



Second quarter 2019

Martin Lundstedt, President and CEO

Volvo Group

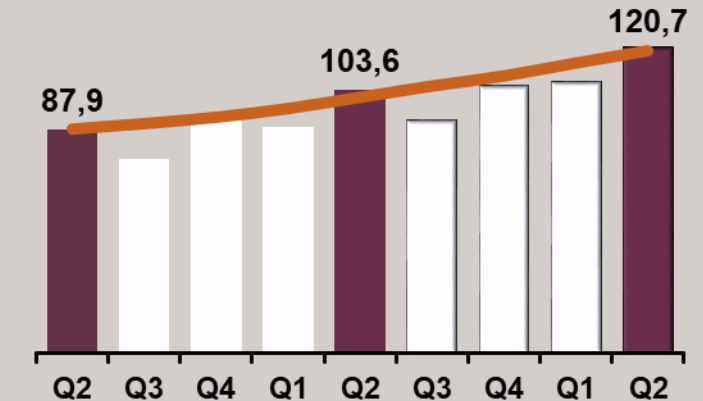
SECOND QUARTER HIGHLIGHTS

- Net sales +SEK 17 bn, up 16% (+11% excl. currency)
- Adjusted operating income increased to SEK 15.1 bn (11.5), corresponding to a margin of 12.5% (11.1)
- Operating cash flow in the Industrial Operations SEK 13.9 (8.3) bn

NET SALES

SEK bn

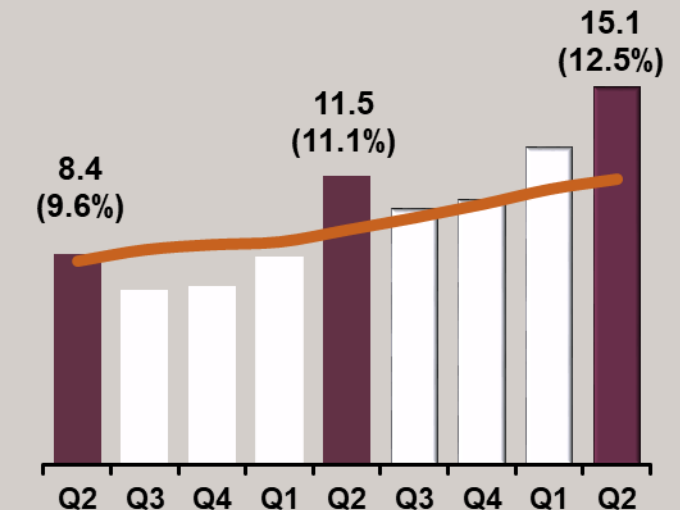
12 months 426 bn



ADJUSTED OPERATING INCOME

(margin)*

12 months 11.4%



*Adjustments, see note 7 in Q2 report:

Q2 2018: Significant one-time item of SEK 818 MSEK

Q2 2019: No adjustments.

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

Volvo Group

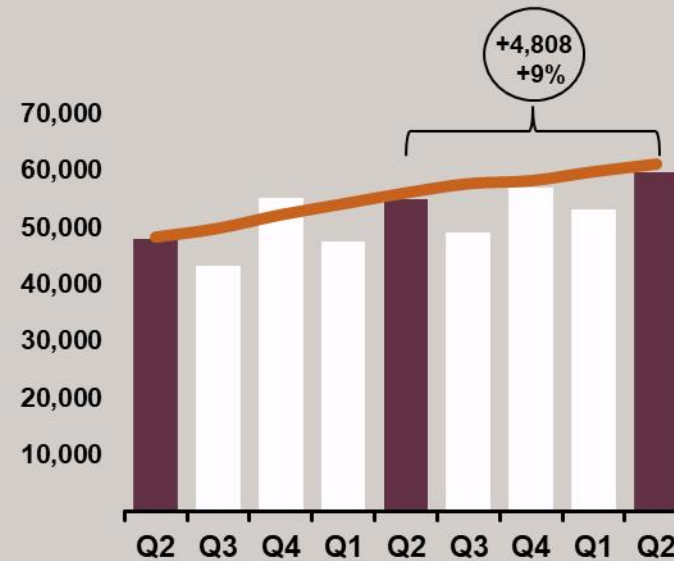
VOLUME DEVELOPMENT IN THE SECOND QUARTER



