VOLVO

THIRD QUARTER 2021

Martin Lundstedt, President and CEO

Volvo Group

Third Quarter 2021

2021-10-21

VOLVO

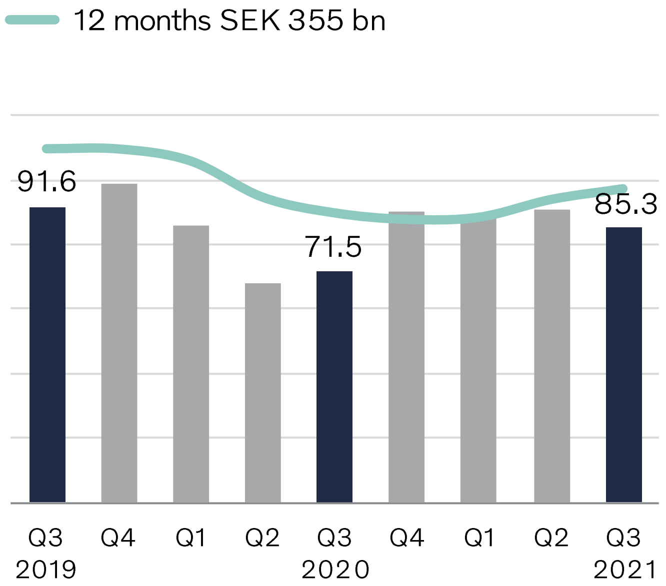
VOLVO GROUP REVEALED WORLD'S FIRST VEHICLE USING FOSSIL-FREE STEEL

Volvo Group

Quarter highlights

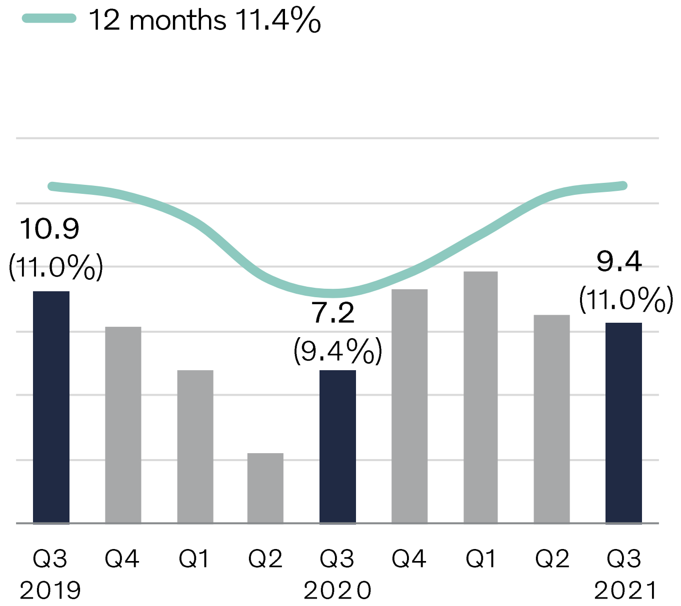
- Net sales adjusted for UD Trucks divestment increased by 19% (+20% excluding FX)
- Adjusted operating income SEK 9.4 bn (7.2) corresponding to a margin of 11.0% (9.4)
- Operating cash flow in the Industrial Operations SEK -5.7 bn (11.7)
- ROCE 25.6% (15.3%) in Industrial Operations
- Supply chain constraints impacting production

