

REPORT ON THE FOURTH QUARTER AND FULL YEAR 2020



THE FOURTH QUARTER 2020

- » In Q4 2020, net sales amounted to SEK 96.9 billion (105.4). Adjusted for currency movements, net sales increased by 1%.
- » Adjusted operating income¹ amounted to SEK 10,934 M (9,223), corresponding to an adjusted operating margin of 11.3% (8.8).
- » Reported operating income amounted to SEK 12,215 M (9,379).
- » Currency movements had a negative impact on operating income of SEK 1,770 M.
- » Diluted earnings per share amounted to SEK 4.53 (3.27).
- » Operating cash flow in the Industrial Operations amounted to SEK 16,668 M (19,856).
- » Final agreements signed with Isuzu Motors and Daimler Truck AG.
- » The supply chain is strained in many areas and there will be production disturbances and increased costs at least in Q1 2021.

THE FULL YEAR 2020

- » Full year net sales were SEK 338.4 billion (432.0).
- » Adjusted operating income¹ amounted to SEK 28,564 M (47,910) corresponding to an adjusted operating margin of 8.4% (11.1).
- » Reported operating income amounted to SEK 27,484 M (49,531).
- » Diluted earnings per share were SEK 9.50 (17.64).
- » Operating cash flow in the Industrial Operations amounted to SEK 18,545 M (38,309).
- » The Board of Directors proposes an ordinary dividend of SEK 6.00 per share (0) and an extra dividend of SEK 9.00 per share (0).

SEK M unless otherwise stated	Fourth quarter		Year	
	2020	2019	2020	2019
Net sales	96,917	105,355	338,446	431,980
Adjusted operating income ¹	10,934	9,223	28,564	47,910
Adjusted operating margin, %	11.3	8.8	8.4	11.1
Operating income	12,215	9,379	27,484	49,531
Operating margin, %	12.6	8.9	8.1	11.5
Income after financial items	11,877	8,857	25,917	46,832
Income for the period	9,360	6,831	20,074	36,495
Diluted earnings per share, SEK	4.53	3.27	9.50	17.64
Operating cash flow in Industrial Operations	16,668	19,856	18,545	38,309
Net financial position in Industrial Operations, SEK bn ²			74.7	62.6
Return on capital employed in Industrial Operations, %			14.7	28.4
Return on equity, %			13.8	27.0
Net order intake, number of trucks	86,069	53,315	208,505	182,746
Deliveries, number of trucks	56,334	56,581	166,841	232,769
Net order intake, number of construction equipment	29,819	22,737	97,987	83,953
Deliveries, number of construction equipment	24,732	20,398	93,760	86,885

¹ For information on adjusted operating income, please see note 7.

² Excluding post-employment benefits and lease liabilities.

CEO'S COMMENTS

Good profitability in a year with many challenges

In 2020, the global pandemic presented us with challenges that are unprecedented in modern times. Together with business partners and suppliers, we supported our customers through all stages of the crisis. We handled dramatic fluctuations in demand while taking decisive steps forward towards tomorrow's fossil-free transport system. We demonstrated that we have significantly improved our volume and cost flexibility, which were crucial factors behind our earnings resilience in 2020. Despite a loss of almost SEK 100 billion in revenues, we were able to deliver an adjusted operating income of SEK 28.6 billion with a margin of 8.4%. I would like to thank all my colleagues and our business partners for their fantastic efforts in very difficult circumstances.

Customer usage of trucks and machines increased when the Covid-19 restrictions were eased during the summer and this development continued during both Q3 and Q4. Both the transport activity and the construction business are back at levels on par with the prior year in most markets, which has improved the confidence in the future among our customers. This is visible in both increased order intake for trucks, engines and construction equipment and in a gradually improved service business.

During Q4, the Group's net sales amounted to SEK 96.9 billion, which adjusted for currency was in line with the year before. The increased use of our products combined with our own efforts to grow within services, contributed to a recovery of the service business and we ended the year at levels similar to the previous year. We continuously work to improve efficiency in all parts of the company and to reduce our costs, which contributed to improved profitability in the quarter. The adjusted operating margin rose to 11.3% (8.8). Operating cash flow in the Industrial Operations amounted to SEK 16.7 (19.9) billion. Our financial position is strong with net cash of SEK 75 billion at the end of the year, excluding pension and leasing liabilities. This means that we can act from a position of strength, and both invest in the technologies of the future and provide a good return to our shareholders.

In our truck business, deliveries during Q4 were on the same level as in the preceding year, while order intake was very strong and rose by 61%. There is a clear increase in demand in all our main markets and it is driven by increased freight volumes and the need to increase transport capacity to manage an increased consumption of goods. The good freight market helps to improve customers' profitability and give them confidence in the future. A good cost execution contributed to improving profitability, with the adjusted operating margin increasing to 13.0% (9.1).

We continue to invest to further advance our position in solutions that are electrified, automated and connected. Later this year, hauliers in Europe will be able to order all-electric versions of Volvo's heavy trucks, which means that Volvo Trucks will offer a complete range of electric trucks on the European market. Volvo is also among the first in the electrification of the North American truck industry together with Mack, as we are now moving forward with the



commercialization of the Volvo VNR Electric for regional transports and the Mack LR Electric refuse truck.

During the quarter, we signed the binding agreement with Daimler Truck AG regarding our previously announced collaboration for the large-scale production of fuel cell systems for, among other things, heavy-duty trucks. We also signed the binding agreement with Isuzu Motors on the formation of a strategic alliance in commercial vehicles, including the sale of UD Trucks to Isuzu Motors for approximately SEK 20 billion. We expect that both transactions will be finalized during the first half of this year.

Demand on the construction equipment side is driven by high construction activity in most markets. This can be seen in both deliveries of new machines, which in Q4 rose by 21%, and in order intake, which increased by 31%. Cost reductions and efficiency improvements supported profitability and the adjusted operating margin improved to 11.2% (9.8). During the quarter, Volvo Construction Equipment began deliveries of the electric compact excavators and compact loaders in Europe, which is the real start of the electrification journey when it comes to construction machinery.

For Volvo Buses, the very low activity in the tourism industry and weak demand for coaches in the wake of Covid-19 continued. Compared with Q4 2019, order intake decreased by as much as 68% and deliveries by 6%. The adjusted operating margin was -0.4%. Volvo Buses has been spearheading our development of electrified transport solutions, and in Q4 our largest order to date for electric buses, 145 buses, was delivered to Gothenburg, Sweden.

Volvo Penta's sales volumes were at roughly the same level as in Q4 2019. Profitability was, however, affected by costs for restructuring measures and the adjusted operating margin amounted to 0.8% (5.7) in a seasonally weak quarter.

For Volvo Financial Services, the recovery in transports and increased construction activity have meant that customers' profitability and ability to pay have improved. The adjusted operating income of SEK 521 M is lower than the SEK 704 M in Q4 2019. However, credit provisions have begun to normalize and it is clear that the measures we implemented to support customers through the initial severe period of the pandemic have been successful.

The situation in the supply chain is strained in many areas and there will be production disturbances and increased costs. Presently, there is a global shortage of semiconductors across industries. As a result, we will be forced to adapt production at least during Q1. Many colleagues and business partners are working hard to minimize the number of vehicles affected. Furthermore, the ongoing Covid-19 pandemic continues to create uncertainty and it can still lead to

additional restrictions for communities and businesses that can impact us, our business partners and customers.

We continue to focus on our colleagues, customers and business partners, with health and safety as our first priority, and we maintain strict cost control and a focus on cash flow. The past year has really highlighted the need to be able to deliver both here and now and at the same time transform and build for the future. I am proud of what we have achieved and also of the drive in the organization to constantly make

things better. It is thanks to fantastic people that we will continue the journey of both improving profitability over the business cycle and developing tomorrow's climate-smart and competitive transport and infrastructure solutions.

Martin Lundstedt
President and CEO

FINANCIAL SUMMARY OF THE FOURTH QUARTER AND FULL YEAR 2020

Net sales

In Q4 2020, the Volvo Group's net sales amounted to SEK 96,917 M compared with SEK 105,355 M in the same quarter the preceding year.

Adjusted for currency movements, net sales increased by 1%. Vehicle sales in Q4 2020 were on the same level as in Q4 2019 adjusted for currency movements. Adjusted for currency movements, service sales increased by 2%.

For the full year 2020, net sales decreased to SEK 338,446 M (431,980).

Operating income

In Q4 2020, the adjusted operating income amounted to SEK 10,934 M (9,223), corresponding to an adjusted operating margin of 11.3% (8.8).

The adjustment in Q4 2020 refers to a positive effect of SEK 992 M from a release of a previously booked restructuring reserve relating to the Group's cost-reduction program. Costs to reduce the headcount have been lower than initially anticipated. as the adjustment also includes a positive impact of SEK 287 M related to the ceased depreciation and amortization of assets held for sale.

Net sales SEK M	Fourth quarter		Change %	Year		Change %
	2020	2019		2020	2019	
Europe	40,269	41,730	-4	134,708	163,748	-18
North America	22,740	28,463	-20	81,372	131,310	-38
South America	6,482	8,034	-19	21,499	31,221	-31
Asia	22,106	20,321	9	81,111	79,951	1
Africa and Oceania	5,320	6,806	-22	19,755	25,750	-23
Total	96,917	105,355	-8	338,446	431,980	-22
Of which:						
Vehicles ^{1 2}	73,556	79,669	-8	247,397	333,068	-26
Services ²	20,491	22,058	-7	79,075	85,294	-7
Financial Services revenue	3,369	3,822	-12	13,960	14,870	-6
Eliminations	-498	-194	-157	-1,987	-1,252	-59

1 Including construction equipment and Volvo Penta engines.

2 Restate of 2019 between Vehicles and Services in Buses. Services sales decreased by SEK 130 M in the fourth quarter and SEK 510 M for the full year.

Consolidated Income Statement, Volvo Group		Fourth quarter		Year	
SEK M		2020	2019	2020	2019
Net sales		96,917	105,355	338,446	431,980
Cost of sales ¹		-73,071	-80,501	-259,319	-325,603
Gross income ¹		23,847	24,855	79,127	106,377
Research and development expenses		-4,314	-5,348	-16,798	-18,539
Selling expenses ¹		-6,808	-9,033	-26,510	-34,329
Administrative expenses		-1,252	-1,618	-4,621	-5,901
Other operating income and expenses		125	-213	-5,459	-221
Income/loss from investments in joint ventures and associated companies		615	731	1,749	1,859
Income/loss from other investments		3	6	-3	285
Operating income		12,215	9,379	27,484	49,531
Interest income and similar credits		86	79	299	320
Interest expenses and similar charges		-334	-385	-1,349	-1,674
Other financial income and expenses		-90	-215	-518	-1,345
Income after financial items		11,877	8,857	25,917	46,832
Income taxes		-2,517	-2,027	-5,843	-10,337
Income for the period *		9,360	6,831	20,074	36,495
* Attributable to:					
Owners of AB Volvo		9,202	6,659	19,318	35,861
Non-controlling interest		158	172	755	635
		9,360	6,831	20,074	36,495
Basic earnings per share, SEK		4.53	3.27	9.50	17.64
Diluted earnings per share, SEK		4.53	3.27	9.50	17.64

1 The comparative financial information is restated between Cost of sales and Selling expenses. For more information, please see note 1.

Compared with Q4 2019, the higher adjusted operating income is mainly an effect of good cost execution across the Group. The adjusted operating income includes a positive effect of SEK 604 M from a correction of actuarial calculations of the Group's pension liabilities as well as a negative effect from restructuring charges in Volvo Penta of SEK 177 M.

In Q4 2019, other operating income included a capital gain of SEK 490 M from a sale of real estate reported in the Trucks segment.

Currency movements, compared with Q4 2019, had a negative impact of SEK 1,770 M. Reported operating income amounted to SEK 12,215 M (9,379).

For the full year 2020, the adjusted operating income amounted to SEK 28,564 M (47,910) corresponding to an adjusted operating margin of 8.4% (11.1). Reported operating income amounted to SEK 27,484 M (49,531).

Financial items

In Q4 2020, interest income of SEK 86 M (79) was on par with the previous year, whereas interest expenses decreased to SEK 334 M (385). The decrease relates primarily to the effect from the repayment of the first tranche of the hybrid bond in Q2 2020.

Other financial income and expenses amounted to SEK -90 M (-215). The change is primarily related to revaluation effects of financial assets and liabilities.

Income taxes

In Q4 2020, income taxes amounted to SEK 2,517 M compared with SEK 2,027 M in the previous year corresponding to a tax rate of 21% (23).

Income for the period and earnings per share

In Q4 2020, income for the period amounted to SEK 9,360 M (6,831). Diluted earnings per share amounted to SEK 4.53 (3.27).

Operating cash flow in the Industrial Operations

During Q4 2020, operating cash flow in the Industrial Operations amounted to SEK 16,668 M (19,856). The lower cash flow compared to Q4 2019 is primarily an effect of a lower reduction of working capital compared to the same quarter last year, reflecting the continued recovery of demand and production since summer, whereas last year the working capital was positively impacted by reduced volumes in the preparation for the downturn. In Q4 2020, the working capital reduction was SEK 5,424 M compared to SEK 13,073 M in Q4 2019. This was partly offset by a higher operating income in Q4 2020 amounting to SEK 11,691 M (8,681) and lower capital expenditures.

Volvo Group financial position

During Q4 2020, net financial assets in the Industrial Operations, excluding provisions for post-employment

benefits and lease liabilities, increased by SEK 12.4 billion resulting in a net financial asset position of SEK 74.7 billion on December 31, 2020. The change is mainly explained by a positive operating cash flow of SEK 16.7 billion partly offset by a dividend to shareholders with non-controlling interest of SEK 0.8 billion. Currency movements decreased net financial assets by SEK 1.7 billion.

Including provisions for post-employment benefits and lease liabilities, the Industrial Operations had net financial assets of SEK 51.0 billion on December 31, 2020.

