



VOLVO | DESIGN TEAM

VOLVO CAR GROUP RESULTS PRESENTATION THIRD QUARTER 2019

PER ANSGAR
VP GROUP REPORTING

THERESE JANDÉR
HEAD OF INVESTOR RELATIONS

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OPERATIONAL AND FINANCIAL HIGHLIGHTS Q3 2019

Strong growth and market share gains

Sales volume 166,878 cars, +7.7%

Revenue SEK 64.8bn, +14.2%

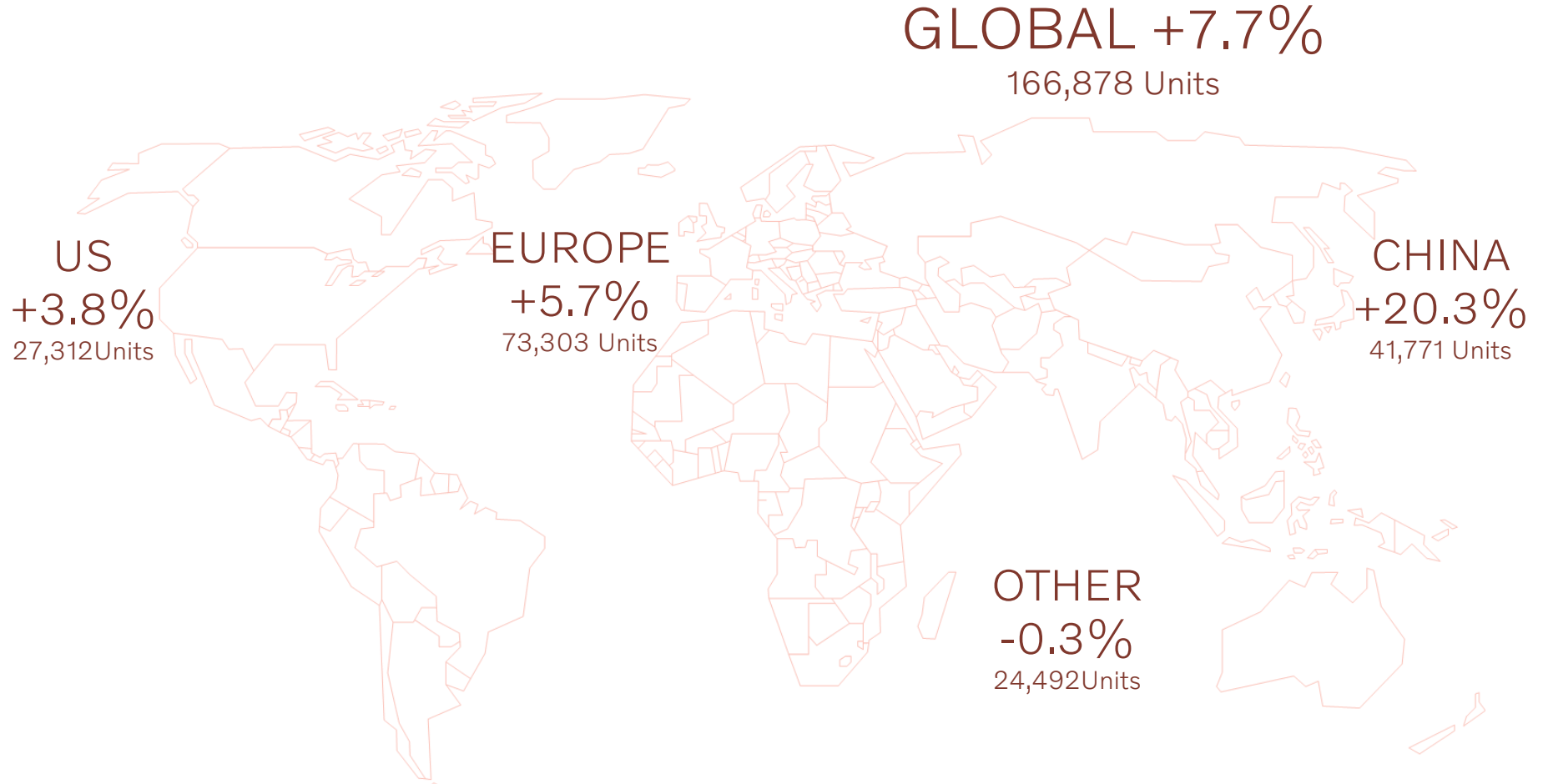
Operating income SEK 3.5bn, +90%

Free cash flow SEK 2bn vs SEK -6.6bn Q3 2018

Cost efficiency activities implemented begin to take effect

