

Volvo Group

First quarter 2012



Group overview – good sales momentum

	NET SALES	OPERATING INCOME	MARGIN
VOLVO GROUP 	79 bn	6,239 M	7.9%
TRUCKS 	49 bn	3,521 M	7.2%
VOLVO CE 	18 bn	2,131 M	11.8%
BUSES 	5.2 bn	62 M	1.2%
VOLVO PENTA 	1.9 bn	112 M	5.8%
VOLVO AERO 	1.7 bn	235 M	14.0%
FINANCIAL SERVICES 	10.4 bn New financing	333 M	

Record sales volume but leverage impacted by market mix

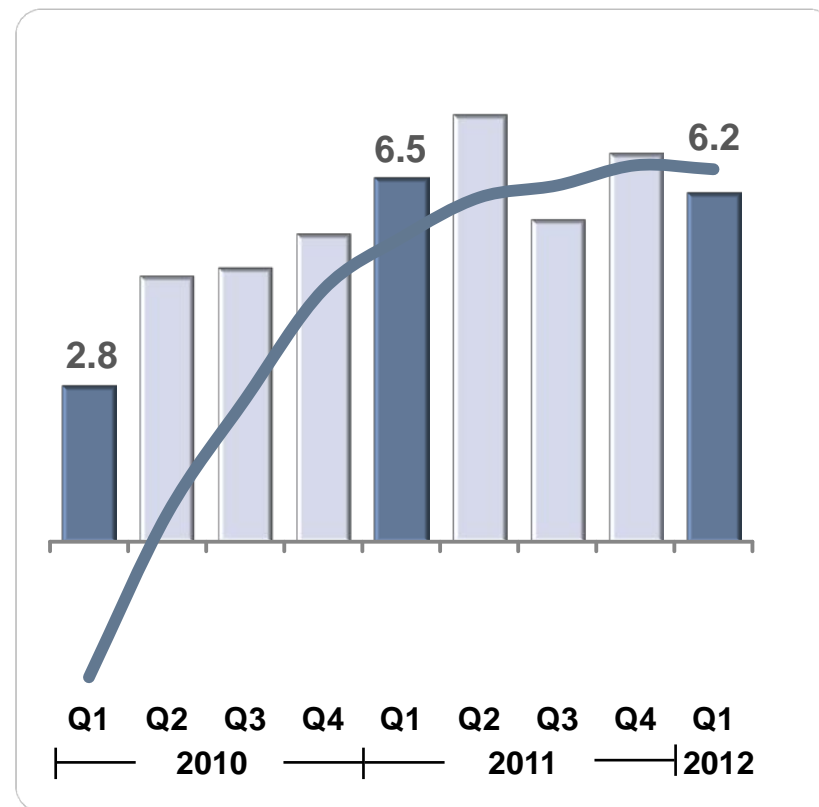
