



Volvo Group

FIRST QUARTER
2016

MARTIN LUNDSTEDT
PRESIDENT AND CEO



Volvo Group Headquarters

First quarter 2016

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VOLVO

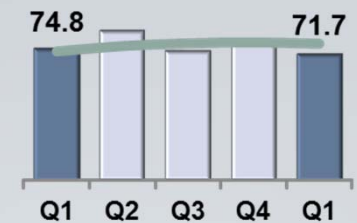
VOLVO GROUP

First quarter highlights

- Production adjustments in North America and Europe implemented
- Underlying profitability stable – operating margin* 6.2% (6.1)
- Product introductions in Volvo CE and Volvo Trucks
- New organization in Trucks with clear leadership and accountability for each brand

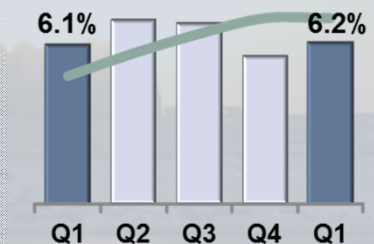
NET SALES

SEK bn 12 months 309 bn



OPERATING MARGIN*

% 12 months 6.5%

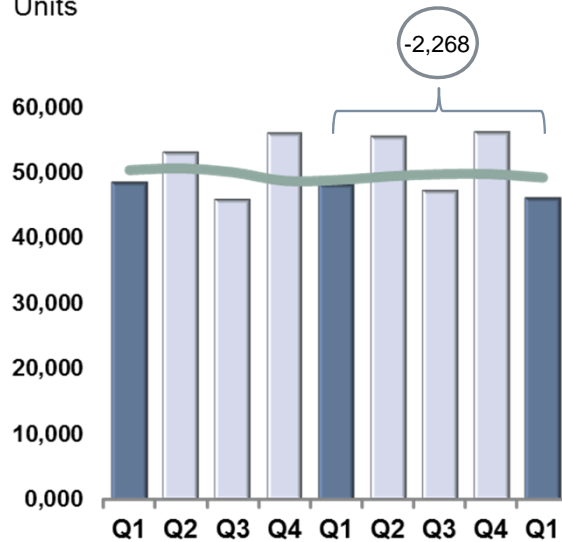


VOLVO GROUP Volume development

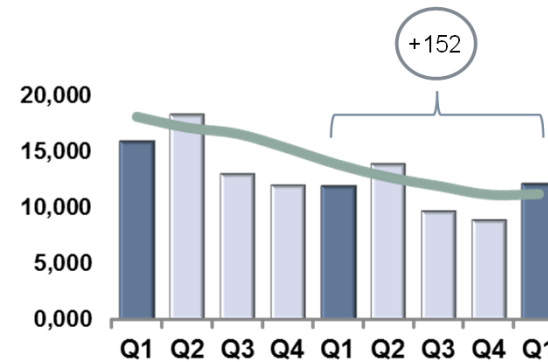
Volume -5%

Volvo	-2,058
UD	+376
Renault Trucks	+809
Mack	-1,395

TRUCK DELIVERIES
Units



MACHINE DELIVERIES
Units



Volume +2%

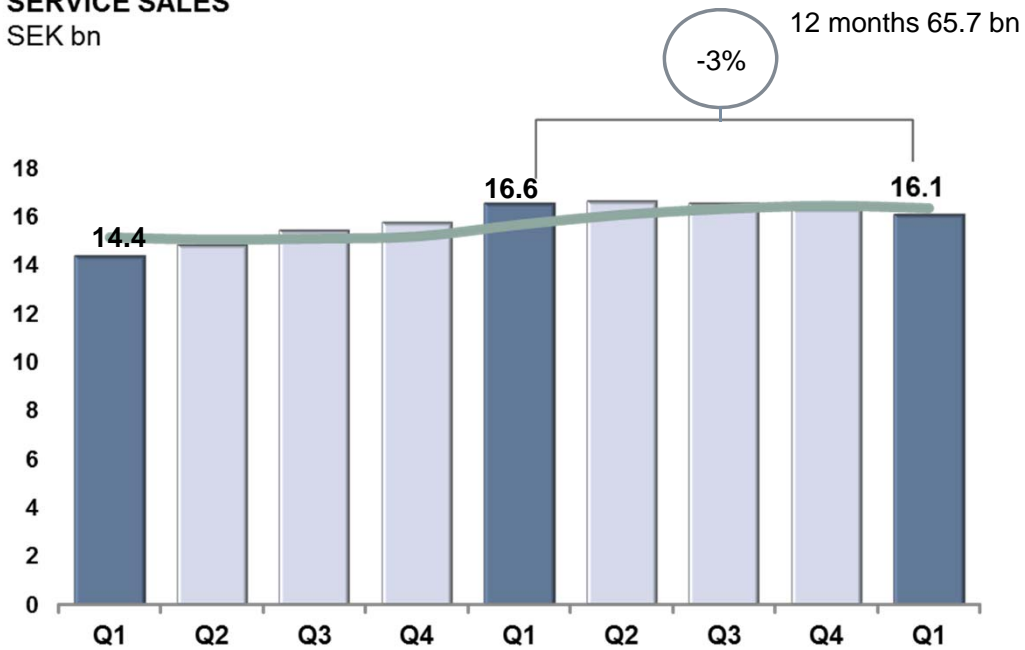
Volvo	-473
SDLG	+625

VOLVO GROUP

Service sales development

- Trucks →
- Volvo CE →
- Buses →
- Volvo Penta →

SERVICE SALES
SEK bn



TRUCKS

- **Good demand in Europe**
- **Correction in North America**
- **Strengthened product offer in Volvo Trucks**



VOLVO TRUCKS
New I-shift

with crawler gears

- can start off from standstill
with 325 tons.



