



VOLVO
VOLVO GROUP

Third quarter 2018

Martin Lundstedt, President and CEO

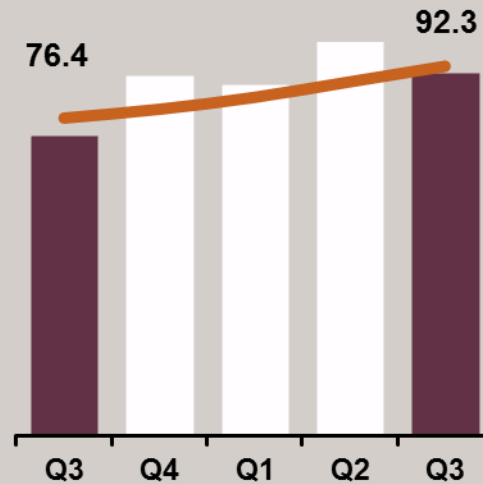
Volvo Group

THIRD QUARTER HIGHLIGHTS

- Net sales + SEK 15.9 bn, up 21% (+13% excl. currency)
- Adjusted operating income increased to SEK 10.2 bn (6.9)
- Trucks' adjusted operating margin 11.1% (8.5)
- Construction Equipment's adjusted operating margin 13.9% (13.4)

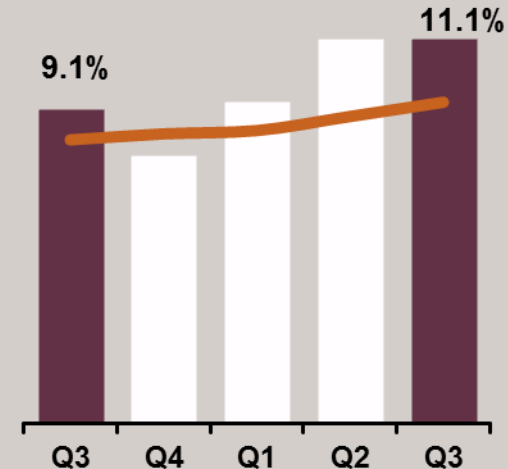
NET SALES

SEK bn — 12 months 377 bn



ADJUSTED OPERATING MARGIN*

% — 12 months 9.9%



*Adjustments, see note 7 in Q3 report:
Q3 2017: Significant one-time item of 400 MSEK
Q3 2018: No adjustments
Financial information for 2017 is restated due to implementation of IFRS 15

