

# VOLVO

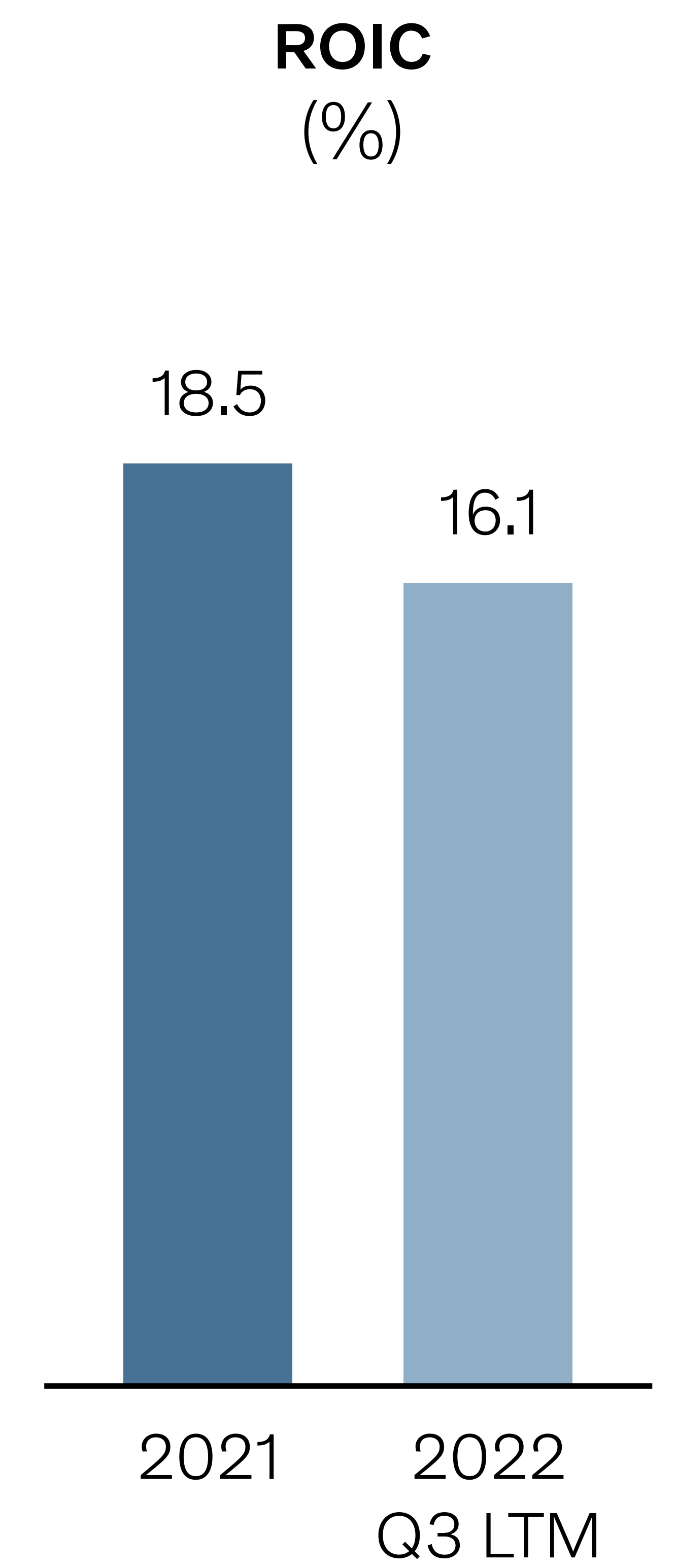
