

VOLVO

Volvo Group



FOURTH QUARTER 2017
Martin Lundstedt, President and CEO

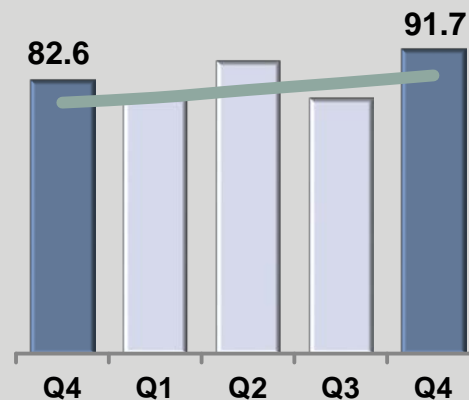
Volvo Group

FOURTH QUARTER HIGHLIGHTS

- Net sales +11% (+16% excl. currency)
- Continued improved profitability for the Group
 - Trucks' adjusted operating margin 9.5% (8.7)
 - Construction Equipment's adjusted operating margin 10.9% (3.8)
- Highest Net sales and Operating income so far for a Q4

NET SALES

SEK bn — 12 months 335 bn



ADJUSTED OPERATING MARGIN*

% — 12 months 8.9%



*Adjustments, see note 6 in Q4 report:
 Q4 2016: Gain on sale of real estate SEK 1,371 M
 Q4 2017: No adjustments



Volvo Group

VOLUME DEVELOPMENT IN THE FOURTH QUARTER

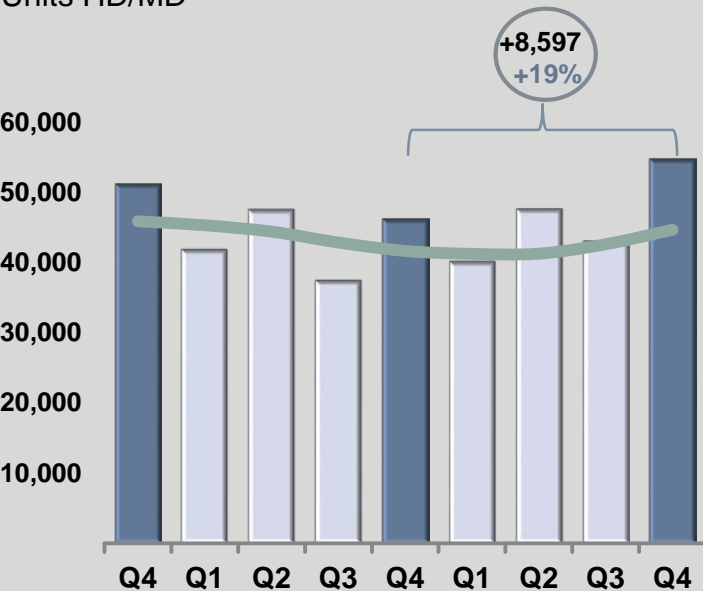


	Total	Change
Volvo	34,293	+6,359
UD	5,597	+441
Renault Trucks	9,949	+804
Mack	5,112	+993

TRUCK DELIVERIES

Units HD/MD

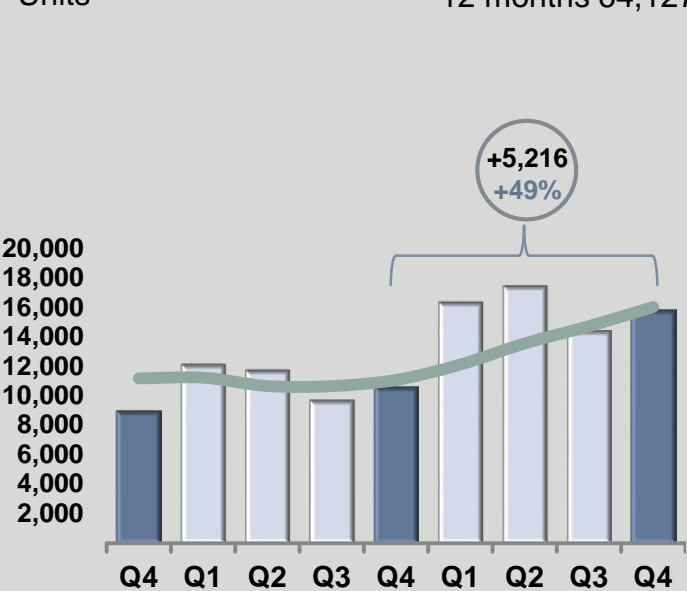
— 12 months 186,294



MACHINE DELIVERIES

Units

— 12 months 64,127



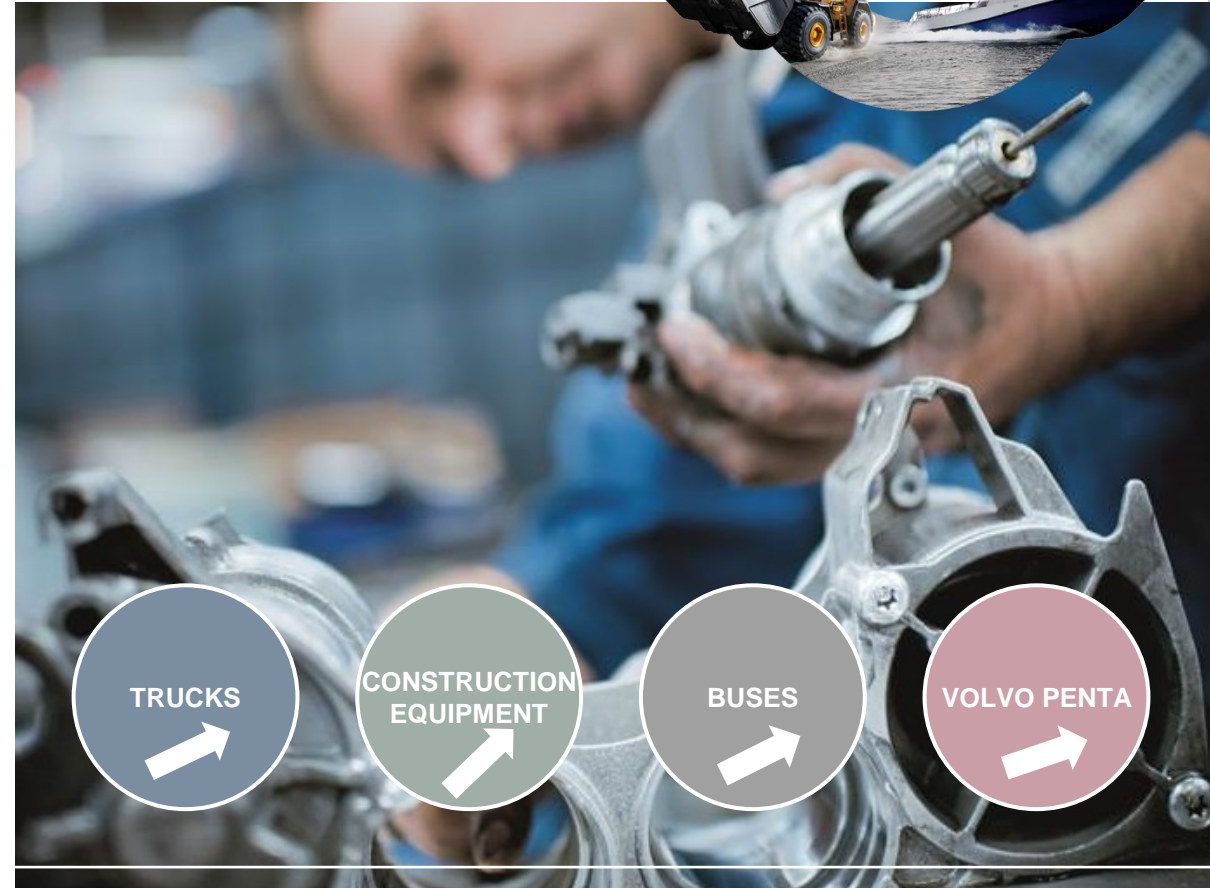
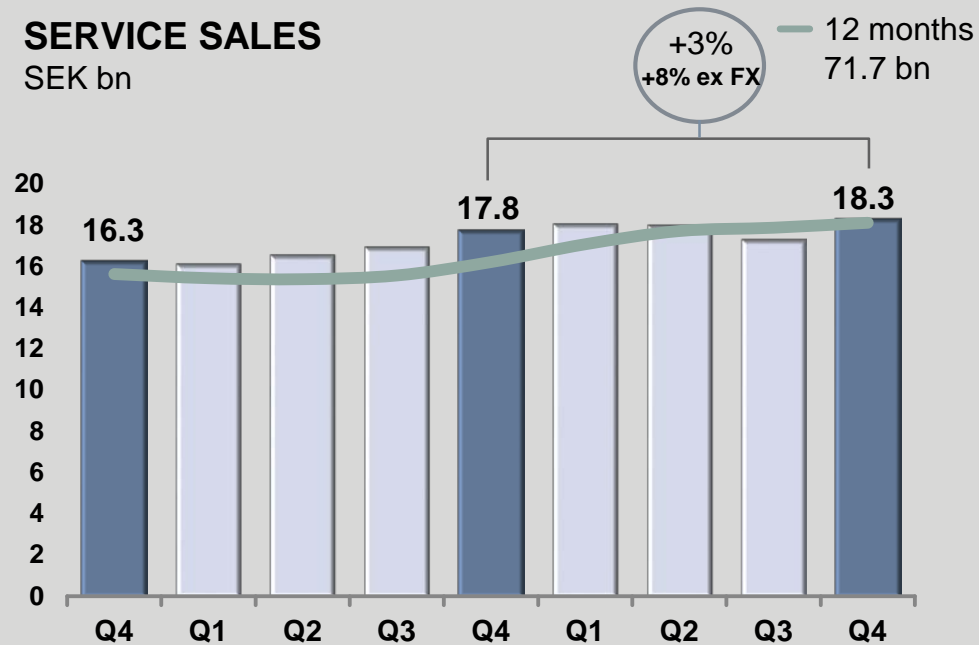
	Total	Change
Volvo	8,749	+1,880
SDLG	7,060	+3,334

