



# THIRD QUARTER 2020

Martin Lundstedt, President and CEO

# Volvo Group

## FOCUSED ACTIVITIES IN Q3

### Colleagues – health and safety first

### Customers – support

- Secure customer uptime
- Successful ramp-up of supply chain and production
- Reduced contract modifications in Financial Services

### Cash – protect the Group

- New and used inventories at good levels
- Minimize CAPEX
- Good liquidity

### Cost – turning temporary into permanent cost reductions





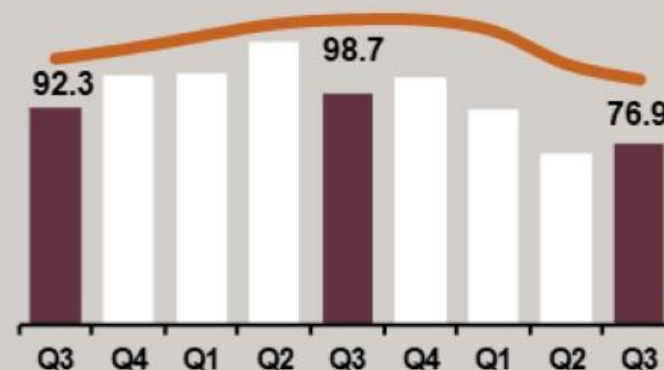
# Volvo Group

## THIRD QUARTER HIGHLIGHTS

- Net sales: Trucks: -20%  
(excl. FX) CE: +6%  
Services: -1%
- Good volume flexibility in supply chain and production
- OPEX: -26% (R&D cash, Selling & Admin)
- Adjusted operating margin: 9.4% (11.0)
- Operating cash flow in Industrial Operations amounted to SEK 11.7 bn (1.8)

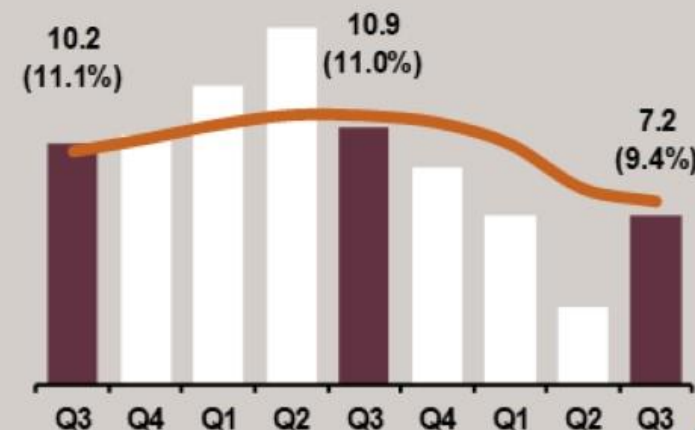
### NET SALES SEK bn

12 months SEK 347 bn



### ADJUSTED OPERATING INCOME (margin)\*

12 months 7.7%



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

# Volvo Group

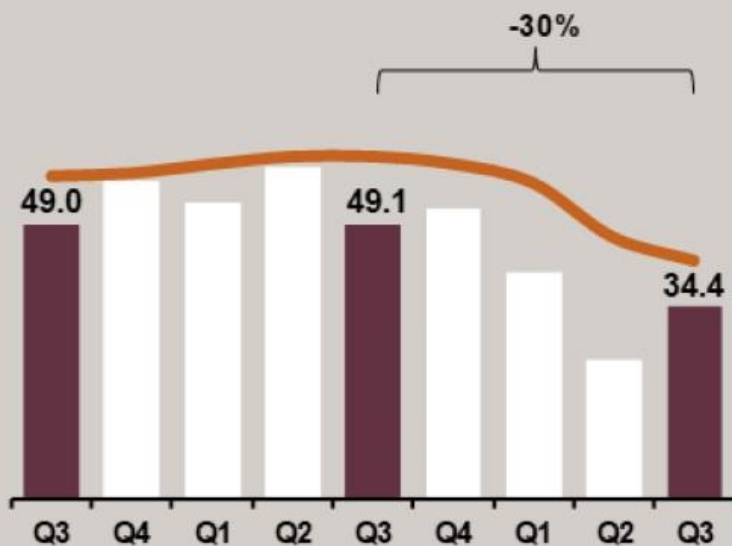
## VOLUME DEVELOPMENT IN THE THIRD QUARTER



