



Volvo CE Business
Eastern Europe
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1) Volvo CE Products

Leading technology product range

Market leader in two product lines / min. No. 4 all other products
Attachment business as a profitable "add on"
Core values: Quality, Safety, Environmental Care;

Soft offerings

Financing
Rental
Customer support agreements
"Care track" satellite supported machine tracking and analysis

Distribution & Service

Stable distribution due to strong and professional dealer network
Provides professional customer solutions and product support
Well-trained and motivated employees living the "Volvo spirit"

→ Volvo CE as a full solution provider





1) Volvo CE Customers (I)

Main customer segments

Construction
Extraction
Production Industry
Wood industry and wood handling
Waste handling
Gardening/Landscaping

Customers

- Wide variety from small local up to international companies
- Complex products and flexible technical customer solutions create higher demand on service than in other branches
- Outstanding service support is the key to success

→ Service focus to secure profitability





Volvo CE Customers (II)

Key Customer References

Strabag / BMTI (Construction)

Skanska (Construction)

Cemex (Cement industry)

Heidelberg Cement (Cement industry)

Vinci / Eurovia (Construction)

Kronospan (Wood processing)

→ Professional service is the key to success





2) Volvo CE East Europe Group (EEG)



...from the Baltic Sea to the Lake Constance and to the Black Sea!



Volvo CE in Eastern Europe



EEG group consists of 3 managing organizations:

- Poland
- Bavaria
- Austria group = all other countries

Volvo CE East Europe Group

...from the Baltic Sea to the Lake Constance and to the Black Sea!



Countries:	11
Main languages:	6
EU-members:	8
Population:	120 Mio. people

- Volvo owned sales organizations: 9
- Sub-Dealers: 1 (SI)
- Agent: 1 (BiH)
- Outlets: 27
- Employees: 330
- Service staff 135 field-/ mechanics
- Sales force: 70
- Key account managers: 5
- New machine sales: 1.800-2.000 units
- Expectations (5-8 years): 4.000 – 4.500 units

Volvo CE East Europe Group

...from the Baltic Sea to the Lake Constance and to the Black Sea!





3) EEG Market, Sales & After Sales

Market environment (I)



Growing / booming markets

(Poland, Czech Republic, Slovakia, Hungary, Croatia, Romania)

- Strongly growing / booming business environment with huge foreign investments
- High need for infrastructure investments, projects funded by European Union
- Profitable sales business is possible
- After sales market demand on low level (growth potential very high)
- Strong demand on financing solutions
- Growing development expected as ongoing for minimum 5 -10 years



Market environment (II)

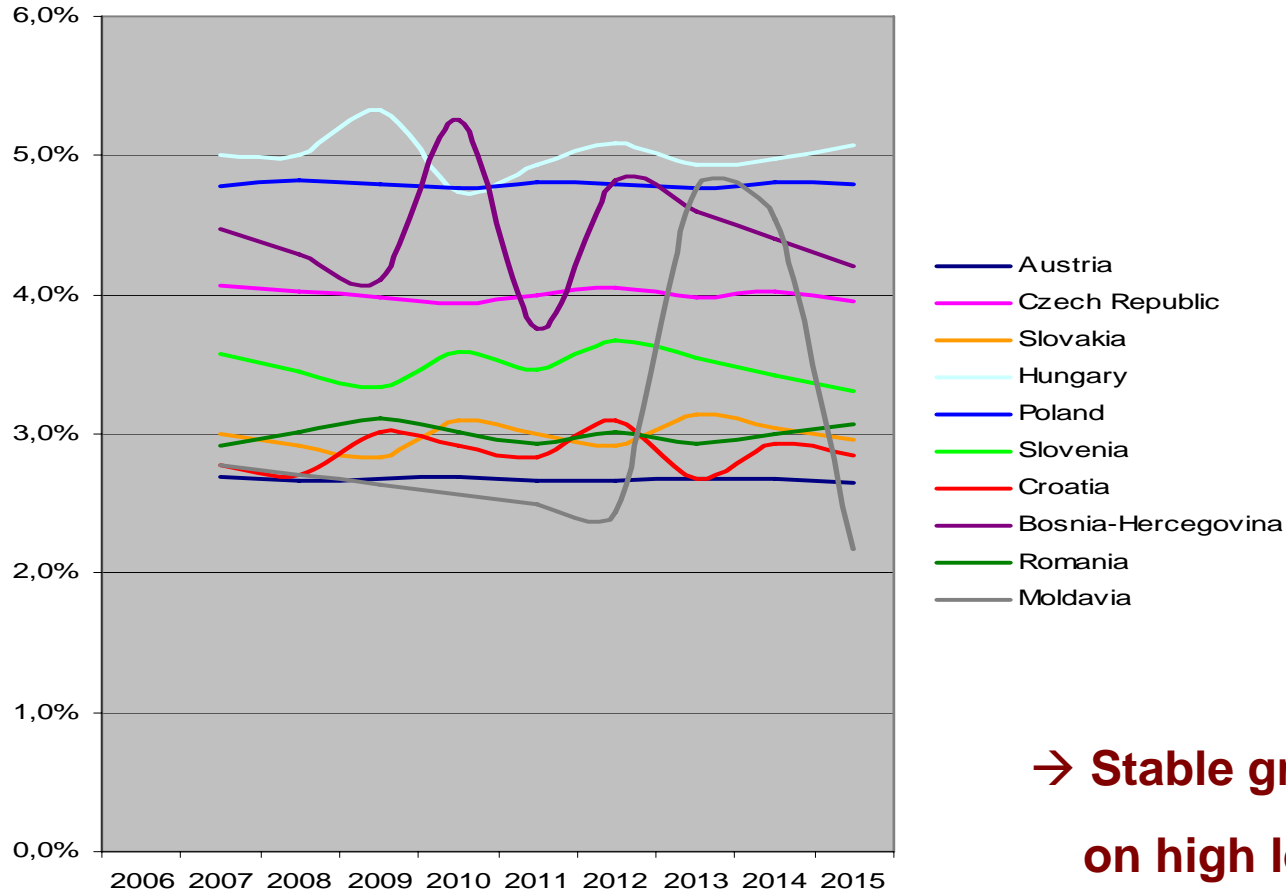
Highly developed markets (Austria, Bavaria, Slovenia)

