

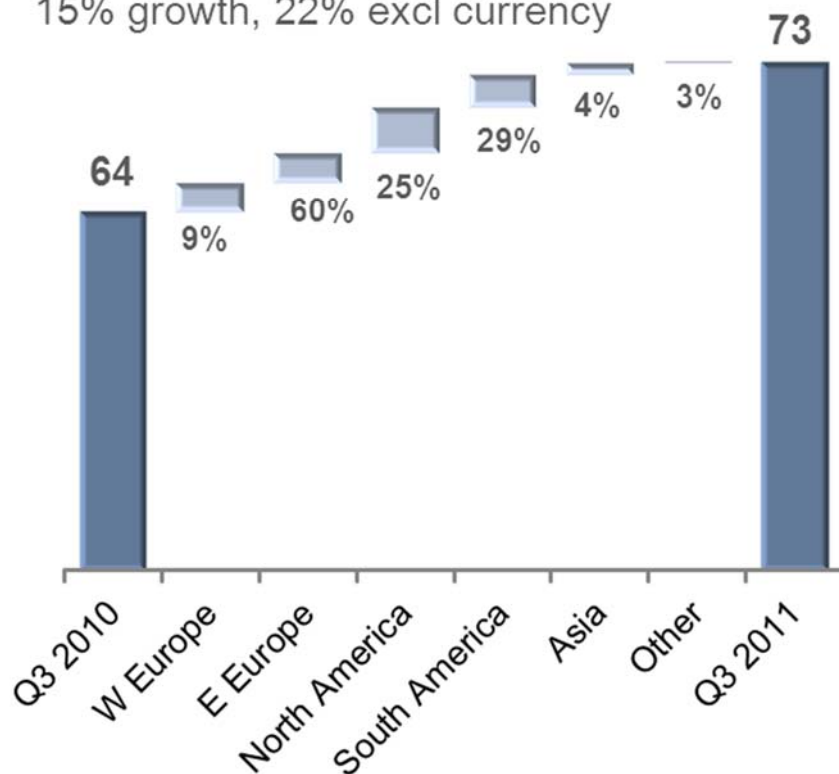
# VOLVO GROUP THIRD QUARTER



# Sales by region

## MARKET DEVELOPMENT SEK bn

15% growth, 22% excl currency

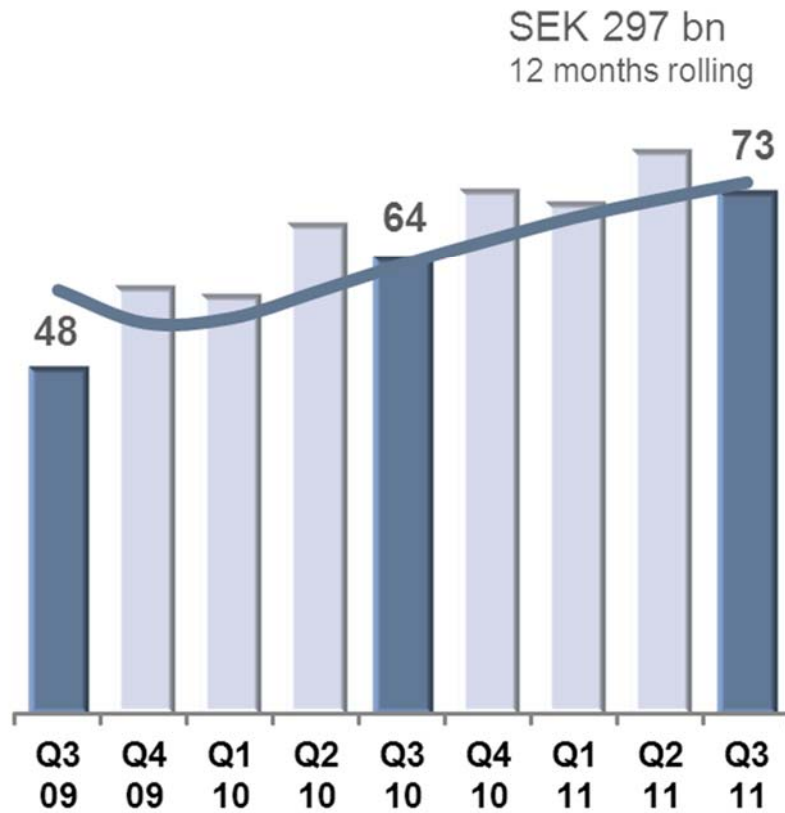


## VOLVO GROUP SALES Q3 %

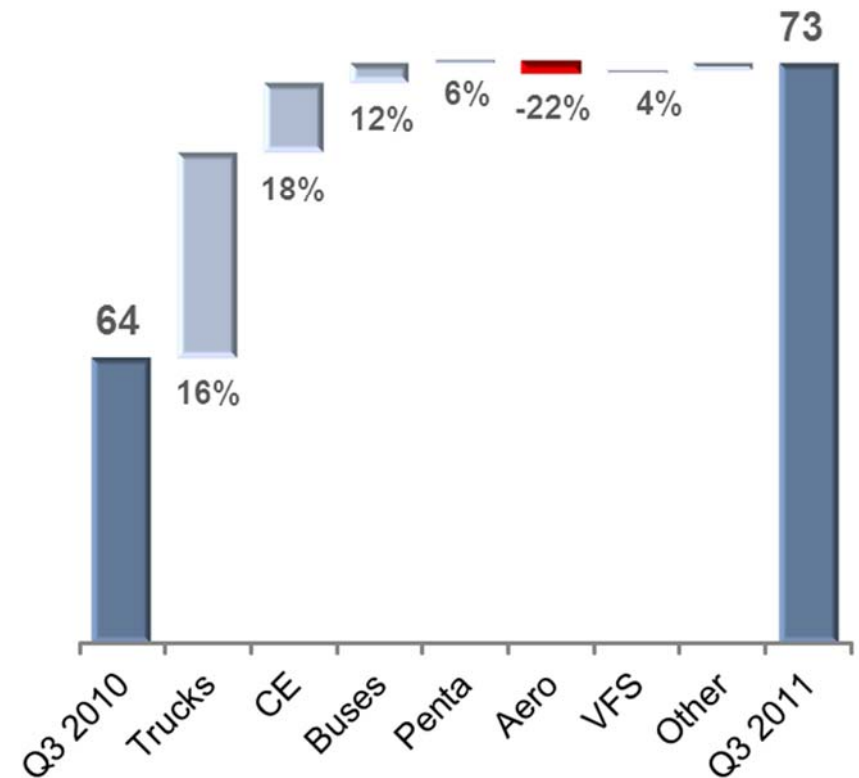