SALES TREND
SEK bn

12-months 318 bn



OPERATING INCOME
SEK bn

12 months 27 bn

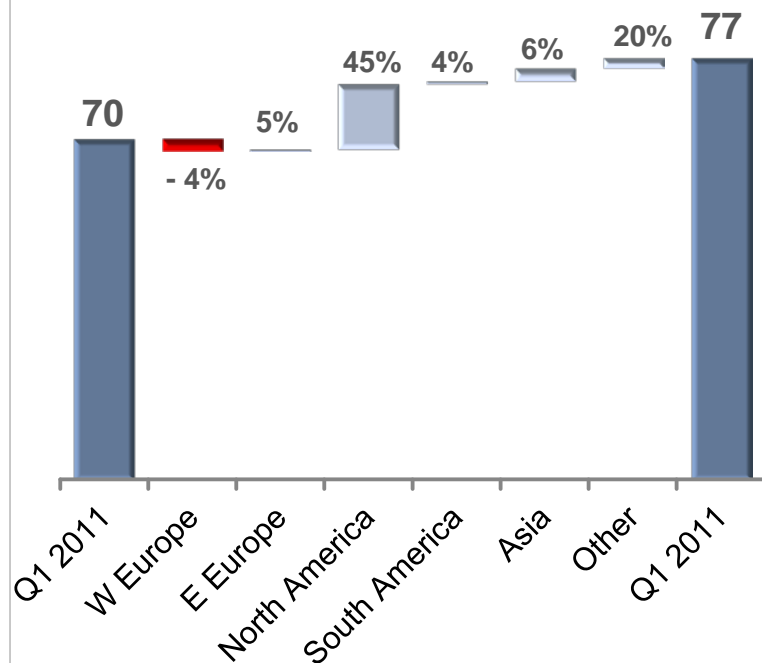


Good geographical balance

MARKET DEVELOPMENT*

SEK bn

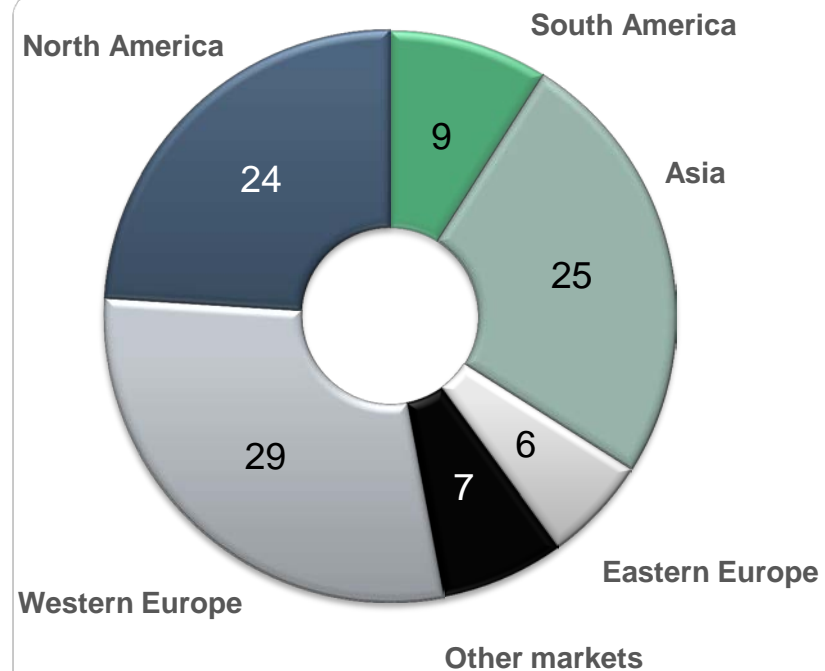
10% growth, 7% excl currency



* Industrial operations

VOLVO GROUP* SALES Q1

%



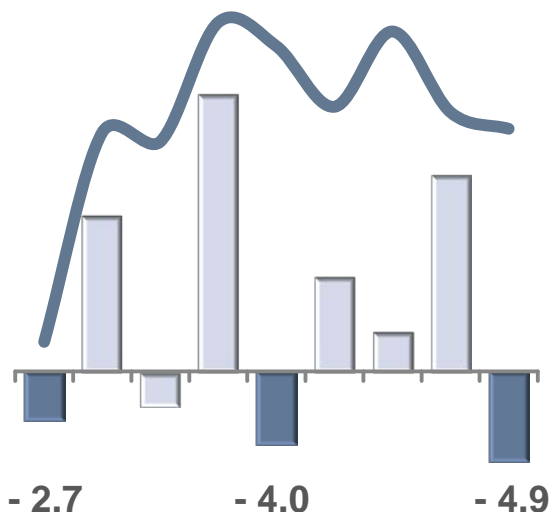
High capital efficiency

CCC at a record low 19 days

