

V O L V O

FOURTH QUARTER 2021

Martin Lundstedt, President and CEO

Volvo Group

Fourth Quarter 2021

2022-01-28

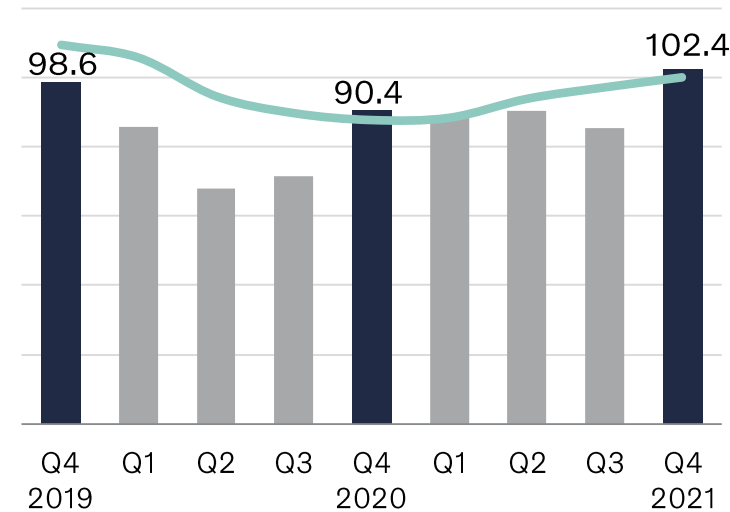
Volvo Group

Quarter highlights

- Net sales increased to SEK 102.4 bn, an increase of 12% adjusted for UD Trucks divestment and FX
- Adjusted operating income amounted to SEK 10.1 bn (10.9), corresponding to a margin of 9.8% (11.3)
- Operating cash flow in the Industrial Operation amounted to SEK 23.6 bn (16.7)
- ROCE 25.3% (14.7) in Industrial Operation
- Supply chain constraints and cost inflation headwind

