

VOLVO

Volvo Group



FIRST QUARTER 2017
Martin Lundstedt, President and CEO

Volvo Group

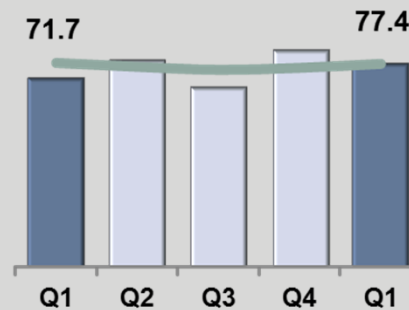
FIRST QUARTER HIGHLIGHTS



- Continued improved profitability for the Group
- Trucks' adjusted operating margin 9.9% (7.8) on 4% lower HD/MD volumes
- Profit improvement in Construction Equipment - adjusted operating margin of 10.0% (2.7)

NET SALES

SEK bn — 12 months 308 bn



ADJUSTED OPERATING MARGIN*

% — 12 months 7.7%



*Adjustments, see note 6 in Q1 report:
 Q1 2016: Gain on sale of external IT operation 885
 Q1 2017: No adjustments

Volvo Group

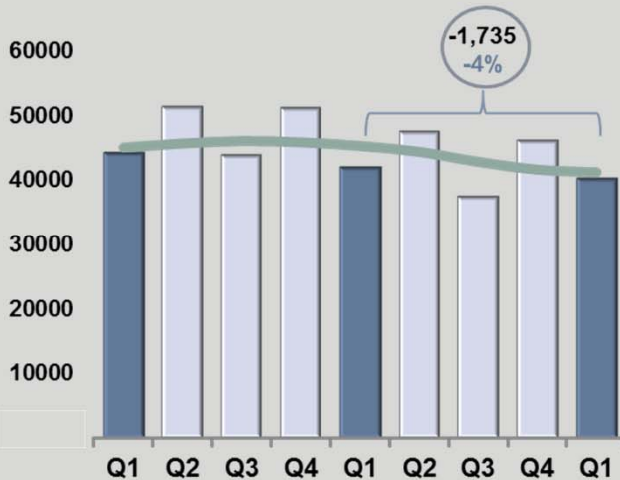
VOLUME DEVELOPMENT IN THE FIRST QUARTER



TRUCK DELIVERIES

Units HD/MD

12 months 171,981

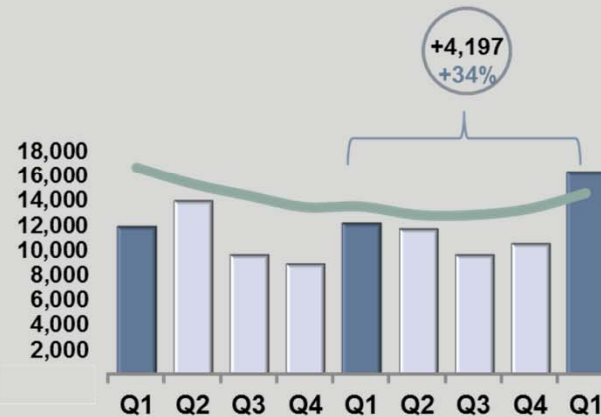


	Total	Change
Volvo	23,720	-595
UD	4,699	-510
Renault Trucks	7,968	+621
Mack	3,925	-1,251

MACHINE DELIVERIES

Units

12 months 48,503



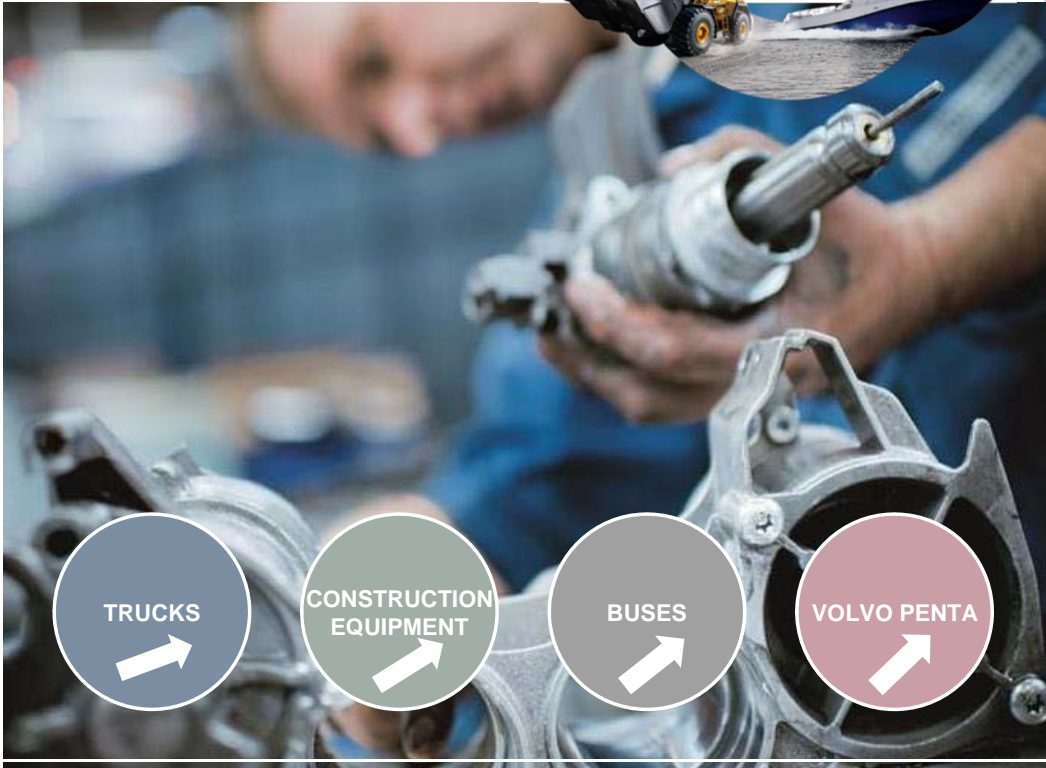
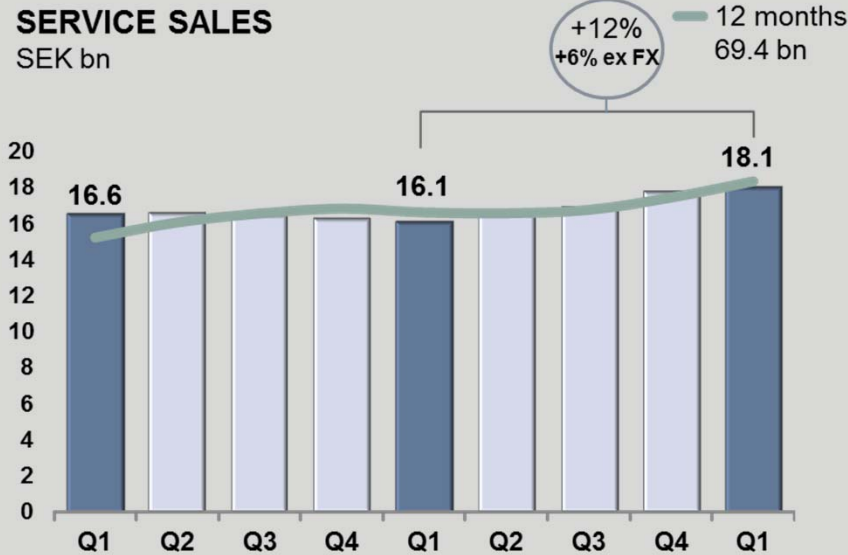
	Total	Change
Volvo	10,048	+2,422
SDLG	6,258	+1,748