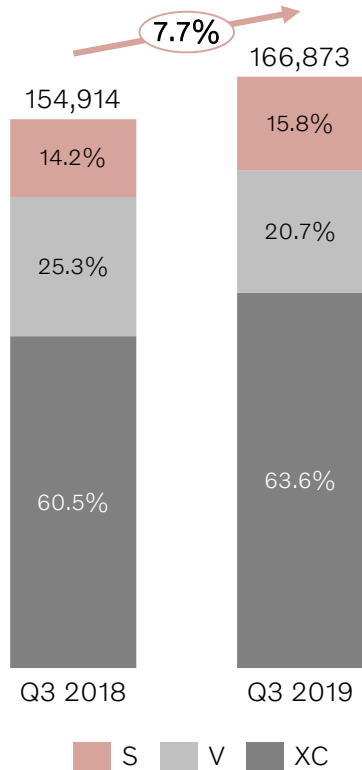
- Staff reduction of 900 since actions initiated
- Fixed cost close to flat yoy
- Intensifying product cost reduction by e.g. utilising synergies

GLOBAL SALES DEVELOPMENT Q3 2019

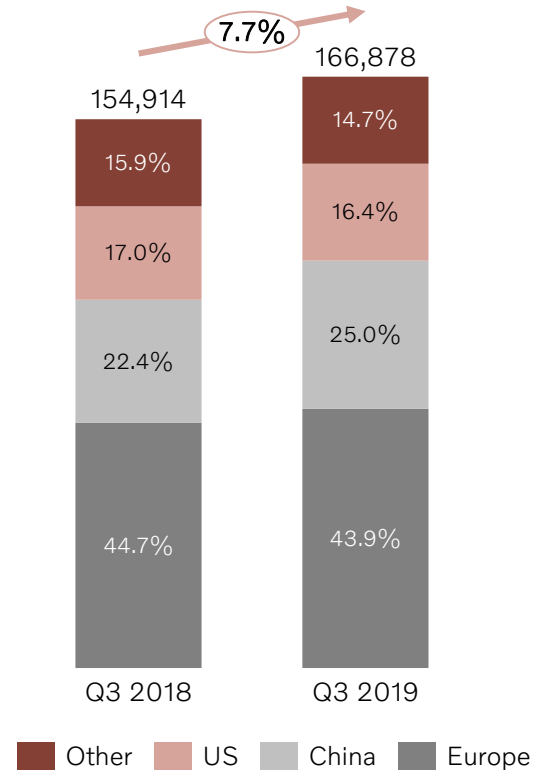


Q3 2019 SALES DISTRIBUTION

Retail sales by carline



Retail sales by market

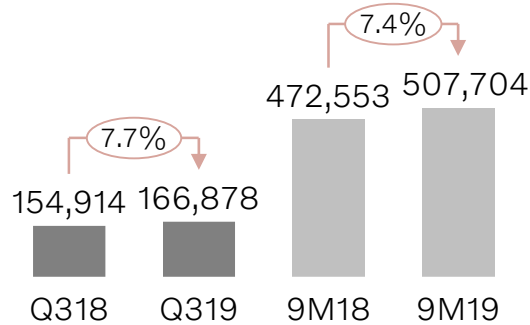


FINANCIALS

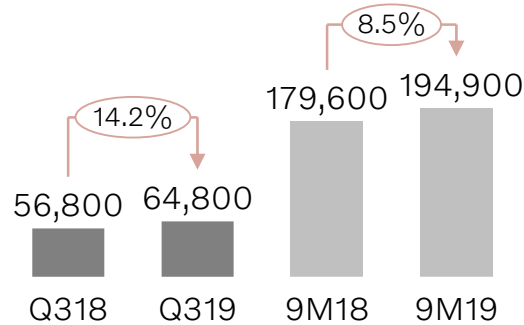


KEY FINANCIAL DEVELOPMENTS Q3 AND 9M 2019

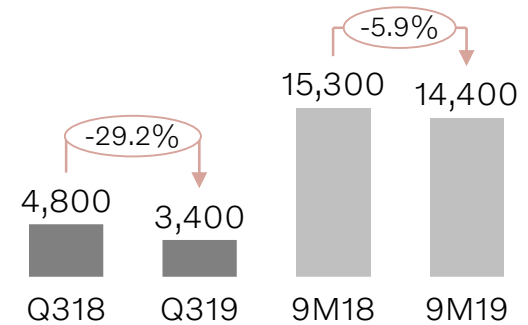
Retail sales (units)



