



## PRESS RELEASE

# Update on the Volvo Group's financial reporting 2020

**In accordance with accounting standard IFRS 5, the UD Trucks global business was on December 31, 2019 reclassified as assets and liabilities held for sale. As a consequence, depreciation of these tangible and intangible assets will cease, impacting the Volvo Group's operating income positively by approximately SEK 0.9 billion on an annual basis. The Group's cash flow will not be affected. Also, as of January 1, 2020 a reclassification in the income statement has been made for certain costs related to commercial customer commitments, with no impact on the Volvo Group's operating income.**

As a consequence of the Volvo Group's intention to transfer the ownership of the complete UD Trucks business globally to Isuzu Motors, the business was reclassified as assets and liabilities held for sale as of December 31, 2019. The accounting standard IFRS 5 Non-current Assets held for Sale and Discontinued Operations requires that depreciations for these assets to be ceased. The positive impact on the Group's operating income from the lower depreciation will be reported as an adjustment and will thus be excluded from the adjusted operating income. At the time of completion of the transfer, the positive impact from the lower depreciation will be deducted from the capital gain. In order to maintain comparability and report the underlying profitability of the truck business, depreciation will continue as usual in the Trucks segment until time of completion. Thus, no adjustments to operating income will be made in the Trucks segment. In the reported operating income, the positive impact will be reported in the segment Group Functions & Other.

In addition, the Volvo Group has as of January 1, 2020 made an accounting change in which certain costs related to commercial customer commitments will be reported as selling expenses rather than as cost of sales. For 2019, approximately SEK 1.3 billion has been reclassified from Cost of sales to Selling expenses. The change has no impact on the Volvo Group's operating income. Restated accounts for 2019 are available for download at [www.volvogroup.com](http://www.volvogroup.com)

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**For more information, please visit [www.volvogroup.com/press](http://www.volvogroup.com/press)**

The Volvo Group drives prosperity through transport solutions, offering trucks, buses, construction equipment, power solutions for marine and industrial applications, financing and services that increase our customers' uptime and productivity. Founded in 1927, the Volvo Group is committed to shaping the future landscape of sustainable transport and infrastructure solutions. The Volvo Group is headquartered in Gothenburg, Sweden, employs 104.000 people and



serves customers in more than 190 markets. In 2019, net sales amounted to about SEK 432 billion (EUR 40.5 billion). Volvo shares are listed on Nasdaq Stockholm.