



VOLVO
VOLVO GROUP

FOURTH QUARTER 2020

Martin Lundstedt, President and CEO

Volvo Group

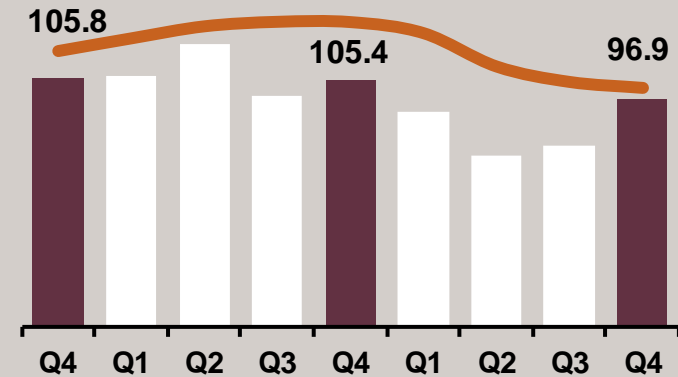
FOURTH QUARTER HIGHLIGHTS

- 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

NET SALES

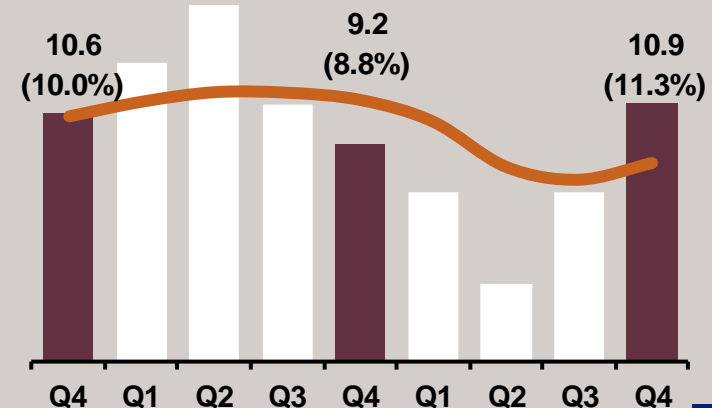
SEK bn

12 months SEK 338 bn



ADJUSTED OPERATING INCOME (margin)*

12 months 8.4%



* 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

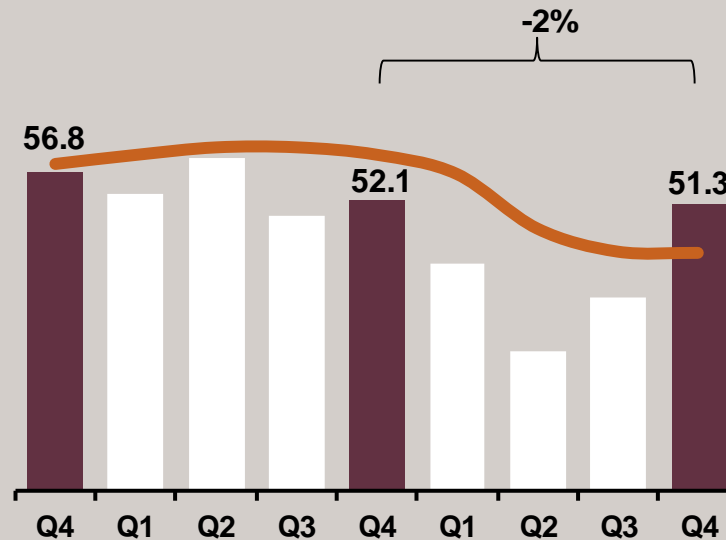
VOLUME DEVELOPMENT IN THE FOURTH QUARTER



