



VOLVO
VOLVO GROUP

First quarter 2018

Martin Lundstedt, President and CEO

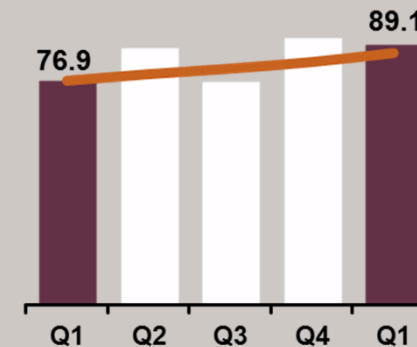
Volvo Group

FIRST QUARTER HIGHLIGHTS

- Net sales +12.2 bn, up 16% (+19% excl. currency)
- Increased operating income to SEK 8.3 bn (6.8)
- Construction Equipment's adjusted operating margin 13.8% (10.0)
- Trucks' adjusted operating margin 8.8% (9.6)

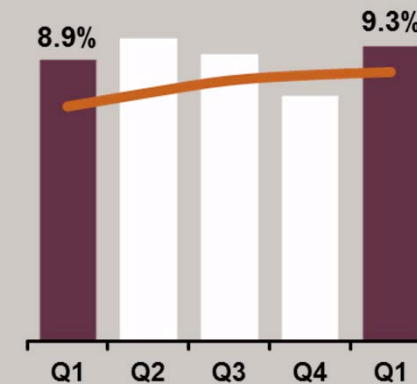
NET SALES

SEK bn 12 months 345 bn



ADJUSTED OPERATING MARGIN*

% 12 months 8.9%



*Adjustments, see note 7 in Q1 report:

Q1 2017: No adjustments

Q1 2018: No adjustments

Financial information for 2017 is restated due to implementation of IFRS 15

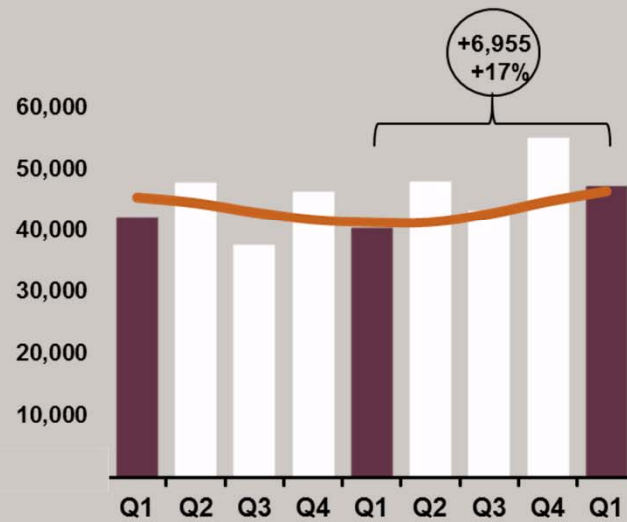
Volvo Group

VOLUME DEVELOPMENT IN THE FIRST QUARTER

TRUCK DELIVERIES

Units HD/MD

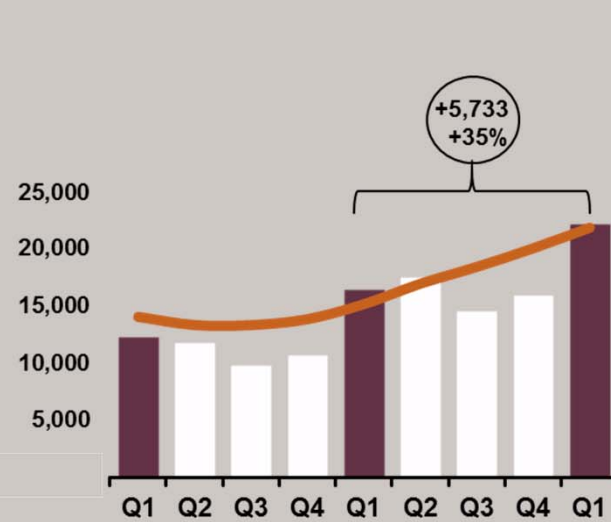
12 months 193,249



MACHINE DELIVERIES

Units

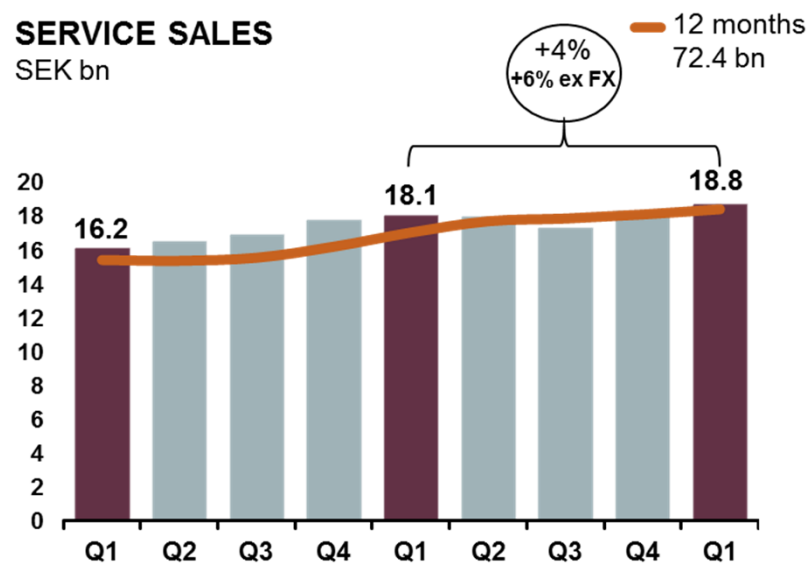
12 months 69,860



Volvo Group

SERVICE SALES DEVELOPMENT

SERVICE SALES
SEK bn



TRUCKS



**CONSTRUCTION
EQUIPMENT**



BUSES



VOLVO PENTA



Trucks

- Good demand across the globe
- Stretched supply chain
- New trucks in North America well received – production change-over in the first quarter
- Sales start of medium-duty electric trucks in Europe in 2019



Trucks

Great reception of the new trucks in North America – change-over in production in Q1

