



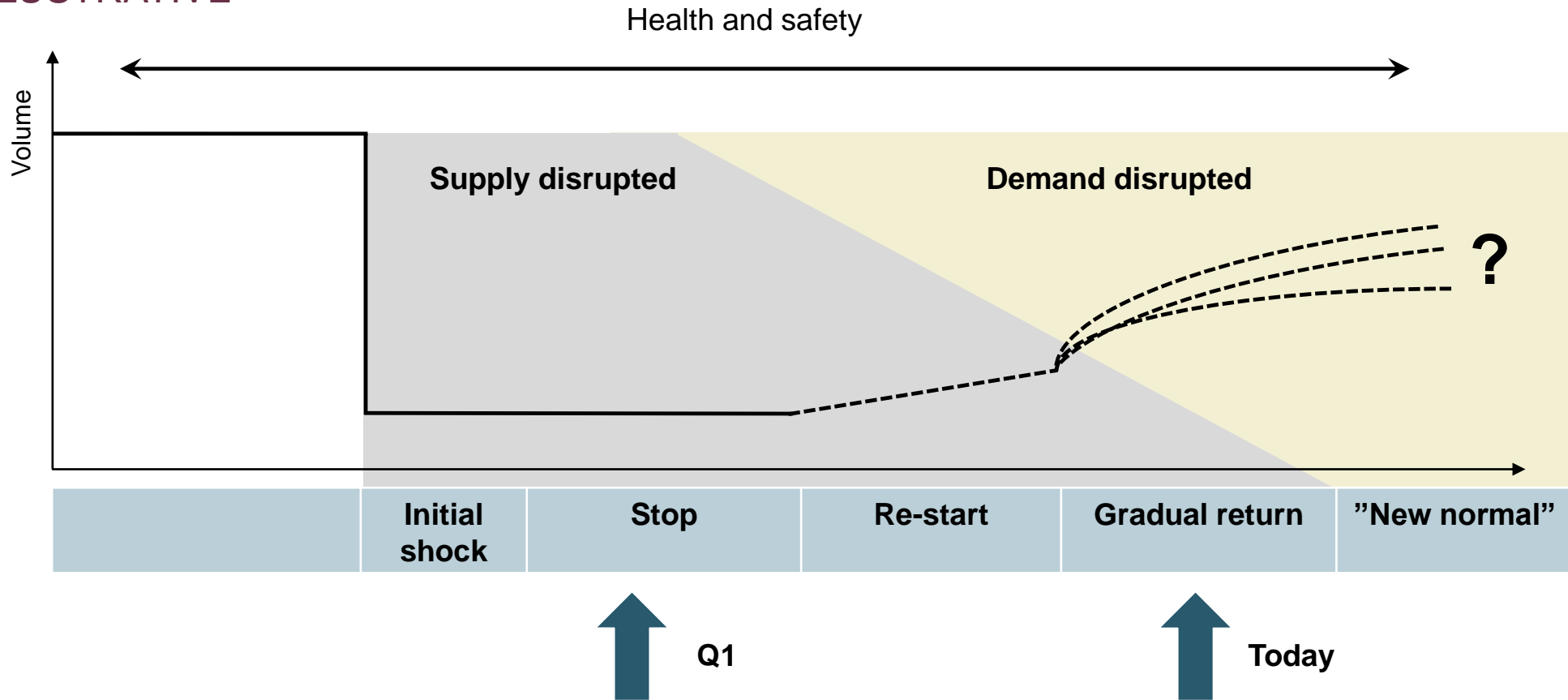
**VOLVO**  
VOLVO GROUP

## **SECOND QUARTER 2020**

Martin Lundstedt, President and CEO

# Volvo Group COVID-19 crisis response

ILLUSTRATIVE



# Volvo Group

## FOCUSED ACTIVITIES IN Q2

### Colleagues – health and safety first

### Customers – support

- Secure customer uptime
- Contract modifications in Financial Services
- Successful re-start of supply chain and production

### Cash – protect the Group

- Collect receivables and pay suppliers
- Reduce new and used inventories
- Minimize CAPEX
- Strengthened liquidity and prolonged credit facilities

### Cost – adjust to “new normal” demand level

- Immediate and forceful actions to quickly reduce activities and spending





# Volvo Group

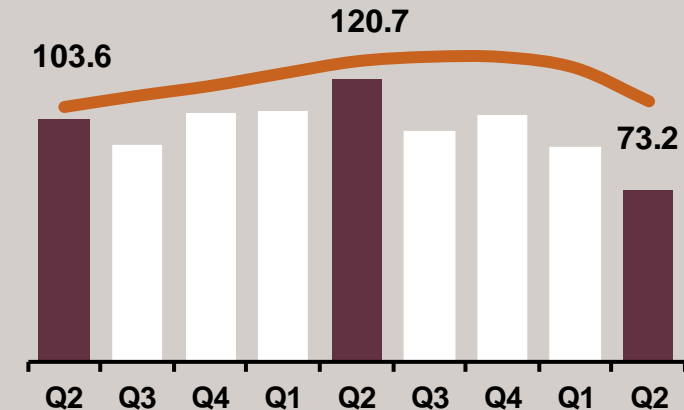
## SECOND QUARTER HIGHLIGHTS

- Net sales
  - Vehicles: -46%
  - Services: -15%
- Good volume flexibility in production
- R&D cash, Selling & Admin: -30%
- Adjusted operating margin: 4.5%
- Restructuring provision of SEK 3.2 bn and savings in same magnitude
- Industrial Operations
  - Operating cash flow SEK -5.7bn
  - Net cash position SEK 50.6 bn

### NET SALES

SEK bn

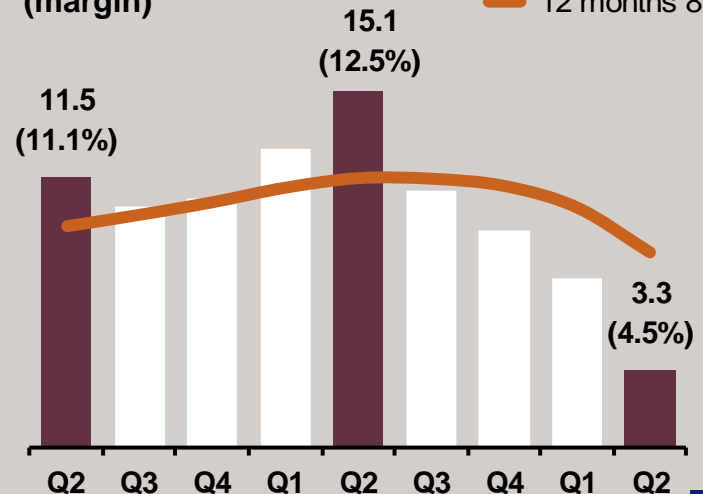
12 months SEK 369 bn



### ADJUSTED OPERATING INCOME

(margin)\*

12 months 8.3%



# Volvo Group

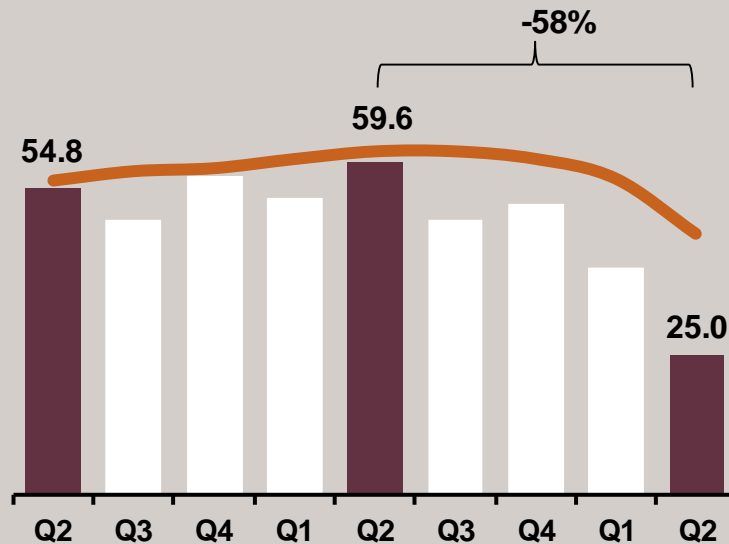
## VOLUME DEVELOPMENT IN THE SECOND QUARTER