### TRUCK DELIVERIES

k units HD/MD

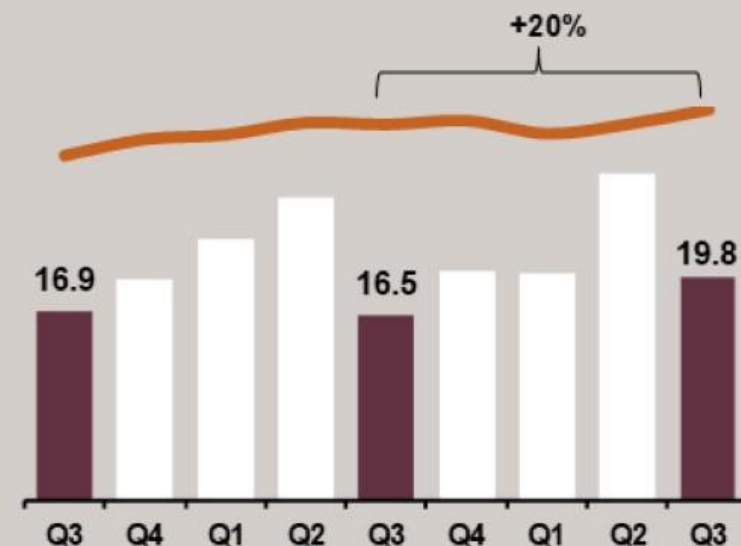
12 months 152,203 units



### MACHINE DELIVERIES

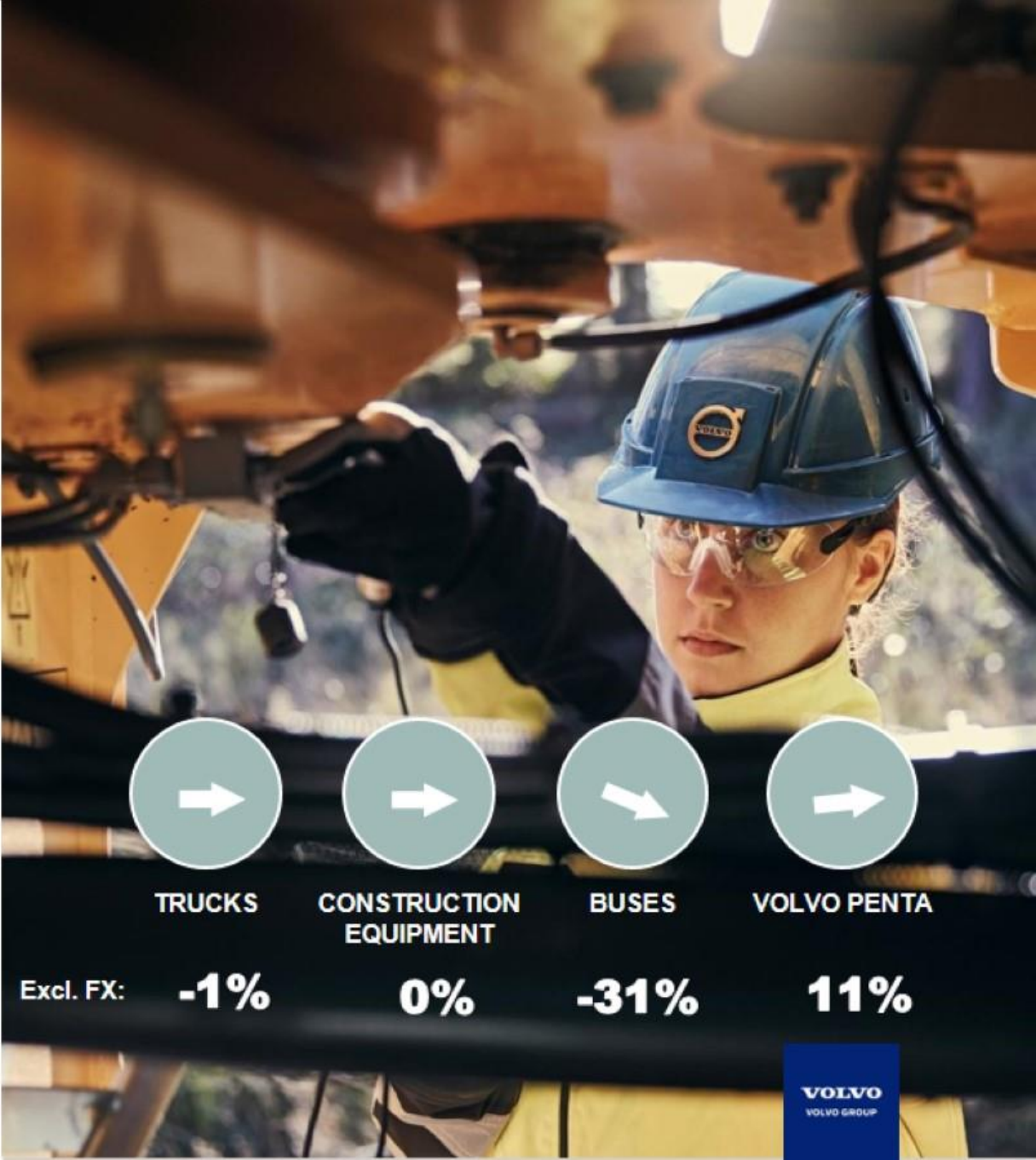
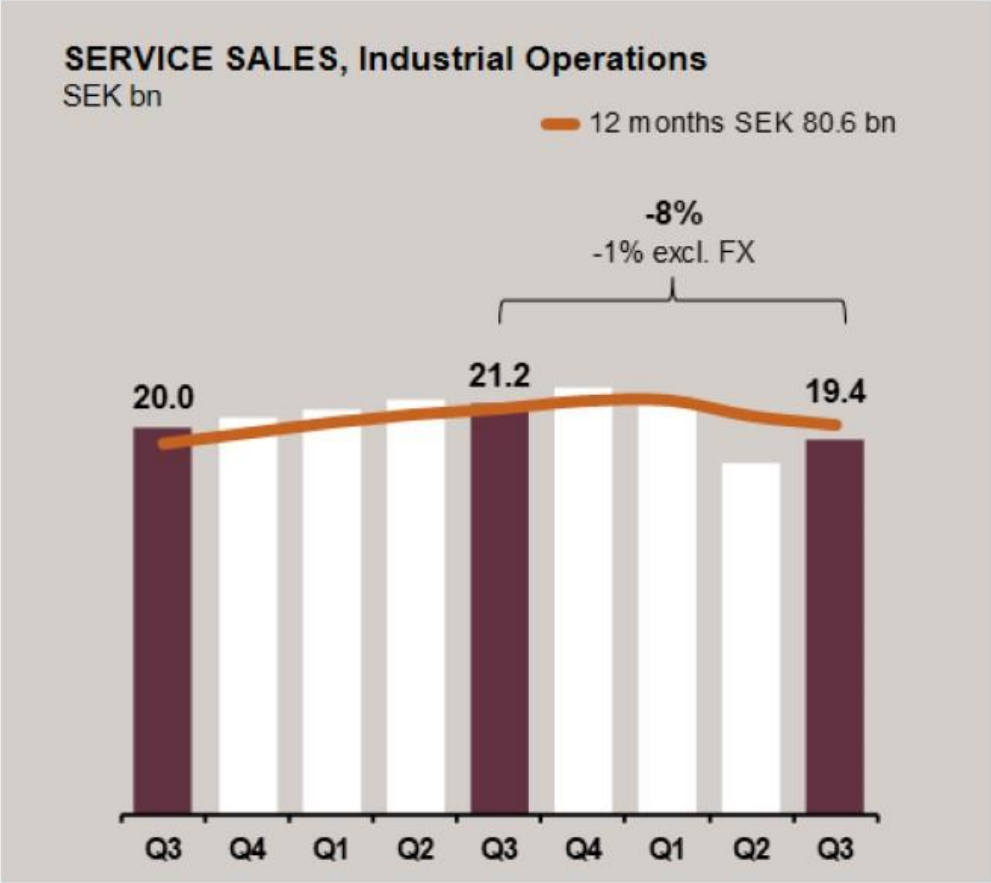
k units HD/MD