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SERVICE SALES DEVELOPMENT

SERVICE SALES

SEK bn



Volvo Group Headquarters

Fourth quarter 2017

Trucks



- Good demand
- Stretched supply chain
- New trucks in NA well received – production change-over underway
- Sales start of medium-duty electric trucks in 2019

Trucks

GREAT RECEPTION OF THE NEW TRUCKS IN NORTH AMERICA - CHANGE-OVER IN PRODUCTION UNDERWAY



Volvo VNL North America



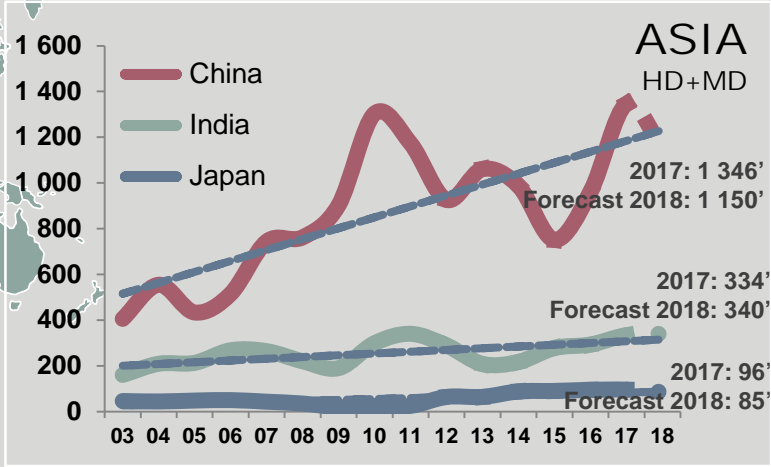
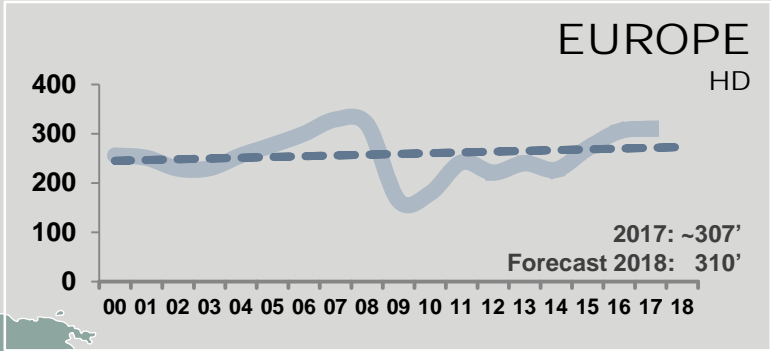
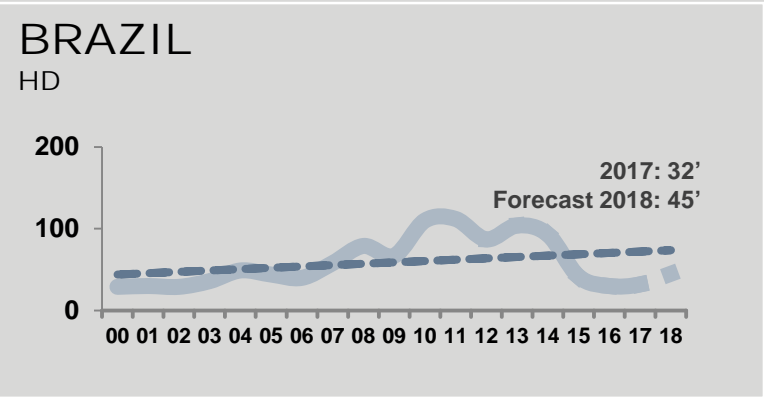
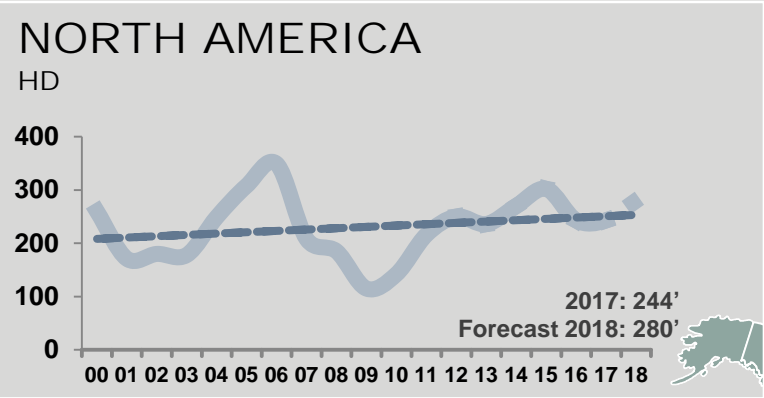
Mack Anthem North America

