THIRD QUARTER 2021

Martin Lundstedt, President and CEO

Volvo Group
Third Quarter 2021
2021-10-21
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
- 12 months SEK 355 bn

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q3 2019</th>
<th>Q4 2019</th>
<th>Q1 2020</th>
<th>Q2 2020</th>
<th>Q3 2020</th>
<th>Q4 2020</th>
<th>Q1 2021</th>
<th>Q2 2021</th>
<th>Q3 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales restated for UD Trucks divestment</td>
<td>91.6</td>
<td>71.5</td>
<td>85.3</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**ADJUSTED OPERATING INCOME (margin)**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q3 2019</th>
<th>Q4 2019</th>
<th>Q1 2020</th>
<th>Q2 2020</th>
<th>Q3 2020</th>
<th>Q4 2020</th>
<th>Q1 2021</th>
<th>Q2 2021</th>
<th>Q3 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 months 11.4%</td>
<td>10.9 (11.0%)</td>
<td>7.2 (9.4%)</td>
<td>9.4 (11.0%)</td>
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</tr>
</tbody>
</table>

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

Volume development

<table>
<thead>
<tr>
<th>TRUCK DELIVERIES</th>
<th>MACHINE DELIVERIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>k units HD/MD</td>
<td>k units</td>
</tr>
<tr>
<td>12 months 171 k units</td>
<td>12 months 104 k units</td>
</tr>
</tbody>
</table>

Q3 2019: 43.8 | Q3 2019: 16.5
Q4 2019: 37.6 | Q4 2019: 19.8
Q1 2020: 30.8 | Q1 2020: 19.8
Q2 2020: 30.8 | Q2 2020: 19.8
Q3 2020: 40.8 | Q3 2020: 19.8
Q4 2020: 37.6 | Q4 2020: 19.8
Q1 2021: 30.8 | Q1 2021: 19.8
Q2 2021: 30.8 | Q2 2021: 19.8
Q3 2021: 40.8 | Q3 2021: 18.1

Deliveries restated for UD Trucks divestment
Volvo Group

Electrification progress

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

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trucks</td>
<td>214</td>
</tr>
<tr>
<td>Volvo CE</td>
<td>84</td>
</tr>
<tr>
<td>Volvo Buses</td>
<td>100</td>
</tr>
<tr>
<td>Volvo Penta</td>
<td>36</td>
</tr>
<tr>
<td>Volvo Group, Total</td>
<td>434</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Fully electric vehicles Q3 2020</th>
<th>Trucks</th>
<th>Volvo CE</th>
<th>Volvo Buses</th>
<th>Volvo Penta</th>
<th>Fully electric vehicles Q3 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>32</td>
<td>82</td>
<td>59</td>
<td>-9</td>
<td>23</td>
</tr>
</tbody>
</table>
Volvo Group

Service sales development

**SERVICE SALES** (incl. Financial Services)

SEK bn

12 months SEK 87.4 bn

+9%

+10% excl. FX

Q3 2019: 22.7
Q4 2019: 20.6
Q1 2020: 20.6
Q2 2020: 22.5
Q3 2021:

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11% TRUCKS

13% CONSTRUCTION EQUIPMENT

26% BUSES

9% VOLVO PENTA

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

Service sales restated for UD Trucks divestment
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.
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%
Trucks
Heavy-duty truck market shares

NORTH AMERICA
YTD Sept

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volvo</td>
<td>9.5</td>
<td>8.5</td>
</tr>
<tr>
<td>Mack</td>
<td>7.0</td>
<td>7.4</td>
</tr>
</tbody>
</table>

EUROPE (EU29)
YTD Sept

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volvo</td>
<td>16.0</td>
<td>15.7</td>
</tr>
<tr>
<td>Renault</td>
<td>8.7</td>
<td>8.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volvo</td>
<td>42.5</td>
<td></td>
</tr>
<tr>
<td>Renault</td>
<td>3.0</td>
<td></td>
</tr>
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</table>

BRAZIL
YTD Sept

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volvo</td>
<td>22.3</td>
<td>21.6</td>
</tr>
</tbody>
</table>

SOUTH AFRICA
YTD Sept

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volvo</td>
<td>18.7</td>
<td>16.8</td>
</tr>
</tbody>
</table>

AUSTRALIA
YTD Sept

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volvo</td>
<td>17.8</td>
<td>12.9</td>
</tr>
<tr>
<td>Mack</td>
<td>7.2</td>
<td>4.5</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trucks</td>
<td>28</td>
<td>29</td>
</tr>
<tr>
<td>Constr. Equipment</td>
<td>36</td>
<td>38</td>
</tr>
<tr>
<td>Buses</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td>Volvo Group</td>
<td>30</td>
<td>30</td>
</tr>
</tbody>
</table>
Volvo Group

Net sales per market

Volvo Group

Third Quarter 2021

NET SALES
SEK bn

71.5
5.3
5.4
3.3
-1.5
1.2
85.3

Q3 2020
Europe
North America
South America
Asia
Africa and Oceania
Q3 2021

Currency SEK -0.6 bn

Net sales restated for UD Trucks divestment
Volvo Group
Adjusted operating income contributors

