

VOLVO

Volvo Group



THIRD QUARTER 2017
Martin Lundstedt, President and CEO

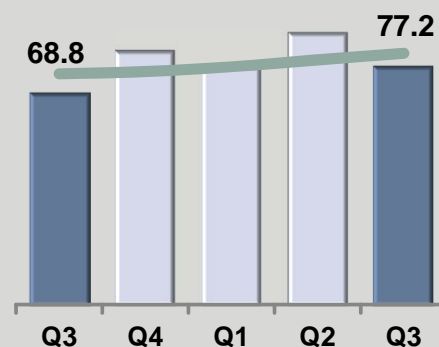
Volvo Group

THIRD QUARTER HIGHLIGHTS

- Net sales +12% (+16% excl. currency)
- Continued improved profitability for the Group
 - Trucks' adjusted operating margin 8.6% (8.2)
 - Construction Equipment's adjusted operating margin 13.4% (5.2)

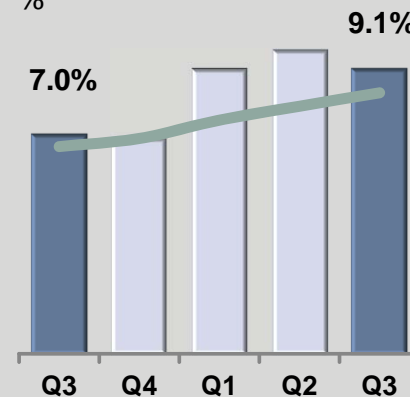
NET SALES

SEK bn — 12 months 326 bn



ADJUSTED OPERATING MARGIN*

% — 12 months 8.7%



*Adjustments, see note 6 in Q3 report:
Q3 2016: Provision for EU investigation -190
Q3 2017: Capital gain on shares in Deutz 400



Volvo Group

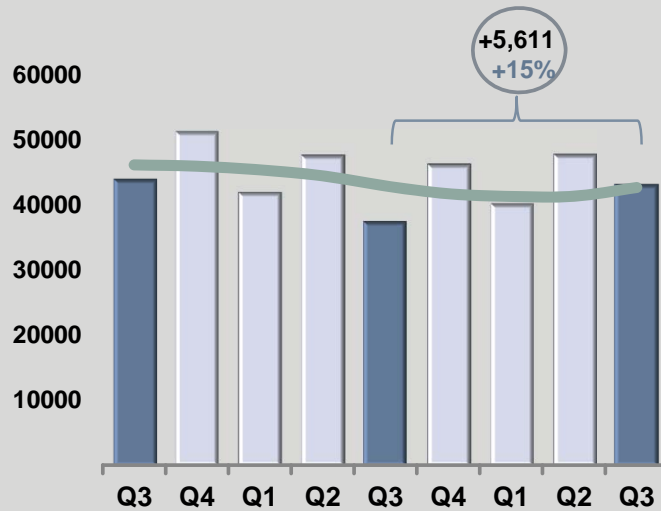
VOLUME DEVELOPMENT IN THE THIRD QUARTER



TRUCK DELIVERIES

Units HD/MD

— 12 months 177,697

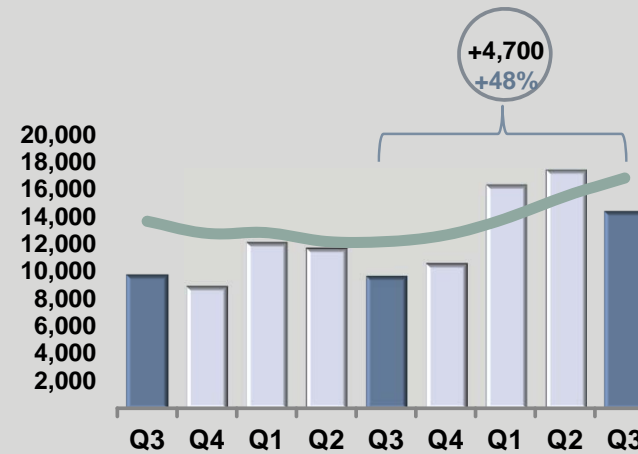


| | Total | Change |
|----------------|--------|--------|
| Volvo | 25,722 | +3,369 |
| UD | 5,193 | +385 |
| Renault Trucks | 7,179 | +720 |
| Mack | 5,100 | +1,137 |

MACHINE DELIVERIES

Units

— 12 months 58,911



| | Total | Change |
|-------|-------|--------|
| Volvo | 8,625 | +1,846 |
| SDLG | 5,752 | +2,850 |

