

VOLVO

Volvo Group



SECOND QUARTER 2017
Martin Lundstedt, President and CEO

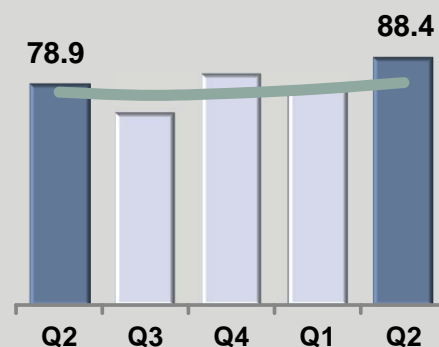
Volvo Group

SECOND QUARTER HIGHLIGHTS

- Net sales +12% (+6% excl. currency)
- Continued improved profitability for the Group
 - Trucks' adjusted operating margin 9.6% (10.0)
 - Construction Equipment's adjusted operating margin 13.3% (5.9)
- Operating cash flow SEK 11.9 bn (6.9) in Industrial Operations

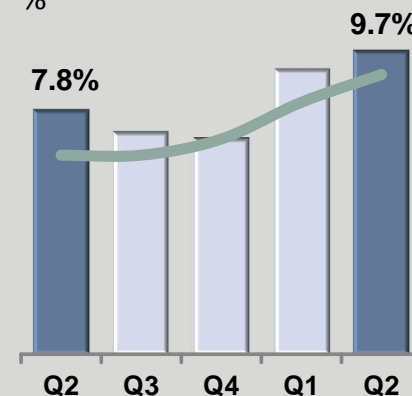
NET SALES

SEK bn — 12 months 317 bn



ADJUSTED OPERATING MARGIN*

% — 12 months 8.2%



*Adjustments, see note 6 in Q2 report:
Q2 2016: Provision for EU investigation -2,334
Q2 2017: No adjustments



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Second quarter 2017

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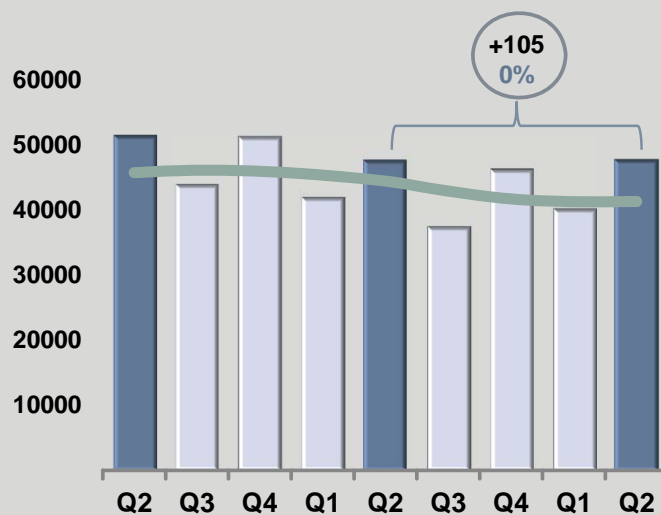
VOLUME DEVELOPMENT IN THE SECOND QUARTER



TRUCK DELIVERIES

Units HD/MD

12 months 172,127

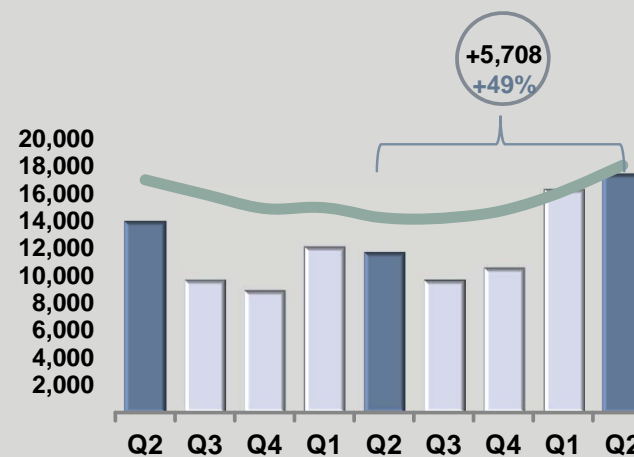


	Total	Change
Volvo	28,510	+255
UD	4,890	-17
Renault Trucks	8,930	-52
Mack	5,507	-81

MACHINE DELIVERIES

Units

12 months 54,211



	Total	Change
Volvo	10,454	+1,233
SDLG	6,976	+4,433

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Second quarter 2017

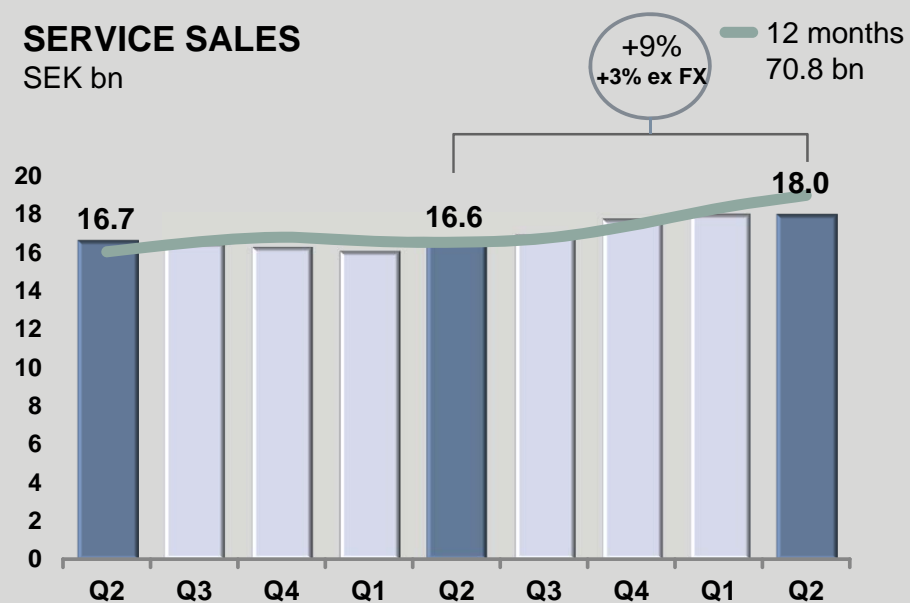
3

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SERVICE SALES DEVELOPMENT

SERVICE SALES SEK bn



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Second quarter 2017



Trucks



- Good demand in Europe and China
- Order pick-up in North America
- Stretched supply chain
- Important product launch for Volvo Trucks in North America