### TRUCK DELIVERIES

k units HD/MD

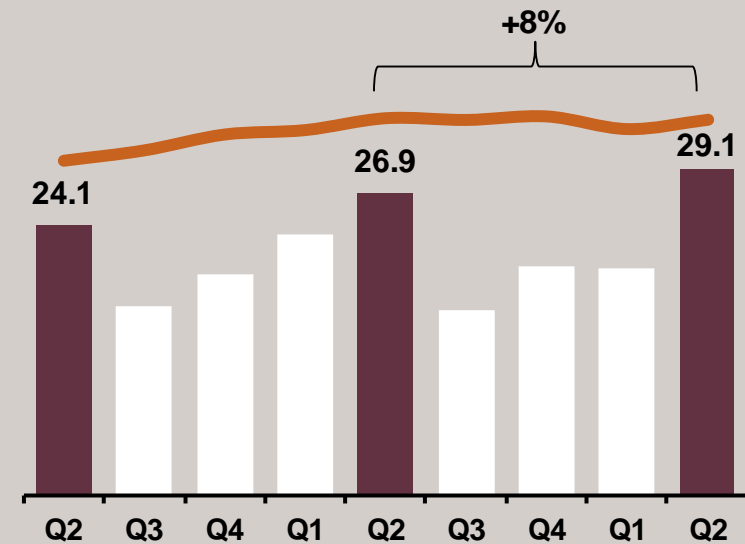
12 months 166,876 units



### MACHINE DELIVERIES

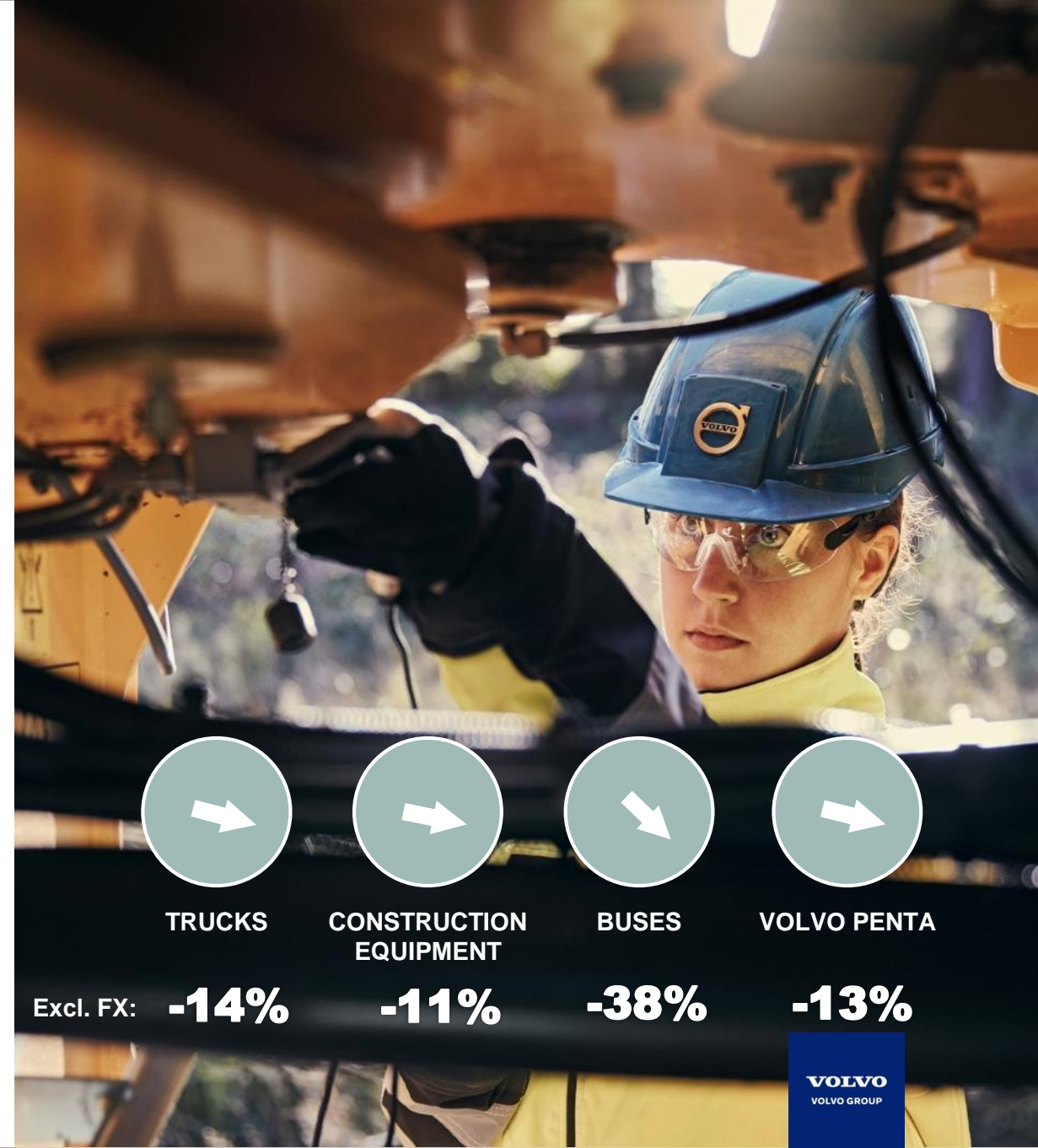
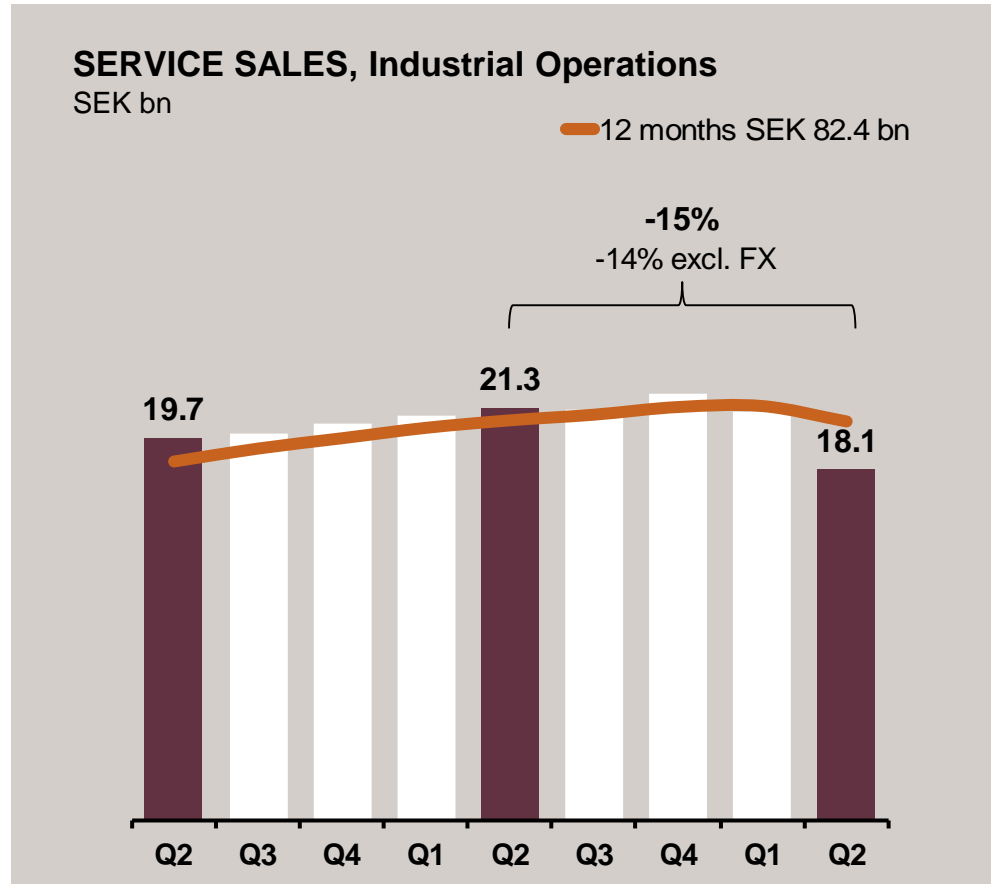
k units HD/MD