Provisions for post-employment benefits and lease liabilities decreased by SEK 3.8 billion during the quarter. This was mainly related to contributions of SEK 2.7 billion made to the pension foundations, remeasurements of defined benefit pension plans by SEK 0.4 bn and currency movements of SEK 0.8 billion.

The Volvo Group's cash and cash equivalents amounted to SEK 85.2 billion on December 31, 2020 compared to SEK 61.5 billion on December 31, 2019. In addition to this granted, but unutilized, credit facilities amounted to SEK 41.6 billion on December 31, 2020 (43.0), whereof SEK 5.5 billion will expire in 2022, SEK 1.0 billion in 2023, SEK 15.0 billion in 2024 and SEK 20.1 billion in 2025. Cash and cash equivalents include 2.5 (2.4) billion that is not available to use by the Volvo Group and SEK 11.0 (9.1) billion where other limitations exist, mainly liquid funds in countries where exchange controls or other legal restrictions apply.

Total assets in the Volvo Group decreased by SEK 14.0 billion compared to year-end 2019. Currency movements decreased total assets by SEK 41.9 billion.

On December 31, 2020 total equity for the Volvo Group amounted to SEK 148.1 billion compared to SEK 141.7 billion at year-end 2019. The equity ratio was 29.0 % (27.0). On the same date the equity ratio in the Industrial Operations amounted to 35.8 % (33.1).

Number of employees

On December 31, 2020, the Volvo Group had 96,194 employees, including temporary employees and consultants, which was a decrease of 7,791 employees compared with December 31, 2019. The number of blue-collar employees decreased by 2,185 while the number of white-collar employees decreased by 5,606.

During Q4, the number of employees decreased by 35. The number of blue-collar employees increased by 363 while the number of white-collar employees decreased by 398. The increase in blue-collar employees relates to increased production levels. The decrease in white-collar employees relates to the Group's cost-reduction program.

Number of employees	Dec 31 2020	Sep 30 2020	Jun 30 2020	Mar 31 2020	Dec 31 2019
Blue-collar	48,751	48,388	48,096	49,106	50,936
Whereof temporary employees and consultants	5,223	4,260	3,649	4,014	4,506
White-collar	47,443	47,841	48,980	49,930	53,049
Whereof temporary employees and consultants	3,479	3,080	3,288	3,859	6,904
Total number of employees	96,194	96,229	97,076	99,036	103,985
Whereof temporary employees and consultants	8,702	7,340	6,937	7,873	11,410

BUSINESS SEGMENT OVERVIEW

Net sales	Fourth quarter		Change	Change	Year		Change	Change
SEK M	2020	2019	%	% ¹	2020	2019	%	% ¹
Trucks	61,917	68,193	-9	-0	208,262	276,647	-25	-21
Construction Equipment	20,810	19,716	6	15	81,453	88,606	-8	-5
Buses	6,748	7,606	-11	-3	19,791	31,019	-36	-33
Volvo Penta	2,985	3,045	-2	5	11,891	13,287	-11	-8
Group Functions & Other	2,340	4,189	-44	-42	7,870	12,287	-36	-35
Eliminations	-754	-1,023	-	-	-2,796	-3,484	-	-
Industrial Operations	94,047	101,727	-8	1	326,472	418,361	-22	-19
Financial Services	3,369	3,822	-12	-1	13,960	14,870	-6	-0
Reclassifications and eliminations	-498	-194	-	-	-1,987	-1,252	-	-
Volvo Group	96,917	105,355	-8	1	338,446	431,980	-22	-18

¹ Adjusted for exchange rate fluctuations.

Adjusted operating income ¹	Fourth quarter		Change	Year		Change
SEK M	2020	2019	%	2020	2019	%
Trucks	8,045	6,223	29	17,251	31,552	-45
Construction Equipment	2,321	1,931	20	10,071	11,910	-15
Buses	-24	297	-108	-445	1,337	-133
Volvo Penta	25	174	-86	1,448	1,876	-23
Group Functions & Other	29	-93	131	-1,382	-1,510	8
Eliminations	17	-6	-	12	-14	-
Industrial Operations	10,413	8,525	22	26,955	45,150	-40
Financial Services	521	704	-26	1,606	2,766	-42
Reclassifications and eliminations	1	-6	-	2	-6	-
Volvo Group adjusted operating income	10,934	9,223	19	28,564	47,910	-40
Adjustments ¹	1,280	156	721	-1,081	1,621	-167
Volvo Group operating income	12,215	9,379	30	27,484	49,531	-45

¹ For more information on adjusted operating income, please see note 7.

Adjusted operating margin	Fourth quarter		Year	
%	2020	2019	2020	2019
Trucks	13.0	9.1	8.3	11.4
Construction Equipment	11.2	9.8	12.4	13.4
Buses	-0.4	3.9	-2.2	4.3
Volvo Penta	0.8	5.7	12.2	14.1
Industrial Operations	11.1	8.4	8.3	10.8
Volvo Group adjusted operating margin	11.3	8.8	8.4	11.1
Volvo Group operating margin	12.6	8.9	8.1	11.5

TRUCKS

Strong profitability and increased order intake

- » Order intake increased by 61% compared to Q4 2019
- » Q4 net sales declined by 9% to SEK 61,917 M
- » Adjusted operating income:
 - SEK 8,045 M (6,223) for Q4 2020
 - SEK 17,251 M (31,552) for FY 2020
- » In Q4 2020, the adjusted operating margin increased to 13.0% (9.1)



Market development

Freight volumes of both industrial goods and consumers goods continued to grow in the Volvo Group's main markets in Q4. The e-commerce trend among consumers has been further fueled by the Covid-19 pandemic which drives freight volumes. All together this has led to increased freight rates and shortages in transport capacity, resulting in truck operators both replacing old trucks and expanding their fleets. In North America it is mainly the highway segment that is growing while in Europe the growth is more broad-based across customer segments and vehicle applications.

In Brazil, a strong agricultural sector and a pick-up in commodities and exports, combined with a pent-up need to replace an aging truck fleet is driving demand for trucks. The total markets in Europe as well as in North America and Brazil are all expected to grow in 2021.

The Indian truck market, which was depressed for quite some time even before the pandemic, showed improvements in Q4 and it is expected to continue to improve in 2021, driven by increased freight volumes and infrastructure investments.

The Chinese market also continued to grow in Q4 driven primarily by governmental stimulus as well as subsidies to accelerate the replacement of older vehicles with lower than CN3 emission standards. The market reached an all-time high level of 1.6 million heavy-duty trucks in 2020.

Demand in Japan has remained solid through the pandemic with only a slight decline for the full year compared to 2019.

Orders and deliveries

Total net order intake in Q4 2020 increased by 61% to 86,069 trucks while the deliveries of 56,334 trucks were on par with Q4 2019.

In Europe, order intake of heavy- and medium-duty trucks increased by 42% to 31,634 vehicles, reflecting the good demand in Q4 2020. European deliveries of 22,297 heavy- and medium-duty trucks were on almost the same level as in Q4 2019. Volvo Trucks' heavy-duty market share for the full year 2020 increased to 16.2% (15.5) and Renault Trucks' market share was 8.8% (8.8).

North American order intake increased by 167% to 24,939 trucks, driven by strong order volumes in Q4 2020, compared with weak order intake at the end of 2019. Deliveries in North America decreased by 4% to 11,350 trucks. Volvo Trucks' heavy-duty truck market share for the full year 2020 amounted to 9.4% (9.2) while Mack Trucks' market share was stable at 6.9% (7.0).

South American order intake increased by 52% to 10,562 trucks while deliveries decreased by 11% to 5,961 vehicles. Volvo Trucks' market share in heavy-duty trucks in Brazil decreased to 22.2% (22.5) for full year 2020.

In Asia, order intake increased by 7% to 8,272 vehicles and deliveries increased by 17% to 9,017 vehicles. UD Trucks heavy-duty truck market share in Japan increased for the full year 2020 to 18.9% (18.5).

The Indian joint venture VECV increased order intake by 20% and its deliveries increased by 18% while the Chinese joint venture, DFCV, increased its deliveries by 19%.

Total market development	Year		Change %	Forecast 2021	Change vs. previous forecast
	2020	2019			
Registrations, number of trucks					
Europe 28 ¹ heavy-duty	203,689	279,476	-27	-	-
Europe 30 ¹ heavy-duty	231,220	321,258	-28	290,000	+50,000
North America heavy-duty (Retail sales)	234,898	336,329	-30	290,000	+40,000
Brazil heavy-duty	67,412	74,945	-10	95,000	+20,000
China heavy-duty	1,618,932	1,174,252	38	1,300,000	-10,000
China medium-duty	159,113	139,338	14	130,000	-10,000
India heavy-duty	86,716	194,356	-55	175,000	-20,000
India medium-duty	56,563	100,873	-44	90,000	-10,000
Japan heavy-duty	46,663	49,899	-6	45,000	Unchanged

¹ EU 28 includes Norway and Switzerland but excludes the UK and Bulgaria. Forecast for EU 30 includes the UK and Bulgaria.

Net order intake	Fourth quarter		Change %	Year		Change %
	2020	2019		2020	2019	
Number of trucks						
Europe	37,922	26,036	46	95,706	93,455	2
Heavy- and medium-duty	31,634	22,219	42	78,618	80,143	-2
Light-duty	6,288	3,817	65	17,088	13,312	28
North America	24,939	9,340	167	46,291	27,203	70
South America	10,562	6,955	52	25,333	21,137	20
Asia	8,272	7,742	7	28,306	29,230	-3
Africa and Oceania	4,374	3,242	35	12,869	11,721	10
Total orders	86,069	53,315	61	208,505	182,746	14
Heavy-duty (>16 tons)	75,384	46,212	63	177,760	156,463	14
Medium-duty (7-16 tons)	4,097	3,182	29	12,842	12,255	5
Light-duty (<7 tons)	6,588	3,921	68	17,903	14,028	28
Total orders	86,069	53,315	61	208,505	182,746	14
Volvo	54,504	31,843	71	123,110	104,029	18
UD	4,674	4,219	11	16,084	18,588	-13
Renault Trucks	19,052	12,387	54	49,915	44,716	12
Heavy- and medium-duty	12,665	8,562	48	32,651	31,291	4
Light-duty	6,387	3,825	67	17,264	13,425	29
Mack	7,839	4,866	61	19,396	15,413	26
Total orders	86,069	53,315	61	208,505	182,746	14
Non-consolidated operations						
VE Commercial Vehicles (Eicher)	12,250	10,248	20	30,644	46,708	-34

Net sales and operating income

The truck operation's net sales amounted to SEK 61,917 M, which was 9% lower than in Q4 2019. Excluding currency effects, net sales were on par with last year with sales of vehicles being flat and sales of services decreasing by 1%.

Adjusted operating income amounted to SEK 8,045 M (6,223) corresponding to an adjusted operating margin of 13.0% (9.1). Compared with Q4 2019, the higher adjusted operating income is mainly an effect of lower selling and R&D expenses and good cost execution in the industrial system. The adjusted operating income includes a positive effect of

SEK 322 M from a correction of actuarial calculations of the Group's pension liabilities. In Q4 2019, income included a capital gain of SEK 490 M from a sale of real estate. Compared with Q4 2019, currency movements had a negative impact of SEK 975 M. Reported operating income amounted to SEK 8,866 M (6,223).

For the full year, net sales decreased by 25% to 208,262 SEK M (276,647). Adjusted operating income amounted to SEK 17,251 M (31,552), corresponding to an adjusted operating margin of 8.3% (11.4). Reported operating income amounted to SEK 15,764 M (31,552).

Deliveries	Fourth quarter		Change %	Year		Change %
	2020	2019		2020	2019	
Number of trucks						
Europe	27,154	27,138	0	79,814	104,145	-23
Heavy- and medium-duty	22,297	22,869	-3	65,036	86,340	-25
Light-duty	4,857	4,269	14	14,778	17,805	-17
North America	11,350	11,825	-4	32,056	62,308	-49
South America	5,961	6,680	-11	17,684	23,729	-25
Asia	9,017	7,696	17	27,009	29,435	-8
Africa and Oceania	2,852	3,242	-12	10,278	13,152	-22
Total deliveries	56,334	56,581	0	166,841	232,769	-28
Heavy-duty (>16 tons)	47,535	48,810	-3	140,652	201,092	-30
Medium-duty (7-16 tons)	3,756	3,296	14	10,736	12,700	-15
Light-duty (<7 tons)	5,043	4,475	13	15,453	18,977	-19
Total deliveries	56,334	56,581	0	166,841	232,769	-28
Volvo	31,901	32,757	-3	93,846	131,254	-29
UD	5,024	4,854	4	15,458	19,911	-22
Renault Trucks	13,572	13,878	-2	41,117	54,098	-24
Heavy- and medium-duty	8,672	9,570	-9	26,246	35,950	-27
Light-duty	4,900	4,308	14	14,871	18,148	-18
Mack	5,837	5,092	15	16,420	27,506	-40
Total deliveries	56,334	56,581	0	166,841	232,769	-28
Non-consolidated operations						
VE Commercial Vehicles (Eicher)	12,046	10,243	18	30,192	47,083	-36
Dongfeng Commercial Vehicle Company (Dongfeng Trucks)	75,543	63,631	19	221,217	186,039	19

Net sales and operating income SEK M	Fourth quarter		Change %	Year		Change %
	2020	2019		2020	2019	
Europe	27,837	29,526	-6	92,127	112,125	-18
North America	15,532	17,836	-13	52,038	85,731	-39
South America	4,736	6,516	-27	15,830	23,753	-33
Asia	10,586	9,902	7	35,441	37,610	-6
Africa and Oceania	3,226	4,413	-27	12,826	17,427	-26
Total net sales	61,917	68,193	-9	208,262	276,647	-25
Of which:						
Vehicles	46,841	51,496	-9	149,902	213,071	-30
Services	15,076	16,697	-10	58,360	63,575	-8
Adjusted operating income ¹	8,045	6,223	29	17,251	31,552	-45
Adjustments	821	-	-	-1,486	-	-
Operating income	8,866	6,223	42	15,764	31,552	-50
Adjusted operating margin, %	13.0	9.1		8.3	11.4	
Operating margin, %	14.3	9.1		7.6	11.4	

¹ For more information on adjusted operating income, please see note 7.