TRUCK DELIVERIES

Units HD/MD

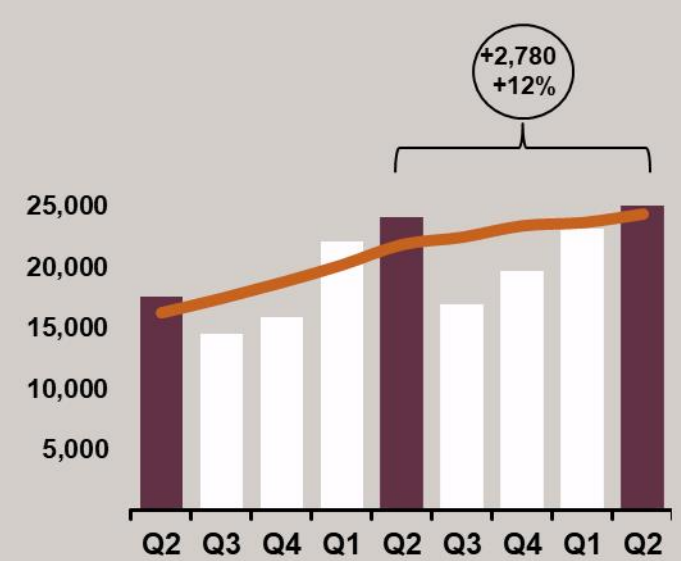
12 months 218,476



MACHINE DELIVERIES

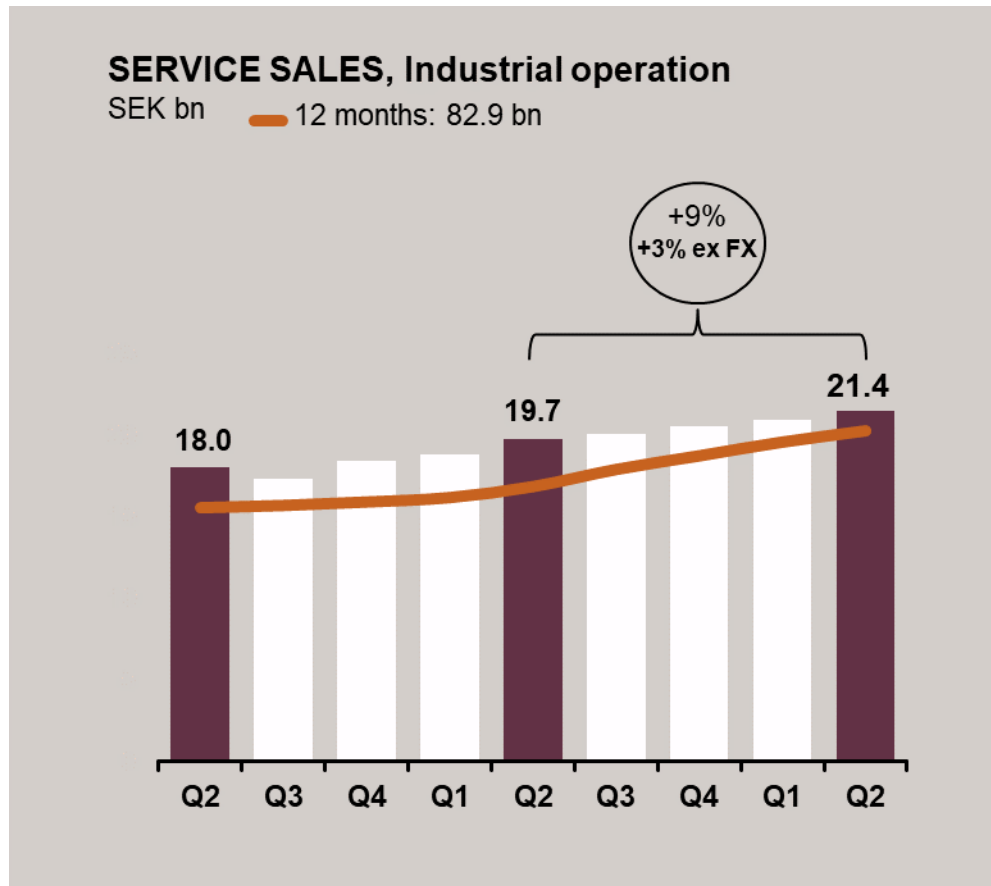
Units

12 months 86,471



Volvo Group

SERVICE SALES DEVELOPMENT



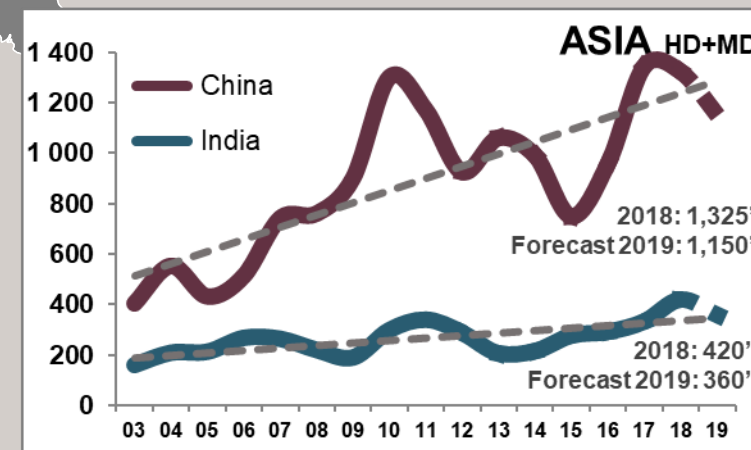
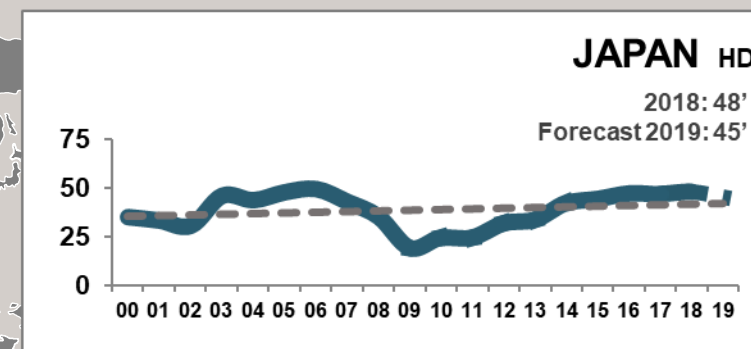
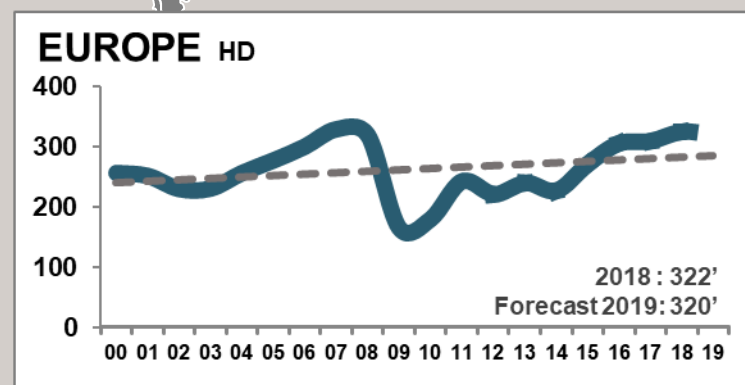
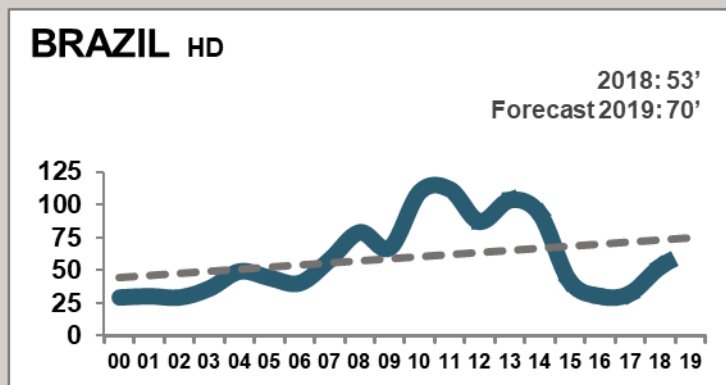
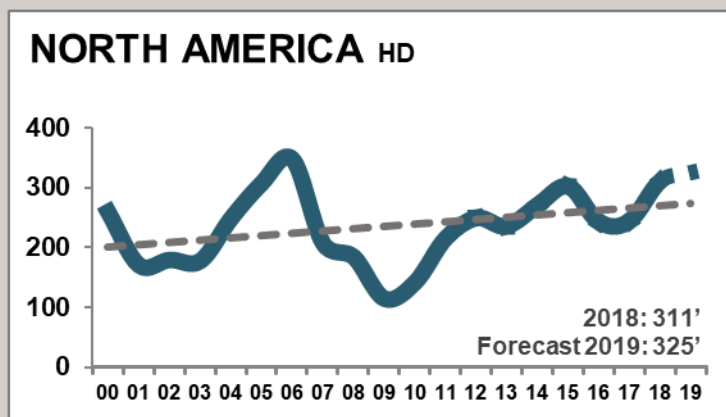


Trucks



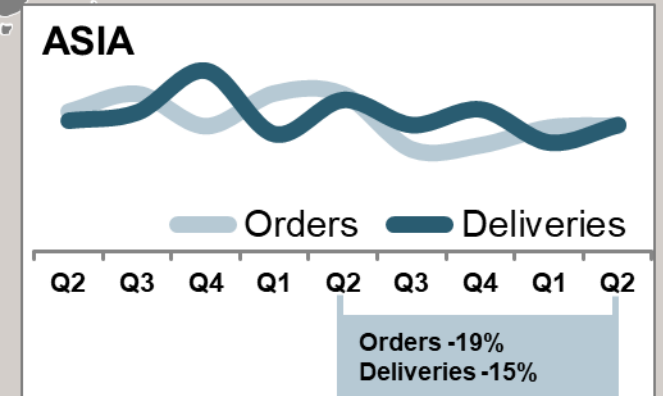
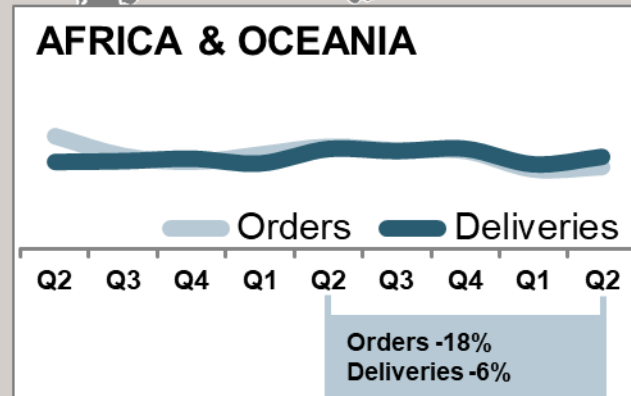
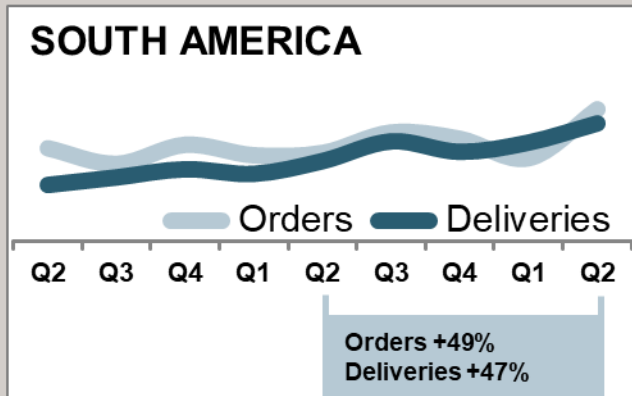
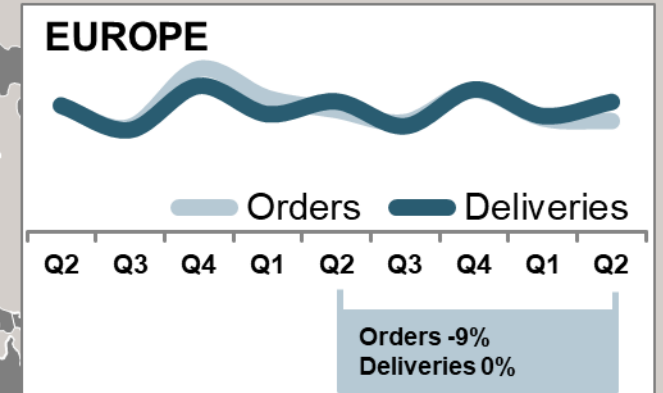
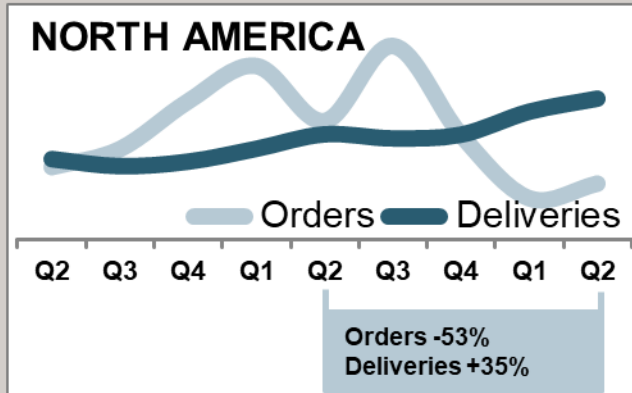
Trucks

