

# VOLVO GROUP FOURTH QUARTER 2011

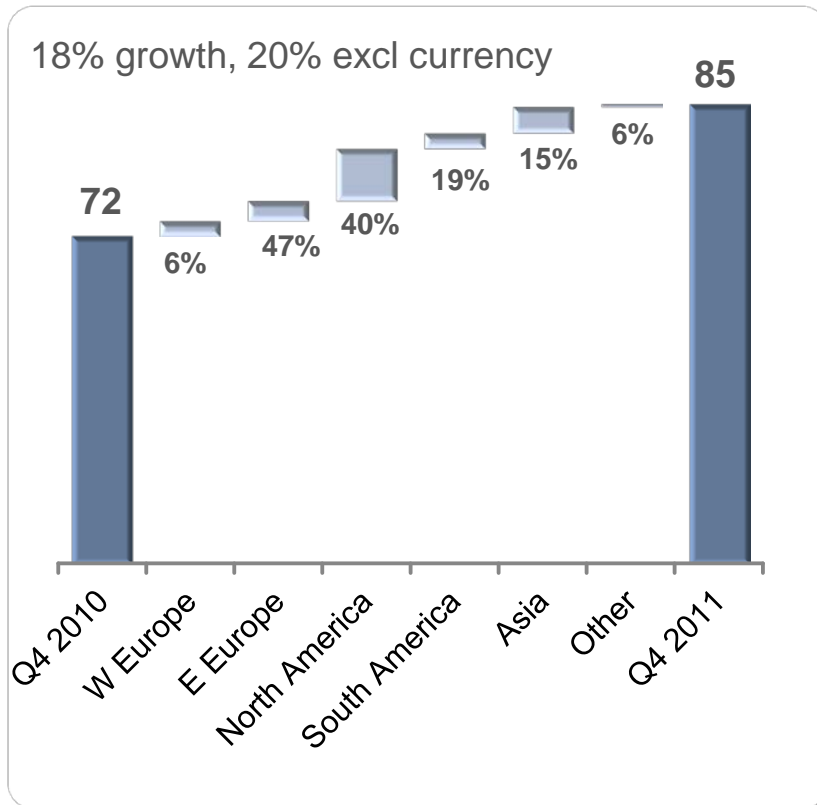


# Group overview – record quarter

	NET SALES	OPERATING INCOME	MARGIN
<b>VOLVO GROUP</b> 	87 bn	6,955 M	8.0%
<b>TRUCKS</b> 	57 bn	4,906 M	8.6%
<b>VOLVO CE</b> 	17 bn	1,649 M	9.8%
<b>BUSES</b> 	6.7 bn	295 M	4.4%
<b>VOLVO PENTA</b> 	1.9 bn	94 M	4.8%
<b>VOLVO AERO</b> 	1.9 bn	151 M	8.1%
<b>FINANCIAL SERVICES</b> 	12.6 bn New financing	262 M	