Volvo Group Headquarters

Third quarter 2017

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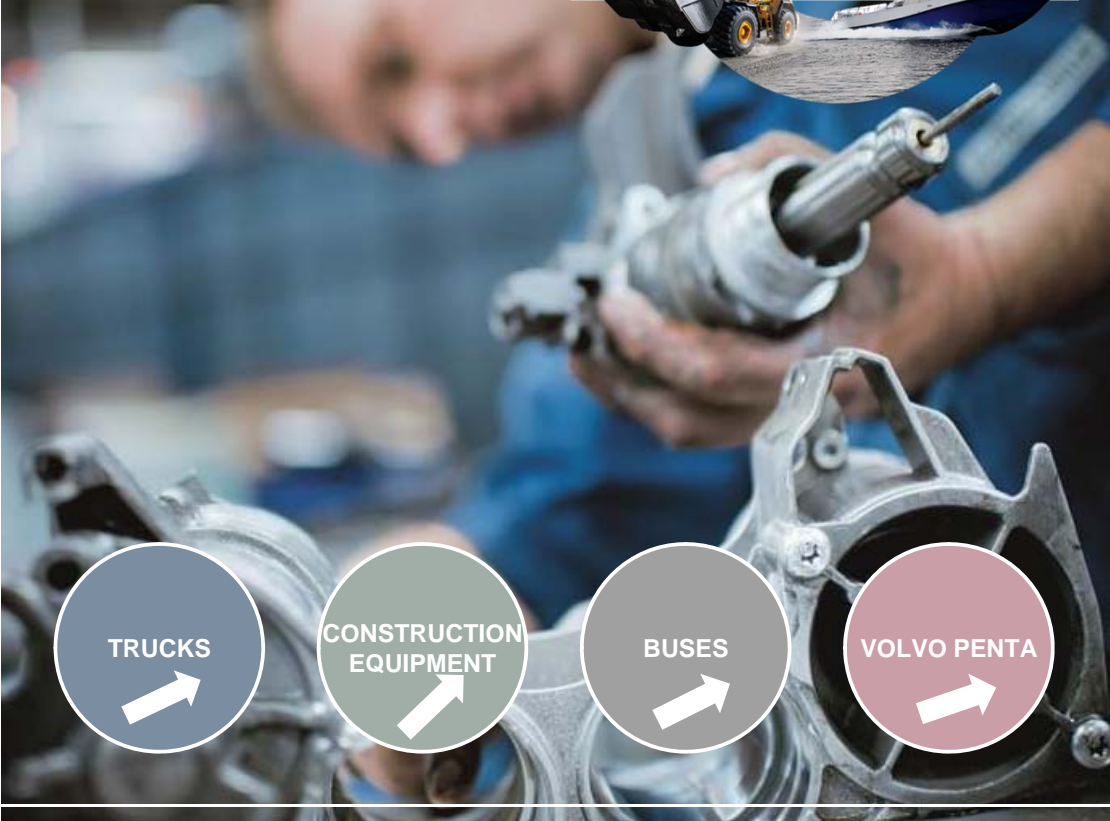
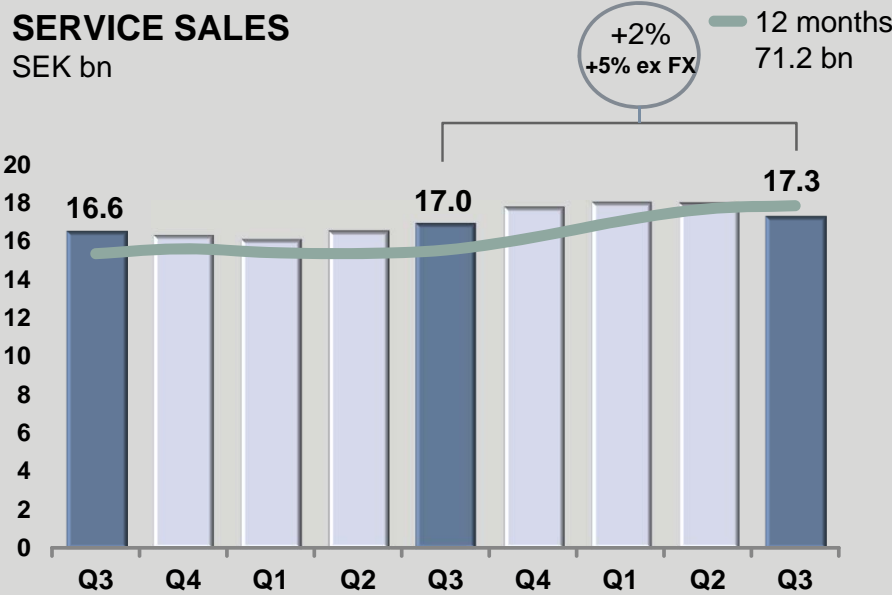
VOLVO

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SERVICE SALES DEVELOPMENT



SERVICE SALES SEK bn



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Third quarter 2017

Trucks



- Good demand in Europe, North America and China
- Stretched supply chain
- Volvo trucks powered with liquefied natural gas and biogas for Europe
- Important product renewal for Mack Trucks

Volvo Group Headquarters

Third quarter 2017

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Mack Trucks

LAUNCH OF THE NEW MACK RANGE IN NORTH AMERICA



Volvo Group Headquarters

Third quarter 2017

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VOLVO

Trucks – SEVERAL IMPORTANT PRODUCT LAUNCHES IN 2017



Volvo Group Headquarters

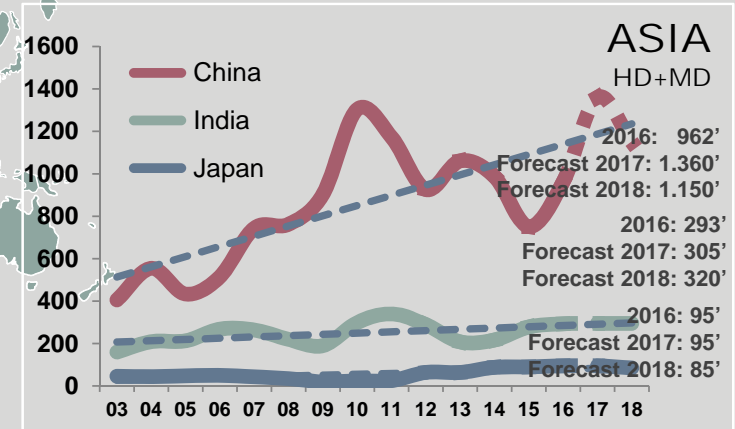
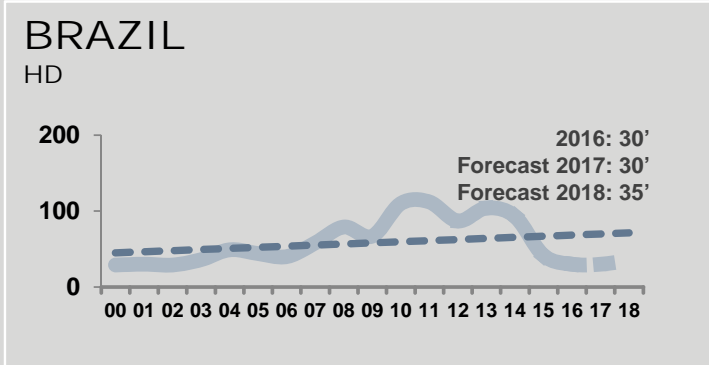
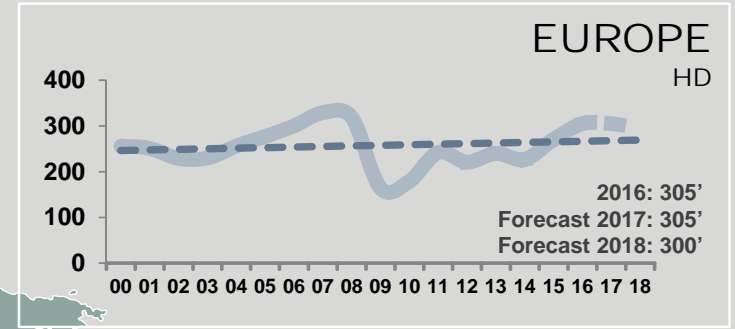
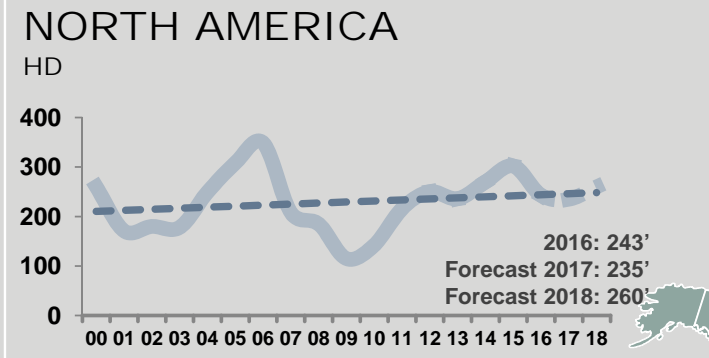
Third quarter 2017

