

# **VOLVO**

## **Financial Services**

2010  
Investor Day

# Volvo Financial Services at a Glance

## Global presence



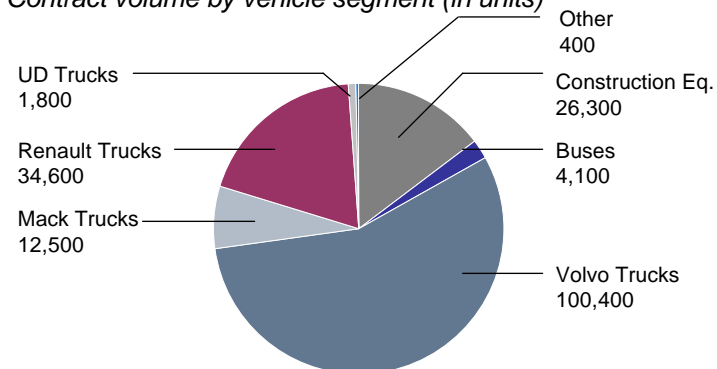
Volvo Financial Services (VFS) offers financing capacity in 43 countries around the world

## As of September 30

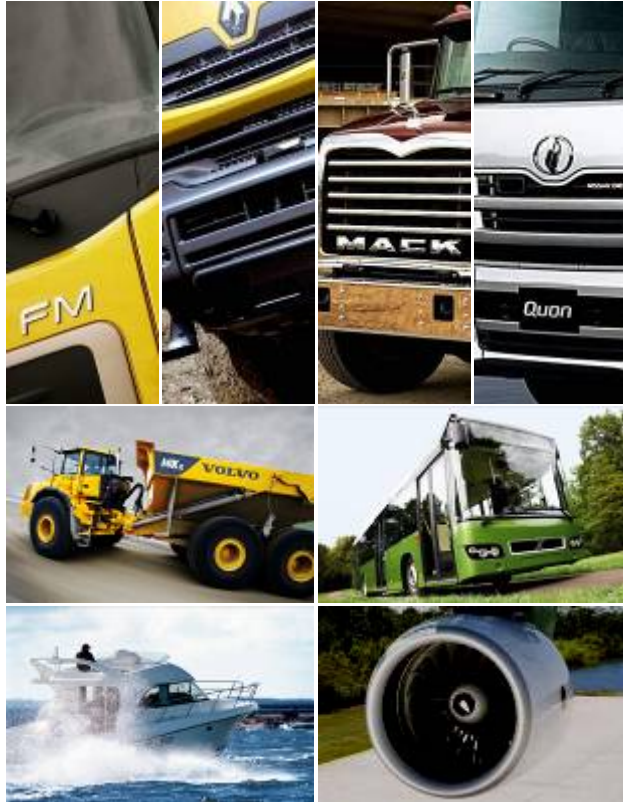
New retail financing	SEK 24.5 bn
Managed assets	SEK 90.9 bn
Employees	1,230
Portfolio (in units)	180,100

## Portfolio

Contract volume by vehicle segment (in units)