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Fourth quarter 2017

Trucks

MARKET ENVIRONMENT



Trucks MARKET SHARES

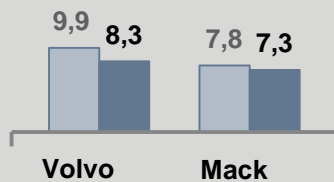
HD%

2016

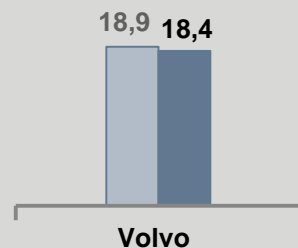
2017



NORTH AMERICA

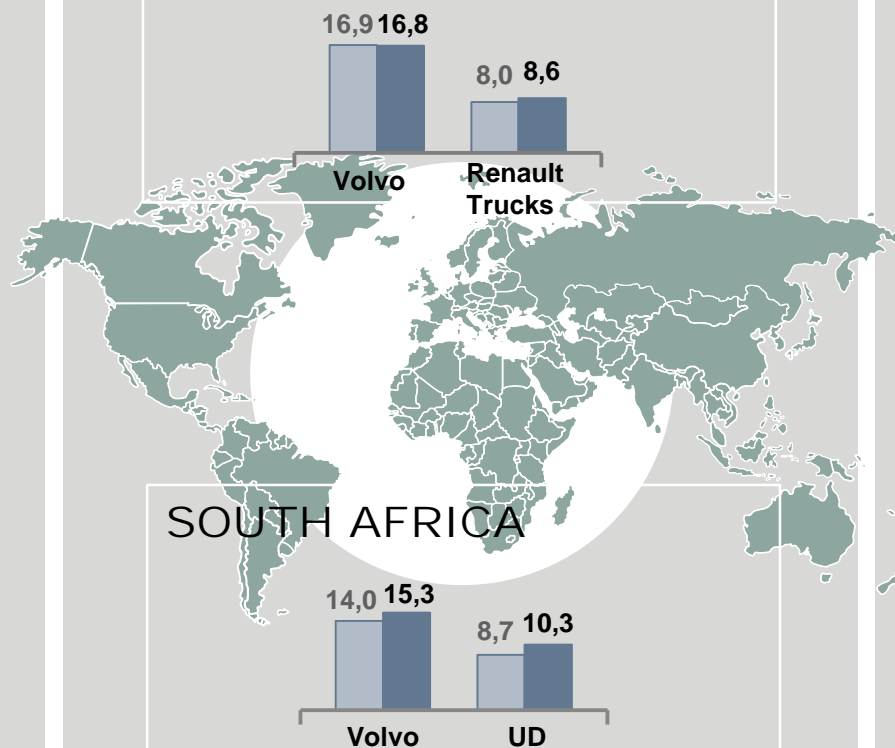


BRAZIL

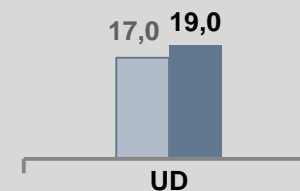


EUROPE

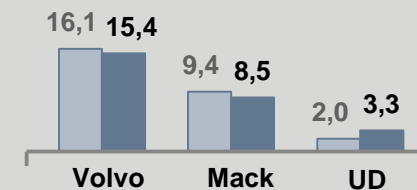
EU28, YTD NOVEMBER



JAPAN



AUSTRALIA

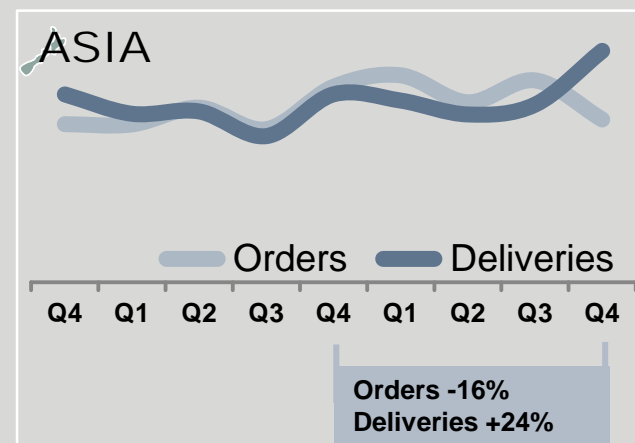
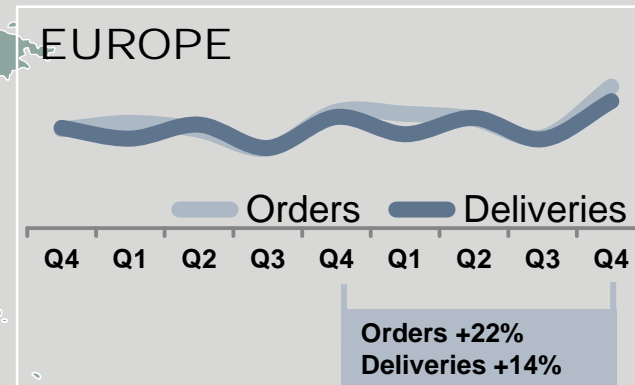
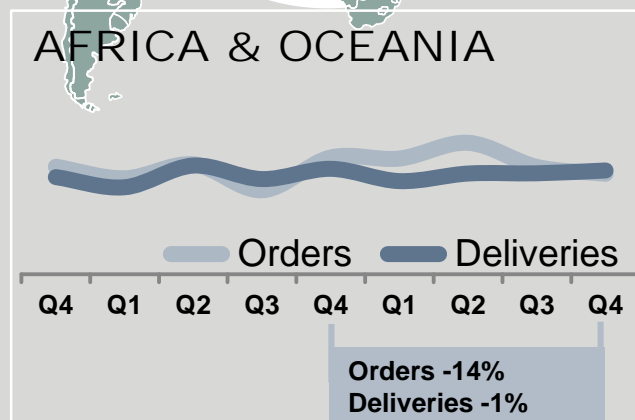
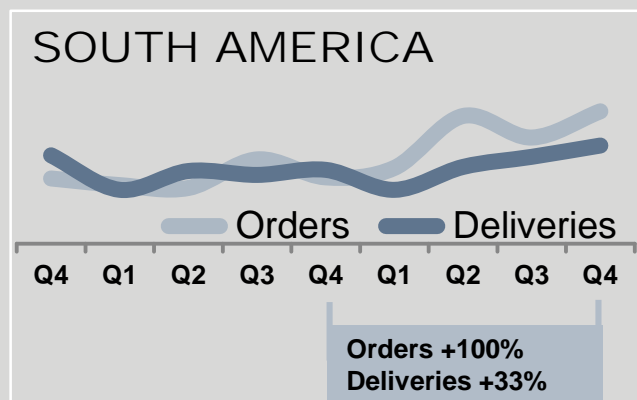
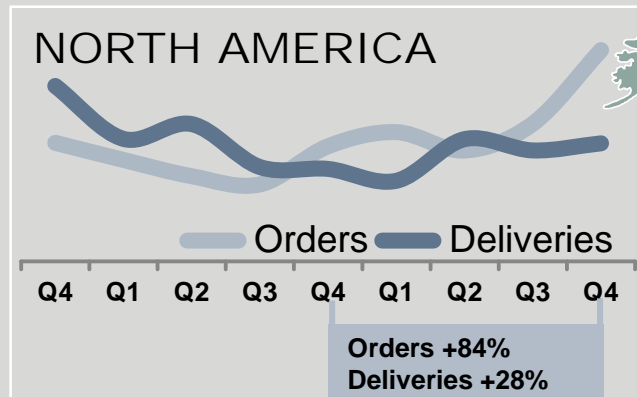


Volvo Group Headquarters

Fourth quarter 2017

Trucks

HD/MD: ORDERS +28% AND DELIVERIES +19%



Construction Equipment



- Market growth across all regions
- Orders up 48% and deliveries up 49%
- Transformation program continues to yield result

Volvo Group Headquarters

Fourth quarter 2017

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VOLVO

Construction Equipment

NEW RANGE OF VOLVO BRANDED RIGID HAULERS



Volvo Group Headquarters

Fourth quarter 2017

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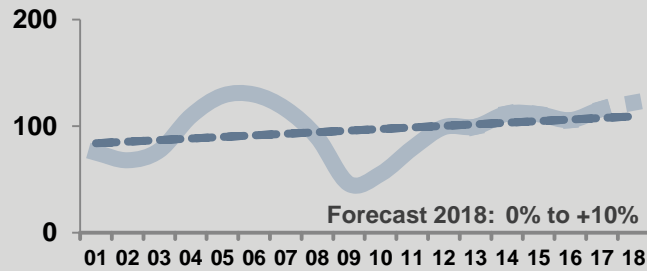
VOLVO