Volvo Group Headquarters

First quarter 2016

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VOLVO

VOLVO TRUCKS

Engines with lower fuel consumption
launched in North America



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First quarter 2016

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TRUCKS

Platooning through Europe



Volvo Group Headquarters

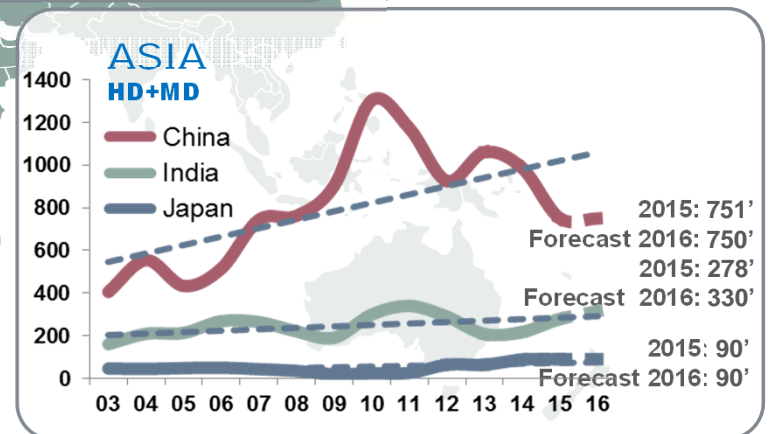
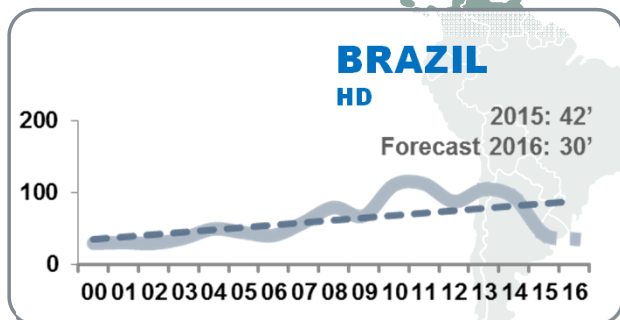
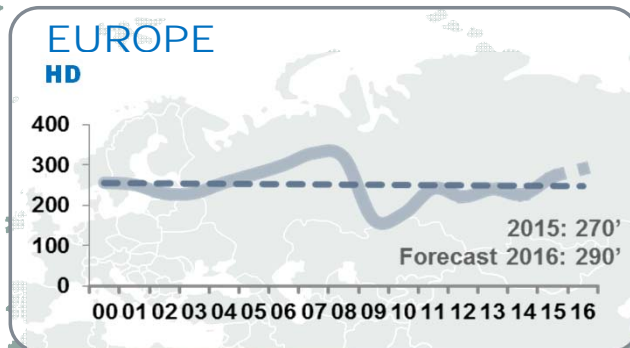
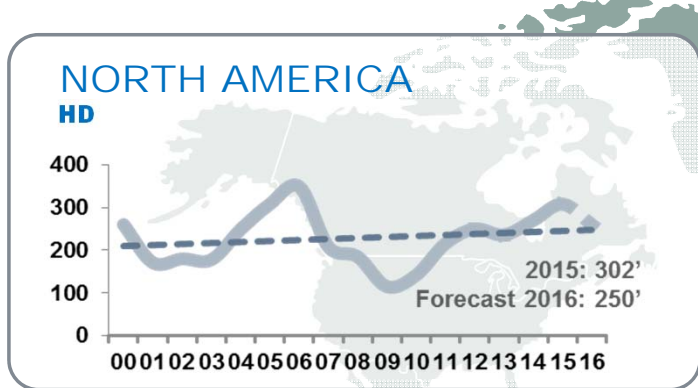
First quarter 2016

