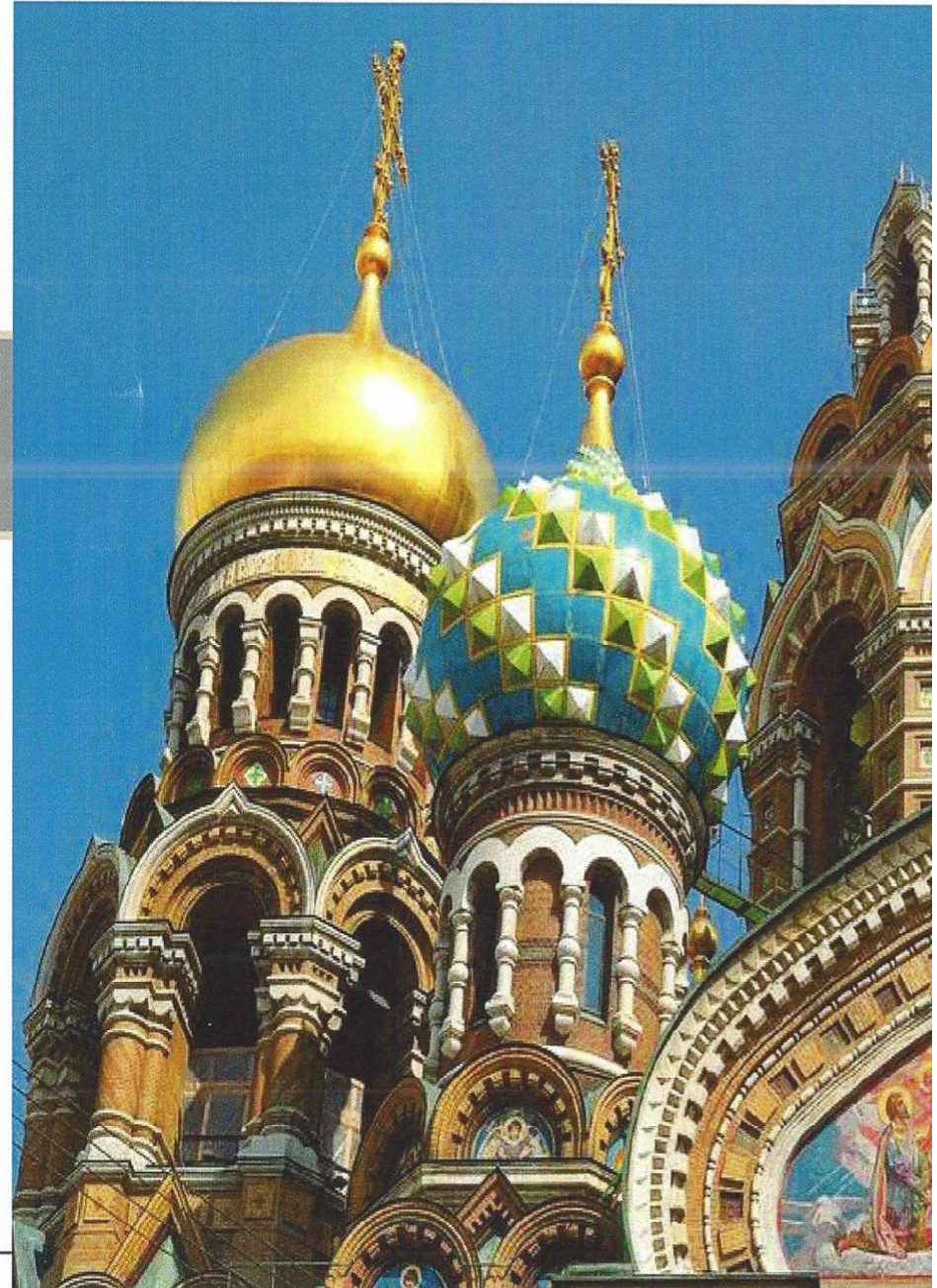


Volvo Group in Russia



Volvo in Russia

BUSINESS AREAS



Volvo Trucks



Renault Trucks



Volvo Construction Equipment



Volvo Penta

DIVISIONS



Group Trucks Operations*



Purchasing



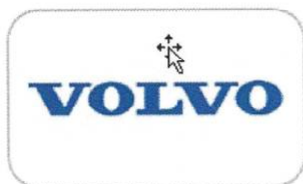
Volvo Financial Service

- ✓ Accounting & Company Control
- ✓ Corporate Legal
- ✓ Corporate Tax
- ✓ HR Services
- ✓ Real Estate Services
- ✓ Group IT
- ✓ Security
- ✓ Volvo Group University
- ✓ Corporate Audit
- ✓ Merchandise

Turnover 2016: 3 340 mln SEK

Employees 2016: 915 (502 wc & 413 bc)

Long History of Volvo Group in Russia



- | | | |
|------|--|--|
| 1969 | Volvo brand registered in USSR | |
| 1973 | First trucks were delivered in 1973 | |
| 1994 | Volvo Trucks Corporation Representation Office | |
| 1997 | Volvo Construction Equipment Representation Office | |
| 1998 | Joint Company "Volvo Vostok" created | |
| 2003 | VTC assembly factory in Zelenograd (Moscow) opened | |
| 2004 | Volvo Financial Services was established | |
| 2005 | First Volvo Truck Center in Saint Petersburg | |
| 2006 | Volvo Parts Regional Warehouse opened | |
| 2008 | Volvo Truck Center Moscow-North opened | |
| 2009 | Openings of Kaluga CBU factory (Volvo & Renault) | |