Construction Equipment

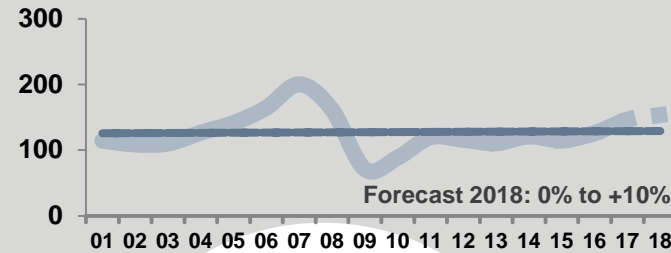
MARKET ENVIRONMENT



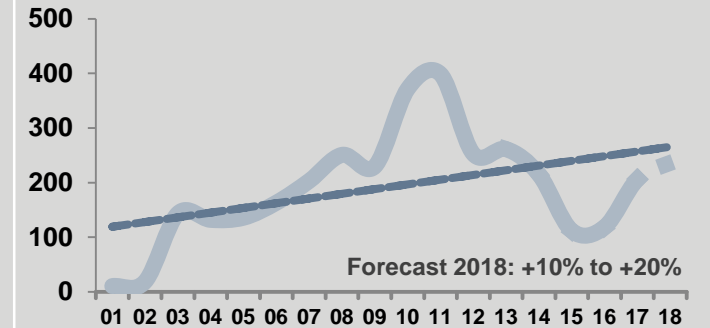
NORTH AMERICA



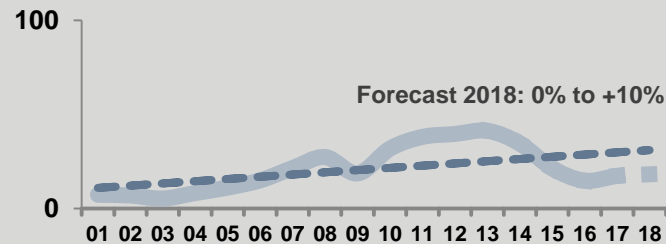
EUROPE



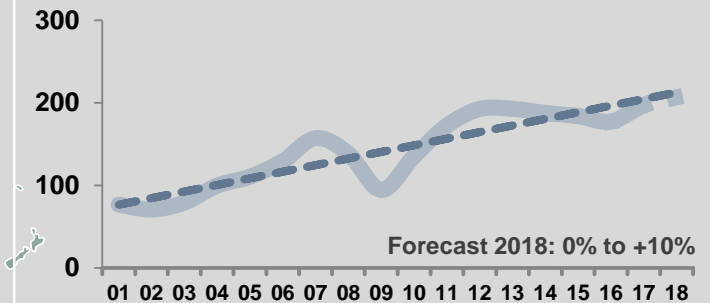
CHINA



SOUTH AMERICA



ASIA (excl. China)

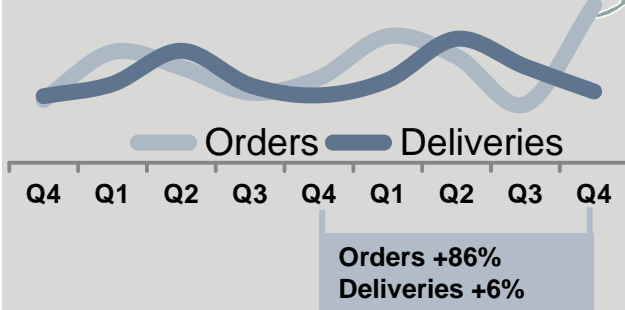


Construction Equipment

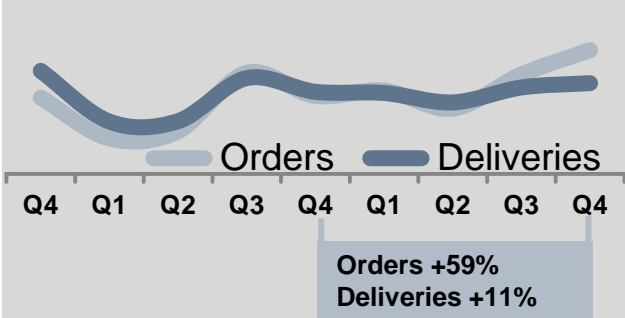
ORDERS +48% AND DELIVERIES +49%



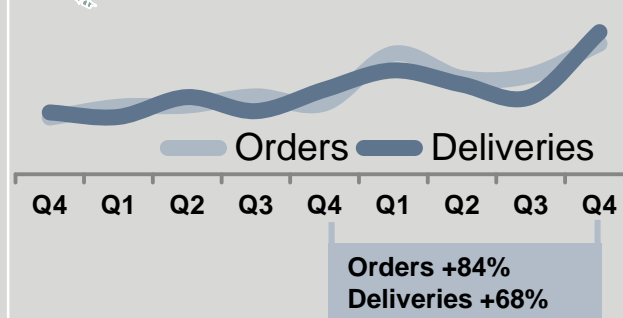
NORTH AMERICA



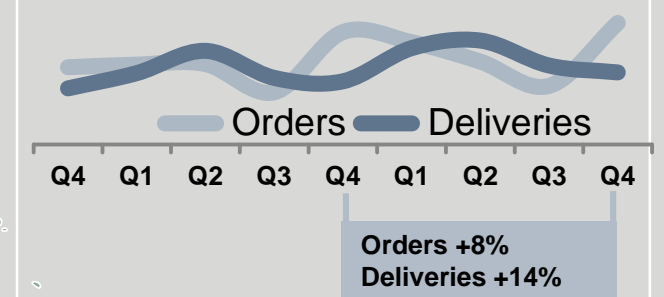
SOUTH AMERICA



AFRICA & OCEANIA



EUROPE



ASIA



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Fourth quarter 2017

Buses



- Order decrease by -28%, delivery increase by 1%
- 50 hybrid buses to Singapore
- Partnership to test electric autonomous buses in Singapore

Volvo Group Headquarters

Fourth quarter 2017

Volvo Penta



Beet harvester powered by Volvo Penta

- Sales growth in both industrial and marine segments
- Order increase by 17%, delivery increase by 11%
- Good inroads into the agricultural segment

VOLVO

Volvo Group



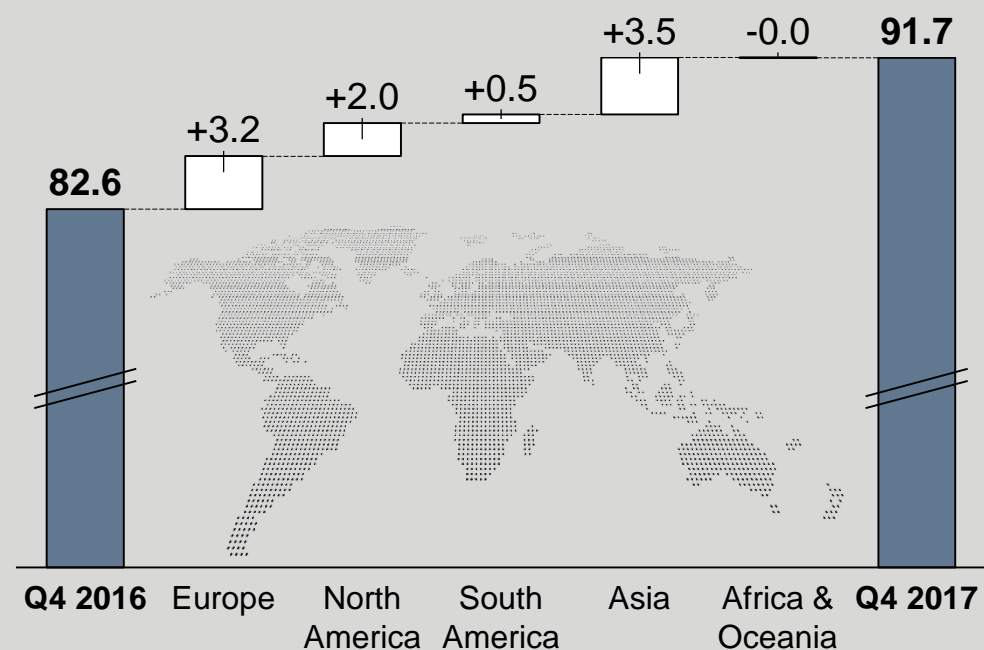
FOURTH QUARTER 2017
Jan Gurander, deputy CEO and CFO