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VOLVO

Trucks

MARKET ENVIRONMENT



Volvo Group Headquarters

Third quarter 2017



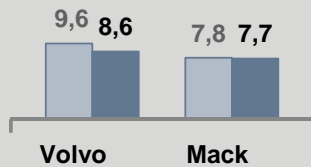
Trucks MARKET SHARES

HD%

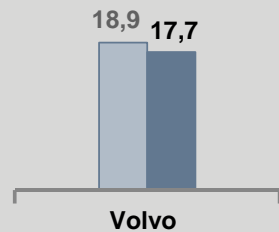
2016 2017



NORTH AMERICA

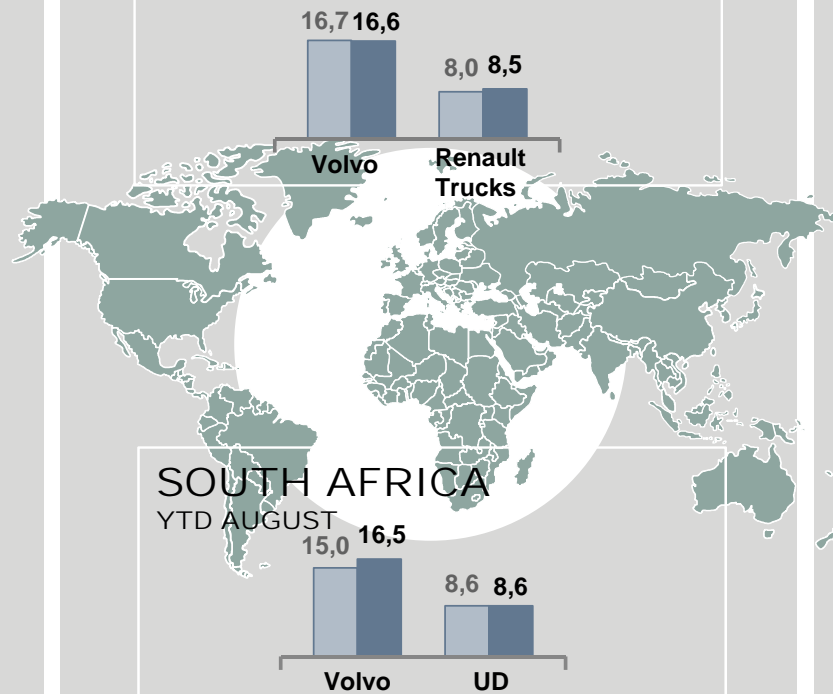


BRAZIL

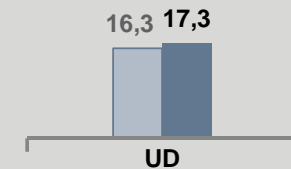


EUROPE

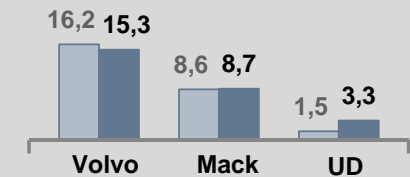
EU28, YTD AUGUST



JAPAN



AUSTRALIA

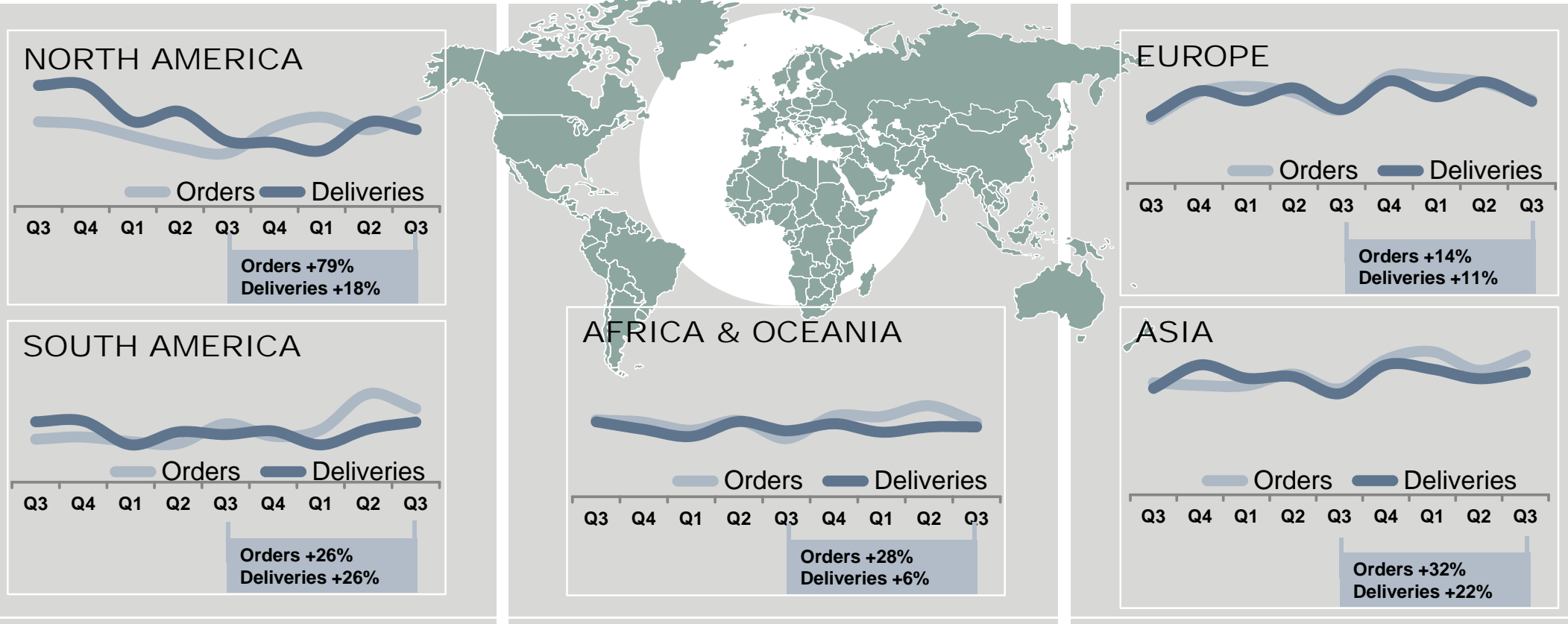


Volvo Group Headquarters

Third quarter 2017

Trucks

HD/MD: ORDERS +32% AND DELIVERIES +15%



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Third quarter 2017

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VOLVO

Construction Equipment



- Market growth across all regions
- Orders up 45% and deliveries up 48%
- Transformation program continues to yield result

