

REPORT ON THE FOURTH QUARTER AND FULL YEAR 2019



Volvo Trucks presented heavy-duty electric concept trucks for construction operations and regional transport.

THE FOURTH QUARTER 2019

- » In Q4 2019, net sales amounted to SEK 105.4 billion (105.8). Adjusted for currency movements, net sales decreased by 5%.
- » Adjusted operating income¹ amounted to SEK 9,223 M (10,597), corresponding to an operating margin of 8.8% (10.0).
- » Reported operating income amounted to SEK 9,379 M (3,597).
- » Currency movements had a positive impact on operating income of SEK 763 M.
- » Diluted earnings per share amounted to SEK 3.27 (1.26).
- » Operating cash flow in the Industrial Operations amounted to SEK 19,856 M (15,471).
- » Volvo Group and Isuzu Motors intend to form strategic alliance.

THE FULL YEAR 2019

- » For the full year 2019 net sales increased by 11% to SEK 432.0 billion (390.8).
- » Adjusted operating income¹ amounted to SEK 47,910 M (40,660) corresponding to an operating margin of 11.1% (10.4).
- » Reported operating income amounted to SEK 49,531 M (34,478).
- » Diluted earnings per share amounted to SEK 17.64 (12.24).
- » Operating cash flow in the Industrial Operations amounted to SEK 38,309 M (26,597).
- » The Board of Directors proposes an ordinary dividend of SEK 5.50 per share (5.00) and an extra dividend of SEK 7.50 per share (5.00).

SEK M unless otherwise stated	Fourth quarter		Year	
	2019	2018	2019	2018
Net sales	105,355	105,786	431,980	390,834
Adjusted operating income ¹	9,223	10,597	47,910	40,660
Adjusted operating margin, %	8.8	10.0	11.1	10.4
Operating income	9,379	3,597	49,531	34,478
Operating margin, %	8.9	3.4	11.5	8.8
Income after financial items	8,857	3,038	46,832	32,148
Income for the period	6,831	2,664	36,495	25,363
Diluted earnings per share, SEK	3.27	1.26	17.64	12.24
Operating cash flow in Industrial Operations	19,856	15,471	38,309	26,597
Return on capital employed in Industrial Operations, %			28.4	22.4
Return on equity, %			27.0	21.3
Net order intake, number of trucks	53,315	59,535	182,746	257,504
Deliveries, number of trucks	56,581	62,352	232,769	226,490
Net order intake, number of construction equipment	22,737	21,464	83,953	84,531
Deliveries, number of construction equipment	20,398	19,583	86,885	82,654

¹ For information on adjusted operating income, please see note 7.

CEO'S COMMENTS

Strong 2019 – continued focus on operational improvement

2019 was another good year for the Volvo Group. We grew net sales by 11% to SEK 432 billion and improved our adjusted operating income to SEK 47.9 billion (40.7), with a margin of 11.1% (10.4). During the year we also continued to increase our financial strength. With an operating cash flow of SEK 38.3 billion, we ended the year with a net cash position of SEK 62.6 billion in the Industrial Operations, excluding pension and lease liabilities. Our increased profitability and strong financial position allow us to invest in our future as well as return cash to our shareholders.

In Q4 2019, our net sales of SEK 105 billion were on par with the prior year. Our adjusted operating income was SEK 9.2 billion (10.6) with an operating margin of 8.8% (10.0) mainly affected by lower vehicle volumes and increased R&D expenses. In the quarter we focused on adapting our operations to lower volumes and we will continue to take action to align our cost level with demand. We also put a lot of effort on reducing inventory levels, which came down by SEK 6.2 billion in the quarter.

During the last couple of years, there has been both a renewal and an expansion of the truck fleets in Europe and North America. Transport capacity has caught up with demand and markets are currently driven by the replacement need. We have adjusted our production and are in good balance with demand in Europe. In North America, we will reduce production further in the first quarter to meet the lower demand and to facilitate a necessary dealer destocking. In Brazil, on the other hand, demand for trucks continues to grow with a positive momentum for Volvo Trucks.

In Q4 2019 deliveries of trucks declined by 9% and net order intake by 10% compared with the same quarter in 2018. Our truck operations' sales were flat while the adjusted operating income amounted to SEK 6.2 billion (7.5) and the margin was 9.1% (10.9).

Both Volvo Trucks and Renault Trucks started selling electric trucks for urban transport and refuse operations in Q4. It is natural that we are starting our electric truck offer with applications focused on shorter distances, but we are confident that electrification can become a competitive alternative also for heavy-duty truck applications. To explore and demonstrate the possibilities, Volvo Trucks showcased electric concept trucks for construction operations and regional transport in December.

In Q4, Volvo Construction Equipment's deliveries of machines increased by 4%, compared to a year earlier, with growth in Europe and China. We continue to gain market share for both excavators and wheel loaders in China, the world's largest construction equipment market. Order intake rose by 6%. In Q4, Construction Equipment's net sales declined slightly to SEK 19.7 billion (20.3) and the adjusted operating margin was 9.8% (10.6).



Our bus deliveries increased by 6% in Q4, while order intake declined by 9%. Buses adjusted operating margin was 3.9% (3.6) with a good development in the service business.

For Volvo Penta, volumes in Q4 were down considerably compared with the preceding year, when deliveries were strong as a result of pre-buying ahead of new emissions regulations in Europe. As a result, net sales decreased by 21% and the adjusted operating margin declined to 5.7% (12.9).

Financial Services continued to grow the credit portfolio with good profitability. The portfolio reached SEK 170 billion and operating income increased to SEK 704 M (605).

In December, we announced our intent to form a strategic alliance within commercial vehicles with Isuzu Motors. We complement each other from both a geographical and product line perspective. The first step is the establishment of a global technology partnership and the creation of a stronger, combined heavy-duty truck business in Japan and across international markets. This involves transferring the ownership of the UD Trucks business globally to Isuzu Motors.

In many respects, these are exciting times for our industry. Rapid technological development is taking place in areas such as connected, electrified and autonomous vehicles. New technologies and new business models will enable us to create value for our customers and for society at large by contributing with transport solutions that are safer, more sustainable and more efficient. Our focus on continuous improvement and on maintaining a good profitability as well as a strong financial position make us well positioned to take advantage of these opportunities.

Going forward, we will continue to work hard to improve our performance through the business cycle and at the same time strive to take the leadership in the new technologies that are transforming our industry. I would like to extend my gratitude to all Volvo Group colleagues for their efforts in making 2019 another successful year, enabling us to act from a position of strength.

Martin Lundstedt
President and CEO

FINANCIAL SUMMARY OF THE FOURTH QUARTER AND FULL YEAR 2019

Net sales

In Q4 2019, the Volvo Group's net sales amounted to SEK 105,355 M compared with SEK 105,786 M in the same quarter the preceding year. Adjusted for currency movements, net sales decreased by 5%.

Vehicle sales decreased by 7% adjusted for currency movements, with all business areas having lower currency adjusted sales. Adjusted for currency movements, service sales increased by 4%.

For the full year 2019, net sales increased by 11% to SEK 431,980 M (390,834).

Operating income

In Q4 2019, the adjusted operating income amounted to SEK 9,223 M (10,597), corresponding to an adjusted operating margin of 8.8% (10.0).

The adjustment in Q4 2019 refers to a SEK 156 M payment of an additional consideration for the sale of shares in WirelessCar. The adjustment in Q4 2018 referred to a provision of SEK 7,000 M relating to estimated costs to address an issue with an emission control component.

Compared with Q4 2018, the lower adjusted operating income is mainly an effect of lower vehicle volumes, higher R&D expenses and an unfavorable mix. Operating income was also negatively impacted by a strike and costs related to a new union contract in North America. This was partly offset by higher service earnings and higher income from investments in joint ventures and associated companies, as a result of improved earnings and a positive periodization effect in Q4 2019.

Other operating income includes a capital gain of SEK 490 M from a sale of real estate. The gain is reported in the Trucks segment.

Currency movements, compared with Q4 2018, had a positive impact of SEK 763 M.

Reported operating income in Q4 amounted to SEK 9,379 M (3,597). For adjustments, please refer to note 7.

For the full year 2019, adjusted operating income amounted to SEK 47,910 M (40,660) corresponding to an adjusted operating margin of 11.1% (10.4). Reported operating income amounted to SEK 49,531 M (34,478).

Net sales SEK M	Fourth quarter		Change %	Year		Change %
	2019	2018		2019	2018	
Europe	41,730	44,002	-5	163,748	160,591	2
North America	28,463	29,600	-4	131,310	106,948	23
South America	8,034	5,629	43	31,221	21,138	48
Asia	20,321	19,445	5	79,951	76,976	4
Africa and Oceania	6,806	7,111	-4	25,750	25,182	2
Total	105,355	105,786	-	431,980	390,834	11
Of which:						
Vehicles ¹	79,539	81,925	-3	332,558	299,356	11
Services	22,188	20,482	8	85,804	78,963	9
Financial Services revenue	3,822	3,437	11	14,870	13,070	14
Eliminations	-194	-59	-229	-1,252	-555	-126

¹ Including construction equipment and Volvo Penta engines

Consolidated Income Statement, Volvo Group SEK M	Fourth quarter		Year	
	2019	2018	2019	2018
Net sales	105,355	105,786	431,980	390,834
Cost of sales	-80,778	-87,707	-326,895	-303,478
Gross income	24,578	18,079	105,085	87,357
Research and development expenses	-5,348	-4,112	-18,539	-15,899
Selling expenses	-8,756	-8,234	-33,037	-30,890
Administrative expenses	-1,618	-1,470	-5,901	-5,798
Other operating income and expenses	-213	-821	-221	-2,273
Income/loss from investments in joint ventures and associated companies	731	144	1,859	1,948
Income from other investments	6	11	285	33
Operating income	9,379	3,597	49,531	34,478
Interest income and similar credits	79	58	320	199
Interest expenses and similar charges	-385	-416	-1,674	-1,658
Other financial income and expenses	-215	-201	-1,345	-870
Income after financial items	8,857	3,038	46,832	32,148
Income taxes	-2,027	-374	-10,337	-6,785
Income for the period *	6,831	2,664	36,495	25,363
* Attributable to:				
Owners of AB Volvo	6,659	2,563	35,861	24,897
Non-controlling interest	172	101	635	466
	6,831	2,664	36,495	25,363
Basic earnings per share, SEK	3.27	1.26	17.64	12.25
Diluted earnings per share, SEK	3.27	1.26	17.64	12.24

Financial items

Compared with Q4 2018, interest income increased to SEK 79 M (58) as a result of higher cash assets. Interest expenses amounted to SEK 385 M (416). The decrease relates to lower outstanding debt, which was partly offset by interest expenses on lease liabilities as a result of applying the new lease accounting standard IFRS 16 as of January 1, 2019.

In Q4 2019, Other financial income and expenses amounted to SEK -215 M (-201).

Income taxes

In Q4 2019, the tax expense amounted to SEK 2,027 M (374) corresponding to a tax rate of 23% (12). The low tax rate in Q4 2018 was mainly related to favorable effects from regulatory changes, improved profitability in certain markets resulting in positive adjustments of the tax allowance reserve as well as reduced corporate tax rates in certain countries.

Income for the period and earnings per share

In Q4 2019, income for the period amounted to SEK 6,831 M (2,664). Diluted earnings per share amounted to SEK 3.27 (1.26).

Operating cash flow in the Industrial Operations

During Q4 2019, operating cash flow in the Industrial Operations was positive in an amount of SEK 19,856 M (15,471). Cash flow was positively impacted by a reduction of working capital of SEK 13,073 M, which was higher compared to the reduction of SEK 6,076 M in Q4 2018.

Volvo Group financial position

During Q4 2019, net financial assets in the Industrial Operations, excluding provisions for post-employment benefits and lease liabilities, increased by SEK 19.5 billion resulting in a net financial asset position of SEK 62.6 billion on December 31, 2019. The change is mainly explained by a positive operating cash flow of SEK 19.9 billion. Currency movements decreased net financial assets by SEK 0.1 billion.

Including provisions for post-employment benefits and lease liabilities, the Industrial Operations had net financial assets of SEK 37.3 billion on December 31, 2019.

Provisions for post-employment benefits and lease liabilities decreased by SEK 1.4 billion during the quarter. This was mainly due to remeasurements of defined benefit pension plans of SEK 0.5 billion and currency movements of SEK 0.5 billion. The decrease of defined benefit pension plans was an effect of slightly higher long-term interest rates and lower return on pension assets.