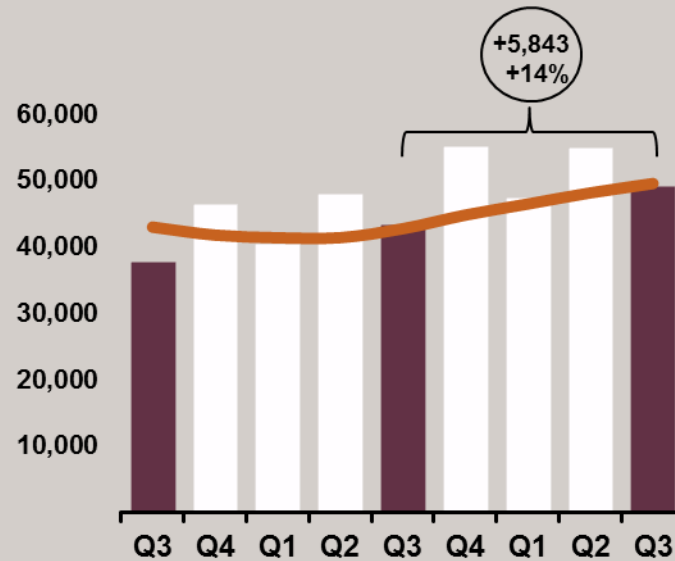
Volvo Group

VOLUME DEVELOPMENT IN THE THIRD QUARTER

TRUCK DELIVERIES

Units HD/MD

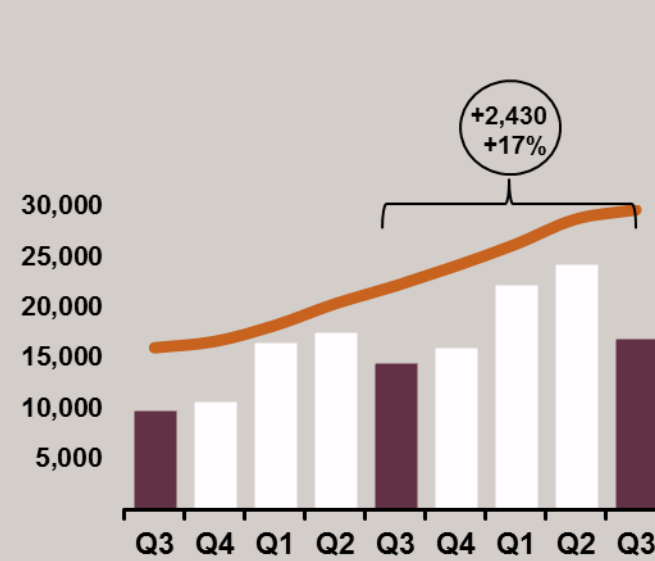
12 months 206,062



MACHINE DELIVERIES

Units

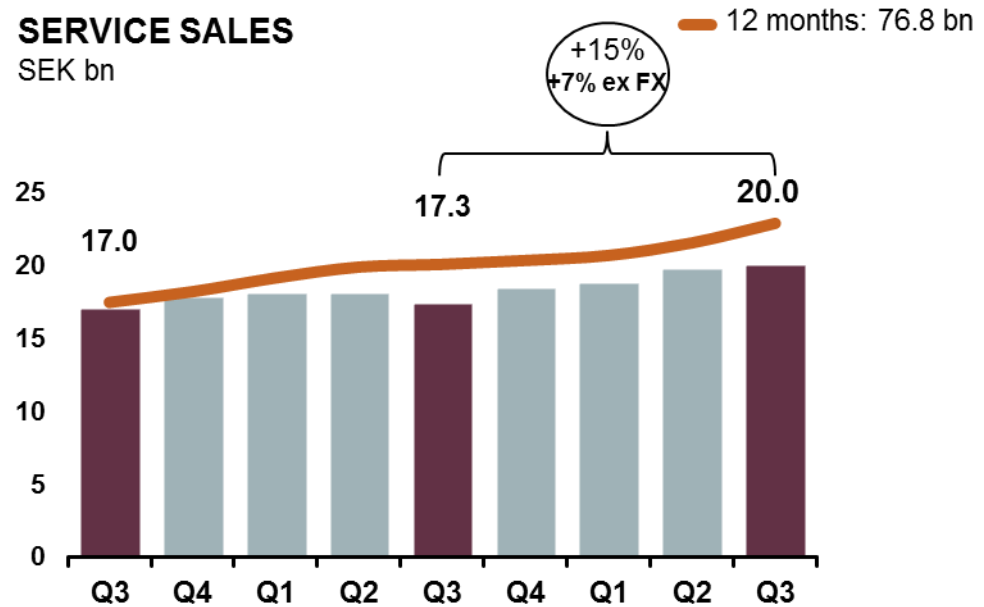
12 months 78,926



Volvo Group

SERVICE SALES DEVELOPMENT

SERVICE SALES
SEK bn



TRUCKS



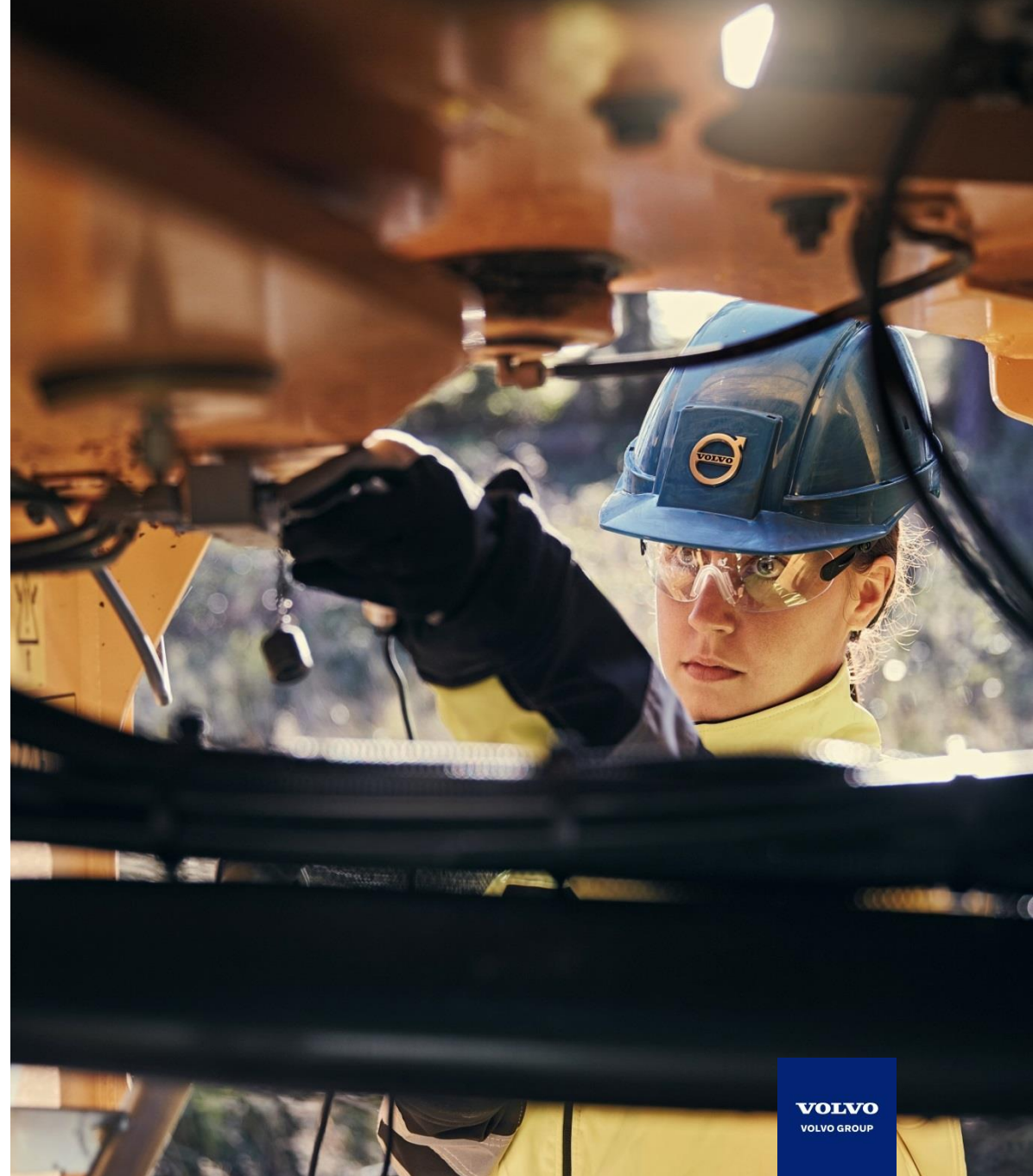
CONSTRUCTION
EQUIPMENT



BUSES



VOLVO PENTA



Trucks

- Good demand in key regions
- Increased deliveries with 14% despite stretched supply chain, in particular in North America
- Volvo Trucks presented a future transport vehicle that is autonomous, fully electric and connected (Vera)
- High customer and business partner activity level at IAA Hannover Truck Fair where Volvo Connect was launched



Trucks

VOLVO TRUCKS

- An autonomous, electric and connected vehicle controlled and monitored via a control centre
- Potential to make transportation safer, cleaner and more efficient
- This future transport solution is currently developed with customers



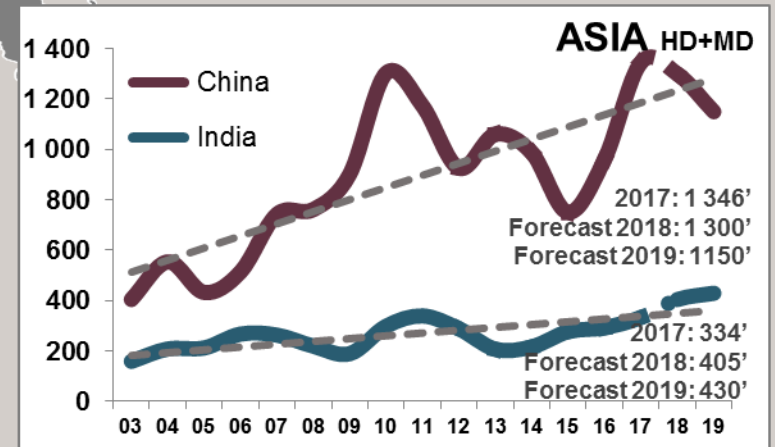
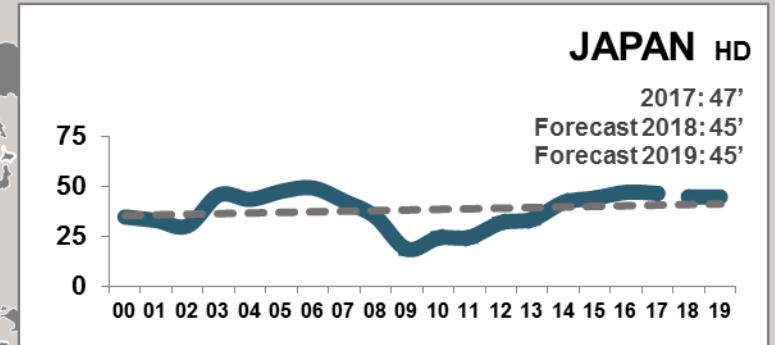
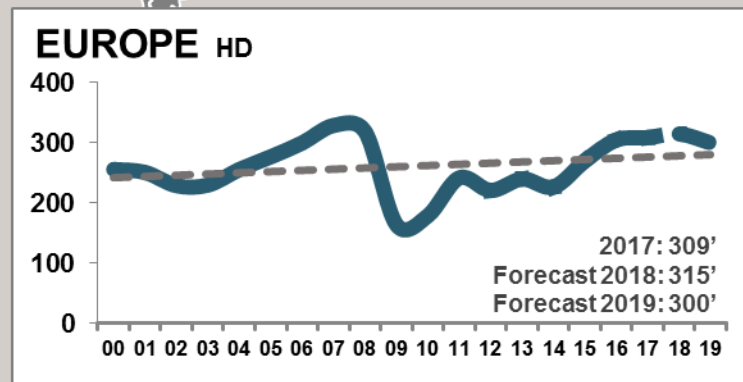
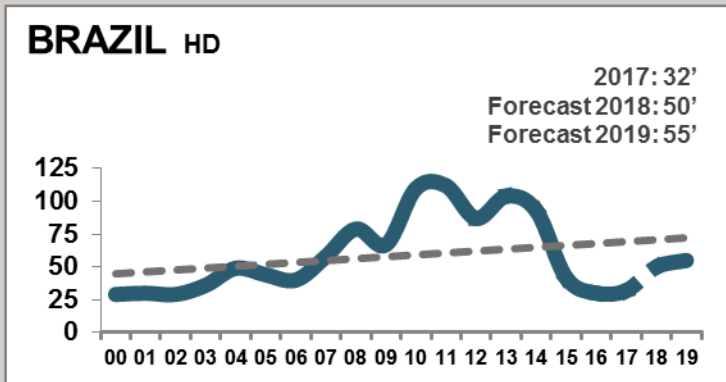
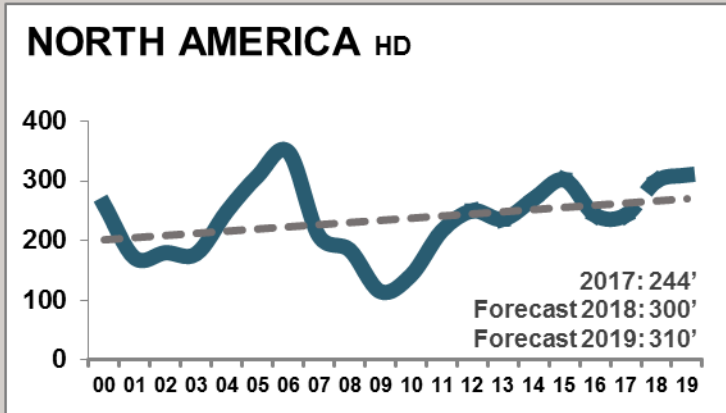
Trucks

