

VOLVO CAR GROUP – 2012 FINANCIAL REPORT



HÅKAN SAMUELSSON, PRESIDENT & CEO

JAN GURANDER, CFO

2012 IN BRIEF



- Successful product launches: V60 Plug-in-hybrid, V40, V40 Cross Country
- Maintained transformation & high pace of investment
- Strengthening the China sales organization and focus
- New market situation demanding volume and cost adaptation
- Break-even operating result



MACRO AND INDUSTRY TRENDS



- Continued economic uncertainty in Eurozone
- Car sales down in Europe
- Swedish car market down by 8.2%
- Chinese and US car market show significant growth
- Aggressive incentives in all markets
- Stronger SEK

INDUSTRY DEVELOPMENT (TOTAL PASSENGER CARS 000'S)

	2012	2011	CHANGE, %
China	14,683	13,701	7.2%
USA	14,492	12,778	13.4%
EU 20	12,265	13,306	-7.8%
<i>of which Sweden</i>	280	305	-8.2%

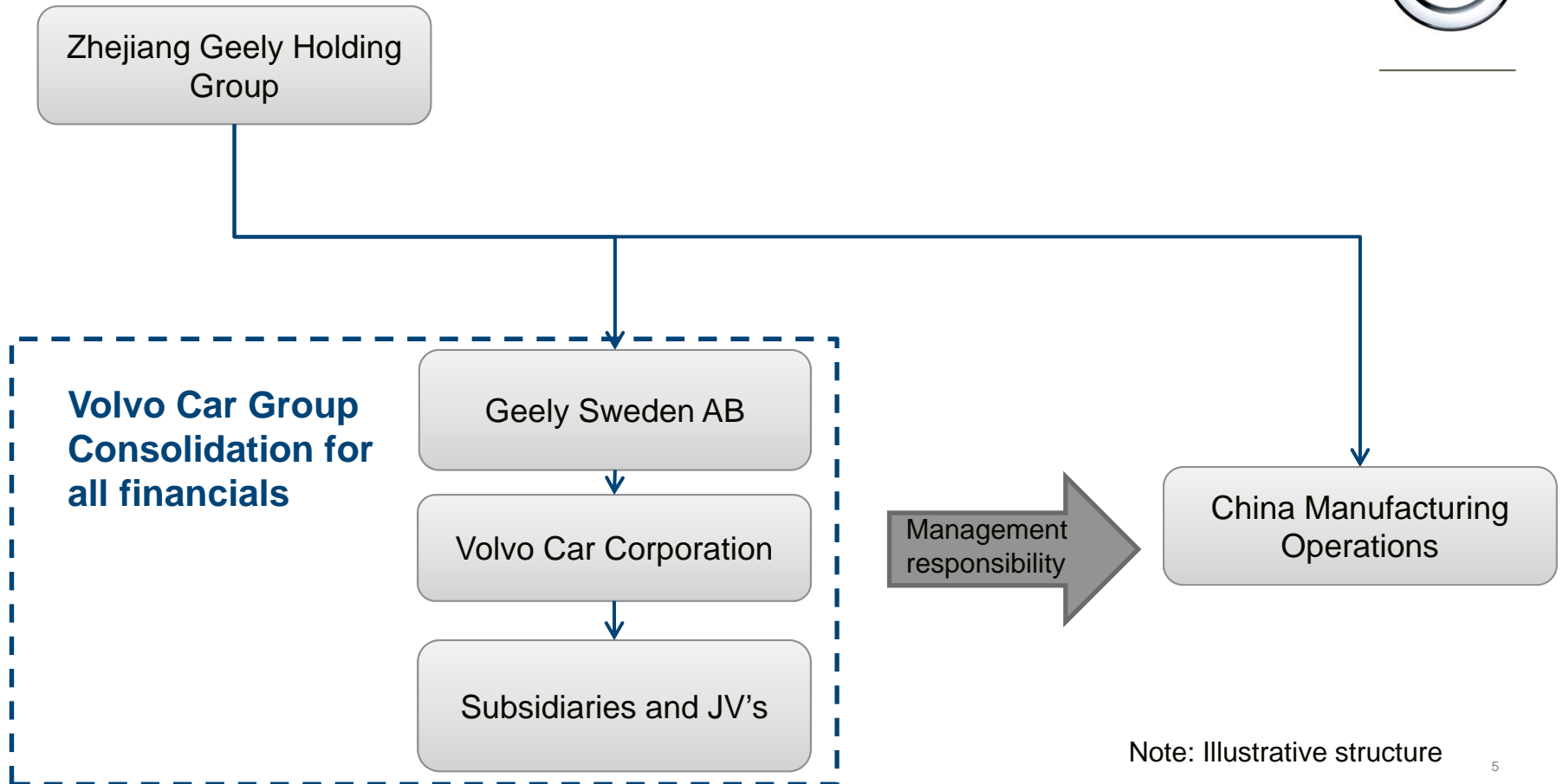
2012 VOLVO CARS SALES PERFORMANCE