NET SALES

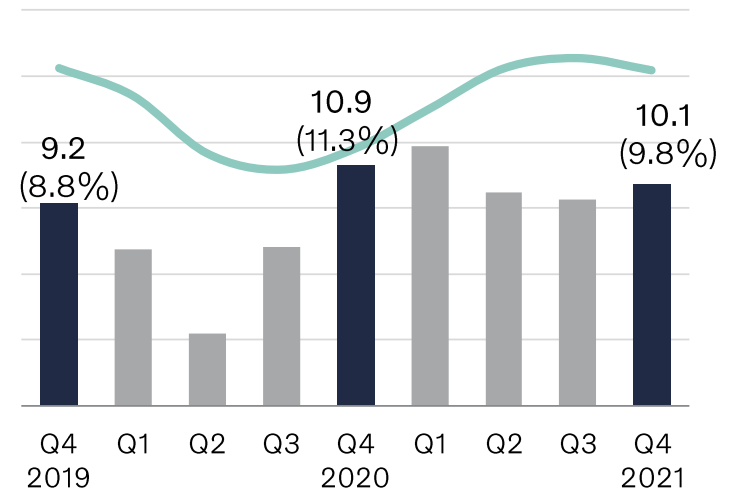
SEK bn
 12 months SEK 367 bn



Net sales restated for UD Trucks divestment

ADJUSTED OPERATING INCOME (margin)*

12 months 11.0%



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

Volvo Group

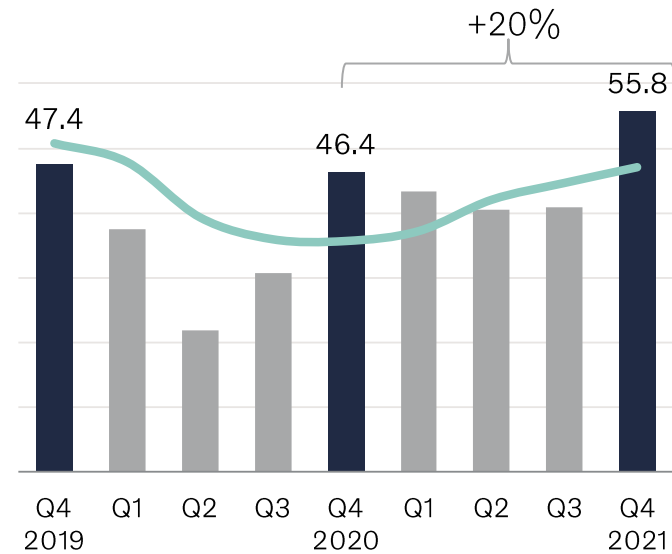
Volume development



TRUCK DELIVERIES

k units HD/MD

— 12 months 180 k units

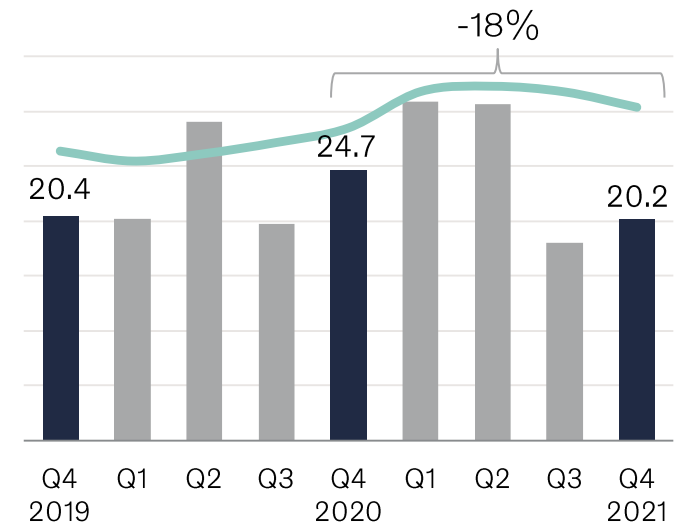


Deliveries restated for UD Trucks divestment

MACHINE DELIVERIES

k units

— 12 months 100 k units



Volvo Group

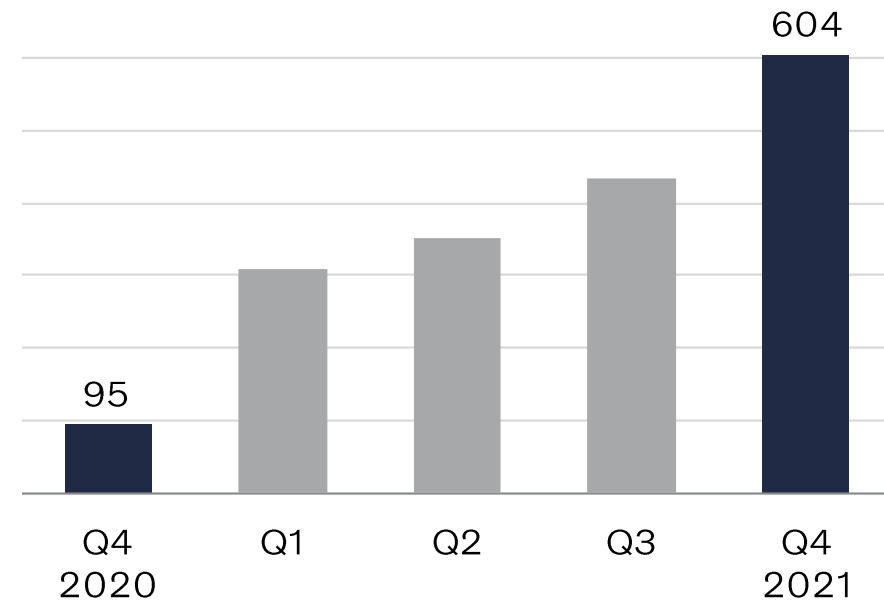
Electrification progress

ORDER INTAKE, FULLY ELECTRIC VEHICLES, Q4 2021

units HD/MD/LD

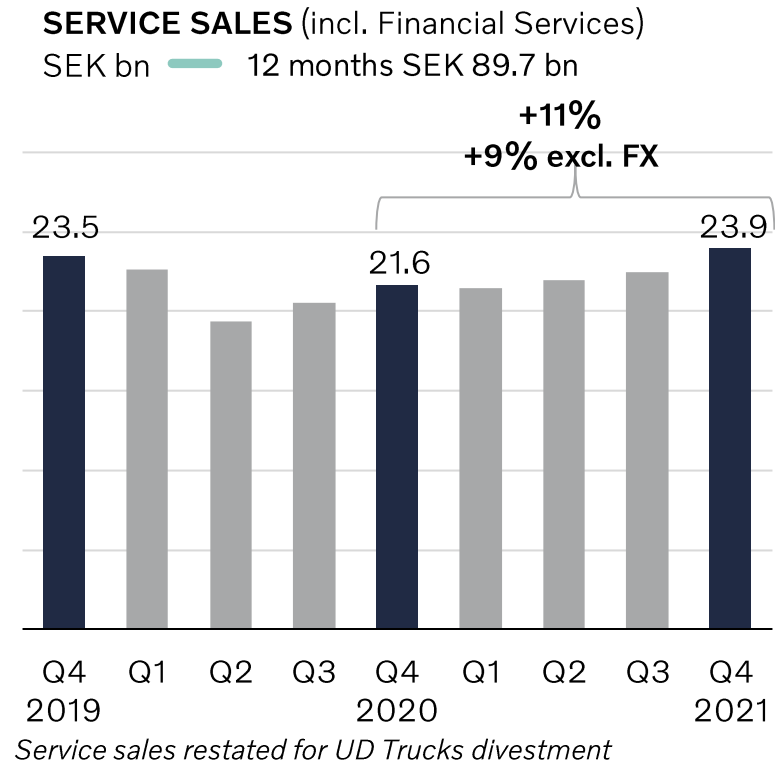
Trucks	454
Volvo CE	92
Volvo Buses	61
Volvo Penta	-3
Volvo Group, Total	604

ORDER INTAKE, FULLY ELECTRIC VEHICLES



Volvo Group

Service sales development



→
10%
TRUCKS

→
14%
CONSTRUCTION
EQUIPMENT

↗
19%
BUSES

↗
21%
VOLVO PENTA

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

VOLVO

TRUCKS



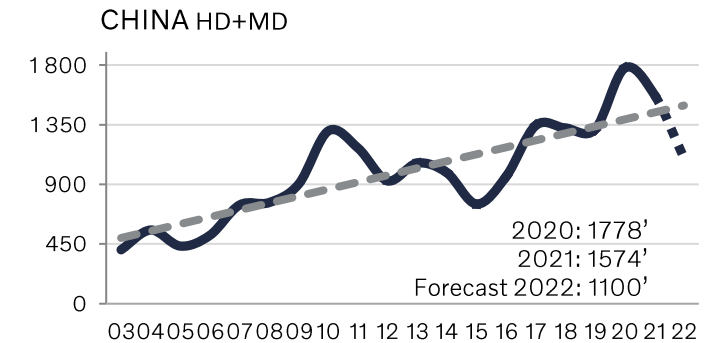
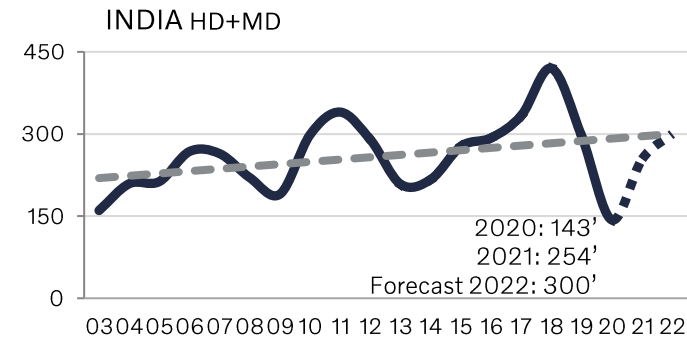
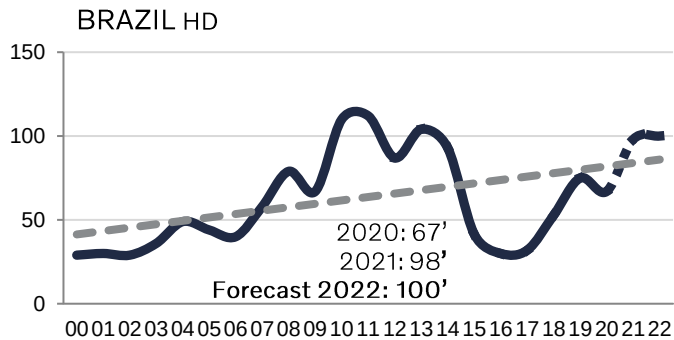
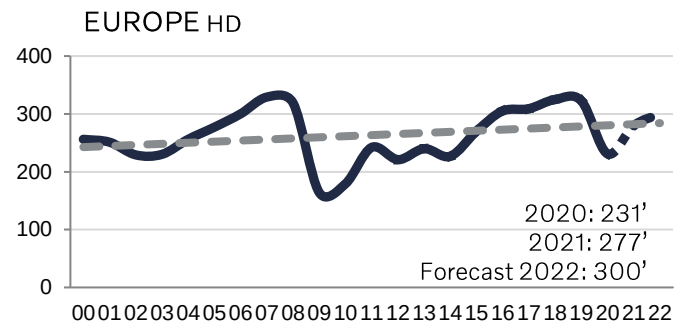
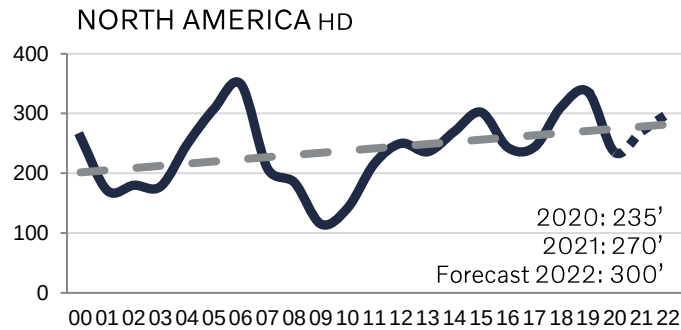
Trucks

- Joint venture agreement for European high-performance charging network signed between Volvo Group, Daimler Truck and Traton Group
- Enhanced Volvo VNR heavy-duty electric truck launched in North America - range of up to 440km (275 miles)
- Volvo FH heavy-duty electric truck tested in Germany - excelled in range and energy efficiency



Trucks

Market environment

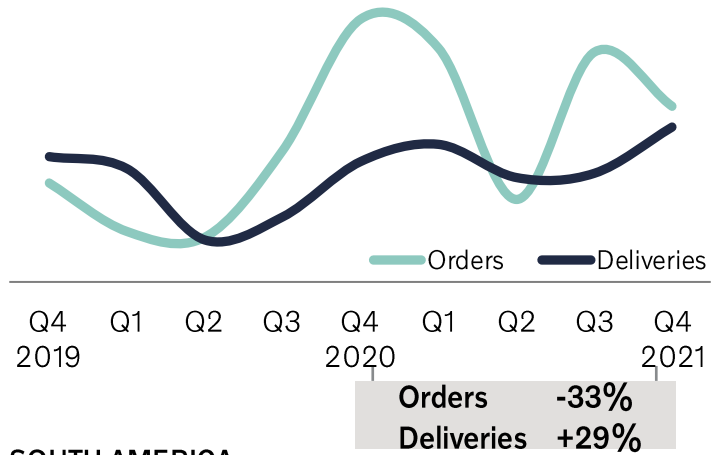


Market forecasts are based on current visibility, which is low. Uncertainty is significant due to inability to predict supply chain capacity and the ongoing COVID-19 pandemic.