HIGH CUSTOMER AND BUSINESS PARTNER ACTIVITY AT IAA HANOVER TRUCK FAIR



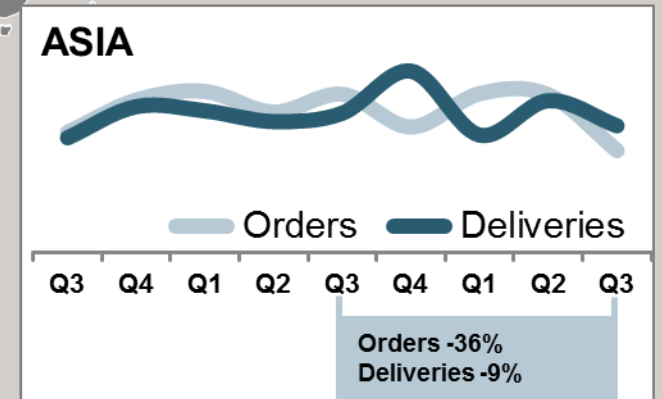
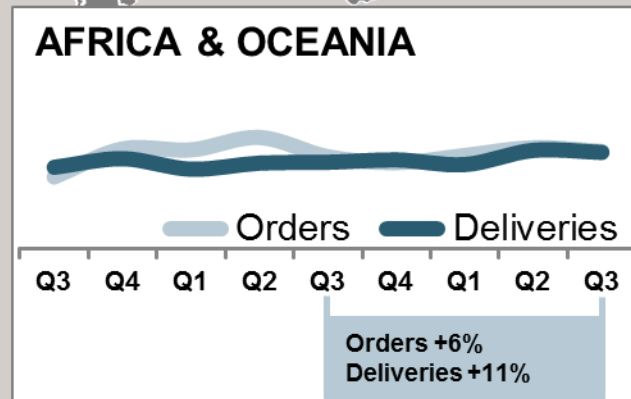
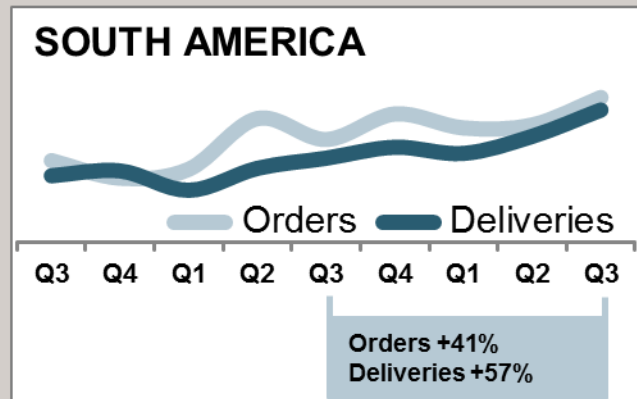
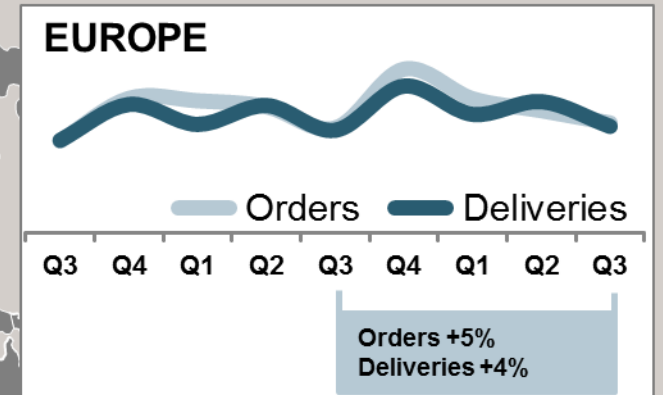
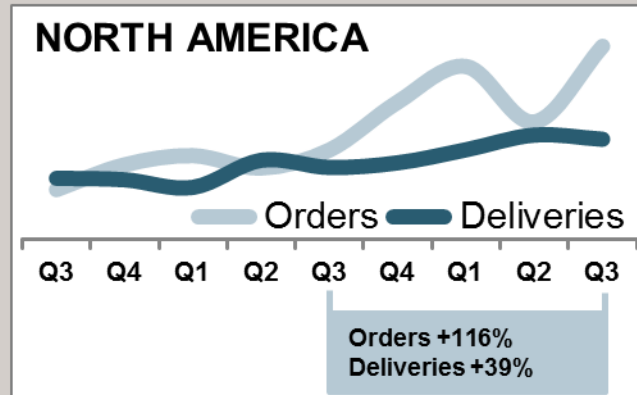
Trucks

MARKET ENVIRONMENT



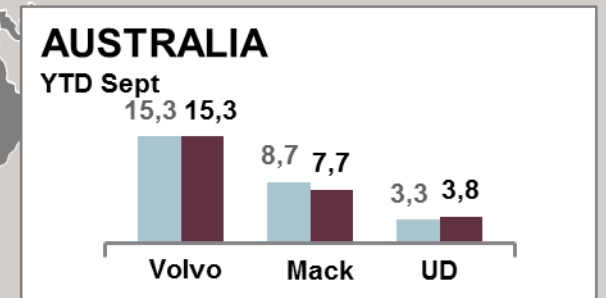
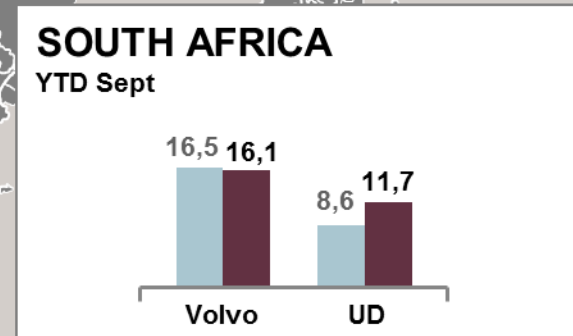
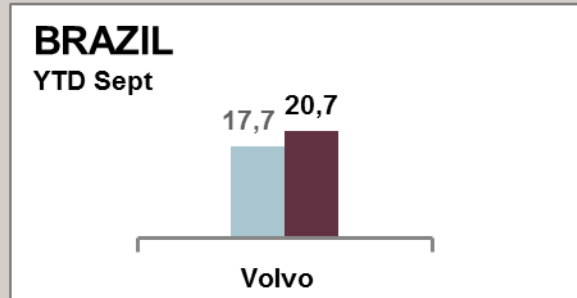
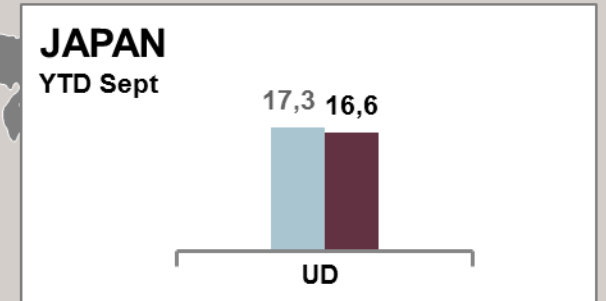
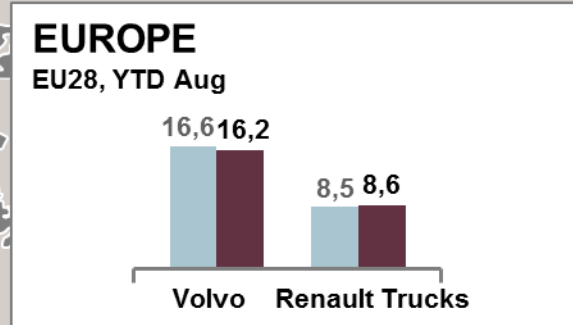
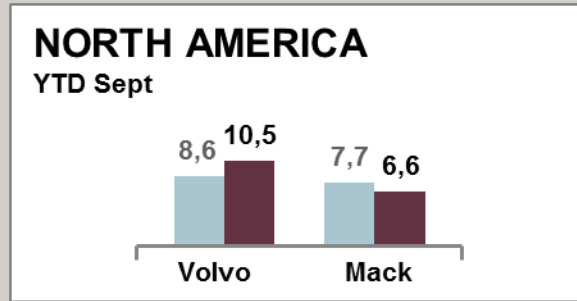
Trucks

HD/MD: QUARTERLY ORDERS +28% AND DELIVERIES +14%



Trucks MARKET SHARES

HD% 2017 2018



Construction Equipment

- Market momentum continues in Europe and the Americas while growth rates are slowing down in China
- Order intake +22% and deliveries +17%
- Volvo CE unveiled a concept compact electric wheel loader – LX2
- New Electric Site concept in quarry operation under testing with Skanska



Construction Equipment

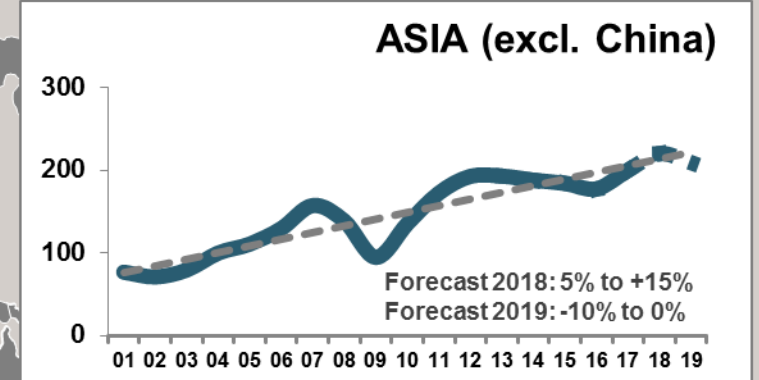
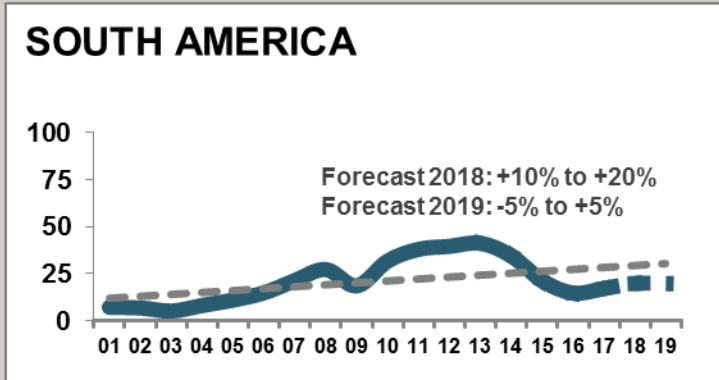
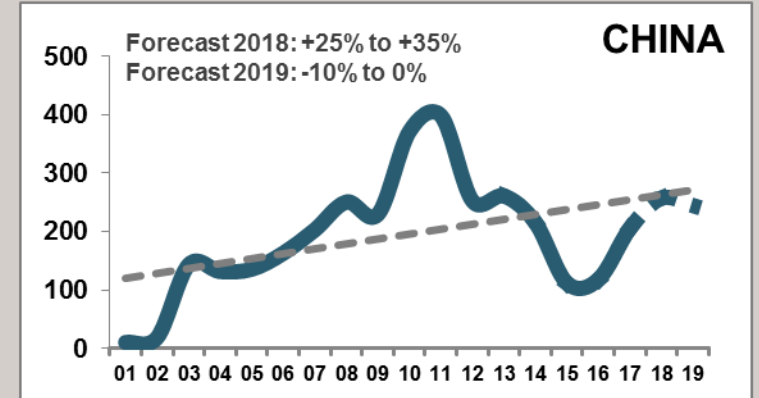
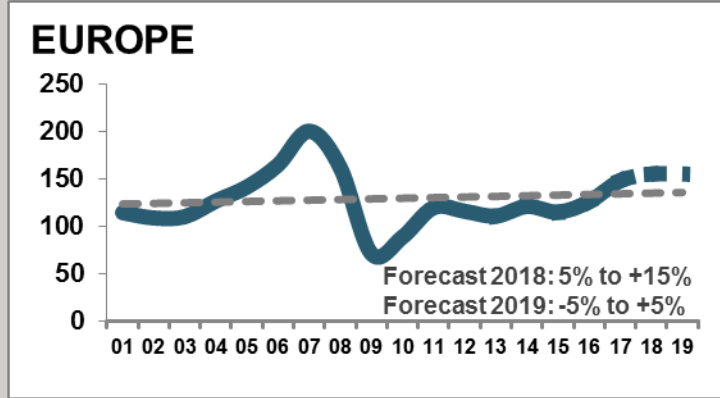
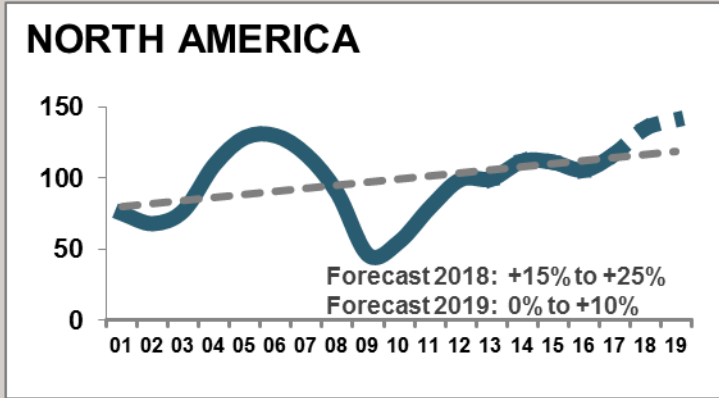
ELECTRIC SITE CONCEPT