# Strong growth in N America and E Europe

MARKET DEVELOPMENT\*  
SEK bn



VOLVO GROUP\* SALES Q4  
%

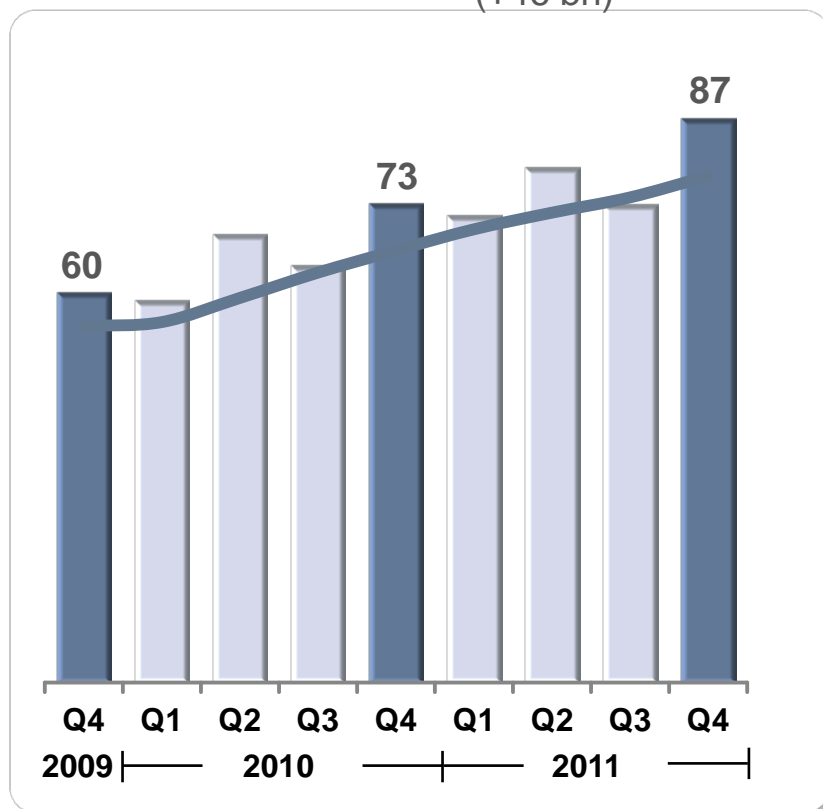


\* Industrial operations

# Group sales and operating income at all-time-high

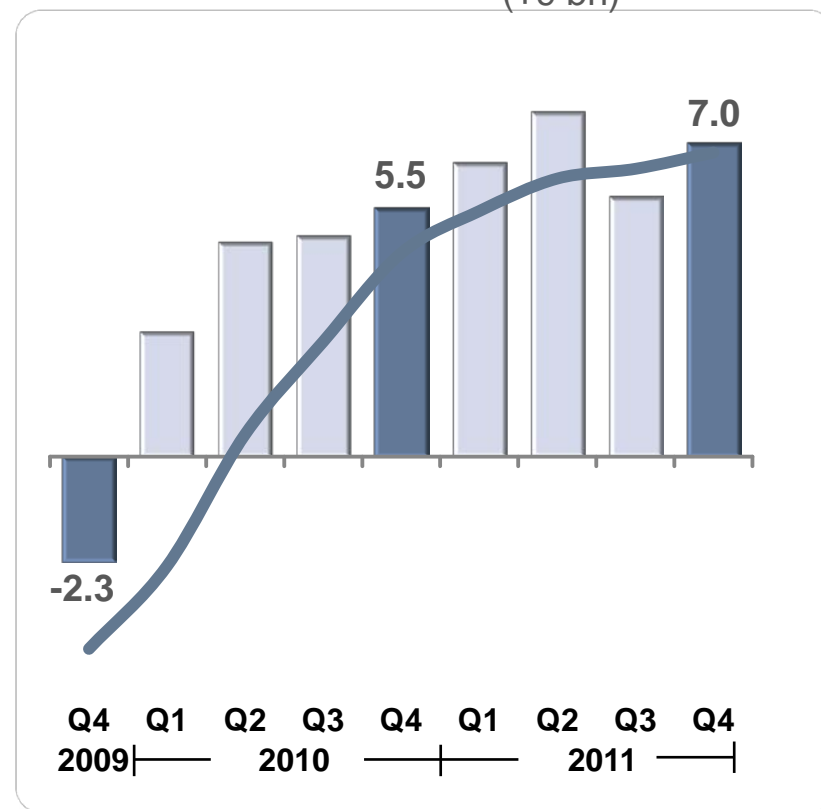
SALES TREND  
SEK bn

Full year 310 bn  
(+46 bn)



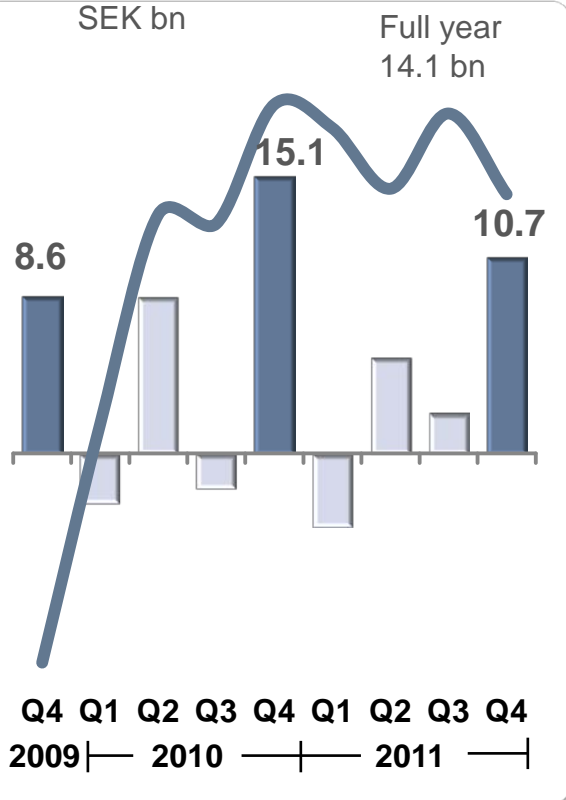
OPERATING INCOME  
SEK bn

Full year 27 bn  
(+9 bn)