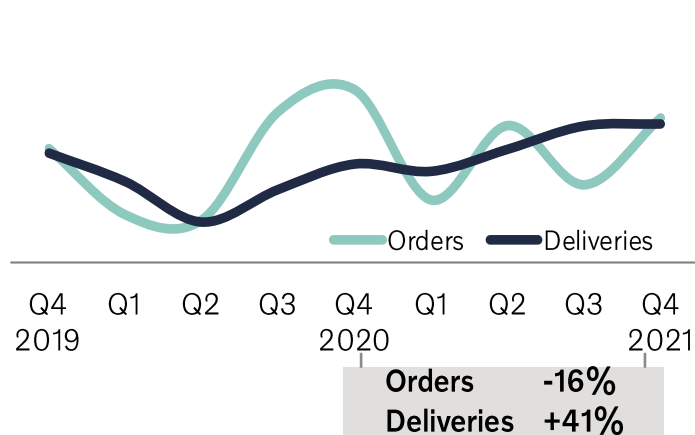
Trucks

HD/MD: Quarterly Orders -18% and Deliveries +20%

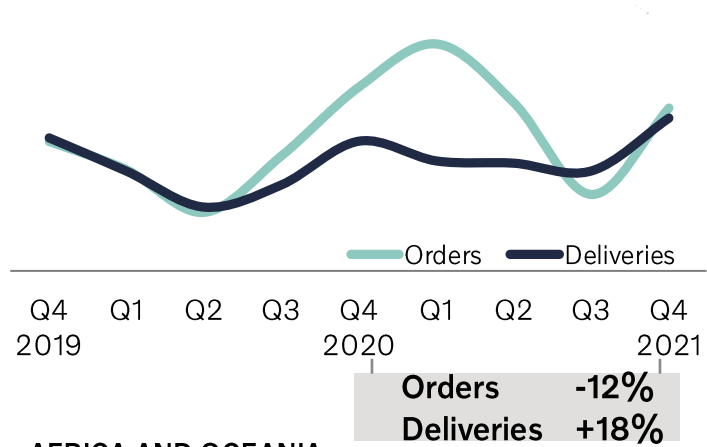
NORTH AMERICA



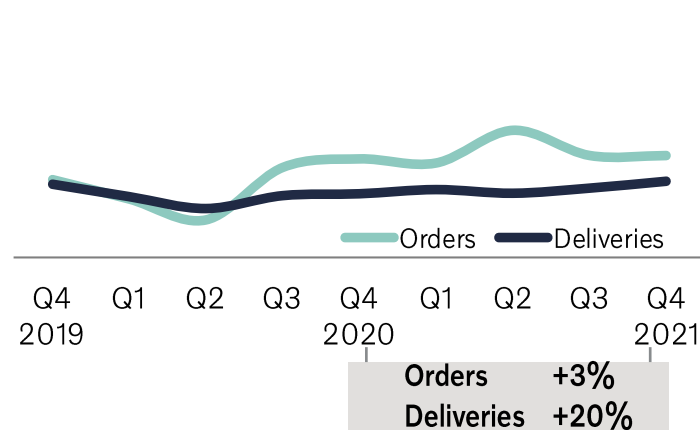
SOUTH AMERICA



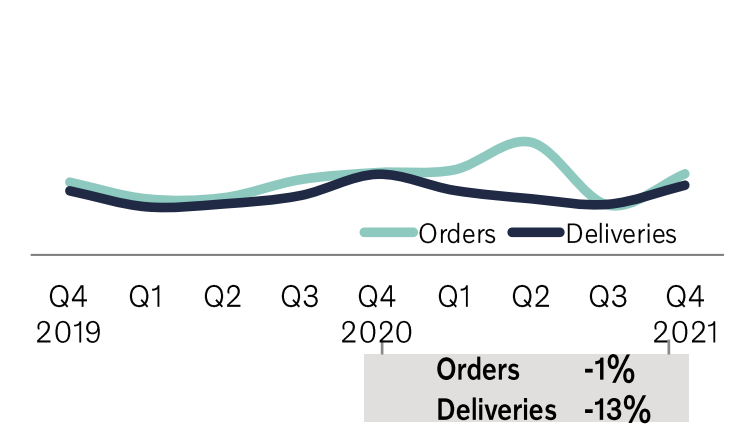
EUROPE



AFRICA AND OCEANIA



ASIA

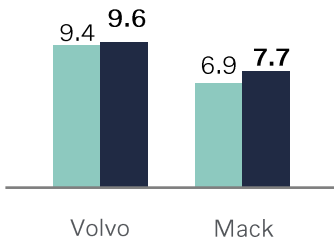


Figures restated for UD Trucks divestment

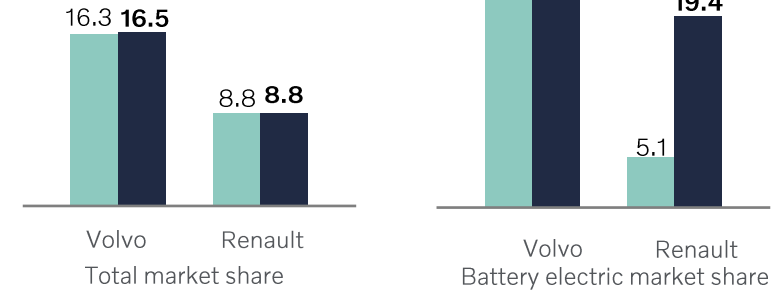
Trucks

Heavy-duty truck market shares

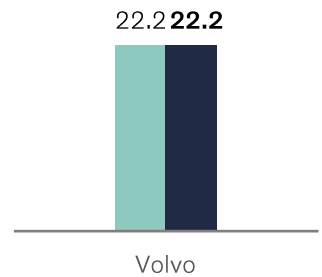
NORTH AMERICA
YTD Dec



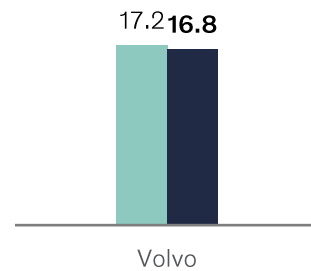
EUROPE (EU29)
YTD Dec



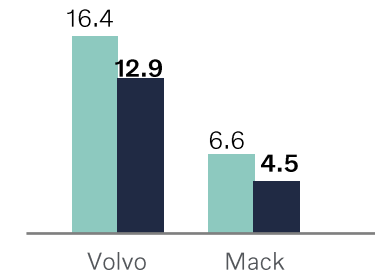
BRAZIL
YTD Dec



SOUTH AFRICA
YTD Dec



AUSTRALIA
YTD Dec



2020 2021

VOLVO

CONSTRUCTION EQUIPMENT

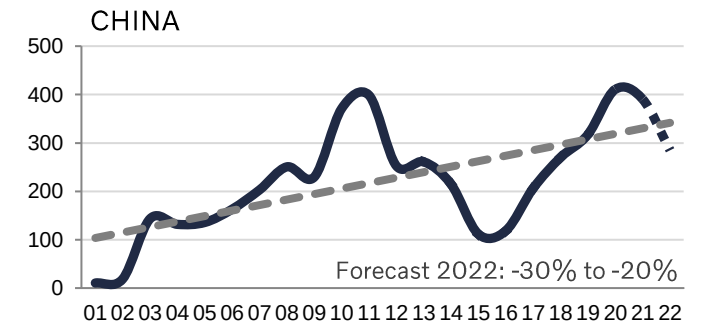
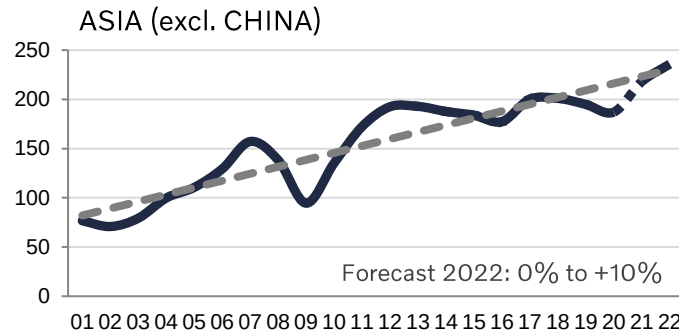
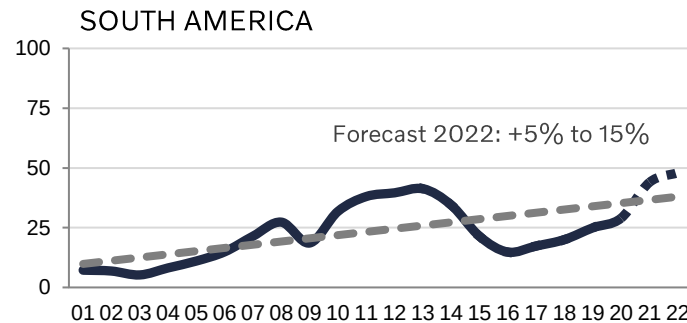
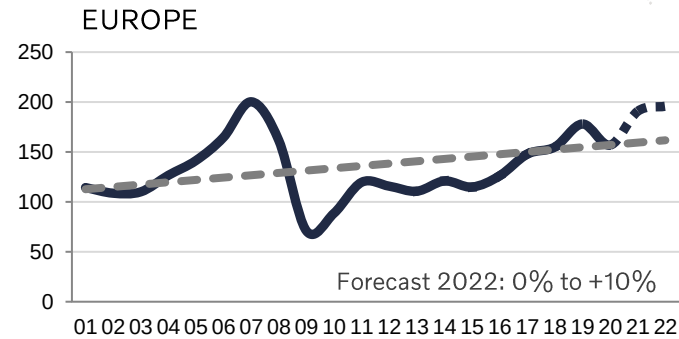
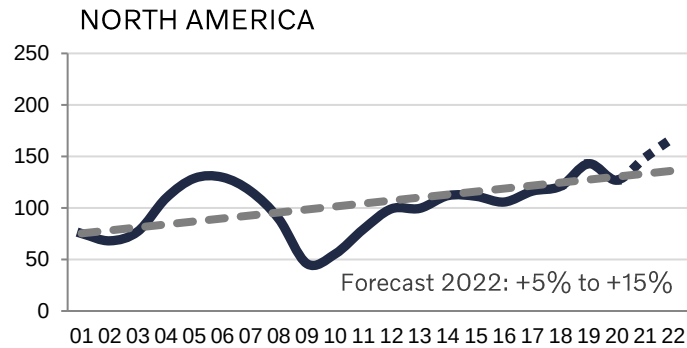
Construction Equipment