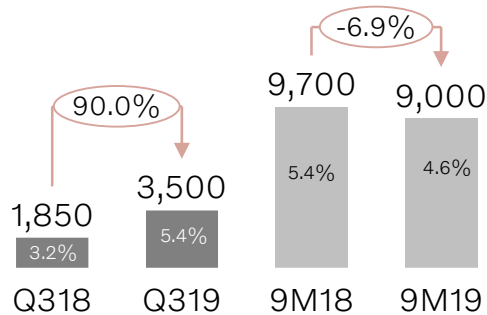
Net revenue (MSEK)



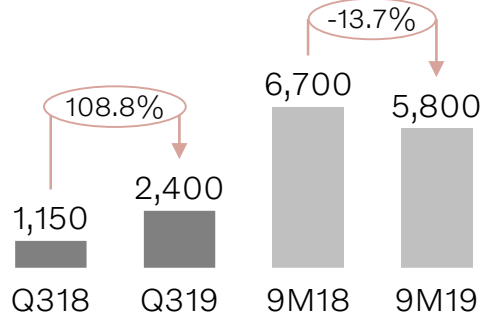
Capex (MSEK)



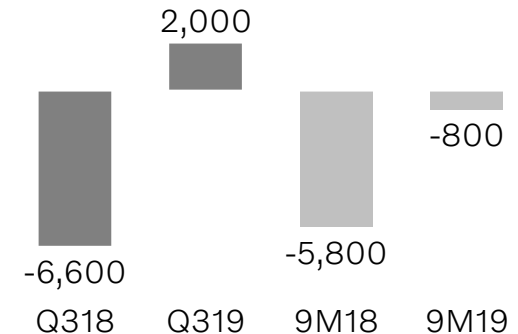
EBIT (MSEK)



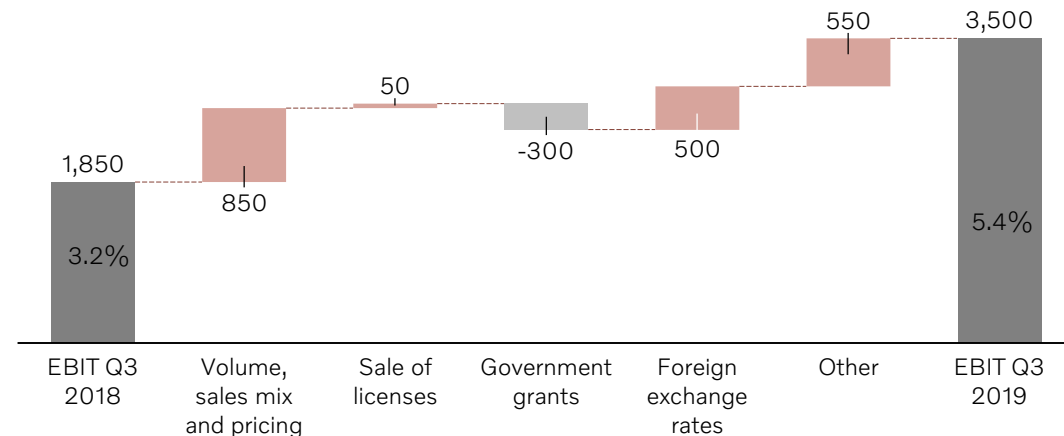
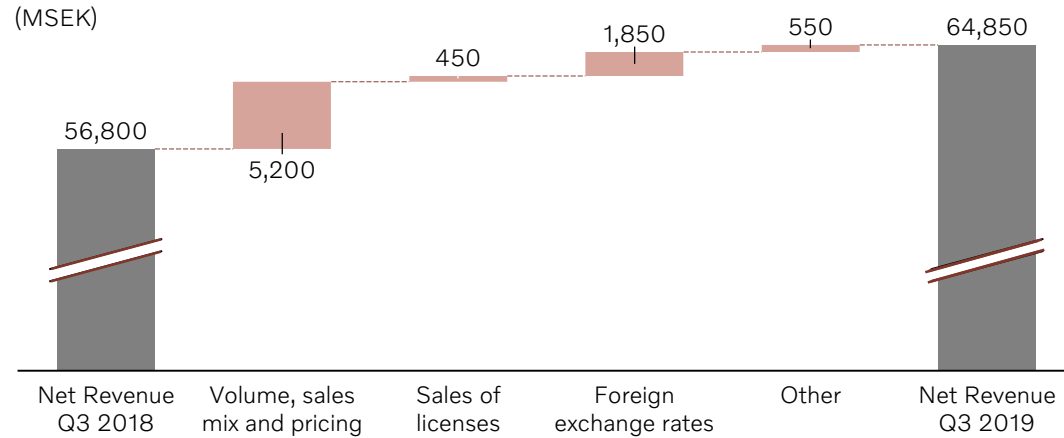
Net income (MSEK)