The Volvo Group's cash and cash equivalents amounted to SEK 61.5 billion on December 31, 2019 compared to SEK 46.9 billion on December 31, 2018. In addition to this granted, but unutilized credit facilities, amounted to SEK 43.0 (44.0) billion. Cash and cash equivalents include SEK 2.4 (1.9) billion that is not available to use by the Volvo Group and SEK 9.1 (5.6) billion where other limitations exist, mainly liquid funds in countries where exchange controls or other legal restrictions apply.

Total assets in the Volvo Group increased by SEK 50.2 billion compared to year-end 2018. Applying the new lease accounting standard, total assets increased by SEK 6.2 billion. Currency effects from revaluation of assets in foreign subsidiaries had a positive impact of SEK 13.1 billion.

On December 31, 2019 total equity for the Volvo Group amounted to SEK 141.7 billion compared to SEK 125.8 billion at year-end 2018. The equity ratio was 27.0% (26.5). On the same date the equity ratio in the Industrial Operations amounted to 33.1% (31.9).

Number of employees

On December 31, 2019, the Volvo Group had 103,985 employees, including temporary employees and consultants, which was a decrease of 1,190 employees compared with December 31, 2018. The number of blue-collar employees decreased by 2,129 while the number of white-collar employees increased by 939. The decrease in blue-collar employees is related to a reduction in production levels, while the increase in white-collar employees is primarily related to R&D. During Q4 2019, the number of employees decreased by 1,584.

Number of employees	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
	2019	2019	2019	2019	2018
Blue-collar	50,936	52,321	54,516	54,016	53,065
Whereof temporary employees and consultants	4,506	5,514	7,437	7,173	6,501
White-collar	53,049	53,248	52,813	52,264	52,110
Whereof temporary employees and consultants	6,904	7,050	6,854	6,607	6,545
Total number of employees	103,985	105,569	107,329	106,280	105,175
Whereof temporary employees and consultants	11,410	12,564	14,291	13,780	13,046

BUSINESS SEGMENT OVERVIEW

Net sales SEK M	Fourth quarter		Change %	Change % ¹	Year		Change %	Change % ¹
	2019	2018			2019	2018		
Trucks	68,193	68,532	-	-5	276,647	250,358	11	5
Construction Equipment	19,716	20,323	-3	-7	88,606	84,238	5	0
Buses	7,606	7,487	2	-3	31,019	25,826	20	13
Volvo Penta	3,045	3,832	-21	-23	13,287	13,741	-3	-7
Group Functions & Other	4,189	3,269	28	24	12,287	7,568	62	56
Eliminations	-1,023	-1,035	1	1	-3,484	-3,411	-2	-2
Industrial Operations	101,727	102,407	-1	-5	418,361	378,320	11	5
Financial Services	3,822	3,437	11	7	14,870	13,070	14	9
Reclassifications and eliminations	-194	-59	-	-	-1,252	-555	-	-
Volvo Group	105,355	105,786	-	-5	431,980	390,834	11	5

¹ Adjusted for exchange rate fluctuations.

Adjusted operating income ¹ SEK M	Fourth quarter		Change %	Year		Change %
	2019	2018		2019	2018	
Trucks	6,223	7,450	-16	31,552	26,351	20
Construction Equipment	1,931	2,157	-10	11,910	11,306	5
Buses	297	266	12	1,337	765	75
Volvo Penta	174	493	-65	1,876	2,341	-20
Group Functions & Other	-93	-373	75	-1,510	-2,503	40
Eliminations	-6	-3	-100	-14	-12	-17
Industrial Operations	8,525	9,991	-15	45,150	38,249	18
Financial Services	704	605	16	2,766	2,411	15
Reclassifications and eliminations	-6	-	-	-6	-	-
Volvo Group adjusted operating income	9,223	10,597	-13	47,910	40,660	18
Adjustments ¹	156	-7,000	102	1,621	-6,182	126
Volvo Group operating income	9,379	3,597	161	49,531	34,478	44

¹ For more information on adjusted operating income, please see note 7.

Adjusted operating margin %	Fourth quarter		Year	
	2019	2018	2019	2018
Trucks	9.1	10.9	11.4	10.5
Construction Equipment	9.8	10.6	13.4	13.4
Buses	3.9	3.6	4.3	3.0
Volvo Penta	5.7	12.9	14.1	17.0
Industrial Operations	8.4	9.8	10.8	10.1
Volvo Group adjusted operating margin	8.8	10.0	11.1	10.4
Volvo Group operating margin	8.9	3.4	11.5	8.8

TRUCKS

Lower volumes and increased investments in technology

- » In Q4 net sales were flat, SEK 68,193 M (68,532)
- » Adjusted operating income:
 - SEK 6,223 M (7,450) for Q4 2019
 - SEK 31,552 M (26,351) for FY 2019
- » Order intake declined by 10%

Market development

In 2019, the European heavy-duty truck market remained on a high level and registrations were on par with 2018. However, the combination of a slowing European economy and a relatively young installed truck fleet means that trucking companies have limited need for additional capacity and therefore the market is expected to come down in 2020.

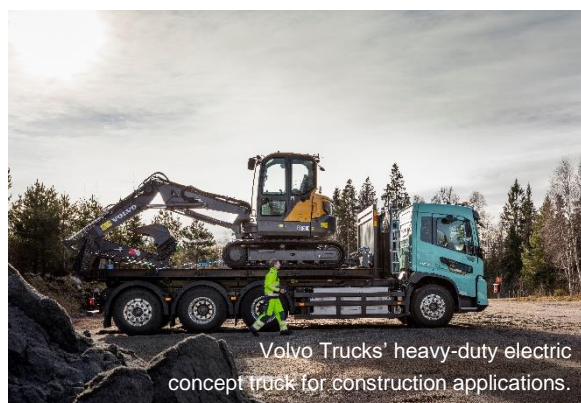
The North American heavy-duty truck market grew by 8% to 336,000 units. The underlying economy remains strong and unemployment is historically low, but with a lower growth in demand for transport and an increased installed freight capacity, freight rates continued to decline in Q4. After two years in a row with heavy-duty truck demand over 300,000 units, the market is expected to weaken in 2020.

In Brazil, the heavy-duty truck market grew by 42% in 2019, supported by the need to replace an aging truck population. Further growth is expected in 2020.

The Indian market remains tough and in 2019 the heavy-duty market contracted by 37%. The market is expected to continue to weaken in 2020 as a consequence of lower economic activity and weak business confidence among customers.

The shift towards heavy-duty trucks in China has continued and in 2019 the heavy-duty truck market grew by 2% while the medium-duty truck market was down by 21%. For 2020, the market is expected to slow somewhat, albeit remain on a historically high level.

In Japan, the heavy-duty truck market grew by 3% during the year. Demand is expected to decline somewhat in 2020.



Orders and deliveries

Total truck net order intake in Q4 2019 decreased by 10% to 53,315 trucks while deliveries decreased by 9% to 56,581 vehicles.

In Europe, order intake of heavy- and medium-duty trucks decreased by 15% to 22,219 vehicles and deliveries decreased by 14% to 22,869 vehicles. Through November 2019, Volvo Trucks' heavy-duty market share decreased to 15.5% compared with 16.0% in 2018. Renault Trucks' market share was 8.7% (8.8).

North American order intake remained weak as a consequence of lower end customer demand and dealers selling from inventory rather than placing new orders. Order intake was down by 33%. Deliveries decreased by 16% to 11,825 trucks. In 2019, Volvo Trucks' heavy-duty truck market share decreased to 9.2% (10.3) while Mack Trucks' market share increased to 7.0% (6.7).

South American order intake increased by 41% to 6,955 trucks with strong order intake during the Fenatran truck fair in Brazil in October. Deliveries in South America increased by 56% to 6,680 vehicles. In 2019, Volvo Trucks' market share in heavy-duty trucks in Brazil increased to 22.5% (20.1).

In Asia, order intake increased by 22% to 7,742 vehicles, while deliveries declined by 10% to 7,696 vehicles. In Japan, UD Trucks grew its heavy-duty truck market share to 18.5% (18.0) in 2019. The tough market conditions in India was also reflected in the Group's Indian joint venture, VECV, where orders decreased by 35% and deliveries by 33% in Q4. On the other hand, the Chinese joint venture, DFCV, continued to increase its deliveries, which rose by 17% to 63,631 trucks in Q4.

Total market development	Year		Change %	Forecast 2020	Change vs. previous forecast
	2019	2018			
Registrations, number of trucks					
Europe 28 ¹ heavy-duty (as of November)	265,309	265,664	0	-	-
Europe 30 ¹ heavy-duty (Estimate full year 2019)	323,000	322,126	0	275,000	unchanged
North America heavy-duty	336,328	310,577	8	240,000	unchanged
Brazil heavy-duty	74,945	52,654	42	80,000	+5,000
China heavy-duty	1,174,252	1,147,884	2	1,075,000	unchanged
China medium-duty	139,338	177,206	-21	125,000	unchanged
India heavy-duty	194,356	306,113	-37	155,000	-55,000
India medium-duty	100,873	114,270	-12	95,000	-5,000
Japan heavy-duty	49,899	48,242	3	45,000	unchanged

¹ EU 28 includes Norway and Switzerland but excludes the UK and Bulgaria. Forecast for EU 30 includes the UK and Bulgaria.

Net order intake	Fourth quarter		Change %	Year		Change %
	2019	2018		2019	2018	
Number of trucks						
Europe	26,036	30,643	-15	93,455	113,594	-18
Heavy- and medium-duty	22,219	26,284	-15	80,143	94,026	-15
Light-duty	3,817	4,359	-12	13,312	19,568	-32
North America	9,340	14,014	-33	27,203	79,364	-66
South America	6,955	4,927	41	21,137	18,576	14
Asia	7,742	6,358	22	29,230	31,633	-8
Africa and Oceania	3,242	3,593	-10	11,721	14,337	-18
Total orders	53,315	59,535	-10	182,746	257,504	-29
Heavy-duty (>16 tons)	46,212	51,288	-10	156,463	223,089	-30
Medium-duty (7-16 tons)	3,182	3,736	-15	12,255	13,963	-12
Light-duty (<7 tons)	3,921	4,511	-13	14,028	20,452	-31
Total orders	53,315	59,535	-10	182,746	257,504	-29
Volvo	31,843	32,595	-2	104,029	147,525	-29
UD	4,219	4,459	-5	18,588	20,120	-8
Renault Trucks	12,387	14,372	-14	44,716	58,587	-24
Heavy- and medium-duty	8,562	9,912	-14	31,291	38,582	-19
Light-duty	3,825	4,460	-14	13,425	20,005	-33
Mack	4,866	8,109	-40	15,413	31,272	-51
Total orders	53,315	59,535	-10	182,746	257,504	-29
Non-consolidated operations						
VE Commercial Vehicles (Eicher)	10,248	15,772	-35	46,708	63,769	-27

Net sales and operating income

In Q4 2019, the truck operation's net sales amounted to SEK 68,193 M, which was on par with Q4 2018. Net sales adjusted for currency decreased by 5%, with sales of vehicles decreasing by 7% and sales of services increasing by 5%.

Adjusted operating income amounted to SEK 6,223 M (7,450) corresponding to an operating margin of 9.1% (10.9). The adjustment in Q4 2018 referred to a provision of SEK 6,810 M relating to estimated costs to address an issue with an emission control component.

Compared with Q4 2018, operating income was positively impacted by higher earnings in the joint ventures and in the service business, whereas lower vehicle volumes and higher R&D expenses had a negative impact. Operating income

was also negatively impacted by a strike and costs related to a new union contract in North America. Operating income in Q4 2019 includes a capital gain of SEK 490 M from the sale of real estate. Compared with Q4 2018, currency movements had a positive impact of SEK 509 M.

Reported operating income amounted to SEK 6,223 M (640). For adjustments, please refer to note 7.

For the full year, net sales increased by 11% to SEK 276,647 M (250,358). Adjusted operating income increased to SEK 31,552 M (26,351), corresponding to an adjusted operating margin of 11.4% (10.5). Reported operating income amounted to SEK 31,552 M (19,541).

