

V O L V O

# Volvo Group Business update Q3 2024

**Volvo Group**

Business Update Q3 2024

2024-11-20



V O L V O

# Driving prosperity through transport and infrastructure solutions



# Gearing up for growth

- by delivering continuous solid performance
- by accelerating growth through transformation
- by evolving our performance culture





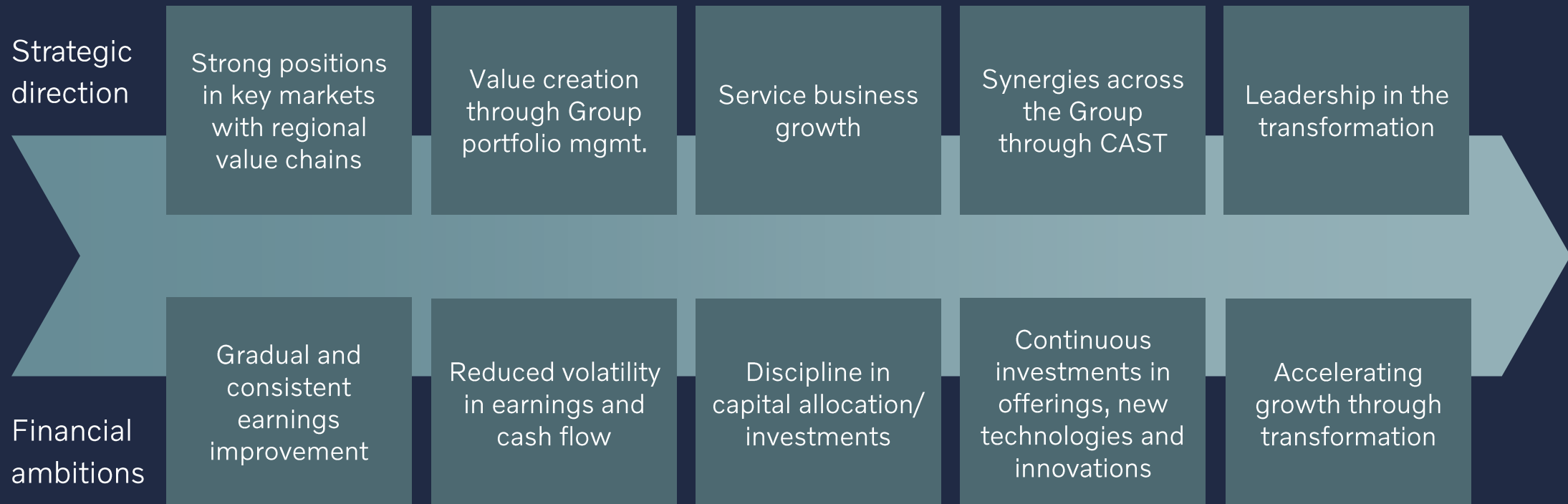
# LONG TERM AMBITION

# 100%

Safe  
Fossil free  
More productive



# Our strategic direction is in sync with our financial ambitions



Our strategy is clear

**We will continue to win  
in ICE, BEV and FCEV –  
regardless of the pace  
of transformation ...**

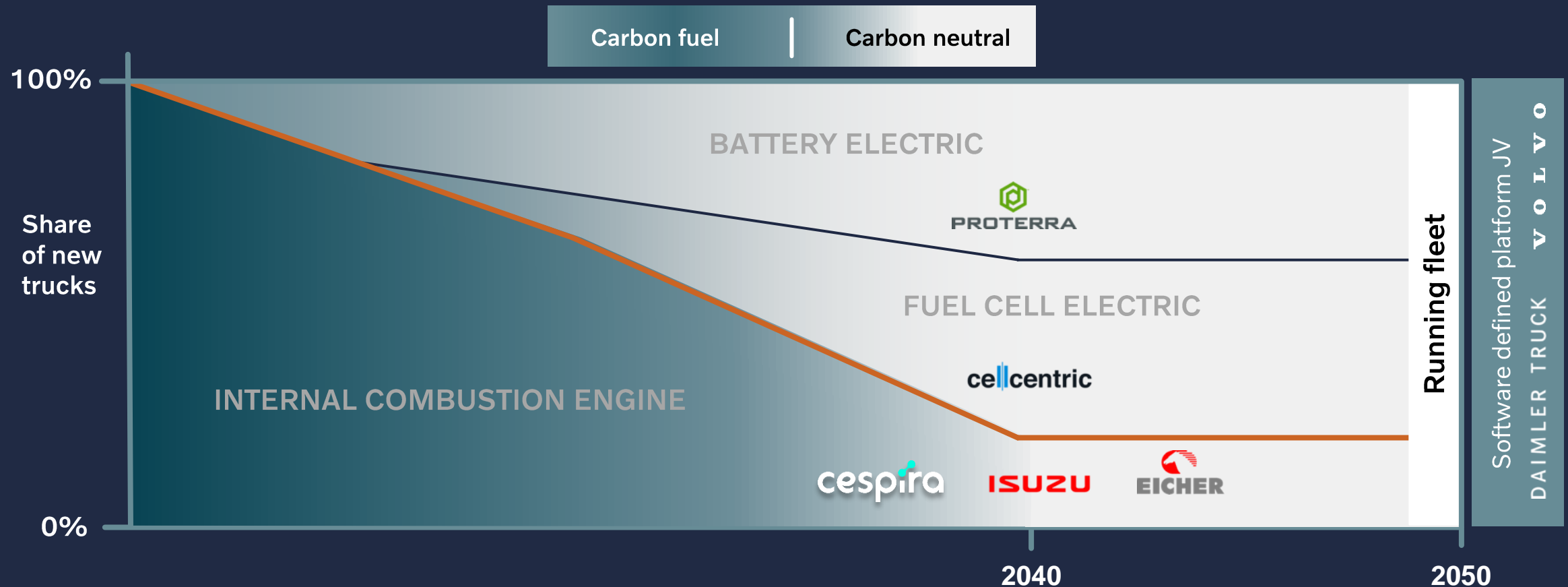
... with the strongest product and  
solution lineup ever



# Common Architecture and Shared Technology (CAST)



# Strong partnerships to accelerate the transition





# Driving global platforms supported by CAST



**VOLVO  
TRUCKS**



**RENAULT  
TRUCKS**



**MACK  
TRUCKS**



**VOLVO  
PENTA**



**VOLVO  
BUSES**



**VOLVO  
CE**



**EICHER  
TRUCKS**



**FINANCIAL  
SERVICES**

MANUFACTURING OF CABS & TRUCKS

REMANUFACTURING OF COMPONENTS

PRODUCTION LOGISTICS

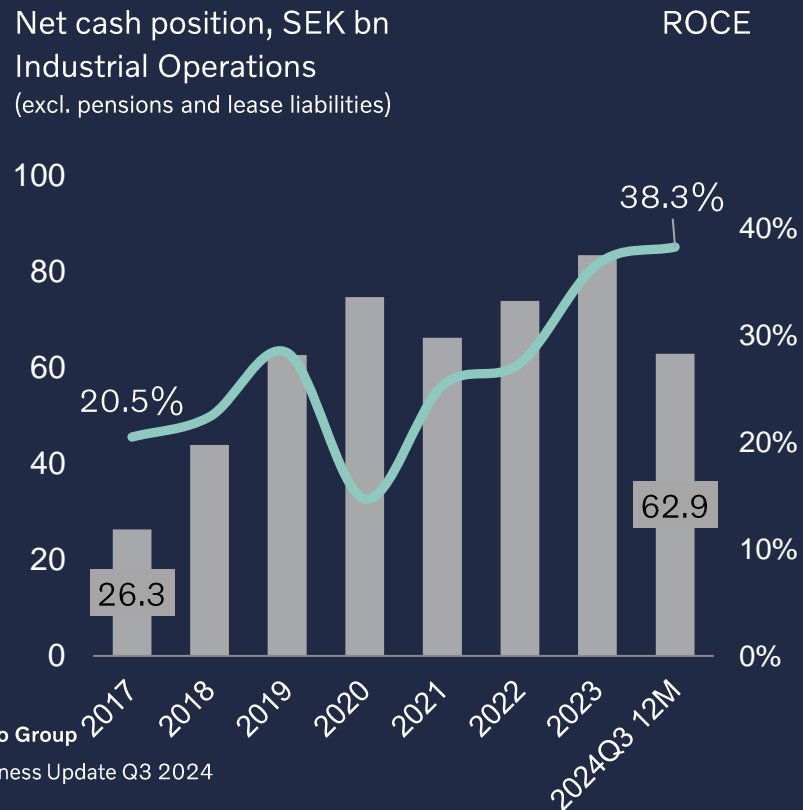
MANUFACTURING OF COMPONENTS (ENGINES, TRANSMISSIONS, BATTERIES)

