



**VOLVO**  
VOLVO GROUP

**Third quarter 2019**

Martin Lundstedt, President and CEO

# Volvo Group

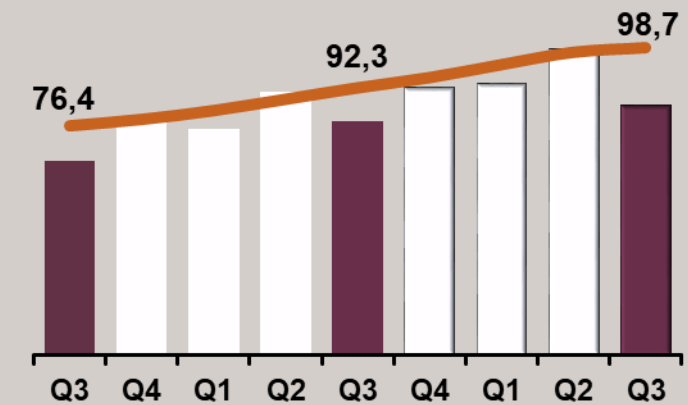
## THIRD QUARTER HIGHLIGHTS

- Net sales increased by SEK 6.4 bn, up 7% (+2% excl. currency)
- Adjusted operating income increased to SEK 10.9 bn (10.2), corresponding to a margin of 11.0% (11.1)
- Operating cash flow in the Industrial Operations of SEK 1.8 bn (1.3)

### NET SALES

SEK bn

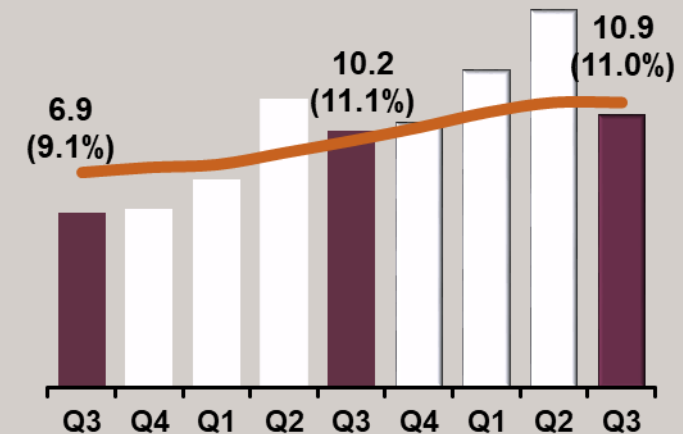
12 months 432 bn



### ADJUSTED OPERATING INCOME

(margin)\*

12 months 11.4%



\*Adjustments, see note 7 in Q3 report:

Q3 2018: No adjustments

Q3 2019: No adjustments.

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

# Volvo Group

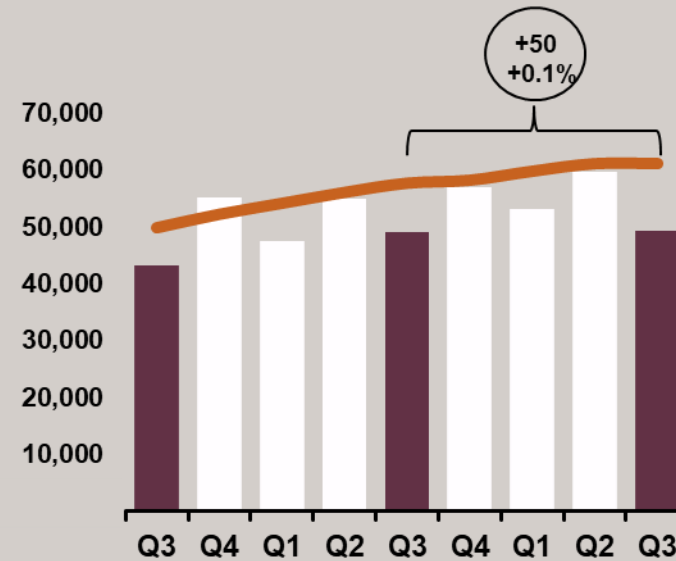
## VOLUME DEVELOPMENT IN THE THIRD QUARTER