Important events

In November, Volvo Trucks announced a complete range of electric trucks, with sales starting in Europe at the end of 2021. Volvo Trucks' massive drive towards electrification marks a major step towards fossil-free transports. These trucks will have a gross combination weight of up to 44 tons and depending on the battery configuration the range could be up to 300 km. Volume production will start in 2022.

In December, Volvo Trucks announced the commercial introduction and sales start of its zero-tailpipe emission,

battery-electric Volvo VNR Electric in North America. The heavy-duty truck is scheduled for a production start in early 2021. The truck has been developed for local and regional distribution.

In Q4, Mack Trucks began accepting orders for the Mack LR Electric refuse model, with the production start planned for 2021.

CONSTRUCTION EQUIPMENT

Higher sales and improved earnings

- » In Q4 net sales increased by 6% and order intake increased by 31%
- » Adjusted operating income:
 - SEK 2,321 M (1,931) for Q4 2020
 - SEK 10,071 M (11,910) for FY 2020
- » In Q4 2020, the adjusted operating margin increased to 11.2% (9.8)



The EC350E excavator.

Market development

After a steep drop at the start of the Covid-19 pandemic in the spring, demand started to recover in Q3 and that trend continued in Q4.

Through November the European market was down by 14%, with declines in most key markets including the UK, France, Germany, Russia and the Nordic region.

Lower sales of large machines caused the North American market to decrease by 14%, with a recovery during the second half of the year as construction activity increased.

The South American market was up by 12% as a result of an increase in Brazil.

Government stimulus measures introduced after the Covid-19 pandemic hit China continued to drive the world's largest construction equipment market, which grew by 28%. Asia (excluding China) was down by 6% with an improvement in market conditions towards the end of the year.

Orders and deliveries

Order intake increased by 31% in Q4 as a consequence of construction activity improving in most markets and some restocking among dealers after significant inventory reductions in previous quarters.

In Europe order intake increased by 20% with higher activity in most key markets.

In Q4, order intake in North America picked up compared with previous quarters in 2020 and the order book at the end of the year was above prior year's level. However, when compared with the record order intake in Q4 2019 order intake decreased by 18%. In South America order intake increased by 182% with large increases from low levels in most markets.

In Asia order intake increased by 39% with most main markets contributing and with a continued positive impact from government stimulus in China.

Deliveries increased by 21% in Q4, driven by higher sales in China as well as a recovery in other Asian markets and in Brazil.

Total market development	Year-to-date November		
	2020	Forecast 2021	Previous forecast 2021
Change in % measured in units			
Europe	-14	0% to +10%	0% to +10%
North America	-14	0% to +10%	0% to +10%
South America	12	+10% to +20%	+10% to +20%
Asia excl. China	-6	0% to +10%	0% to +10%
China	28	-15% to -5%	-15% to -5%

Net order intake	Fourth quarter		Change %	Year		Change %
	2020	2019		2020	2019	
Number of construction equipment						
Europe	7,054	5,857	20	17,930	19,258	-7
North America	2,095	2,543	-18	5,234	7,003	-25
South America	1,305	463	182	3,357	1,953	72
Asia	18,462	13,273	39	68,609	53,458	28
Africa and Oceania	903	601	50	2,857	2,281	25
Total orders	29,819	22,737	31	97,987	83,953	17
Large and medium construction equipment	21,878	16,654	31	69,424	62,579	11
Compact construction equipment	7,941	6,083	31	28,563	21,374	34
Total orders	29,819	22,737	31	97,987	83,953	17
Of which:						
Volvo	14,344	10,608	35	42,339	38,125	11
SDLG	15,426	12,101	27	55,504	45,682	22
Of which in China	13,758	10,098	36	50,901	40,202	27

Deliveries	Fourth quarter		Change	Year		Change
Number of construction equipment	2020	2019	%	2020	2019	%
Europe	4,033	4,933	-18	15,762	21,420	-26
North America	998	1,176	-15	5,025	7,278	-31
South America	863	468	84	2,335	2,004	17
Asia	18,108	13,171	37	68,232	53,664	27
Africa and Oceania	730	650	12	2,406	2,519	-4
Total deliveries	24,732	20,398	21	93,760	86,885	8
Large and medium construction equipment	18,391	14,862	24	65,959	64,558	2
Compact construction equipment	6,341	5,536	15	27,802	22,327	25
Total deliveries	24,732	20,398	21	93,760	86,885	8
Of which:						
Volvo	9,257	8,269	12	38,112	41,057	-7
SDLG	15,426	12,101	27	55,504	45,682	22
Of which in China	13,758	10,098	36	50,901	40,202	27

Net sales and operating income	Fourth quarter		Change	Year		Change
SEK M	2020	2019	%	2020	2019	%
Europe	6,038	6,791	-11	23,191	30,300	-23
North America	2,814	3,300	-15	13,020	17,404	-25
South America	742	617	20	2,245	2,532	-11
Asia	9,978	7,930	26	39,095	33,932	15
Africa and Oceania	1,239	1,078	15	3,902	4,437	-12
Total net sales	20,810	19,716	6	81,453	88,606	-8
Of which:						
Construction equipment	17,918	16,809	7	70,146	76,506	-8
Services	2,892	2,907	-1	11,306	12,099	-7
Adjusted operating income¹	2,321	1,931	20	10,071	11,910	-15
Adjustments	140	-	-	-488	-	-
Operating income	2,460	1,931	27	9,583	11,910	-20
Adjusted operating margin, %	11.2	9.8		12.4	13.4	
Operating margin, %	11.8	9.8		11.8	13.4	

¹ For more information on adjusted operating income, please see note 7.

Net sales and operating income

In Q4 2020, net sales increased to SEK 20,810 M (19,716). Adjusted for currency movements net sales increased by 15%, of which net sales of machines increased by 15% and service sales by 10%.

Adjusted operating income amounted to SEK 2,321 M (1,931), corresponding to an adjusted operating margin of 11.2% (9.8). Earnings were positively impacted by the higher machine and service sales, lower selling and R&D expenses as well as good cost execution in the industrial system, which were partly offset by a negative product and market mix. The adjusted operating income includes a positive effect of SEK 96 M from a correction of actuarial calculations of the Group's pension liabilities. Currency movements had a negative impact of SEK 596 M. Reported operating income amounted to SEK 2,460 M (1,931).

For the full year, net sales decreased by 8% to SEK 81,453 M (88,606). Adjusted operating income decreased to SEK 10,071 M (11,910), corresponding to an adjusted operating margin of 12.4% (13.4%). Reported operating income amounted to SEK 9,583 M (11,910).

Important events

In Q4, deliveries of Volvo Construction Equipment's new ranges of electric compact excavators and wheel loaders began with customer starts in France, the UK, the Netherlands and Norway.

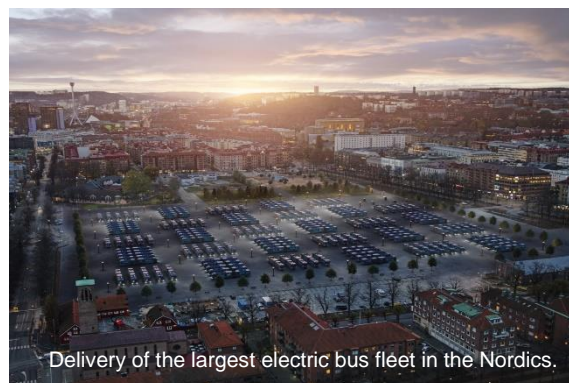
During Q4, Volvo and SDLG participated in the important Bauma China trade show in Shanghai where two new ranges of Volvo excavators were launched in this growing product segment.

Volvo Construction Equipment also signed a partnership agreement with Finland's Norrhydro for the development of a digital hydraulic actuator that can contribute to significantly reduce fuel consumption and help companies to meet their sustainability ambitions.

BUSES

Continued weak demand

- » Deliveries decreased by 6% and orders by 68% in Q4
- » Adjusted operating income:
 - SEK -24 M (297) for Q4 2020
 - SEK -445 M (1,337) for FY 2020
- » Delivery of the Nordics' largest electric bus fleet system to Gothenburg, Sweden



The continuation of various restrictions following Covid-19 have a severe effect on the global bus market. The decline in demand is especially steep for coaches and related service sales, but activity levels in the city and transit bus markets are also lower. The shift towards electrification of city buses continues.

Compared with Q4 2019, net order intake decreased by 68% to 791 units in Q4 2020. The decrease is a consequence of the overall reduction in demand in the global bus market.

Volvo Buses delivered 2,441 units in Q4 2020, 6% less than in the same period in the preceding year. The decrease is mainly related to lower demand for coaches.

In Q4 2020, net sales decreased by 11% to SEK 6,748 M (7,606). Adjusted for currency movements, net sales decreased by 3%, of which vehicle sales remained on the same level as the previous year, whereas service sales decreased by 20% as much of the customer fleets of coaches are parked.

Adjusted operating income amounted to SEK -24 M (297), corresponding to an adjusted operating margin of -0.4% (3.9). Earnings were negatively impacted by lower service sales, negative product and market mix and low capacity utilization in the industrial system, which were partly

offset by reduced selling, administrative and R&D expenses. The adjusted operating income includes a positive effect of SEK 52 M from a correction of actuarial calculations of the Group's pension liabilities. Compared with Q4 2019, currency movements had a negative impact on operating income of SEK 82 M. Reported operating income amounted to SEK -8 M (297).

For the full year 2020, net sales decreased by 36% to SEK 19,791 M (31,019). Adjusted operating income amounted to SEK -445 M (1,337), corresponding to an adjusted operating margin of -2.2% (4.3). Reported operating income amounted to SEK -522 M (1,337).

In December, Volvo Buses delivered the Nordics' largest electric bus fleet system to Gothenburg, Sweden. The delivery included 145 fully electric buses, electrifying 35% of the city's bus fleet.

In October, it was announced that President Håkan Agnevall would leave Volvo Buses to take on a new position outside the Volvo Group. Anna Westerberg, previously Head of Volvo Group Connected Solutions, was appointed new President of Volvo Buses and assumed her position on February 1, 2021.

Net order intake and deliveries		Fourth quarter		Change	Year		Change
		2020	2019	%	2020	2019	%
Number of buses							
Total orders		791	2,498	-68	5,641	8,492	-34
Total deliveries		2,441	2,610	-6	6,215	9,731	-36

Net sales and operating income		Fourth quarter		Change	Year		Change
SEK M		2020	2019	%	2020	2019	%
Europe		2,434	1,427	71	5,765	7,369	-22
North America		2,735	4,207	-35	8,302	15,543	-47
South America		578	429	35	1,793	3,281	-45
Asia		610	838	-27	2,397	2,617	-8
Africa and Oceania		391	706	-45	1,535	2,209	-31
Total net sales		6,748	7,606	-11	19,791	31,019	-36
Of which:							
Vehicles ¹		5,822	6,355	-8	16,072	26,110	-38
Services ¹		926	1,251	-26	3,720	4,909	-24
Adjusted operating income ²		-24	297	-108	-445	1,337	-133
Adjustments		16	-	-	-77	-	-
Operating income		-8	297	-103	-522	1,337	-139
Adjusted operating margin, %		-0.4	3.9		-2.2	4.3	
Operating margin, %		-0.1	3.9		-2.6	4.3	

¹ Restate of 2019 between Vehicles and Services of SEK 130 M in the fourth quarter and SEK 510 M for the full year.

² For more information on adjusted operating income, please see note 7.

VOLVO PENTA

Good order intake and restructuring of the outboard business

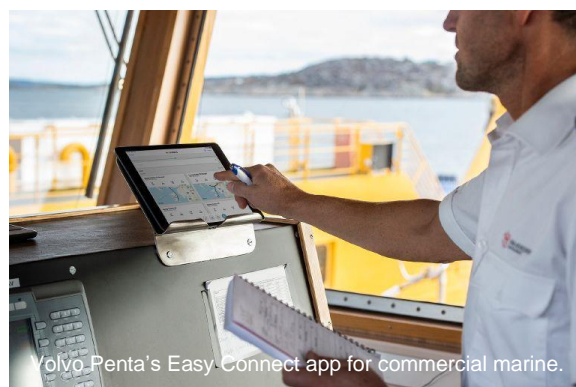
- » Net order intake in Q4 increased by 22% and deliveries increased by 4%
- » Adjusted operating income:
 - SEK 25 M (174) for Q4 2020
 - SEK 1,448 M (1,876) for FY 2020
- » Restructuring charges of SEK 177 M relating to the outboard business

The marine leisure market, which weakened due to Covid-19 in the spring, rebounded during Q3 and this development continued in Q4. The market for larger yachts showed a strong recovery. In the marine commercial market, many investments in new vessels were postponed to 2021. However, demand for vessels serving the offshore wind industry continued to show a positive development.

The market for industrial off-road engines slowed down during 2020 due to a decline in the construction and agriculture machinery segments in most regions except China. However, markets started to rebound towards the end of the year. The industrial power generation market decreased globally in the spring but recovered thereafter.

Net order intake in Q4 2020 increased by 22% to 11,716 units and deliveries increased by 4% to 9,538 units. Net sales decreased by 2% to SEK 2,985 M (3,045). Adjusted for currency movements net sales increased by 5%, of which sales of engines increased by 3% and sales of services increased by 13%.

Adjusted operating income amounted to SEK 25 M (174) with an adjusted operating margin of 0.8% (5.7). Earnings were negatively affected by charges of SEK 177 M related to a restructuring of the outboard business and a slightly negative product mix, which were partly offset by higher volumes and lower selling and R&D expenses. The



adjusted operating income includes a positive effect of SEK 48 M from a correction of actuarial calculations of the Group's pension liabilities. Compared with Q4 2019, the currency impact on operating income was negative in an amount of SEK 85 M. Reported operating income amounted to SEK 37 M (174).