Volvo Group Headquarters

Third quarter 2017

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VOLVO

Construction Equipment

SOLD THE 75,000TH ARTICULATED HAULER



Volvo Group Headquarters

Third quarter 2017

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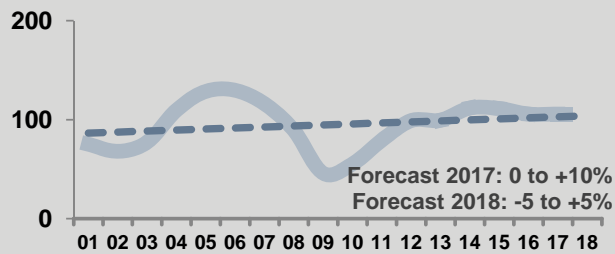
VOLVO

Construction Equipment

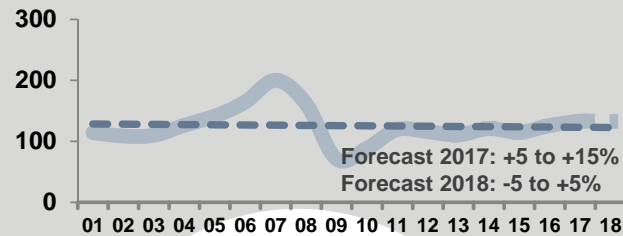
MARKET ENVIRONMENT



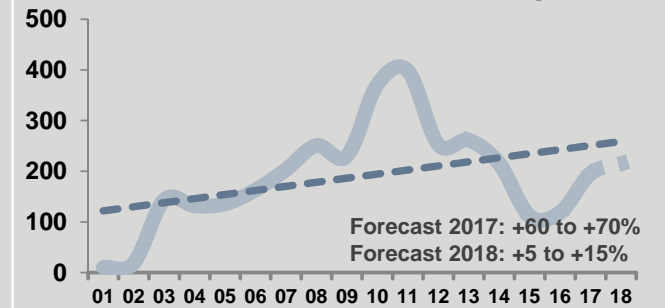
NORTH AMERICA



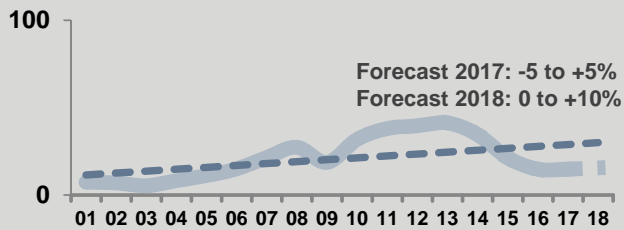
EUROPE



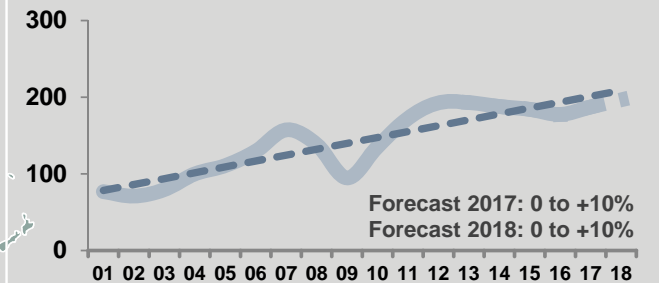
CHINA



SOUTH AMERICA



ASIA (excl. China)



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Third quarter 2017

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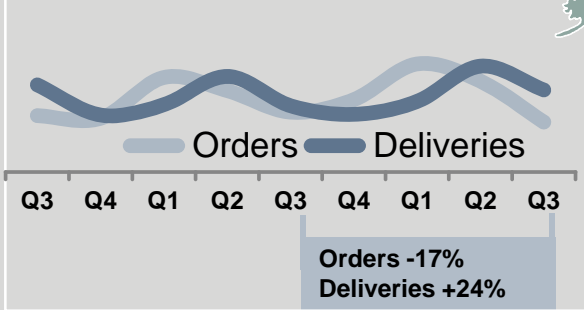
VOLVO

Construction Equipment

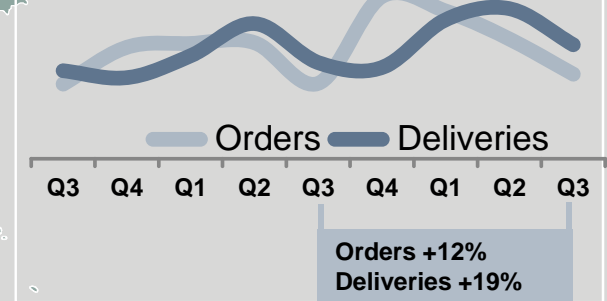
ORDERS +45% AND DELIVERIES +48%



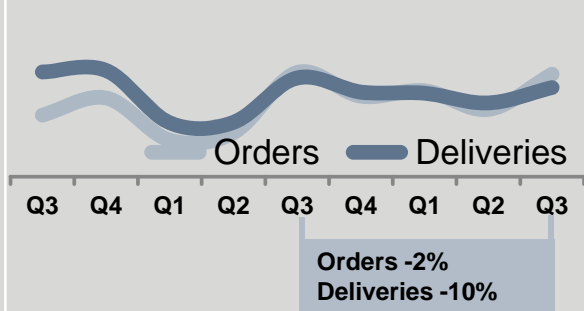
NORTH AMERICA



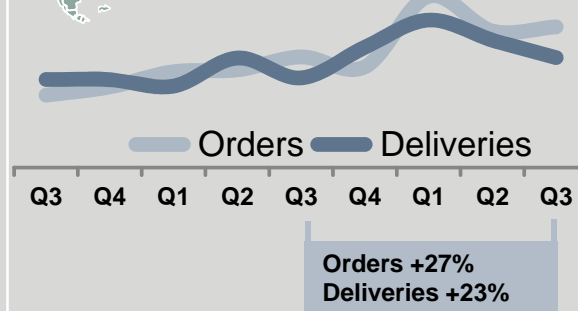
EUROPE



SOUTH AMERICA



AFRICA & OCEANIA



ASIA



Volvo Group Headquarters

Third quarter 2017

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VOLVO

Buses



- Deliveries up 24%
- Major order of 325 Nova city buses to Toronto
- Increased battery capacity on Volvo 7900
- 25 full-electric buses to Trondheim

Volvo Group Headquarters

Third quarter 2017

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VOLVO

Volvo Penta



- Sales growth in both industrial and marine segments
- Order increase by 12%, delivery increase by 7%
- Launch of milestone 1,000 hp engine for marine leisure