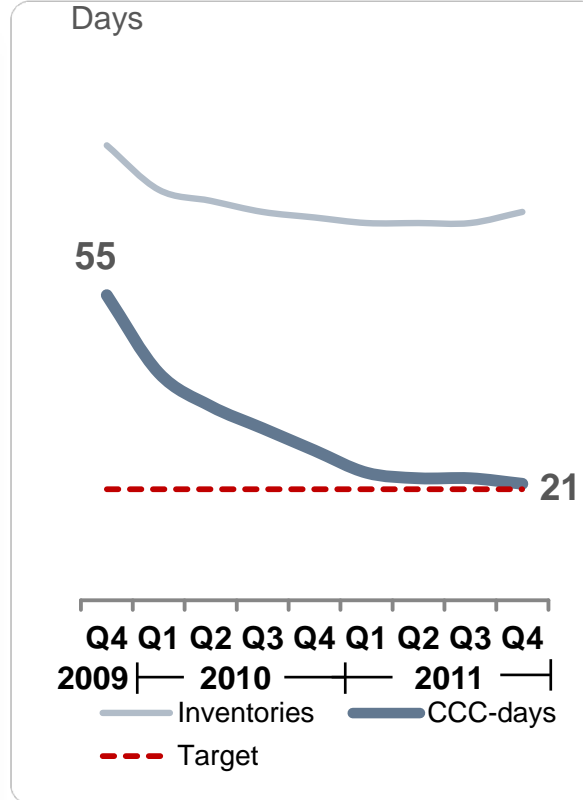


# High capital efficiency

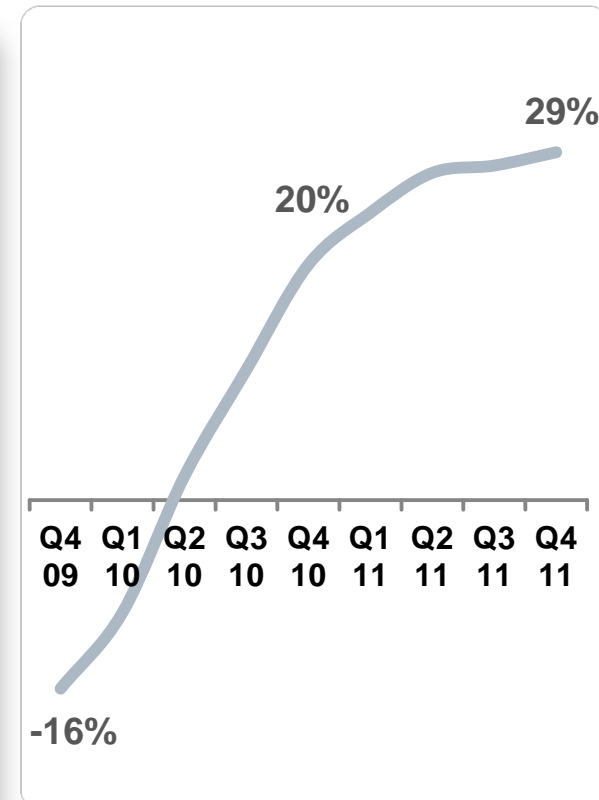
OPERATING  
CASH FLOW  
SEK bn



CASH  
CONVERSION CYCLE  
Days



ROC  
%



# Strengthened financial position & proposed dividend

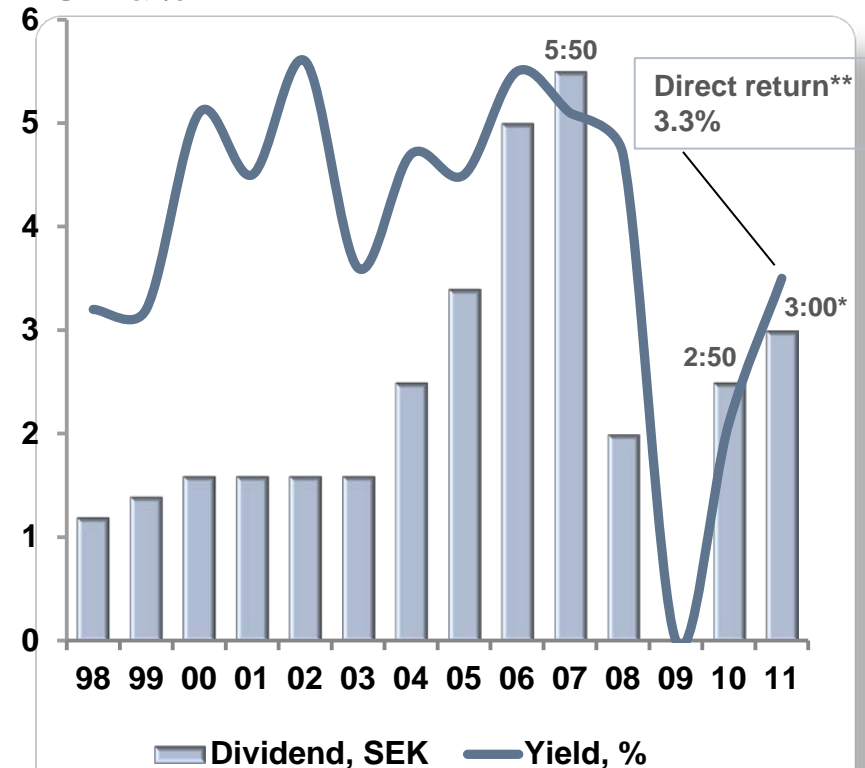