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Second quarter 2017

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Volvo Trucks

LAUNCH OF THE NEW VOLVO VNL FAMILY IN NORTH AMERICA



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Second quarter 2017

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VOLVO

Volvo Trucks and Renault Trucks

VOTED NUMBER ONE AND TWO AMONG YOUNG TRUCK DRIVERS IN GERMANY



Young Professionals Truck Award 2017

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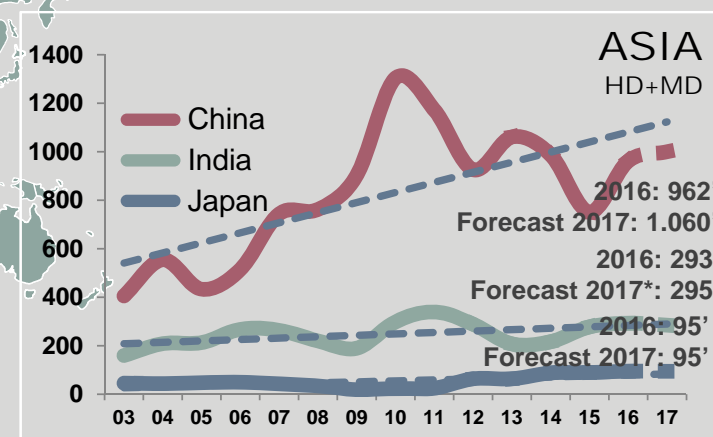
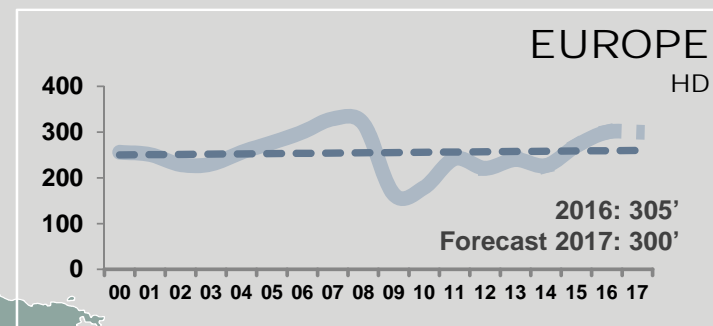
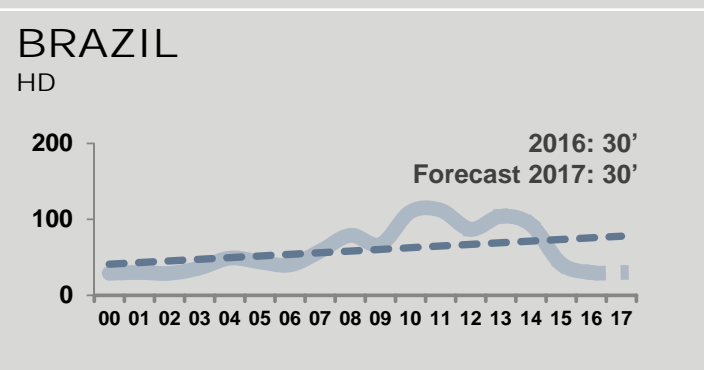
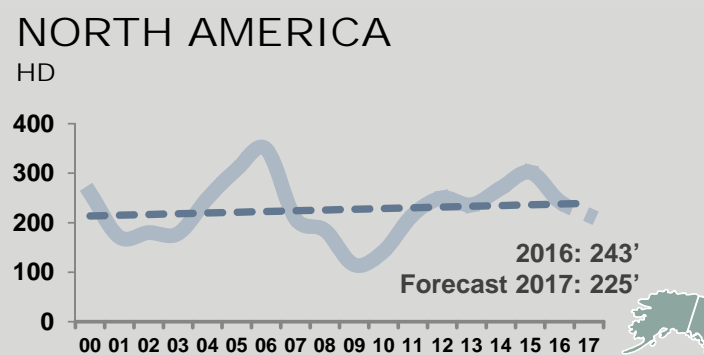
Second quarter 2017

