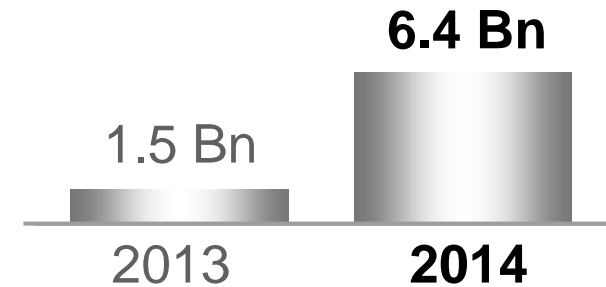
Sales



Operating income\*



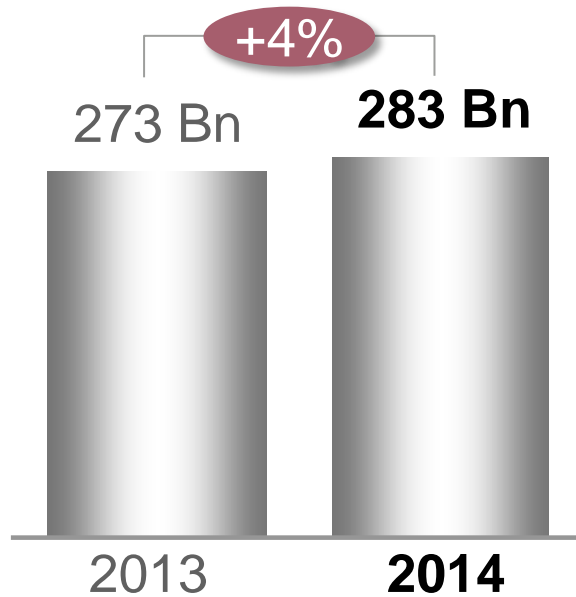
Operating cash flow



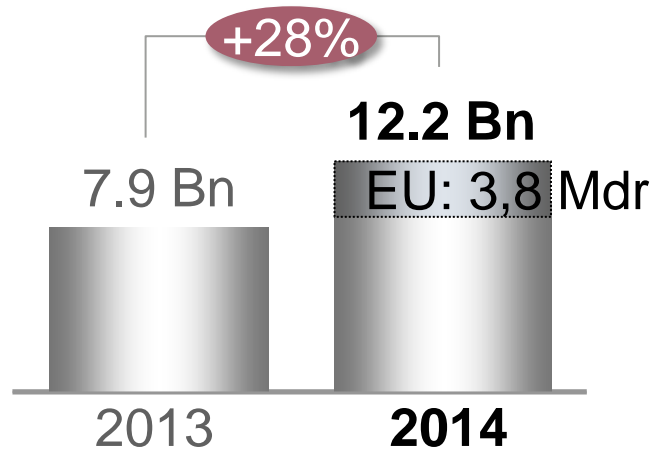
\* Excluding restructuring costs (SEK 2.6 Bn)

# Improved result for the Group despite nonrecurring items

Sales



Operating income\*



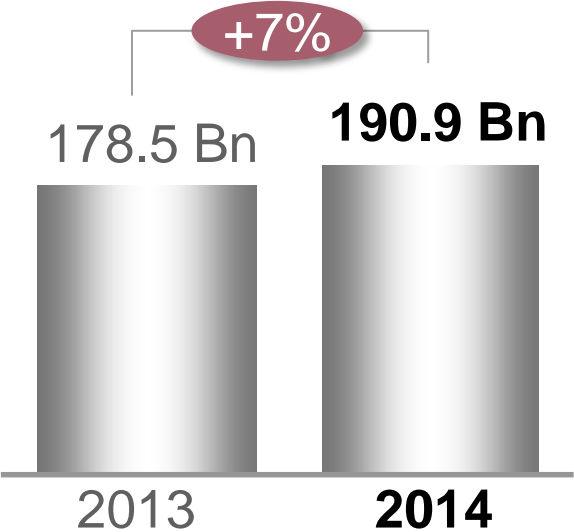
Operating cash flow



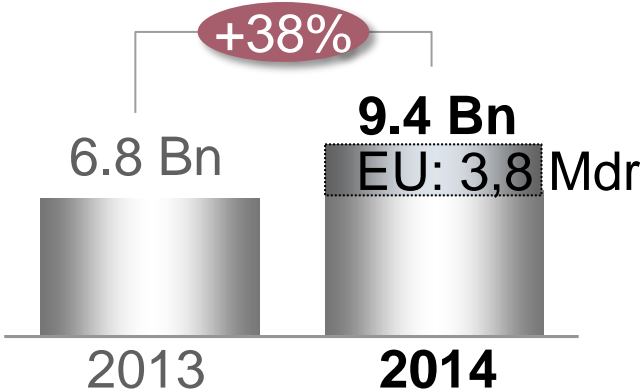
\* excluding restructuring costs (SEK 2.6 Bn) and provision related to EU antitrust investigation (SEK 3.8 Bn)