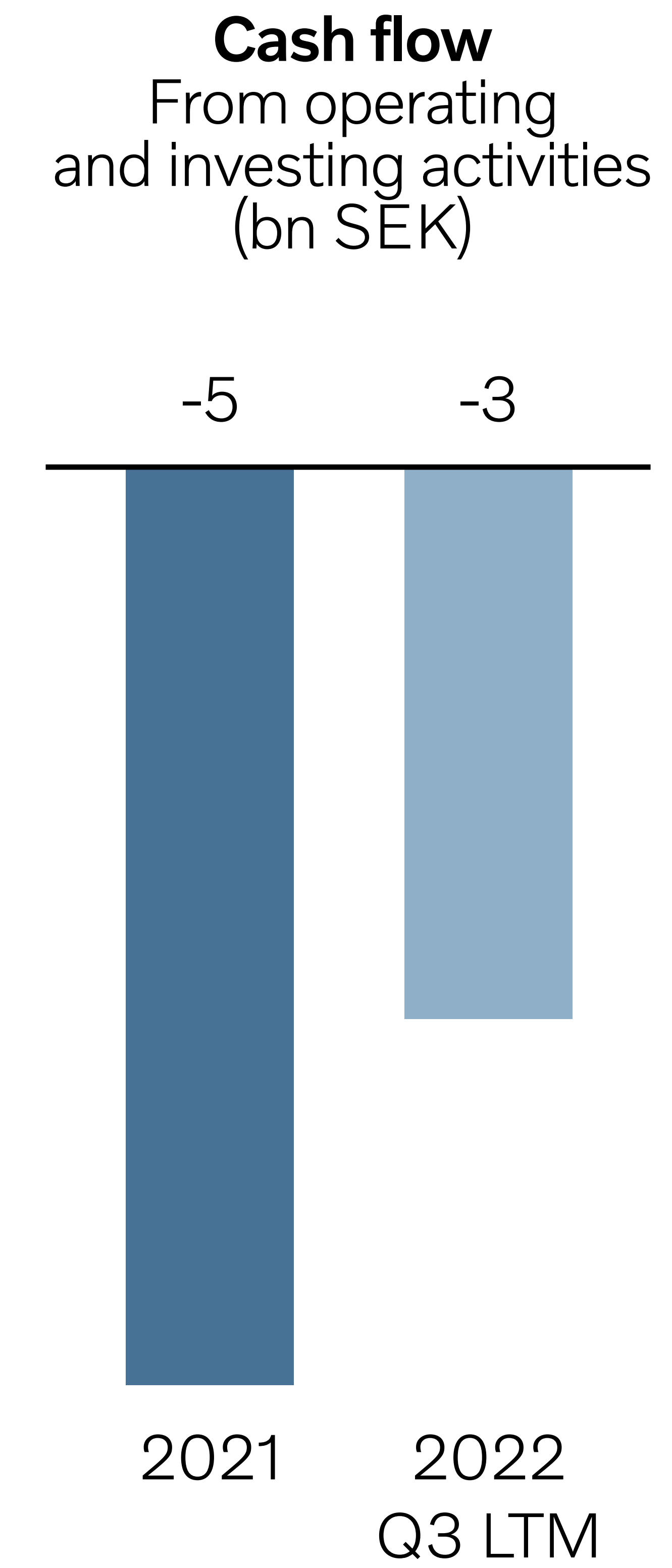
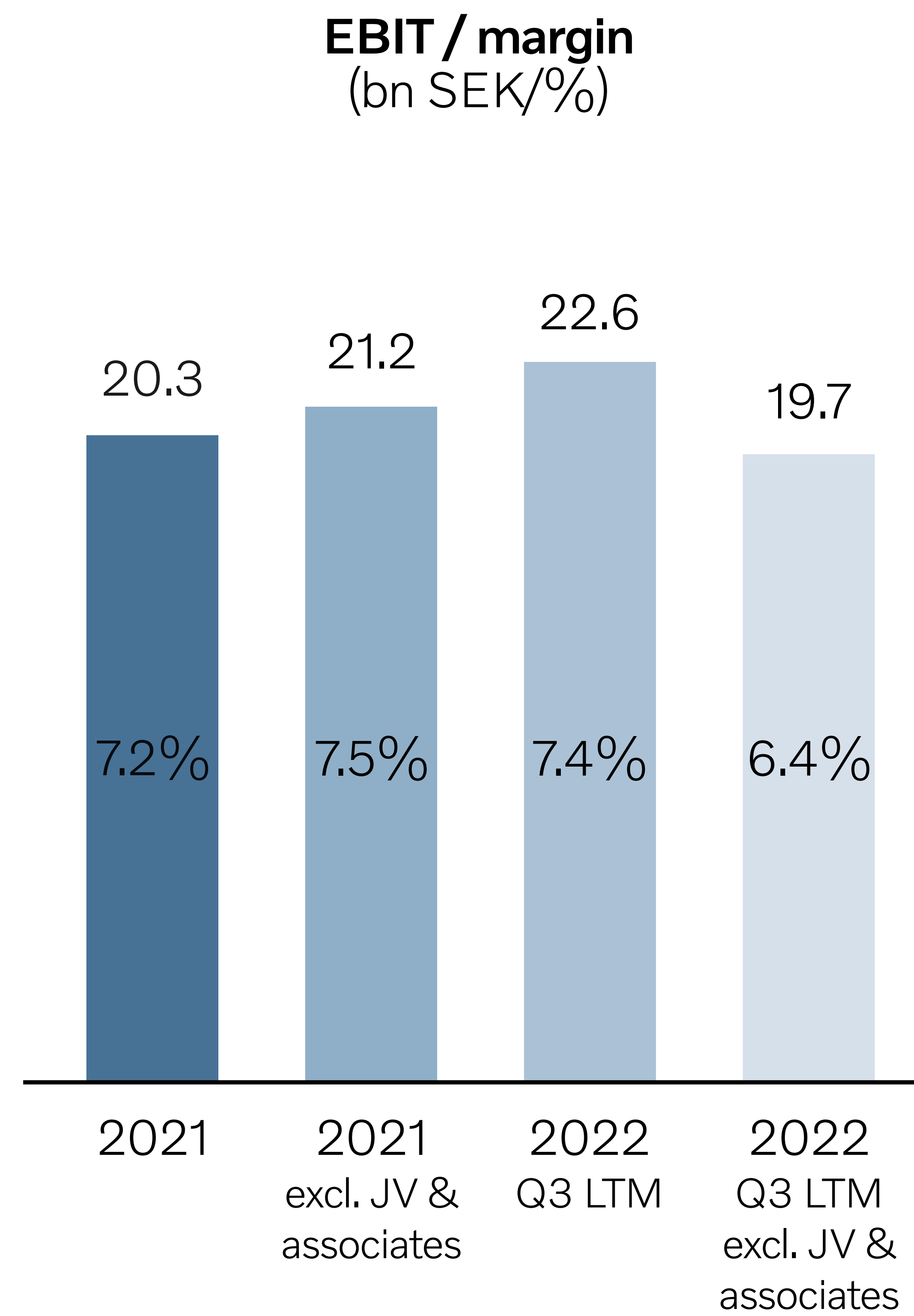