# Sales trend

SALES TREND  
SEK bn



SALES BRIDGE  
SEK bn

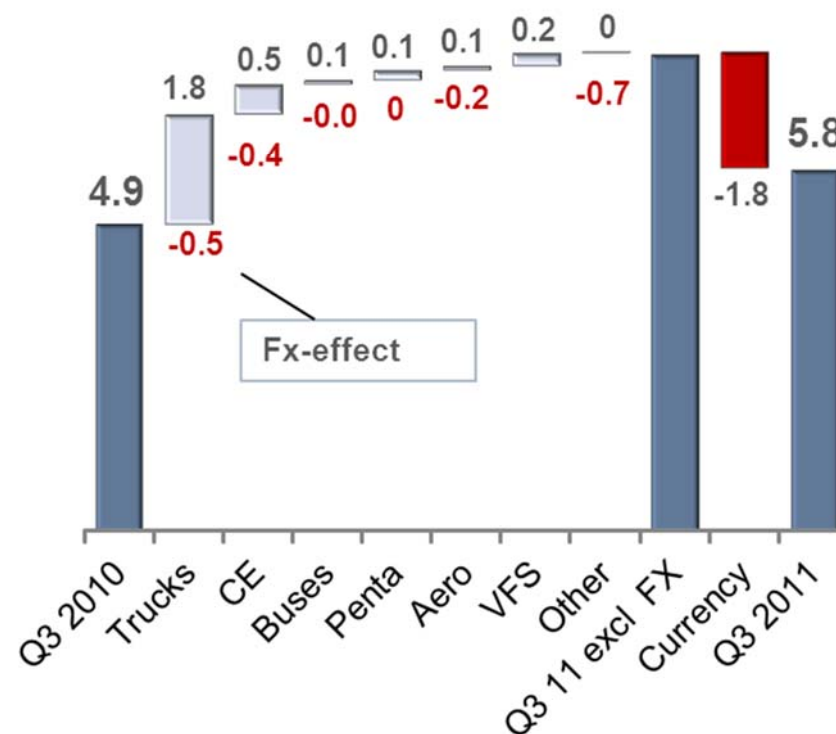


# Operating income

OPERATING INCOME  
SEK bn

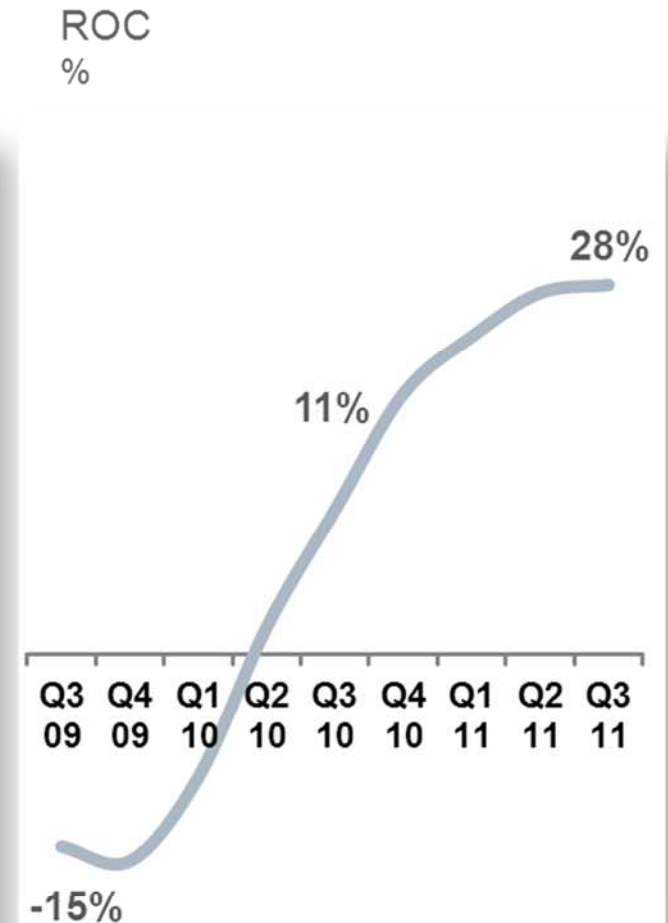
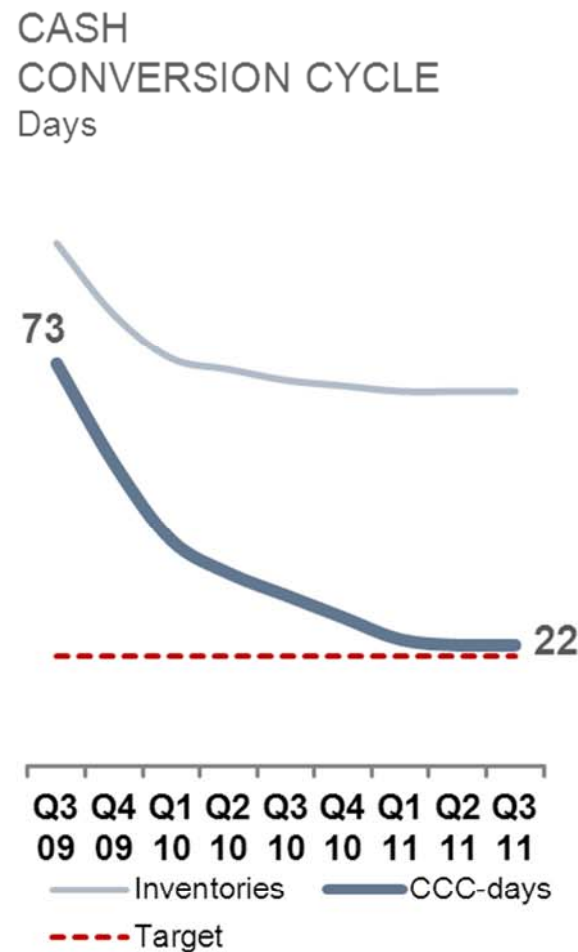
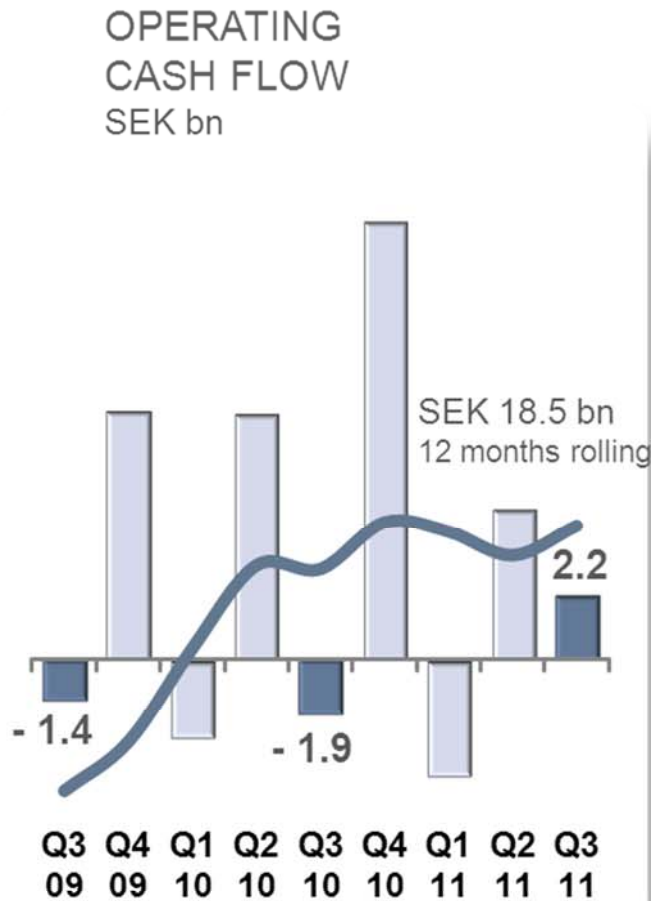