NET SALES
SEK bn



Net sales restated for UD Trucks divestment

ADJUSTED OPERATING INCOME (margin)*

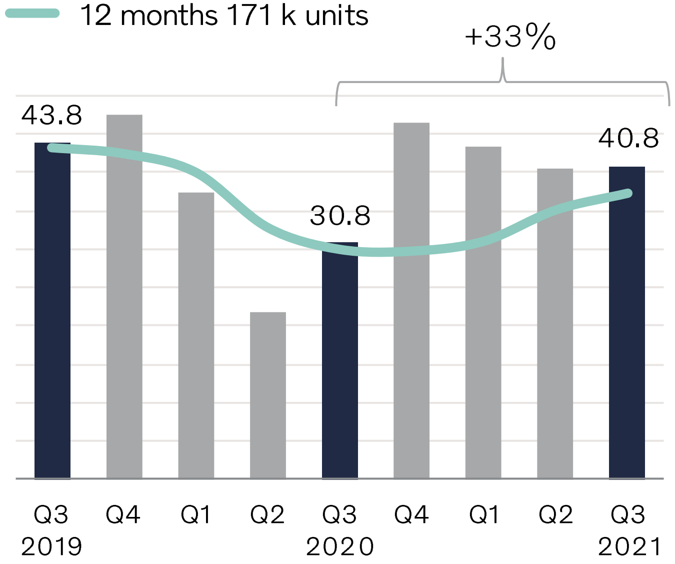


**For information on adjustments, see note 7 in the quarterly report*

Volvo Group

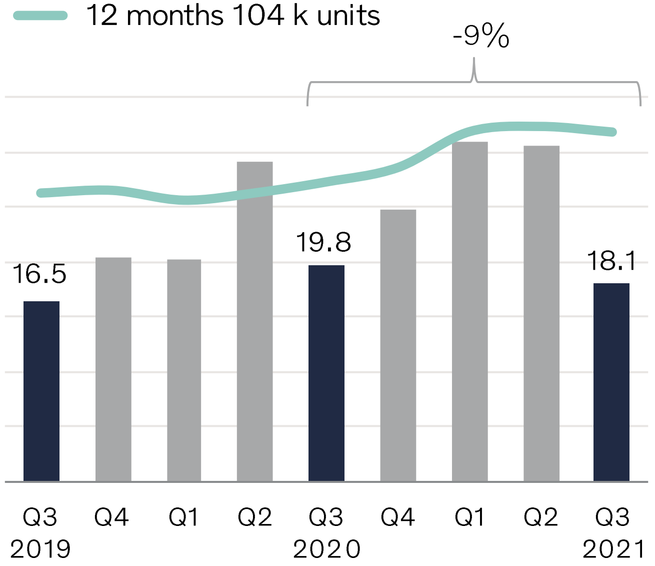
Volume development

TRUCK DELIVERIES
k units HD/MD



Deliveries restated for UD Trucks divestment

MACHINE DELIVERIES
k units



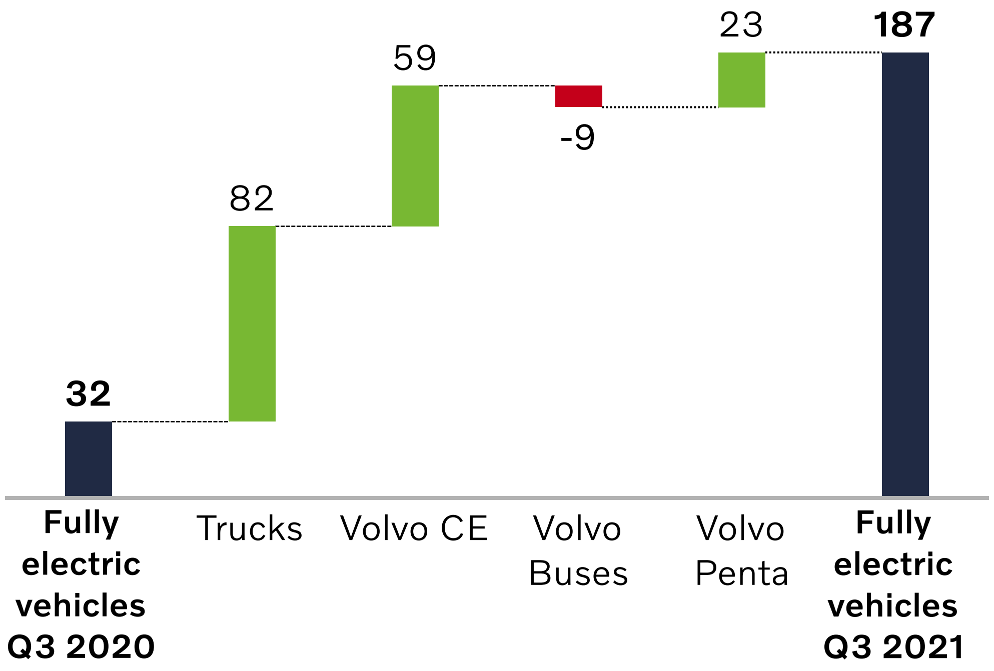
Volvo Group

Electrification progress

ORDER INTAKE, FULLY ELECTRIC VEHICLES, Q3 2021
units HD/MD/LD

Trucks	214
Volvo CE	84
Volvo Buses	100
Volvo Penta	36
Volvo Group, Total	**434**

DELIVERIES FULLY ELECTRIC VEHICLES Q3 2021
units HD/MD/LD

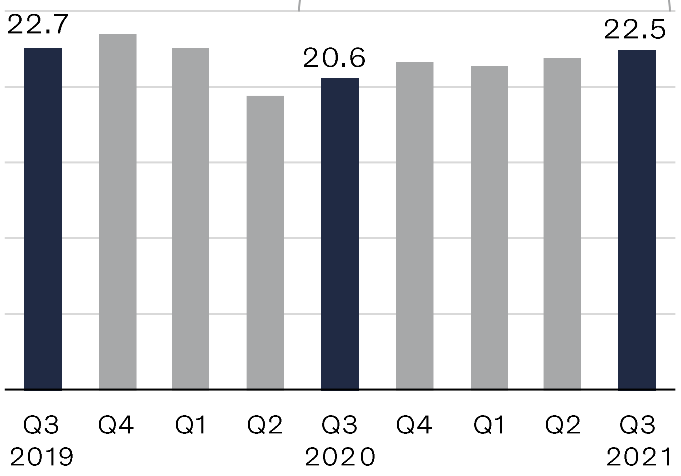


Volvo Group

Service sales development

SERVICE SALES (incl. Financial Services)
SEK bn — 12 months SEK 87.4 bn

+9%
+10% excl. FX



Service sales restated for UD Trucks divestment

11% TRUCKS

13% CONSTRUCTION EQUIPMENT

26% BUSES

9% VOLVO PENTA

All figures are excluding FX and are restated for the UD Trucks divestment

TRUCKS

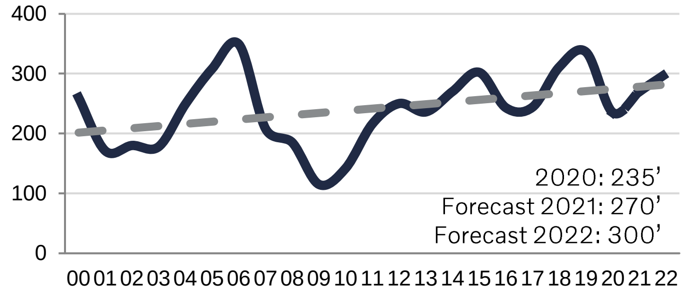
Trucks

- Large electric orders in Europe and North America:
  - DFDS, Northern Europe's largest shipping and logistics company, ordered 100 Volvo FM heavy-duty electric trucks
  - Performance Team (a Maersk company) in California, ordered 16 Volvo VNR heavy-duty electric trucks
- Volvo Autonomous Solutions and Aurora revealed an autonomous Volvo VNL prototype for hub-to-hub highway operation
- Volvo Trucks intends to acquire JMC Heavy Duty Vehicle Co., for production of Volvo FH, Volvo FM and Volvo FMX in China from end of 2022.

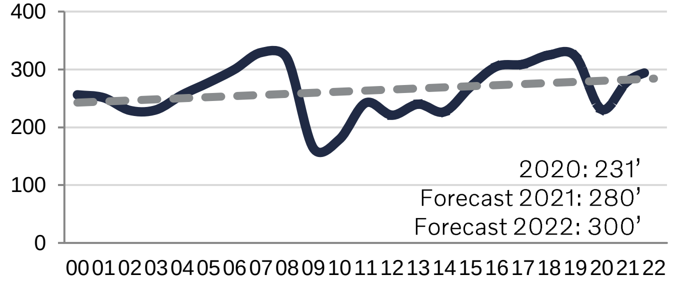
Trucks

Market environment

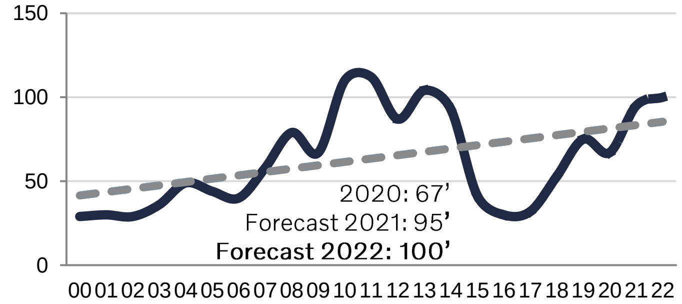
NORTH AMERICA HD



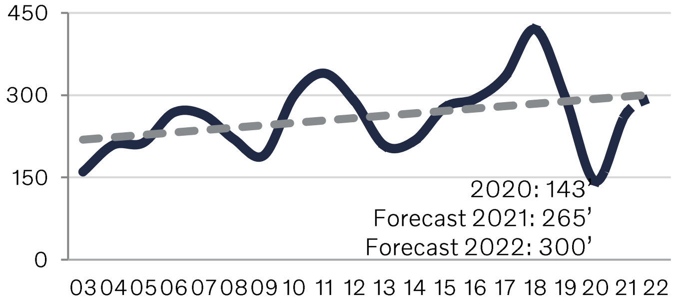
EUROPE HD



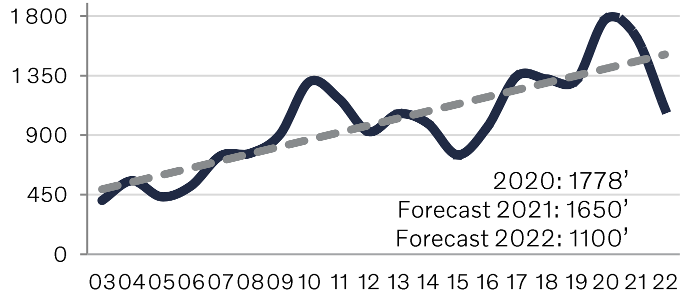
BRAZIL HD



INDIA HD+MD



CHINA HD+MD

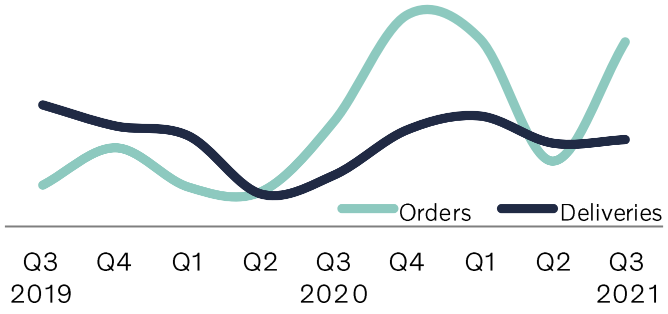


Market forecasts are based on current visibility, which is low. Uncertainty is significant due to inability to predict supply chain capacity and the ongoing COVID-19 pandemic.