Deliveries	Fourth quarter		Change %	Year		Change %
	2019	2018		2019	2018	
Number of trucks						
Europe	27,138	31,818	-15	104,145	110,349	-6
Heavy- and medium-duty	22,869	26,485	-14	86,340	92,379	-7
Light-duty	4,269	5,333	-20	17,805	17,970	-1
North America	11,825	14,072	-16	62,308	53,877	16
South America	6,680	4,282	56	23,729	16,146	47
Asia	7,696	8,566	-10	29,435	32,276	-9
Africa and Oceania	3,242	3,614	-10	13,152	13,842	-5
Total deliveries	56,581	62,352	-9	232,769	226,490	3
Heavy-duty (>16 tons)	48,810	53,049	-8	201,092	193,886	4
Medium-duty (7-16 tons)	3,296	3,791	-13	12,700	14,065	-10
Light-duty (<7 tons)	4,475	5,512	-19	18,977	18,539	2
Total deliveries	56,581	62,352	-9	232,769	226,490	3
Volvo	32,757	33,826	-3	131,254	127,466	3
UD	4,854	5,947	-18	19,911	20,636	-4
Renault Trucks	13,878	16,395	-15	54,098	54,868	-1
Heavy- and medium-duty	9,570	10,991	-13	35,950	36,621	-2
Light-duty	4,308	5,404	-20	18,148	18,247	-1
Mack	5,092	6,184	-18	27,506	23,520	17
Total deliveries	56,581	62,352	-9	232,769	226,490	3
Non-consolidated operations						
VE Commercial Vehicles (Eicher)	10,243	15,299	-33	47,083	63,210	-26
Dongfeng Commercial Vehicle Company (Dongfeng Trucks)	63,631	54,236	17	186,039	171,769	8

Net sales and operating income SEK M	Fourth quarter		Change %	Year		Change %
	2019	2018		2019	2018	
Europe	29,526	30,901	-4	112,125	111,237	1
North America	17,836	19,211	-7	85,731	70,233	22
South America	6,516	4,300	52	23,753	16,021	48
Asia	9,902	9,754	2	37,610	36,664	3
Africa and Oceania	4,413	4,366	1	17,427	16,203	8
Total net sales	68,193	68,532	-	276,647	250,358	11
Of which:						
Vehicles	51,496	53,412	-4	213,071	192,157	11
Services	16,697	15,120	10	63,575	58,201	9
Adjusted operating income¹	6,223	7,450	-16	31,552	26,351	20
Adjustments	-	-6,810	100	-	-6,810	100
Operating income	6,223	640	872	31,552	19,541	61
Adjusted operating margin, %	9.1	10.9		11.4	10.5	
Operating margin, %	9.1	0.9		11.4	7.8	

¹ For more information on adjusted operating income, please see note 7.

Important events

In Q4, both Volvo Trucks and Renault Trucks started selling electric trucks for urban transport and refuse operations, meeting the increasing demand for sustainable transport solutions in city environments.

In December, Volvo Trucks presented heavy-duty electric concept trucks for construction operations and regional transport. With these applications Volvo Trucks will explore, demonstrate and evaluate different solutions.

In December, it was announced that the Volvo Group and Isuzu Motors had signed a non-binding Memorandum of Understanding with the intent to form a strategic

alliance within commercial vehicles by establishing a global technology partnership and transferring the ownership of the entire UD Trucks business globally from the Volvo Group to Isuzu Motors. Signing of binding agreements is expected by mid-2020 and closing of the transaction is expected by the end of 2020.

In January, Mack Trucks demonstrated the fully-electric Mack LR Electric refuse model to the New York City Department of Sanitation (DSNY). The Mack LR Electric will begin real-world testing in DSNY's demanding operations in Q2 2020.

CONSTRUCTION EQUIPMENT

Solid performance

- » In Q4 net sales decreased by 3%, while order intake increased by 6%
- » Adjusted operating income:
 - SEK 1,931 M (2,157) for Q4 2019
 - SEK 11,910 M (11,306) for FY 2019
- » Market share gains in China



Market development

Through November 2019, the European market was up by 6%, driven by continued growth in Germany, Italy, France and Russia while the market in the UK contracted.

The North American market was 6% above the same period in 2018 mainly due to an increase in demand for larger machines.

In South America the market was 17% up from historically low levels driven by growth in Brazil, while Asia (excluding China) declined by 11%. The Chinese market continued its positive development and was up 8% with growth for both excavators and wheel loaders.

Orders and deliveries

In Q4 2019, order intake increased by 6% driven by an increase for SDLG products in both China and Russia.

However, in Europe order intake declined by 5% with a strong increase in Russia being more than offset by lower

orders in most other major markets. In Q4 2018 there were some large rental orders whereas in Q4 2019 dealers in some markets sold from inventory rather than placing new orders.

After a period of dealer destocking and low order intake in North America, orders in Q4 increased by 40% as low inventory levels triggered many dealers to restock for 2020.

In Asia (excluding China) order intake declined by 17% with many markets in the region weakening, whilst in China order intake increased 14% due to higher demand for SDLG branded excavators and wheel loaders. Volvo CE continues to gain market shares with both wheel loaders and excavators in China. In 2019, the market share for large excavators increased to 10.6% (10.1) and for wheel loaders to 24.3% (21.3).

Deliveries in Q4 2019 increased by 4% driven by an increase for SDLG products in China and Russia.

Total market development	Year-to-date November		
	2019	Forecast 2020	Previous forecast
Change in % measured in units			
Europe	6	-15% to -5%	-15% to -5%
North America	6	-10% to 0%	-10% to 0%
South America	17	-5% to 5%	-5% to 5%
Asia excl. China	-11	-10% to 0%	-10% to 0%
China	8	-10% to 0%	-20% to -10%

Net order intake	Fourth quarter		Change %	Year		Change %
	2019	2018		2019	2018	
Number of construction equipment						
Europe	5,857	6,166	-5	19,258	21,374	-10
North America	2,543	1,818	40	7,003	7,548	-7
South America	463	488	-5	1,953	1,964	-1
Asia	13,273	12,182	9	53,458	50,453	6
Africa and Oceania	601	810	-26	2,281	3,192	-29
Total orders	22,737	21,464	6	83,953	84,531	-1
Large and medium construction equipment	16,654	15,206	10	62,579	63,058	-1
Compact construction equipment	6,083	6,258	-3	21,374	21,473	-
Total orders	22,737	21,464	6	83,953	84,531	-1
Of which:						
Volvo	10,608	11,570	-8	38,125	45,531	-16
SDLG	12,101	9,832	23	45,682	38,768	18
Of which in China	10,098	8,651	17	40,202	33,851	19

Deliveries	Fourth quarter		Change %	Year		Change %
	2019	2018		2019	2018	
Number of construction equipment						
Europe	4,933	4,225	17	21,420	19,567	9
North America	1,176	1,567	-25	7,278	7,218	1
South America	468	539	-13	2,004	2,023	-1
Asia	13,171	12,397	6	53,664	50,716	6
Africa and Oceania	650	855	-24	2,519	3,130	-20
Total deliveries	20,398	19,583	4	86,885	82,654	5
Large and medium construction equipment	14,862	14,585	2	64,558	62,143	4
Compact construction equipment	5,536	4,998	11	22,327	20,511	9
Total deliveries	20,398	19,583	4	86,885	82,654	5
Of which:						
Volvo	8,269	9,689	-15	41,057	43,654	-6
SDLG	12,101	9,832	23	45,682	38,768	18
Of which in China	10,098	8,651	17	40,202	33,851	19

Net sales and operating income	Fourth quarter		Change %	Year		Change %
	2019	2018		2019	2018	
SEK M						
Europe	6,791	6,729	1	30,300	27,291	11
North America	3,300	3,836	-14	17,404	15,575	12
South America	617	605	2	2,532	2,304	10
Asia	7,930	7,571	5	33,932	33,781	0
Africa and Oceania	1,078	1,581	-32	4,437	5,287	-16
Total net sales	19,716	20,323	-3	88,606	84,238	5
Of which:						
Construction equipment	16,809	17,491	-4	76,506	72,797	5
Services	2,907	2,833	3	12,099	11,441	6
Adjusted operating income¹	1,931	2,157	-10	11,910	11,306	5
Adjustments	-	-	-	-	818	-100
Operating income	1,931	2,157	-10	11,910	12,125	-2
Adjusted operating margin, %	9.8	10.6		13.4	13.4	
Operating margin, %	9.8	10.6		13.4	14.4	

¹ For more information on adjusted operating income, please see note 7.

Net sales and operating income

In Q4 2019, net sales decreased by 3% to SEK 19,716 M (20,323). Adjusted for currency movements, net sales decreased by 7%, of which net sales of machines decreased by 8% and service sales by 2%.

In Q4, both adjusted and reported operating income amounted to SEK 1,931 M (2,157), corresponding to an operating margin of 9.8% (10.6). Earnings were negatively impacted primarily by a negative mix on new machines. Compared with Q4 2018, currency movements had a positive impact of SEK 113 M.

For the full year, net sales increased by 5% to SEK 88,606 M (84,238). Adjusted operating income amounted to SEK 11,910 M (11,306), corresponding to an adjusted operating margin of 13.4% (13.4). Reported operating income amounted to SEK 11,910 M (12,125). For adjustments, please refer to note 7.

Important events

Volvo CE's German customer Leick Baumschulen became the first company in the world to test the L25 Electric compact wheel loader in its tree farm and landscaping business.

In February, Volvo CE will start taking orders for both electric compact wheel loaders and compact excavators. Serial production is planned for Q3 2020.

BUSES

Higher deliveries and important orders

- » Deliveries increased by 6% in Q4
- » Adjusted operating income:
 - SEK 297 M (266) for Q4 2019
 - SEK 1,337 M (765) for FY 2019
- » Record order for Prevost commuter buses to New York City



The European markets remained on good levels with high volumes in the Nordic region. In North America, both the coach and transit bus market remained stable. Demand in Brazil continued to improve while the Asian and Middle Eastern markets were stable overall, but the Indian market continued to weaken.

Compared with Q4 2018, net order intake decreased by 9% to 2,498 units in Q4 2019. The decrease is a consequence of a large order to Bogota, Colombia in 2018. In December, Prevost was awarded its largest order ever in terms of value. Prevost won two contracts with New York State's Metropolitan Transportation Authority with a firm order of 307 buses. In November, Volvo Buses also received an order for 157 electric articulated buses from Transdev in Gothenburg, Sweden.

Volvo Buses delivered 2,610 units in Q4 2019, 6% more than in the same period in the preceding year. The increase was mainly attributable to the Nordic region, Mexico and South America.

In Q4 2019, net sales rose by 2% to SEK 7,606 M (7,487) compared with Q4 2018. Adjusted for currency movements, sales decreased by 3%, of which vehicle sales decreased 6% and service sales increased by 9%.

In Q4, adjusted operating income amounted to SEK 297 M (266), corresponding to a margin of 3.9% (3.6). The adjustment in Q4 2018 referred to a provision of SEK 190

M relating to estimated costs to address an issue with an emission control component.

Earnings were positively impacted by improved volumes and mix, which were partly offset by lower capacity utilization and increased selling and administrative expenses. Compared with Q4 2018, currency movements had a positive impact on operating income of SEK 83 M. Reported operating income amounted to SEK 297 M (76).

For the full year 2019, net sales increased by 20% to SEK 31,019 M (25,826). Adjusted operating income amounted to SEK 1,337 M (765), corresponding to a margin of 4.3% (3.0). Reported operating income amounted to SEK 1,337 M (575). For adjustments, please refer to note 7.

Volvo Buses is now giving a second life to batteries from electric buses. In a cooperation with Stena Group, bus batteries previously used in operation are instead reused for energy storage and as an energy source in a residential complex in Gothenburg, Sweden. The reused batteries will be charged from solar panels on the roofs.

Volvo Buses also showcased the potential of autonomous buses in depot operations during a live demonstration, one of the world's first with a 12 meter electric and autonomous bus.

The new Volvo 7900 Electric Articulated bus was launched at Busworld, where its electric driveline won the Busworld Innovation Label award.

Net order intake and deliveries	Fourth quarter		Change %	Year		Change %
	2019	2018		2019	2018	
Number of buses						
Total orders	2,498	2,760	-9	8,492	10,202	-17
Total deliveries	2,610	2,472	6	9,731	8,426	15

Net sales and operating income	Fourth quarter		Change %	Year		Change %
	2019	2018		2019	2018	
SEK M						
Europe	1,427	1,636	-13	7,369	7,036	5
North America	4,207	4,248	-1	15,543	13,244	17
South America	429	346	24	3,281	1,393	136
Asia	838	752	11	2,617	2,094	25
Africa and Oceania	706	506	40	2,209	2,060	7
Total net sales	7,606	7,487	2	31,019	25,826	20
Of which:						
Vehicles	6,225	6,270	-1	25,600	20,943	22
Services	1,381	1,218	13	5,419	4,883	11
Adjusted operating income ¹	297	266	12	1,337	765	75
Adjustments	-	-190	100	-	-190	100
Operating income	297	76	291	1,337	575	133
Adjusted operating margin, %	3.9	3.6		4.3	3.0	
Operating margin, %	3.9	1.0		4.3	2.2	

¹ For more information on adjusted operating income, please see note 7.