- First 20-ton EC230 electric excavator shipment, the latest move to accelerate the electric journey
- Launch of LX03, an autonomous concept wheel loader which is fully electric



Construction Equipment

Market environment

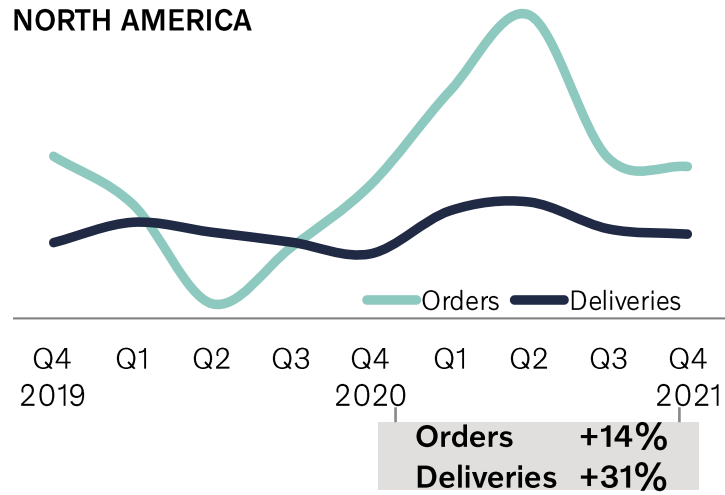


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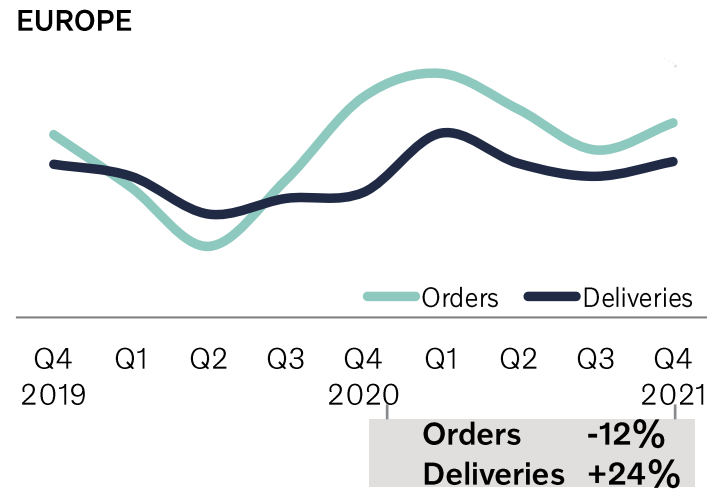
Construction Equipment

Quarterly Orders -24% and Deliveries -18%

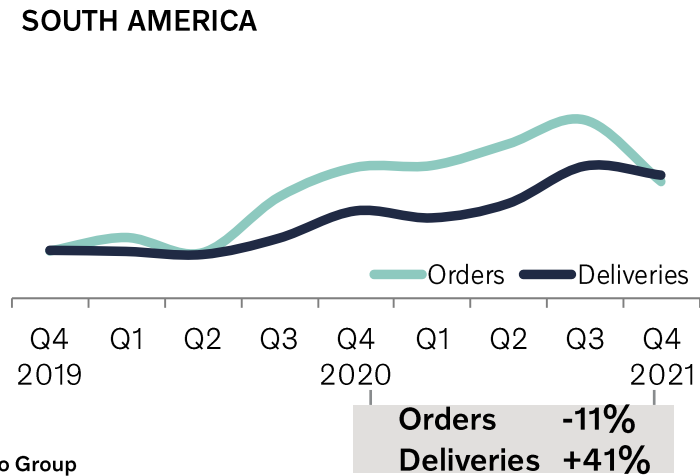
NORTH AMERICA



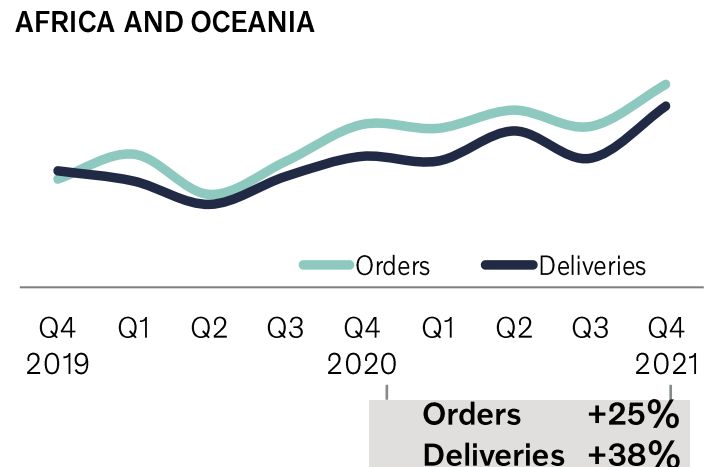
EUROPE



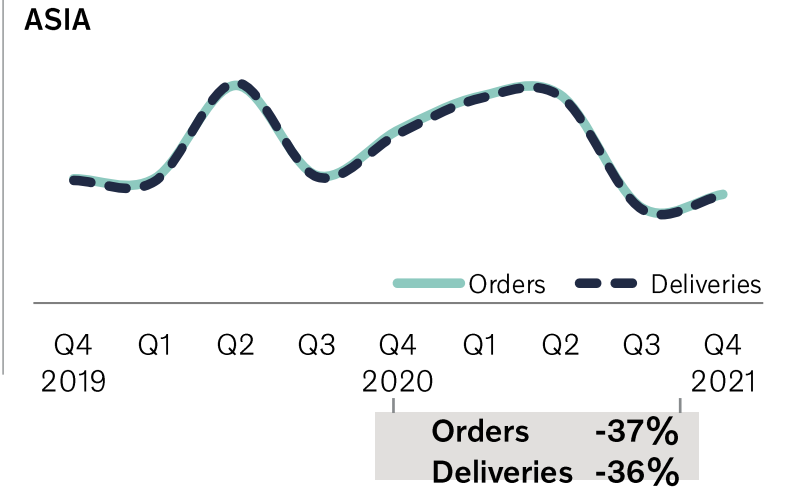
SOUTH AMERICA



AFRICA AND OCEANIA



ASIA



Buses

- Orders in Q4 increased by 43%
- Deliveries in Q4 decreased by 37%
- Order for 61 electric buses to Helsinki, Finland
- Managing the pandemic:
 - Volumes in 2021 down 46% vs 2019
 - Volvo Buses achieved an adjusted operating income of SEK 59 M for FY2021