# Improved underlying profitability for truck business

Sales



Operating profit\*

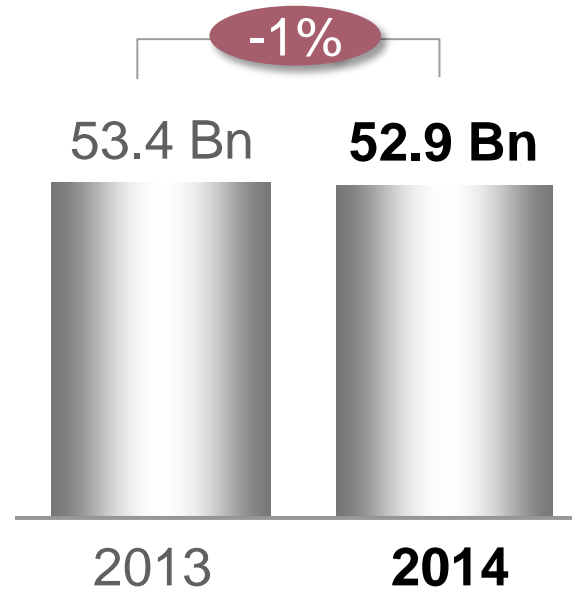


\* excluding restructuring costs (SEK 2.6 Bn) and provision related to EU antitrust investigation (SEK 3.8 Bn)

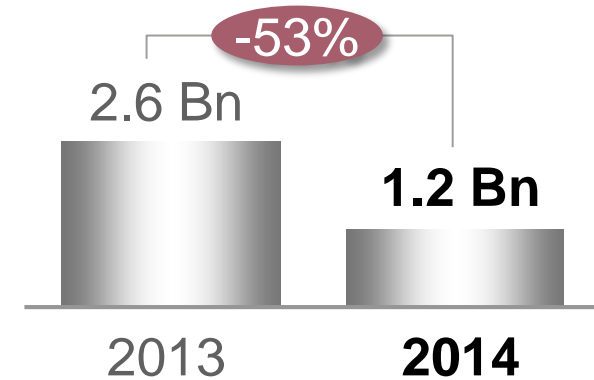
# Headwind in markets impacted profitability