12 months 89,426 units



# Volvo Group

## SERVICE SALES DEVELOPMENT







# Trucks

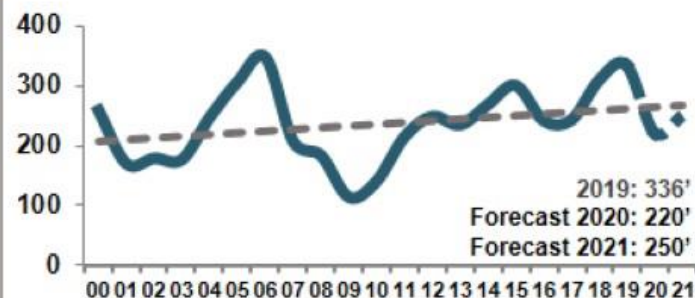


# Trucks

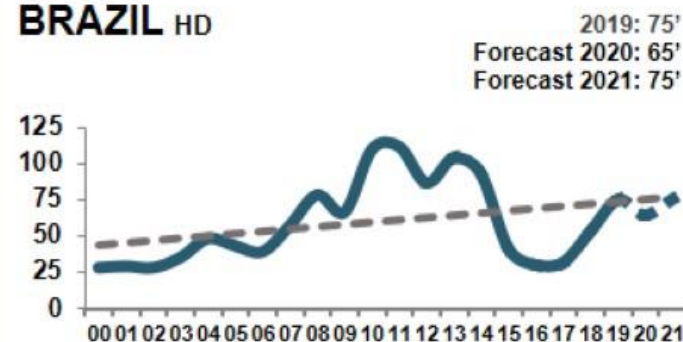
## MARKET ENVIRONMENT



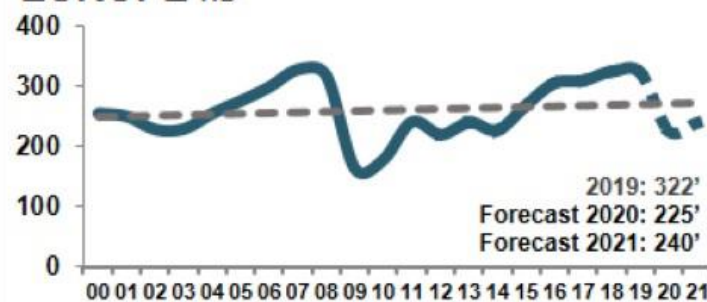
### NORTH AMERICA HD



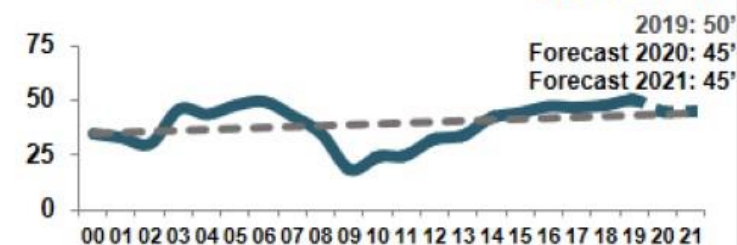
### BRAZIL HD



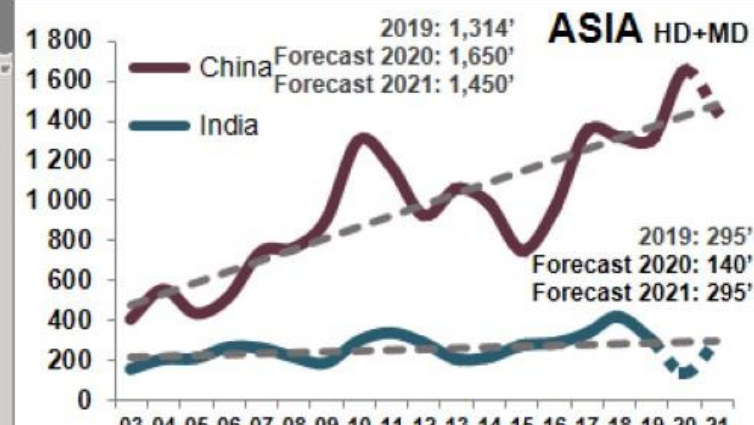
### EUROPE HD



### JAPAN HD



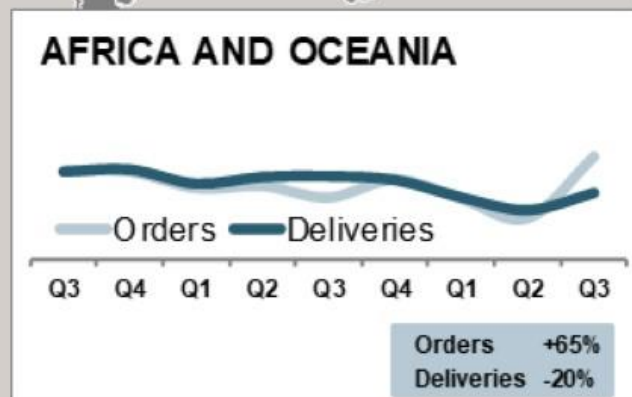
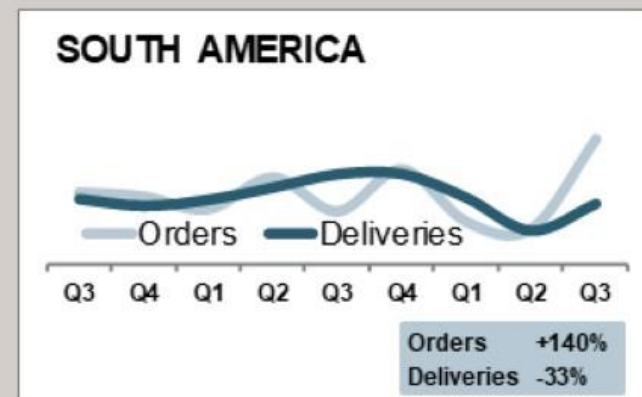
### ASIA HD+MD