For the full year 2020, net sales decreased by 11% to SEK 11,891 M (13,287). Adjusted operating income amounted to SEK 1,448 M (1,876), corresponding to an adjusted operating margin of 12.2% (14.1). Reported operating income amounted to SEK 1,402 M (1,876).

Volvo Penta has decided to reprioritize its investments into areas such as electrification and other transformational technologies and has therefore decided not to further invest in the outboard segment at this time.

During Q4, Volvo Penta announced a collaboration with Danfoss Editron on powering two hybrid crew transfer vessels with new pilot technology. These vessels are an innovative combination of integrated electric Volvo Penta Inboard Performance System (IPS), state-of-the-art marine gensets and advanced vessel management systems.

In January 2021, Volvo Penta announced the commercial availability of the industry's first fully integrated Assisted Docking. The system gives better control when docking a boat by automating the captain's intentions, helping the vessel stay on its intended course.

Net order intake and deliveries	Fourth quarter		Change %	Year		Change %
	2020	2019		2020	2019	
Number of Engines						
Total orders	11,716	9,566	22	37,642	38,444	-2
Total deliveries	9,538	9,203	4	35,286	39,459	-11

Net sales and operating income	Fourth quarter		Change %	Year		Change %
	2020	2019		2020	2019	
SEK M						
Europe	1,555	1,599	-3	6,064	6,671	-9
North America	584	613	-5	2,562	3,180	-19
South America	117	97	21	345	319	8
Asia	539	567	-5	2,228	2,439	-9
Africa and Oceania	190	170	12	691	679	2
Total net sales	2,985	3,045	-2	11,891	13,287	-11
Of which:						
Engines	2,218	2,297	-3	8,365	9,698	-14
Services	767	749	2	3,526	3,588	-2
Adjusted operating income ¹	25	174	-86	1,448	1,876	-23
Adjustments	12	-	-	-46	-	-
Operating income	37	174	-79	1,402	1,876	-25
Adjusted operating margin, %	0.8	5.7		12.2	14.1	
Operating margin, %	1.2	5.7		11.8	14.1	

¹ For more information on adjusted operating income, please see note 7.

FINANCIAL SERVICES

Stable portfolio performance

- » New volume down 3% in Q4 2020, currency adjusted
- » Adjusted operating income:
 - SEK 521 M (704) for Q4 2020
 - SEK 1,606 M (2,766) for FY 2020
- » Stable portfolio performance in most segments



Most of the temporary payment relief measures provided to customers and dealers during the initial phases of the pandemic have now expired and overall portfolio performance in the truck and construction segments is relatively stable. However, a large number of bus customers are still heavily impacted by the restrictions to combat the spread of the pandemic and VFS is working together with these customers to find solutions to try to support them through the crisis and mitigate losses.

In Q4, VFS continued to increase its commercial relevance with customers and as a result had good new financing volume, with penetration increasing from 25% to 30% for the full year. At the end of the year the currency-

adjusted credit portfolio was 1% higher than it was on the same date the preceding year.

In Q4 2020, adjusted operating income decreased to SEK 521 M (704), mainly due to higher credit provisions and negative currency impacts which were partially offset by lower operating expenses and profitable portfolio growth. Reported operating income in Q4 2020 amounted to SEK 523 M (704).

For the full year 2020, adjusted operating income decreased to SEK 1,606 M (2,766) and the return on shareholders' equity reduced to 8.3% (15.0). Reported operating income amounted to SEK 1,564 M (2,766).

Financial Services SEK M	Fourth quarter		Year	
	2020	2019	2020	2019
Number of financed units, 12 months rolling			61,047	62,209
Total penetration rate, 12 months rolling, % ¹			30	25
New retail financing volume, SEK billion	21.5	24.8	74.1	81.0
Credit portfolio net, SEK billion			152	170
Credit provision expenses	356	220	1,892	729
Adjusted operating income ²	521	704	1,606	2,766
Adjustments ²	2	-	-43	-
Operating income	523	704	1,564	2,766
Credit reserves, % of credit portfolio			2.07	1.51
Return on equity, 12 months rolling, %			8.3	15.0

¹ Share of unit sales financed by Volvo Financial Services in relation to the total number of units sold by the Volvo Group in markets where financial services are offered.

² For more information on adjustments, please see note 7.

IMPORTANT EVENTS FOR THE VOLVO GROUP

Binding agreements to form strategic alliance with Isuzu Motors

In October, the Volvo Group and Isuzu Motors signed binding agreements to form a strategic alliance within commercial vehicles in accordance with the Memorandum of Understanding signed in December 2019. The agreements include Isuzu Motor's acquisition of UD Trucks from the Volvo Group for an enterprise value of JPY 243 billion (approx. SEK 20 billion). Closing is expected during the first half of 2021. The transaction is subject to certain conditions, including approval from regulatory authorities.

Binding agreement with Daimler Truck AG for new fuel-cell joint venture

In November, the Volvo Group and Daimler Truck AG signed a binding agreement for a joint venture to develop, produce and commercialize fuel-cell systems for use in heavy-duty trucks as the primary focus, as well as other applications. The Volvo Group will acquire 50% of the partnership interests in Daimler Truck Fuel Cell GmbH & Co. KG for approximately EUR 0.6 billion (approx. SEK 6.5 billion) on a cash and debt-free basis. Closing of the transaction is expected during the first half of 2021. The transaction is subject to merger control review by relevant authorities, as well as other approvals.

A complete range of electric trucks from Volvo Trucks

In November, Volvo Trucks announced that in 2021 hauliers in Europe will be able to order all-electric versions of Volvo's heavy-duty trucks. This means that Volvo Trucks will offer a complete range of trucks with electric drivelines starting in Europe.

Green Finance Framework and Science Based Targets

In November, Volvo Group launched a Green Finance Framework for the financing of investments and projects in the area of clean transportation. The framework is classified as Dark Green by the Center for International Climate and Environmental Research (CICERO Shades of Green). The Volvo Group also took the next step in adjusting and future-proofing the company in line with the ambitions of the Paris Climate Agreement. In order to be transparent on its progress towards becoming a net-zero emissions company by 2050 at the very latest, the Volvo Group committed to the Science Based Targets initiative.

Anna Westerberg new President of Volvo Buses and member of Volvo Group Management

On January 19, 2021, Anna Westerberg, head of Volvo Group Connected Solutions, was appointed as President of Volvo Buses and new member of Volvo Group Management. She assumed her new position on February 1, 2021.

The Volvo Group creates business area dedicated to accelerating electrification

On January 28, 2021 the Volvo Group announced that it creates a new business area dedicated to accelerating electrification. The business area, Volvo Energy, will strengthen the Volvo Group's business flow of batteries over

the life cycle as well as the customer offer for charging infrastructure. Starting in February 2021, Joachim Rosenberg, member of the Volvo Group Executive Board and Chairman of UD Trucks, will head the new business area.

Previously reported important events

- Important truck launches in the first quarter
- Update on the impact from COVID-19 on the Volvo Group
- AB Volvo's Board of Directors withdraws proposal of extra dividend, maintains ordinary dividend
- Volvo provides an update on the current situation in respect of COVID-19 and postpones the Annual General Meeting
- New date for Annual General Meeting
- The Volvo Group and Daimler Truck AG plan to form a joint venture for large-scale production of fuel cells to lead the development of sustainable transportation
- AB Volvo's Election Committee revises its proposal to the AGM on remuneration to the Board
- AB Volvo's Board of Directors withdraws proposal for ordinary dividend
- Heléne Mellquist new President Volvo Penta and member of Volvo Group management
- The Volvo Group takes measures to reduce cost and accelerate transformation
- Annual General Meeting of AB Volvo
- Jens Holtinger new head of Volvo Group's global truck production

Detailed information about the events is available at www.volvogroup.com

CONSOLIDATED INCOME STATEMENT FOURTH QUARTER

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	2020	2019	2020	2019	2020	2019	2020	2019
Net sales	94,047	101,727	3,369	3,822	-498	-194	96,917	105,355
Cost of sales ¹	-71,595	-78,413	-1,975	-2,281	498	194	-73,071	-80,501
Gross income ¹	22,452	23,314	1,394	1,541	1	-	23,847	24,855
Research and development expenses	-4,314	-5,348	-	-	-	-	-4,314	-5,348
Selling expenses ¹	-6,268	-8,357	-540	-676	-	-	-6,808	-9,033
Administrative expenses	-1,250	-1,614	-3	-4	-	-	-1,252	-1,618
Other operating income and expenses	454	-50	-328	-157	-	-6	125	-213
Income/loss from investments in joint ventures and associated companies	615	731	-	-	-	-	615	731
Income/loss from other investments	3	6	0	0	-	-	3	6
Operating income	11,691	8,681	523	704	1	-6	12,215	9,379
Interest income and similar credits ²	93	138	-	-	-8	-59	86	79
Interest expenses and similar charges ²	-341	-444	0	0	8	59	-334	-385
Other financial income and expenses	-90	-215	-	-	-	-	-90	-215
Income after financial items	11,353	8,160	523	704	1	-6	11,877	8,857
Income taxes	-2,376	-1,886	-141	-142	0	1	-2,517	-2,027
Income for the period *	8,977	6,274	382	562	0	-5	9,360	6,831

* Attributable to:

Owners of AB Volvo	9,202	6,659
Non-controlling interest	158	172
	9,360	6,831

Basic earnings per share, SEK	4.53	3.27
Diluted earnings per share, SEK	4.53	3.27

Key ratios, %

Gross margin ¹	23.9	22.9	-	-	-	-	24.6	23.6
Research and development expenses as percentage of net sales	4.6	5.3	-	-	-	-	4.5	5.1
Selling expenses as percentage of net sales ¹	6.7	8.2	-	-	-	-	7.0	8.6
Administrative expenses as percentage of net sales	1.3	1.6	-	-	-	-	1.3	1.5
Operating margin	12.4	8.5	-	-	-	-	12.6	8.9

¹ The comparative financial information is restated between Cost of sales and Selling expenses. For more information, please see note 1.

² As from January 1 2020 interest income related to Internal Funding from cash is presented as interest income instead of reduction of interest expenses on loans in Industrial Operations. 2019 has been restated.

CONSOLIDATED OTHER COMPREHENSIVE INCOME FOURTH QUARTER

SEK M	2020	2019
Income for the period	9,360	6,831
Items that will not be reclassified to income statement:		
Remeasurements of defined benefit pension plans	-205	159
Remeasurements of holding of shares at fair value	2	30
Items that may be reclassified subsequently to income statement:		
Exchange differences on translation of foreign operations	-4,733	-3,073
Share of OCI related to joint ventures and associated companies	-716	-88
Accumulated translation difference reversed to income	-50	-
Other comprehensive income, net of income taxes	-5,702	-2,972
Total comprehensive income for the period *	3,658	3,859
* Attributable to:		
Owners of AB Volvo	3,674	3,781
Non-controlling interest	-15	78
	3,658	3,858

CONSOLIDATED INCOME STATEMENT YEAR

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	2020	2019	2020	2019	2020	2019	2020	2019
Net sales	326,472	418,361	13,960	14,870	-1,987	-1,252	338,446	431,980
Cost of sales ¹	-252,933	-317,763	-8,375	-9,091	1,989	1,252	-259,319	-325,603
Gross income ¹	73,539	100,598	5,586	5,779	2	-	79,127	106,377
Research and development expenses	-16,798	-18,539	-	-	-	-	-16,798	-18,539
Selling expenses ¹	-24,284	-31,775	-2,226	-2,554	-	-	-26,510	-34,329
Administrative expenses	-4,611	-5,887	-9	-13	-	-	-4,621	-5,901
Other operating income and expenses	-3,673	230	-1,786	-445	-	-6	-5,459	-221
Income/loss from investments in joint ventures and associated companies	1,749	1,859	-	-	-	-	1,749	1,859
Income/loss from other investments	-4	285	0	0	-	-	-3	285
Operating income	25,919	46,771	1,564	2,766	2	-6	27,484	49,531
Interest income and similar credits ²	372	600	-	-	-73	-280	299	320
Interest expenses and similar charges ²	-1,422	-1,953	0	0	73	280	-1,349	-1,674
Other financial income and expenses	-518	-1,346	-	-	-	-	-518	-1,345
Income after financial items	24,351	44,071	1,564	2,767	2	-6	25,917	46,832
Income taxes	-5,439	-9,650	-404	-688	0	1	-5,843	-10,337
Income for the period *	18,912	34,422	1,160	2,079	2	-5	20,074	36,495
* Attributable to:								
Owners of AB Volvo							19,318	35,861
Non-controlling interest							755	635
							20,074	36,495
Basic earnings per share, SEK							9.50	17.64
Diluted earnings per share, SEK							9.50	17.64

Key ratios, %

Gross margin ¹	22.5	24.0	-	-	-	-	23.4	24.6
Research and development expenses as percentage of net sales	5.1	4.4	-	-	-	-	5.0	4.3
Selling expenses as percentage of net sales ¹	7.4	7.6	-	-	-	-	7.8	7.9
Administrative expenses as percentage of net sales	1.4	1.4	-	-	-	-	1.4	1.4
Operating margin	7.9	11.2	-	-	-	-	8.1	11.5

¹ The comparative financial information is restated between Cost of sales and Selling expenses. For more information, please see note 1.

² As from January 1, 2020 interest income related to Internal Funding from cash is presented as interest income instead of reduction of interest expenses on loans in Industrial Operations. 2019 has been restated.