RETAIL SALES (NUMBER OF CARS SOLD)	2012	2011	CHANGE, %
USA	68,079	67,273	1.2%
Sweden	51,832	58,463	-11.3%
China	41,989	47,140	-10.9%
Germany	32,070	33,167	-3.3%
UK	31,743	32,770	-3.1%
Rest of Europe (EU20 excl above markets)	111,382	127,817	-12.9%
Rest of World	84,856	82,625	2.7%
Total	421,951	449,255	-6.1%

- **Europe:** Sales declined due to economic uncertainty & reduced industry volumes
- **Sweden:** Volvo kept market leadership with 18.7% market share in a declining market
- **Rest of World:** Strong performance in overseas market – growth of 6.0% in Russia and 17.8% in Japan

VOLVO CAR GROUP STRUCTURE



Note: Illustrative structure

FINANCIAL HIGHLIGHTS

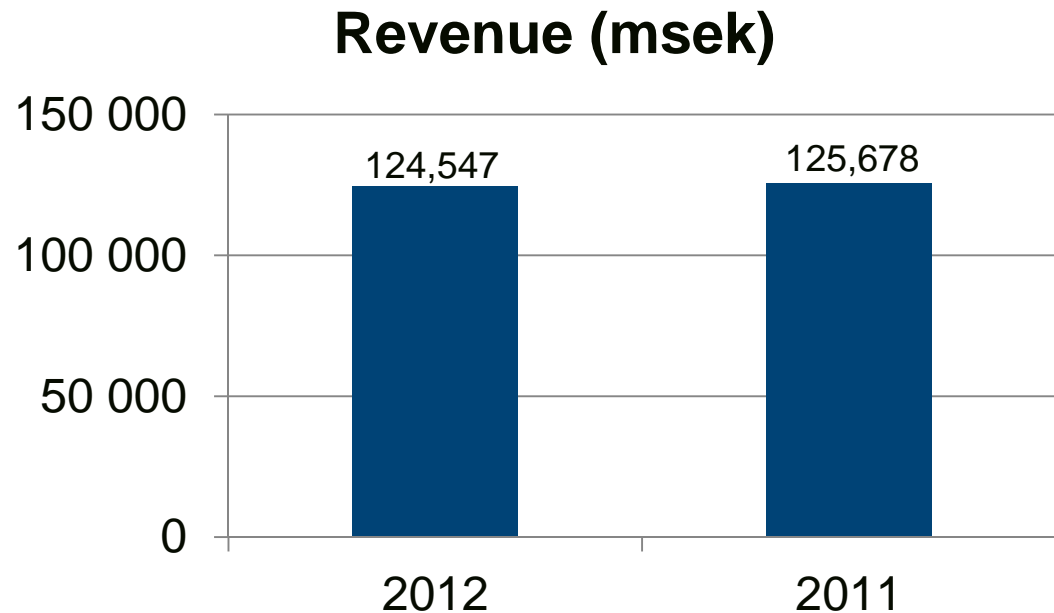


SEK MILLIONS (UNLESS OTHERWISE STATED)	2012	2011
Revenue	124,547	125,678
Gross Income	19,947	20,767
Operating Income	18	2,017
Operating Margin (%)	0	1.6
Net Income	-480	1,024
Operating & investing cash flow	-4,929	2,502