# Trucks

HD/MD: QUARTERLY ORDERS 56% AND DELIVERIES -30%



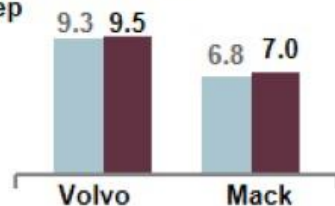


# Trucks

## MARKET SHARES

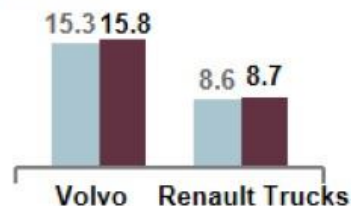
### NORTH AMERICA

YTD Sep



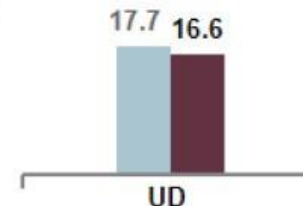
### EUROPE

EU28, YTD Aug



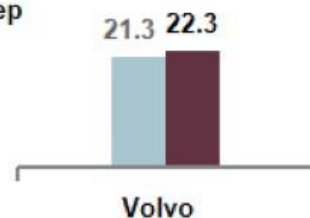
### JAPAN

YTD Sep



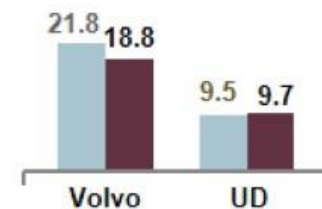
### BRAZIL

YTD Sep



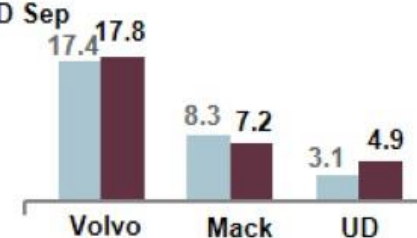
### SOUTH AFRICA

YTD Aug



### AUSTRALIA

YTD Sep



HD% 2019 2020

# Trucks

- **Further steps to lead in electrification:**

- Volvo VNR electric for North America**

- In operation with customers today
    - Serial production starting 2021

- Mack LR electric for North America**

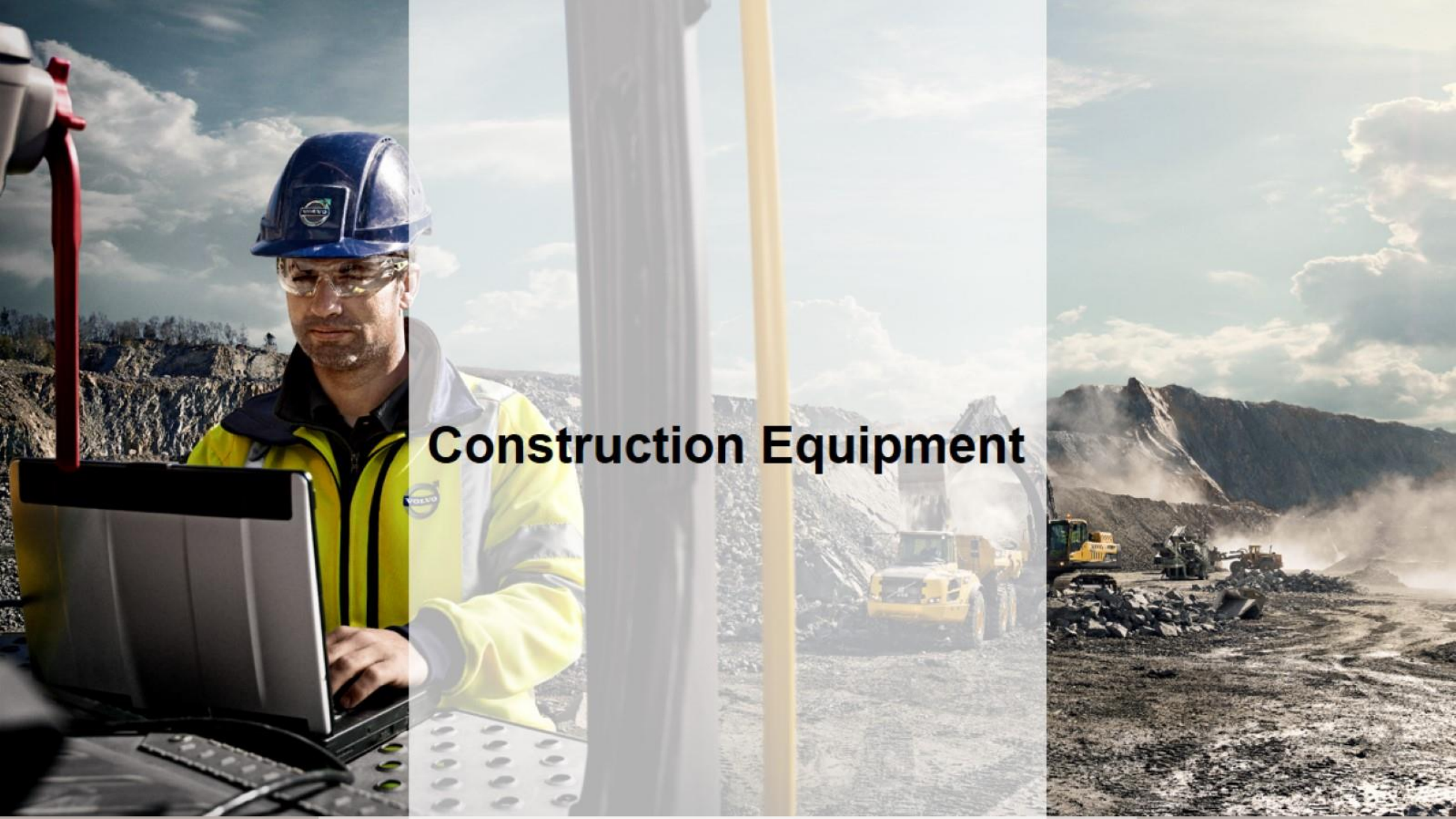
- In-service trials at New York Department of Sanitation and Republic Services
    - Serial production in 2021

- **Successful launch of new Volvo range**

- New Volvo FH/FM/FMX range for Europe and International markets well received by our customers
    - Latest generation Volvo FH with I-Save saving up to 10% fuel





