



VOLVO
VOLVO GROUP

First quarter 2020

Martin Lundstedt, President and CEO

Volvo Group

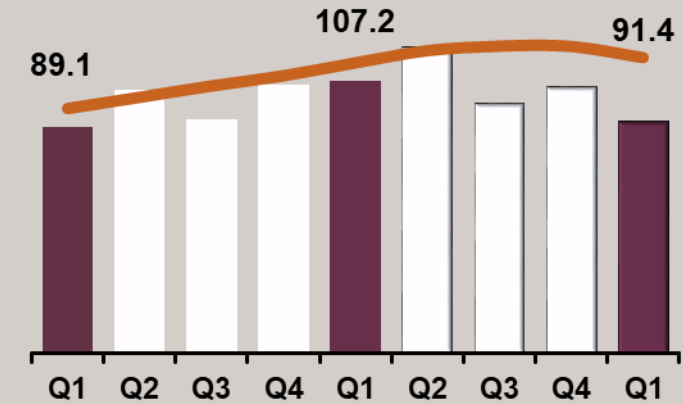
FIRST QUARTER HIGHLIGHTS

- Net sales decreased by SEK -16 bn, -15%
- Adjusted operating income of SEK 7.1 bn, corresponding to a margin of 7.8%
- Operating cash flow in the Industrial Operations of SEK -4.1 bn (2.8)
- Net financial cash position of SEK 57.8 bn
- Volvo Group and Daimler Truck intends to co-invest in development and large-scale production of fuel cells
- Severe COVID-19 impact starting mid-March

NET SALES

SEK bn

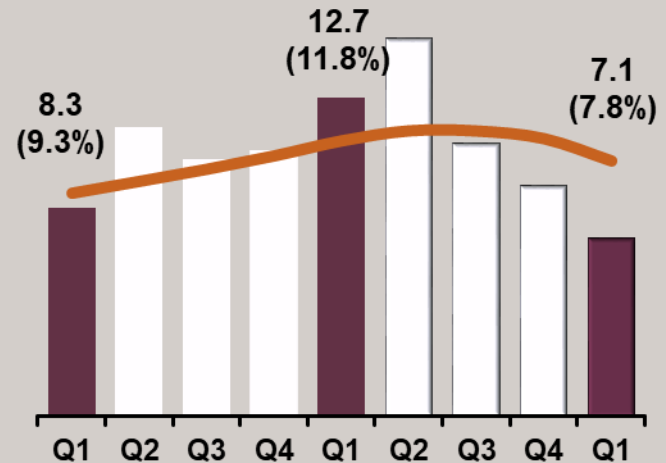
12 months 416 bn



ADJUSTED OPERATING INCOME

(margin)*

12 months 10.2%



*Adjustments, see note 7 in Q1 report:

Q1 2019: Significant one-time item of SEK 1.5 Bn

Q1 2020: Significant one-time item of SEK 234 M

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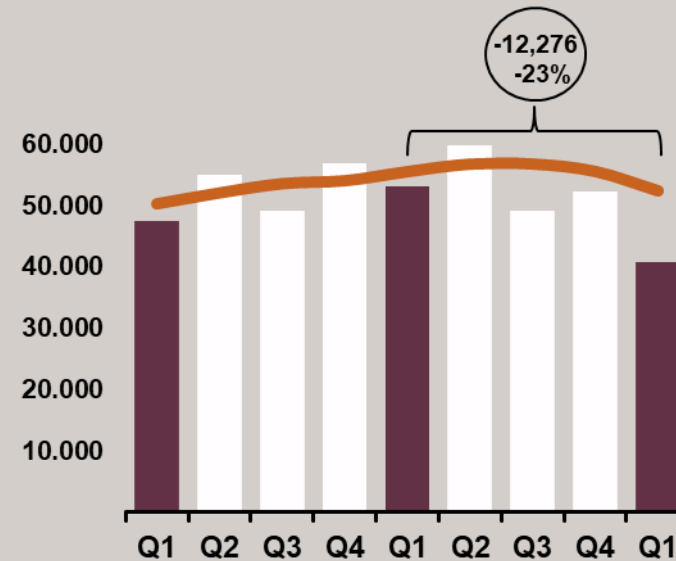
VOLUME DEVELOPMENT IN THE FIRST QUARTER