Trucks

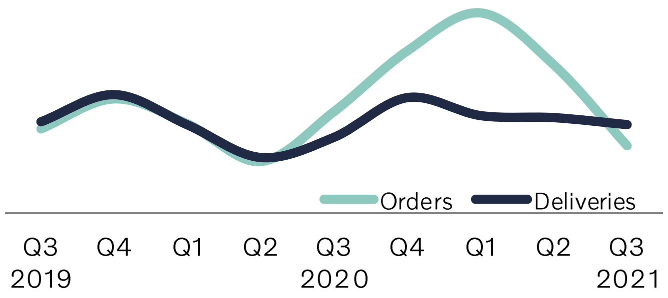
HD/MD: Quarterly orders -6% and deliveries +33%

NORTH AMERICA



Orders	+75%
Deliveries	+67%

EUROPE

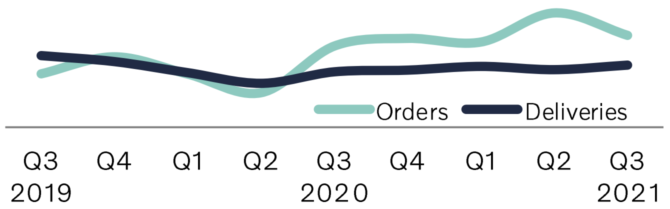


Orders	-34%
Deliveries	+16%

SOUTH AMERICA

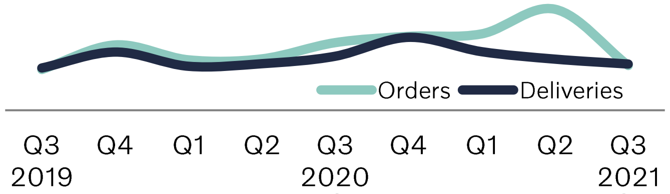
Orders	-48%
Deliveries	+87%

AFRICA AND OCEANIA



Orders	+13%
Deliveries	+12%

ASIA



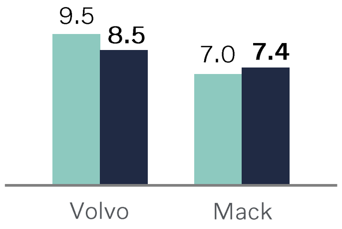
Orders	-34%
Deliveries	-14%

Figures restated for UD Trucks divestment

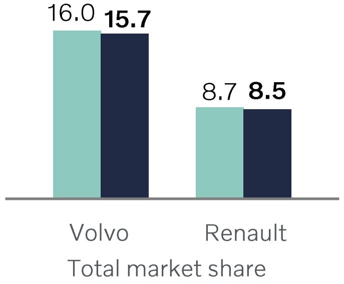
Trucks

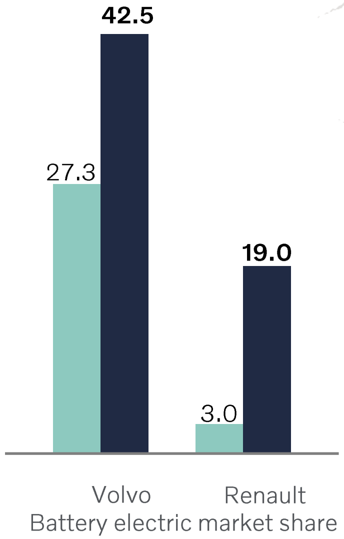
Heavy-duty truck market shares

NORTH AMERICA
YTD Sept

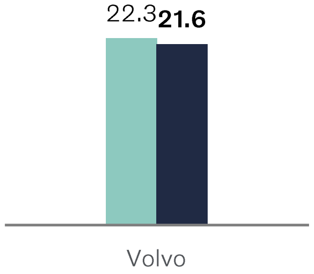


EUROPE (EU29)
YTD Sept

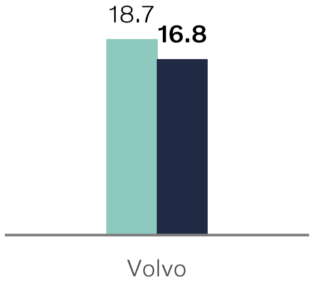




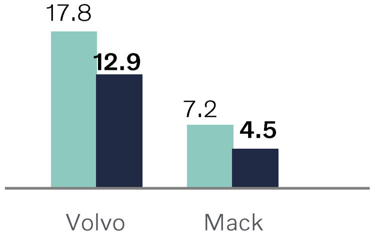
BRAZIL
YTD Sept



SOUTH AFRICA
YTD Sept



AUSTRALIA
YTD Sept



2020 **2021**

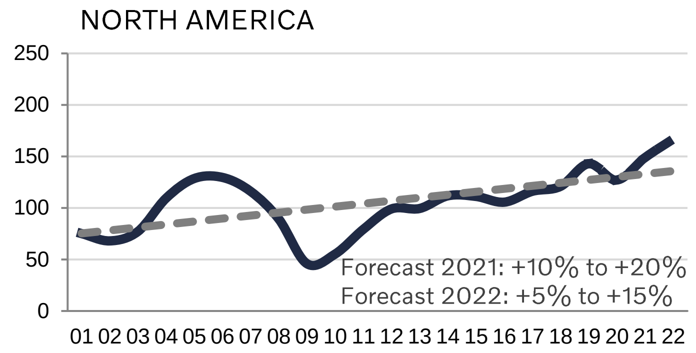
CONSTRUCTION EQUIPMENT

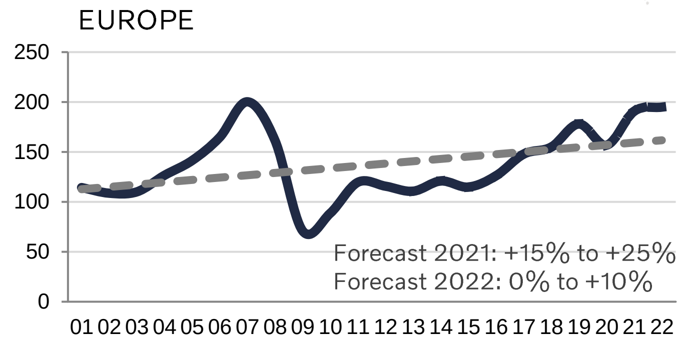
Construction Equipment

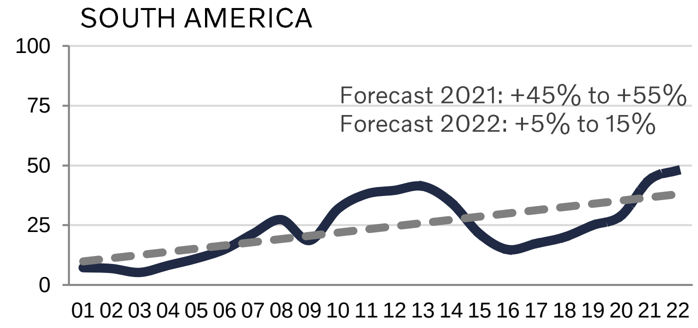
- Volvo CE launched three new electric compact machines. Now offering a total of five models in Europe and three in North America
- Sixteen upgraded models were launched in India meeting the new CEV 4 emission norm

