



**VOLVO**  
VOLVO GROUP



**First quarter 2019**

Martin Lundstedt, President and CEO

# Volvo Group

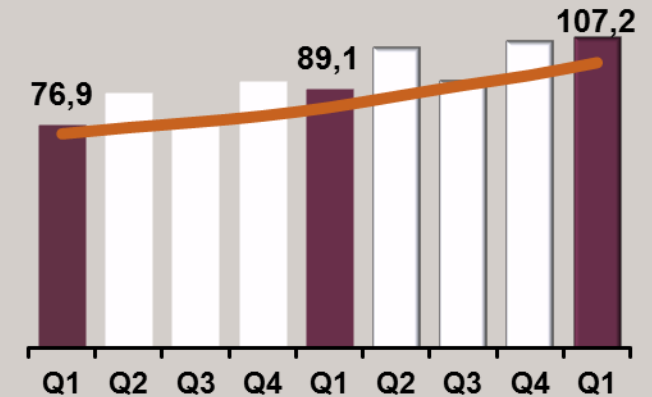
## FIRST QUARTER HIGHLIGHTS

- Net sales +SEK 18 bn, up 20% (+12% excl. currency)
- Adjusted operating income increased to SEK 12.7 bn (8.3), corresponding to a margin of 11.8% (9.3)
- Operating cash flow in the Industrial Operations SEK 2.8 bn

### NET SALES

SEK bn

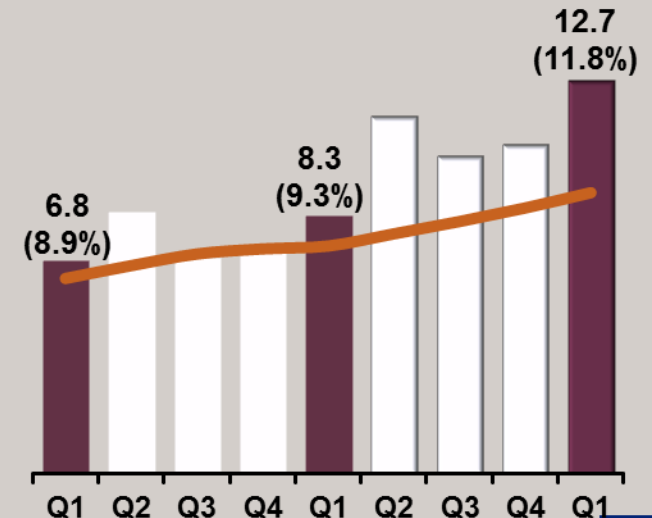
— 12 months 409 bn



### ADJUSTED OPERATING INCOME

(margin)\*

— 12 months 11.0%



\*Adjustments, see note 7 in Q1 report.

Q1 2018: No adjustments

Q1 2019: Significant one-time item of SEK 1.5bn.

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

# Volvo Group

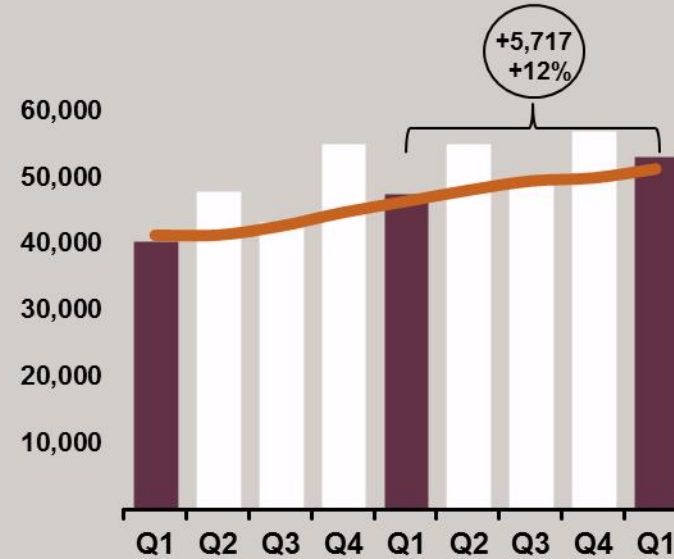
## VOLUME DEVELOPMENT IN THE FIRST QUARTER