SERVICE MARKET LOGISTICS

VOLVO PERFORMANCE SYSTEM

# Disciplined capital allocation balancing shareholder return while future proofing the Group

## STRONG FINANCIAL POSITION AND RETURN ON CAPITAL EMPLOYED

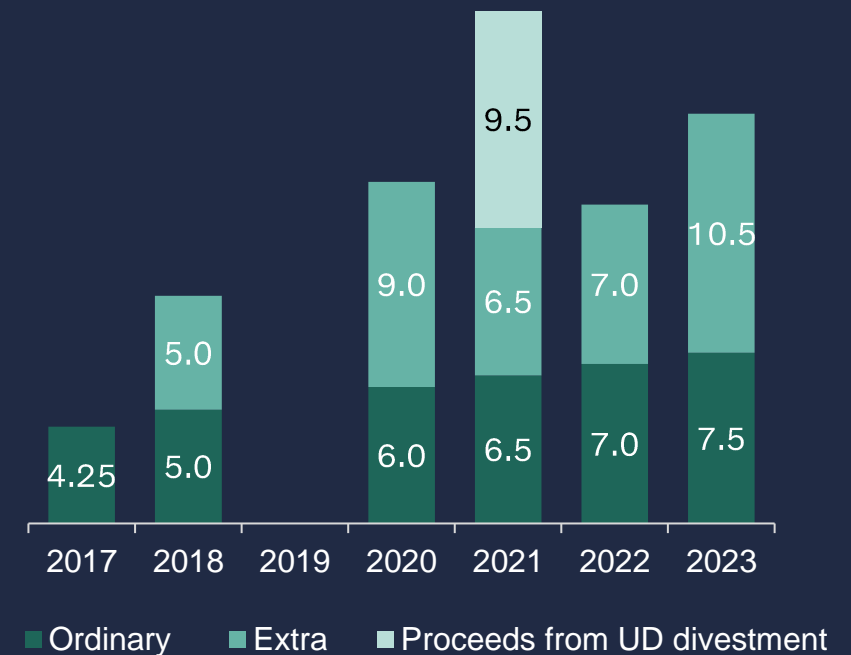


## FORWARD-LEANING INVESTMENTS INTO TECHNOLOGY AND INNOVATION



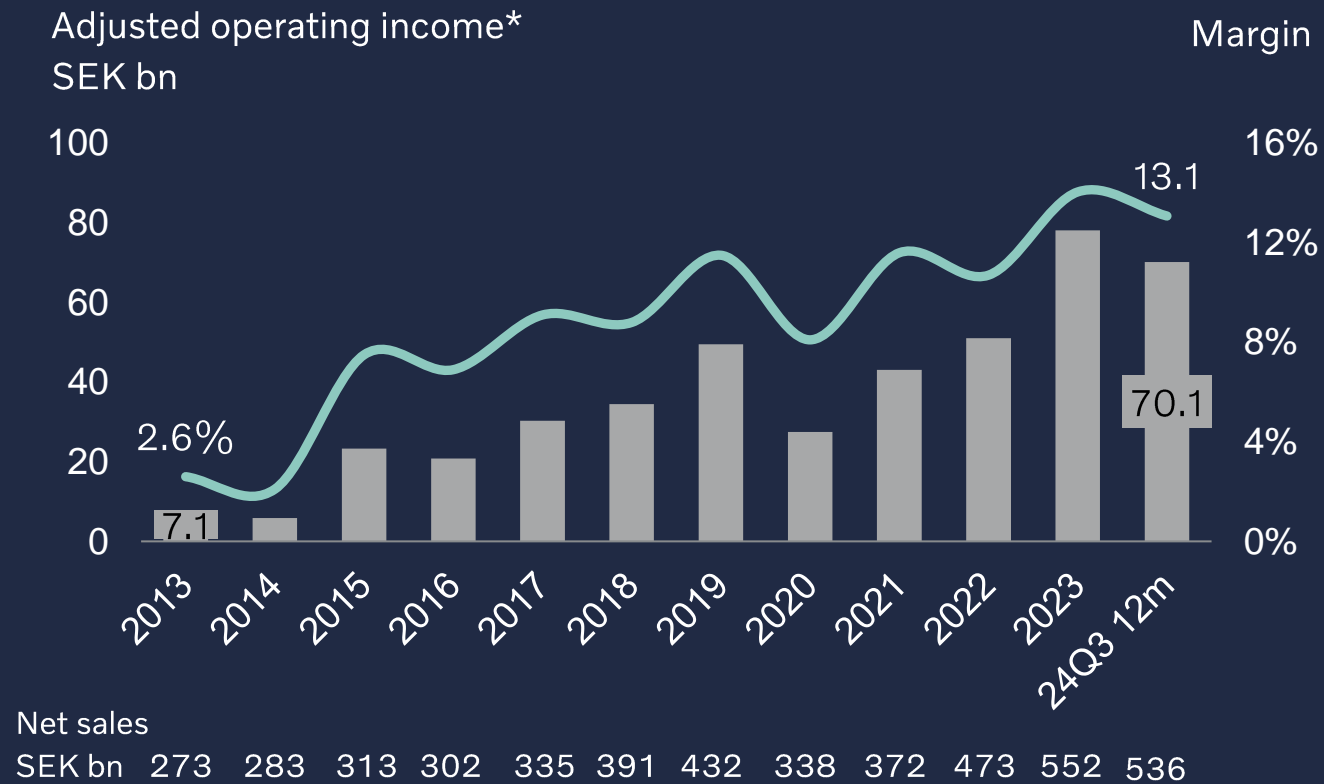
## ATTRACTIVE SHAREHOLDER RETURN

### Dividend, SEK/share

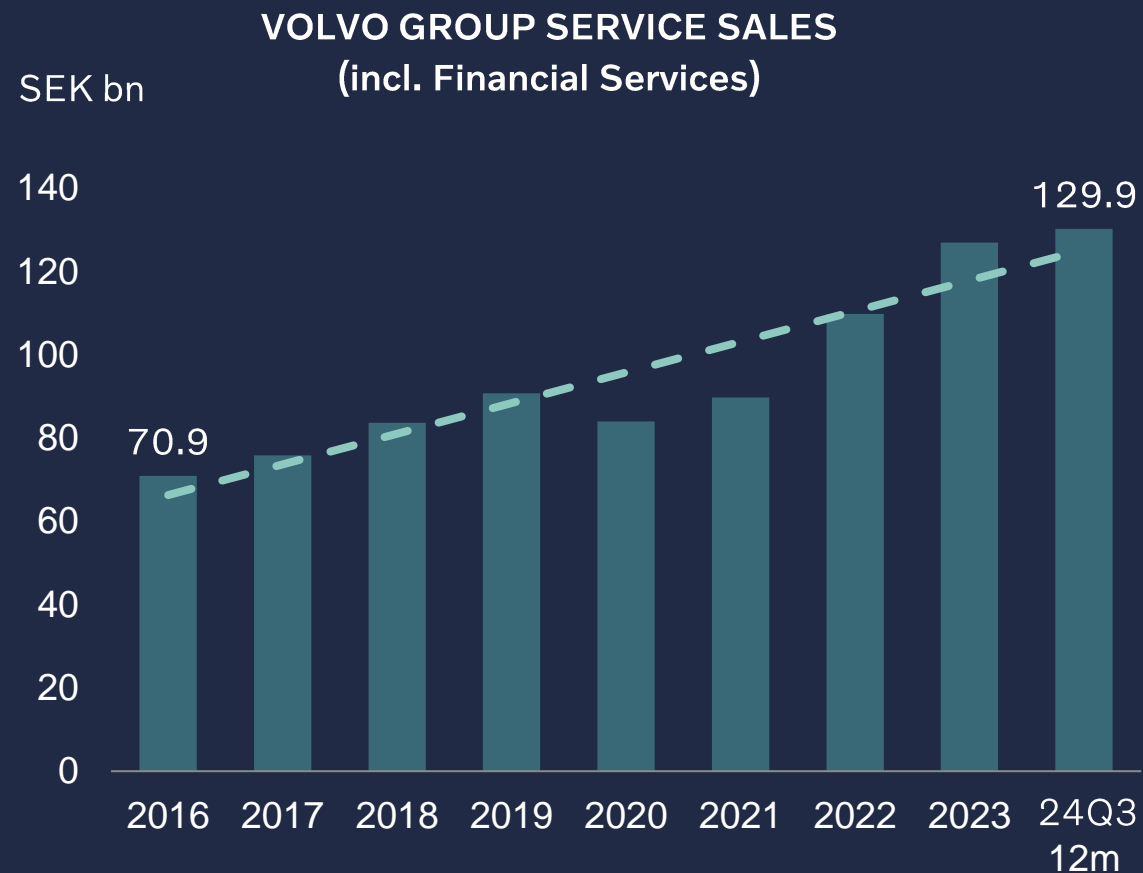




# Consistent earnings improvement while investing in new technologies



# Services strengthening both customer retention, profitability and resilience

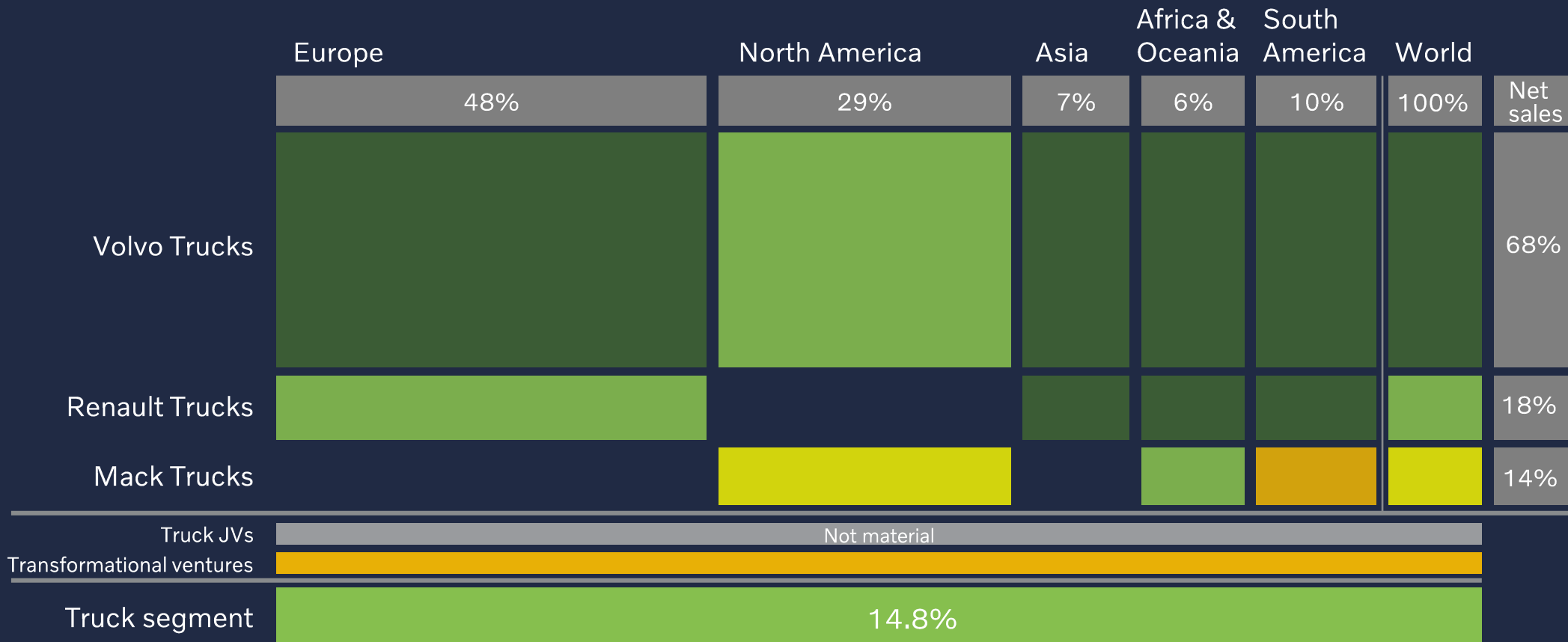




# Continuously reviewing the Group's business portfolio

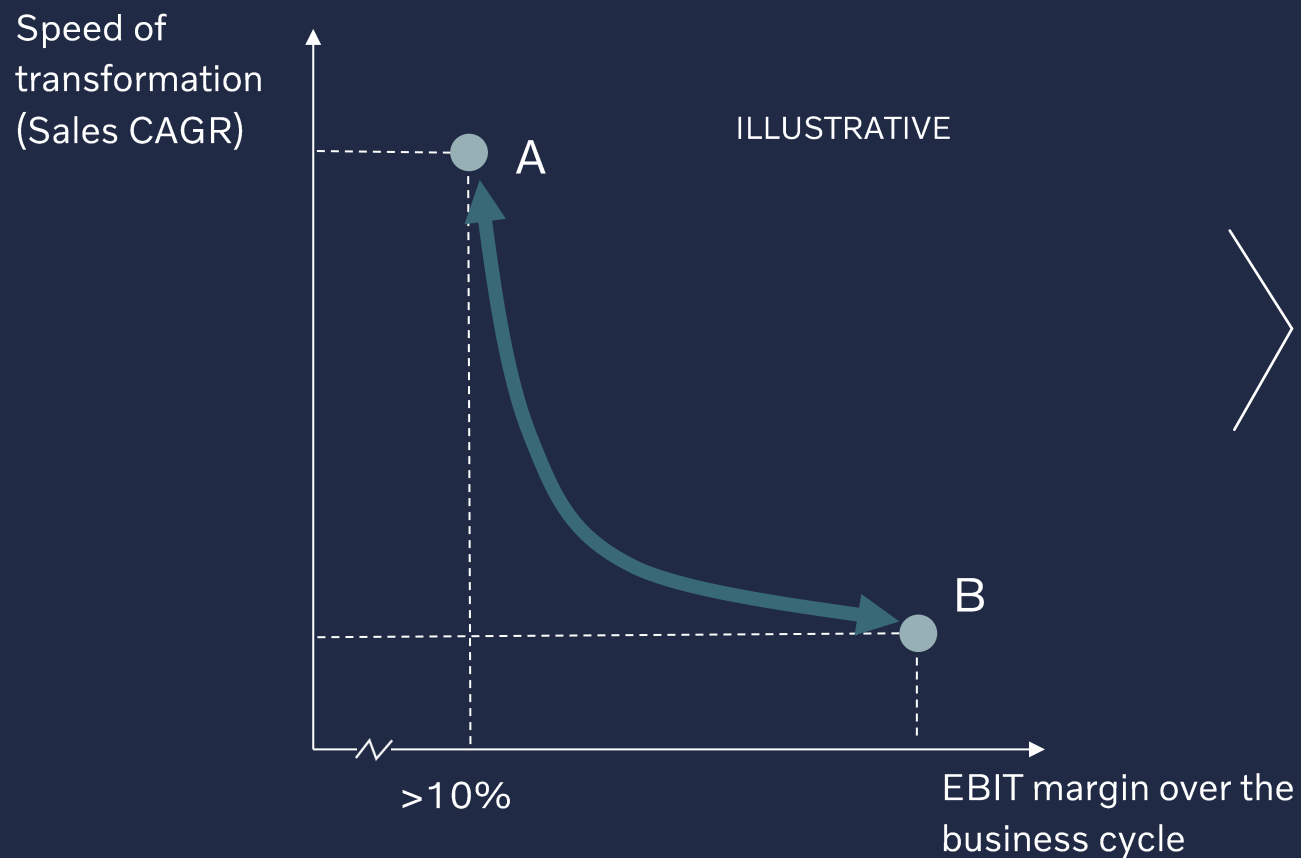


# Driving performance improvements across truck brands and JV's while investing into tomorrow's value chain and technologies





# We will generate strong shareholder returns regardless of the speed of transformation



- The Group is geared to operate effectively anywhere between point A and B on the curve
- In both scenarios, the Group will generate strong shareholder returns
