Volvo Group

FOCUSED ACTIVITIES IN Q3

Colleagues – health and safety first

Customers – support
- Secure customer uptime
- Successful ramp-up of supply chain and production
- Reduced contract modifications in Financial Services

Cash – protect the Group
- New and used inventories at good levels
- Minimize CAPEX
- Good liquidity

Cost – turning temporary into permanent cost reductions
Volvo Group
THIRD QUARTER HIGHLIGHTS

- Net sales: Trucks: -20% (excl. FX)  \(\text{CE: +6\%} \)  Services: -1\%
- Good volume flexibility in supply chain and production
- OPEX: -26\% (R&D cash, Selling & Admin)
- Adjusted operating margin: 9.4\% (11.0)
- Operating cash flow in Industrial Operations amounted to SEK 11.7 bn (1.8)

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

VOLUME DEVELOPMENT IN THE THIRD QUARTER

TRUCK DELIVERIES
k units HD/MD

-30%

12 months 152,203 units

MACHINE DELIVERIES
k units HD/MD

+20%

12 months 89,426 units
Volvo Group

SERVICE SALES DEVELOPMENT

SERVICE SALES, Industrial Operations
SEK bn

12 months SEK 80.6 bn

-8%
-1% excl. FX

20.0
21.2
19.4

Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3

Excl. FX:

-1% 0% -31% 11%

TRUCKS CONSTRUCTION EQUIPMENT BUSES VOLVO PENTA

Volvo Group
Third quarter 2020
6 2020-10-18
Trucks
These forecasts are based on current visibility, which is low. Uncertainty about the market development is significant due to the ongoing COVID-19 pandemic.
Trucks
HD/MD: QUARTERLY ORDERS 56% AND DELIVERIES -30%
Trucks
MARKET SHARES

NORTH AMERICA
YTD Sep
Volvo: 9.3, 2019; 9.5, 2020
Mack: 6.8, 2019; 7.0, 2020

EUROPE
EU28, YTD Aug
Volvo: 15.3, 2019; 15.8, 2020
Renault Trucks: 8.6, 2019; 8.7, 2020

JAPAN
YTD Sep
UD: 17.7, 2019; 16.6, 2020

BRAZIL
YTD Sep

SOUTH AFRICA
YTD Aug
Volvo: 21.8, 2019; 18.8, 2020
UD: 9.5, 2019; 9.7, 2020

AUSTRALIA
YTD Sep
Volvo: 17.4, 2019; 17.8, 2020
Mack: 8.3, 2019; 7.2, 2020
UD: 3.1, 2019; 4.9, 2020
Trucks

- Further steps to lead in electrification:
  - Volvo VNR electric for North America
    - In operation with customers today
    - Serial production starting 2021
  - Mack LR electric for North America
    - In-service trials at New York Department of Sanitation and Republic Services
    - Serial production in 2021
- Successful launch of new Volvo range
  - New Volvo FH/FM/FMX range for Europe and International markets well received by our customers
  - Latest generation Volvo FH with I-Save saving up to 10% fuel
Construction Equipment
These forecasts are based on current visibility, which is low. Uncertainty about the market development is significant due to the ongoing COVID-19 pandemic.
Construction Equipment
QUARTERLY ORDERS 40% AND DELIVERIES 20%

NORTH AMERICA
Orders +36%
Deliveries -17%

EUROPE
Orders +28%
Deliveries -15%

SOUTH AMERICA
Orders +66%
Deliveries +4%

AFRICA AND OCEANIA
Orders +28%
Deliveries +24%

ASIA
Orders +44%
Deliveries +43%
Construction Equipment

- First electric compact machines being delivered to customers in November
- Further concentrating on core product segments - North American Blawnox paver range divested
Buses

- Orders decreased with 21%
- Deliveries decreased with 45%
- Further step taken towards a circular economy:
  - Global agreement with Stena/Batteryloop signed regarding reuse of batteries
- Further strengthening the combined Volvo and Eicher business by transferring of Volvo’s Indian operation to VECV
Volvo Penta