12 months 86,112 units



# Volvo Group

## SERVICE SALES DEVELOPMENT







# Trucks

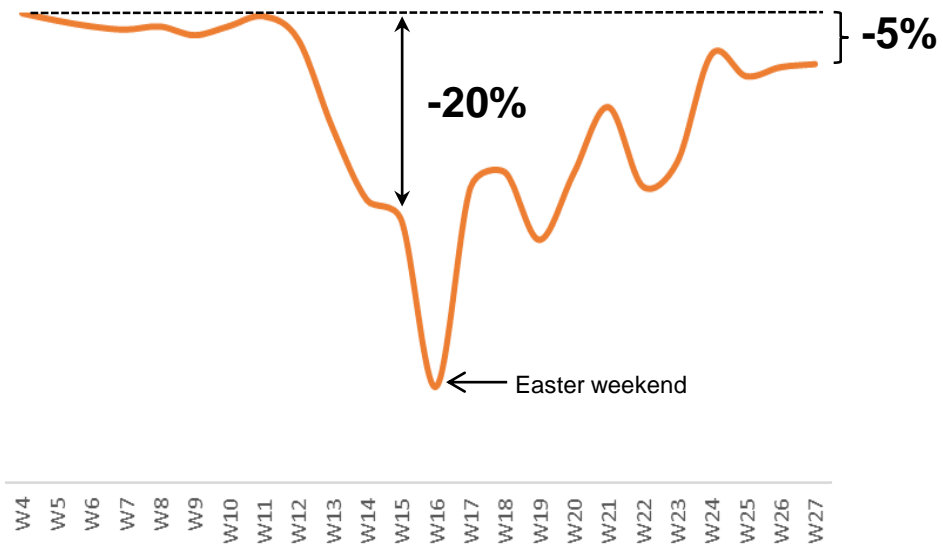


# Trucks

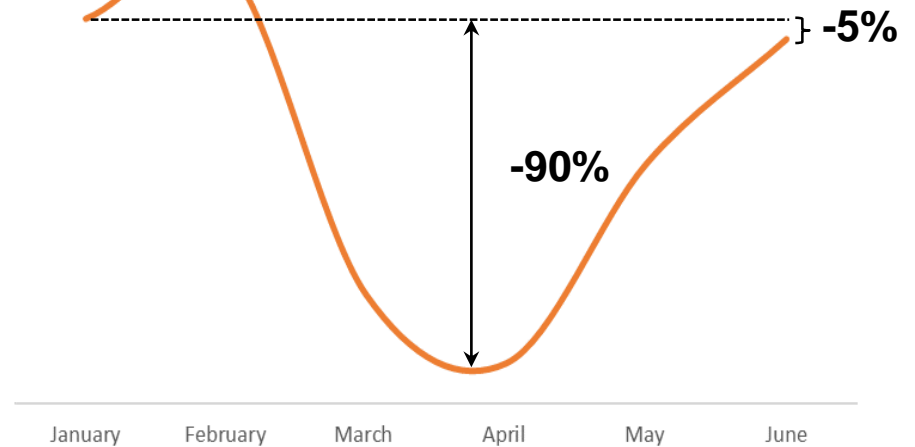
## MANAGING THE COVID-19 IMPACT - FORECAST VISIBILITY LOW

### Utilization of Volvo trucks in Europe

Average km driven per week (index)



