



AB Volvo

Press release

Volvo Group – the fourth quarter and full year 2016

“2016 was a year with somewhat lower volumes. Our revenues declined by 3% to SEK 302 bn. Nonetheless, our profitability improved with an adjusted operating margin of 7.0% for the full year 2016. This reflects our ability to manage volume changes in different regions as well as continued cost reductions and productivity improvements. The fourth quarter followed the pattern of previous quarters with somewhat improved profitability on lower volumes. Adjusted operating income was SEK 5,660 M, corresponding to a margin of 6.9%,” says Martin Lundstedt, President and CEO.

THE FOURTH QUARTER 2016

- In Q4 2016 net sales increased by 4% to SEK 82.6 bn (79.6). Adjusted for currency movements and acquired and divested units sales decreased by 1%.
- Adjusted operating income in Q4 2016 amounted to SEK 5,660 M (4,573), corresponding to an operating margin of 6.9% (5.7), excluding a capital gain on the sale of real estate of SEK 1,371 M.
- Currency movements had a positive impact on operating income of SEK 336 M.
- Operating cash flow in the Industrial Operations amounted to SEK 4.8 bn (14.7). Adjusted for the EU antitrust investigation and the sale of real estate, operating cash flow was SEK 8.7 bn.

THE FULL YEAR 2016

- For the full year 2016 net sales decreased by 3% to SEK 301.9 bn (312.5).
- Adjusted operating income amounted to SEK 21,094 M (20,235) corresponding to an operating margin of 7.0% (6.5).

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- Operating cash flow in the Industrial Operations amounted to SEK 3.5 bn (18.3).
- The Board of Directors proposes a dividend of SEK 3.25 per share (3.00).

Press and Analyst Conference. An on-line presentation of the report, followed by a question-and-answer session will be webcast starting at 9.00 CET. More information under Investors on www.volvogroup.com

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The Volvo Group is one of the world's leading manufacturers of trucks, buses, construction equipment and marine and industrial engines. The Group also provides complete solutions for financing and service. The Volvo Group, which employs about 100,000 people, has production facilities in 18 countries and sells its products in more than 190 markets. In 2015 the Volvo Group's sales amounted to about SEK 313 billion (EUR 33,4 billion). The Volvo Group is a publicly-held company headquartered in Göteborg, Sweden. Volvo shares are listed on Nasdaq Stockholm. For more information, please visit www.volvogroup.com.

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