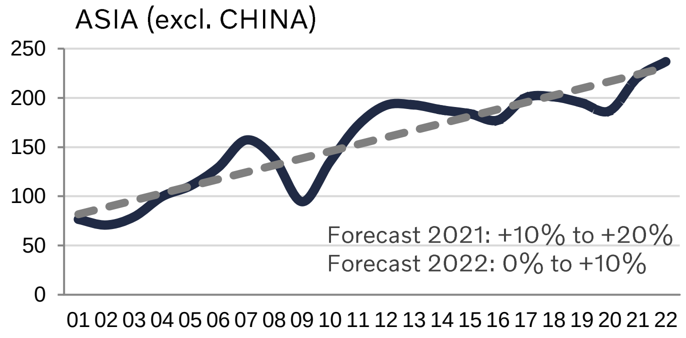
Construction Equipment

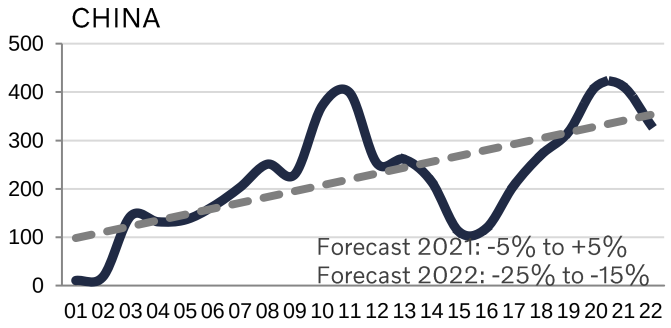
Market environment









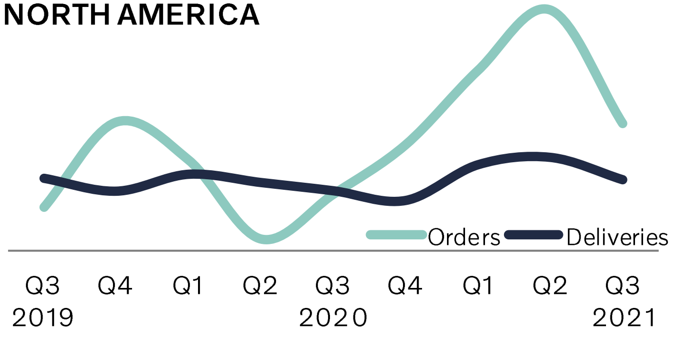


Market forecasts are based on current visibility, which is low. Uncertainty is significant due to inability to predict supply chain capacity and the ongoing COVID-19 pandemic.

Construction Equipment

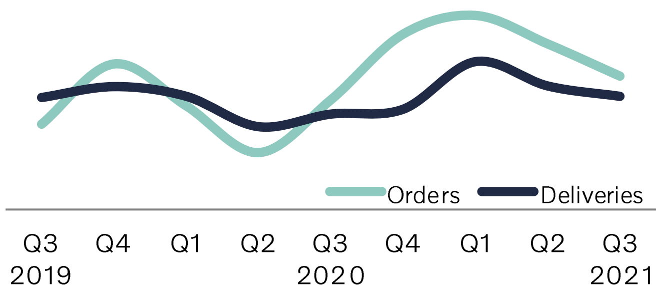
Quarterly orders -1% and deliveries -9%

NORTH AMERICA



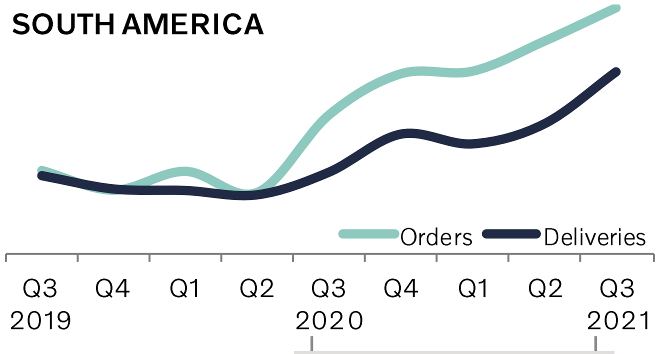
Orders +125%
Deliveries +18%

EUROPE



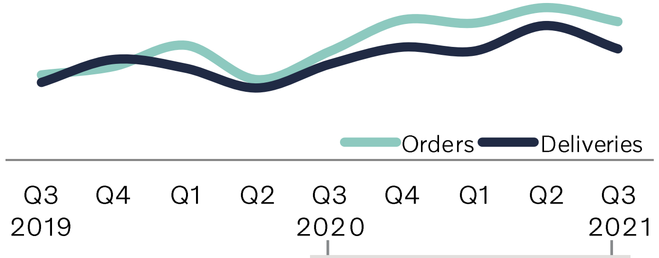
Orders +22%
Deliveries +18%

SOUTH AMERICA



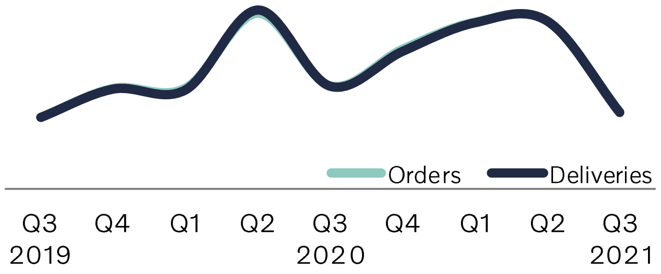
Orders +77%
Deliveries +123%

AFRICA AND OCEANIA



Orders +28%
Deliveries +16%

ASIA



Orders -25%
Deliveries -25%

Buses

- Orders increased by 34%
- Deliveries increased by 2%
- Global launch of the all-electric BZL chassi platform coupled with the Volvo Connect digital solution

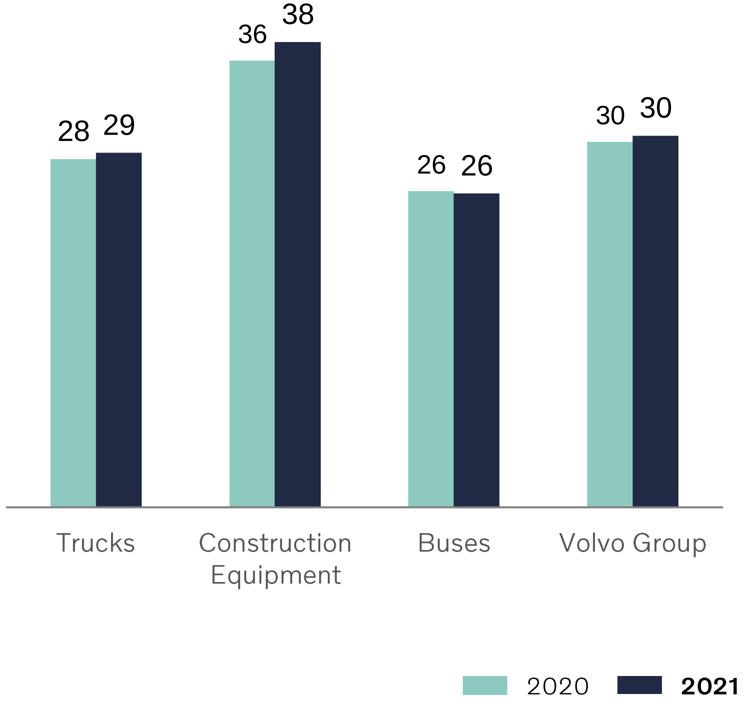
Volvo Penta

- Orders increased by 34%
- Deliveries increased by 6%
- Serial production of the 600V electric driveline started for both on-land and at-sea applications
- Electric hybrid propulsion system co-developed with Danfoss being tested on a crew vessel

Financial services

- Increased business volumes
- Stable penetration rate
- Good portfolio performance
- Supporting the Group's electromobility transition with higher penetration levels on electric products