VOLVO PENTA

Lower deliveries and earnings

- » Lower deliveries (-37%), order intake flat in Q4
- » Adjusted and reported operating income:
 - SEK 174 M (493) for Q4 2019
 - SEK 1,876 M (2,341) for FY 2019
- » New industrial power generation range



During 2019, parts of the marine leisure market softened and Volvo Penta faces increased competition from the outboard engine segment in parts of the power range. However, there was still growth in large yachts, which is a segment where Volvo Penta continued to gain market share.

There was a positive development in the marine commercial market, especially within off-shore energy. Interest for electrified solutions continued for segments such as people transportation within urban areas.

The market for industrial off-road engines slowed down due to a decline in construction and agriculture machinery segments. Within agricultural machinery, the effects were seen especially in emerging markets, but also in Europe. Global construction equipment sales showed a slowing trend, but there was growth in Asian and American markets. In Europe, the slowdown was further accentuated by the Stage V-related pre-buy in Europe in 2018.

Demand for industrial power generation engines also declined slightly, counterbalanced by growth in the data center back-up business, especially in North America.

Net order intake in Q4 2019 was flat at 9,566 units while deliveries decreased by 37% to 9,203 units as an effect of the pre-buy of industrial off-road engines in 2018.

In Q4, net sales decreased by 21% to SEK 3,045 M (3,832). Adjusted for currency movements, net sales decreased by 23%, of which sales of engines decreased by 30% and sales of services increased by 5%.

In Q4, both adjusted and reported operating income amounted to SEK 174 M (493). The operating margin was 5.7% (12.9). Earnings were negatively impacted by the lower volumes as well as higher R&D and selling expenses. Compared with Q4 2018, the currency impact on operating income was positive with SEK 23 M.

For the full year 2019, net sales decreased by 3% to SEK 13,287 M (13,741). Both adjusted and reported operating income amounted to SEK 1,876 M (2,341), which corresponds to an operating margin of 14.1% (17.0).

During Q4, Volvo Penta added the D8 and the D13 engines to its power generation range – both meeting the latest European Stage V emission legislation.

Additionally, Volvo Penta's flagship D4 and D6 marine propulsion systems received an innovation award at the International Boatbuilding Exhibition (IBEX). Volvo Penta also announced the development of an electric driver interface designed to make the electric boating experience as easy as possible.

Net order intake and deliveries	Fourth quarter		Change %	Year		Change %
	2019	2018		2019	2018	
Number of Engines						
Total orders	9,566	9,554	0	38,444	48,617	-21
Total deliveries	9,203	14,648	-37	39,459	48,505	-19

Net sales and operating income SEK M	Fourth quarter		Change %	Year		Change %
	2019	2018		2019	2018	
Europe	1,599	2,375	-33	6,671	7,487	-11
North America	613	644	-5	3,180	2,912	9
South America	97	93	4	319	299	7
Asia	567	549	3	2,439	2,443	-
Africa and Oceania	170	170	-	679	599	13
Total net sales	3,045	3,832	-21	13,287	13,741	-3
Of which:						
Engines	2,297	3,147	-27	9,698	10,410	-7
Services	749	685	9	3,588	3,330	8
Adjusted operating income¹	174	493	-65	1,876	2,341	-20
Adjustments	-	-	-	-	-	-
Operating income	174	493	-65	1,876	2,341	-20
Adjusted operating margin, %	5.7	12.9		14.1	17.0	
Operating margin, %	5.7	12.9		14.1	17.0	

¹ For more information on adjusted operating income, please see note 7.

FINANCIAL SERVICES

Continued good performance

- » New volume up 20% in Q4 2019, currency adjusted
- » Operating income:
 - SEK 704 M (605) for Q4 2019
 - SEK 2,766 M (2,411) for FY 2019
- » Stable portfolio performance



Volvo Financial Services (VFS) continued to grow the credit portfolio and increase earnings. VFS had record new business volume for the quarter, due primarily to improved penetration. Adjusted for currency, the credit portfolio grew by 10% on a year over year basis. Overall portfolio performance was stable during the quarter.

In Q4 2019, operating income increased to SEK 704 M (605), mainly due to portfolio growth and positive currency movements which were partially offset by higher operating

expenses and increased credit provision expenses. For the full year 2019, operating income improved to SEK 2,766 M (2,411) and the return on shareholders' equity was stable at 15.0% (15.1).

In November, VFS successfully completed another asset-backed securitization transaction, under which SEK 5.9 billion of securities tied to US-based loans on trucking and construction equipment assets were issued. During the quarter, SEK 2.7 billion of assets were syndicated in order to reduce concentration risks.

Financial Services SEK M	Fourth quarter		Year	
	2019	2018	2019	2018
Number of financed units, 12 months rolling			62,209	58,698
Total penetration rate, 12 months rolling, % ¹			25	24
New retail financing volume, SEK billion	24.8	19.8	81.0	69.7
Credit portfolio net, SEK billion			170	149
Credit provision expenses	220	160	729	538
Operating income	704	605	2,766	2,411
Credit reserves, % of credit portfolio			1.51	1.63
Return on equity, %			15.0	15.1

¹ Share of unit sales financed by Volvo Financial Services in relation to the total number of units sold by the Volvo Group in markets where financial services are offered.

IMPORTANT EVENTS FOR THE VOLVO GROUP

Heavy-duty electric concept trucks from Volvo Trucks

In December, Volvo Trucks presented heavy-duty electric concept trucks for construction operations and regional transport. Volvo Trucks believes that electrification can become a competitive alternative also for heavier trucks.

New appointments to the Group Executive Board

In December, Scott Rafkin, previously President of Volvo Financial Services, was appointed to the new position of Executive Vice President and Chief Digital Officer for the Volvo Group. Nils Jaeger, previously President Region EMEA, Volvo Financial Services, was appointed President of the new Volvo Group business area Volvo Autonomous Solutions. Both Scott Rafkin and Nils Jaeger assumed their new positions on January 1, 2020.

Volvo Group and Isuzu Motors intend to form strategic alliance

On December 18, the Volvo Group and Isuzu Motors signed a non-binding Memorandum of Understanding with the intent to form a strategic alliance within commercial vehicles. In a first step, the intention is to establish a global technology partnership and to create a stronger, combined heavy-duty truck business for Isuzu Motors and UD Trucks. This will entail transferring ownership of the complete UD Trucks business globally from the Volvo Group to Isuzu Motors. The enterprise value for the complete UD Trucks business is JPY 250 billion (approx. SEK 22 billion as per the end of November 2019) and will be subject to the final scope of the business transferred and Isuzu Motor's due diligence. The transaction is

expected to, at the time of closing, result in a positive impact on the Volvo Group's operating income of approximately SEK 2 billion and increase the Volvo Group's net cash position by approximately SEK 22 billion. Signing of binding agreements is expected by mid-2020 and closing of the transaction is expected by the end of 2020. All potential transactions will be subject to regulatory and other approvals.

Previously reported important events

- Sale of shares in WirelessCar completed
- Annual General Meeting of AB Volvo
- Vera's first assignment
- Partnership with NVIDIA
- Strategic alliance with Samsung SDI
- One million connected customer units
- New business area for autonomous transport solutions

Detailed information about the events is available at www.volvogroup.com

CONSOLIDATED INCOME STATEMENT FOURTH QUARTER

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	2019	2018	2019	2018	2019	2018	2019	2018
Net sales	101,727	102,407	3,822	3,437	-194	-59	105,355	105,786
Cost of sales	-78,690	-85,637	-2,281	-2,129	194	59	-80,778	-87,707
Gross income	23,037	16,770	1,541	1,308	-	-	24,578	18,079
Research and development expenses	-5,348	-4,112	-	-	-	-	-5,348	-4,112
Selling expenses	-8,080	-7,668	-676	-566	-	-	-8,756	-8,234
Administrative expenses	-1,614	-1,459	-4	-11	-	-	-1,618	-1,470
Other operating income and expenses	-50	-696	-157	-126	-6	-	-213	-821
Income/loss from investments in joint ventures and associated companies	731	144	-	-	-	-	731	144
Income from other investments	6	11	0	0	-	-	6	11
Operating income	8,681	2,991	704	605	-6	-	9,379	3,597
Interest income and similar credits	79	58	-	-	0	0	79	58
Interest expenses and similar charges	-385	-416	0	0	0	0	-385	-416
Other financial income and expenses	-215	-201	-	-	-	-	-215	-201
Income after financial items	8,160	2,433	704	605	-6	0	8,857	3,038
Income taxes	-1,886	-246	-142	-128	1	-	-2,027	-374
Income for the period *	6,274	2,187	562	477	-5	0	6,831	2,664
* Attributable to:								
Owners of AB Volvo							6,659	2,563
Non-controlling interest							172	101
							6,831	2,664
Basic earnings per share, SEK							3.27	1.26
Diluted earnings per share, SEK							3.27	1.26
Key ratios, %								
Gross margin	22.6	16.4	-	-	-	-	23.3	17.1
Research and development expenses as percentage of net sales	5.3	4.0	-	-	-	-	5.1	3.9
Selling expenses as percentage of net sales	7.9	7.5	-	-	-	-	8.3	7.8
Administrative expenses as percentage of net sales	1.6	1.4	-	-	-	-	1.5	1.4
Operating margin	8.5	2.9	-	-	-	-	8.9	3.4

CONSOLIDATED OTHER COMPREHENSIVE INCOME FOURTH QUARTER

SEK M	2019	2018
Income for the period	6,831	2,664
Items that will not be reclassified to income statement:		
Remeasurements of defined benefit pension plans	159	-1,564
Remeasurements of holding of shares at fair value	30	-48
Items that may be reclassified subsequently to income statement:		
Exchange differences on translation of foreign operations	-3,073	795
Share of OCI related to joint ventures and associated companies	-88	-
Accumulated translation difference reversed to income	-	0
Other comprehensive income, net of income taxes	-2,972	-817
Total comprehensive income for the period *	3,859	1,847
* Attributable to:		
Owners of AB Volvo	3,781	1,714
Non-controlling interest	78	133
	3,858	1,847

CONSOLIDATED INCOME STATEMENT YEAR

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	2019	2018	2019	2018	2019	2018	2019	2018
Net sales	418,361	378,320	14,870	13,070	-1,252	-555	431,980	390,834
Cost of sales	-319,055	-296,109	-9,091	-7,924	1,252	555	-326,895	-303,478
Gross income	99,306	82,210	5,779	5,146	-	-	105,085	87,357
Research and development expenses	-18,539	-15,899	-	-	-	-	-18,539	-15,899
Selling expenses	-30,483	-28,642	-2,554	-2,248	-	-	-33,037	-30,890
Administrative expenses	-5,887	-5,756	-13	-43	-	-	-5,901	-5,798
Other operating income and expenses	230	-1,828	-445	-445	-6	-	-221	-2,273
Income/loss from investments in joint ventures and associated companies	1,859	1,948	-	-	-	-	1,859	1,948
Income from other investments	285	33	0	0	-	-	285	33
Operating income	46,771	32,067	2,766	2,411	-6	-	49,531	34,478
Interest income and similar credits	320	199	-	-	0	0	320	199
Interest expenses and similar charges	-1,673	-1,658	0	0	0	0	-1,674	-1,658
Other financial income and expenses	-1,346	-870	-	-	-	-	-1,345	-870
Income after financial items	44,071	29,738	2,767	2,411	-6	-	46,832	32,148
Income taxes	-9,650	-6,172	-688	-613	1	-	-10,337	-6,785
Income for the period *	34,422	23,566	2,079	1,798	-5	-	36,495	25,363
* Attributable to:								
Owners of AB Volvo							35,861	24,897
Non-controlling interest							635	466
							36,495	25,363
Basic earnings per share, SEK							17.64	12.25
Diluted earnings per share, SEK							17.64	12.24

Key ratios, %

Gross margin	23.7	21.7	-	-	-	-	24.3	22.4
Research and development expenses as percentage of net sales	4.4	4.2	-	-	-	-	4.3	4.1
Selling expenses as percentage of net sales	7.3	7.6	-	-	-	-	7.6	7.9
Administrative expenses as percentage of net sales	1.4	1.5	-	-	-	-	1.4	1.5
Operating margin	11.2	8.5	-	-	-	-	11.5	8.8

CONSOLIDATED OTHER COMPREHENSIVE INCOME YEAR

SEK M	2019	2018
Income for the period	36,495	25,363
Items that will not be reclassified to income statement:		
Remeasurements of defined benefit pension plans	-2,969	-579
Remeasurements of holding of shares at fair value	10	14
Items that may be reclassified subsequently to income statement:		
Exchange differences on translation of foreign operations	2,616	2,350
Share of OCI related to joint ventures and associated companies	252	0
Accumulated translation difference reversed to income	-	-94
Other comprehensive income, net of income taxes	-91	1,691
Total comprehensive income for the period *	36,403	27,054
* Attributable to:		
Owners of AB Volvo	35,738	26,536
Non-controlling interest	665	518
	36,403	27,054