| 2010 | Transfer of VCE Retail business to <u>FerroNordicMachines</u> | |
| 2011 | Volvo Truck Center Moscow-South opened | |
| 2012 | Volvo Truck Center Yekaterinburg opened | |
| 2013 | Inauguration of VCE factory in Kaluga | |
| 2014 | Inauguration of the truck cab factory (Volvo & Renault) | |



- > **600 MEURO** has already been invested in Russia
- > **3 800** people are currently employed in Russia

INVESTMENTS > 600 MEURO IN RUSSIA

Volvo Group

Industrial – Trucks	220 MEURO
Industrial – Volvo Construction Equipment	41 MEURO
Retail – Volvo & Renault Trucks	39 MEURO
TOTAL	300 MEURO

Independent Retail Networks

Volvo & Renault Trucks	210 MEURO
Volvo Construction Equipment	100 MEURO
TOTAL	310 MEURO

Further Industrial investments in Kaluga 2016-2017

TOTAL	6 MEURO
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- Volvo Group has invested 300 million euros in Russia since 2001. Industrial investments in Kaluga are over 260 million euros and own retail investments close to 40 million euros.
- Independent Dealers have invested totally around 310 million euros in the Volvo Service Network
- Volvo Group Russia has 915 employees
- 2 900 employees are working for Independent Retail Networks

Volvo Plant in Kaluga:

Create value for our Customers

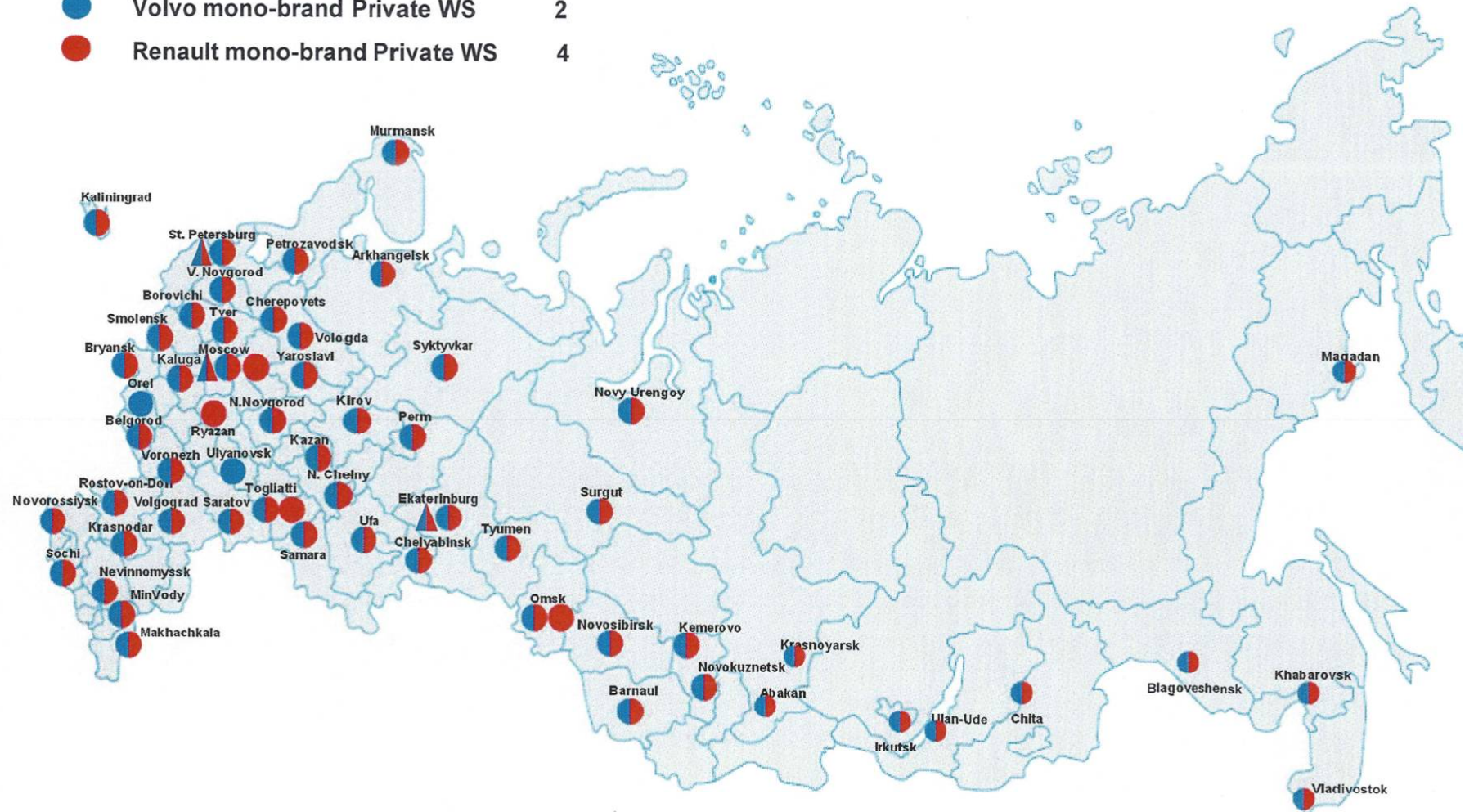
A MODERN, INNOVATIVE AND EFFICIENT FACTORY



- Initial designed **capacity of 15 000 trucks and 2 500 construction equipment** a year
- Volvo is ranked **#4** in Kaluga in regards to production volume
- Total area of **40 000 sqm**
- Volvo needs to improve suppliers base by increasing parts availability and quality which is currently an issue
- Few important local suppliers are now involved in the production
- Plant Awards: Best Implemented Practice (2011), Delivery Precision (2012)

