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Volvo Cars reports full-year 2022 results – accelerating strategic journey and navigating challenges

The company made significant progress during the year on its strategic ambitions, as it accelerated towards the aim to become a fully electric car company by the end of the decade and climate neutral by 2040.

- FY22 revenue up 17 per cent to 330.1 bn SEK (282 bn SEK in FY21)
- FY22 operating income (EBIT) was 22.3 bn SEK (20.3 bn SEK in FY21)
- FY22 EBIT margin was 6.8 per cent (7.2 per cent in FY21)
- FY22 EBIT margin excl. share of income from JVs and associates was 5.4 per cent (7.5 per cent in FY21)
- FY22 Basic earnings per share was 5.23 SEK (4.72 SEK in FY21)
- FY22 Fully electric car sales accounted for 11 per cent of total sales (4 per cent in FY21)
- Q4 revenue was 105.2 bn SEK (80.1 bn SEK in Q4 2021)
- Q4 operating income was 3.4 bn SEK (3.7 bn SEK in Q4 2021)
- Q4 EBIT margin was 3.3 per cent (4.6 per cent in Q4 2021)
- Q4 EBIT margin excl. income from JVs and associates, was 3.7 per cent (7.1 per cent in Q4 2021)
- Q4 Basic earnings per share was 0.82 SEK (0.66 SEK in Q4 2021)
- Q4 fully electric car sales share at 18 per cent (6 per cent in Q4 2021)

Volvo Cars today reports an operating profit, including joint ventures and associates, of 22.3 billion SEK and a profit margin of 6.8 per cent for the full year 2022, as it faced prolonged supply constraints, lockdowns in China and elevated material and logistics costs during the year. The interim report for the full year and fourth quarter can be found [here](#).

“We managed through the heavy turbulence of the year and made significant progress on our strategic ambitions in 2022, as we accelerated towards our aim to become a fully electric car company by the end of the decade and climate neutral by 2040,” said Jim Rowan, president and chief executive.

Already by mid-decade, Volvo Cars aims to reach a 50 per cent global sales share of fully electric Volvo cars, with a 40 per cent lower carbon footprint per car and profitability of 8-10 per cent. “We remain steadfast on that strategic journey,” added Jim Rowan.

Sales performance

In 2022, the performance of the company’s fully electric cars stood out as a real highlight. Sales of Volvo’s electric cars more than doubled compared to the previous year, resulting in 11 per cent of full-year sales attributed to fully electric cars, compared to 4 per cent in 2021.

This includes a strong performance in sales of pure electric cars in the fourth quarter, reaching the highest point ever at 18 per cent, compared to 6 per cent in the same period last year. This was despite overall sales being affected by production constraints. As a result of this performance, the company’s market share in the fully electric segment increased significantly during the year, compared to the same period last year*.

The performance of the company’s Recharge cars, which includes both fully electric cars and

plug-in hybrids, was strong with a share of 33 per cent for the year and 41 per cent during the fourth quarter. Of note was the performance in Brazil, Uruguay, Thailand and Indonesia during the last three months. These markets reached a Recharge sales share of 100 per cent in Q4, closely followed by Norway at 98 per cent, Ireland at 91 per cent and Sweden with 89 per cent.

In 2022, Volvo Cars' revenues reached 330.1 bn SEK, up 17 per cent compared to the previous year. This is the highest ever revenue recorded in the history of the company, attributable to a better product mix, higher price realisation on the cars, foreign exchange tailwinds and contract manufacturing with Polestar.

Operating performance

In 2022, EBIT excluding JVs and associates reached 17.9 bn SEK, down 15.7 per cent compared to 2021. The EBIT margin for the full year stood at 5.4 per cent. Despite a favourable product mix and strong pricing, the EBIT performance was affected by lower volumes on the back of production constraints, increased raw material and freight costs and spot-buying of semi-conductors. For the duration of 2023, the company anticipates that raw material prices, especially lithium, will remain at elevated levels and spot-buying of semi-conductors will continue.

EBIT including JVs and associates came in at 22.3 bn SEK for the year, up 10 per cent compared to 2021. This translated into an EBIT margin of 6.8 per cent for the year. The higher EBIT for 2022 was mainly due to the accounting effect of Volvo Cars' shareholding in Polestar following their listing on the Nasdaq Stock Exchange in New York last year.

Supply chain and CO2 reduction

Manufacturing output improved in the second half of the year, particularly during the fourth quarter. For the last six months of the year, production increased by 15 per cent compared to the first half of the year on the back of an improved supply situation.