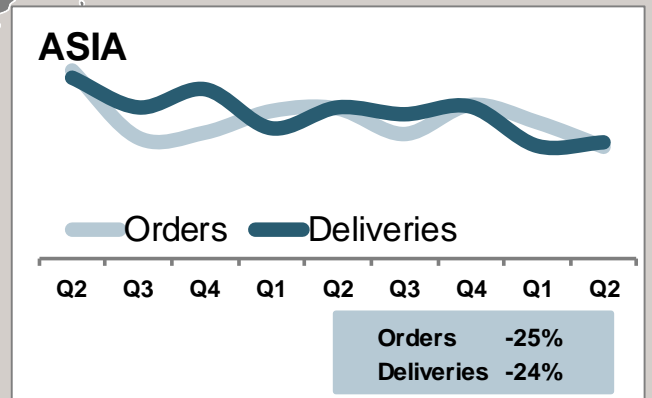
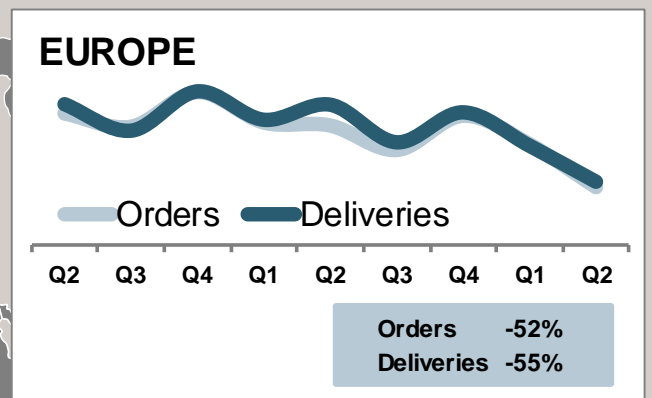
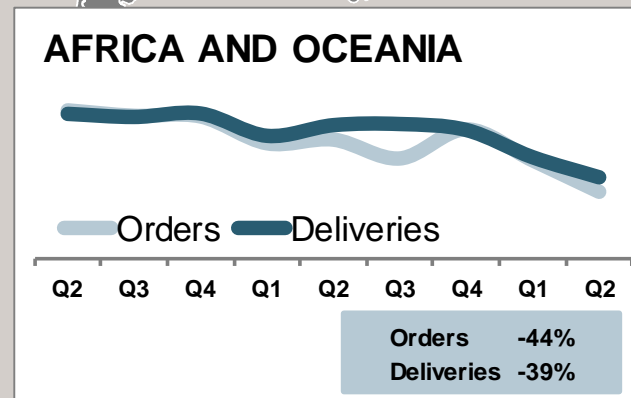
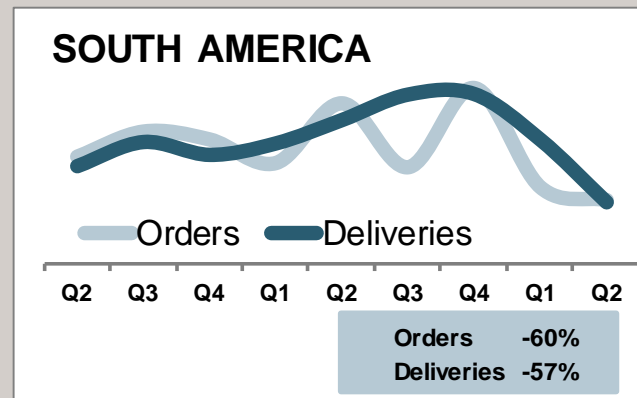
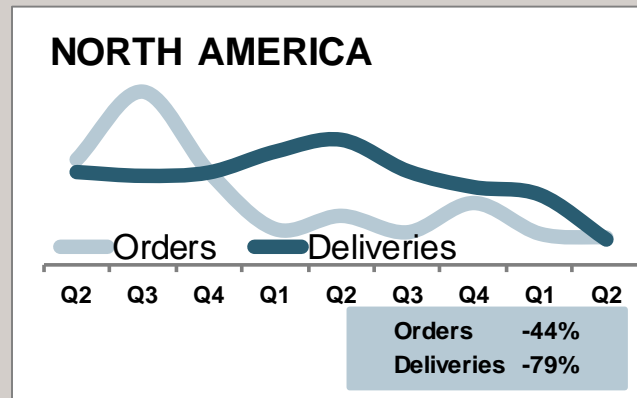
### Trucks global net order intake (Monthly)