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VOLVO

TRUCKS

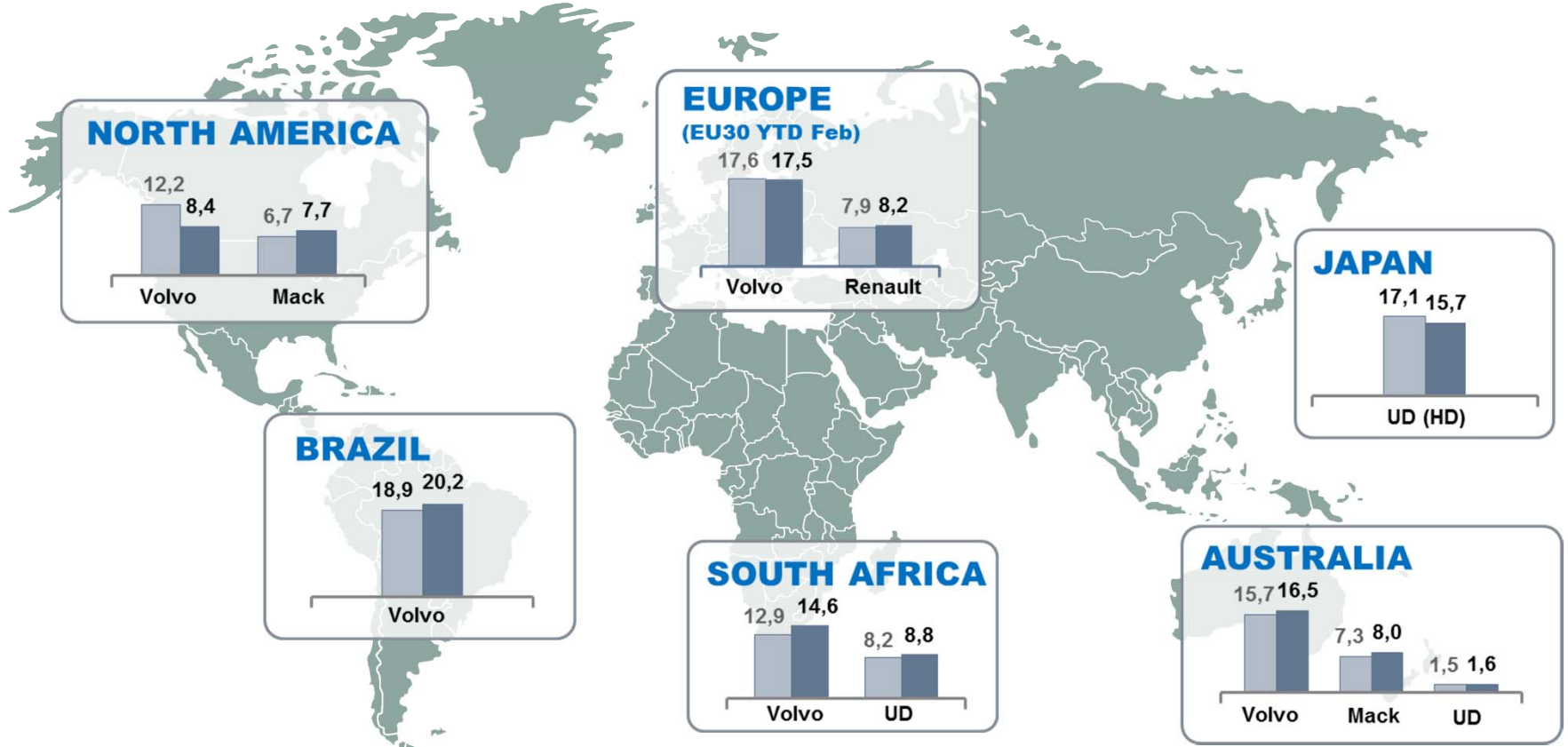
Market environment



TRUCKS Market shares YTD March

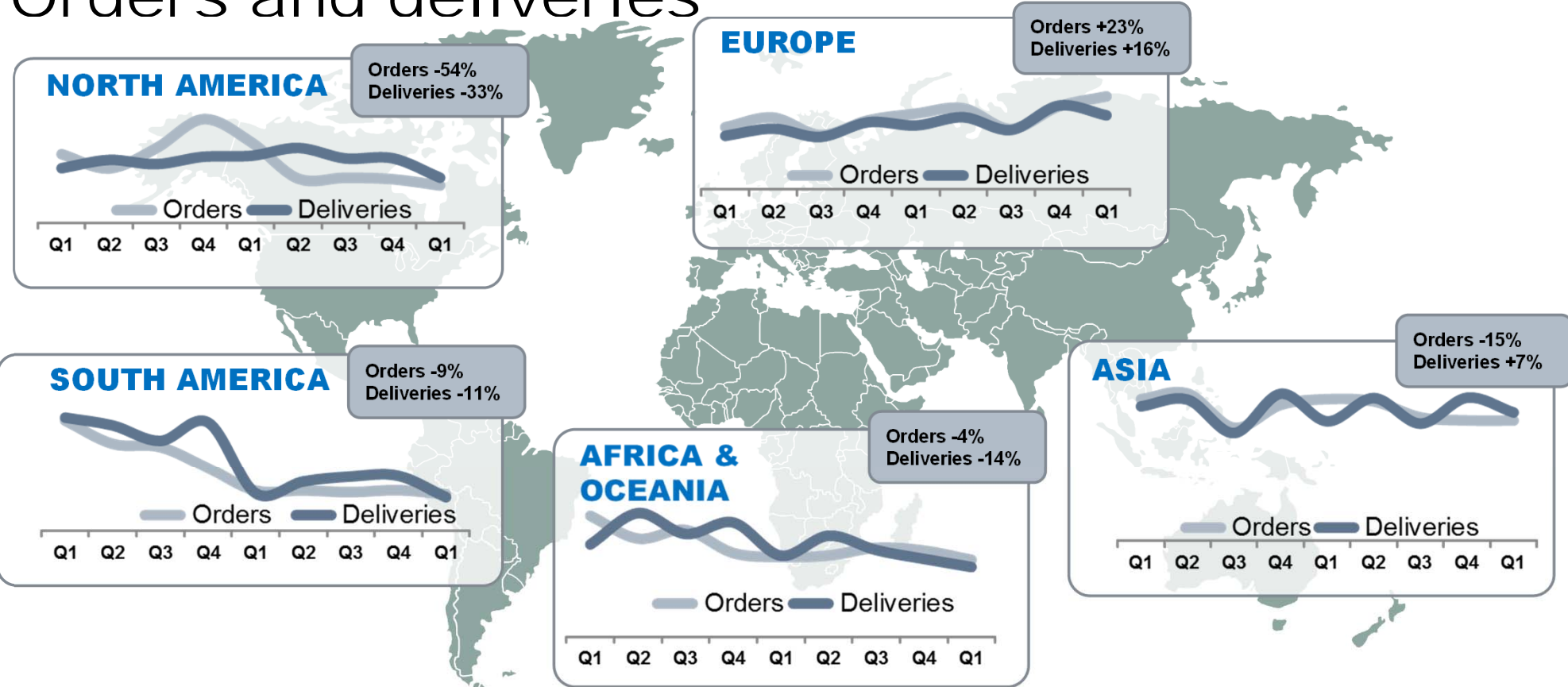
%

2015 2016



TRUCKS

Orders and deliveries



CONSTRUCTION EQUIPMENT

A yellow Volvo off-road truck is driving on a dirt road in a quarry or construction site. The road is dark and appears to be made of gravel or crushed rock. The truck is moving towards the viewer. In the background, there is a valley with green hills and some trees. The sky is overcast.

- **Continued uncertainty in emerging markets**
- **Market growth in Europe**
- **Continued market share growth in large machines**
- **Introducing new products at Bauma**

CONSTRUCTION EQUIPMENT

A60H - Industry's biggest articulated hauler



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First quarter 2016

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VOLVO

CONSTRUCTION EQUIPMENT

EC950E excavator - lowers cost per ton



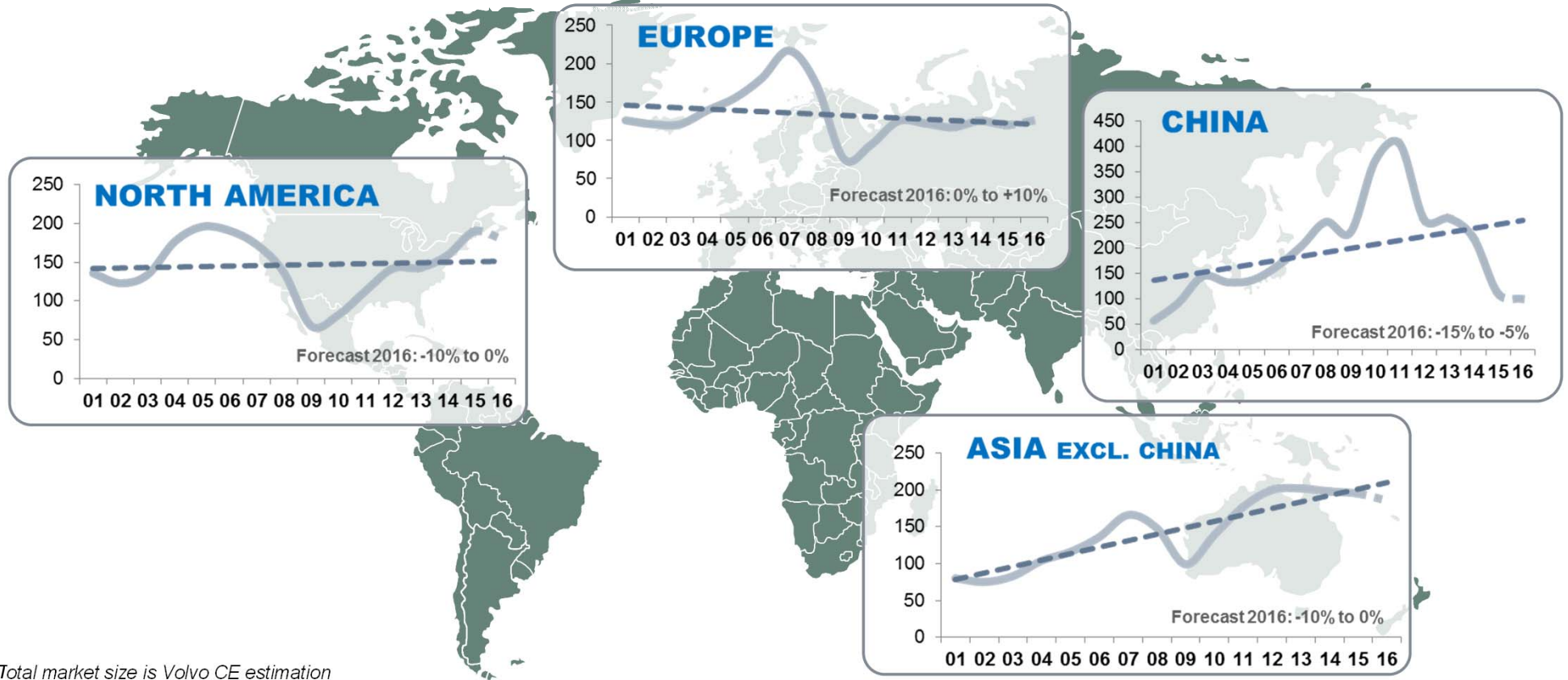
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First quarter 2016

