

V O L V O

FOURTH QUARTER AND FULL YEAR 2022

Martin Lundstedt, President and CEO

Volvo Group

Fourth quarter and full year 2022

2023-01-26

Volvo Group

FULL YEAR 2022 HIGHLIGHTS

- Sales growth of SEK 101 bn to SEK 473 bn
- Adj. operating income growth of SEK 9.5 bn to SEK 50.5 bn
- Operating cash flow Industrial Operations SEK 35 bn
- Net cash position of SEK 74 bn
- ROCE 27.4% (25.3)
- A year of major challenges:
 - Supply chain constraints and disturbances
 - Cost inflation headwinds



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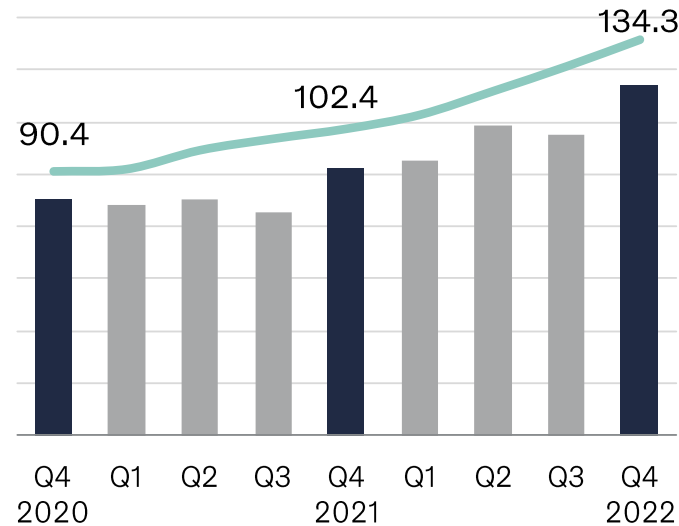
Fourth quarter highlights

- Net sales increased to SEK 134.3 bn, an increase of 17% adjusted for FX
- Adjusted operating income reached SEK 12.2 bn (10.1), corresponding to a margin of 9.1% (9.8%)

NET SALES

SEK bn

— 12 months SEK 473 bn

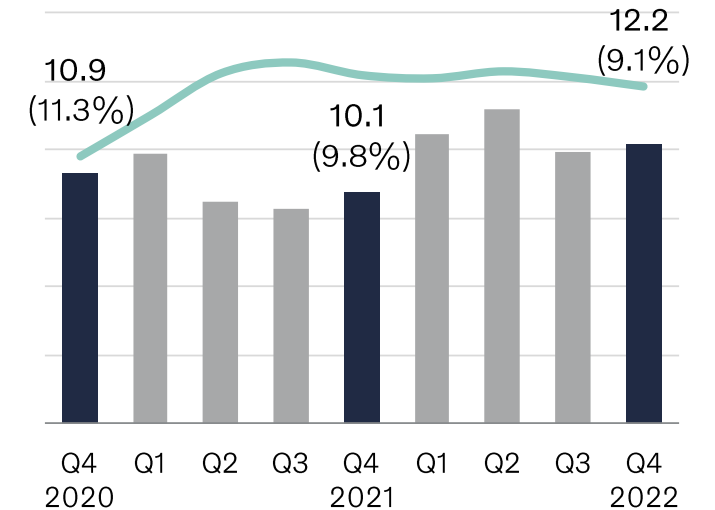


Net sales restated for UD Trucks divestment

ADJUSTED OPERATING INCOME

SEK bn (margin)*

— 12 months 10.7%



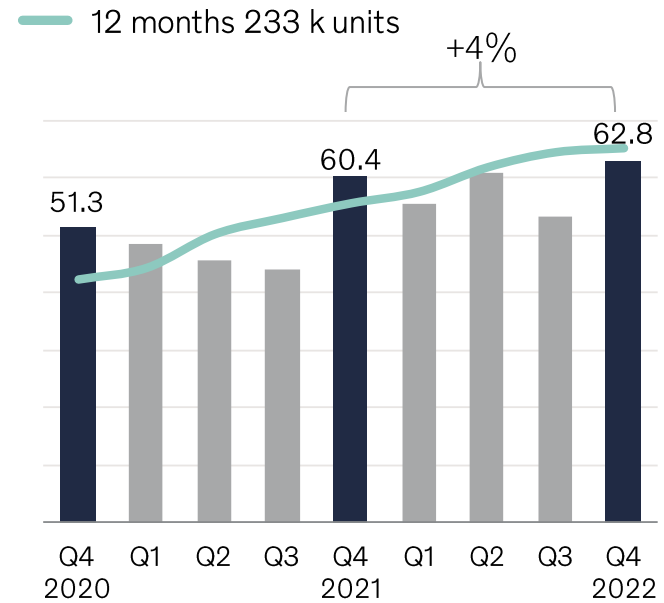
*For information on adjustments, see note 6 in the quarterly report

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Volume development

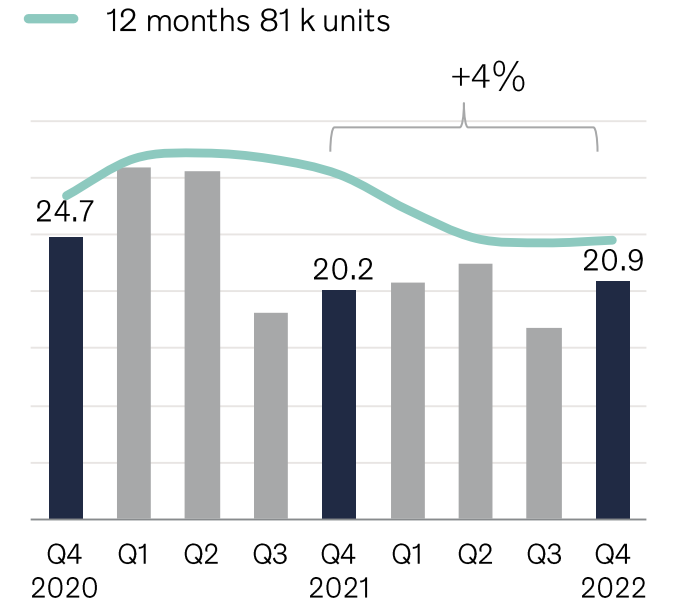


TRUCK DELIVERIES



Deliveries restated for UD Trucks divestment

MACHINE DELIVERIES



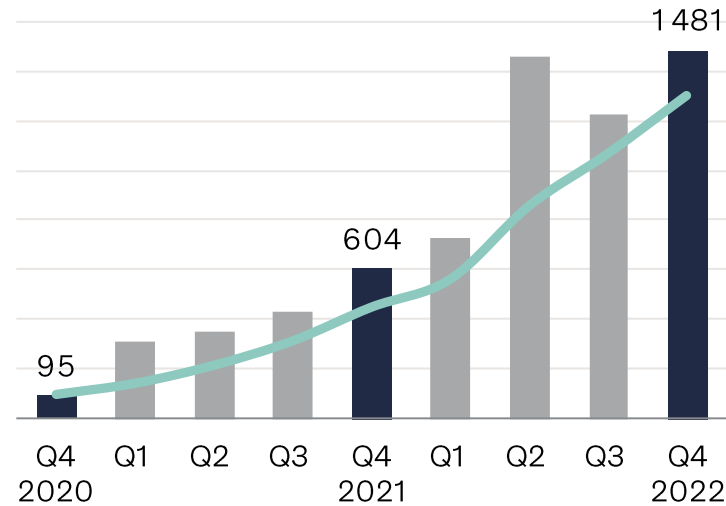
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Electrification progress*