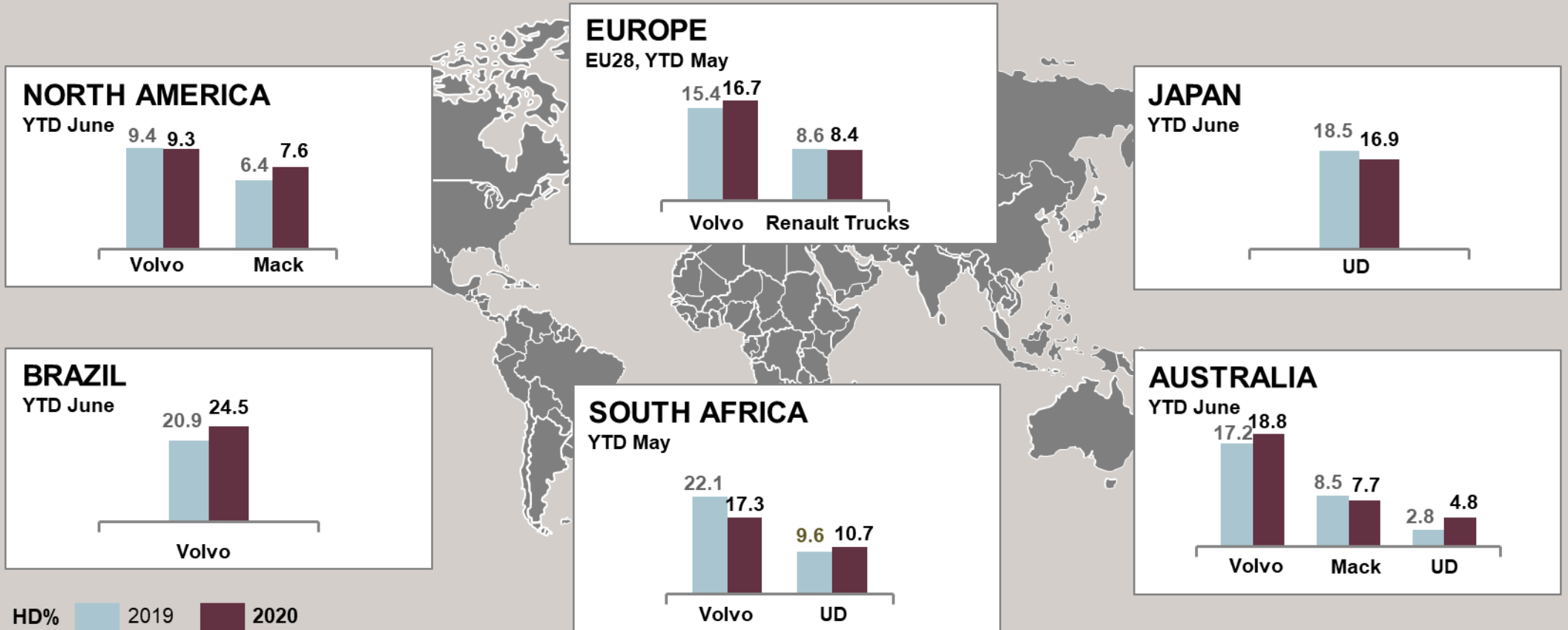
# Trucks

HD/MD: QUARTERLY ORDERS -47% AND DELIVERIES -58%



# Trucks

## MARKET SHARES





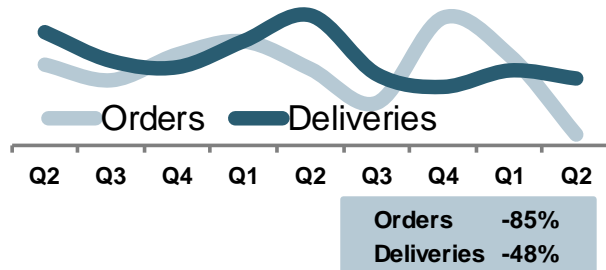
# Construction Equipment



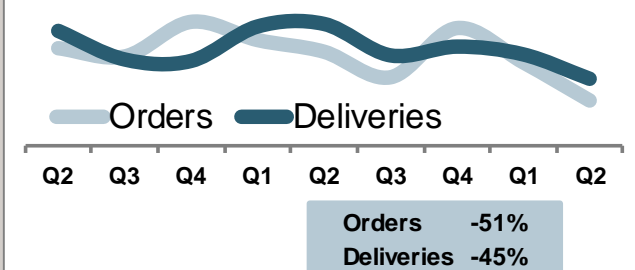
# Construction Equipment

QUARTERLY ORDERS 11% AND DELIVERIES 8%

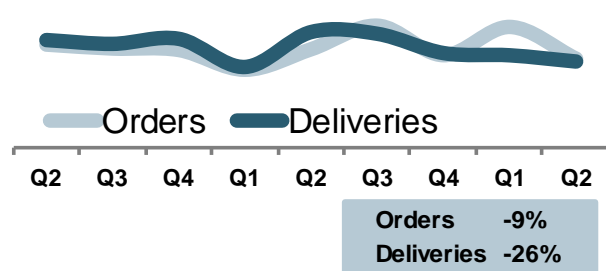
## NORTH AMERICA



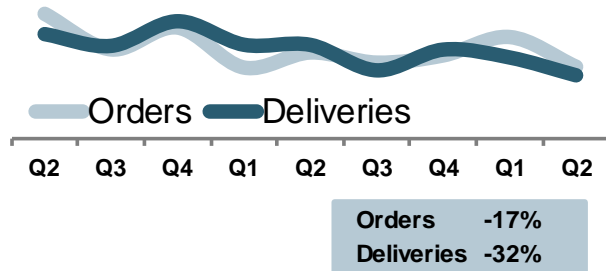
## EUROPE



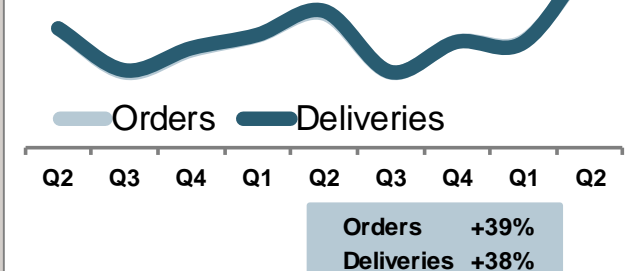
## SOUTH AMERICA



## AFRICA AND OCEANIA



## ASIA



# Volvo Buses and Volvo Penta

## ORDERS AND DELIVERIES

### Volvo Buses

- Orders decreased by 55% with coach and tourist segments severely hit by COVID-19
- Deliveries decreased by 68%

### Volvo Penta

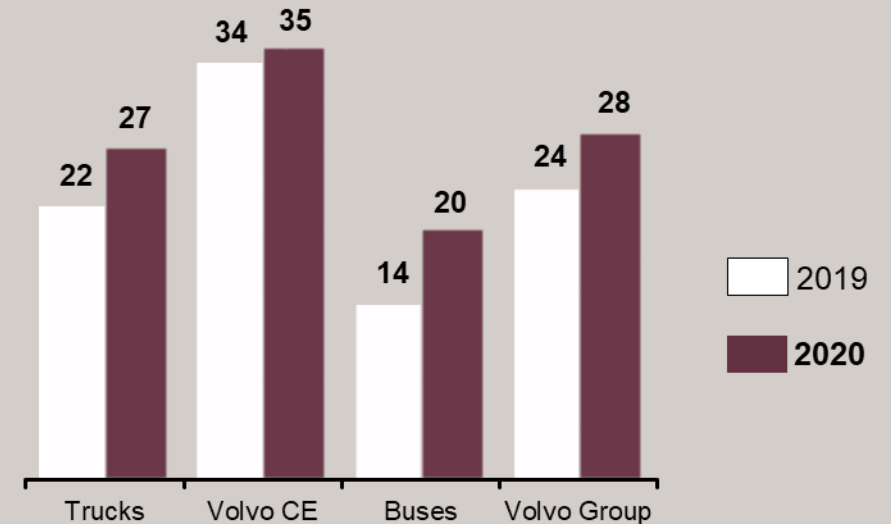
- Orders decreased by 34%
- Deliveries decreased by 34%



# Financial Services

- Supporting customers with increased levels of modifications
- Increased provisions due to elevated risk
- Penetration continues to improve

