Volvo Group
FOURTH QUARTER HIGHLIGHTS

- Net sales down 8% (+1% ex. FX)
- Adjusted operating income SEK 10.9 bn (9.2) corresponding to a margin of 11.3% (8.8)
- Operating cash flow in the Industrial Operation SEK 16.7 bn (19.9)
- Continued transformation with deliveries and further launches of electric vehicles and machines

* For information on adjustments, see note 7 in the quarterly report
Volvo Group
OPERATIONAL ACTIVITIES IN FOCUS

• Protecting our 4C’s:
  – **Colleagues** – health and safety first
  – **Customers** – supporting and delivering
  – **Cash** – protect the Group
  – **Cost** – turning temporary cost reductions to structural cost reduction

• Strained supply chain resulting in production disturbances at least in Q1
Volvo Group

VOLUME DEVELOPMENT IN THE FOURTH QUARTER

**TRUCK DELIVERIES**

- Q4: 56.8 k units HD/MD
- Q1: 52.1 k units HD/MD
- Q2: 51.3 k units HD/MD

12 months 151 k units

**MACHINE DELIVERIES**

- Q4: 19.6 k units HD/MD
- Q3: 20.4 k units HD/MD
- Q2: 24.7 k units HD/MD

12 months 94 k units

VOLUME DEVELOPMENT IN THE FOURTH QUARTER

- 12 months: 151 k units HD/MD
  - Q4: 56.8
  - Q1: 52.1
  - Q2: 51.3

- 12 months: 94 k units HD/MD
  - Q4: 19.6
  - Q3: 20.4
  - Q2: 24.7
Volvo Group

SERVICE SALES DEVELOPMENT

SERVICE SALES, Industrial Operations
SEK bn

12 months SEK 79.1 bn

-7%
+2% excl. FX

20.5
22.1
20.5

Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4

Volvo Group
Fourth quarter and full year 2020
5 2020-02-03

Excl. FX: TRUCKS -1%
CONSTRUCTION EQUIPMENT 10%
BUSES -20%
VOLVO PENTA 13%
Trucks
Trucks
MARKET ENVIRONMENT

NORTH AMERICA HD

BRAZIL HD

EUROPE HD

JAPAN HD

ASIA HD+MD

Volvo Group
Fourth quarter and full year 2020
2020-02-03
Trucks
HD/MD: QUARTERLY ORDERS 61% AND DELIVERIES -2%

- **NORTH AMERICA**
  - Orders: Q4 - Q1 increase by +167%
  - Deliveries: Q4 - Q1 decrease by -4%

- **SOUTH AMERICA**
  - Orders: Q4 - Q1 increase by +52%
  - Deliveries: Q4 - Q1 decrease by -11%

- **AFRICA AND OCEANIA**
  - Orders: Q4 - Q1 increase by +32%
  - Deliveries: Q4 - Q1 decrease by -13%

- **EUROPE**
  - Orders: Q4 - Q1 increase by +42%
  - Deliveries: Q4 - Q1 decrease by -3%

- **ASIA**
  - Orders: Q4 - Q1 increase by +6%
  - Deliveries: Q4 - Q1 increase by +18%
Trucks
MARKET SHARES

NORTH AMERICA
YTD Dec
Volvo 9.2 9.4
Mack 7.0 6.9

EUROPE
EU28, YTD Dec
Volvo 15.5 16.2
Renault Trucks 8.8 8.8

JAPAN
YTD Dec
UD 18.5 18.9

BRAZIL
YTD Dec
Volvo 22.5 22.2

SOUTH AFRICA
YTD Dec
Volvo 21.8 17.2
UD 9.3 9.9

AUSTRALIA
YTD Dec
Volvo 17.6 16.4
Mack 8.2 6.6
UD 3.5 4.4

HD% 2019 2020
Trucks

DRIVING INDUSTRY ELECTRIFICATION

- **In Europe**
  - Electric trucks from Volvo Trucks and Renault Trucks up to 27 tons in serial production since Q1 2020
  - Volvo Trucks starts selling electric trucks for regional transports and urban construction up to 44 tons in Europe 2021

- **In North America**
  - Volvo Trucks selling Volvo VNR electric class 8 trucks since Q4 2020
  - Mack Trucks selling electric refuse trucks since Q4 2020

- Joint venture agreement with Daimler Trucks for large-scale production of fuel-cells, pending competition approval
Creating Volvo Energy to accelerate electrification

- Volvo Energy will provide batteries, charging and hydrogen infrastructure solutions through Business Areas
- Commercialize second life batteries for customers to use across different applications
- Minimize environmental footprint through circular approach
Construction Equipment
MARKET ENVIRONMENT

NORTH AMERICA
Forecast 2021: 0% to +10%

EUROPE
Forecast 2021: 0% to +10%

CHINA
Forecast 2021: -15% to -5%

SOUTH AMERICA
Forecast 2021: +10% to +20%

ASIA (excl. China)
Forecast 2021: 0% to +10%
Construction Equipment

QUARTERLY ORDERS 31% AND DELIVERIES 21%

NORTH AMERICA

Orders -18%
Deliveries -15%

SOUTH AMERICA

Orders +182%
Deliveries +84%

AFRICA AND OCEANIA

Orders +50%
Deliveries +12%

EUROPE

Orders +20%
Deliveries -18%

ASIA

Orders +39%
Deliveries +37%
Construction Equipment

- Launch of a new excavator range at Bauma China 2020, specifically targeting the Chinese market
- Pioneering a digital hydraulic actuator that increases productivity, significantly cutting fuel consumption and CO2 emissions
- First deliveries of all-electric compact excavators and compact wheel loaders in Europe
Buses

