

Welcome to the AB Volvo Annual General Meeting



Here's how we will reach the Group's full potential

1999-2011

GROWTH THROUGH ACQUISITIONS

2012-2015

TRANSFORMATION

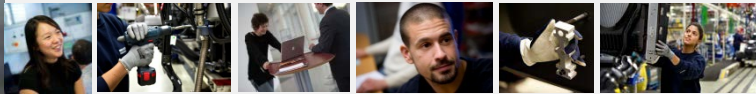
2016 →

IMPROVED PROFITABILITY

- 2012 Reorganization & strategy
- 2013 Extensive product renewal
- 2014 Drive organic growth
and execute efficiency program
- 2015 Deliver profitability improvement

2012 – several comprehensive changes launched the transformation process

NEW ORGANISATION



New organisation to improve efficiency in production, development and purchasing with clear responsibility and mandate as the key words

NEW STRATEGY 2013-2015



Impact of the new strategy is 3 percentage points on the operating margin by end 2015, which corresponds to SEK 9 billion if sales at that time reach SEK 300 billion

NEW BRAND POSITIONING



Segmentation and positioning to optimize the strengths of each individual brand

2013 was hectic and costly, with many successful launches

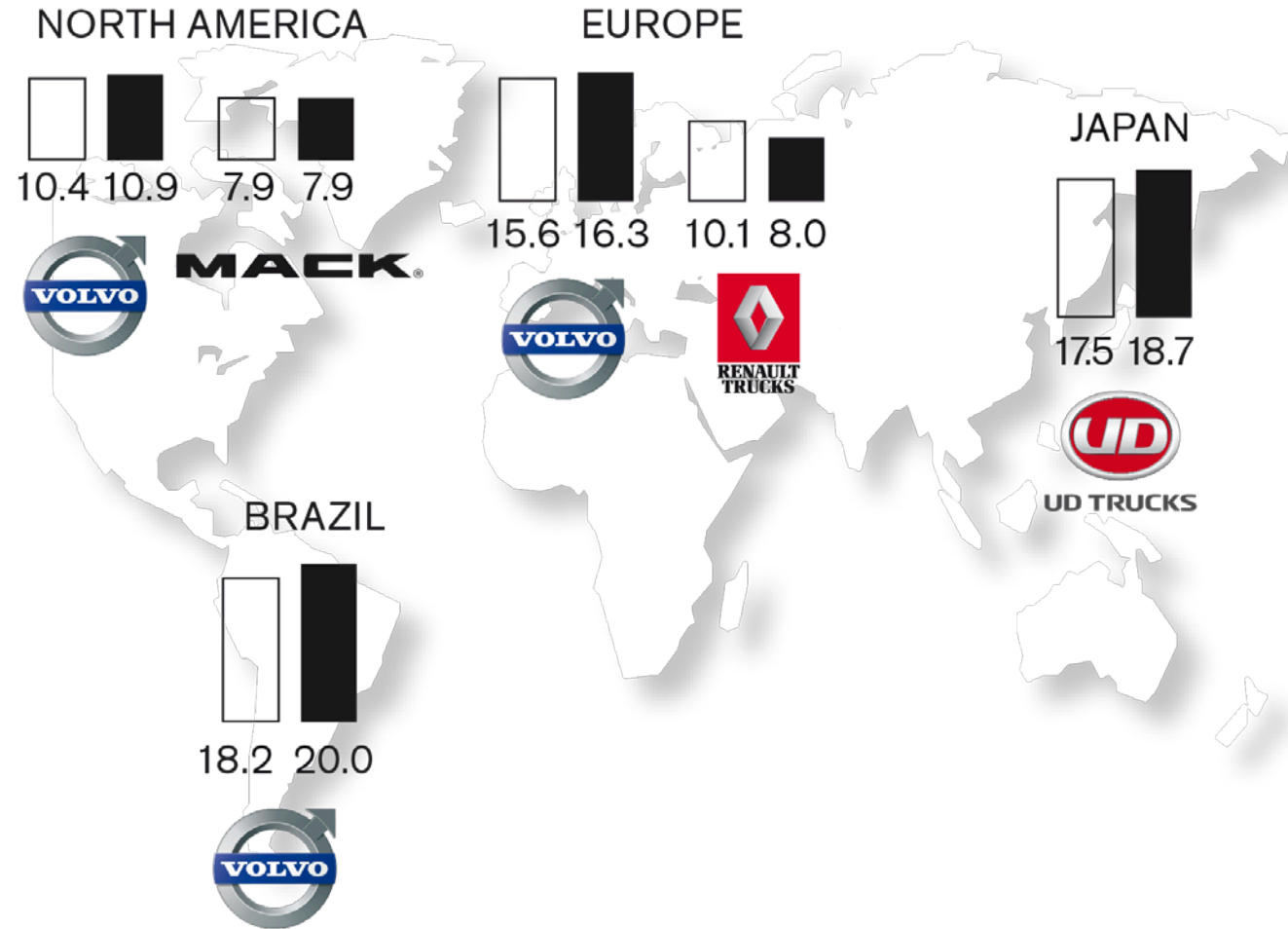


UD TRUCKS



**VOLVO
PENTA**

Positive development on market shares



In 2013 the foundation was laid for continued expansion on the Asian truck markets

UD QUESTER

- Designed and built in Asia with local suppliers
- Very well received by customers



INDIA

- Eicher third in India
- Investment of SEK ~2.5 billion in modern plants
- New Eicher Pro series launched – 11 models

CHINA

- Dongfeng
- 172,000 vehicles sold in 2013
 - Market share in China:
 - Heavy trucks 16%
 - Medium trucks 18%
 - 28,000 employees

In 2014 we will focus on growing organically and implementing the efficiency program

ORGANIC GROWTH

- Leverage the new Volvo Trucks and Renault Trucks product ranges
- Complete the new and more efficient service network
- Grow volumes in Southeast Asia for UD with the new Quester series
- Maintain positive market share development in the Americas

EFFICIENCY

- Reduce structural headcount among white-collar employees and consultants
- Take down R&D costs