PENETRATION RATE, %
12 months moving



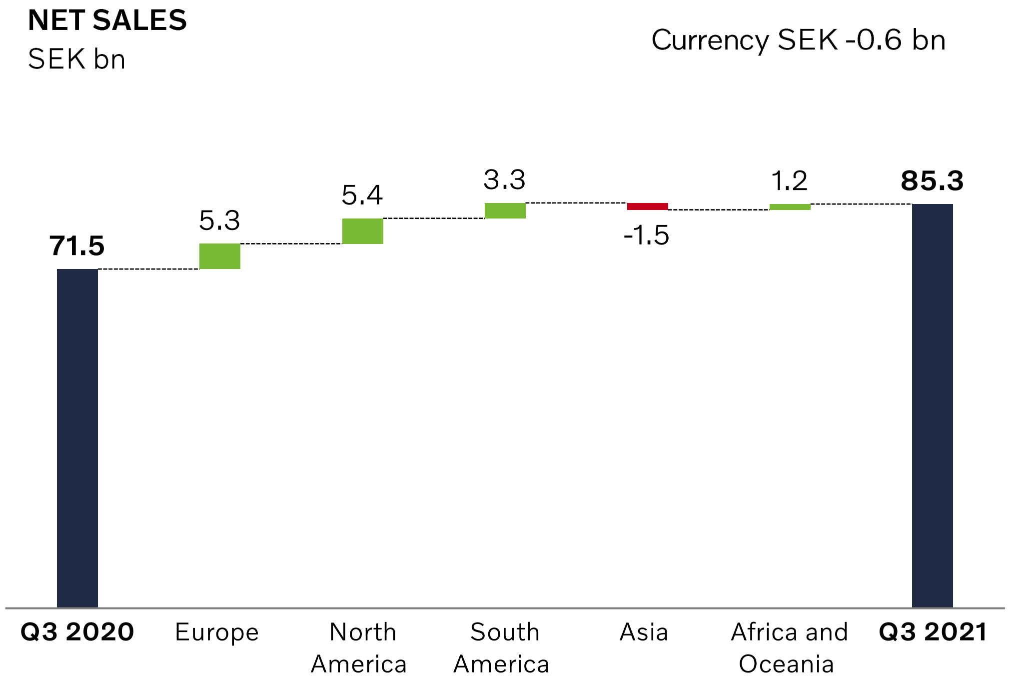
VOLVO

THIRD QUARTER 2021

Jan Ytterberg, Executive Vice President Group Finance and CFO

Volvo Group

Net sales per market



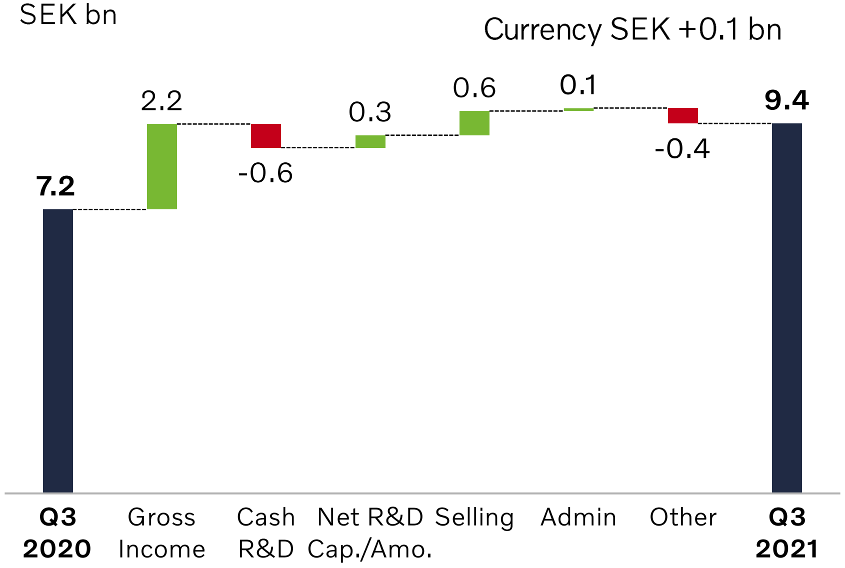
Net sales restated for UD Trucks divestment

Volvo Group

Adjusted operating income contributors

ADJUSTED OPERATING INCOME

SEK bn



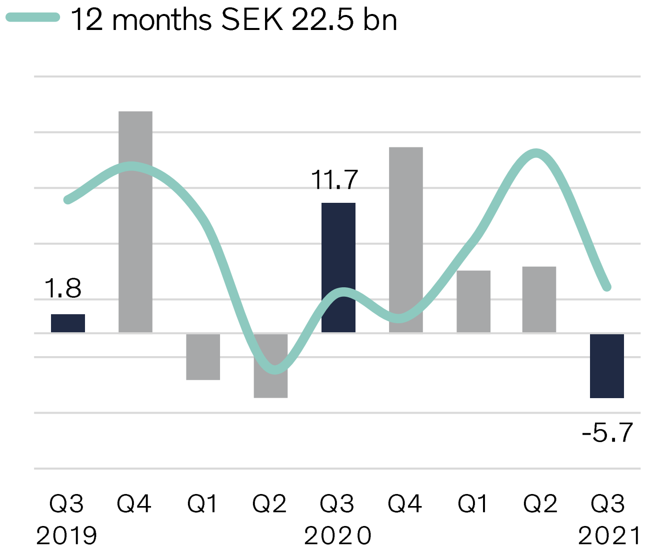
+ Price
+ Vehicle & service volumes
+ Mix in Volvo CE

- Raw materials
- JV earnings

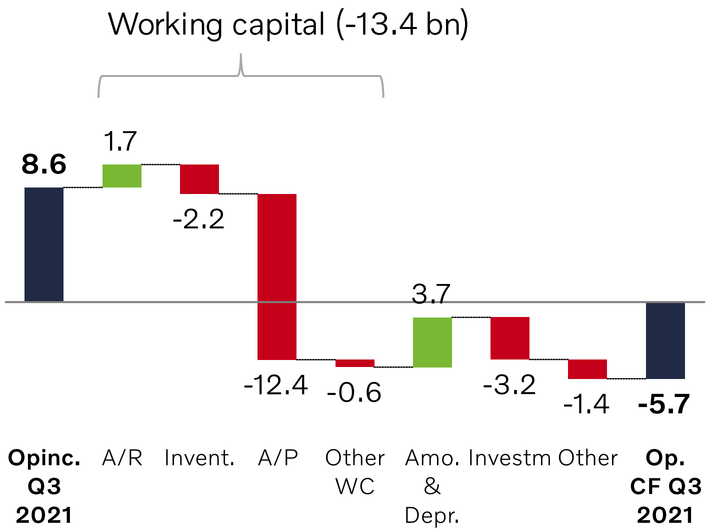
Volvo Group

Cash flow and financial position

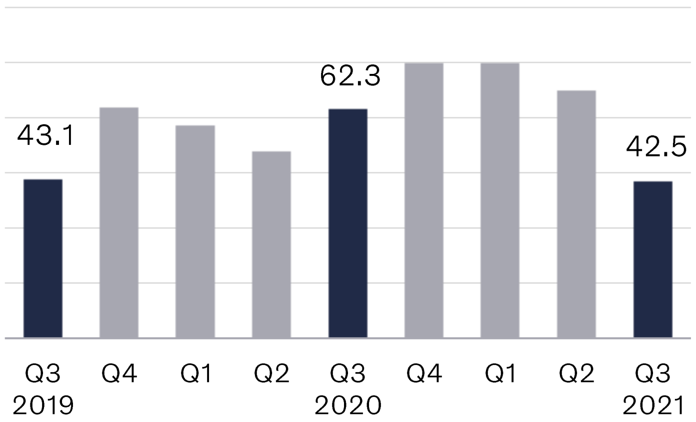
OPERATING CASH FLOW
SEK bn



OPERATING CASH FLOW
SEK bn



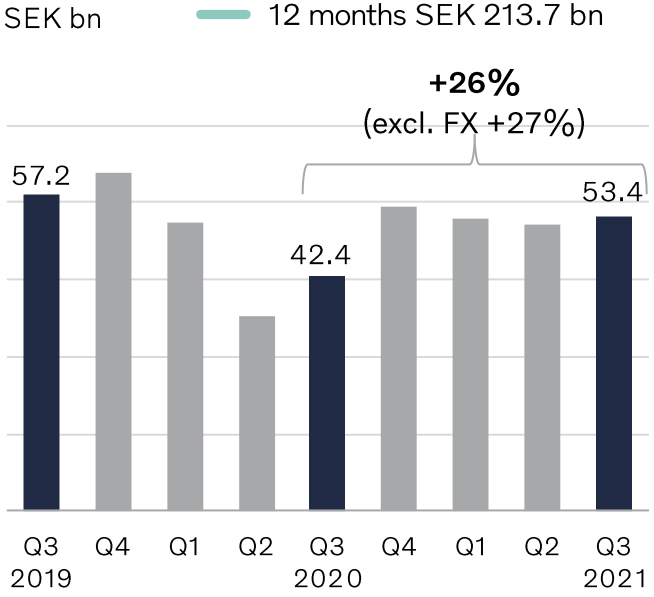
FINANCIAL POSITION
(Excl. Pensions and lease liabilities)
SEK bn