- Unprecedented value generation upside from an accelerated transformation

# Our strategy has served us, our customers and our owners well ...

Cumulative total return Volvo vs MSCI Index Jan 1, 2014 – Oct 23, 2024, %



Comment

Total return to shareholders, including gross dividends, since Jan 1, 2014:

- Volvo Group: 448%
- MSCI World Machinery Index: 321%

... and we are dedicated to continue this journey

VOLVO

# QUESTIONS AND ANSWERS



# Deep dive slides

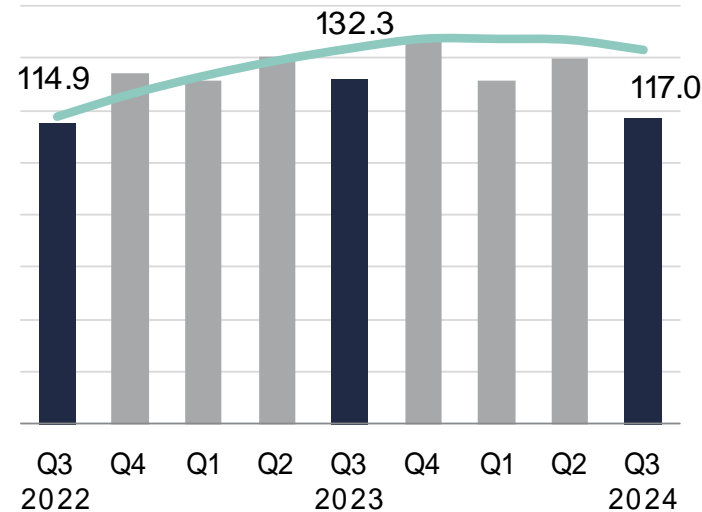
VOLVO GROUP

# Third quarter highlights

- Net sales amounted to SEK 117.0 bn (132.3) with SEK -5.7 bn impact from FX
- Adjusted operating income reached SEK 14.1 bn (19.3), corresponding to a margin of 12.0% (14.4)
- Operating cash flow in Industrial Operations amounted to SEK 3.1 bn (5.6)
- Net cash position in Industrial Operations, SEK 62.9 bn (65.2)
- ROCE 38.3% (33.7) in Industrial Operations
- EPS SEK 4.93 (6.93)

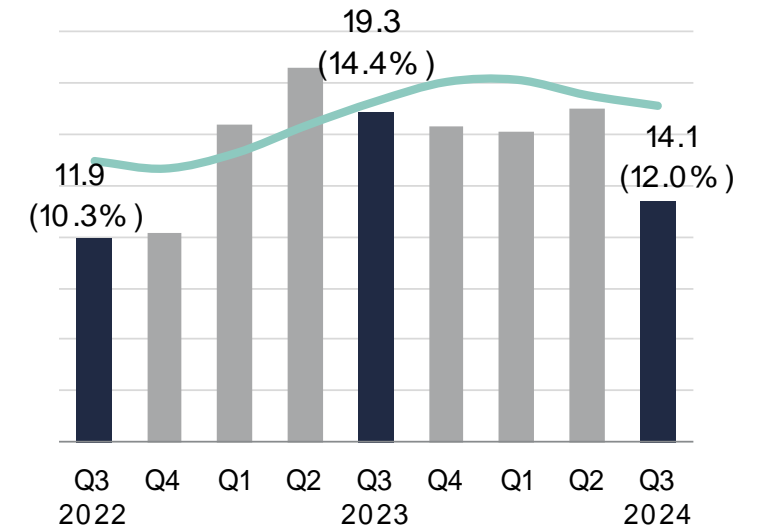
## NET SALES SEK bn\*

— 12 months SEK 536 bn



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

— 12 months 13.1%



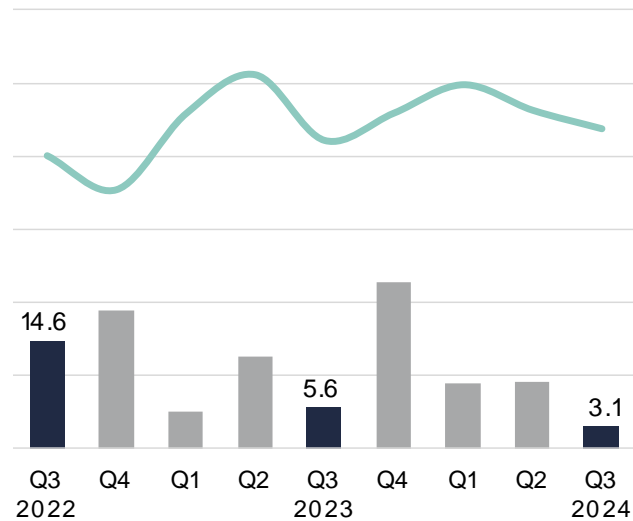
\*For information on adjustments, see note 6 in the quarterly report