### TRUCK DELIVERIES

Units HD/MD

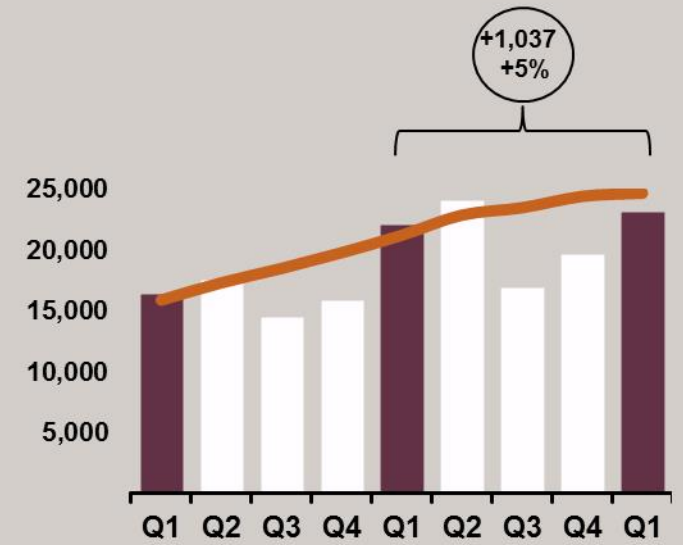
12 months 213,668



### MACHINE DELIVERIES

Units

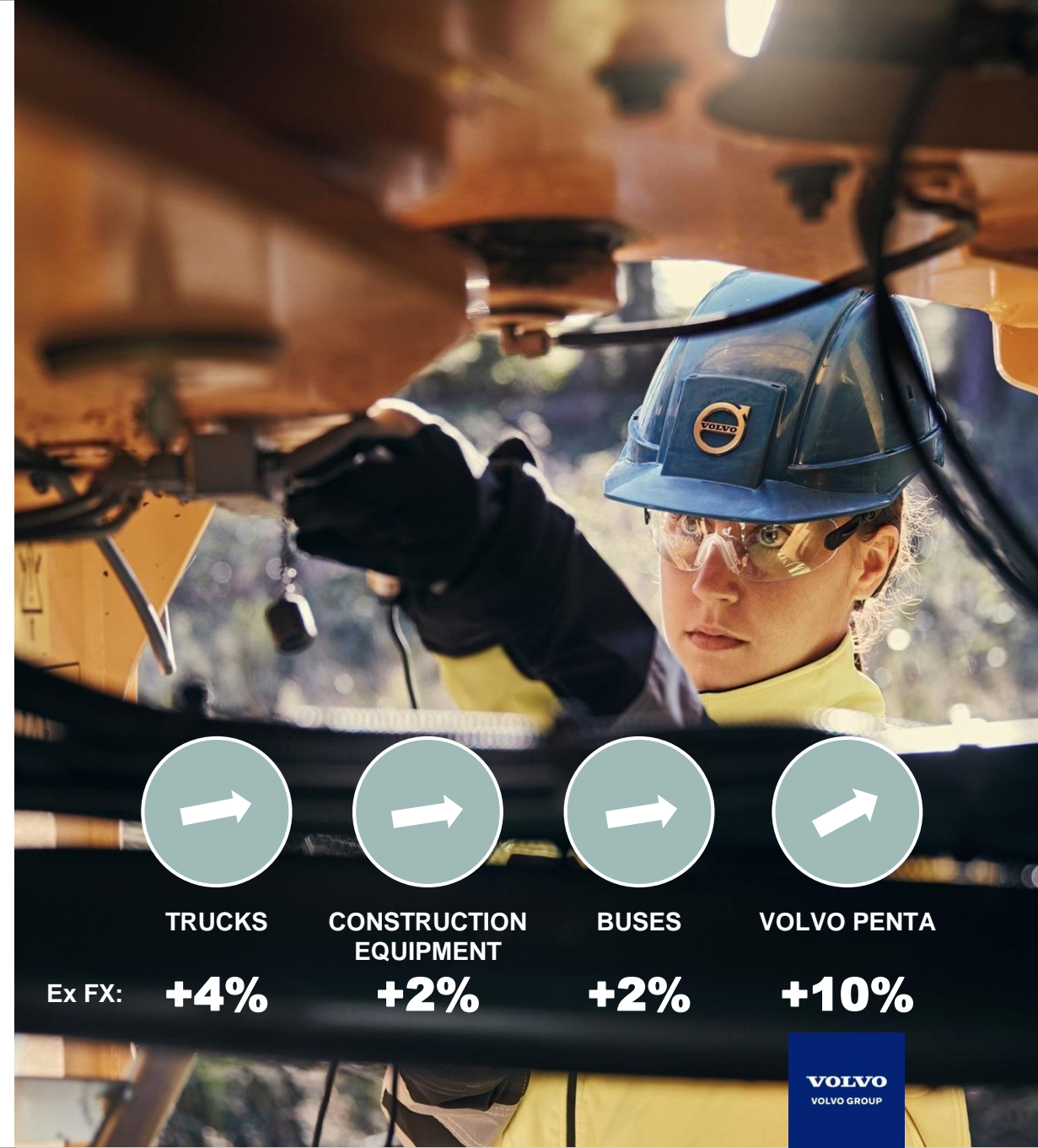
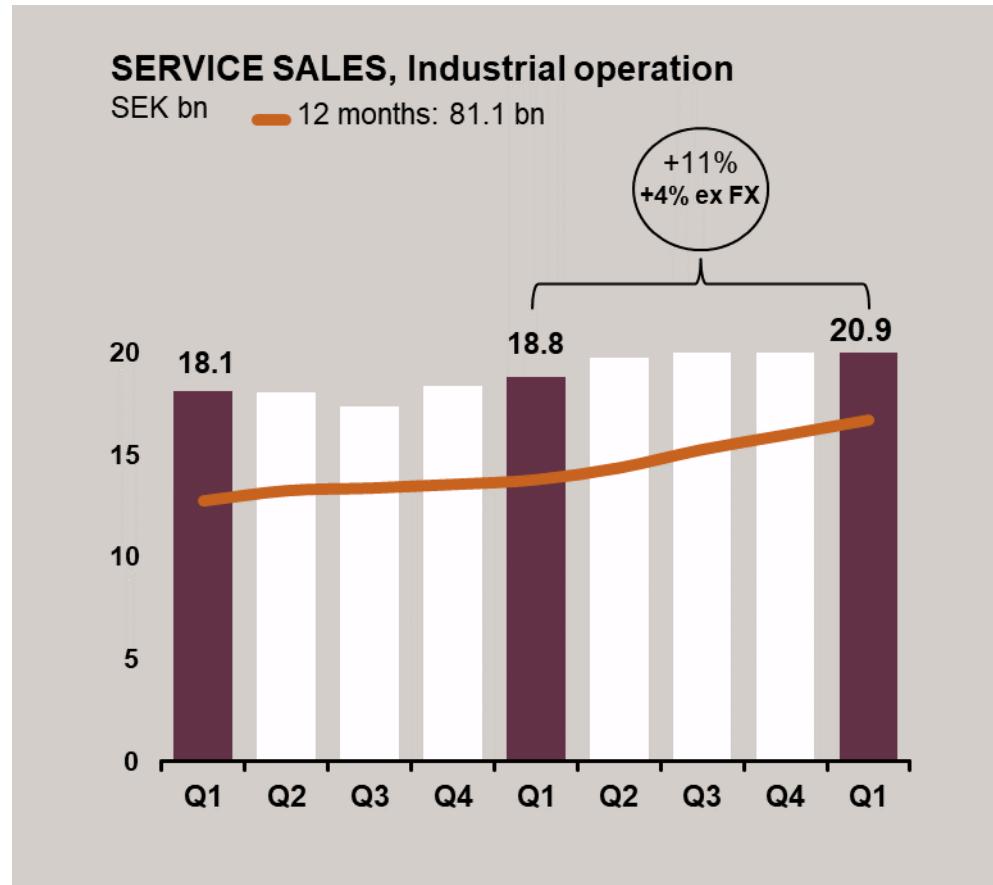
12 months 83,691