Trucks

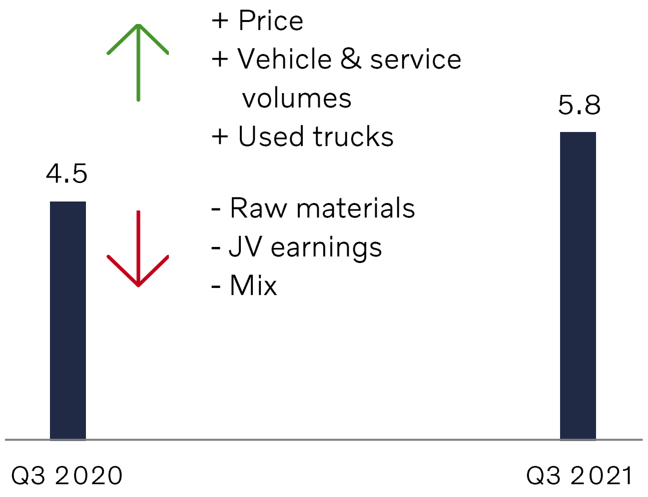
Net sales and adjusted operating income

NET SALES
SEK bn

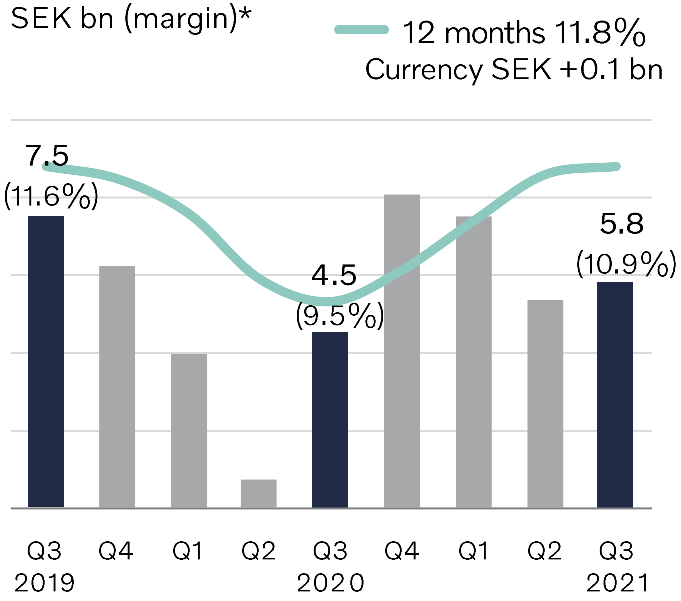


Net sales restated for UD Trucks divestment

ADJUSTED OPERATING INCOME
SEK bn



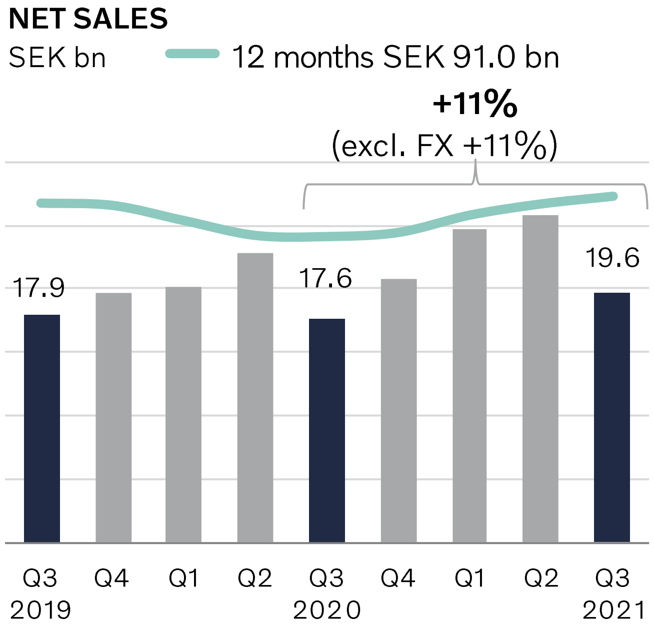
ADJUSTED OPERATING INCOME
SEK bn (margin)*

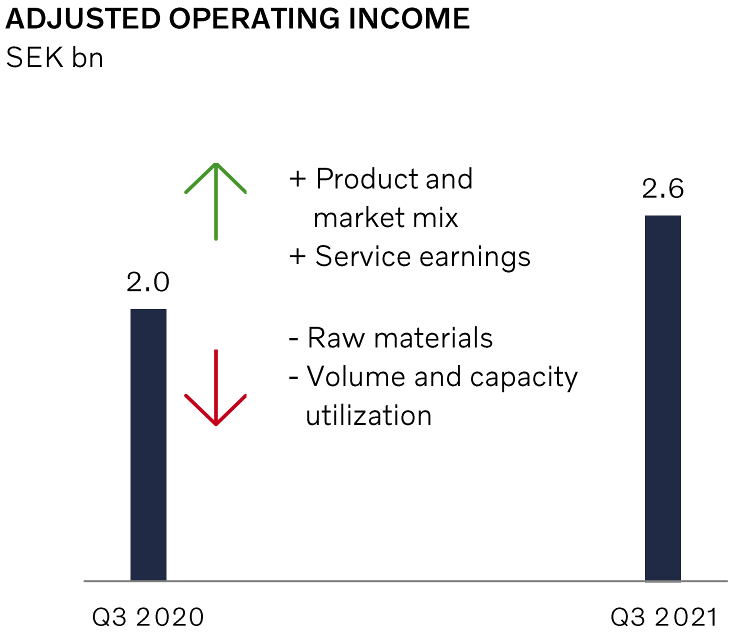


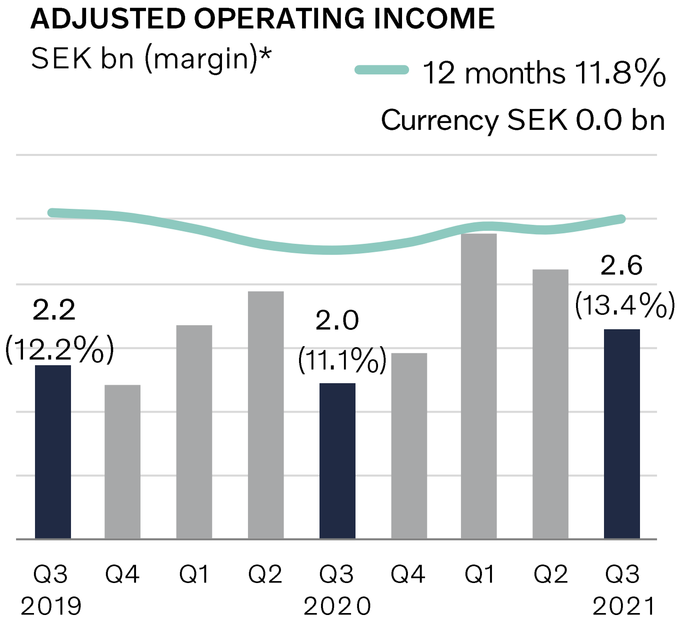
For information on adjustments, see note 7 in the quarterly report