## Proposed dividend 2011

SEK 6 bn distributed to the shareholders  
 SEK 12 bn re-invested in the Group

NET DEBT  
 SEK



ORDINARY DIVIDEND & YIELD PER SHARE  
 SEK & %

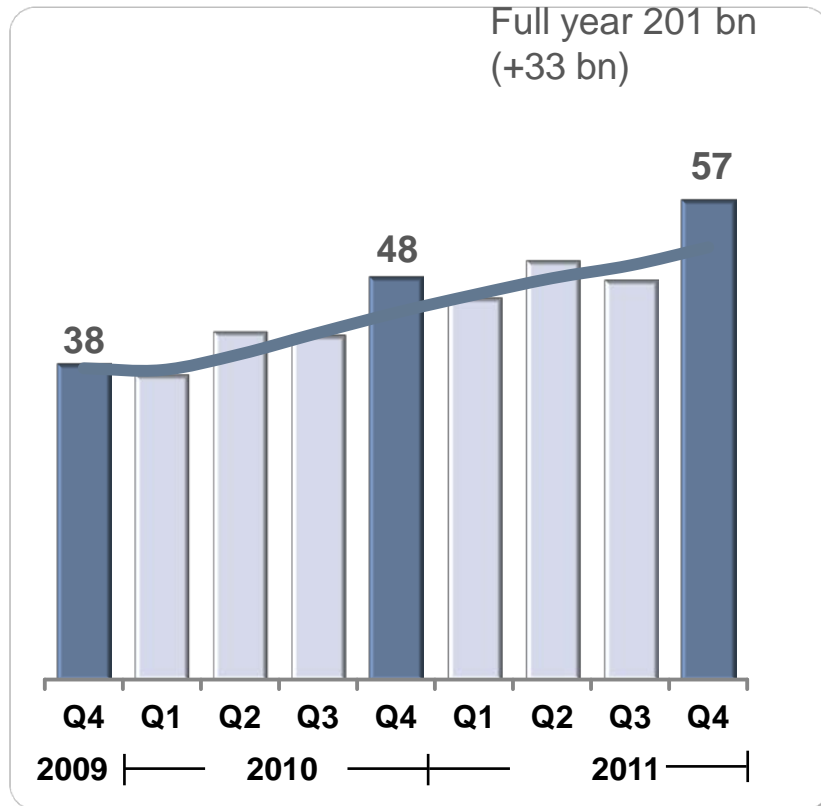


\* Proposed by the Board of Directors

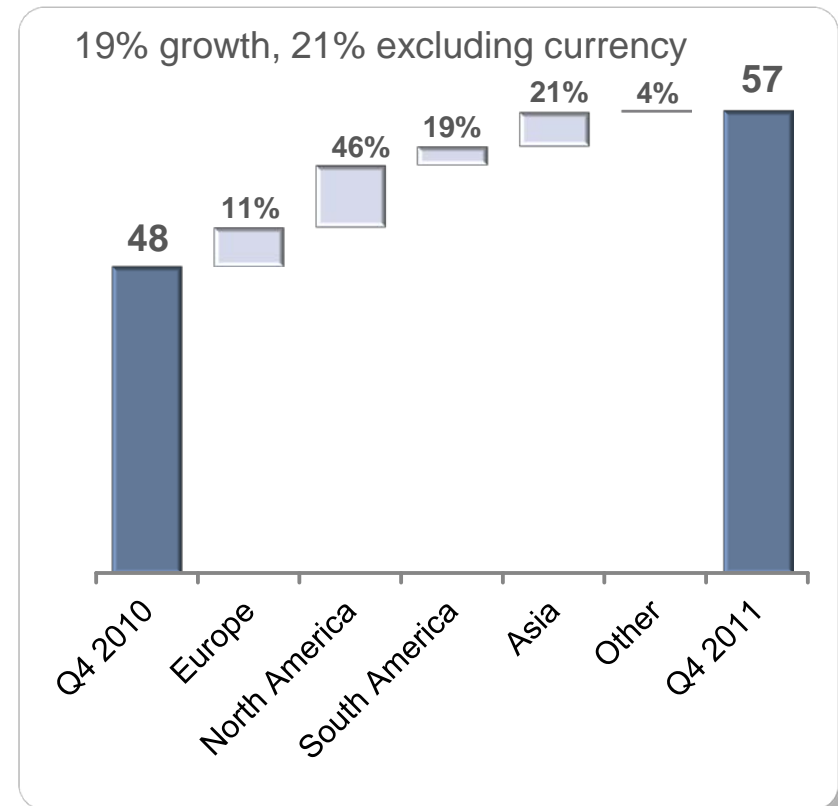