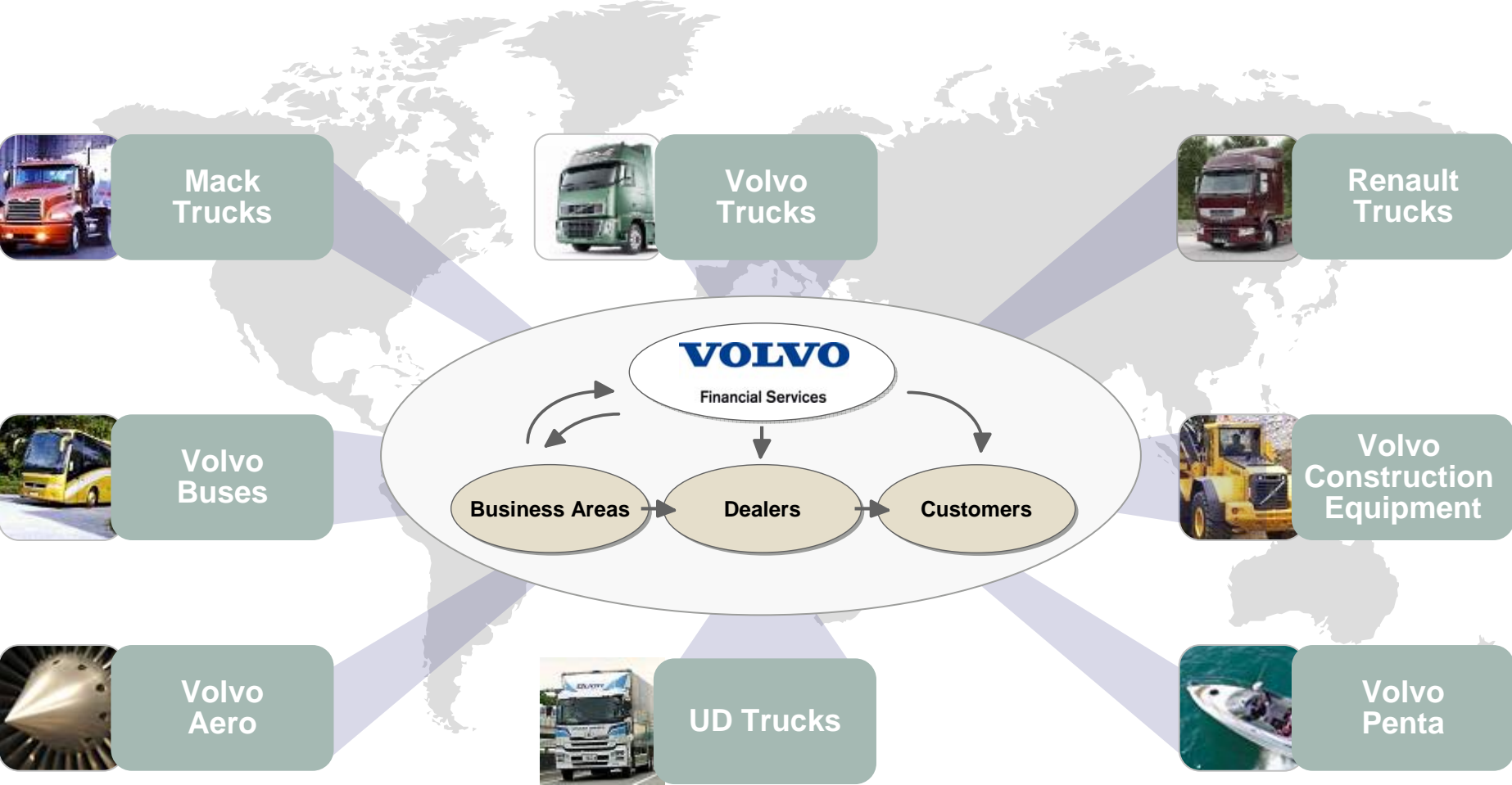
# Our Value Proposition



- Our focus is exclusively on the Volvo Group's brands and segments
- In close relationship with the Group's brands, we develop integrated services meeting the needs of our customers and dealers
- We strengthen the customer retention and loyalty to the brands of the Volvo Group
- We provide a worldwide presence through wholly owned subsidiaries and private label agreements with local partners
- We support customers and dealers over the business cycle

*We strive to achieve value for the Volvo Group's customers, dealers, Business Areas and shareholders*

# Integrated Commercial Offer



# Branded Finance Products



**UD TRUCKS**  
FINANCIAL SERVICES



**VOLVO**

Financial Services



**RENAULT  
TRUCKS**  
FINANCIAL SERVICES

# Operating Models

## Efficient and Effective Use of Volvo Group Capital

1. In-country (local) operations
2. Cross-border financing and leasing
3. Private label agreements
4. Third party alliances

