FOURTH QUARTER AND FULL YEAR 2022

Martin Lundstedt, President and CEO

Volvo Group
Fourth quarter and full year 2022
2023-01-26
Volvo Group

FULL YEAR 2022 HIGHLIGHTS

• Sales growth of SEK 101 bn to SEK 473 bn
• Adj. operating income growth of SEK 9.5 bn to SEK 50.5 bn
• Operating cash flow Industrial Operations SEK 35 bn
• Net cash position of SEK 74 bn
• ROCE 27.4% (25.3)
• A year of major challenges:
  – Supply chain constraints and disturbances
  – Cost inflation headwinds
Volvo Group
Fourth quarter highlights

• Net sales increased to SEK 134.3 bn, an increase of 17% adjusted for FX

• Adjusted operating income reached SEK 12.2 bn (10.1), corresponding to a margin of 9.1% (9.8)

*For information on adjustments, see note 6 in the quarterly report
Volvo Group
Volume development

TRUCK DELIVERIES
- 12 months 233 k units
- +4%

MACHINE DELIVERIES
- 12 months 81 k units
- +4%

Deliveries restated for UD Trucks divestment
Volvo Group
Electrification progress*

*Including Designwerk and Nova Bus

Volvo Group
Fourth quarter and full year 2022
Volvo Group
Service sales development

**SERVICE SALES** (incl. Financial Services)
SEK bn  12 months SEK 109.8 bn
+25%
+11% excl. FX

<table>
<thead>
<tr>
<th>Year</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>
<th>Q4 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>21.6</td>
<td>22.2</td>
<td>23.9</td>
<td>24.5</td>
<td>26.1</td>
<td>27.3</td>
<td>28.7</td>
<td>30.0</td>
</tr>
</tbody>
</table>

Service sales restated for UD Trucks divestment

**YoY GROWTH %**
- TRUCKS: 9%
- CONSTRUCTION EQUIPMENT: 0%
- BUSES: 23%
- PENTA: 11%
- VFS: 24%

All figures are excluding FX
Trucks

- 1,000 battery-electric trucks produced in the Blainville plant in France
- XPO Logistics accelerates its transition to a sustainable fleet – investing in 100 fully-electric Renault trucks
- Volvo Group and Pilot Company to create partnership for charging network in North America
- Mack reached 5.3% medium-duty market share in North America since launch mid 2020.
Trucks
Market environment

NORTH AMERICA HD
2022: 310;
Forecast 2023: 300

EUROPE HD
2022: 298;
Forecast 2023: 300

BRAZIL HD
2022: 98;
Forecast 2023: 80

INDIA HD+MD
2022: 351;
Forecast 2023: 400

CHINA HD+MD
2022: 768;
Forecast 2023: 850

Volvo Group
Fourth quarter and full year 2022
**Trucks** Restrictive order slotting to manage order book quality and cost inflation
Quarterly orders -21% and deliveries +4%

**NORTH AMERICA**

**EUROPE**

**SOUTH AMERICA**

**AFRICA AND OCEANIA**

**ASIA**

Volvo Group
Fourth quarter and full year 2022

2023-01-26 9
Trucks

Heavy-duty truck market shares

**NORTH AMERICA**
YTD Dec

Volvo: 9.6, 10.0
Mack: 7.7, 6.2

**EUROPE (EU29)**
YTD Dec

Volvo Total market share: 16.5, 18.4
Renault Total market share: 8.8, 9.4

Volvo Battery-electric market share: 42.4
Renault Battery-electric market share: 31.6

**BRAZIL**
YTD Dec

Volvo: 22.2, 24.6

**SOUTH AFRICA**
YTD Nov

Volvo: 17.0, 19.0

**AUSTRALIA**
YTD Dec

Volvo: 12.9, 17.0
Mack: 4.4, 5.0

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Construction Equipment

• Volvo CE launched its Collision Mitigation System for Volvo wheel loaders
• Electric machine orders +90% and deliveries +221%
Construction Equipment

Market environment

NORTH AMERICA

Forecast 2023: -5% to +5%

EUROPE

Forecast 2023: -5% to +5%

SOUTH AMERICA

Forecast 2023: -10% to 0%

ASIA (excl. CHINA)