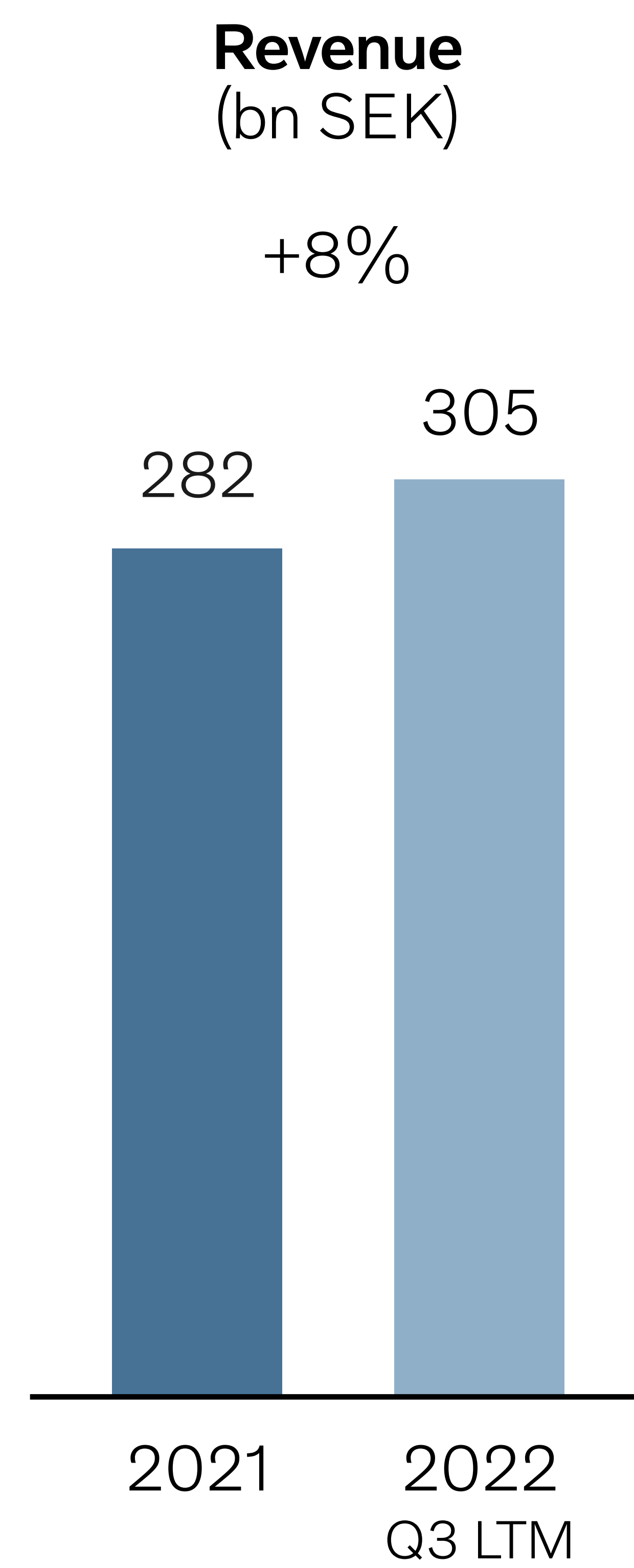
