

V O L V O

CMD24

## Introduction

Jim Rowan  
President and CEO

Two years ago, we launched the EX90, which marked the beginning of a new era for Volvo Cars.

We also held our first ever Capital Markets Day.

A lot has happened since then and today we have the pleasure of welcoming you to our third Capital Markets event.

Volvo Cars is at an exciting crossroads. During the course of the day we will have the opportunity to delve into the fundamentals of our company.

You'll hear from our CEO about the journey we are on.

We'll take a deep-dive into our financials, our technology and our safety positions, as well as our global manufacturing footprint, our commercial offer, and finally, our brand.

Throughout the day, you will have the opportunity to interact with our speakers both in the Q&A sessions, and outside in our newly opened World of Volvo.

But, let me get back to the details of today's agenda in a bit.

Because now, to kick off our Capital Markets Day properly, I would like to invite you into the EX90 – a car that represents a paradigm shift for us at Volvo Cars and the wider industry.





## Introduction

Jim Rowan  
President and CEO

That is why I work for this company.

That is what gets me up in the morning.

We wanted to start with that film because the financials, the technology, the fantastic cars are all important and we will get to those, but this is what our company is about:

People, and keeping them safe.



## Introduction

Jim Rowan  
President and CEO

Thank you for joining us today at this special venue:  
the World of Volvo, which we opened earlier this year.

This great building reflects and displays the rich and  
long history of our brand.

In a few years from now, we'll celebrate our 100th  
birthday.



## Introduction

Jim Rowan  
President and CEO

But we're not resting on our laurels, and basking in the glories of the past.

We're looking ahead at the next 100 years.

We're putting in the work that will lay the foundation for that next century in our existence.

Today we stand at a pivotal and exciting milestone in our journey.

We've been gearing up for this moment.

We've been investing in our future, pushing boundaries and delivering solid growth.



The next  
100 years

## Introduction

Jim Rowan  
President and CEO

We have grown our sales strongly and taken market share in Europe and the US.

2022 and 2023 were record years in terms of profits and sales growth.

And in our latest financial results for Q2 2024, we reported our best-ever quarterly core EBIT and core EBIT margins.

But competition is intensifying and complexity is increasing.

So, we are gearing up for the next phase.



## Introduction

Jim Rowan  
President and CEO

Growth alone can never be a goal. Our focus is on creating value – for you, for our customers, our employees, our suppliers and all our stakeholders.

And ensuring our impact is long-lasting.

And that's what you will hear more about during the course of today.

A key challenge is how to create value in a flat market.

And more importantly: how you create value for all stakeholders for the long term.

Because that is what truly matters for a company with a purpose like Volvo Cars.

# Creating value



## Introduction

Jim Rowan  
President and CEO

As I see it, we face five major factors that shape the world of today.

To make it simple, I have called these the five D's. These are what we need to overcome, to deliver value.

- Disruption
- De-risking
- Digital & AI
- Decarbonisation
- Design

First of all, let's start with Disruption. We live in a volatile world, full of disruption.

Since we listed the company in 2021, the world has changed in many aspects.

We went through the Covid-related disruptions, followed by semiconductor shortages and we are experiencing ongoing conflicts in Ukraine and the Middle East.

We've also seen sharp raw material price spikes, and the bankruptcy of suppliers.

All this has shaped critical elements in our business, and we've had to change the way in which we operate, not least of all in our supply chain.

That leads us to the second trend. De-risking.

The traditional growth dynamics in the car industry are under pressure and we are facing what many call a De-risking, or even de-coupling stage.

This is of course influenced heavily by complex geopolitics, and its impact to supply chains and the global economy.

This is where we see the increased tariffs on China-built EVs and batteries come into play.

For many years, China was the growth engine of the car industry for many western brands and the broader world economy, but now, for the first time, it has a significant used car market – and this dampens new car demand. Combined with an ongoing market shift towards domestic car manufacturers and the introduction of those tariffs on China-built EVs, that changes the narrative around China significantly.

The third element is the rise of Digital & AI, and more specifically how we benefit from it in the most meaningful ways. I believe that in many aspects, we've only just started to see the potential impact of this technology and that's why it's an area in which we continue to invest, test and deploy at speed, but also with clear intention.

The EX90 exemplifies the future of the software-defined car.