**PENETRATION RATE, %**  
12 months moving







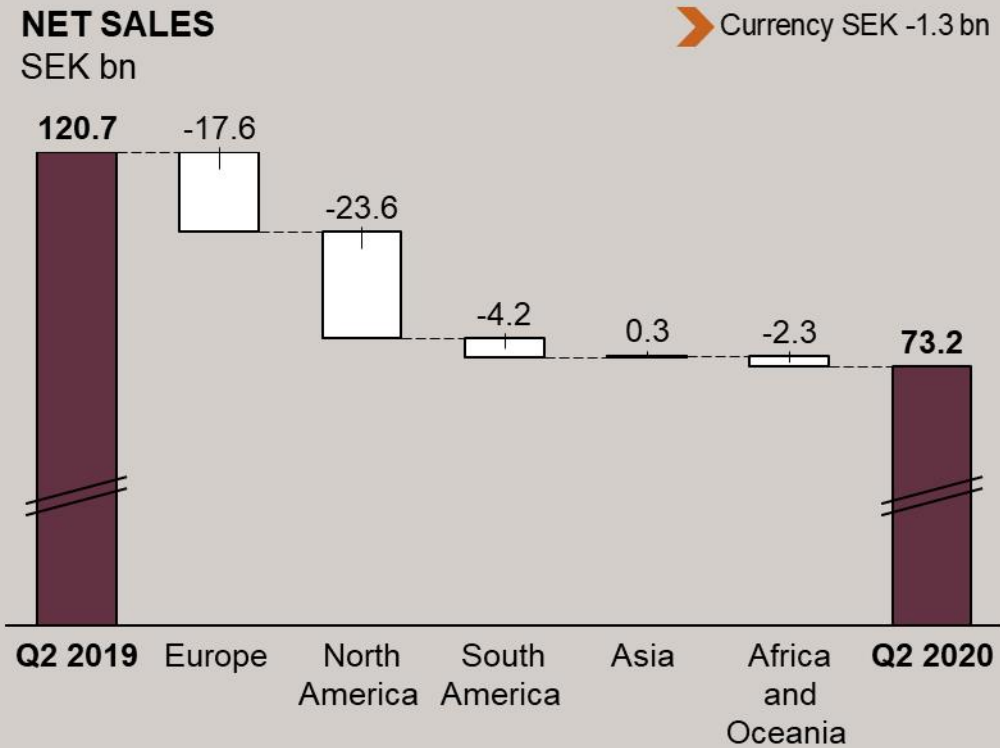
**VOLVO**  
VOLVO GROUP

**SECOND QUARTER 2020**

Jan Ytterberg, CFO

# Volvo Group

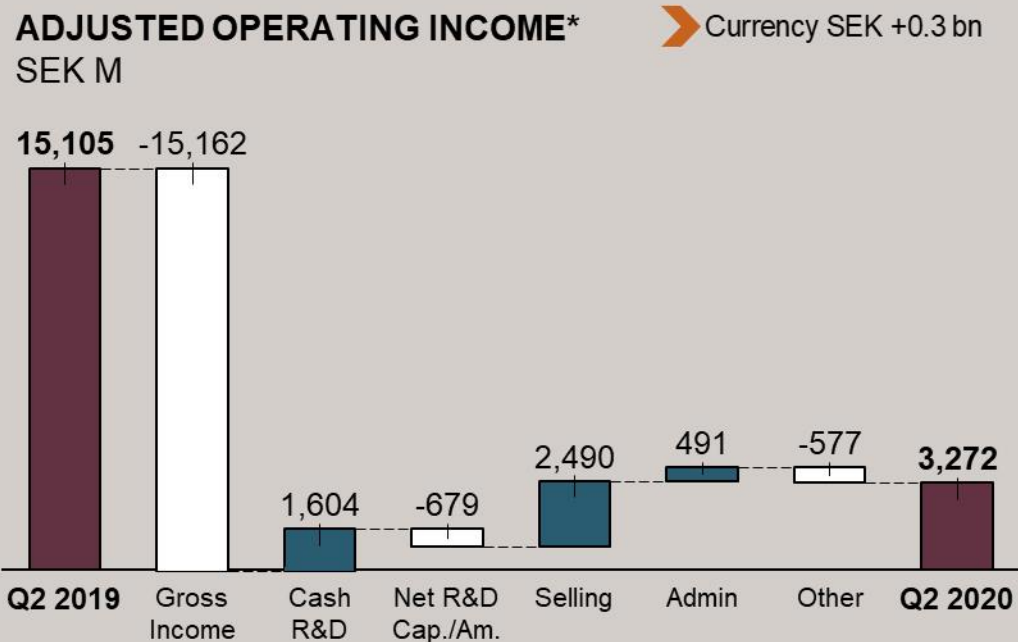
## NET SALES PER MARKET





# Volvo Group

## ADJUSTED OPERATING INCOME CONTRIBUTORS



\* For information on adjustments, see note 7 in the quarterly report

↑ + Selling and Admin  
+ Cash R&D  
+ Volume flexibility

↓ - Vehicle volumes  
- Capacity utilization  
- Service sales  
- Used trucks (residual values and inventory)  
- Credit provisioning in VFS