CONSOLIDATED BALANCE SHEET

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	Dec 31 2019	Dec 31 2018	Dec 31 2019	Dec 31 2018	Dec 31 2019	Dec 31 2018	Dec 31 2019	Dec 31 2018
Assets								
Non-current assets								
Intangible assets	36,467	37,889	202	215	-	-	36,668	38,104
<i>Tangible assets</i>								
Property, plant and equipment	53,411	55,631	86	42	-	-	53,496	55,673
Assets under operating leases	33,794	32,700	22,602	22,154	-13,070	-11,751	43,326	43,103
<i>Financial assets</i>								
Investments in Joint Ventures and associated companies	12,955	11,135	-	-	-	-	12,955	11,135
Other shares and participations	139	731	19	9	-	-	158	740
Non-current customer-financing receivables	896	891	72,115	66,154	-1,127	-898	71,883	66,148
Prepaid pensions	1,663	1,549	-	-	-	-	1,663	1,549
Non-current interest-bearing receivables	815	1,300	120	-	-120	-5	815	1,296
Other non-current receivables	8,927	9,030	220	244	-703	-538	8,444	8,736
Deferred tax assets	12,261	12,506	979	999	1	-	13,242	13,505
Total non-current assets	161,327	163,363	96,342	89,817	-15,019	-13,191	242,650	239,989
Current assets								
Inventories	56,080	65,366	564	417	-	-	56,644	65,783
<i>Current receivables</i>								
Customer-financing receivables	675	669	71,299	60,860	-875	-750	71,099	60,779
Tax assets	1,287	1,326	511	343	-	-	1,797	1,669
Interest-bearing receivables	4,102	2,581	345	1	-2,518	-485	1,929	2,097
Internal funding	21,283	21,465	-	-	-21,283	-21,465	-	-
Accounts receivable	35,827	40,376	1,896	1,530	-	-	37,723	41,906
Other receivables	17,835	15,095	1,616	1,258	-889	-1,210	18,562	15,144
Marketable securities	200	160	0	-	-	-	200	160
Cash and cash equivalents	57,475	43,747	4,999	4,419	-1,014	-1,233	61,461	46,933
Assets held for sale	28,427	203	4,345	-	-	-	32,773	203
Total current assets	223,190	190,989	85,576	68,829	-26,578	-25,143	282,187	234,675
Total assets	384,517	354,351	181,917	158,646	-41,597	-38,334	524,837	474,663
Equity and liabilities								
Equity attributable to owners of AB Volvo	124,067	110,692	14,533	12,687	-5	-	138,595	123,379
Non-controlling interest	3,083	2,452	-	-	-	-	3,083	2,452
Total equity	127,150	113,144	14,533	12,687	-5	-	141,678	125,831
<i>Non-current provisions</i>								
Provisions for post-employment benefits	19,850	16,374	138	108	-	-	19,988	16,482
Provisions for deferred taxes	1,667	1,472	2,676	2,656	-	-	4,343	4,128
Other provisions	13,965	13,991	220	278	401	321	14,585	14,590
<i>Non-current liabilities</i>								
Bond loans	65,754	59,115	-	-	-	-	65,754	59,115
Other loans	19,871	13,411	16,956	15,638	-965	-954	35,862	28,095
Internal funding	-60,635	-54,024	61,660	58,750	-1,025	-4,726	-	-
Other liabilities	43,602	39,369	1,850	1,621	-9,141	-8,040	36,311	32,949
Current provisions	11,424	13,013	172	222	312	213	11,907	13,448
<i>Current liabilities</i>								
Bond loans	31,759	26,657	-	-	-	-	31,759	26,657
Other loans	12,675	12,950	14,567	11,154	-2,866	-2,114	24,377	21,989
Internal funding	-37,098	-32,781	59,266	49,907	-22,169	-17,126	-	-
Trade payables	66,590	72,683	276	947	-	-	66,866	73,630
Tax liabilities	2,920	3,493	573	256	-	-	3,493	3,749
Other liabilities	59,097	55,485	4,543	4,421	-6,139	-5,907	57,502	53,999
Liabilities held for sale	5,927	-	4,486	-	-	-	10,413	-
Total equity and liabilities	384,517	354,351	181,917	158,646	-41,597	-38,334	524,837	474,663
Key ratios, %								
Equity ratio	33.1	31.9	8.0	8.0	0.0	-	27.0	26.5
Shareholders' equity per share, excluding non-controlling interest, SEK	-	-	-	-	-	-	66.3	60.7
Return on operating capital	52.3	39.0	-	-	-	-	-	-
Return on capital employed	28.4	22.4	-	-	-	-	-	-
Return on shareholders' equity	-	-	15.0	15.1	-	-	27.0	21.3

¹ As from January 1, 2019, IFRS 16 Leases is applied and the effect is included in the opening balance for 2019 with SEK 6,209 M whereof SEK 6,147 M in Industrial Operations and SEK 62 M in Financial Services. For more information, please see Note 1.

CONSOLIDATED CASH FLOW STATEMENT FOURTH QUARTER

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	2019	2018	2019	2018	2019	2018	2019	2018
Operating activities								
Operating income	8,681	2,991	704	605	-6	-	9,379	3,597
Amortization intangible assets	743	726	19	8	-	-	762	734
Depreciation tangible assets	2,201	1,607	7	2	-	-	2,209	1,608
Depreciation leasing vehicles	1,890	1,349	1,207	1,189	0	0	3,097	2,539
Other non-cash items	-803	7,609	313	236	-56	-15	-546	7,830
Total change in working capital whereof	13,073	6,076	-4,674	-5,435	170	103	8,568	743
<i>Change in accounts receivables</i>	2,833	79	-251	-204	-	0	2,582	-125
<i>Change in customer-financing receivables</i>	67	13	-3,755	-5,774	197	-55	-3,491	-5,816
<i>Change in inventories</i>	6,124	1,439	72	-35	-	0	6,196	1,404
<i>Change in trade payables</i>	6,152	4,860	-315	499	-	0	5,837	5,359
<i>Other changes in working capital</i>	-2,103	-315	-426	78	-27	158	-2,555	-79
Interest and similar items received	77	51	2	-	9	11	88	63
Interest and similar items paid	-38	-193	-8	-	23	13	-23	-180
Other financial items	-52	-4	-	-	-	-	-52	-4
Income taxes paid	-2,427	-1,050	-350	-330	-	0	-2,777	-1,380
Cash flow from operating activities	23,346	19,162	-2,780	-3,725	139	112	20,705	15,550
Investing activities								
Investments in intangible assets	-1,038	-1,308	-25	-20	-	-	-1,064	-1,328
Investments in tangible assets	-3,115	-2,598	-1	-3	-	-	-3,116	-2,600
Investment in leasing vehicles	-12	-3	-3,224	-3,046	-	-	-3,236	-3,049
Disposals of in-/tangible assets and leasing vehicles	675	217	1,530	1,267	-6	-	2,198	1,484
Operating cash flow	19,856	15,471	-4,501	-5,527	133	112	15,488	10,057
Investments and divestments of shares, net							-112	-5
Acquired and divested operations, net							155	-41
Interest-bearing receivables incl. marketable securities							81	-44
Cash flow after net investments							15,612	9,967
Financing activities								
Change in loans, net							299	1,258
Other							-56	-3
Change in cash and cash equivalents excl. translation differences							15,855	11,222
Translation difference on cash and cash equivalents							-518	175
Change in cash and cash equivalents							15,337	11,397

CONSOLIDATED CASH FLOW STATEMENT YEAR

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	2019	2018	2019	2018	2019	2018	2019	2018
Operating activities								
Operating income	46,771	32,067	2,766	2,411	-6	-	49,531	34,478
Amortization intangible assets	2,911	2,988	51	36	0	-	2,963	3,024
Depreciation tangible assets	8,372	6,354	30	6	0	-	8,402	6,361
Depreciation leasing vehicles	4,514	4,448	4,707	4,606	0	0	9,221	9,054
Other non-cash items	-3,599	8,940	1,033	754	-203	-32	-2,769	9,661
Total change in working capital whereof	-486	-10,967	-18,039	-13,029	290	290	-18,235	-23,706
Change in accounts receivables	65	-2,455	-363	-456	0	0	-298	-2,911
Change in customer-financing receivables	36	-77	-16,951	-14,002	355	193	-16,560	-13,886
Change in inventories	4,964	-12,559	30	141	0	0	4,994	-12,419
Change in trade payables	-2,643	5,384	-678	491	0	0	-3,322	5,875
Other changes in working capital	-2,907	-1,260	-78	797	-65	97	-3,050	-366
Interest and similar items received	794	631	2	-	18	13	814	644
Interest and similar items paid	-1,177	-1,334	-8	-	81	27	-1,104	-1,307
Other financial items	-371	-183	-	-	-3	-	-374	-183
Income taxes paid	-8,734	-6,593	-668	-245	0	0	-9,401	-6,838
Cash flow from operating activities	48,996	36,351	-10,127	-5,462	178	298	39,047	31,187
Investing activities								
Investments in intangible assets	-3,876	-3,682	-77	-63	-	-	-3,954	-3,746
Investments in tangible assets	-8,059	-6,983	-4	-6	0	-	-8,064	-6,989
Investment in leasing vehicles	-102	-13	-9,890	-10,120	-	-	-9,991	-10,133
Disposals of in-/tangible assets and leasing vehicles	1,350	924	6,074	5,276	-6	-	7,418	6,201
Operating cash flow	38,309	26,597	-14,024	-10,376	172	298	24,455	16,520
Investments and divestments of shares, net							92	970
Acquired and divested operations, net							1,343	-170
Interest-bearing receivables incl. marketable securities							-1,033	69
Cash flow after net investments							24,857	17,389
Financing activities								
Change in loans, net							9,342	1,943
Dividend to owners of AB Volvo							-20,335	-8,636
Dividend to non-controlling interest							-12	-6
Other							188	0
Change in cash and cash equivalents excl. translation differences							14,040	10,691
Translation difference on cash and cash equivalents							487	150
Change in cash and cash equivalents							14,528	10,841

CONSOLIDATED NET FINANCIAL POSITION

Net financial position excl. post-employment benefits and lease liabilities SEK bn	Industrial Operations		Volvo Group	
	Dec 31 2019	Dec 31 2018	Dec 31 2019	Dec 31 2018
Non-current interest-bearing assets				
Non-current customer-financing receivables	-	-	71.9	66.1
Non-current interest-bearing receivables	0.8	1.3	0.8	1.3
Current interest-bearing assets				
Customer-financing receivables	-	-	71.1	60.8
Interest-bearing receivables	4.1	2.6	1.9	2.1
Internal funding	21.3	21.5	-	-
Marketable securities	0.2	0.2	0.2	0.2
Cash and cash equivalents	57.5	43.7	61.5	46.9
Assets held for sale	-	-	4.1	-
Total interest-bearing financial assets	83.9	69.3	211.5	177.4
Non-current interest-bearing liabilities				
Bond loans	-65.8	-59.1	-65.8	-59.1
Other loans	-14.5	-13.4	-30.5	-28.1
Internal funding	60.6	54.0	-	-
Current interest-bearing liabilities				
Bond loans	-31.8	-26.7	-31.8	-26.7
Other loans	-10.9	-12.9	-22.6	-22.0
Internal funding	37.1	32.8	-	-
Liabilities held for sale	3.9	-	-	-
Total interest-bearing financial liabilities excl. lease liabilities	-21.3	-25.3	-150.7	-135.9
Net financial position excl. post-employment benefits and lease liabilities	62.6	43.9	60.9	41.6

Provisions for post-employment benefits and lease liabilities, net SEK bn	Industrial Operations		Volvo Group	
	Dec 31 2019	Dec 31 2018	Dec 31 2019	Dec 31 2018
Non-current lease liabilities	-5.4	-	-5.3	-
Current lease liabilities	-1.8	-	-1.8	-
Provisions for post-employment benefits, net	-18.2	-14.8	-18.3	-14.9
Provisions for post-employment benefits and lease liabilities, net	-25.3	-14.8	-25.4	-14.9

Net financial position incl. post-employment benefits and lease liabilities SEK bn	Industrial Operations		Volvo Group	
	Dec 31 2019	Dec 31 2018	Dec 31 2019	Dec 31 2018
Net financial position excl. post-employment benefits and lease liabilities	62.6	43.9	60.9	41.6
Provisions for post-employment benefits and lease liabilities, net	-25.3	-14.8	-25.4	-14.9
Net financial position incl. post-employment benefits and lease liabilities	37.3	29.1	35.4	26.6