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VOLVO

CONSTRUCTION EQUIPMENT Market environment



Total market size is Volvo CE estimation

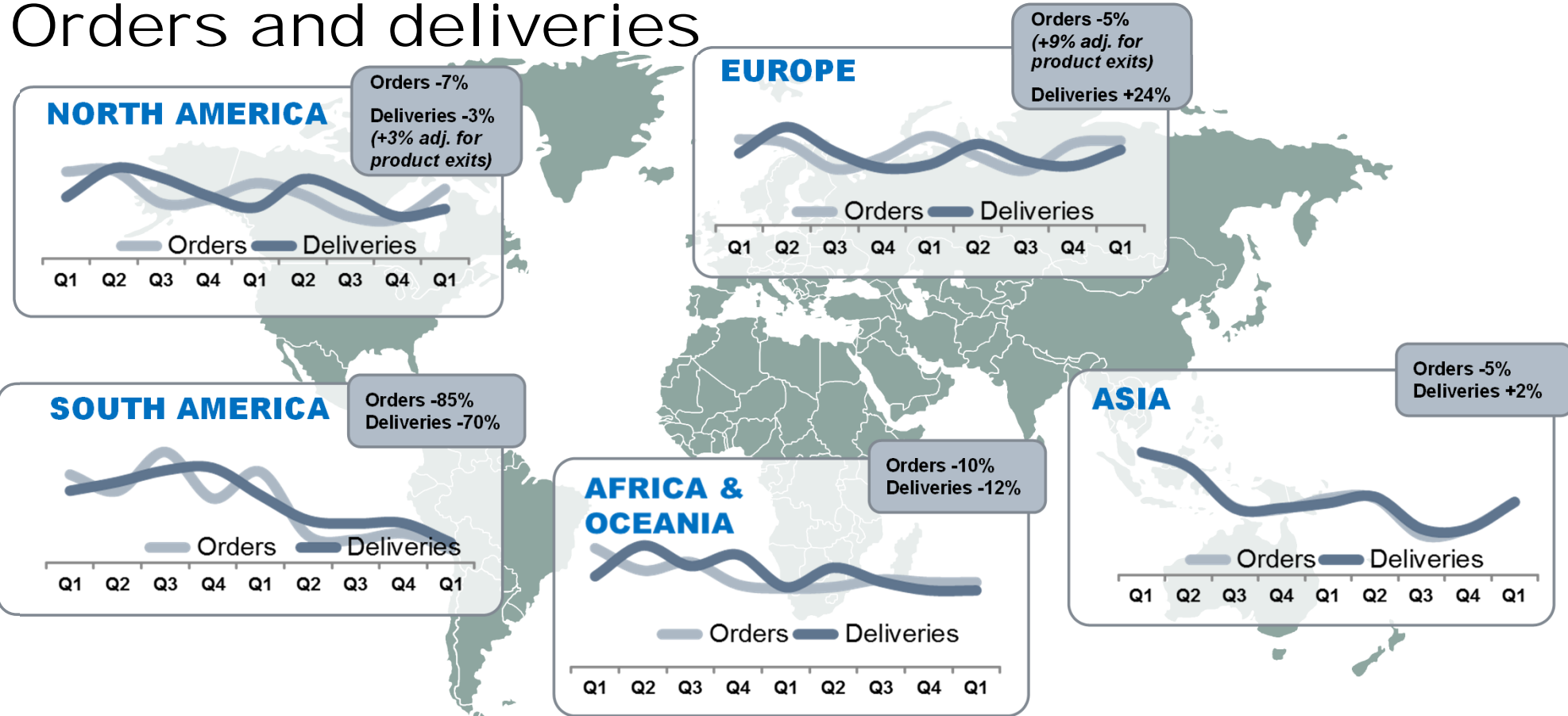
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First quarter 2016

15

VOLVO

CONSTRUCTION EQUIPMENT Orders and deliveries



BUSES

D

Lindholmen

31 Eketrägatan
99 Frölunda Torg
45 Marklandsgatan
402 Eketrägatan
Gul Torstanda

Lindholmen

- **Positive market development in North America and in Europe. Low in Brazil.**
- **Order intake +13%, primarily in Europe**
- **Deliveries up 28% in quarter, driven by North America and Asia**
- **Order for electric bus system with electric hybrids and charging stations to Namur, Belgium**



VOLVO PENTA

- Marine leisure market remains flat
- Net order intake decreased by 11%
- Good sales growth, in particular in the service sales, +7% currency-adjusted
- Upgraded Glass Cockpit system
- Broader product offering through acquisition of 80% in Humphree





Volvo Group

FIRST QUARTER
2016

JAN GURANDER
DEPUTY CEO AND CFO



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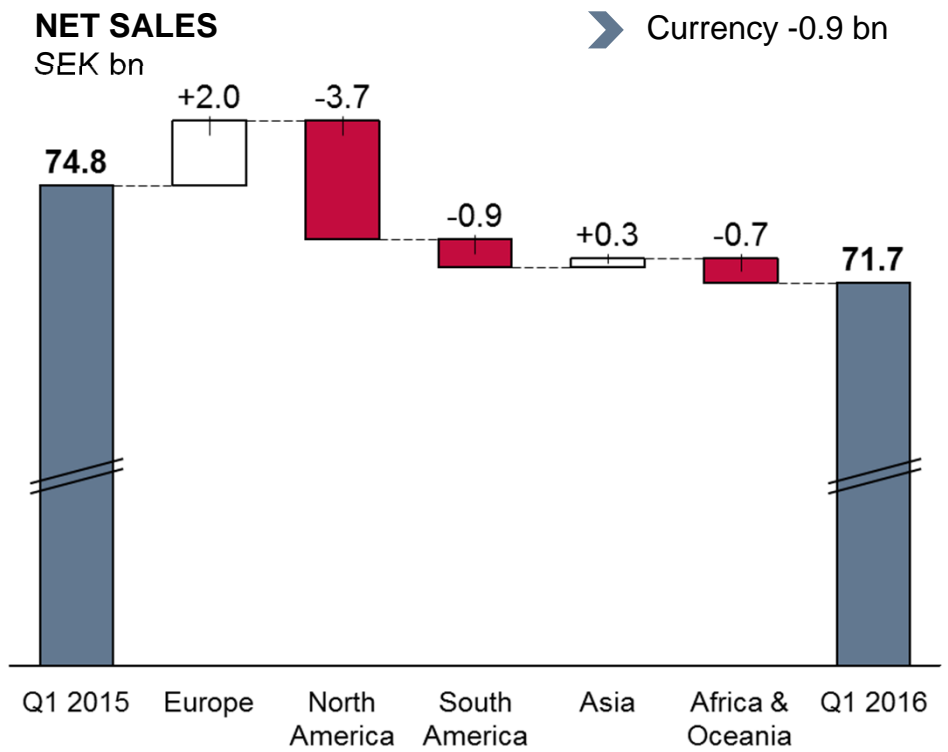
First quarter 2016