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VOLVO

Trucks

MARKET ENVIRONMENT



*5 ton segment added to Indian MD forecast

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Second quarter 2017

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VOLVO

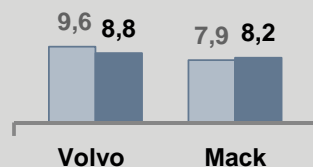
Trucks MARKET SHARES

HD%

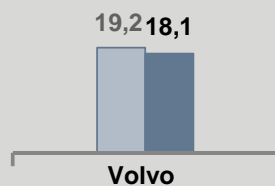
2016 2017



NORTH AMERICA

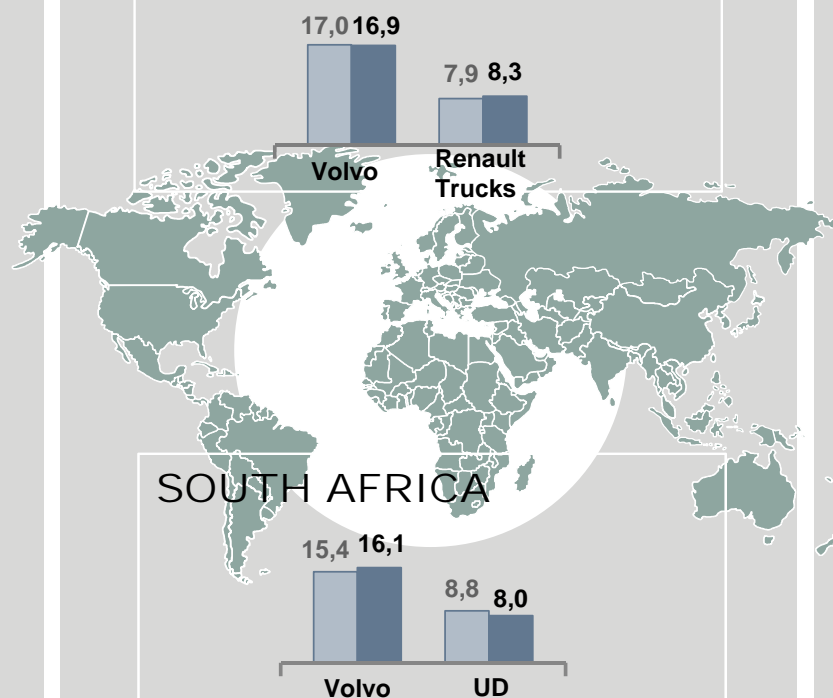


BRAZIL

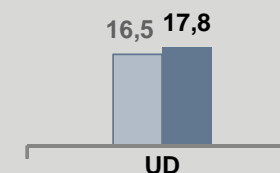


EUROPE

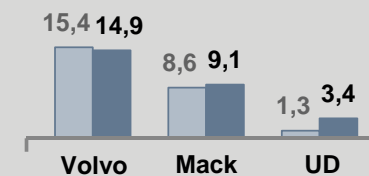
EU28, YTD MAY



JAPAN



AUSTRALIA



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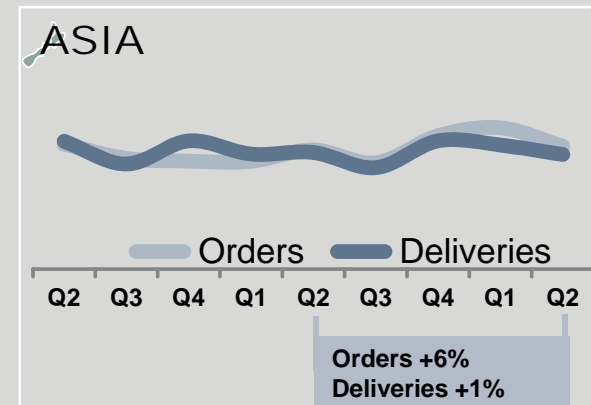
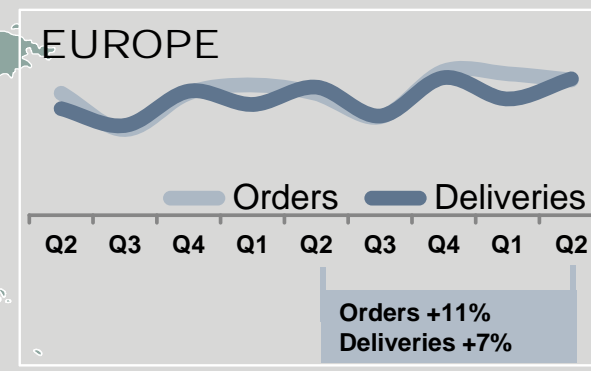
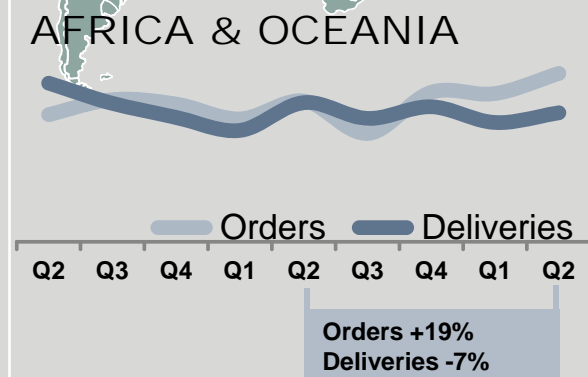
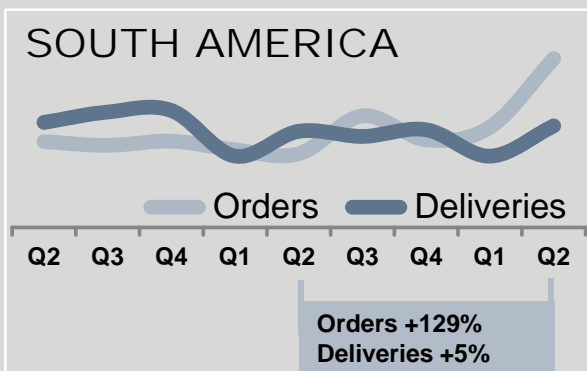
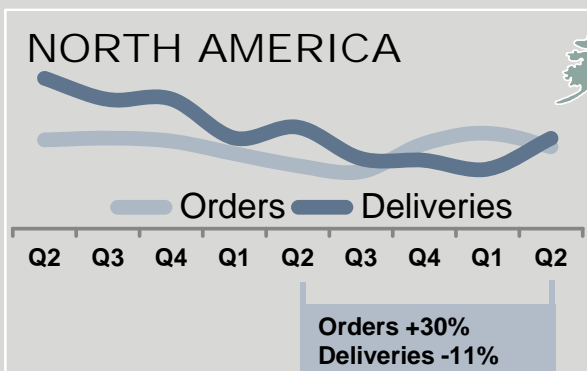
Second quarter 2017

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Trucks

HD/MD: ORDERS +20% AND DELIVERIES 0%



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Second quarter 2017

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VOLVO

Construction Equipment



- Transformation program yielding result
- Growth in most major markets
- Melker Jernberg new president as from January 1, 2018



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Second quarter 2017

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VOLVO

Construction Equipment

JOINING FORCES WITH VOLVO TRUCKS AND VOLVO PENTA AT
ELMIA WOOD - WORLD'S LARGEST FORESTRY TRADE SHOW



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Second quarter 2017

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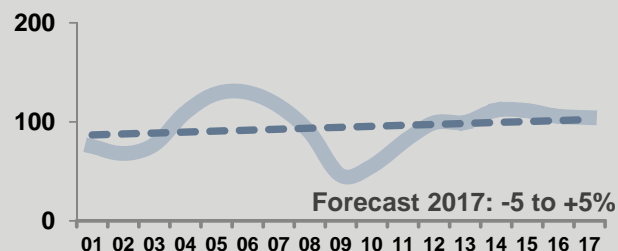
VOLVO

Construction Equipment

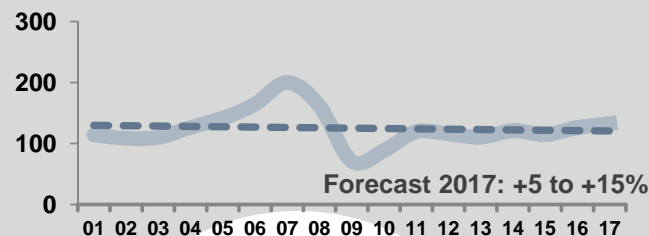
MARKET ENVIRONMENT



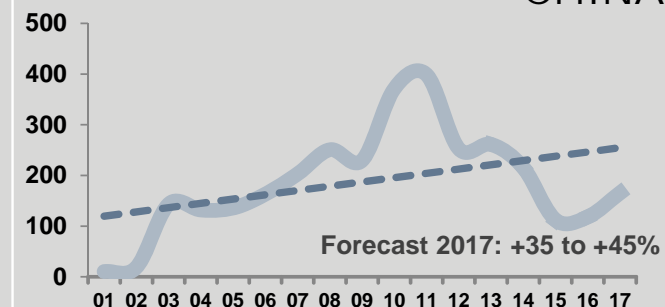
NORTH AMERICA



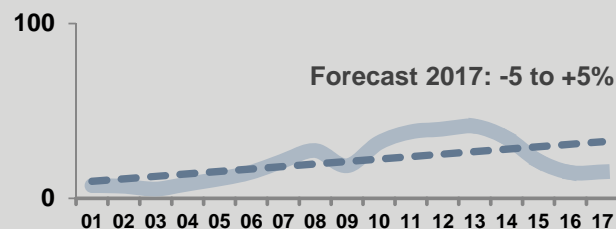
EUROPE



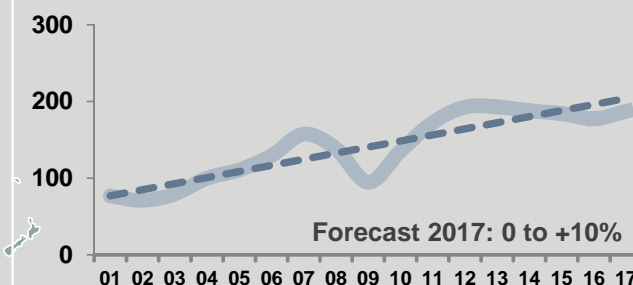
CHINA



SOUTH AMERICA



ASIA (excl. China)