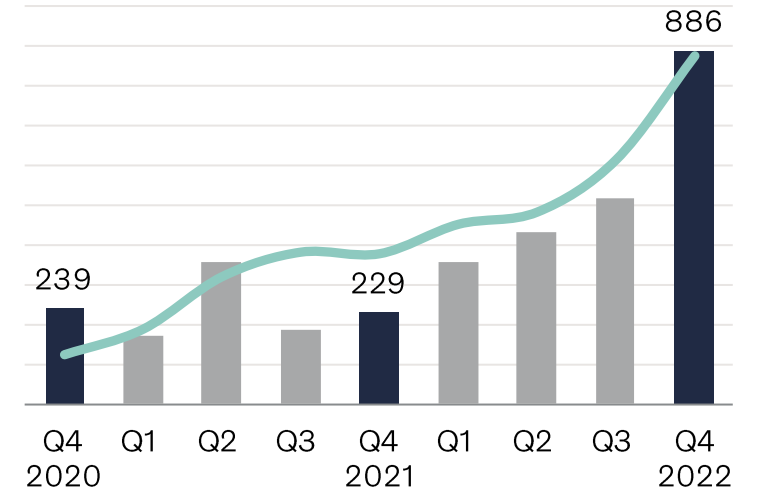
ORDER INTAKE, FULLY ELECTRIC VEHICLES

12 months 4,892 units



DELIVERIES, FULLY ELECTRIC VEHICLES

12 months 2,194 units



*Including Designwerk and Nova Bus

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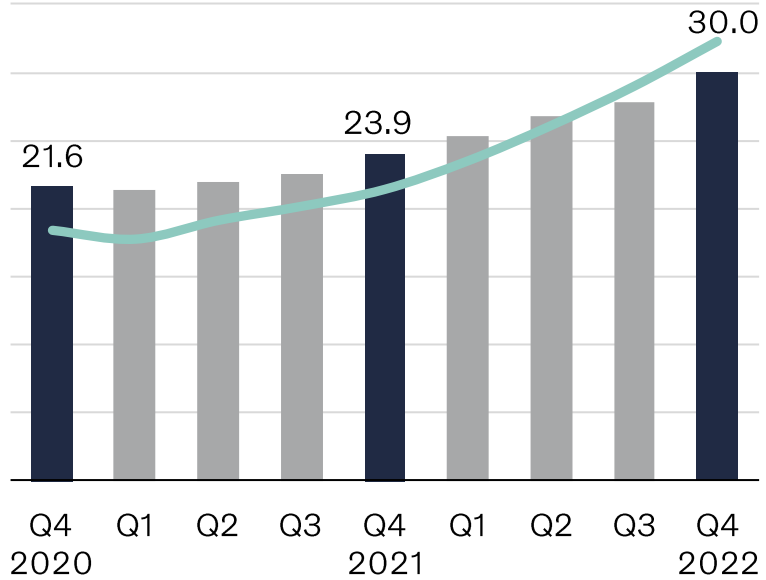
Service sales development

SERVICE SALES (incl. Financial Services)

SEK bn — 12 months SEK 109.8 bn

+25%

+11% excl. FX



Service sales restated for UD Trucks divestment



YoY GROWTH %



9%

TRUCKS



0%

CONSTRUCTION
EQUIPMENT



23%

BUSES



11%

PENTA



24%

VFS

All figures are excluding FX

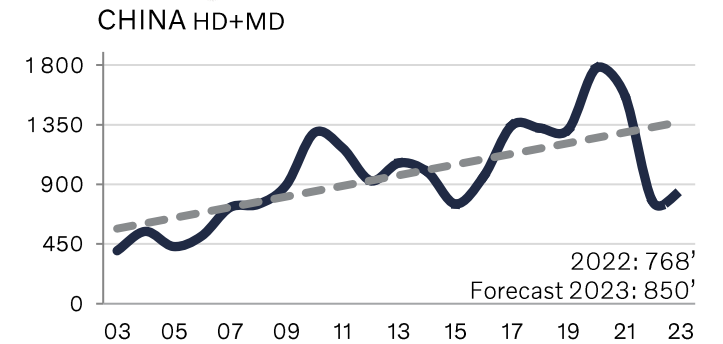
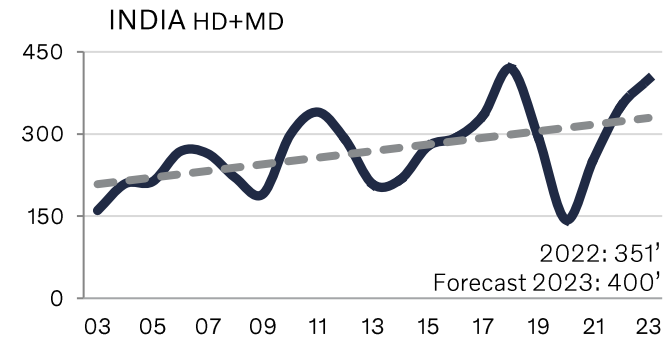
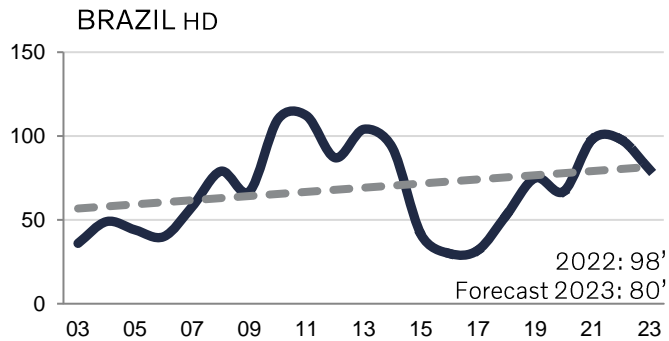
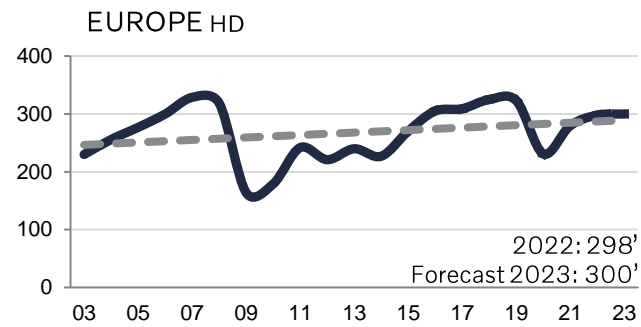
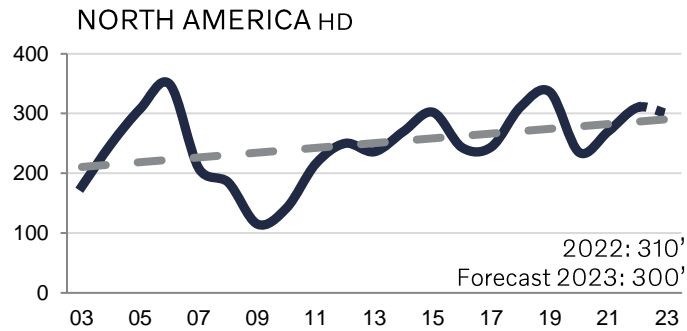
Trucks

- 1,000 battery-electric trucks produced in the Blainville plant in France
- XPO Logistics accelerates its transition to a sustainable fleet – investing in 100 fully-electric Renault trucks
- Volvo Group and Pilot Company to create partnership for charging network in North America
- Mack reached 5.3% medium-duty market share in North America since launch mid 2020.



Trucks

Market environment



Trucks

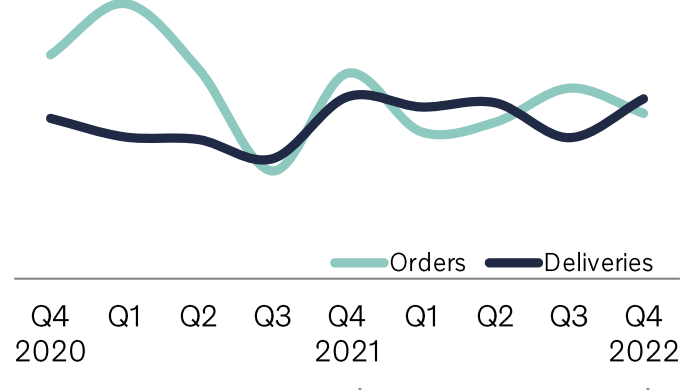
Restrictive order slotting to manage order book quality and cost inflation