TRUCK DELIVERIES

k units HD/MD

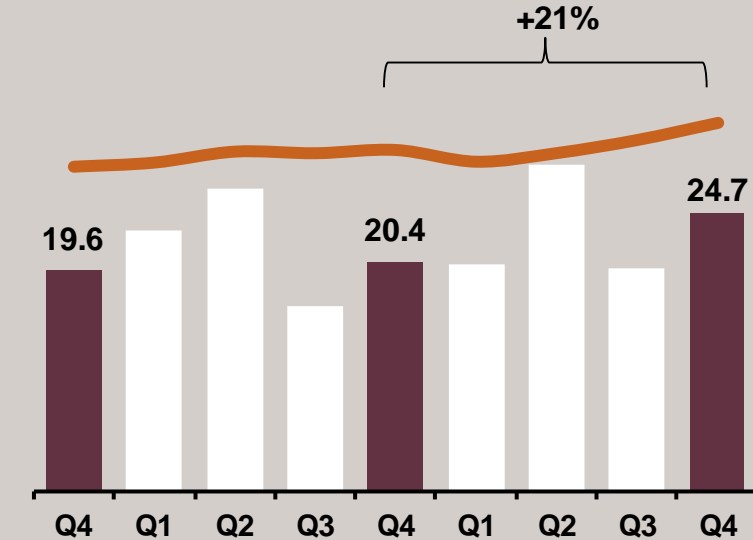
12 months 151 k units



MACHINE DELIVERIES

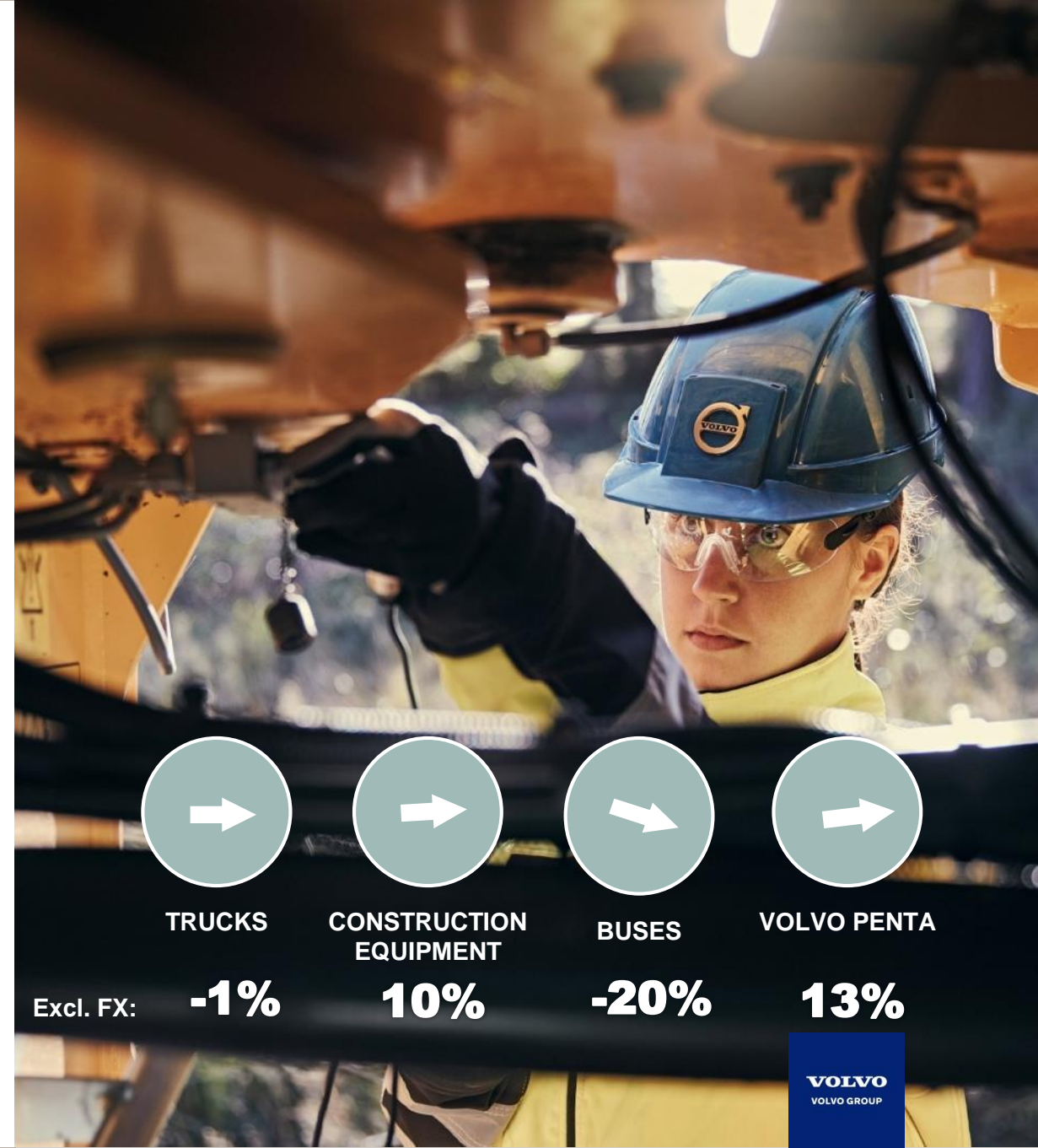
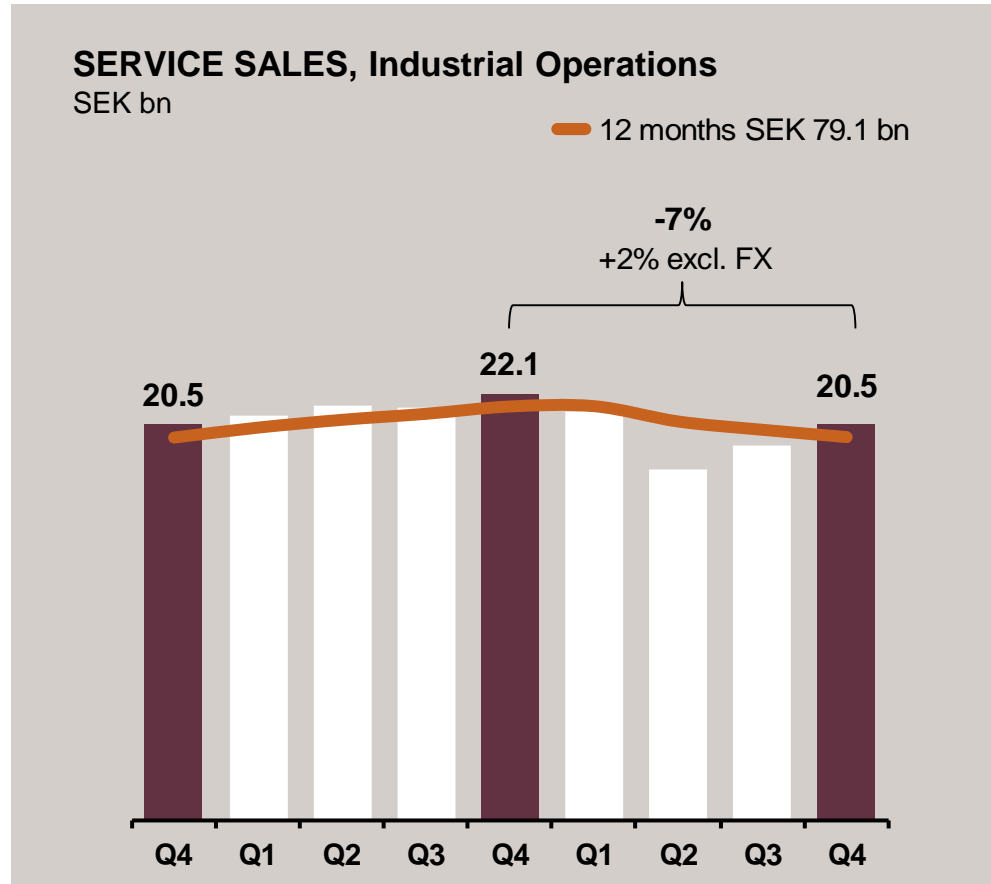
k units HD/MD