Free cash flow (MSEK)

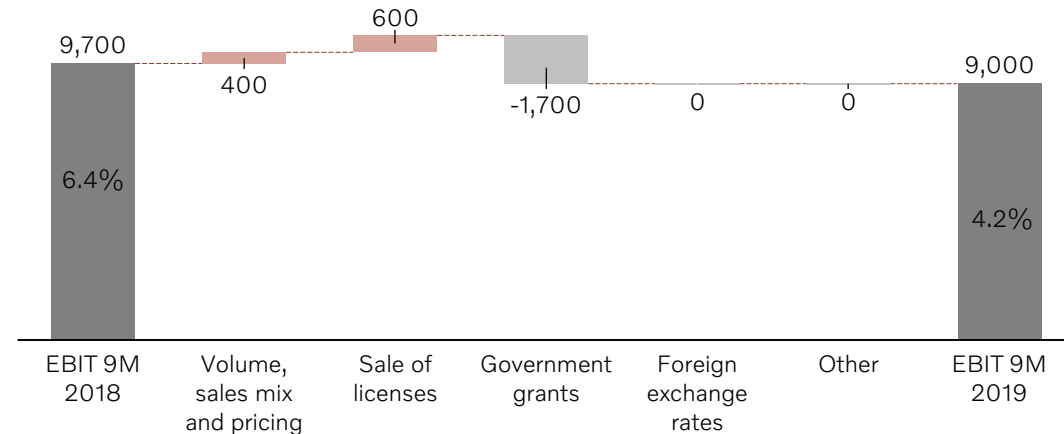
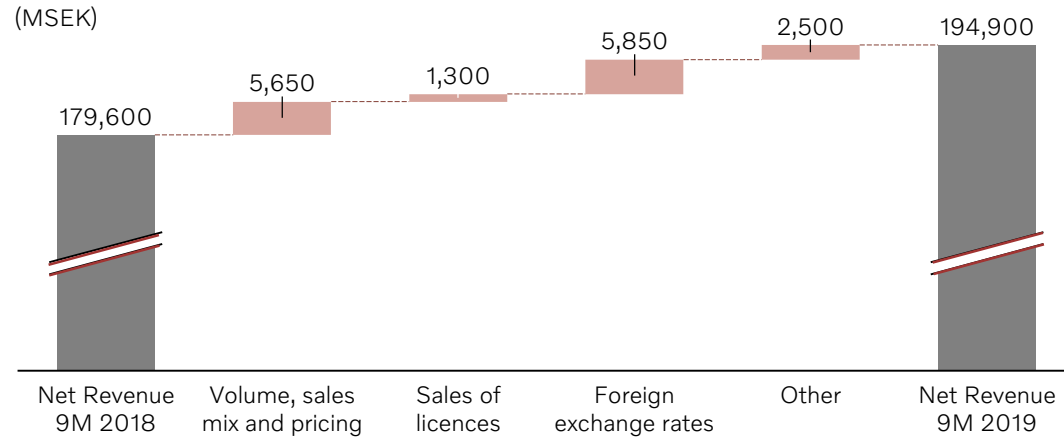


NET REVENUE AND EBIT WALK Q3 2019



- Revenue increase mainly driven by China, UK and Germany
- Positive volume mainly driven by XC40
- Positive mix effect from XC car lines
- Continuous price pressure related to market conditions
- Positive effects of tariff mitigating actions
- Cost efficiency activities start to come through
- Positive exchange rate effects