VOLVO GROUP

# Cash flow, financial position and ROCE in Industrial Operations

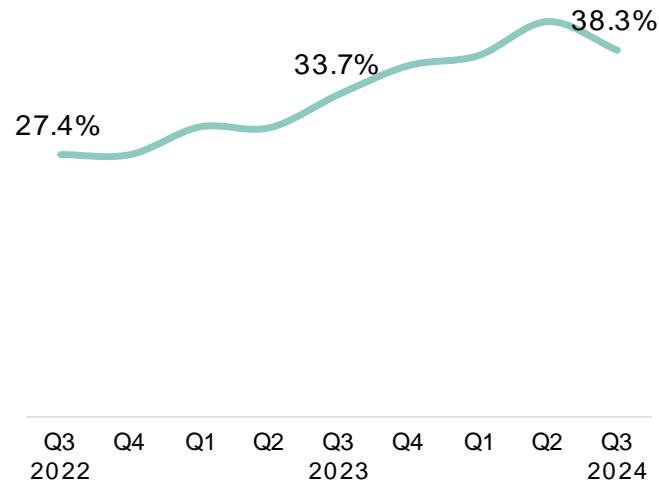
## OPERATING CASH FLOW

SEK bn — 12 months SEK 43.7 bn



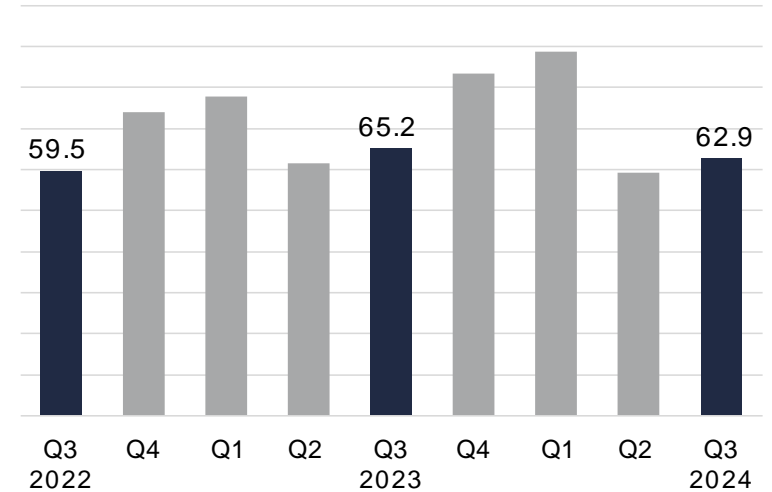
## ROCE

% 12 months



## FINANCIAL POSITION

(Excl. pensions and lease liabilities)  
SEK bn

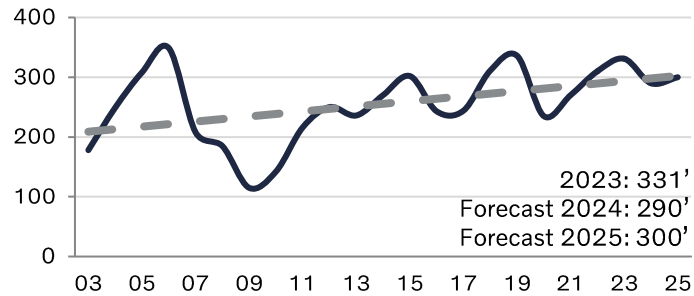




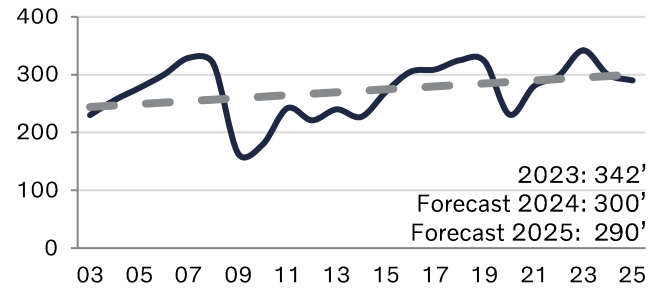
## TRUCKS

## Market environment

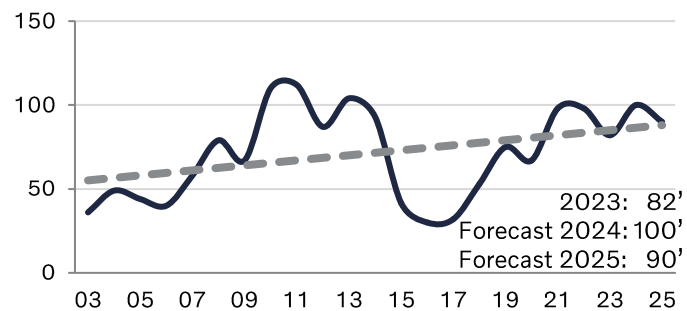
NORTH AMERICA HD



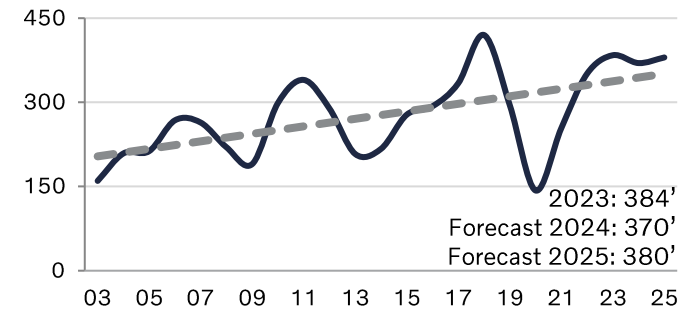
EUROPE HD



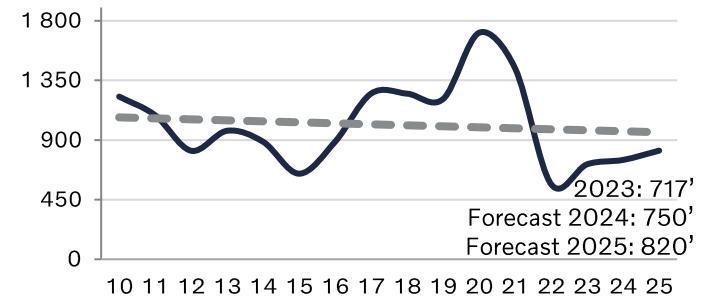
BRAZIL HD



INDIA HD+MD



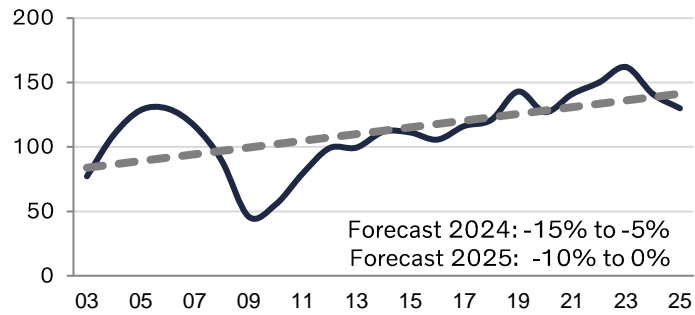
CHINA HD+MD



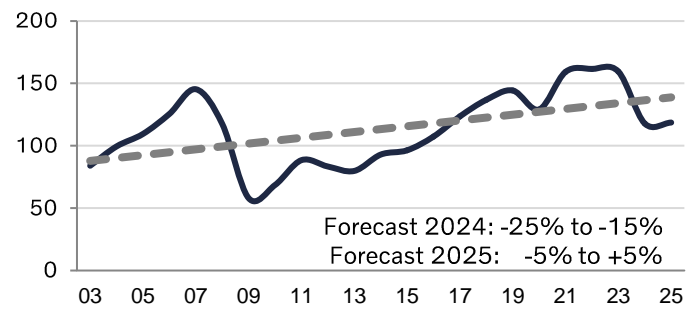
## CONSTRUCTION EQUIPMENT

## Market environment

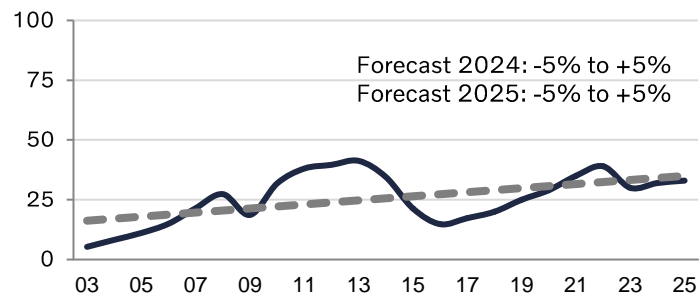
NORTH AMERICA



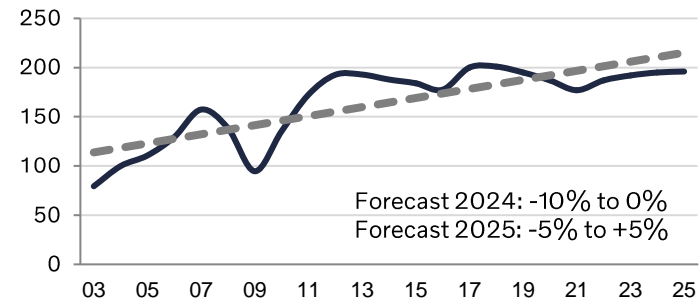
EUROPE



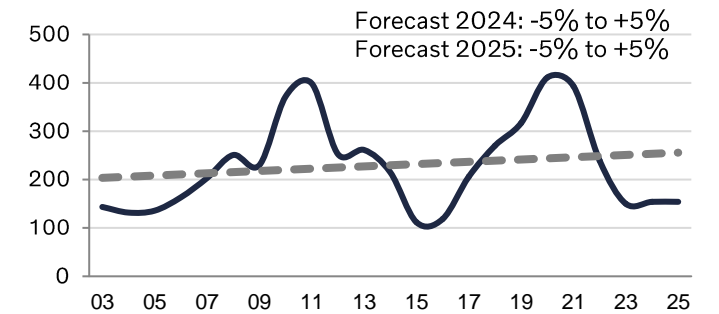
SOUTH AMERICA



ASIA (excl. CHINA)