- Volvo CE and Skanska began testing of the Electric Site viability in a quarry
- The Volvo machines used are electric, autonomous and connected
- The concept is anticipated to deliver a substantial reduction in carbon emissions and total cost of operations



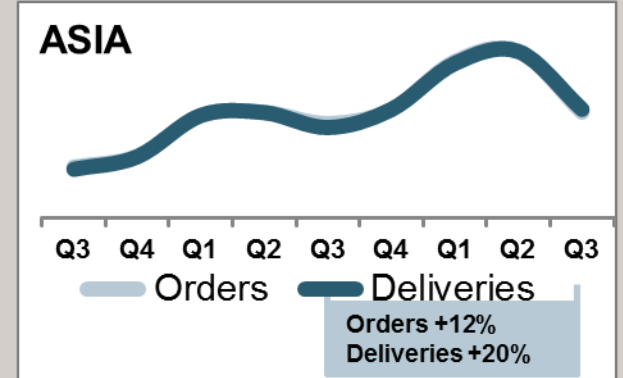
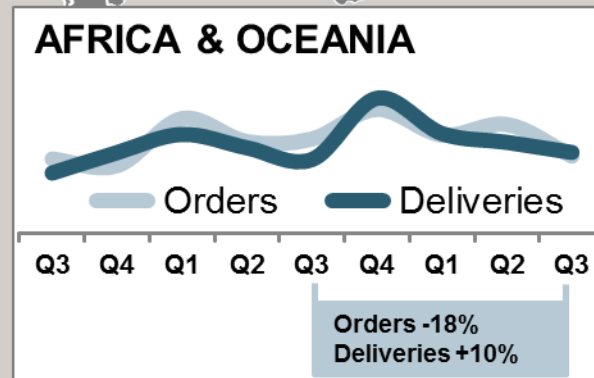
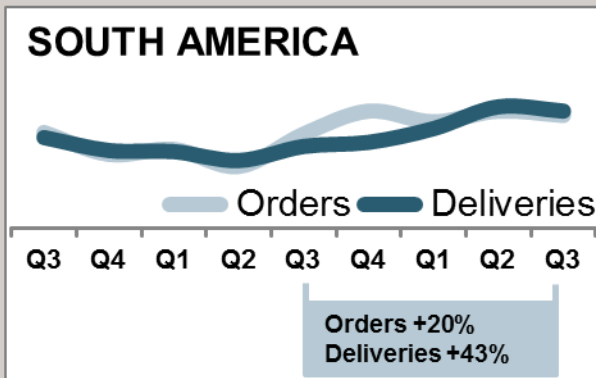
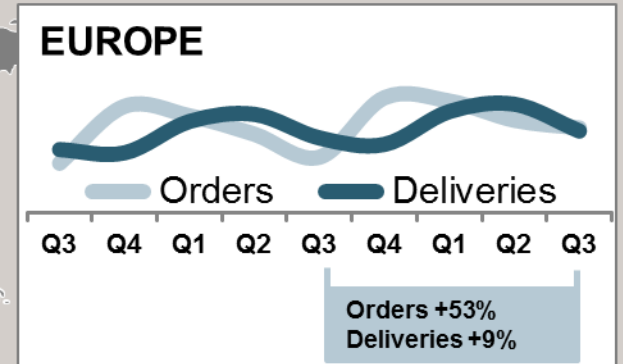
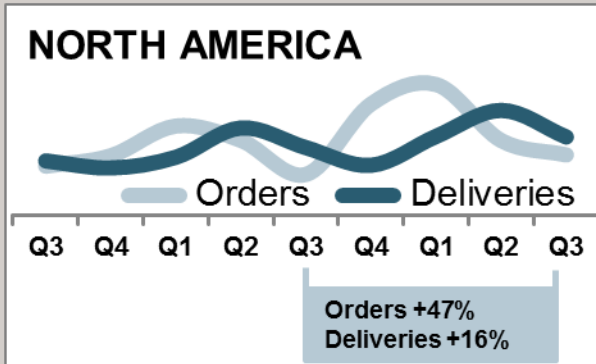
Construction Equipment

MARKET ENVIRONMENT



Construction Equipment

QUARTERLY ORDERS +22% AND DELIVERIES +17%



Buses

- Good order intake (12%) mainly driven by Nordics, UK and India
- Deliveries decreased by 16% due to low tender activity level 2017 in the Nordics and Asia
- The new Volvo 9900 premium coach won the Sustainable Bus Award 2019



Volvo Penta

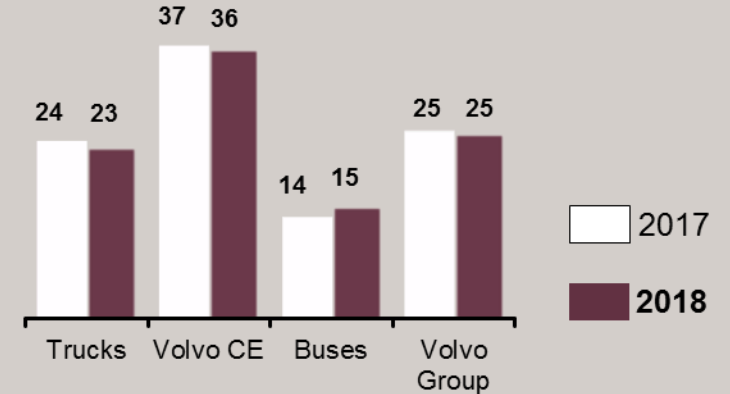
- Orders increased with 8% with pre-buy effects ahead of new EU Stage V
- Deliveries increased with 8%, driven by growth for industrial off-road engines
- Launch of new easy boating features:
 - ✓ Dynamic Positioning System to include repositioning function
 - ✓ Active Ride Control
 - ✓ Active Corrosion Protection for sterndrives



Financial Services

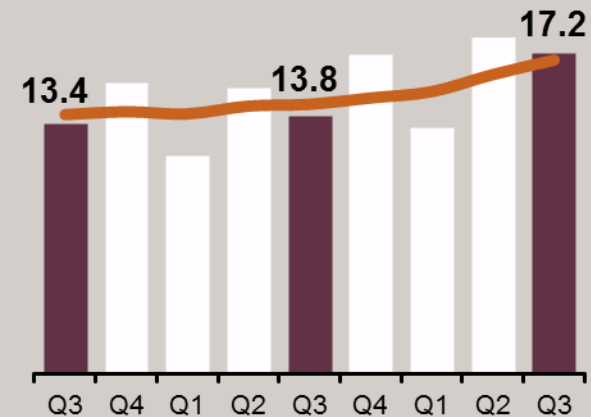
- Record third quarter new business volume led by North America and Brazil
- Hurricane Florence payment relief program helping more than 200 customers
- Fully integrated commercial offer presented at IAA Hannover Truck Fair