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Net sales per market



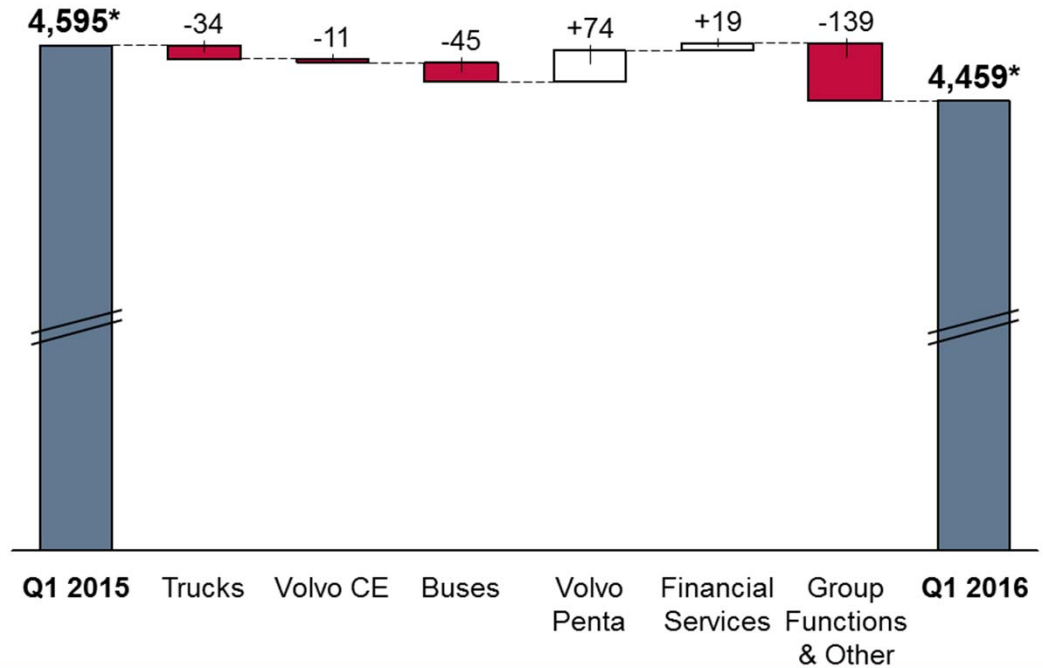
VOLVO GROUP

Operating income per business area



OPERATING INCOME SEK M

➤ Currency -417 M



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First quarter 2016

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*Q1 2015: Excluding restructuring charges in efficiency program (-229) and capital gain on sale of shares in Eicher Motors Ltd. (2,471)
Q1 2016: Excluding capital gain on sale of external IT operations (885)

VOLVO

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Operating income bridge

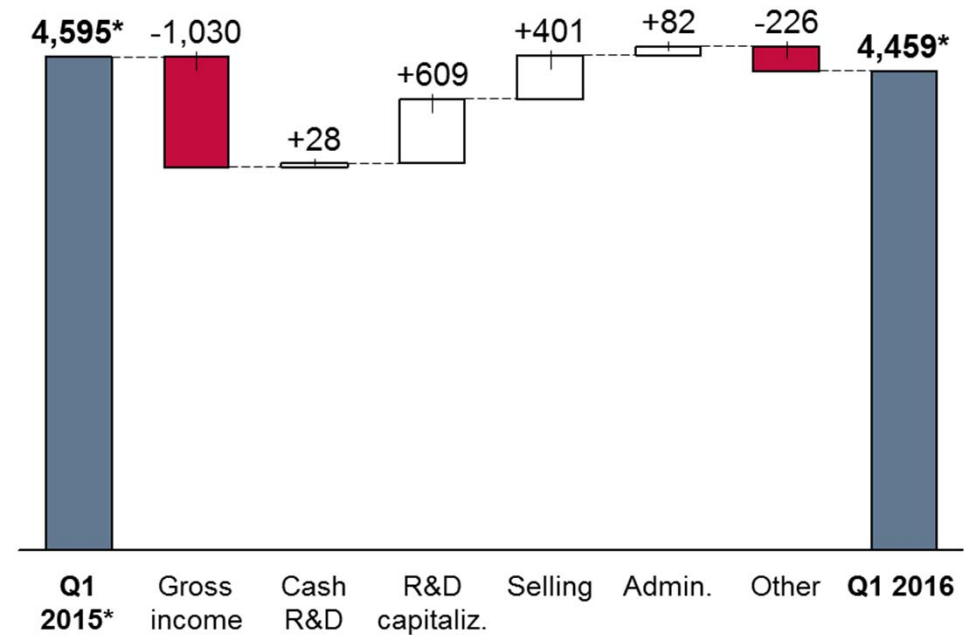
- + Higher R&D capitalization
- + Lower selling and admin expenses
- + Europe earnings