### TRUCK DELIVERIES

Units HD/MD

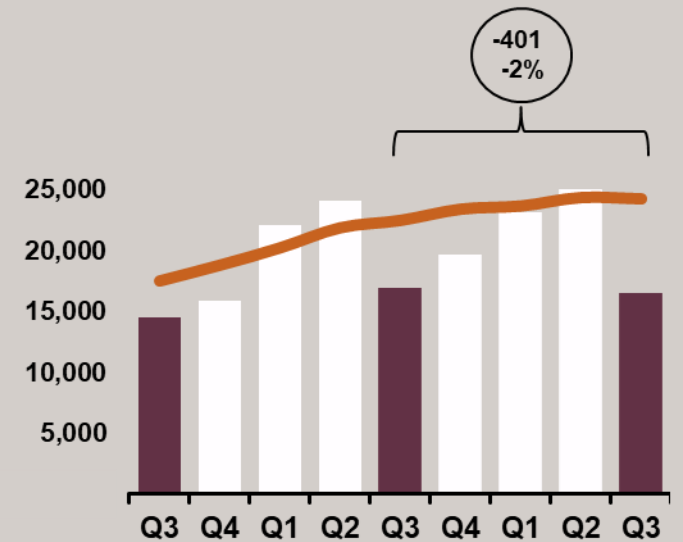
12 months 218,526



### MACHINE DELIVERIES

Units

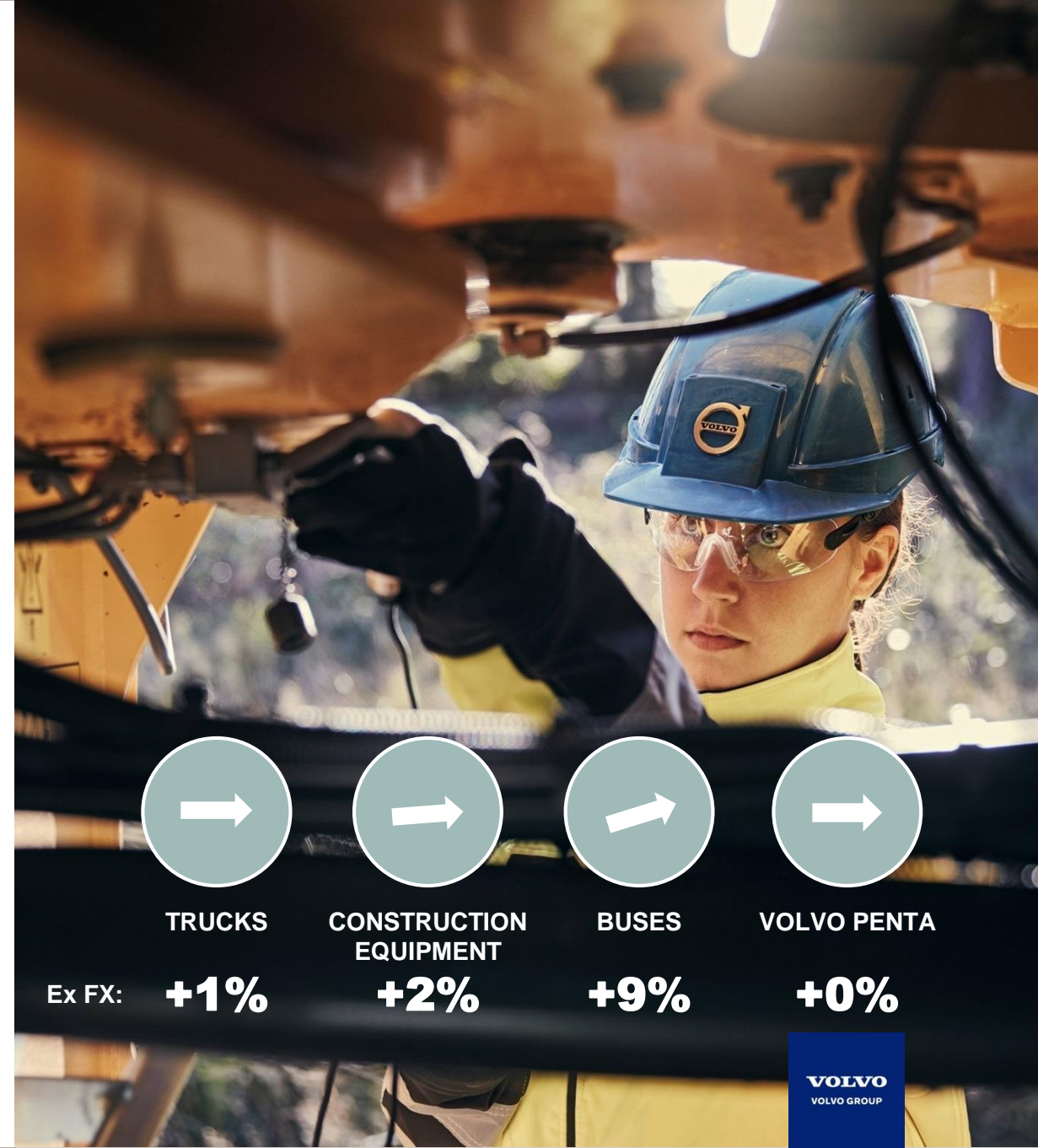
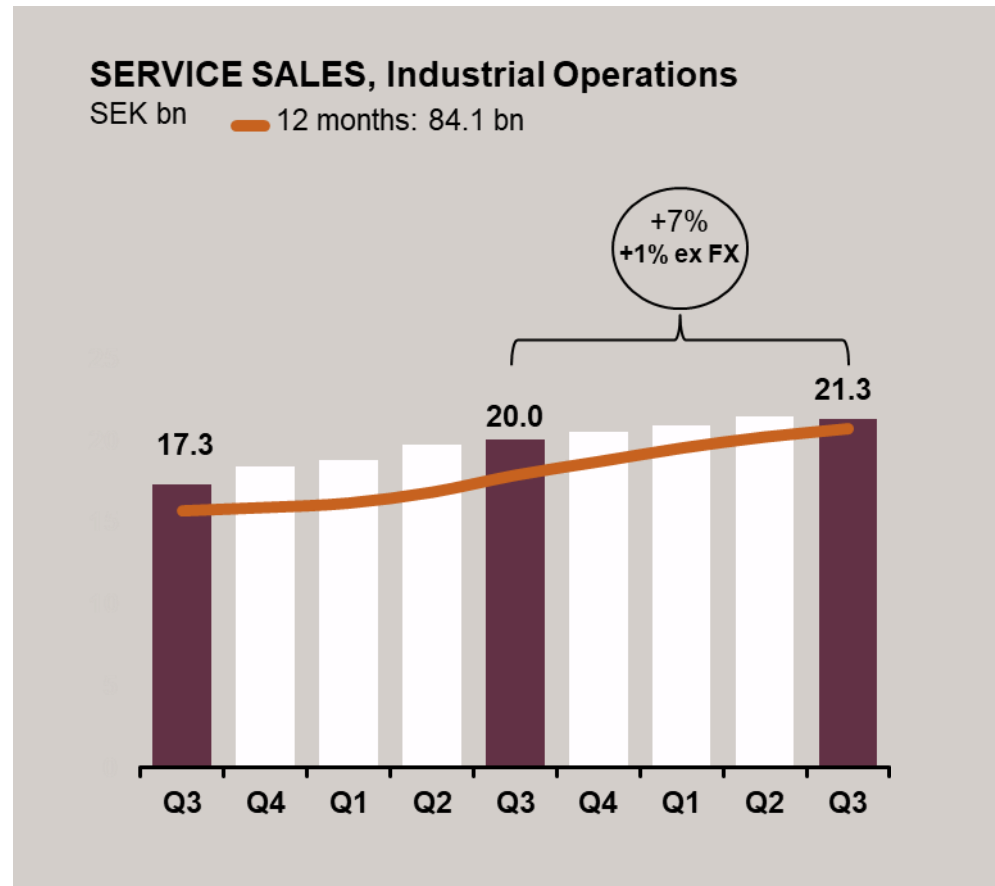
12 months 86,070





# Volvo Group

## SERVICE SALES DEVELOPMENT











## Volvo Autonomous Solutions

A new Business Area with full focus on developing, commercializing and scaling up L4 autonomous solutions