Quarterly orders -21% and deliveries +4%

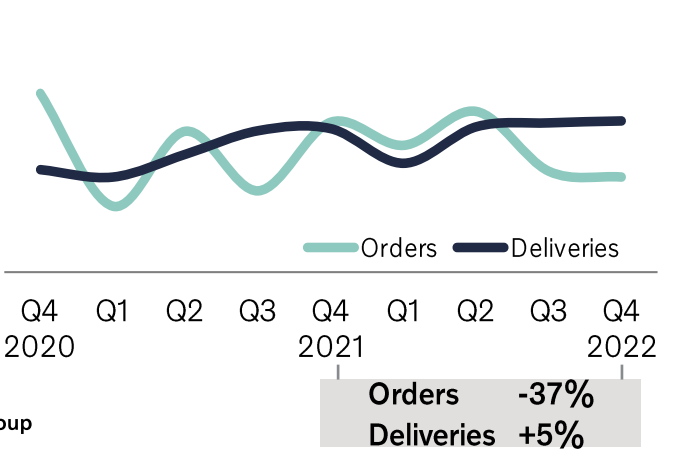
NORTH AMERICA



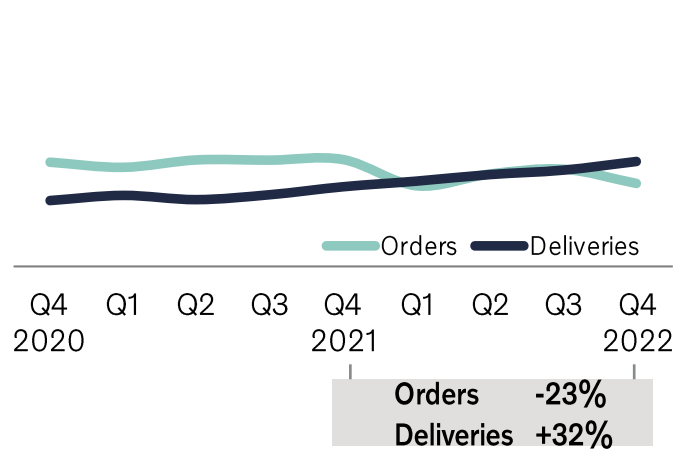
EUROPE



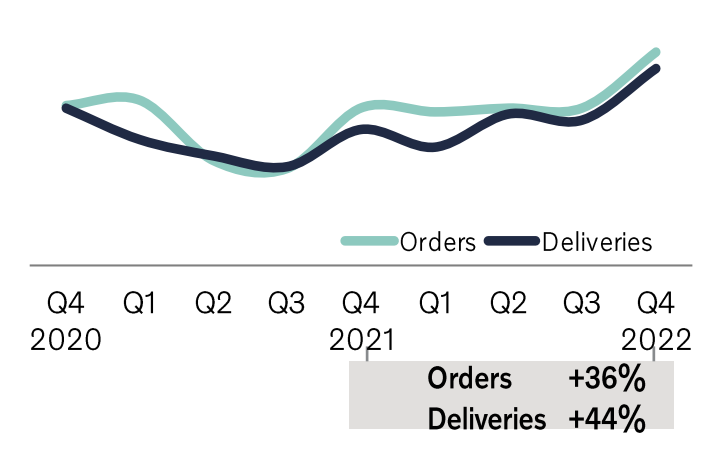
SOUTH AMERICA



AFRICA AND OCEANIA



ASIA

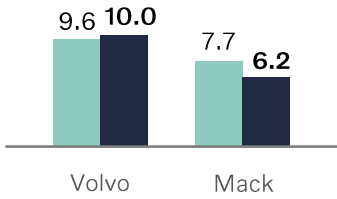


Trucks

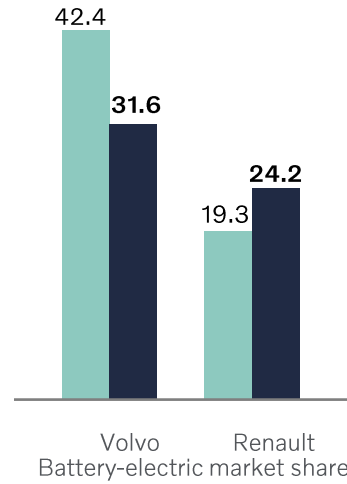
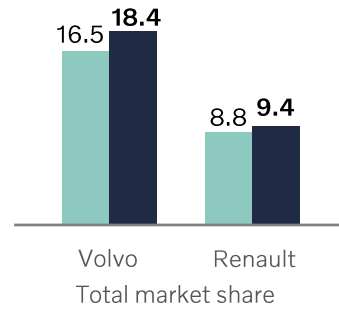
Heavy-duty truck market shares



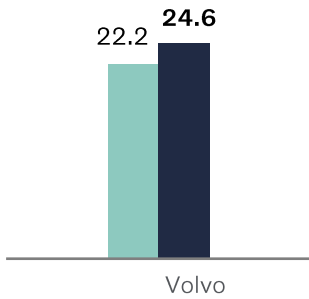
NORTH AMERICA
YTD Dec



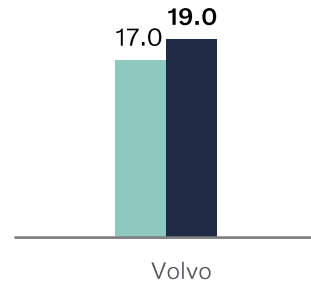
EUROPE (EU29)
YTD Dec



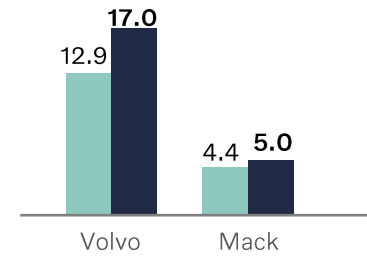
BRAZIL
YTD Dec



SOUTH AFRICA
YTD Nov



AUSTRALIA
YTD Dec



2021 2022

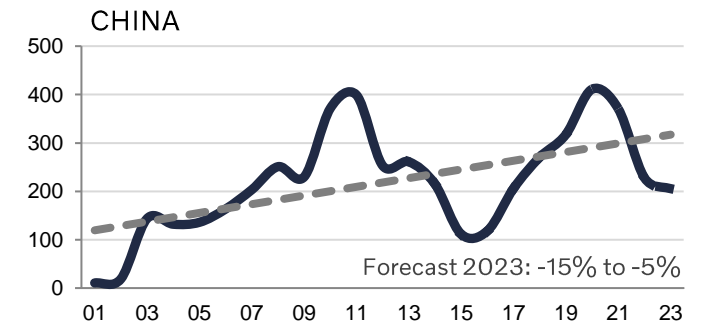
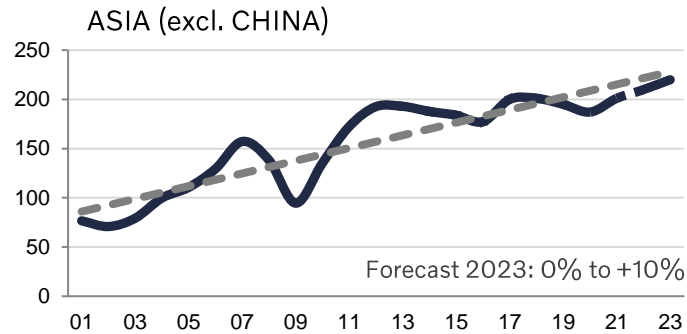
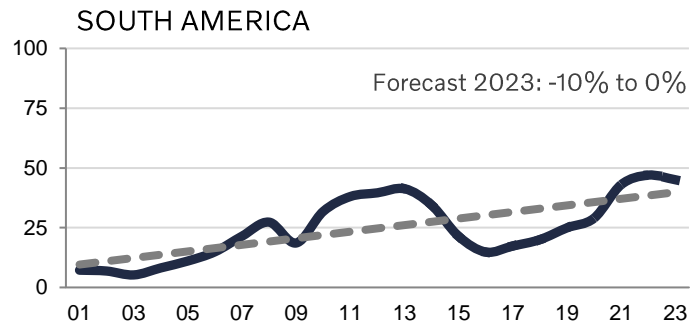
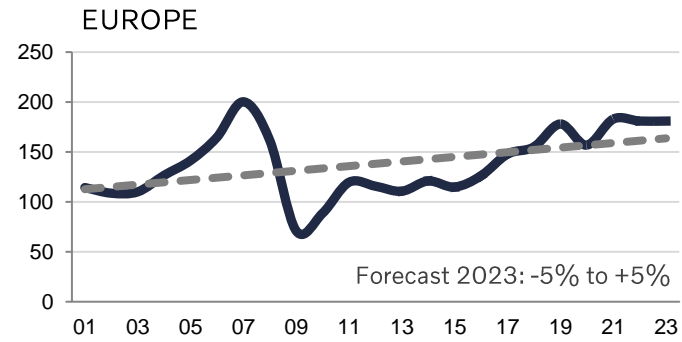
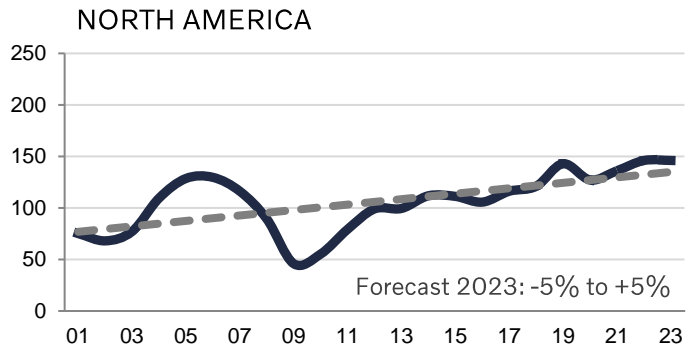
Construction Equipment