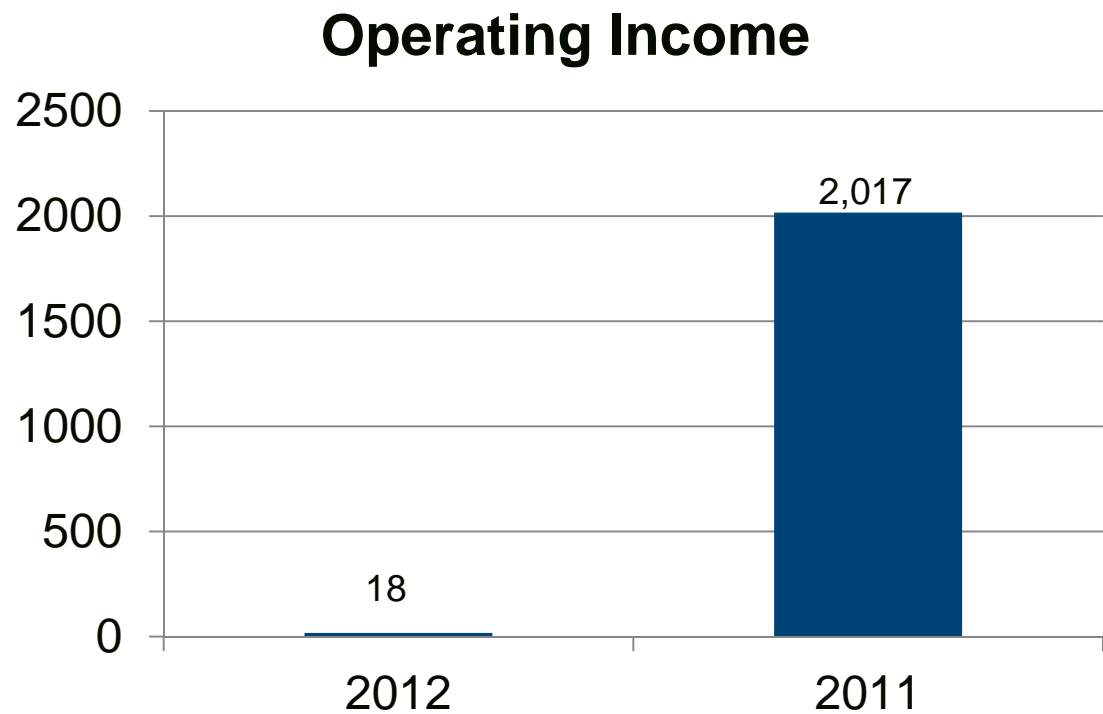
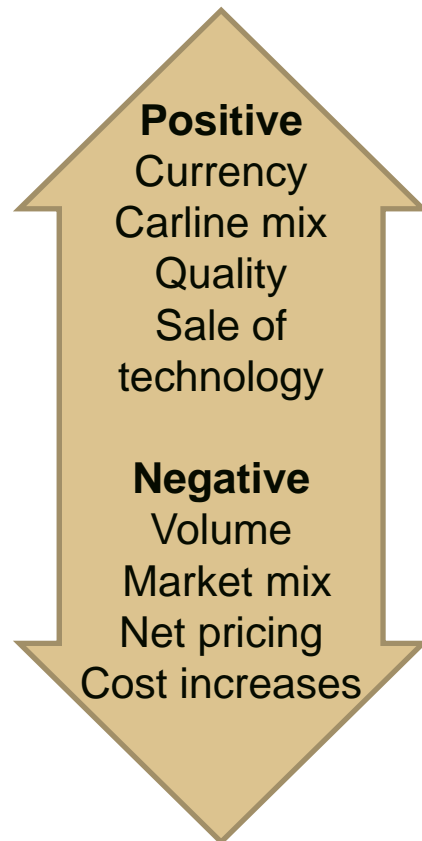
NET REVENUE 2012 VS 2011



- Currency positive
- Product mix positive
- Volumes negative
- Market mix negative
- Net prices lower