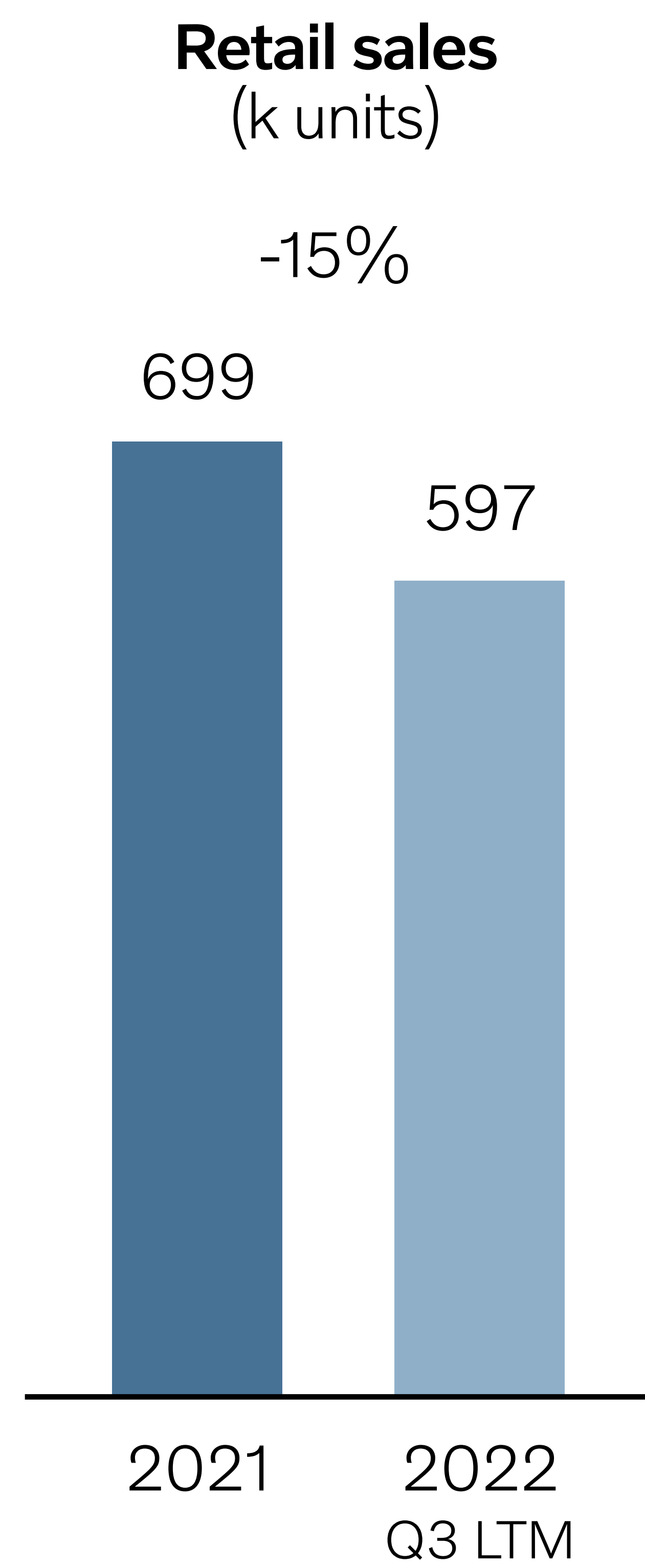
Capital Markets Presentation