MARKET ENVIRONMENT



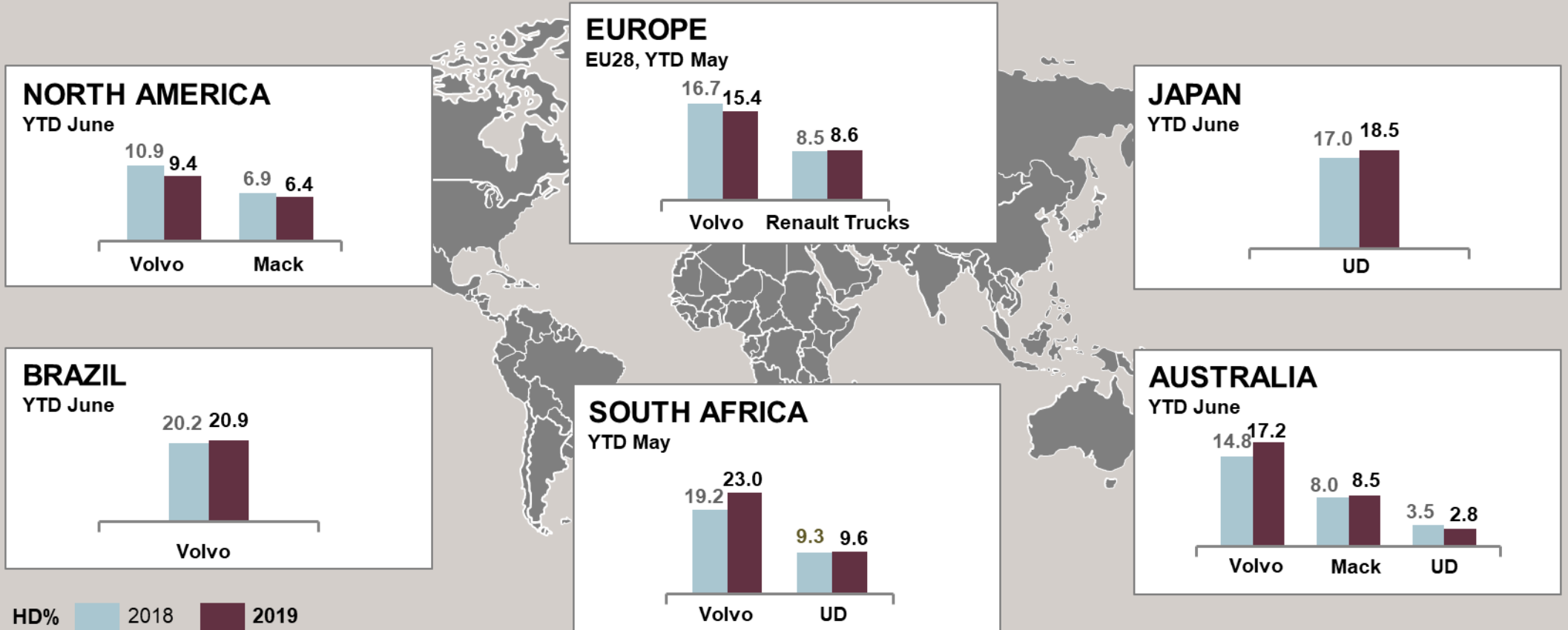
Trucks

HD/MD: QUARTERLY ORDERS -20% AND DELIVERIES +9%



Trucks

MARKET SHARES



Volvo Group and Samsung SDI enter strategic alliance for electromobility

- Joint development of battery packs specifically developed for Volvo Group's truck applications
- Samsung SDI intends to provide battery cells and modules to meet demand for Volvo Group's electric trucks
- Volvo Group intends to utilize Samsung SDI's battery pack technology for assembly in Volvo Group's manufacturing operations



Volvo Group and NVIDIA partnership

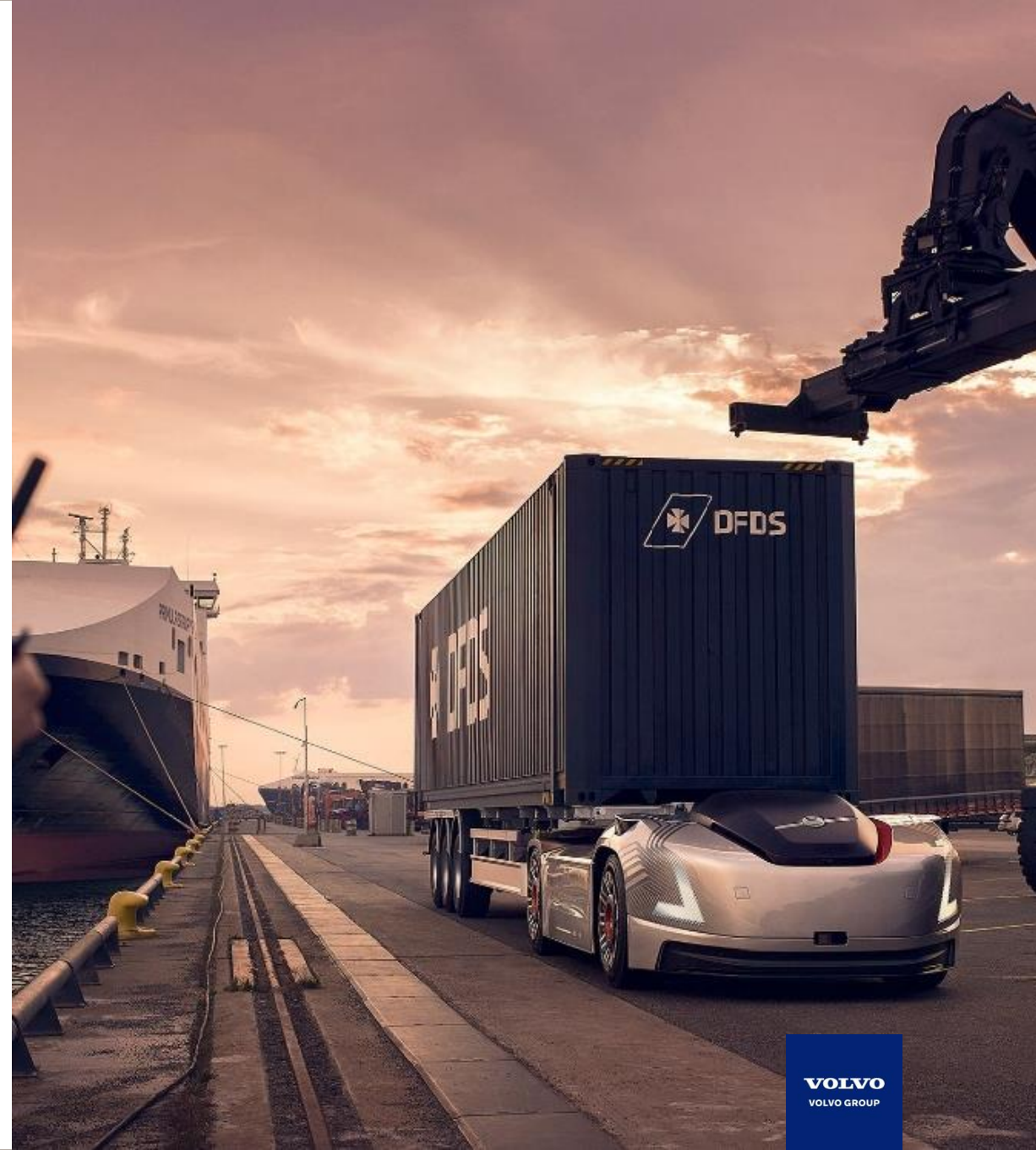
Creating the future of trucking



Trucks

VERA'S FIRST ASSIGNMENT

- Volvo Trucks presents an autonomous transport between a logistics centre and port
- The assignment is a result of a collaboration between Volvo Trucks and DFDS
- This is a first step towards implementing Vera in a real transport assignment on pre-defined public roads in an industrial area



Trucks

RENAULT TRUCKS DELIVERS FULL ELECTRIC TRUCK

- Renault Trucks delivers its first D Wide Z.E. to Lyon metropole
- A 26-tonne D Wide Z.E. in refuse application
- Commercial launch end of 2019

