



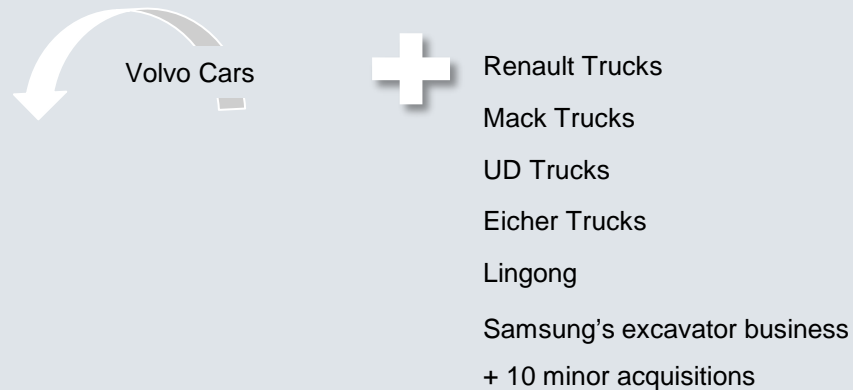
# **CAPITAL MARKETS DAY**

Gothenburg December 4, 2013

# Transforming the Group to realize our full potential

1999 - 2011

## AQUISITION-DRIVEN GROWTH



Investment decisions for future products

Sales 1999  
SEK 100 billion

Sales 2011  
SEK 300 billion

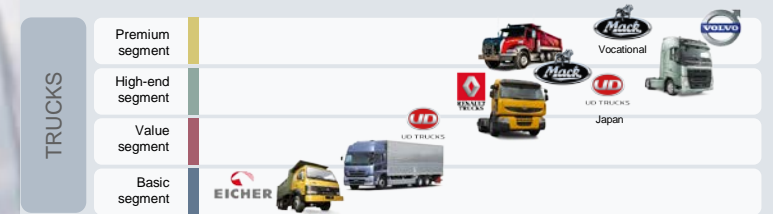
2012-2015

## TRANSFORMATION

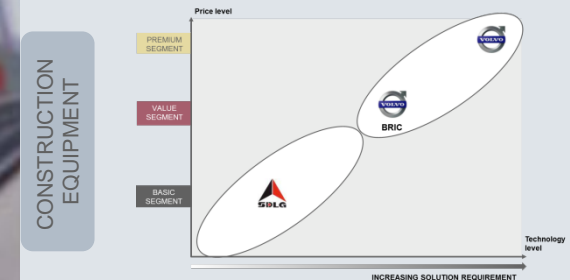
- Reorganization
- Brand portfolio thinking
- Strategy 2013-2015
- Product renewal
- Group-wide efficiency
  - Production
  - Sales
  - R&D
  - Staff & support

2016 →

## PROFITABILITY DRIVEN BY ORGANIC GROWTH AND WORLD CLASS EFFICIENCY



Demand for total solutions



# Group Trucks transformation



**2012**

**Reorganization & Strategy**

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**2013**

**Product renewal**

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**2014**

**Execute efficiency programs & organic growth**

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**2015**

**Deliver profitability improvement**

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# 2012 – REORGANIZATION & STRATEGY

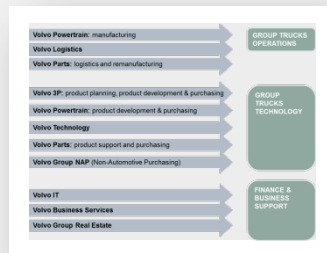
## Building the foundation to execute transformation

### REORGANIZATION

- Matrix → functional organization for 80,000 employees
- Consolidate to drive efficiency
  - Production
  - R&D
  - Purchasing
- One prioritized budget (R&D, IT, PPE)
- Internal support organization measured on cost instead of profit
- New management teams
- Strong focus to deliver new products 2013

### Culture

- Speed, accountability
- Cost/efficiency
- Focus



### NEW STRATEGY 2013-2015

- Improve operating margin by 3% points equivalent to SEK 9 bn by end of 2015
- 20 strategic objectives
  - >35 roadmaps
  - >400 activity plans
  - Monthly/quarterly follow-up
- Transparency
  - External
  - Internal
- Solid internal understanding



### NEW BRAND POSITIONING

- Portfolio thinking
- Clear brand attributes for each brand
- Optimized position for each brand
- Align product specification to brand position
- Created clarity for our employees



Demand for total solutions

2013 – PRODUCT RENEWAL

# The largest product renewal in the history of the Group

## MASSIVE PRODUCT RENEWAL EXECUTED

VOLVO TRUCKS | New range to strengthen premium position

RENAULT TRUCKS | New range to revitalize brand and recapture position

UD TRUCKS | Changing the game across Asia-Pacific

EICHER TRUCKS | Push in heavy-duty in India and exports

### In total >10 new models launched

- Extensive launch activities
- Major production change-overs
- **Busy and costly, but successful!**

## EFFICIENCY PROGRAM LAUNCHED

- Industrial footprint reorganization
- Parts logistics reorganization
- Product portfolio prioritization and alignment
- Headcount reduction of 2,000 in corporate staff and support functions
- Etc.

# 2014 – EXECUTE EFFICIENCY PROGRAMS & ORGANIC GROWTH

## Push for sales and efficiency

### ORGANIC GROWTH

- Leverage new Volvo Trucks range
- Secure price level on new Renault Trucks range and start to regain position
- Grow volumes in Southeast Asia for UD with Quester
- Maintain positive momentum in Americas

### EFFICIENCY

- Reduce structural headcount
- Take down R&D
- Improve manufacturing productivity after product renewal
- Stop activities that do not create value for the customer
- Strengthen process efficiency

2015 – DELIVER PROFITABILITY IMPROVEMENT

# Leverage new product portfolio and benefit from efficiency improvement

## PROFIT & ORGANIC GROWTH

- Finalize industrial parts and logistics footprint optimization
- Deliver reduced product cost
  - Purchasing together with R&D
  - Manufacturing
- Continuously improved white collar efficiency
- Push sales – leverage investment in product renewal
- Finalize global and regional processes

**Enter 2016 utilizing the full potential of the Volvo Group**



## **CAPITAL MARKETS DAY**

Increased market coverage with new strategy

Peter Karlsten – EVP Group Trucks Sales & Marketing EMEA





## **CAPITAL MARKETS DAY**

Strengthen premium position, Claes Nilsson Volvo Trucks



## **CAPITAL MARKETS DAY**

Revitalize and recapture position

Bruno Blin – Renault Trucks



## **CAPITAL MARKETS DAY**

Changing the game across Asia-Pacific

Joachim Rosenberg - EVP Group Trucks Sales & Marketing and JVs APAC

# We have the products but not world class efficiency



**Structured brand portfolio**



HEADING FOR THE CUSTOMER



**Competitive product portfolio**



HEADING FOR EFFICIENCY

**New process-driven organization**