OPERATING CASH FLOW*

SEK bn

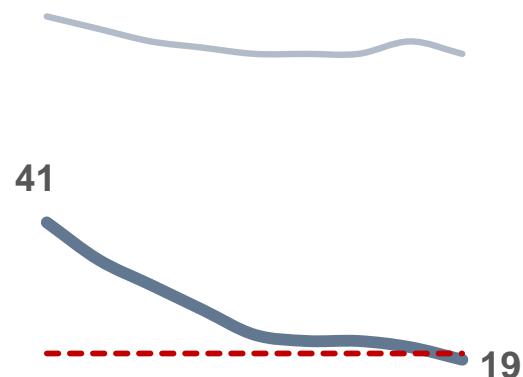
12 months
13.2 bn



Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1
| 2010 | 2011 | 2012

CASH CONVERSION CYCLE*

Days

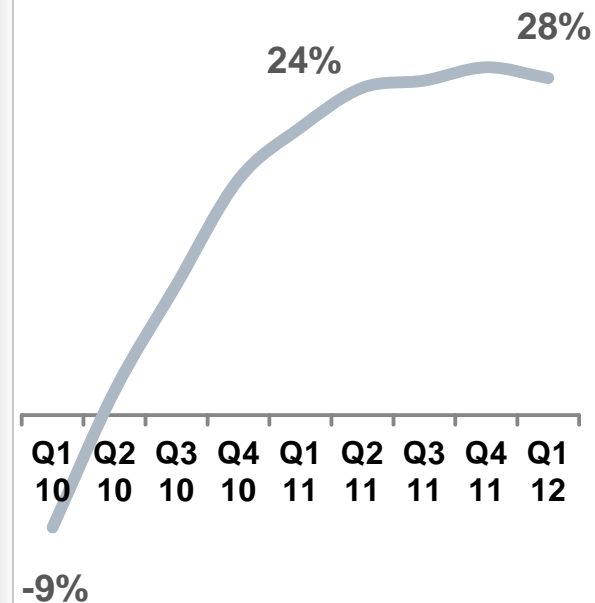


Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1
| 2010 | 2011 | 2012

— Inventories — CCC-days
- - - Target

ROC*

%

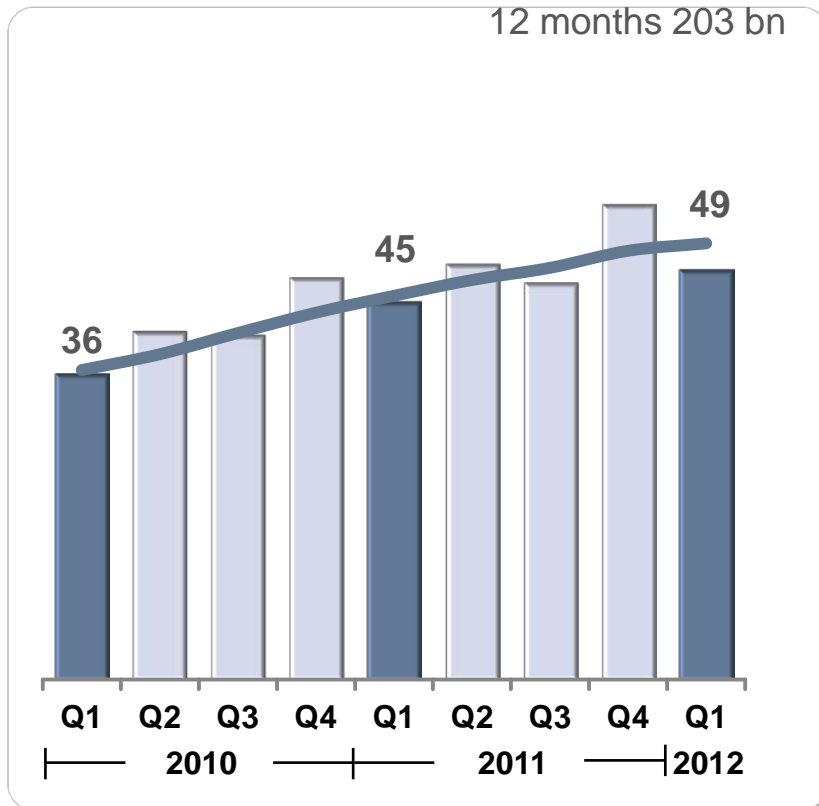