# Volvo Group

## SERVICE SALES DEVELOPMENT











# Trucks

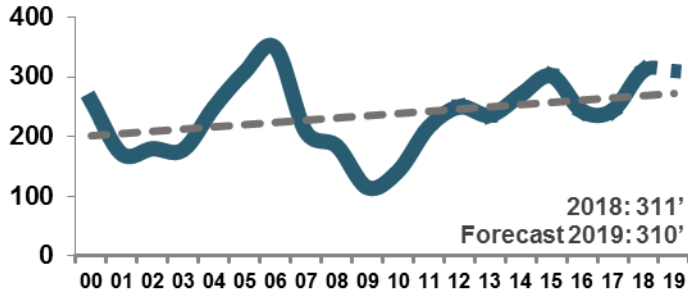


# Trucks

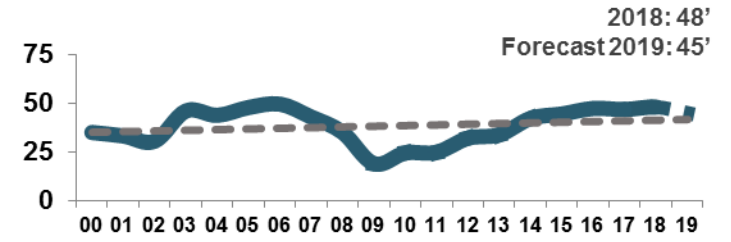
## MARKET ENVIRONMENT



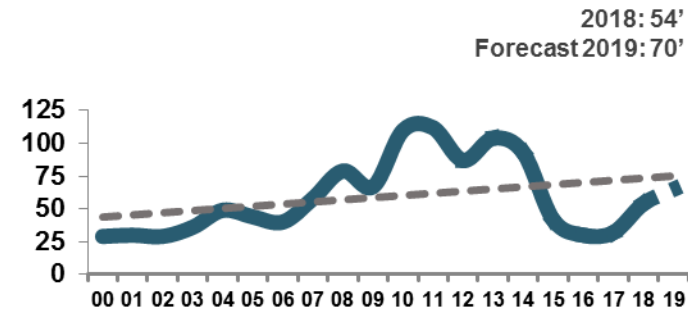
**NORTH AMERICA HD**



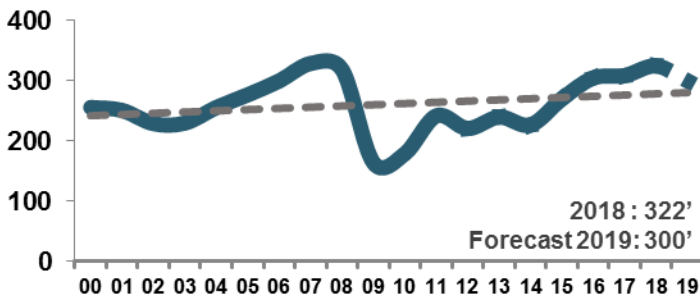
**JAPAN HD**



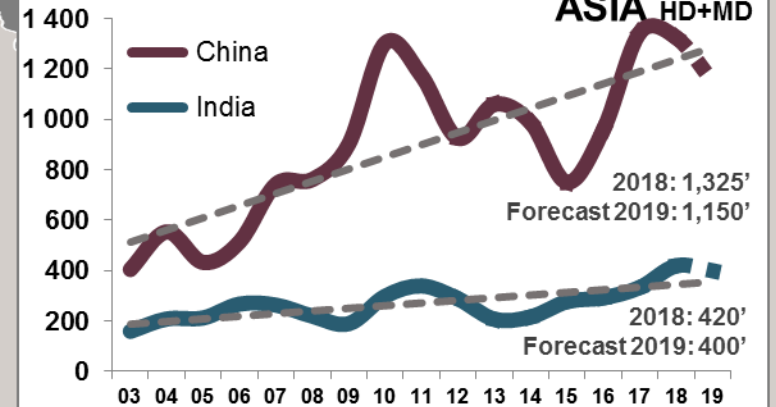
**BRAZIL HD**



**EUROPE HD**

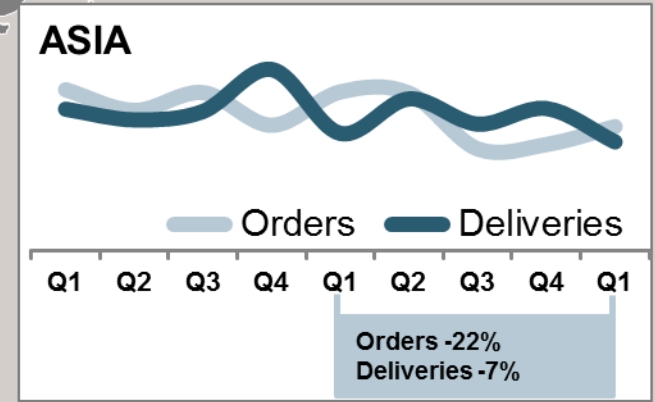
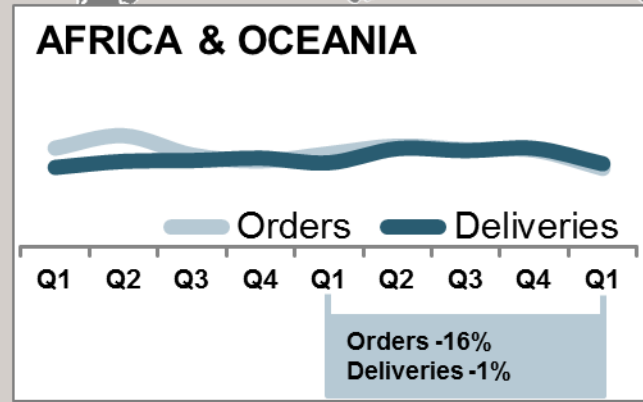
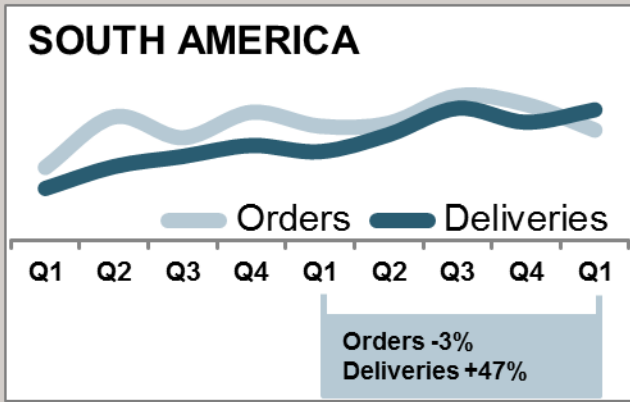
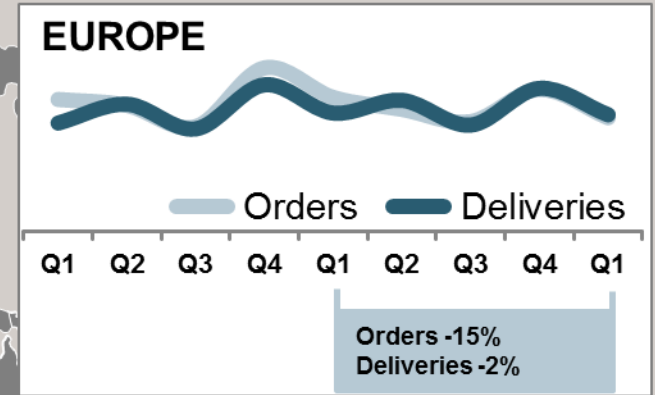
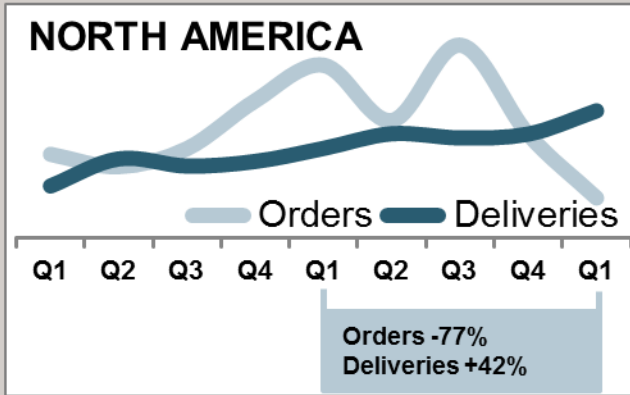


**ASIA HD+MD**



# Trucks

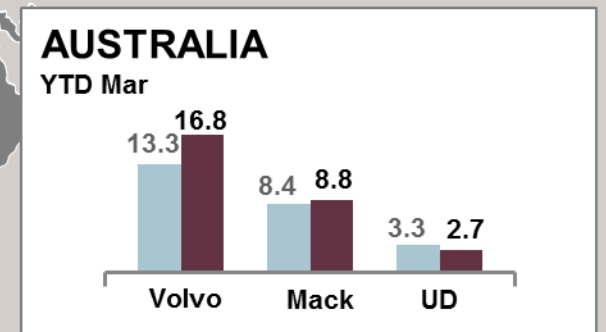
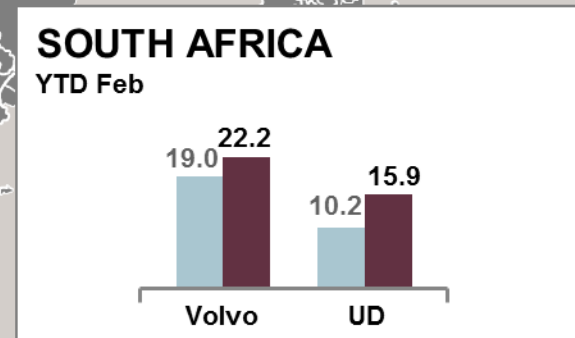
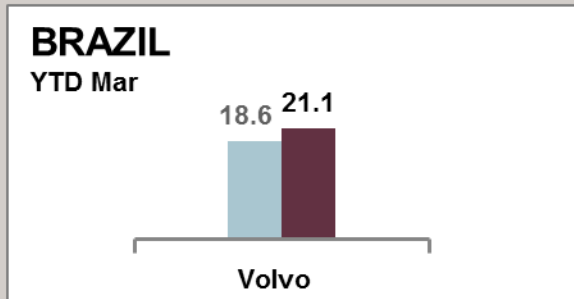
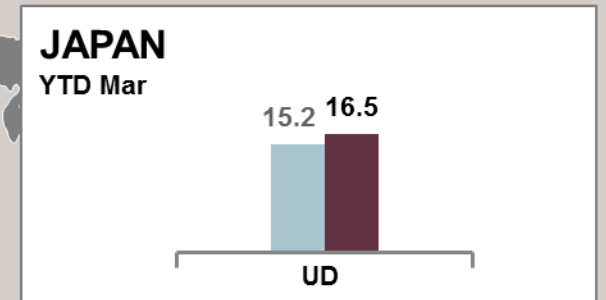
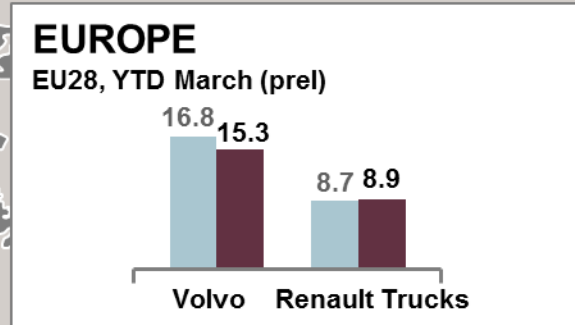
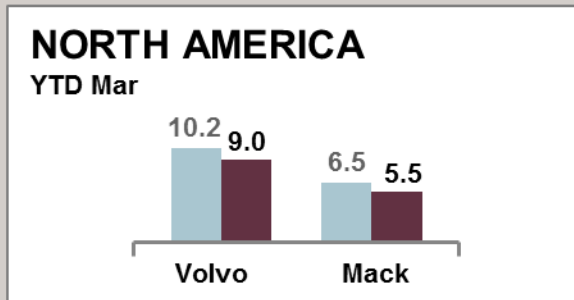
HD/MD: QUARTERLY ORDERS -37% AND DELIVERIES +12%