CONSOLIDATED OTHER COMPREHENSIVE INCOME YEAR

SEK M	2020	2019
Income for the period	20,074	36,495
Items that will not be reclassified to income statement:		
Remeasurements of defined benefit pension plans	-1,901	-2,969
Remeasurements of holding of shares at fair value	-6	10
Items that may be reclassified subsequently to income statement:		
Exchange differences on translation of foreign operations	-9,741	2,616
Share of OCI related to joint ventures and associated companies	-939	252
Accumulated translation difference reversed to income	-50	-
Other comprehensive income, net of income taxes	-12,637	-91
Total comprehensive income for the period *	7,437	36,403
* Attributable to:		
Owners of AB Volvo	6,895	35,738
Non-controlling interest	542	665
	7,437	36,403

CONSOLIDATED BALANCE SHEET

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	Dec 31	Dec 31	Dec 31	Dec 31	Dec 31	Dec 31	Dec 31	Dec 31
	2020	2019	2020	2019	2020	2019	2020	2019
Assets								
Non-current assets								
Intangible assets	34,423	36,467	154	202	-	-	34,577	36,668
<i>Tangible assets</i>								
Property, plant and equipment	49,045	53,411	68	86	-	-	49,113	53,496
Assets under operating leases	29,460	33,794	19,155	22,602	-10,653	-13,070	37,962	43,326
<i>Financial assets</i>								
Investments in Joint Ventures and associated companies	13,160	12,955	-	-	-	-	13,160	12,955
Other shares and participations	262	139	15	19	-	-	276	158
Non-current customer-financing receivables	1,061	896	70,773	72,115	-1,287	-1,127	70,547	71,883
Prepaid pensions	1,712	1,663	-	-	-	-	1,712	1,663
Non-current interest-bearing receivables	4,603	815	-	120	-410	-120	4,193	815
Other non-current receivables	9,228	8,927	157	220	-815	-703	8,569	8,444
Deferred tax assets	9,505	12,261	1,089	979	1	1	10,595	13,242
Total non-current assets	152,458	161,327	91,411	96,342	-13,164	-15,019	230,705	242,650
Current assets								
Inventories	47,273	56,080	352	564	-	-	47,625	56,644
<i>Current receivables</i>								
Customer-financing receivables	635	675	58,096	71,299	-746	-875	57,985	71,099
Tax assets	1,659	1,287	528	511	-	-	2,187	1,797
Interest-bearing receivables	1,698	4,102	4	345	-15	-2,518	1,686	1,929
Internal funding	10,925	21,283	-	-	-10,925	-21,283	-	-
Accounts receivable	34,278	35,827	1,383	1,896	-	-	35,660	37,723
Other receivables	17,105	17,835	1,361	1,616	-3,208	-889	15,258	18,562
Marketable securities	213	200	-	0	-	-	213	200
Cash and cash equivalents	81,973	57,475	4,680	4,999	-1,448	-1,014	85,206	61,461
Assets held for sale	29,362	28,427	4,934	4,345	-	-	34,296	32,773
Total current assets	225,121	223,190	71,337	85,576	-16,342	-26,578	280,116	282,187
Total assets	377,579	384,517	162,748	181,917	-29,506	-41,597	510,821	524,837
Equity and liabilities								
Equity attributable to owners of AB Volvo	132,280	124,067	13,018	14,533	-3	-5	145,295	138,595
Non-controlling interest	2,847	3,083	-	-	-	-	2,847	3,083
Total equity	135,127	127,150	13,018	14,533	-3	-5	148,142	141,678
<i>Non-current provisions</i>								
Provisions for post-employment benefits	18,282	19,850	148	138	-	-	18,430	19,988
Provisions for deferred taxes	1,166	1,667	2,099	2,676	-	-	3,265	4,343
Other provisions	10,217	13,965	238	220	464	401	10,918	14,585
<i>Non-current liabilities</i>								
Bond loans	66,391	65,754	-	-	-	-	66,391	65,754
Other loans	18,053	19,871	11,905	16,956	-1,182	-965	28,775	35,862
Internal funding	-58,839	-60,635	59,412	61,660	-573	-1,025	-	-
Other liabilities	38,094	43,602	1,371	1,850	-8,041	-9,141	31,424	36,311
Current provisions	12,411	11,424	225	172	517	312	13,153	11,907
<i>Current liabilities</i>								
Bond loans	30,904	31,759	-	-	-	-	30,904	31,759
Other loans	17,055	12,675	10,968	14,567	-669	-2,866	27,354	24,377
Internal funding	-38,547	-37,098	51,050	59,266	-12,503	-22,169	-	-
Trade payables	59,013	66,590	598	276	-	-	59,611	66,866
Tax liabilities	3,885	2,920	714	573	-	-	4,599	3,493
Other liabilities	57,730	59,097	6,354	4,543	-7,515	-6,139	56,569	57,502
Liabilities held for sale	6,638	5,927	4,649	4,486	-	-	11,286	10,413
Total equity and liabilities	377,579	384,517	162,748	181,917	-29,506	-41,597	510,821	524,837
Key ratios, %								
Equity ratio	35.8	33.1	8.0	8.0	0.0	0.0	29.0	27.0
Equity attributable to owners of AB Volvo, per share in SEK	-	-	-	-	-	-	71.5	68.2
Return on operating capital	29.4	52.3	-	-	-	-	-	-
Return on capital employed	14.7	28.4	-	-	-	-	-	-
Return on total equity	-	-	8.3	15.0	-	-	13.8	27.0

CONSOLIDATED CASH FLOW STATEMENT FOURTH QUARTER

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	2020	2019	2020	2019	2020	2019	2020	2019
Operating activities								
Operating income	11,691	8,681	523	704	1	-6	12,215	9,379
Amortization intangible assets	760	743	37	19	-	-	797	762
Depreciation tangible assets	1,917	2,201	7	7	-	-	1,924	2,209
Depreciation leasing vehicles	1,450	1,890	1,134	1,207	-23	0	2,561	3,097
Other non-cash items	-1,618	-803	414	313	-31	-56	-1,234	-546
Total change in working capital whereof	5,424	13,073	-4,403	-4,674	209	170	1,231	8,568
Change in accounts receivables	-2,110	2,833	-1	-251	-	-	-2,111	2,582
Change in customer-financing receivables	-176	67	-4,331	-3,755	203	197	-4,304	-3,491
Change in inventories	656	6,124	21	72	-	-	677	6,196
Change in trade payables	8,665	6,152	107	-315	-	-	8,772	5,837
Other changes in working capital	-1,611	-2,103	-198	-426	6	-27	-1,803	-2,555
Dividends received from joint ventures and associated companies	519	-	-	-	-	-	519	-
Interest and similar items received ¹	98	137	-	2	-6	-51	92	88
Interest and similar items paid ¹	-144	-97	-	-8	40	82	-104	-23
Other financial items	-118	-52	-	-	-	-	-118	-52
Income taxes paid	-380	-2,427	-320	-350	-	-	-700	-2,777
Cash flow from operating activities	19,600	23,346	-2,608	-2,780	190	139	17,182	20,705
Investing activities								
Investments in intangible assets	-1,070	-1,038	-2	-25	-	-	-1,072	-1,064
Investments in tangible assets	-2,046	-3,115	0	-1	-	-	-2,046	-3,116
Investment in leasing vehicles	-11	-12	-2,465	-3,224	-	-	-2,476	-3,236
Disposals of in-/tangible assets and leasing vehicles	194	675	1,460	1,530	-10	-6	1,644	2,198
Operating cash flow	16,668	19,856	-3,616	-4,501	180	133	13,232	15,488
Investments of shares							-249	-120
Divestments of shares							-	8
Acquired operations							-10	0
Divested operations							257	155
Interest-bearing receivables incl. marketable securities							296	81
Cash flow after net investments							13,526	15,612
Financing activities								
New borrowings ²							34,840	15,841
Repayments of borrowings ²							-47,181	-15,542
Dividend to non-controlling interest							-768	-
Other							24	-56
Change in cash and cash equivalents excl. translation differences							441	15,855
Translation difference on cash and cash equivalents							-1,448	-518
Change in cash and cash equivalents							-1,007	15,337

¹As from January 1, 2020 interest income related to Internal Funding from cash is presented as interest income instead of reduction of interest expenses on loans in Industrial Operations. 2019 has been restated.

² Non-cash items from unrealized currency effects and currency translation is adjusted on new borrowings and repayments of borrowings.

CONSOLIDATED CASH FLOW STATEMENT YEAR

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	2020	2019	2020	2019	2020	2019	2020	2019
Operating activities								
Operating income	25,919	46,771	1,564	2,766	2	-6	27,484	49,531
Amortization intangible assets	3,067	2,911	76	51	-	0	3,143	2,963
Depreciation tangible assets	7,569	8,372	27	30	-	0	7,596	8,402
Depreciation leasing vehicles	5,292	4,514	4,569	4,707	0	0	9,860	9,221
Other non-cash items	-818	-3,599	2,019	1,033	16	-203	1,217	-2,769
Total change in working capital whereof	-10,961	-486	-3,051	-18,039	330	290	-13,682	-18,235
Change in accounts receivables	-1,970	65	-60	-363	-	0	-2,030	-298
Change in customer-financing receivables	-332	36	-4,068	-16,951	289	355	-4,112	-16,560
Change in inventories	2,351	4,964	114	30	-	0	2,465	4,994
Change in trade payables	-4,397	-2,643	372	-678	-	0	-4,025	-3,322
Other changes in working capital	-6,612	-2,907	592	-78	41	-65	-5,979	-3,050
Dividends received from joint ventures and associated companies	1,070	473	-	-	-	-	1,070	473
Interest and similar items received ¹	382	601	0	2	-96	-262	286	341
Interest and similar items paid ¹	-1,191	-1,457	0	-8	88	362	-1,102	-1,104
Other financial items	-336	-371	-	-	-	-3	-336	-374
Income taxes paid	-4,132	-8,734	-796	-668	-	0	-4,927	-9,401
Cash flow from operating activities	25,862	48,996	4,408	-10,127	340	178	30,610	39,047
Investing activities								
Investments in intangible assets	-2,972	-3,876	-51	-77	-	-	-3,023	-3,954
Investments in tangible assets	-5,730	-8,059	-3	-4	-	0	-5,733	-8,064
Investment in leasing vehicles	-23	-102	-9,425	-9,890	885	-	-8,564	-9,991
Disposals of in-/tangible assets and leasing vehicles	1,409	1,350	5,833	6,074	-895	-6	6,346	7,418
Operating cash flow	18,545	38,309	761	-14,024	330	172	19,636	24,455
Investments of shares							-475	-195
Divestments of shares							13	287
Acquired operations							-10	0
Divested operations							435	1,343
Interest-bearing receivables incl. marketable securities							1,070	-1,033
Cash flow after net investments							20,669	24,857
Financing activities								
New borrowings ²							128,453	77,553
Repayments of borrowings ²							-121,132	-68,211
Dividend to owners of AB Volvo							-	-20,335
Dividend to non-controlling interest							-778	-12
Other							-99	188
Change in cash and cash equivalents excl. translation differences							27,113	14,040
Translation difference on cash and cash equivalents							-3,368	487
Change in cash and cash equivalents							23,745	14,528

¹ As from January 1, 2020 interest income related to Internal Funding from cash is presented as interest income instead of reduction of interest expenses on loans in Industrial Operations. 2019 has been restated.

² Non-cash items from unrealized currency effects and currency translation is adjusted on new borrowings and repayments of borrowings.

CONSOLIDATED NET FINANCIAL POSITION

Net financial position excl. post-employment benefits and lease liabilities SEK bn	Industrial Operations		Volvo Group	
	Dec 31 2020	Dec 31 2019	Dec 31 2020	Dec 31 2019
Non-current interest-bearing assets				
Non-current customer-financing receivables	-	-	70.5	71.9
Non-current interest-bearing receivables	4.6	0.8	4.2	0.8
Current interest-bearing assets				
Customer-financing receivables	-	-	58.0	71.1
Interest-bearing receivables	1.7	4.1	1.7	1.9
Internal funding	10.9	21.3	-	-
Marketable securities	0.2	0.2	0.2	0.2
Cash and cash equivalents	82.0	57.5	85.2	61.5
Assets held for sale	0.0	-	4.7	4.1
Total interest-bearing financial assets	99.4	83.9	224.5	211.5
Non-current interest-bearing liabilities				
Bond loans	-66.4	-65.8	-66.4	-65.8
Other loans	-13.6	-14.5	-24.3	-30.5
Internal funding	58.8	60.6	-	-
Current interest-bearing liabilities				
Bond loans	-30.9	-31.8	-30.9	-31.8
Other loans	-15.5	-10.9	-25.8	-22.6
Internal funding	38.5	37.1	-	-
Liabilities held for sale	4.3	3.9	-0.1	-
Total interest-bearing financial liabilities excl. lease liabilities	-24.7	-21.3	-147.5	-150.7
Net financial position excl. post-employment benefits and lease liabilities	74.7	62.6	77.0	60.9

Provisions for post-employment benefits and lease liabilities, net SEK bn	Industrial Operations		Volvo Group	
	Dec 31 2020	Dec 31 2019	Dec 31 2020	Dec 31 2019
Non-current lease liabilities	-4.5	-5.4	-4.4	-5.3
Current lease liabilities	-1.6	-1.8	-1.6	-1.8
Provisions for post-employment benefits, net	-16.6	-18.2	-16.7	-18.3
Liabilities held for sale	-1.1	-	-1.1	-
Provisions for post-employment benefits and lease liabilities, net	-23.7	-25.3	-23.8	-25.4

Net financial position incl. post-employment benefits and lease liabilities SEK bn	Industrial Operations		Volvo Group	
	Dec 31 2020	Dec 31 2019	Dec 31 2020	Dec 31 2019
Net financial position excl. post-employment benefits and lease liabilities	74.7	62.6	77.0	60.9
Provisions for post-employment benefits and lease liabilities, net	-23.7	-25.3	-23.8	-25.4
Net financial position incl. post-employment benefits and lease liabilities	51.0	37.3	53.2	35.4