# Summing Up Financials

# Sound performance in an unstable environment

# Starting point: Sound performance in an unstable environment



## Mid-decade Business Ambitions

**1.2M**  
UNITS SOLD

**50%**  
FULLY ELECTRIC  
SALES

**40%**  
CO<sub>2</sub> REDUCTION  
PER CAR

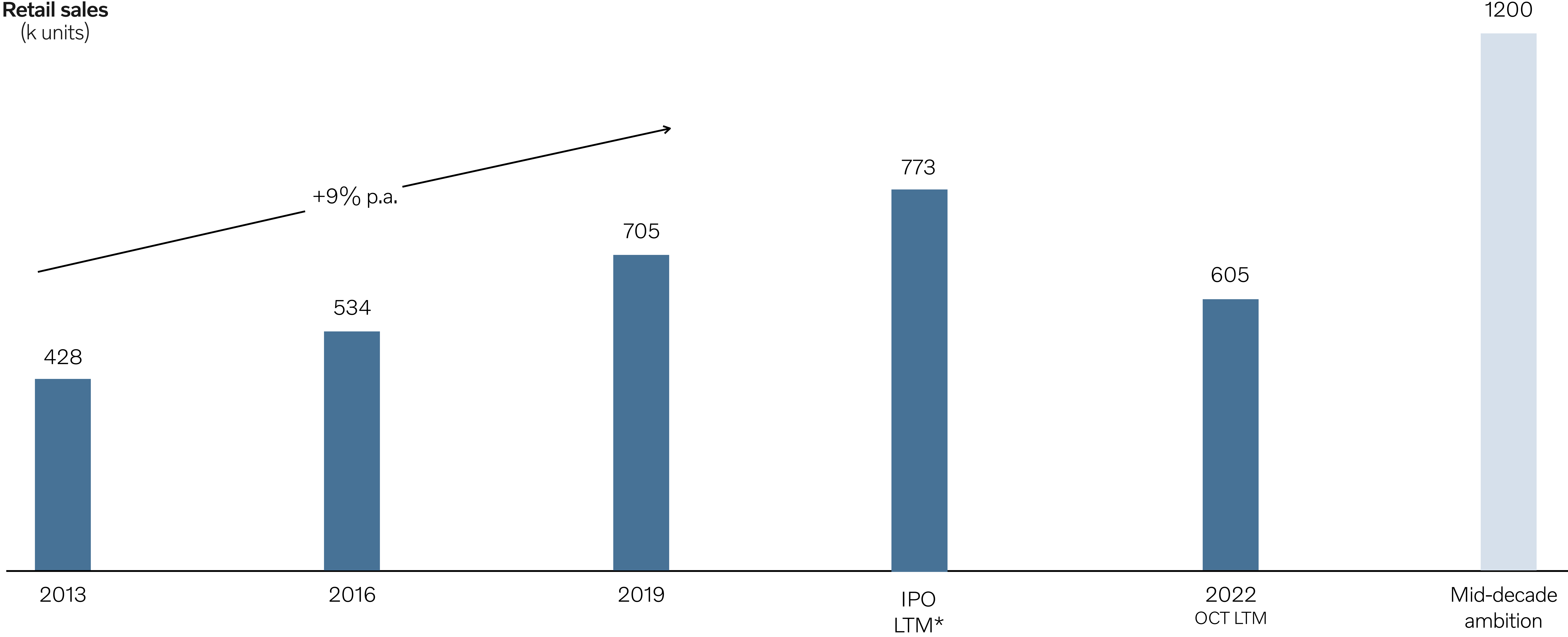
**50%**  
ONLINE  
SALES

**8–10%**  
EBIT MARGIN

Continued and accelerated  
growth towards 1.2M cars

# Continued and accelerated growth towards 1.2M cars

Retail sales  
(k units)



\*June 2021 Last twelve months.