- Volvo CE launched its Collision Mitigation System for Volvo wheel loaders
- Electric machine orders +90% and deliveries +221%



Construction Equipment

Market environment

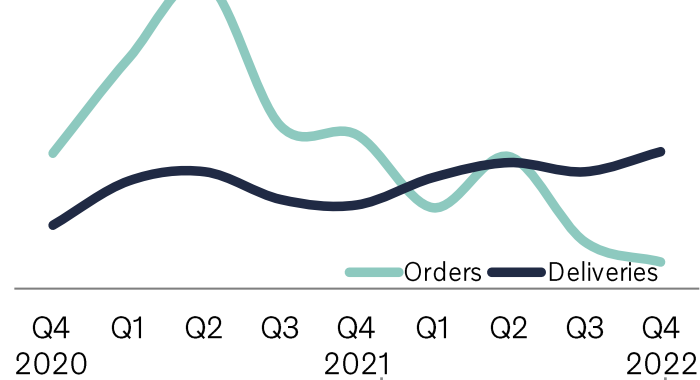


Construction Equipment

Restrictive order slotting to manage order book quality and cost inflation

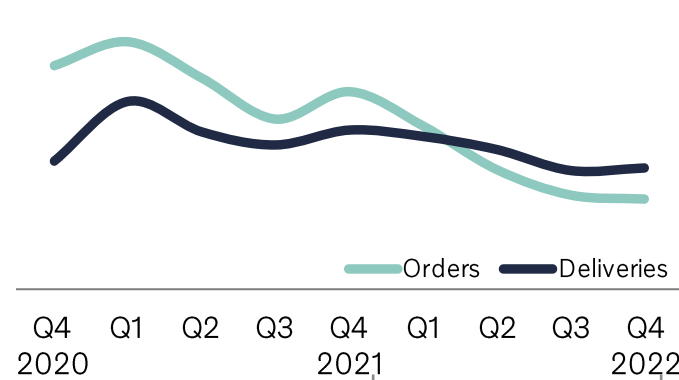
Quarterly orders -23% and deliveries +4%

NORTH AMERICA



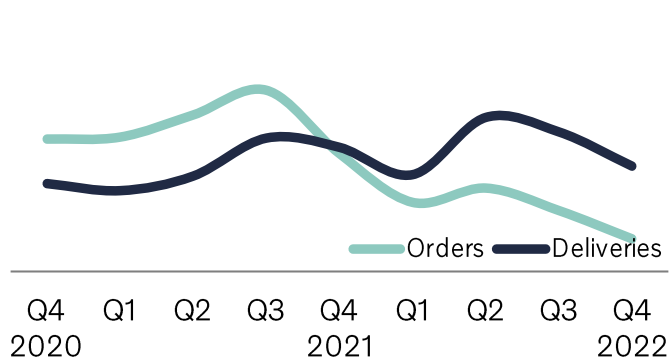
Orders -83%
Deliveries +63%

EUROPE



Orders -54%
Deliveries -24%

SOUTH AMERICA



Orders -72%
Deliveries -15%

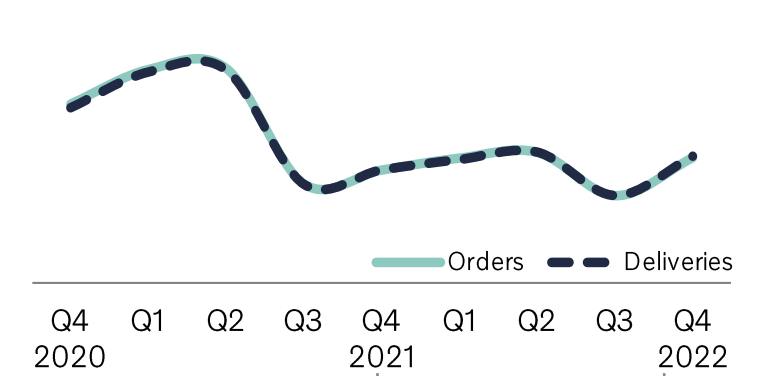
AFRICA AND OCEANIA



Orders -23%
Deliveries -10%



ASIA



Orders +11%
Deliveries +12%

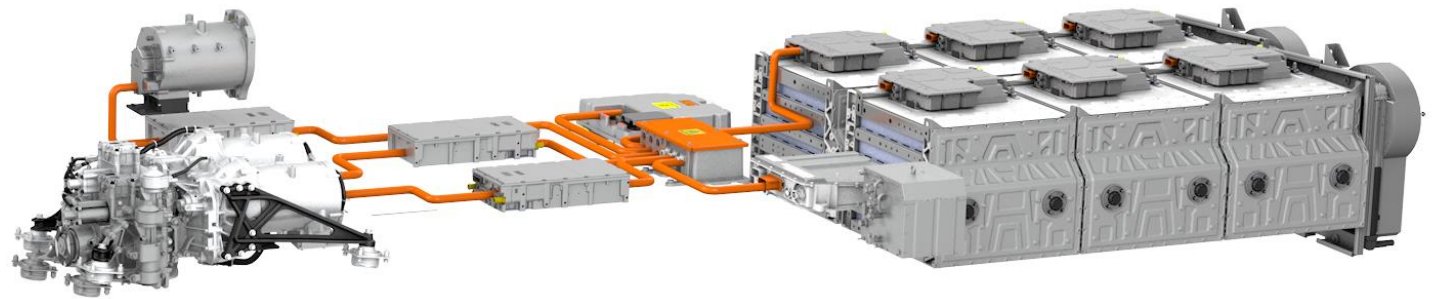
Buses

- Orders increased by 70%
- Deliveries increased by 64%
- Volvo Buses along with the City of Gothenburg, Sweden, recognized for its innovations within geofencing



Volvo Penta

- Orders decreased by 18%
- Deliveries increased by 11%
- Continued work towards net zero solutions leveraging the Group cube battery technology

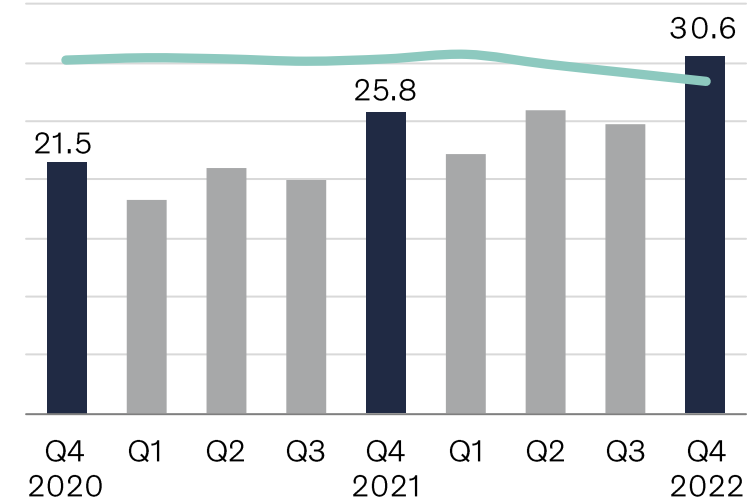


Financial Services

- Record quarterly and annual new business volume
- Good portfolio performance
- Finance penetration levels slightly declined