# Trucks

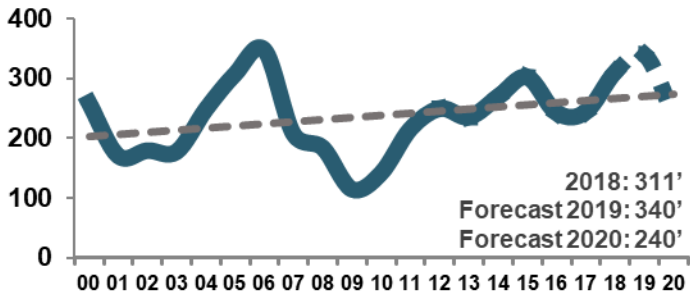


# Trucks

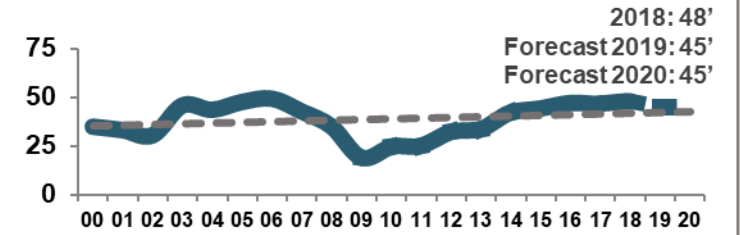
## MARKET ENVIRONMENT



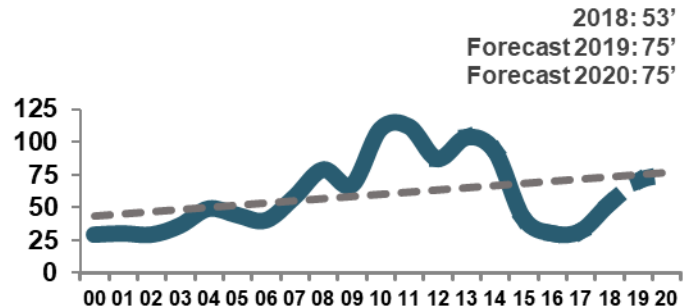
**NORTH AMERICA HD**



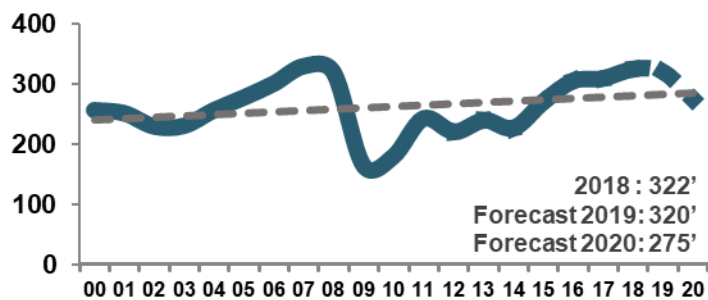
**JAPAN HD**



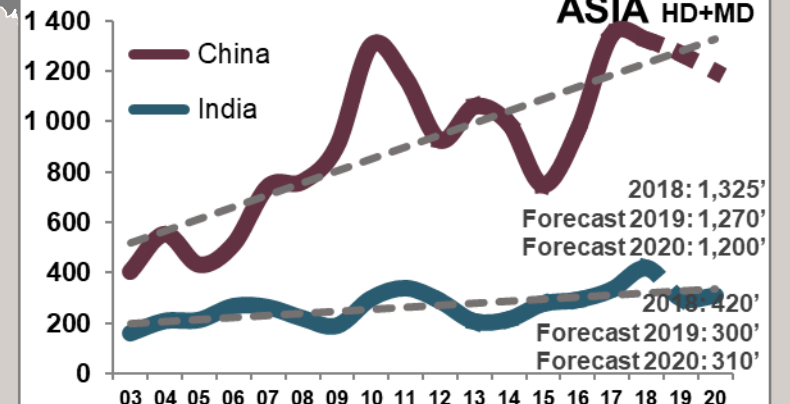
**BRAZIL HD**



**EUROPE HD**



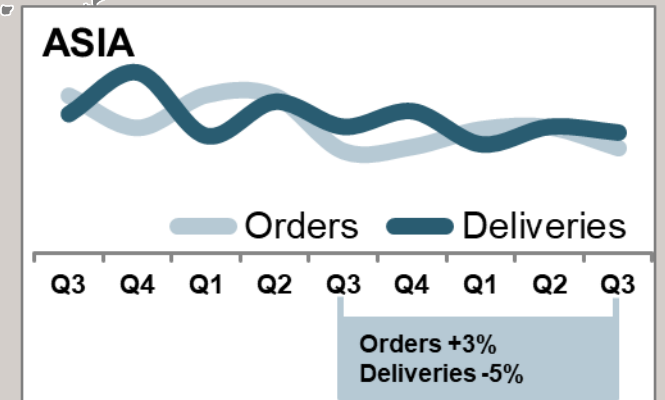
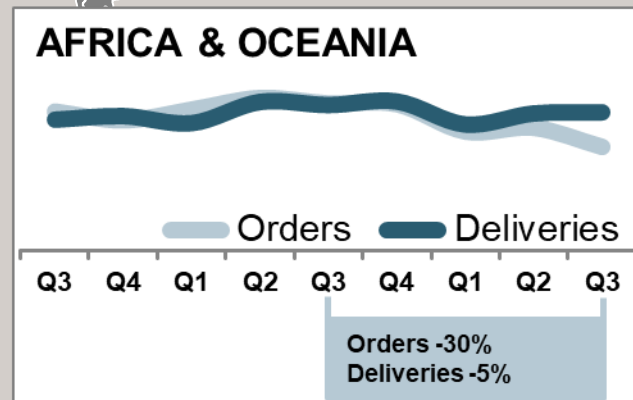
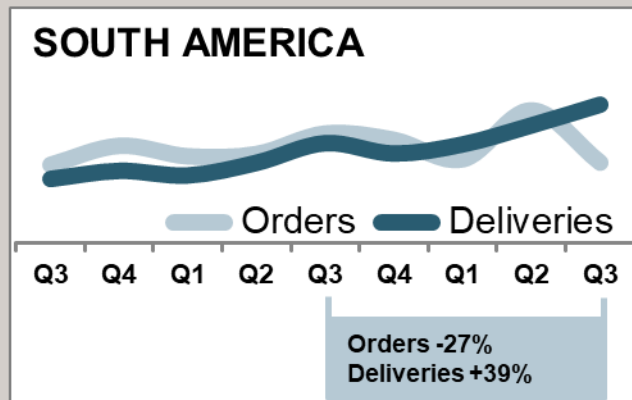
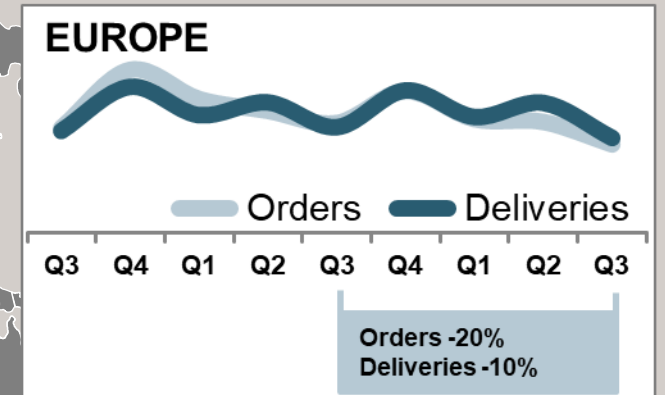
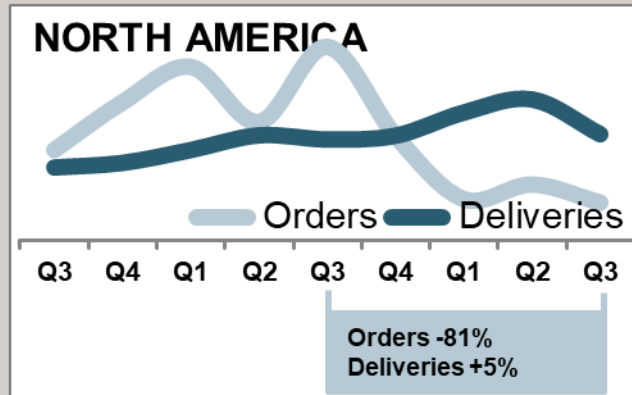
**ASIA HD+MD**





# Trucks

HD/MD: QUARTERLY ORDERS -45% AND DELIVERIES +0.1%

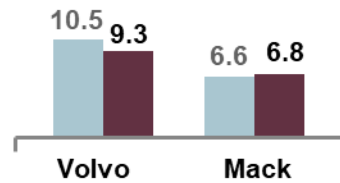


# Trucks

## MARKET SHARES

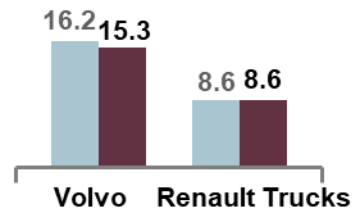
### NORTH AMERICA

YTD Sep



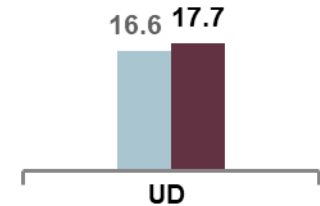
### EUROPE

EU28, YTD Aug



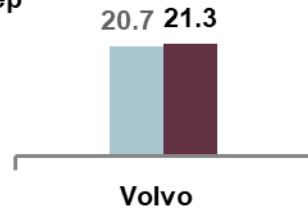
### JAPAN

YTD Sep



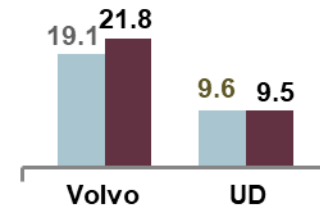
### BRAZIL

YTD Sep



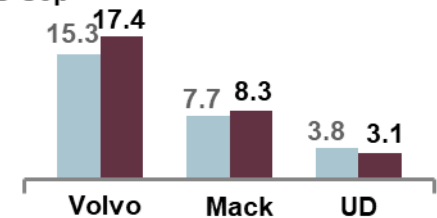
### SOUTH AFRICA



YTD Aug



### AUSTRALIA

YTD Sep



HD%  2018  2019



# Trucks

## PRODUCT NEWS IN NORTH AMERICA

- Volvo Trucks showed the Volvo VNR Electric in North America. Limited commercial production will start in 2020
- Volvo Trucks announced the introduction of the Volvo Dynamic Steering system in North America



A large yellow and black Volvo tracked excavator is shown in a construction setting. The machine is positioned on a dirt mound, with its tracks and rear section visible. The background features a hazy landscape under a warm, golden sunset sky. The word "VOLVO" is printed in white on the black rear panel of the machine. A yellow warning label is also visible on the side of the rear section.