# Trucks

## MARKET SHARES



HD%  2018  2019

# Trucks

## IMPROVED FUEL EFFICIENCY

- Volvo Trucks has introduced I-Save to provide leading fuel efficiency to its customers
- I-Save can save fuel costs by up to 7%
- Volvo FH with I-Save is available to order in European markets



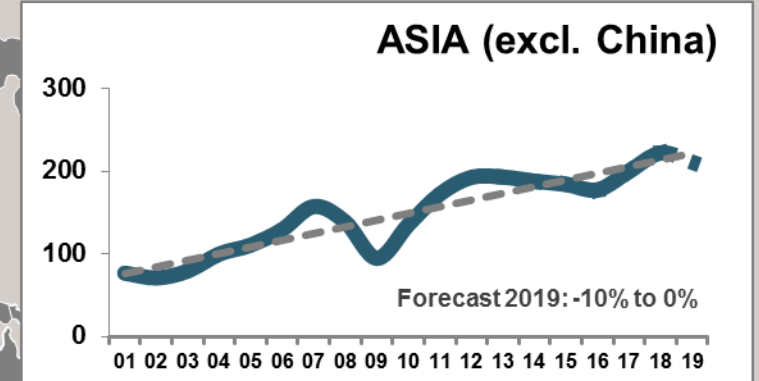
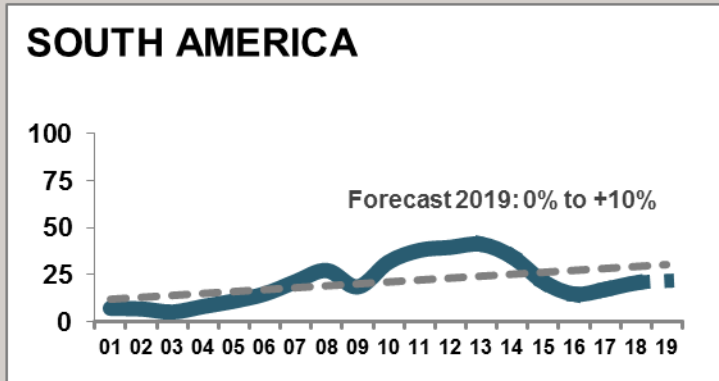
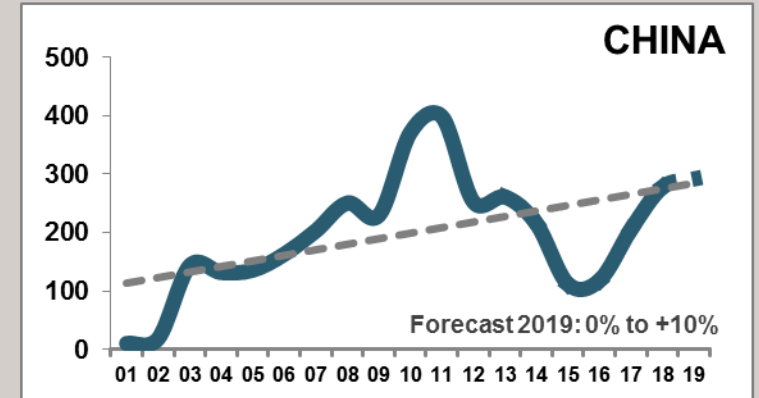
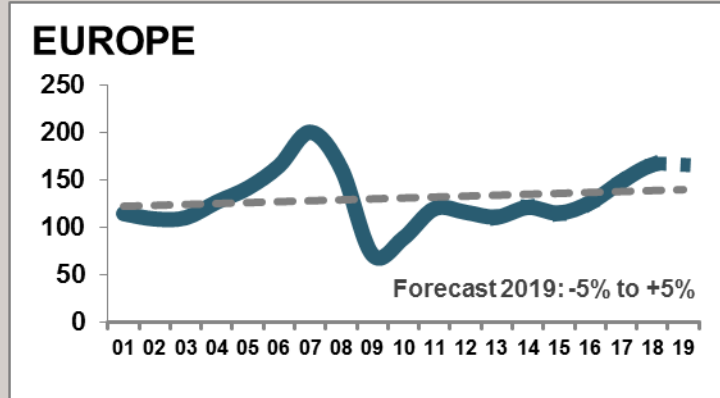
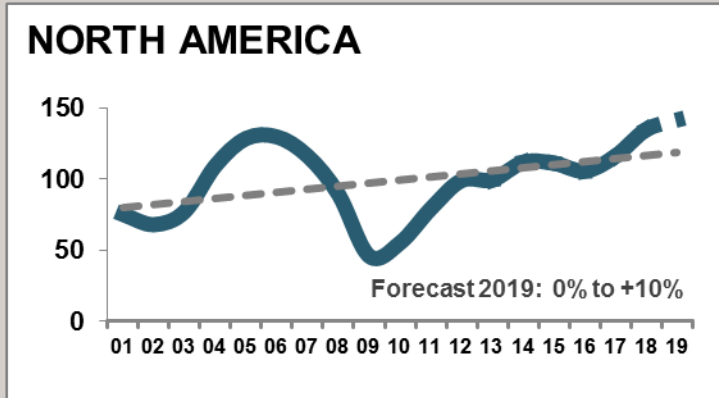


A large yellow and black Volvo tracked excavator is shown on a construction site. The machine is positioned on a dirt mound, and its tracks are visible. The background features a hazy landscape under a sunset sky. The Volvo logo is prominently displayed on the side of the machine's body.