Volvo Trucks' order intake in Q1: +147%



Mack Trucks' order intake in Q1: +64%



Trucks

New Volvo FL Electric premiered



FACTS

GVW: 16 tons

Payload: 5-9 tons depending on battery capacity

Maximum range: 300 km

Electric motor: max 185kW/130kW continuous

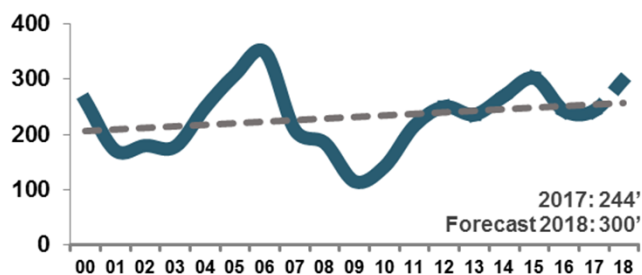
Charging: AC at 22kW up to 10 hours

DC at 150 kW 1-2 hours

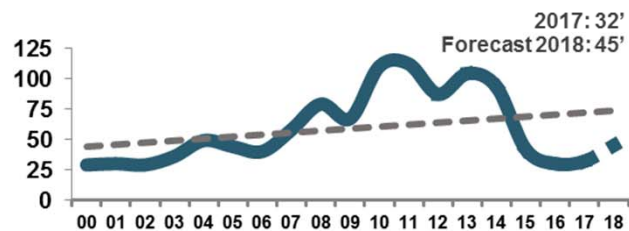
Trucks

MARKET ENVIRONMENT

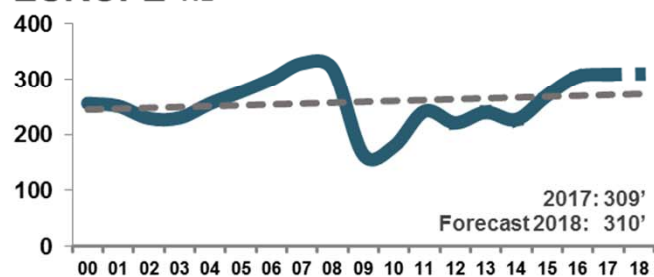
NORTH AMERICA HD



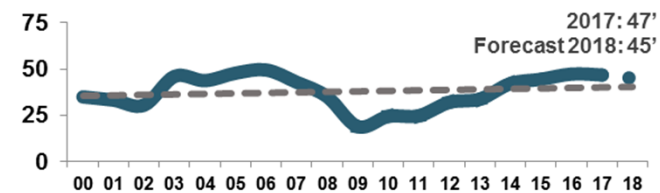
BRAZIL HD



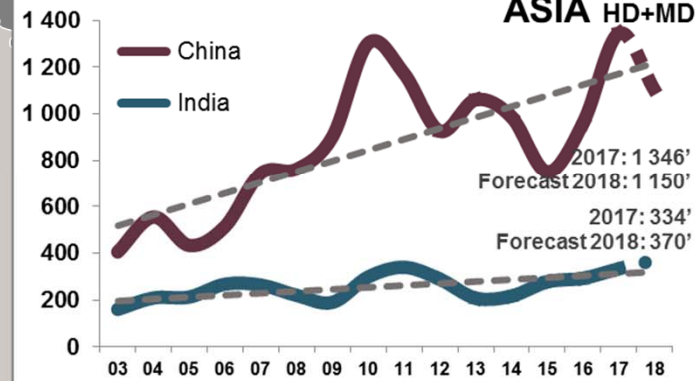