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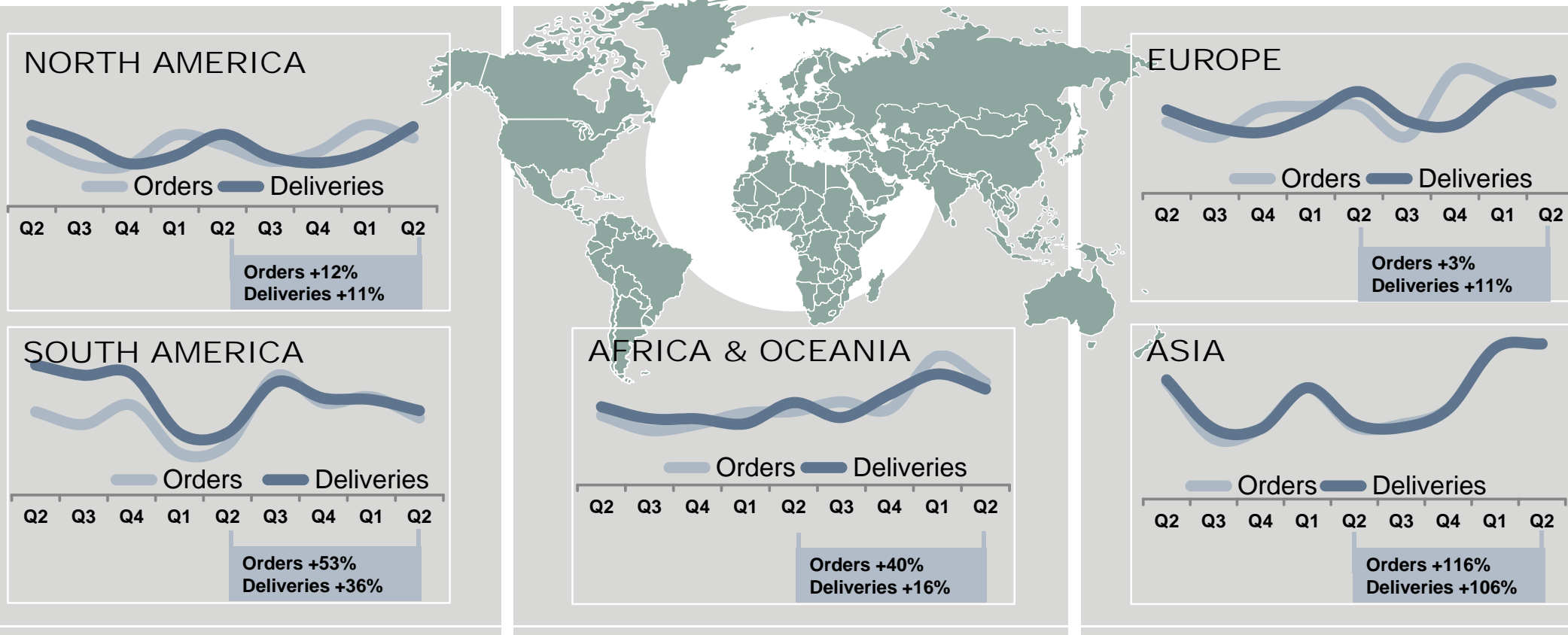
Second quarter 2017

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Construction Equipment

ORDERS +54% AND DELIVERIES +49%



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Second quarter 2017

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VOLVO

Buses



Prevost X3-45 Commuter Coach

- Deliveries down 17%
- Order intake +7%, mainly driven by North America
- Frame agreement for 360 coaches - largest ever in North America
- Order of fully electric buses to Malmö, Sweden

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Second quarter 2017

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VOLVO

Volvo Penta



- Sales growth in both industrial and marine segments
- Order increase by 9%, delivery increase by 11%
- Majority owner of innovative outboard motor manufacturer Seven Marine

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Second quarter 2017

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VOLVO

Volvo Group



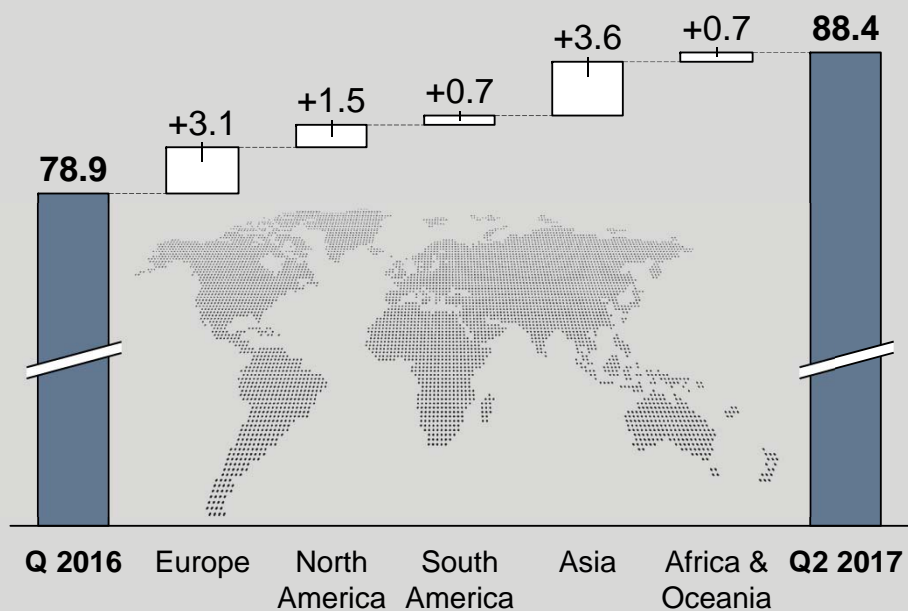
SECOND QUARTER 2017
Jan Gurander, deputy CEO and CFO