With the help of super powerful core compute and in-house developed software, we are making new strides in world-class infotainment, services and servicing, OTA upgrade capabilities, increased active safety performance and, most recently, energy management.

And then there is Decarbonisation.

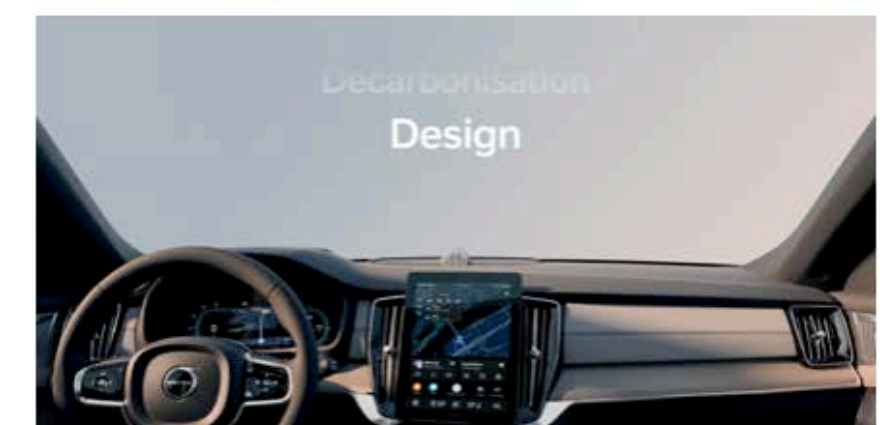
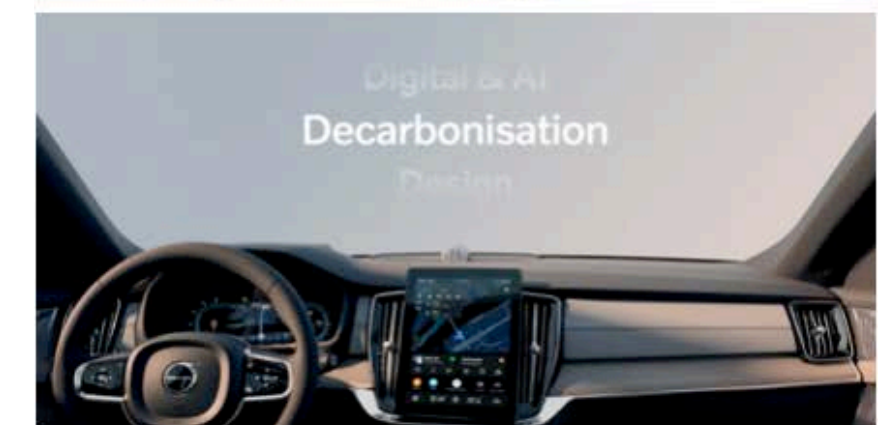
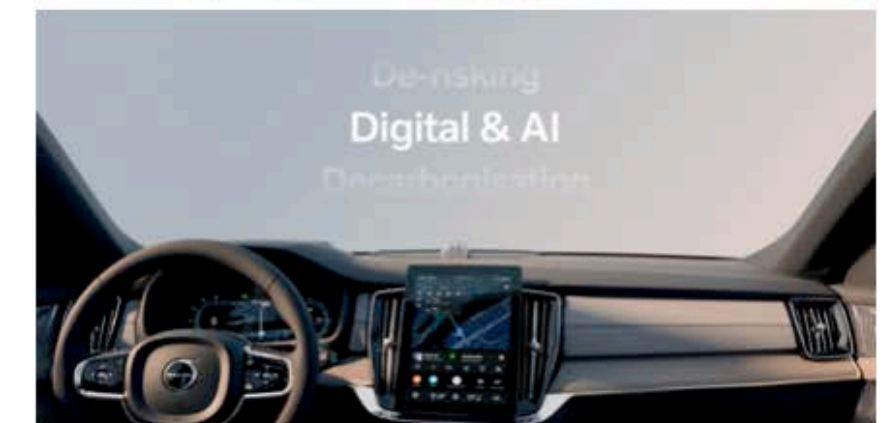
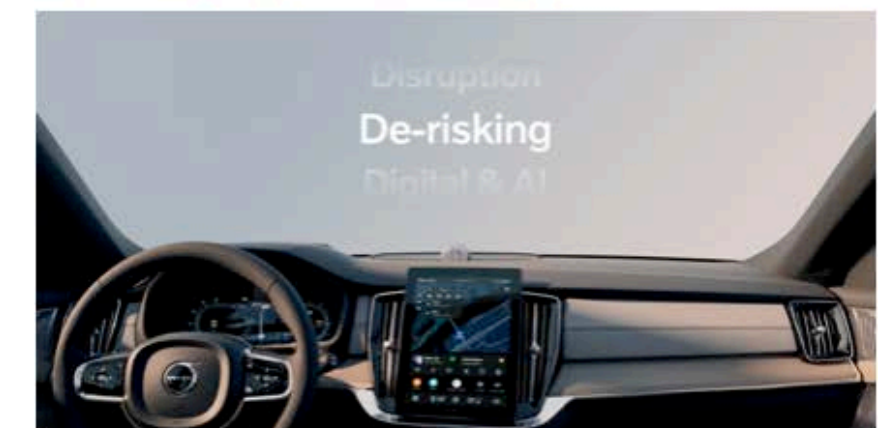
The increased global focus on decarbonization is of course right, and we believe that the mobility industry needs to do its part. That's why we've set out to be a leader in the transition to electrification and to reducing CO2 from our supply chain and operations. But this transition will not be linear. It will move at different speeds in different markets.