# Construction Equipment

# Construction Equipment

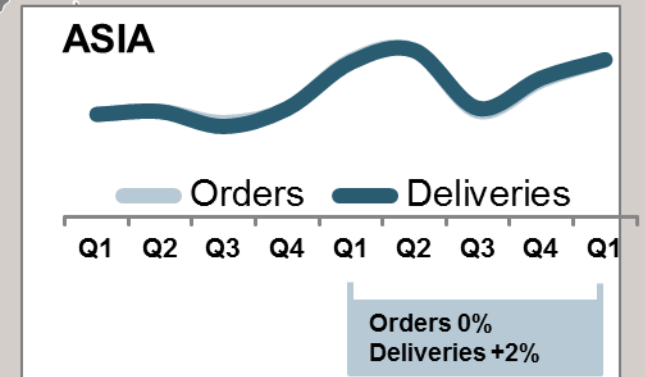
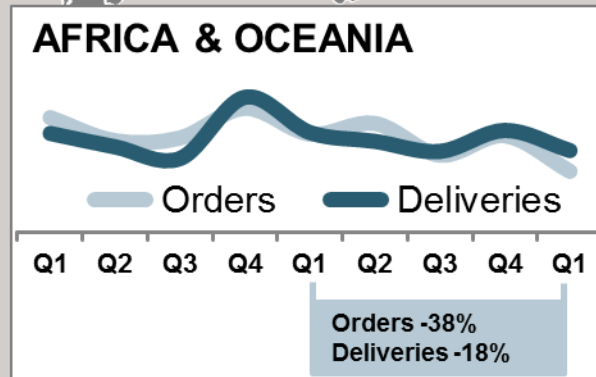
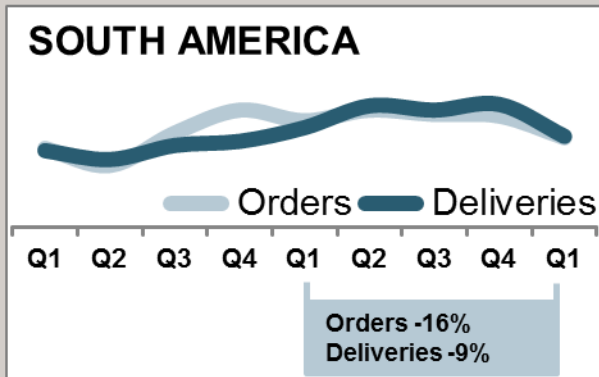
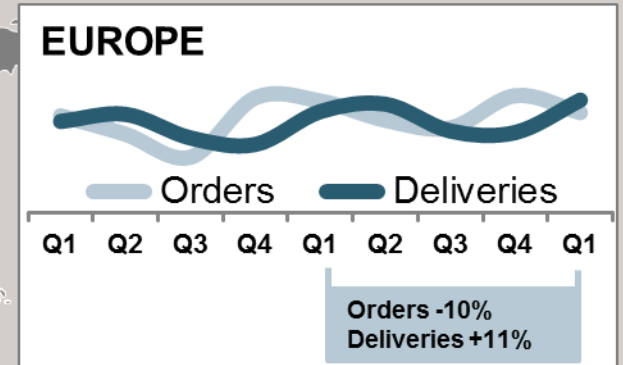
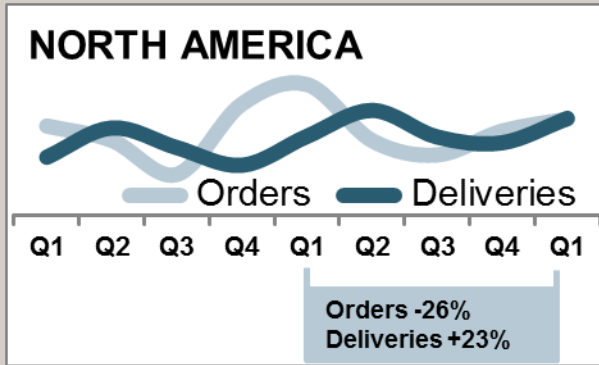
## MARKET ENVIRONMENT





# Construction Equipment

QUARTERLY ORDERS -7% AND DELIVERIES +5%



# Construction Equipment

## VOLVO CE LAUNCHES AT BAUMA

- 20 ton excavator EC200E aimed for general construction segment now also available in Europe following the roll-out done in Asia and China
- Volvo CE unveiled full electric compact excavator and wheel loader
- A 35 ton hybrid excavator was launched





# Buses

- Order intake improved by 33%, mainly driven by Asia, Oceania and Mexico
- Deliveries increased by 18% mainly due to increased volumes in South America
- Perth, Australia orders 450 buses with option of additional 450 buses



# Volvo Penta

- Order intake decreased by 15% due to strong Stage 5 pre-buy in 2018
- Deliveries decreased by 9% post Stage 5 pre-buy deliveries
- Entering Gothenburg's ElectriCity project with the plan to introduce electric ferry end of 2020
- Contract signed for development and delivery of electric driveline to Rosenbauer fire trucks for launch 2021

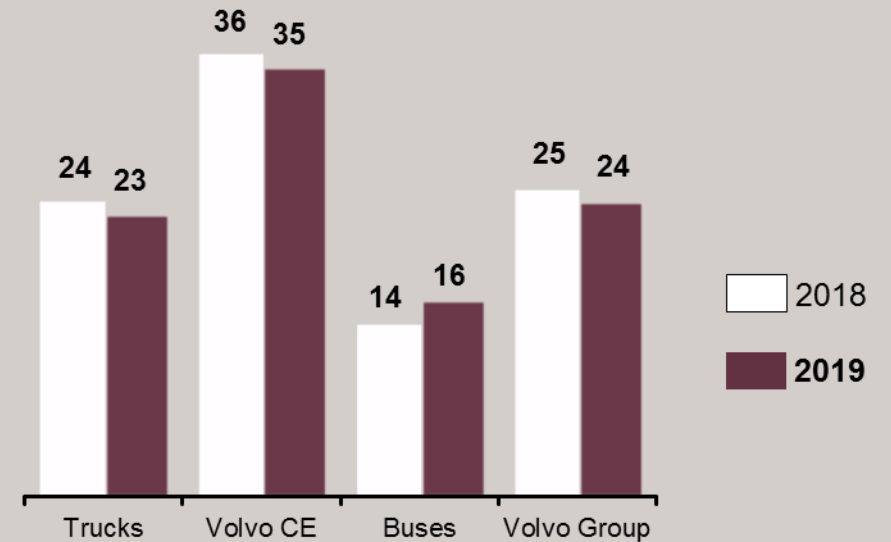




# Financial Services

- Penetration increased in Asia but decreased in EMEA and North America
  - Increased competition
  - Market mix
- VFS EMEA rolls out Coach Assistance Insurance

**PENETRATION RATE, %**  
12 months moving







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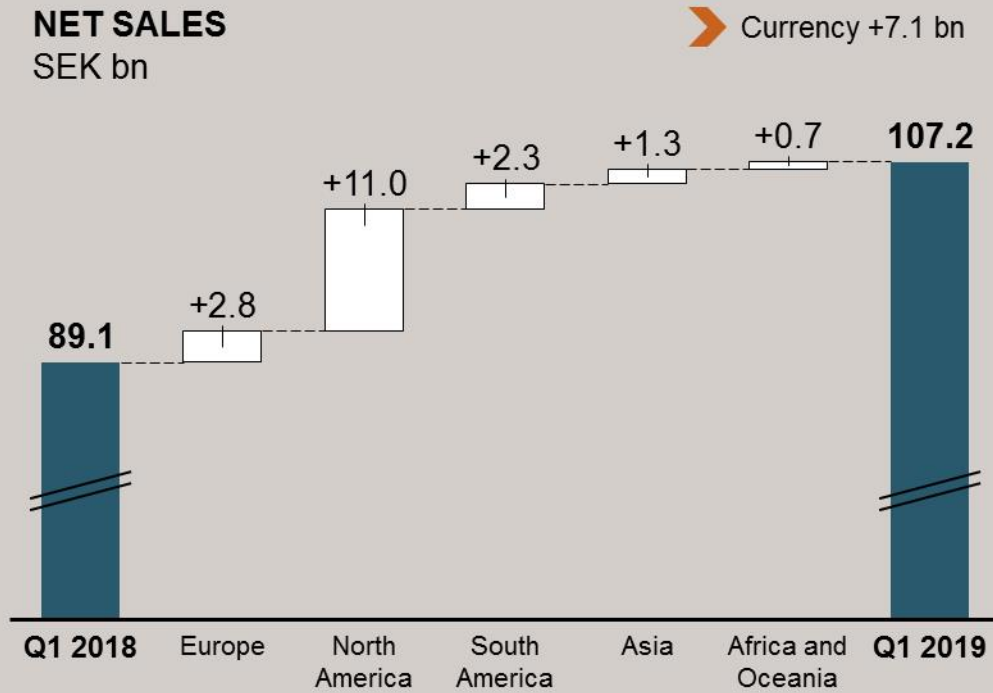