NEW RETAIL FINANCING & PENETRATION RATE

SEK bn Penetration rate 12 months 28.5 %



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FOURTH QUARTER 2022

Tina Hultkvist, Executive Vice President Group Finance and CFO

Volvo Group

Fourth quarter and full year 2022

2023-01-26

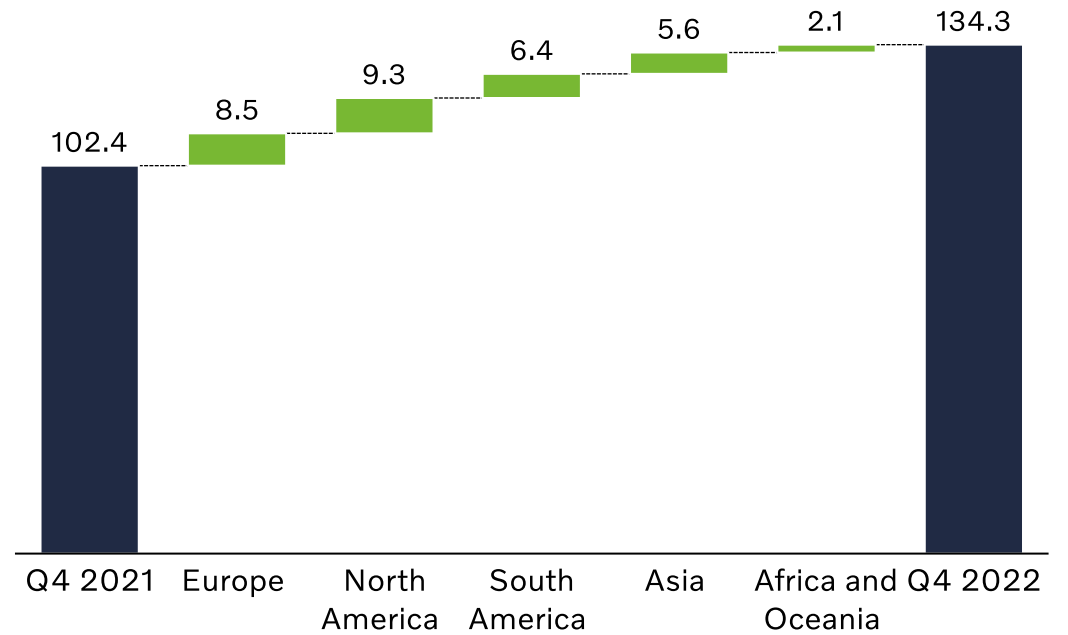
Volvo Group

Net sales per market



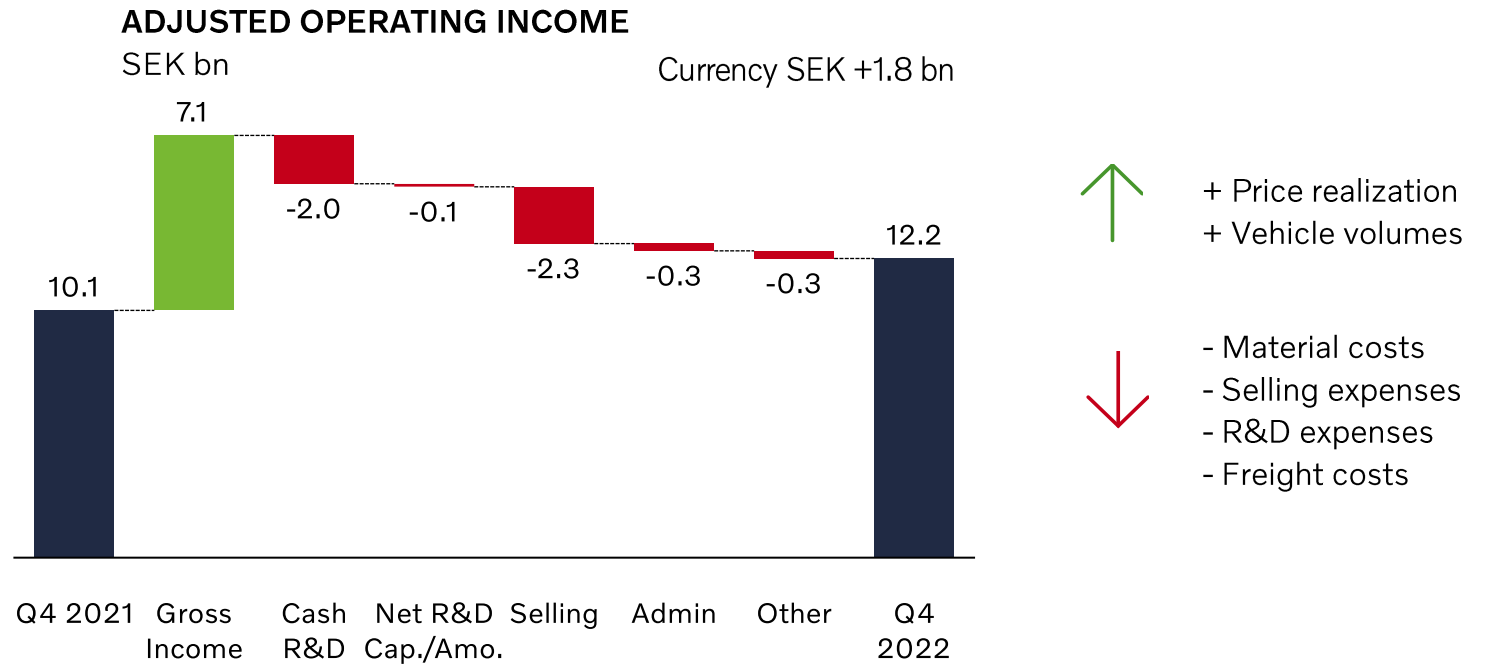
NET SALES
SEK bn

Currency SEK +14.6 bn



Volvo Group

Adjusted operating income contributors