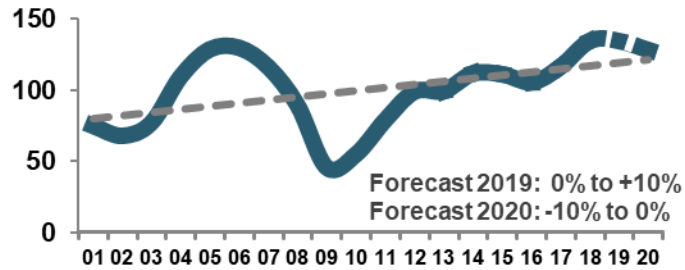
# Construction Equipment



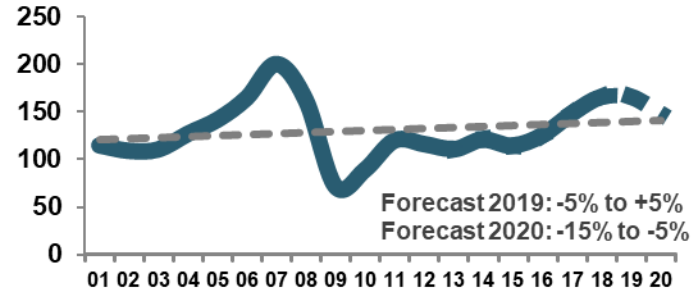
# Construction Equipment

## MARKET ENVIRONMENT

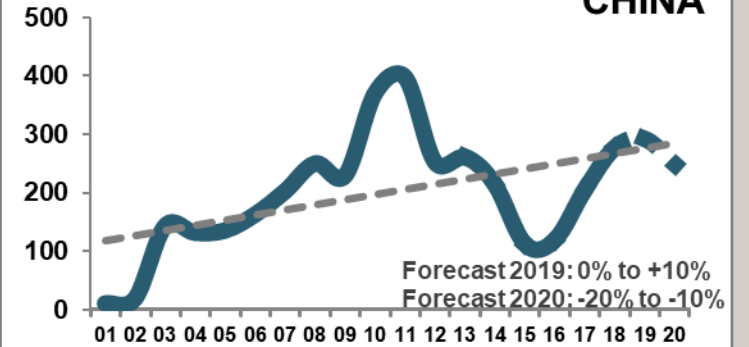
### NORTH AMERICA



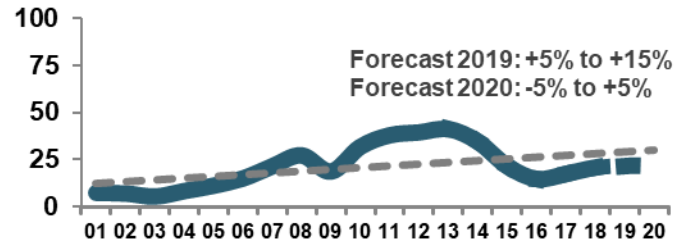
### EUROPE



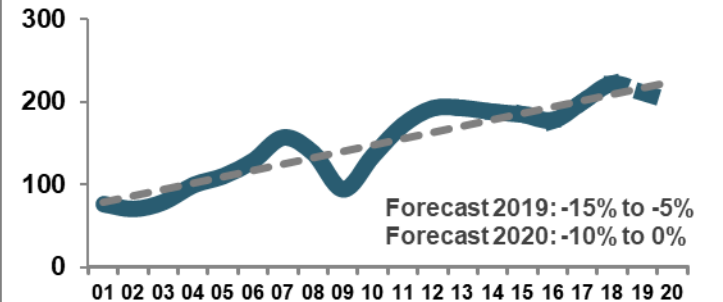
### CHINA



### SOUTH AMERICA

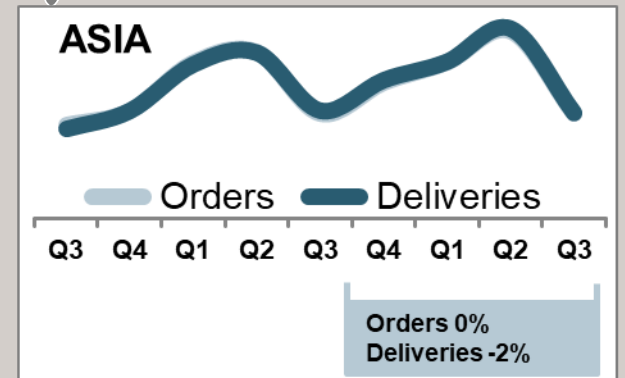
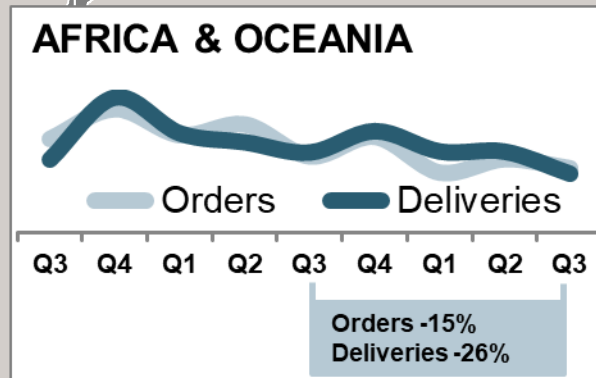
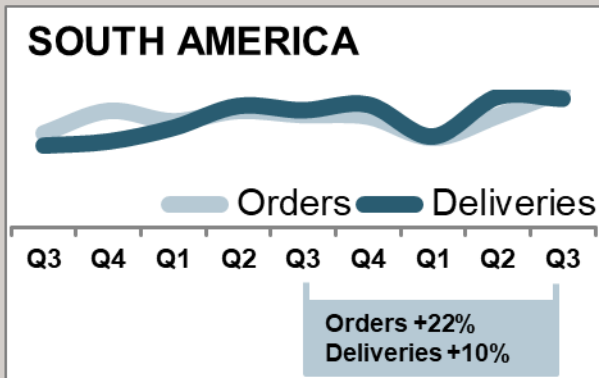
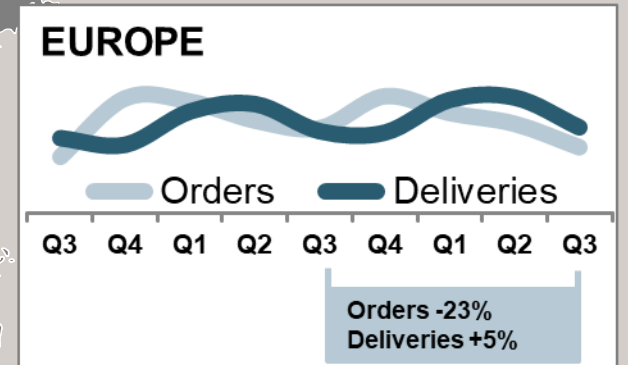
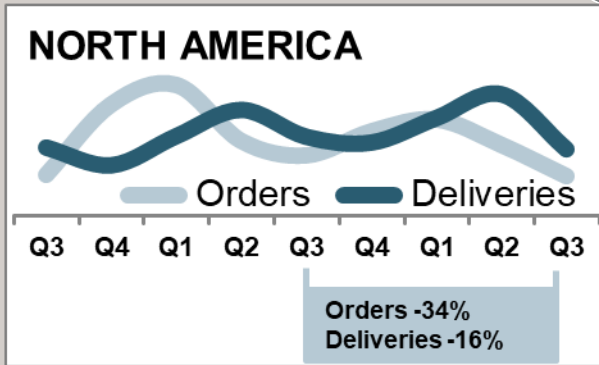