12 months 94 k units



Volvo Group

SERVICE SALES DEVELOPMENT



TRUCKS

Excl. FX: **-1%**



CONSTRUCTION
EQUIPMENT

10%



BUSES

-20%



VOLVO PENTA

13%



Trucks

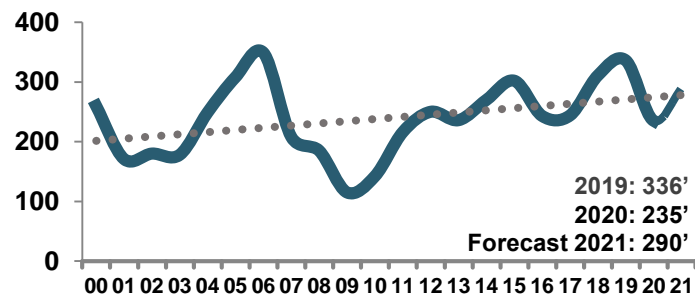


Trucks

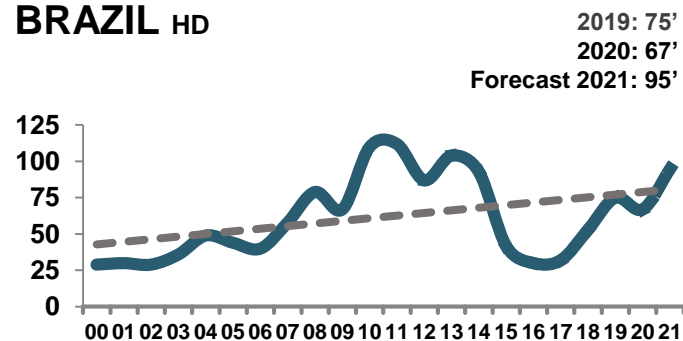
MARKET ENVIRONMENT



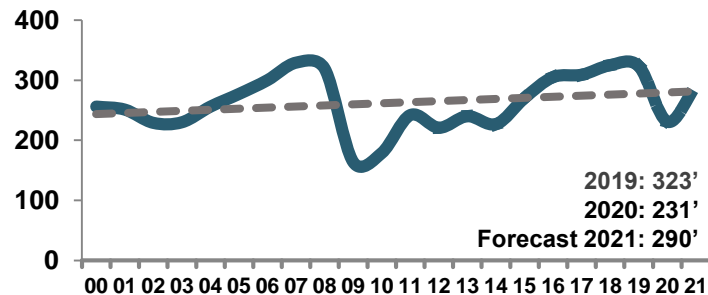
NORTH AMERICA HD



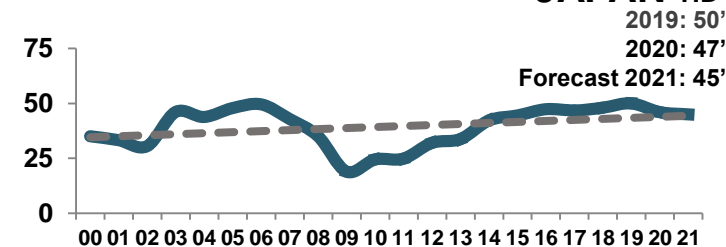
BRAZIL HD



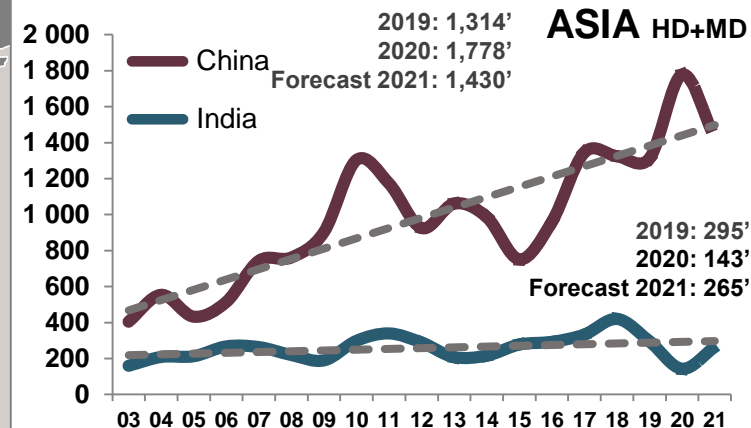
EUROPE HD



JAPAN HD

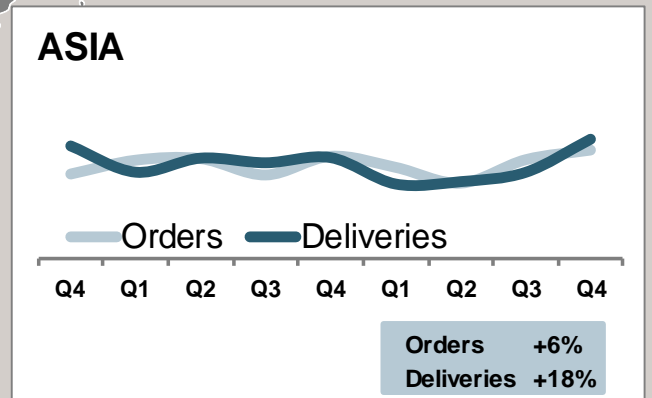
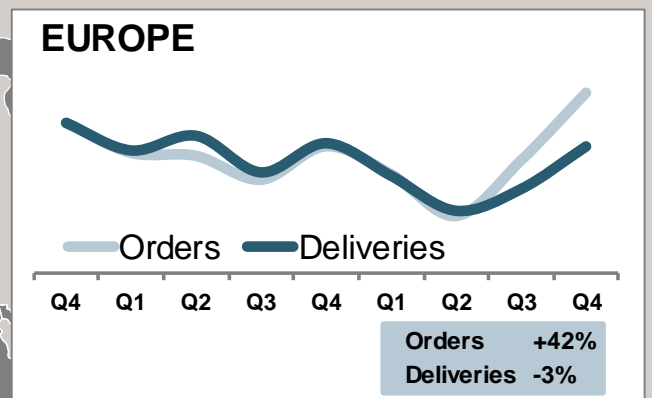
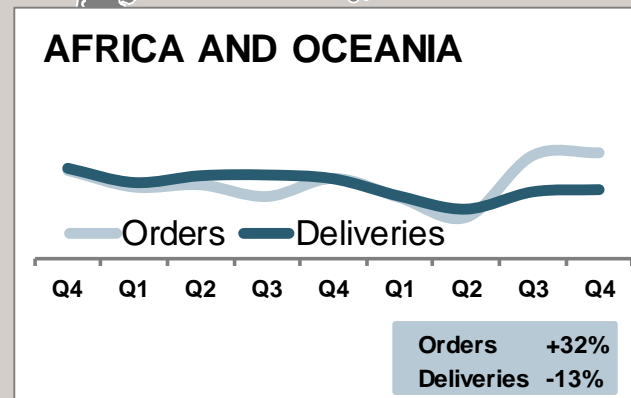
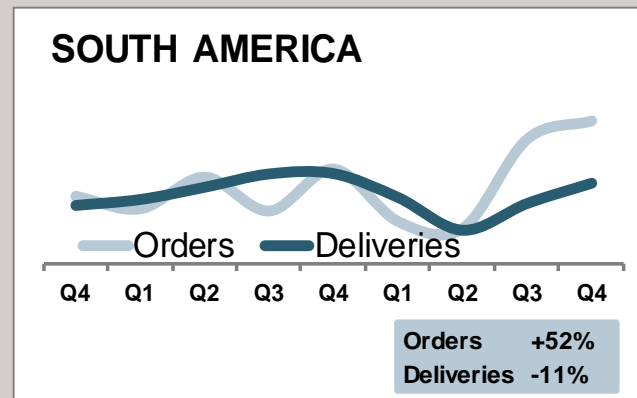
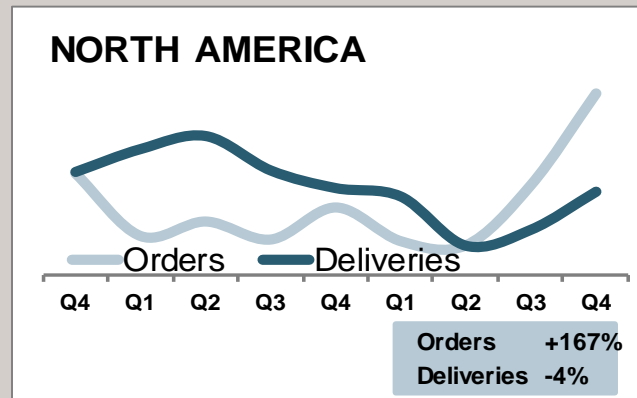