**First quarter 2019**

Jan Ytterberg, CFO

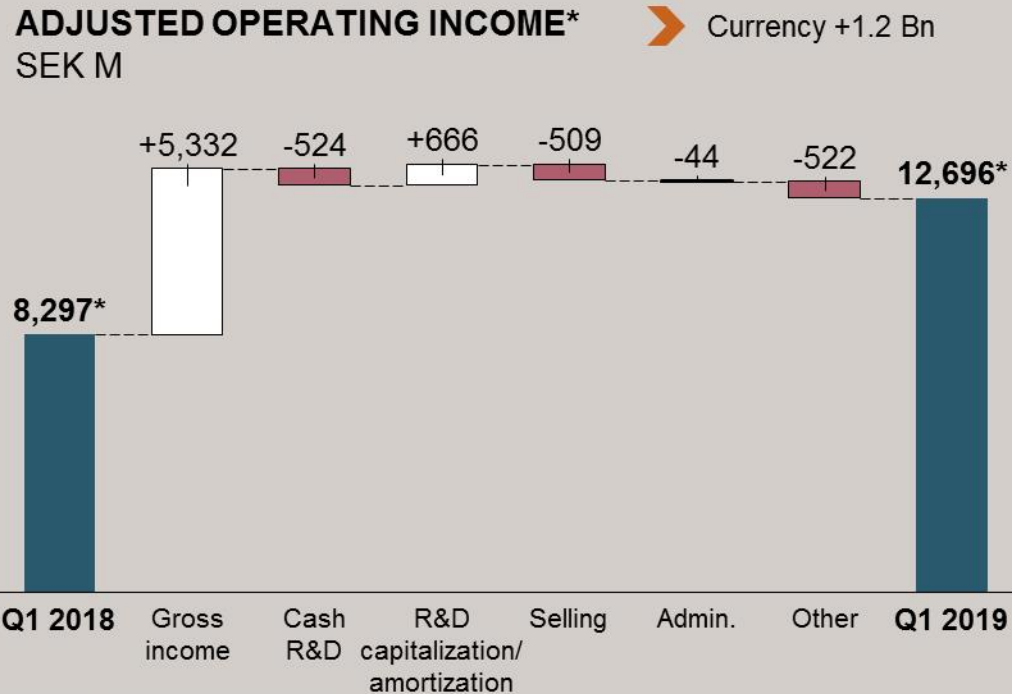
# Volvo Group

## NET SALES PER MARKET



# Volvo Group

## ADJUSTED OPERATING INCOME CONTRIBUTORS



\*Adjustments, see note 7 in Q1 report:  
Q1 2018: No adjustments  
Q1 2019: Significant one-time item of SEK1.5 bn



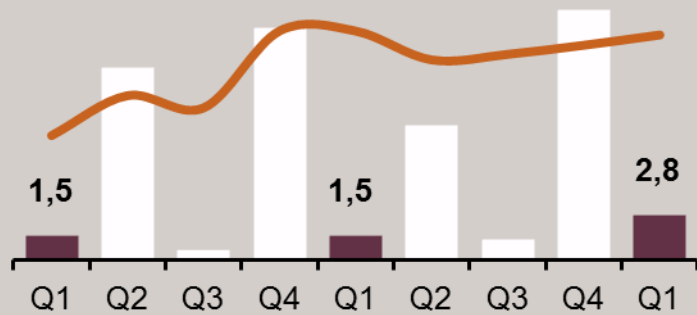


# Volvo Group – Industrial Operations

## CASH FLOW

### OPERATING CASH FLOW

SEK bn      12 months SEK 27.9 bn



### OPERATING CASH FLOW

SEK bn      Working capital (-8.0)

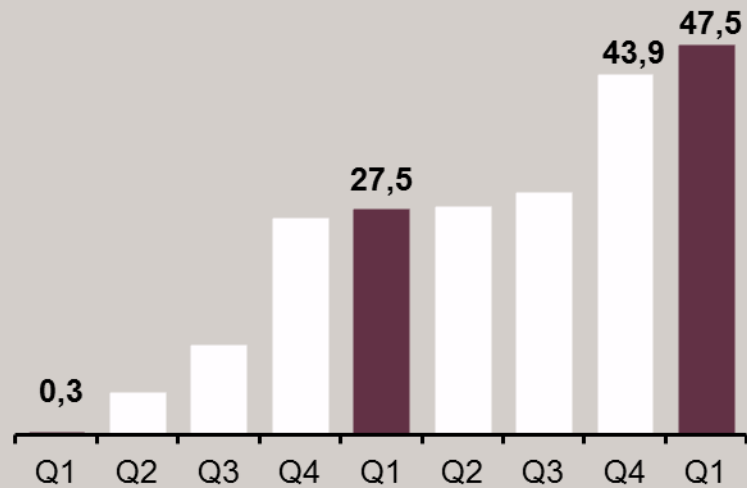


# Volvo Group – Industrial Operations

## NET FINANCIAL POSITION

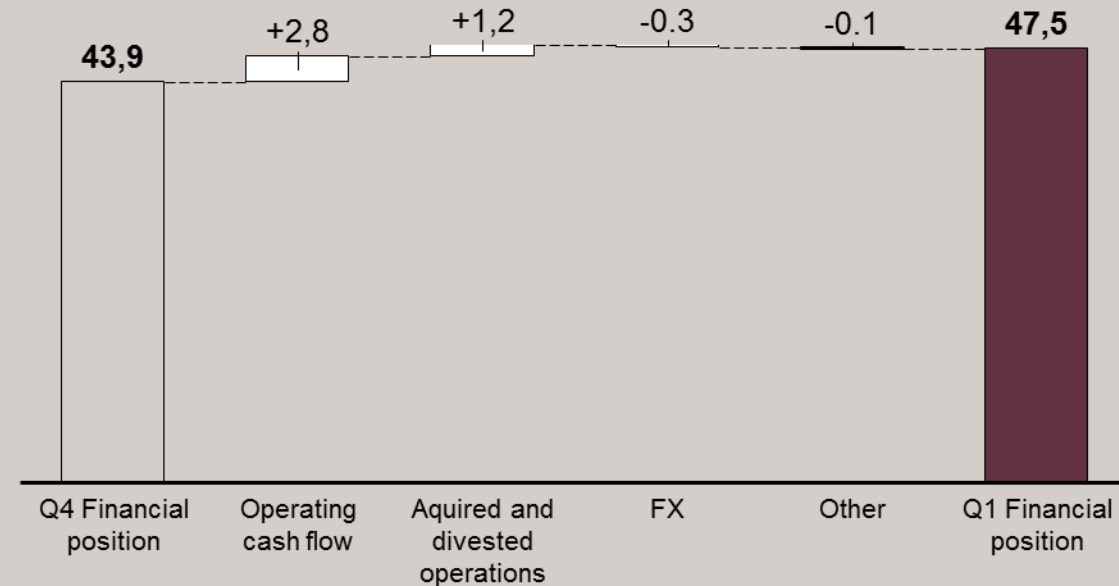
### FINANCIAL POSITION, EXCL. PENSIONS AND LEASE LIABILITIES (as of Jan 1, 2019)