Volvo Group

NET SALES PER MARKET

NET SALES
SEK bn

➤ Currency +4.5 bn



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Second quarter 2017

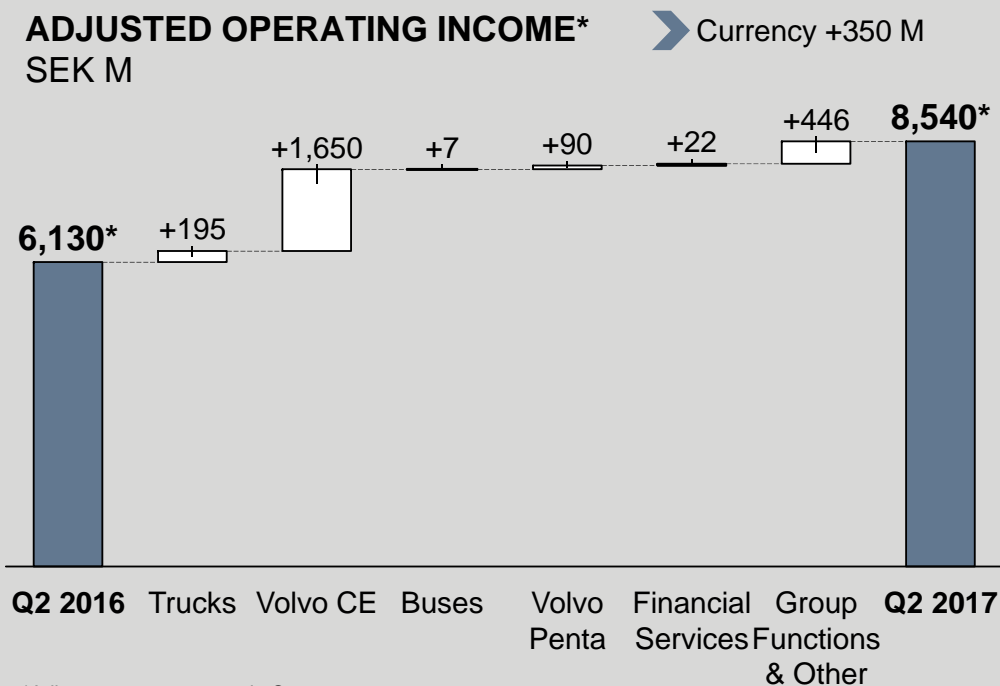
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Volvo Group

ADJUSTED OPERATING INCOME PER BUSINESS AREA



*Adjustments, see note 6 in Q2 report:
Q2 2016: Provision for EU investigation -2,334
Q2 2017: No adjustments

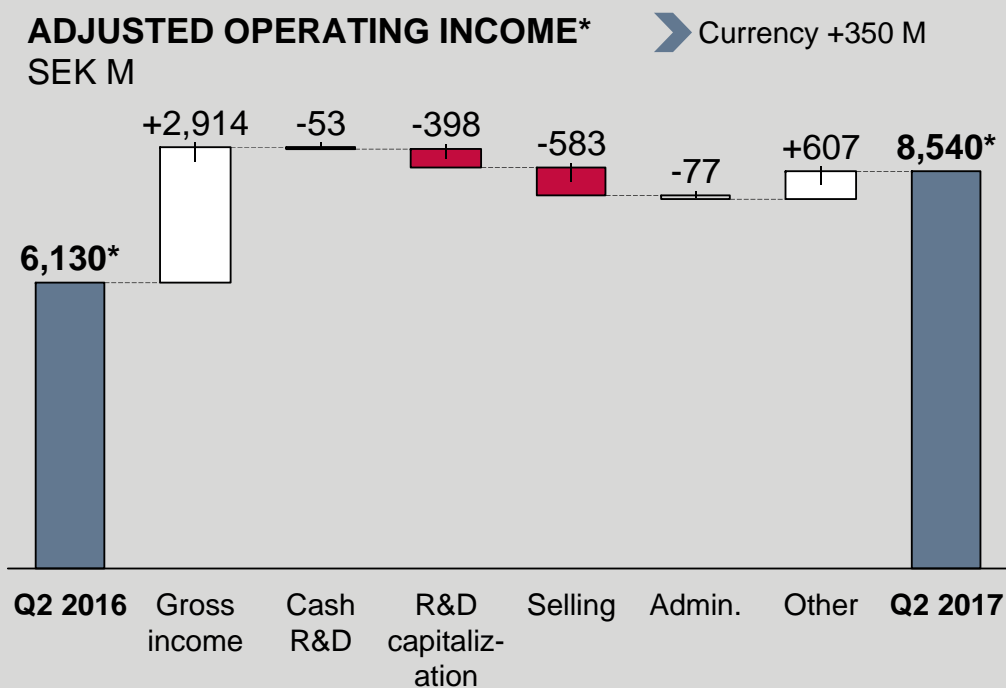


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Second quarter 2017

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ADJUSTED OPERATING INCOME CONTRIBUTORS



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- + Sales (CE)
- + Capacity utilization (CE)
- + Gross margin in services
- + Product mix



- Higher selling and admin. cost
- Lower R&D capitalization
- Stretched supply chain

