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**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4</td>
<td>98.6</td>
<td>90.4</td>
<td>102.4</td>
</tr>
</tbody>
</table>

SEK bn

- 12 months SEK 367 bn

**ADJUSTED OPERATING INCOME (margin)**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4</td>
<td>9.2</td>
<td>10.9</td>
<td>10.1</td>
</tr>
</tbody>
</table>

(8.8%) (11.3%) (9.8%)

*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

MACHINE DELIVERIES
k units
- 12 months 100 k units

Deliveries restated for UD Trucks divestment
## Volvo Group

**Electrification progress**

### ORDER INTAKE, FULLY ELECTRIC VEHICLES, Q4 2021

units HD/MD/LD

<table>
<thead>
<tr>
<th>Category</th>
<th>Intake</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trucks</td>
<td>454</td>
</tr>
<tr>
<td>Volvo CE</td>
<td>92</td>
</tr>
<tr>
<td>Volvo Buses</td>
<td>61</td>
</tr>
<tr>
<td>Volvo Penta</td>
<td>-3</td>
</tr>
<tr>
<td><strong>Volvo Group, Total</strong></td>
<td><strong>604</strong></td>
</tr>
</tbody>
</table>

### ORDER INTAKE, FULLY ELECTRIC VEHICLES

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Intake</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2020</td>
<td>95</td>
</tr>
<tr>
<td>Q1</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td></td>
</tr>
<tr>
<td>Q4 2021</td>
<td>604</td>
</tr>
</tbody>
</table>
Volvo Group
Service sales development

**SERVICE SALES** (incl. Financial Services)
SEK bn  12 months SEK 89.7 bn

+11%  
+9% excl. FX

23.5  
21.6  
23.9

Q4  Q1  Q2  Q3  Q4  Q1  Q2  Q3  Q4
2019  2020

Service sales restated for UD Trucks divestment

→ 10% TRUCKS
→ 14% CONSTRUCTION EQUIPMENT
→ 19% BUSES
→ 21% VOLVO PENTA

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

**NORTH AMERICA HD**
- 2020: 235^
- 2021: 270^
- Forecast 2022: 300^

**EUROPE HD**
- 2020: 231^
- 2021: 277^
- Forecast 2022: 300^

**BRAZIL HD**
- 2020: 67^
- 2021: 98^
- Forecast 2022: 100^

**INDIA HD+MD**
- 2020: 143^
- 2021: 254^
- Forecast 2022: 300^

**CHINA HD+MD**
- 2020: 1778^
- 2021: 1574^
- Forecast 2022: 1100^

*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

EUROPE

SOUTH AMERICA

AFRICA AND OCEANIA

ASIA

Orders and Deliveries Trends

Orders
-33%
Deliveries
+29%

Orders
-12%
Deliveries
+18%

Orders
-16%
Deliveries
+41%

Orders
+3%
Deliveries
+20%

Orders
-1%
Deliveries
-13%

Figures restated for UD Trucks divestment
Trucks

Heavy-duty truck market shares

NORTH AMERICA
YTD Dec

<table>
<thead>
<tr>
<th></th>
<th>Volvo</th>
<th>Mack</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>9.4</td>
<td>6.3</td>
</tr>
<tr>
<td>2021</td>
<td>9.6</td>
<td>7.7</td>
</tr>
</tbody>
</table>

EUROPE (EU29)
YTD Dec

<table>
<thead>
<tr>
<th></th>
<th>Volvo</th>
<th>Renault</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>16.3</td>
<td>8.8</td>
</tr>
<tr>
<td>2021</td>
<td>16.5</td>
<td>8.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Volvo</th>
<th>Renault</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>39.8</td>
<td>5.1</td>
</tr>
<tr>
<td>2021</td>
<td>42.2</td>
<td>19.4</td>
</tr>
</tbody>
</table>

BRAZIL
YTD Dec

<table>
<thead>
<tr>
<th></th>
<th>Volvo</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>22.2</td>
</tr>
<tr>
<td>2021</td>
<td>22.2</td>
</tr>
</tbody>
</table>

SOUTH AFRICA
YTD Dec

<table>
<thead>
<tr>
<th></th>
<th>Volvo</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>17.2</td>
</tr>
<tr>
<td>2021</td>
<td>16.8</td>
</tr>
</tbody>
</table>

AUSTRALIA
YTD Dec

<table>
<thead>
<tr>
<th></th>
<th>Volvo</th>
<th>Mack</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>16.4</td>
<td>6.6</td>
</tr>
<tr>
<td>2021</td>
<td>12.9</td>
<td>4.5</td>
</tr>
</tbody>
</table>
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

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 -24% and Deliveries -18%

NORTH AMERICA

Orders +14%
Deliveries +31%

EUROPE

Orders -12%
Deliveries +24%

SOUTH AMERICA

Orders -11%
Deliveries +41%

AFRICA AND OCEANIA

Orders +25%
Deliveries +38%

ASIA

Orders -37%
Deliveries -36%
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
Volvo Group

Net sales per market

NET SALES
SEK bn

Currency SEK +0.9 bn

<table>
<thead>
<tr>
<th>Q4 2020</th>
<th>Europe</th>
<th>North America</th>
<th>South America</th>
<th>Asia</th>
<th>Africa and Oceania</th>
<th>Q4 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>90.4</td>
<td>4.9</td>
<td>5.6</td>
<td>2.7</td>
<td>-2.8</td>
<td>1.5</td>
<td>102.4</td>
</tr>
</tbody>
</table>