EUROPE HD



JAPAN HD

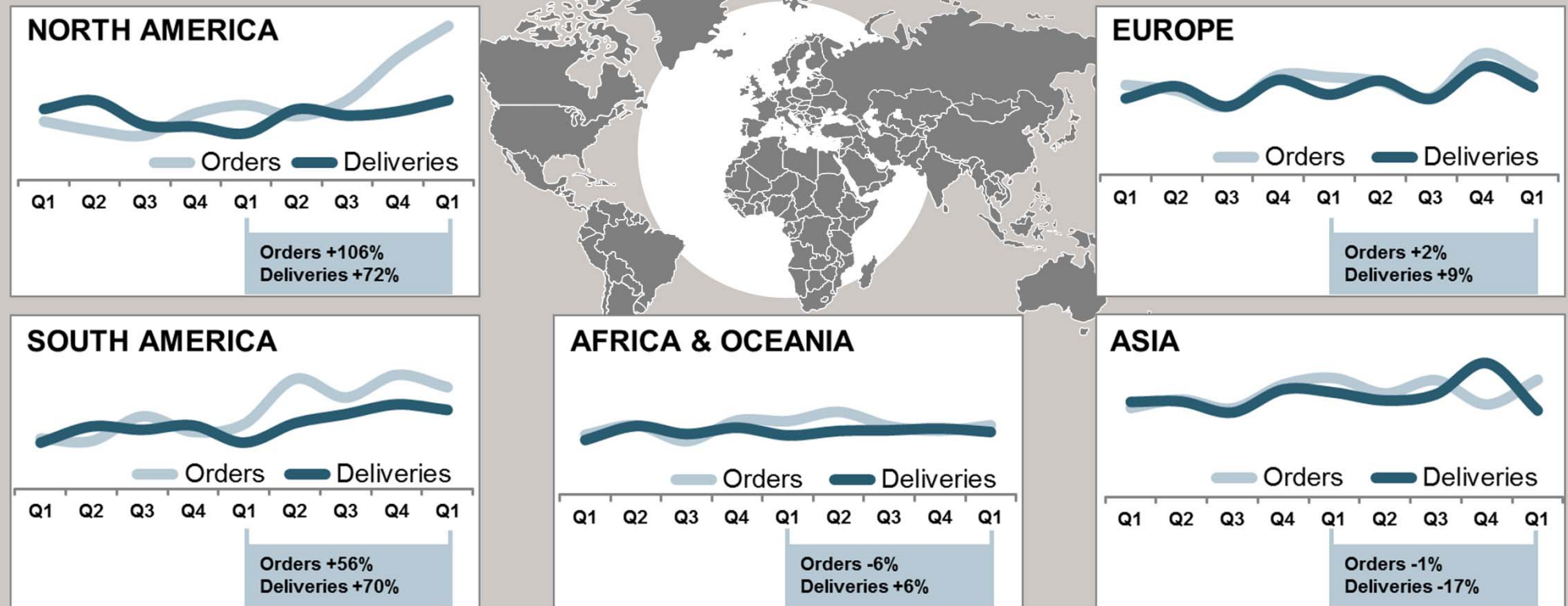


ASIA HD+MD



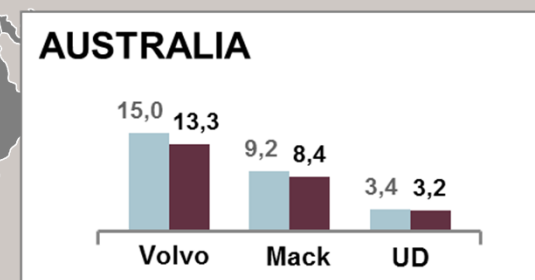
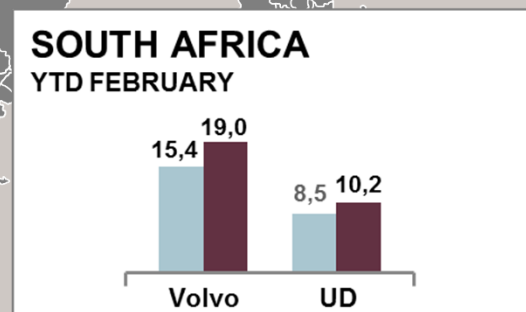
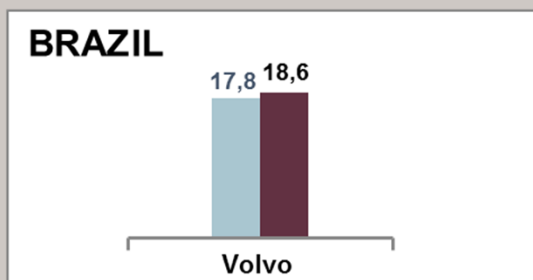
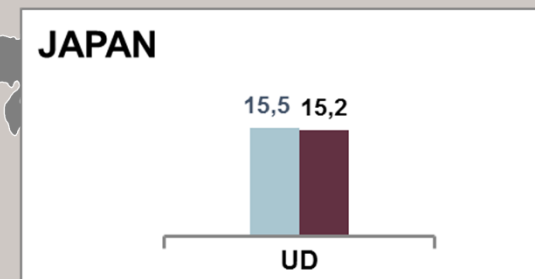
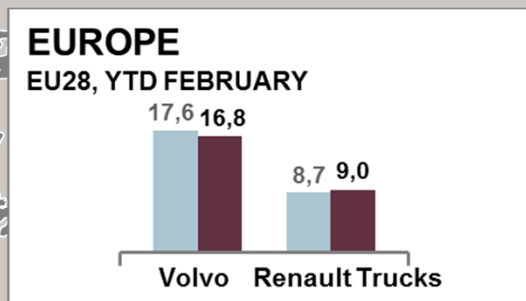
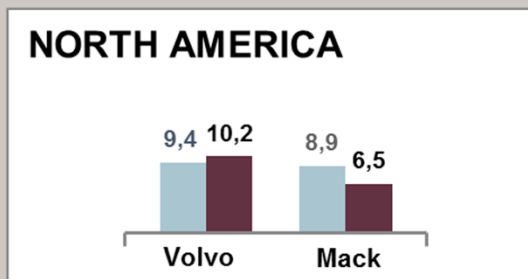
Trucks

HD/MD: ORDERS +26% AND DELIVERIES +17%



Trucks MARKET SHARES

HD% 2017 2018



Construction Equipment

- Market growth across all regions
- Orders up 37% and deliveries up 35%
- Good volume flexibility with maintained cost base
- Improving performance in China