Volvo Group Headquarters

Third quarter 2017

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VOLVO

VOLVO

Volvo Group



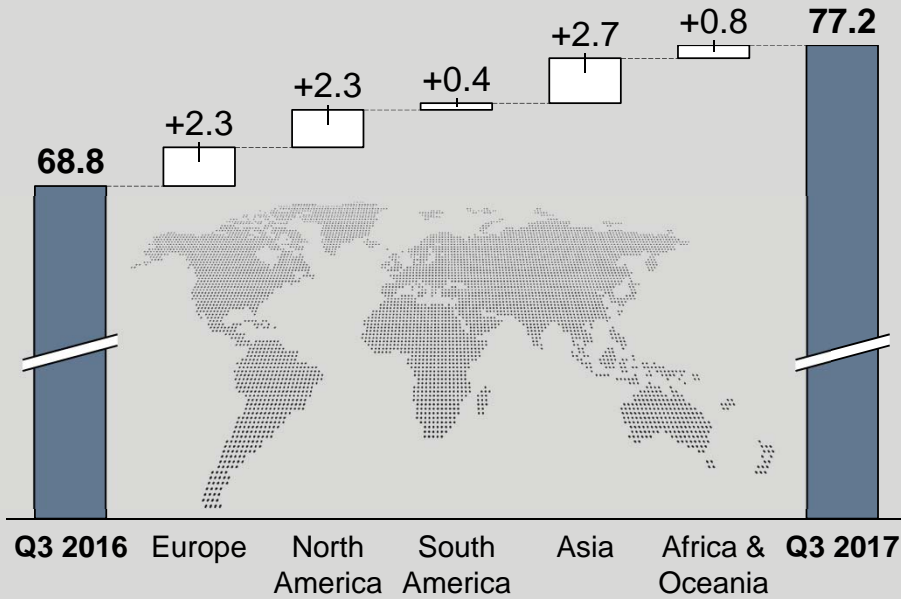
THIRD QUARTER 2017
Jan Gurander, deputy CEO and CFO

Volvo Group

NET SALES PER MARKET

NET SALES
SEK bn

➤ Currency -2.0 bn



Volvo Group Headquarters

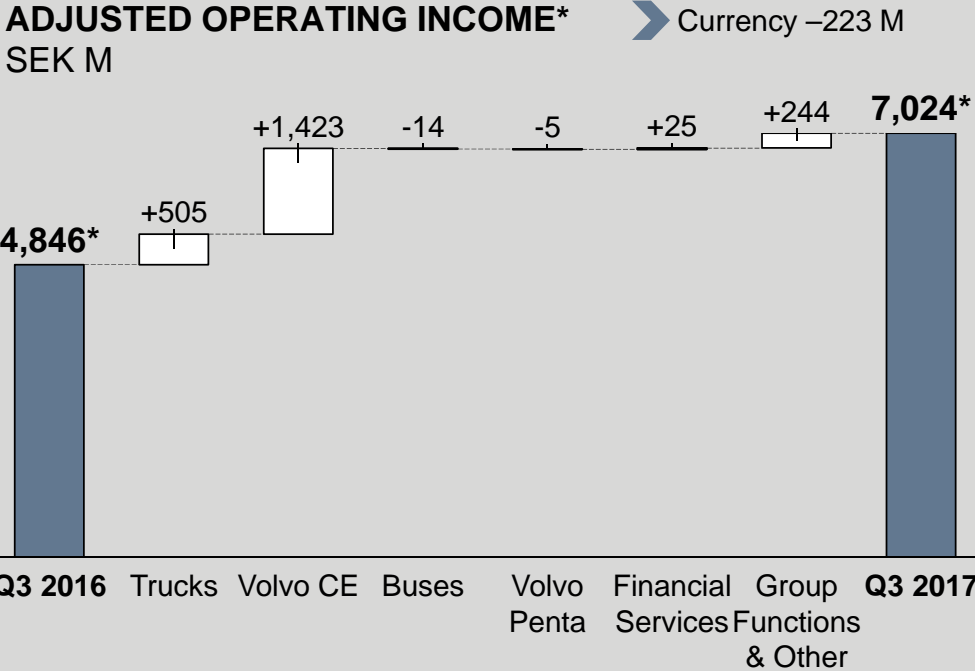
Third quarter 2017

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VOLVO

Volvo Group

ADJUSTED OPERATING INCOME PER BUSINESS AREA



*Adjustments, see note 6 in Q3 report:
Q3 2016: Provision for EU investigation -190
Q3 2017: Capital gain on shares in Deutz 400

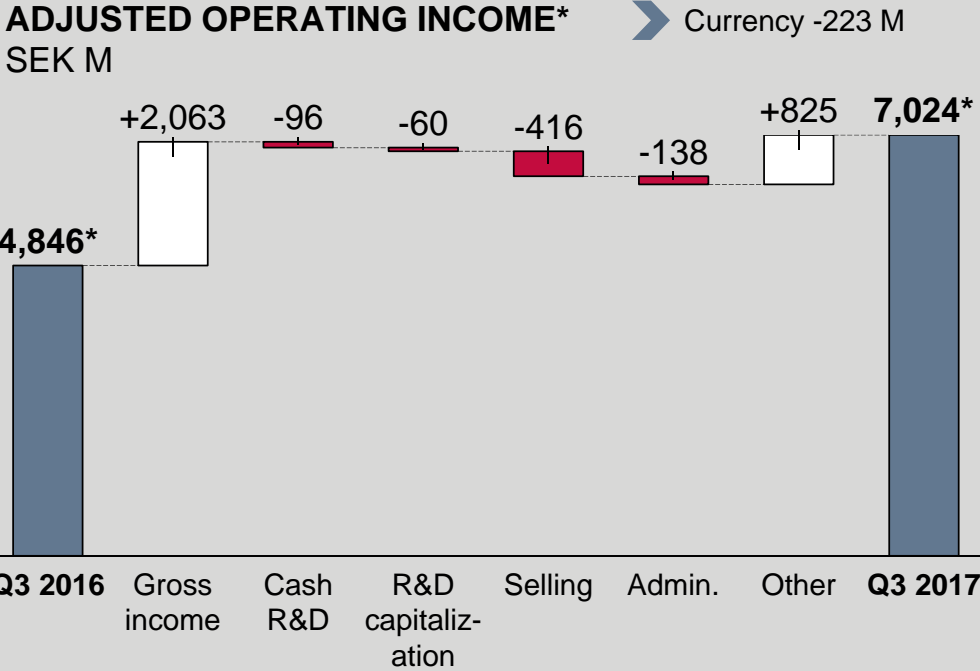
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Third quarter 2017



Volvo Group

ADJUSTED OPERATING INCOME CONTRIBUTORS



*Adjustments, see note 6 in Q3 report:
Q3 2016: Provision for EU investigation -190
Q3 2017: Capital gain on shares in Deutz 400