### ASIA (excl. China)



# Construction Equipment

QUARTERLY ORDERS -9% AND DELIVERIES -2%





# Construction Equipment

- First commercial pilot agreement for autonomous battery-electric load carriers signed with Harsco in Sweden
- Investments in R&D and customer demo area for electric and autonomous machines in Eskilstuna, Sweden



# Buses

- Order intake decreased by 32% mainly due to lower market demand in India, Asia and UK.
- Deliveries increased by 20% mainly driven by higher volumes in South America, Mexico and the Nordic region
- Break through order of 129 Volvo Euro VI buses to Mexico City which is investing in a more sustainable transport system





# Volvo Penta

- Order intake decreased by 16% mainly due to the pre-buy of industrial engines in 2018
- Deliveries decreased by 12% mainly due to pre-buy of industrial engines in 2018
- Volvo Penta and Fountaine-Pajot showcased an electric sailing catamaran concept

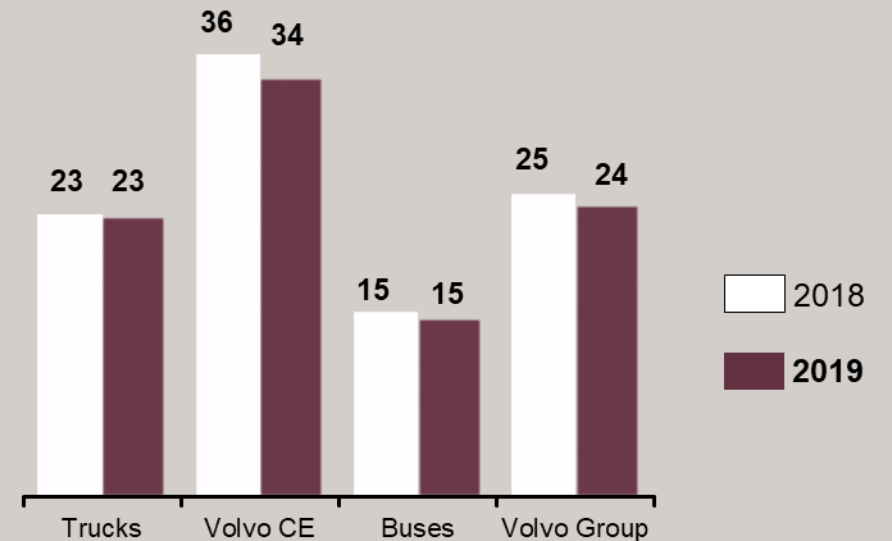




# Financial Services

- A gradual improvement in penetration during the year driven by Europe, South America and Asia
- The first Renault Master Z.E. electric financed during the quarter
- Strong start of operations in Korea

**PENETRATION RATE, %**  
12 months moving





**VOLVO**  
VOLVO GROUP

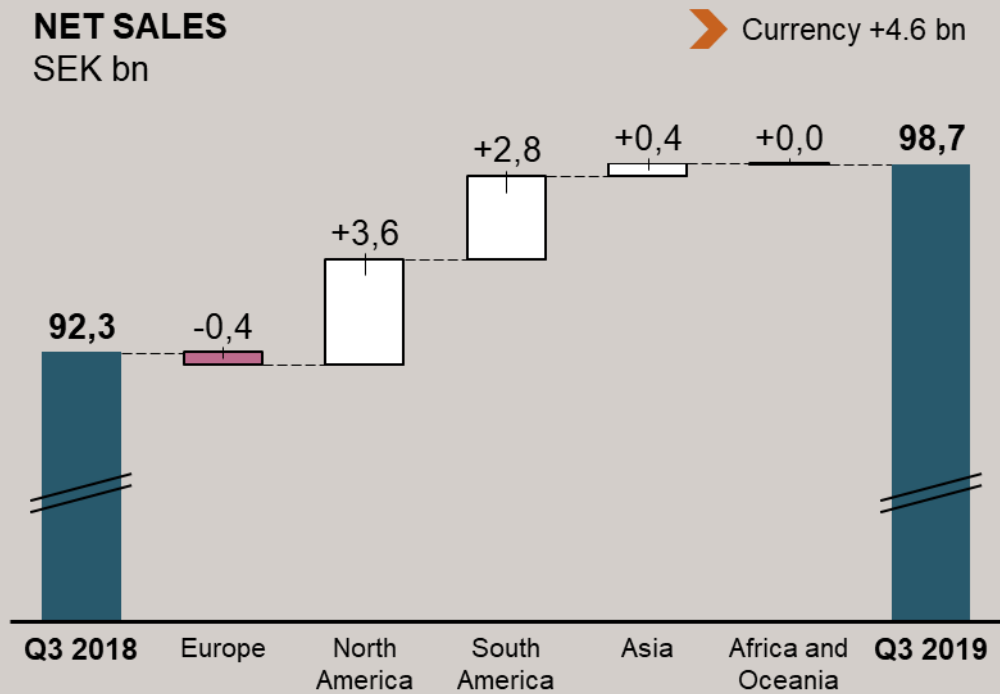


**Third quarter 2019**

Jan Ytterberg, CFO

# Volvo Group

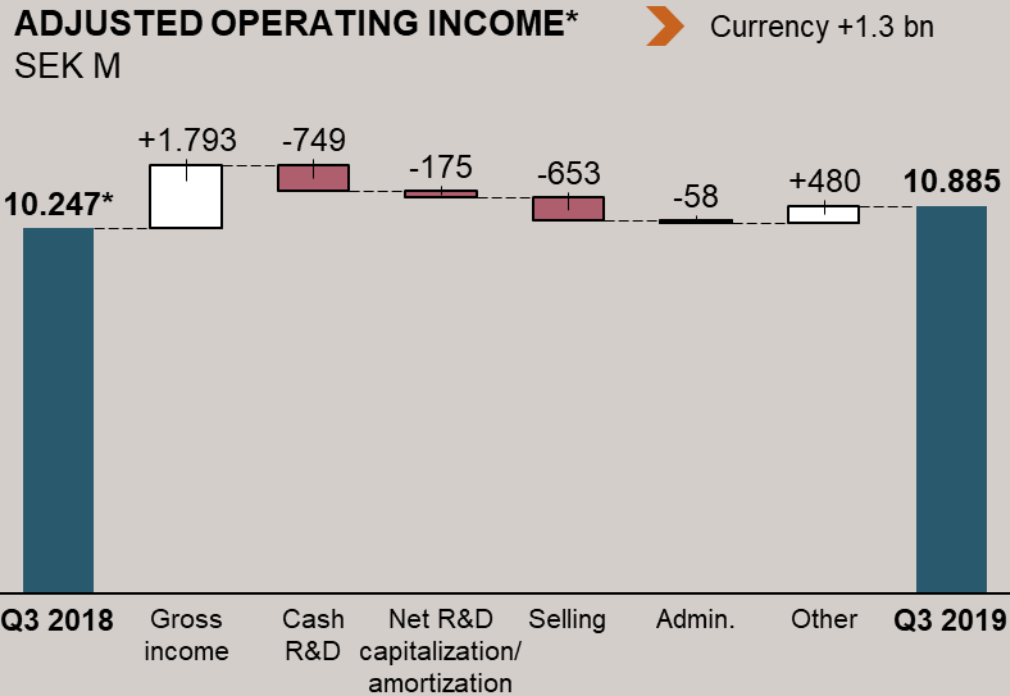
## NET SALES PER MARKET





# Volvo Group

## ADJUSTED OPERATING INCOME CONTRIBUTORS



\*Adjustments, see note 7 in Q3 report:  
Q3 2018: No adjustments  
Q3 2019: No adjustments

