FOURTH QUARTER 2020
Martin Lundstedt, President and CEO
Volvo Group

FOURTH QUARTER HIGHLIGHTS

• Net sales down 8% (+1% ex. FX)
• Adjusted operating income SEK 10.9 bn (9.2) corresponding to a margin of 11.3% (8.8)
• Operating cash flow in the Industrial Operation SEK 16.7 bn (19.9)
• Continued transformation with deliveries and further launches of electric vehicles and machines

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

OPERATIONAL ACTIVITIES IN FOCUS

- Protecting our 4C’s:
  - **Colleagues** – health and safety first
  - **Customers** – supporting and delivering
  - **Cash** – protect the Group
  - **Cost** – turning temporary cost reductions to structural cost reduction
- Strained supply chain resulting in production disturbances at least in Q1
Volvo Group

VOLUME DEVELOPMENT IN THE FOURTH QUARTER

Volvo Group
Fourth quarter and full year 2020
4 2020-02-03
Volvo Group

SERVICE SALES DEVELOPMENT

SERVICE SALES, Industrial Operations
SEK bn

-7%
+2% excl. FX

12 months SEK 79.1 bn

Volvo Group
Fourth quarter and full year 2020
5 2020-02-03
Trucks
MARKET ENVIRONMENT

Trucks

NORTH AMERICA HD

2019: 336'
2020: 235'
Forecast 2021: 290'

BRAZIL HD

2019: 75'
2020: 67'
Forecast 2021: 95'

EUROPE HD

2019: 323'
2020: 231'
Forecast 2021: 290'

JAPAN HD

2019: 50'
2020: 47'
Forecast 2021: 45'

ASIA HD+MD

China
2019: 1,314'
2020: 1,778'
Forecast 2021: 1,430'

India
2019: 295'
2020: 143'
Forecast 2021: 265'
Trucks
HD/MD: QUARTERLY ORDERS 61% AND DELIVERIES -2%

NORTH AMERICA
Orders +167%
Deliveries -4%

SOUTH AMERICA
Orders +52%
Deliveries -11%

AFRICA AND OCEANIA
Orders +32%
Deliveries -13%

EUROPE
Orders +42%
Deliveries -3%

ASIA
Orders +6%
Deliveries +18%

Volvo Group
Fourth quarter and full year 2020
8 2020-02-03
Volvo Group
NORTH AMERICA
YTD Dec
Volvo 9.2 Mack 7.0
Volvo 9.4 Mack 6.9

EUROPE
EU28, YTD Dec
Volvo 15.5 Renault Trucks 8.8
Volvo 16.2 Renault Trucks 8.8

JAPAN
YTD Dec
Volvo 18.5 UD 18.9

BRAZIL
YTD Dec
Volvo 22.5 Mack 22.2

SOUTH AFRICA
YTD Dec
Volvo 21.8 UD 9.9
Volvo 17.2 UD 9.3

AUSTRALIA
YTD Dec
Volvo 17.6 Mack 8.2 UD 4.4
Volvo 16.4 Mack 6.6 UD 3.5

MARKET SHARES
Fourth quarter and full year 2020
Volvo Group
Fourth quarter and full year 2020
2020-02-03
Trucks

DRIVING INDUSTRY ELECTRIFICATION

• In Europe
  – Electric trucks from Volvo Trucks and Renault Trucks up to 27 tons in serial production since Q1 2020
  – Volvo Trucks starts selling electric trucks for regional transports and urban construction up to 44 tons in Europe 2021

• In North America
  – Volvo Trucks selling Volvo VNR electric class 8 trucks since Q4 2020
  – Mack Trucks selling electric refuse trucks since Q4 2020

• Joint venture agreement with Daimler Trucks for large-scale production of fuel-cells, pending competition approval
Creating Volvo Energy to accelerate electrification

- Volvo Energy will provide batteries, charging and hydrogen infrastructure solutions through Business Areas
- Commercialize second life batteries for customers to use across different applications
- Minimize environmental footprint through circular approach
Construction Equipment
Construction Equipment
MARKET ENVIRONMENT

NORTH AMERICA
Forecast 2021: 0% to +10%

EUROPE
Forecast 2021: 0% to +10%

CHINA
Forecast 2021: -15% to -5%

SOUTH AMERICA
Forecast 2021: +10% to +20%

ASIA (excl. China)
Forecast 2021: 0% to +10%
Construction Equipment
QUARTERLY ORDERS 31% AND DELIVERIES 21%