Equity				
Equity attributable to owners of AB Volvo	-124.1	-110.7	-138.6	-123.4
Non-controlling interest	-3.1	-2.5	-3.1	-2.5
Total equity	-127.1	-113.1	-141.7	-125.8

Key ratios, %				
Net financial position excl. post-employment benefits and lease liabilities as percentage of shareholders' equity	49.2	38.8		
Net financial position incl. post-employment benefits and lease liabilities as percentage of shareholders' equity	29.3	25.7		

CHANGES IN NET FINANCIAL POSITION, INDUSTRIAL OPERATIONS

SEK bn	Fourth quarter 2019	Year 2019
Net financial position excl. post-employment benefits and lease liabilities at the end of previous period	43.1	43.9
Operating cash flow	19.9	38.3
Investments and divestments of shares, net	-0.1	0.1
Acquired and divested operations, net	0.2	1.3
Capital injections to/from Financial Services	0.8	1.3
Currency effect	-0.1	-0.6
Dividend to owners of AB Volvo	0.0	-20.3
Dividend to non-controlling interest	-	0.0
Change in provision for post-employment benefits related to pension payments included in operating cash flow	-1.1	-2.6
Other changes	-0.0	1.2
Net financial position excl. post-employment benefits and lease liabilities at the end of period	62.6	62.6
Provisions for post-employment benefits and lease liabilities at the end of previous period	-26.7	-14.8
Transition effect IFRS 16	-	-6.1
Provisions for post-employment benefits and lease liabilities after transitional effect IFRS 16 at the beginning of period	-26.7	-20.9
Pension payments, included in operating cash flow	1.1	2.6
Remeasurements of defined benefit pension plans	0.5	-3.6
Service costs and other pension costs	-0.7	-2.3
Investments and amortizations of lease contracts	0.1	0.0
Currency effect	0.5	-0.3
Other changes	-0.1	-0.9
Provisions for post-employment benefits and lease liabilities at the end of period	-25.3	-25.3
Net financial position incl. post-employment benefits and lease liabilities at the end of period	37.3	37.3

CONSOLIDATED CHANGES IN TOTAL EQUITY

SEK bn	Dec 31 2019	Dec 31 2018
Total equity at the end of previous period	125.8	107.8
Transition effect IFRS 9	-	-0.4
Total equity after transition effect IFRS 9 at the beginning of period	125.8	107.4
Equity attributable to shareholders of AB Volvo at the end of previous period	123.4	105.9
Transition effect IFRS 9	-	-0.4
Equity attributable to shareholders of AB Volvo after transition effect IFRS 9 at the beginning of period	123.4	105.5
Income for the period	35.9	24.9
Other comprehensive income	-0.1	1.6
Total comprehensive income	35.7	26.5
Dividend to AB Volvo shareholders	-20.3	-8.6
Share-based payments	0.0	0.0
Other changes	-0.1	0.0
Equity attributable to shareholders of AB Volvo at end of period	138.6	123.4
Non-controlling interest at beginning of period	2.5	1.9
Income for the period	0.6	0.5
Other comprehensive income	0.0	0.1
Total comprehensive income	0.7	0.5
Dividend to non-controlling interest	0.0	0.0
Other changes	0.0	0.0
Non-controlling interest at end of period	3.1	2.5
Total equity at end of period	141.7	125.8

QUARTERLY FIGURES

Income Statements, Volvo Group							
SEK M unless otherwise stated	4/2019	3/2019	2/2019	1/2019	4/2018	Year 2019	Year 2018
Net sales	105,355	98,723	120,694	107,208	105,786	431,980	390,834
Cost of sales	-80,778	-74,461	-91,116	-80,540	-87,707	-326,895	-303,478
Gross income	24,578	24,263	29,578	26,667	18,079	105,085	87,357
Research and development expenses	-5,348	-4,251	-4,814	-4,125	-4,112	-18,539	-15,899
Selling expenses	-8,756	-7,973	-8,456	-7,853	-8,234	-33,037	-30,890
Administrative expenses	-1,618	-1,333	-1,476	-1,474	-1,470	-5,901	-5,798
Other operating income and expenses	-213	-86	-425	503	-821	-221	-2,273
Income/loss from investments in Joint Ventures and associated companies	731	227	476	425	144	1,859	1,948
Income from other investments	6	39	222	18	11	285	33
Operating income	9,379	10,885	15,105	14,162	3,597	49,531	34,478
Interest income and similar credits	79	82	86	73	58	320	199
Interest expenses and similar charges	-385	-376	-459	-455	-416	-1,674	-1,658
Other financial income and expenses	-215	-463	-167	-500	-201	-1,345	-870
Income after financial items	8,857	10,129	14,566	13,280	3,038	46,832	32,148
Income taxes	-2,027	-2,580	-3,213	-2,517	-374	-10,337	-6,785
Income for the period *	6,831	7,549	11,352	10,763	2,664	36,495	25,363
* Attributable to:							
Owners of AB Volvo	6,659	7,455	11,131	10,615	2,563	35,861	24,897
Non-controlling interest	172	94	221	148	101	635	466
	6,831	7,549	11,352	10,763	2,664	36,495	25,363
Key ratios, Volvo Group, %							
Gross margin	23.3	24.6	24.5	24.9	17.1	24.3	22.4
Research and development expenses as percentage of net sales	5.1	4.3	4.0	3.8	3.9	4.3	4.1
Selling expenses as percentage of net sales	8.3	8.1	7.0	7.3	7.8	7.6	7.9
Administrative expenses as percentage of net sales	1.5	1.4	1.2	1.4	1.4	1.4	1.5
Operating margin	8.9	11.0	12.5	13.2	3.4	11.5	8.8
Key ratios, Industrial Operations, %							
Gross margin	22.6	23.9	24.0	24.3	16.4	23.7	21.7
Research and development expenses as percentage of net sales	5.3	4.5	4.1	4.0	4.0	4.4	4.2
Selling expenses as percentage of net sales	7.9	7.7	6.7	6.9	7.5	7.3	7.6
Administrative expenses as percentage of net sales	1.6	1.4	1.3	1.4	1.4	1.4	1.5
Operating margin	8.5	10.6	12.3	13.0	2.9	11.2	8.5
EBITDA margin, Industrial Operations							
Operating income Industrial Operations	8,681	10,111	14,419	13,560	2,991	46,771	32,067
Product and software development, amortization	662	657	673	636	659	2,629	2,704
Other intangible assets, amortization	80	67	68	67	67	283	284
Tangible assets, depreciation	4,092	2,605	3,136	3,054	2,956	12,886	10,804
Total depreciation and amortization	4,835	3,330	3,876	3,756	3,681	15,797	13,791
Operating income before depreciation and amortization (EBITDA)	13,516	13,441	18,295	17,316	6,672	62,568	45,858
EBITDA margin, %	13.3	14.1	15.6	16.6	6.5	15.0	12.1
Net capitalization of research and development							
Capitalization	874	737	892	1,023	1,190	3,526	3,367
Amortization	-635	-635	-645	-604	-631	-2,520	-2,576
Net capitalization and amortization	238	102	247	419	559	1,006	791
Return on operating capital in Industrial Operations, %	52.3	47.1	47.7	45.6	39.0		
Return on capital employed in Industrial Operations, %	28.3	25.8	26.3	25.5	22.4		

QUARTERLY FIGURES

Net sales							Year	Year
SEK M	4/2019	3/2019	2/2019	1/2019	4/2018	2019	2018	
Trucks	68,193	64,381	75,872	68,201	68,532	276,647	250,358	
Construction Equipment	19,716	17,921	26,814	24,155	20,323	88,606	84,238	
Buses	7,606	7,681	8,885	6,847	7,487	31,019	25,826	
Volvo Penta	3,045	3,151	3,667	3,423	3,832	13,287	13,741	
Group Functions & Other	4,189	2,825	2,956	2,318	3,269	12,287	7,568	
Eliminations	-1,023	-792	-884	-785	-1,035	-3,484	-3,411	
Industrial Operations	101,727	95,167	117,310	104,158	102,407	418,361	378,320	
Financial Services	3,822	3,765	3,774	3,509	3,437	14,870	13,070	
Reclassifications and eliminations	-194	-208	-390	-459	-59	-1,252	-555	
Volvo Group	105,355	98,723	120,694	107,208	105,786	431,980	390,834	

Operating income							Year	Year
SEK M	4/2019	3/2019	2/2019	1/2019	4/2018	2019	2018	
Trucks	6,223	7,488	9,548	8,293	640	31,552	19,541	
Construction Equipment	1,931	2,180	4,153	3,646	2,157	11,910	12,125	
Buses	297	343	403	294	76	1,337	575	
Volvo Penta	174	399	618	684	493	1,876	2,341	
Group Functions & Other	62	-311	-302	662	-373	111	-2,503	
Eliminations	-6	12	-2	-18	-3	-14	-13	
Industrial Operations	8,681	10,111	14,419	13,560	2,991	46,771	32,067	
Financial Services	704	774	686	602	605	2,766	2,411	
Reclassifications and eliminations	-6	-	-	0	-	-6	-	
Volvo Group	9,379	10,885	15,105	14,162	3,597	49,531	34,478	

Adjusted operating income ¹							Year	Year
SEK M	4/2019	3/2019	2/2019	1/2019	4/2018	2019	2018	
Trucks	6,223	7,488	9,548	8,293	7,450	31,552	26,351	
Construction Equipment	1,931	2,180	4,153	3,646	2,157	11,910	11,306	
Buses	297	343	403	294	266	1,337	765	
Volvo Penta	174	399	618	684	493	1,876	2,341	
Group Functions & Other	-93	-311	-302	-804	-373	-1,510	-2,503	
Eliminations	-6	12	-2	-18	-3	-14	-12	
Industrial Operations	8,525	10,111	14,419	12,095	9,991	45,150	38,249	
Financial Services	704	774	686	602	605	2,766	2,411	
Reclassifications and eliminations	-6	-	-	0	-	-6	-	
Volvo Group	9,223	10,885	15,105	12,696	10,597	47,910	40,660	

¹ For more information on adjusted operating income, please see note 7.

Operating margin							Year	Year
%	4/2019	3/2019	2/2019	1/2019	4/2018	2019	2018	
Trucks	9.1	11.6	12.6	12.2	0.9	11.4	7.8	
Construction Equipment	9.8	12.2	15.5	15.1	10.6	13.4	14.4	
Buses	3.9	4.5	4.5	4.3	1.0	4.3	2.2	
Volvo Penta	5.7	12.7	16.9	20.0	12.9	14.1	17.0	
Industrial Operations	8.5	10.6	12.3	13.0	2.9	11.2	8.5	
Volvo Group	8.9	11.0	12.5	13.2	3.4	11.5	8.8	

Adjusted operating margin							Year	Year
%	4/2019	3/2019	2/2019	1/2019	4/2018	2019	2018	
Trucks	9.1	11.6	12.6	12.2	10.9	11.4	10.5	
Construction Equipment	9.8	12.2	15.5	15.1	10.6	13.4	13.4	
Buses	3.9	4.5	4.5	4.3	3.6	4.3	3.0	
Volvo Penta	5.7	12.7	16.9	20.0	12.9	14.1	17.0	
Industrial Operations	8.4	10.6	12.3	11.6	9.8	10.8	10.1	
Volvo Group	8.8	11.0	12.5	11.8	10.0	11.1	10.4	

QUARTERLY FIGURES

Share data						Year	Year
	4/2019	3/2019	2/2019	1/2019	4/2018	2019	2018
Earnings per share, SEK ¹	3.27	3.67	5.47	5.22	1.26	17.64	12.25
Earnings per share, SEK ¹ , 12 months rolling	17.64	15.62	15.62	14.69	12.25	-	-
Diluted earnings per share, SEK	3.27	3.67	5.47	5.22	1.26	17.64	12.24
Number of outstanding shares in millions	2,033	2,033	2,033	2,033	2,033	2,033	2,033
Average number of shares before dilution in millions	2,033	2,033	2,033	2,033	2,033	2,033	2,032
Average number of shares after dilution in millions	2,033	2,033	2,033	2,034	2,033	2,033	2,033
Number of own shares in millions	95	95	95	95	96	95	96
Average number of own shares in millions	95	95	95	95	96	95	96

¹ Earnings per share are calculated as Income for the period (excl. Non-controlling interest) divided by the weighted average number of shares outstanding during the period.

