How is Volvo’s future built in China?

Feng Shen
Vice President, Research and Development
Volvo Cars China
index

Overview of Volvo Cars in China

China Growth Strategy and progress after acquisition

Evolved brand/Company Culture gaining future momentum

Tech competence driving future growth
Overview of Volvo Cars in China
Volvo Cars Milestones in China

- 1984 Volvo Cars started to sell cars in China
- 1994 Volvo Car Corporation first representative office in Beijing
- 2008 Volvo Car China Distribution Company in Shanghai
- 2010 New ownership: Zhejiang Geely Holding Group
- 2011 Volvo Cars China Headquarters in Shanghai
2012 Automotive news china conference

Feng Shen
Volvo Car Corporation

2012

4/25/2012

Geely signed agreement with Ford

DAY 1: Geely completed acquisition of Volvo Car Corporation – Stand-alone.

Mar 28, 2010

Mar 28, 2010

Aug 2, 2010

Aug 2, 2010

100 days of smooth transition

Feb 25, 2011

Launch of China Strategy and Growth Plan

Aug 2, 2011

One Year Anniversary of the Acquisition

Today

Poised for stronger growth

An impressive year after the acquisition

An impressive year after the acquisition

An impressive year after the acquisition

An impressive year after the acquisition

An impressive year after the acquisition
Our presence in China

- **Beijing**
  - Office with Administrative business

- **Chengdu**
  - New Volvo plant 2013

- **Shanghai**
  - Volvo Car China Head office
  - China Sales Company
  - Volvo Car China Technology Center

- **An Unspecified Plant**
  - Planned in A Northern City

- **Chongqing**
  - Volvo production since 2006 at Chang'an Ford Mazda Automotive
Dealership in China: 133
Outlets by 2011

2011: +25 OUTLETS
## Present product lineup in China

<table>
<thead>
<tr>
<th></th>
<th>S-Range</th>
<th>V-Range</th>
<th>XC-Range</th>
<th>C-Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sedan</td>
<td></td>
<td>Station Wagon</td>
<td>Crossover</td>
<td>Coupe/Sport</td>
</tr>
<tr>
<td></td>
<td>S80L</td>
<td>V60</td>
<td>XC90</td>
<td>C70</td>
</tr>
<tr>
<td></td>
<td>S60</td>
<td></td>
<td>XC60</td>
<td>C30</td>
</tr>
<tr>
<td></td>
<td>S40</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**Present product lineup in China**

**S-Range**
- Sedan
  - S80L
  - S60
  - S40

**V-Range**
- Station Wagon
  - V60

**XC-Range**
- Crossover
  - XC90
  - XC60

**C-Range**
- Coupe/Sport
  - C70
  - C30

**Car Models**
- S80L
- S60
- S40
- V60
- XC90
- XC60
- C70
- C30
China Growth Strategy & progress after acquisition
China growth plan

Vision:
200k vehicle sales per year

Product strategy – Localization of portfolio to meet Chinese market needs

"One VCC team" in HQ and China, and strong competency
China growth plan update

Full-functional regional headquarter established to support China - the Second Home Market
China growth plan update

Industrial System Coordination
- Assembly and engine plants
- Global manufacturing and quality standards apply

Product Strategy & Vehicle Line Management
- Developing China Product Portfolio
- Integrated part of Global Cycle Plan
- China Vehicle Attributes and Features
China growth plan update

R&D
- An integrated part of global R&D. Support global to keep Volvo’s worldwide leading edge and leverage global R&D engineering tasks
- Responsible for product development, quality, launching, new technology development, and support local sourcing

Purchasing
- One Global Sourcing Strategy between Sweden and China to combine volume & reduce investment
- Develop and optimize supply base in China not only for China plants but also for Volvo Cars' entire global operation
People Development
- People are fundamental to our development
- Building an integrated team with innovative spirit - essential to our organization

Marketing, Sales & Service
- China is one of the fastest growing market for Volvo globally in 2011 (sales up 54%)
- Strategies driving performance
  - Aggressive product strategy
  - Network expansion – Volvo Experience Centers
  - Volvo experiential marketing approach
  - New Volvo brand strategy – Designed Around You
Successful Factors of China Growth Strategy

- Dedicated Chinese Owner with entrepreneurship
- International Executive Management with deep knowledge about Chinese market
- Sense of Urgency & quick speed (decision + action)
- Out-of-box thinking and Can-do attitude
- Adaptation of Best practices and Global Resources Supports
- Growth together with employees and partners (Dealers, Suppliers, etc.)
Next steps

• New brand strategy
• Sales and marketing
• Industry Footprints with Cost optimization in China
• Technology / Product Development
• People and organizational development
EVOLVED BRAND/Company Culture GAINING FUTURE MOMENTUM
New brand/corporate strategy

Everything designed around people.
the Aspired Volvo cars culture

Everything designed around people

- Passion for customers and cars
- Move fast, aim high
- Real challenge and respect
Brand positioning: More luxury, Growth, Volvo way!
Technological competence driving future growth
Our new platform strategy

**SPA**  
Scalable Product Architecture
- Focuses commonality between our cars – across ranges and across series
- Allows for high design freedom, safety and vehicle dynamics
- Product cost advantages – spend money on customer relevant areas

**VE**  
Volvo Environmental Architecture
- One engine architecture for three fuels in 8 variants
- Replaces 6 different Ford & Volvo engine architectures
- Meets all legal requirements 2013-2017 world-wide
- All variants deliver highly competitive attributes

Stronger technological competence  
enabler of future success
Our technological powertrains

- Optimized, low-emission / high fuel efficiency powertrain
- Plug-in hybrid
- Electric vehicle
Volvo C30EV - the first luxury car brand in Shanghai EV zone

Currently under the demonstration operation in 10 European countries, China and the US

<table>
<thead>
<tr>
<th>Specification</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Weight</td>
<td>1660 kg</td>
</tr>
<tr>
<td>L/W/H</td>
<td>4266/1782/1447mm</td>
</tr>
<tr>
<td>Wheelbase</td>
<td>2640mm</td>
</tr>
<tr>
<td>Power output</td>
<td>82 kW, 111hp</td>
</tr>
<tr>
<td>Torque output</td>
<td>220 Nm</td>
</tr>
<tr>
<td>Range (NEDC*)</td>
<td>163 km</td>
</tr>
<tr>
<td>Top speed</td>
<td>130 km/h</td>
</tr>
<tr>
<td>Acceleration 0-100km/h</td>
<td>10.5s</td>
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<tr>
<td>Battery capacity</td>
<td>24 kWh</td>
</tr>
<tr>
<td>Battery weight</td>
<td>280kg</td>
</tr>
<tr>
<td>Charge time</td>
<td>&lt;8 h (16A)</td>
</tr>
</tbody>
</table>
Volvo - the V60 PHEV

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- **Specifications:**
  - Power : 215 hp + 70 hp
  - Capacity : 12 kWh (8 usable)
  - Acceleration : 0-100 km/h: 6,9 s
  - E-Range : 50 km
  - Emission : 49 g CO₂/km
  - Top speed : 230 km/h
  - 5 seats + luggage
Volvo car corporation

we are MAKING THE HISTORY!