The number of active subscriptions at the end of 2022 increased 49 per cent compared with last year. For the full year of 2022, the number of Volvo Cars sold online increased 17 per cent compared with 2021. This growth was driven by increasing customer demand in combination with a broadened offer in more markets.

The strong sales momentum of the Recharge line-up of fully electric and plug-in hybrid cars during the year contributed to CO2 reduction per car by 15 per cent, compared with our 2018 benchmark, supporting the company's mid-decade ambition of reducing CO2 per car by 40 per cent.

2023

While 2023 looks to be another challenging year, the company is hopeful that the COVID-related supply shortages from China are behind it and that it continues to see steady improvement in the supply of semiconductors. In addition, Volvo Cars is optimistic that the price of lithium will start to decline towards the end of the year, in line with many of the independent reports recently published. Despite the global turbulence, uncertainty and the recent price increases, Volvo Cars continues to see healthy demand for its cars. As ever, the company continues to closely monitor the external environment and adapt accordingly.

To help offset increased costs, the company has recently reinforced a comprehensive cost and efficiency optimisation plan across the organisation. This is aimed at delivering on Volvo Cars' strategic ambitions with better utilisation and optimisation of resources. It is clear now that uncertainty and volatility are the inescapable business realities of today and therefore creating a more cost aware culture is a key building block for the future.

So, if 2022 marked the acceleration of the company's strategic journey in the face of unprecedented global disruption, 2023 will be a pivotal year as the company further accelerates on that transformation path.

Volvo Cars will launch a new small fully electric SUV during the year, which will take the company to a new demographic, and start production of the Volvo EX90. This year, the company will also transform UK from a traditional wholesale business to become direct consumer facing with a seamless consumer experience and national pricing. NOVO Energy, the joint venture company

with Northvolt, will take a crucial step towards developing sustainable battery technology with the start of construction of one of Europe's largest battery cell plants in Gothenburg.

Volvo Cars expects a solid double-digit growth in retail sales during this year, provided there are no unexpected supply chain disruptions. The company intends to continue increasing its volumes for fully electric cars in 2023, taking the full year share higher than last year's share of 11 per cent.

"We have demonstrated in 2022 that we have turned up our execution engine. This will continue to deliver in 2023," said Jim Rowan.

Note to editors

- Jim Rowan and chief financial officer Johan Ek Dahl will host a livestream on Volvo Cars' FY22 and fourth quarter results for media, investors and analysts at 09:30 CET today. The presentations will be held in English and followed by a Q&A session.

Link for livestream: <https://live.volvocars.com>

China-only link for livestream: <https://live.volvocars.com.cn>

It will be possible to ask questions during the Q&A session following the main presentation. To participate, you can either use the chat function online to type your question or you can call in. To call in, participants need to register and will then receive the dial-in details and individual PIN.

[Link to register](#)

* Market share data is for the January-November period. Please see page 7 of the interim financial report for more details.

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Volvo Cars in 2022

For the full year 2022, Volvo Car Group recorded an operating profit of 22.3 billion SEK. Revenue in 2022 amounted to 330.1 billion SEK, while global sales reached 615,121 cars.

About Volvo Car Group

Volvo Cars was founded in 1927. Today, it is one of the most well-known and respected car brands in the world with sales to customers in more than 100 countries. Volvo Cars is listed on the Nasdaq Stockholm exchange, where it is traded under the ticker "VOLCAR B".

Volvo Cars aims to provide customers with the Freedom to Move in a personal, sustainable and safe way. This is reflected in its ambition to become a fully electric car maker by 2030 and in its commitment to an ongoing reduction of its carbon footprint, with the ambition to be a climate-neutral company by 2040.

As of December 2022, Volvo Cars employed approximately 43,200 full-time employees. Volvo Cars' head office, product development, marketing and administration functions are mainly located in Gothenburg, Sweden. Volvo Cars' production plants are located in Gothenburg, Ghent (Belgium), South Carolina (US), Chengdu, Daqing and Taizhou (China). The company also has R&D and design centres in Gothenburg, Camarillo (US) and Shanghai (China).

Keywords:

Corporate News, Press Releases, Regulatory Notices

Le descrizioni e i dati riportati nel presente materiale per la scaricastampa fanno riferimento alla gamma internazionale di autovetture prodotte da Volvo Cars. Gli equipaggiamenti descritti potrebbero essere opzionali. Le specifiche dei veicoli potrebbero variare a seconda del paese di vendita e possono subire modifiche senza preavviso.

Immagini correlate



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