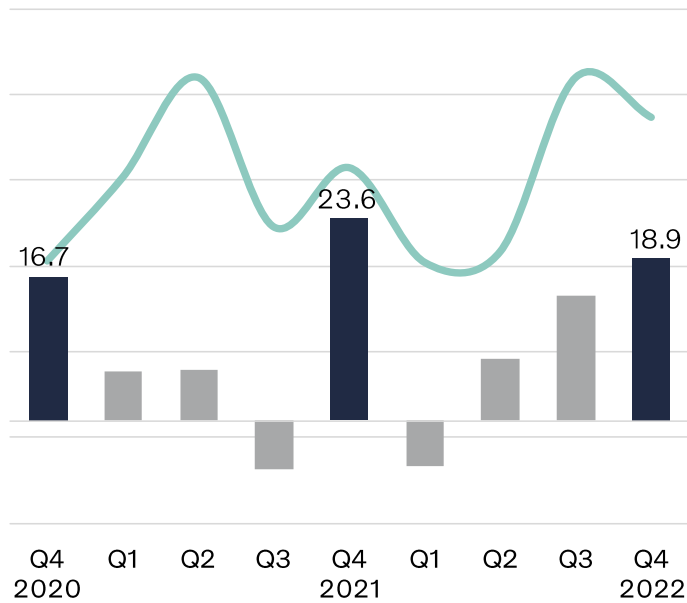


Volvo Group

Cash flow, financial position and ROCE in Industrial Operations

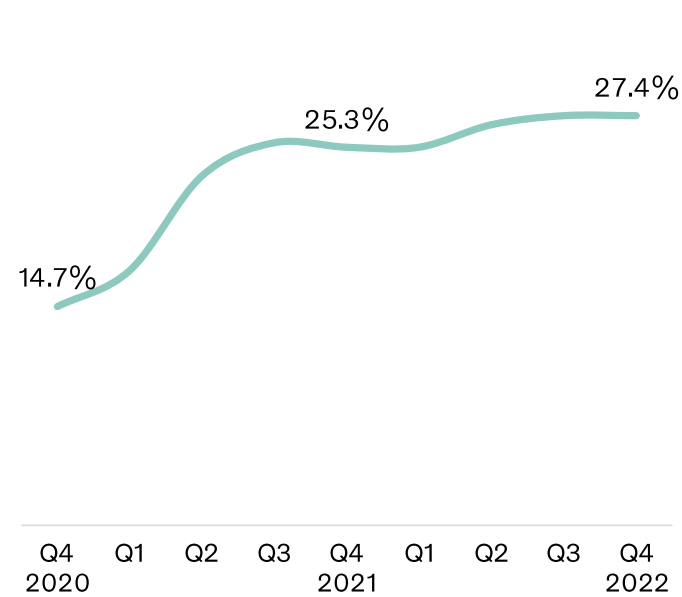
OPERATING CASH FLOW

SEK bn — 12 months SEK 35.3 bn



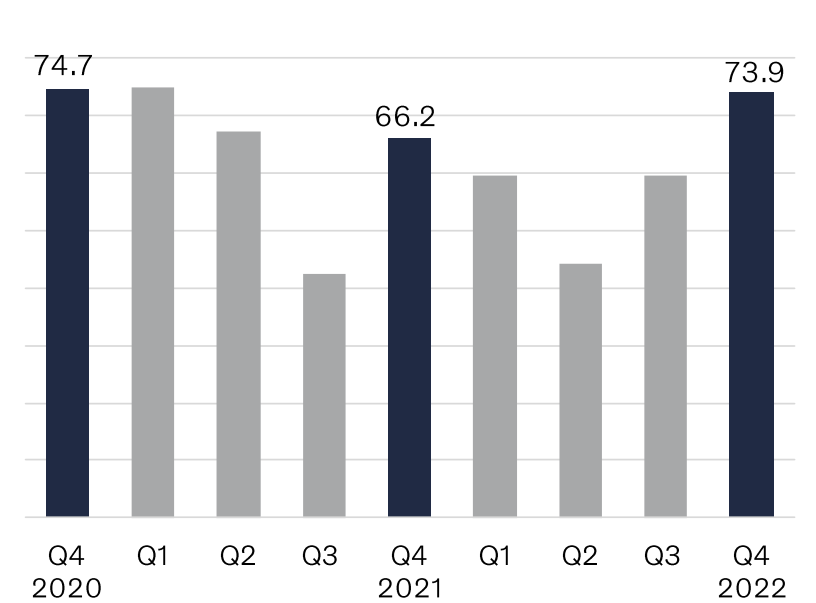
ROCE

% 12 months



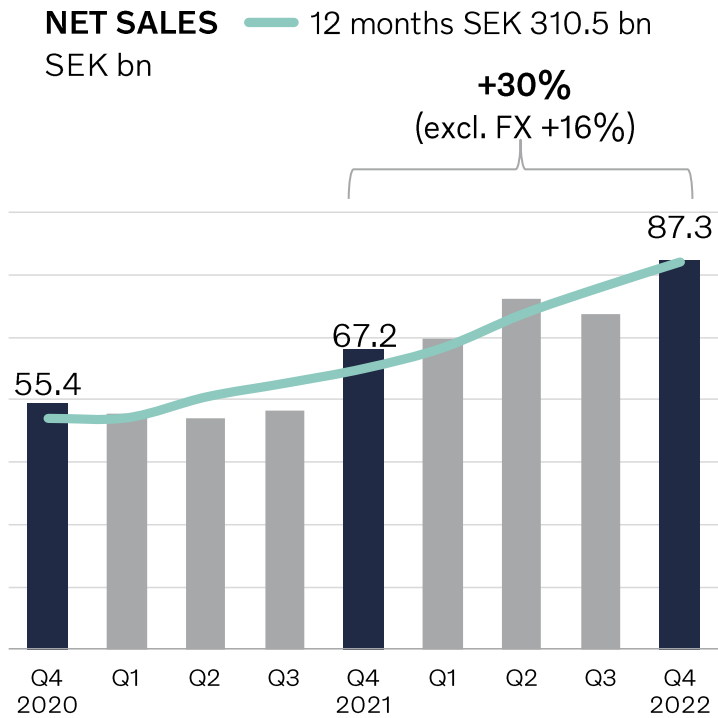
FINANCIAL POSITION

(Excl. pensions and lease liabilities)
SEK bn

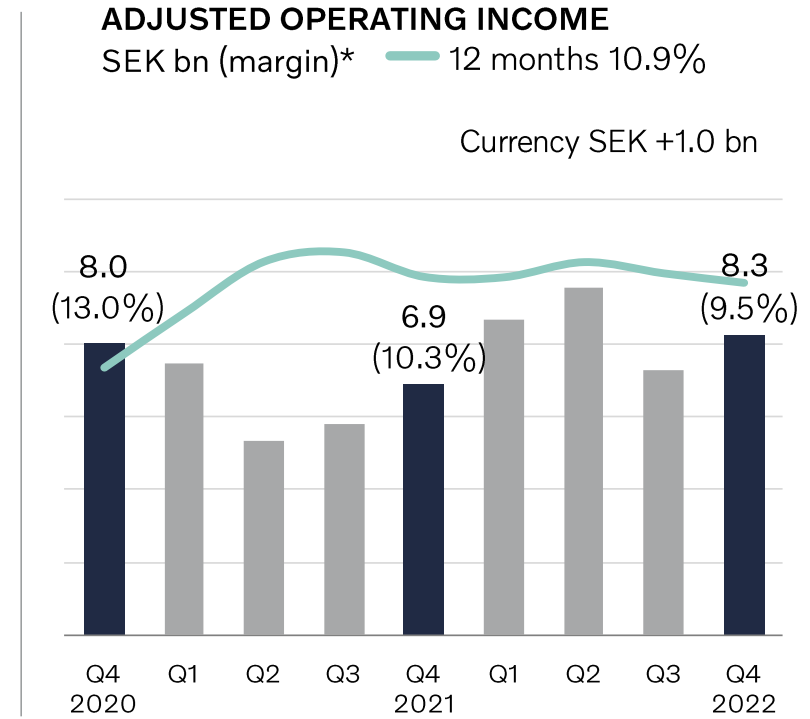
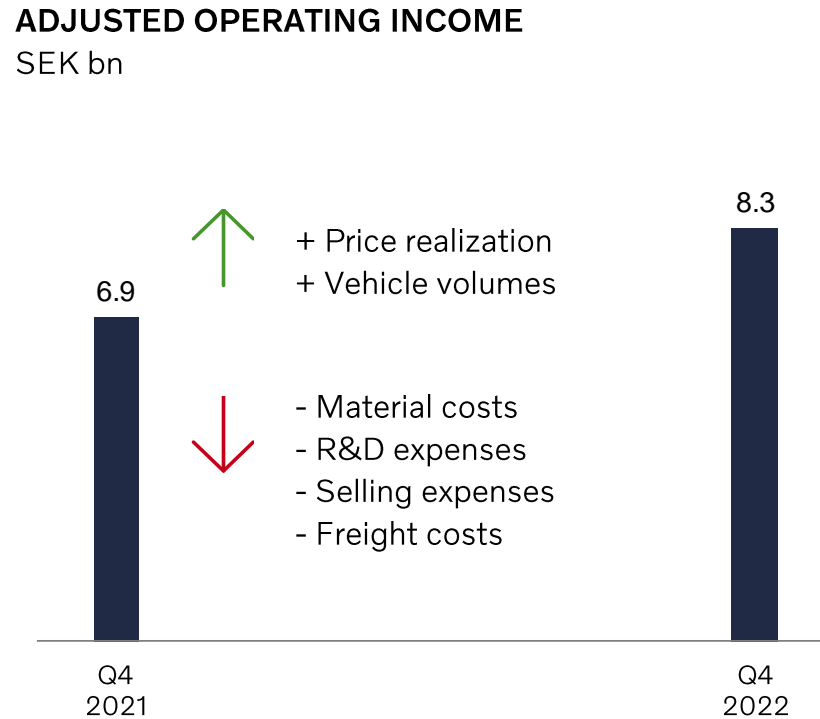