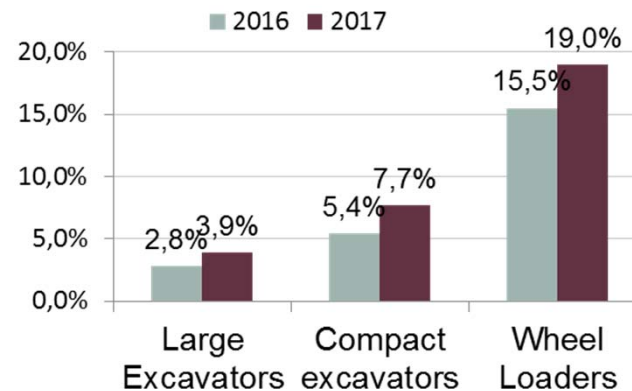
Construction Equipment

Successful SDLG business in China, 70% ownership

SDLG product portfolio



SDLG market shares in China



Highlights in 2017

3 in wheel loaders

1 Exporter of wheel loaders

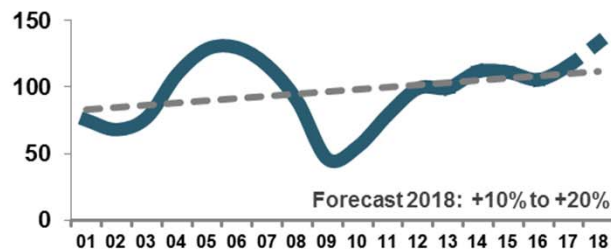
26,046 sold machines, +90%

Good operating margin

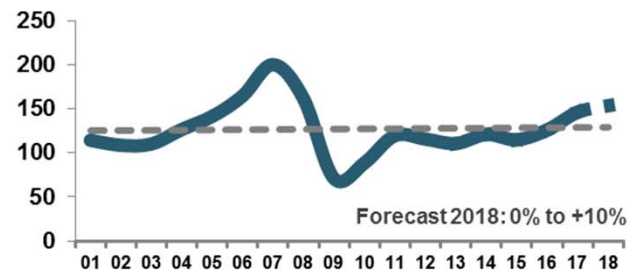
Construction Equipment

MARKET ENVIRONMENT

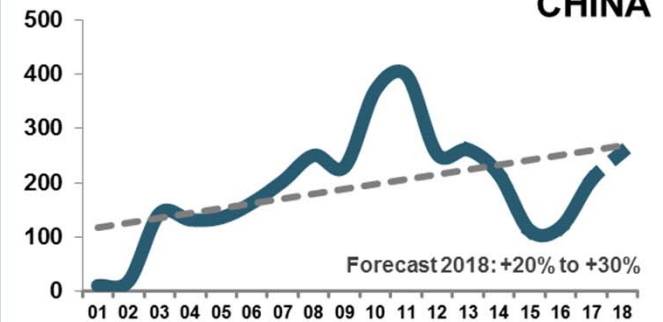
NORTH AMERICA



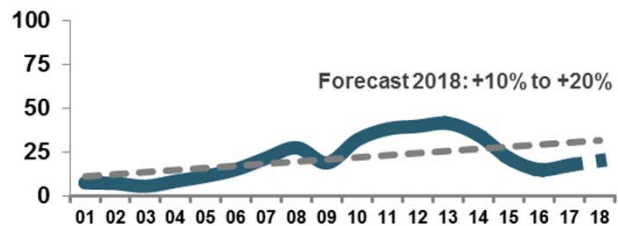
EUROPE



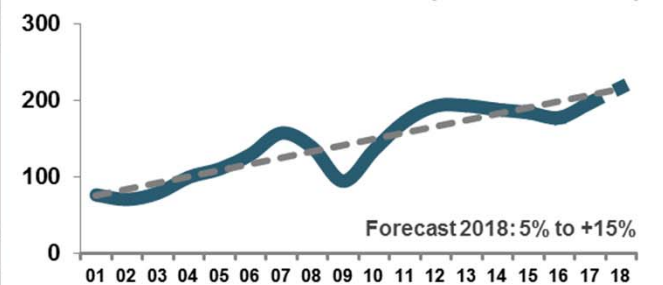
CHINA



SOUTH AMERICA

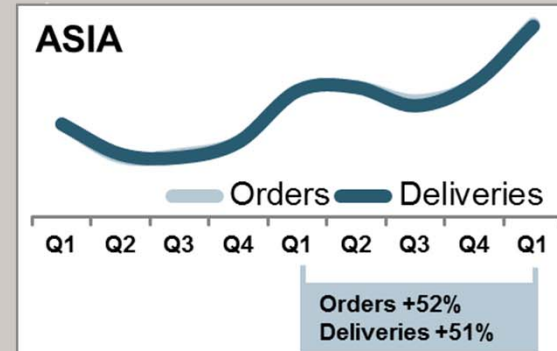
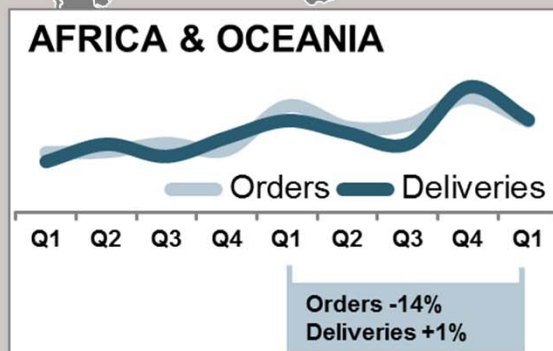
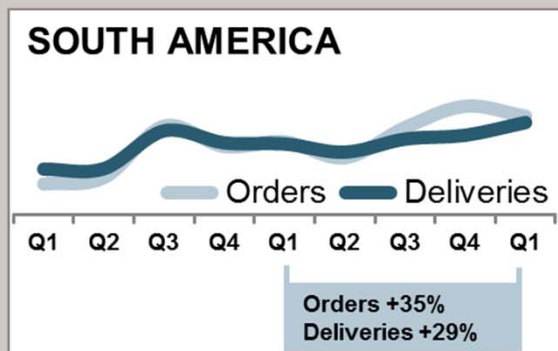
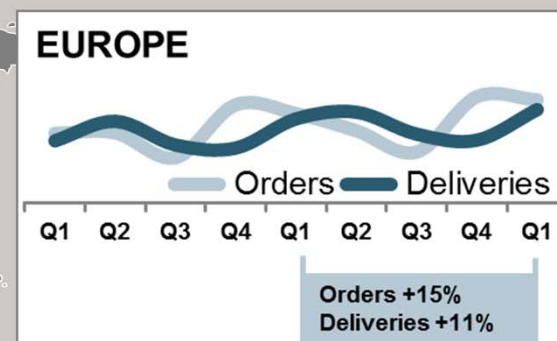
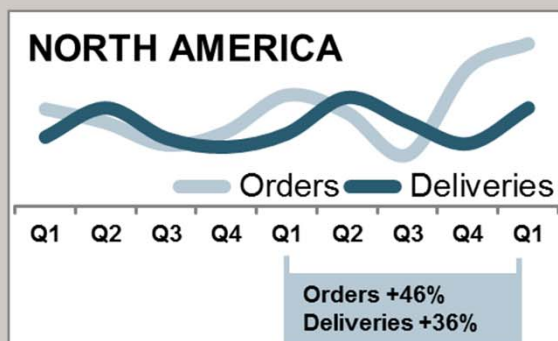


ASIA (excl. China)



Construction Equipment

ORDERS +37% AND DELIVERIES +35%



Buses

- A weak quarter
- Key markets in Europe slow in 2018
- Order intake decreased by 43%, deliveries decreased by 7%
- All-electric articulated bus announced
- 110 hybrid buses to Brussels



Volvo Penta

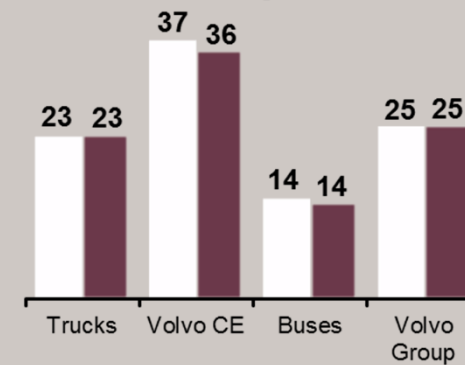
- Sales growth in both industrial and marine segments
- Order increase by 19%, delivery increase by 13%
- Strong range of industrial engines for Stage V emission legislation in Europe (Jan. 1, 2019)
- Easy Connect app for boat owners – bringing connectivity to leisure boats



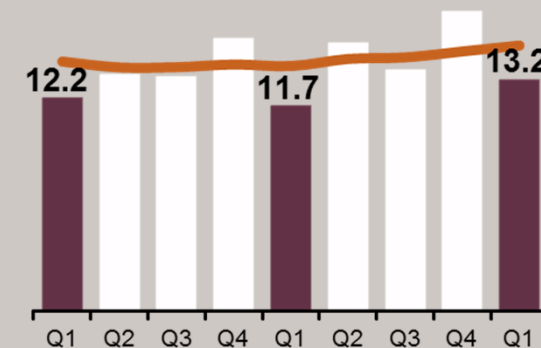
Financial Services

- Good growth in new retail financing volume
- driven by North America
- Growth in wholesale financing
- Technology award – new app to speed up process for quoting and credit approvals