Volvo Group Headquarters

First quarter 2017

Volvo Group

SERVICE SALES DEVELOPMENT



Volvo Group Headquarters
First quarter 2017
4



Trucks



- Good demand in Europe, Japan and China
- Order pick-up in North America
- Important product launches for UD Trucks in Japan and South-east Asia and for Volvo Trucks in North America

Volvo Group Headquarters

First quarter 2017

5

VOLVO

UD Trucks

LAUNCH OF AN ALL-NEW RANGE OF UD QUON HEAVY-DUTY TRUCKS



Volvo Group Headquarters

First quarter 2017

6

VOLVO

UD Trucks

UD CRONER – NEW MEDIUM-DUTY TRUCK RANGE FOR GROWTH MARKETS



Volvo Group Headquarters

First quarter 2017

7

VOLVO

Volvo Trucks

LAUNCH OF THE NEW VOLVO VNR FAMILY IN NORTH AMERICA



Volvo Group Headquarters

First quarter 2017

8

VOLVO

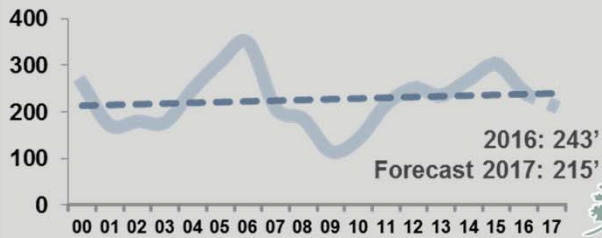
Trucks

MARKET ENVIRONMENT



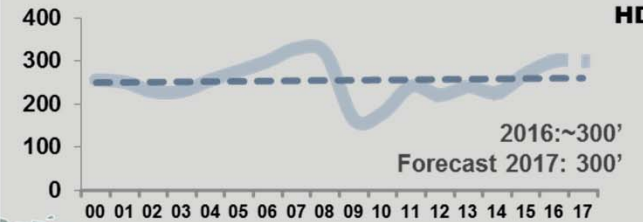
NORTH AMERICA

HD



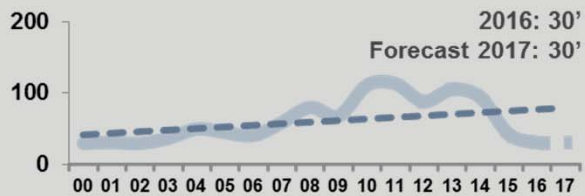
EUROPE

HD



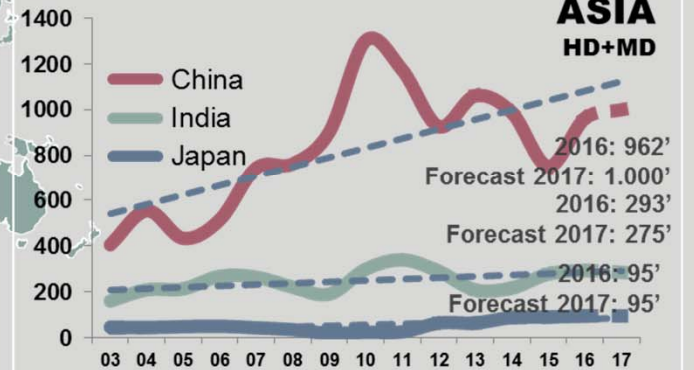
BRAZIL

HD