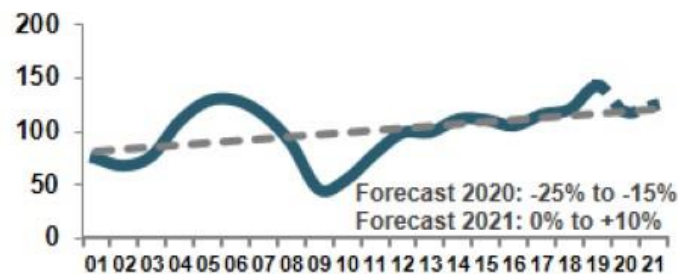


# Construction Equipment

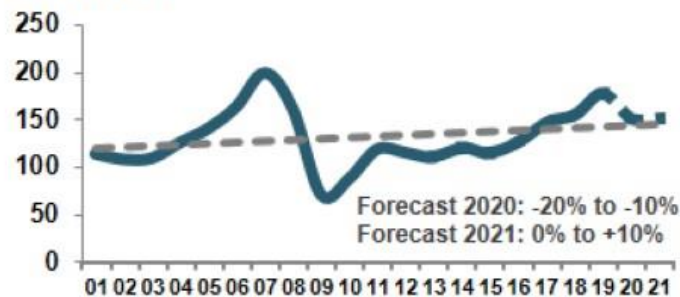
# Construction Equipment

## MARKET ENVIRONMENT

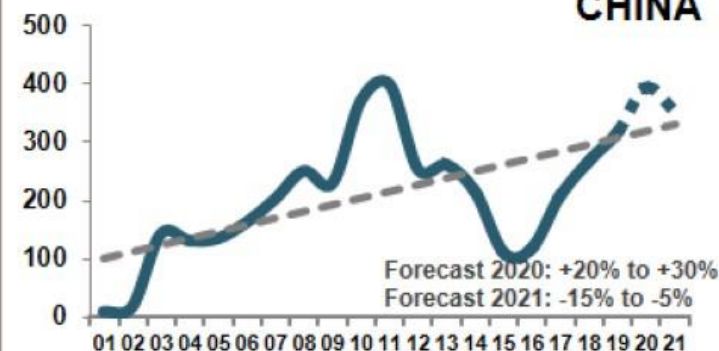
### NORTH AMERICA



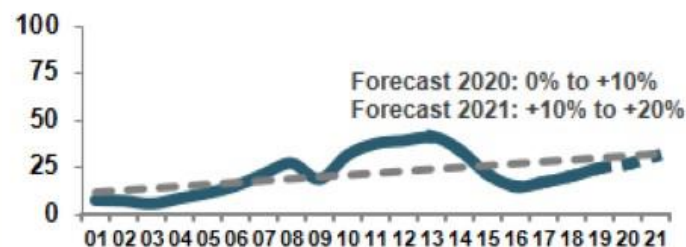
### EUROPE



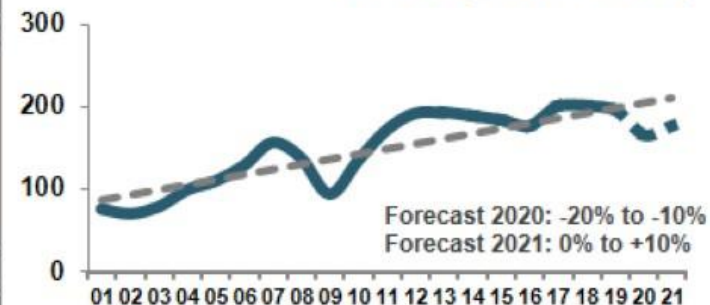
### CHINA



### SOUTH AMERICA



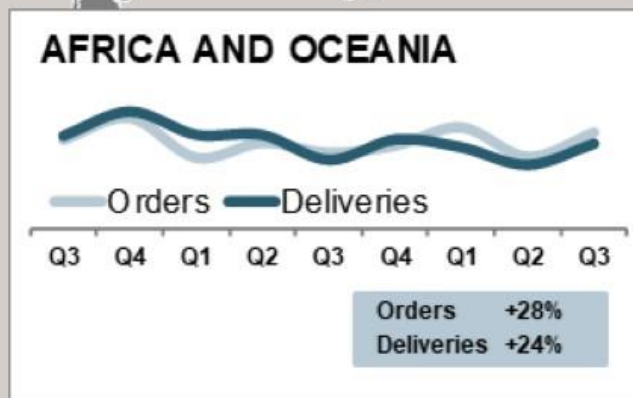
### ASIA (excl. China)





# Construction Equipment

QUARTERLY ORDERS 40% AND DELIVERIES 20%



# Construction Equipment

- First electric compact machines being delivered to customers in November
- Further concentrating on core product segments - North American Blawknex paver range divested





# Buses

- Orders decreased with 21%
- Deliveries decreased with 45%
- Further step taken towards a circular economy:
  - Global agreement with Stena/Batteryloop signed regarding reuse of batteries
- Further strengthening the combined Volvo and Eicher business by transferring of Volvo's Indian operation to VECV



# Volvo Penta

- Orders increased with 3%
- Deliveries decreased with 2%
- Service sales +11% following high boating activity
- Rosenbauer's electric fire truck with Volvo Penta driveline entering customer trials in Amsterdam, Berlin and Dubai

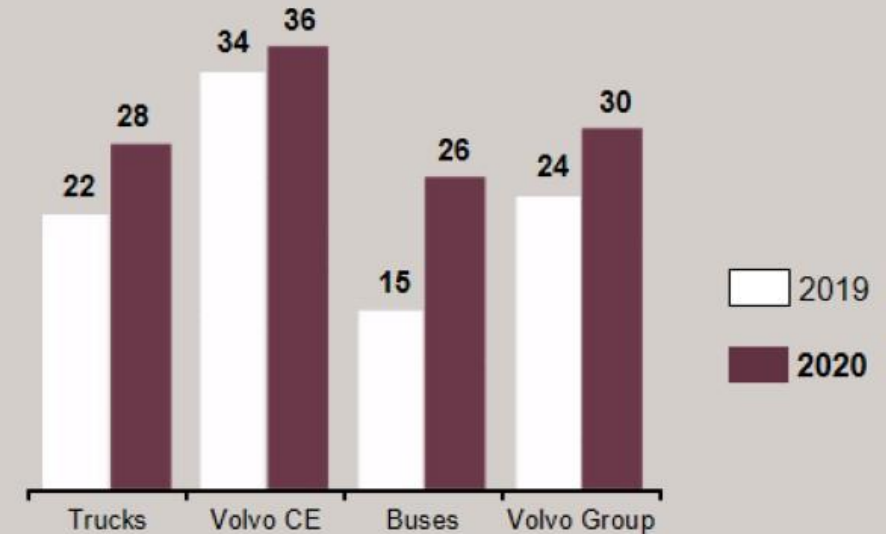




# Financial Services

- Increased transport and construction activity improving customers' financial situation
- Reduced number of modification requests
- Penetration continues to improve