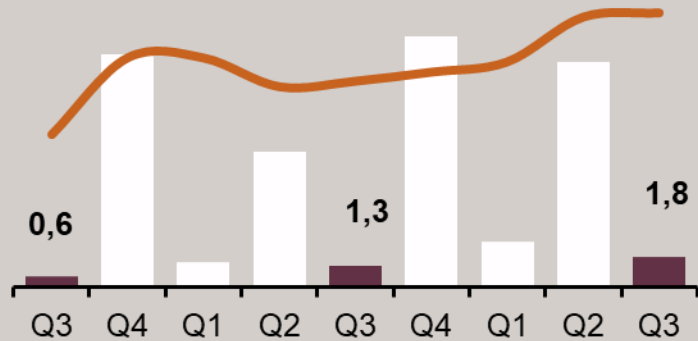


# Volvo Group – Industrial Operations

## CASH FLOW

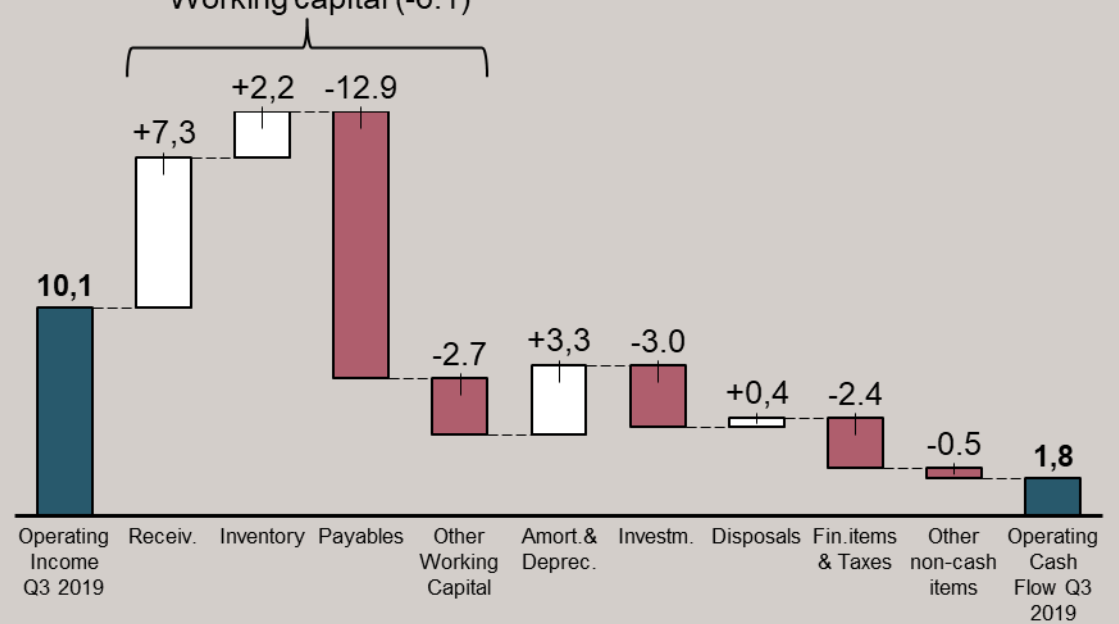
### OPERATING CASH FLOW

SEK bn — 12 months SEK 33.9 bn



### OPERATING CASH FLOW

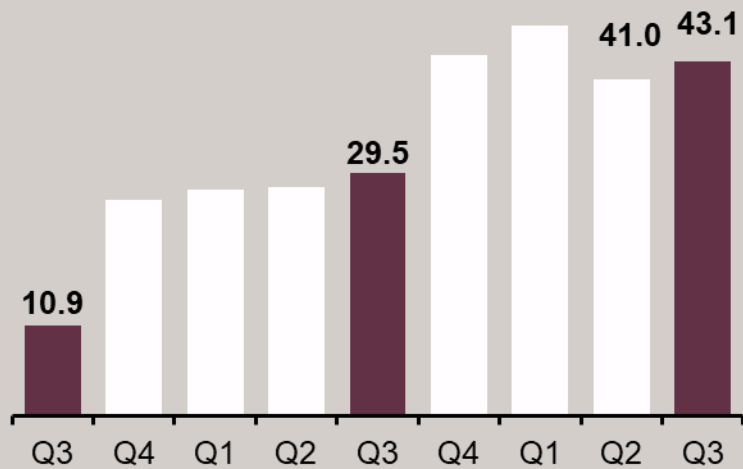
SEK bn



# Volvo Group – Industrial Operations

## NET FINANCIAL POSITION

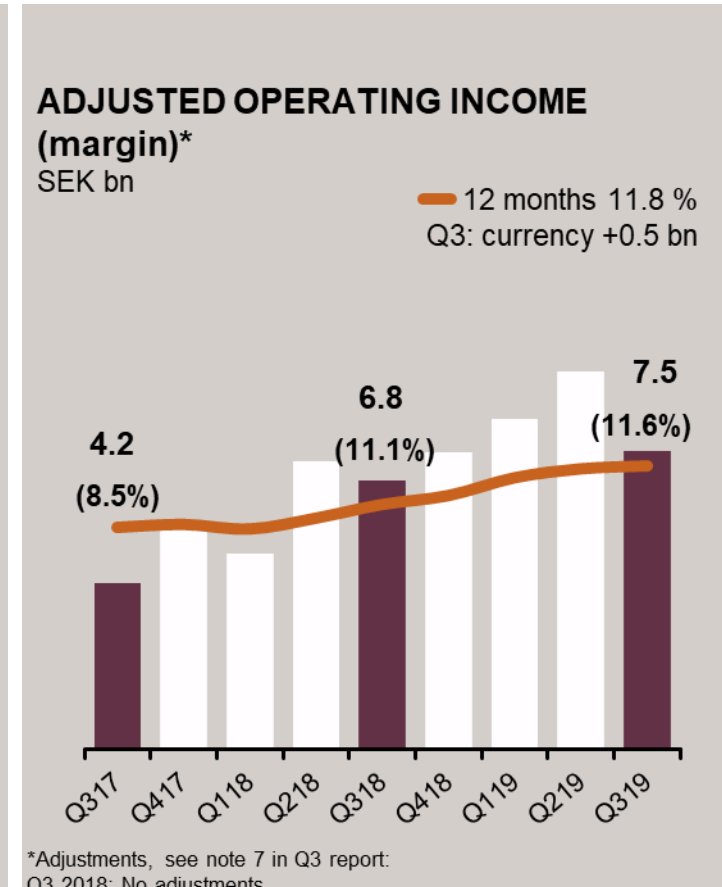
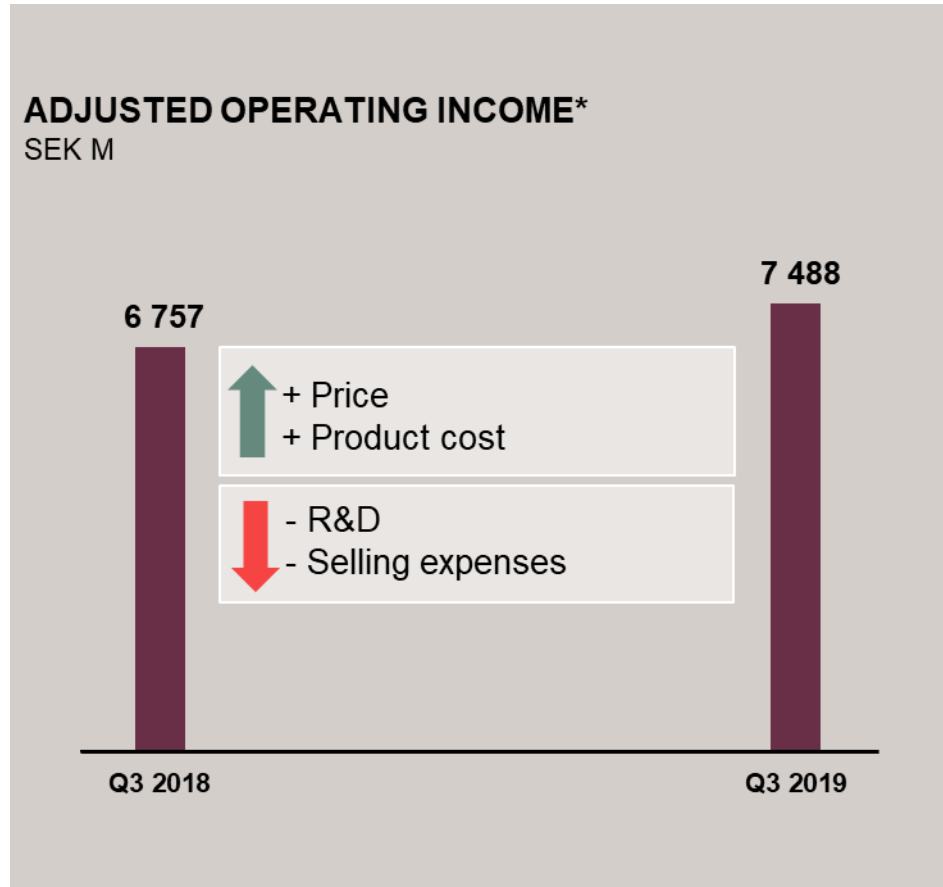
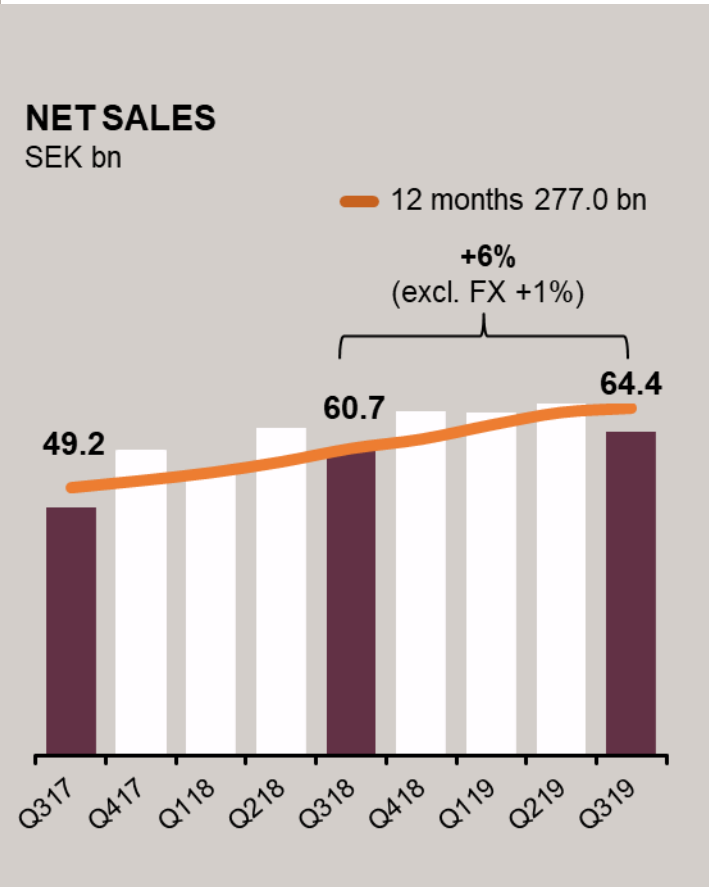
FINANCIAL POSITION, EXCL. PENSIONS AND  
LEASE LIABILITIES (as of Jan 1, 2019)  
SEK bn





# Trucks

## NET SALES AND ADJUSTED OPERATING INCOME



\*Adjustments, see note 7 in Q3 report:  
Q3 2018: No adjustments  
Q3 2019: No adjustments

# Construction Equipment

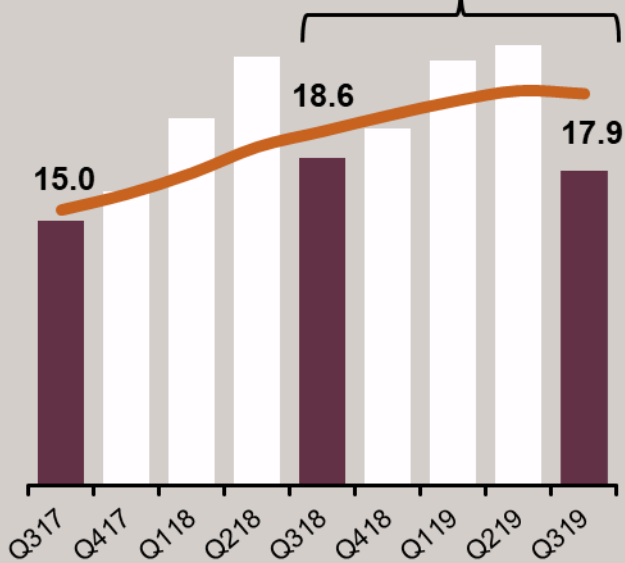