* Industrial operations

North America drives sales growth

SALES TREND

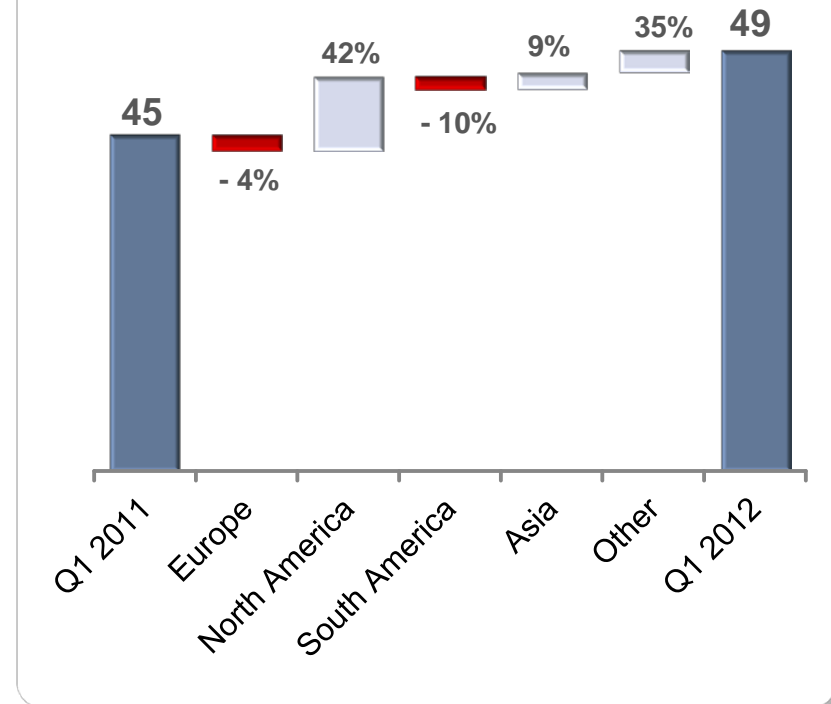
SEK bn



SALES BRIDGE

SEK bn

8% growth, 6% excluding currency

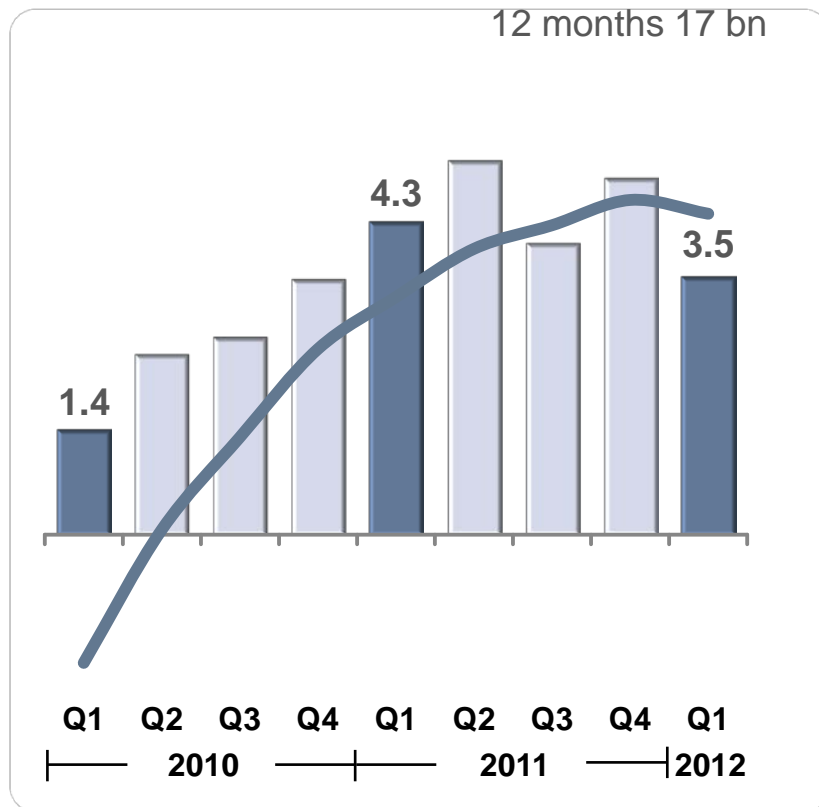


Effects from changed market mix

Operating leverage -13%*, -20%* excluding currency effects

OPERATING INCOME

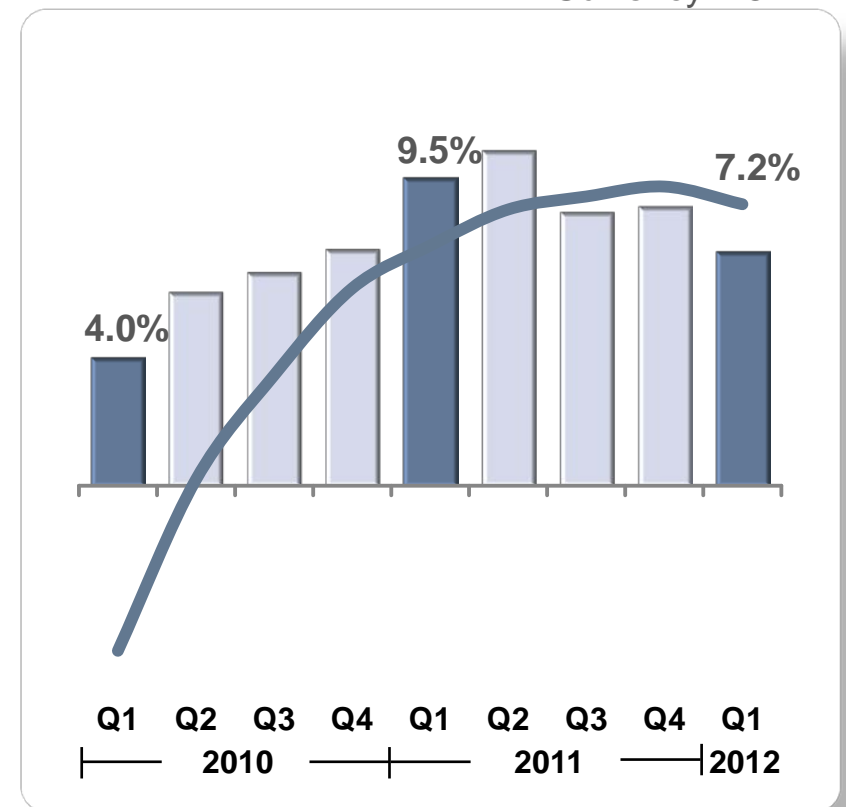
SEK bn



OPERATING MARGIN

%

Currency + 52 M