- Lower volumes
- Safety campaigns
- Production cuts in North America
- Currency

OPERATING INCOME*

SEK M

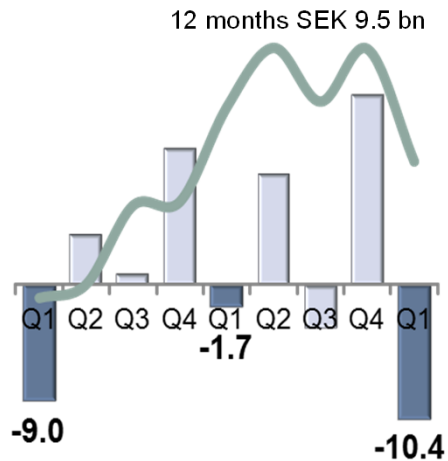
➤ Currency - 417 M



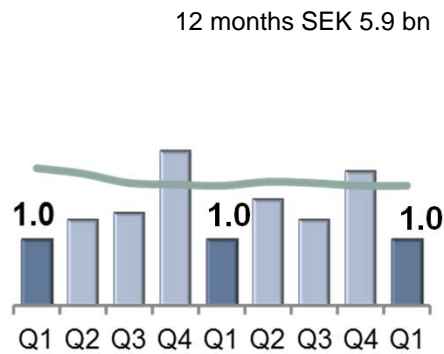
VOLVO GROUP – INDUSTRIAL OPERATIONS

Cash flow

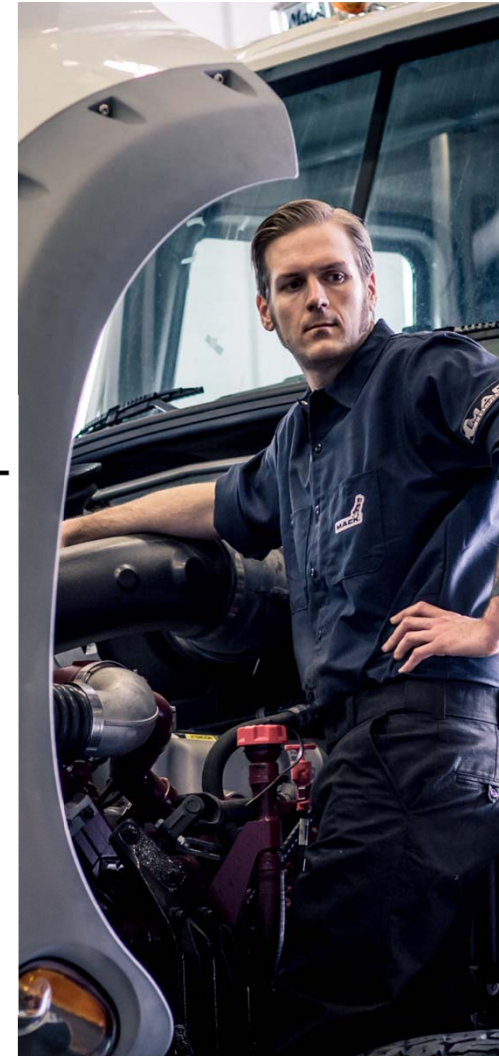
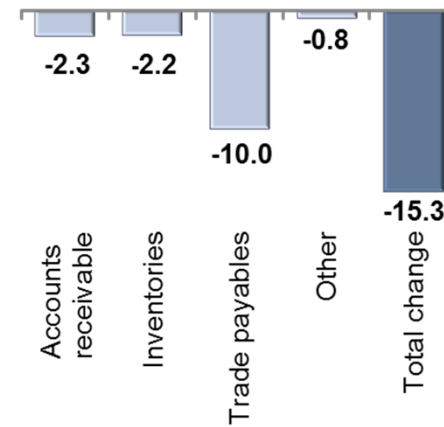
OPERATING CASH FLOW SEK bn



INVESTMENTS IN PPE SEK bn



CASH FLOW EFFECT FROM CHANGES IN WORKING CAPITAL SEK bn

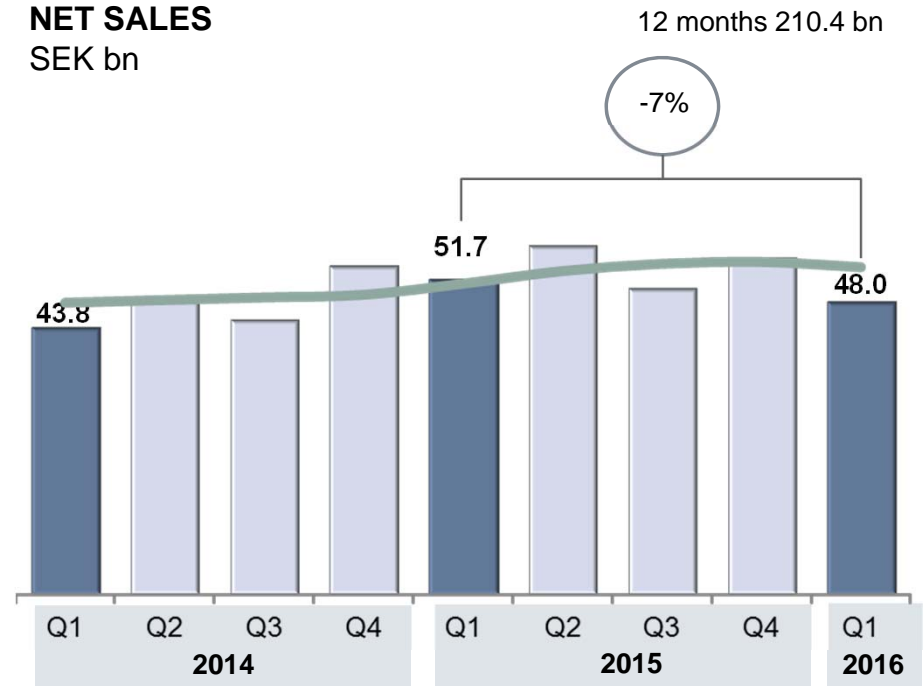


TRUCKS

Net sales

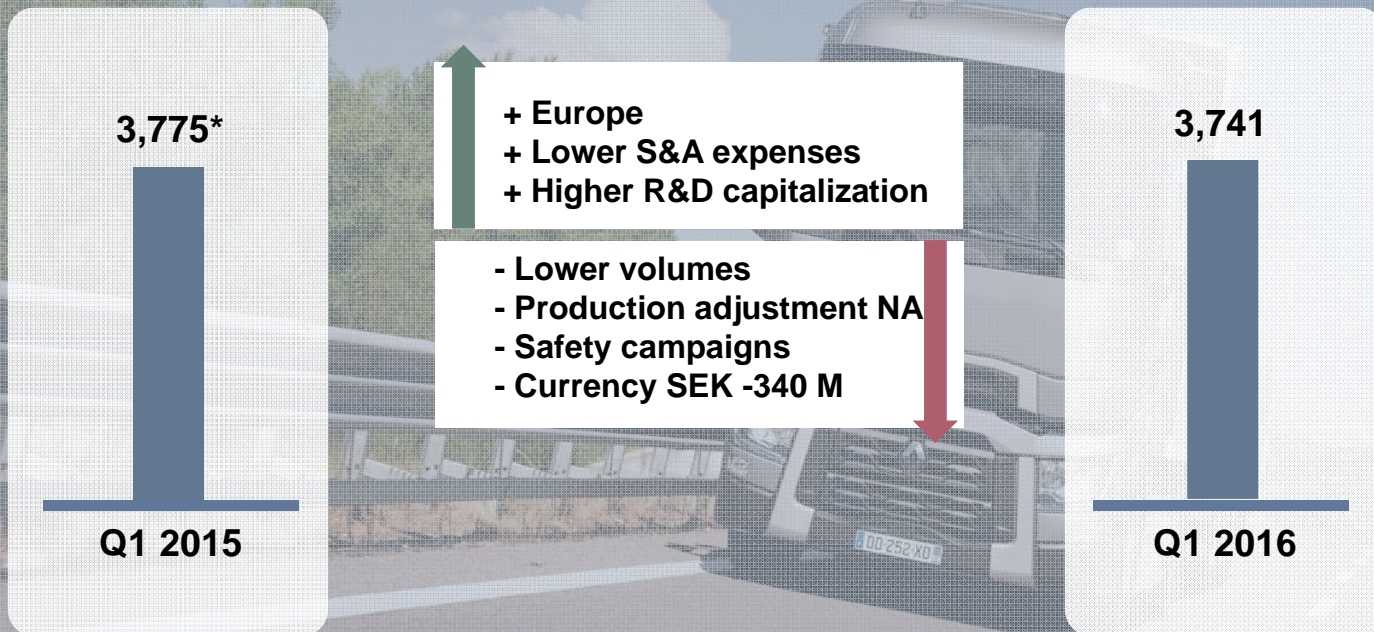
- **Delivered trucks -5%:**
 - North America -33%
 - Europe +16%
- **Net sales currency-adjusted**
 - vehicles -5%
 - service 0%