Construction Equipment

Net sales and adjusted operating income







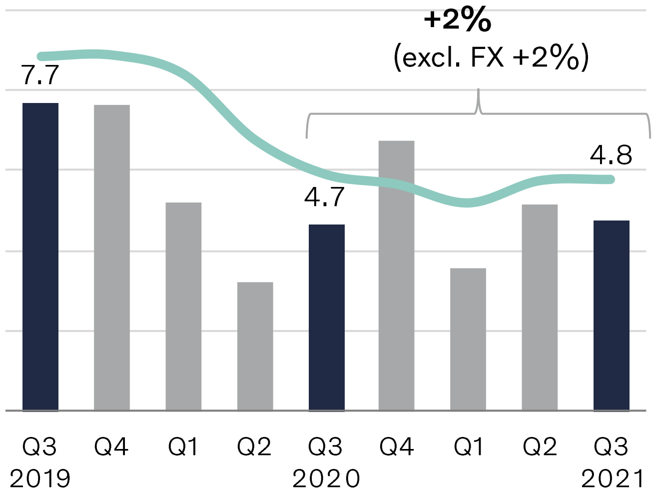
*For information on adjustments, see note 7 in the quarterly report

Buses

Net sales and adjusted operating income

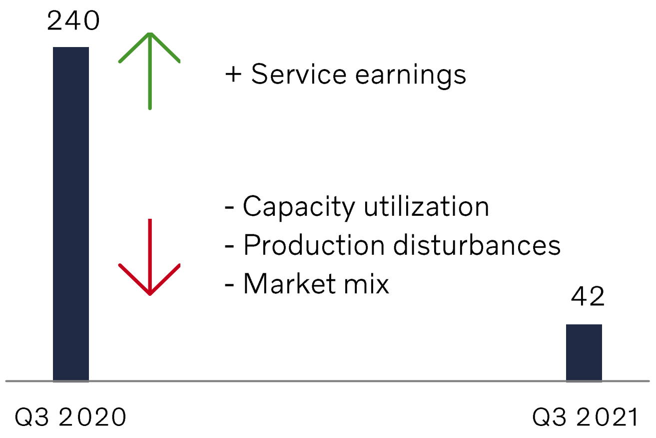
NET SALES

SEK bn — 12 months SEK 20.2 bn



ADJUSTED OPERATING INCOME

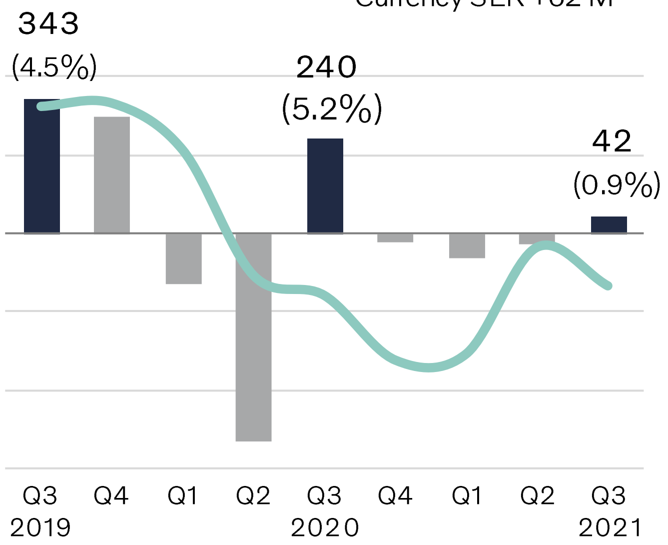
SEK M



ADJUSTED OPERATING INCOME

SEK M (margin)* — 12 months -0.4%

Currency SEK +62 M

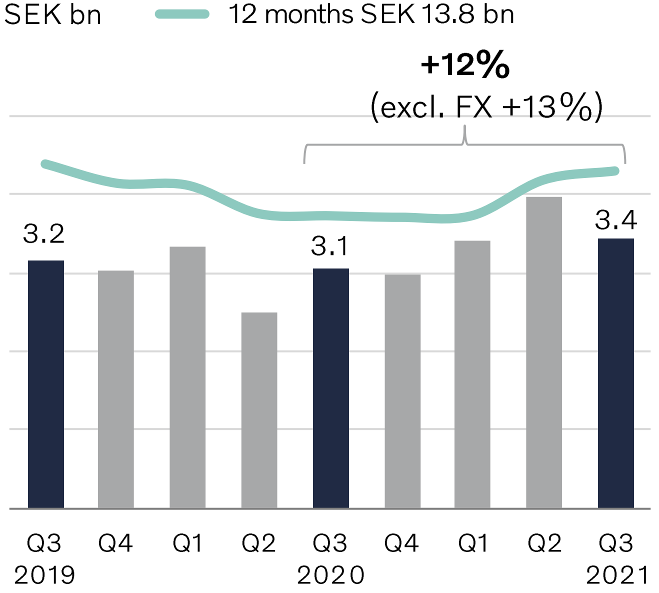


For information on adjustments, see note 7 in the quarterly report

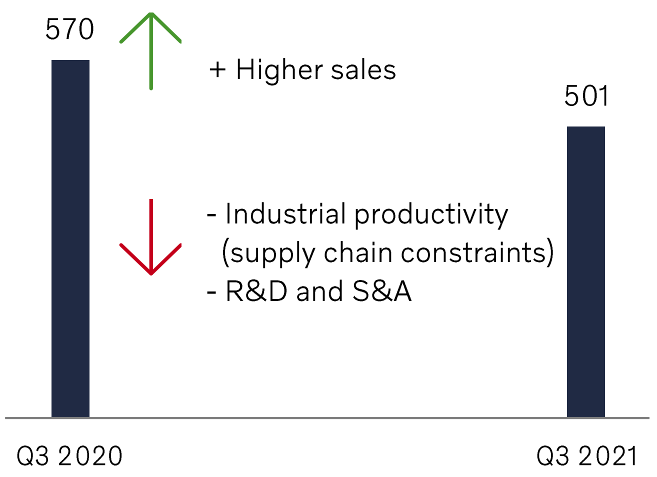
Volvo Penta

Net sales and adjusted operating income

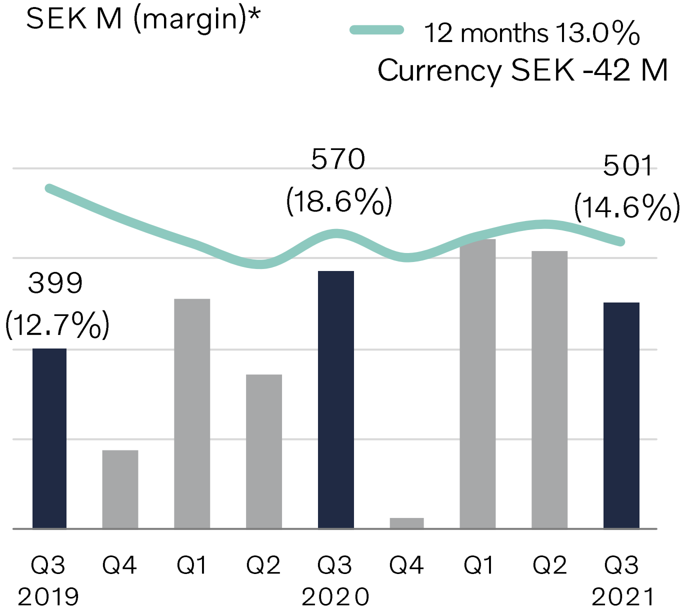
NET SALES
SEK bn



ADJUSTED OPERATING INCOME
SEK M



ADJUSTED OPERATING INCOME
SEK M (margin)*



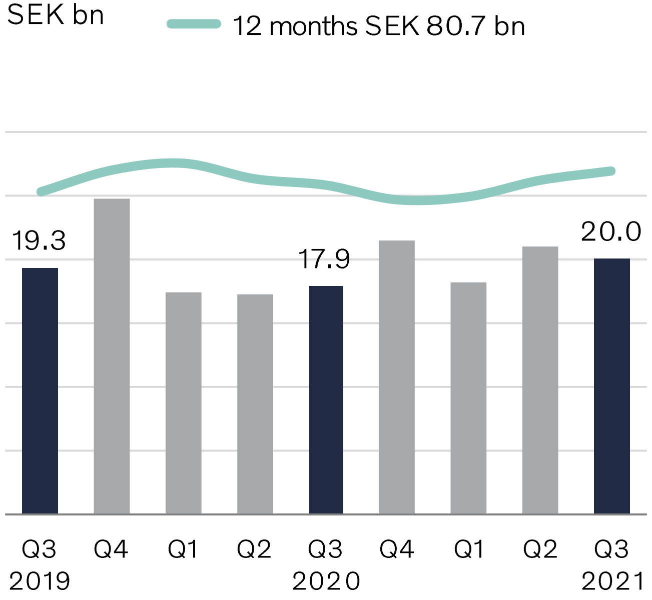
For information on adjustments, see note 7 in the quarterly report

Financial Services