CHANGES IN NET FINANCIAL POSITION, INDUSTRIAL OPERATIONS

SEK bn	Fourth quarter 2020	Year 2020
Net financial position excl. post-employment benefits and lease liabilities at the end of previous period	62.3	62.6
Operating cash flow	16.7	18.5
Investments and divestments of shares, net	-0.2	-0.5
Acquired and divested operations, net	0.2	0.4
Capital injections to/from Financial Services	0.3	-0.0
Currency effect	-1.7	-2.2
Dividend to non-controlling interest	-0.8	-0.8
Other changes	-2.1	-3.3
Net financial position excl. post-employment benefits and lease liabilities at the end of period	74.7	74.7
Provisions for post-employment benefits and lease liabilities at the end of previous period	-27.5	-25.3
Pension payments, included in operating cash flow	2.7	3.6
Remeasurements of defined benefit pension plans	0.4	-1.8
Service costs and other pension costs	-0.0	-1.6
Investments and amortizations of lease contracts	-0.1	0.4
Currency effect	0.8	1.3
Other changes	0.1	-0.2
Provisions for post-employment benefits and lease liabilities at the end of period	-23.7	-23.7
Net financial position incl. post-employment benefits and lease liabilities at the end of period	51.0	51.0

CONSOLIDATED CHANGES IN TOTAL EQUITY

SEK bn	Dec 31 2020	Dec 31 2019
Total equity at the end of previous period	141.7	125.8
Equity attributable to shareholders of AB Volvo at the end of previous period	138.6	123.4
Income for the period	19.3	35.9
Other comprehensive income	-12.4	-0.1
Total comprehensive income	6.9	35.7
Dividend to AB Volvo shareholders	-	-20.3
Share-based payments	-	0.0
Other changes	-0.2	-0.1
Equity attributable to shareholders of AB Volvo at end of period	145.3	138.6
Non-controlling interest at the end of previous period	3.1	2.5
Income for the period	0.8	0.6
Other comprehensive income	-0.2	0.0
Total comprehensive income	0.5	0.7
Dividend to non-controlling interest	-0.8	0.0
Other changes	0.0	0.0
Non-controlling interest at end of period	2.8	3.1
Total equity at end of period	148.1	141.7

QUARTERLY FIGURES

Income Statements, Volvo Group							
SEK M unless otherwise stated	4/2020	3/2020	2/2020	1/2020	4/2019	Year 2020	Year 2019
Net sales	96,917	76,852	73,227	91,449	105,355	338,446	431,980
Cost of sales ¹	-73,071	-58,015	-58,474	-69,759	-80,501	-259,319	-325,603
Gross income ¹	23,847	18,837	14,753	21,689	24,855	79,127	106,377
Research and development expenses	-4,314	-3,711	-3,811	-4,962	-5,348	-16,798	-18,539
Selling expenses ¹	-6,808	-6,131	-6,109	-7,462	-9,033	-26,510	-34,329
Administrative expenses	-1,252	-1,066	-985	-1,318	-1,618	-4,621	-5,901
Other operating income and expenses	125	-739	-4,296	-549	-213	-5,459	-221
Income/loss from investments in Joint Ventures and associated companies	615	340	825	-31	731	1,749	1,859
Income/loss from other investments	3	-23	10	7	6	-3	285
Operating income	12,215	7,508	388	7,374	9,379	27,484	49,531
Interest income and similar credits	86	71	63	79	79	299	320
Interest expenses and similar charges	-334	-308	-364	-343	-385	-1,349	-1,674
Other financial income and expenses	-90	369	-177	-620	-215	-518	-1,345
Income after financial items	11,877	7,640	-90	6,490	8,857	25,917	46,832
Income taxes	-2,517	-1,737	134	-1,724	-2,027	-5,843	-10,337
Income for the period *	9,360	5,903	44	4,766	6,831	20,074	36,495
* Attributable to:							
Owners of AB Volvo	9,202	5,723	-282	4,675	6,659	19,318	35,861
Non-controlling interest	158	180	326	92	172	755	635
	9,360	5,903	44	4,766	6,831	20,074	36,495
Key ratios, Volvo Group, %							
Gross margin ¹	24.6	24.5	20.1	23.7	23.6	23.4	24.6
Research and development expenses as percentage of net sales	4.5	4.8	5.2	5.4	5.1	5.0	4.3
Selling expenses as percentage of net sales ¹	7.0	8.0	8.3	8.2	8.6	7.8	7.9
Administrative expenses as percentage of net sales	1.3	1.4	1.3	1.4	1.5	1.4	1.4
Operating margin	12.6	9.8	0.5	8.1	8.9	8.1	11.5
Key ratios, Industrial Operations, %							
Gross margin ¹	23.9	23.7	19.0	22.9	22.9	22.5	24.0
Research and development expenses as percentage of net sales	4.6	5.0	5.4	5.6	5.3	5.1	4.4
Selling expenses as percentage of net sales ¹	6.7	7.5	7.9	7.8	8.2	7.4	7.6
Administrative expenses as percentage of net sales	1.3	1.4	1.4	1.5	1.6	1.4	1.4
Operating margin	12.4	9.6	0.5	7.7	8.5	7.9	11.2
EBITDA margin, Industrial Operations							
Operating income Industrial Operations	11,691	7,084	375	6,768	8,681	25,919	46,771
Product and software development, amortization	666	713	694	660	662	2,733	2,629
Other intangible assets, amortization	94	146	46	47	80	334	283
Tangible assets, depreciation	3,368	2,914	3,577	3,001	4,092	12,861	12,886
Total depreciation and amortization	4,128	3,773	4,317	3,708	4,835	15,928	15,797
Operating income before depreciation and amortization (EBITDA)	15,820	10,857	4,693	10,476	13,516	41,847	62,568
EBITDA margin, %	16.8	14.7	6.7	11.9	13.3	12.8	15.0
Net capitalization of research and development							
Capitalization	559	415	308	881	874	2,163	3,526
Amortization	-574	-667	-672	-635	-635	-2,548	-2,520
Net capitalization and amortization	-15	-253	-363	246	238	-385	1,006
Return on operating capital in Industrial Operations, %	29.4	25.4	28.4	44.2	52.3		
Return on capital employed in Industrial Operations, %	14.7	13.2	15.3	23.9	28.4		

¹ The comparative financial information is restated between Cost of sales and Selling expenses. For more information, please see note 1

QUARTERLY FIGURES

Net sales							Year	Year
SEK M	4/2020	3/2020	2/2020	1/2020	4/2019	2020	2019	
Trucks	61,917	47,740	40,595	58,010	68,193	208,262	276,647	
Construction Equipment	20,810	17,619	22,876	20,148	19,716	81,453	88,606	
Buses	6,748	4,654	3,199	5,190	7,606	19,791	31,019	
Volvo Penta	2,985	3,062	2,507	3,338	3,045	11,891	13,287	
Group Functions & Other	2,340	1,661	1,519	2,350	4,189	7,870	12,287	
Eliminations	-754	-666	-544	-832	-1,023	-2,796	-3,484	
Industrial Operations	94,047	74,070	70,151	88,204	101,727	326,472	418,361	
Financial Services	3,369	3,304	3,477	3,810	3,822	13,960	14,870	
Reclassifications and eliminations	-498	-522	-401	-566	-194	-1,987	-1,252	
Volvo Group	96,917	76,852	73,227	91,449	105,355	338,446	431,980	

Operating income							Year	Year
SEK M	4/2020	3/2020	2/2020	1/2020	4/2019	2020	2019	
Trucks	8,866	4,549	-1,598	3,948	6,223	15,764	31,552	
Construction Equipment	2,460	1,951	2,493	2,678	1,931	9,583	11,910	
Buses	-8	232	-617	-129	297	-522	1,337	
Volvo Penta	37	562	295	509	174	1,402	1,876	
Group Functions & Other	317	-213	-191	-235	62	-322	111	
Eliminations	18	3	-7	-2	-6	12	-14	
Industrial Operations	11,691	7,084	375	6,768	8,681	25,919	46,771	
Financial Services	523	423	12	605	704	1,564	2,766	
Reclassifications and eliminations	1	1	-	1	-6	2	-6	
Volvo Group	12,215	7,508	388	7,374	9,379	27,484	49,531	

Adjusted operating income ¹							Year	Year
SEK M	4/2020	3/2020	2/2020	1/2020	4/2019	2020	2019	
Trucks	8,045	4,522	737	3,948	6,223	17,251	31,552	
Construction Equipment	2,321	1,963	3,108	2,678	1,931	10,071	11,910	
Buses	-24	240	-532	-129	297	-445	1,337	
Volvo Penta	25	570	345	509	174	1,448	1,876	
Group Functions & Other	29	-505	-436	-469	-93	-1,382	-1,510	
Eliminations	17	3	-7	-2	-6	12	-14	
Industrial Operations	10,413	6,793	3,215	6,534	8,525	26,955	45,150	
Financial Services	521	423	57	605	704	1,606	2,766	
Reclassifications and eliminations	1	1	-	1	-6	2	-6	
Volvo Group adjusted operating income	10,934	7,217	3,272	7,140	9,223	28,564	47,910	

¹ For more information on adjusted operating income, please see note 7.

Operating margin							Year	Year
%	4/2020	3/2020	2/2020	1/2020	4/2019	2020	2019	
Trucks	14.3	9.5	-3.9	6.8	9.1	7.6	11.4	
Construction Equipment	11.8	11.1	10.9	13.3	9.8	11.8	13.4	
Buses	-0.1	5.0	-19.3	-2.5	3.9	-2.6	4.3	
Volvo Penta	1.2	18.3	11.8	15.2	5.7	11.8	14.1	
Industrial Operations	12.4	9.6	0.5	7.7	8.5	7.9	11.2	
Volvo Group	12.6	9.8	0.5	8.1	8.9	8.1	11.5	

Adjusted operating margin							Year	Year
%	4/2020	3/2020	2/2020	1/2020	4/2019	2020	2019	
Trucks	13.0	9.5	1.8	6.8	9.1	8.3	11.4	
Construction Equipment	11.2	11.1	13.6	13.3	9.8	12.4	13.4	
Buses	-0.4	5.2	-16.6	-2.5	3.9	-2.2	4.3	
Volvo Penta	0.8	18.6	13.7	15.2	5.7	12.2	14.1	
Industrial Operations	11.1	9.2	4.6	7.4	8.4	8.3	10.8	
Volvo Group adjusted operating margin	11.3	9.4	4.5	7.8	8.8	8.4	11.1	

QUARTERLY FIGURES

Share data							
	4/2020	3/2020	2/2020	1/2020	4/2019	Year 2020	Year 2019
Earnings per share, SEK ¹	4.53	2.81	-0.14	2.30	3.27	9.50	17.64
Earnings per share, SEK ¹ , 12 months rolling	9.50	8.24	9.10	14.71	17.64	-	-
Diluted earnings per share, SEK	4.53	2.81	-0.14	2.30	3.27	9.50	17.64
Number of outstanding shares in millions	2,033	2,033	2,033	2,033	2,033	2,033	2,033
Average number of shares before dilution in millions	2,033	2,033	2,033	2,033	2,033	2,033	2,033
Average number of shares after dilution in millions	2,033	2,033	2,033	2,033	2,033	2,033	2,033
Number of own shares in millions	0	0	95	95	95	0	95
Average number of own shares in millions	0	32	95	95	95	55	95

¹ Earnings per share are calculated as Income for the period (excl. Non-controlling interest) divided by the weighted average number of shares outstanding during the period.

NOTE 1 | ACCOUNTING POLICIES

The Volvo Group applies International Financial Reporting Standards (IFRS) as endorsed by the EU. The accounting policies and definitions are consistently applied with those described in the Volvo Group Annual and Sustainability Report 2019 (available at www.volvogroup.com). This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company applies the Swedish Annual Accounts Act and RFR 2 Reporting for legal entities.

New accounting policies for 2020

As of January 1, 2020, the Volvo Group has changed the classification of certain costs related to commercial customer commitments, which now are recognized as Selling expenses

instead of as Cost of sales. This has caused a shift between the lines in the income statement for Industrial Operations as well as the Volvo Group, while Financial Services is not affected. As a consequence, Cost of sales has decreased and Selling expenses has increased by the corresponding amount, with no impact on the operating income.

The reclassification has been done retrospectively and the financial information for 2019 has been restated to facilitate the comparability between the years. Restated income statements for each quarter and for the full year 2019 are presented on page 32-34.

There are no other new accounting policies applicable from 2020 that significantly affects the Volvo Group.

NOTE 2 | RISKS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Each of the Volvo Group's Business Areas is responsible for its own risk management. In addition, the Volvo Group works with Enterprise Risk Management (ERM), which is a systematic and structured framework to report and analyze risk assessments and mitigations as well as to follow-up on the risks that might impact the Group's business. The objective of the ERM framework is to improve business performance and to minimize the cost of managing risks; thus protecting the Group's enterprise value as well as enhancing and protecting the Group's assets.

The risks within the Volvo Group are classified into four categories:

Strategic risks – such as technology shift and convergence, intense competition and extensive government regulations;

Operational risks – such as customer satisfaction, cyclical nature of the commercial vehicles industry, reliance on suppliers and scarce materials, disturbances and inefficiencies in the industrial system, risk related to human capital and human rights, residual value commitments, cybersecurity and IT infrastructure as well as political instability across the world;

Compliance risks – such as non-compliance with data protection laws, protection and maintenance of intangible assets, complaints and legal actions by customers and other third parties, environmental regulations and corruption and non-compliance with competition law; and

Financial risks – such as insurance coverage, credit risk, pension commitments, interest level and currency

fluctuations, liquidity risks, as well as impairment on goodwill and other intangible assets.

For a more elaborate description of these risks, please refer to the Risk Management section on pages 102-109 in the Volvo Group Annual and Sustainability Report 2019 (available at www.volvogroup.com).

Risk updates

Short-term risks, when applicable, are also described in the respective segment section of this report.

Update on current supply challenges

Our ability to deliver according to market demand depends significantly on obtaining a timely and adequate supply of materials, components and other vital services, as well as on our ability to properly utilize the capacity in the Group's different production and services facilities. At present, a global shortage of semiconductor components is causing us to adapt production. Our supply chain and industrial system is also strained in many areas due to e.g. shortages of other materials and components, shortages of transport services, developments of the Covid-19 pandemic and response measures taken and the additional complexity caused by the Brexit process and other geopolitical developments. We expect production disturbances and increased costs in at least the first quarter 2021. There is also a risk that we may face additional supply chain or production disturbances going forward. Such disturbances could lead to higher costs and

interruptions in production and delivery of Group products and services, that could have a material negative impact on the Group's financial performance.