NET SALES SEK bn

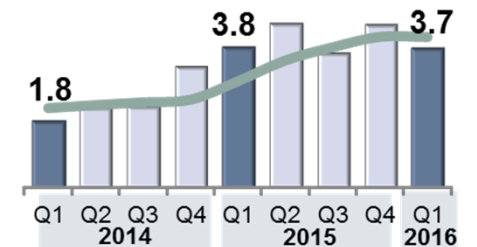


TRUCKS

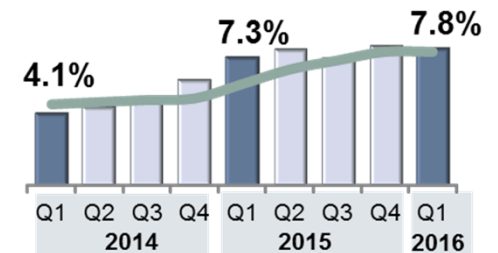
Operating income



OPERATING INCOME*
SEK bn 12 months 16.1 bn



OPERATING MARGIN*
% 12 months 7.7%



CONSTRUCTION EQUIPMENT

Net sales

- **Delivered machines +2%:**
 - Volvo -6%
 - SDLG +16%
- **Net sales currency-adjusted:**
 - machines 0%
 - service -1%

NET SALES

SEK bn



CONSTRUCTION EQUIPMENT Operating income

OPERATING INCOME
SEK M

352*

Q1 2015

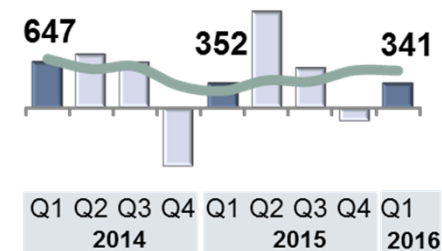
+ Reduced operating expenses

- Brand/product mix
- Currency SEK -49 M

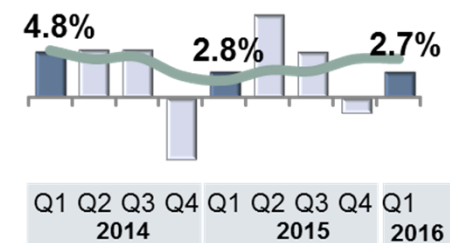
341

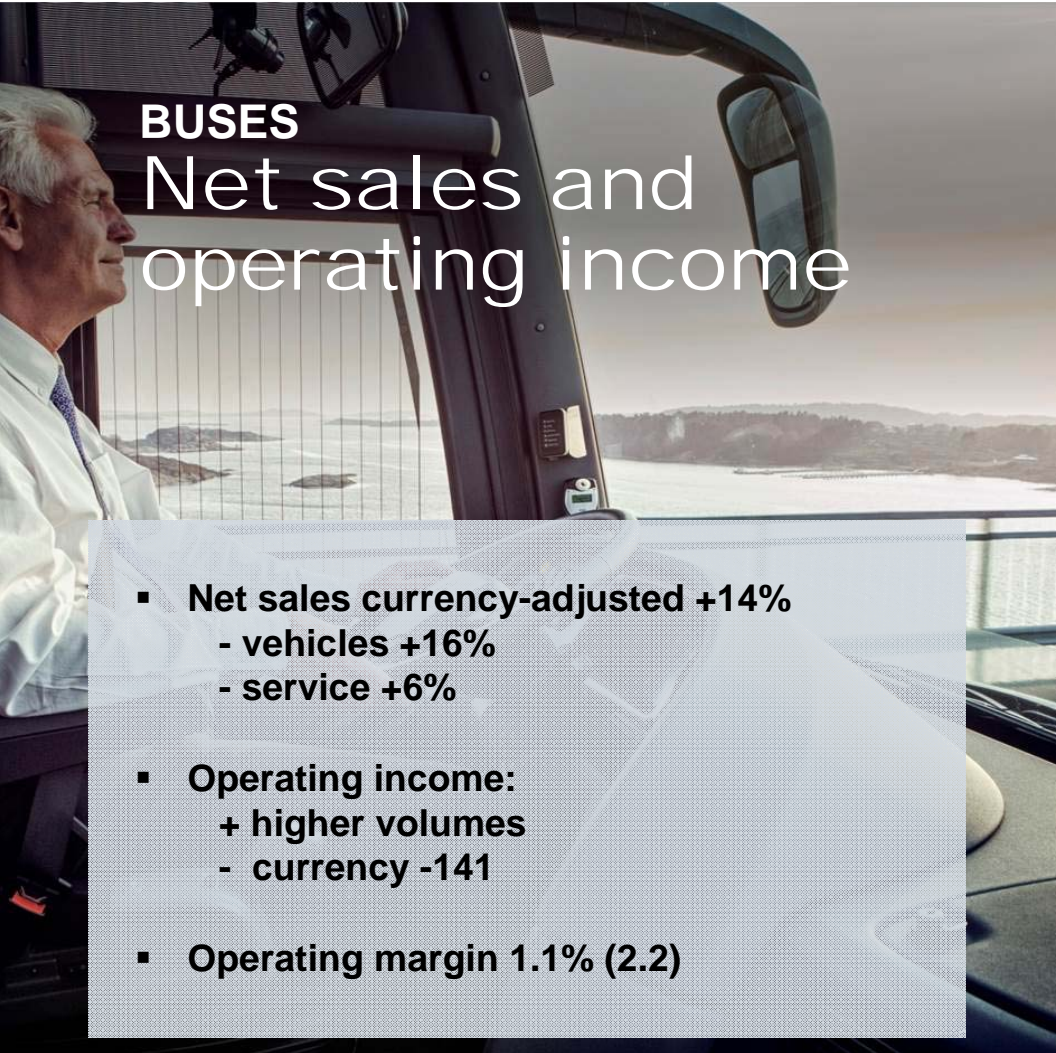
Q1 2016

OPERATING INCOME*
SEK M 12 months 2,079 M



OPERATING MARGIN*
% 12 months 3.7%





BUSES

Net sales and operating income

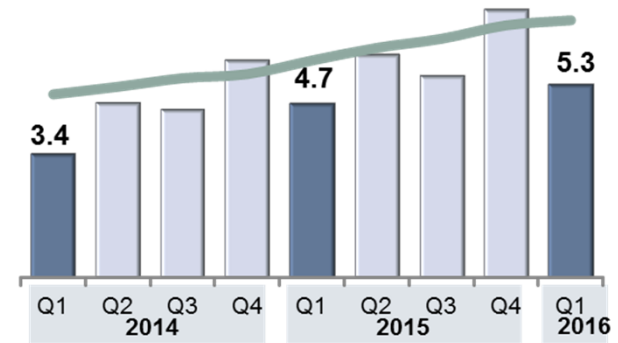
- **Net sales currency-adjusted +14%**
 - vehicles +16%
 - service +6%