**PENETRATION RATE, %**  
12 months moving





**VOLVO**  
VOLVO GROUP

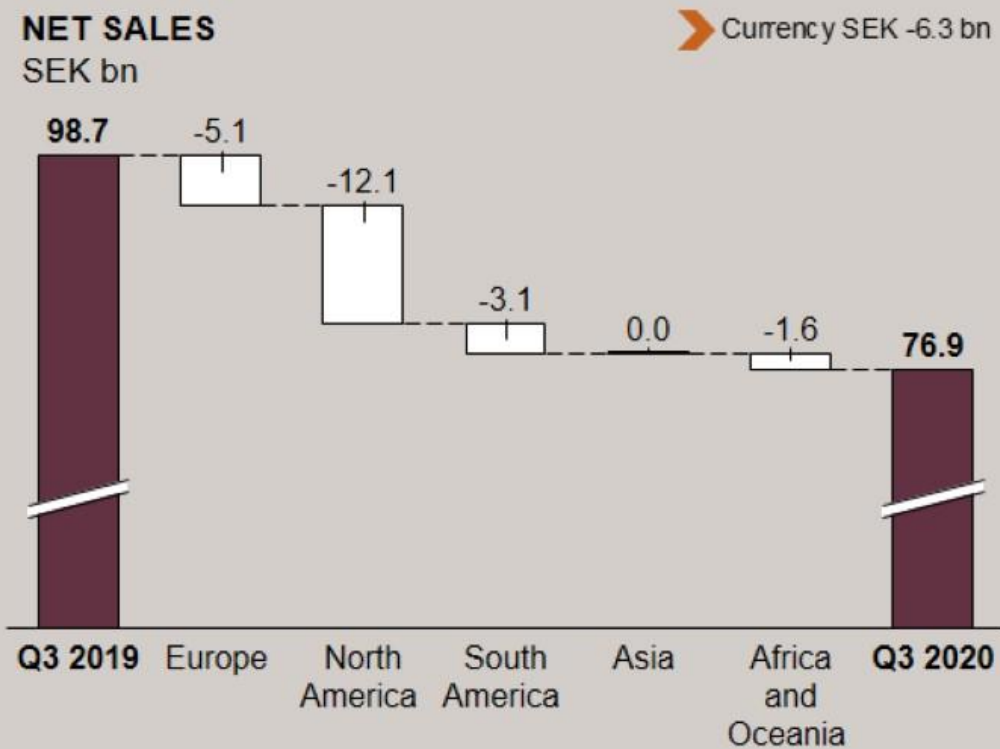
**THIRD QUARTER 2020**

Jan Ytterberg, CFO



# Volvo Group

## NET SALES PER MARKET

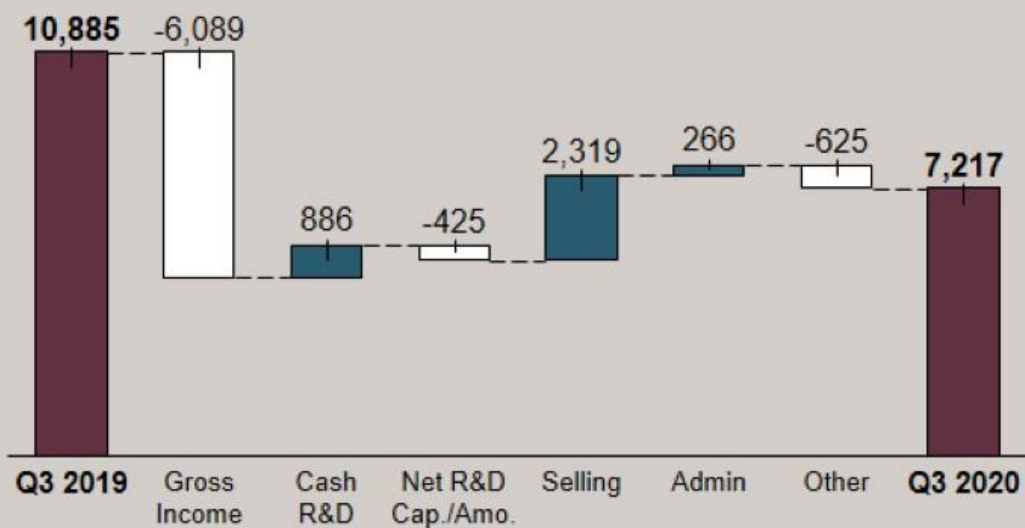


# Volvo Group

## ADJUSTED OPERATING INCOME CONTRIBUTORS

ADJUSTED OPERATING INCOME\*  
SEK M

Currency SEK -1.5 bn



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

↓ - Vehicle volumes  
- Capacity utilization  
- R&D Cap/ Amo.

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



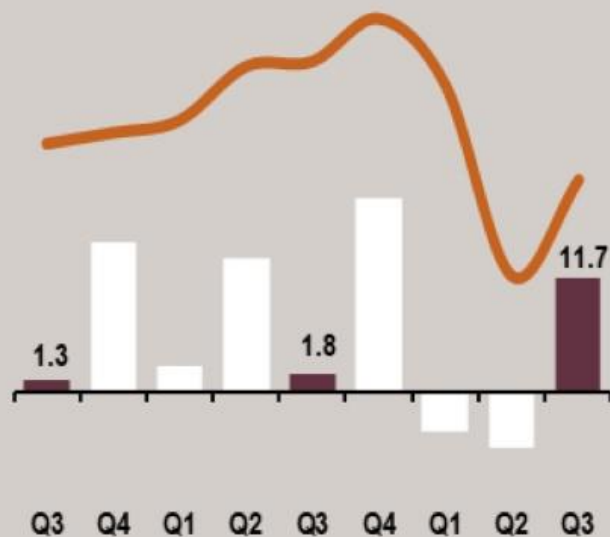
# Volvo Group – Industrial Operations

## CASH FLOW AND FINANCIAL POSITION

### OPERATING CASH FLOW

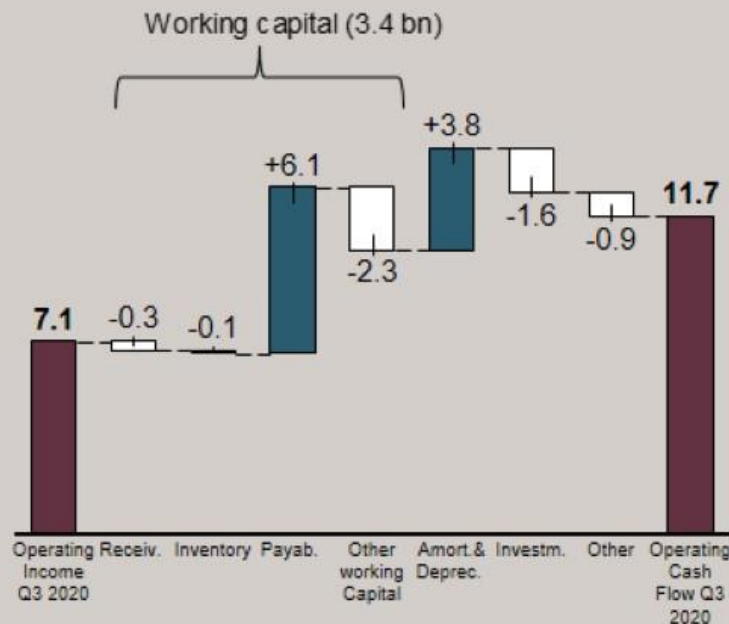
SEK bn

12 months SEK 21.7 bn



### OPERATING CASH FLOW

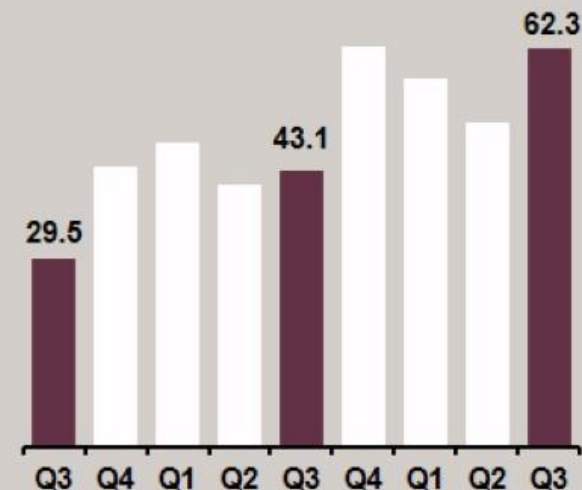
SEK bn



### FINANCIAL POSITION

(Excl. pensions and lease liabilities)

SEK bn



# Trucks

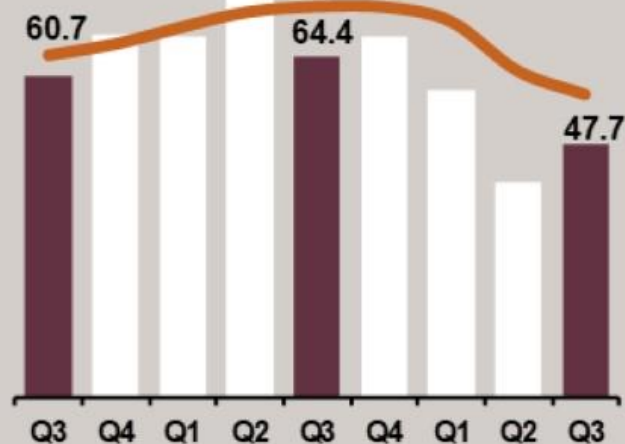
## NET SALES AND ADJUSTED OPERATING INCOME

### NET SALES

SEK bn

12 months SEK 214.5 bn

-26%  
(excl. FX -20%)



### ADJUSTED OPERATING INCOME\*

SEK bn

7.5

+ Selling and Admin  
+ Cash R&D  
+ Volume flexibility  
+ Tax case

- Vehicle volumes  
- Capacity utilization  
- R&D Cap/ Amo.