- Stable economies but highly competitive market situation
- Low market prices and profitability in sales
- Growing market demand for rental solutions and soft offerings
- After sales: High potential and high profitability
- Stable market demand expected for next 3 years

„Sleeping“ markets (Bosnia-Hercegovina, Moldavia)

- Stability of political situation very unsecure, foreign investments missing
- High-profit sales but highly volatile market demand

GDP growth (moderate scenario)*

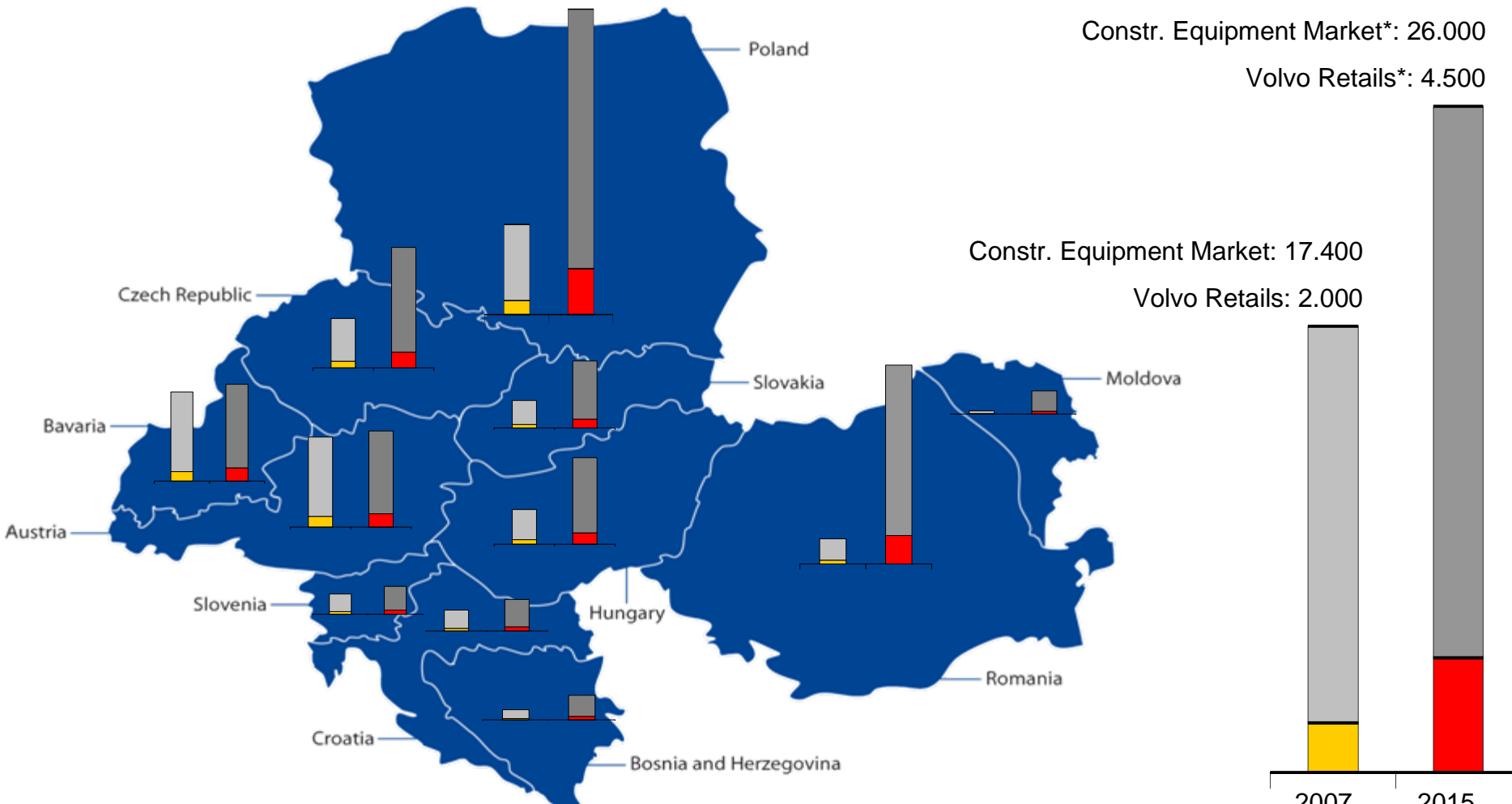


→ **Stable growth**
on high level expected

* Source: World development indicators database (WEF); Optimistic scenario forecasts 0,5% - 1,0% higher (absolute);



Construction Equipment Market & Retail development*

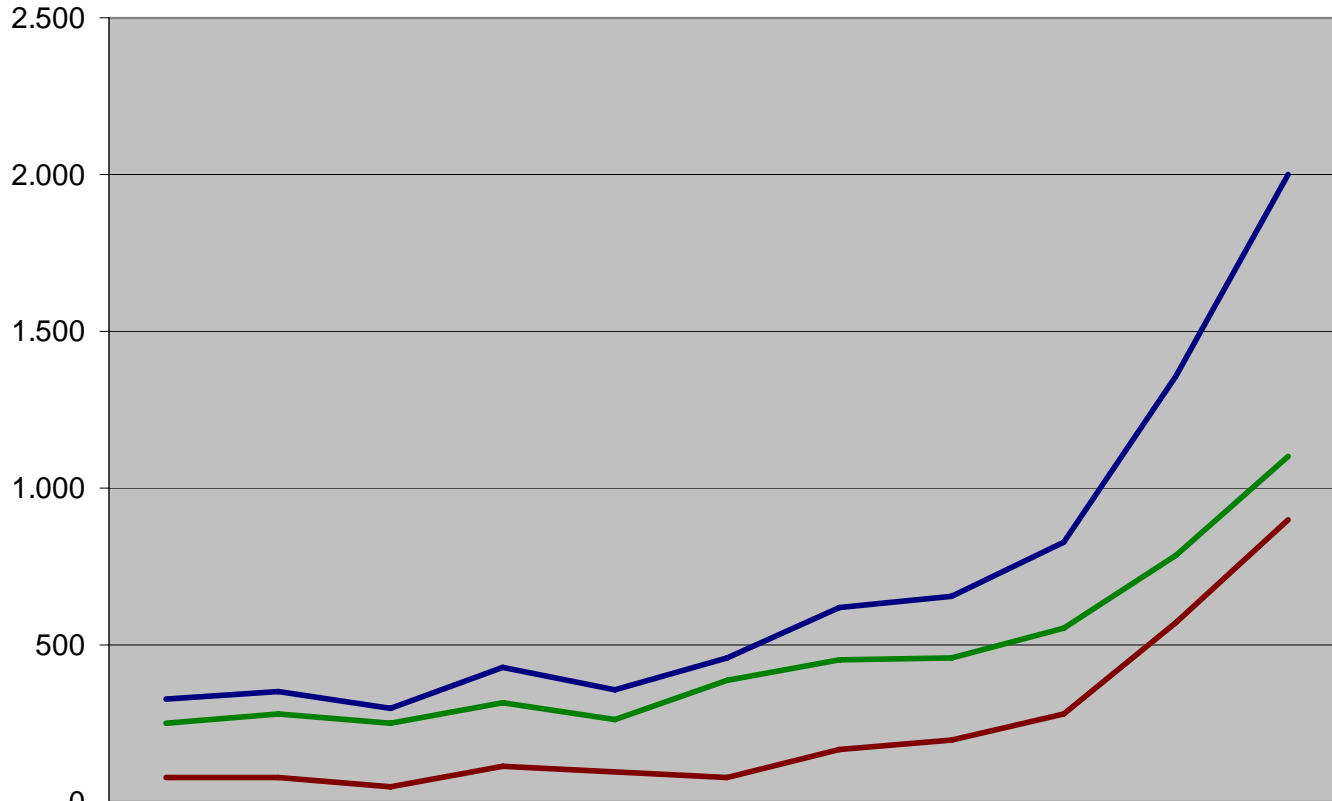


* Market estimation based on Construction Indices (Source: CEE economic data / various leading banks in East Europe)