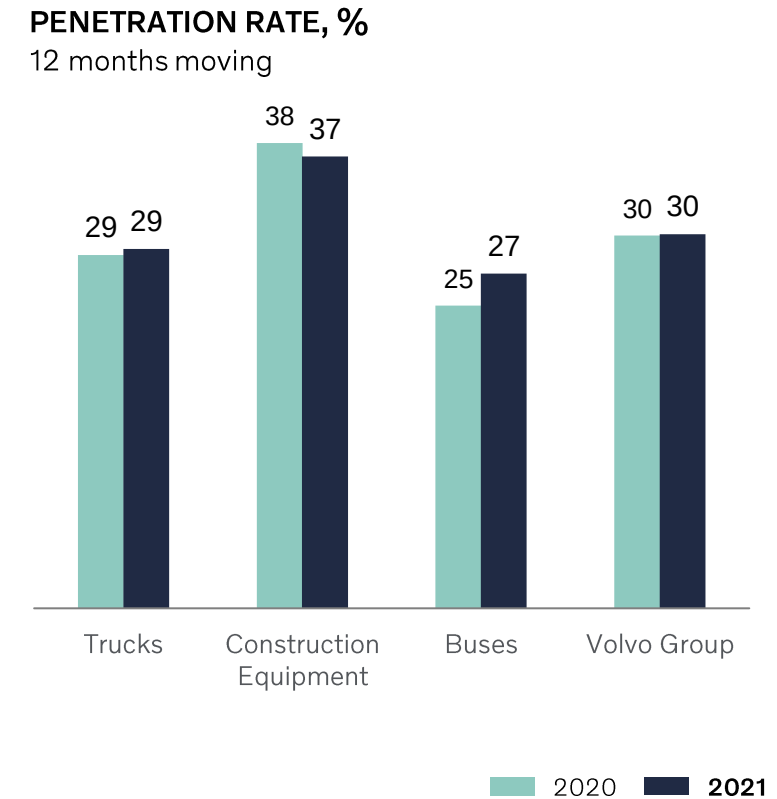
Volvo Penta

- Orders increased by 1%
- Deliveries increased by 8%
- Development of an advanced hybrid solution for Hurtigruten Svalbard's new sightseeing vessel
- Electric terminal tractor prototype powered by Volvo Penta delivered to TICO in North America



Financial services

- Strong demand for transportation and construction services drives good portfolio performance
- Record new business volume for the quarter and year
- Expansion of global parts and service financing platform with rollout in Brazil



FOURTH QUARTER 2021

Jan Ytterberg, Executive Vice President Group Finance and CFO

Volvo Group

Fourth Quarter 2021

2022-01-28

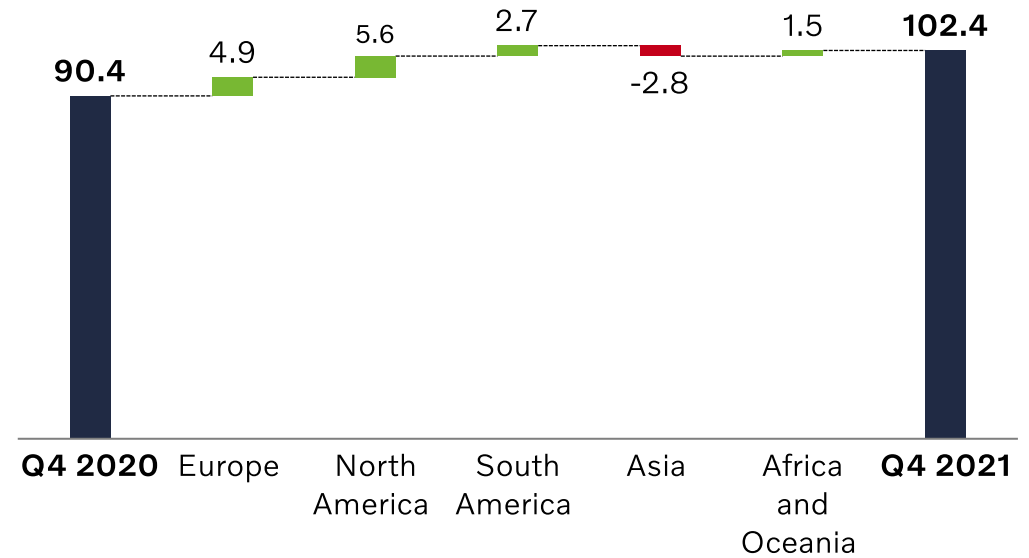
Volvo Group

Net sales per market



NET SALES SEK bn

Currency SEK +0.9 bn



Net sales restated for UD Trucks divestment

Volvo Group

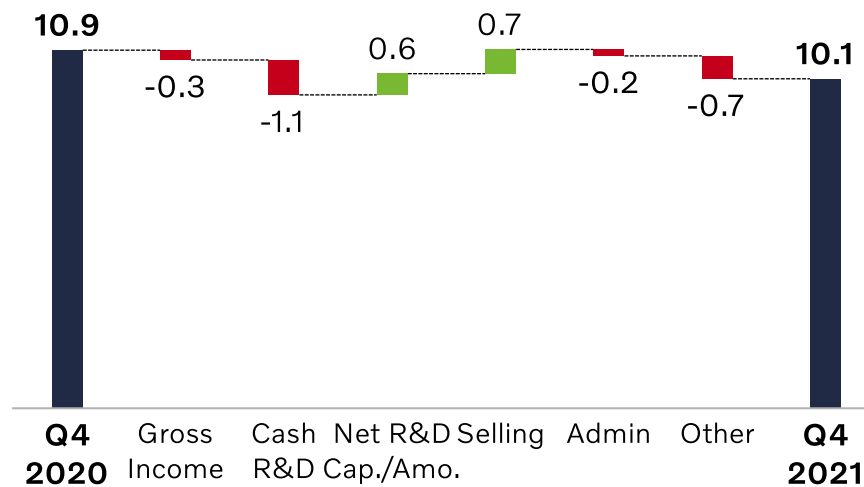
Adjusted operating income contributors



ADJUSTED OPERATING INCOME

SEK bn

Currency SEK +0.1 bn



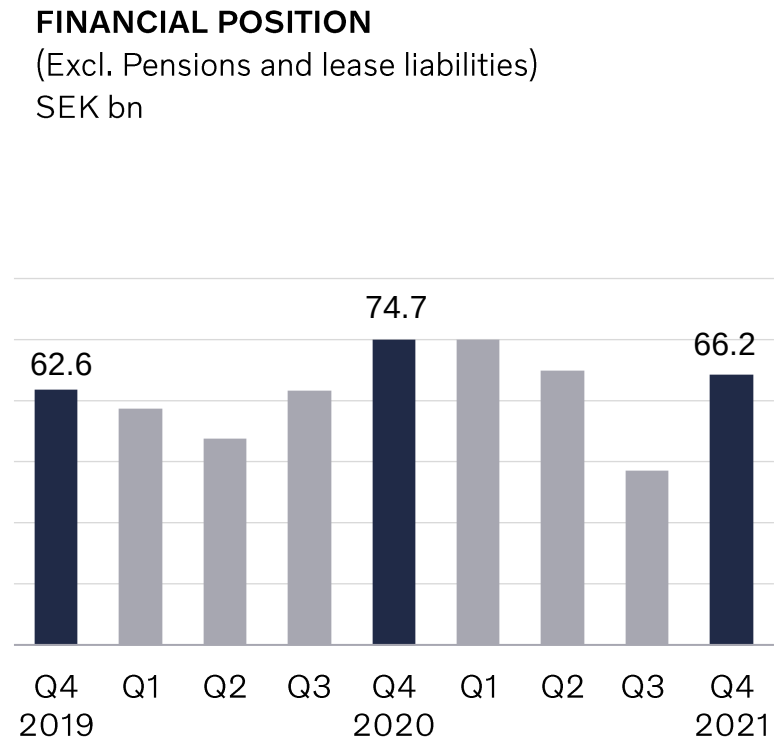
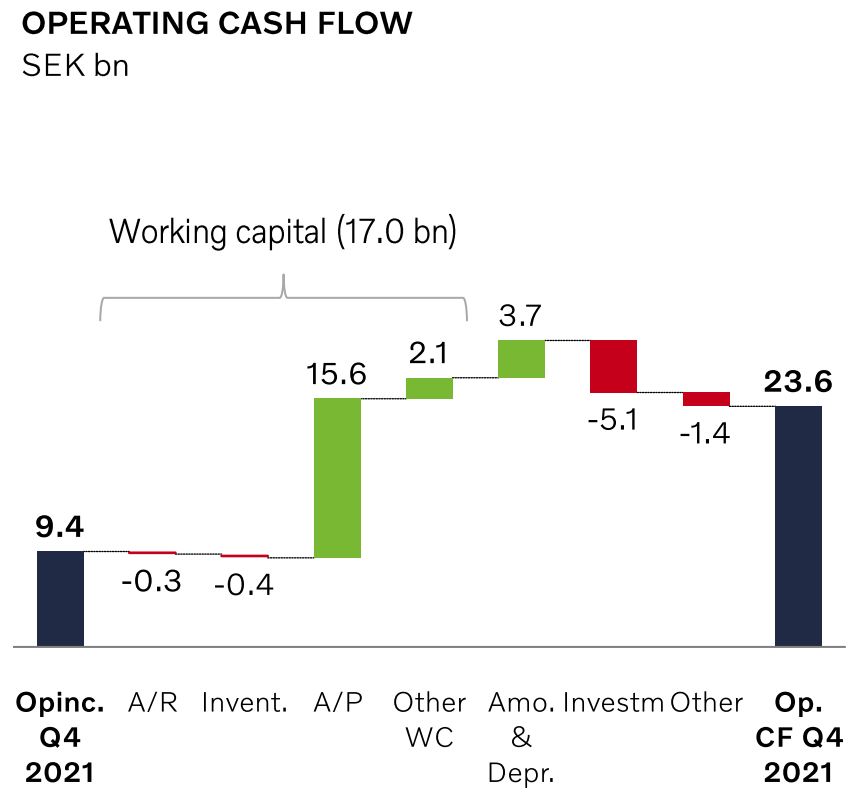
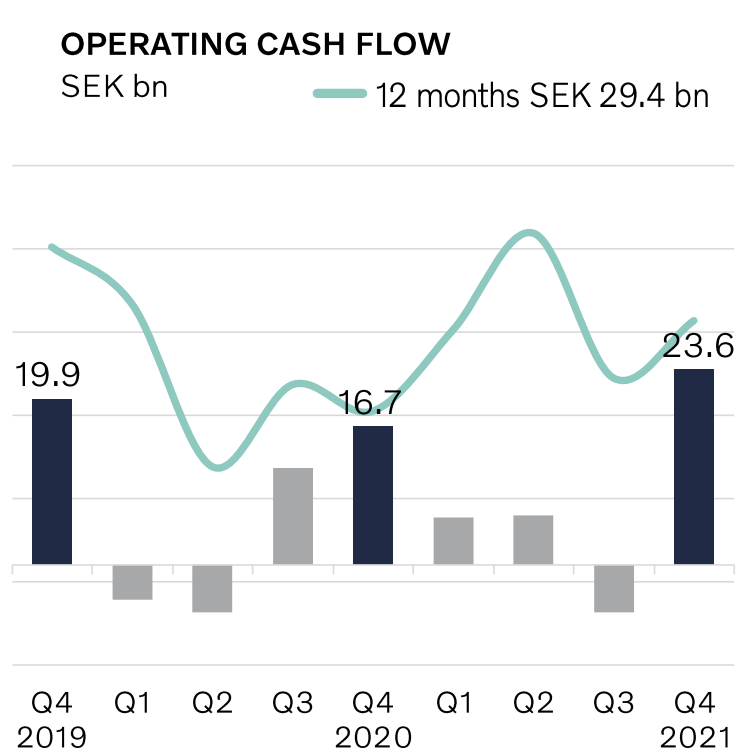
- + Price
- + Vehicle & service volumes
- + Used vehicles