4.5

Q3 2019

Q3 2020

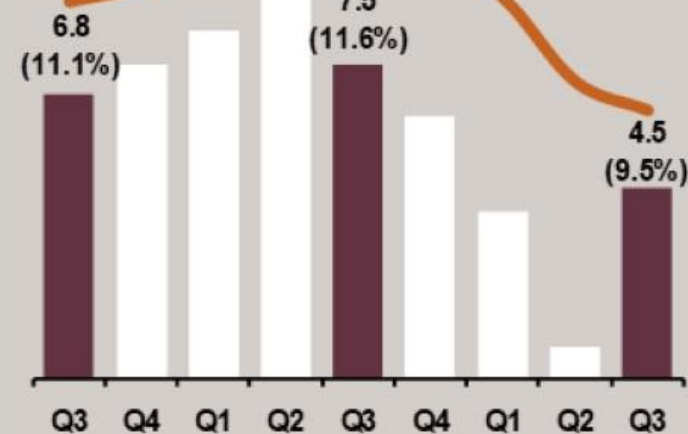
\* For information on adjustments, see note 7 in the quarterly report

### ADJUSTED OPERATING INCOME

(margin)\*

SEK bn

12 months 7.2%  
Currency SEK -0.8 bn





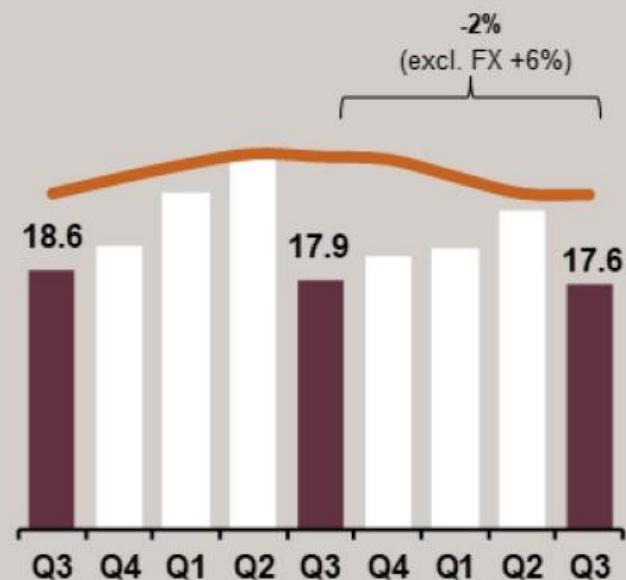
# Construction Equipment

## NET SALES AND ADJUSTED OPERATING INCOME

### NET SALES

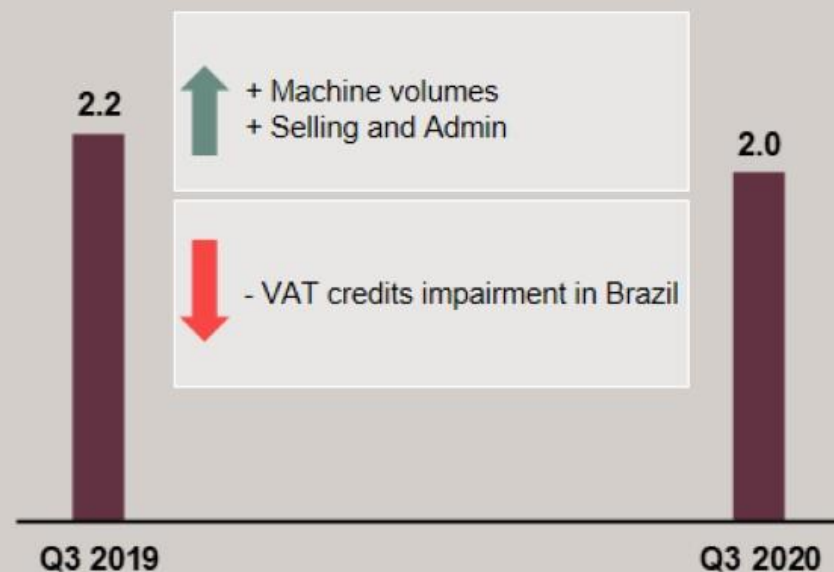
SEK bn

12 months SEK 80.4 bn



### ADJUSTED OPERATING INCOME\*

SEK bn



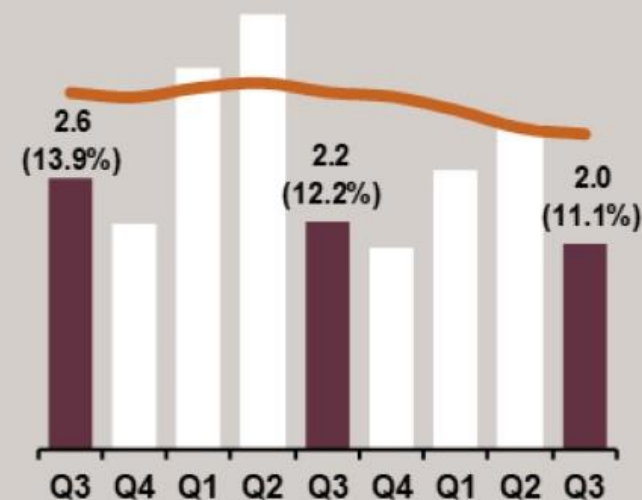
\* For information on adjustments, see note 7 in the quarterly report