The Covid-19 pandemic

The outbreak of the Covid-19 pandemic throughout the world has led to major disruptions in the economies of many countries, including the Group's key markets, and it is expected that economic activity will be negatively impacted in the coming quarters. This has had, and might also continue to have, an adverse effect on demand for the Group's products and services and on the financial performance of the Group. The duration and expected development of the Covid-19 pandemic is unknown, and no predictions can be made in relation to the length of present, and further measures that different countries and others may take in response to the crisis. However, any prolongation or worsening of the virus outbreak may lead to e.g. the following:

- the extension of containment measures and restrictions on freedom of movement in the Group's key markets,
- key suppliers experiencing severe financial difficulties,
- shortages of necessary material and parts from suppliers directly or indirectly affected by the virus outbreak that may in turn lead to supply chain disruptions and production downtimes,
- a larger number of customers directly or indirectly affected by the virus outbreak having difficulties, or being prevented from, making payments to the Group when due,
- further price pressure on new and used vehicles, which may give rise to write-downs or further reserve requirements with respect to vehicles in stock and residual value commitments,
- impairments of goodwill and other intangible assets,
- further disruption of financial markets and/or
- a prolonged global economic downturn leading to a more severe reduction in demand for Group products.

Given the evolving nature of the crisis, the above list is not exhaustive, but each of these events, or any combination of them, could amplify the negative impact of the crisis on the Group's financial performance and have material adverse

effect on the Group's business, financial development and shareholder value.

Detected premature degradation of emissions control component

As previously communicated, the Volvo Group has detected that an emissions control component used in certain markets and models, may degrade more quickly than expected, affecting the vehicles emission performance negatively. The Volvo Group made a provision of SEK 7 billion impacting the operating income in Q4 2018, relating to the estimated costs to address the issue. Negative cash flow effects started in 2019 and will gradually ramp up in the coming years. The Volvo Group will continuously assess the size of the provision as the matter develops.

Contingent liabilities

The reported amounts for contingent liabilities reflect a part of Volvo Group's risk exposure. Total contingent liabilities as of December 31, 2020, amounted to SEK 13.8 billion, an increase of SEK 0.1 billion compared to December 31, 2019. The gross exposure of SEK 13.8 billion is partly reduced by counter guarantees and collaterals.

Legal proceedings

Following the adoption of the European Commission's settlement decision, the Volvo Group has received and will be defending itself against numerous private damages claims brought by customers and other third parties alleging that they suffered loss by reason of the conduct covered in the decision. The claims are being brought in various countries by claimants either acting individually or as part of a wider group or class of claimants. Further claims are likely to be commenced. At this stage it is not possible to make a reliable estimate of any liability that could arise from any such proceedings. An adverse outcome of some or all of the litigations, depending on the nature and extent of such outcomes, may have a material negative impact on the Volvo Group's financial results.

The other legal proceedings and investigations described in note 21 and note 24 in the Volvo Group Annual and Sustainability Report 2019 are progressing. No material changes have occurred in these matters in Q4 2020.

NOTE 3 | REVENUE

The two major revenue streams within the Volvo Group are vehicles and services. Vehicles include sales of vehicles, machinery and engines. Revenue is recognized when the control of the vehicle has been transferred to the customer, normally at one point in time, which is when the vehicle has been delivered to the customer. If the sale of a vehicle is combined with a residual value commitment and there is a significant economic incentive for the customer to return the vehicle, the revenue is recognized over the residual value commitment period. Services include sale of spare parts, maintenance services and other aftermarket products. Revenue is recognized when the control of the service has been transferred to the customer, which is when the customer can benefit from the use of the delivered services.

For spare parts, revenue is normally recognized at one point in time, which is when it is delivered. For maintenance services and other aftermarket products, revenue is normally recognized over time, which is during the contract period. When payments for maintenance contracts are received in advance from the customers, the payments are recognized as contract liabilities. Income from operating leasing is recognized over the leasing period. Interest income related to finance leasing and installment credits is recognized as net sales within Financial Services during the underlying contract period.

NOTE 4 | ACQUISITIONS AND DIVESTMENTS

Acquisitions and divestments

The Volvo Group has not made any acquisitions or divestments of operations during Q4 that have had a significant impact on the Volvo Group.

Assets and liabilities held for sale

At the end of Q4, assets and liabilities held for sale amounted to SEK 34,296 M (32,773) and SEK 11,286 M (10,413) respectively. The assets and liabilities held for sale mainly relate to the intention to transfer ownership of the complete UD Trucks business globally from the Volvo Group to Isuzu Motors. Closing of the transaction is expected during the first half of 2021. The balances are impacted by changes in the underlying assets and liabilities as well as changes in currency.

NOTE 5 | CURRENCY AND FINANCIAL INSTRUMENTS

Fair value of financial instruments

Valuation principles and classifications of Volvo Group financial instruments, as described in Volvo Group Annual and Sustainability Report 2019 Note 30 (available at www.volvogroup.com), have been consistently applied throughout the reporting period. Financial instruments in the Volvo Group reported at fair value through profit and loss consist mainly of interest and currency derivatives. Derivatives with positive fair values amounted to SEK 6.6 billion (2.6) and derivatives with negative fair values amounted to SEK 1.4 billion (2.5) as of December 31, 2020.

The derivatives are accounted for on gross basis.

Financial liabilities valued at amortized cost, reported as current and non-current bond loans and other loans, amounted to SEK 152.8 billion (155.9) in reported carrying value with a fair value of SEK 155.7 billion (156.1). In the Volvo Group consolidated financial position, financial liabilities include loan-related derivatives with negative fair values amounting to SEK 0.6 billion (1.9).

Currency effect on operating income, Volvo Group SEK M	Compared to fourth quarter 2019		
	Fourth quarter 2020	Fourth quarter 2019	Change
Net flow in foreign currency			-838
Realized and unrealized gains and losses on derivatives	-3	-12	10
Unrealized gains and losses on receivables and liabilities in foreign currency	318	36	282
Translation effect on operating income in foreign subsidiaries			-1,223
Total currency effect on operating income, Volvo Group			-1,770

Applicable currency rates	Quarterly exchange rates		Close rates	
	Fourth quarter 2020	Fourth quarter 2019	Dec 31 2020	Dec 31 2019
BRL	1.59	2.34	1.57	2.30
CNY	1.30	1.37	1.25	1.33
EUR	10.28	10.66	10.04	10.43
GBP	11.38	12.38	11.09	12.21
USD	8.63	9.63	8.19	9.32
JPY	0.0826	0.0886	0.0792	0.0853
KRW	0.0077	0.0082	0.0075	0.0081

NOTE 6 | TRANSACTIONS WITH RELATED PARTIES

SEK M	Sales of goods, services and other income		Purchases of goods, services and other expenses	
	Fourth quarter 2020	Fourth quarter 2019	Fourth quarter 2020	Fourth quarter 2019
Associated companies	278	953	5	29
Joint ventures	800	427	220	342

SEK M	Receivables		Payables	
	Dec 31 2020	Dec 31 2019	Dec 31 2020	Dec 31 2019
Associated companies	242	595	24	73
Joint ventures	330	214	71	38

NOTE 7 | RECONCILIATION OF ADJUSTED OPERATING INCOME

Adjusted operating income							
SEK M	4/2020	3/2020	2/2020	1/2020	4/2019	Year 2020	Year 2019
Trucks	8,045	4,522	737	3,948	6,223	17,251	31,552
Construction Equipment	2,321	1,963	3,108	2,678	1,931	10,071	11,910
Buses	-24	240	-532	-129	297	-445	1,337
Volvo Penta	25	570	345	509	174	1,448	1,876
Group Functions & Other	29	-505	-436	-469	-93	-1,382	-1,510
Eliminations	17	3	-7	-2	-6	12	-14
Industrial Operations	10,413	6,793	3,215	6,534	8,525	26,955	45,150
Financial Services	521	423	57	605	704	1,606	2,766
Reclassifications and eliminations	1	1	-	1	-6	2	-6
Volvo Group adjusted operating income	10,934	7,217	3,272	7,140	9,223	28,564	47,910

Adjustments							
SEK M	4/2020	3/2020	2/2020	1/2020	4/2019	Year 2020	Year 2019
Adjustment items (segment)							
Capital gain on sale of shares in WirelessCar (Group functions & Other)	-	-	-	-	156	-	1,621
Depreciation of Assets held for sale (Group functions & Other)	287	291	315	234	-	1,128	-
Restructuring charges related to headcount reductions:							
Trucks	821	28	-2,335	-	-	-1,486	-
Construction Equipment	140	-12	-615	-	-	-488	-
Buses	16	-8	-85	-	-	-77	-
Volvo Penta	12	-8	-50	-	-	-46	-
Group Functions & Other	1	-	-70	-	-	-69	-
Financial Services	2	-	-45	-	-	-43	-

Total adjustments							
Trucks	821	28	-2,335	-	-	-1,486	-
Construction Equipment	140	-12	-615	-	-	-488	-
Buses	16	-8	-85	-	-	-77	-
Volvo Penta	12	-8	-50	-	-	-46	-
Group Functions & Other	288	291	245	234	156	1,059	1,621
Industrial Operations	1,278	291	-2,840	234	156	-1,037	1,621
Financial Services	2	-	-45	-	-	-43	-
Volvo Group	1,280	291	-2,885	234	156	-1,081	1,621

Operating income							
SEK M	4/2020	3/2020	2/2020	1/2020	4/2019	Year 2020	Year 2019
Trucks	8,866	4,549	-1,598	3,948	6,223	15,764	31,552
Construction Equipment	2,460	1,951	2,493	2,678	1,931	9,583	11,910
Buses	-8	232	-617	-129	297	-522	1,337
Volvo Penta	37	562	295	509	174	1,402	1,876
Group Functions & Other	317	-213	-191	-235	62	-322	111
Eliminations	18	3	-7	-2	-6	12	-14
Industrial Operations	11,691	7,084	375	6,768	8,681	25,919	46,771
Financial Services	523	423	12	605	704	1,564	2,766
Reclassifications and eliminations	1	1	-	1	-6	2	-6
Volvo Group	12,215	7,508	388	7,374	9,379	27,484	49,531

For reconciliations of other Key Ratios, see www.volvogroup.com.

PARENT COMPANY

Income from investments in Group companies in Q4 includes dividends amounting to SEK 884 M (2,881). Impairment of shareholdings has been done by SEK 715 M (470). In the previous year a reversal of impairments was made by SEK 1,701 M. Income from investments in joint ventures and associated companies includes

dividends amounting to SEK 508 M (451). Appropriations include a received group contribution of SEK 1,020 M (25,792).

Financial net debt amounted to SEK 7,565 M (32,160) on December 31, 2020.

Income Statement				
	Fourth quarter		Year	
SEK M	2020	2019	2020	2019
Net sales¹	94	70	327	362
Cost of sales ¹	-94	-70	-327	-362
Gross income	0	0	0	0
Operating expenses	-295	-393	-1,057	-1,384
Operating income (loss)	-295	-393	-1,057	-1,384
Income from investments in Group companies	169	4,397	413	6,167
Income from investments in joint ventures and associated companies	508	-	1,058	451
Income from investments, other shares and participations	-1	-	-1	-
Interest income and expenses	-70	-200	-587	-833
Other financial income and expenses	-6	-4	-19	-22
Income after financial items	305	3,800	-193	4,379
Appropriations	1,020	21,792	1,020	21,792
Income taxes	-280	-4,535	653	-4,162
Income for the period	1,045	21,057	1,480	22,009

¹ Of net sales in the fourth quarter, SEK 84 M (67) pertained to Group companies, while purchases from Group companies amounted to SEK 66 M (102).

Other comprehensive income				
Income for the period	1,045	21,057	1,480	22,009
Other comprehensive income, net of income taxes	-	-	-	-
Total comprehensive income for the period	1,045	21,057	1,480	22,009

Balance Sheet		
SEK M	Dec 31 2020	Dec 31 2019
Assets		
Non-current assets		
Tangible assets	7	7
Financial assets		
Shares and participations in Group companies	71,857	72,272
Investments in joint ventures and associated companies	8,946	8,997
Other shares and participations	1	1
Deferred tax assets	298	207
Total non-current assets	81,109	81,484
Current assets		
Current receivables from Group companies	1,735	39,191
Other current receivables	85	360
Total current assets	1,820	39,551
Total assets	82,929	121,035
Equity and liabilities		
Equity		
Restricted equity	9,899	9,891
Unrestricted equity	54,800	53,328
Total Equity	64,699	63,219
Untaxed reserves	10,000	10,000
Provisions	271	248
Non-current liabilities ¹	5,595	5,595
Current liabilities ²	2,364	41,973
Total equity and liabilities	82,929	121,035

¹ Of which SEK 5,589 M (5,589) pertains to Group companies.

² Of which SEK 1,789 M (39,246) pertains to Group companies.

Events after the balance sheet date

For important events, please see page 13. No other significant events have occurred after the end of the fourth quarter 2020 that are expected to have a substantial effect on the Volvo Group.

Proposed ordinary dividend of SEK 6.00 per share and an extra dividend of SEK 9.00 per share

For the full year 2020, the Board proposes an ordinary dividend of SEK 6.00 per share (0). In addition, the Board proposes and extra dividend of SEK 9.00 per share (0).

Gothenburg, February 3, 2021
AB Volvo (publ)

The Board of Directors

This report has not been reviewed by AB Volvo's auditors.