- Material costs
- JV earnings
- Industrial productivity
- R&D expenses

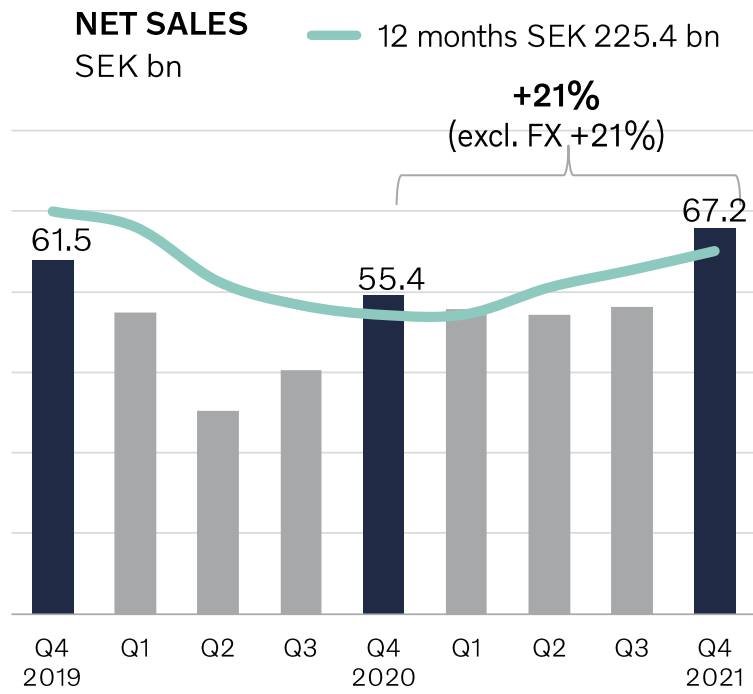
Volvo Group

Cash flow and financial position in Industrial Operations



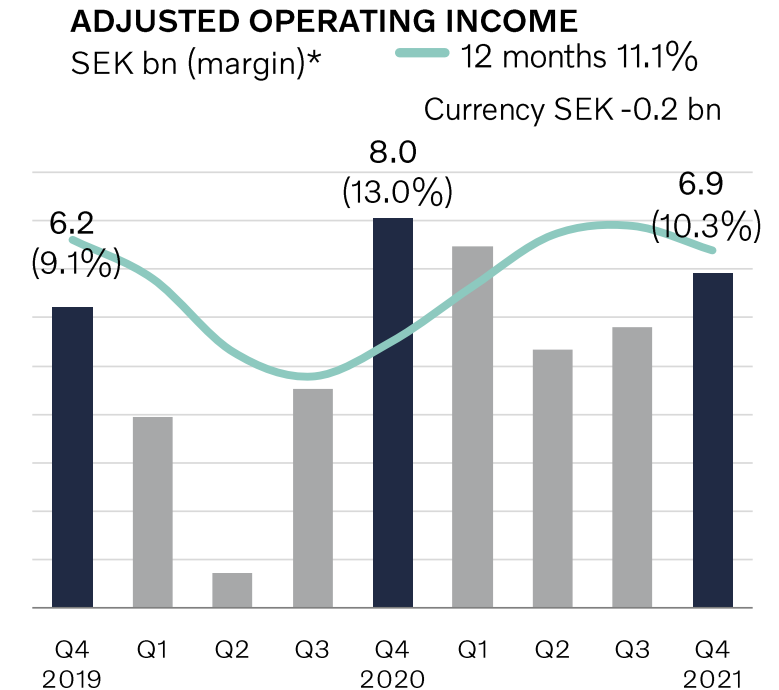
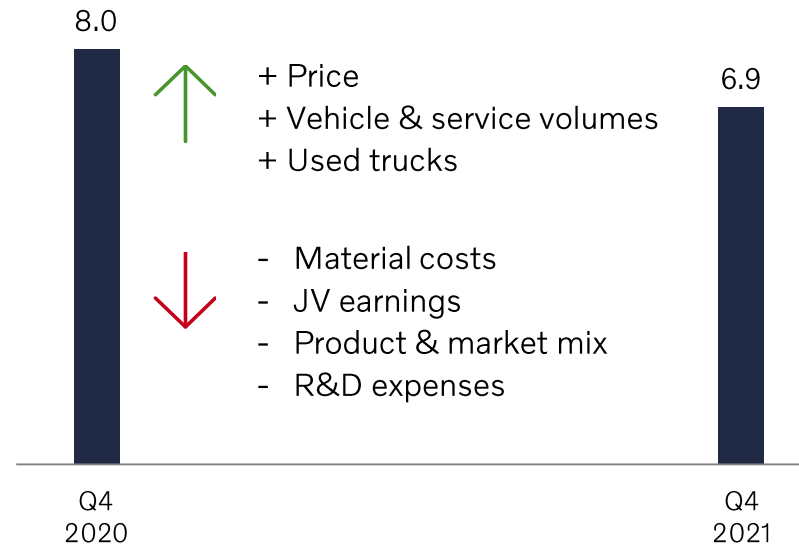
Trucks