ASIA HD+MD



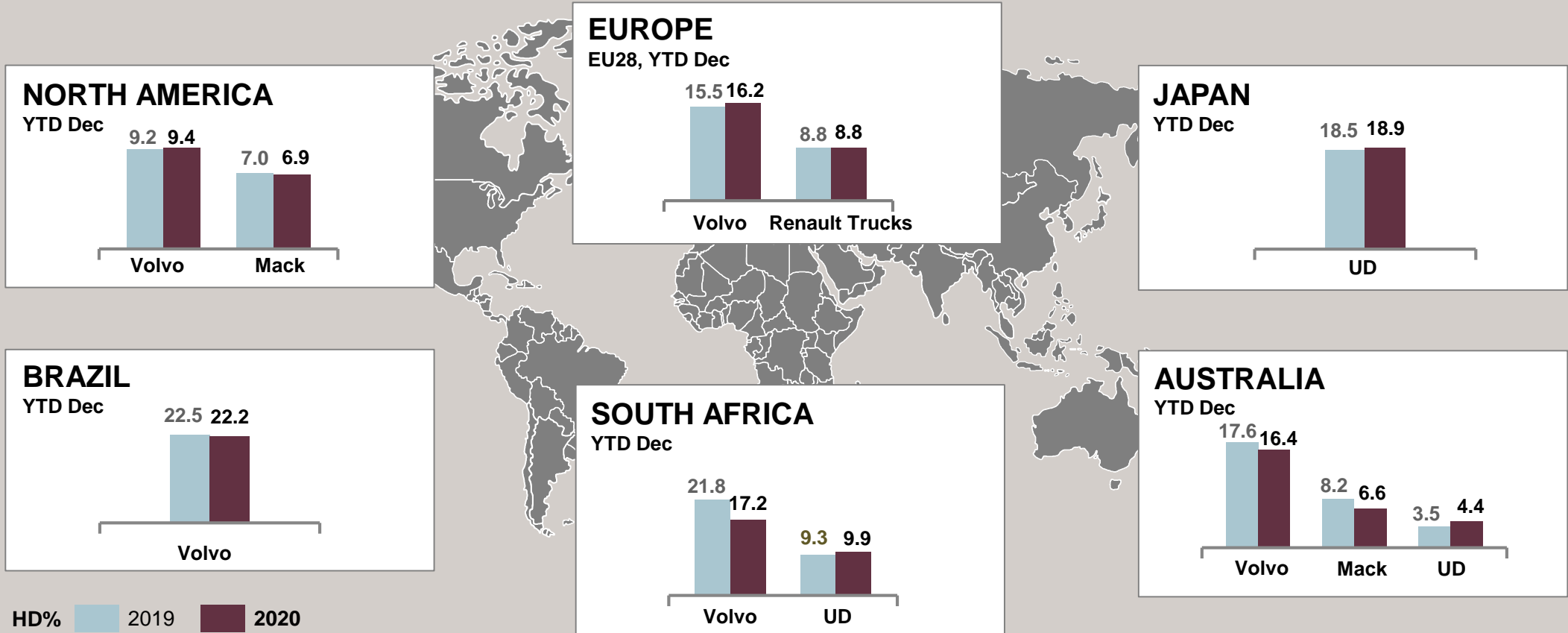
Trucks

HD/MD: QUARTERLY ORDERS 61% AND DELIVERIES -2%



Trucks

MARKET SHARES



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

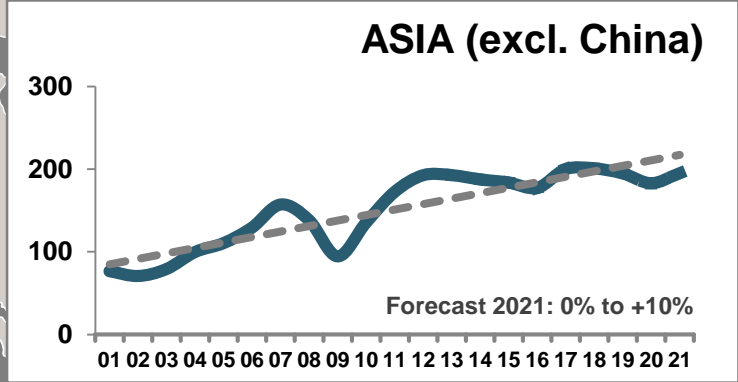
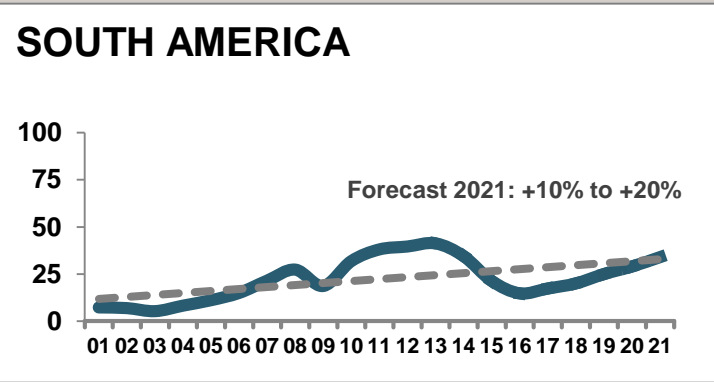
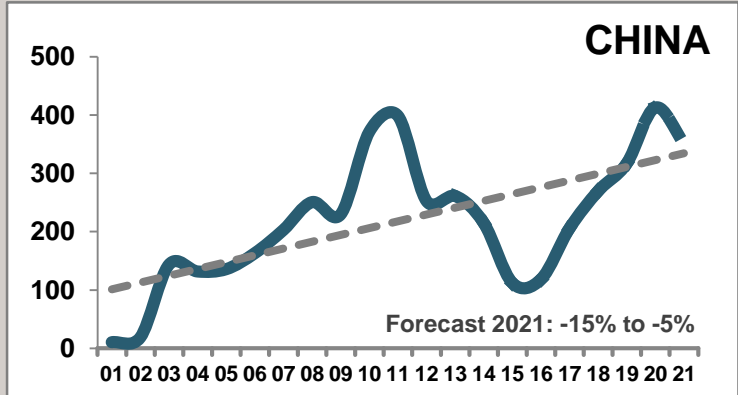
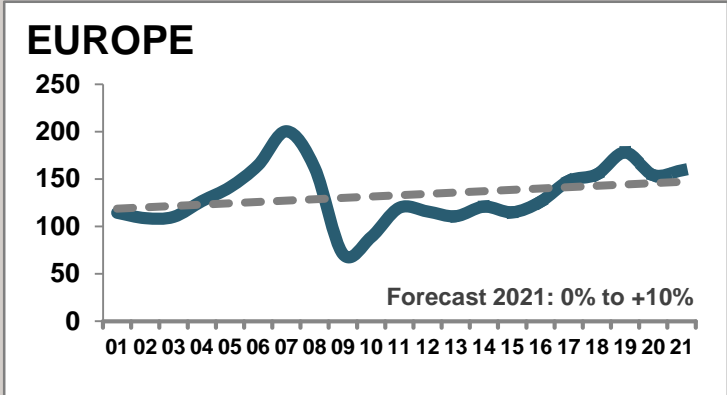
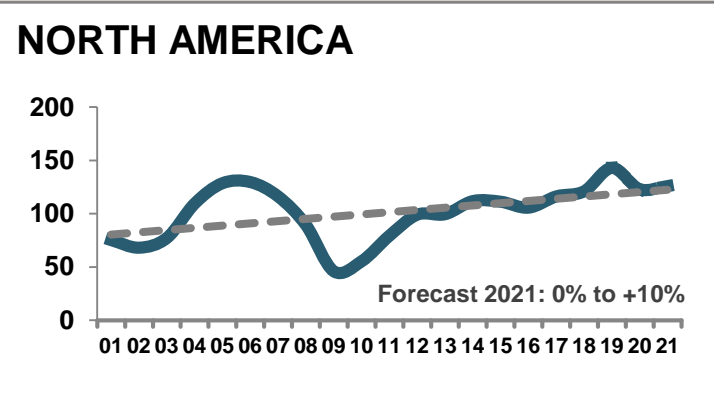