ASIA

HD+MD



Volvo Group Headquarters

First quarter 2017

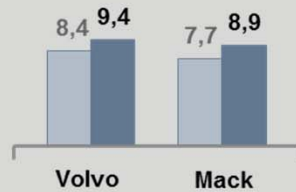
Trucks MARKET SHARES

HD%

2016 2017



NORTH AMERICA

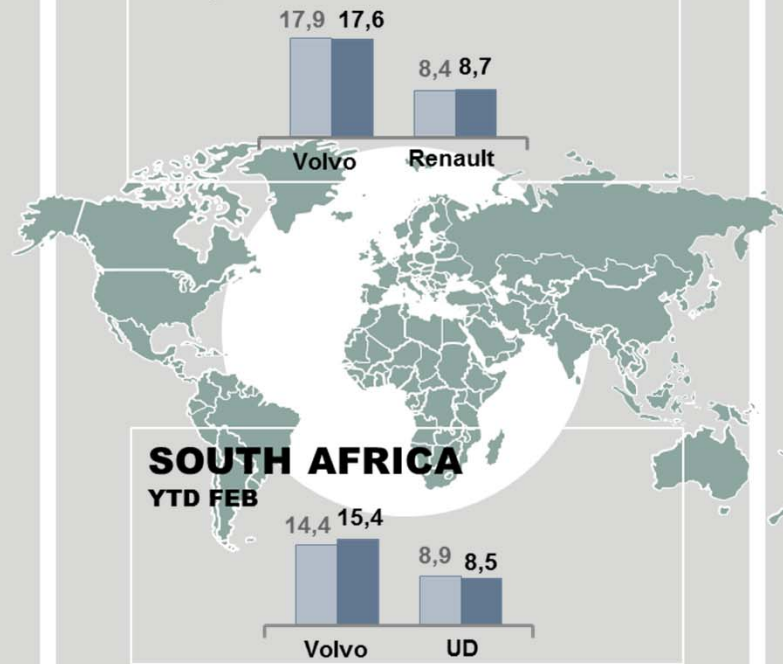


BRAZIL



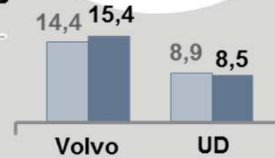
EUROPE

EU28, YTD FEB

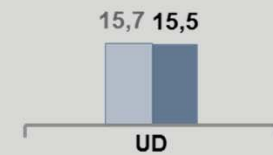


SOUTH AFRICA

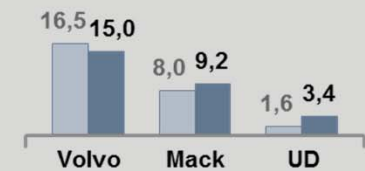
YTD FEB



JAPAN



AUSTRALIA



Volvo Group Headquarters

First quarter 2017

10

VOLVO

Trucks

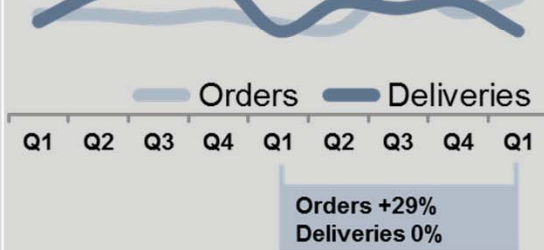
ORDERS AND DELIVERIES



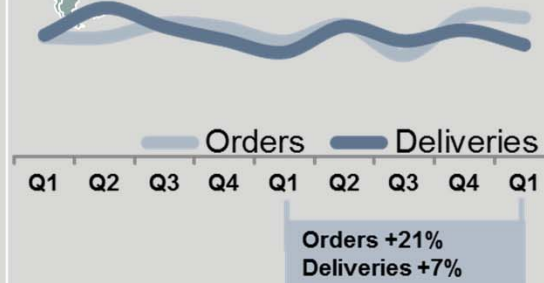
NORTH AMERICA



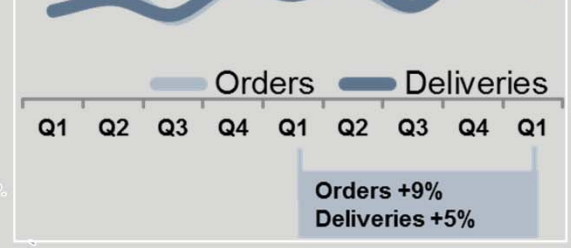
SOUTH AMERICA



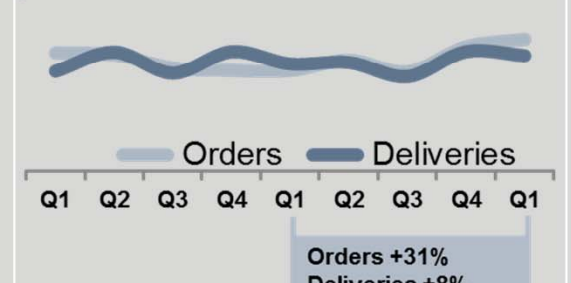
AFRICA & OCEANIA



EUROPE HD/MD



ASIA



Volvo Group Headquarters

First quarter 2017

11

VOLVO

Construction Equipment



- Transformation activities to improve profitability yielding good results
- Improved market situation
- Deliveries and orders both up 34%
- Launch of ActiveCare Direct in North America