- Improve manufacturing productivity after product renewal
- Reduce activity level
- Strengthen process efficiency

Expected effects of various already taken decisions

Reduction of 4,400 white-collar employees & consultants ✓

Exit truck assembly operations in Karsan, Turkey ✓

Insourcing of axle assembly to Hagerstown, US and Wacol, Australia ✓

Consolidate CKD from Jacksonville to Macungie, USA ✓

Consolidate parts warehouses; 3 closed & 3 down-sized in North America, moving from 2→1 in South Africa ✓

Close crankshaft plant in Spain ✓

Optimize European distribution channel ✓

- 300 workshop agreements terminated
- Targeting 30-40% more available workshops for Renault Trucks' customers
- Consolidation of back-office functions & staff reduction

Close remanufacturing in Eskilstuna & Eslöv, Sweden ✓

Exit casting of disc brakes to external customers, Sweden ✓

End sales of logistics services to Volvo Cars, Europe ✓

Optimize European industrial footprint ✓

- HD truck assembly lines 6→5
- Cab assembly from Umeå to Gothenburg, Sweden
- MD truck assembly from 2→1 plant

Divestment of Volvo Rents and non strategic real estate ✓

Acquisition of Terex hauler operation ✓

Right-sizing of Japan sales organization, - 950 employees ✓

UD exit from the US market ✓

Japanese industrial restructuring ✓

- Phase-out of legacy engines & transmissions
- Exit non-core business (LD engines to Nissan Motors)
- Close or divest Kounosu foundry operations
- Close or divest Hanyu transmission plant
- Divest N-tech and Sakura Tex affiliated companies
- Consolidate operations to Ageo
- Truck assembly capacity from 50,000 to 13,500 per year
- Reduction of 700+ employees & consultants

On the road to improved profitability

1999-2011

GROWTH THROUGH ACQUISITIONS

2012-2015

TRANSFORMATION

2016 →

IMPROVED PROFITABILITY

New products

An efficient Volvo Group

Expansion of truck operations in Asia

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THE VOLVO GROUP VISION:

To become the world leader in
sustainable transport solutions



VOLVO