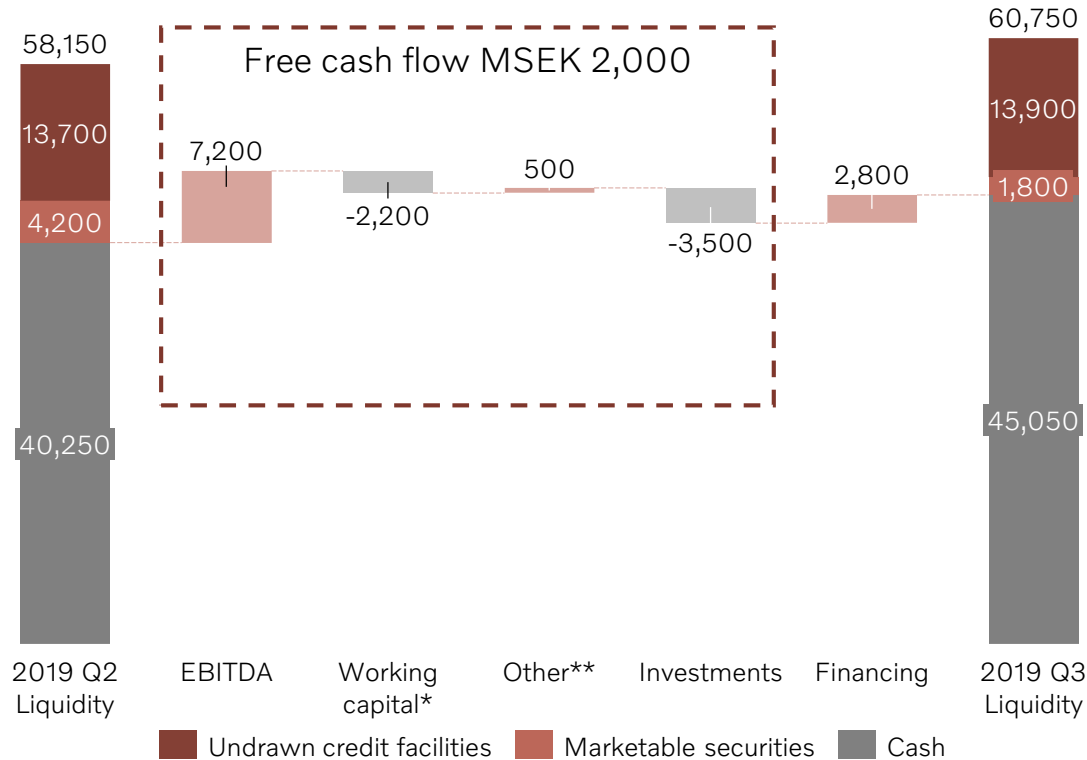
NET REVENUE AND EBIT WALK 9M 2019



- Revenue increase mainly driven by China, UK and Germany
- Positive volume and sales mix mainly driven by XC40
- Positive mix effect from XC car lines
- Continuous price pressure related to market conditions
- Increase in license sales YoY
- Lower government grants effects

CASH FLOW MOVEMENTS Q3 2019

(MSEK)