OPERATIONAL PERFORMANCE  
SEK bn



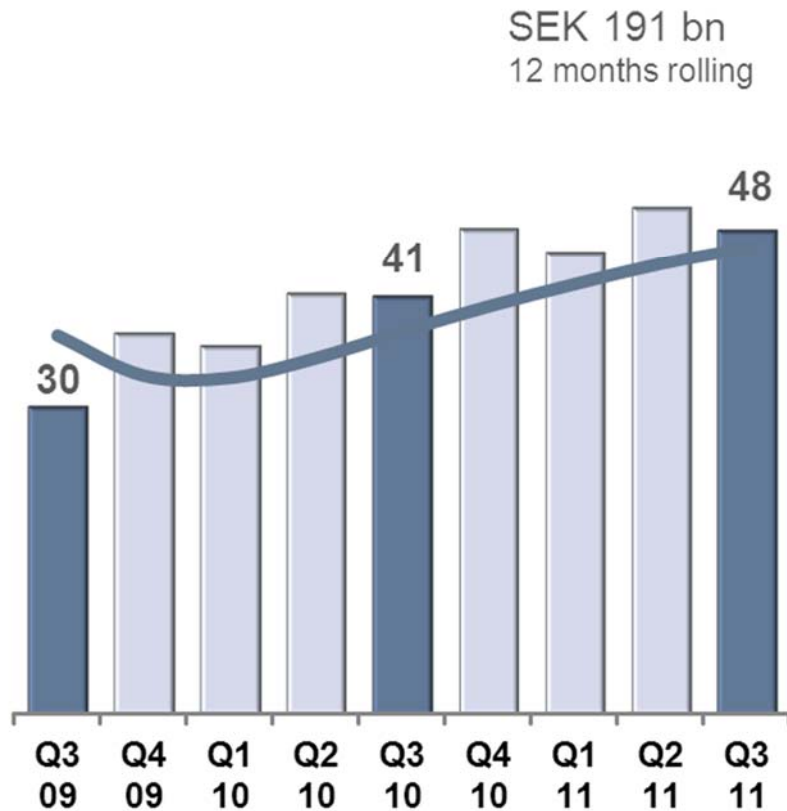


# Financial highlights – Operating capital



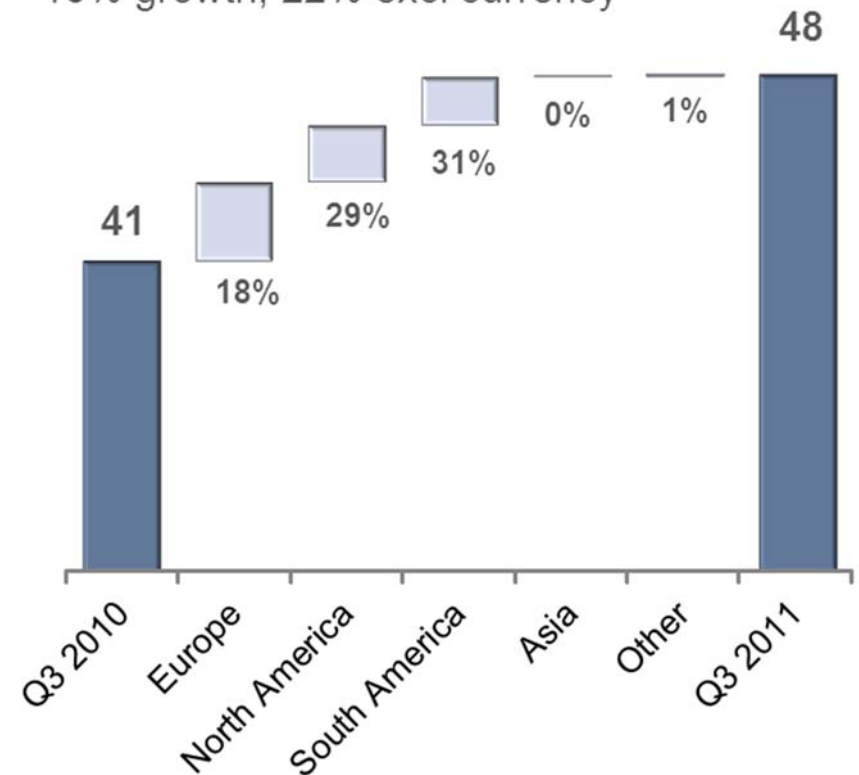
# Trucks – Sales trend

SALES TREND  
SEK bn



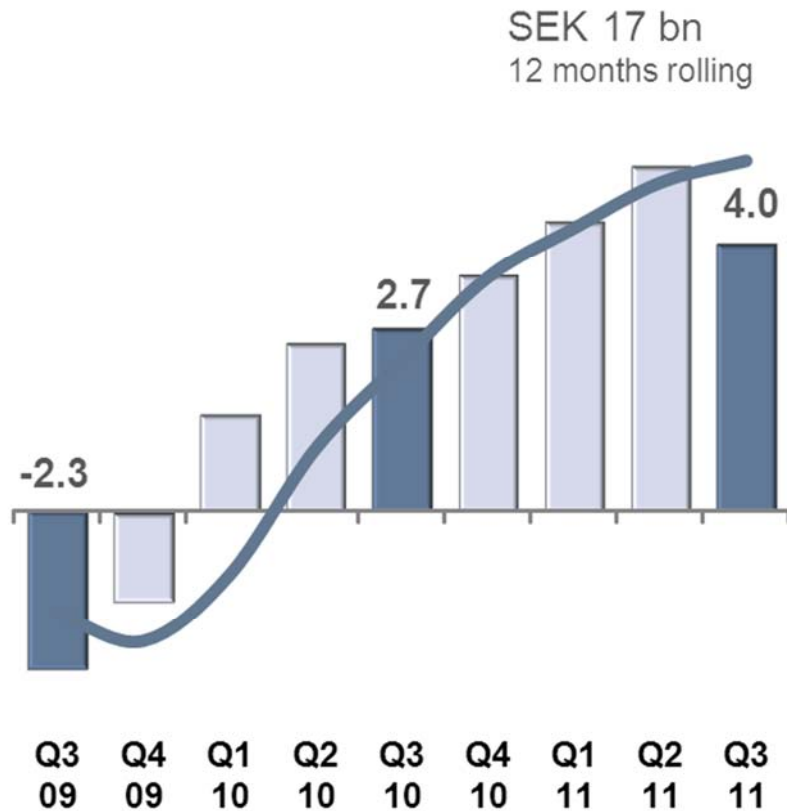
SALES BRIDGE  
SEK bn

16% growth, 22% excl currency

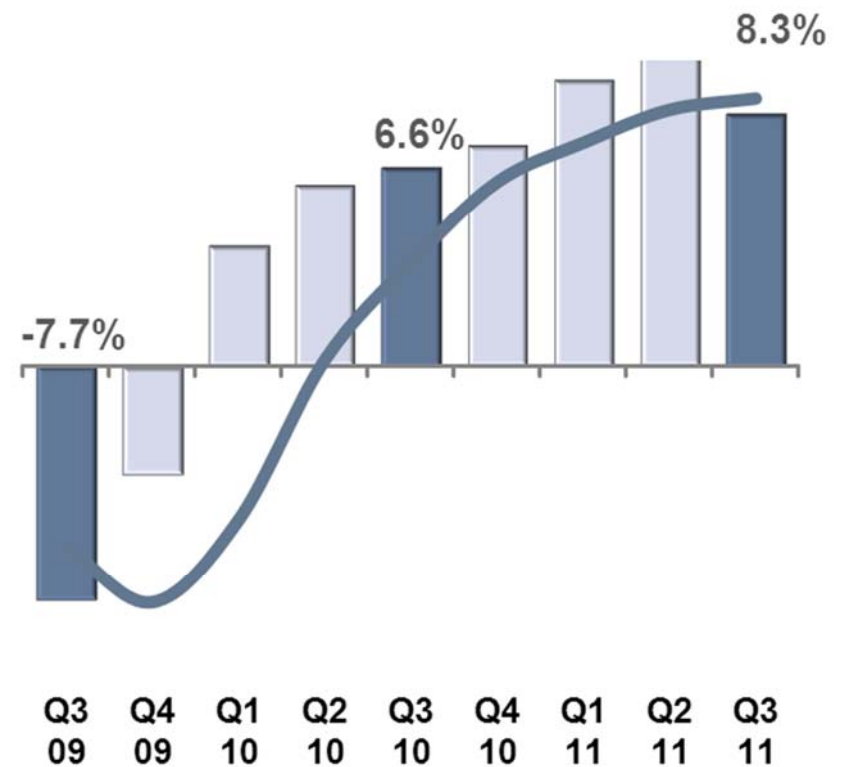


# Trucks – Operating income

OPERATING INCOME  
SEK bn

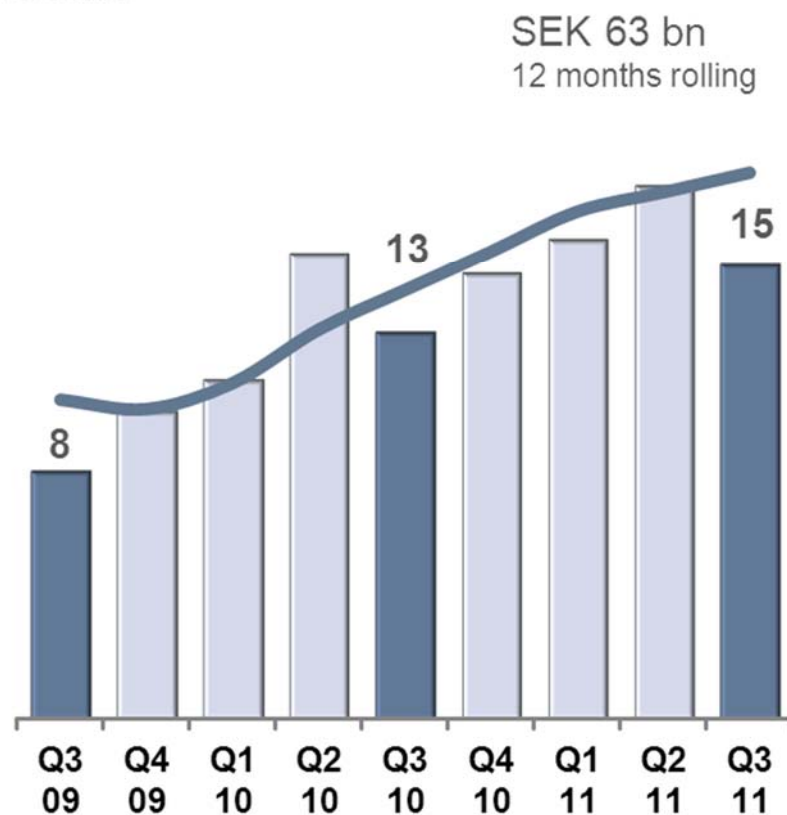


OPERATING MARGIN  
%



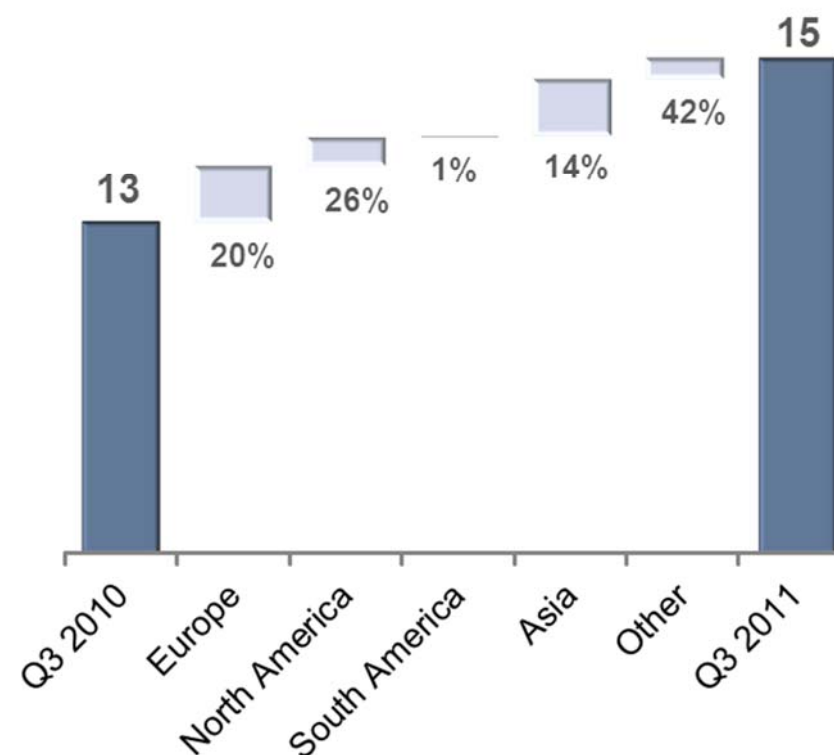
# Financial highlights – Volvo CE

SALES TREND  
SEK bn



SALES BRIDGE  
SEK bn

18% growth, 27% excl currency



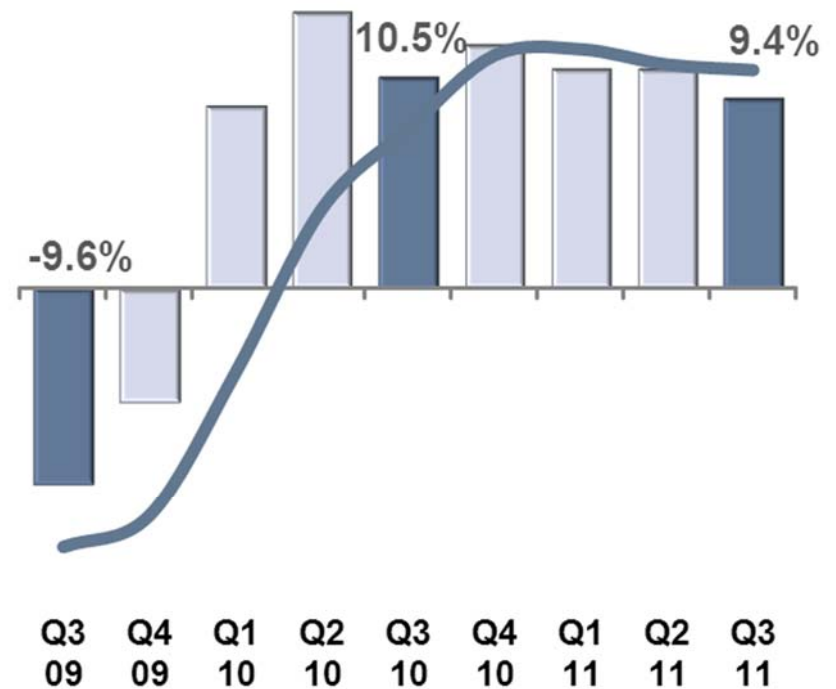


# Volvo CE – Operating income

OPERATING INCOME  
SEK bn



OPERATING MARGIN  
%



# Operating leverage

|   | NET SALES | OPERATING INCOME | MARGIN | OPERATING LEVERAGE | OPERATING LEVERAGE FX-ADJ |
|---|-----------|------------------|--------|--------------------|---------------------------|
| <b>VOLVO GROUP INDUSTRIAL OPERATIONS</b><br> | 72 bn     | 5.5 bn           | 7.7%   | <b>7%</b>          | <b>18%</b>                |
| <b>TRUCKS</b><br>                            | 48 bn     | 4.0 bn           | 8.3%   | <b>19%</b>         | <b>19%</b>                |