NET ORDER INTAKE

Net order intake of trucks	Fourth quarter		Change %	Year		Change %
	2020	2019		2020	2019	
Number of trucks						
Europe	37,922	26,036	46	95,706	93,455	2
Heavy- and medium-duty	31,634	22,219	42	78,618	80,143	-2
Light-duty	6,288	3,817	65	17,088	13,312	28
North America	24,939	9,340	167	46,291	27,203	70
South America	10,562	6,955	52	25,333	21,137	20
Asia	8,272	7,742	7	28,306	29,230	-3
Africa and Oceania	4,374	3,242	35	12,869	11,721	10
Total trucks	86,069	53,315	61	208,505	182,746	14
Heavy-duty (>16 tons)	75,384	46,212	63	177,760	156,463	14
Medium-duty (7-16 tons)	4,097	3,182	29	12,842	12,255	5
Light-duty (<7 tons)	6,588	3,921	68	17,903	14,028	28
Total trucks	86,069	53,315	61	208,505	182,746	14

Net order intake of trucks by brand

Volvo

Europe	21,200	14,773	44	51,845	53,143	-2
North America	17,590	4,699	274	28,009	12,447	125
South America	9,994	6,745	48	24,147	19,735	22
Asia	3,828	3,932	-3	13,499	12,483	8
Africa and Oceania	1,892	1,694	12	5,610	6,221	-10
Total Volvo	54,504	31,843	71	123,110	104,029	18
Heavy-duty (>16 tons)	53,643	31,005	73	120,397	100,722	20
Medium-duty (7-16 tons)	861	838	3	2,713	3,307	-18
Total Volvo	54,504	31,843	71	123,110	104,029	18

UD

North America	36	21	71	63	62	2
South America	168	91	85	374	432	-13
Asia	3,309	3,357	-1	11,979	15,277	-22
Africa and Oceania	1,161	750	55	3,668	2,817	30
Total UD	4,674	4,219	11	16,084	18,588	-13
Heavy-duty (>16 tons)	3,572	3,301	8	12,365	14,716	-16
Medium-duty (7-16 tons)	901	822	10	3,080	3,269	-6
Light-duty (<7 tons)	201	96	109	639	603	6
Total UD	4,674	4,219	11	16,084	18,588	-13

Renault Trucks

Europe	16,722	11,263	48	43,861	40,312	9
Heavy- and medium-duty	10,434	7,446	40	26,773	27,000	-1
Light-duty	6,288	3,817	65	17,088	13,312	28
North America	37	3	1,133	112	678	-83
South America	182	24	658	373	160	133
Asia	1,135	453	151	2,828	1,470	92
Africa and Oceania	976	644	52	2,741	2,096	31
Total Renault Trucks	19,052	12,387	54	49,915	44,716	12
Heavy-duty (>16 tons)	10,947	7,040	55	27,018	25,612	5
Medium-duty (7-16 tons)	1,718	1,522	13	5,633	5,679	-1
Light-duty (<7 tons)	6,387	3,825	67	17,264	13,425	29
Total Renault Trucks	19,052	12,387	54	49,915	44,716	12

Mack

North America	7,276	4,617	58	18,107	14,016	29
South America	218	95	129	439	810	-46
Africa and Oceania	345	154	124	850	587	45
Total Mack	7,839	4,866	61	19,396	15,413	26
Heavy-duty (>16 tons)	7,222	4,866	48	17,980	15,413	17
Medium-duty (7-16 tons)	617	-	-	1,416	-	-
Total Mack	7,839	4,866	61	19,396	15,413	26

DELIVERIES

Deliveries of trucks	Fourth quarter		Change	Year		Change
	2020	2019		2020	2019	
Number of trucks			%			%
Europe	27,154	27,138	0	79,814	104,145	-23
Heavy- and medium-duty	22,297	22,869	-3	65,036	86,340	-25
Light-duty	4,857	4,269	14	14,778	17,805	-17
North America	11,350	11,825	-4	32,056	62,308	-49
South America	5,961	6,680	-11	17,684	23,729	-25
Asia	9,017	7,696	17	27,009	29,435	-8
Africa and Oceania	2,852	3,242	-12	10,278	13,152	-22
Total trucks	56,334	56,581	0	166,841	232,769	-28
Heavy-duty (>16 tons)	47,535	48,810	-3	140,652	201,092	-30
Medium-duty (7-16 tons)	3,756	3,296	14	10,736	12,700	-15
Light-duty (<7 tons)	5,043	4,475	13	15,453	18,977	-19
Total trucks	56,334	56,581	0	166,841	232,769	-28

Deliveries of trucks by brand

Volvo						
Europe	15,115	15,055	0	43,253	55,733	-22
North America	5,764	6,777	-15	16,630	35,156	-53
South America	5,626	6,252	-10	16,651	22,249	-25
Asia	4,161	3,263	28	12,668	11,629	9
Africa and Oceania	1,235	1,410	-12	4,644	6,487	-28
Total Volvo	31,901	32,757	-3	93,846	131,254	-29
Heavy-duty (>16 tons)	30,995	31,987	-3	91,185	128,040	-29
Medium-duty (7-16 tons)	906	770	18	2,661	3,214	-17
Total Volvo	31,901	32,757	-3	93,846	131,254	-29

UD						
North America	8	35	-77	37	89	-58
South America	89	153	-42	244	438	-44
Asia	4,119	3,790	9	12,424	16,219	-23
Africa and Oceania	808	876	-8	2,753	3,165	-13
Total UD	5,024	4,854	4	15,458	19,911	-22
Heavy-duty (>16 tons)	4,116	3,685	12	12,181	15,544	-22
Medium-duty (7-16 tons)	765	1,002	-24	2,695	3,538	-24
Light-duty (<7 tons)	143	167	-14	582	829	-30
Total UD	5,024	4,854	4	15,458	19,911	-22

Renault Trucks						
Europe	12,039	12,083	0	36,561	48,412	-24
Heavy- and medium-duty	7,182	7,814	-8	21,783	30,607	-29
Light-duty	4,857	4,269	14	14,778	17,805	-17
North America	37	417	-91	227	1,570	-86
South America	107	40	168	200	184	9
Asia	737	642	15	1,916	1,586	21
Africa and Oceania	652	696	-6	2,213	2,346	-6
Total Renault Trucks	13,572	13,878	-2	41,117	54,098	-24
Heavy-duty (>16 tons)	6,992	8,046	-13	21,328	30,002	-29
Medium-duty (7-16 tons)	1,680	1,524	10	4,918	5,948	-17
Light-duty (<7 tons)	4,900	4,308	14	14,871	18,148	-18
Total Renault Trucks	13,572	13,878	-2	41,117	54,098	-24

Mack						
North America	5,541	4,596	21	15,162	25,493	-41
South America	139	235	-41	589	858	-31
Asia	-	1	-100	1	1	-
Africa and Oceania	157	260	-40	668	1,154	-42
Total Mack	5,837	5,092	15	16,420	27,506	-40
Heavy-duty (>16 tons)	5,432	5,092	7	15,958	27,506	-42
Medium-duty (7-16 tons)	405	-	-	462	-	-
Total Mack	5,837	5,092	15	16,420	27,506	-40

RESTATEMENT OF INCOME STATEMENTS 2019

As a consequence of a reclassification of certain costs, restated accounts per quarter and for the full year 2019 are presented below.

First quarter 2019	Industrial Operations			Volvo Group		
	Previously reported	Restate-ment	After restate-ment	Previously reported	Restate-ment	After restate-ment
SEK M						
Net sales	104,158	-	104,158	107,208	-	107,208
Cost of sales	-78,810	227	-78,583	-80,540	227	-80,313
Gross income	25,348	227	25,575	26,667	227	26,894
Research and development expenses	-4,125	-	-4,125	-4,125	-	-4,125
Selling expenses	-7,235	-227	-7,462	-7,853	-227	-8,080
Administrative expenses	-1,471	-	-1,471	-1,474	-	-1,474
Other operating income and expenses	600	-	600	503	-	503
Income/loss from investments in joint ventures and associated companies	425	-	425	425	-	425
Income from other investments	18	-	18	18	-	18
Operating income	13,560	-	13,560	14,162	-	14,162
Interest income and similar credits	73	-	73	73	-	73
Interest expenses and similar charges	-454	-	-454	-455	-	-455
Other financial income and expenses	-500	-	-500	-500	-	-500
Income after financial items	12,679	-	12,679	13,280	-	13,280
Income taxes	-2,361	-	-2,361	-2,517	-	-2,517
Income for the period	10,318	-	10,318	10,763	-	10,763

Second quarter 2019	Industrial Operations			Volvo Group		
	Previously reported	Restate-ment	After restate-ment	Previously reported	Restate-ment	After restate-ment
SEK M						
Net sales	117,310	-	117,310	120,694	-	120,694
Cost of sales	-89,176	230	-88,946	-91,116	230	-90,886
Gross income	28,134	230	28,364	29,578	230	29,808
Research and development expenses	-4,814	-	-4,814	-4,814	-	-4,814
Selling expenses	-7,821	-230	-8,051	-8,456	-230	-8,686
Administrative expenses	-1,472	-	-1,472	-1,476	-	-1,476
Other operating income and expenses	-305	-	-305	-425	-	-425
Income/loss from investments in joint ventures and associated companies	476	-	476	476	-	476
Income from other investments	222	-	222	222	-	222
Operating income	14,419	-	14,419	15,105	-	15,105
Interest income and similar credits	85	-	85	86	-	86
Interest expenses and similar charges	-458	-	-458	-459	-	-459
Other financial income and expenses	-168	-	-168	-167	-	-167
Income after financial items	13,879	-	13,879	14,566	-	14,566
Income taxes	-3,046	-	-3,046	-3,213	-	-3,213
Income for the period	10,832	-	10,832	11,352	-	11,352

Third quarter 2019 SEK M	Industrial Operations			Volvo Group		
	Previously reported	Restate-ment	After restate-ment	Previously reported	Restate-ment	After restate-ment
Net sales	95,167	-	95,167	98,723	-	98,723
Cost of sales	-72,379	558	-71,821	-74,461	558	-73,903
Gross income	22,788	558	23,346	24,263	558	24,821
Research and development expenses	-4,251	-	-4,251	-4,251	-	-4,251
Selling expenses	-7,347	-558	-7,905	-7,973	-558	-8,531
Administrative expenses	-1,330	-	-1,330	-1,333	-	-1,333
Other operating income and expenses	-15	-	-15	-86	-	-86
Income/loss from investments in joint ventures and associated companies	227	-	227	227	-	227
Income from other investments	39	-	39	39	-	39
Operating income	10,111	-	10,111	10,885	-	10,885
Interest income and similar credits	82	-	82	82	-	82
Interest expenses and similar charges	-376	-	-376	-376	-	-376
Other financial income and expenses	-463	-	-463	-463	-	-463
Income after financial items	9,354	-	9,354	10,129	-	10,129
Income taxes	-2,357	-	-2,357	-2,580	-	-2,580
Income for the period	6,998	-	6,998	7,549	-	7,549

Fourth quarter 2019 SEK M	Industrial Operations			Volvo Group		
	Previously reported	Restate-ment	After restate-ment	Previously reported	Restate-ment	After restate-ment
Net sales	101,727	-	101,727	105,355	-	105,355
Cost of sales	-78,690	277	-78,413	-80,778	277	-80,501
Gross income	23,037	277	23,314	24,578	277	24,855
Research and development expenses	-5,348	-	-5,348	-5,348	-	-5,348
Selling expenses	-8,080	-277	-8,357	-8,756	-277	-9,033
Administrative expenses	-1,614	-	-1,614	-1,618	-	-1,618
Other operating income and expenses	-50	-	-50	-213	-	-213
Income/loss from investments in joint ventures and associated companies	731	-	731	731	-	731
Income from other investments	6	-	6	6	-	6
Operating income	8,681	-	8,681	9,379	-	9,379
Interest income and similar credits	79	-	79	79	-	79
Interest expenses and similar charges	-385	-	-385	-385	-	-385
Other financial income and expenses	-215	-	-215	-215	-	-215
Income after financial items	8,160	-	8,160	8,857	-	8,857
Income taxes	-1,886	-	-1,886	-2,027	-	-2,027
Income for the period	6,274	-	6,274	6,831	-	6,831

Year 2019 SEK M	Industrial Operations			Volvo Group		
	Previously reported	Restate- ment	After restate- ment	Previously reported	Restate- ment	After restate- ment
Net sales	418,361	-	418,361	431,980	-	431,980
Cost of sales	-319,055	1,292	-317,763	-326,895	1,292	-325,603
Gross income	99,306	1,292	100,598	105,085	1,292	106,377
Research and development expenses	-18,539	-	-18,539	-18,539	-	-18,539
Selling expenses	-30,483	-1,292	-31,775	-33,037	-1,292	-34,329
Administrative expenses	-5,887	-	-5,887	-5,901	-	-5,901
Other operating income and expenses	230	-	230	-221	-	-221
Income/loss from investments in joint ventures and associated companies	1,859	-	1,859	1,859	-	1,859
Income from other investments	285	-	285	285	-	285
Operating income	46,771	-	46,771	49,531	-	49,531
Interest income and similar credits	320	-	320	320	-	320
Interest expenses and similar charges	-1,673	-	-1,673	-1,674	-	-1,674
Other financial income and expenses	-1,346	-	-1,346	-1,345	-	-1,345
Income after financial items	44,071	-	44,071	46,832	-	46,832
Income taxes	-9,650	-	-9,650	-10,337	-	-10,337
Income for the period	34,422	-	34,422	36,495	-	36,495

This information is information that AB Volvo (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out in the press release concerning this report, at 7.20 CET on February 3, 2021.

This report contains forward-looking statements that reflect the Board of Directors' and management's current views with respect to certain future events and potential financial performance. Although the Board of Directors and the management believe that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, (i) changes in economic, market and competitive conditions, (ii) success of business and operating initiatives, (iii) changes in the regulatory environment and other government actions, (iv) fluctuations in exchange rates and (v) business risk management.

This report does not imply that the Company has undertaken to revise these forward-looking statements, beyond what is required under the company's registration contract with Nasdaq Stockholm, if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

Financial calendar

Annual and Sustainability Report 2020	February 26, 2021
Annual General Meeting	March 31, 2021
Report on the first quarter 2021	April 22, 2021
Report on the second quarter 2021	July 20, 2021
Report on the third quarter 2021	October 21, 2021

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