PENETRATION RATE, %
12 months moving



NEW RETAIL FINANCING

SEK bn 12 months 66.9 bn





VOLVO
VOLVO GROUP

Third quarter 2018

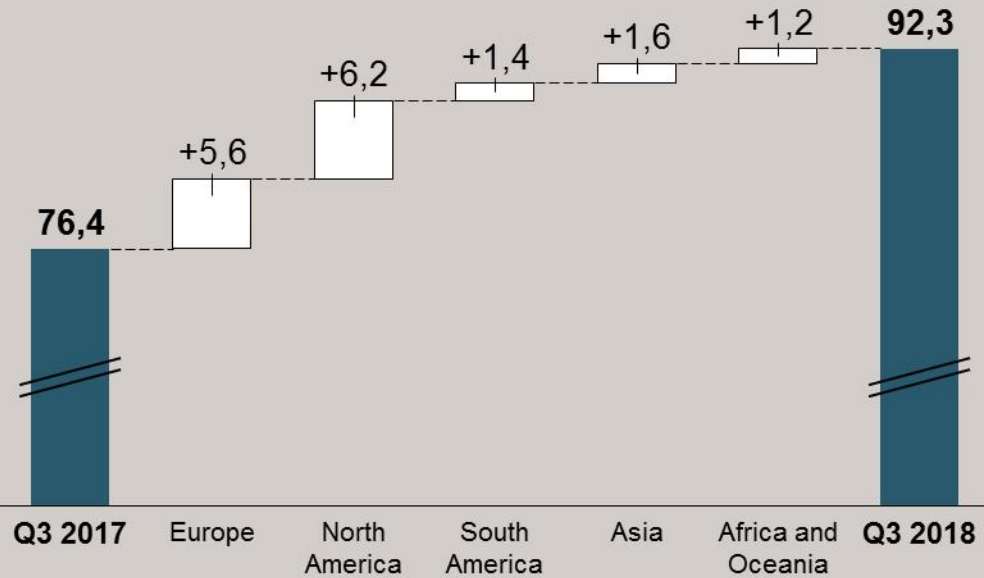
Jan Gurander, Deputy CEO and CFO

Volvo Group

NET SALES PER MARKET

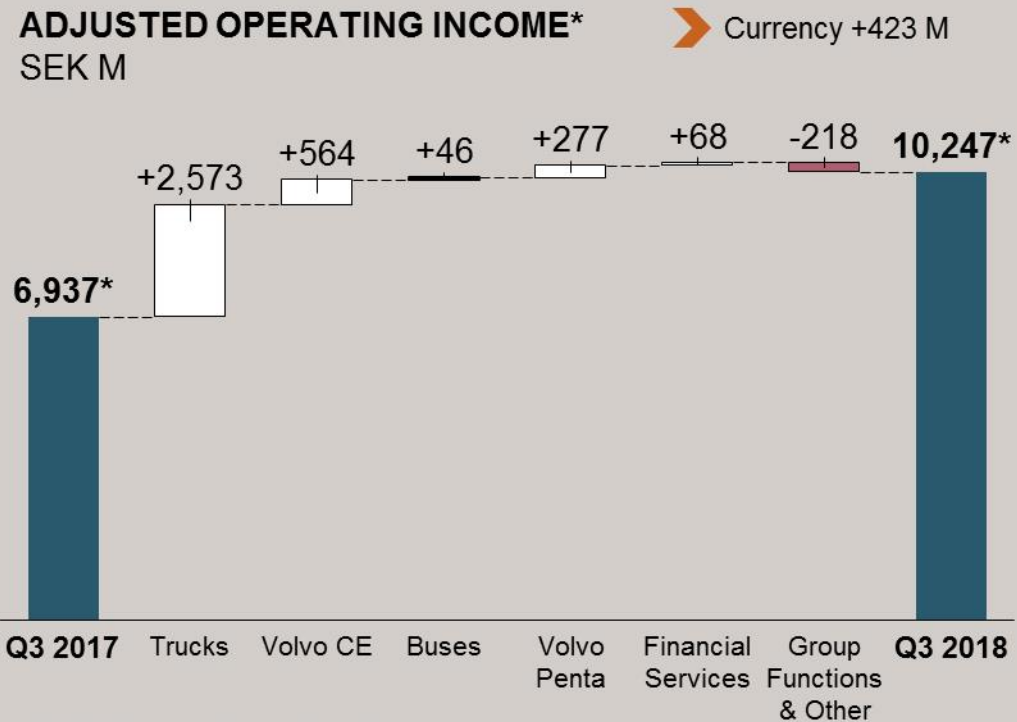
NET SALES
SEK bn

➤ Currency +6.3 bn



Volvo Group

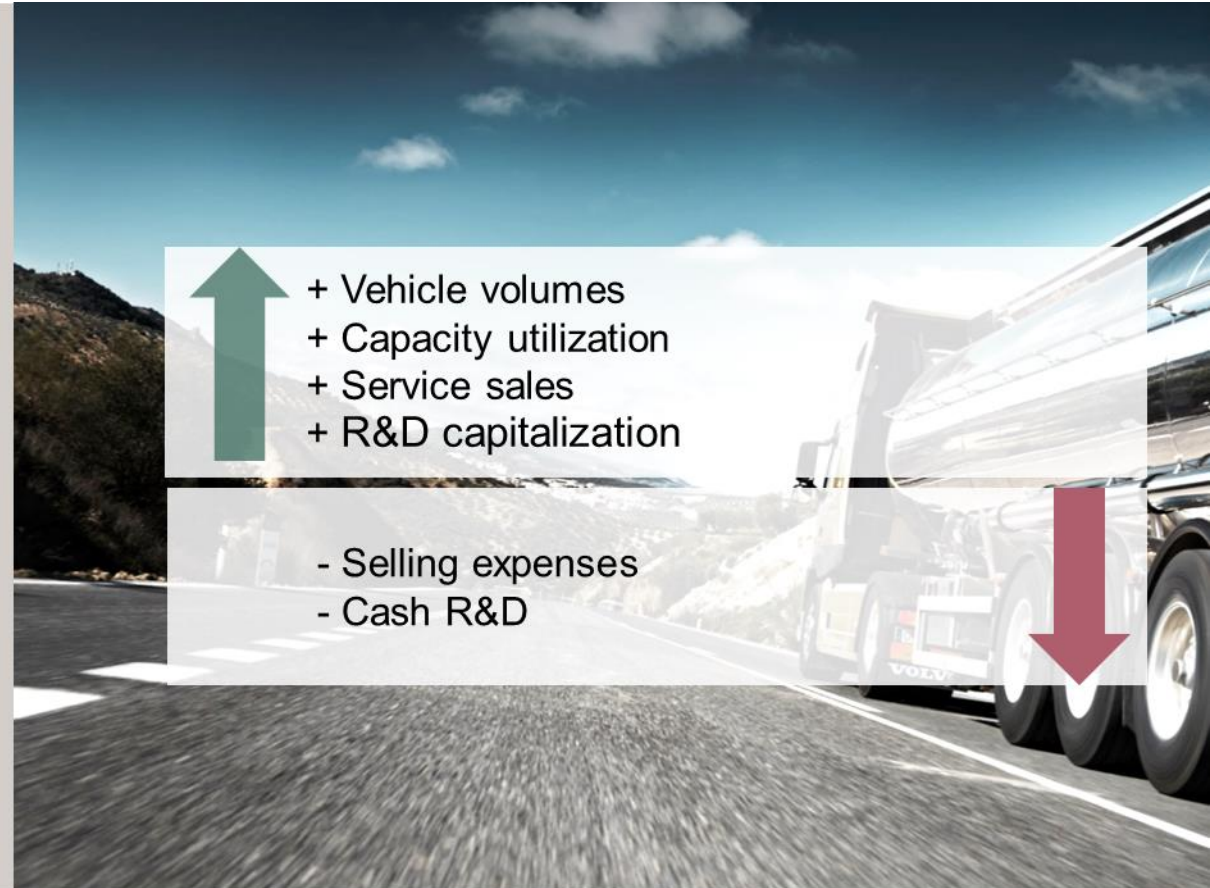
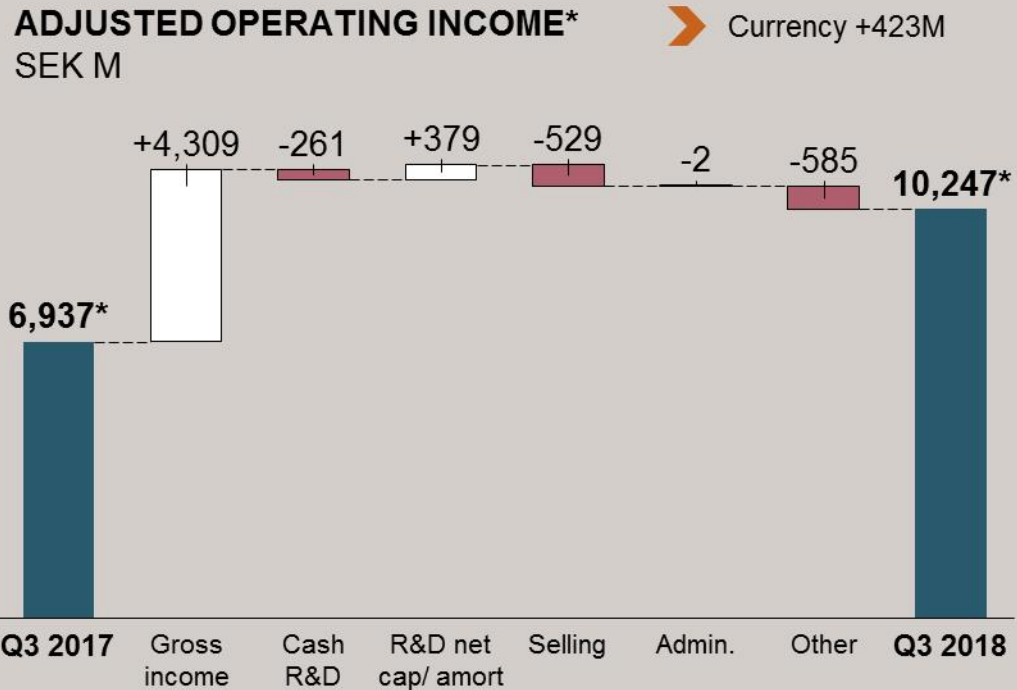
ADJUSTED OPERATING INCOME PER BUSINESS AREA