Continued and accelerated growth towards 1.2M cars

## Supply

Securing capacity to go beyond 1.2M

Acquired Taizhou

New manufacturing plant Kosice

NOVO JV, battery cell manufacturing capacity

Battery materials value chain presence in progress

Further steps in regionalizing supply chains

Continued and accelerated growth towards 1.2M cars

## Demand

Record-large order book as starting point

Drastic product expansion into new segments

PHEV capacity

New vehicle sizes

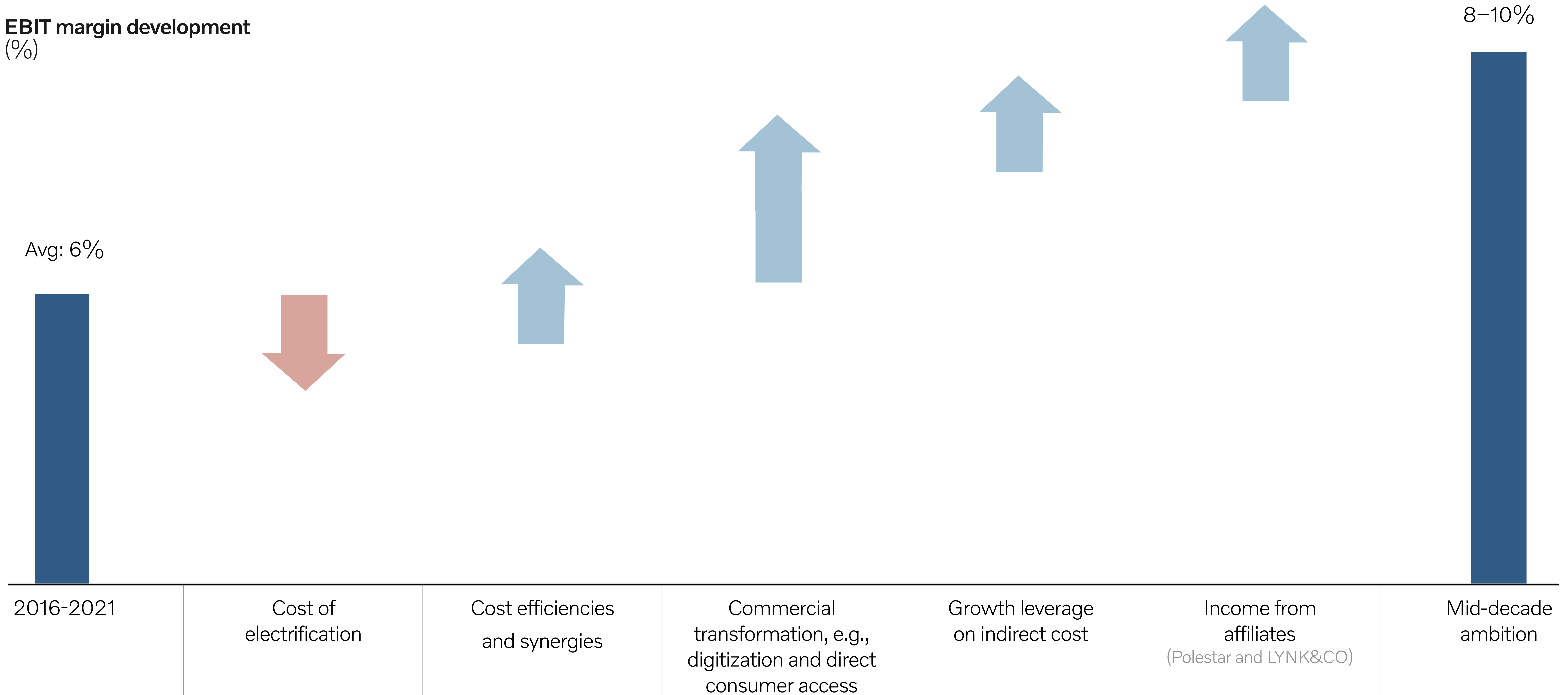
Broaden EV portfolio

Maintained mild-hybrid and PHEV offer

Robust customer demand across markets

# Reaching 8–10% EBIT

EBIT margin development (%)



# Profitability

Profitability uplift underpinned by five components

## Cost of electrification

We aim for cost parity with ICE

Cost reduction achieved through  
e-motor

Power electronics

Megacasting

Battery Cells

Repurposing plants for electrification

Profitability uplift underpinned by five components