PENETRATION RATE, %
12 months moving



NEW RETAIL FINANCING
SEK bn 12 months 59.4 bn





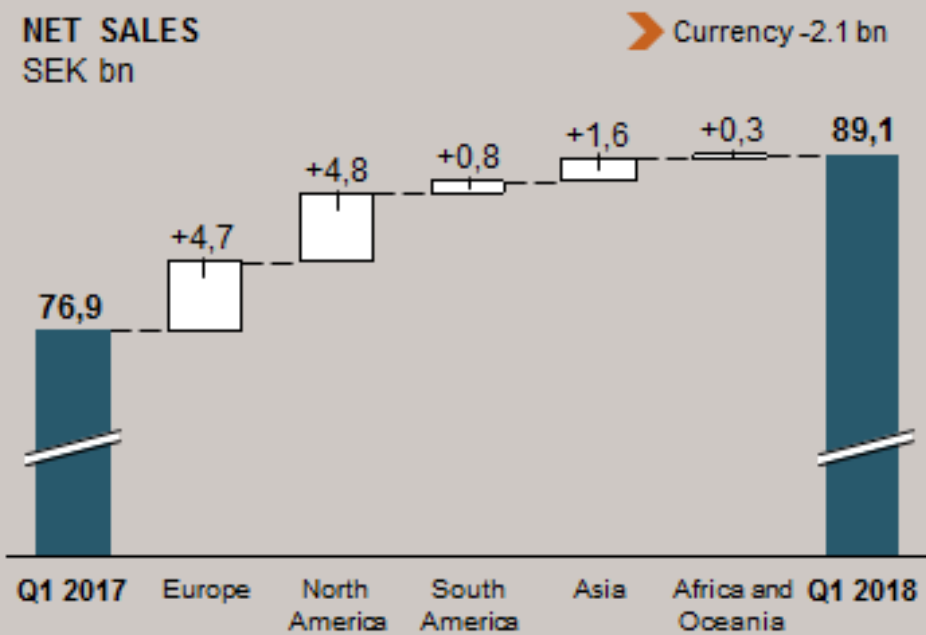
VOLVO
VOLVO GROUP

First quarter 2018

Jan Gurander, deputy CEO and CFO

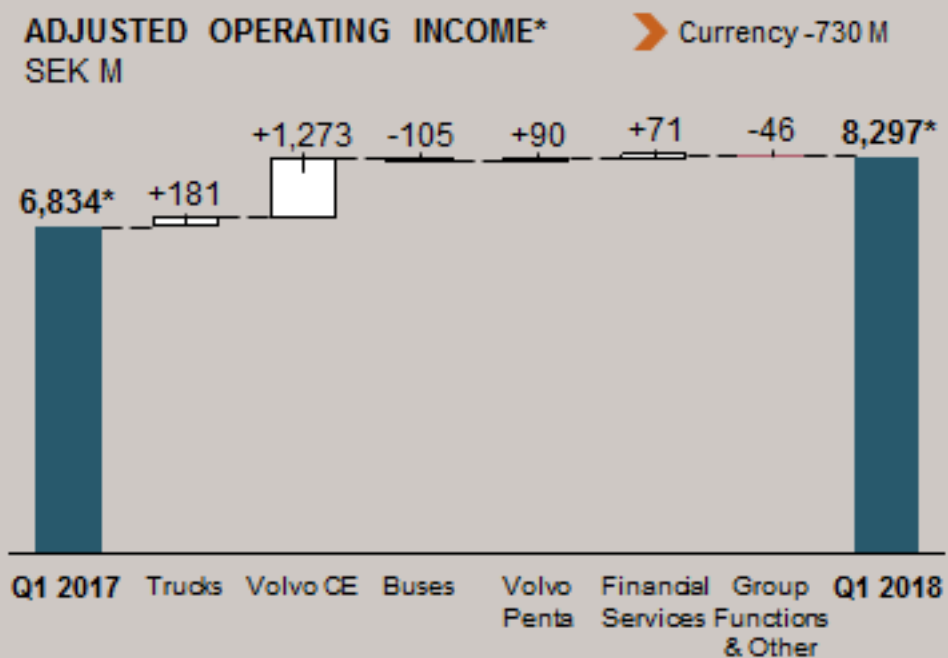
Volvo Group

NET SALES PER MARKET



Volvo Group

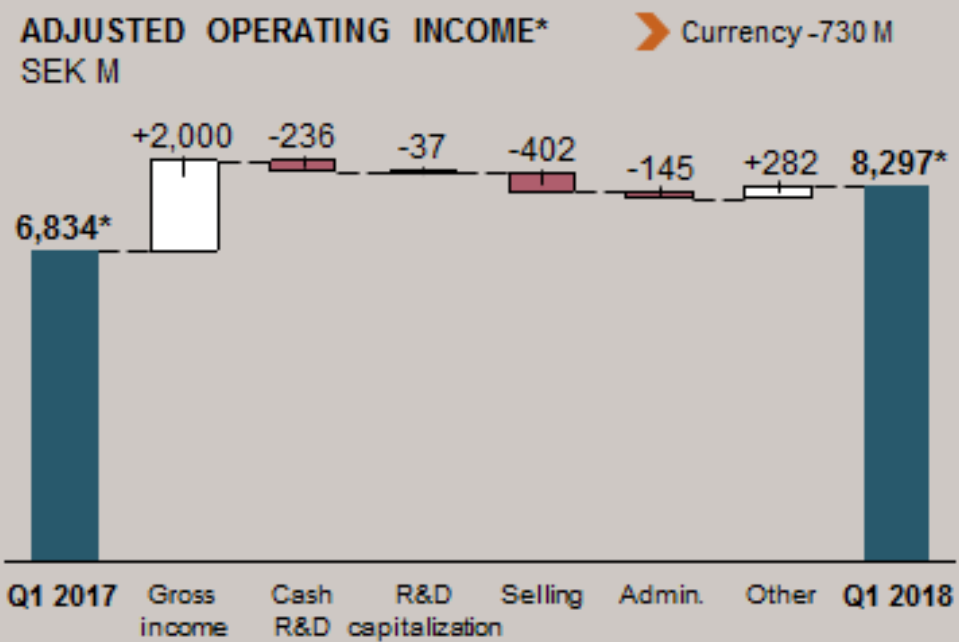
ADJUSTED OPERATING INCOME PER BUSINESS AREA



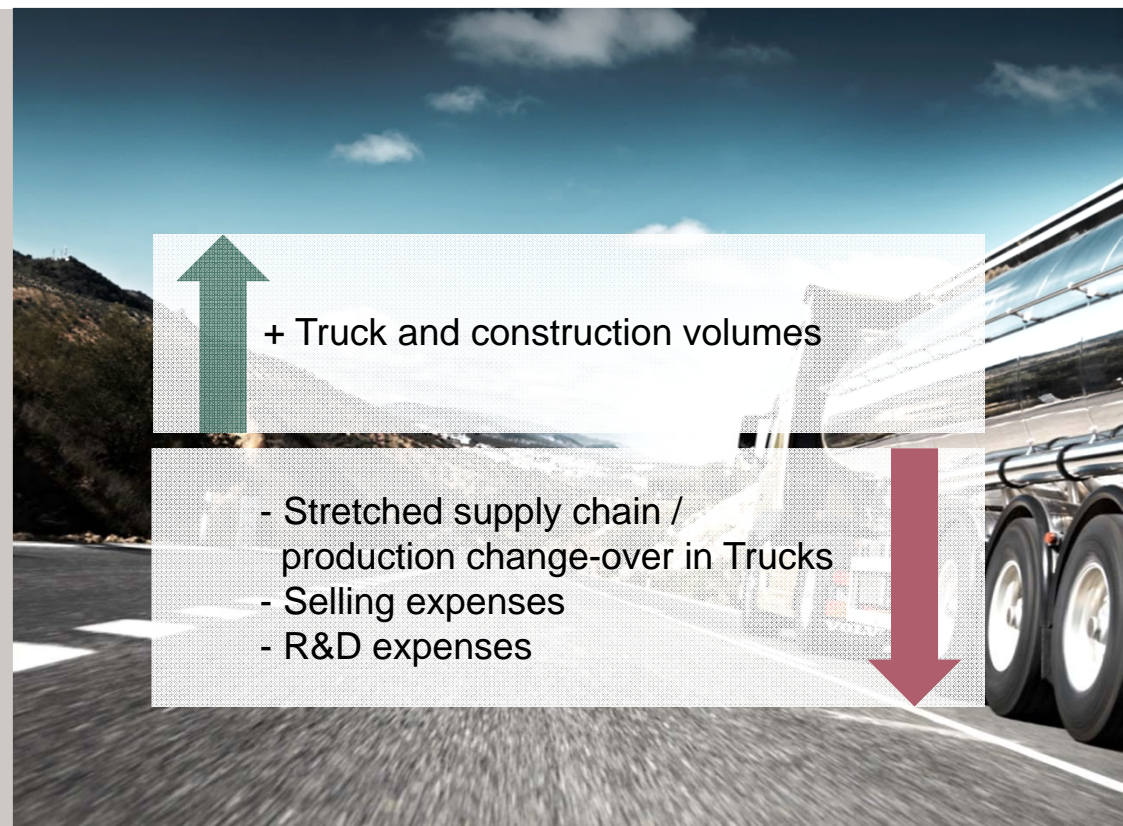
*Adjustments, see note 7 in Q1 report:
 Q1 2017: No adjustments
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Volvo Group