Volvo Group

NET SALES PER MARKET

NET SALES
SEK bn

➤ Currency -3.7 bn



Volvo Group Headquarters

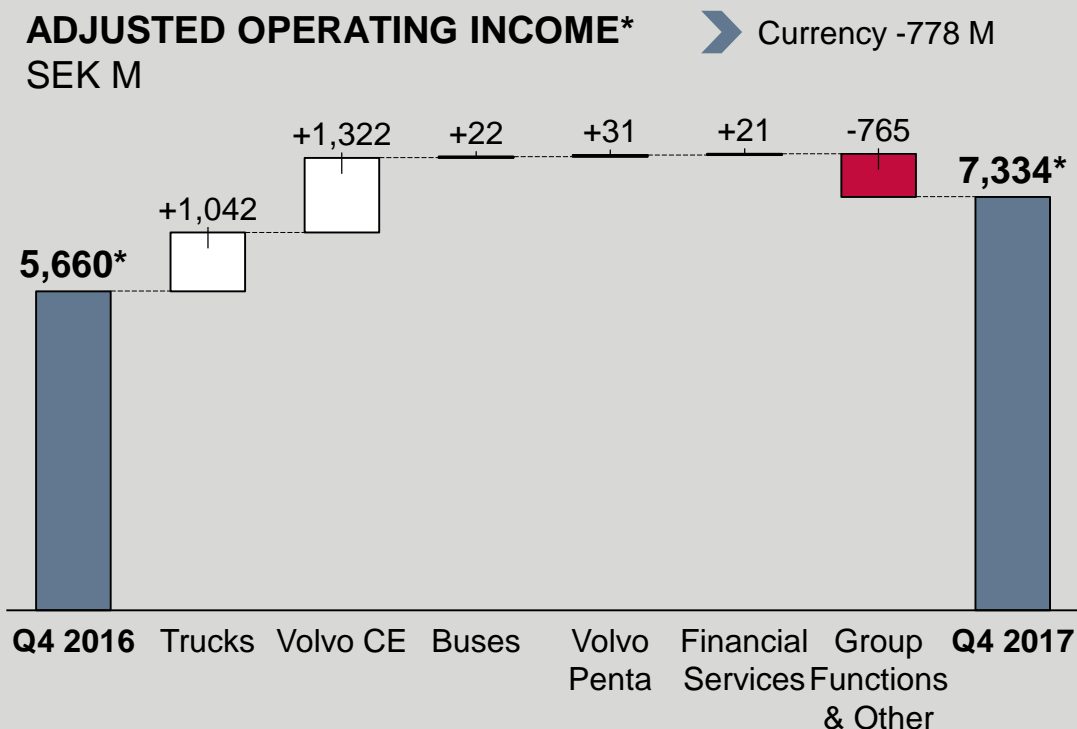
Fourth quarter 2017

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VOLVO

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ADJUSTED OPERATING INCOME PER BUSINESS AREA



*Adjustments, see note 6 in Q4 report:
Q4 2016: Gain on sale of real estate SEK 1,371 M
Q4 2017: No adjustments

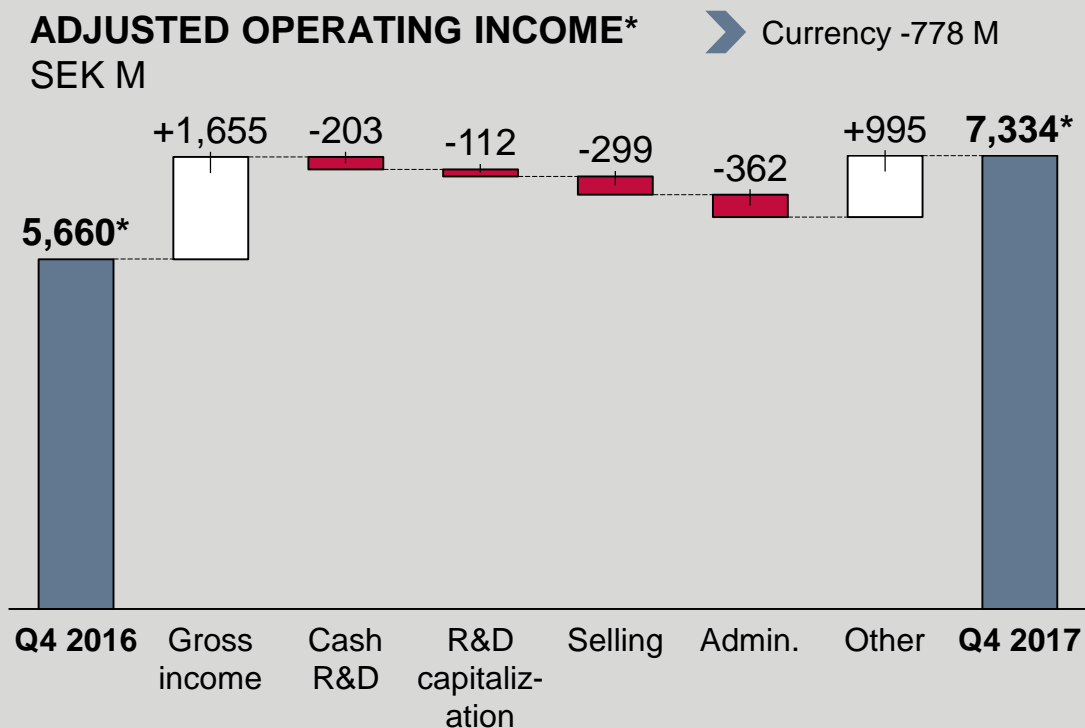


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Fourth quarter 2017

Volvo Group

ADJUSTED OPERATING INCOME CONTRIBUTORS



*Adjustments, see note 6 in Q4 report:
Q4 2016: Gain on sale of real estate SEK 1,371 M
Q4 2017: No adjustments