- **Operating income:**
 - + higher volumes
 - currency -141

- **Operating margin 1.1% (2.2)**

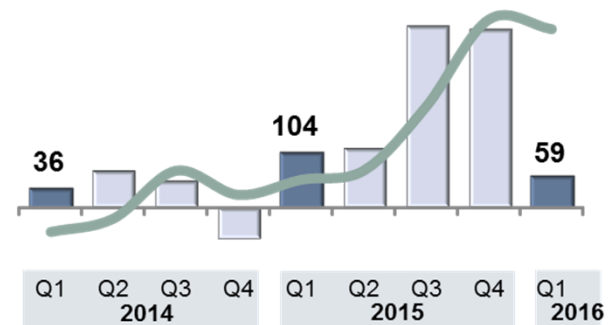
NET SALES SEK bn

12 months 24.1 bn



OPERATING INCOME* SEK M

12 months 838 M



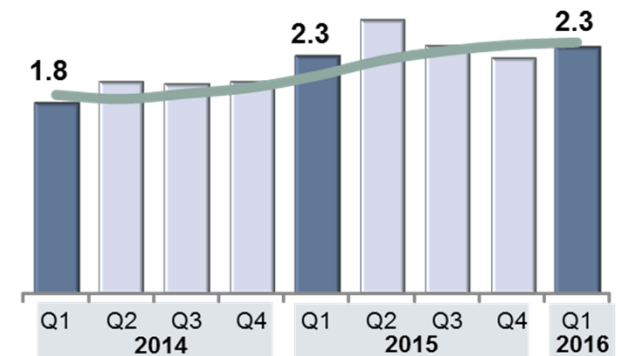
* Excluding restructuring charges in efficiency program for comparison periods 2014-2015

VOLVO PENTA Net sales and operating income

- **Net sales currency-adjusted +6%**
 - engines +6%
 - service +7%
- **Operating income:**
 - + higher sales
 - + product and market mix
 - + lower operating expenses
- **Operating margin 15.6% (13.0)**

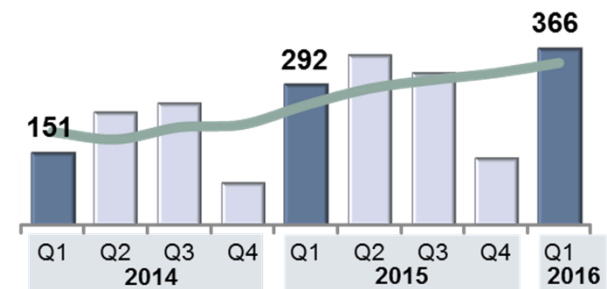
NET SALES SEK bn

12 months 9.5 bn



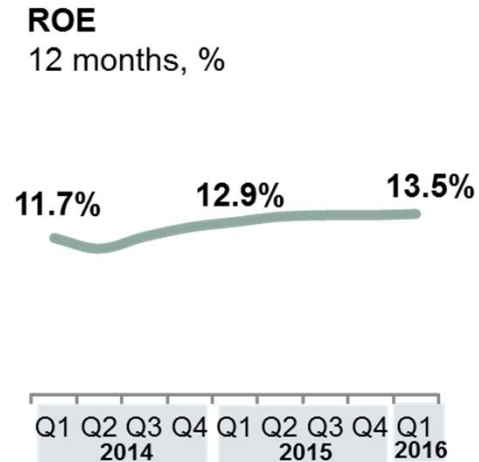
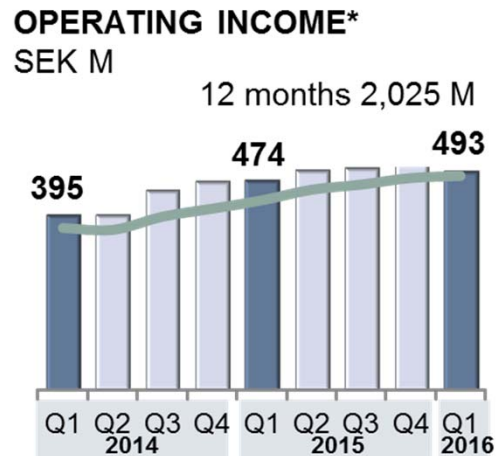
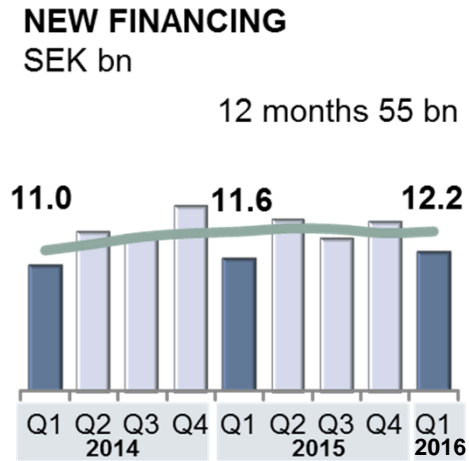
OPERATING INCOME* SEK M

12 months 1,175 M



FINANCIAL SERVICES

New financing and profitability

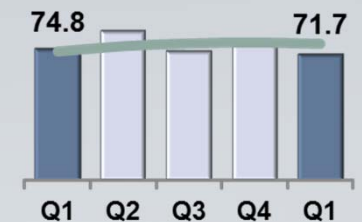


VOLVO GROUP Summary

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- New organization in Trucks with clear leadership and accountability for each brand

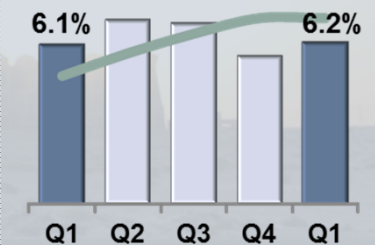
NET SALES

SEK bn 12 months 309 bn



OPERATING MARGIN*

% 12 months 6.5%





Volvo Group

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2016