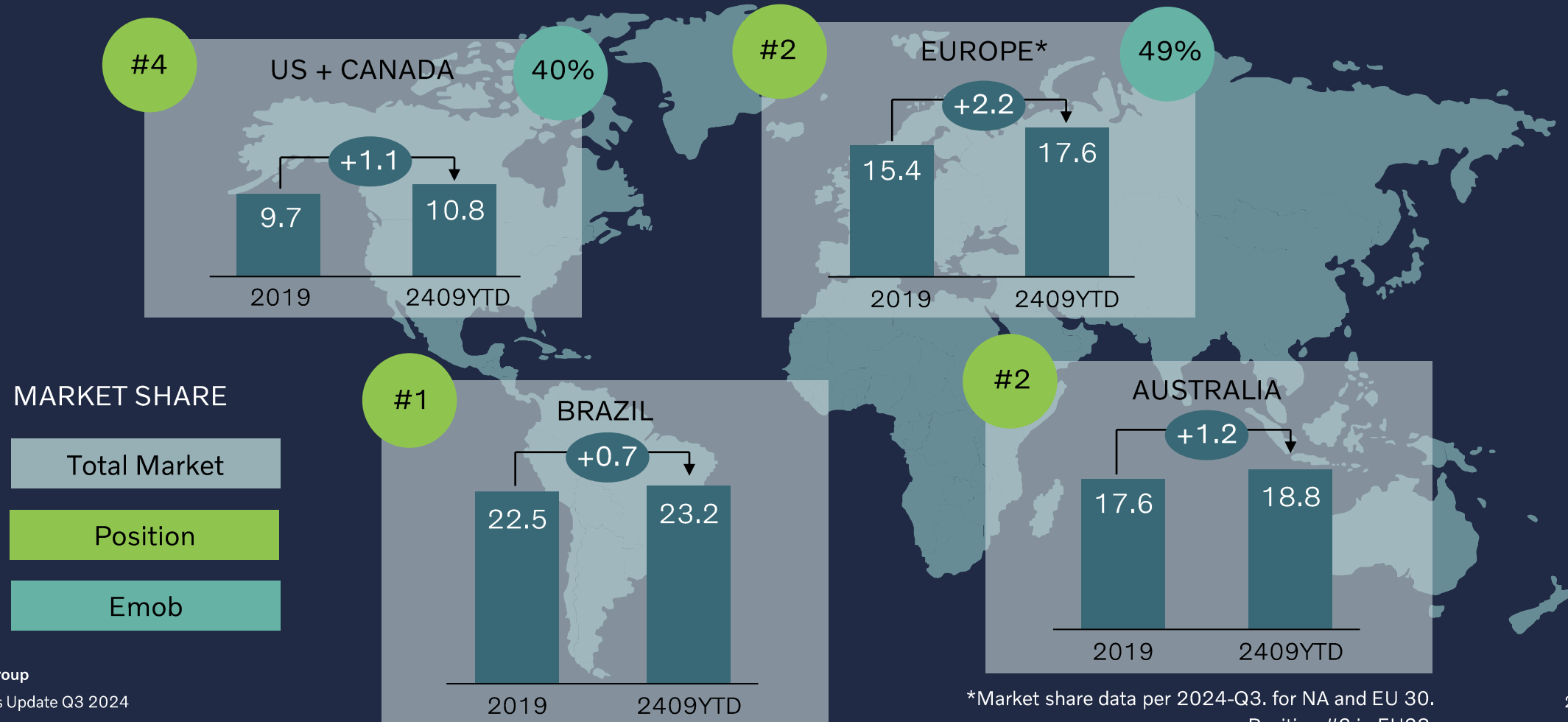


CHINA



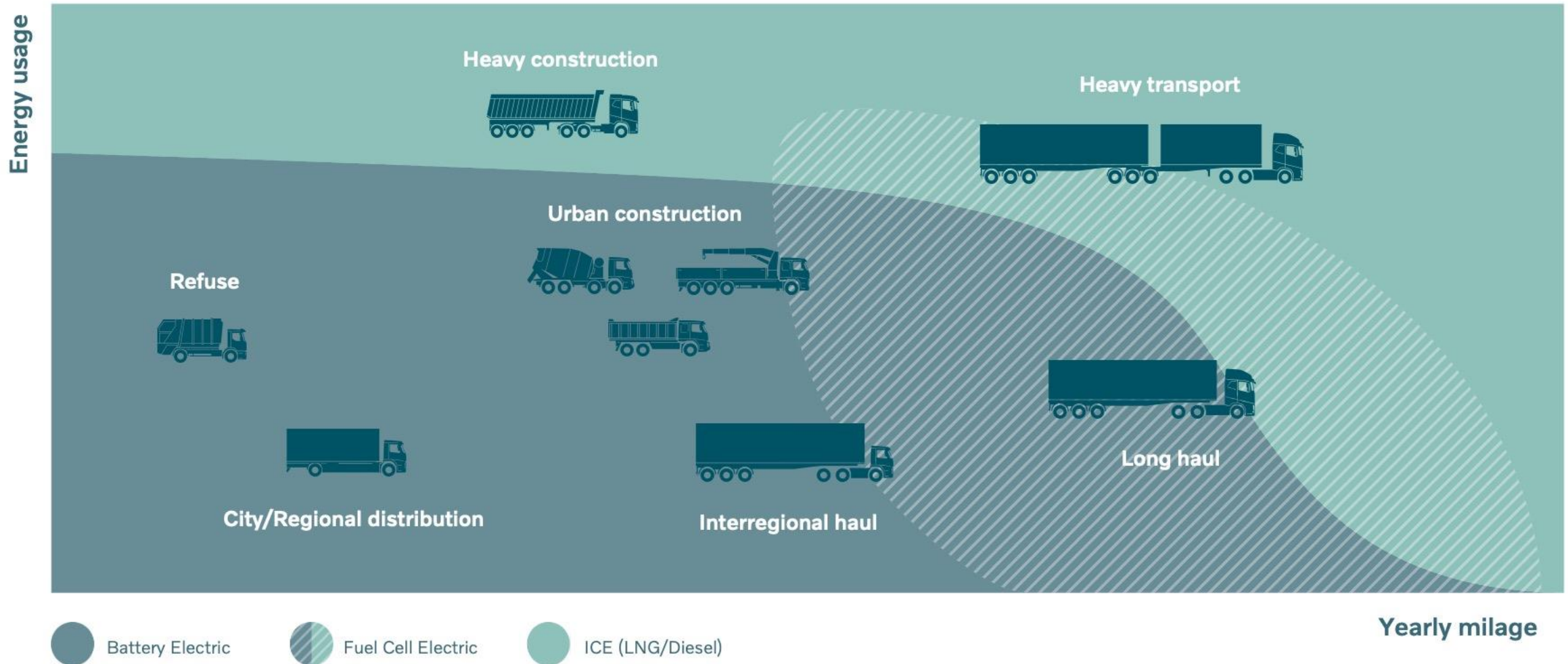
# Driving market share growth globally

Strong focus on North America and on capturing the electric market



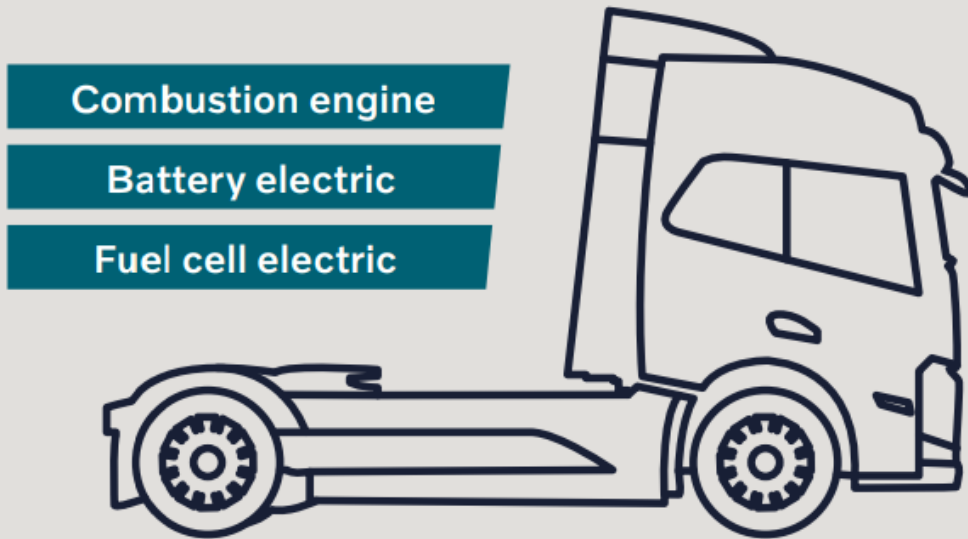


## A mix of products required to support CO2 reductions towards 2030

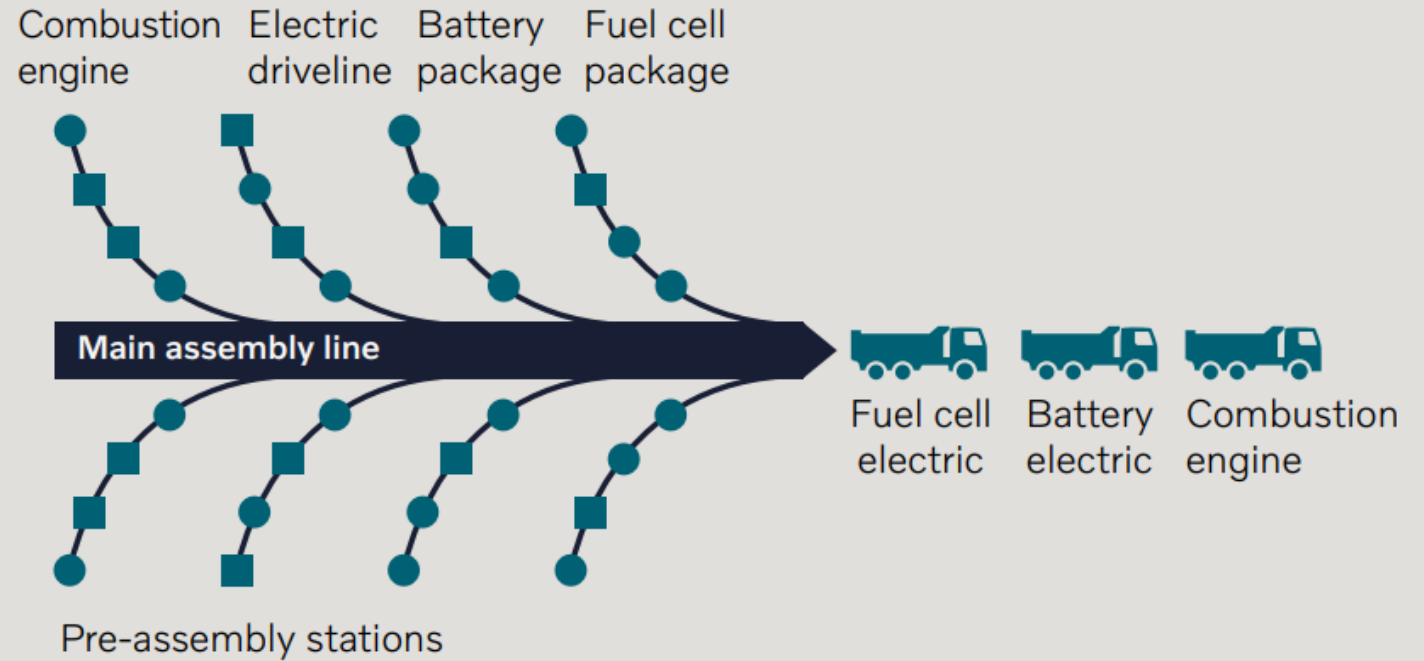


# Value creation through modular architecture

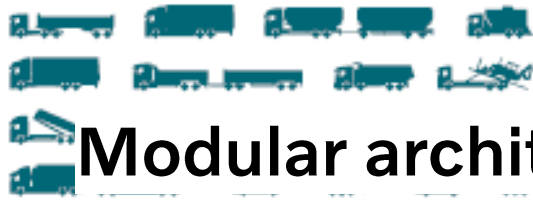
## SAME VEHICLE PLATFORM



## SAME PLANT



## AGRICULTURE



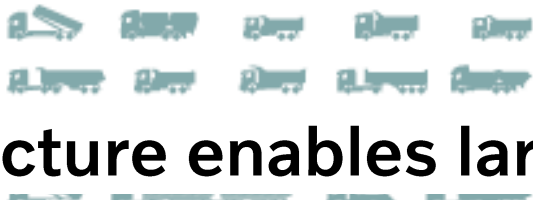
# Modular architecture enables large number of applications