↑

+ Earnings in Construction Equipment
+ Truck volumes

↓

- Higher selling and admin. cost
- Stretched supply chain

Volvo Group – Industrial Operations

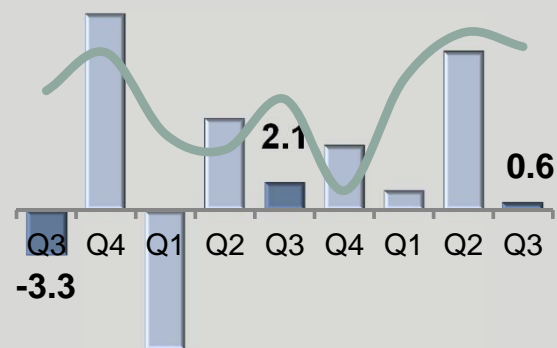
CASH FLOW



OPERATING CASH FLOW

SEK bn

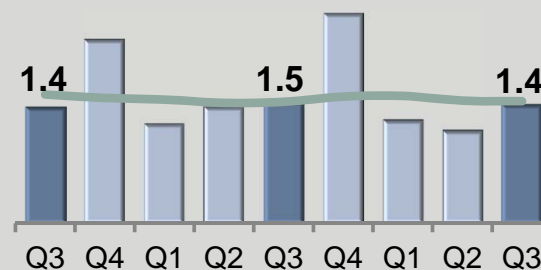
— 12 months SEK 18.9 bn



INVESTMENTS IN PPE

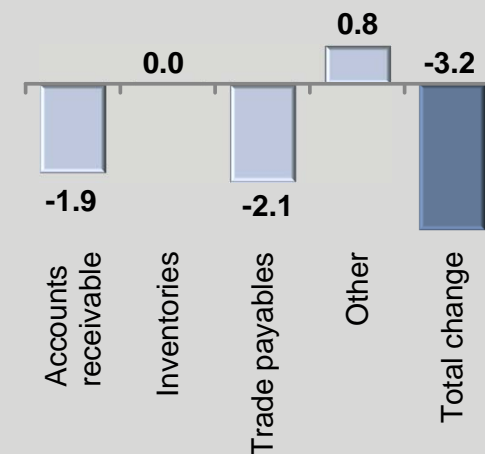
SEK bn

— 12 months SEK 6.3 bn



CASH FLOW EFFECT FROM CHANGES IN WORKING CAPITAL

SEK bn



Volvo Group Headquarters

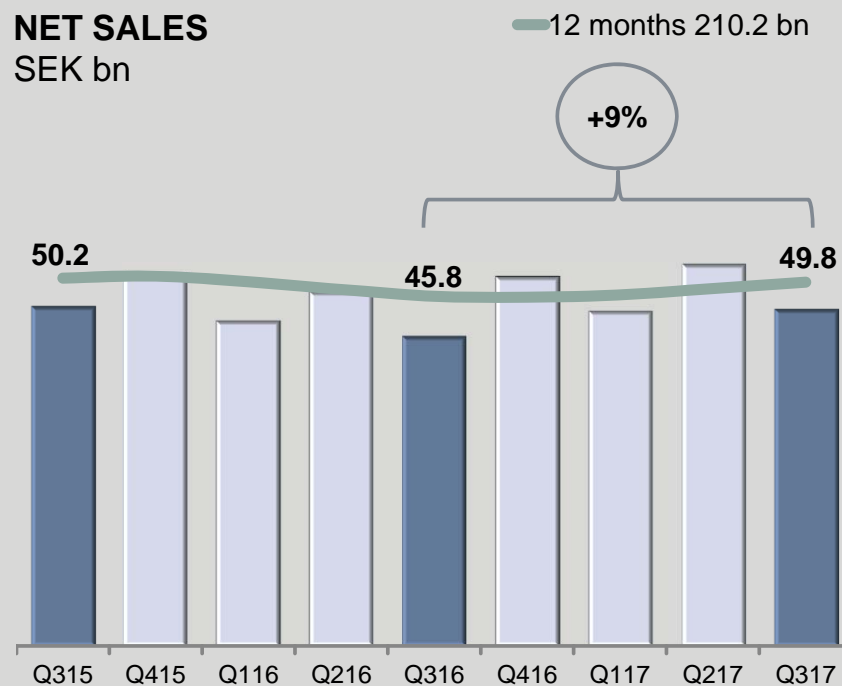
Third quarter 2017

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VOLVO

Trucks

NET SALES



- Delivered HD/MD trucks +15%:
 - North America +17%
 - Europe +11%
- Net sales currency-adjusted +12%:
 - vehicles +14%
 - services +5%

Volvo Group Headquarters

Third quarter 2017

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VOLVO

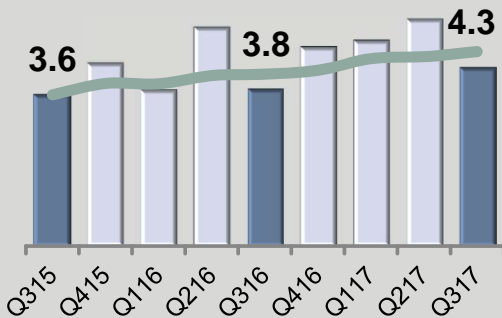
Trucks

ADJUSTED OPERATING INCOME



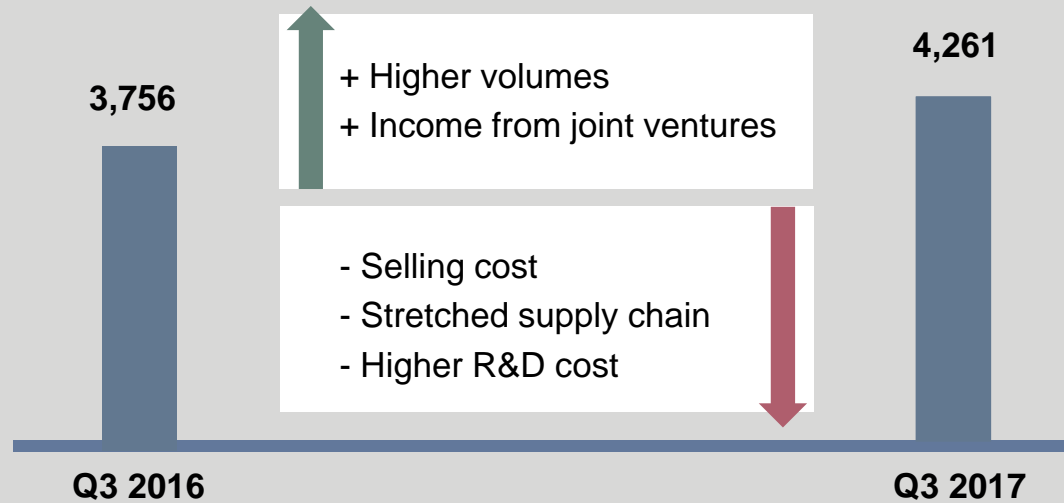
ADJUSTED OPERATING INCOME*
SEK bn

— 12 months 19.3 bn
Currency -143 M



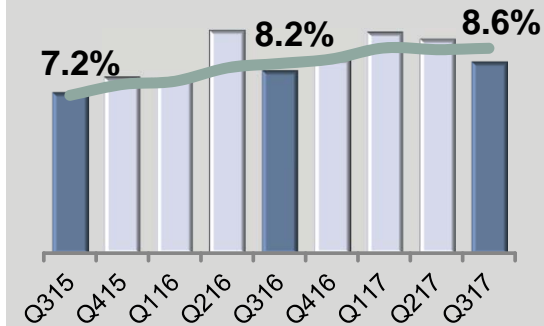
*Adjustments, see note 6 in Q3 report:
Q3 2016: Provision for EU investigation -190
Q3 2017: No adjustments