VOLVO CE EEG – Retail units

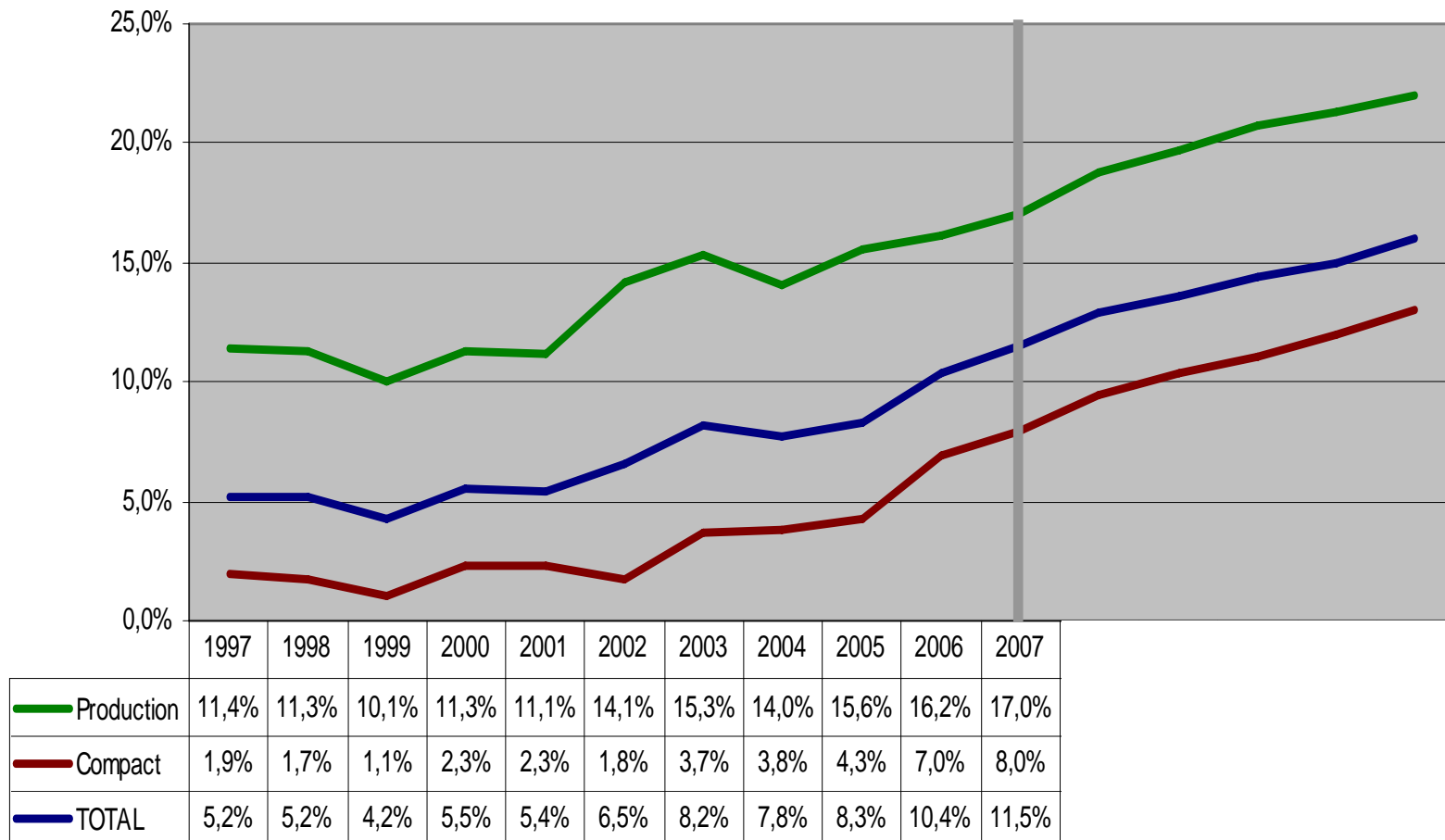
2015: **Ambition**
4.500 Units



	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Production	247	277	249	313	261	385	450	458	552	783	1.100
Compact	79	75	50	114	97	76	168	197	277	571	900
TOTAL	326	352	299	427	358	461	618	655	829	1.354	2.000



VOLVO CE EEG – Market shares



After Sales Approach

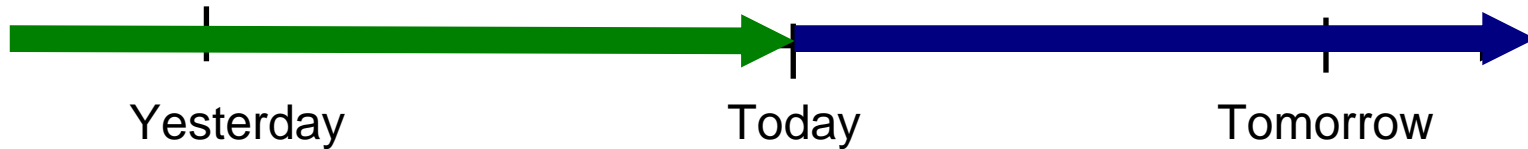
Service as
"Fire Brigade"