Cost efficiencies  
and synergies

Vertical integration in select key areas –  
Core components developed and built in-house  
e.g. e-motors, power electronics, battery cells

Industrial efficiencies across  
entire Geely ecosystem

Profitability uplift underpinned by five components

## Commercial transformation

Enables growth & Pricing opportunities

Productivity increases and cost reductions

Improves capital efficiency

Better capture of value chain opportunities

Profitability uplift underpinned by five components

Growth leverage  
on indirect cost

Consistently growing double-digit  
in a 1–2% growth market

Grow by winning in the fastest  
growing part of the market – BEVs

Leverage on cost base by efficient use  
of investments, technology sharing,  
partnerships, and focused approach

Profitability uplift underpinned by five components

## Income from affiliates

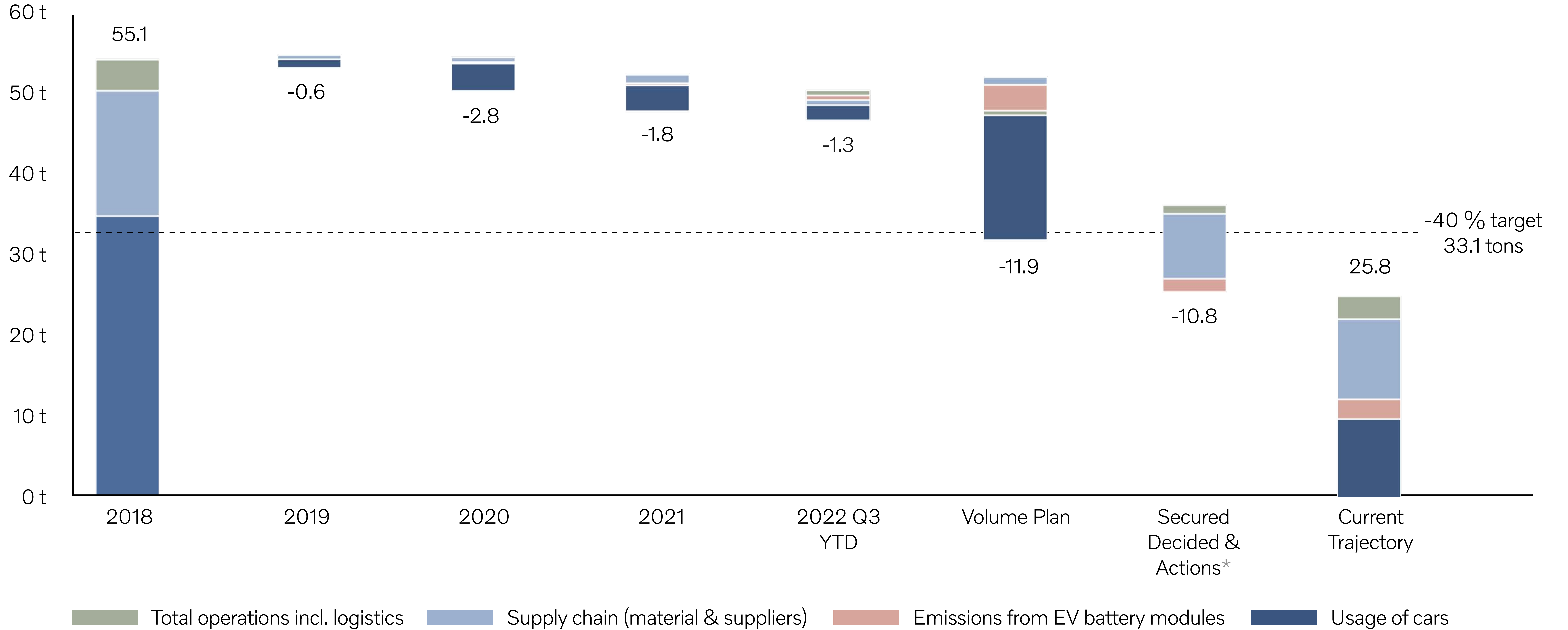
(Polestar and LYNK&CO)