## Sales

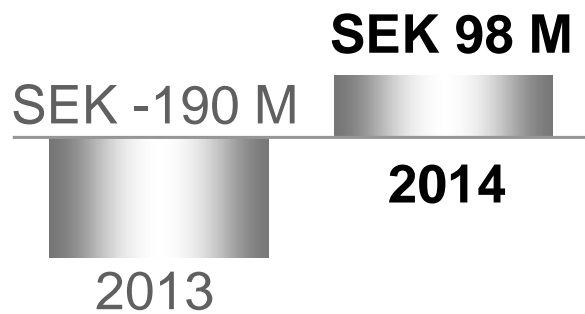


## Operating income\*

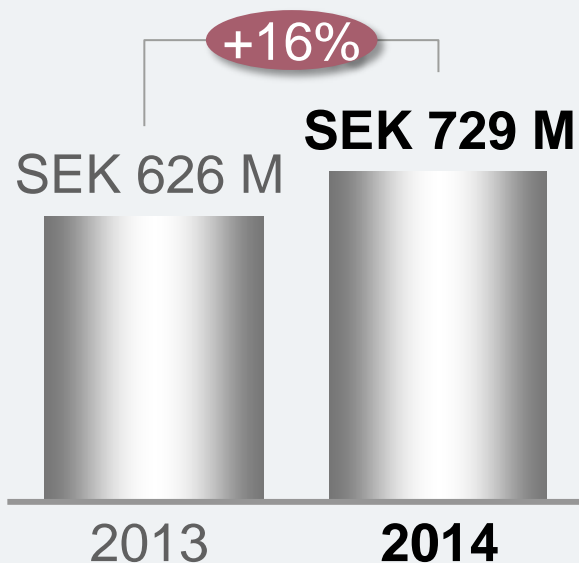


\* Excluding restructuring costs

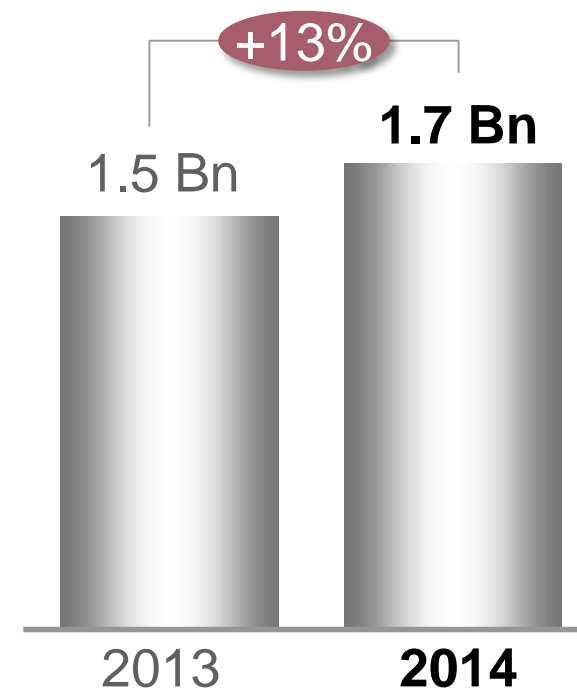
## BUSES Operating income\*



## VOLVO PENTA Operating income\*



## VOLVO FINANCIAL SERVICES Operating income\*



\* Excluding restructuring costs

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# Group did not achieve the financial targets

	TARGET		PRELIMINARY RESULT	
ORGANIC GROWTH	Trucks & Buses	≥ sector	Competitors 3.8%	Volvo Group 3.6%
	Construction Equipment & Volvo Penta	≥ sector	3.6%	-5.1%
OPERATING MARGIN	Trucks & Buses	No. 1 or 2		No. 6 (6)
	Construction Equipment & Volvo Penta	No. 1 or 2		No. 7 (7)

# Measures take effect

## Overall efficiency

- Reduction of 4,400 white-collar employees & consultants
- R&D reduction

## Industrial optimization

- Optimize European industrial footprint

## M&A

- Divestment of Volvo Re
- Acquisition of Hauler b

## Sales optimization

- Optimize European dist  
- 300 workshop agreeme  
- Targeting 30-40% more  
for Renault Trucks' cus  
- Consolidation of back-o  
reduction
- Right-sizing of Japan sales organization,  
-950 employees
- UD exit from the US market
- End sales of logistical services to external customers

## TREND IN OPERATING PROFIT BY PRODUCT IN 2014

- Trucks +36%
- Volvo Penta +25%
- Buses: from loss to profit
- Construction Equipment -45%



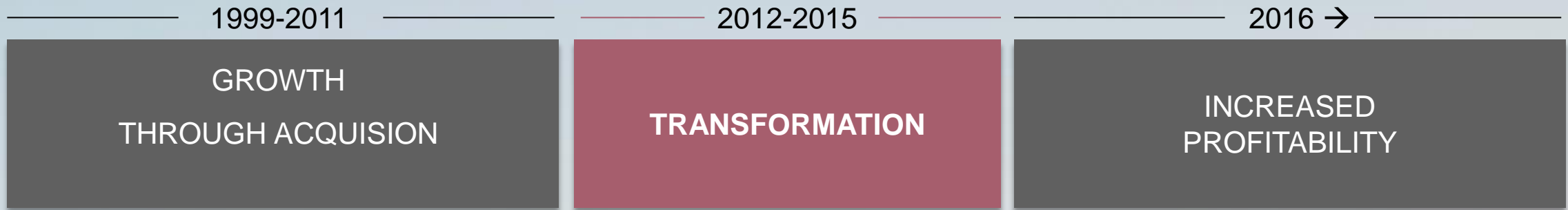
l, Australia

North America,

Note: excluding restructuring charges and provisions related to the EU antitrust inquiry

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# 2015 – deliver improved profitability



- 2012** Reorganization and strategy
- 2013** Comprehensive product renewal
- 2014** Drive organic growth and implement efficiency program
- 2015** Deliver increased profitability

**AB VOLVO**  
ANNUAL GENERAL MEETING  
2015