*Adjustments, see note 7 in Q3 report:
Q3 2017: Significant one-time item of 400 MSEK
Q3 2018: No adjustments

Volvo Group

ADJUSTED OPERATING INCOME CONTRIBUTORS



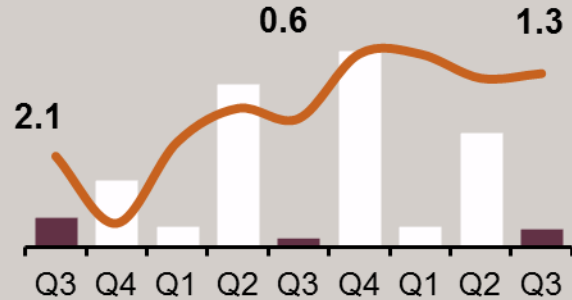
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Volvo Group – Industrial Operations

CASH FLOW

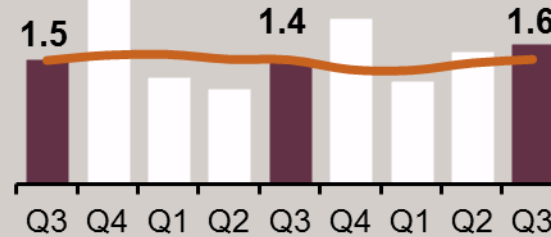
OPERATING CASH FLOW

SEK bn — 12 months SEK 25.5 bn



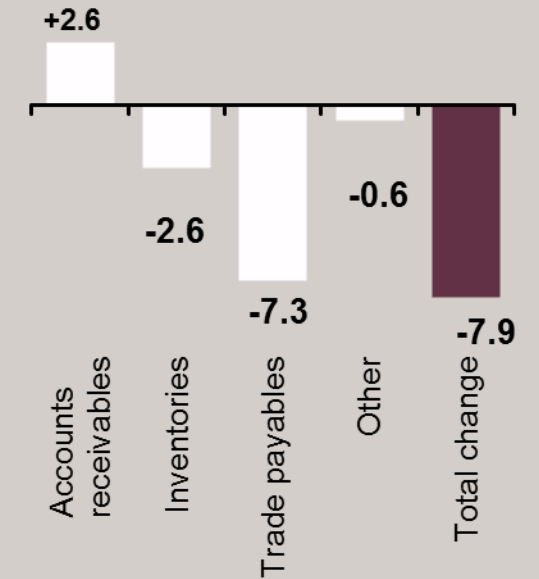
INVESTMENTS IN PPE

SEK bn — 12 months SEK 6.3 bn



CASH FLOW EFFECT FROM CHANGES IN WORKING CAPITAL

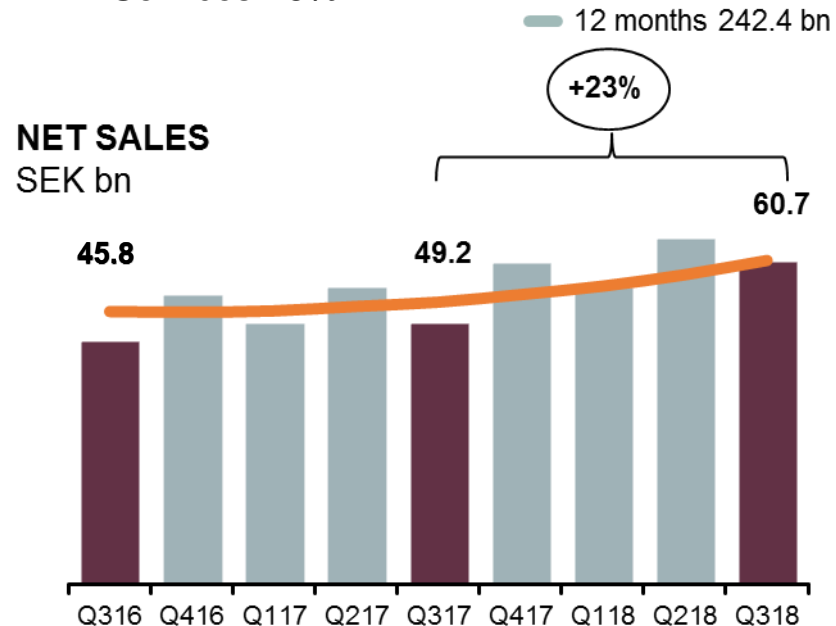
SEK bn



Trucks

NET SALES

- Delivered HD/MD trucks +14%:
 - North America +39%
 - Europe +4%
- Net sales currency-adjusted +15%:
 - Vehicles +17%
 - Services +8%



Volvo Group
Third quarter 2018
23 2018-10-19

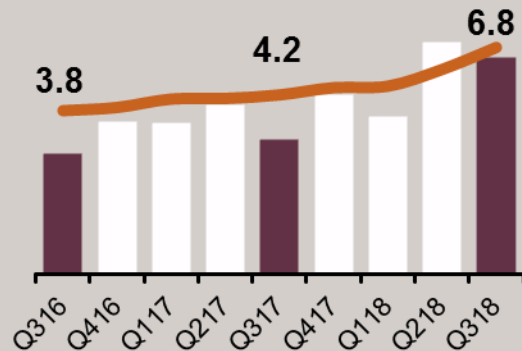


Trucks

ADJUSTED OPERATING INCOME

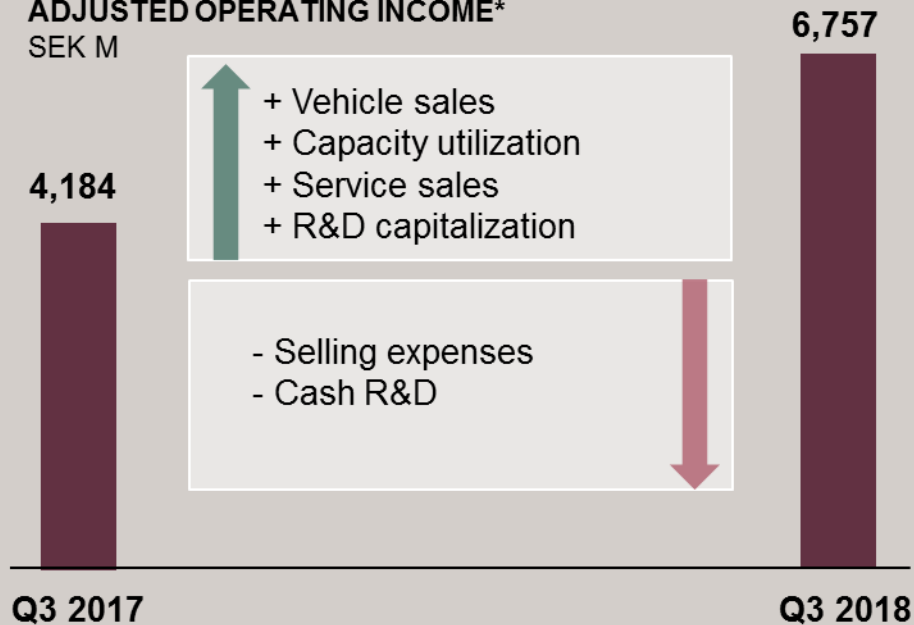
ADJUSTED OPERATING INCOME*
SEK bn

— 12 months 24.5 bn
Q3: currency +456 M



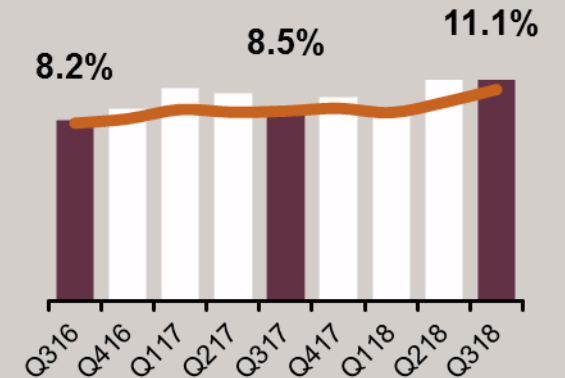
*Adjustments, see note 7 in Q3 report:
Q3 2017: No adjustments
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ADJUSTED OPERATING INCOME*
SEK M