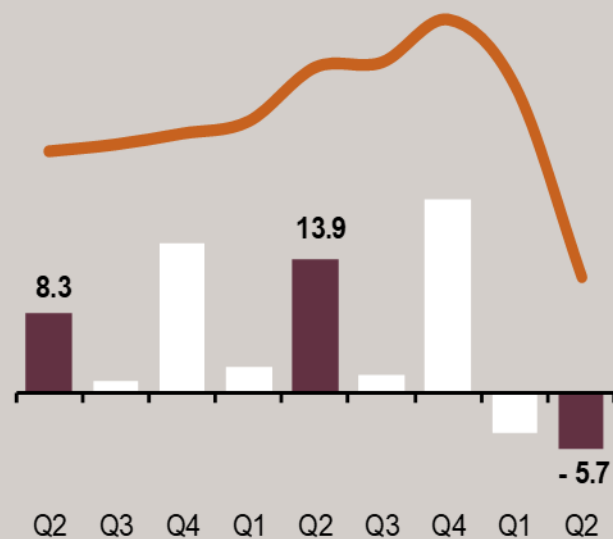
# Volvo Group – Industrial Operations

## CASH FLOW AND FINANCIAL POSITION

### OPERATING CASH FLOW

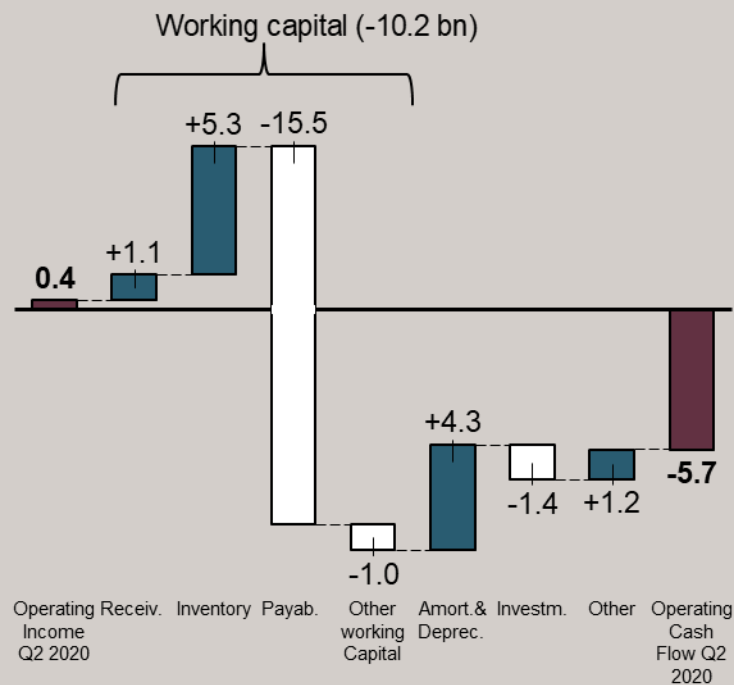
SEK bn

12 months SEK 11.9 bn



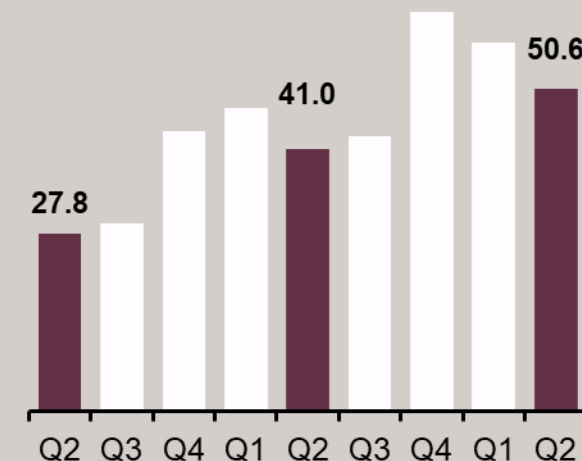
### OPERATING CASH FLOW

SEK bn



### FINANCIAL POSITION

(Excl. pensions and lease liabilities)  
SEK bn



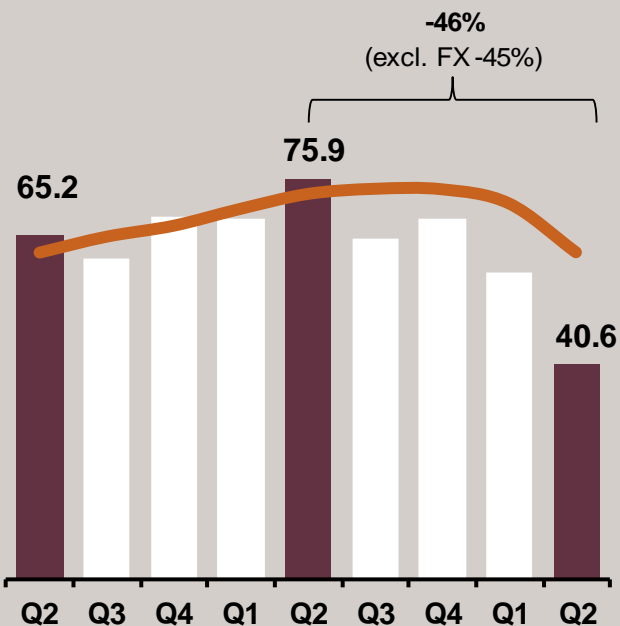
# Trucks

## NET SALES AND ADJUSTED OPERATING INCOME

### NET SALES

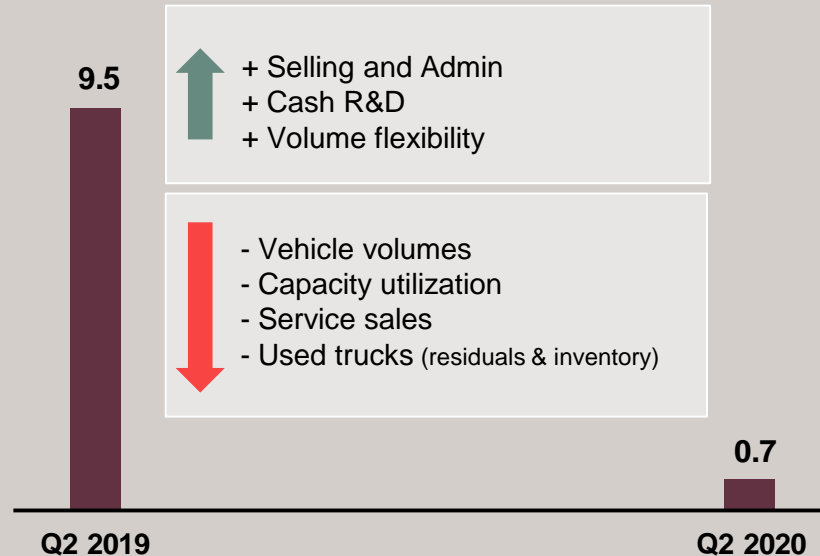
SEK bn

12 months SEK 231.2 bn



### ADJUSTED OPERATING INCOME\*

SEK bn



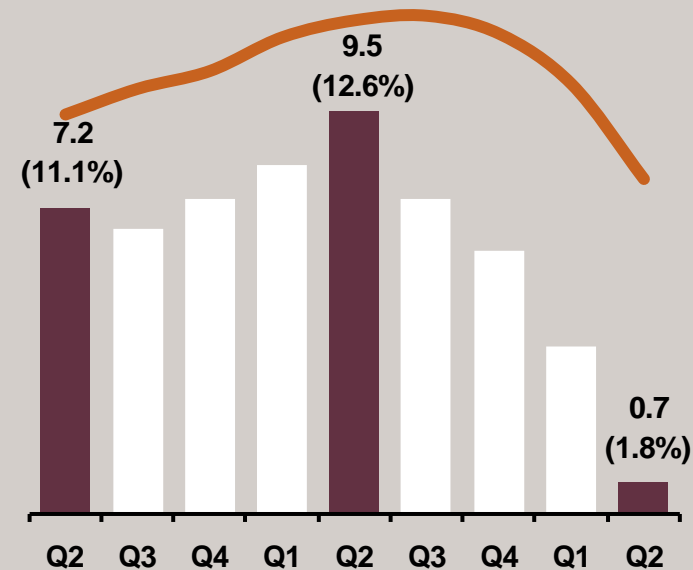
\* For information on adjustments, see note 7 in the quarterly report