It's also another reason why we're investing in our next-generation electrification technologies, which will underpin our upcoming models, while at the same time keeping up investments in our electric hybrid cars. Before the end of this decade, we will have a complete line-up of fully electric cars, allowing us to make the move to full electrification - as and when each market is ready.

All this together leads to the fifth D, and that is Design.

To meet the new world created by these four trends I just described, we'll need a new approach to how we design our products and experiences.

How we design the cars, the materials we use, the talent pool we employ and the supply chain we create – it is truly a paradigm shift that affects our entire value chain.



## Introduction

Jim Rowan  
President and CEO

Now before I touch on our approach to creating value with this as a backdrop, I want to talk to you about focus and nimbleness.

We have a clear strategy for where we are going, but we need to be nimble as the world around us will continue to change.

This is crucial. As in this new era, size becomes less important and nimbleness and speed are key currencies.

To be successful, companies need to be fast, agile and pragmatic in the face of constantly changing business conditions.



## Introduction

Jim Rowan  
President and CEO

As the saying goes: it is not the big that eat the small,  
it is the fast that eat the slow.

Geopolitical uncertainties and economic headwinds  
are the inescapable business realities of today. We  
cannot control these elements.



**It's not the big that eat the small –  
it's the fast that eat the slow.**

## Introduction

Jim Rowan  
President and CEO

But what we can do, is navigate them with speed and purpose, and perhaps most importantly, with a clear focus.

We are building a global high tempo and nimble organisation that can think fast, adapt quickly and act decisively – all aligned in one direction.

Having a laser sharp focus has increased in importance, and it underpins the choiceful investments we're making and how we will deploy our resources most effectively.

It's also helped us to navigate what we will do and, just as importantly, what we won't do.

We have proven before that we can handle challenges, and we will handle them again.

Business is not a game of perfection. It is a game of progress.

And at Volvo Cars we are making progress. This is shown in our results, our technology, our talent, and ultimately our cars.

So, in the spirit of pragmatism, nimbleness and focus, we have decided to adjust our business ambitions for the coming years.

By doing so, we retain our industry-leading position on electrification and sustainability, while remaining resolute on our long-term direction and safeguarding value as a business.



## Introduction

Jim Rowan  
President and CEO

But let me be clear: we are committed to our long-term direction on electrification.

Electric propulsion IS the future and electric powertrains are superior to combustion engines:

less noise, less parts, less vibration, less servicing, zero tailpipe emissions and eventually less expensive than ICE cars.

It also enables the bigger shift around technology.

However, as we have said many times, this transition will take longer in some regions than in others, due to variations in customer demand, market incentives and probably most importantly infrastructure.

So we are building in flexibility, allowing us to keep serving our loyal Volvo customers who are not yet able or ready to go fully electric.



**Electric is the future**

## Introduction

Jim Rowan  
 President and CEO

In practice, that comes down to the following:

By 2025, we aim for 50-60 per cent of all our global sales to be electrified.

By that, we mean both fully electric AND plug-in hybrid cars. Essentially all cars with a cord.

By 2030, we aim to be 90-100 per cent electrified.