ADJUSTED OPERATING INCOME*
SEK M



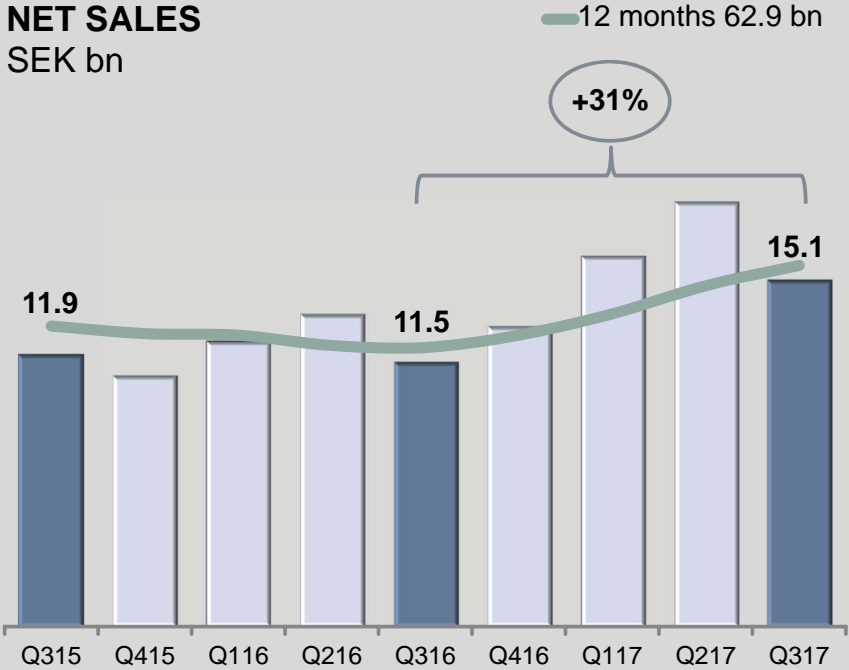
ADJUSTED OPERATING MARGIN*
%

— 12 months 9.2%



Construction Equipment

NET SALES



- Delivered machines +48%:
 - Volvo +27%
 - SDLG +98%
 - large and medium +53%
 - compact +34%
- Net sales currency-adjusted +35%:
 - machines +41%
 - services +10%