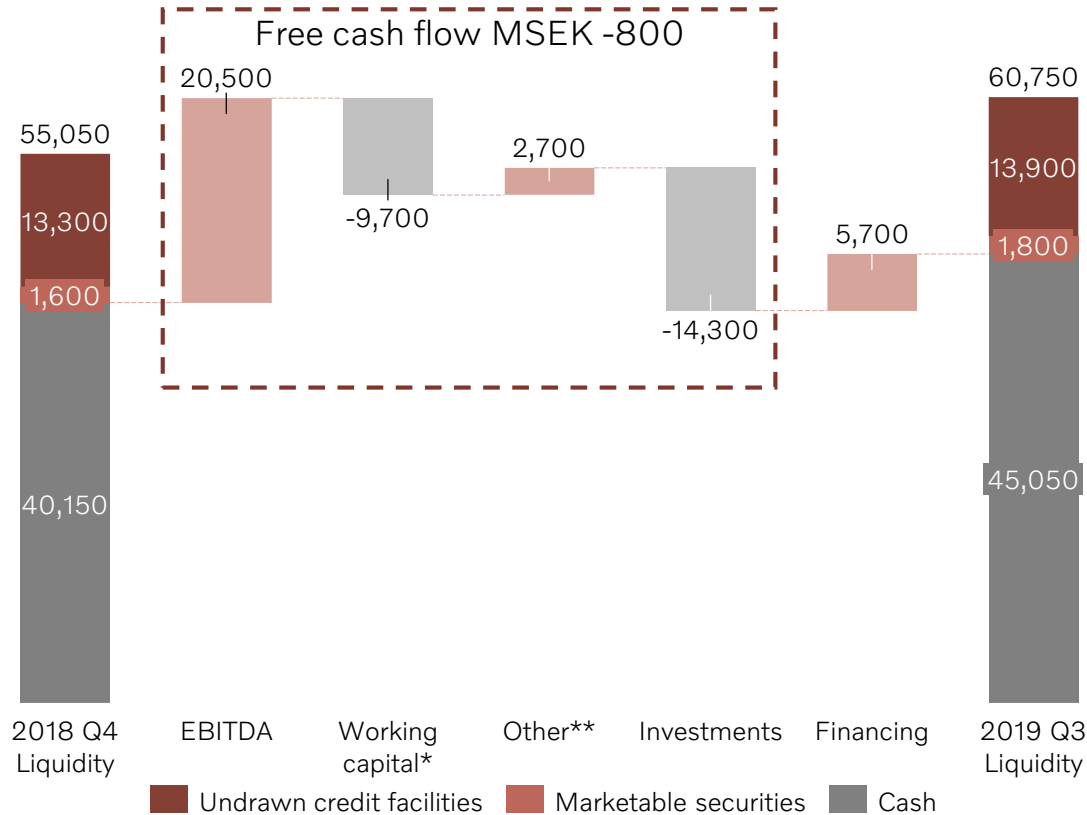


* Change in inventories, accounts receivable and accounts payable ** Interest, tax and changes in other items

- EBITDA increase with improved EBIT and higher level of depreciations and amortizations
- Working capital changes include:
 - Higher receivables and inventory due to sales growth, change in logistics flow and seasonality
- Investments mainly relates to capacity increase, new car models and technology
- Financing net divestments of marketable securities and repayment of maturing debt

CASH FLOW MOVEMENTS 9M 2019

(MSEK)

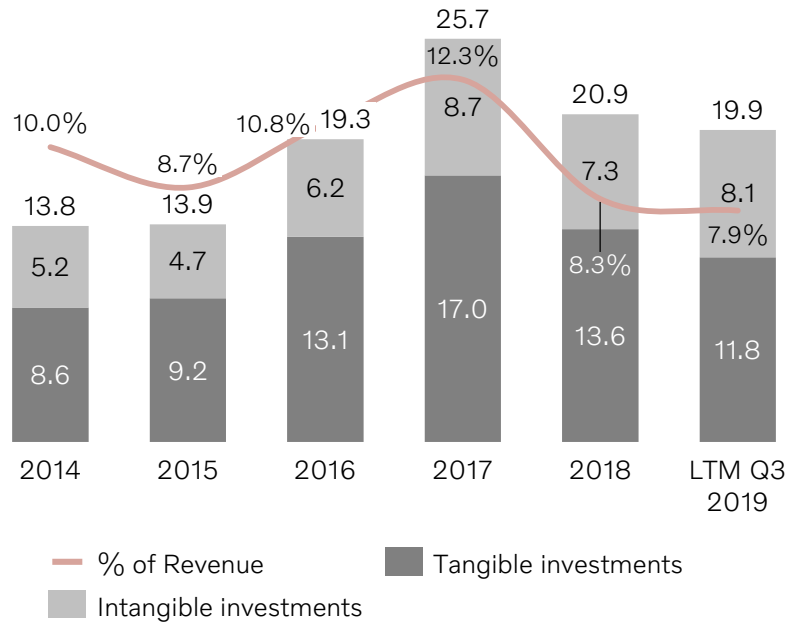


- EBITDA increase from higher level of depreciations and amortizations
- Working capital changes include:
 - Higher receivables and inventory due to sales growth and change in logistics flow
- Investments mainly related to car launches and production ramp up, upcoming car models and new technology
- Financing net of new bonds, repayment and dividend during Q1

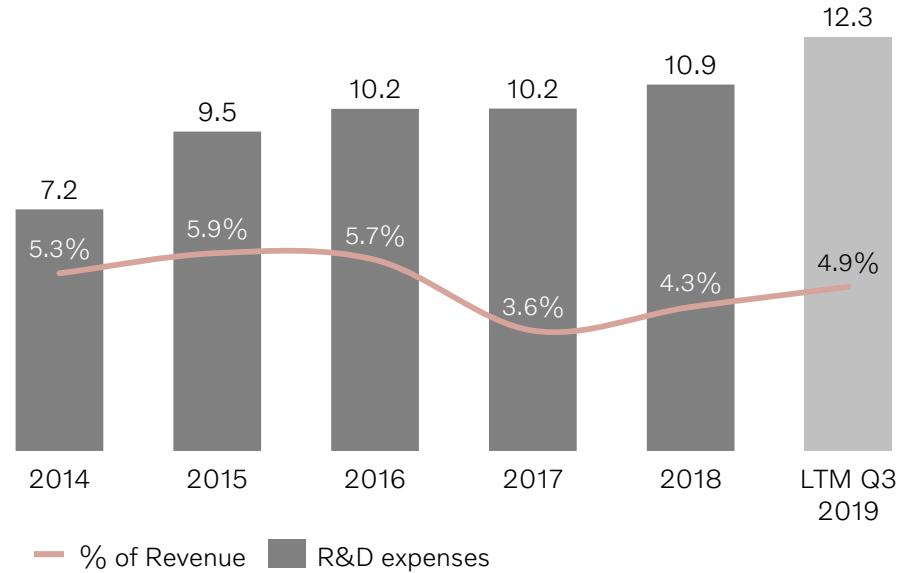
* Change in inventories, accounts receivable and accounts payable ** Interest, tax and changes in other items