| <b>VOLVO CE</b><br>                          | 15 bn     | 1.4 bn           | 9.4%   | <b>3%</b>          | <b>14%</b>                |
| <b>BUSES</b><br>                           | 5.2 bn    | 0.2 bn           | 3.6%   | <b>5%</b>          | <b>8%</b>                 |
| <b>VOLVO PENTA</b><br>                     | 2.2 bn    | 0.2 bn           | 9.5%   | <b>112%</b>        | <b>62%</b>                |
| <b>VOLVO AERO</b><br>                      | 1.4 bn    | 0.1 bn           | 7.2%   | <b>N/A</b>         | <b>N/A</b>                |

# Currency impact on operating income

|  | Q3 2011 | Q3 2010 | Change        |
|--|---------|---------|---------------|
| Spot rates, net flows                            |         |         | -1 088        |
| Realized hedging contracts                       | -18     | +57     | -75           |
| Revaluation of receivables & payables            | +62     | -376    | +438          |
| Unrealized gains and losses on hedging contracts | -378    | +598    | -976          |
| <i>Where of</i>                                  |         |         |               |
| Business Areas                                   | -166    |         | -166          |
| Group headquarter functions and others           | -212    | +598    | -810          |
| Revaluation of foreign subsidiaries              |         |         | -144          |
| <b>Total Volvo Group</b>                         |         |         | <b>-1 845</b> |

| <b>Where of</b>                              | Q3 2011 | Q3 2010 | Change        |
|--|---------|---------|---------------|
| <b>Business Areas</b>                        |         |         | <b>-1 165</b> |
| <b>Group headquarter function and others</b> |         |         | <b>-680</b>   |

## Comments

- No hedge accounting
- Hedging firm flows

## 2011

- As of 2011, unrealized gains and losses on derivatives related to a receivable or payable will be reported in the respective Business Areas.

# Strong third quarter

- from a historical perspective

| SALES<br>Q3         | OPERATING INCOME<br>Q3 | OPERATING MARGIN<br>Q3 | CASH FLOW<br>Q3      |
|---------------------|------------------------|------------------------|----------------------|
| <b>2011 (73 bn)</b> | <b>2011 (5.8 bn)</b>   | <b>2011 (7.9%)</b>     | <b>2011 (2.2 bn)</b> |