- Orders increased with 3%
- Deliveries decreased with 2%
- Service sales +11% following high boating activity
- Rosenbauer’s electric fire truck with Volvo Penta driveline entering customer trials in Amsterdam, Berlin and Dubai
Financial Services

- Increased transport and construction activity improving customers' financial situation
- Reduced number of modification requests
- Penetration continues to improve
Trucks

NET SALES AND ADJUSTED OPERATING INCOME

**NET SALES**
- SEK bn
- 12 months SEK 214.5 bn
- -26% (excl. FX -20%)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>60.7</td>
<td>47.7</td>
</tr>
<tr>
<td>Q4</td>
<td>64.4</td>
<td></td>
</tr>
<tr>
<td>Q1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**ADJUSTED OPERATING INCOME**
- SEK bn
- + Selling and Admin
- + Cash R&D
- + Volume flexibility
- + Tax case

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>7.5</td>
<td>4.5</td>
</tr>
</tbody>
</table>

**ADJUSTED OPERATING INCOME (margin)**
- SEK bn
- 12 months 7.2% Currency SEK -0.8 bn

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>6.8</td>
<td>4.5</td>
</tr>
</tbody>
</table>

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

**NET SALES AND ADJUSTED OPERATING INCOME**

<table>
<thead>
<tr>
<th>NET SALES</th>
<th>SEK bn</th>
<th>12 months SEK 80.4 bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>18.6</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>17.9</td>
<td></td>
</tr>
<tr>
<td>Q1</td>
<td>17.6</td>
<td></td>
</tr>
</tbody>
</table>

-2% (excl. FX +6%)

<table>
<thead>
<tr>
<th>ADJUSTED OPERATING INCOME*</th>
<th>SEK bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2019</td>
<td>2.2</td>
</tr>
</tbody>
</table>

+ Machine volumes
+ Selling and Admin

- VAT credits impairment in Brazil

<table>
<thead>
<tr>
<th>ADJUSTED OPERATING INCOME (margin)*</th>
<th>SEK bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2019</td>
<td>2.0</td>
</tr>
<tr>
<td>Q4 2019</td>
<td>2.6 (13.9%)</td>
</tr>
<tr>
<td>Q1 2020</td>
<td>2.2 (12.2%)</td>
</tr>
<tr>
<td>Q2 2020</td>
<td>2.0 (11.1%)</td>
</tr>
</tbody>
</table>

12 months 12.0% Currency SEK -0.4 bn

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

Volvo Group
Third quarter 2020
23 2020-10-16
Volvo Buses and Volvo Penta

**ADJUSTED OPERATING INCOME**

**VOLVO BUSES ADJUSTED OPERATING INCOME**

(margin)*

SEK M

- Q3: 254 (4.4%)
- Q4: 343 (4.5%)
- Q1: 240 (5.2%)

12 months -0.6%
Currency SEK -168 M

**VOLVO PENTA ADJUSTED OPERATING INCOME**

(margin)*

SEK M

- Q3: 630 (19.6%)
- Q4: 399 (12.7%)
- Q1: 570 (18.6%)

12 months 13.4%
Currency SEK -103 M

- + Cost reductions
- - Service volumes
- - Vehicle volumes

* 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 77.5 bn

<table>
<thead>
<tr>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.2</td>
<td>19.3</td>
<td>17.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ADJUSTED OPERATING INCOME*
SEK M
- 12 months SEK 1,790 M
Currency SEK -75 M

<table>
<thead>
<tr>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>621</td>
<td>774</td>
<td>423</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CREDIT PORTFOLIO & ROE
SEK bn
- Adj. ROE 12 months 9.6%

<table>
<thead>
<tr>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>142</td>
<td>171</td>
<td>157</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

Volvo Group Capital Markets Day
November 5, 14:00-16:30 CET
Virtual event