## NET SALES AND ADJUSTED OPERATING INCOME

### NET SALES

SEK bn

12 months 89.2 bn

-4%  
(excl. FX -7%)



### ADJUSTED OPERATING INCOME\*

SEK M

2 587

2 180



+ Service



- Mix  
- R&D expenses  
- Selling expenses

Q3 2018

Q3 2019

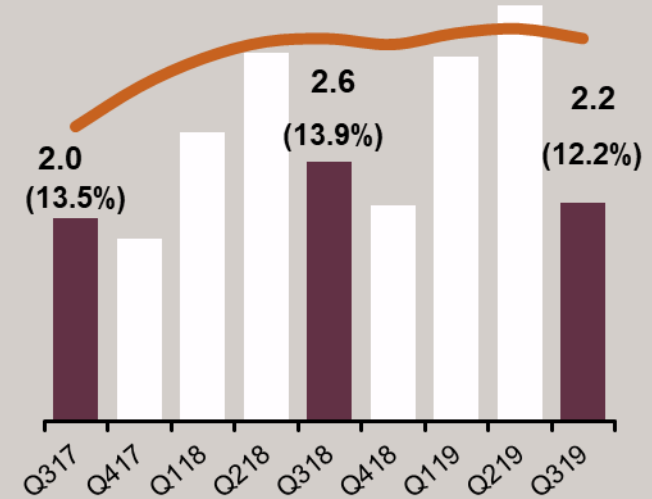
### ADJUSTED OPERATING INCOME

(margin)\*

SEK bn

12 months 13.6%

Q3: currency +0.6 bn



\*Adjustments, see note 7 in Q3 report:

Q3 2018: No adjustments

Q3 2019: No adjustments

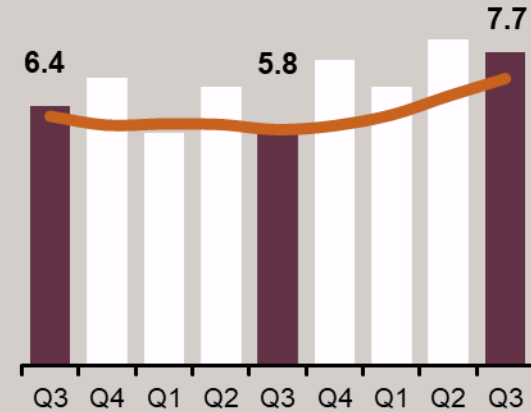
# Buses

## NET SALES & ADJUSTED OPERATING INCOME

- Net sales currency-adjusted +28%:
  - Vehicles +33%
  - Services +9%
- Adjusted operating income:
  - + Vehicles and service volumes
  - Selling expenses