* Excluding non-recurring items Q1 2011

Global demand stable – regional differences

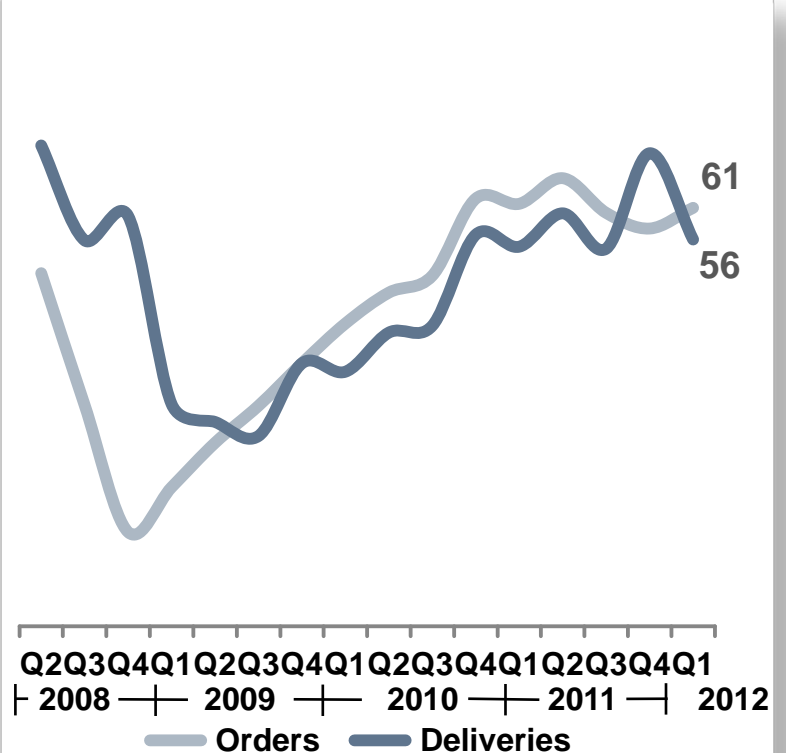
Improved book-to-bill ratio in Europe triggers moderate increase in production

ORDERS

	Q1-12	YoY	QoQ	BtB
Europe	23,416	-2%	+19%	117%
North America	13,766	+17%	+8%	107%
South America	5,603	-25%	-7%	109%
Asia	13,690	-8%	-4%	99%
Other markets	4,232	+22%	-16%	100%
Total	60,707	-1%	+5%	108%