+ Truck and construction volumes

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



Volvo Group – Industrial Operations

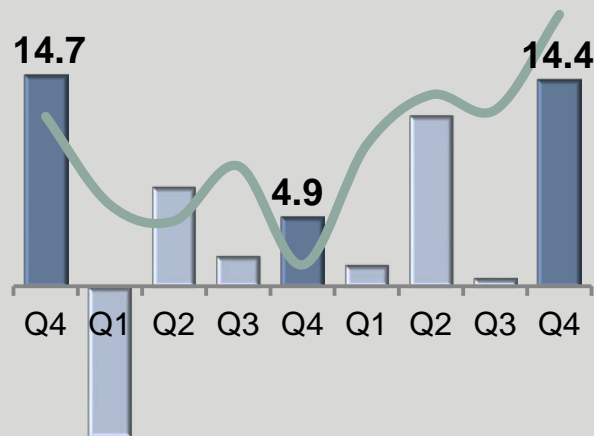
CASH FLOW



OPERATING CASH FLOW

SEK bn

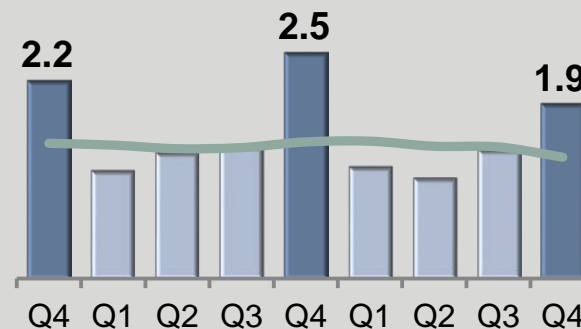
— 12 months SEK 28.4 bn



INVESTMENTS IN PPE

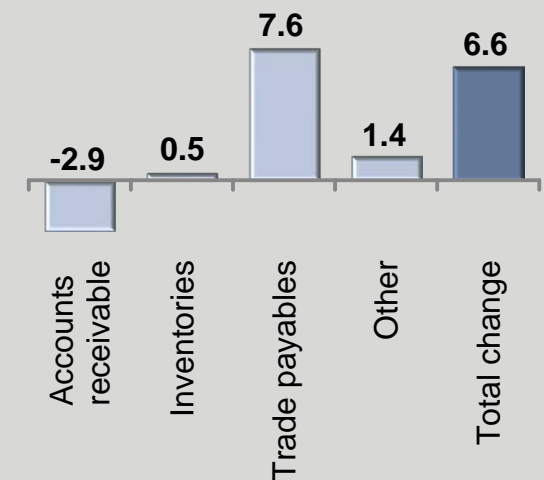
SEK bn

— 12 months SEK 5.7 bn



CASH FLOW EFFECT FROM CHANGES IN WORKING CAPITAL

SEK bn

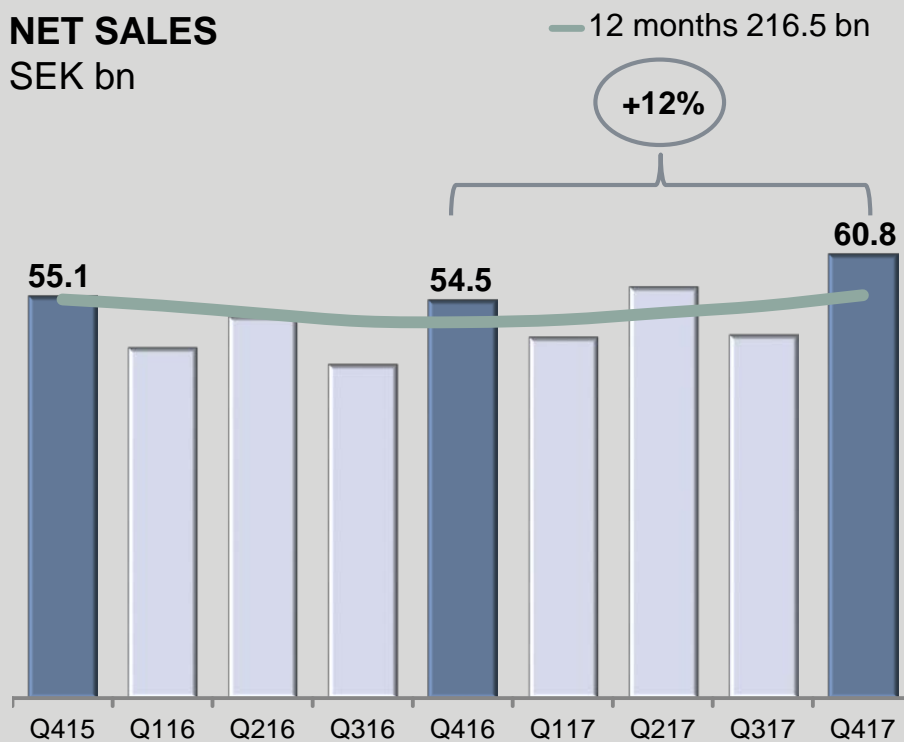


Trucks

NET SALES



NET SALES SEK bn



- Delivered HD/MD trucks +19%:
 - North America +28%
 - Europe +14%
- Net sales currency-adjusted +16%:
 - vehicles +18%
 - services +9%

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Fourth quarter 2017

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VOLVO

Trucks

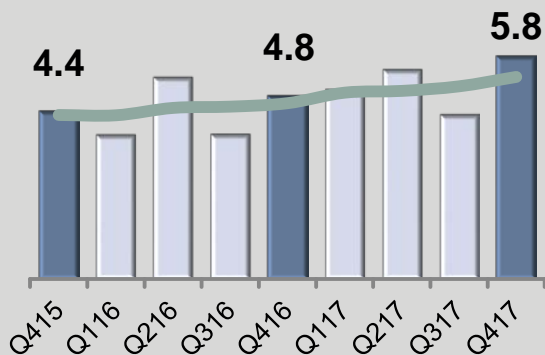
ADJUSTED OPERATING INCOME



ADJUSTED OPERATING INCOME*

SEK bn

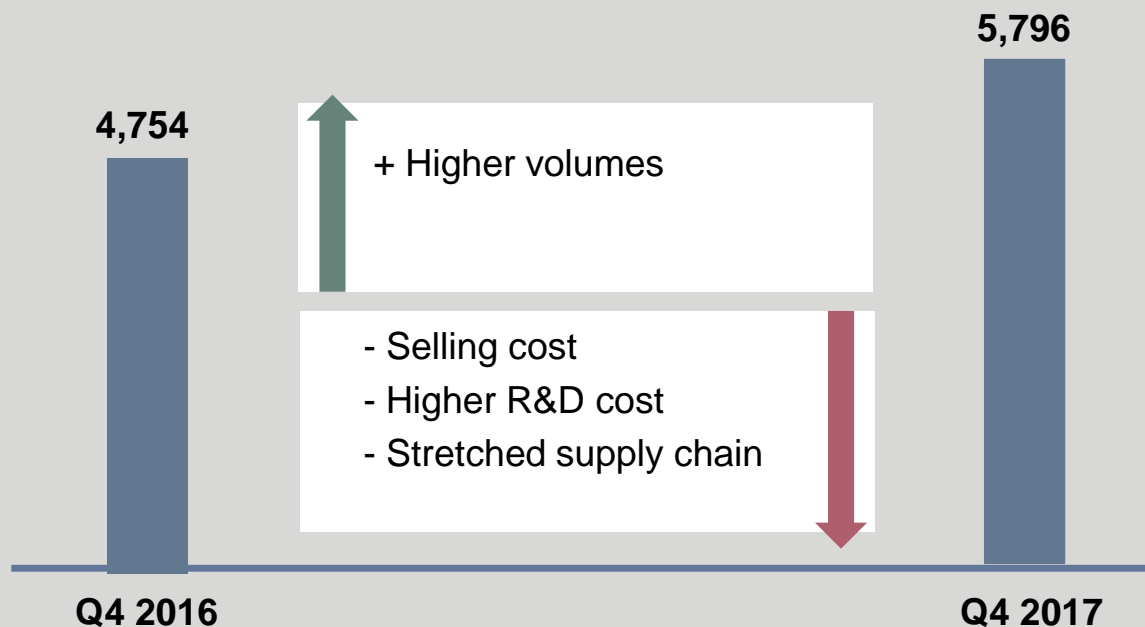
— 12 months 20.4 bn
Currency -377 M



*Adjustments, see note 6 in Q4 report:
Q4 2016: Gain on sale of real estate SEK 71 M
Q4 2017: No adjustments