TRUCK DELIVERIES

Units HD/MD

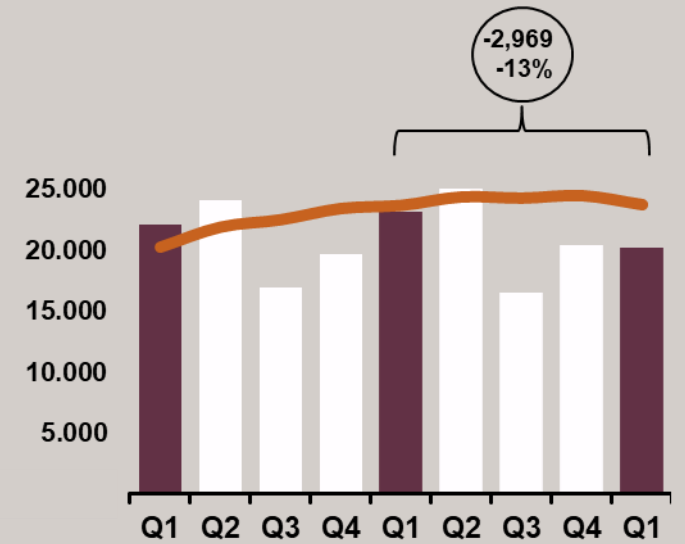
12 months 201,516



MACHINE DELIVERIES

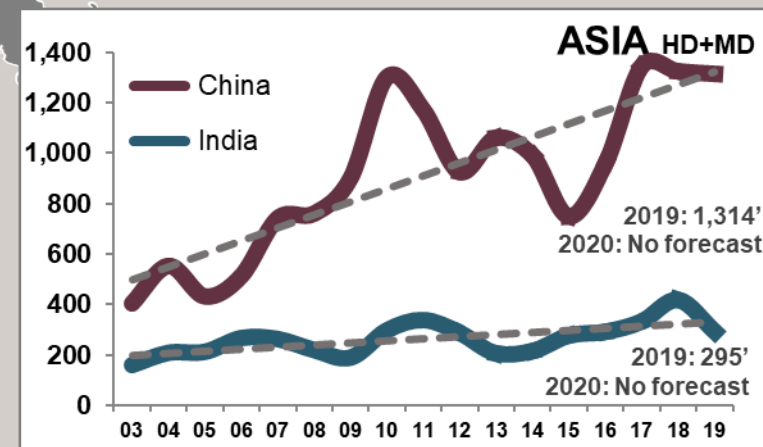
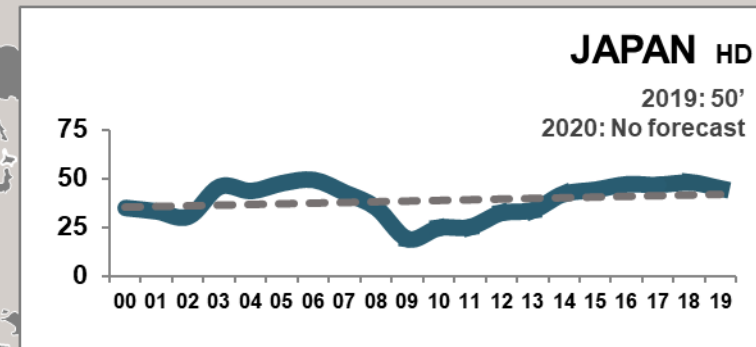
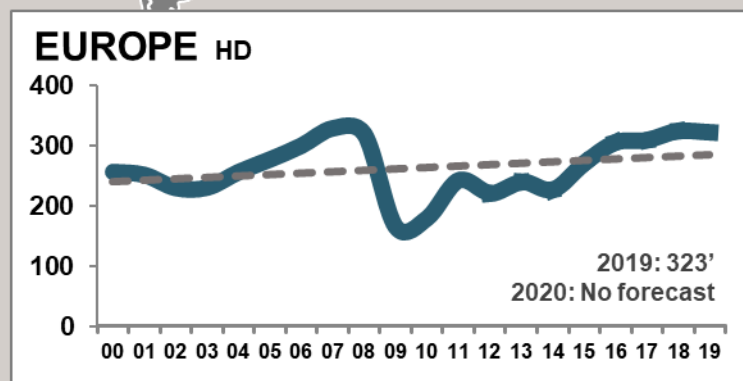
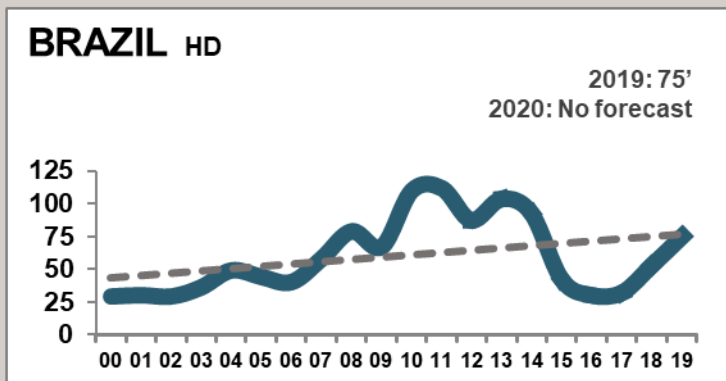
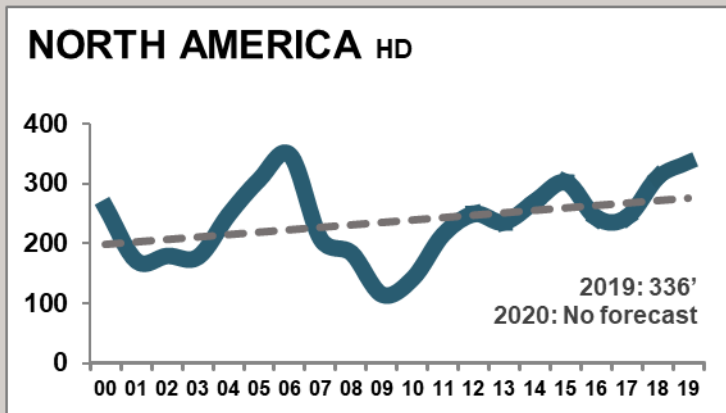
Units