\*\* Based on a share price of SEK 90

# Trucks – Strong sales through market growth and improved market shares

SALES TREND  
SEK bn



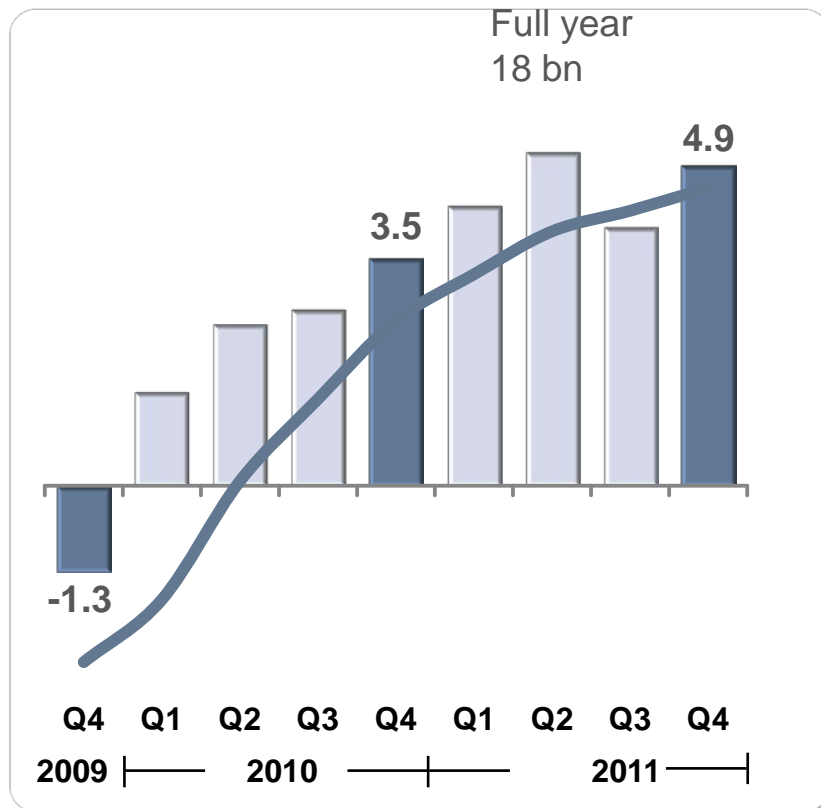
SALES BRIDGE  
SEK bn



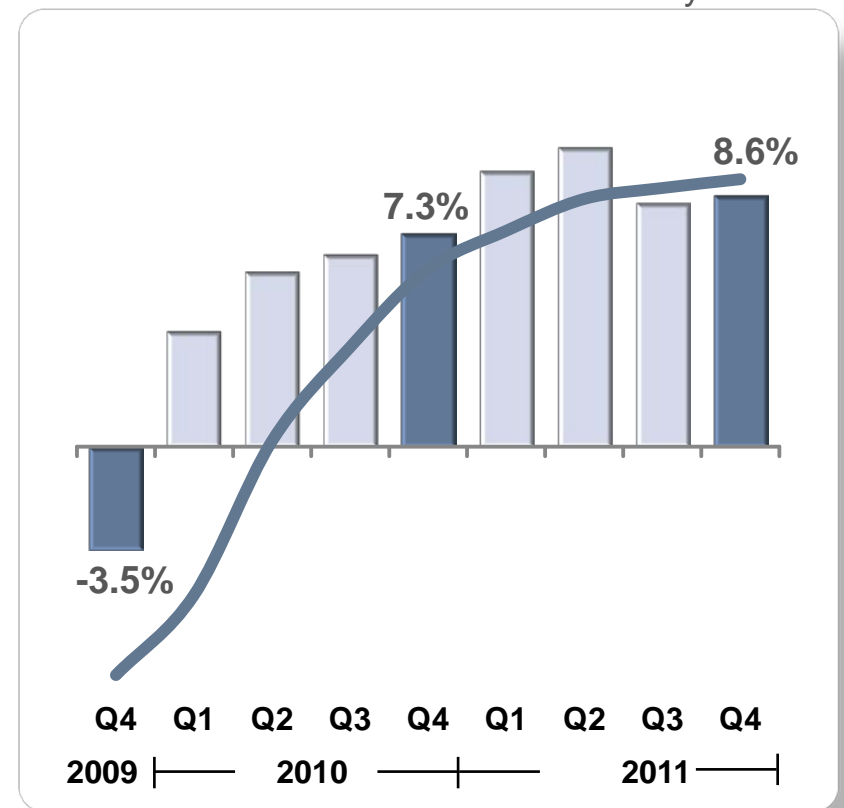
# Trucks – Operating income continues to improve