Trucks

Net sales and adjusted operating income



Net sales restated for UD Trucks divestment

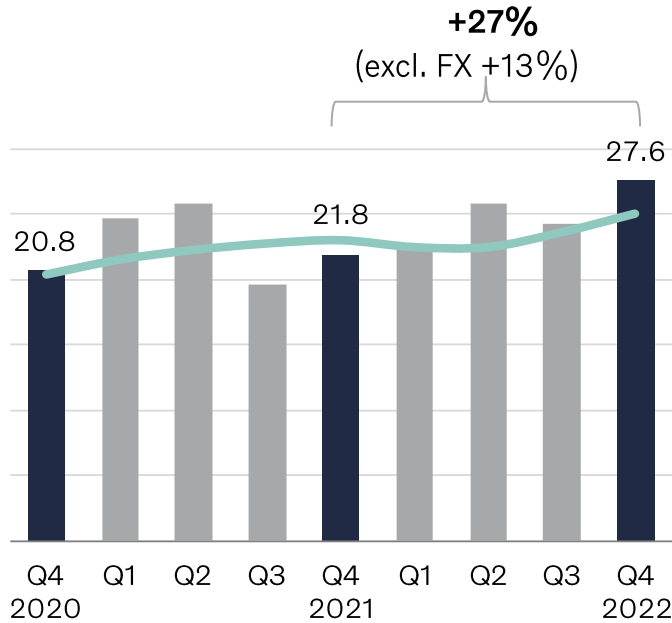


*For information on adjustments, see note 6 in the quarterly report

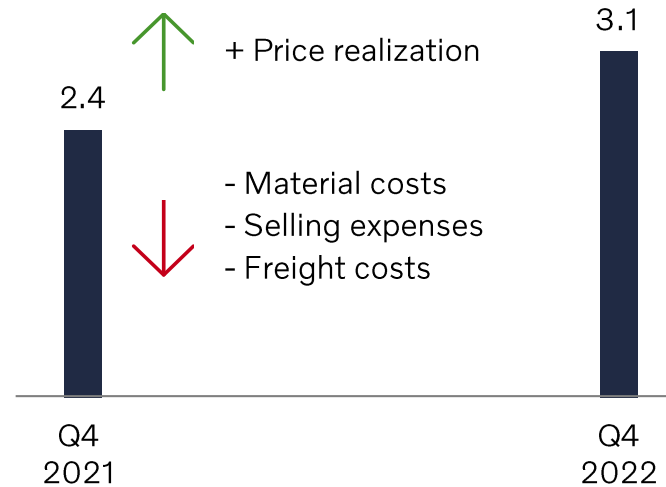
Construction Equipment

Net sales and adjusted operating income

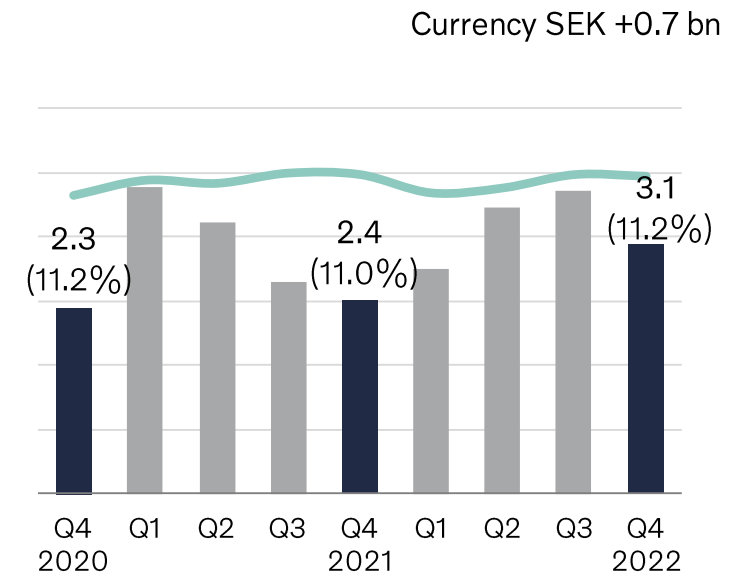
NET SALES 12 months SEK 100.2 bn
SEK bn



ADJUSTED OPERATING INCOME
SEK bn



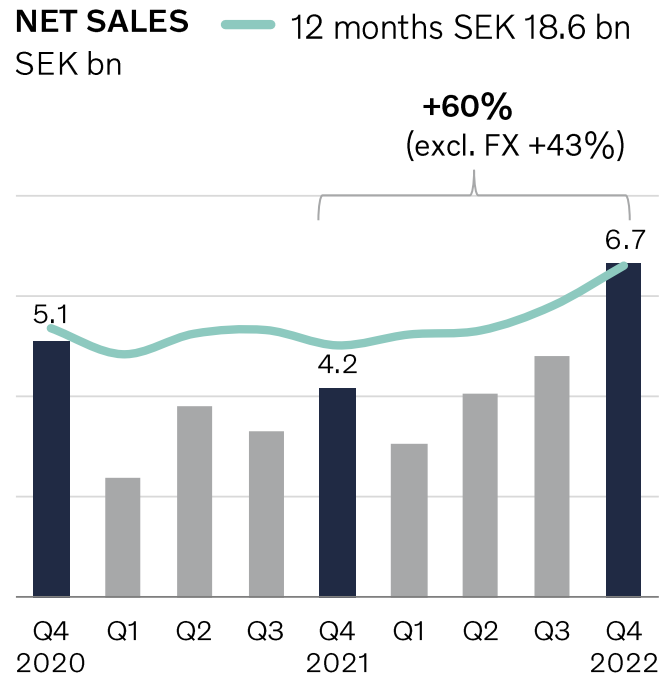
ADJUSTED OPERATING INCOME
SEK bn (margin)* 12 months 13.2%



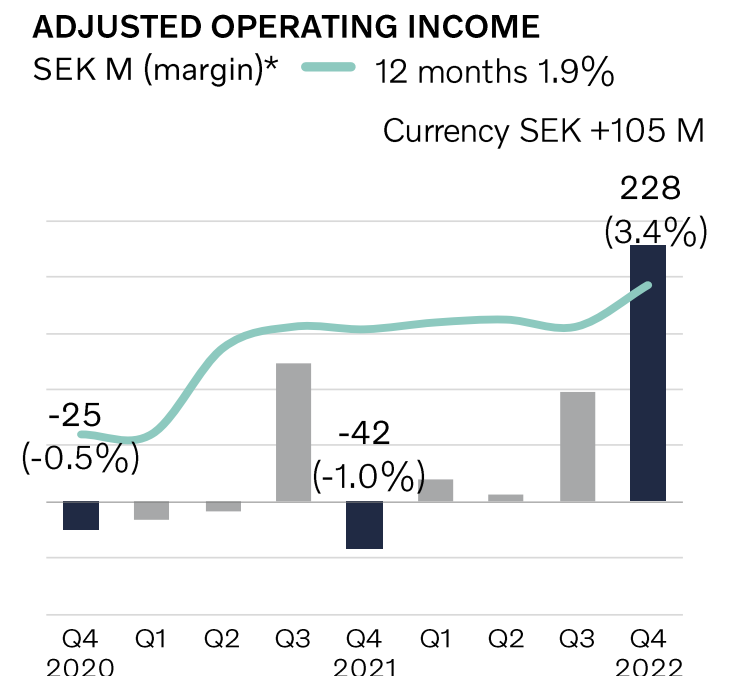
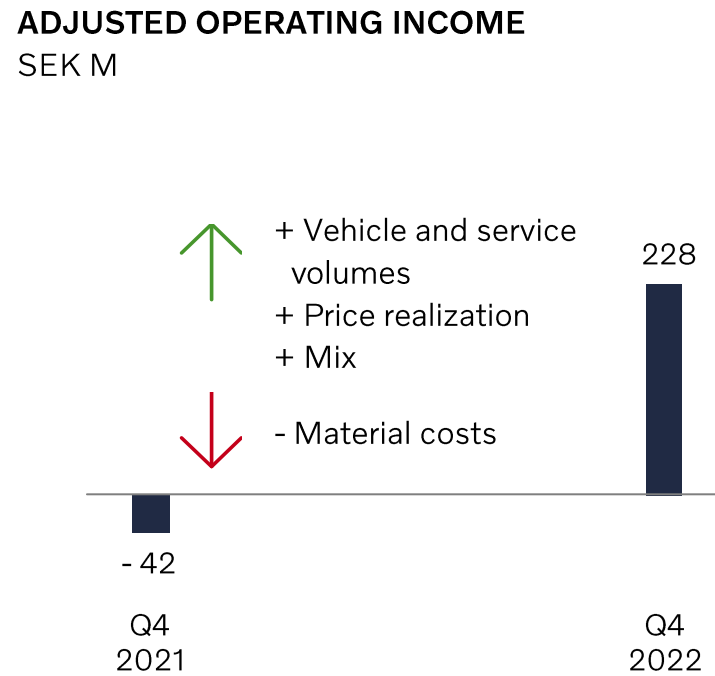
*For information on adjustments, see note 6 in the quarterly report