SEK bn



### CHANGES IN NET FINANCIAL POSITION EXCL. PENSIONS AND LEASE LIABILITIES (as of Jan 1, 2019)

SEK bn

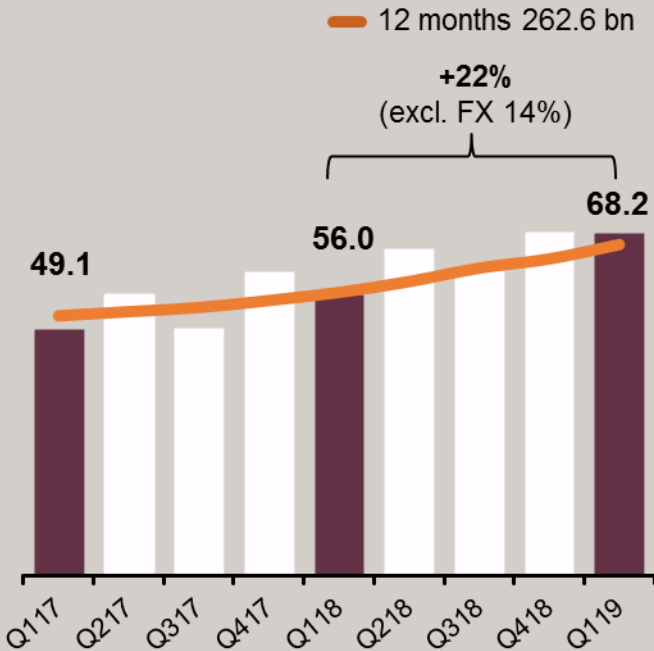


# Trucks

## NET SALES AND ADJUSTED OPERATING INCOME

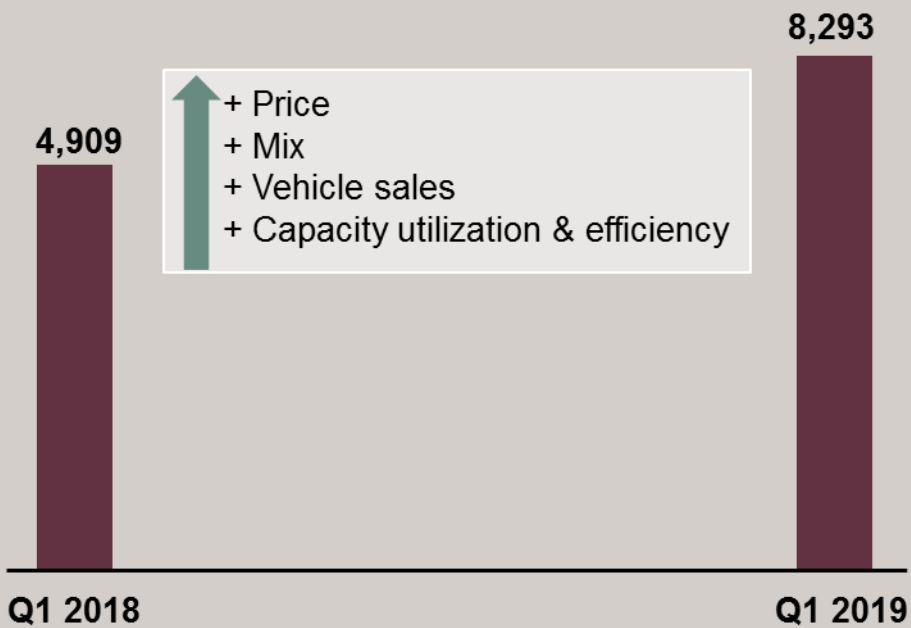
### NET SALES

SEK bn



### ADJUSTED OPERATING INCOME\*

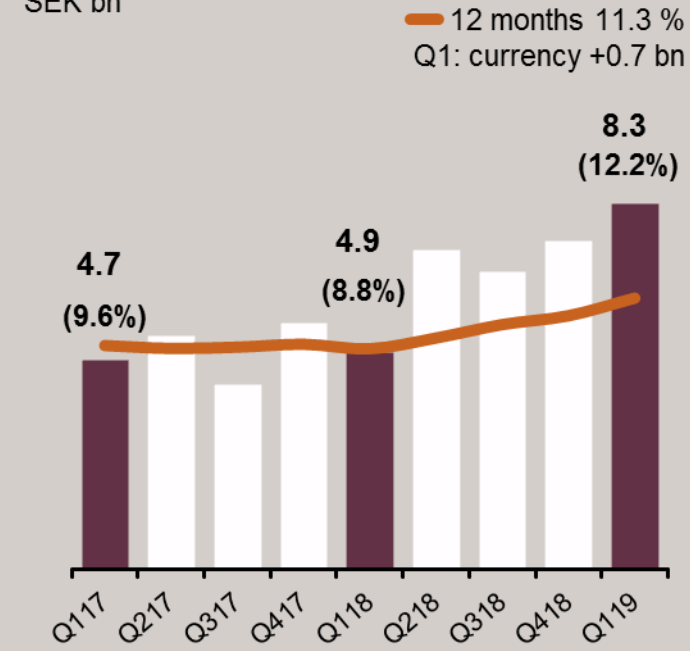
SEK M



### ADJUSTED OPERATING INCOME

(margin)\*

SEK bn



\*Adjustments, see note 7 in Q1 report:

Q1 2018: No adjustments

Q1 2019: No adjustments



# Construction Equipment

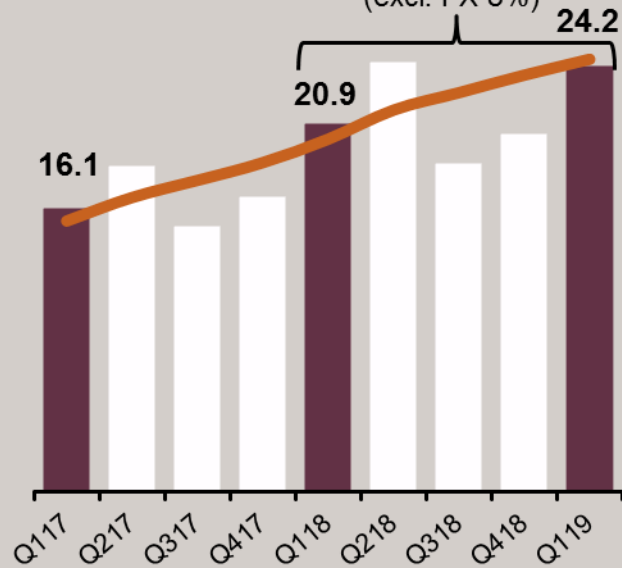
## NET SALES AND ADJUSTED OPERATING INCOME

### NET SALES

SEK bn

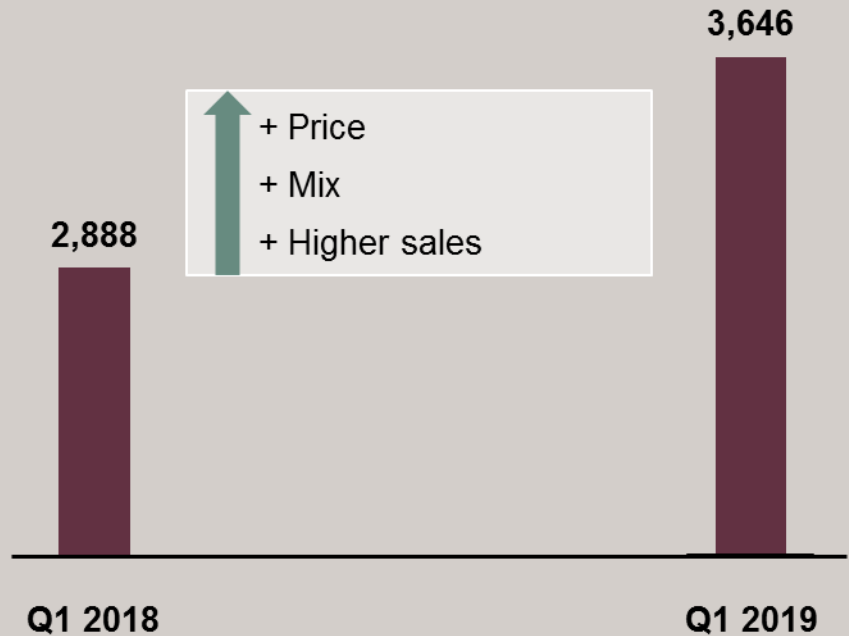
— 12 months 87.5 bn

+15%  
(excl. FX 8%)