Construction Equipment

NEXT GENERATION OF LARGEST WHEEL-LOADER (50-TON L350H) AND ACTIVE-CARE DIRECT UNVEILED AT CONEXPO

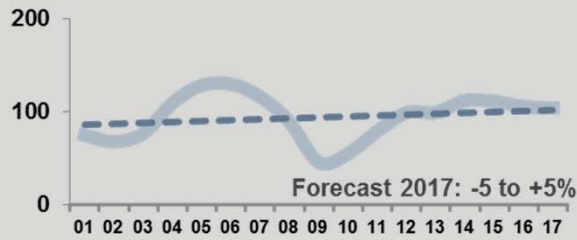


Construction Equipment

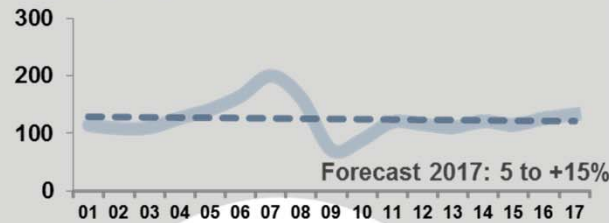
MARKET ENVIRONMENT



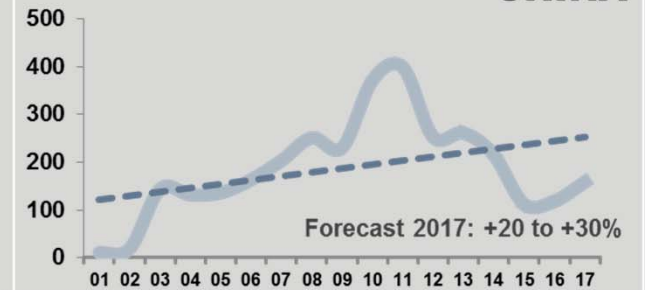
NORTH AMERICA



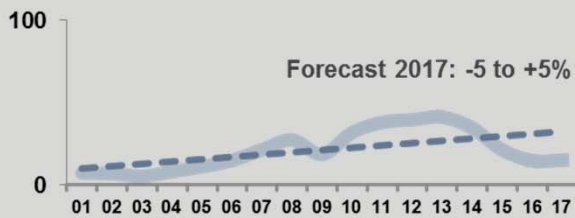
EUROPE



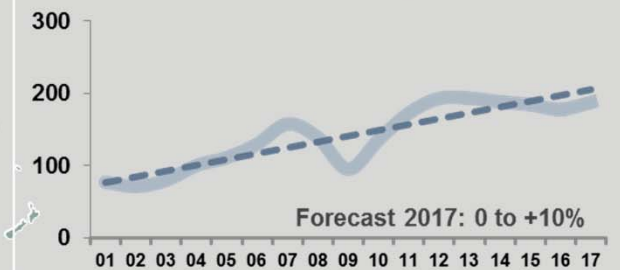
CHINA



SOUTH AMERICA



ASIA (excl China)



Volvo Group Headquarters

First quarter 2017

14

VOLVO

Construction Equipment

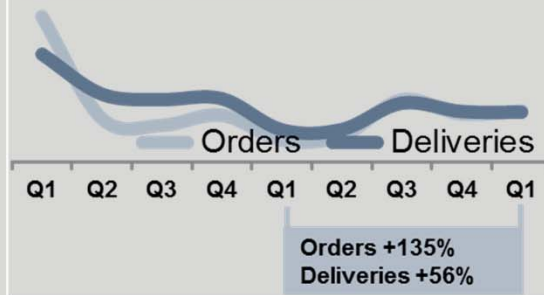
ORDERS AND DELIVERIES



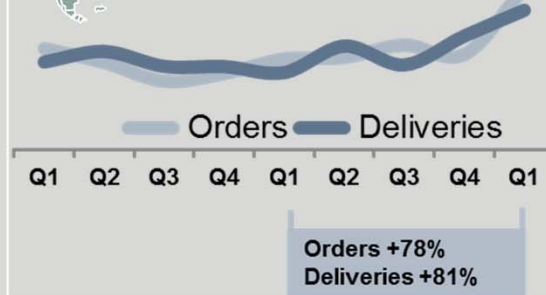
NORTH AMERICA



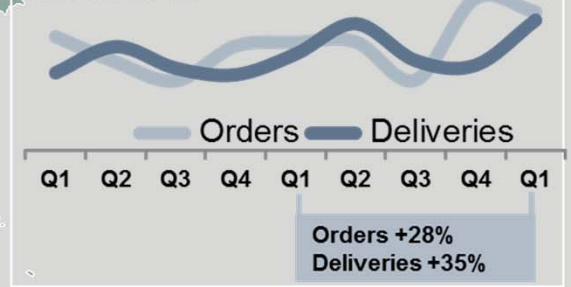
SOUTH AMERICA



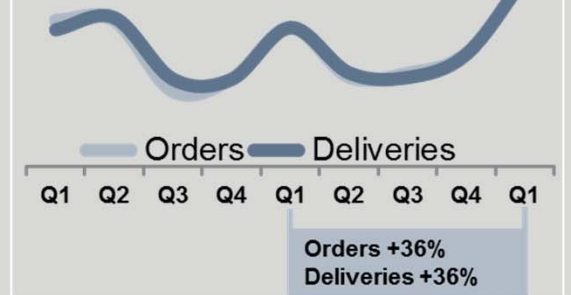
AFRICA & OCEANIA



EUROPE



ASIA



Volvo Group Headquarters

First quarter 2017

15

VOLVO

Buses



- Mixed market development
- Order intake +34% across regions
- Deliveries of the new 8-litre chassis platform for Asian markets started
- Largest order ever of complete electric hybrid traffic solutions to Belgium

Volvo Penta



- Continued strong sales growth especially in off-road engines
- Order increase by 12%
- Off-road solution to meet European Stage V emission levels