This continues to keep us in a leading position, ahead of our peers. Related to this: our CO2 ambitions will also remain industry-leading.

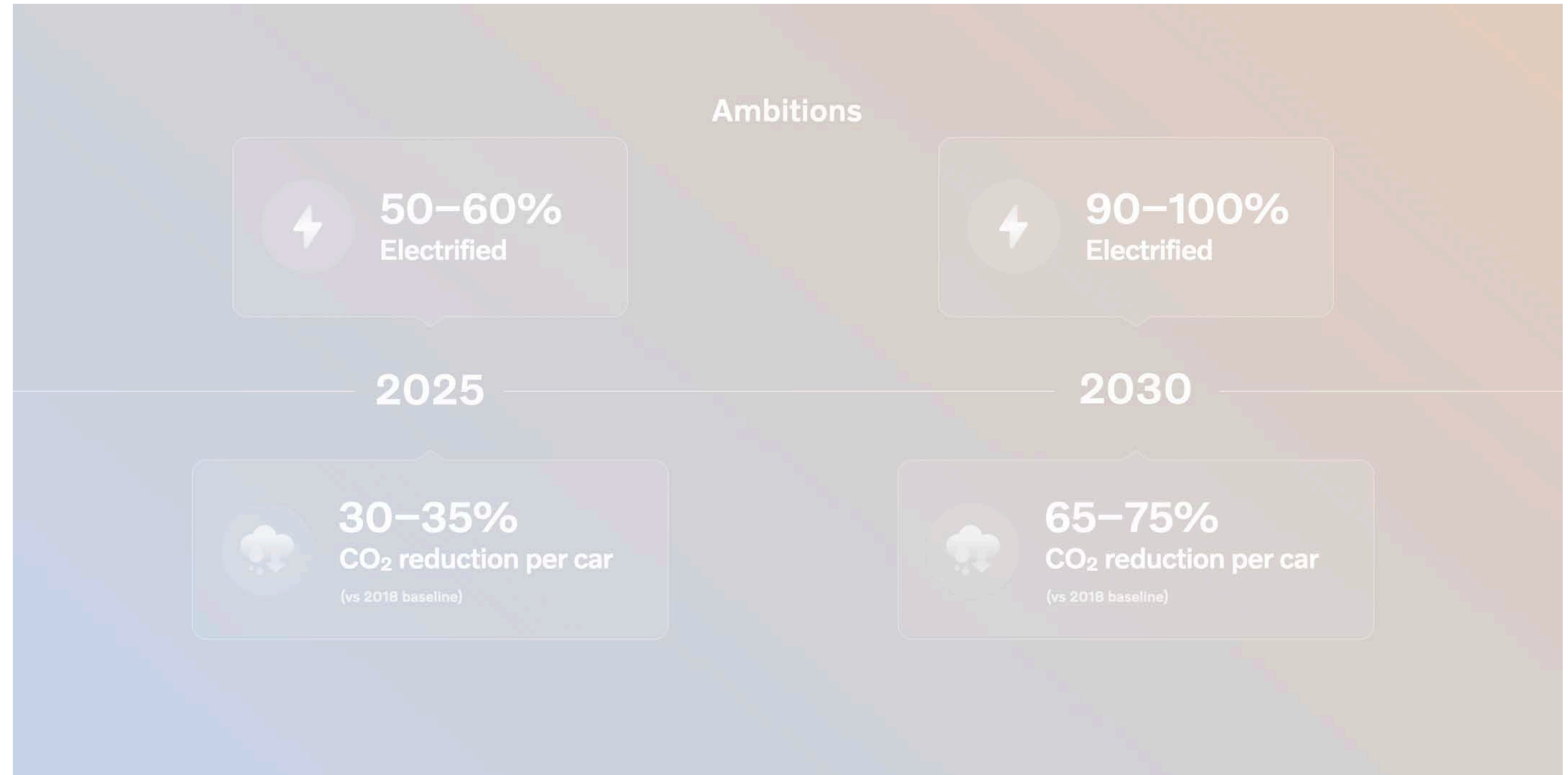
Our aim there is to reduce our CO2 emissions per car by 30-35 per cent by 2025.

By 2030, we aim for our CO2 reduction per car to come in between 65-75 per cent.

Again, that puts us well ahead of the competition and allows us to continue to be pioneers in sustainability.

To that end, we will continue to work diligently with our suppliers to bring down emissions from materials and from our operations.