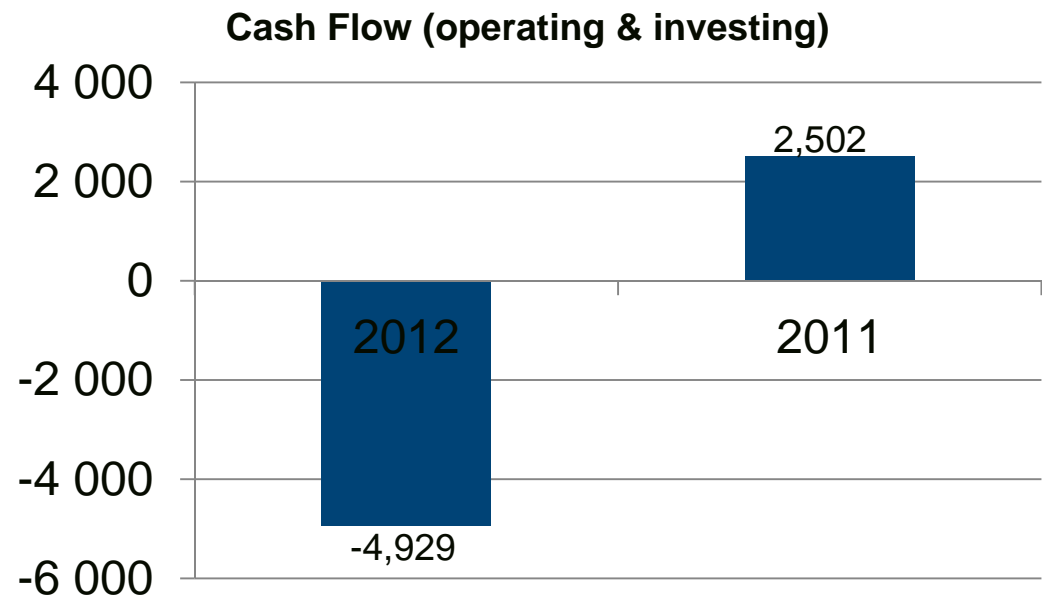
OPERATING INCOME 2012 VS 2011



CASH FLOW 2012 VS 2011



- Decreased operating result
- Working capital increase
- Investments increased in transformation programmes: new vehicle & engine architectures
- Capital Expenditure
 - 2012: MSEK 7,678 (2011: 5,565)
- R&D expense
 - 2012: MSEK 6,289 (2011: 5,347)



SYNERGIES WITH GEELY



- C-segment platform development
- Small engine development
- Purchasing in China
- Sale of P2 platform technology to Geely

LOAN AGREEMENTS



- Refinancing with China Development Bank
 - EUR 922 million
 - 8 year maturity
 - Improves maturity structure by EUR 600 million
- Credit facility with Swedish Export Credit Corporation
 - SEK 1 billion
 - 3 year maturity
- Back-up facility with European bank group
 - EUR 240 million
 - 3 year maturity

FINANCIAL SUMMARY 2012



- Reduced sales volumes
- Highly competitive market with price pressures
- Production volumes reduced during H2
- Cost adjustment programme of SEK 1.5 billion implemented
- Several important agreements achieved in financing



HÅKAN SAMUELSSON, PRESIDENT AND CEO

2013 – MAIN FOCUS AREAS



- Keep market shares; grow in line with market development
- Sales of renewed model range, Volvo V40, V40 Cross Country, V60 Plug-in-hybrid
- Continue transformation strategy - Launch of new engine technology
- Production commences in Chengdu and Zhangjiakou
- Targeting break-even operational result

2013 Q1 VOLVO CARS SALES PERFORMANCE



RETAIL SALES (NUMBER OF CARS SOLD)	2013 Q1	2012 Q1	CHANGE, %
USA	15,107	16,423	-8.0%
China	13,780	10,881	26.6%
Sweden	11,430	12,823	-10.9%
UK	8,930	8,812	1.3%
Germany	6,210	8,036	-22.7%
Rest of Europe (EU20 excl above markets)	26,471	31,272	-15.4%
Rest of World	16,889	18,647	-9.4%
Total	98,817	106,894	-7.6%

SUMMARY



- Refreshed product portfolio: 8/9 cars
- Transformation strategy progressing
- Chengdu and Zhangjiakou operational end of 2013
- Strong sales in China YTD 2013 and expanding market share in Sweden
- Targeting break-even result 2013



Q&A