Construction Equipment

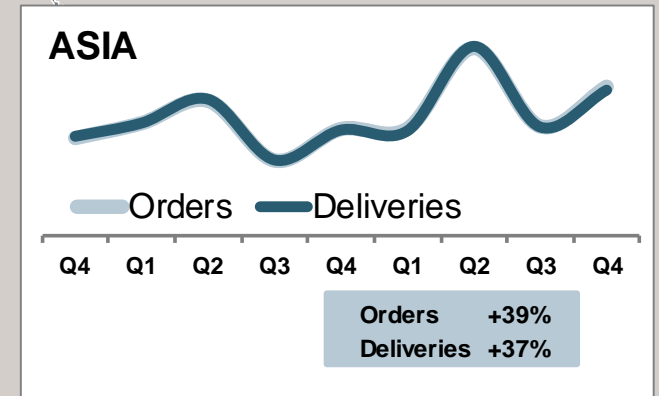
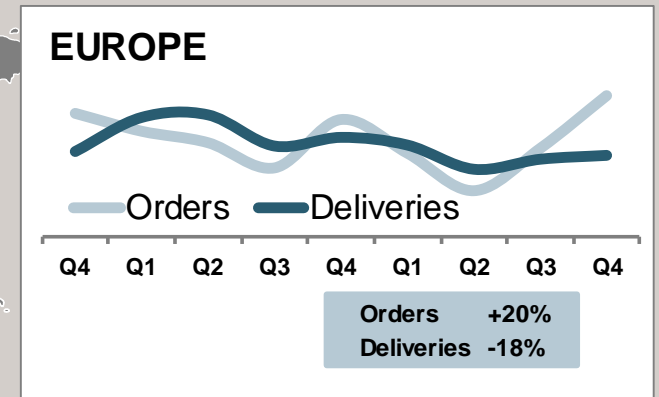
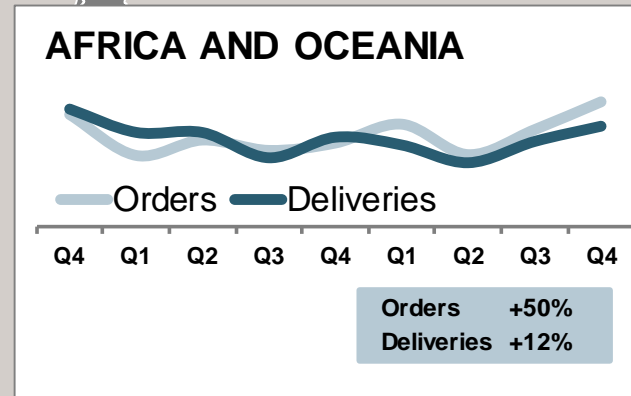
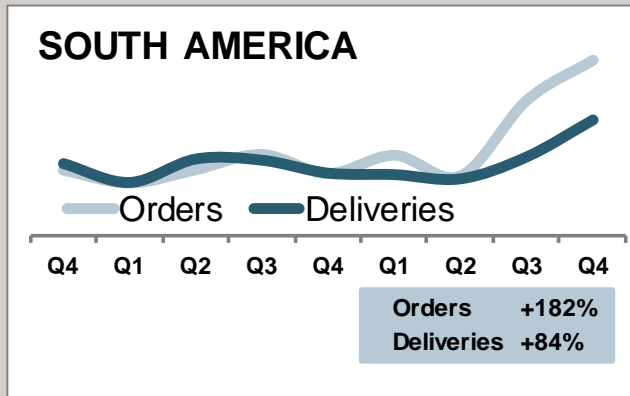
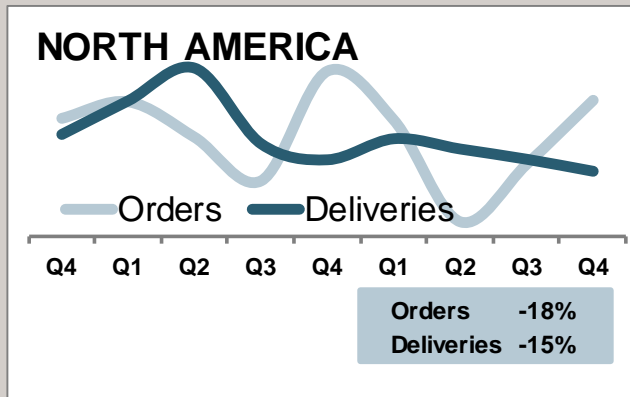
Construction Equipment

MARKET ENVIRONMENT



Construction Equipment

QUARTERLY ORDERS 31% AND DELIVERIES 21%



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



Delivery of the largest electric bus fleet in the Nordics

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)

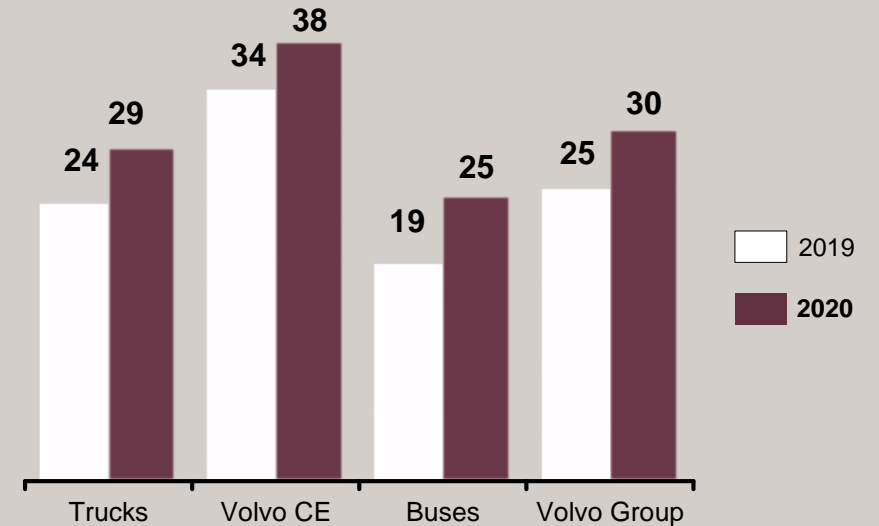


*Integrated electric Volvo Penta
Inboard Performance System (IPS)*

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.

PENETRATION RATE, %
12 months moving





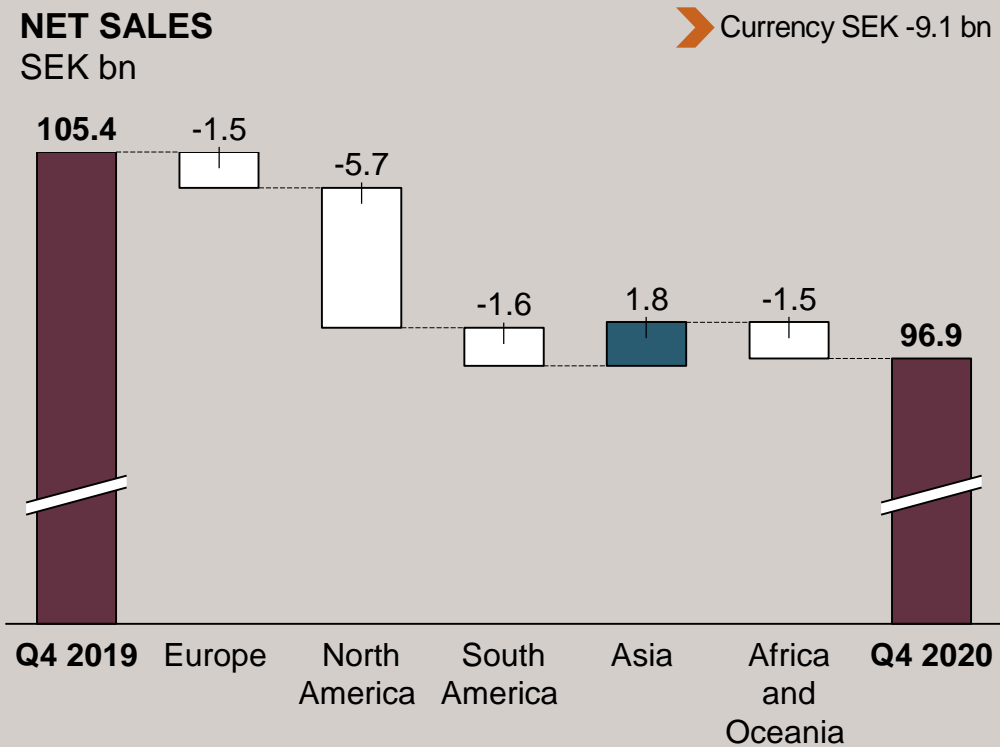
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FOURTH QUARTER 2020