And that will be part of what drives those ambitions.



## Introduction

Jim Rowan  
 President and CEO

As said, we remain firm on creating value as a business. That’s why we will no longer aim for an absolute specific revenue target, but simply aim to outgrow the premium car market, as we have done in recent years. This will allow us to continue to maintain price discipline and drive value.

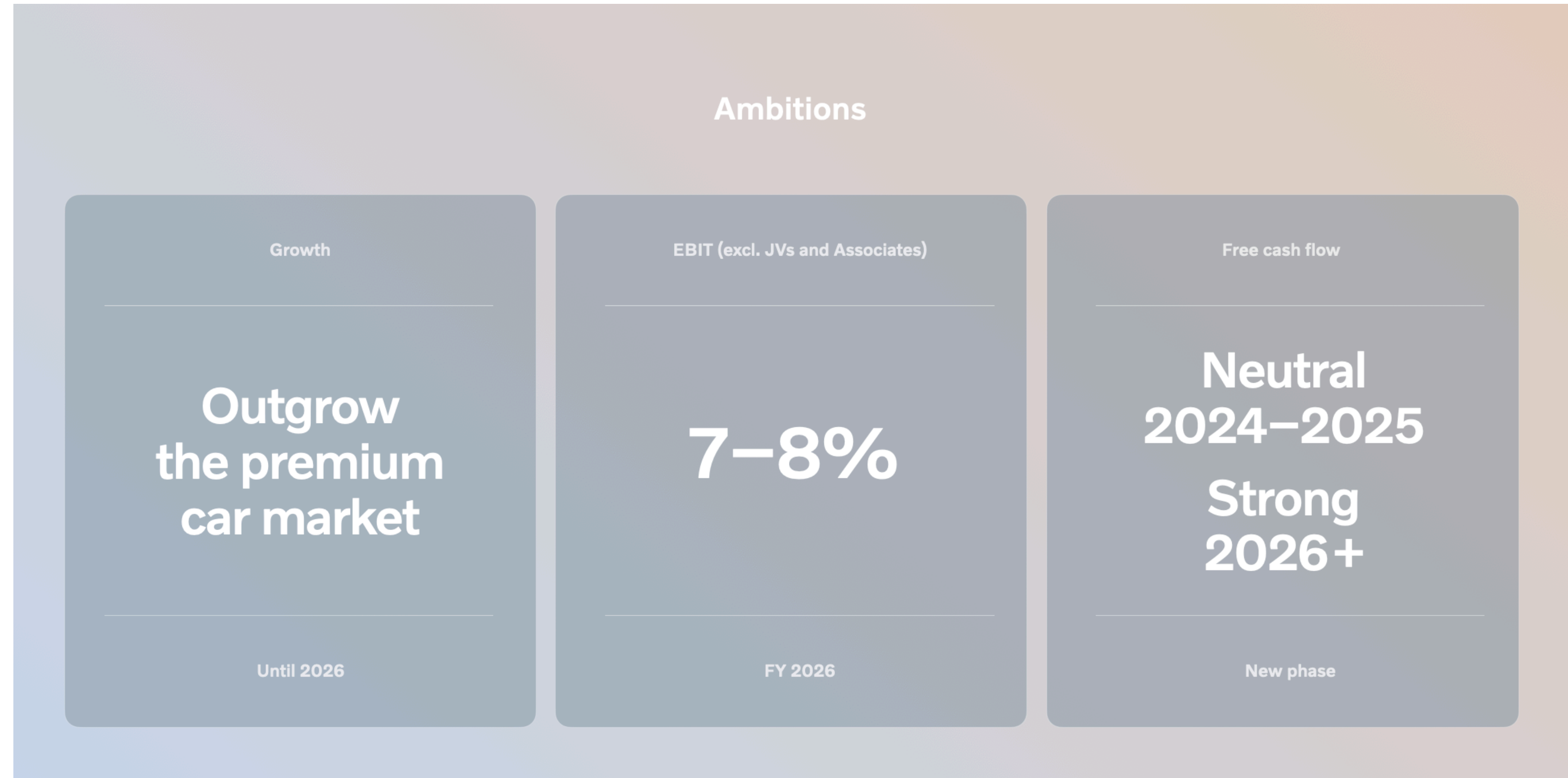
In terms of profitability, given the increased complexity – especially in relation to global trade and tariffs – we expect an EBIT margin of 7-8 per cent for the full year of 2026.