12 months 83,916



Trucks

MARKET ENVIRONMENT: STEEP DECLINE IN DEMAND - FORECAST VISIBILITY LOW

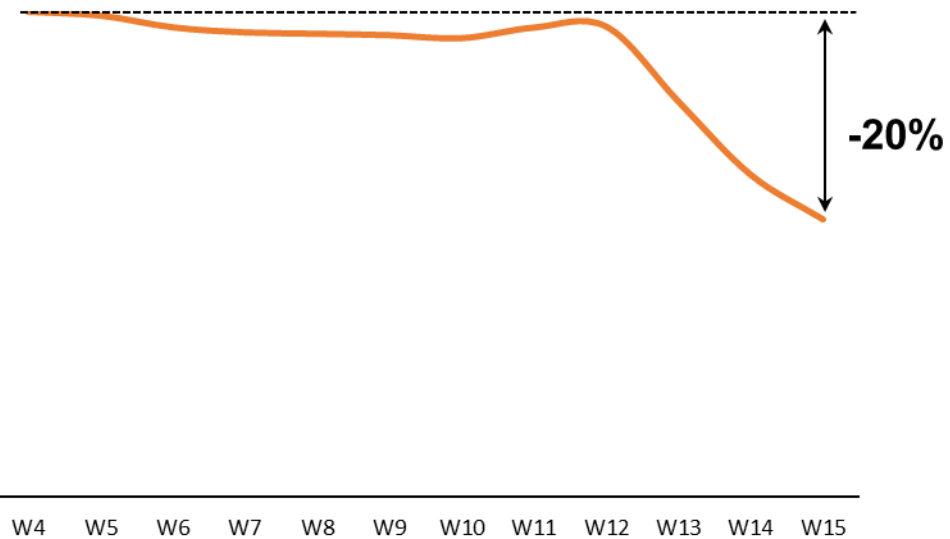


Trucks

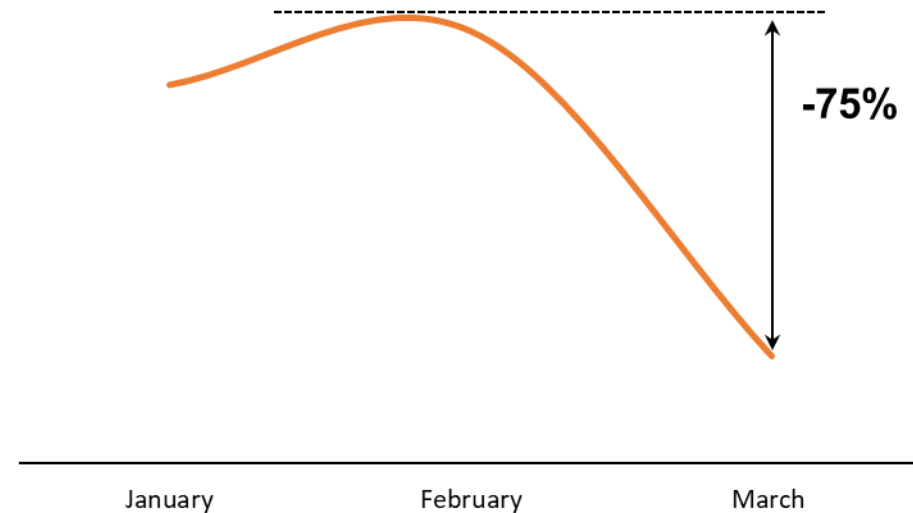
MARKET ENVIRONMENT