ADJUSTED OPERATING INCOME CONTRIBUTORS



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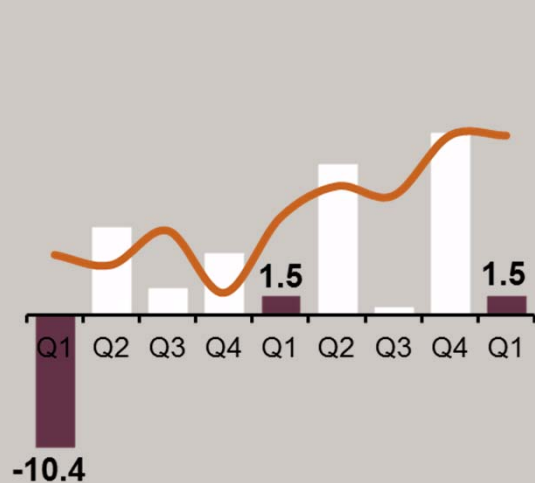


Volvo Group – Industrial Operations

CASH FLOW

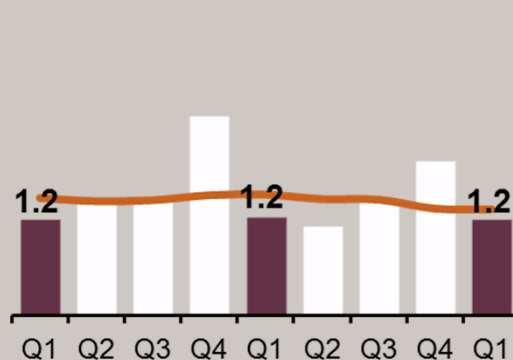
OPERATING CASH FLOW

SEK bn 12 months SEK 28.3 bn



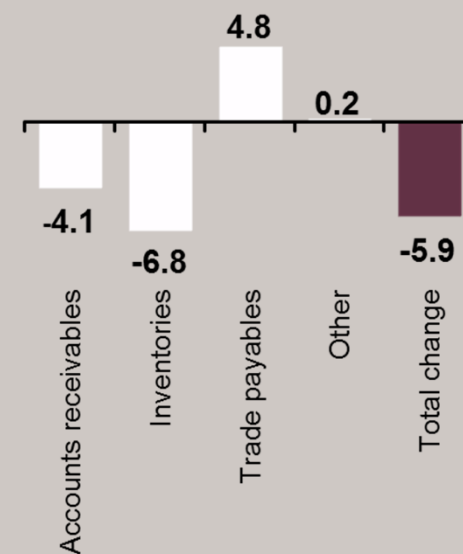
INVESTMENTS IN PPE

SEK bn 12 months SEK 5.7 bn



CASH FLOW EFFECT FROM CHANGES IN WORKING CAPITAL

SEK bn

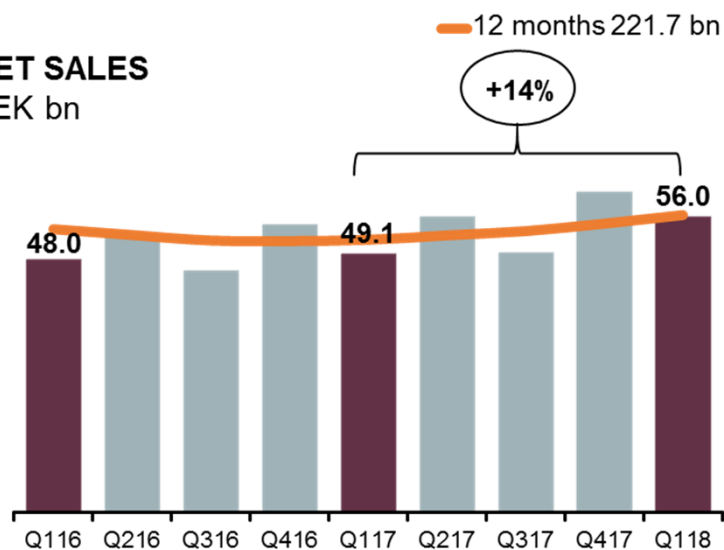


Trucks

NET SALES

- Delivered HD/MD trucks +17%:
 - North America +72%
 - Europe +9%
- Net sales currency-adjusted +17%:
 - Vehicles +21%
 - Services +6%

NET SALES SEK bn



Volvo Group
First quarter 2018
23 2018-04-24

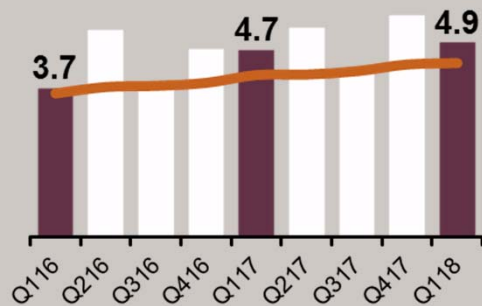


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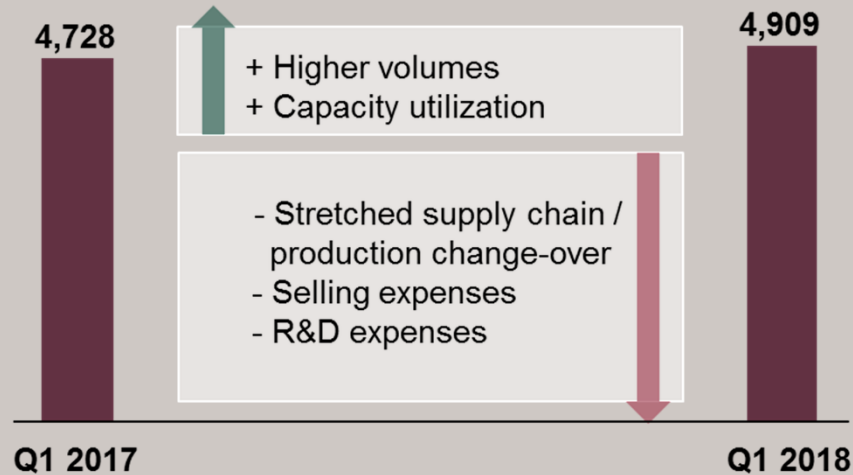
Trucks

ADJUSTED OPERATING INCOME

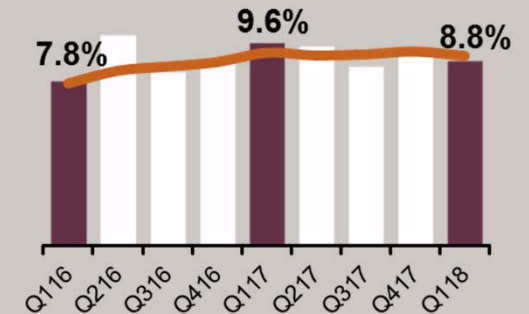
ADJUSTED OPERATING INCOME*
SEK bn 12 months 20.0 bn
Currency -503 M