Operating leverage 15%, 17% excluding currency effects

OPERATING INCOME  
SEK bn



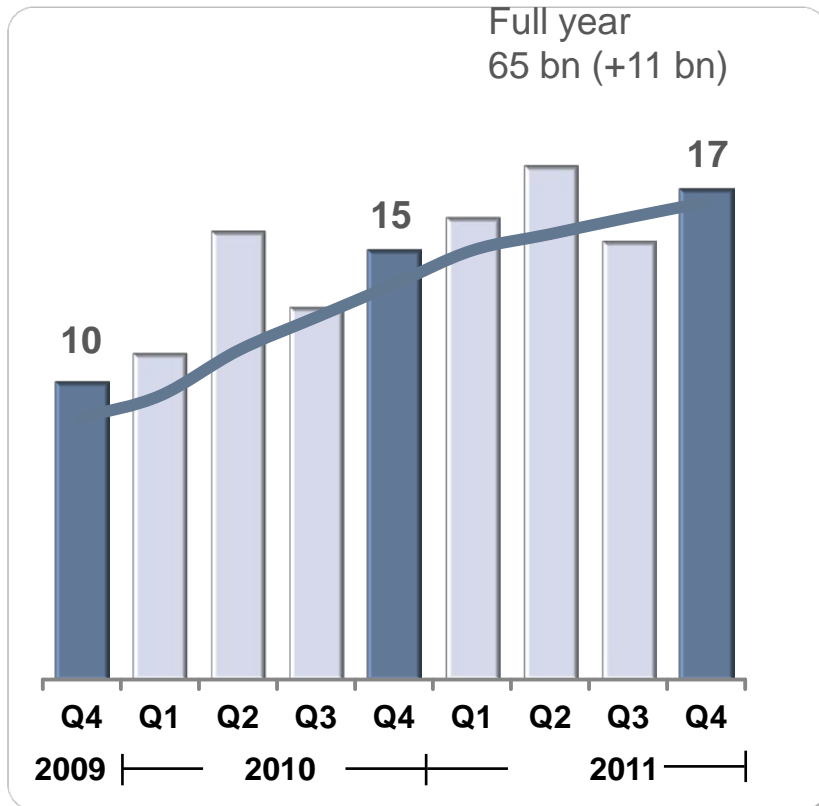
OPERATING MARGIN  
%



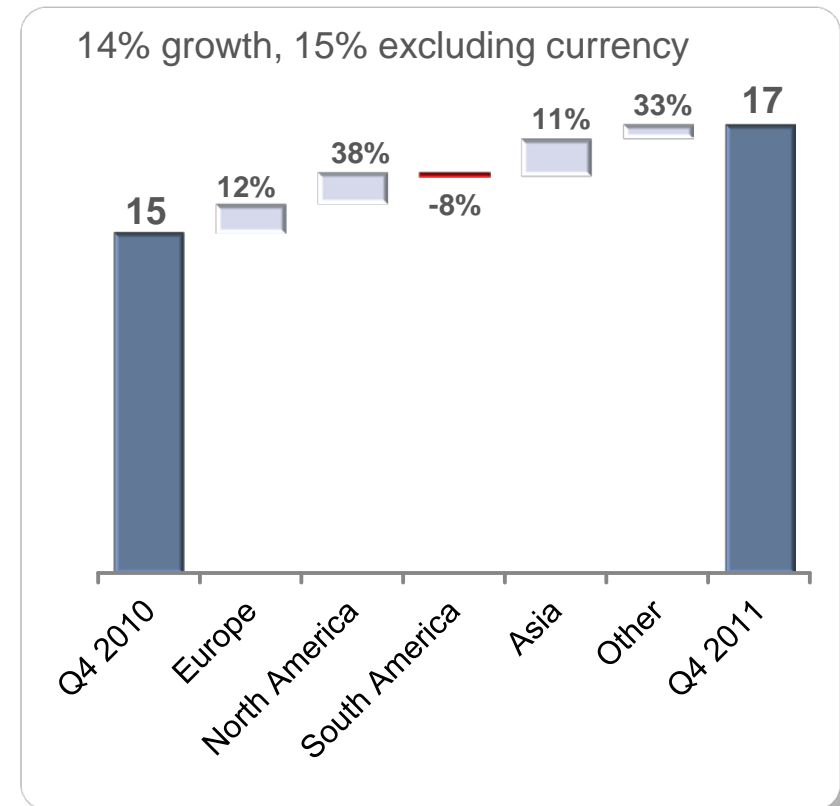


# Volvo CE – Growth in North America and improved market shares in China

SALES TREND  
SEK bn



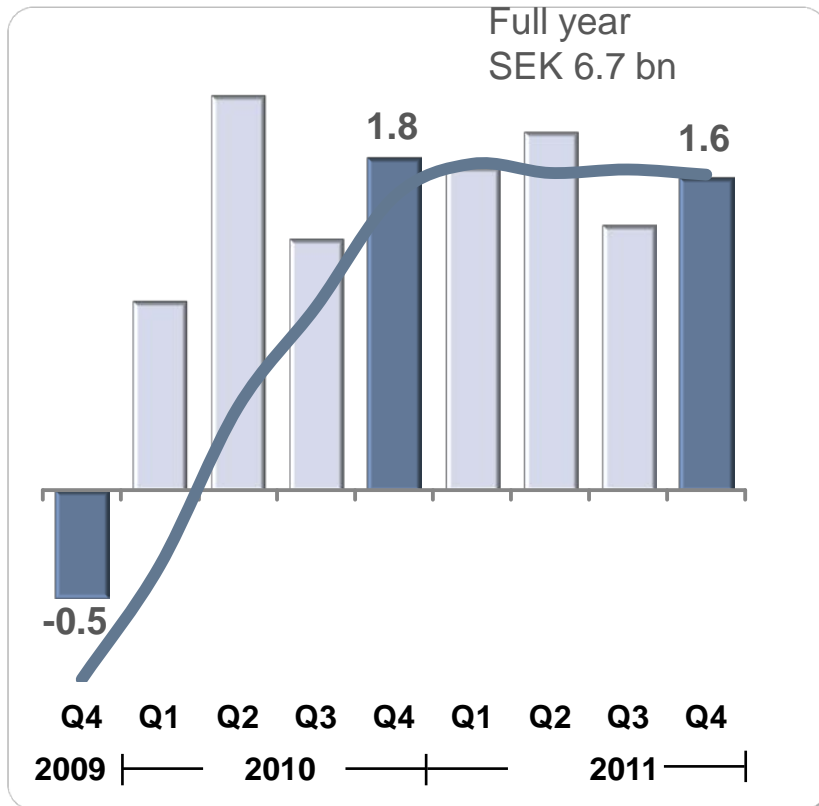
SALES BRIDGE  
SEK bn



# Volvo CE – Strong growth with stable margins, excl fx

Operating leverage -5%, 9% excluding currency

OPERATING INCOME  
SEK bn



OPERATING MARGIN  
%



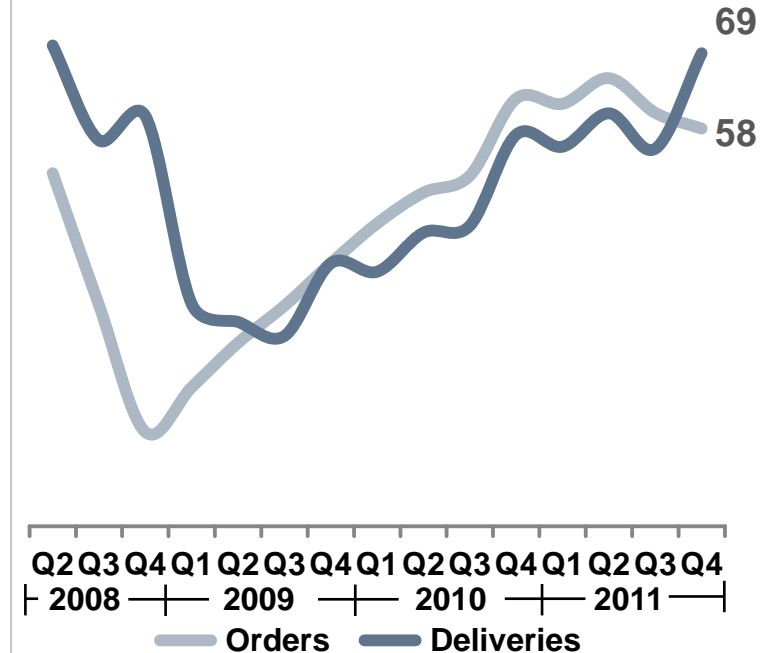
# Trucks - Order intake slowing moderately