Net sales and adjusted operating income



Net sales restated for UD Trucks divestment

ADJUSTED OPERATING INCOME
SEK bn



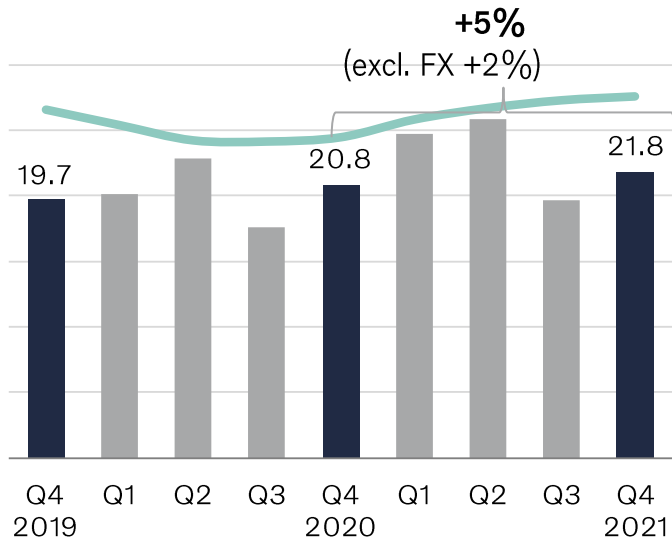
*For information on adjustments, see note 7 in the quarterly report

Construction Equipment

Net sales and adjusted operating income

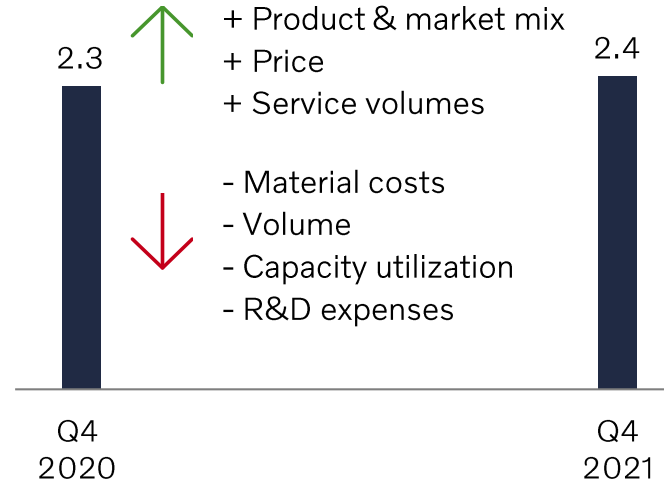
NET SALES

SEK bn 12 months SEK 92.0 bn



ADJUSTED OPERATING INCOME

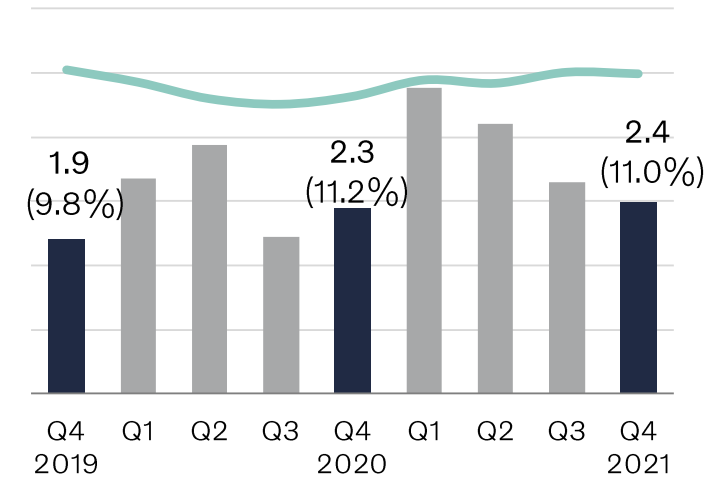
SEK bn



ADJUSTED OPERATING INCOME

SEK bn (margin)* 12 months 13,3%

Currency SEK +0.2 bn



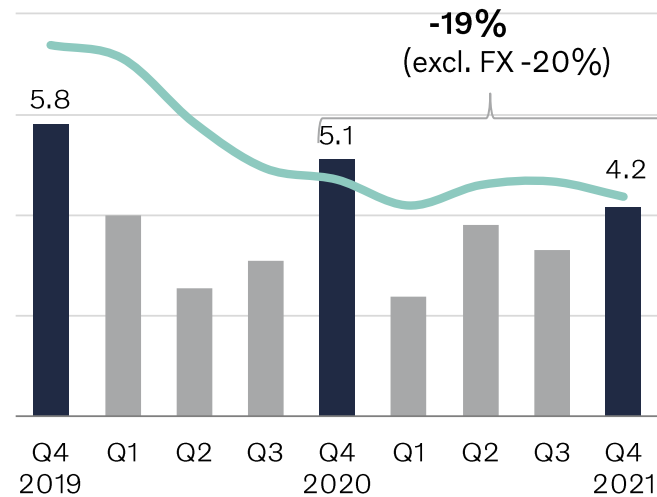
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Buses