ADJUSTED OPERATING INCOME*

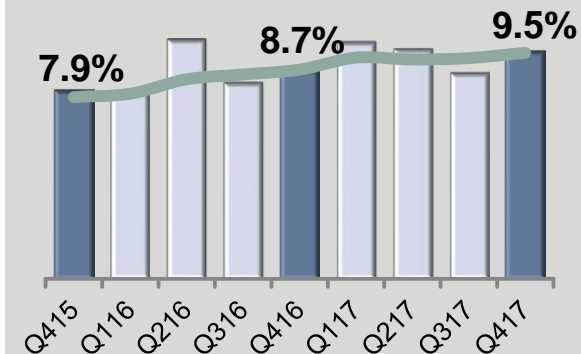
SEK M



ADJUSTED OPERATING MARGIN*

%

— 12 months 9.4%



Construction Equipment

NET SALES

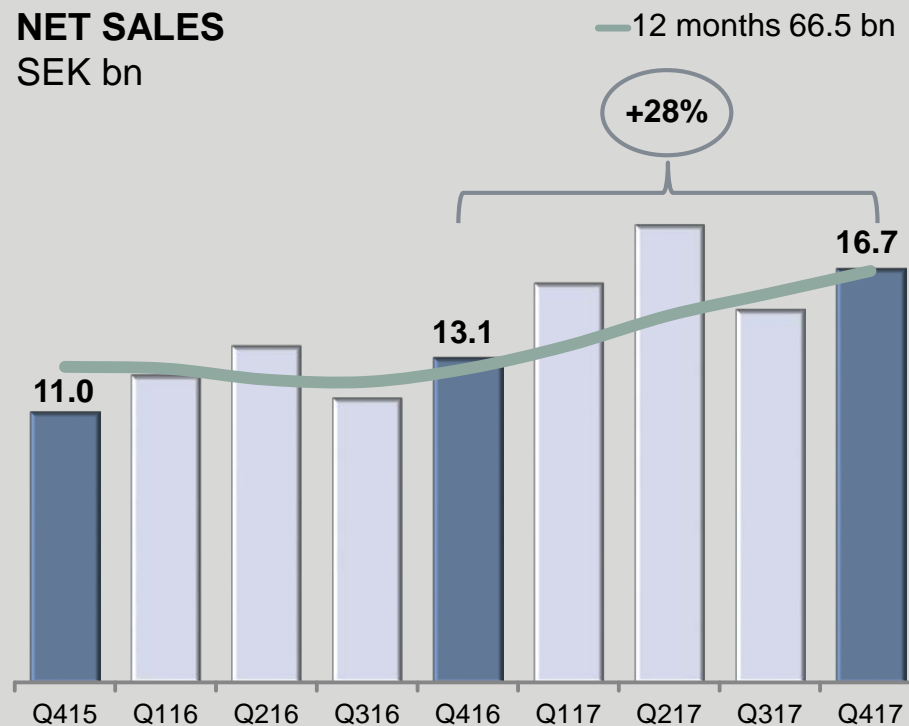


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Fourth quarter 2017

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NET SALES SEK bn

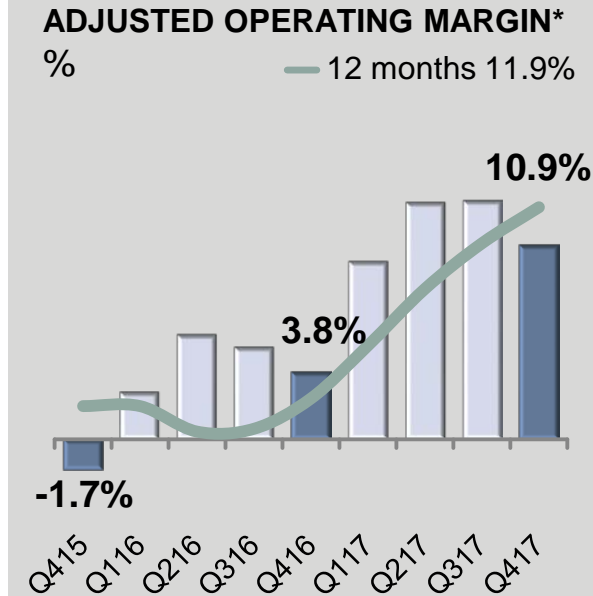
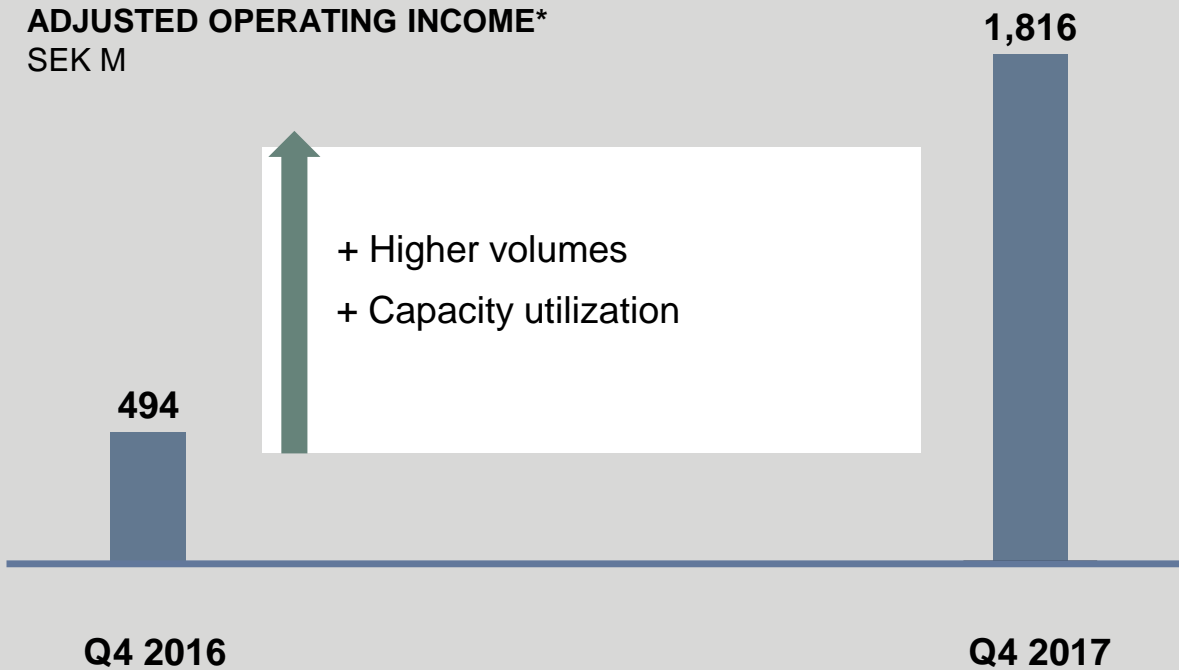
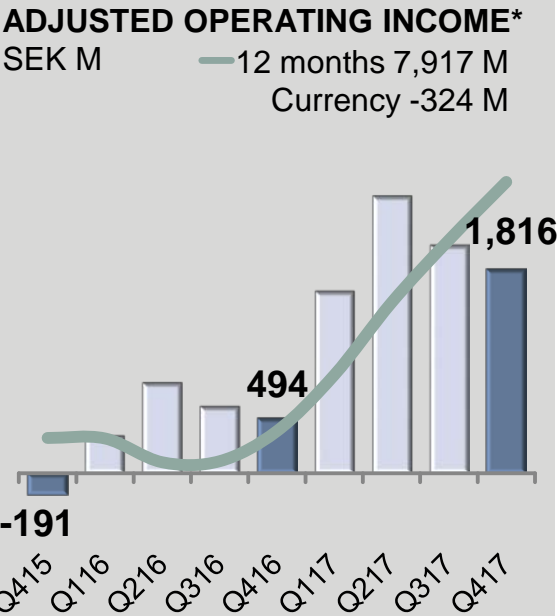


- Delivered machines +49%:
 - Volvo +27%
 - SDLG +89%
 - large and medium +51%
 - compact +41%
- Net sales currency-adjusted +34%:
 - machines +39%
 - services +11%

VOLVO

Construction Equipment

ADJUSTED OPERATING INCOME



*Adjustments, see note 6 in Q4 report:
Q4 2016: No adjustments
Q4 2017: No adjustments

Buses

NET SALES & ADJUSTED OPERATING INCOME



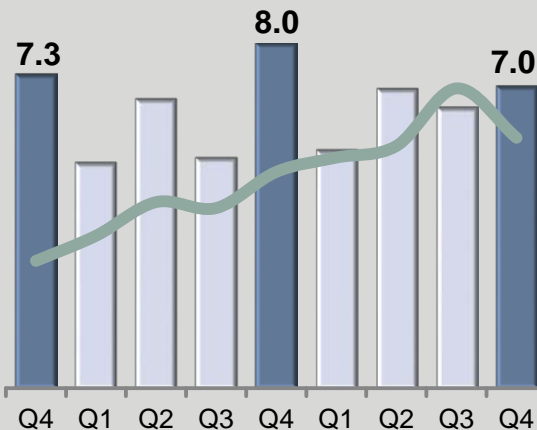
Volvo Group Headquarters

Fourth quarter 2017

NET SALES

SEK bn

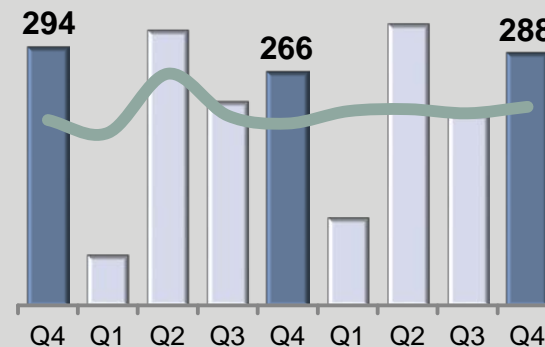
— 12 months 26.1 bn



ADJUSTED OPERATING INCOME*

SEK M

— 12 months 928 M
Currency -89 M



*Adjustments, see note 6 in Q4 report:

Q4 2016: Gain on sale of real estate SEK 41 M

Q4 2017: No adjustments



- Net sales currency-adjusted -8%:
 - vehicles -11%
 - services +8%
- Adjusted operating income:
 - + service sales
 - + operational efficiency
 - S&A
- Adjusted operating margin*
4.1% (3.3)

Volvo Penta

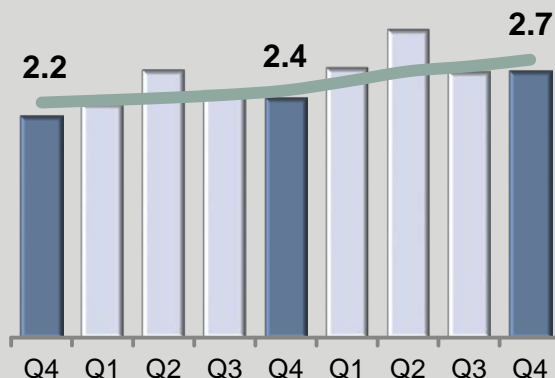
NET SALES & ADJUSTED OPERATING INCOME



NET SALES

SEK bn

— 12 months 11.1 bn

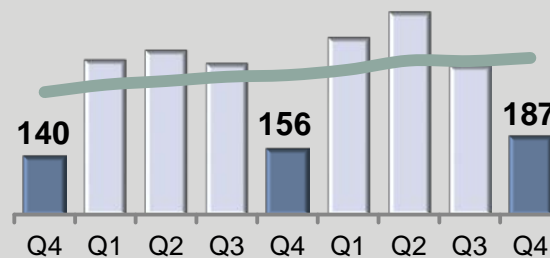


ADJUSTED OPERATING INCOME*

SEK M

— 12 months 1,439 M

Currency -30 M



*Adjustments, see note 6 in Q4 report:

Q4 2016: No adjustments

Q4 2017: No adjustments

- Net sales currency-adjusted +14%:
 - engines +17%
 - services +6%
- Adjusted operating income:
 - + Higher sales
 - + Product mix
- Adjusted operating margin*
7.0% (6.5)

Volvo Group Headquarters

Fourth quarter 2017

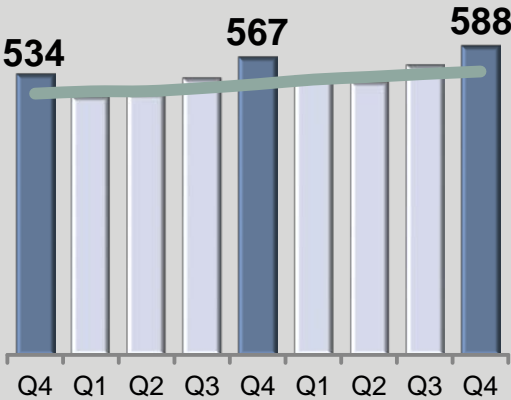
Financial Services

NEW FINANCING AND PROFITABILITY



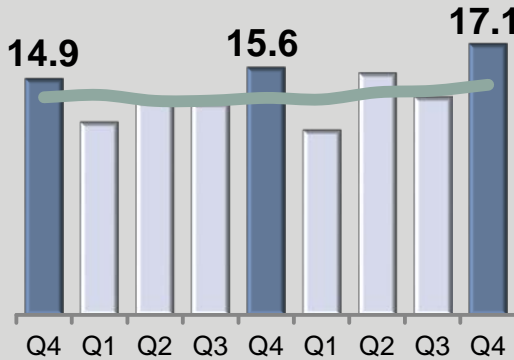
ADJUSTED OPERATING INCOME*

SEK M — 12 months 2,192 M



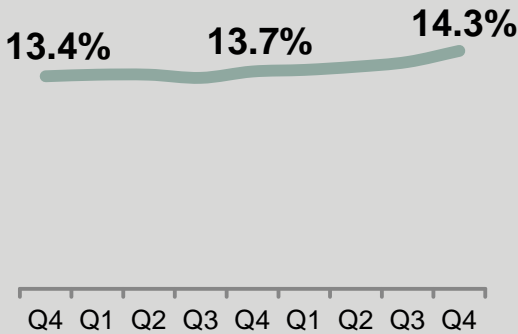
NEW FINANCING

SEK bn — 12 months 57.9 bn



ROE¹

12 months, %



1) Excluding positive revaluation effect in Q4 2017 of SEK 897 M related to new tax rates in USA. Reported ROE including revaluation effect was 22.6%.

VOLVO

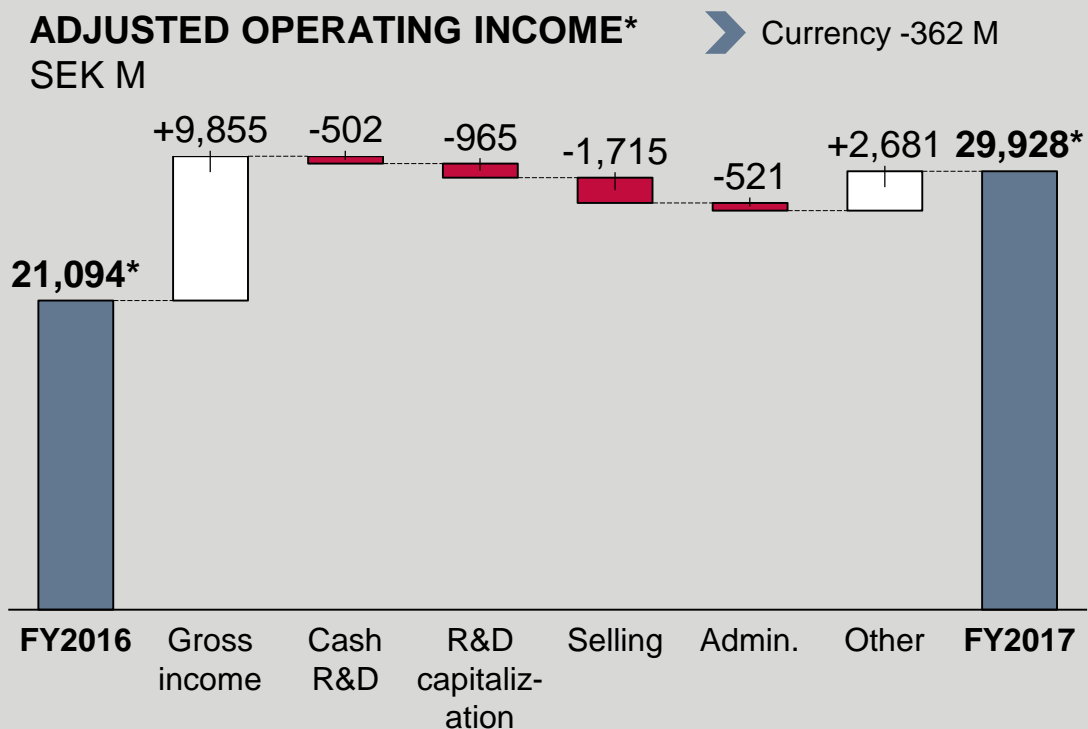
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Full Year 2017

Volvo Group

ADJUSTED OPERATING INCOME FY2017



*Adjustments, see note 6 in Q4 report:

2016: Gain on sale of IT operation 885, Provision for EU investigation -2,524, Gain on sale of real estate SEK 1,371 M

2017: Capital gain on sale of shares in Deutz SEK 400 M

Volvo Group Headquarters

Fourth quarter 2017

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- + Higher volumes in Volvo CE
- + Higher truck volumes
- + Higher service sales
- + JV profitability



- Higher S&A expenses
- R&D
- Stretched supply chain

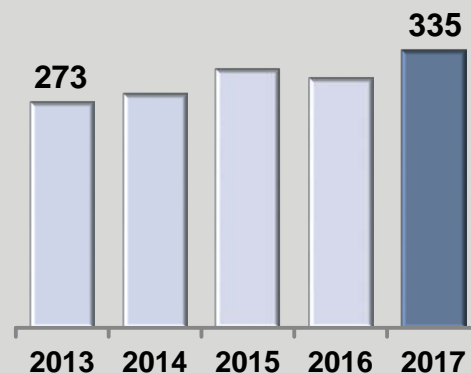
VOLVO

Volvo Group

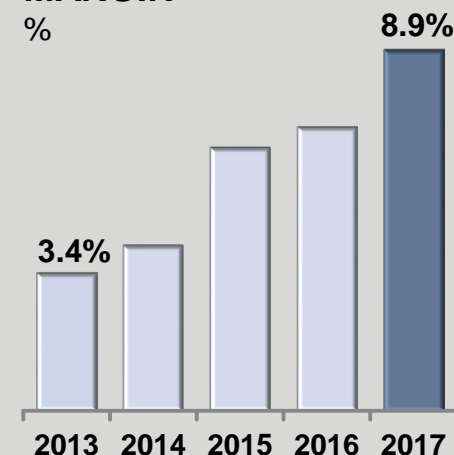
FY2017 HIGHLIGHTS

- Highest Net sales and EBIT so far:
 - Net sales: SEK 335 bn
 - EBIT: SEK 30 bn
- Operating cash flow: SEK 28 bn
- Net cash position: SEK 26 bn
- Proposed dividend of SEK 4.25 (3.25)

NET SALES
SEK bn



ADJUSTED OPERATING MARGIN*
%



*Adjustments, see note 6 in Q4 report 2017 and 2016 annual report.



VOLVO

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