VOLVO

Volvo Group



FIRST QUARTER 2017
Jan Gurander, deputy CEO and CFO

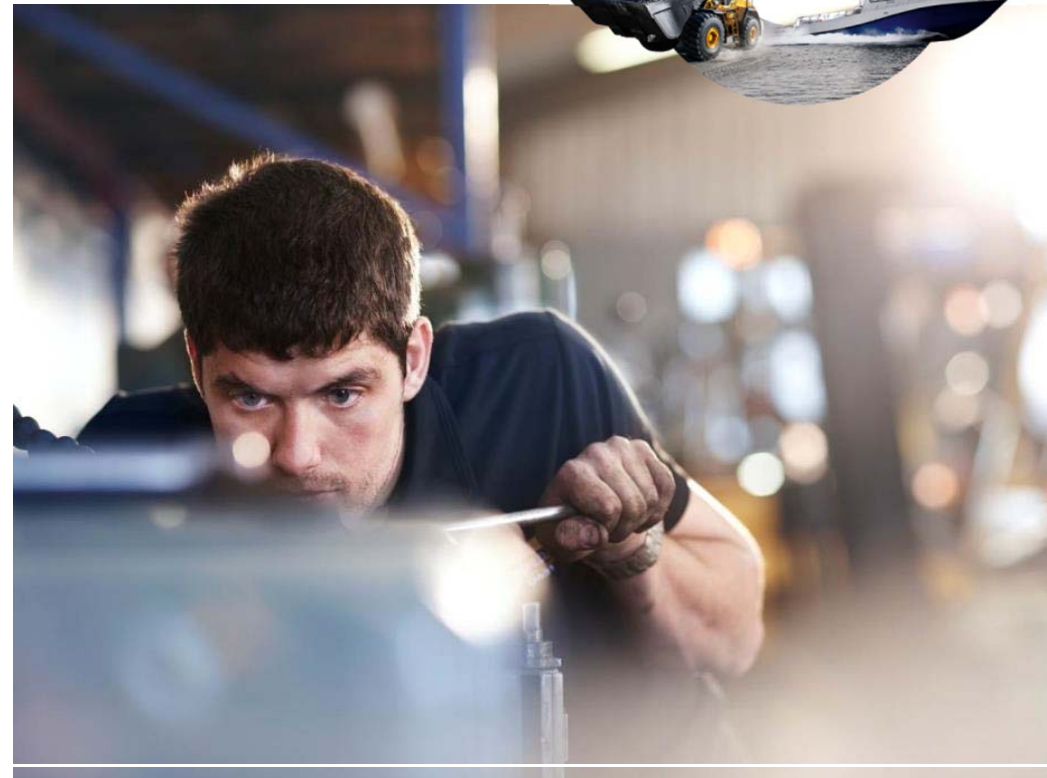
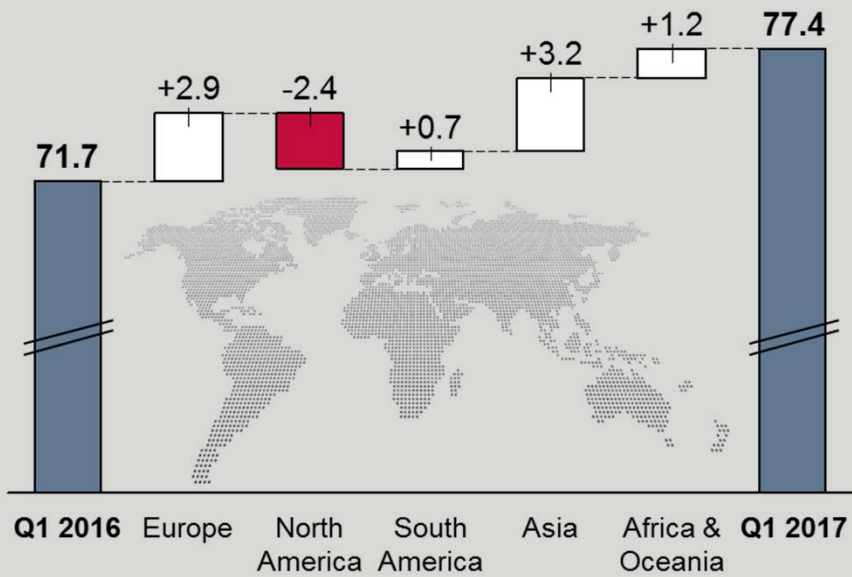
Volvo Group

NET SALES PER MARKET



NET SALES
SEK bn

➤ Currency +3.3 bn



Volvo Group Headquarters
First quarter 2017
19

VOLVO

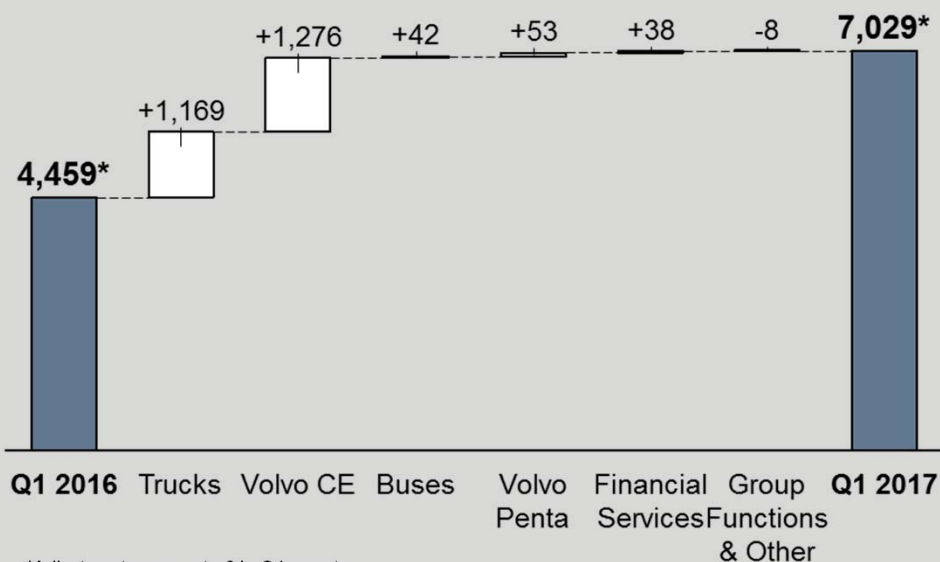
Volvo Group

ADJUSTED OPERATING INCOME PER BUSINESS AREA



ADJUSTED OPERATING INCOME*
SEK M

➤ Currency +289 M



*Adjustments, see note 6 in Q1 report:
Q1 2016: Gain on sale of external IT operation 885
Q1 2017: No adjustments