Finally, there’s cash flow.

We are in our peak investment phase, and we have funded these investments without the need to issue more equity, demonstrating the strength of our balance sheet.

And we continue to foresee a neutral free cash flow in 2024 and 2025, but from 2026 onwards, with strong profitability, we will start to benefit from these investments and will enter a new phase with strong free cash flows.

These new ambitions are important, but what is equally important is how we deliver on them in this more complex, competitive and challenging world.



# Introduction

Jim Rowan  
President and CEO

At Volvo Cars we continuously work with five missions to help drive our business.

These missions clarify the most critical deliverables in our strategic landscape.

Our missions are:

- Product
- Technology
- Customer
- Digital
- And People

These are self-explanatory, by their names alone.

And within these missions there are 12 strategic imperatives that will enable us to create value.

You will hear much more about all of these through the course of the day.

But very quickly, these are:

- Superset tech stack & SPA platform evolution
- Balanced portfolio in an 8 x 8 cycle
- Digital, Data, Connected and Federated
- Batteries in Balance
- Energy matters
- Disciplined cost management and capital allocation
- Safety - beyond the stars
- Sustainability – beyond CO2
- Build where we sell
- Customer first eco system
- Volvo brand – For Life
- Talent, teamwork & culture

These 12 points outline how we will win the decade and set

Volvo Cars up for success in the century to come.

Yes, we live in turbulent times.

But to win in the mobility industry of tomorrow, you can either compete on price or you can compete on value.

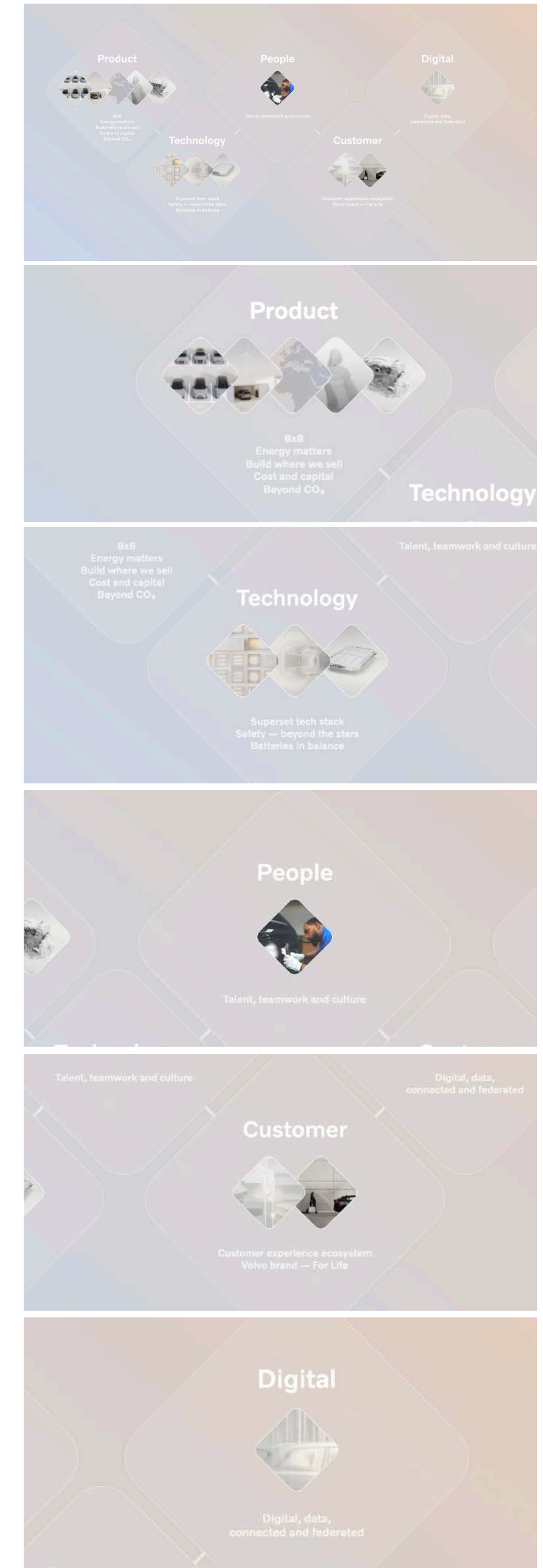
And in order to compete on value you need to invest in the right talent and technology.