VOLVO

Volvo Group – Industrial Operations

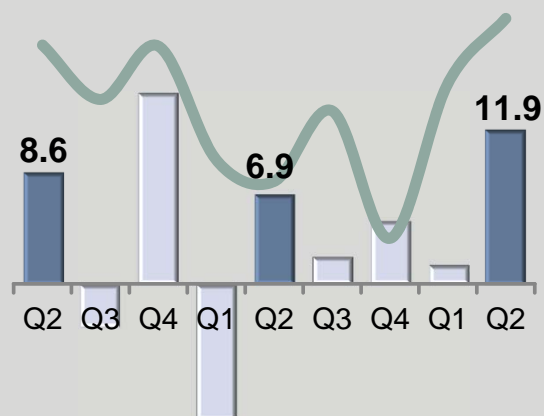
CASH FLOW



OPERATING CASH FLOW

SEK bn

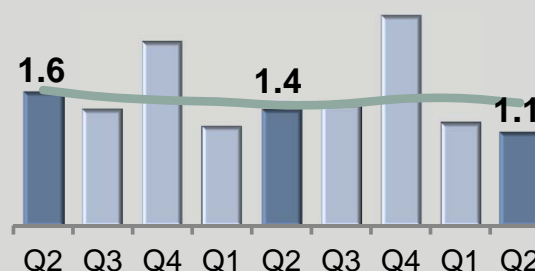
— 12 months SEK 20.4 bn



INVESTMENTS IN PPE

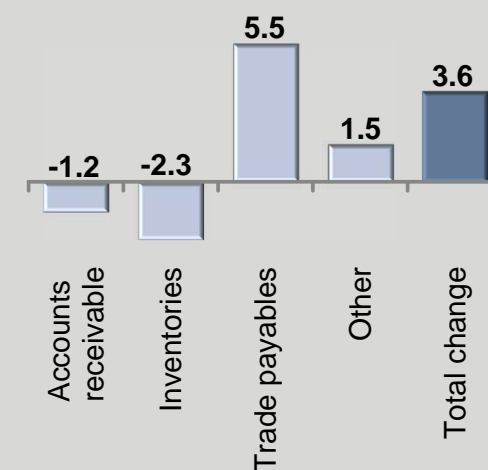
SEK bn

— 12 months SEK 6.3 bn



CASH FLOW EFFECT FROM CHANGES IN WORKING CAPITAL

SEK bn



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Second quarter 2017

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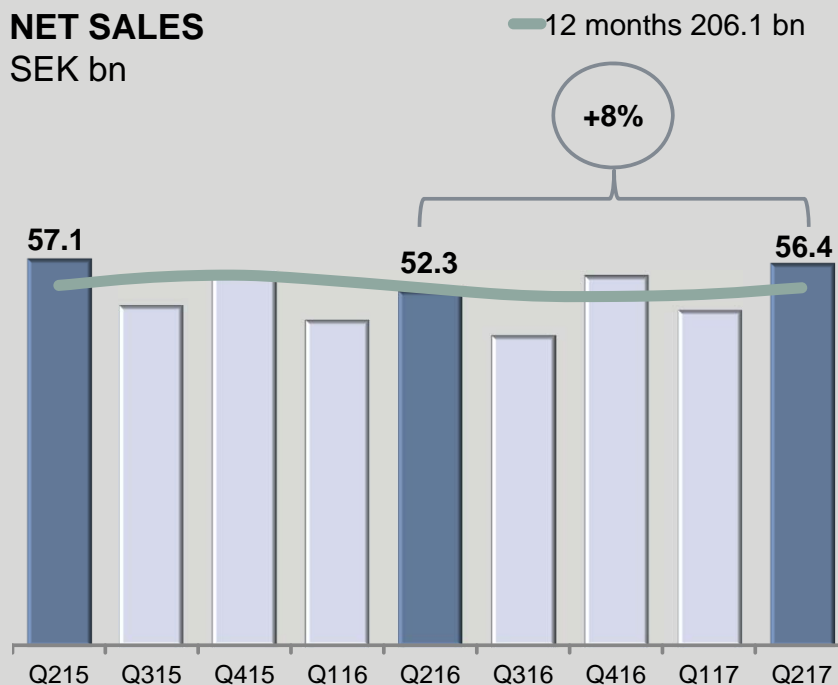
VOLVO

Trucks

NET SALES



NET SALES SEK bn



- Delivered HD/MD trucks 0%:
 - North America -11%
 - Europe +7%
- Net sales currency-adjusted +2%:
 - vehicles +2%
 - services +1%

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Second quarter 2017

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VOLVO

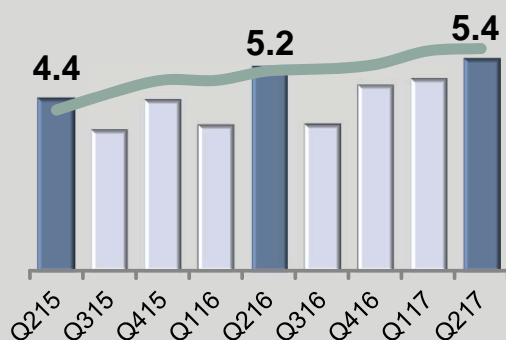
Trucks

ADJUSTED OPERATING INCOME



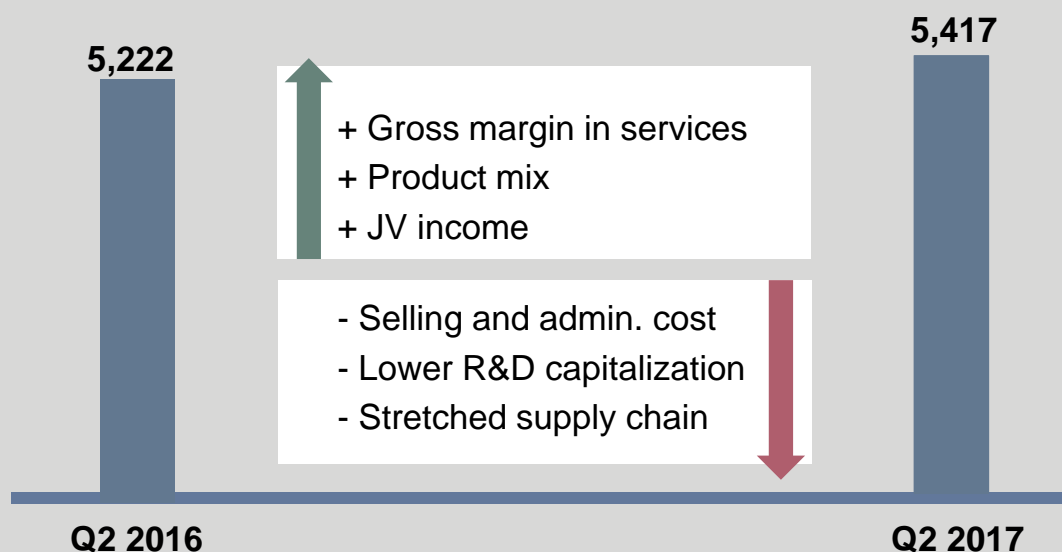
ADJUSTED OPERATING INCOME*
SEK bn

— 12 months 18.8 bn
Currency 276 M



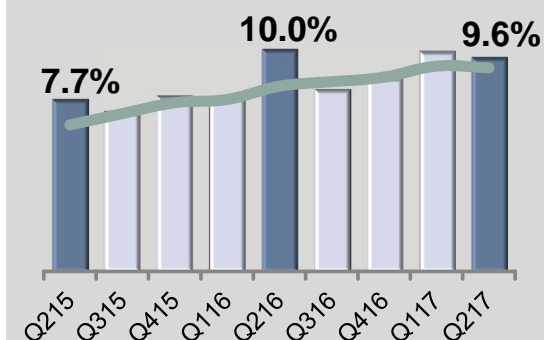
*Adjustments, see note 6 in Q2 report:
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ADJUSTED OPERATING INCOME*
SEK M