Volvo Group Headquarters

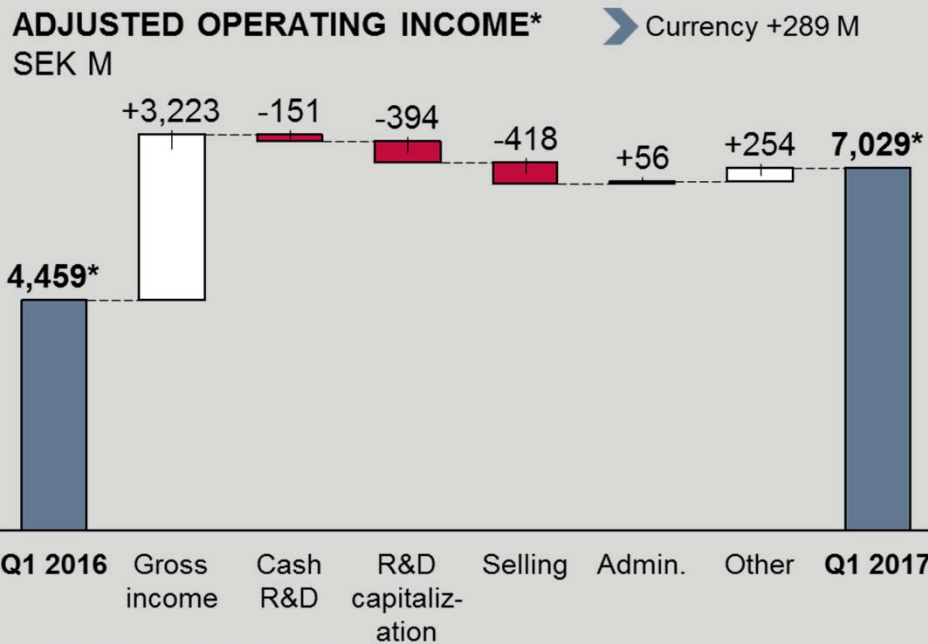
First quarter 2017

20

VOLVO

Volvo Group

ADJUSTED OPERATING INCOME CONTRIBUTORS



Q1 2016 Gross income Cash R&D R&D capitalization Selling Admin. Other Q1 2017

*Adjustments, see note 6 in Q1 report:
Q1 2016: Gain on sale of external IT operation 885
Q1 2017: No adjustments

+ Service business
+ Earnings in Construction Equipment
+ Market mix – high volumes in Europe

- Lower volumes and capacity utilization in North America
- Lower R&D capitalization

Volvo Group Headquarters

First quarter 2017

21

VOLVO

Volvo Group – Industrial Operations

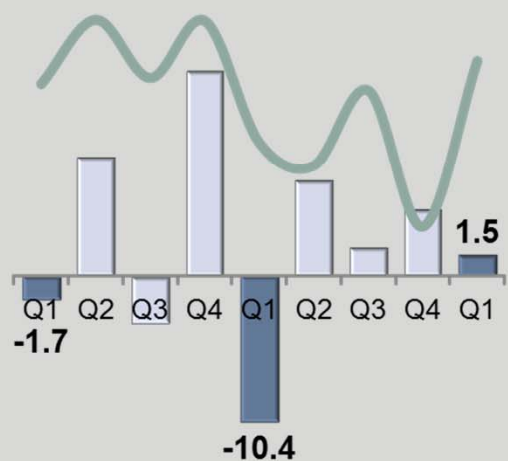
CASH FLOW



OPERATING CASH FLOW

SEK bn

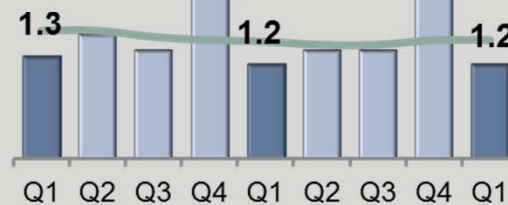
— 12 months SEK 15.4 bn



INVESTMENTS IN PPE*

SEK bn

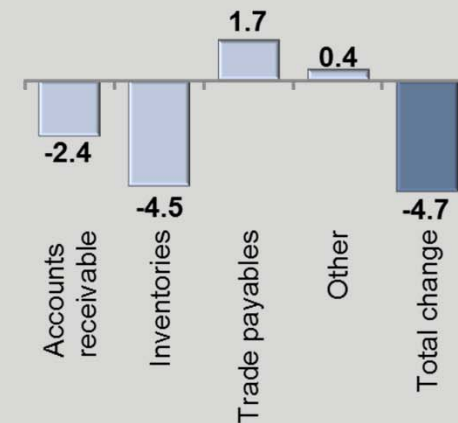
— 12 months SEK 6.5 bn



*Change of presentation format from net investments to gross investments in PPE, corresponding to presentation in cash flow statement.