NORTH AMERICA
Orders -18%
Deliveries -15%

SOUTH AMERICA
Orders +182%
Deliveries +84%

AFRICA AND OCEANIA
Orders +50%
Deliveries +12%

EUROPE
Orders +20%
Deliveries -18%

ASIA
Orders +39%
Deliveries +37%
Construction Equipment

- Launch of a new excavator range at Bauma China 2020, specifically targeting the Chinese market
- Pioneering a digital hydraulic actuator that increases productivity, significantly cutting fuel consumption and CO2 emissions
- First deliveries of all-electric compact excavators and compact wheel loaders in Europe
Buses

- Orders decreased by 68%
- Deliveries decreased by 6%
- Successful delivery of Nordics’ largest electric bus fleet system to the city of Gothenburg, Sweden
Volvo Penta

- Orders increased by 22%
- Deliveries increased by 4%
- Volvo Penta launches industry’s first fully integrated Assisted Docking System at CES
- Customer pilot with integrated electric Volvo Penta Inboard Performance System (IPS)
Financial Services

- Reduced number of modification requests and stable customer payment performance
- Continued penetration improvement
- Rollout of Connected Insurance program for Volvo Trucks and Mack Trucks in the U.S.
Volvo Group

NET SALES PER MARKET

NET SALES
SEK bn

Q4 2019 Europe North America South America Asia Africa and Oceania Q4 2020

105.4 -1.5 -5.7 -1.6 1.8 -1.5 96.9

Currency SEK -9.1 bn

Volvo Group
Fourth quarter and full year 2020
20 2020-02-03
Volvo Group
ADJUSTED OPERATING INCOME CONTRIBUTORS

ADJUSTED OPERATING INCOME*
SEK M

Q4 2019
9,223
-1,127
1,289
-326
2,155
365
-644
10,934
Q4 2020

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

Currency SEK -1.8 bn

Good cost execution
+ Selling & admin expenses
+ Cash R&D
+ Industrial system

- Product and market mix
Volvo Group – Industrial Operations

CASH FLOW AND FINANCIAL POSITION

OPERATING CASH FLOW
SEK bn

<table>
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<tr>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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<td>16.7</td>
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12 months SEK 18.5 bn

FINANCIAL POSITION
(Excl. pensions and lease liabilities)
SEK bn

<table>
<thead>
<tr>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
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<td>62.6</td>
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Volvo Group
Fourth quarter and full year 2020
22  2020-02-03
Trucks

NET SALES AND ADJUSTED OPERATING INCOME

NET SALES
SEK bn
-9%
(excl. FX 0%)

ADJUSTED OPERATING INCOME*
SEK bn

ADJUSTED OPERATING INCOME
(margin)*
SEK bn

* For information on adjustments, see note 7 in the quarterly report
Construction Equipment
NET SALES AND ADJUSTED OPERATING INCOME

**NET SALES**
SEK bn
- 12 months SEK 81.5 bn

**ADJUSTED OPERATING INCOME**
SEK bn
- +6% (excl. FX +15%)

Q4 2019: 1.9
Q4 2020: 2.3

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

NET SALES & ADJUSTED OPERATING INCOME

- Net sales currency-adjusted -3%:
  - Vehicles 0%
  - Services -20%

- Adjusted operating income:
  - Service sales
  - Product and market mix
  - Capacity utilization
  + Selling, admin and R&D expenses

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

NET SALES & ADJUSTED OPERATING INCOME

- Net sales currency-adjusted +5%:
  - Engines +3%
  - Services +13%

- Adjusted operating income:
  - Restructuring outboard segment
  - Product mix
  + Higher volumes
  + Selling and R&D expenses

* 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 74.1 bn

ADJUSTED OPERATING INCOME*
SEK M

12 months SEK 1,606 M
Currency SEK -98 M

CREDIT PORTFOLIO & ROE
SEK bn

ROE 12 months 8.3%

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

Volvo Group
Fourth quarter and full year 2020
27 2020-02-03
Full year 2020
**Volvo Group**

**STRONG EXECUTION AND RESILIENCE IN A DIFFICULT YEAR**

**PERFORM**

- Managing Covid-19 impact
- Executing on volume and cost flexibility
- Margin of 8.4% despite sales decline of 22%

**TRANSFORM**

- Accelerating the commercialization of electric vehicles
- New business areas established – Volvo Autonomous Solutions and Volvo Energy
- Fuel cell JV-agreement with Daimler Trucks

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**NET SALES**

- **SEK bn**
  - Adjusted operating margin*
  - **SEK 94 bn**
  - **432**
  - **338**
  - **11.1%**
  - **8.4%**

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Proposed ordinary dividend of SEK 6.00 (0) and an extra dividend of SEK 9.00 (0)

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Volvo Group

Fourth quarter and full year 2020

29 2020-02-03

*Adjustments, see note 7 in Q4 report:
FY 2014-2019: See annual reports
FY 2020: Significant one-time items of SEK +1,129 M
Electrifying news from the Volvo Group

Q&A