Buses

Net sales and adjusted operating income



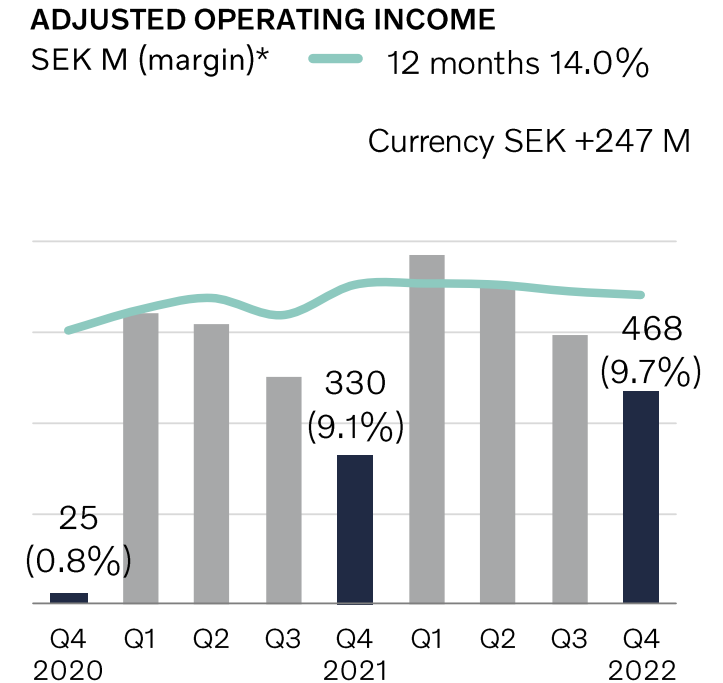
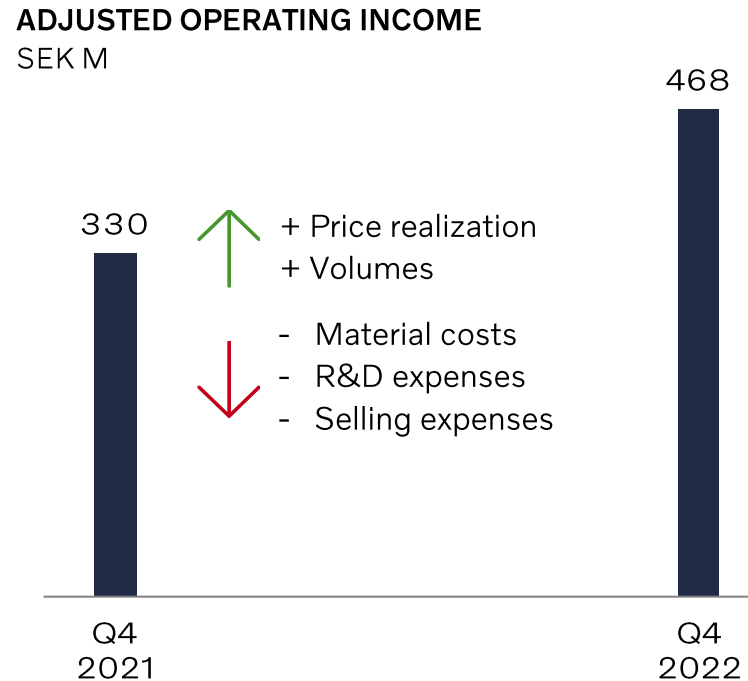
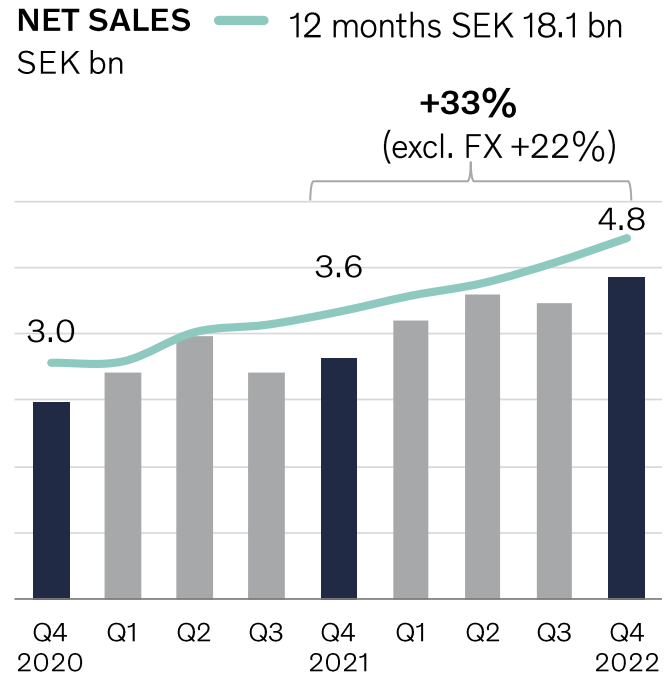
All numbers restated to exclude Nova Bus which is now included in segment 'Group Functions and other'



*For information on adjustments, see note 6 in the quarterly report

Volvo Penta

Net sales and adjusted operating income



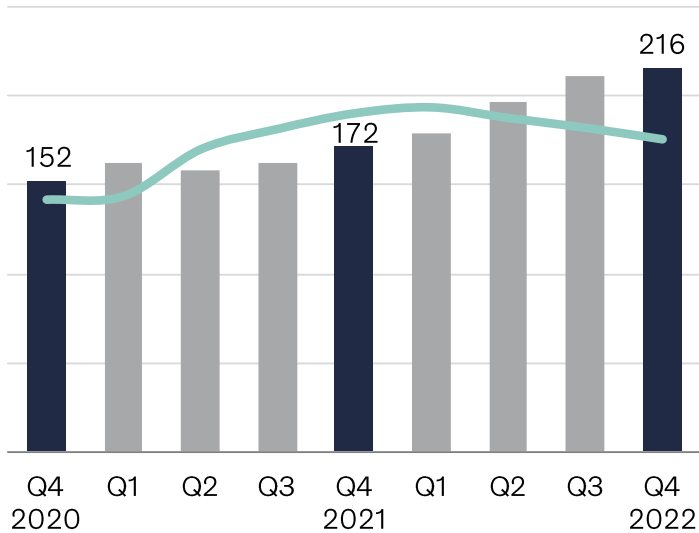
*For information on adjustments, see note 6 in the quarterly report

Financial Services

Credit portfolio and profitability

CREDIT PORTFOLIO & ROE*

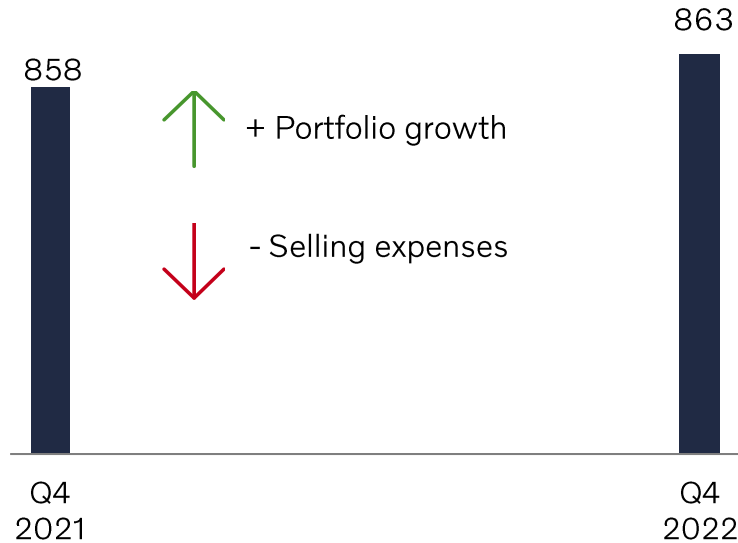
SEK bn — * ROE 12 months 15.1%



* ROE excludes provisioning related to Russian assets in Q1 2022

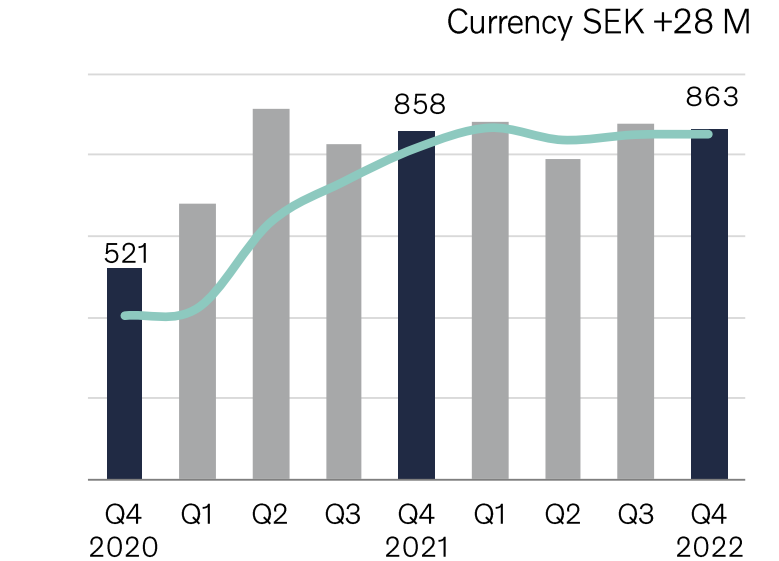
ADJUSTED OPERATING INCOME

SEK M



ADJUSTED OPERATING INCOME **

SEK M — 12 months SEK 3,416 M



**For information on adjustments, see note 6 in the quarterly report

Volvo Group

FULL YEAR 2022 HIGHLIGHTS

PERFORM

- Sales growth of SEK 101 bn to SEK 473 bn
 - Truck sales >300 bn (all time high)
 - Volvo CE sales >100 bn (all time high)
- Adj. operating income growth of SEK 9.5 bn to SEK 50.5 bn
- Operating cash flow Industrial Operations SEK 35 bn, with increased R&D and CAPEX investments
- ROCE at 27% with a net cash position of SEK 74 bn

TRANSFORM

- Close to 5,000 fully-electric orders in 2022
- Series production started of battery-electric heavy-duty trucks in Europe
- Volvo CE electrified up to 23-ton excavators
- Volvo Buses launched a global electric bus chassis platform
- Charging JV in Europe established, and Pilot Company selected as partner for North America

Proposed ordinary dividend of SEK 7.00 (6.50) and an extra dividend of SEK 7.00 (6.50).
Dividend yield of ~7%.

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