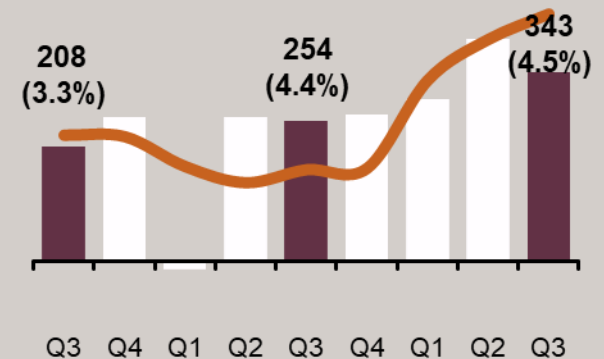
### NET SALES

SEK bn 12 months 30.9 bn



### ADJUSTED OPERATING INCOME (margin)\*

SEK M 12 months 1,306 M  
Q3: currency +26 M



\*Adjustments, see note 7 in Q3 report:  
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Q3 2019: No adjustments



# Volvo Penta

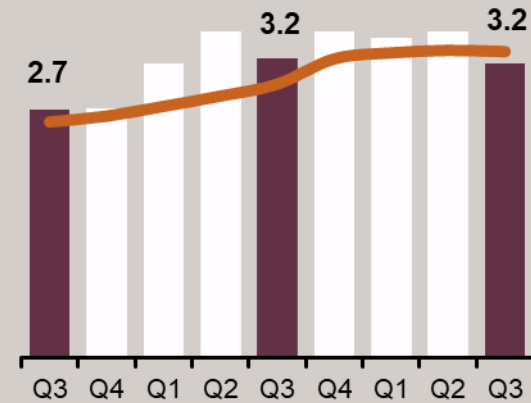
## NET SALES & ADJUSTED OPERATING INCOME

- Net sales currency-adjusted -5%:
  - Engines -7%
  - Services 0%
- Adjusted operating income:
  - Lower volumes
  - R&D
  - Selling expenses

### NET SALES

SEK bn

12 months 14.1 bn



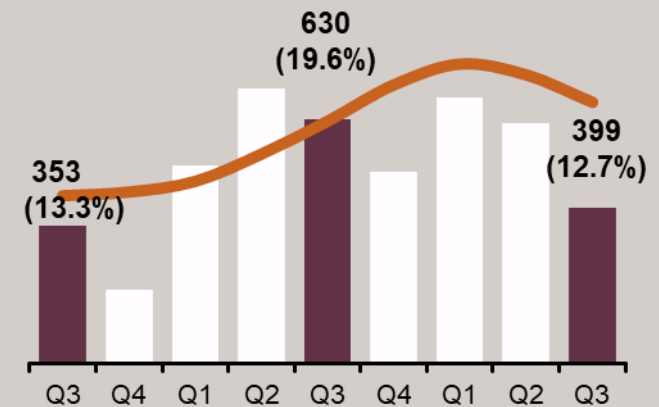
### ADJUSTED OPERATING INCOME

(margin)\*

SEK M

12 months 2,194 M

Q3: currency +96 M



\*Adjustments, see note 7 in Q3 report:  
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Q3 2019: No adjustments

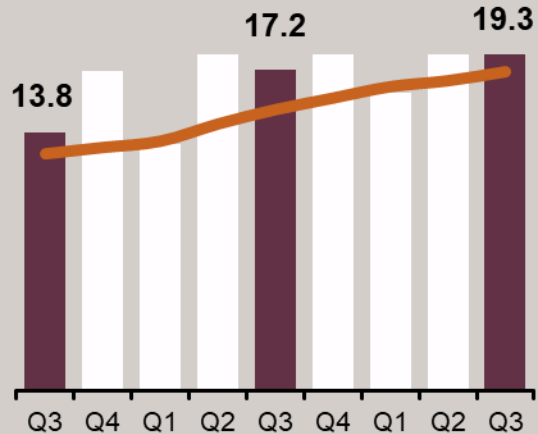
# Financial Services

## CREDIT PORTFOLIO AND PROFITABILITY

### NEW RETAIL FINANCING

SEK bn

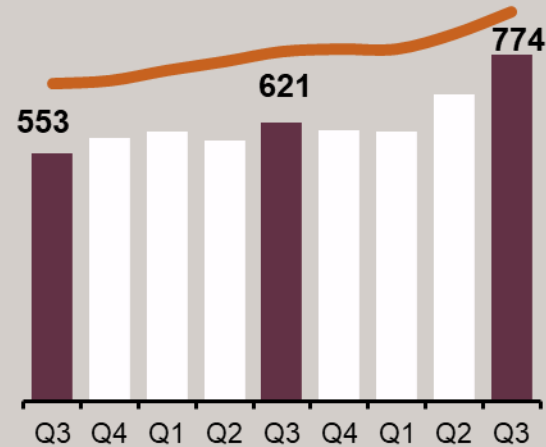
12 months 76.0 bn



### ADJUSTED OPERATING INCOME\*

SEK M

12 months 2,667 M  
Currency +45 M

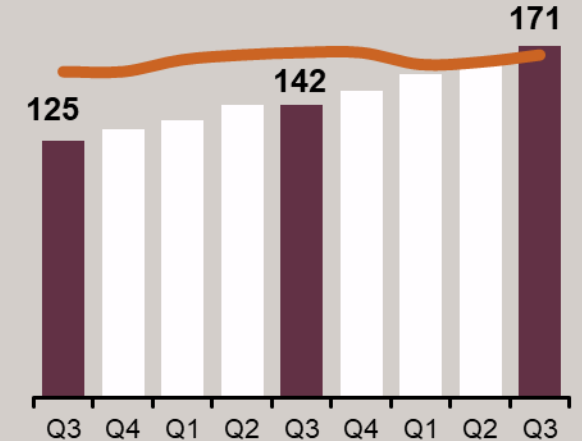


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### CREDIT PORTFOLIO & ROE

SEK bn

ROE\* 12 months, 15.0%



\* 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

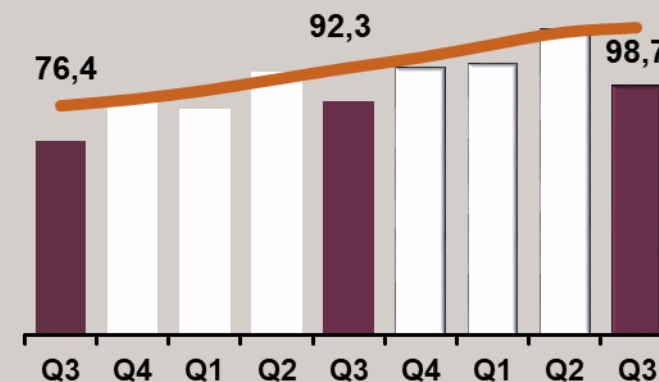
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### NET SALES

SEK bn

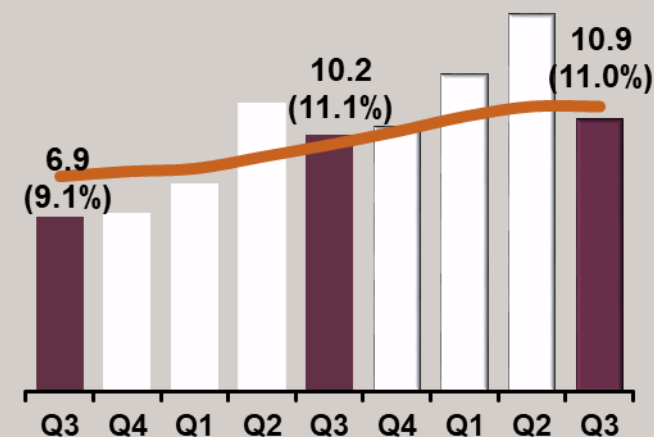
— 12 months 432 bn



### ADJUSTED OPERATING INCOME

(margin)\*

— 12 months 11.4%



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