CASH FLOW EFFECT FROM CHANGES IN WORKING CAPITAL

SEK bn



Volvo Group Headquarters

First quarter 2017

22

VOLVO

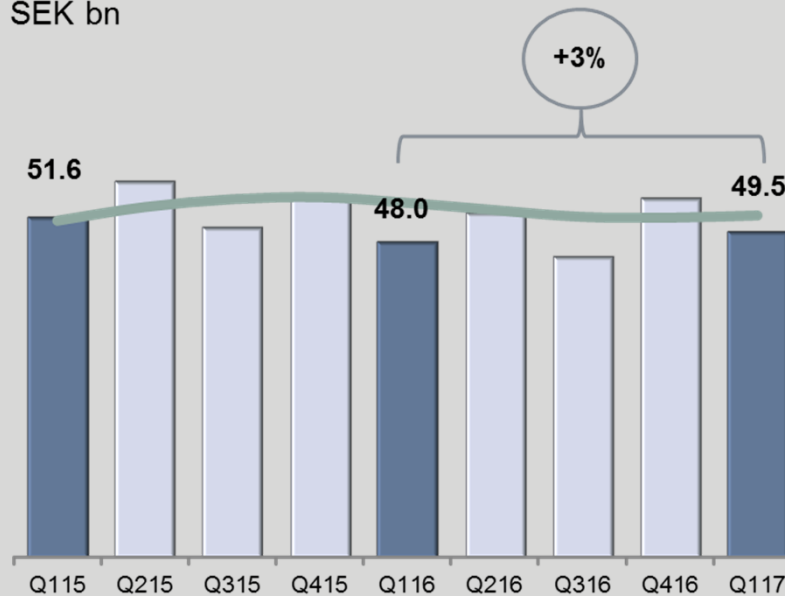
Trucks

NET SALES



NET SALES SEK bn

12 months 202.1 bn



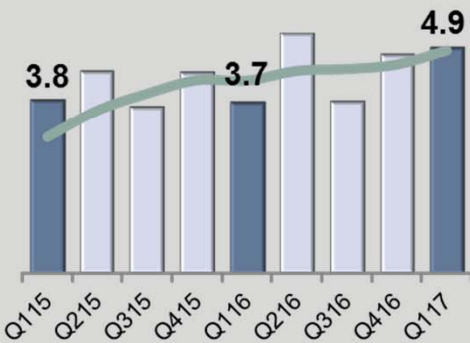
- Delivered HD/MD trucks -4%:
 - North America -34%
 - Europe +5%
- Net sales currency-adjusted -2%:
 - vehicles -4%
 - services +6%

Trucks

ADJUSTED OPERATING INCOME

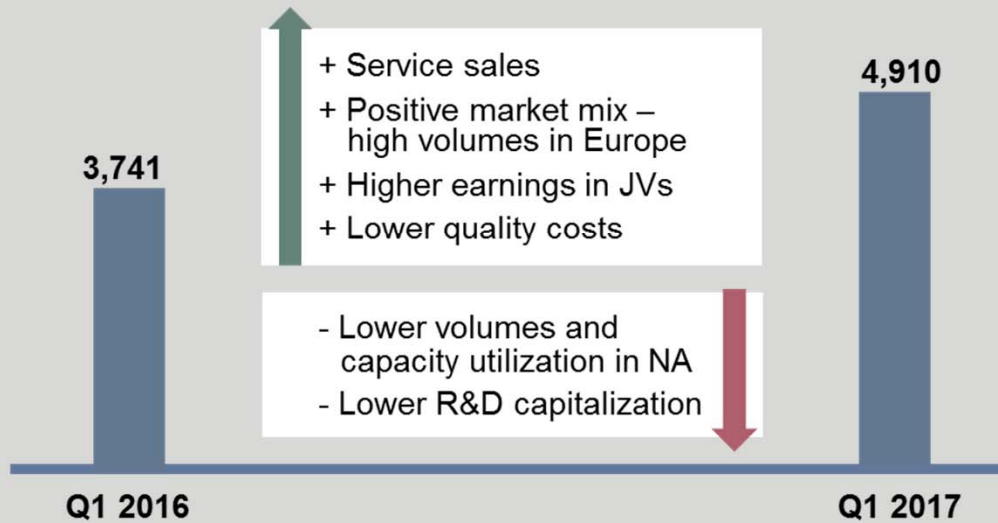


ADJUSTED OPERATING INCOME*
SEK bn 12 months 18.6 bn
Currency 229 M



*Adjustments, see note 6 in Q1 report.
Q1 2017: No adjustments

ADJUSTED OPERATING INCOME*
SEK M



ADJUSTED OPERATING MARGIN*
% 12 months 9.2%

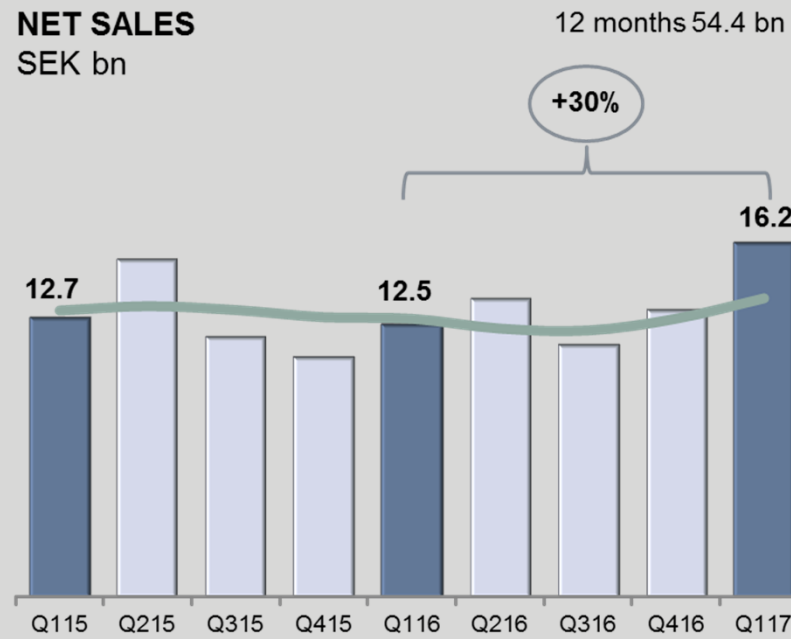


Construction Equipment

NET SALES



NET SALES SEK bn



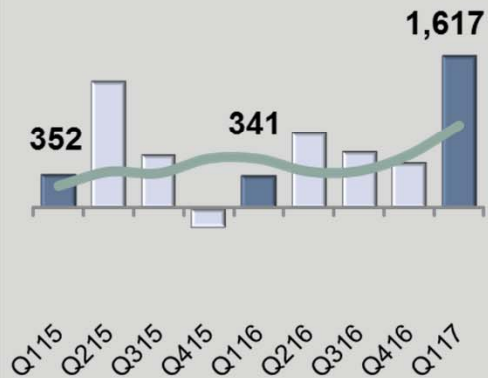
- Delivered machines +34%:
 - Volvo +32%
 - SDLG +39%
 - large and medium +27%
 - compact +56%
- Net sales currency-adjusted +25%:
 - machines +29%
 - services +7%