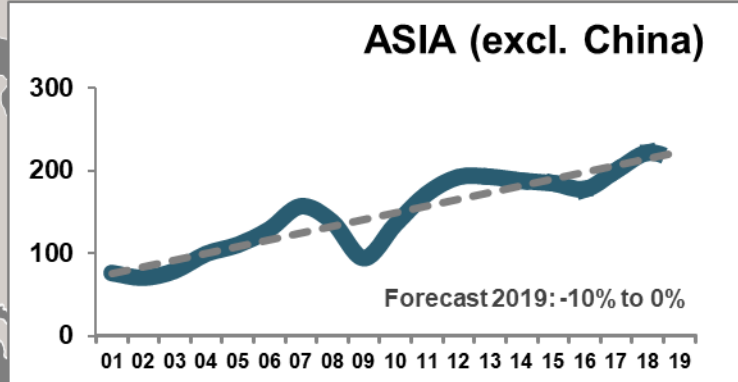
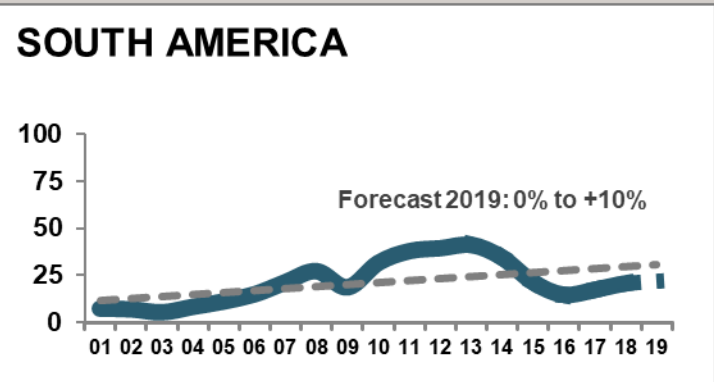
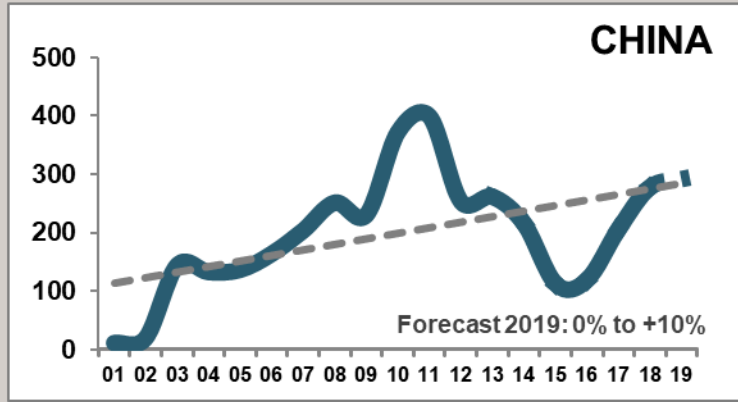
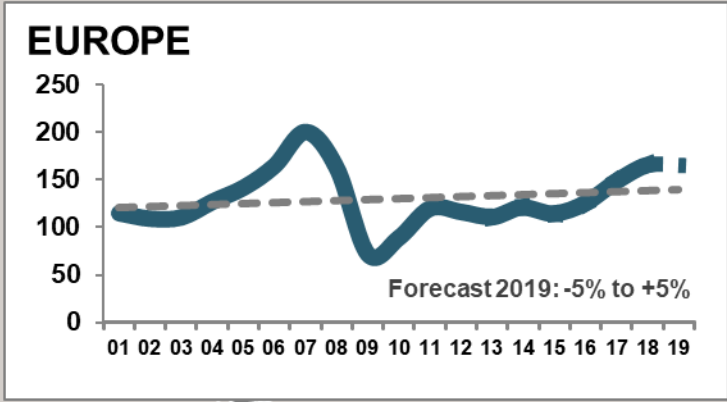
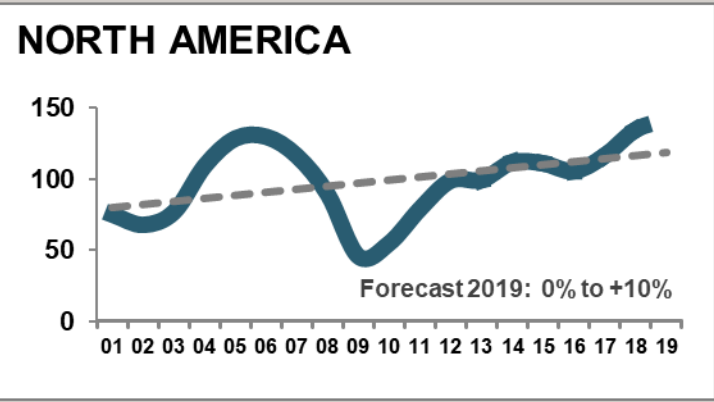




Construction Equipment

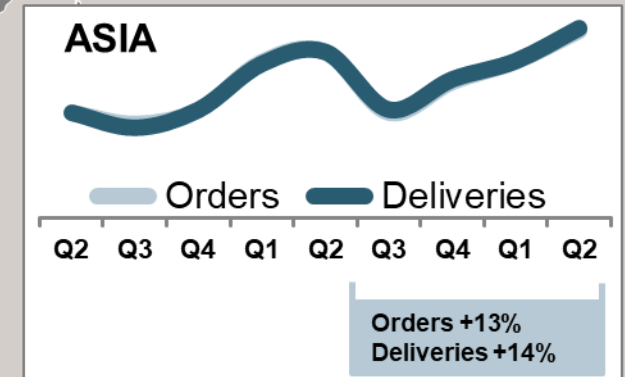
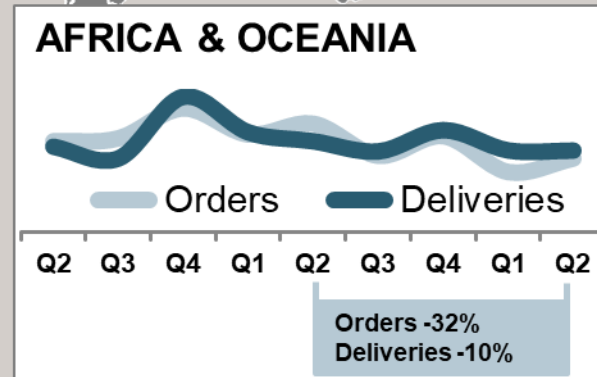
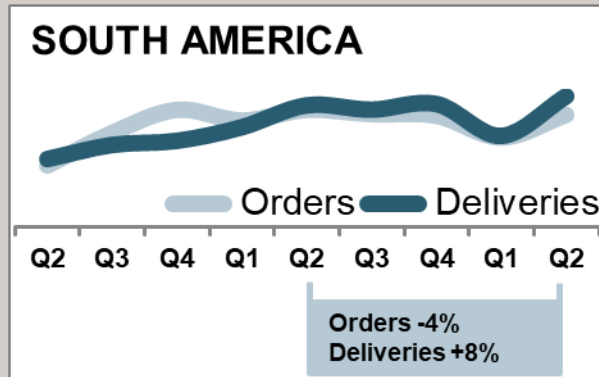
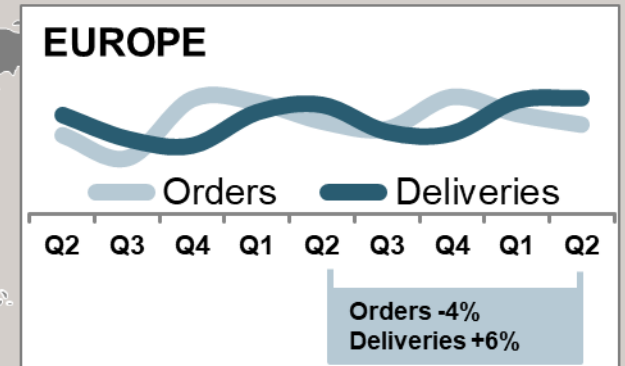
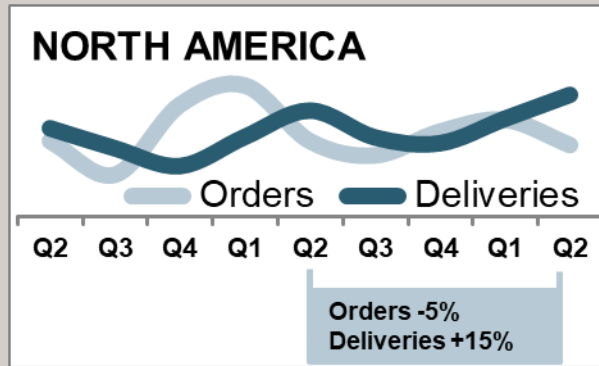
Construction Equipment