ADJUSTED OPERATING INCOME*
SEK M

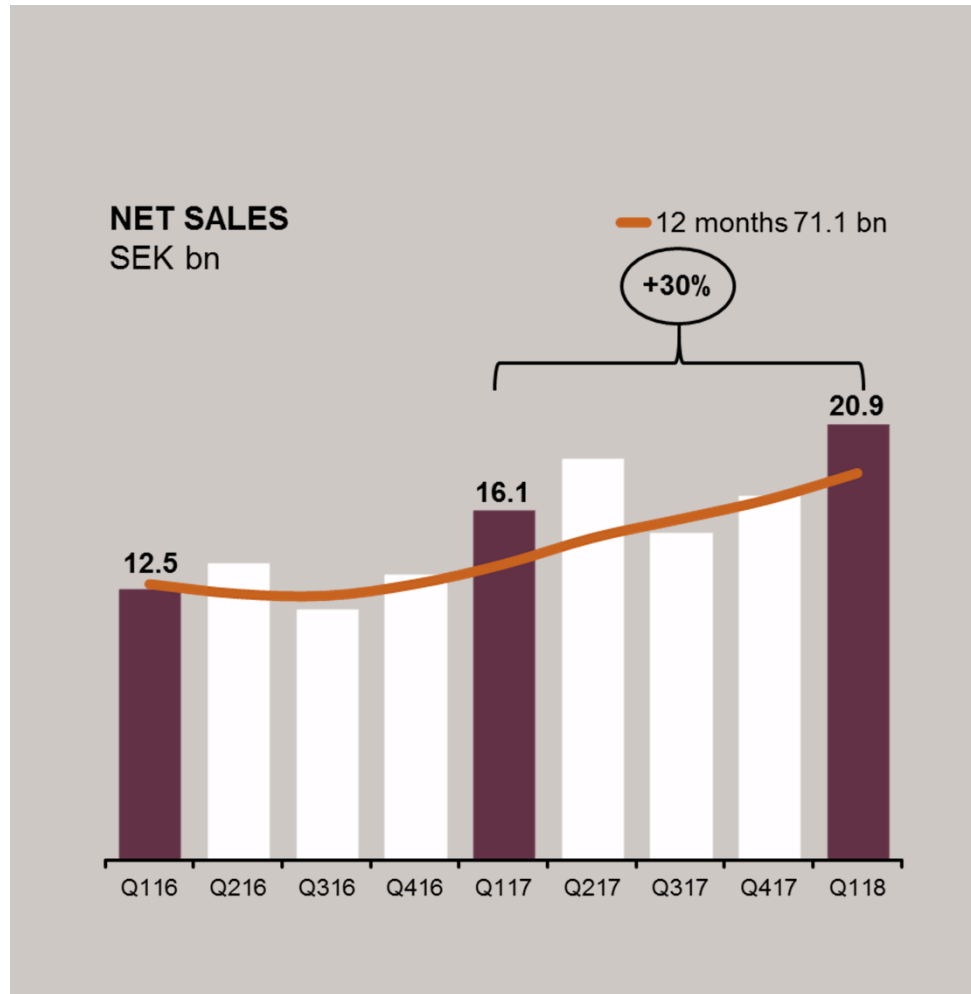


ADJUSTED OPERATING MARGIN*
% 12 months 9.0%



Construction Equipment

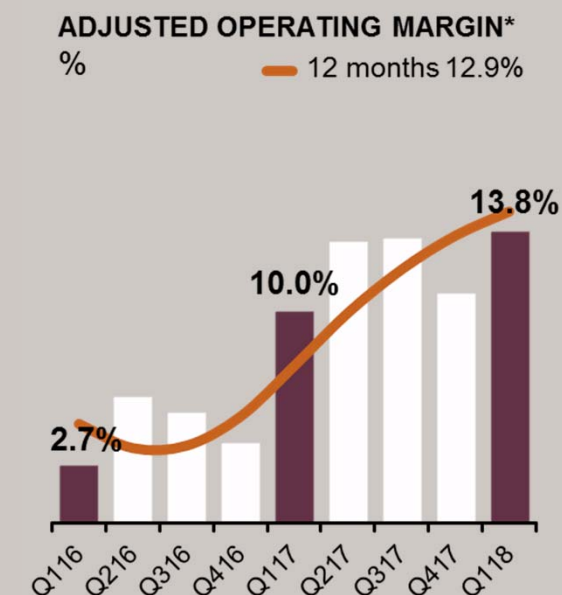
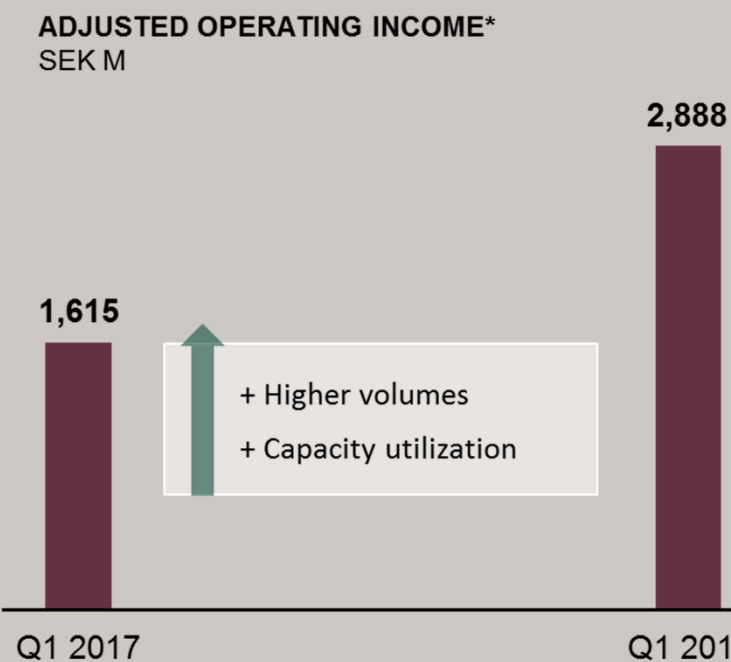
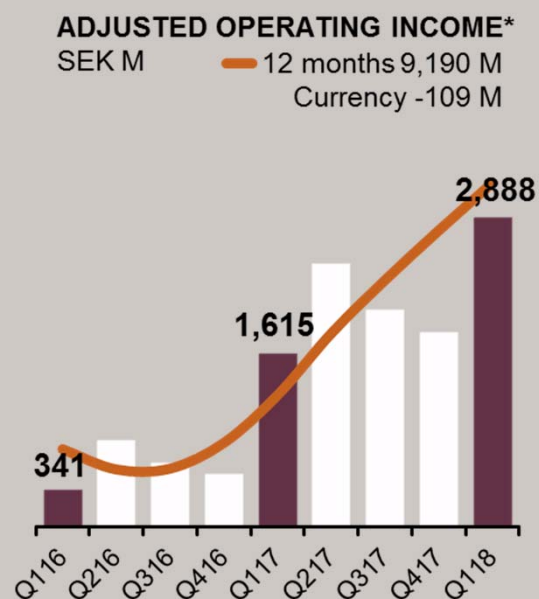
NET SALES