Forecast 2023: 0% to +10%

CHINA

Forecast 2023: -15% to -5%
Construction Equipment

Restrictive order slotting to manage order book quality and cost inflation

Quarterly orders -23% and deliveries +4%

NORTH AMERICA

Orders -83%
Deliveries +63%

EUROPE

Orders -54%
Deliveries -24%

SOUTH AMERICA

Orders -72%
Deliveries -15%

AFRICA AND OCEANIA

Orders -23%
Deliveries -10%

ASIA

Orders +11%
Deliveries +12%

Valve Group
Fourth quarter and full year 2022
Buses

• Orders increased by 70%
• Deliveries increased by 64%
• Volvo Buses along with the City of Gothenburg, Sweden, recognized for its innovations within geofencing
Volvo Penta

- Orders decreased by 18%
- Deliveries increased by 11%
- Continued work towards net zero solutions leveraging the Group cube battery technology
Financial Services

- Record quarterly and annual new business volume
- Good portfolio performance
- Finance penetration levels slightly declined
FOURTH QUARTER 2022

Tina Hultkvist, Executive Vice President Group Finance and CFO
Volvo Group

Net sales per market

NET SALES
SEK bn

Currency SEK +14.6 bn

102.4 8.5 9.3 6.4 5.6 2.1 134.3

Q4 2021 Europe North America South America Asia Africa and Q4 2022 Oceania

Volvo Group

Fourth quarter and full year 2022

2023-01-26 18
Volvo Group
Adjusted operating income contributors

ADJUSTED OPERATING INCOME
SEK bn
Currency SEK +1.8 bn

Q4 2021 | Gross Income | Cash R&D | Net R&D Cap./Amo. | Selling | Admin | Other | Q4 2022
--- | --- | --- | --- | --- | --- | --- | ---
10.1 | 7.1 | -2.0 | -0.1 | -2.3 | -0.3 | -0.3 | 12.2

+ Price realization
+ Vehicle volumes
- Material costs
- Selling expenses
- R&D expenses
- Freight costs
Volvo Group
Cash flow, financial position and ROCE in Industrial Operations

**Operating Cash Flow**
- SEK bn
- 12 months SEK 35.3 bn

<table>
<thead>
<tr>
<th>Q4 2020</th>
<th>Q1 2021</th>
<th>Q2 2021</th>
<th>Q3 2021</th>
<th>Q4 2021</th>
<th>Q1 2022</th>
<th>Q2 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.7</td>
<td>14.7%</td>
<td>23.6</td>
<td>25.3%</td>
<td>18.9</td>
<td>27.4%</td>
<td></td>
</tr>
</tbody>
</table>

**ROCE**
- % 12 months

<table>
<thead>
<tr>
<th>Q4 2020</th>
<th>Q1 2021</th>
<th>Q2 2021</th>
<th>Q3 2021</th>
<th>Q4 2021</th>
<th>Q1 2022</th>
<th>Q2 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.7%</td>
<td>25.3%</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**Financial Position**
(Excl. pensions and lease liabilities)
- SEK bn

<table>
<thead>
<tr>
<th>Q4 2020</th>
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<th>Q2 2021</th>
<th>Q3 2021</th>
<th>Q4 2021</th>
<th>Q1 2022</th>
<th>Q2 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>74.7</td>
<td>66.2</td>
<td>74.7</td>
<td>73.9</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Volvo Group
Fourth quarter and full year 2022
Trucks
Net sales and adjusted operating income

**NET SALES**
- 12 months SEK 310.5 bn
- +30% (excl. FX +16%)

**ADJUSTED OPERATING INCOME**
- SEK bn
- + Price realization
- + Vehicle volumes
- - Material costs
- - R&D expenses
- - Selling expenses
- - Freight costs

Net sales restated for UD Trucks divestment

**ADJUSTED OPERATING INCOME**
- SEK bn (margin)*
- Currency SEK +1.0 bn
- 12 months 10.9%

*For information on adjustments, see note 6 in the quarterly report

Volvo Group
Fourth quarter and full year 2022

2023-01-26 21
Construction Equipment
Net sales and adjusted operating income

**NET SALES**
12 months SEK 100.2 bn
SEK bn

+27%
(excl. FX +13%)