MARKET ENVIRONMENT



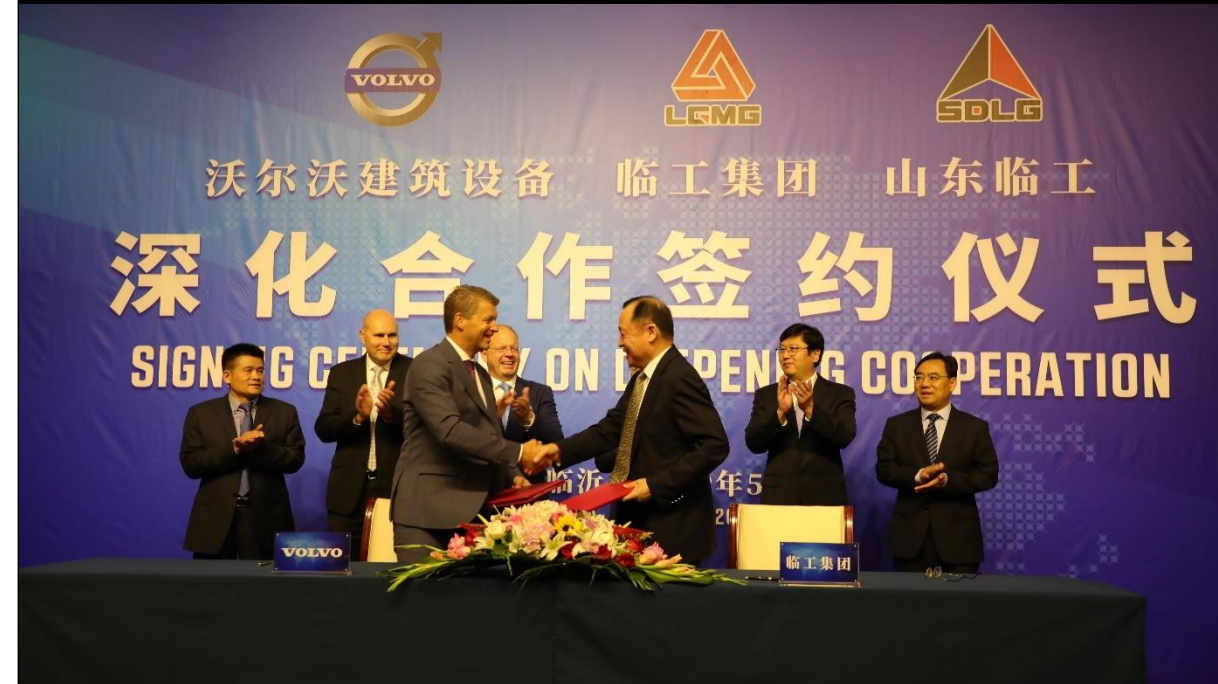
Construction Equipment

QUARTERLY ORDERS +6% AND DELIVERIES +12%



Construction Equipment

- Volvo Construction Equipment and SDLG takes next cooperation step in China to accelerate growth
- First electric compact machines launched at Bauma now delivered to customers



Buses

- Order intake decreased by 39% mainly due to major tenders in 2018 for Europe and North America
- Deliveries increased by 20% mainly due to high deliveries in Americas
- Break-through in Middle East:
 - Frame agreement on 373 city buses to Dubai with planned deliveries through Q2 2020
 - Frame agreement on 168 intercity coaches to Abu Dhabi



Volvo Penta

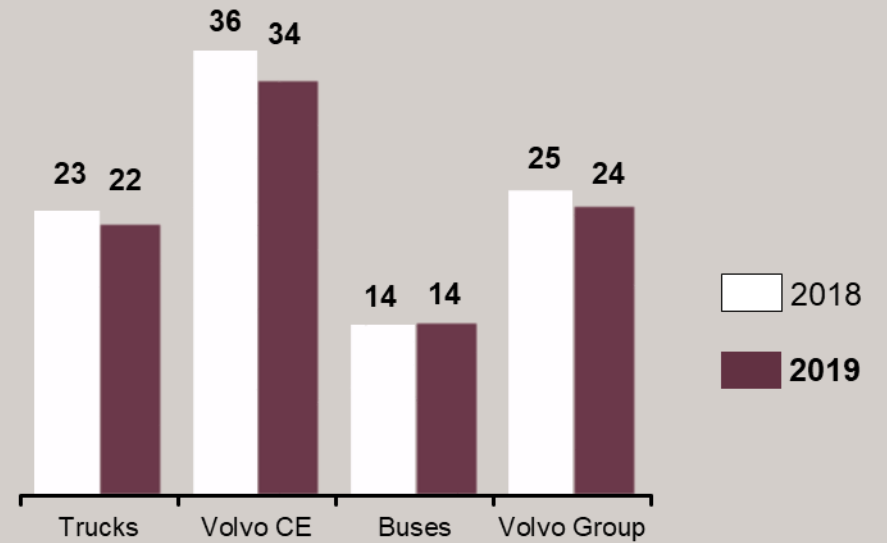
- Order intake decreased by 41% mainly due to Stage V engine pre-buy in 2018
- Deliveries decreased by 12% mainly due to Stage V pre-deliveries
- News during Q2:
 - new generation D4/D6 propulsion packages launched
 - new D8 marine and industrial application showcased
 - new electric test vessel and an electric terminal tractor proof-of-concept announced



Financial Services

- Penetration slightly lower on weaker performance in parts of Europe
 - Strong price and credit discipline
 - Market mix
- Finance company license awarded in Korea

PENETRATION RATE, %
12 months moving



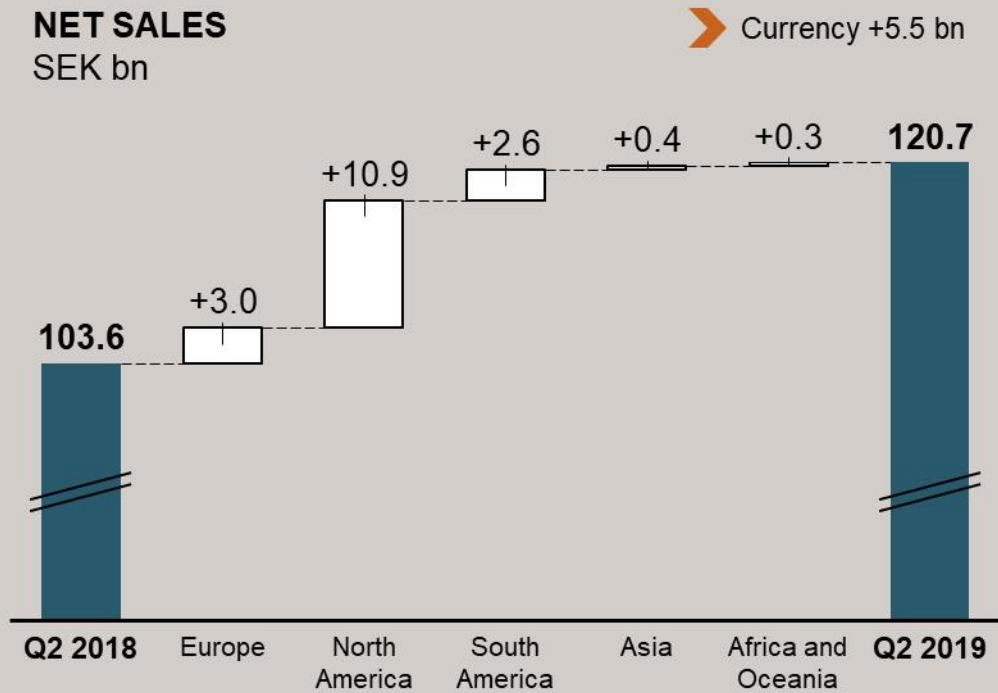


Second quarter 2019

Jan Ytterberg, CFO

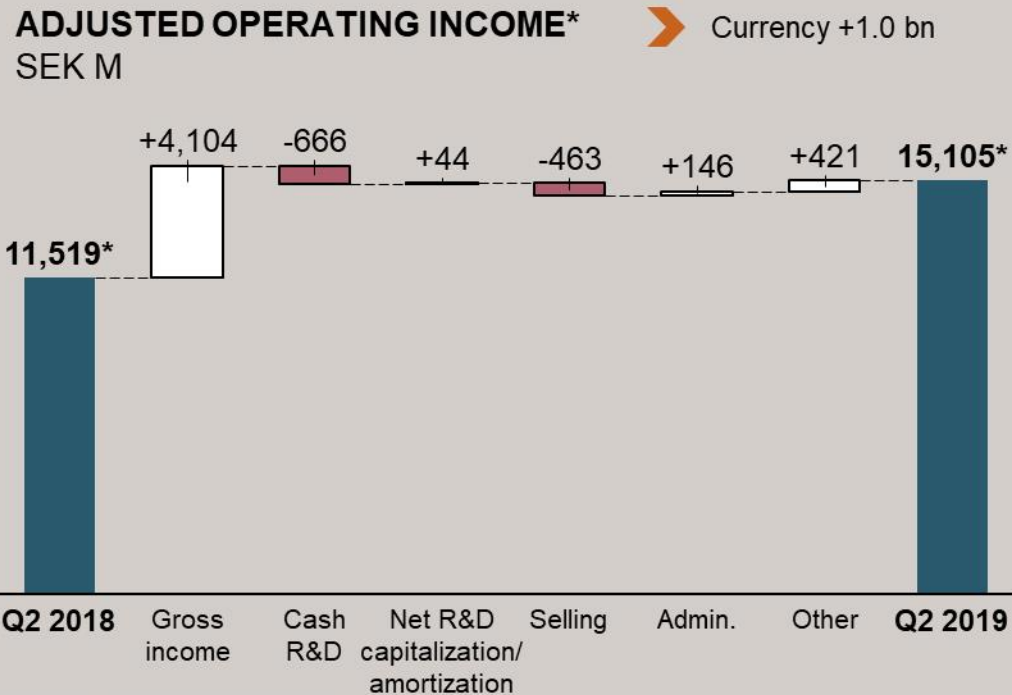
Volvo Group

NET SALES PER MARKET



Volvo Group

ADJUSTED OPERATING INCOME CONTRIBUTORS



*Adjustments, see note 7 in Q2 report:
Q2 2018: Significant one-time item of SEK 818 MSEK
Q2 2019: No adjustments