Volvo Trucks European fleet utilization

Average km driven per week (index)



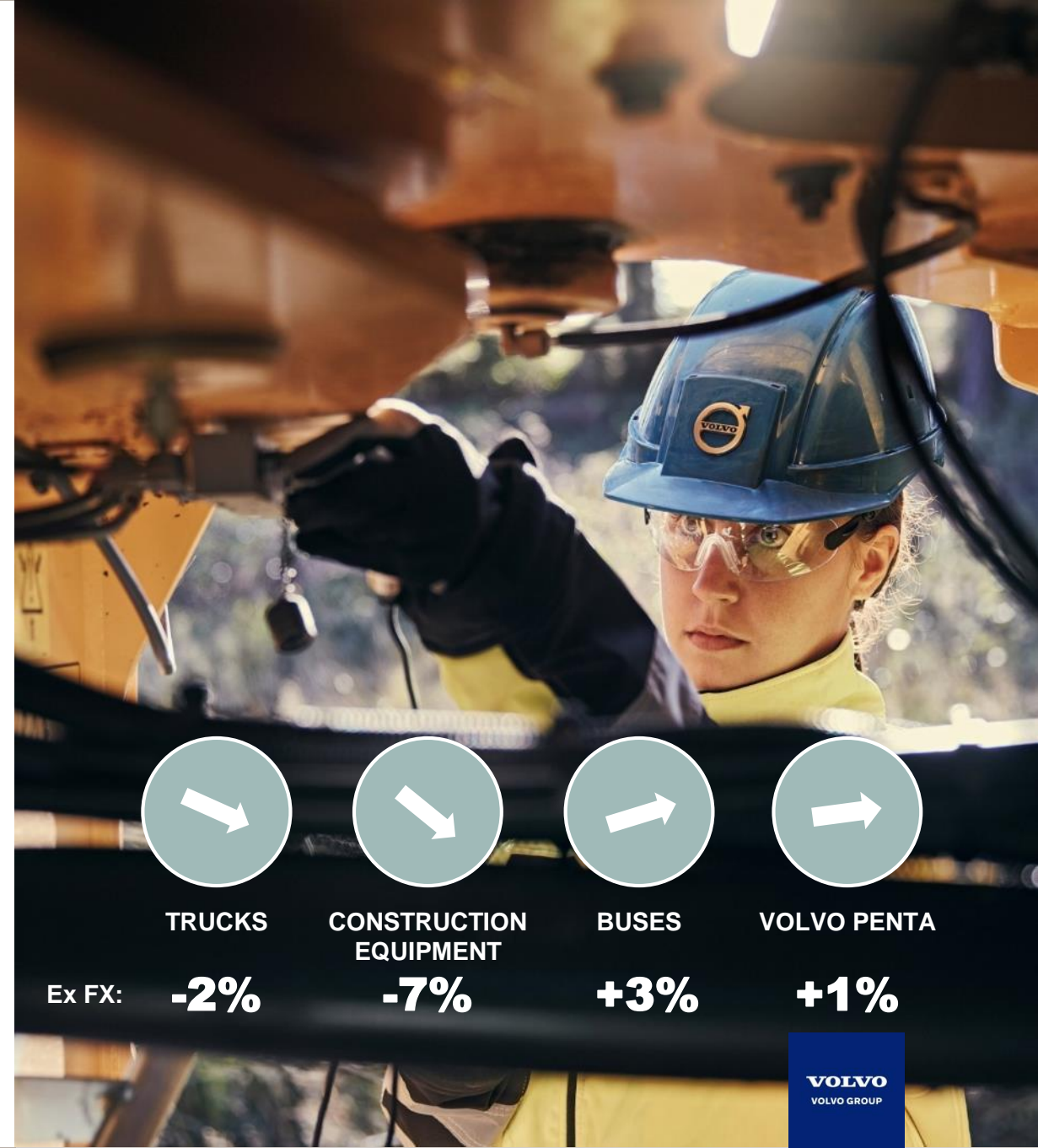
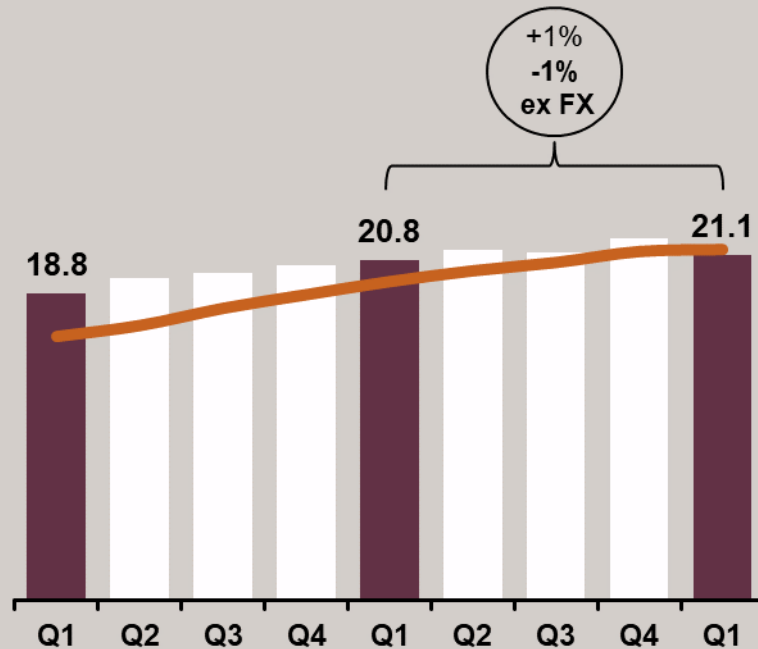
Truck's global net order intake (Monthly)