ADJUSTED OPERATING MARGIN*
%

— 12 months 9.1%



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Second quarter 2017

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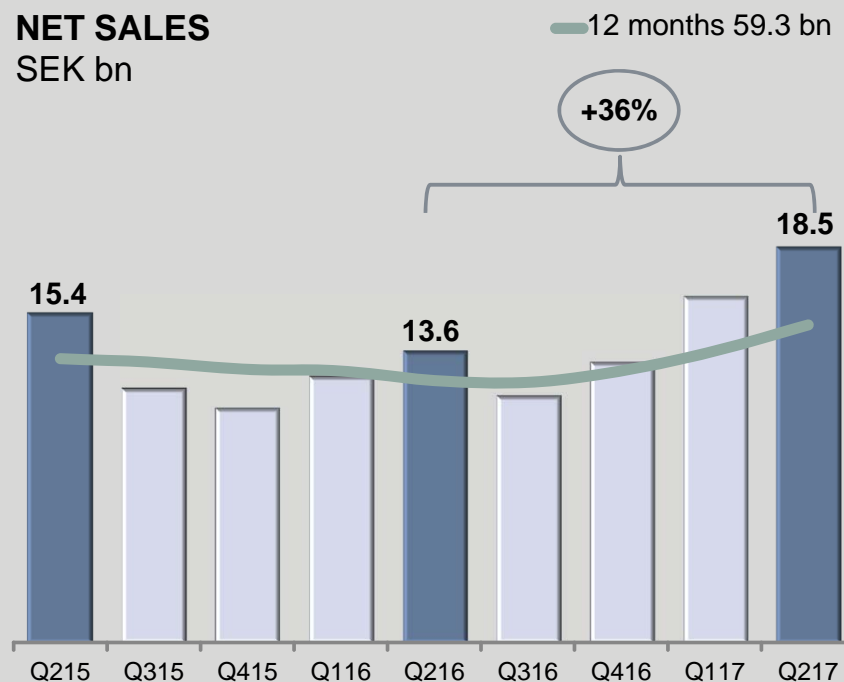
VOLVO

Construction Equipment

NET SALES



NET SALES SEK bn



- Delivered machines +49%:
 - Volvo +13%
 - SDLG +174%
 - large and medium +54%
 - compact +35%
- Net sales currency-adjusted +29%:
 - machines +33%
 - services +7%

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Second quarter 2017

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VOLVO

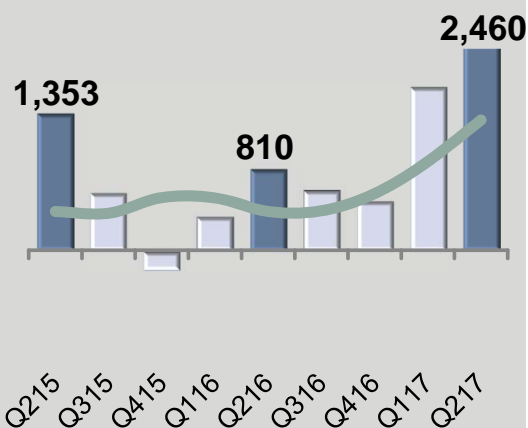
Construction Equipment

ADJUSTED OPERATING INCOME

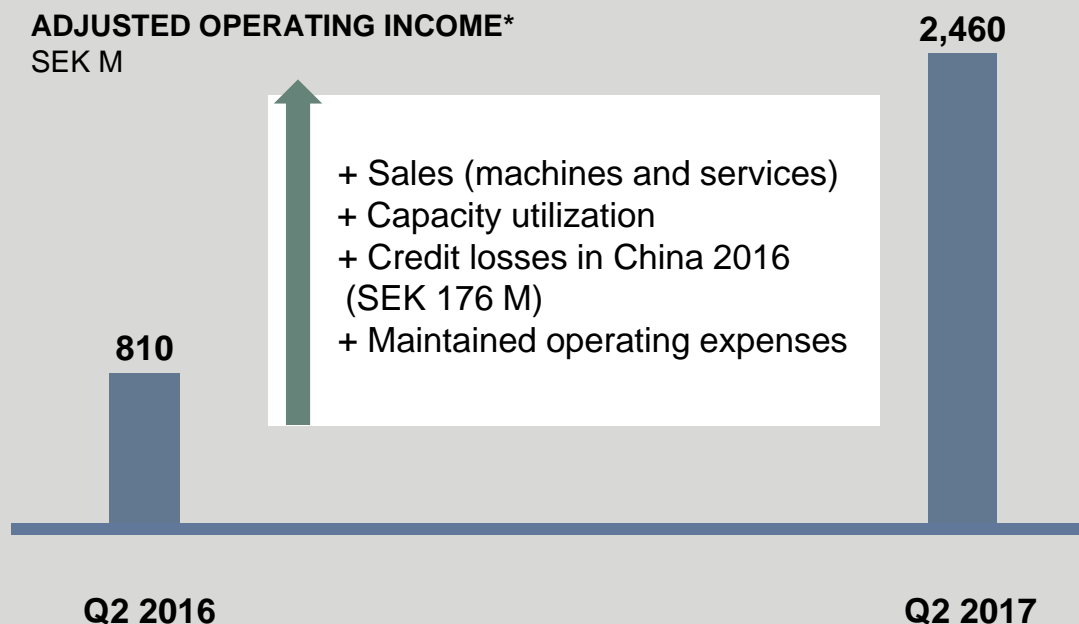


ADJUSTED OPERATING INCOME*
SEK M

— 12 months 5,172 M
Currency 160 M

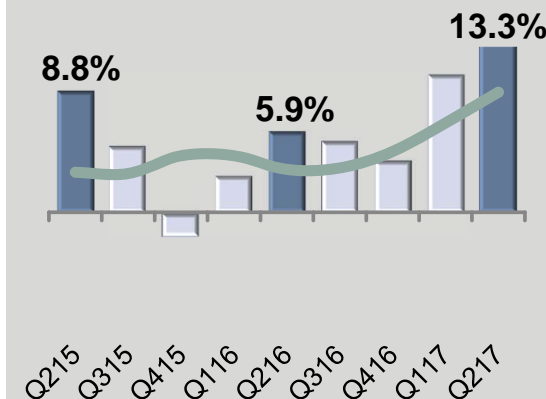


ADJUSTED OPERATING INCOME*
SEK M



ADJUSTED OPERATING MARGIN*
%

— 12 months 8.7%



*Adjustments, see note 6 in Q2 report
Q2 2017 and 2016: No adjustments

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Second quarter 2017

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Buses

NET SALES & ADJUSTED OPERATING INCOME



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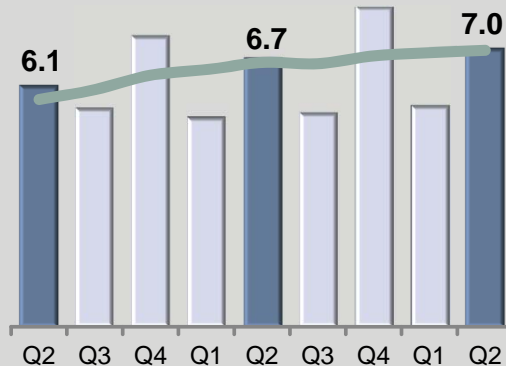
Second quarter 2017