Market Coverage/
Mechanics/Branches
„BASICS“



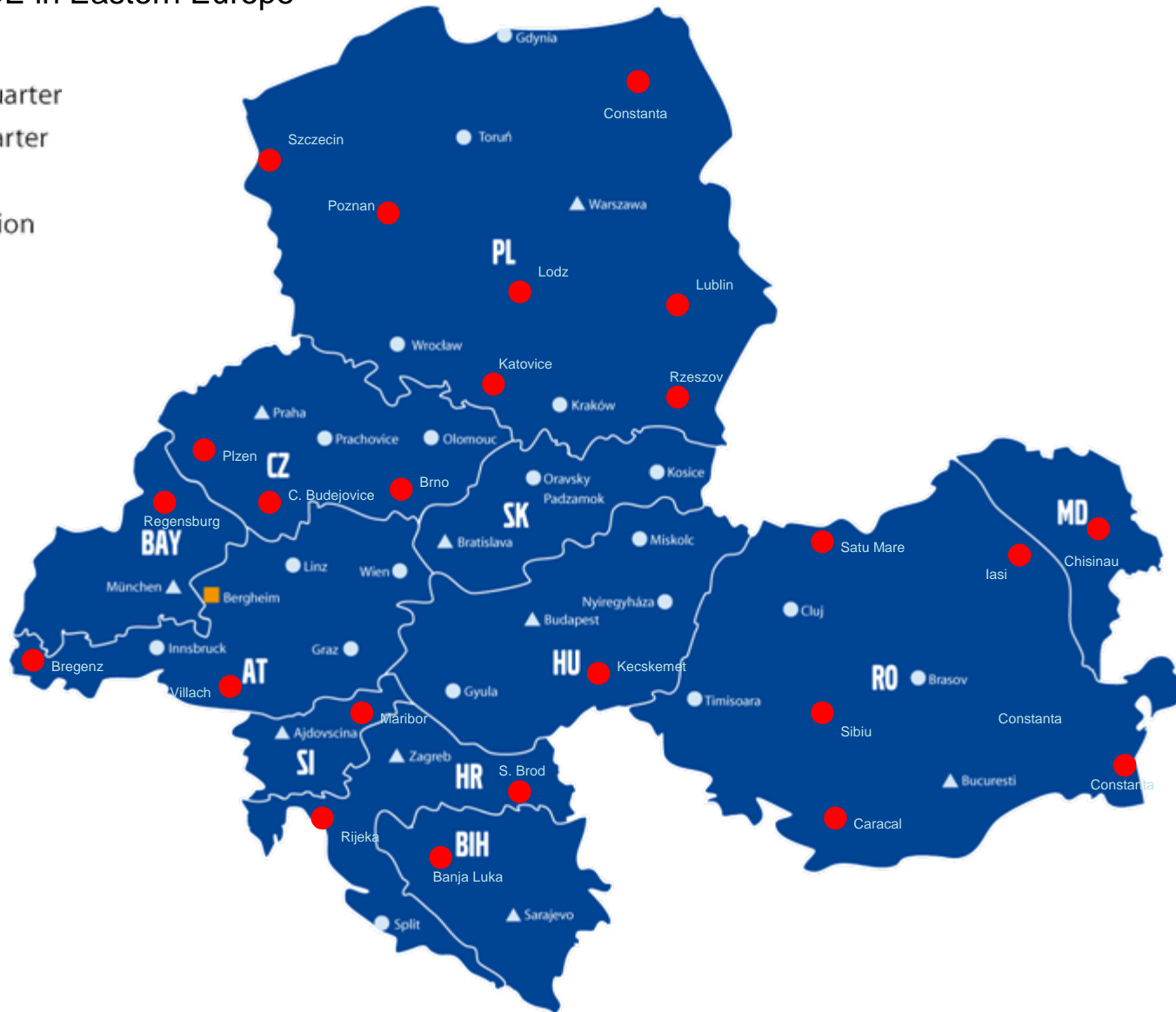
Soft – Products
CARE TRACK, MMI
„PRO ACTIV“