- Delivered machines +35%:
 - Volvo +24%
 - SDLG +53%
 - Large and medium +40%
 - Compact +23%
- Net sales currency-adjusted +33%:
 - Machines +37%
 - Services +12%

Construction Equipment

ADJUSTED OPERATING INCOME



*Adjustments, see note 7 in Q1 report:
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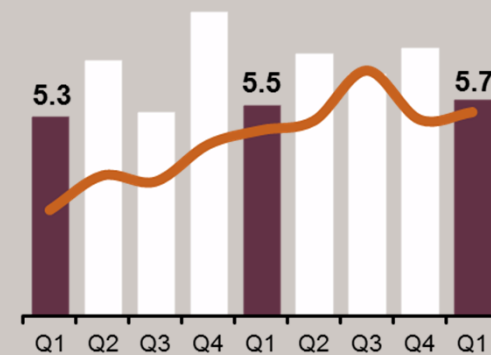
Buses

NET SALES & ADJUSTED OPERATING INCOME

- Net sales currency-adjusted +6%:
 - Vehicles +5%
 - Services +9%
- Adjusted operating income:
 - + Service sales
 - Selling & admin expenses
 - Lower volumes
- Adjusted operating margin* -0.3% (1.6)

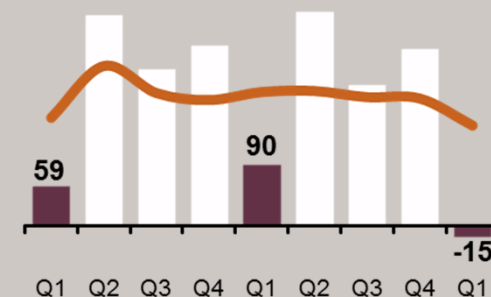
NET SALES

SEK bn — 12 months 26.0 bn



ADJUSTED OPERATING INCOME*

SEK M — 12 months 771 M
Currency -90 M



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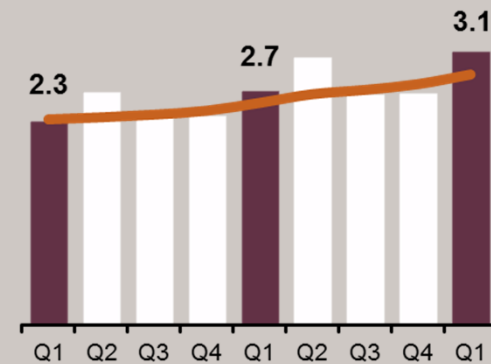
Volvo Penta

NET SALES & ADJUSTED OPERATING INCOME

- Net sales currency-adjusted +17%:
 - Engines +22%
 - Services +3%
- Adjusted operating income:
 - + Higher sales
 - + Product mix
- Adjusted operating margin* 16.2% (15.5)

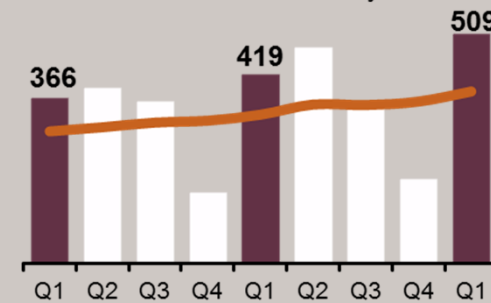
NET SALES

SEK bn 12 months 11.6 bn



ADJUSTED OPERATING INCOME*

SEK M 12 months 1,529 M
Currency -15 M



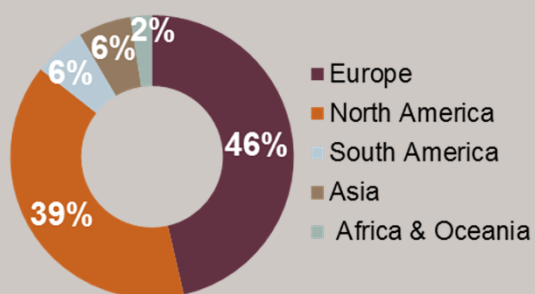
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Financial Services

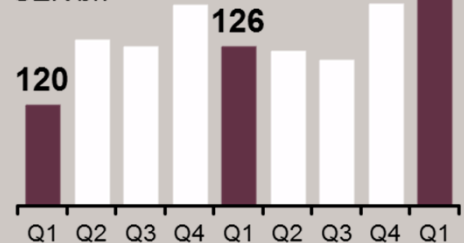
CREDIT PORTFOLIO AND PROFITABILITY

CREDIT PORTFOLIO NET

PER MARKET, %



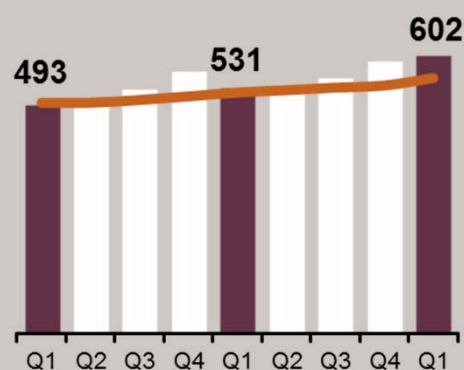
SEK bn



ADJUSTED OPERATING INCOME*

SEK M

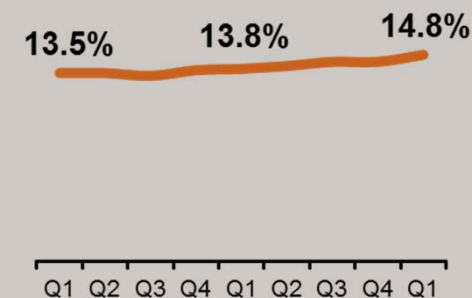
12 months 2,264 M
Currency -35 M



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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 23.0% in Q1 2018 (12 months).

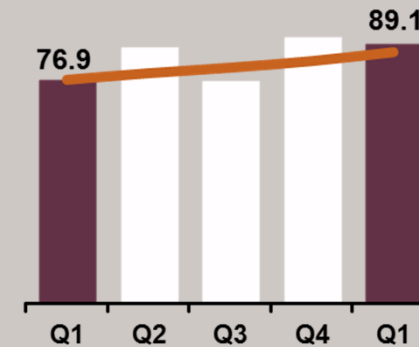
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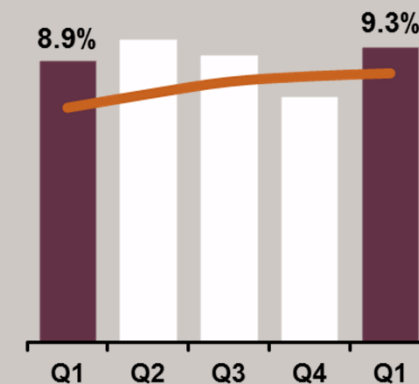
NET SALES

SEK bn — 12 months 345 bn



ADJUSTED OPERATING MARGIN*

% — 12 months 8.9%



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Investor Day in New York

May 17, 2018



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