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NET SALES

SEK bn

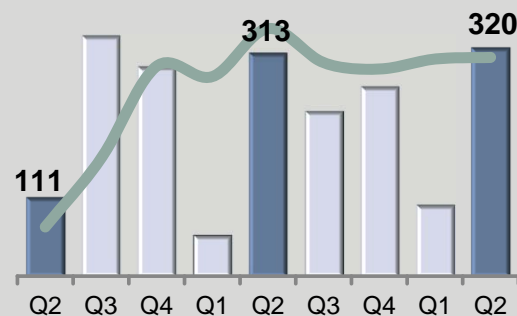
— 12 months 25.9 bn



ADJUSTED OPERATING INCOME*

SEK M

— 12 months 919 M
Currency -37 M



*Adjustments, see note 6 in Q2 report
Q2 2017 and 2016: No adjustments



- Net sales currency-adjusted +0%:
 - vehicles -1%
 - services +5%
- Adjusted operating income:
 - + product and market mix
 - + efficiency initiatives
 - 17% lower volumes
- Adjusted operating margin*
4.6% (4.6)

VOLVO

Volvo Penta

NET SALES & ADJUSTED OPERATING INCOME



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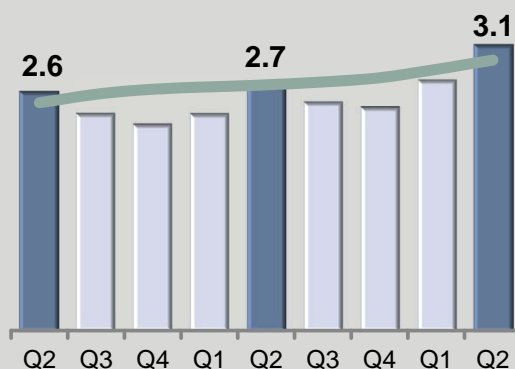
Second quarter 2017

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NET SALES

SEK bn

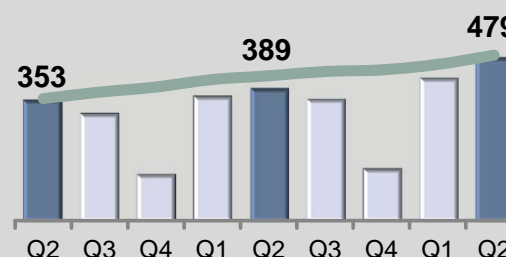
— 12 months 10.7 bn



ADJUSTED OPERATING INCOME*

SEK M

— 12 months 1,412 M
Currency 31 M



*Adjustments, see note 6 in Q2 report
Q2 2017 and 2016: No adjustments



- Net sales currency-adjusted +10%:
 - engines +13%
 - services +2%
- Adjusted operating income:
 - + higher volumes
- Adjusted operating margin*
 - 15.5% (14.5)

VOLVO

Financial Services

NEW FINANCING AND PROFITABILITY



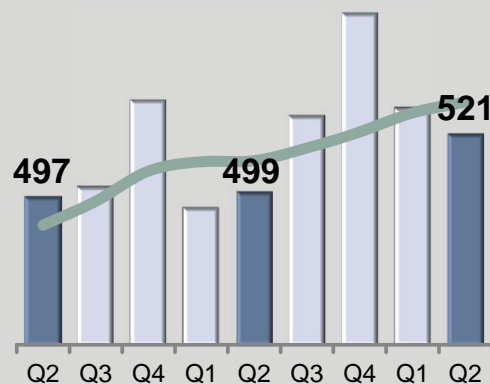
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Second quarter 2017

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ADJUSTED OPERATING INCOME*

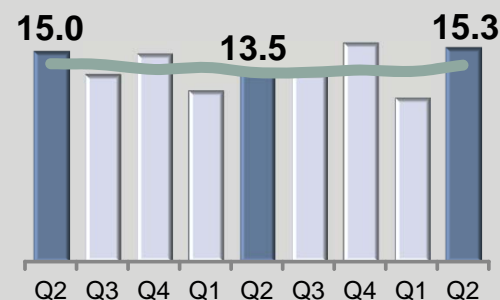
SEK M — 12 months 2,147 M



*Adjustments, see note 6 in Q2 report
Q2 2017 and 2016: No adjustments

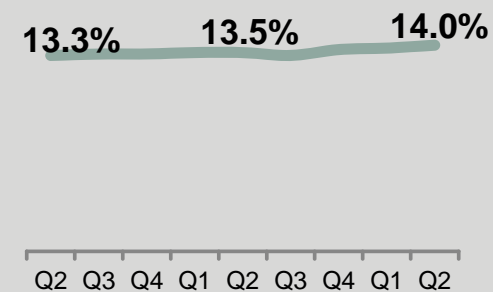
NEW FINANCING

SEK bn — 12 months 56.0 bn



ROE*

12 months, %



VOLVO

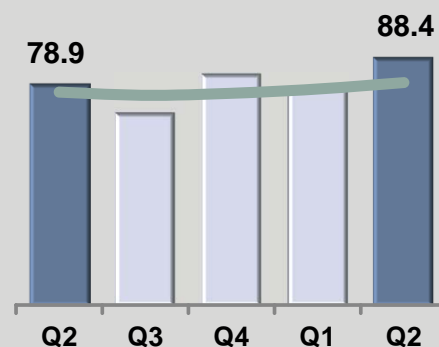
Volvo Group

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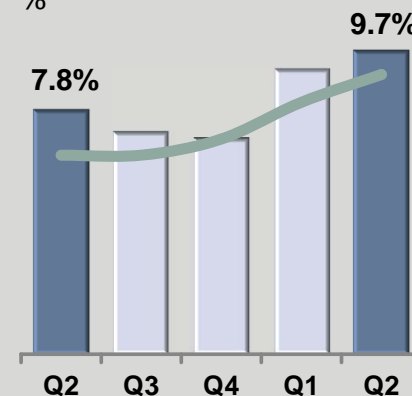
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% — 12 months 8.2%



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