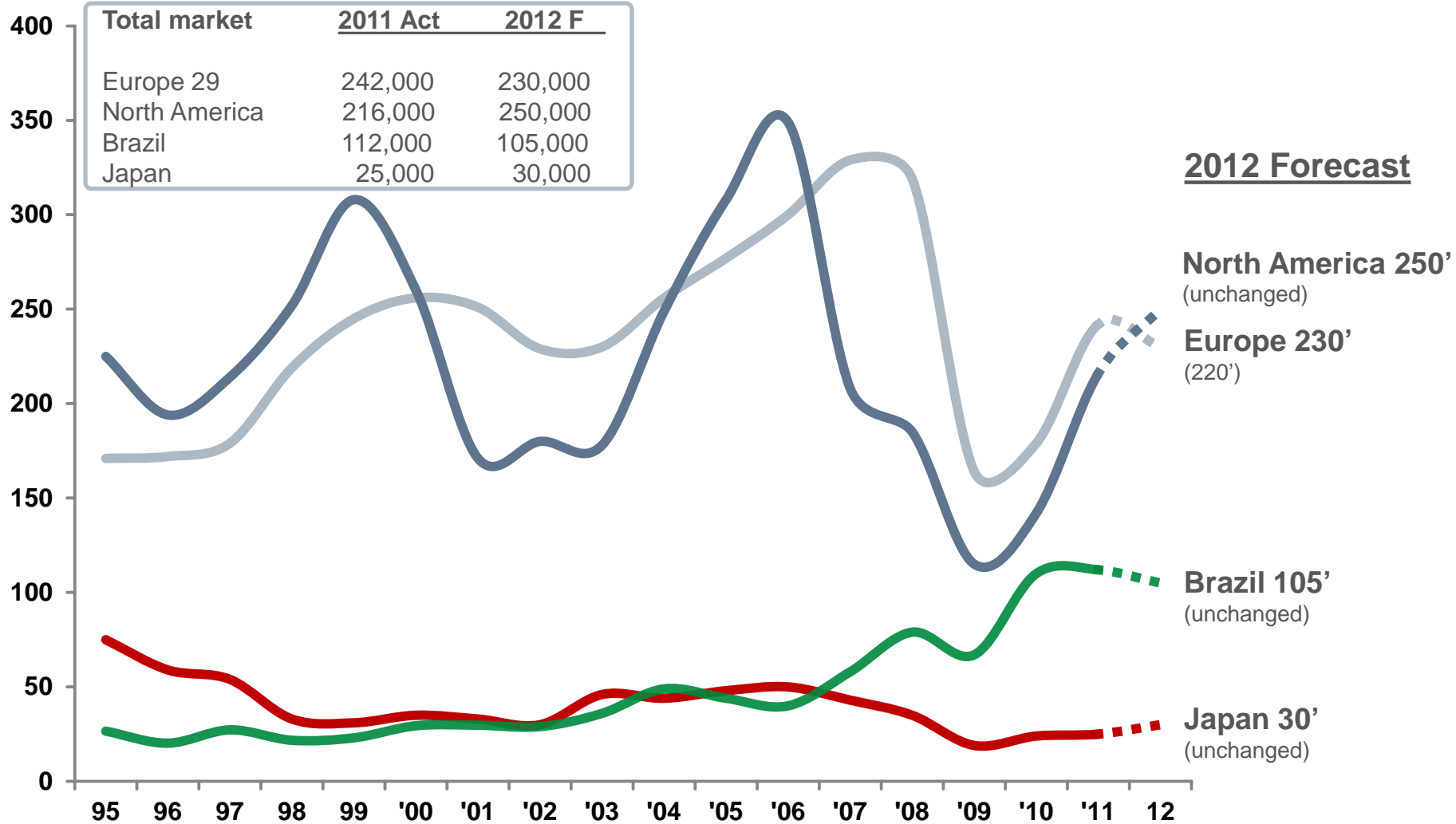
ORDERS AND DELIVERIES

Book to bill: 108%



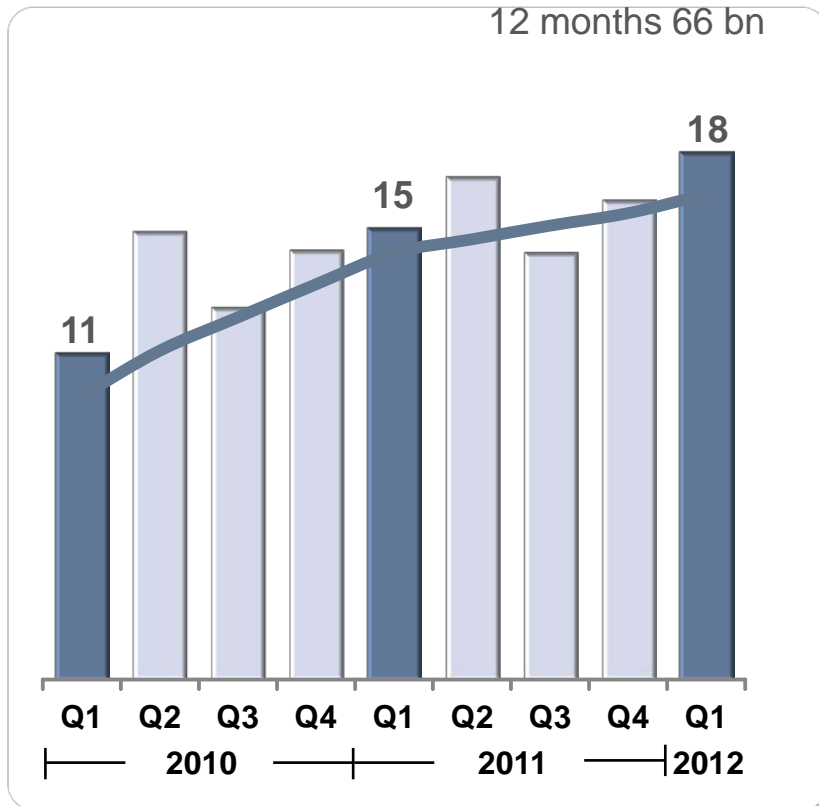
Slightly improved outlook for HD trucks in Europe