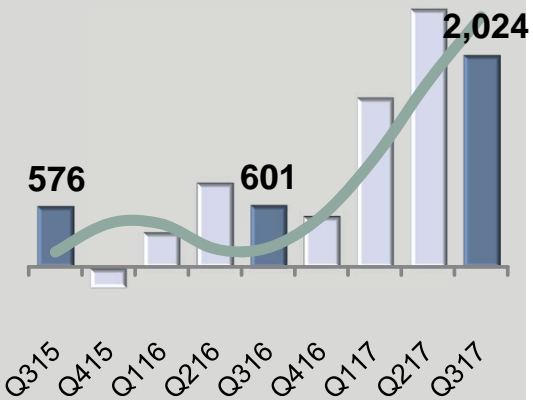
Construction Equipment

ADJUSTED OPERATING INCOME

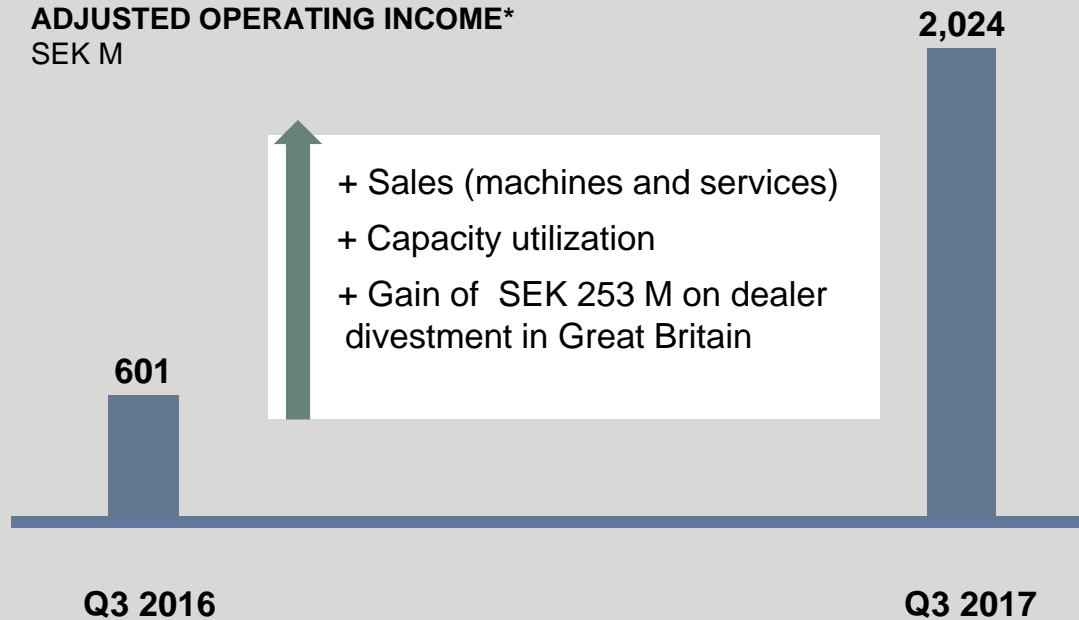


ADJUSTED OPERATING INCOME*
SEK M

— 12 months 6,595 M
Currency -150 M

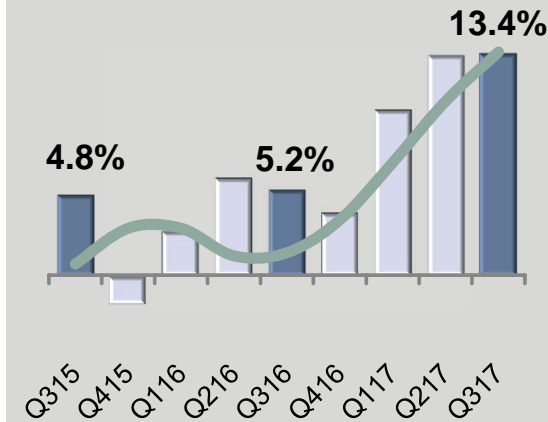


ADJUSTED OPERATING INCOME*
SEK M



ADJUSTED OPERATING MARGIN*
%

— 12 months 10.5%



*Adjustments, see note 6 in Q3 report
Q3 2017 and 2016: No adjustments

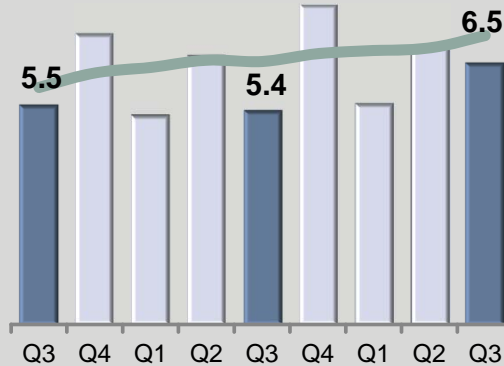
Buses

NET SALES & ADJUSTED OPERATING INCOME



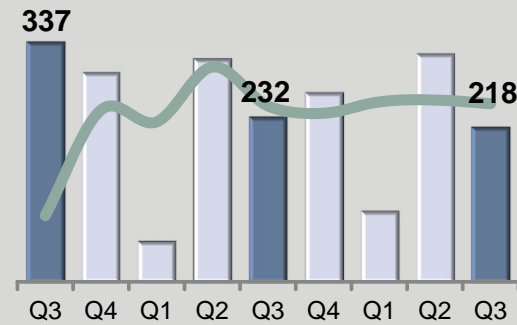
NET SALES

SEK bn — 12 months 27.1 bn



ADJUSTED OPERATING INCOME*

SEK M — 12 months 905 M
Currency -62 M



*Adjustments, see note 6 in Q3 report
Q3 2017 and 2016: No adjustments

- Net sales currency-adjusted +24%:
 - vehicles +29%
 - services +4%
- Adjusted operating income:
 - + volumes
 - ramp-up cost
 - negative mix
- Adjusted operating margin*
3.3% (4.3)

Volvo Group Headquarters

Third quarter 2017

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VOLVO

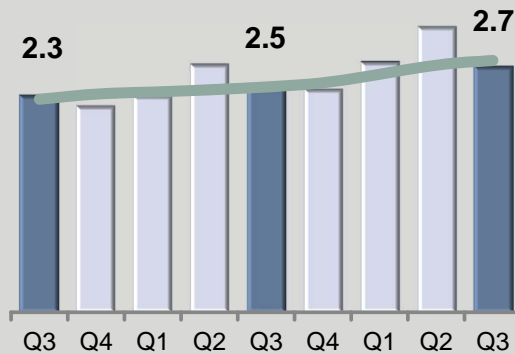
Volvo Penta

NET SALES & ADJUSTED OPERATING INCOME



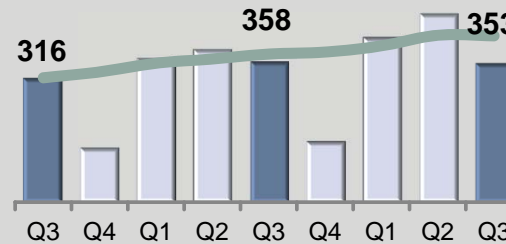
NET SALES

SEK bn — 12 months 10.9 bn



ADJUSTED OPERATING INCOME*

SEK M — 12 months 1,407 M
Currency 1 M



*Adjustments, see note 6 in Q3 report
Q3 2017 and 2016: No adjustments

- Net sales currency-adjusted +9%:
 - engines +12%
 - services +3%
- Adjusted operating income:
 - + Higher sales
 - Industrial and campaign cost
 - Higher op. expenses
- Adjusted operating margin*
13.3% (14.5)

Volvo Group Headquarters

Third quarter 2017

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VOLVO

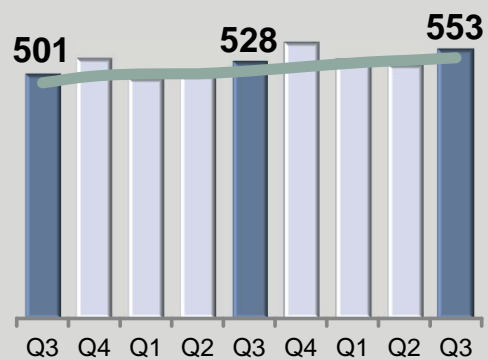
Financial Services

NEW FINANCING AND PROFITABILITY



ADJUSTED OPERATING INCOME*

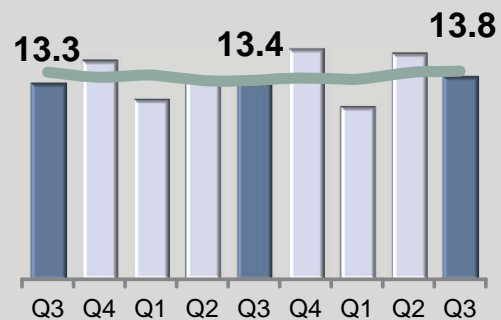
SEK M — 12 months 2,172 M



*Adjustments, see note 6 in Q3 report
Q3 2017 and 2016: No adjustments

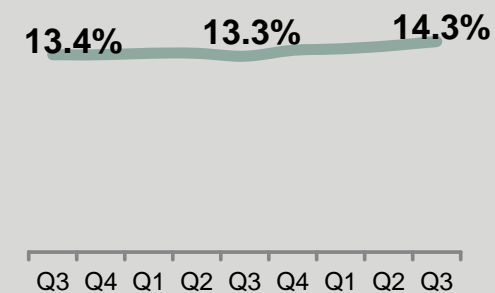
NEW FINANCING

SEK bn — 12 months 56.4 bn



ROE*

12 months, %



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Third quarter 2017

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VOLVO

Volvo Group

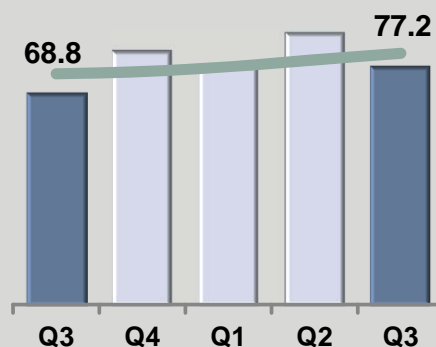
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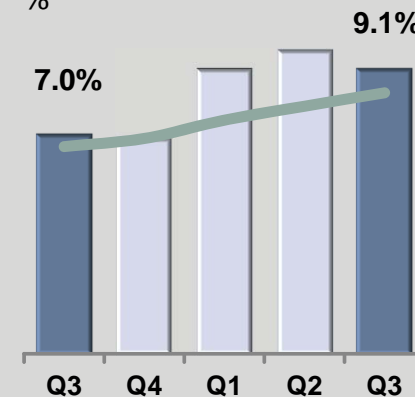
NET SALES

SEK bn — 12 months 326 bn



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% — 12 months 8.7%



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Third quarter 2017

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