Net sales restated for UD Trucks divestment
Volvo Group

Adjusted operating income contributors

ADJUSTED OPERATING INCOME
SEK bn

<table>
<thead>
<tr>
<th></th>
<th>Q4 2020</th>
<th>Q4 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Income</td>
<td>10.9</td>
<td>10.1</td>
</tr>
<tr>
<td>Cash</td>
<td>-0.3</td>
<td></td>
</tr>
<tr>
<td>Net R&amp;D</td>
<td>-1.1</td>
<td></td>
</tr>
<tr>
<td>Selling</td>
<td>0.6</td>
<td></td>
</tr>
<tr>
<td>Admin</td>
<td>-0.2</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>-0.7</td>
<td></td>
</tr>
<tr>
<td>R&amp;D Cap./Amo.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Currency SEK +0.1 bn

- Price
+ Vehicle & service volumes
+ Used vehicles

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

Volvo Group
Fourth Quarter 2021

2022-01-28  20
Volvo Group
Cash flow and financial position in Industrial Operations

**OPERATING CASH FLOW**
SEK bn
- 12 months SEK 29.4 bn

Q4 2019: 19.9
Q1 2020: 16.7

**OPERATING CASH FLOW**
SEK bn

Working capital (17.0 bn)
- 9.4
- 0.3
- 0.4
15.6
2.1
3.7
-5.1
-1.4
23.6

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

Q4 2019: 62.6
66.2

Volvo Group
Fourth Quarter 2021
Trucks

Net sales and adjusted operating income

**NET SALES**
SEK bn

- 12 months SEK 225.4 bn
- +21% (excl. FX +21%)

- Q4 2019: 61.5
- Q1 2020: 55.4
- Q2 2020: 55.4
- Q3 2020: 67.2
- Q4 2020: 67.2

*Net sales restated for UD Trucks divestment*

**ADJUSTED OPERATING INCOME**
SEK bn

- Q4 2020: 8.0
- Q4 2021: 6.9

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

- - Material costs
- - JV earnings
- - Product & market mix
- - R&D expenses

**ADJUSTED OPERATING INCOME**
SEK bn (margin)*

- 12 months 11.1%
- Currency SEK -0.2 bn

- Q4 2019: 6.2 (9.1%)
- Q1 2020: 8.0 (13.0%)
- Q2 2020: 6.9 (10.3%)

*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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2019</td>
<td>19.7</td>
</tr>
<tr>
<td>Q1 2020</td>
<td>19.7</td>
</tr>
<tr>
<td>Q2 2020</td>
<td>20.8</td>
</tr>
<tr>
<td>Q3 2020</td>
<td>20.8</td>
</tr>
<tr>
<td>Q4 2021</td>
<td>21.8</td>
</tr>
</tbody>
</table>

Net sales increased by 5% (excl. FX +2%)

**ADJUSTED OPERATING INCOME**
SEK bn

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Adjusted Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2020</td>
<td>2.3 (9.8%)</td>
</tr>
<tr>
<td>Q4 2021</td>
<td>2.4 (11.0%)</td>
</tr>
</tbody>
</table>

+ Product & market mix  
+ Price  
+ Service volumes

- Material costs  
- Volume  
- Capacity utilization  
- R&D expenses

**ADJUSTED OPERATING INCOME**
SEK bn (margin)  
12 months 13.3%

Currency SEK +0.2 bn

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Adjusted Operating Income (Margin)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2019</td>
<td>1.9 (9.8%)</td>
</tr>
<tr>
<td>Q1 2020</td>
<td>2.3 (11.2%)</td>
</tr>
<tr>
<td>Q2 2020</td>
<td>2.4 (11.0%)</td>
</tr>
<tr>
<td>Q3 2020</td>
<td>2.4 (11.0%)</td>
</tr>
</tbody>
</table>

*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 13.7 bn

-19% (excl. FX -20%)

<table>
<thead>
<tr>
<th>Q4 2019</th>
<th>Q1 2020</th>
<th>Q3 2020</th>
<th>Q4 2020</th>
<th>Q1 2021</th>
<th>Q3 2021</th>
<th>Q4 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.8</td>
<td>5.1</td>
<td></td>
<td></td>
<td>4.2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**ADJUSTED OPERATING INCOME**
SEK M

- 25
- Volume
- Materials costs
+ Customer mix
+ Service earnings

Q4 2020

- 42
Q4 2021

**ADJUSTED OPERATING INCOME**
SEK M (margin)* 12 months 0.4%

248 (4.3%)

Currency SEK -18 M

Q4 2019
Q1 2020
Q2 2020
Q3 2020
Q4 2020
Q1 2021
Q2 2021
Q3 2021
Q4 2021

-25 (-0.5%)
-42 (-1.0%)

*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 14.4 bn

3.0  
3.0  
3.0  
3.6

Q4 2019  Q1 2020  Q2 2020  Q3 2020  Q4 2020

**ADJUSTED OPERATING INCOME**
SEKM

+22%
(excl. FX +21%)

330

25

Q4 2020  Q4 2021

+ Engine & parts volume  
+ Product mix  
+ Price

- Material costs  
- Industrial productivity  
- R&D expenses

**ADJUSTED OPERATING INCOME**
SEK M (margin)*

174 (5.7%)  
25 (0.8%)  
330 (9.1%)

Q4 2019  Q1 2020  Q2 2020  Q3 2020  Q4 2020  Q1 2021  Q2 2021  Q3 2021  Q4 2021

*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

![NET SALES](chart)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales (SEK bn)</th>
<th>Adjusted Operating Income margin*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>316</td>
<td>8.4%</td>
</tr>
<tr>
<td>2021</td>
<td>367</td>
<td>11.0%</td>
</tr>
</tbody>
</table>

DIVIDEND PROPOSAL FOR 2021

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

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