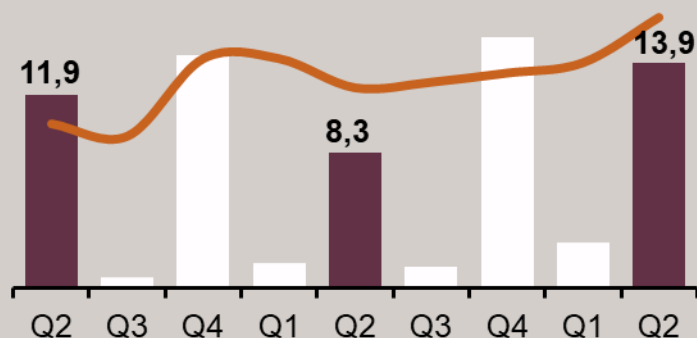


Volvo Group – Industrial Operations

CASH FLOW

OPERATING CASH FLOW

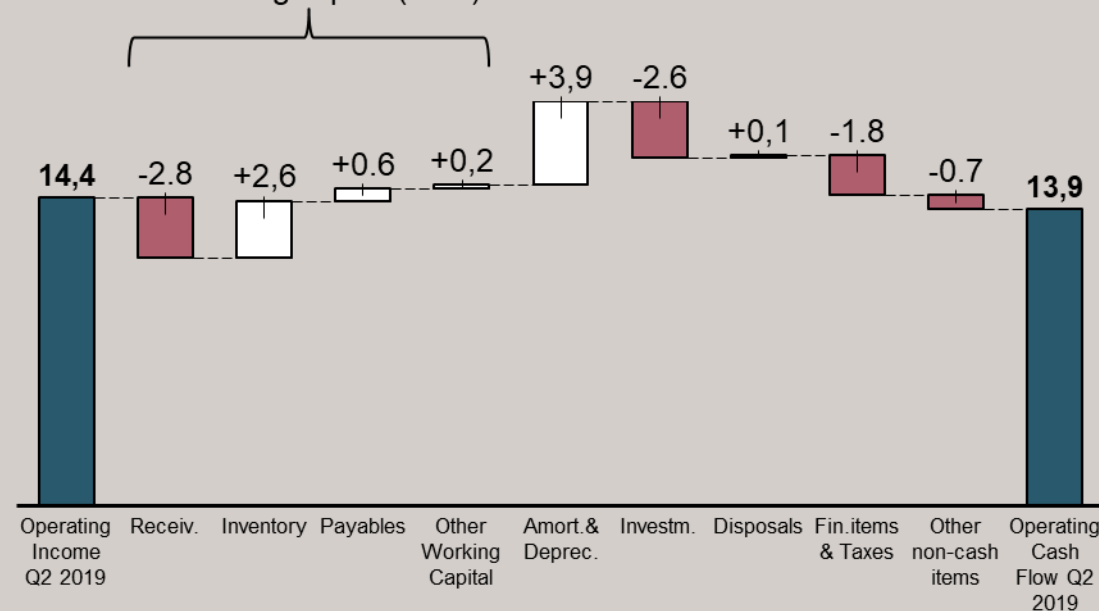
SEK bn 12 months SEK 33.4 bn



OPERATING CASH FLOW

SEK bn

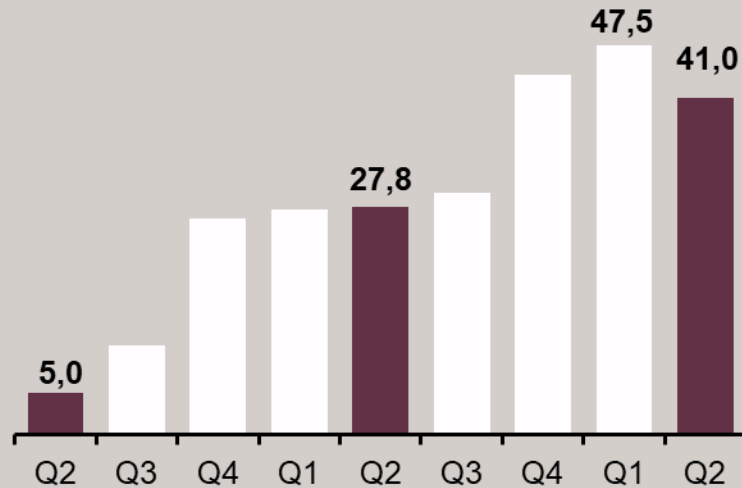
Working capital (+0.6)