### ADJUSTED OPERATING INCOME

(margin)\*

SEK bn

12 months 12.0%  
Currency SEK -0.4 bn



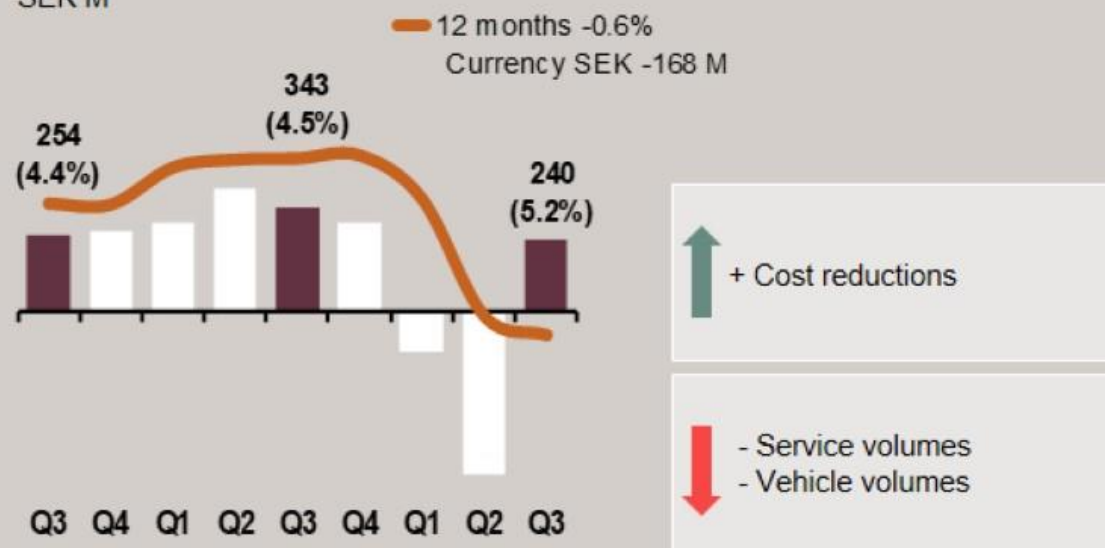
# Volvo Buses and Volvo Penta

## ADJUSTED OPERATING INCOME

### VOLVO BUSES ADJUSTED OPERATING INCOME

(margin)\*

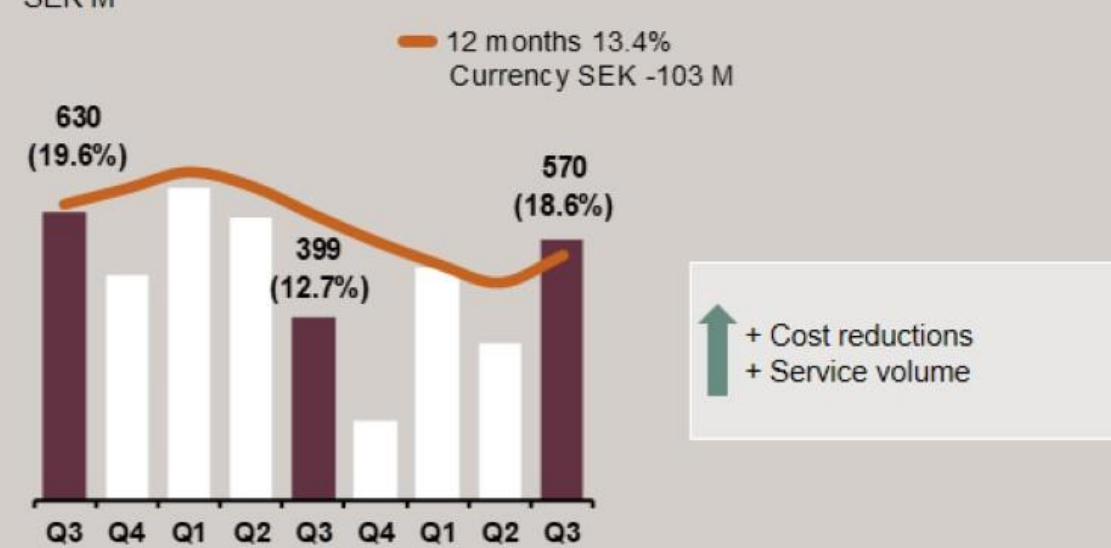
SEK M



### VOLVO PENTA ADJUSTED OPERATING INCOME

(margin)\*

SEK M



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



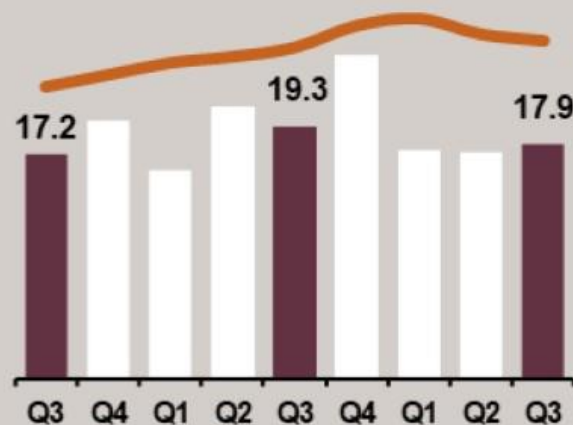
# Financial Services

## CREDIT PORTFOLIO AND PROFITABILITY

### NEW RETAIL FINANCING

SEK bn

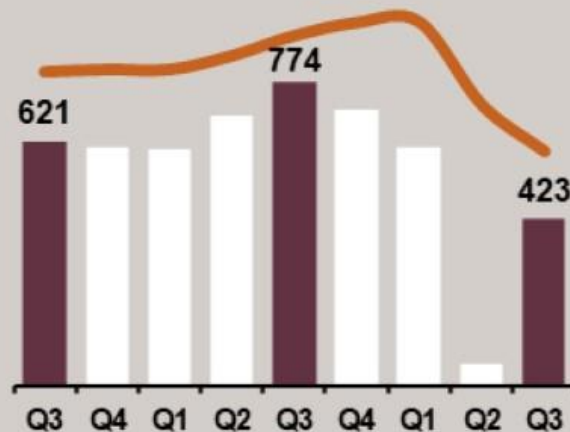
— 12 months SEK 77.5 bn



### ADJUSTED OPERATING INCOME\*

SEK M

— 12 months SEK 1,790 M  
Currency SEK -75 M

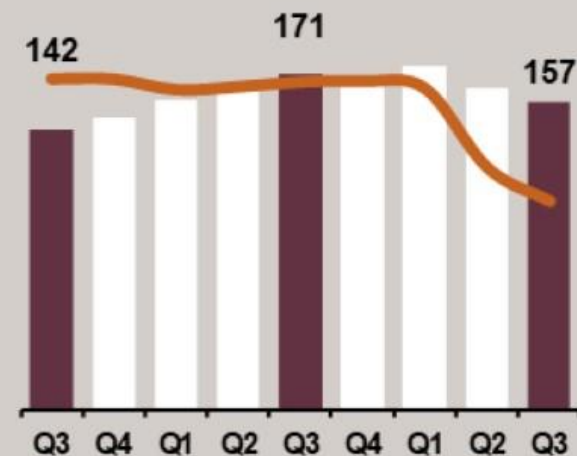


\* For information on adjustments, see note 7 in the quarterly report

### CREDIT PORTFOLIO & ROE

SEK bn

— Adj. ROE 12 months 9.6%





**VOLVO**  
VOLVO GROUP

**Q&A**

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