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SERVICE SALES DEVELOPMENT

SERVICE SALES, Industrial Operations
SEK bn 12 months: 86.0 bn



TRUCKS

Ex FX: **-2%**



CONSTRUCTION
EQUIPMENT

-7%



BUSES

+3%



VOLVO PENTA

+1%

JOINING FORCES FOR HYDROGEN-POWERED CO₂-NEUTRAL TRANSPORTATION

DAIMLER

Daimler Truck

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Volvo Group and Daimler Truck intend to co-invest in fuel cells

- Intend to create a joint venture for development and large-scale production of fuel cells
- Building on existing assets to shorten time to market
- Joint investment demonstrates commitment to fuel cells as an attractive option for heavy loads and long distances

Trucks

NEW RANGE OF VOLVO TRUCKS





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First quarter 2020

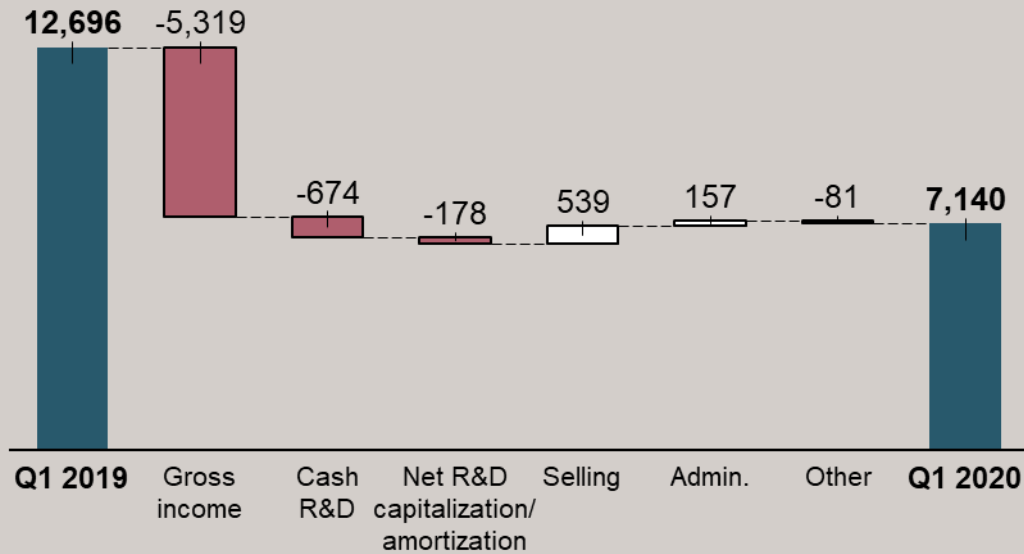
Jan Ytterberg, CFO

Volvo Group

ADJUSTED OPERATING INCOME CONTRIBUTORS

ADJUSTED OPERATING INCOME* SEK M

➤ Currency -0.3 bn



*Adjustments, see note 7 in Q1 report:

Q1 2019: Significant one-time item of SEK 1.5 Bn

Q1 2020: Significant one-time item of SEK 234 M

↑
+ Selling and admin
+ Raw material

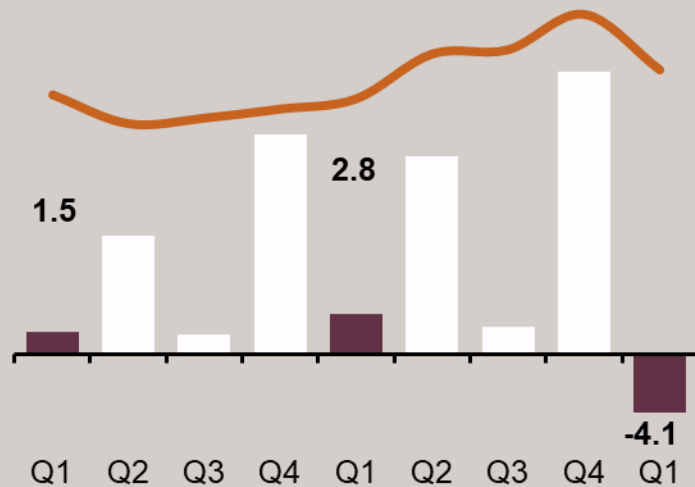
↓
- Vehicle volumes
- Capacity utilization
- R&D expenses
- Mix
- JV income