## WASTE & RECYCLING



## CONSTRUCTION & MINING



## PUBLIC SERVICE



## CONSTRUCTION



## SPECIAL CARGO & HEAVY HAULAGE



## GENERAL CARGO & FOOD



## PETROLEUM & CHEMICAL

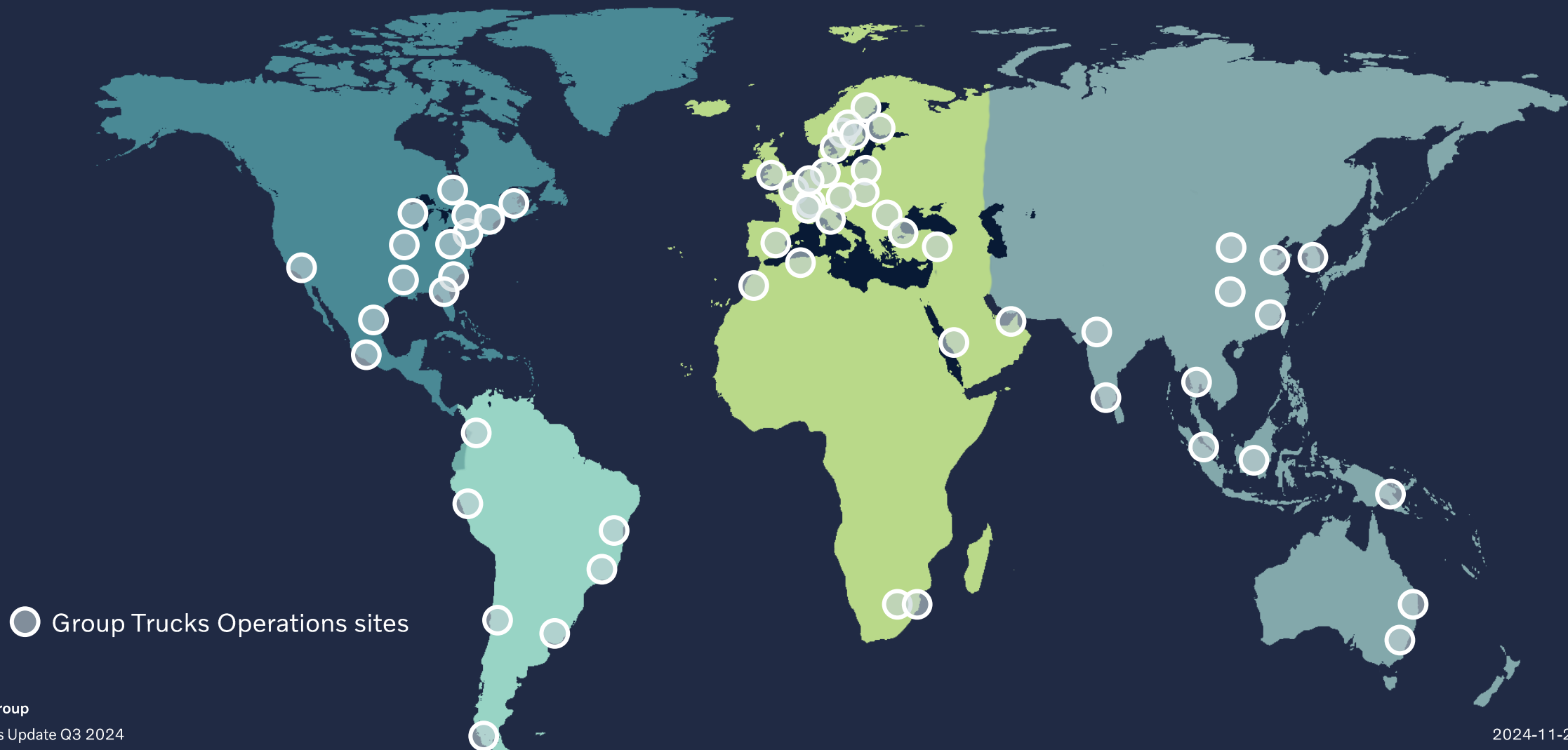


## FOREST

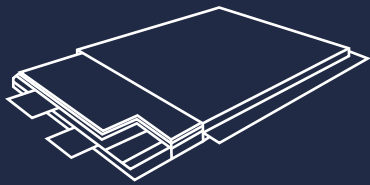




# Geoflex and continued regionalization of value chains



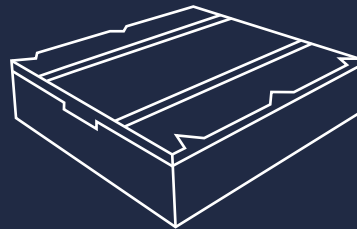
CELL



VOLVO  
+ partner

SAMSUNG 

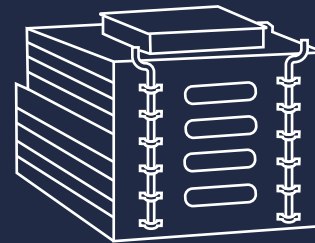
MODULE



VOLVO

 PROTERRA SAMSUNG 

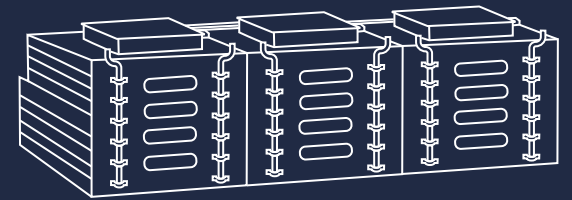
PACK



VOLVO

 PROTERRA 

ENERGY STORAGE SYSTEM



VOLVO

GRADUAL BACKWARD INTEGRATION

LARGE  
>300KW

MEDIUM

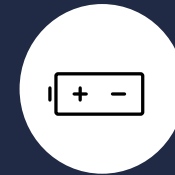
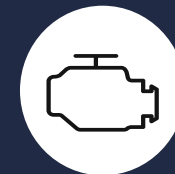


MIDI

MINI  
< 30KW

## Volvo CE moving up the ladder on sustainably powered machines

With additional electric machines Volvo CE continue to move up the ladder on sustainably powered machines with more products, in more segments, to new and existing customers. Leveraging Group technologies through CAST.

BATTERY  
ELECTRICCABLE  
ELECTRICMOTION  
RECUPERATIONFUEL CELL  
ELECTRIC

H2ICE



# Volvo CE continues to invest with its biggest launch ever!



- Launch of 80 new and updated machines, along with new services in 2024–2025
- A new range of excavators, articulated haulers, rigid haulers for regulated markets and several electric solutions
- Both conventional and electric vehicles
- With the new range of articulated haulers Volvo CE will continue its #1 market share position



V O L V O

# A RANGE MADE FOR GROWTH



# Holistic program in place to drive growth in North America

## PRODUCT PORTFOLIO



### New product range

- Leading fuel efficiency and feature positions

## SUPPLY CHAIN & MANUFACTURING



### New factory in Mexico

- Start of production 2026
- Stabilized supply chain

## COMMERCIAL AND DISTRIBUTION NETWORK



Strengthening and expansion of dealer network

## SERVICE GROWTH



Driving service sales with end-to-end growth plan and service contracts

A regional value chain with a strong culture and leading customer satisfaction

# The formula for electromobility adoption



Electromobility  
adoption rate

Product and  
services offering

Total cost of  
ownership incl.  
incentives,  
regulation and  
carbon targets and  
pricing

Infrastructure

Fossil-free  
energy

Supply  
network

Customer  
competitiveness  
and peace of mind

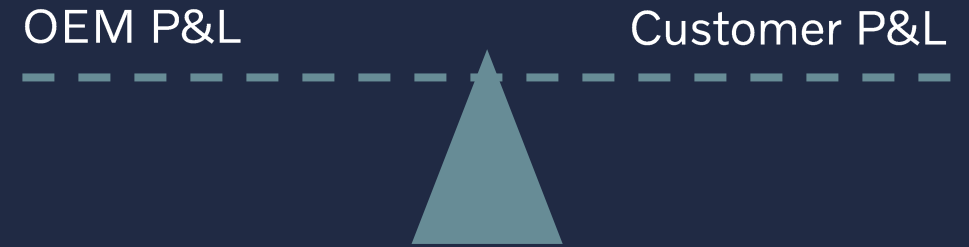




# The industry is on a journey to learn the new economics in ZEV

Today's economics are  
well known and stable

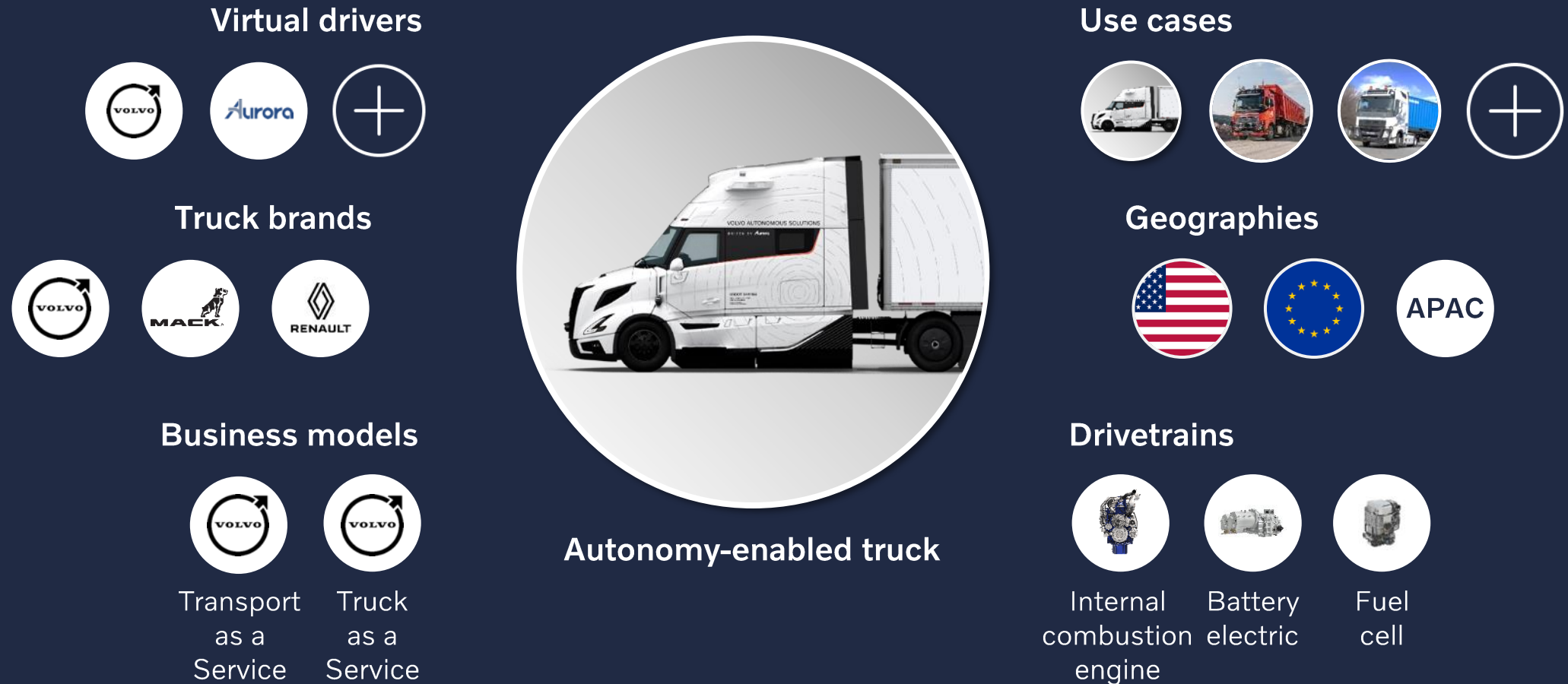
Tomorrow's economics  
will be different



Over time, a balance between P&Ls of OEM's,  
customers and other players in the value chain is reached