Volvo CE in Eastern Europe

- Group Headquarter
- Local Headquarter
- Service-Point
- Planned Location



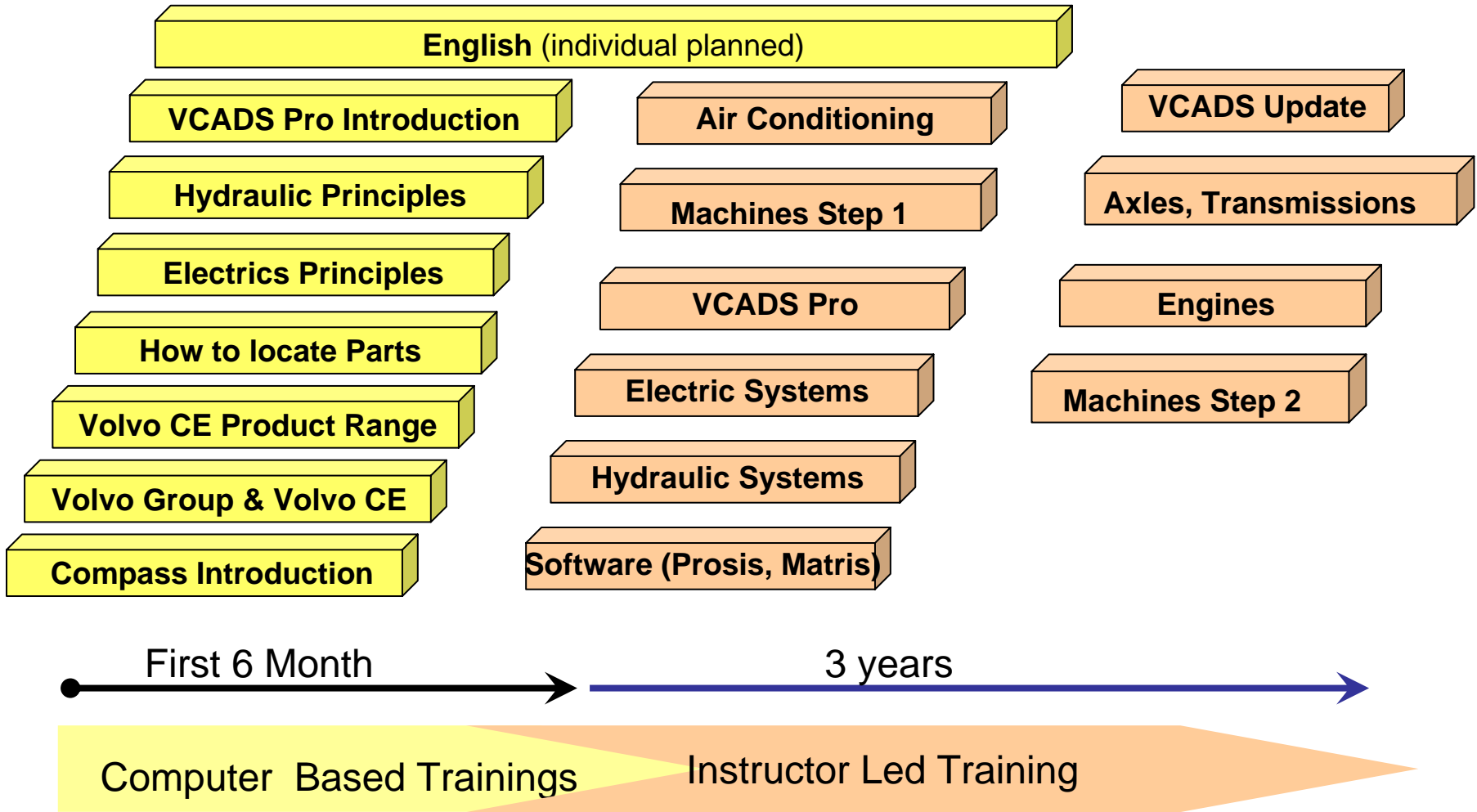


EEG Training Concept

- Each market is not strong enough to organize local trainings with resources and quality required.
- Proposed concept is to establish an **efficient pool of mobile trainers** dedicated to East Europe markets.
- Compass will be the base tool for the basic CBT Training, administration and competence development
- **Willingness to learn English** will be a selection criteria when recruiting new mechanics
- Trainers should be linked to a development program to **secure training quality** and career planning.
- Training plans integrated in the overall European training plan.