Credit portfolio and profitability

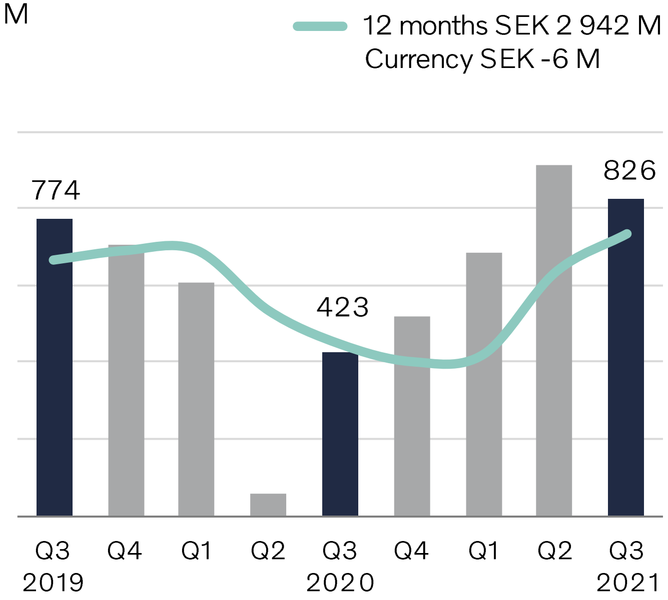
NEW RETAIL FINANCING

SEK bn



ADJUSTED OPERATING INCOME

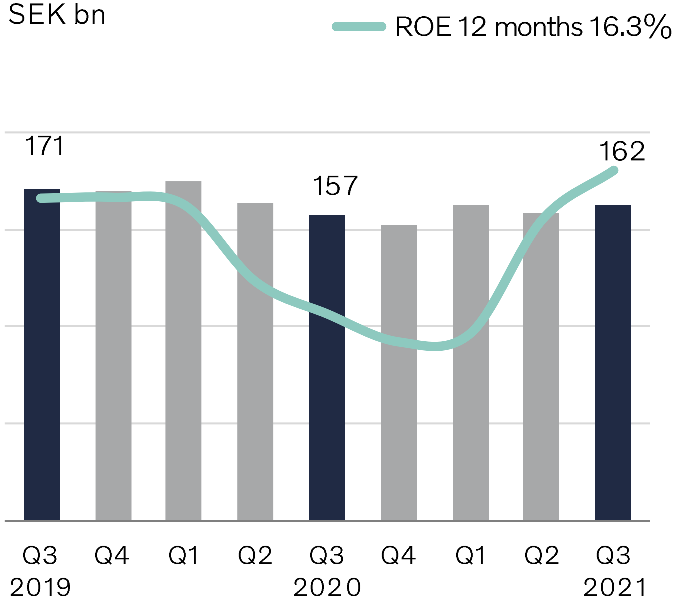
SEK M



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

CREDIT PORTFOLIO & ROE

SEK bn

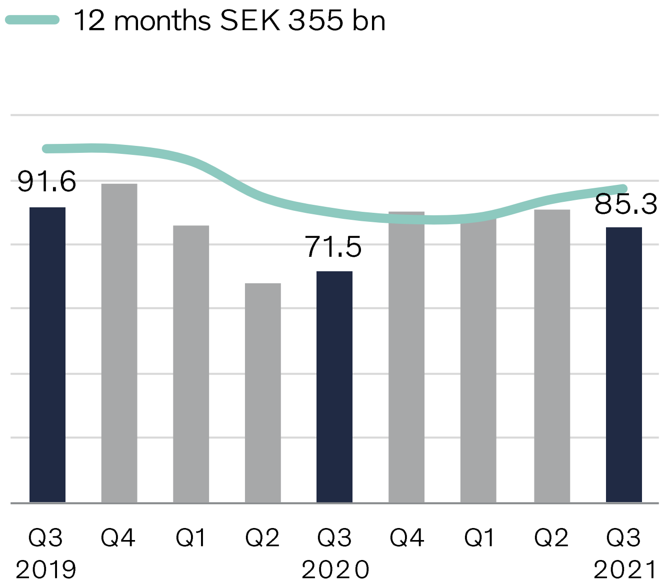


Volvo Group

Quarter highlights

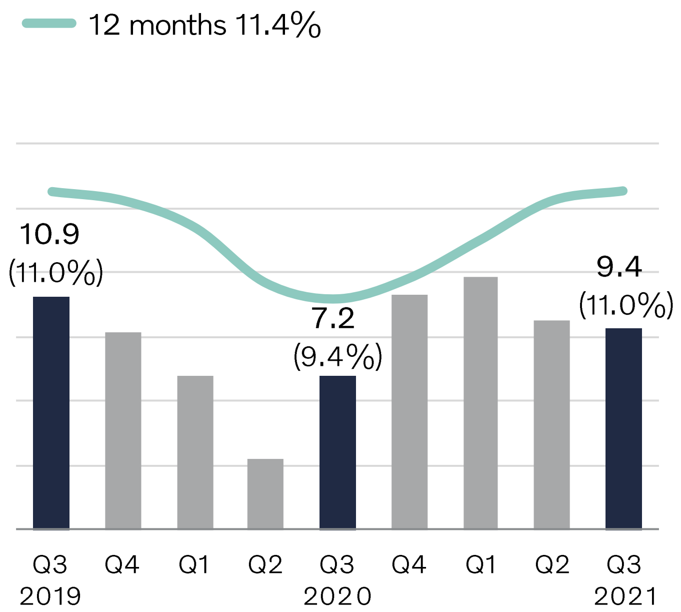
- Net sales adjusted for UD Trucks divestment increased by 19% (+20% excluding FX)
- Adjusted operating income SEK 9.4 bn (7.2) corresponding to a margin of 11.0% (9.4)
- Operating cash flow in the Industrial Operations SEK -5.7 bn (11.7)
- ROCE 25.6% (15.3%) in Industrial Operations
- Supply chain constraints impacting production

NET SALES
SEK bn



Net sales restated for UD Trucks divestment

ADJUSTED OPERATING INCOME (margin)*



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

Q&A

Volvo Group

Third Quarter 2021

2021-10-21