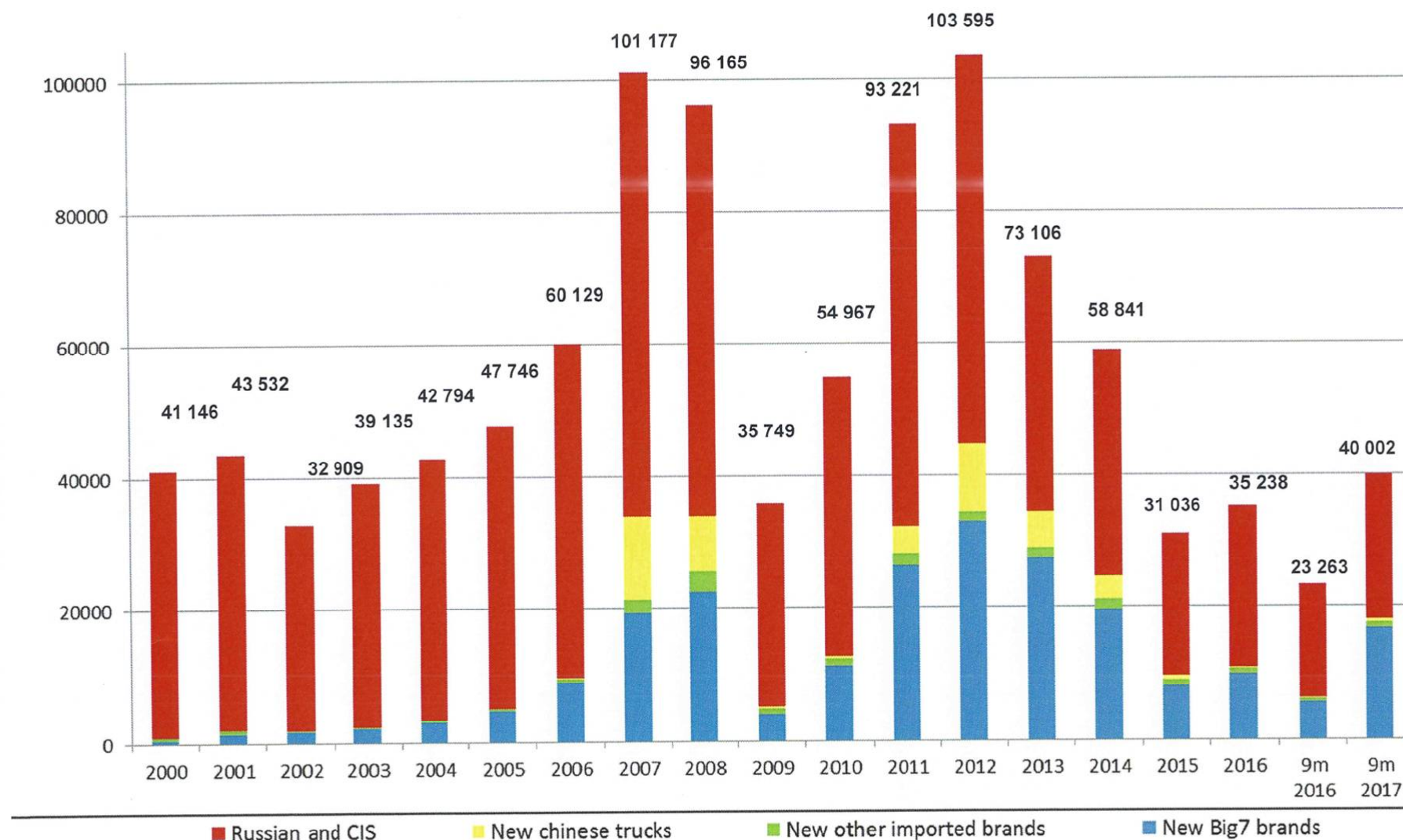
Volvo Group Retail network

	Volvo own Truck Center	3
	Dual Brand Private WS	68
	Volvo mono-brand Private WS	2
	Renault mono-brand Private WS	4