Jan Ytterberg, CFO

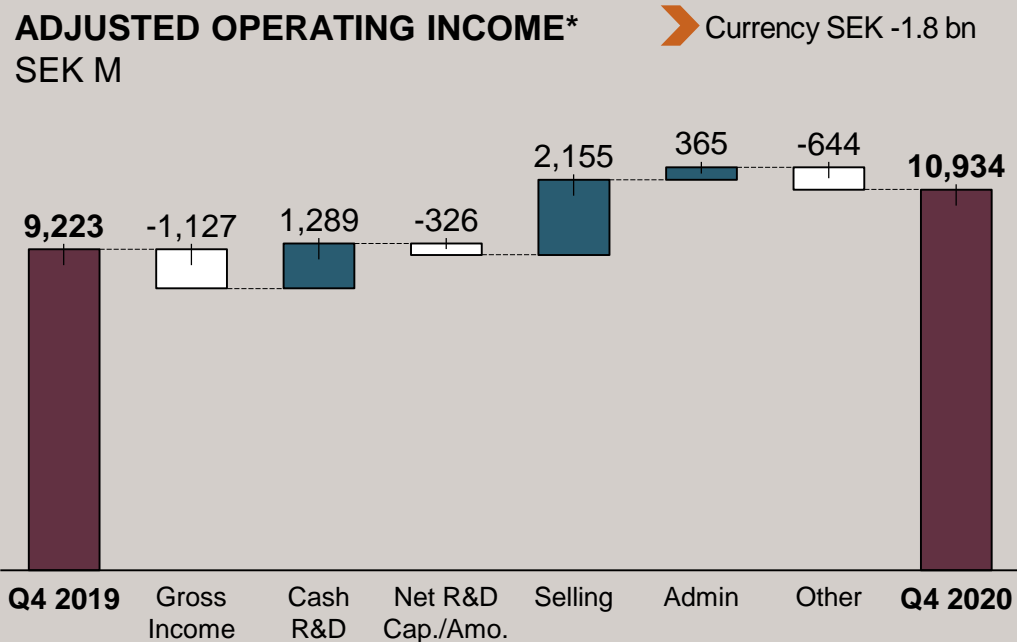
Volvo Group

NET SALES PER MARKET



Volvo Group

ADJUSTED OPERATING INCOME CONTRIBUTORS



↑ Good cost execution

- + Selling & admin expenses
- + Cash R&D
- + Industrial system

↓ - Product and market mix

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

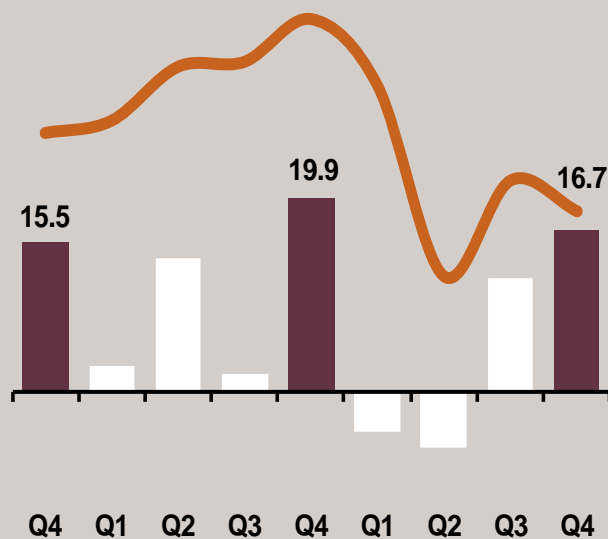
Volvo Group – Industrial Operations

CASH FLOW AND FINANCIAL POSITION

OPERATING CASH FLOW

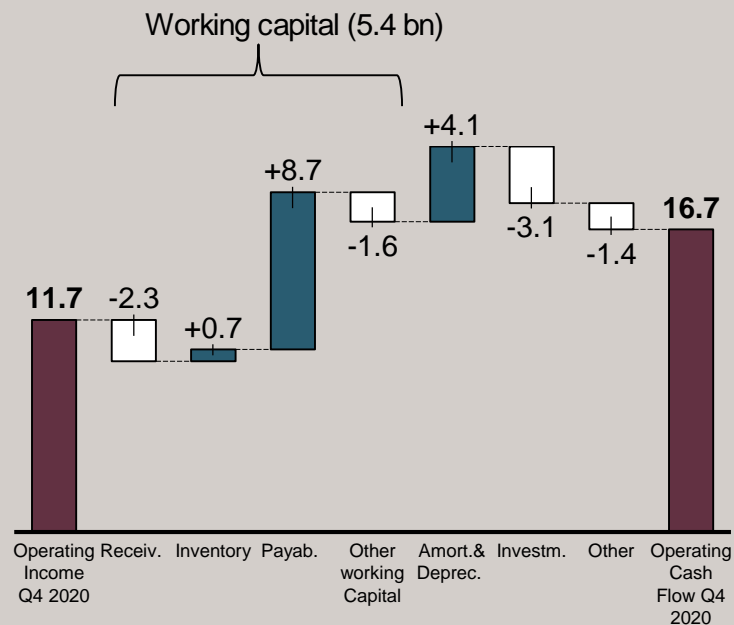
SEK bn

12 months SEK 18.5 bn



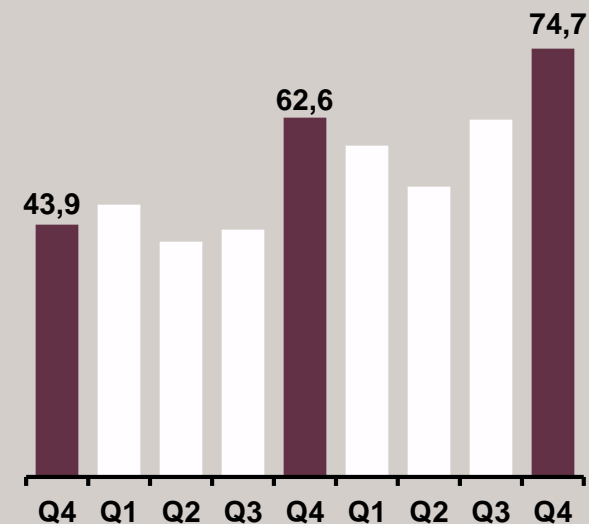
OPERATING CASH FLOW

SEK bn



FINANCIAL POSITION

(Excl. pensions and lease liabilities)
SEK bn



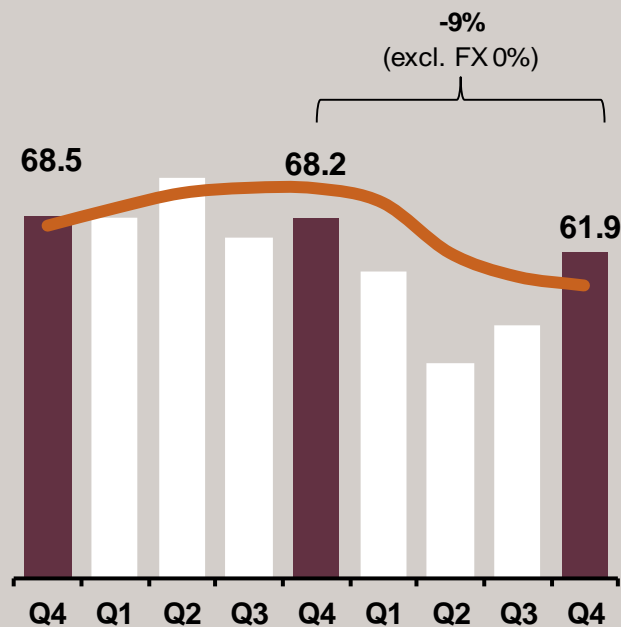
Trucks