- Orders decreased by 68%
- Deliveries decreased by 6%
- Successful delivery of Nordics’ largest electric bus fleet system to the city of Gothenburg, Sweden
Volvo Penta

- Orders increased by 22%
- Deliveries increased by 4%
- Volvo Penta launches industry’s first fully integrated Assisted Docking System at CES
- Customer pilot with integrated electric Volvo Penta Inboard Performance System (IPS)
Financial Services

- Reduced number of modification requests and stable customer payment performance
- Continued penetration improvement
- Rollout of Connected Insurance program for Volvo Trucks and Mack Trucks in the U.S.
Volvo Group

NET SALES PER MARKET

NET SALES
SEK bn

Q4 2019  Europe  North America  South America  Asia  Africa and Oceania  Q4 2020
105.4  -1.5  -5.7  -1.6  1.8  -1.5  96.9

Currency SEK -9.1 bn
Volvo Group

ADJUSTED OPERATING INCOME CONTRIBUTORS

ADJUSTED OPERATING INCOME* (SEK M)

<table>
<thead>
<tr>
<th></th>
<th>Q4 2019 Gross Income</th>
<th>Cash R&amp;D</th>
<th>Net R&amp;D Cap./Amo.</th>
<th>Selling</th>
<th>Admin</th>
<th>Other</th>
<th>Q4 2020 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9,223</td>
<td>-1,127</td>
<td>1,289</td>
<td>-326</td>
<td>2,155</td>
<td>365</td>
<td>10,934</td>
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</tbody>
</table>

Good cost execution
+ Selling & admin expenses
+ Cash R&D
+ Industrial system

- Product and market mix

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

CASH FLOW AND FINANCIAL POSITION

OPERATING CASH FLOW
SEK bn

12 months SEK 18.5 bn

<table>
<thead>
<tr>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>15.5</td>
<td>19.9</td>
<td></td>
<td>16.7</td>
<td>19.9</td>
</tr>
</tbody>
</table>

Operating Cash Flow Q4 2020:
- Other Working Capital: +0.7
- Amort. & Deprec.: +8.7
- Operating Income: 11.7
- Payab. Inventory: -3.1
- Other: -1.6

Working capital (5.4 bn):
- Q4: 43.9
- Q1: 62.6
- Q2: 74.7

FINANCIAL POSITION
(Excl. pensions and lease liabilities)
SEK bn

Volvo Group
Fourth quarter and full year 2020
22  2020-02-03
Trucks

NET SALES AND ADJUSTED OPERATING INCOME

NET SALES
SEK bn
-9%
(excl. FX 0%)
68.5
68.2
61.9
Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4

ADJUSTED OPERATING INCOME*
SEK bn
+ Selling expenses
+ Cash R&D
+ Industrial system
6.2
8.0
Q4 2019 Q4 2020

ADJUSTED OPERATING INCOME (margin)*
SEK bn
12 months SEK 208.3 bn
12 months 8.3%
Currency SEK -1.0 bn
7.4 (10.9%)
6.2 (9.1%)
8.0 (13.0%)
Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4

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

Volvo Group
Fourth quarter and full year 2020
23 2020-02-03
Construction Equipment
NET SALES AND ADJUSTED OPERATING INCOME

NET SALES
SEK bn
12 months SEK 81.5 bn

+6% (excl. FX +15%)

Q1 Q2 Q3 Q4
20.3 19.7 20.8

ADJUSTED OPERATING INCOME*
SEK bn

+ Machine & service sales
+ Selling & admin expenses
+ R&D expenses
+ Volume flexibility & industrial efficiency

- Product and market mix

Q4 2019
Q1 Q2 Q3 Q4
1.9

Q4 2020
Q1 Q2 Q3 Q4
2.3

ADJUSTED OPERATING INCOME (margin)*
SEK bn
12 months 12.4%
Currency SEK -0.6 bn

Q1 Q2 Q3 Q4
2.2 (10.6%) 1.9 (9.8%) 2.3 (11.2%)

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

**NET SALES & ADJUSTED OPERATING INCOME**

- Net sales currency-adjusted -3%:
  - Vehicles 0%
  - Services -20%

- Adjusted operating income:
  - Service sales
  - Product and market mix
  - Capacity utilization
  + Selling, admin and R&D expenses

- For information on adjustments, see note 7 in the quarterly report.
Volvo Penta

**NET SALES & ADJUSTED OPERATING INCOME**

- Net sales currency-adjusted +5%:
  - Engines +3%
  - Services +13%

- Adjusted operating income:
  - Restructuring outboard segment
  - Product mix
  - Higher volumes
  - Selling and R&D expenses

* 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 74.1 bn

ADJUSTED OPERATING INCOME*
SEK M
- 12 months SEK 1,606 M
- Currency SEK -98 M

CREDIT PORTFOLIO & ROE
SEK bn
- ROE 12 months 8.3%

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

STRONG EXECUTION AND RESILIENCE IN A DIFFICULT YEAR

PERFORM
- Managing Covid-19 impact
- Executing on volume and cost flexibility
- Margin of 8.4% despite sales decline of 22%

TRANSFORM
- Accelerating the commercialization of electric vehicles
- New business areas established – Volvo Autonomous Solutions and Volvo Energy
- Fuel cell JV-agreement with Daimler Trucks

**NET SALES**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (SEK bn)</th>
<th>Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>432</td>
<td>11.1%</td>
</tr>
<tr>
<td>2020</td>
<td>338</td>
<td>8.4%</td>
</tr>
</tbody>
</table>

Adjusted operating margin

Proposed ordinary dividend of SEK 6.00 (0) and an extra dividend of SEK 9.00 (0)

*Adjustments, see note 7 in Q4 report:
FY 2014-2019: See annual reports
FY 2020: Significant one-time items of SEK +1,129 M
Electrifying news from the Volvo Group

Q&A