### ADJUSTED OPERATING INCOME

(margin)\*

SEK bn

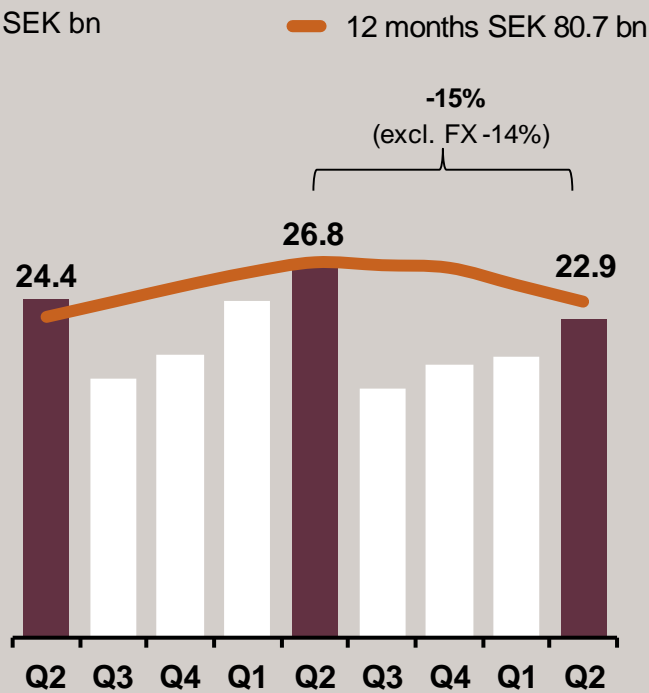
12 months 8.0%  
Currency SEK +0.4 bn



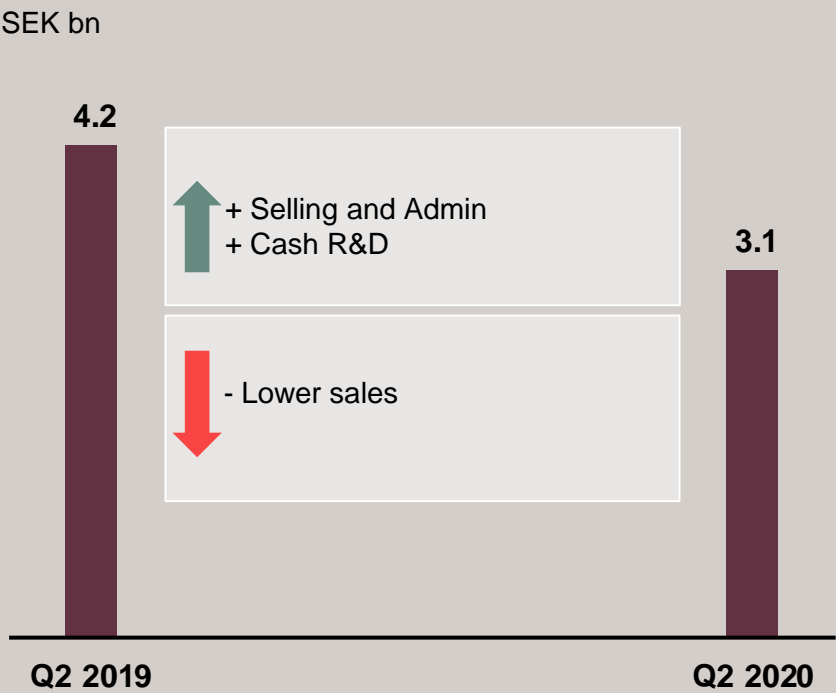
# Construction Equipment

## NET SALES AND ADJUSTED OPERATING INCOME

### NET SALES

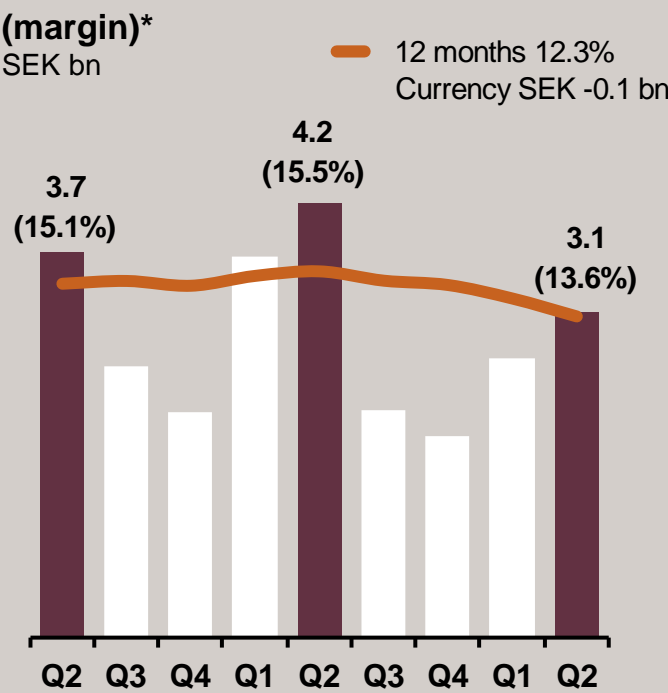


### ADJUSTED OPERATING INCOME\*



\* For information on adjustments, see note 7 in the quarterly report

### ADJUSTED OPERATING INCOME





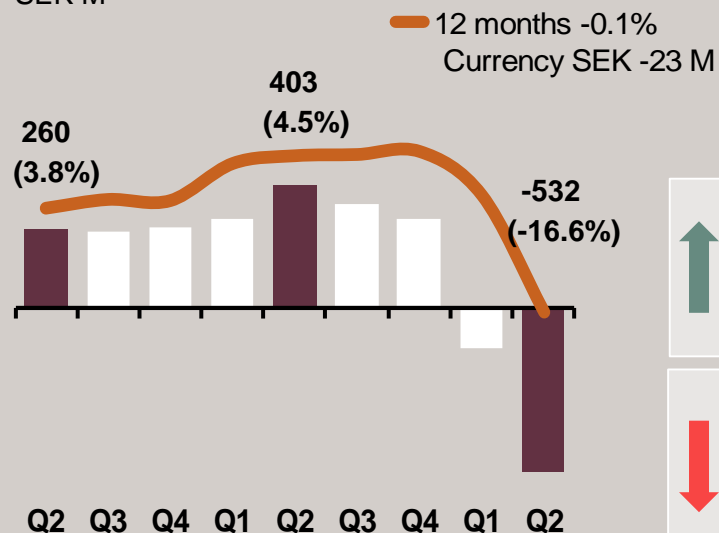
# Volvo Buses and Volvo Penta

## ADJUSTED OPERATING INCOME

### VOLVO BUSES ADJUSTED OPERATING INCOME

(margin)\*

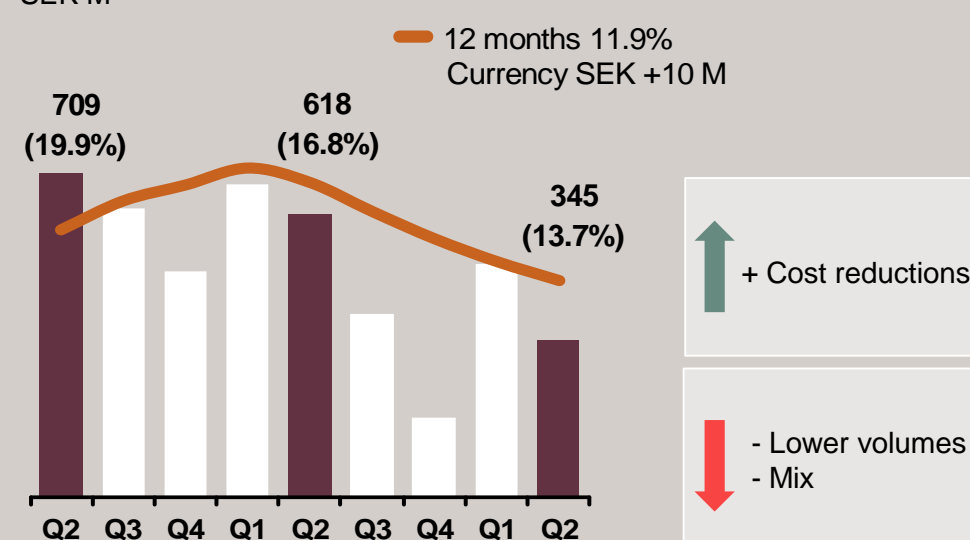
SEK M



### VOLVO PENTA ADJUSTED OPERATING INCOME

(margin)\*

SEK M



\* For information on adjustments, see note 7 in the quarterly report

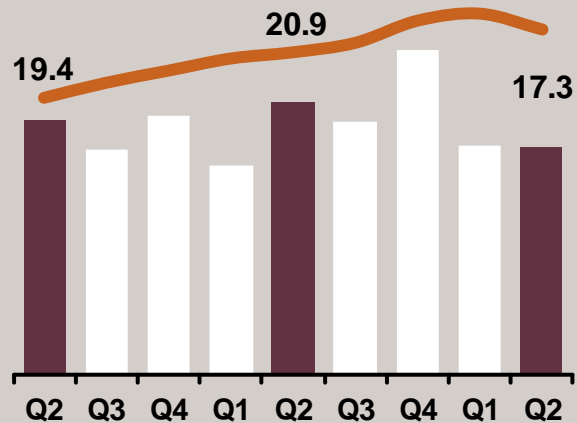
# Financial Services

## CREDIT PORTFOLIO AND PROFITABILITY

### NEW RETAIL FINANCING

SEK bn

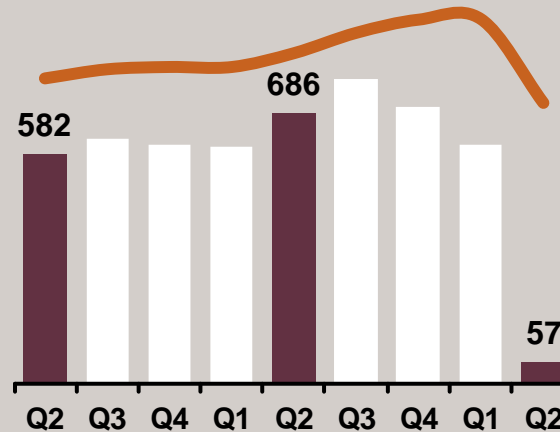
12 months SEK 78.9 bn



### ADJUSTED OPERATING INCOME\*

SEK M

12 months SEK 2,141 M  
Currency SEK -18 M

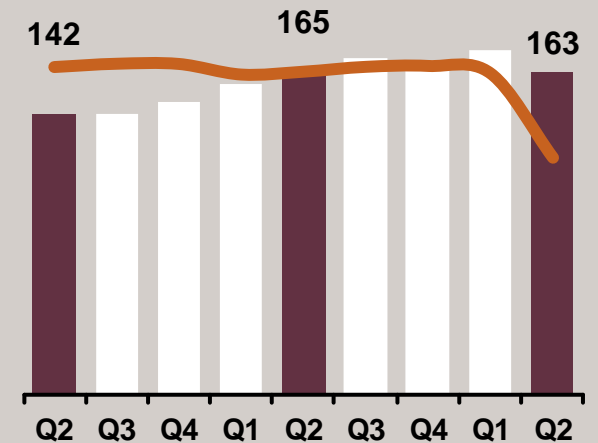


\* For information on adjustments, see note 7 in the quarterly report

### CREDIT PORTFOLIO & ADJ. ROE\*

SEK bn

Adj. ROE 12 months 11.1%



# Volvo Group

## FOCUS GOING FORWARD

- Safety first
- Carefully monitor COVID-19 impact on economies, demand and supply
- Balance the re-start of selected activities with the recovery in demand
- Convert short term cost reductions into structural cost savings
- Accelerate transformation into new technologies and business models







**VOLVO**  
VOLVO GROUP

**Q&A**

**Volvo Group Capital Markets Day**  
November 5, 14:00-16:30 CET  
Virtual event