CAPEX AND R&D

Capex (SEKbn)

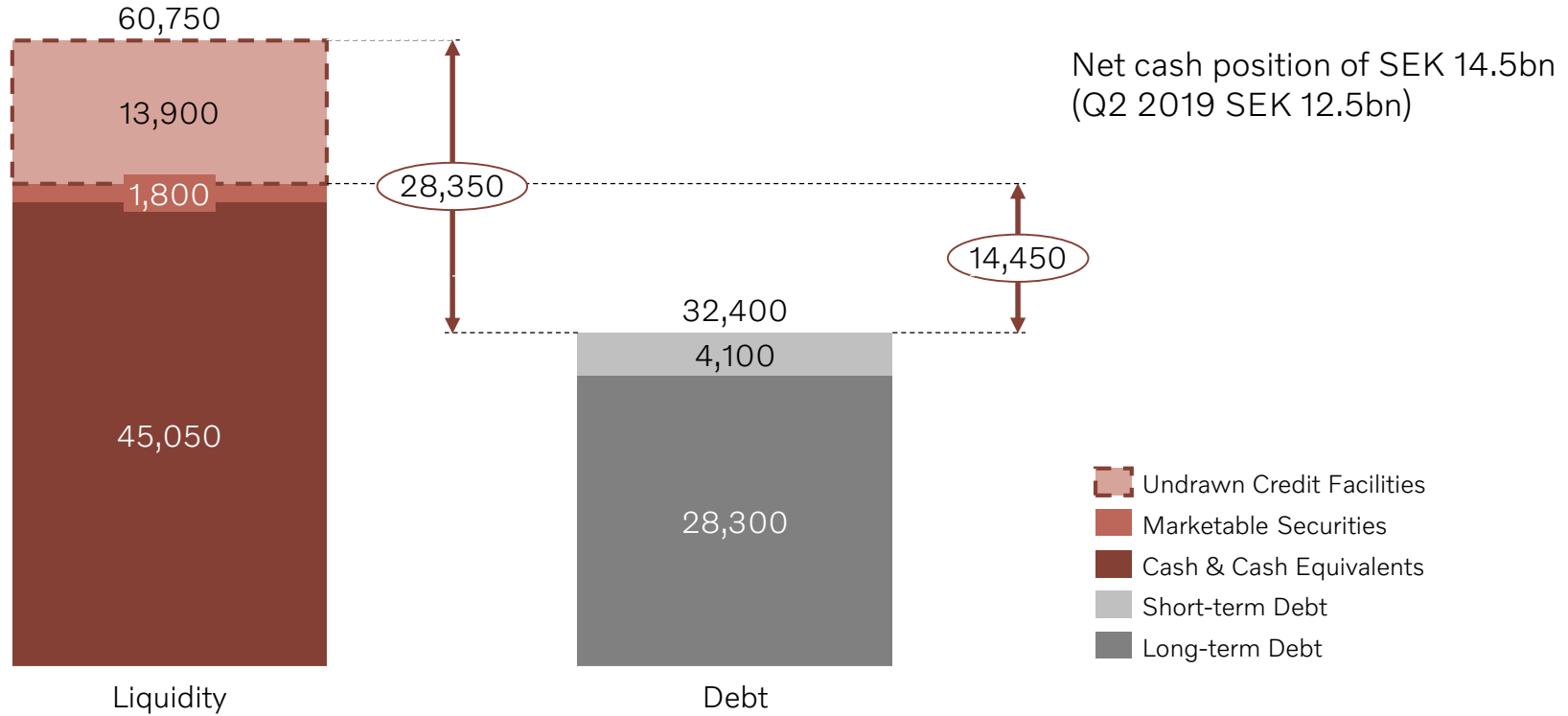


R&D Expenses (SEKbn)