# Volvo's standard vehicle for autonomous transportation

Platform to maximize value creation for Volvo Group



# Volvo Autonomous Solutions has achieved critical milestones



**Unveiling of the  
Volvo VNL  
Autonomous**



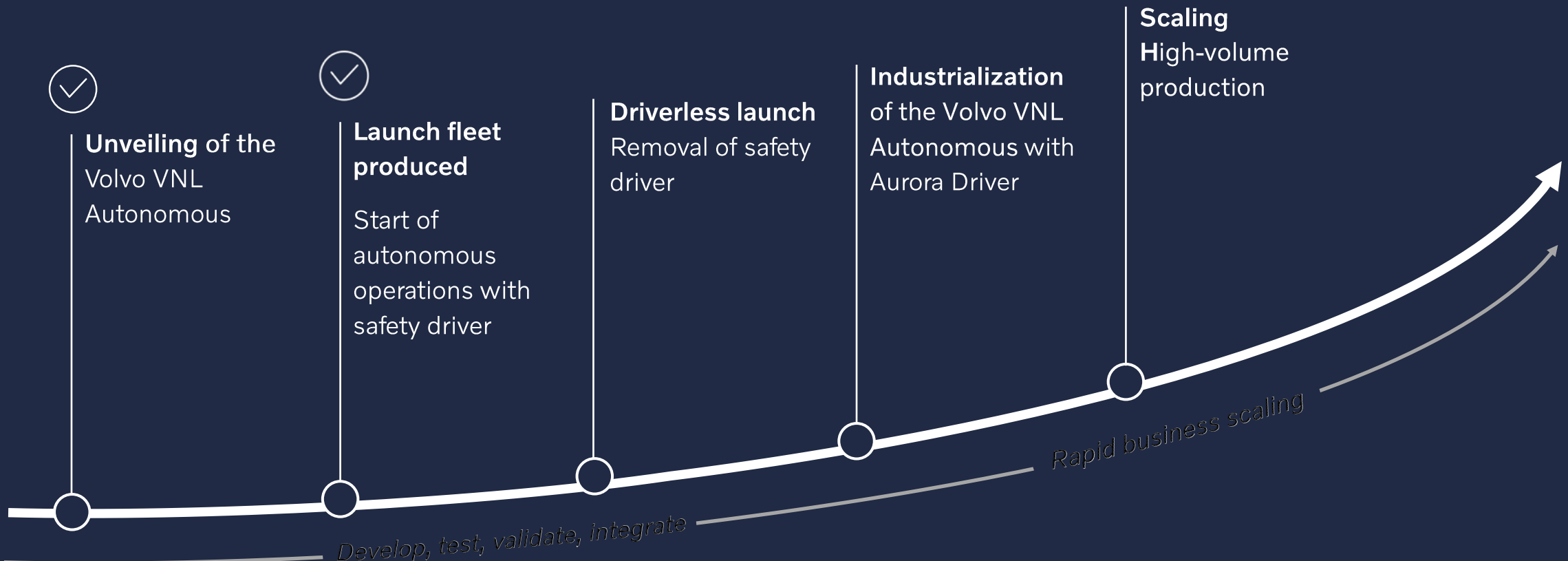
**Launch fleet  
produced**

Start of  
autonomous  
operations with  
safety driver



*Develop, test, validate, integrate*

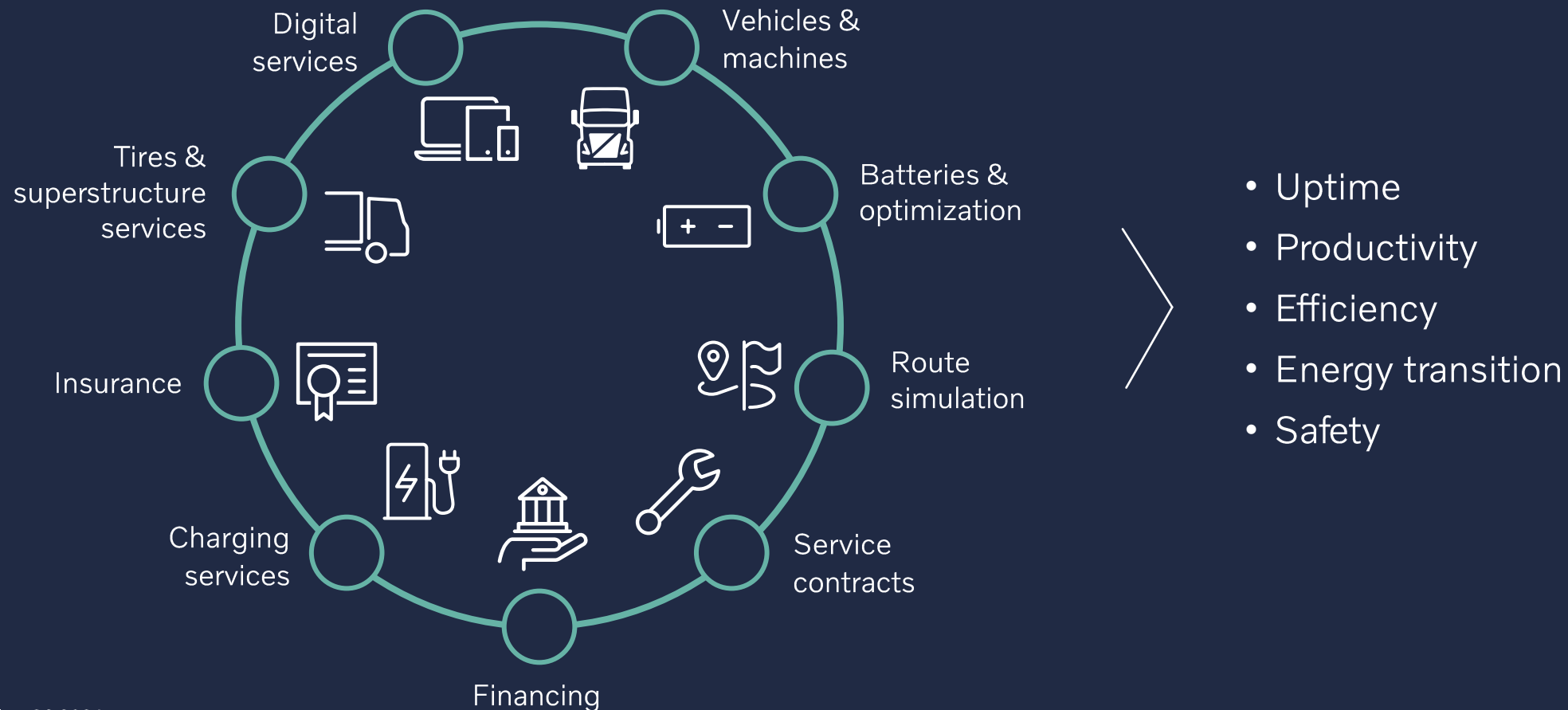
# Volvo Autonomous Solutions has a clear path towards driverless launch



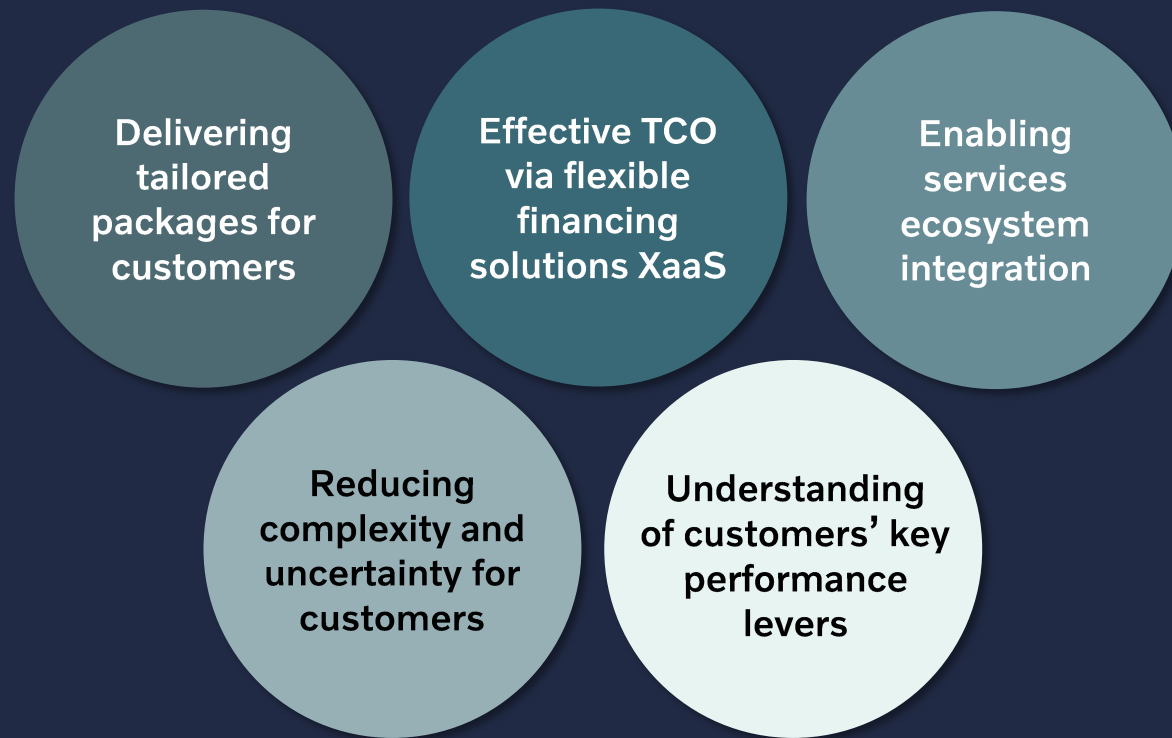


# The job to be done – maximize customer value

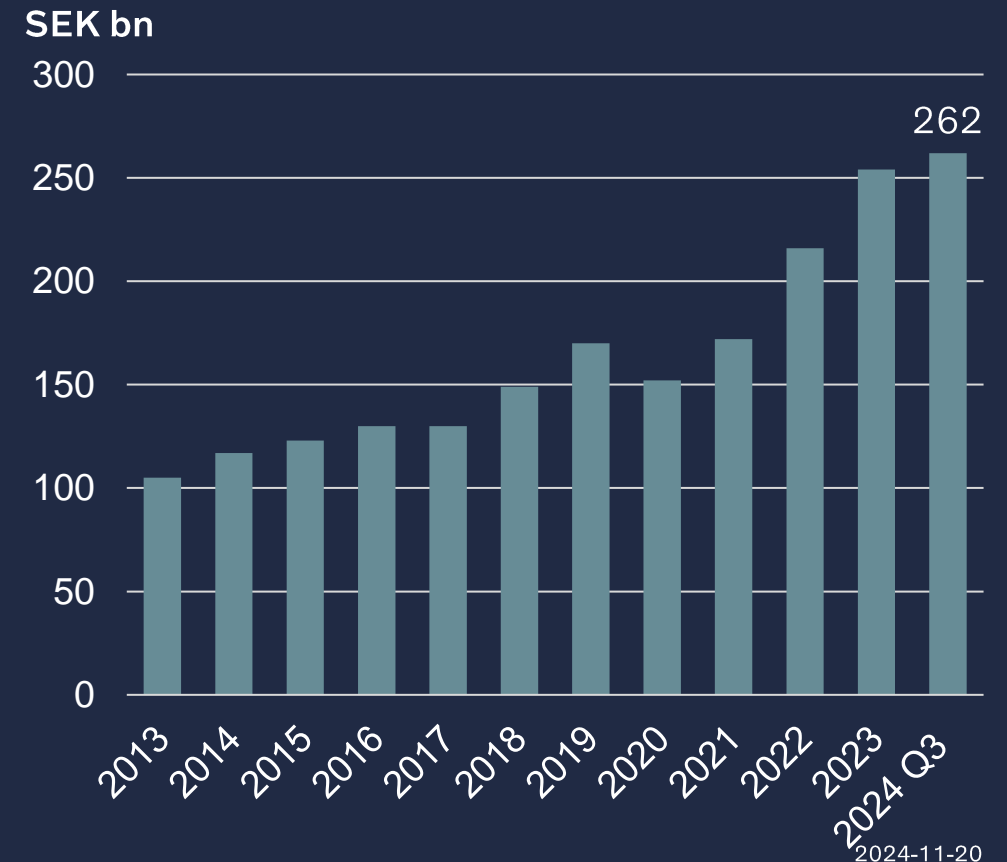
Volvo Group's services are a key component to provide a total solution