Total new heavy trucks market, 2000-9m 2017

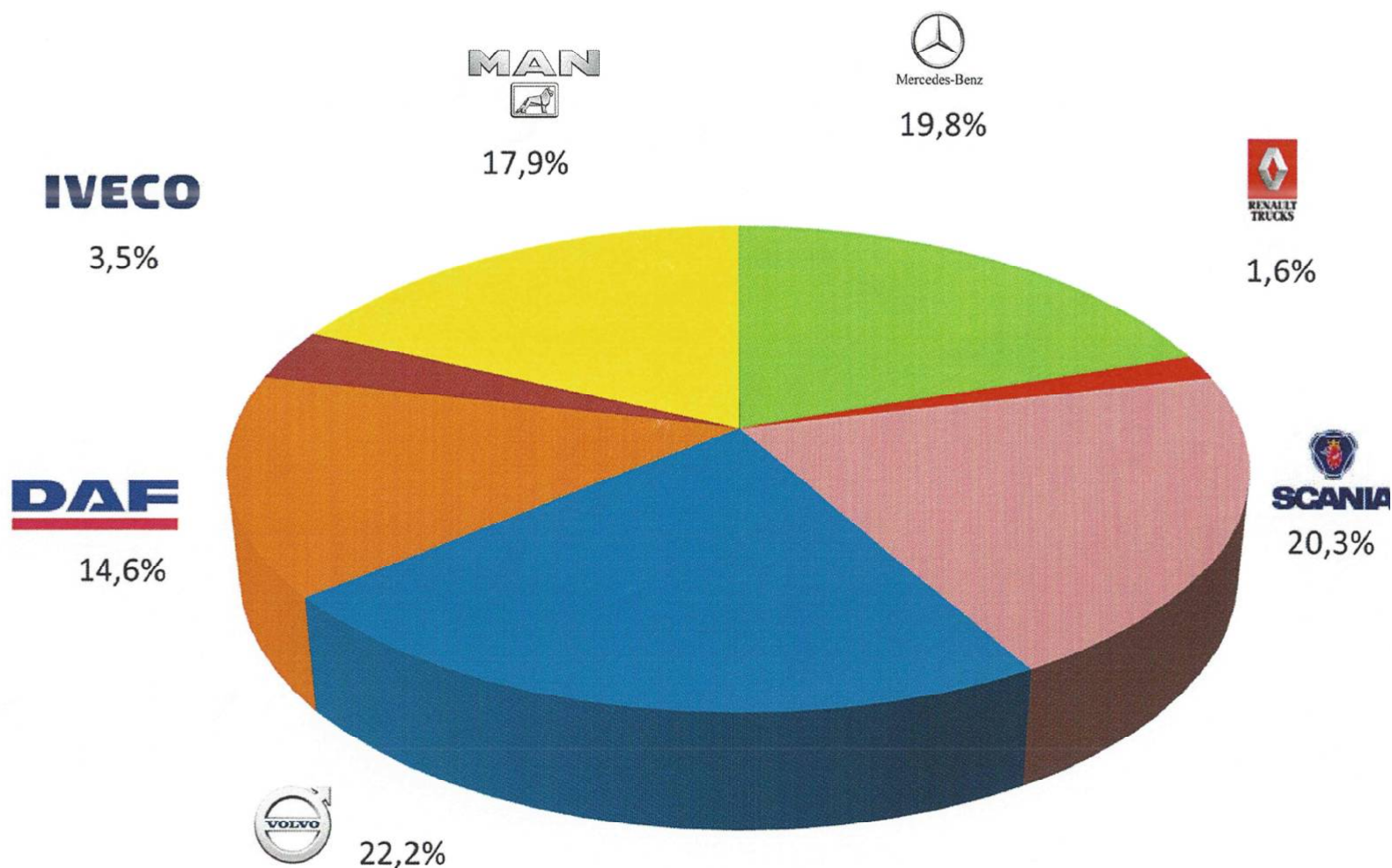
Sources: TDDB, AEB, Registrations, own data.



New heavy foreign trucks market share, 9m 2017

7 brands 9m 2017 = 16 806 units, 9m 2016 = 5 600 units, 2017/2016 = +200%

Source: Registrations



Localisation demands D566

Phase 1	Phase 2	Phase 3
2011-2015 (2011-2014)	2016-2018(2015-2017)	2019-2020(2018-2020)
15% local content + mandatory processes	30% local content + mandatory processes	45% local content + mandatory processes

$$L=(1-V/P)*100$$

L=Localisation in %

V=Value of imported parts

P=Value of sold Cab's and Chassis

	2016(30%)	2017(30%)	2018(30%)	2019(45%)	2020(45%)
Chassi level	31%	36%	37%		
Cab level	33%	33%	34%		

Gap to reach 45%:

CAB: 2200 €/truck (1%=200€), Chassi: 3800 €/truck (1%=450€)