Volvo Group
Third Quarter 2021
Volvo Group

Cash flow and financial position

OPERATING CASH FLOW
SEK bn

- 12 months SEK 22.5 bn

OPERATING CASH FLOW
SEK bn

Working capital (-13.4 bn)

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

Volvo Group
Third Quarter 2021
Trucks

Net sales and adjusted operating income

**NET SALES**
SEK bn
- 12 months SEK 213.7 bn
+26% (excl. FX +27%)

- Q3 2019: 57.2
- Q4 2019: 42.4
- Q1 2020: 53.4
- Q2 2020: 53.4
- Q3 2021: 53.4

*Net sales restated for UD Trucks divestment*

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**ADJUSTED OPERATING INCOME**
SEK bn

- Q3 2020: 4.5
- Q3 2021: 5.8

+ Price
+ Vehicle & service volumes
+ Used trucks
- Raw materials
- JV earnings
- Mix

---

**ADJUSTED OPERATING INCOME (margin)**
SEK bn (margin)
- 12 months 11.8%
- Currency SEK +0.1 bn

- Q3 2019: (7.5) (11.6%)
- Q4 2019: (4.5) (9.5%)
- Q1 2020: (5.8) (10.9%)
- Q2 2020: 4.5 (9.5%)
- Q3 2020: 5.8 (10.9%)
- Q3 2021: 5.8 (10.9%)

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

Net sales and adjusted operating income

NET SALES
SEK bn
12 months SEK 91.0 bn
+11% (excl. FX +11%)

Q3 2019 17.9
Q4 17.6
Q1 17.6
Q2 19.6
Q3 2020 Q4 Q1 Q2 Q3

ADJUSTED OPERATING INCOME
SEK bn
+ Product and
market mix
+ Service earnings
- Raw materials
- Volume and capacity
utilization

Q3 2020 2.0 Q3 2021 2.6

ADJUSTED OPERATING INCOME
SEK bn (margin)*
12 months 11.8%
Currency SEK 0.0 bn

Q3 2019 2.2 (12.2%)
Q4 2.0 (11.1%)
Q1 2.0 (11.1%)
Q2 2.6 (13.4%)
Q3 2020
Q4 Q1 Q2 Q3

*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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2019</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3 2020</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET SALES (SEK bn)</td>
<td>7.7</td>
<td>4.7</td>
<td>4.8</td>
<td></td>
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</tbody>
</table>

+2% (excl. FX +2%)

**ADJUSTED OPERATING INCOME**
SEK M

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2019</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3 2020</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADJUSTED OPERATING INCOME (SEK M)</td>
<td>240</td>
<td>42</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

+ Service earnings
- Capacity utilization
- Production disturbances
- Market mix

**ADJUSTED OPERATING INCOME (margin)**
SEK M (margin)
12 months -0.4%
Currency SEK +62 M

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2019</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3 2020</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADJUSTED OPERATING INCOME (margin)</td>
<td>343 (4.5%)</td>
<td>240 (5.2%)</td>
<td>42 (0.9%)</td>
<td></td>
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</table>

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

Net sales and adjusted operating income

**NET SALES**

SEK bn  12 months SEK 13.8 bn

+12% (excl. FX +13%)

<table>
<thead>
<tr>
<th>Q3 2019</th>
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<th>Q1 2021</th>
<th>Q2 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2</td>
<td>3.2</td>
<td>3.1</td>
<td>3.1</td>
<td>3.4</td>
<td>3.4</td>
<td>3.4</td>
</tr>
</tbody>
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**ADJUSTED OPERATING INCOME**

SEK M

- Higher sales
- Industrial productivity (supply chain constraints)
- R&D and S&A

<table>
<thead>
<tr>
<th>Q3 2020</th>
<th>Q3 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>570</td>
<td>501</td>
</tr>
</tbody>
</table>

**ADJUSTED OPERATING INCOME**

SEK M (margin)*  12 months 13.0%  
Currency SEK -42 M

<table>
<thead>
<tr>
<th>Q3 2019</th>
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<th>Q4 2020</th>
<th>Q1 2021</th>
<th>Q2 2021</th>
<th>Q3 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>399</td>
<td>570</td>
<td>501</td>
<td>570</td>
<td>570</td>
<td>501</td>
<td>501</td>
<td>501</td>
<td>501</td>
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(12.7%) (18.6%) (14.6%)

*For information on adjustments, see note 7 in the quarterly report
Financial Services
Credit portfolio and profitability

NEW RETAIL FINANCING
SEK bn
12 months SEK 80.7 bn

ADJUSTED OPERATING INCOME
SEK M
12 months SEK 2,942 M
Currency SEK -6 M

CREDIT PORTFOLIO & ROE
SEK bn
ROE 12 months 16.3%

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

Quarter highlights

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- 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

![Chart showing Net Sales and Adjusted Operating Income](chart.png)

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