- Ability to protect Volvo Group assets
- External Risks: political, financial systems, etc.
- Scale (unit sales): current and future potential
- Funding: availability of competitive capital with growth potential
- Competition: How do others manage this market? No competition may be a warning sign.
- Resources and local knowledge to execute correctly and profitably

# Customer Offering

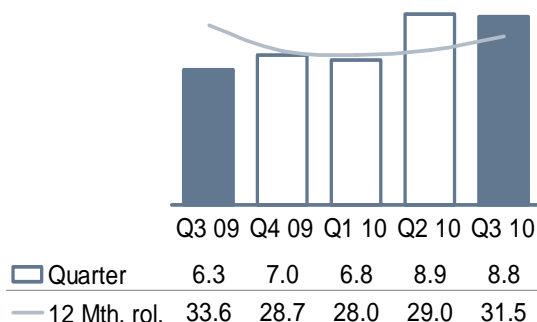


# Q3 Results



## New retail financing

SEK bn

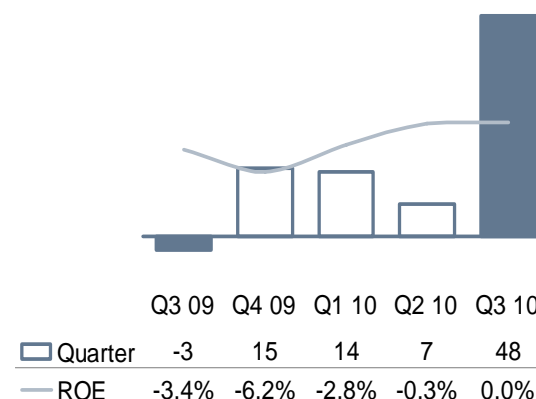


## Highlights

- Strong North America portfolio performance
- Targeted volume increases
- Stabilization of Eastern Europe portfolio

## Operating income and return on equity

SEK M



## In Focus

- Profitable growth mature markets
- Further BRIC development
- Eastern Europe inventory reduction



# Regional Performance

## Positive trends continue

### Western Europe:

- Risk-related KPI's steadily improving; still far from 2007/2008 levels
- Demand for used equipment getting stronger and price levels increasing
- New business volume picking up

### Americas:

- US portfolio quality back to pre-crisis levels
- Latin America and Canada portfolios continue to perform well
- Strong volumes in Brazil; picking up in North America
- South Africa private label with Wesbank

### Eastern Europe:

- Portfolio continues to stabilize
- Improvement pace varies across markets
- Focus on inventory reduction
- New business volume picking up in Russia

### Asia/Pacific:

- Solid portfolio performance
- Controlled growth in China
- New operations in Japan and Australia developing well. India start-up in focus.
- Indonesia alliance with Orix

# BRIC Focus

## Significant Growth Markets for the Volvo Group

### Brazil:

- Local finance company in operation > 15 years
- Managed assets up 30% over the last year
- 4 BSEK portfolio syndication in Q210
- Portfolio performing well with low delinquencies
- Mature and tested remarketing system

### China:

- Local finance company established in 2006
- Strong volume in construction equipment
- Portfolio performing well with low delinquencies and write offs
- Recruitment strategies in place
- Strong deal structure and risk management discipline

### Russia:

- Cross border activities started 1995 / local finance company established 2003
- Market hit hard in 2009, but now is set for a steady recovery in 2011+
- Business model and control environment strengthened based on experience

### India:

- New market development plan in process
- Expected to start-up in 1st quarter 2011
- Evaluating wholesale financing opportunities

# CONCLUSION & KEY MESSAGES

- VFS as part of the Volvo Group integrated commercial offer
- We are well positioned to support Volvo Group growth in all key markets
- Positive trends continue in our portfolio as we emerge from the severe economic downturn
- We are preparing now for future downturns in the BRICs with strong underwriting and risk management disciplines
- Profitable, controlled growth