And that’s exactly what we are doing – and we’re looking forward to sharing all the details with you today.

But let me be clear: we will always prioritise value.

To compete on value we are building a premium car company with great products and technologies that provide an enhanced customer experience, that can be produced regionally to drive down costs and navigate tariffs.

We hear a lot of talk about transformation.



## Introduction

Jim Rowan  
President and CEO

This assumes a starting point, a change phase and an end point. Caterpillar, cocoon, butterfly.

I don't attest to that. The industry is now in a phase of continuous metamorphosis. Continuous change. And we are prepared for this.



~~Caterpillar. Cocoon. Butterfly.~~

## Introduction

Jim Rowan  
President and CEO

We have the speed, the nimbleness and the focus to execute and adapt for the future.

The only European car company to have successfully harnessed core compute technology, and in doing so, we have crossed the Rubicon to the next phase.

The importance of this achievement should not be underestimated in the quest to unlock value.

This is as much about mindset as it is about action.

We have the right mindset, but our actions will speak louder than our words.

And this is what we will take you through today: what we have done, what we are doing and what we are about to do.



**Speed. Nimbleness. Focus.**

## Introduction

Jim Rowan  
President and CEO

Protecting people, protecting the planet,  
now and for the next 100 years.

That is what gets me up in the morning.  
That is why I work for this company.

Thank you.



**The next 100 years**

# Agenda

Olivia Ross-Wilson  
Chief Communications Officer

It will be divided into three main blocks.

First, we'll go through the Financials with our CFO, Johan and deputy CFO, Fredrik.

After that, we'll get the opportunity to look at our product strategy and the lineup with Björn, deputy CEO and Chief Commercial Officer and Erik, Chief Product & Strategy Officer.

We will then finish off the first block with a fireside chat with Vanessa, Head of Global Sustainability, on our sustainability agenda.

Then we'll go for a short break. During the breaks you are welcome to visit our event space where you can take a closer look at our new flagship SUV the EX90, our new XC90 launched yesterday and some new energy products that you will hear more about today.

In our second block, we will look at our strategies for Technology and Safety together with Åsa, Head of Safety Centre and Anders, Chief Engineering & Technology Officer.

As you can see, there is a lot of knowledge in the room, and we want to make this day as interactive as possible.

And during our first of two Q&A sessions, you will be able to connect with some of our speakers.

In our third and last block, we'll welcome Erik back on stage and together with Francesca, Chief Manufacturing & Supply Chain Officer, we'll look into our Global Footprint.

Last, but by no means least, we'll focus on commercial and the Volvo brand with Susanne, Head of Global Offer and Gretchen, Head of Global Marketing.

We then end the day with a last wrap-up Q&A session.

# Agenda

10.00	11.20	11.40	12.35	13.20	14.30
<b>CMD starts</b> Introduction   Financials   Products   Sustainability	<b>Break</b> 20 min	<b>Block 2 starts</b> Technology   Safety   Q&A	<b>Lunch</b> 45 min	<b>Block 3 starts</b> Global Footprint   Commercial and Brand   Q&A	<b>CMD ends</b>
<ul style="list-style-type: none"> <li> Jim Rowan, President and Chief Executive Officer</li> <li> Johan Eldehl, Chief Financial Officer</li> <li> Fredrik Hansson, Deputy CFO and Head of Performance Steering</li> <li> Björn Annwall, Deputy CEO and Chief Commercial Officer</li> <li> Erik Severinsson, Chief Product and Strategy Officer</li> <li> Vanessa Butani, Head of Global Sustainability</li> </ul>		<ul style="list-style-type: none"> <li> Jim Rowan, President and Chief Executive Officer</li> <li> Anders Bell, Chief Engineering and Technology Officer</li> <li> Åsa Haglund, Head of Safety Centre</li> </ul>		<ul style="list-style-type: none"> <li> Francesca Gamboni, Chief Manufacturing and Supply Chain Officer</li> <li> Erik Severinsson, Chief Product and Strategy Officer</li> <li> Gretchen Seagh-Fleming, Head of Global Marketing</li> <li> Susanne Högglund, Head of Global Offer</li> </ul>	<ul style="list-style-type: none"> <li> Jim Rowan, President and Chief Executive Officer</li> </ul>

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