Units, thousands

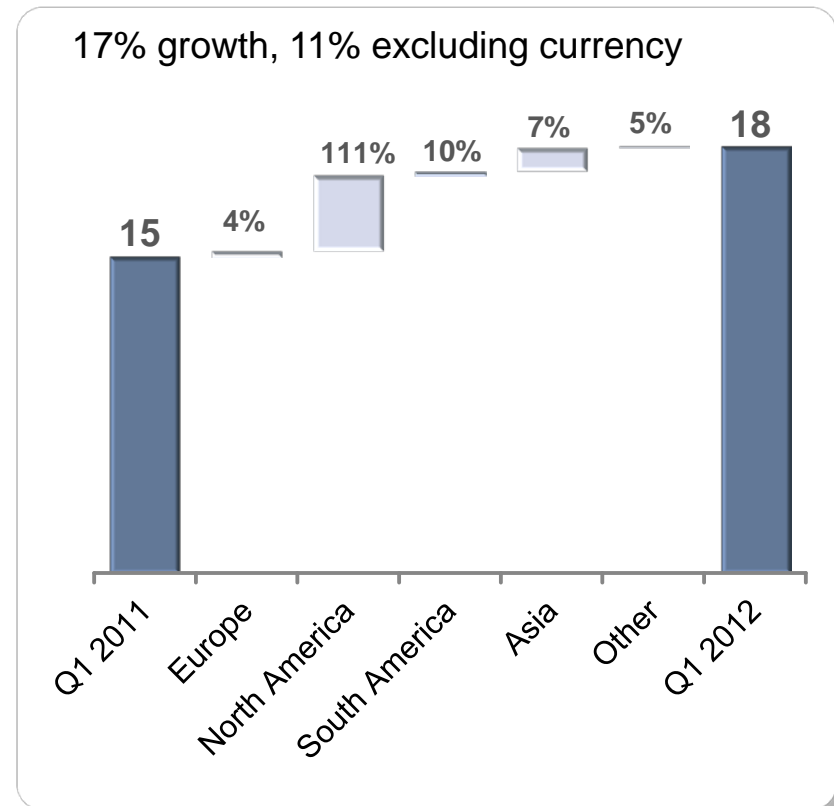


Maintained volumes in China and growth in North America

SALES TREND
SEK bn



SALES BRIDGE
SEK bn



Good leverage due to price management

Operating leverage 15%, 12% excluding currency

OPERATING INCOME
SEK bn

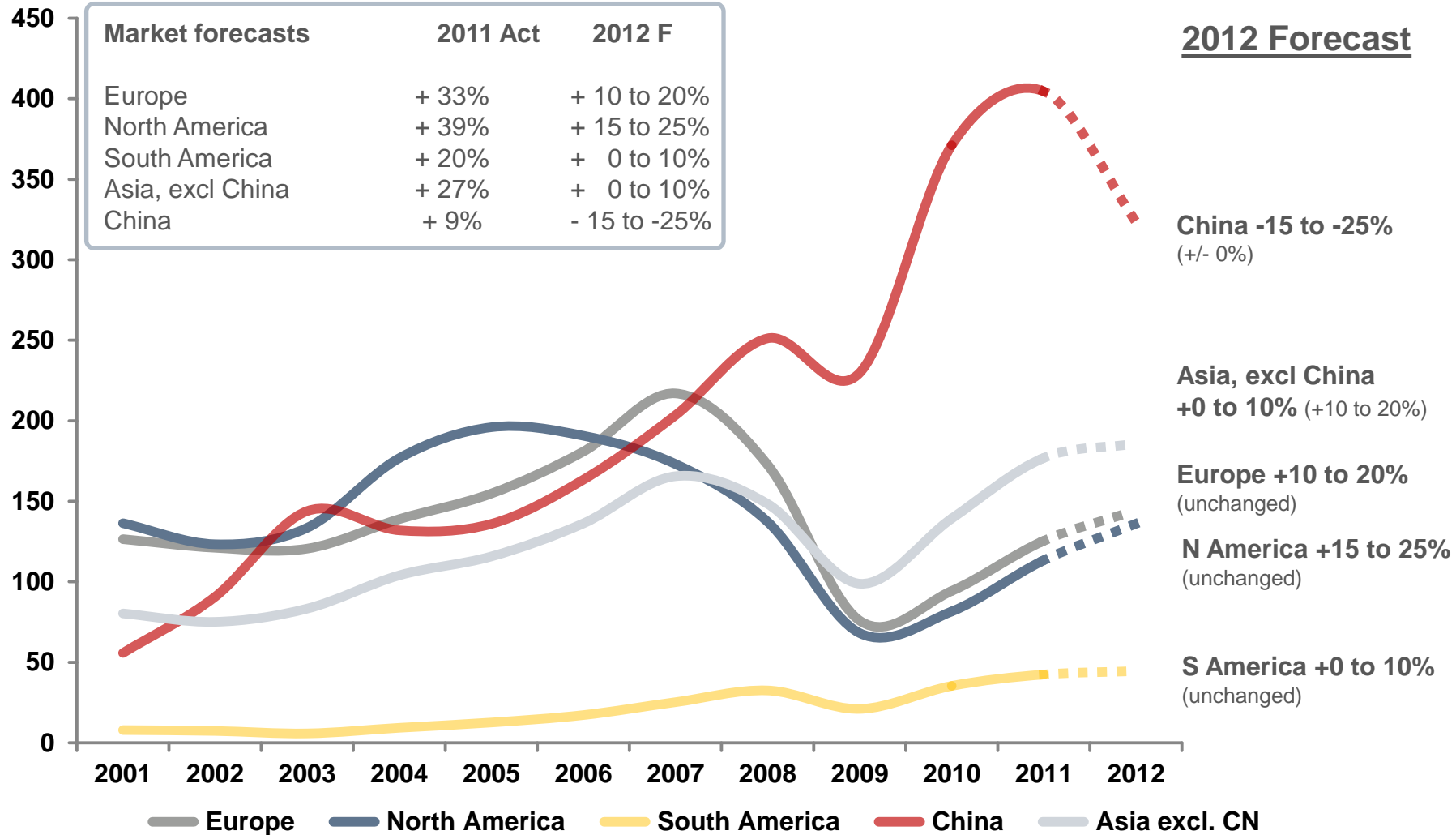


OPERATING MARGIN
%



Declining total market in China

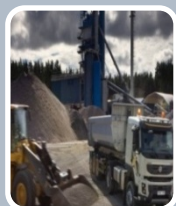
Units, thousands



Reorganization – status after 180 days

Product range	Product family	Product description	Assembly operation	Site
• Volvo	• Volvo	• Renault	• Renault	• Volvo
• Trucks	• Trucks	• Volvo SP	• Volvo SP	• Trucks
• Renault	• Renault	• Volvo	• Renault	• Renault
• Trucks	• Trucks	• Renault	• Renault	• Trucks
• South	• South	• Volvo P&S	• South	• South
• American	• American	• Volvo	• American	• American
• Trucks	• Trucks	• Volvo	• Trucks	• Trucks
• Trucks/Asia	• Trucks/Asia	• Volvo	• Trucks/Asia	• Trucks
• Volvo	• Volvo	• Volvo	• Volvo	• Volvo
• Renault	• Renault	• Volvo	• Renault	• Volvo
• Volvo SP	• Volvo SP	• Volvo	• Volvo	• Volvo
• Volvo P&S	• Volvo P&S	• Volvo	• Volvo	• Volvo

Processes and structures



Customer offering



Utilizing the full potential

- New structure operational
- 25 new senior management teams in place
- 439 new managers appointed
- Substantially reduced number of decision bodies
- Process ownership and governance defined
- New Financial steering model implemented

Q4 2011

1. Design and prepare

Q1 2012

2. Implement

Q2 2012

3. Adjust and follow-up

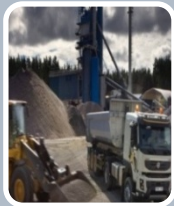
Q3 2012

4. Finalize changes and drive efficiencies

Reorganization – status after 180 days

Product	Product	Product	Country	Assets
Volvo	Volvo	Volvo	Volvo	Volvo
Trucks	Trucks	Trucks	Trucks	Trucks
Buses	Buses	Buses	Buses	Buses
Construction	Construction	Construction	Construction	Construction

Processes and structures



Customer offering



Utilizing the full potential

- Brand segmentation project well under way – finished in Q4