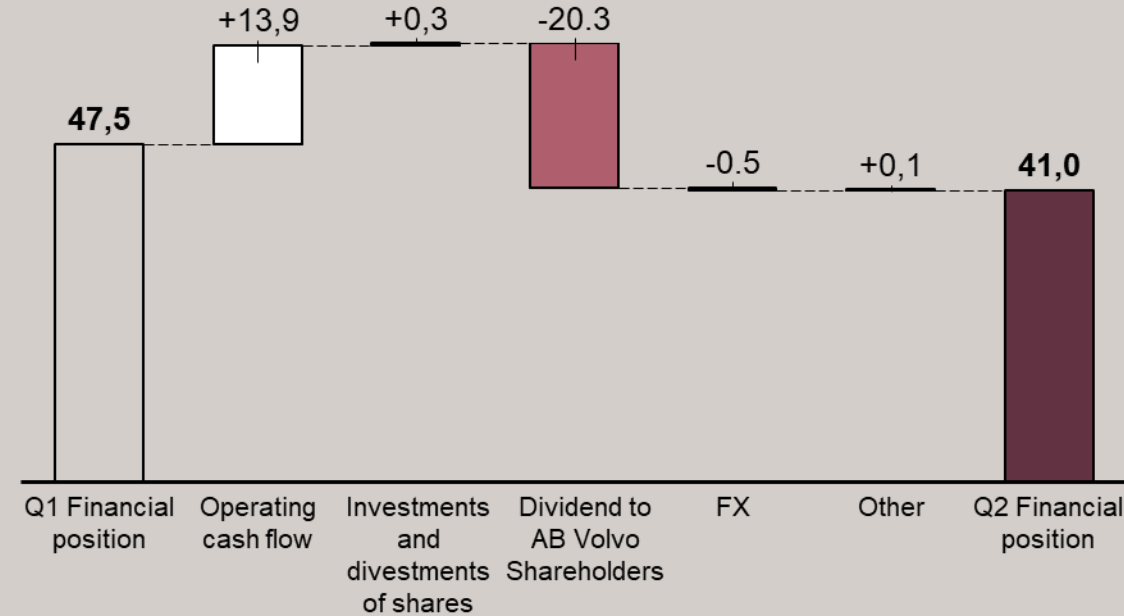
Volvo Group – Industrial Operations

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

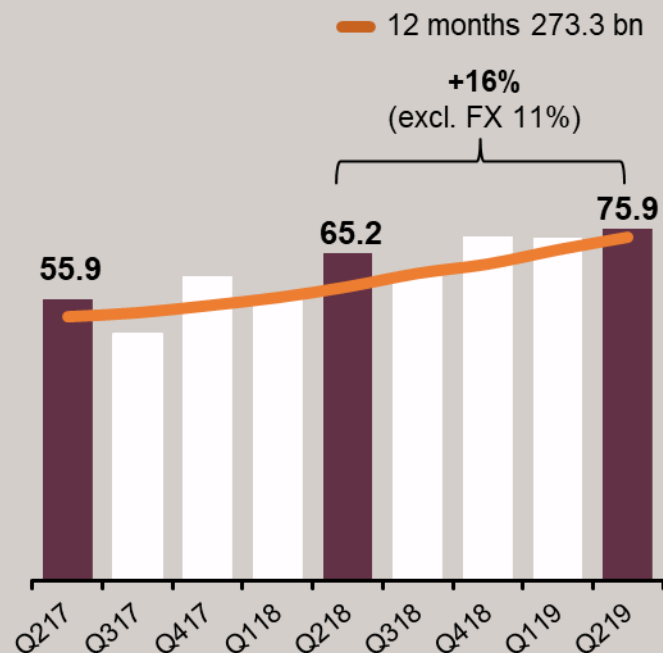


Trucks

NET SALES AND ADJUSTED OPERATING INCOME

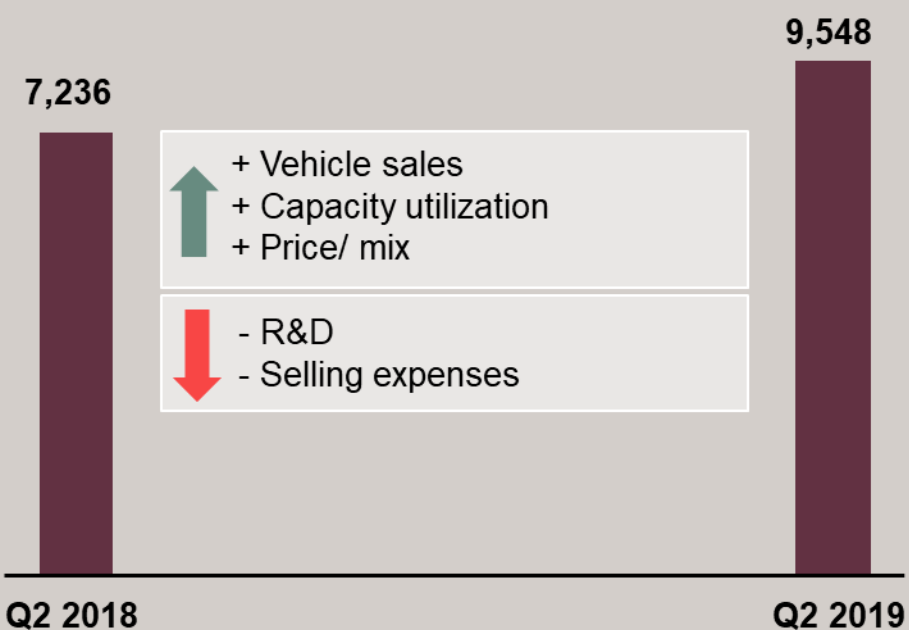
NET SALES

SEK bn



ADJUSTED OPERATING INCOME*

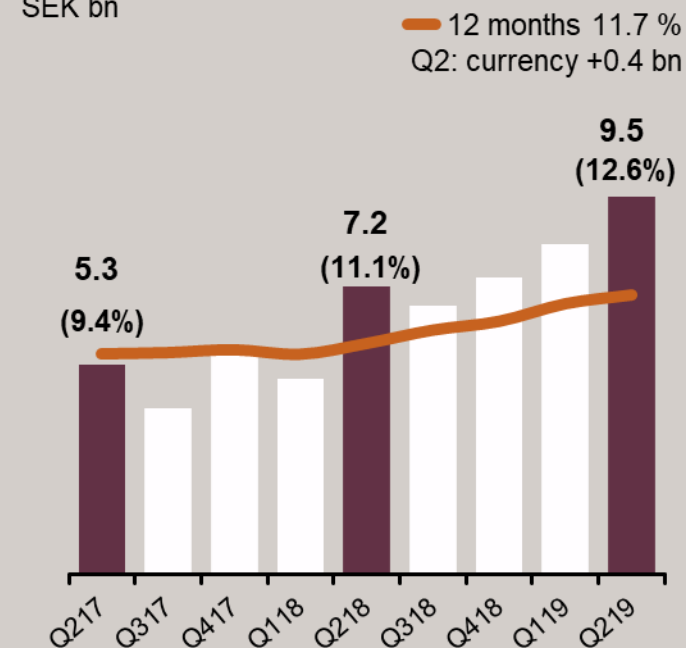
SEK M



ADJUSTED OPERATING INCOME

(margin)*

SEK bn



*Adjustments, see note 7 in Q2 report:

Q2 2018: No adjustments

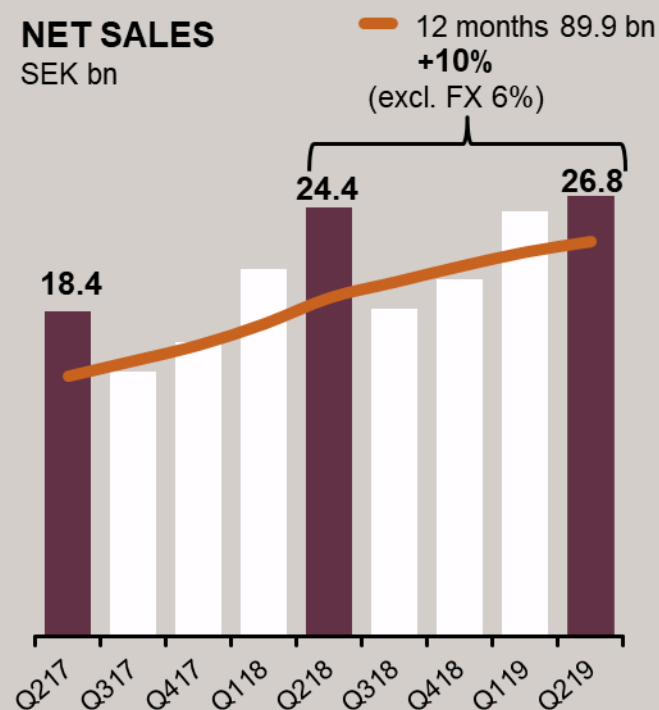
Q2 2019: No adjustments

Construction Equipment

NET SALES AND ADJUSTED OPERATING INCOME

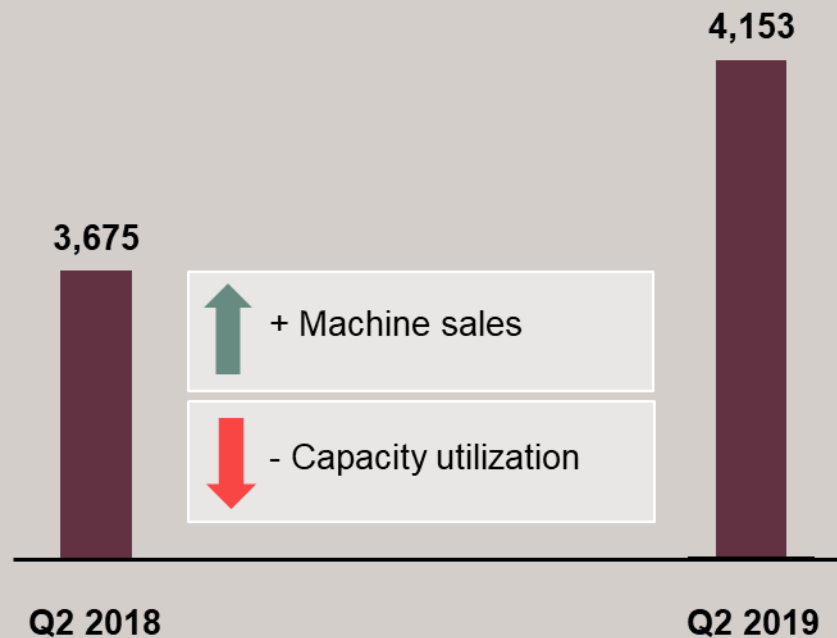
NET SALES

SEK bn



ADJUSTED OPERATING INCOME*

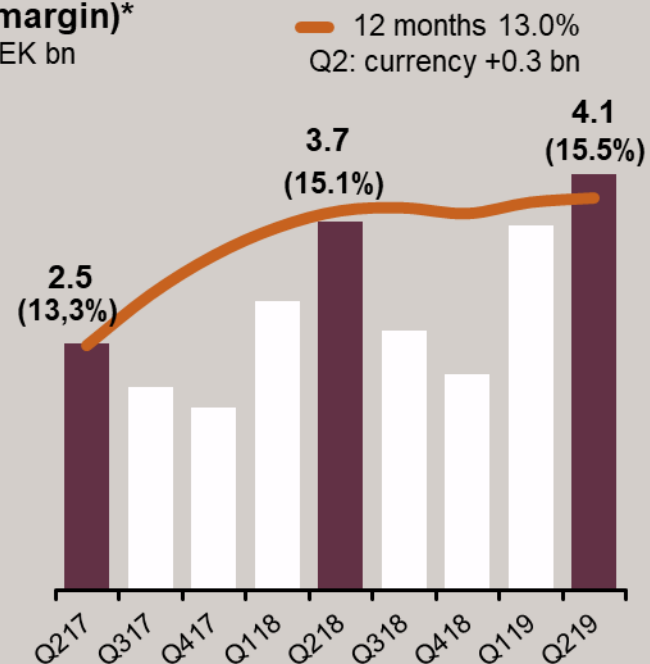
SEK M



ADJUSTED OPERATING INCOME

(margin)*

SEK bn



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Buses

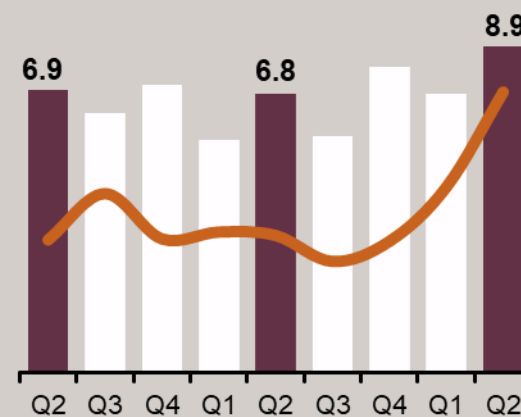
NET SALES & ADJUSTED OPERATING INCOME

- Net sales currency-adjusted +22%:
 - Vehicle +25%
 - Services +5%
- Adjusted operating income:
 - + Vehicles sales
 - Market mix
 - Industrial efficiency