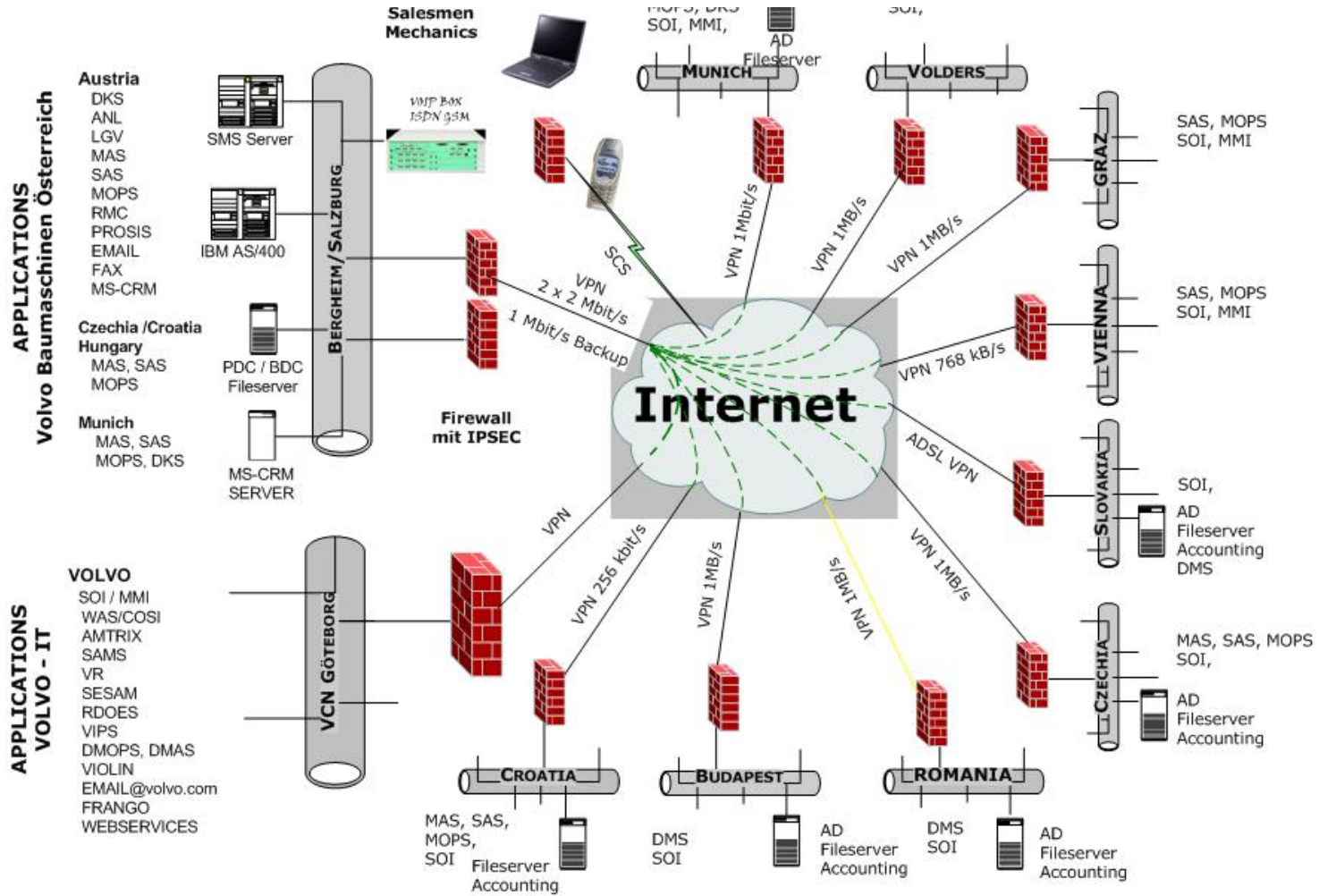


Competence Development Service Technician



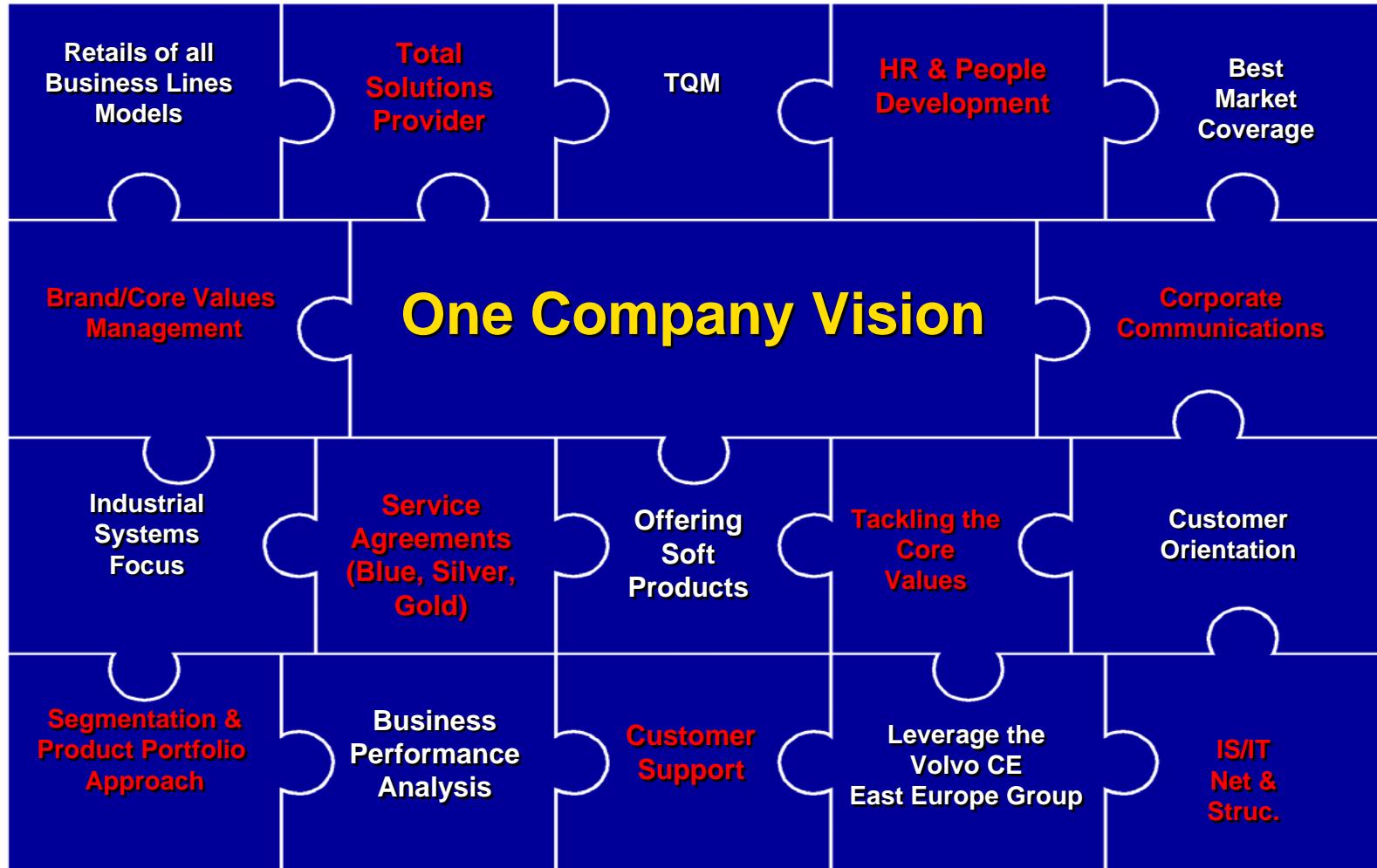


4) IS/IT Infrastructure





5) Volvo CE EEG Strategy





Example 1



Volvo Maszyny Budowlane Polska z.o.o.

Headquarter: Warsaw / Poland

Population: 38 Mio. people

Retailed units*: 450

Market: **Booming; Coverage of market is the key;**

* Plan 2007





„Every day our employees build strong relationship with the best companies in the construction sector ”

Zbigniew Medynski
MD Volvo Maszyny Budowlane Polska Sp. z o.o.

Strategy: **Strong partner in booming markets**

“A boom in the market along with the attractive and extensive product lines of Volvo and **intensively developed sales and service structures** of Volvo led to a **rapid increase in our sales**“

“Volvo machines are present on most construction sites throughout the country “
On the largest construction site in Europe – the A1-motorway in Poland – the fleet of **Volvo machines constitutes the lion´s share of the construction equipment.**”





Example 2



Volvo Stavebni Stroje Czech s.r.o.

Headquarter: Prague / Czech Republic

Population: 10,3 Mio. people

Retailed units*: 170

Market: **Growing; Upcoming importance of service;**

* Plan 2007





„We consider the expansion of our service network as our highest priority.”

Jindrich Vrtel
MD Volvo Stavebni stroje Czech s.r.o.

Strategy: Investment in future profit business segments

“There are more than 1.200 Volvo construction machines active in the Czech Republic.
This places **great demand on the service network** “

“We are increasing the number of employees, **invest in training** and in service equipment.
Our mobile service equipment has developed new levels of quality in the market”

“In 2007, several new service centres will be opened, which enables the company
to be closer to its clients and to **provide the finest level of services** „



Example 3



Volvo Baumaschinen Österreich GmbH.

Headquarter: Salzburg/Austria

(also Headquarter of Volvo CE East Europe Group)

Population: 8,3 Mio. people

Retailed units*: 300

Market: **Highly developed & competitive; Advanced service is the key;**