## ORDERS

	Q3-11	Q4-10	Q4-11	YoY
Europe	22,257	26,014	19,738	-24%
North America	11,898	10,414	12,690	+22%
South America	8,063	7,369	6,011	-18%
Asia	13,772	14,617	14,221	-3%
Other markets	3,985	3,637	5,044	+39%
<b>Total</b>	<b>59,975</b>	<b>62,051</b>	<b>57,704</b>	<b>-7%</b>

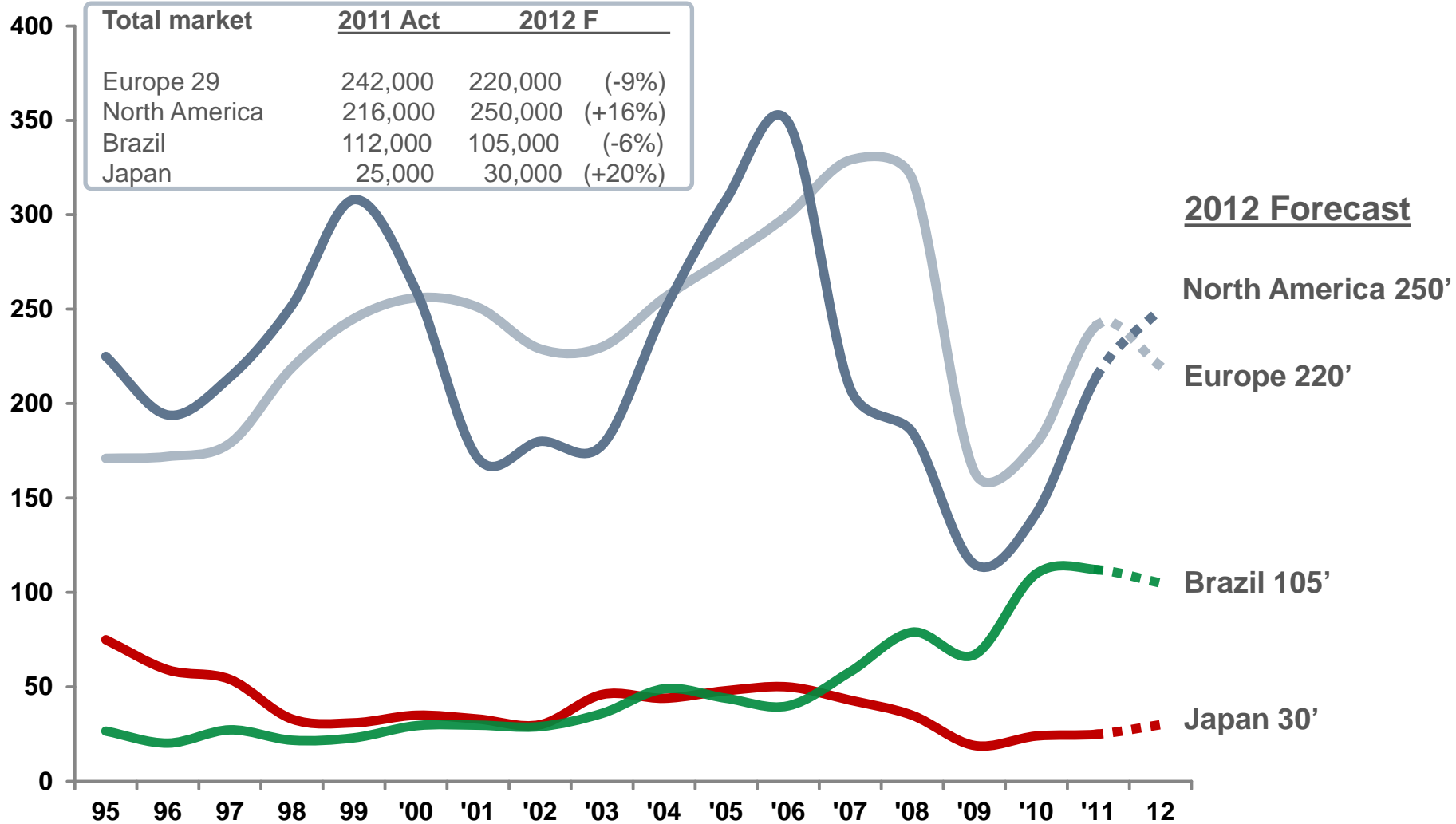
## ORDERS AND DELIVERIES

Book to bill: 0.84



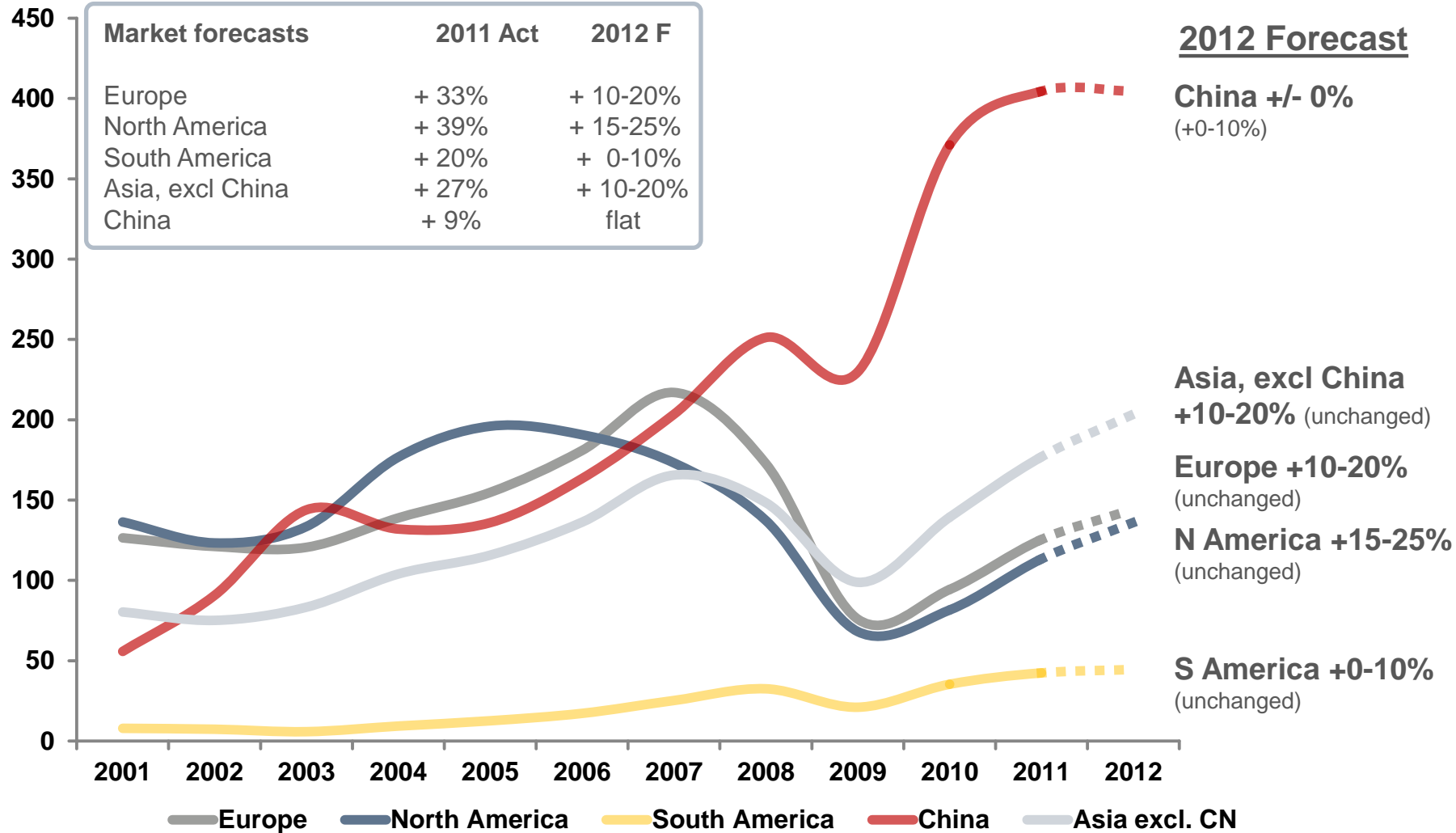
# Unchanged outlook for heavy-duty trucks

Units,  
thousands

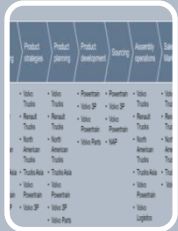


# Market development – Construction Equipment

Units, thousands

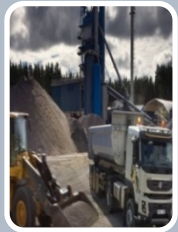


# Reorganization – status after 120 days



## Processes and structures

- New structure operational
- 25 new senior management teams in place
- 109 new managers appointed
- New governance principles



## Customer offering

- Brand segmentation initiated
- Asian product focus
  - trucks
  - buses
  - construction equipment



## Utilizing the full potential

- Commitment from new management (sales and cost-efficiency opportunities)

# Strong full year

- Net sales SEK 310 bn (+17%)
- Operating income SEK 27 bn (+49%)