NET SALES AND ADJUSTED OPERATING INCOME

NET SALES

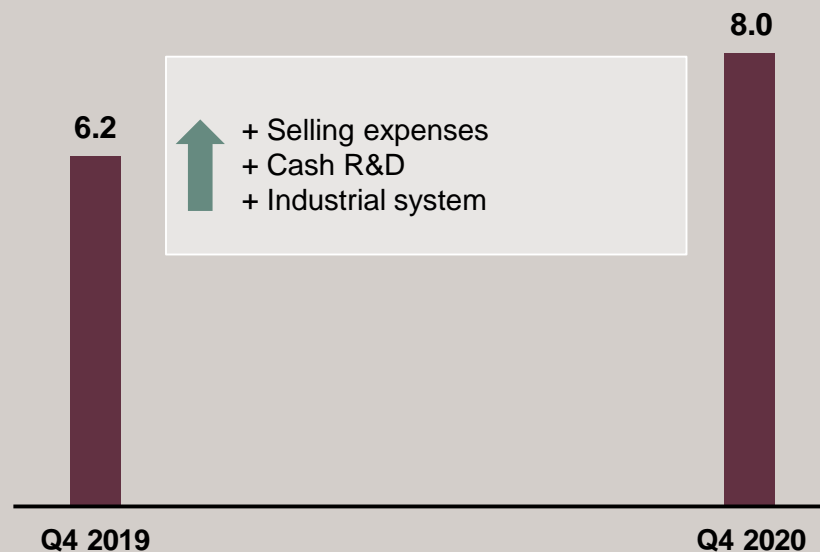
SEK bn

— 12 months SEK 208.3 bn



ADJUSTED OPERATING INCOME*

SEK bn



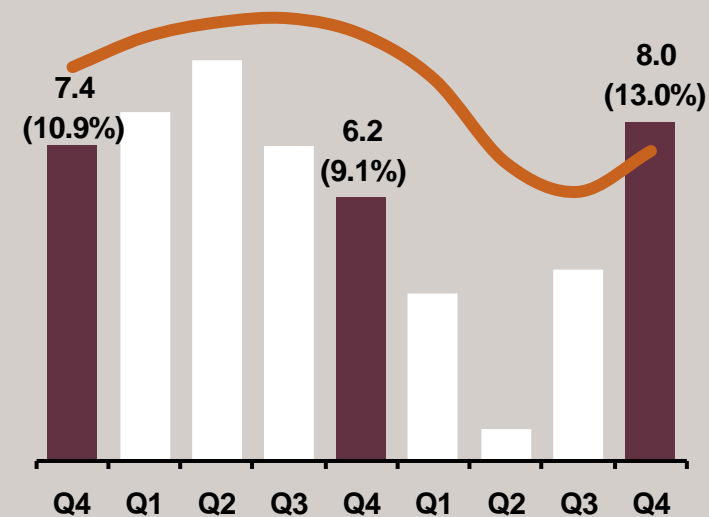
* For information on adjustments, see note 7 in the quarterly report

ADJUSTED OPERATING INCOME

(margin)*

SEK bn

— 12 months 8.3%
Currency SEK -1.0 bn



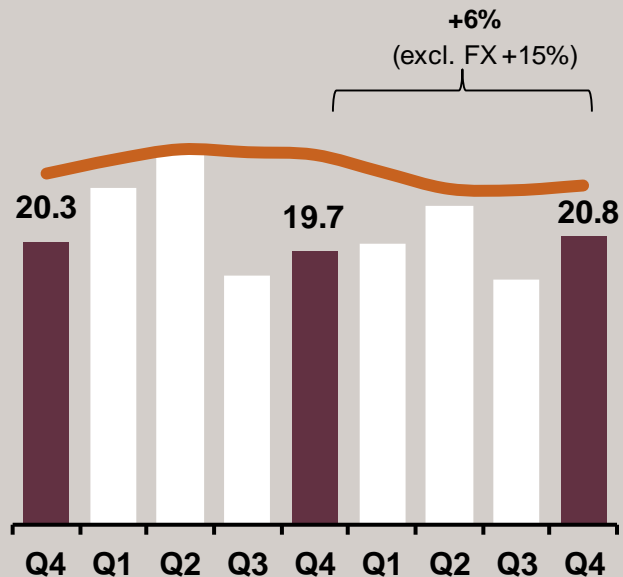
Construction Equipment

NET SALES AND ADJUSTED OPERATING INCOME

NET SALES

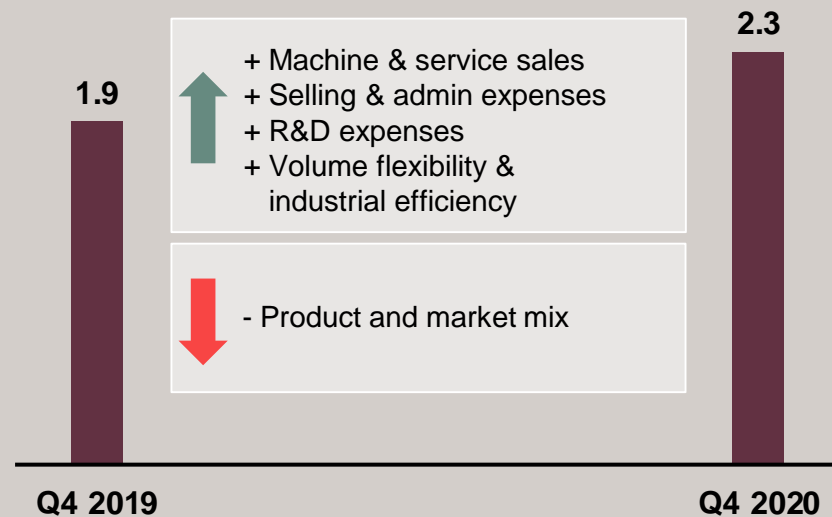
SEK bn

12 months SEK 81.5 bn



ADJUSTED OPERATING INCOME*

SEK bn

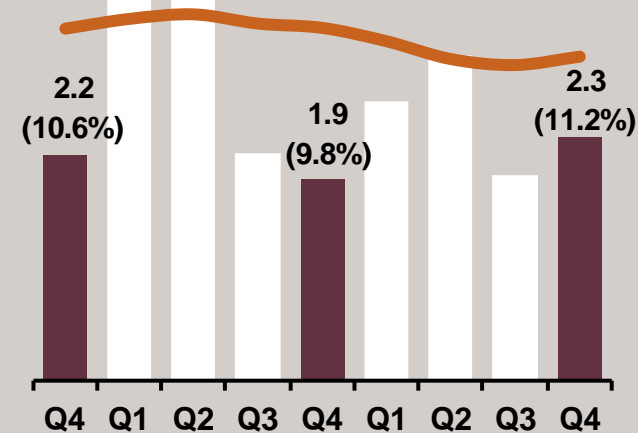


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ADJUSTED OPERATING INCOME (margin)*

