

Pressemelding

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Volvo Cars reports 8 per cent increase in Q1 2024 core operating profit to SEK 6.8 billion

- Q1 revenue was SEK 93.9 bn (SEK 95.7 bn in Q1 2023)
- Q1 operating income (excl. JVs and associates) was SEK 6.8 bn (SEK 6.3 bn in Q1 2023)
- Q1 EBIT margin (excl. JVs and associates) was 7.2 per cent (6.6 per cent in Q1 2023)
- Q1 Basic earnings per share was SEK 1.12 (SEK 1.21 in Q1 2023)
- Q1 fully electric car sales share at 21 per cent (18 per cent in Q1 2023)

Volvo Cars today reports an operating profit (EBIT) excluding joint ventures and associates of SEK 6.8 billion for the first quarter of 2024, an increase of 8 per cent versus the same period in 2023. The corresponding EBIT margin came in at 7.2 per cent, up from 6.6 per cent a year earlier.

The interim report for the first quarter results can be found [here](#).

During the first quarter, retail sales rose by 12 per cent year-on-year to 182,687 cars, with a new all-time sales record for a single month in March. A strong performance in Europe and the US contributed to the company's sales growth, and it recorded new sales records for the first quarter in 11 markets, including in Germany, France, the Netherlands, Canada and Turkey.

Revenue for the period came in at SEK 93.9 billion, versus the SEK 95.7 billion reported in Q1 2023. This was primarily due to lower revenue from contract manufacturing. In addition, some foreign exchange effects as well as the company's sales mix affected revenues, although the company maintained a healthy price discipline.

41 per cent of Volvo Cars' global volume during the quarter consisted of plug-in hybrid (PHEV) and fully electric (EV) cars, while its EV share of sales rose to 21 per cent from 18 per cent a year earlier. This demonstrates that the company is on track towards its annual sales target of at least 15 per cent growth in 2024, with a balanced premium product strategy that offers competitive EVs alongside attractive plug-in and mild hybrids. In Europe, Volvo Cars was the third largest brand in EV sales, while the XC60 PHEV was the best-selling plug-in hybrid in the region during the first quarter.

First-quarter gross margins on the company's EVs improved to 16 per cent from 7 per cent in the same quarter last year, which is among the best in the industry. This reflects the strong customer demand for the new Volvo EX30 SUV, which is set to bring in gross margins of 15-20 per cent, as well as improved margins on the EX40 and EC40 models. Volvo Cars will continue to work diligently to further close the margin gap with combustion engine-powered cars.

"We have had a strong start to the year, with our first quarter results laying a solid foundation for the year ahead," says Jim Rowan, chief executive officer of Volvo Cars. "We reported double-digit retail sales growth during the quarter, set a new all-time sales record for a single month in March and continued to ramp up production and customer deliveries of the EX30. We delivered improved EV gross margins, which reached 16 per cent, and increased our EV share of sales to 21 per cent."

"At the same time, we secured shareholder support to distribute a majority of our shareholding in Polestar, allowing us to fully focus on our core operations," adds Jim Rowan. "We remain focused on costs and capital allocation to ensure cash and liquidity are at a healthy level. I am confident

these actions will make 2024 another milestone year in our ongoing transformation.”

EX30 as a crucial growth driver

Its first quarter performance demonstrates the prospects of the EX30. In only a few months, the EX30 has lived up to its promise of being a profitable growth driver for the company’s business while collecting numerous awards – most recently it won the 2024 World Urban Car of the Year accolade and the Red Dot ‘Best of the Best’ Design award.

In the first three months of 2024, thousands of customers across Europe got behind the wheel of an EX30, with many more in line as Volvo Cars prepares to deliver EX30 cars in other countries as well, including the US, China, South Korea and Canada, in the coming weeks and months. This means by the end of this year, EX30 will be sold in over 90 countries.

Along with the EX30, the company has now also started producing the fully electric EM90 MPV for China, with the first customer deliveries made in March. During the first half of the year, Volvo Cars will also start production of the EX90 flagship SUV. This means that it will bring three EV models with the company’s newest technologies in three different segments to the market in 2024.

At the same time, it will continue to offer very attractive plug-in hybrids and mild hybrids for years to come, as part of its balanced premium product strategy. The company has updated several of those models recently and will continue to do so.

Free cash flow in the quarter came in as planned at SEK –12 bn due to increased production and build-up of EX30 inventory, in addition to usually seasonally lower cash flow in Q1. Volvo Cars continues to focus on internal efficiency and takes cost actions where it can, while ensuring capital allocation across its business to support its investments.

As a result, the company expects free cash flow generation to be neutral in 2024 and 2025. From 2026 onwards, it expects to deliver strong cash flows as the scale of investments declines and it starts reaping the long-term benefits of its strategy with higher revenue and profitability.

Volvo Cars shareholders recently also approved the company’s plan to lower its shareholding in Polestar to 18 per cent from 48 per cent. Volvo Cars believes this is a good and natural moment for a transition of its relationship with Polestar, which allows it to fully focus on its own investment plans, while Geely has expressed it will take full responsibility for continued operational funding for Polestar going forward. However, the close collaboration between Polestar and Volvo Cars in various areas will continue to the benefit of both companies.

Looking ahead

Volvo Cars expects demand for its cars to remain robust in coming quarters and in line with its guidance of full-year sales growth of at least 15 per cent. The company also expects cash flow to improve in coming quarters which should enable it to be cash-neutral for the full year.

Volvo Cars remains firmly focused on achieving profitable growth and expects 2024 to be another solid year after the record year of 2023. At the same time, the company is mindful that the external environment continues to be challenging, as geopolitical uncertainties and macroeconomic headwinds remain.

Volvo Cars believes that its balanced product portfolio of fully electric cars and world class plug-in and mild hybrids, along with its increased focus on cost actions, will help it navigate these headwinds. That positions the company to achieve its ambitions of revenues of between SEK 550-600 billion and an EBIT margin above 8 per cent* during 2026.

“Our strategic planning and execution are working well and our balanced approach positions us to deliver on our transformation journey,” says Jim Rowan. “It allows us to react to changing market demands quickly and effectively.”

Volvo Cars’ balanced approach is focused on 5 areas:

- **Product** – a strong competitive offer with cars in many sizes and segments: 30, 40, 60 and 90 range, SUVs, sedans, wagons and MPVs, to meet the various needs of its global customer base.
- **Propulsion** – mild hybrids, plug-in electric hybrids and fully electric cars.
- **Production** – manufacturing facilities in every region: Asia, Europe and the USA. This aspect has become more important as the trade environment continue to change across

the world.

- **Pricing** – balanced price discipline across its various model choices, via its Core, Plus or Ultra variants.
- **Partnerships** – carefully balanced its choices between investing in internal development and building key partnerships with some of the world’s leading tech companies, such as NVIDIA, Qualcomm, Google and Apple. It has also developed a strong retail and service dealership structure in all regions, with over 2,200 retail partners across the globe.

“This balanced approach to our strategy has been created over many years and it positions us well globally,” says Jim Rowan. “It is a key aspect towards continued growth. As I have said many times over my career: business is not a game of perfection, it is a game of continuous progress. This balanced strategy allows for that.”

*EBIT excl. JVs and associates

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