- Operating margin 8.7% (6.8%)
- Diluted EPS SEK 8.75 (5.36)
- Net debt ratio 25.2% (37.4%)
- Proposed dividend SEK 3.00 (2.50)



# INVESTOR DAY – March 28, Pithampur, India



## PLANT TOUR

- New Engine plant
- Truck assembly
- New paint shop

## PRESENTATIONS

- Eicher Motors Ltd
- Volvo Group Trucks in Asia





**VOLVO**

# APPENDIX

# Guidance

## Market forecast

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<b>Capex PPE</b>	2012
Ind. Operations	~10 bn
<b>Tax rate 2012</b>	~30%

<b>Heavy-duty trucks</b>	<b>2012</b>
- Europe 29	220,000
- North America	250,000
- Brazil	105,000
- Japan	30,000
<b>CE</b>	<b>2012</b>
- Europe	+ 10-20%
- North America	+ 15-25%
- South America	+ 0-10%
- Asia, ex China	+ 10-20%
- China	+/- 0%

# Currency effects – On operating income

SEK M	Q4-11 vs Q4-10
Trucks	-294
Volvo CE	-320
Buses	-22
Volvo Penta	-64
Volvo Aero	-91
Other	+366
<b>Volvo Group</b>	<b>-425</b>

# Upcoming events

INVESTOR DAY	March 28	Pithampur
AGM	April 4	Göteborg
Q1 REPORT	April 26	Stockholm
Q2 REPORT	July 24	Göteborg
CAPITAL MARKET DAY	Sept 25	Göteborg

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

**VOLVO**