Construction Equipment

ADJUSTED OPERATING INCOME



ADJUSTED OPERATING INCOME*
SEK M 12 months 3,522 M
Currency 95 M



ADJUSTED OPERATING INCOME*
SEK M



ADJUSTED OPERATING MARGIN*
% 12 months 6.5%



*Adjustments, see note 6 in Q1 report
Q1 2017: No adjustments

Buses

NET SALES & ADJUSTED OPERATING INCOME



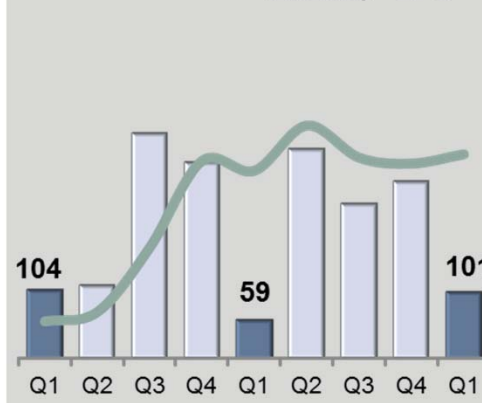
NET SALES

SEK bn — 12 months 25.7 bn



ADJUSTED OPERATING INCOME*

SEK M — 12 months 912 M
Currency -45 M



*Adjustments see note 6 in Q1 report
Q1 2017: No adjustments

- Net sales currency-adjusted +3%:
 - vehicles +1%
 - services +9%
- Adjusted operating income:
 - + favorable market mix
 - + service sales
- Adjusted operating margin*
1.8% (1.1)

Volvo Group Headquarters

First quarter 2017

27

VOLVO

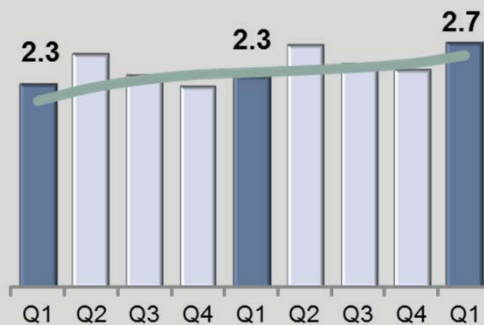
Volvo Penta

NET SALES & ADJUSTED OPERATING INCOME



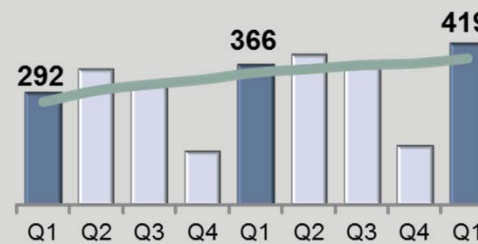
NET SALES

SEK bn — 12 months 10.3 bn



ADJUSTED OPERATING INCOME*

SEK M — 12 months 1,322 M
Currency 70 M



*Adjustments see note 6 in Q1 report
Q1 2017: No adjustments

- Net sales currency-adjusted +11%:
 - engines +11%
 - services +12%
- Adjusted operating income:
 - + service sales
 - R&D cost
- Adjusted operating margin* 15.5% (15.6)

Volvo Group Headquarters

First quarter 2017

28

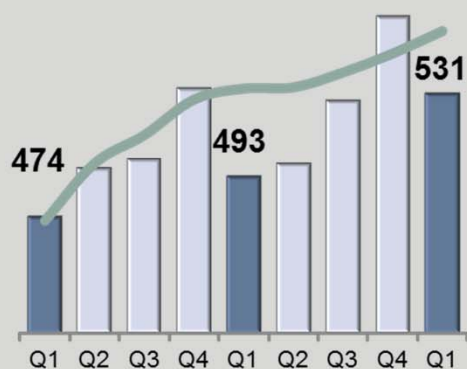
VOLVO

Financial Services

NEW FINANCING AND PROFITABILITY

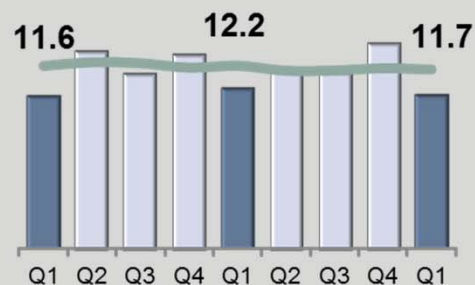


ADJUSTED OPERATING INCOME*
SEK M — 12 months 2,124 M



*Adjustments see note 6 in Q1 report
Q1 2017: No adjustments

NEW FINANCING
SEK bn — 12 months 54.2 bn



ROE*
12 months, %



Volvo Group

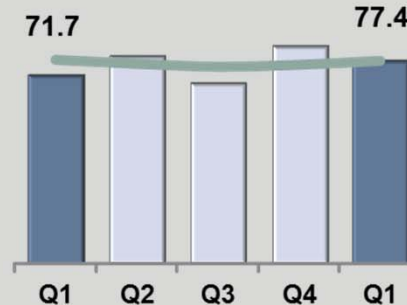
FIRST QUARTER HIGHLIGHTS



- Continued improved profitability for the Group
- Trucks' adjusted operating margin 9.9% (7.8) on 4% lower HD/MD volumes
- Profit improvement in Construction Equipment - adjusted operating margin of 10.0% (2.7)

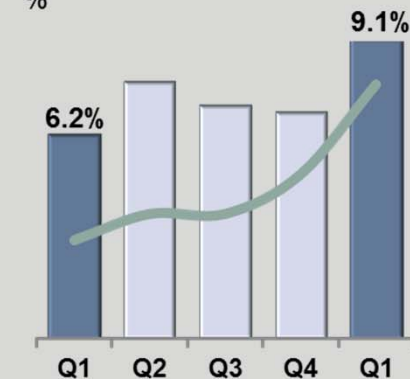
NET SALES

SEK bn — 12 months 308 bn



ADJUSTED OPERATING MARGIN*

% — 12 months 7.7%



*Adjustments, see note 6 in Q1 report:
 Q1 2016: Gain on sale of external IT operation 885
 Q1 2017: No adjustments

Volvo Group

CAPITAL MARKETS DAY 2017

Eskilstuna, May 23

More information and registration at volvogroup.com