SEK bn

12 months 12.4%
Currency SEK -0.6 bn



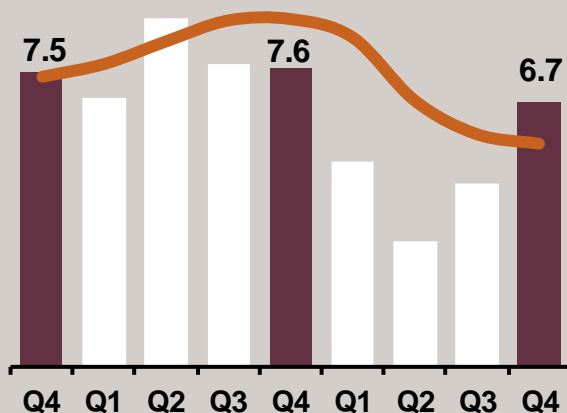
Buses

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

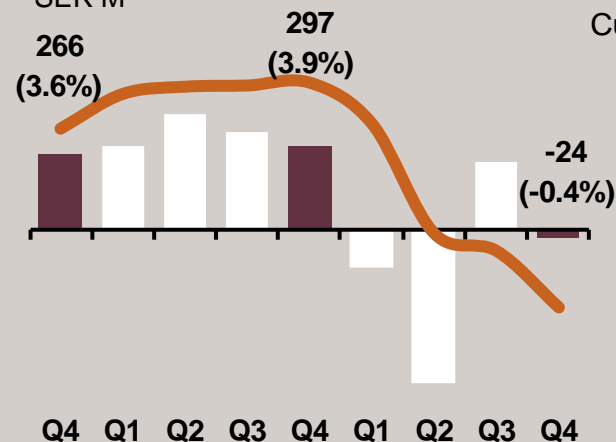
NET SALES SEK bn

12 months SEK 19.8 bn



ADJUSTED OPERATING INCOME (margin)* SEK M

12 months -2.2%
Currency SEK -82 M



Volvo Penta

NET SALES & ADJUSTED OPERATING INCOME

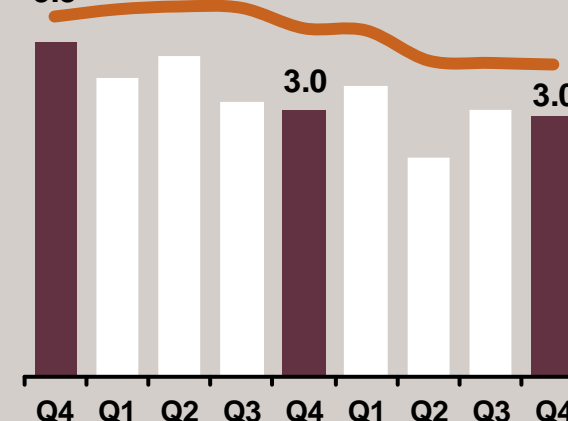
- Net sales currency-adjusted +5%:
 - Engines +3%
 - Services +13%
- Adjusted operating income:
 - Restructuring outboard segment
 - Product mix
 - + Higher volumes
 - + Selling and R&D expenses

NET SALES

SEK bn

3.8

12 months SEK 11.9 bn

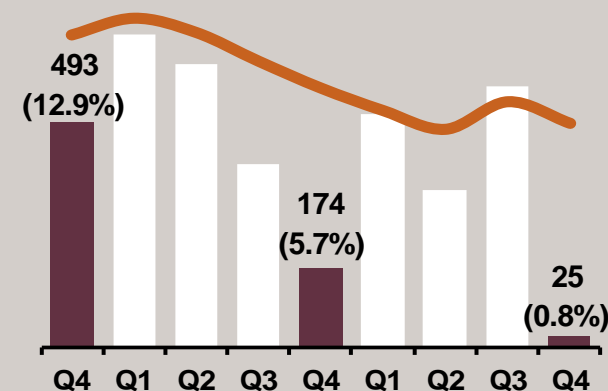


ADJUSTED OPERATING INCOME

(margin)*

SEK M

12 months 12.2%
Currency SEK -85 M



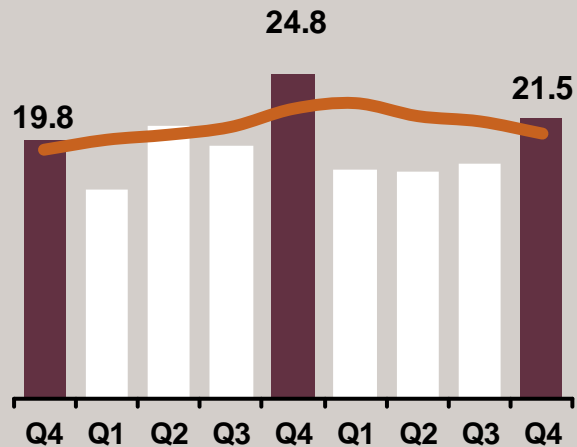
Financial Services

CREDIT PORTFOLIO AND PROFITABILITY

NEW RETAIL FINANCING

SEK bn

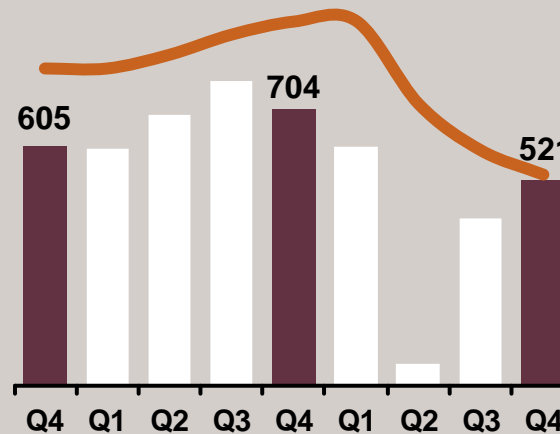
12 months SEK 74.1 bn



ADJUSTED OPERATING INCOME*

SEK M

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

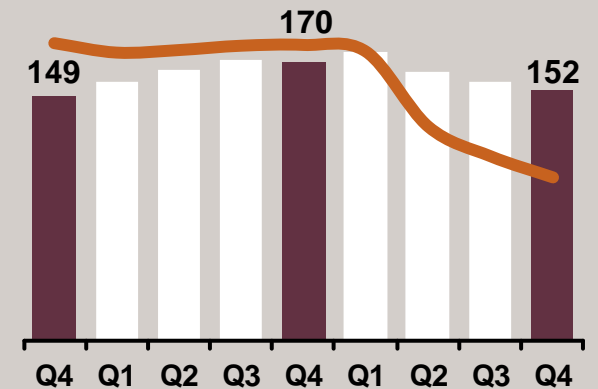


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CREDIT PORTFOLIO & ROE

SEK bn

ROE 12 months 8.3%





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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%

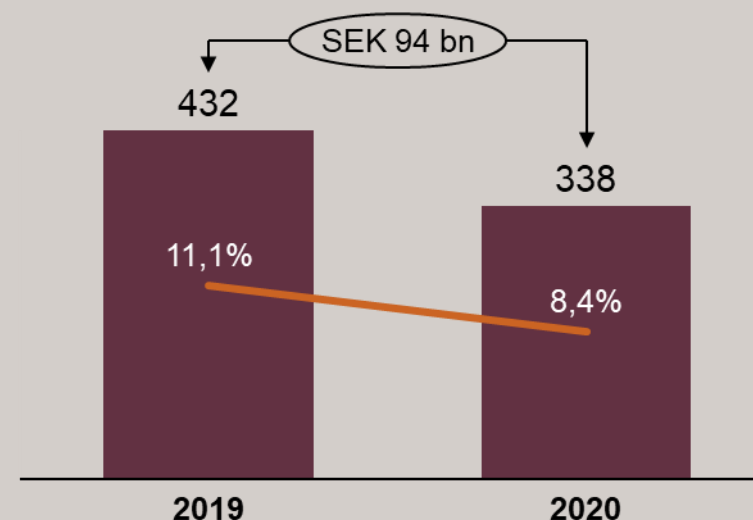
TRANSFORM

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

NET SALES

SEK bn

Adjusted operating margin*



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

Electrifying news from the Volvo Group

Q&A