### ADJUSTED OPERATING INCOME\*

SEK M

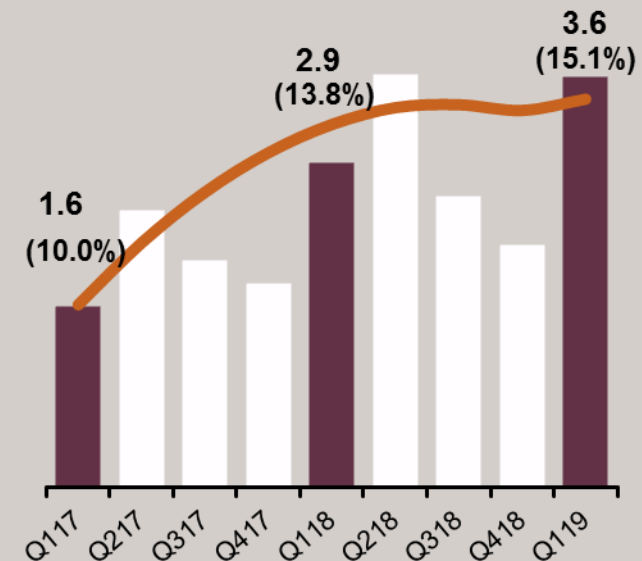


### ADJUSTED OPERATING INCOME

(margin)\*

SEK bn

— 12 months 13.8%  
Q1: currency +0.4 bn



\*Adjustments, see note 7 in Q1 report:  
Q1 2018: No adjustments  
Q1 2019: No adjustments

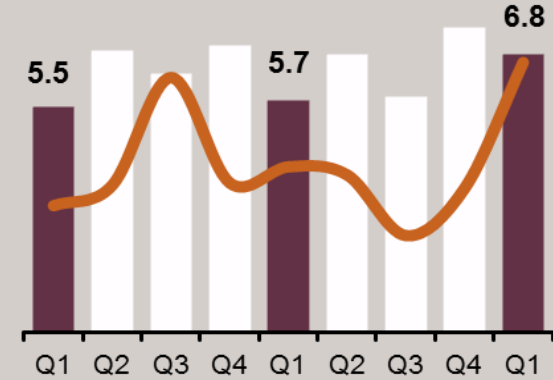
# Buses

## NET SALES & ADJUSTED OPERATING INCOME

- Net sales currency-adjusted 11%:
  - Vehicle +14%
  - Services +2%
- Adjusted operating income:
  - + Vehicles volumes
  - + Capacity utilization

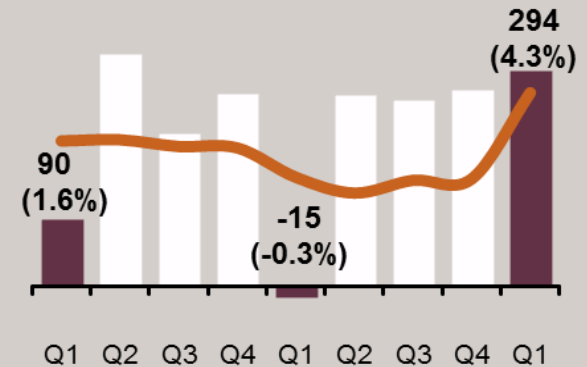
### NET SALES

SEK bn 12 months 27.0 bn



### ADJUSTED OPERATING INCOME (margin)\*

SEK M 12 months 1,074 M  
Q1: currency +124 M



\*Adjustments, see note 7 in Q1 report:  
Q1 2018: No adjustments  
Q1 2019: No adjustments

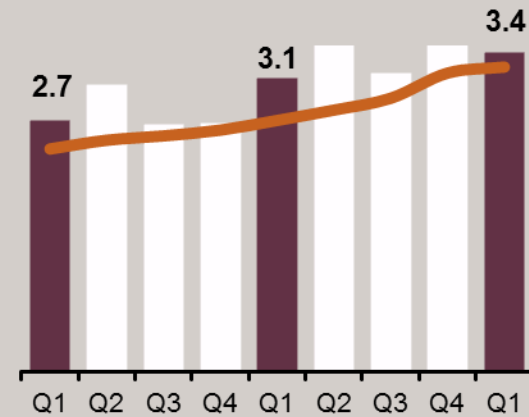
# Volvo Penta

## NET SALES & ADJUSTED OPERATING INCOME

- Net sales currency-adjusted +3%:
  - Engines +1%
  - Services +10%
- Adjusted operating income:
  - + Product mix
  - + Service sales

### NET SALES

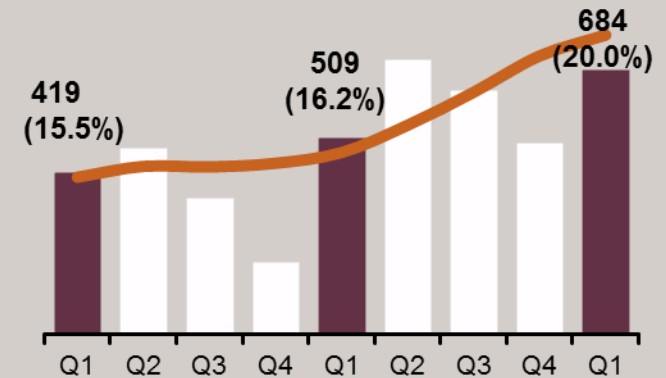
SEK bn 12 months 14.0 bn



### ADJUSTED OPERATING INCOME

(margin)\*

SEK M 12 months 2,516 M  
Q1: currency +38 M



\*Adjustments, see note 7 in Q1 report:  
Q1 2018: No adjustments  
Q1 2019: No adjustments



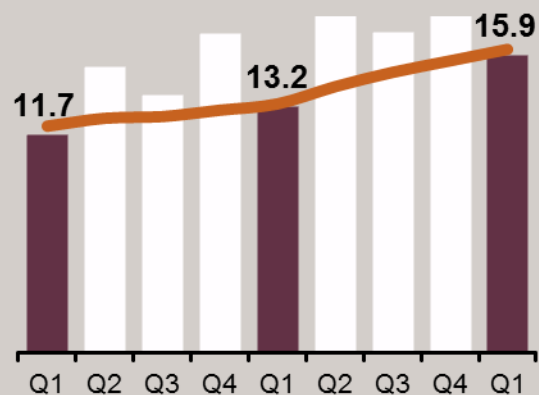
# Financial Services

## CREDIT PORTFOLIO AND PROFITABILITY

### NEW RETAIL FINANCING

SEK bn

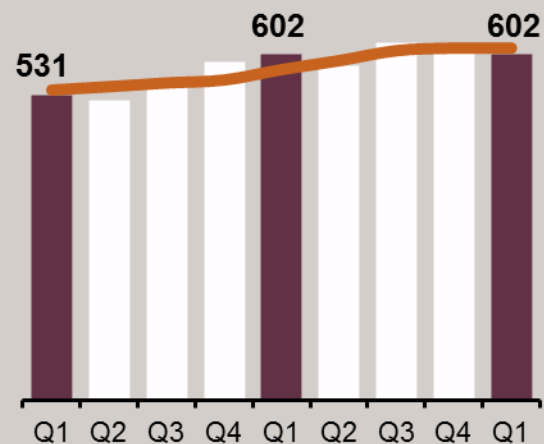
12 months 72.4 bn



### ADJUSTED OPERATING INCOME\*

SEK M

12 months 2,411 M  
Currency +32 M

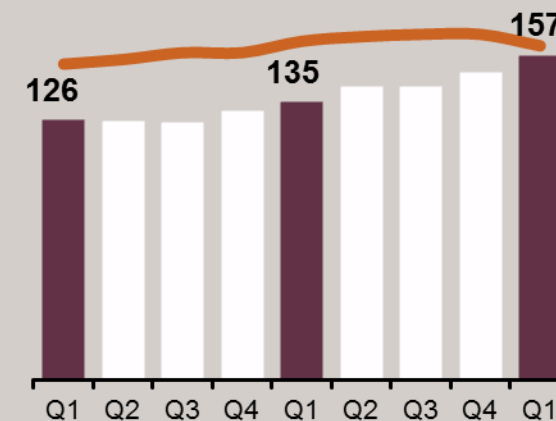


\*Adjustments, see note 7 in Q1 report:  
Q1 2018: No adjustments  
Q1 2019: No adjustments

### CREDIT PORTFOLIO & ROE

SEK bn

ROE\* 12 months, 14.6%



\* 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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**Volvo Group Capital Markets Day**  
Gothenburg June 18, 2019