NET SALES

SEK bn

12 months 29.0 bn

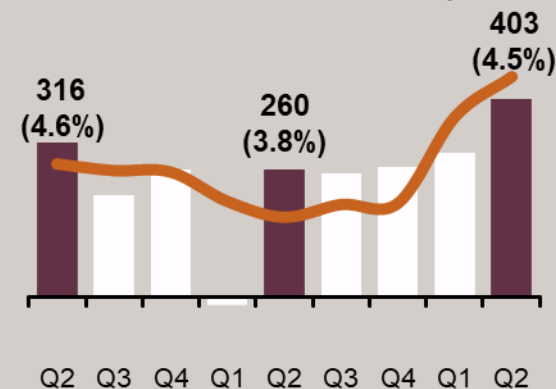


ADJUSTED OPERATING INCOME (margin)*

SEK M

12 months 1,217 M

Q2: currency +127 M



*Adjustments, see note 7 in Q2 report:

Q2 2018: No adjustments

Q2 2019: No adjustments

Volvo Penta

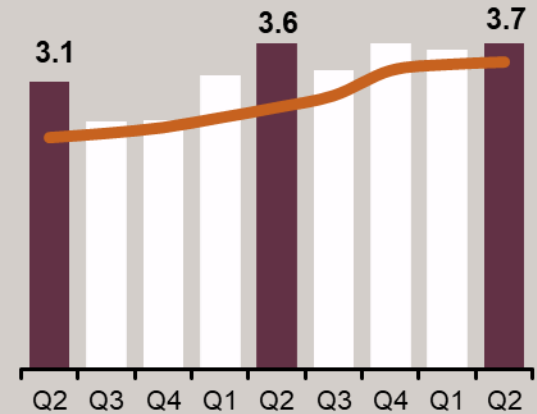
NET SALES & ADJUSTED OPERATING INCOME

- Net sales currency-adjusted -1%:
 - Engines -1%
 - Services +1%
- Adjusted operating income:
 - + Product mix
 - Volumes
 - R&D

NET SALES

SEK bn

12 months 14.1 bn



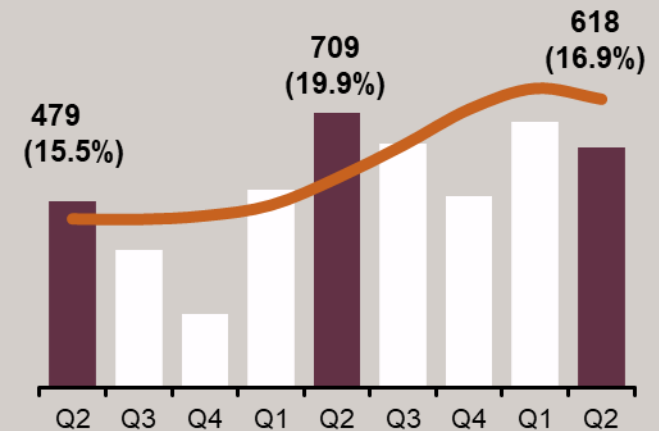
ADJUSTED OPERATING INCOME

(margin)*

SEK M

12 months 2,425 M

Q2: currency +69 M



*Adjustments, see note 7 in Q2 report:

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Q2 2019: No adjustments

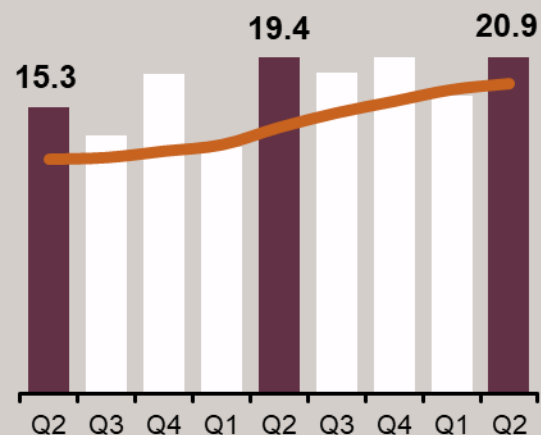
Financial Services

CREDIT PORTFOLIO AND PROFITABILITY

NEW RETAIL FINANCING

SEK bn

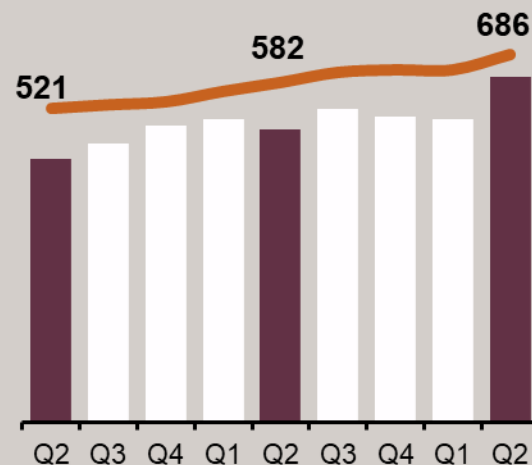
12 months 73.8 bn



ADJUSTED OPERATING INCOME*

SEK M

12 months 2,515 M
Currency +31 M

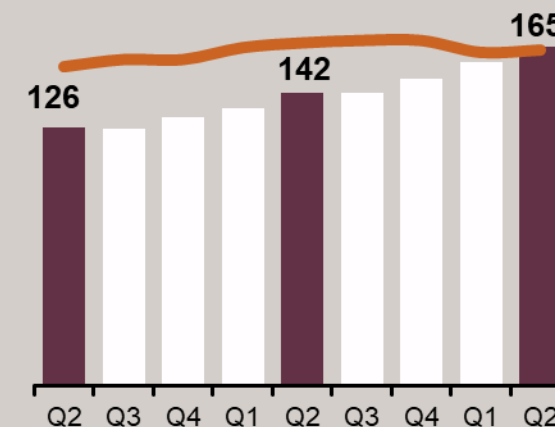


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Q2 2019: No adjustments

CREDIT PORTFOLIO & ROE

SEK bn

ROE* 12 months, 14.7%



* 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 Q2 2018 (12 months).

Volvo Group

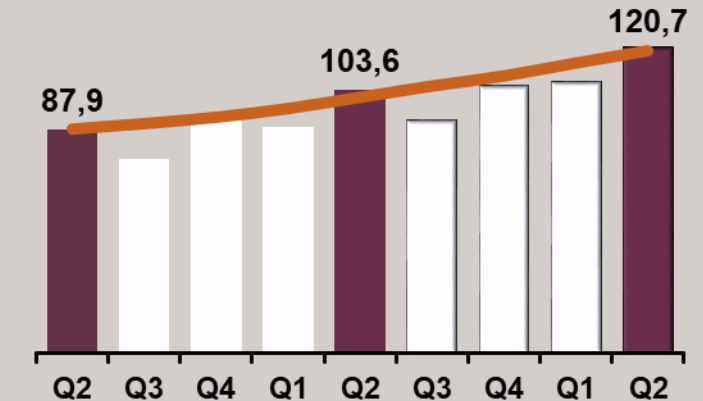
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NET SALES

SEK bn

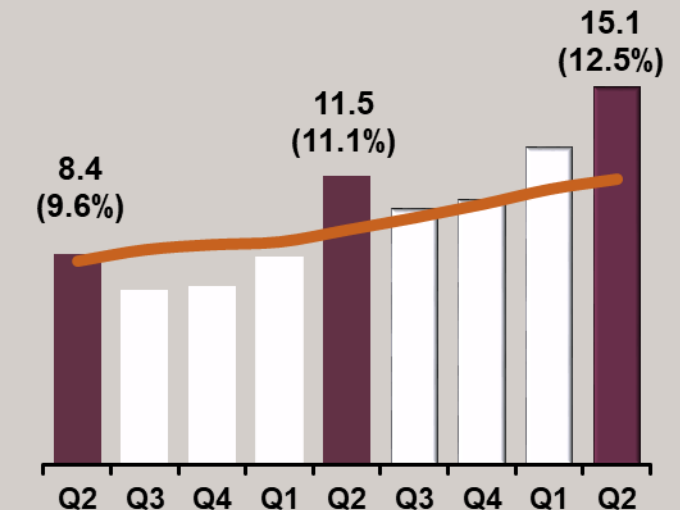
12 months 426 bn



ADJUSTED OPERATING INCOME

(margin)*

12 months 11.4%




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Q&A

Volvo Group investor meeting at North American Commercial Vehicle Show

Georgia World Congress Center, Atlanta
Monday, October 28th