Volvo Group – Industrial Operations

OPERATING CASH FLOW AND NET FINANCIAL POSITION

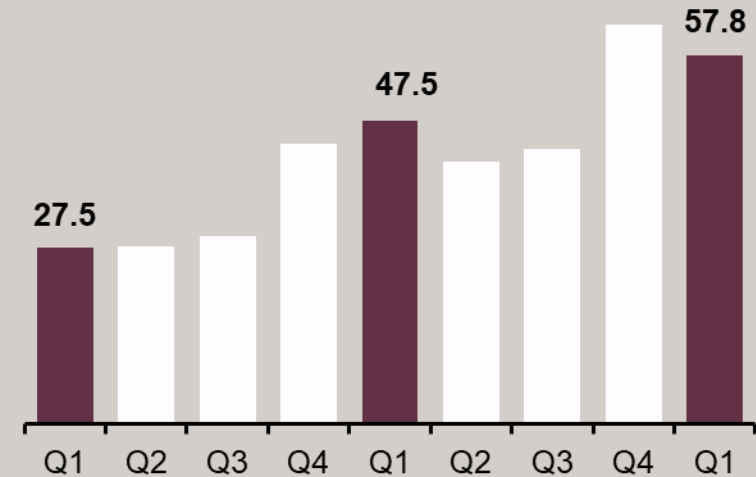
OPERATING CASH FLOW

SEK bn 12 months SEK 31.4 bn



FINANCIAL POSITION, EXCL. PENSIONS AND LEASE LIABILITIES

SEK bn





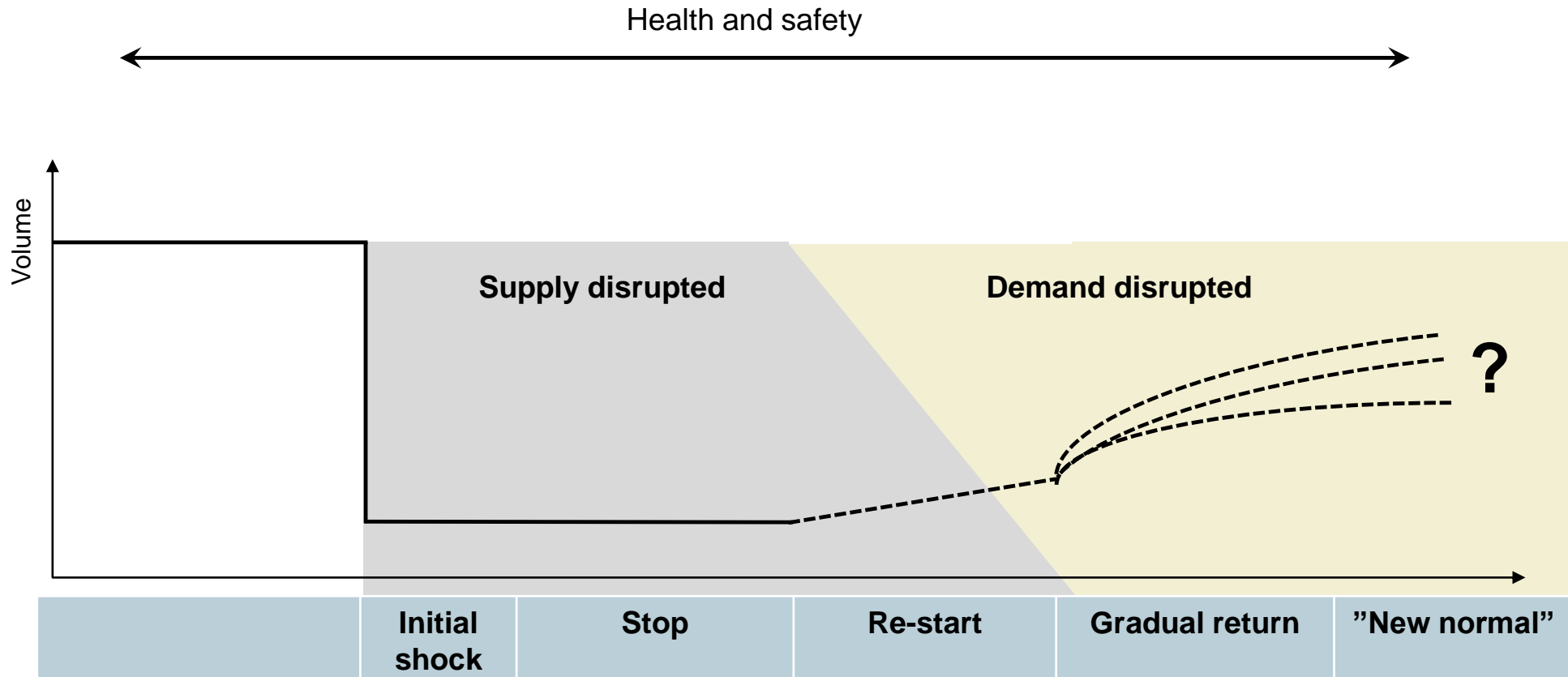
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Managing COVID-19 impact

Martin Lundstedt, President and CEO

Volvo Group COVID-19 crisis response

ILLUSTRATIVE



March and April activities

- Severe COVID-19 impact starting mid-March
- Health and safety main priority
- Immediate and forceful actions to quickly reduce activities and spending
- Strong focus on customer uptime
- Lower demand both short and medium term – critical to bring down structural cost levels
- Tough prioritizations on what activities to re-start
- Gradual re-start of production from end of April



Focus on gradual re-start to verify supply chains

- Supply chain uncertainty including authorities' restrictions, suppliers, logistics, manning in factories etc
- Gradual re-start at low speed:
 - Powertrain in Europe W17
 - Trucks final assembly Europe W18
 - Trucks final assembly US and Brazil W19
 - Construction Equipment in Asia fully operational
 - Construction Equipment Sweden starts W19
- Supply capacity to be adapted to “new normal” demand level

Trucks and Construction Equipment operations
week 12-16



Trucks and Construction Equipment operations
week 17 and onwards



Focus on the 4 Cs

Colleagues - Health and safety first

Customers – support

- Secure customer uptime to support society
 - ✓ Uptime center operation
 - ✓ Work shop and spare parts operations
- Requests for lease payment modifications

Cash – protect the Group

- Collecting receivables and paying suppliers
- Reducing new and used inventories
- Minimizing CAPEX
- Good liquidity and committed credit facilities

Cost – adjust to the “new normal” demand level

- Short-term layoff of ~50.000 employees
- Reduction of consultants
- Salary reductions
- OPEX reduced to business critical expenses only
- Protect core R&D activities



**Volvo Group products and services
are moving society**



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Q&A