ADJUSTED OPERATING MARGIN*
%

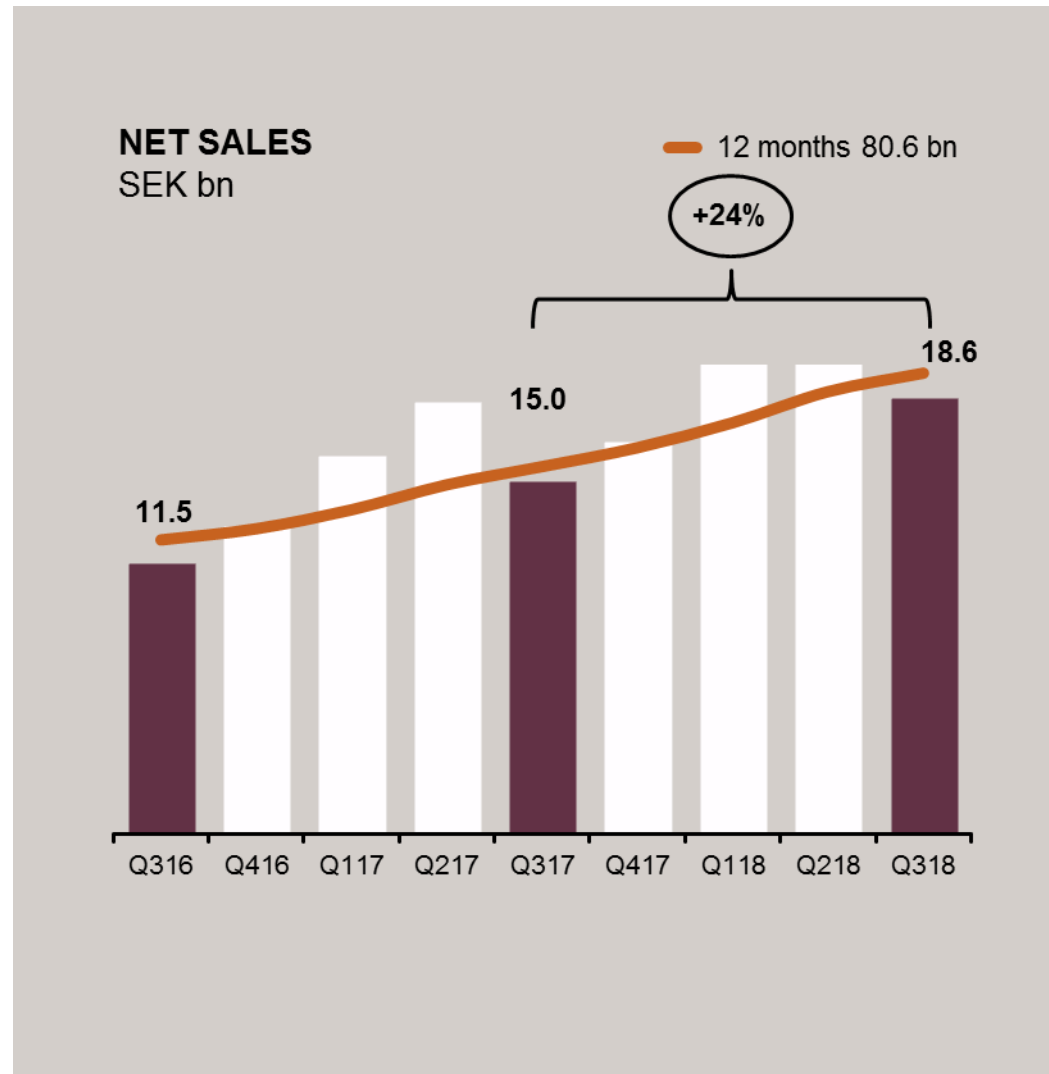
— 12 months 10.2%



*Adjustments, see note 7 in Q3 report:
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Construction Equipment

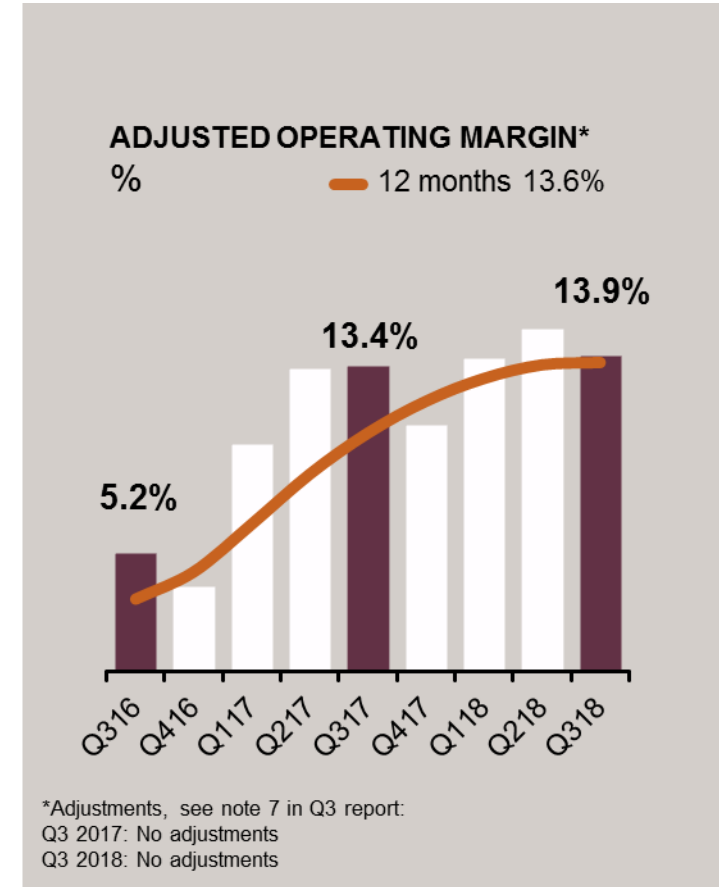
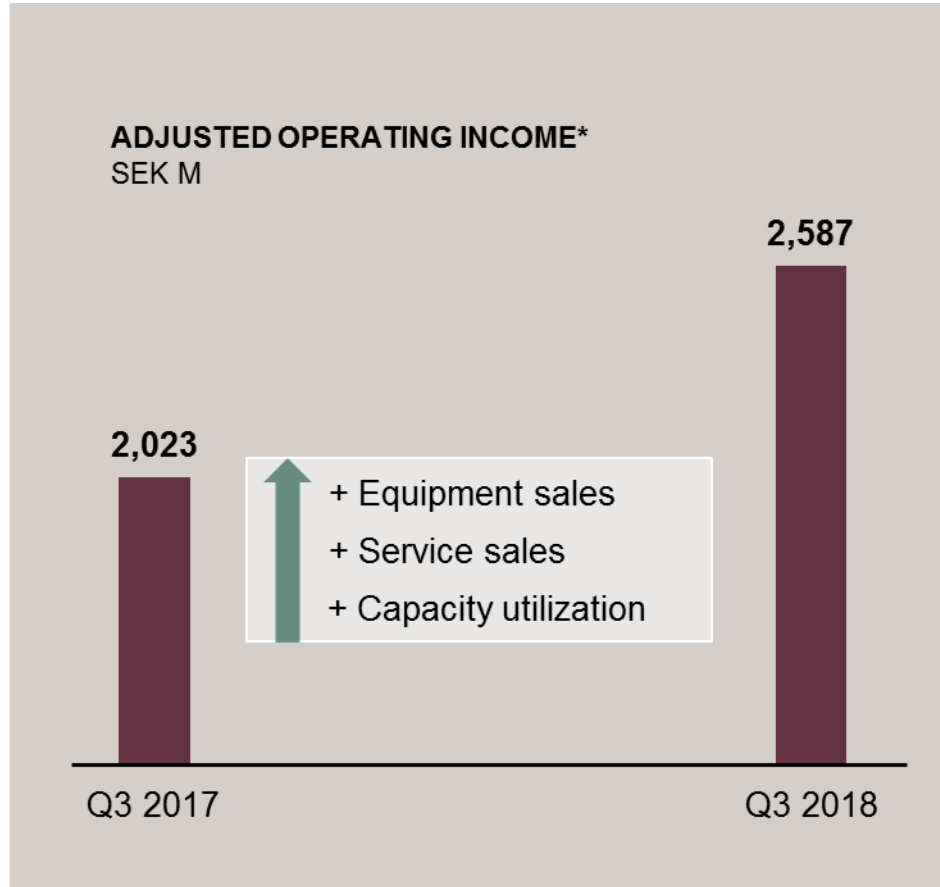
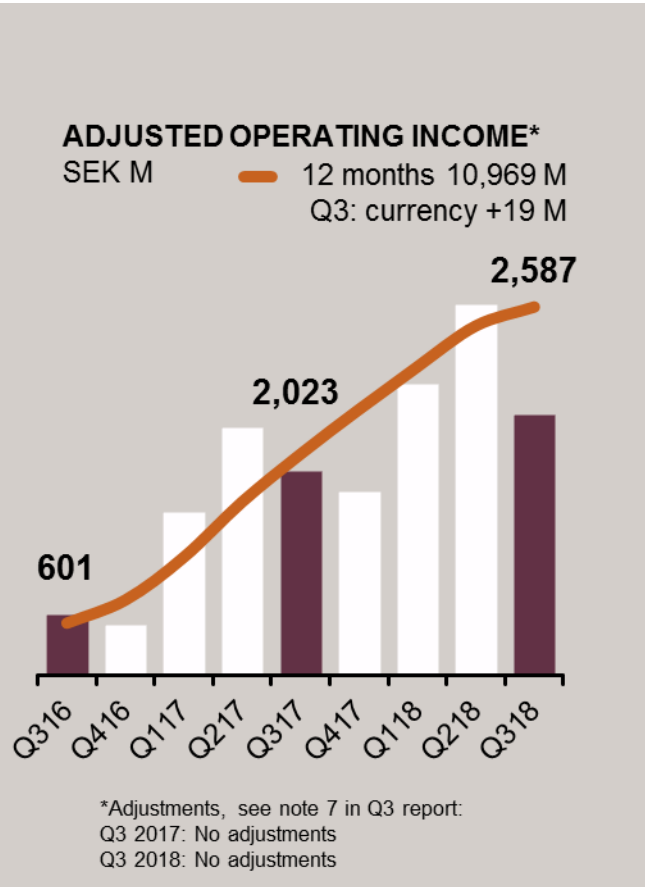
NET SALES