| 2008                | 2007                   | 2007                   | 2007                 |
| 2007                | 2010                   | 2010                   | 2006                 |
| 2010                | 2006                   | 2006                   | 2009                 |
| 2006                | 2008                   | 2008                   | 2010                 |
| 2009                | 2009                   | 2009                   | 2008                 |

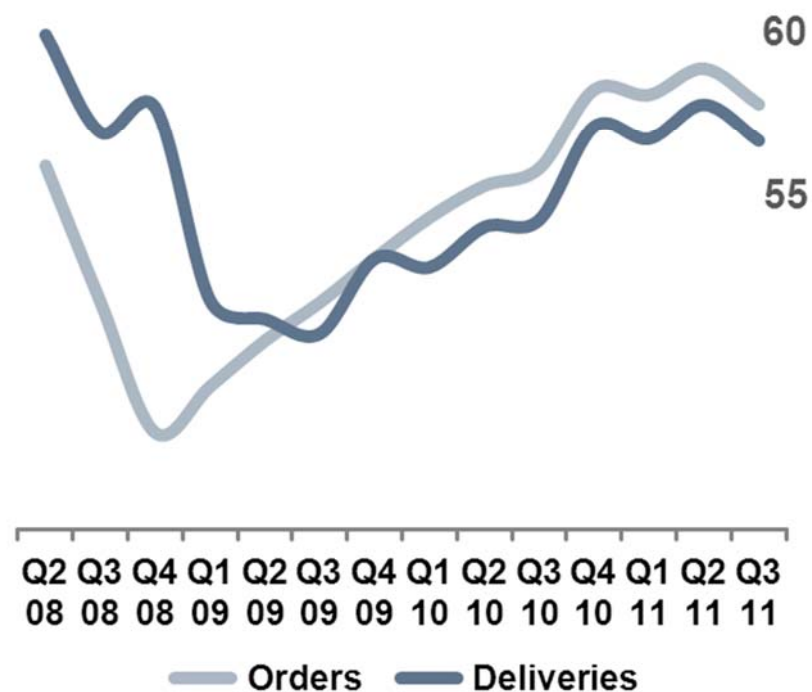
# Order intake & deliveries – Trucks

## ORDERS

|               | Q2-11         | Q3-10         | Q3-11         | YoY         |
|---------------|---------------|---------------|---------------|-------------|
| Europe        | 24,623        | 19,434        | 22,257        | +15%        |
| North America | 15,314        | 9,350         | 11,898        | +27%        |
| South America | 6,597         | 6,085         | 8,063         | +33%        |
| Asia          | 13,724        | 13,047        | 13,772        | +6%         |
| Other markets | 4,748         | 2,953         | 3,985         | +35%        |
| <b>Total</b>  | <b>65,006</b> | <b>50,869</b> | <b>59,975</b> | <b>+18%</b> |