Included in EBIT and expected to contribute positively

Ambition is however that Volvo Cars should reach mid-term ambition without the contribution from affiliates

# Well on track to reach our CO2 target

Average CO<sub>2</sub> emissions per car (TTW)



\*An activity is secured if: 1. Approved in cycle and volume plan; 2. in sourcing contracts to date; 3 Investment is committed and/or acted upon; or 4. Actual result in most recent reporting

An activity is decided if it fulfills one of the following: 1. Investment contained in business plan; 2 Approved in cycle and volume plan; 3 Approved by car project management; 4 Line management commitment

Being the fastest transformer  
requires smart investments

# Being the fastest transformer requires smart investments

Planned investments  
(SEK bn/%)

Property, Plant  
& Equipment

Cap. Engineering  
(incl. Digital)

>60bn

>45bn

>20% ROIC

## Laying foundation for future

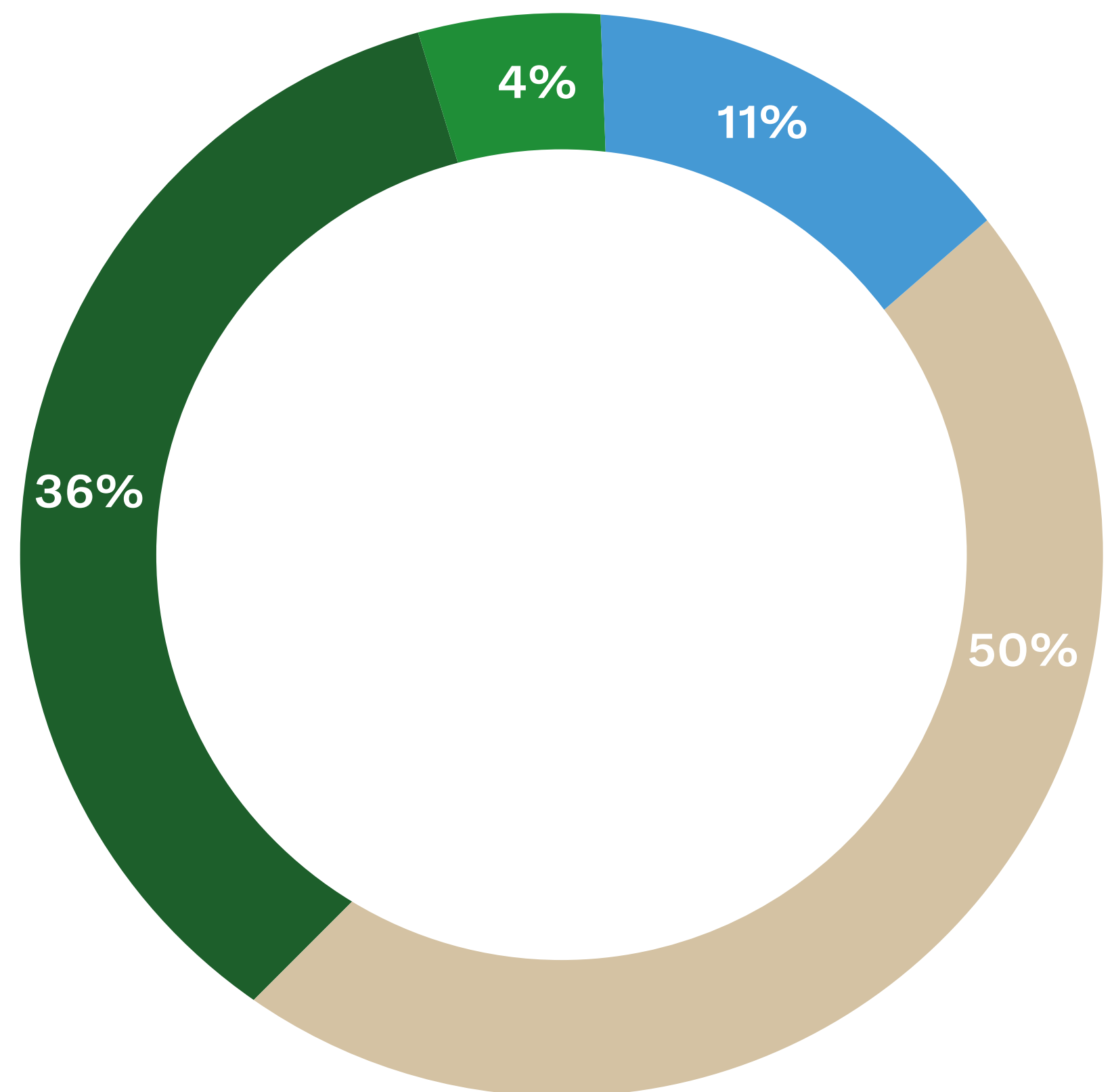
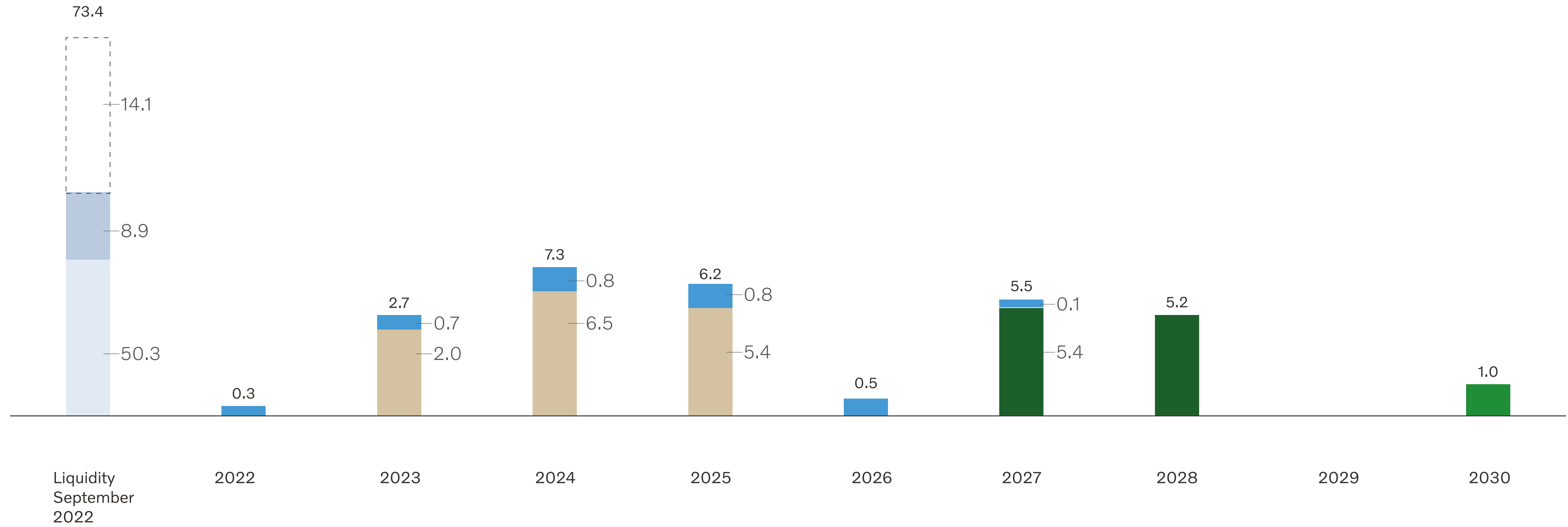
Secure our leadership in next generation safety

Take significant steps in our commercial transformation and network setup

Take important first steps in vertically integrating electric propulsion

Revamp our digital core to build solid foundation for future

# Our liquidity position is strong, with a prudent maturity profile



   UNDRAWN CREDIT FACILITIES  
  MARKETABLE SECURITIES  
  CASH & CASH EQUIVALENTS  
  LOANS  
  BONDS  
  GREEN BOND  
  GREEN LOANS



**VOLVO**

**EX90**