- New Asian product plan in place and under implementation for:
 - trucks
 - buses
 - construction equipment

Q4 2011

Q1 2012

Q2 2012

Q3 2012

1. Design and prepare

2. Implement

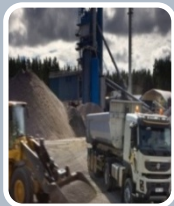
3. Adjust and follow-up

4. Finalize changes and drive efficiencies

Reorganization – status after 180 days

Product range	Product group	Product description	Country	Assembly location	Site
• Volvo	• Volvo	• Renault	• Renault	• Volvo	• Volvo
• Trucks	• Trucks	• Volvo SP	• Volvo SP	• Trucks	• Trucks
• Road	• Road	• Volvo	• Volvo	• Road	• Road
• Trucks	• Trucks	• Renault	• Renault	• Trucks	• Trucks
• North	• North	• Volvo P&S	• Volvo P&S	• North	• North
• America	• America	• Volvo	• Volvo	• America	• America
• Trucks	• Trucks	• Volvo	• Volvo	• Trucks	• Trucks
• Trucks/Asia	• Trucks/Asia	• Volvo	• Volvo	• Trucks/Asia	• Trucks/Asia
• Volvo	• Volvo	• Volvo	• Volvo	• Volvo	• Volvo
• Renault	• Renault	• Renault	• Renault	• Volvo	• Volvo
• Volvo SP	• Volvo SP	• Volvo	• Volvo	• Volvo	• Volvo
• Volvo P&S	• Volvo P&S	• Volvo	• Volvo	• Volvo	• Volvo

Processes and structures



Customer offering



Utilizing the full potential

- Detailed mapping of cost efficiency opportunities
- Activity plan finalized in Q3

Q4 2011

1. Design and prepare

Q1 2012

2. Implement

Q2 2012

3. Adjust and follow-up

Q3 2012

4. Finalize changes and drive efficiencies

VOLVO

APPENDIX

Guidance

Market forecast

Capex PPE	2012
Ind. Operations	~10 bn
Tax rate 2012	~30%

Heavy-duty trucks	2012
- Europe 29	230,000
- North America	250,000
- Brazil	105,000
- Japan	30,000
CE	2012
- Europe	+ 10 to 20%
- North America	+ 15 to 25%
- South America	+ 0 to 10%
- Asia, ex China	+ 0 to 10%
- China	- 15 to -25%

Currency effects – On operating income

SEK M	Q1-12 vs Q1-11
Trucks	+ 52
Volvo CE	+ 161
Buses	+ 101
Volvo Penta	+ 24
Volvo Aero	+ 14
Other	+ 51
Volvo Group	+ 403

Upcoming events

Q2 REPORT

July 24

Stockholm

CAPITAL MARKET DAY

Sept 25

Göteborg

Q3 REPORT

Oct 24

Stockholm

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