NOTE 1 | ACCOUNTING POLICIES

The Volvo Group applies International Financial Reporting Standards (IFRS) as endorsed by the EU. The accounting policies and definitions are consistently applied with those described in the Volvo Group Annual and Sustainability Report 2018 (available at www.volvogroup.com). This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company applies the Swedish Annual Accounts Act and RFR 2 Reporting for legal entities.

New accounting policies for 2019

As of January 1, 2019 Volvo Group applies IFRS 16 Leases and IFRIC 23 Uncertainty over Income Tax Treatment.

IFRS 16 Leases

IFRS 16 is the new accounting standard for leases and the main impact relates to the lessee accounting, as lease contracts are recognized in the balance sheet. For the Volvo Group this implies a change in accounting of lease contracts for real estate, company cars and other leased items.

Implementing the new lease accounting standard results in increased assets and interest-bearing liabilities in the balance sheet, thereby affecting the net financial position. It has also a positive impact on operating income compared to prior years, as a part of the lease expenses is recognized as an interest expense within the finance net. In the cash flow statement, the lease payments are allocated between interests paid within the operating cash flow and repayment of lease liabilities within the financing activities. Thus, it has a positive effect on the operating cash flow compared to prior years. IFRS 16 is applied retrospectively but prior period financial information has not been restated. Hence, the opening

balance for 2019 was adjusted in accordance with the new standard. For leases previously classified as operating leases with the Volvo Group as the lessee, a lease liability was recognized at the present value of future lease payments, amounting to SEK 6,209 M as of January 1, 2019. The asset was recognized at an amount equal to the lease liability; therefore no transition effect was presented in equity.

IFRIC 23 Uncertainty over Income Tax Treatment

IFRIC 23 is a new interpretation of uncertain income tax treatments within scope of IAS 12 Income Taxes. For the Volvo Group this implies a changed classification for identified income tax-related risks that were previously recognized as a provision for tax charges that are probable to regulate the obligation. Uncertain income tax treatments are now reported as tax liabilities.

IFRIC 23 is applied retrospectively but prior period financial information has not been restated. Hence, the opening balance for 2019 was adjusted in accordance with the new interpretation. Income tax risks previously recognized as current and non-current provisions were reclassified to tax liabilities with an amount of SEK 295 M as of January 1, 2019. Thus IFRIC 23 had no impact on equity.

The effect of implementing IFRS 16 is summarized in the table below. As the effect of implementing IFRIC 23 only was a reclassification within liabilities it is not included in the table. More details from the transition, restated financial information and a description of the new accounting policies are presented in the Volvo Group Annual and Sustainability Report 2018 in note 32.

Effect on the opening balance as of January 1, 2019 SEK M	Previously reported Dec 31, 2018	Restatement IFRS 16	After restatement Jan 1, 2019
Total assets	474,663	6,209	480,872
Total equity	125,831	-	125,831
Total liabilities	348,832	6,209	355,041
Total equity and liabilities	474,663	6,209	480,872

Effect on net financial position as of January 1, 2019 SEK bn	Previously reported Dec 31, 2018	Restatement IFRS 16	After restatement Jan 1, 2019
Net financial position incl. post-employment benefits	26,6	-6,2	20,4

NOTE 2 | RISKS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Each of the Volvo Group's Business Areas is responsible for its own risk management. In addition, the Volvo Group works with Enterprise Risk Management (ERM), which is a systematic and structured process to report and analyze risk assessments and mitigations as well as to follow-up on the risks that might impact the Group's business. The objective of the ERM process is to improve business performance and to minimize the cost of managing risks; thus protecting the Group's enterprise value as well as enhancing and protecting the Group's assets. The risks within the Volvo Group are classified into four categories:

Strategic risks – such as geopolitical instability, intense competition, technology shift and convergence and extensive government regulations;

Operational risks – such as customer satisfaction, cyclical nature of the commercial vehicles industry, reliance on suppliers and scarce materials, interruptions, inefficiencies in the industrial system, residual value commitments, risk related to human capital and human rights and risk related to natural disasters, malicious intent or accident risks, as well as corruption and non-compliance with competition law;

Compliance risks – such as non-compliance with data privacy laws, protection and maintenance of intangible assets, complaints and legal actions by customers and other third parties, environmental regulations and contractual conditions related to takeover bids; and

Financial risks – such as currency fluctuations, interest level fluctuations, valuation of shares or similar instruments, credit risks, liquidity risks, as well as impairment on goodwill and other intangible assets.

For a more elaborate account of these risks, please refer to the Risk Management section on pages 108-115 in the Volvo Group Annual and Sustainability Report 2018 (available at www.volvogroup.com).

Risk updates for the reporting period

Short-term risks, when applicable, are also described in the respective segment section of this report.

Uncertainty regarding customers' access to the financing of products in emerging markets might have a negative impact on demand. Changes in demand in the automotive and commercial vehicle industries combined with required investments in new technologies, might negatively impact suppliers' financial performance and stability and thus their ability to deliver parts and components to the Volvo Group.

Volvo Group verifies annually, or more frequently if necessary, the goodwill value and other intangible assets for possible impairment. The size of the surplus value differs between the business areas and they are, to a varying degree, sensitive to changes in the business environment. Instability in a business recovery and volatility in interest and currency rates may be indications of impairment.

The reported amounts for contingent liabilities reflect a part of Volvo Group's risk exposure. Total contingent liabilities as of December 31, 2019, amounted to SEK 13.7 billion, a decrease of SEK 0.5 billion compared with December 31, 2018. The gross exposure of SEK 13.7 billion is partly reduced by counter guarantees and collaterals.

Following the adoption of the European Commission's settlement decision, the Volvo Group has received and will be defending itself against numerous private damages claims brought by customers and other third parties alleging that they suffered loss by reason of the conduct covered in the decision. The claims are being brought in various countries by claimants either acting individually or as part of a wider group or class of claimants. Further claims are likely to be commenced. At this stage it is not possible to make a reliable estimate of any liability that could arise from any such proceedings. An adverse outcome or outcomes of some or all of the litigation, depending on the nature and extent of such outcomes, may have a material impact on the Volvo Group's financial results.

The other legal proceedings and investigations described in note 21 and note 24 in the Volvo Group Annual and Sustainability Report 2018 are progressing. No material changes have occurred in these matters in Q4 2019.

As previously communicated, the Volvo Group has detected that an emissions control component used in certain markets and models, may degrade more quickly than expected, affecting the vehicles emission performance negatively. The Volvo Group made a provision of SEK 7 billion impacting the operating income in Q4 2018, relating to the estimated costs to address the issue. Negative cash flow effects have started in 2019 and will gradually ramp up in the coming years. The Volvo Group will continuously assess the size of the provision as the matter develops.

A sub-supplier in the supply chain of medium-duty engines to Volvo CE as well as Volvo Buses and Volvo Penta is in financial difficulties. Supply to the Volvo Group is currently not affected, but the production and sales of Volvo Group products may be impacted going forward.

NOTE 3 | REVENUE

The two major revenue streams within the Volvo Group are vehicles and services. Vehicles include sales of vehicles, machinery and engines. Revenue is recognized when the control of the vehicle has been transferred to the customer, normally at one point in time, which is when the vehicle has been delivered to the customer. If the sale of a vehicle is combined with a residual value commitment the revenue is recognized over the residual value commitment period. Services include sale of spare parts, maintenance services and other aftermarket products. Revenue is recognized when the control of the service has been transferred to the customer, which is when the customer can benefit from the

use of the delivered services. For spare parts, revenue is normally recognized at one point in time, which is when it is delivered. For maintenance services and other aftermarket products, revenue is normally recognized over time, which is during the contract period. When payments for maintenance contracts are received in advance from the customers, the payments are recognized as contract liabilities. Income from operating leasing is recognized over the leasing period. Interest income related to finance leasing and installment credit contracts are recognized as net sales within Financial Services during the underlying contract period.

NOTE 4 | ACQUISITIONS AND DIVESTMENTS**Acquisitions and divestments**

The Volvo Group has not made any acquisitions or divestments of operations during the fourth quarter that have had a significant impact on the Volvo Group.

Assets and liabilities held for sale

At the end of the fourth quarter, assets and liabilities held for sale amounted to SEK 32,773 M (87) and SEK 10,413 M (-) respectively. The amounts increased in the quarter mainly due to the intention to transfer ownership of the complete UD Trucks business globally from the Volvo Group to Isuzu Motors. Closing of the transaction is expected by the end of 2020.

NOTE 5 | CURRENCY AND FINANCIAL INSTRUMENTS**Fair value of financial instruments**

Valuation principles and classifications of Volvo Group financial instruments, as described in Volvo Group Annual and Sustainability Report 2018 Note 30 (available at www.volvogroup.com), have been consistently applied throughout the reporting period. Financial instruments in the Volvo Group reported at fair value through profit and loss consist mainly of interest and currency derivatives. Derivatives with positive fair values amounted to SEK 2.6 billion (4.5) and derivatives with negative fair values

amounted to SEK 2.5 billion (1.5) as of December 31, 2019. The derivatives are accounted for on gross-basis. Financial liabilities valued at amortized cost, reported as current and non-current bond loans and other loans, amounted to SEK 155.9 billion (134.7) in reported carrying value with a fair value of SEK 156.1 billion (135.8). In the Volvo Group consolidated financial position, financial liabilities include loan-related derivatives with negative fair values amounting to SEK 1.9 billion (1.2).

Currency effect on operating income, Volvo Group	Compared to fourth quarter 2018			Compared to third quarter 2019		
	Fourth quarter 2019	Fourth quarter 2018	Change	Fourth quarter 2019	Third quarter 2019	Change
SEK M						
Net flow in foreign currency			501			-11
Realized and unrealized gains and losses on derivatives	-12	0	-12	-12	9	-22
Unrealized gains and losses on receivables and liabilities in foreign currency	36	35	1	36	114	-78
Translation effect on operating income in foreign subsidiaries			274			-49
Total currency effect on operating income, Volvo Group			763			-160

Applicable currency rates	Quarterly exchange rates		Close rates	
	Fourth quarter 2019	Fourth quarter 2018	Dec 31 2019	Dec 31 2018
BRL	2.34	2.38	2.30	2.32
CNY	1.37	1.31	1.33	1.31
EUR	10.66	10.32	10.43	10.28
GBP	12.38	11.65	12.21	11.35
USD	9.63	9.04	9.32	8.97
JPY	0.0886	0.0801	0.0853	0.0812
KRW	0.0082	0.0080	0.0081	0.0080

NOTE 6 | TRANSACTIONS WITH RELATED PARTIES

SEK M	Sales of goods, services and other income		Purchases of goods, services and other expenses	
	Fourth quarter 2019	Fourth quarter 2018	Fourth quarter 2019	Fourth quarter 2018
Associated companies	953	430	29	28
Joint ventures	427	511	342	265
Other related parties	26	38	271	93

SEK M	Receivables		Payables	
	Dec 31 2019	Dec 31 2018	Dec 31 2019	Dec 31 2018
Associated companies	595	290	73	33
Joint ventures	214	353	38	166
Other related parties	118	80	402	252

NOTE 7 | RECONCILIATION OF ADJUSTED OPERATING INCOME

Adjusted operating income								Year	Year
SEK M	4/2019	3/2019	2/2019	1/2019	4/2018	3/2018	2019	2018	
Trucks	6,223	7,488	9,548	8,293	7,450	6,757	31,552	26,351	
Construction Equipment	1,931	2,180	4,153	3,646	2,157	2,587	11,910	11,306	
Buses	297	343	403	294	266	254	1,337	765	
Volvo Penta	174	399	618	684	493	630	1,876	2,341	
Group Functions & Other	-93	-311	-302	-804	-373	-608	-1,510	-2,503	
Eliminations	-6	12	-2	-18	-3	6	-14	-12	
Industrial Operations	8,525	10,111	14,419	12,095	9,991	9,626	45,150	38,249	
Financial Services	704	774	686	602	605	621	2,766	2,411	
Reclassifications and eliminations	-6	-	-	0	-	-	-6	-	
Volvo Group	9,223	10,885	15,105	12,696	10,597	10,247	47,910	40,660	

Adjustments								Year	Year
SEK M	4/2019	3/2019	2/2019	1/2019	4/2018	3/2018	2019	2018	

Adjustment items (segment)

Provision for addressing the issue with an emission control component (Trucks)	-	-	-	-	-6,810	-	-	-6,810
Provision for addressing the issue with an emission control component (Buses)	-	-	-	-	-190	-	-	-190
Capital gain on sale of shares in Inner Mongolia North Hauler Joint Stock Co., Ltd (Construction Equipment)	-	-	-	-	-	-	-	818
Capital gain on sale of shares in WirelessCar (Group functions & Other)	156	-	-	1,466	-	-	1,621	-

Total adjustments

Trucks	-	-	-	-	-6,810	-	-	-6,810
Construction Equipment	-	-	-	-	-	-	-	818
Buses	-	-	-	-	-190	-	-	-190
Group Functions & Other	156	-	-	1,466	-	-	1,621	-
Industrial Operations	156	-	-	1,466	-7,000	-	1,621	-6,182
Volvo Group	156	-	-	1,466	-7,000	-	1,621	-6,182

Operating income								Year	Year
SEK M	4/2019	3/2019	2/2019	1/2019	4/2018	3/2018	2019	2018	
Trucks	6,223	7,488	9,548	8,293	640	6,757	31,552	19,541	
Construction Equipment	1,931	2,180	4,153	3,646	2,157	2,587	11,910	12,125	
Buses	297	343	403	294	76	254	1,337	575	
Volvo Penta	174	399	618	684	493	630	1,876	2,341	
Group Functions & Other	62	-311	-302	662	-373	-608	111	-2,503	
Eliminations	-6	12	-2	-18	-3	6	-14	-13	
Industrial Operations	8,681	10,111	14,419	13,560	2,991	9,626	46,771	32,067	
Financial Services	704	774	686	602	605	621	2,766	2,411	
Reclassifications and eliminations	-6	-	-	0	-	-	-6	-	
Volvo Group	9,379	10,885	15,105	14,162	3,597	10,247	49,531	34,478	

For reconciliations of other Key Ratios, see www.volvogroup.com.