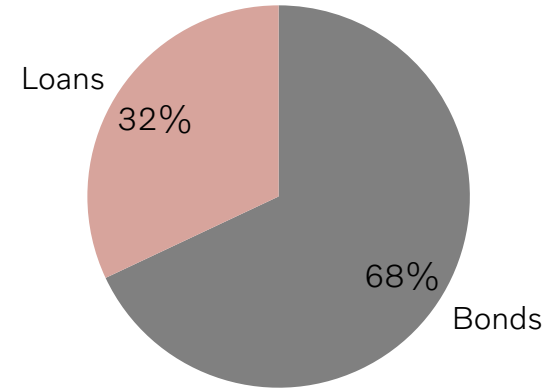
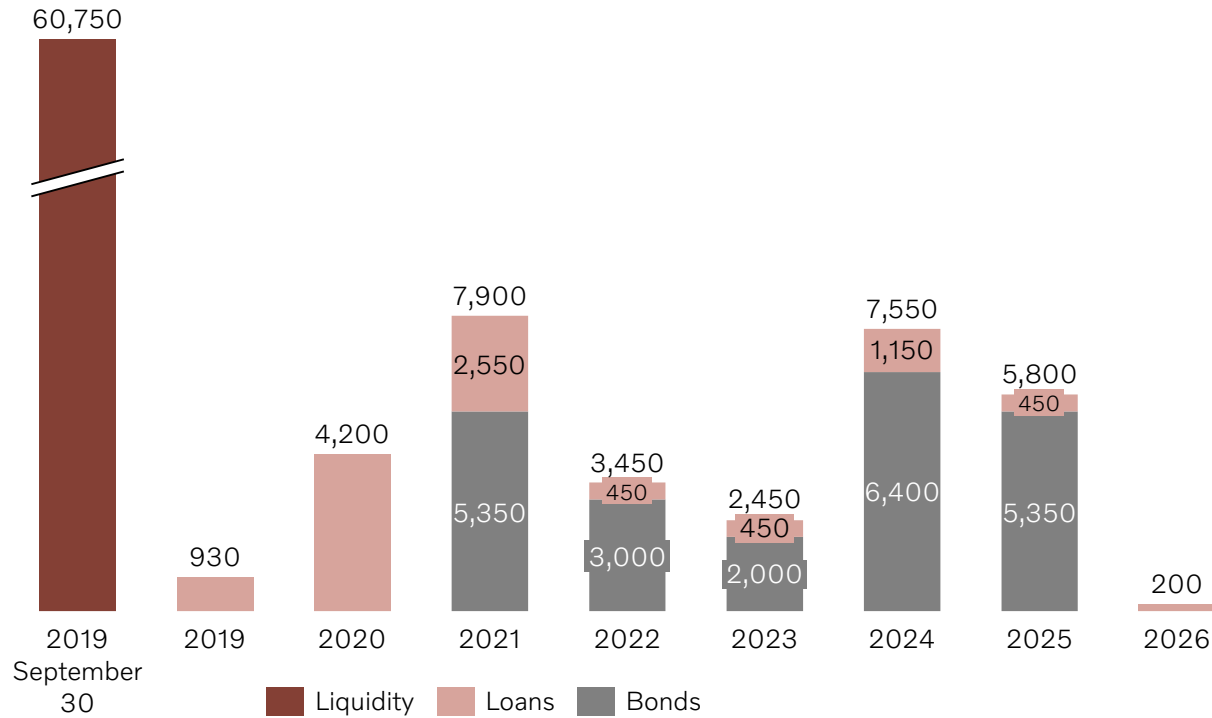
LIQUIDITY & DEBT

(MSEK)



AMORTIZATION SCHEDULE

(MSEK)





Emissions reduction ambitions for 2025:

- 25%** CO₂ reduction per car in **supply chain**
- 25%** CO₂ reduction per car overall **operations** emissions
- 50%** reduction in tailpipe emissions per **car**

New Recharge car line:

- ⚡ 2020 sales: **20%** Plug-in hybrid
- ⚡ 2025 sales: **50%** battery electric
- ⚡ Incentives to encourage electrified driving



2019 H2 - OUTLOOK

Continued growth in sales and revenue

Market conditions continue to put price pressure on margins

Continued implementation of SEK 2bn cost efficiency activities

Slightly lower level of capex

Strengthened profit vs H2 2018



VOLVO

Q&A