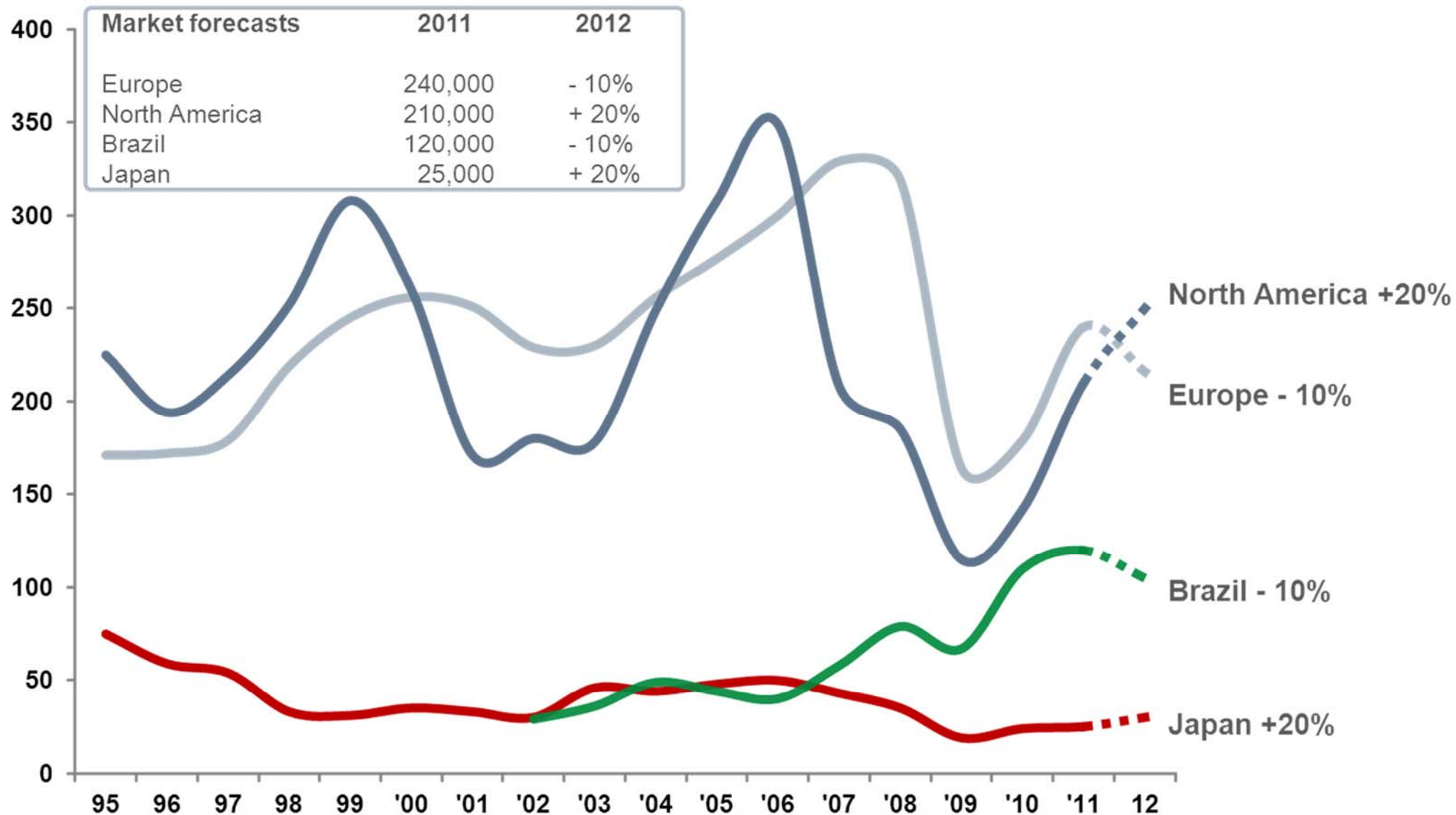
## ORDERS AND DELIVERIES

Book to bill: 1.1



# Market development - Trucks

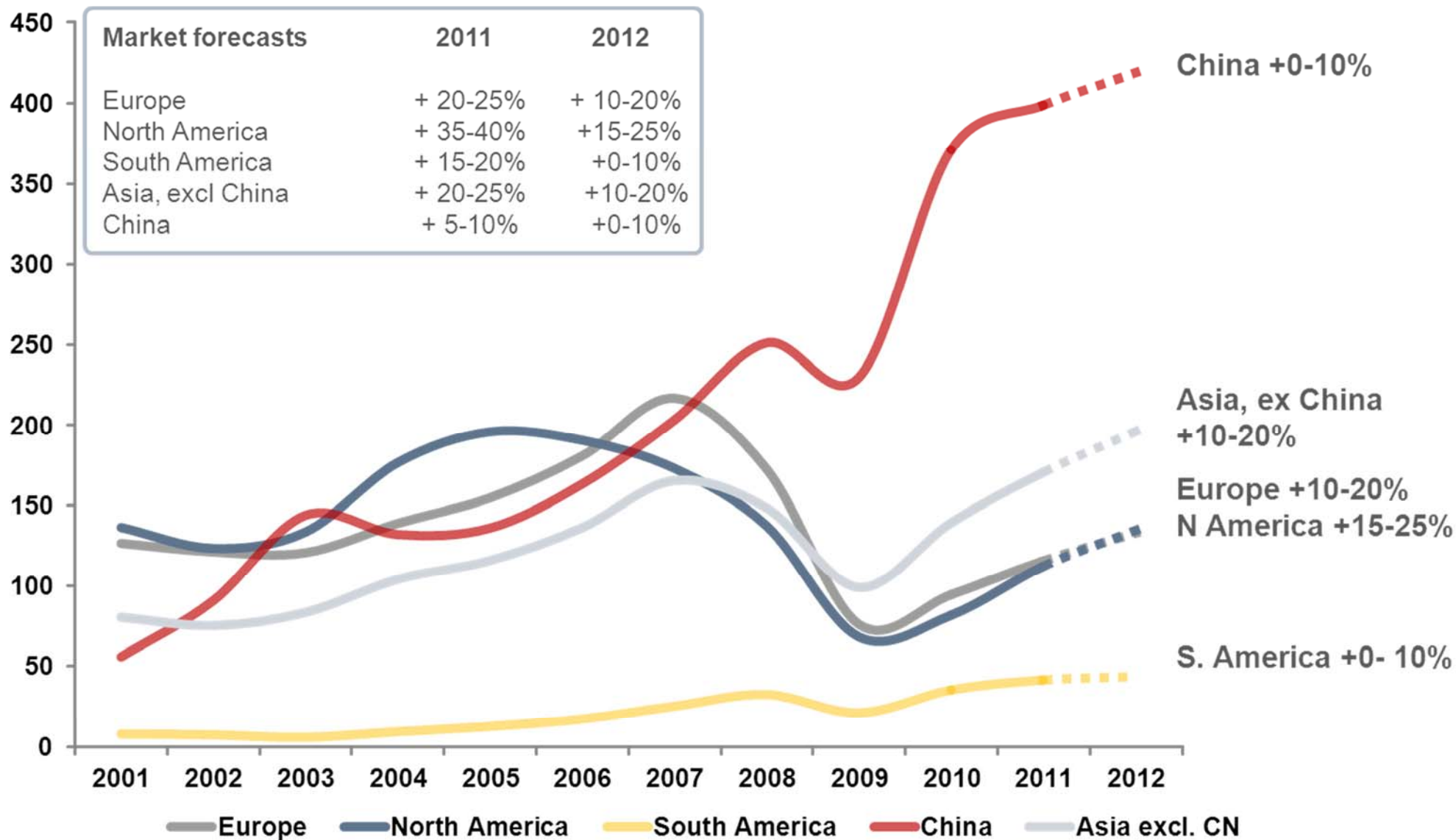
Units,  
thousands





# Market development - VCE

Units,  
thousands



# Summary

- Historically good Q3
  - Growth
  - Profitability
  - Cash flow
- Macro-economic uncertainty with low visibility
- Geographical footprint balancing



**VOLVO**

# APPENDIX

# Guidance

**Capex** 2011 ~10 bn

**Tax rate** 2011 ~30%

## Market forecast

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### Trucks

|                 | 2011    | 2012  |
|-----------------|---------|-------|
| - Europe        | 240,000 | - 10% |
| - North America | 210,000 | + 20% |
| - Brazil        | 120,000 | - 10% |
| - Japan         | 25,000  | + 20% |

### CE

|                  | 2011     | 2012     |
|------------------|----------|----------|
| - Europe         | + 20-25% | + 10-20% |
| - North America  | + 35-40% | + 15-25% |
| - South America  | + 15-20% | + 0-10%  |
| - Asia, ex China | + 20-25% | + 10-20% |
| - China          | + 5-10%  | + 0-10%  |

# Currency effects – On operating income

| SEK M              | Q3-11 vs<br>Q3-10 |
|--------------------|-------------------|
| Trucks             | -502              |
| Volvo CE           | -400              |
| Buses              | -46               |
| Volvo Penta        | -4                |
| Volvo Aero         | -213              |
| Other              | -680              |
| <b>Volvo Group</b> | <b>-1,845</b>     |