Net sales and adjusted operating income

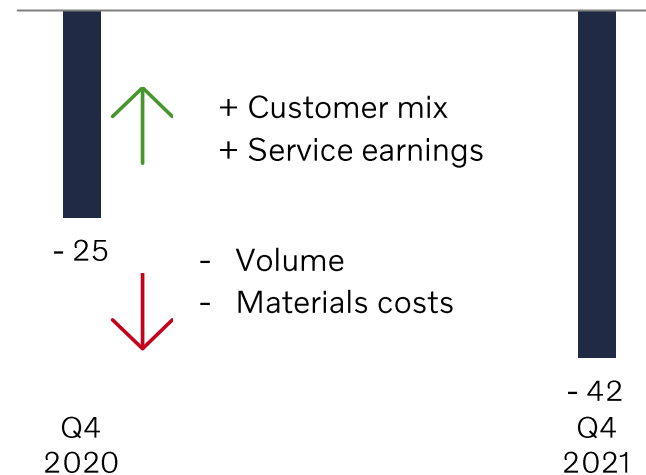
NET SALES

SEK bn — 12 months SEK 13.7 bn



ADJUSTED OPERATING INCOME

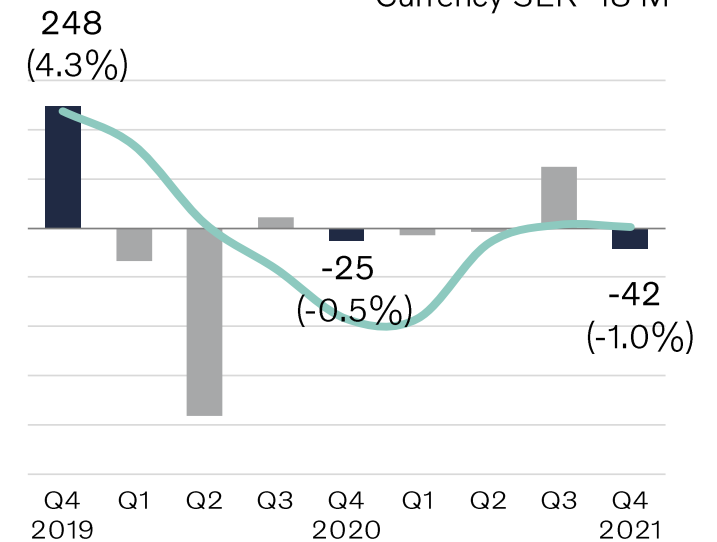
SEK M



ADJUSTED OPERATING INCOME

SEK M (margin)* — 12 months 0.4%

Currency SEK -18 M

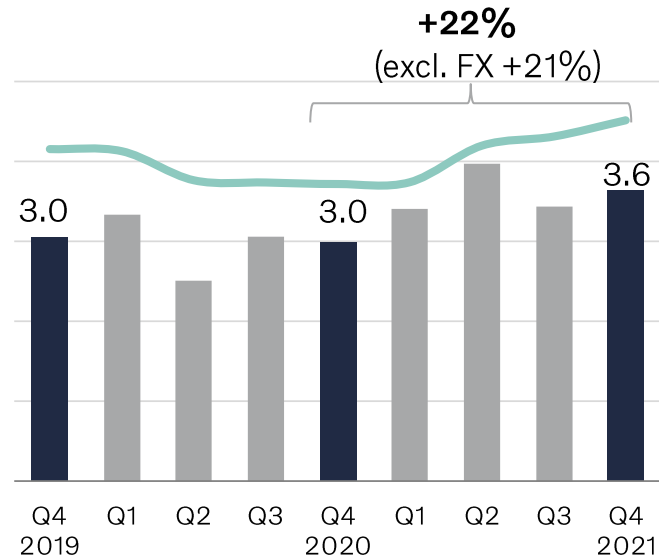


Volvo Penta

Net sales and adjusted operating income

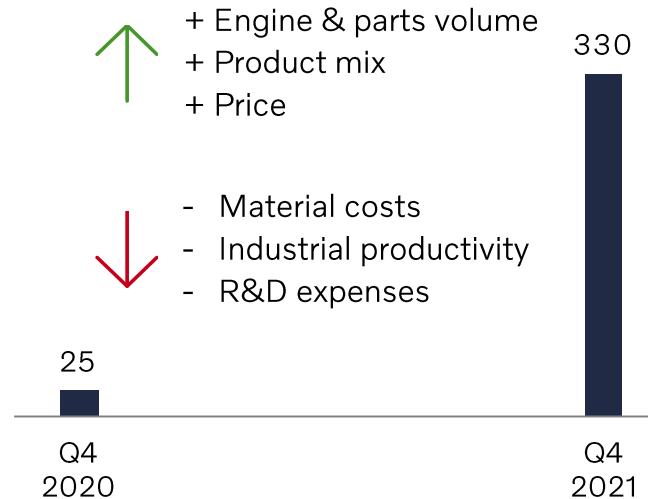
NET SALES

SEK bn 12 months SEK 14.4 bn



ADJUSTED OPERATING INCOME

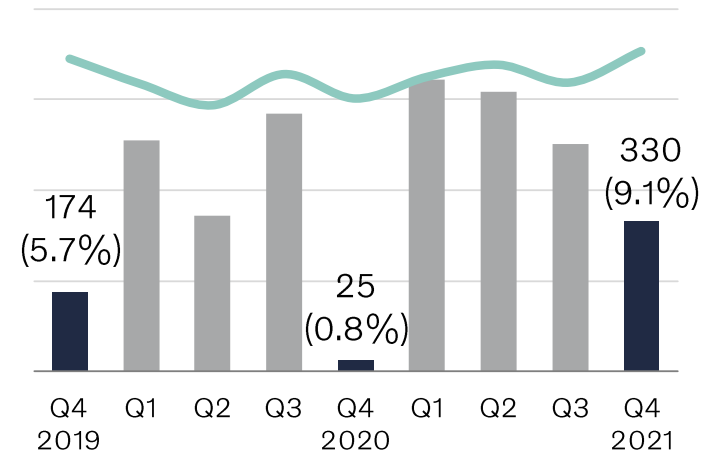
SEK M



ADJUSTED OPERATING INCOME

SEK M (margin)* 12 months 14.5%

Currency SEK +20 M



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

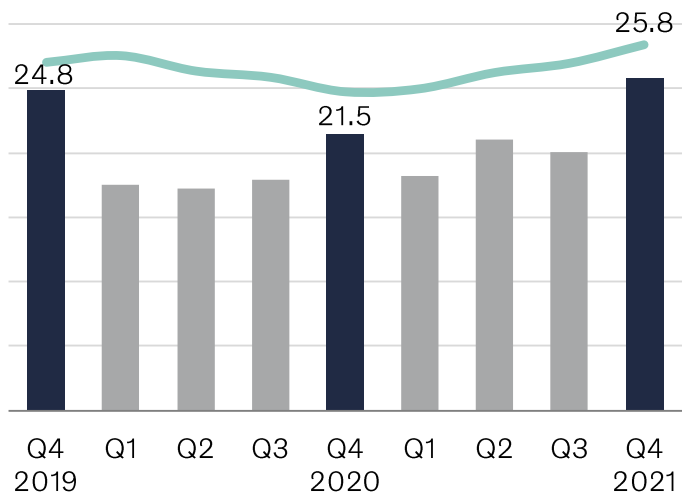
Financial Services

Credit portfolio and profitability

NEW RETAIL FINANCING

SEK bn

12 months SEK 85.1 bn

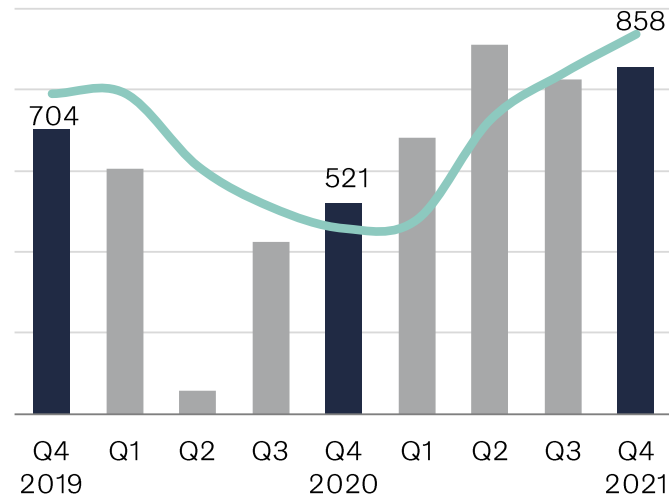


ADJUSTED OPERATING INCOME *

SEK M

12 months SEK 3 279 M

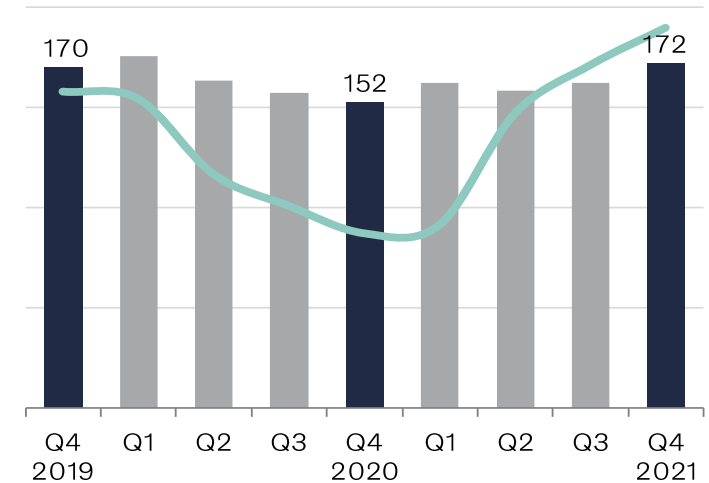
Currency SEK +21 M



CREDIT PORTFOLIO & ROE

SEK bn

ROE 12 months 18.0%



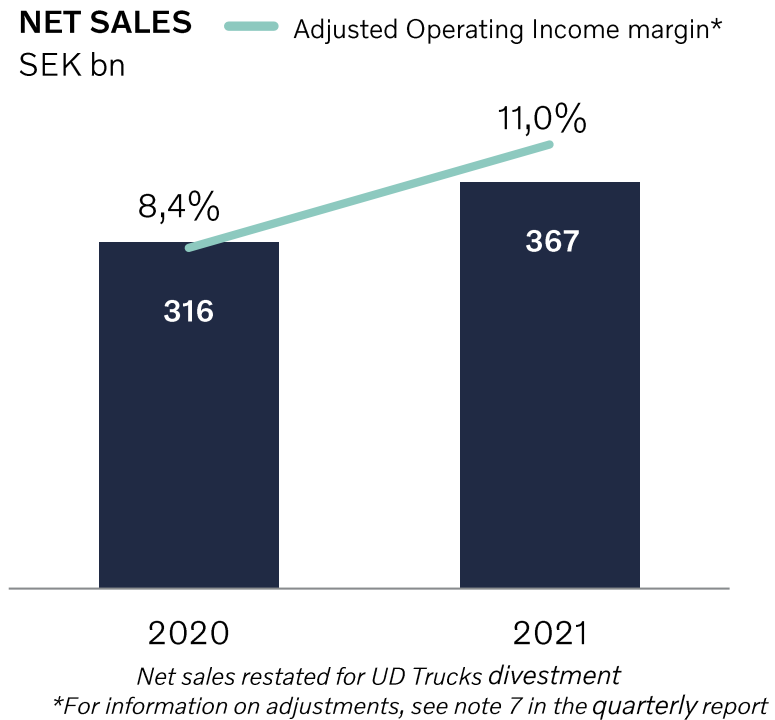
*For information on adjustments, see note 7 in the quarterly report

Volvo Group

Full Year highlights

KEY ACHIEVEMENTS IN 2021

- Strong performance in a year with many challenges
- Leading the transformation towards sustainable transport solutions
- ROCE 25% in Industrial Operation



DIVIDEND PROPOSAL FOR 2021

- Ordinary dividend SEK 6.50 (6.00)
- Extra dividend SEK 6.50 (9.00)

VOLVO

Q&A

Volvo Group

Fourth Quarter 2021

2022-01-28