- Delivered machines +17%:
 - Volvo +5%
 - SDLG +35%
 - Large and medium +19%
 - Compact +9%
- Net sales currency-adjusted +16%:
 - Machines +17%
 - Services +6%

Construction Equipment

ADJUSTED OPERATING INCOME



Buses

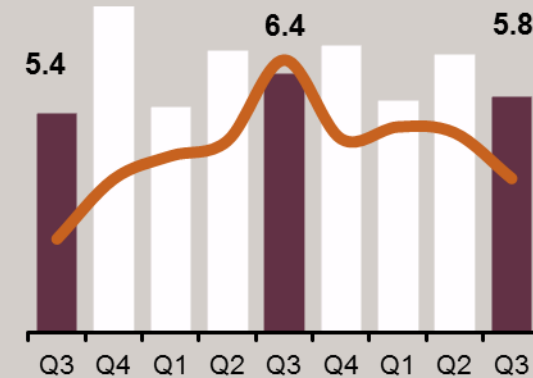
NET SALES & ADJUSTED OPERATING INCOME

- Net sales currency-adjusted -14%:
 - Vehicles -20%
 - Services +14%
- Adjusted operating income:
 - + Service sales
 - Lower volumes
- Adjusted operating margin* 4.4% (3.3)

NET SALES

SEK bn

— 12 months 25.4 bn

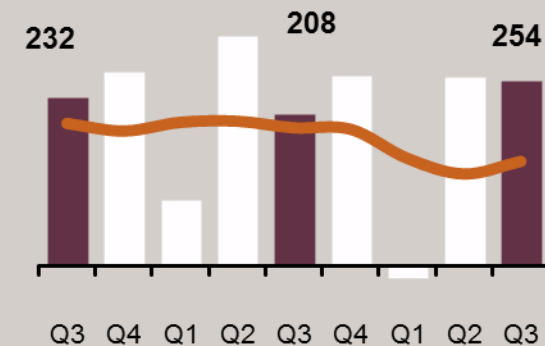


ADJUSTED OPERATING INCOME*

SEK M

— 12 months 761 M

Q3: currency +53 M



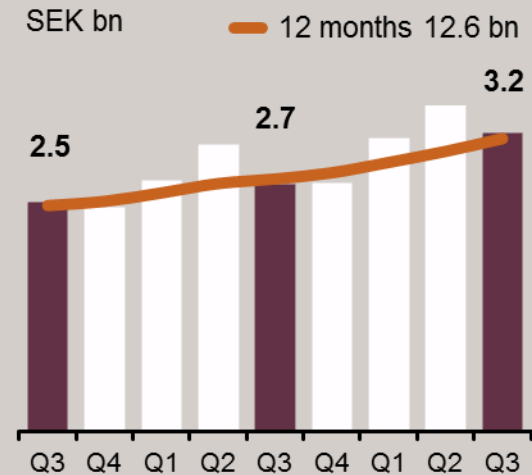
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Volvo Penta

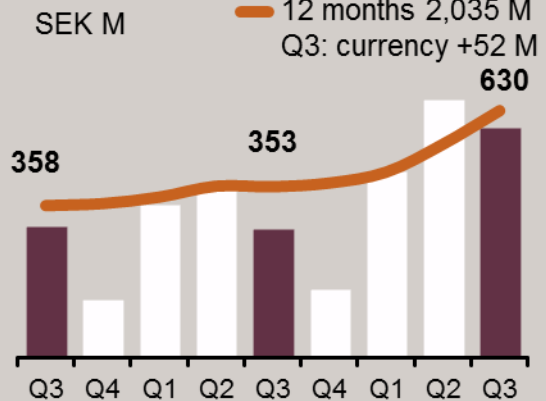
NET SALES & ADJUSTED OPERATING INCOME

- Net sales currency-adjusted +12%:
 - Engines +13%
 - Services +11%
- Adjusted operating income:
 - + Higher sales
 - + Product mix
- Adjusted operating margin* 19.6% (13.3)

NET SALES



ADJUSTED OPERATING INCOME*



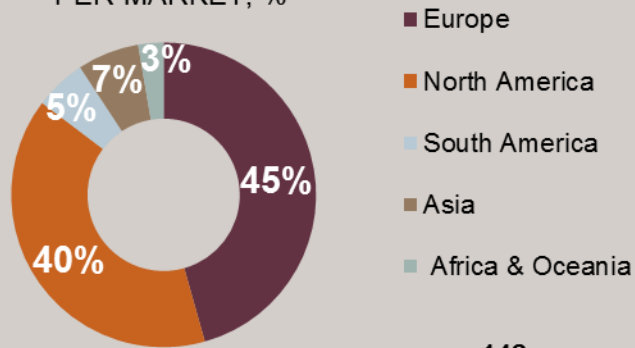
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Financial Services

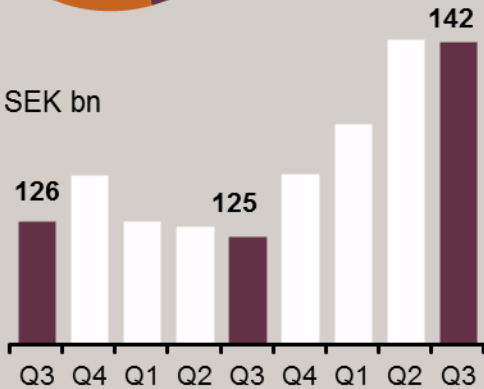
CREDIT PORTFOLIO AND PROFITABILITY

CREDIT PORTFOLIO, NET

PER MARKET, %

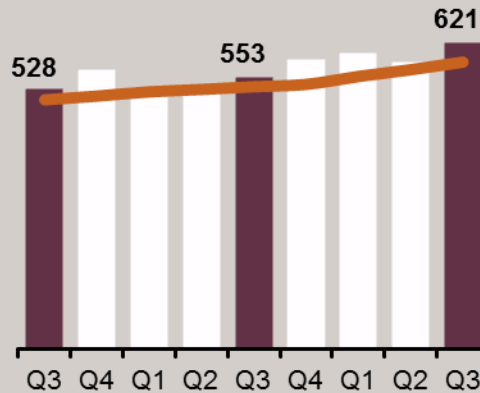


SEK bn



ADJUSTED OPERATING INCOME*

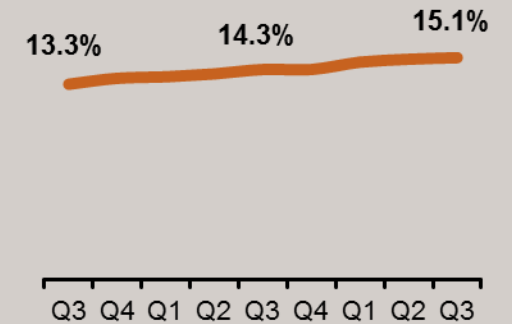
SEK M
 12 months 2,393 M
 Currency +29 M



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ROE ¹

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 22.9% in Q3 2018 (12 months).

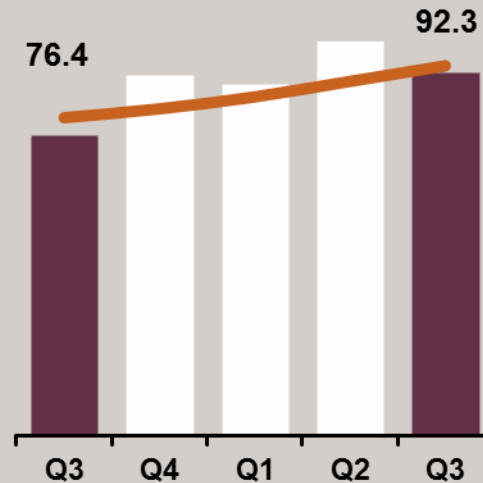
Volvo Group

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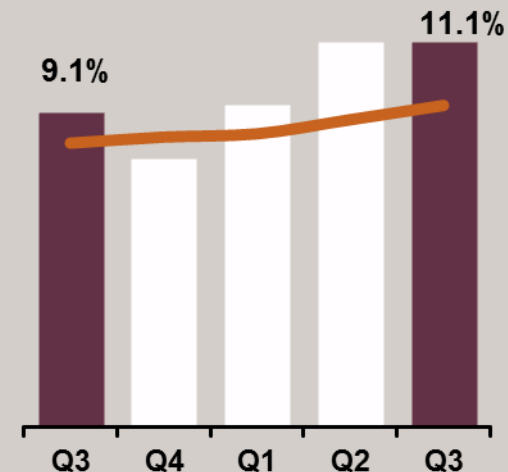
NET SALES

SEK bn — 12 months 377 bn



ADJUSTED OPERATING MARGIN*

% — 12 months 9.9%



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