<table>
<thead>
<tr>
<th>Q4 2020</th>
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<th>Q3 2021</th>
<th>Q4 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.8</td>
<td>21.8</td>
<td>21.8</td>
<td>27.6</td>
<td></td>
</tr>
</tbody>
</table>

**ADJUSTED OPERATING INCOME**
SEK bn

+ Price realization
- Material costs
- Selling expenses
- Freight costs

<table>
<thead>
<tr>
<th>Q4 2021</th>
<th>Q4 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.4</td>
<td>3.1</td>
</tr>
</tbody>
</table>

**ADJUSTED OPERATING INCOME**
SEK bn (margin)*
12 months 13.2%

<table>
<thead>
<tr>
<th>Q4 2020</th>
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<tbody>
<tr>
<td>2.3</td>
<td>2.4</td>
<td>2.4</td>
<td>3.1</td>
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</table>

(11.2%) (11.0%) (11.2%)

*For information on adjustments, see note 6 in the quarterly report

Volvo Group
Fourth quarter and full year 2022
Buses

Net sales and adjusted operating income

**NET SALES**
SEK bn
12 months SEK 18.6 bn
+60% (excl. FX +43%)

<table>
<thead>
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<th>Q4 2020</th>
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<th>Q3 2021</th>
<th>Q4 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1</td>
<td>4.2</td>
<td>4.2</td>
<td>6.7</td>
<td></td>
</tr>
</tbody>
</table>

**ADJUSTED OPERATING INCOME**
SEK M

<table>
<thead>
<tr>
<th>Q4 2021</th>
<th>Q4 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>-42</td>
<td>228</td>
</tr>
</tbody>
</table>

+ Vehicle and service volumes
+ Price realization
+ Mix
- Material costs

**ADJUSTED OPERATING INCOME (margin)**
SEK M (margin)*
12 months 1.9%
Currency SEK +105 M

<table>
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<tr>
<td></td>
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</table>

-42 (-1.0%)

-25 (-0.5%)

*For information on adjustments, see note 6 in the quarterly report

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All numbers restated to exclude Nova Bus which is now included in segment 'Group Functions and other'

Volvo Group
Fourth quarter and full year 2022
Volvo Penta
Net sales and adjusted operating income

**NET SALES**
- 12 months SEK 18.1 bn
- +33% (excl. FX +22%)

**ADJUSTED OPERATING INCOME**
- 330 SEK M (margin)
  - + Price realization
  - + Volumes
  - - Material costs
  - - R&D expenses
  - - Selling expenses
  - 468 SEK M (margin)
- 12 months 14.0%

*For information on adjustments, see note 6 in the quarterly report*

Volvo Group
Fourth quarter and full year 2022
Financial Services

Credit portfolio and profitability

**CREDIT PORTFOLIO & ROE**
SEK bn  * ROE 12 months 15.1%

Q4 2020  Q1 2021  Q2 2021  Q3 2021  Q4 2021  Q1 2022  Q2 2022  Q3 2022  Q4 2022

152  172  216

* ROE excludes provisioning related to Russian assets in Q1 2022

**ADJUSTED OPERATING INCOME**
SEK M

Q4 2021  Q4 2022

858  863

+ Portfolio growth

- Selling expenses

**ADJUSTED OPERATING INCOME** **
SEK M  12 months SEK 3,416 M

Currency SEK +28 M

**For information on adjustments, see note 6 in the quarterly report**
Volvo Group
FULL YEAR 2022 HIGHLIGHTS

PERFORM
• Sales growth of SEK 101 bn to SEK 473 bn
  – Truck sales >300 bn (all time high)
  – Volvo CE sales >100 bn (all time high)
• Adj. operating income growth of SEK 9.5 bn to SEK 50.5 bn
• Operating cash flow Industrial Operations SEK 35 bn, with increased R&D and CAPEX investments
• ROCE at 27% with a net cash position of SEK 74 bn

TRANSFORM
• Close to 5,000 fully-electric orders in 2022
• Series production started of battery-electric heavy-duty trucks in Europe
• Volvo CE electrified up to 23-ton excavators
• Volvo Buses launched a global electric bus chassis platform
• Charging JV in Europe established, and Pilot Company selected as partner for North America

Proposed ordinary dividend of SEK 7.00 (6.50) and an extra dividend of SEK 7.00 (6.50).
Dividend yield of ~7%.