* Plan 2007





„Our goal is to be the best service provider within the industry.”

Thomas Weber
MD Volvo Baumaschinen Österreich GmbH.

Strategy: Partnership & profitability through advanced services

“Our **customer care program** extends from purchase advice to service maintenance and lasts through the lifetime of the machine“

“It’s not only about the „hard as iron” product itself, it’s also important to provide **tailor-made solutions** for finance, service and rental – depending on the specific project.”

“In the service area, we are able to provide special offers (**Volvo service packages**) which allow customers to ensure that upcoming costs are absorbed by the use of fixed rates per hour or month of use.





6) Highlights and Challenges

Highlights

- Turnover, Profit and Market shares on a high level
- Strengthened position of Volvo as a preferred supplier due to service quality
- New business segment: Start of Volvo Rents in Austria, Bavaria & Poland
- High qualified and motivated employees working in different teams in different countries and different environments
- Strong central support activities for local markets: **Think global. Act local.**

Challenges

- Set up of a Volvo CE Organisation in Romania
- Upgrading of the service network in all countries to a top level
- Extensive recruiting program of mechanics => strong request of the market
- Trainings and continuing education sanctions on all levels very important
→ **Training Center for Volvo CE EEG**



7) Volvo CE EEG wanted position 2012

General

- Profitable growth of dealer business
- To be number one in customer satisfaction
- To be one of the top 3 players in Eastern Europe

Sales

- Leading market position in main product segments
- Full solution provider to customers
- Profitable rental business to establish in all markets areas

After Sales

- Number one service provider for construction equipment
- Focus on customer relationship and soft products
- Extensive training programs for employees (training center established)

MORE CARE. BUILT IN



Local roads near Ciolanesti, Romania, 2007

LET US DRIVE THE THINGS FORWARD !



Volvo Construction Equipment

MORE CARE. BUILT IN.