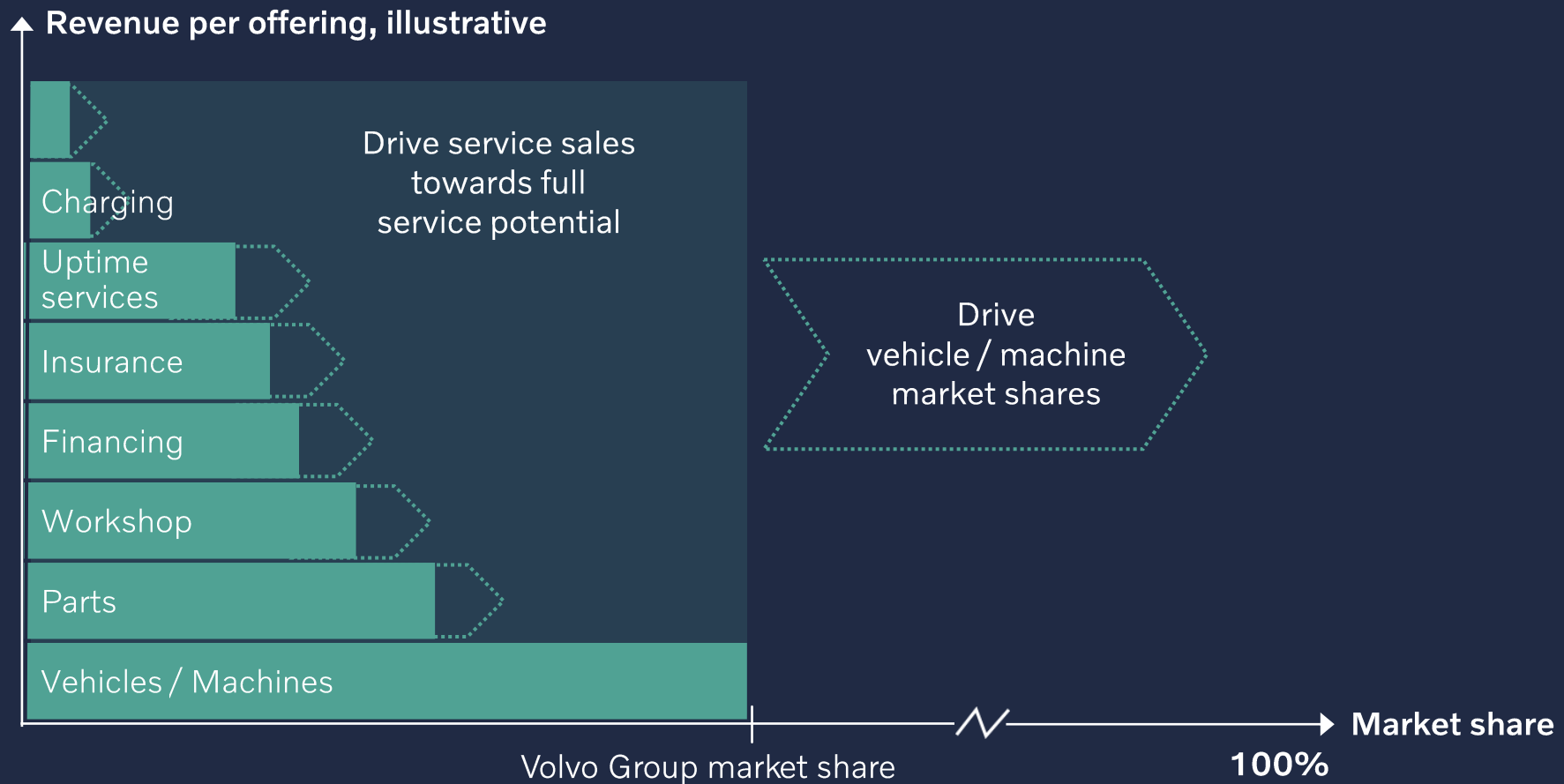
# Financial Services as a core part of the commercial crew



## VOLVO FINANCIAL SERVICES CREDIT PORTFOLIO NET



# Services strengthening both customer retention, profitability and resilience



# The energy transition is a great opportunity for the Group

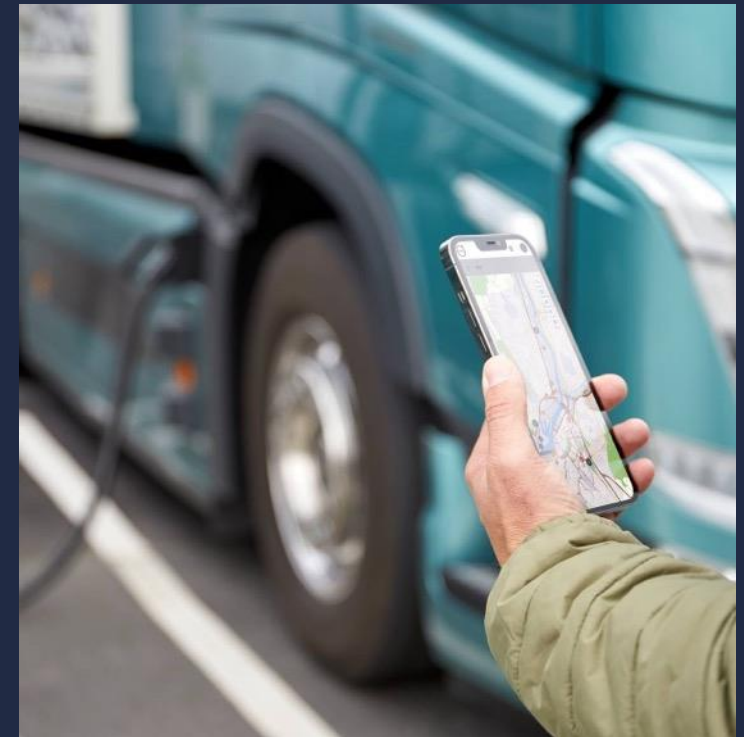
Charging services



Battery Energy Storage System (BESS)

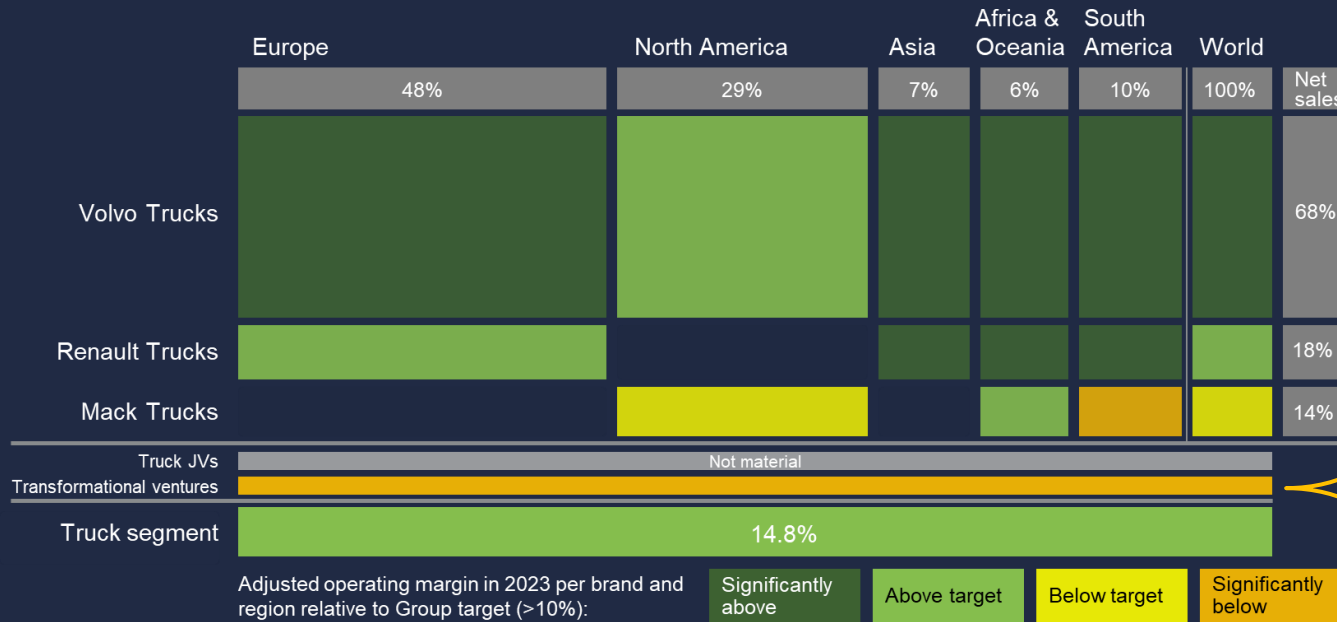


e-Mobility Service Provider (eMSP)





# Truck segment carrying the way for tomorrow's business

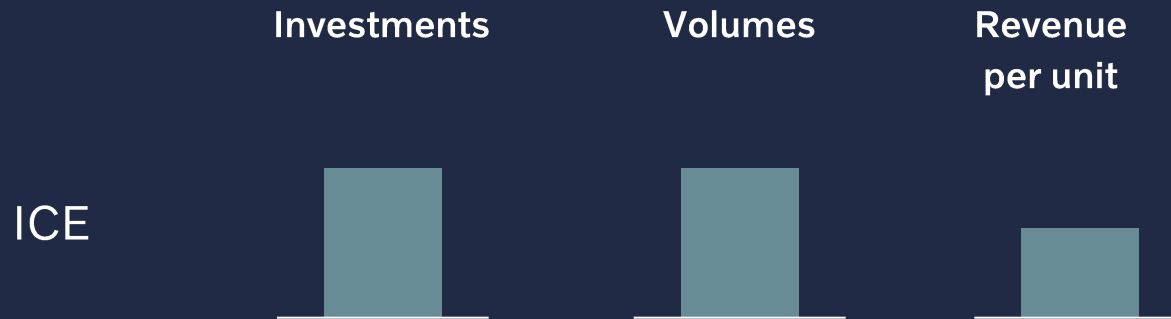


## Transformational ventures

- Volvo Autonomous Solutions
- Volvo Energy (BEV)
- Milence (BEV)
- Proterra (BEV)
- Flexis (BEV)
- Cellcentric (FCEV)
- Cespira (H2-ICE)
- Software-defined vehicle platform

# There is no way to leapfrog the investment phase into ZEV and we ha

Current view,  
illustrative



- Continued large investments in ICE to have the best offer on the market
- Flexible industrial system to manage the transformation
- ICE business funding ZEV transition

ZEV

- Investing in ZEV to future proof our business
- Volume growth and value chain maturity are prerequisites for increased ZEV profitability

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