# Currency impact on operating income

|  | Q3 2011 | Q2 2011 | Change      |
|--|---------|---------|-------------|
| Spot rates, net flows                            |         |         | +261        |
| Realized hedging contracts                       | -18     | +211    | -229        |
| Revaluation of receivables & payables            | +62     | +166    | -104        |
| Unrealized gains and losses on hedging contracts | -378    | -101    | -277        |
| <i>Where of</i>                                  |         |         |             |
| Business Areas                                   | -166    | -19     | -147        |
| Group headquarter functions and other            | -212    | -82     | -130        |
| Revaluation of foreign subsidiaries              |         |         | +49         |
| <b>Total Volvo Group</b>                         |         |         | <b>-300</b> |

## Comments

- No hedge accounting
- Hedging firm flows

## 2011

- As of 2011, unrealized gains and losses on derivatives related to a receivable or payable will be reported in the respective Business Areas.

| <b>Where of</b>                              | Q3 2011 | Q2 2011 | Change      |
|--|---------|---------|-------------|
| <b>Business Areas</b>                        |         |         | <b>-139</b> |
| <b>Group headquarter function and others</b> |         |         | <b>-161</b> |

# Upcoming events

CAPITAL MARKET DAY

November 8

Stockholm

Q4-REPORT

February 3

Stockholm

AGM

April 4

Göteborg

[www.volvogroup.com/IR](http://www.volvogroup.com/IR)

**VOLVO**