PARENT COMPANY

Income from investments in Group companies for the fourth quarter includes dividends amounting to SEK 2,881 M (768). Impairment of shareholdings is done by SEK 470 M (-) and reversal of previous impairments is done by SEK 1,701 (2,061).

Appropriations include Group contributions net, of SEK 25,792 M (14,440) and allocation to tax reserve of SEK 4,000 M (-).

Financial net debt amounted to SEK 32,160 M (27,785) at the end of the fourth quarter.

Income Statement				
SEK M	Fourth quarter		Year	
	2019	2018	2019	2018
Net sales¹	70	131	362	635
Cost of sales ¹	-70	-131	-362	-635
Gross income	0	0	0	0
Operating expenses ¹	-482	-607	-1,506	-1,624
Income (loss) from investments in Group companies	4,486	2,919	6,289	4,899
Income (loss) from investments in joint ventures, associated companies and other investments	-	-5	451	384
Operating income (loss)	4,004	2,307	5,234	3,659
Interest income and expenses	-200	-174	-833	-730
Other financial income and expenses	-4	-2	-22	-21
Income after financial items	3,800	2,131	4,379	2,908
Appropriations	21,792	14,440	21,792	14,440
Income taxes	-4,535	-3,037	-4,162	-2,727
Income for the period	21,057	13,534	22,009	14,621

¹ Of net sales in the fourth quarter, SEK 67 M (127) pertained to Group companies, while purchases from Group companies amounted to SEK 102 M (152).

Other comprehensive income				
Income for the period	21,057	13,534	22,009	14,621
Other comprehensive income, net of income taxes	-	-	-	-
Total comprehensive income for the period	21,057	13,534	22,009	14,621

Balance Sheet		
SEK M	Dec 31 2019	Dec 31 2018
Assets		
Non-current assets		
Tangible assets	7	7
Financial assets		
Shares and participations in Group companies	72,272	72,765
Investments in joint ventures and associated companies	8,997	8,894
Other shares and participations	1	4
Deferred tax assets	207	186
Total non-current assets	81,484	81,856
Current assets		
Current receivables from Group companies	39,191	35,027
Other current receivables	360	118
Total current assets	39,551	35,145
Total assets	121,035	117,001
Equity and liabilities		
Equity		
Restricted equity	9,891	9,891
Unrestricted equity	53,328	51,653
Total Equity	63,219	61,544
Untaxed reserves	10,000	6,001
Provisions	248	258
Non-current liabilities ¹	5,595	13,977
Current liabilities ²	41,973	35,221
Total equity and liabilities	121,035	117,001

¹ Of which SEK 5,589 M (13,973) pertains to Group companies.

² Of which SEK 39,246 M (34,050) pertains to Group companies.

Events after the balance sheet date

For important events, please see page 13. No other significant events have occurred after the end of the fourth quarter 2019 that are expected to have a substantial effect on the Volvo Group.

Proposed ordinary dividend of SEK 5.50 per share and an extra dividend of SEK 7.50 per share

For the full year 2019, the Board proposes an ordinary dividend of SEK 5.50 per share (5.00). In addition, the Board proposes an extra dividend of SEK 7.50 per share for 2019 (5.00).

Gothenburg, January 30, 2020
AB Volvo (publ)

The Board of Directors

This report has not been reviewed by AB Volvo's auditors.

NET ORDER INTAKE

Net order intake of trucks	Fourth quarter		Change %	Year		Change %
	2019	2018		2019	2018	
Number of trucks						
Europe	26,036	30,643	-15	93,455	113,594	-18
Heavy- and medium-duty	22,219	26,284	-15	80,143	94,026	-15
Light-duty	3,817	4,359	-12	13,312	19,568	-32
North America	9,340	14,014	-33	27,203	79,364	-66
South America	6,955	4,927	41	21,137	18,576	14
Asia	7,742	6,358	22	29,230	31,633	-8
Africa and Oceania	3,242	3,593	-10	11,721	14,337	-18
Total trucks	53,315	59,535	-10	182,746	257,504	-29
Heavy-duty (>16 tons)	46,212	51,288	-10	156,463	223,089	-30
Medium-duty (7-16 tons)	3,182	3,736	-15	12,255	13,963	-12
Light-duty (<7 tons)	3,921	4,511	-13	14,028	20,452	-31
Total trucks	53,315	59,535	-10	182,746	257,504	-29

Net order intake of trucks by brand

Volvo

Europe	14,773	17,398	-15	53,143	60,045	-11
North America	4,699	6,104	-23	12,447	49,151	-75
South America	6,745	4,630	46	19,735	16,815	17
Asia	3,932	2,347	68	12,483	14,148	-12
Africa and Oceania	1,694	2,116	-20	6,221	7,366	-16
Total Volvo	31,843	32,595	-2	104,029	147,525	-29
Heavy-duty (>16 tons)	31,005	31,809	-3	100,722	144,047	-30
Medium-duty (7-16 tons)	838	786	7	3,307	3,478	-5
Total Volvo	31,843	32,595	-2	104,029	147,525	-29

UD

North America	21	10	110	62	50	24
South America	91	91	-	432	349	24
Asia	3,357	3,657	-8	15,277	15,991	-4
Africa and Oceania	750	701	7	2,817	3,730	-24
Total UD	4,219	4,459	-5	18,588	20,120	-8
Heavy-duty (>16 tons)	3,301	3,273	1	14,716	15,590	-6
Medium-duty (7-16 tons)	822	1,135	-28	3,269	4,083	-20
Light-duty (<7 tons)	96	51	88	603	447	35
Total UD	4,219	4,459	-5	18,588	20,120	-8

Renault Trucks

Europe	11,263	13,245	-15	40,312	53,549	-25
Heavy- and medium-duty	7,446	8,886	-16	27,000	33,981	-21
Light-duty	3,817	4,359	-12	13,312	19,568	-32
North America	3	244	-99	678	1,074	-37
South America	24	27	-11	160	263	-39
Asia	453	354	28	1,470	1,494	-2
Africa and Oceania	644	502	28	2,096	2,207	-5
Total Renault Trucks	12,387	14,372	-14	44,716	58,587	-24
Heavy-duty (>16 tons)	7,040	8,097	-13	25,612	32,180	-20
Medium-duty (7-16 tons)	1,522	1,815	-16	5,679	6,402	-11
Light-duty (<7 tons)	3,825	4,460	-14	13,425	20,005	-33
Total Renault Trucks	12,387	14,372	-14	44,716	58,587	-24

Mack

North America	4,617	7,656	-40	14,016	29,089	-52
South America	95	179	-47	810	1,149	-30
Africa and Oceania	154	274	-44	587	1,034	-43
Total Mack	4,866	8,109	-40	15,413	31,272	-51
Heavy-duty (>16 tons)	4,866	8,109	-40	15,413	31,272	-51
Total Mack	4,866	8,109	-40	15,413	31,272	-51

DELIVERIES

Deliveries of trucks	Fourth quarter		Change %	Year		Change %
	2019	2018		2019	2018	
Number of trucks						
Europe	27,138	31,818	-15	104,145	110,349	-6
Heavy- and medium-duty	22,869	26,485	-14	86,340	92,379	-7
Light-duty	4,269	5,333	-20	17,805	17,970	-1
North America	11,825	14,072	-16	62,308	53,877	16
South America	6,680	4,282	56	23,729	16,146	47
Asia	7,696	8,566	-10	29,435	32,276	-9
Africa and Oceania	3,242	3,614	-10	13,152	13,842	-5
Total trucks	56,581	62,352	-9	232,769	226,490	3
Heavy-duty (>16 tons)	48,810	53,049	-8	201,092	193,886	4
Medium-duty (7-16 tons)	3,296	3,791	-13	12,700	14,065	-10
Light-duty (<7 tons)	4,475	5,512	-19	18,977	18,539	2
Total trucks	56,581	62,352	-9	232,769	226,490	3

Deliveries of trucks by brand

Volvo

Europe	15,055	16,813	-10	55,733	59,938	-7
North America	6,777	8,227	-18	35,156	31,840	10
South America	6,252	3,837	63	22,249	14,782	51
Asia	3,263	3,346	-2	11,629	14,380	-19
Africa and Oceania	1,410	1,603	-12	6,487	6,526	-1
Total Volvo	32,757	33,826	-3	131,254	127,466	3
Heavy-duty (>16 tons)	31,987	32,967	-3	128,040	124,059	3
Medium-duty (7-16 tons)	770	859	-10	3,214	3,407	-6
Total Volvo	32,757	33,826	-3	131,254	127,466	3

UD

North America	35	9	289	89	62	44
South America	153	113	35	438	319	37
Asia	3,790	4,711	-20	16,219	16,221	-
Africa and Oceania	876	1,114	-21	3,165	4,034	-22
Total UD	4,854	5,947	-18	19,911	20,636	-4
Heavy-duty (>16 tons)	3,685	4,547	-19	15,544	15,786	-2
Medium-duty (7-16 tons)	1,002	1,292	-22	3,538	4,558	-22
Light-duty (<7 tons)	167	108	55	829	292	184
Total UD	4,854	5,947	-18	19,911	20,636	-4

Renault Trucks

Europe	12,083	15,005	-19	48,412	50,411	-4
Heavy- and medium-duty	7,814	9,672	-19	30,607	32,441	-6
Light-duty	4,269	5,333	-20	17,805	17,970	-1
North America	417	283	47	1,570	465	238
South America	40	64	-38	184	234	-21
Asia	642	509	26	1,586	1,675	-5
Africa and Oceania	696	534	30	2,346	2,083	13
Total Renault Trucks	13,878	16,395	-15	54,098	54,868	-1
Heavy-duty (>16 tons)	8,046	9,351	-14	30,002	30,521	-2
Medium-duty (7-16 tons)	1,524	1,640	-7	5,948	6,100	-2
Light-duty (<7 tons)	4,308	5,404	-20	18,148	18,247	-1
Total Renault Trucks	13,878	16,395	-15	54,098	54,868	-1

Mack

North America	4,596	5,553	-17	25,493	21,510	19
South America	235	268	-12	858	811	6
Asia	1	-	-	1	-	-
Africa and Oceania	260	363	-28	1,154	1,199	-4
Total Mack	5,092	6,184	-18	27,506	23,520	17
Heavy-duty (>16 tons)	5,092	6,184	-18	27,506	23,520	17
Total Mack	5,092	6,184	-18	27,506	23,520	17

This information is information that AB Volvo (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out in the press release concerning this report, at 7.20 CET on January 30, 2020.

This report contains forward-looking statements that reflect the Board of Directors' and management's current views with respect to certain future events and potential financial performance. Although the Board of Directors and the management believe that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, (i) changes in economic, market and competitive conditions, (ii) success of business and operating initiatives, (iii) changes in the regulatory environment and other government actions, (iv) fluctuations in exchange rates and (v) business risk management.

This report does not imply that the Company has undertaken to revise these forward-looking statements, beyond what is required under the company's registration contract with Nasdaq Stockholm, if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

Financial calendar

Annual and Sustainability Report 2019	February 25 (Prelim.), 2020 Changed from March 11, 2020
Annual General Meeting 2020	April 8, 2020
Report on the first quarter 2020	April 23, 2020
Report on the second quarter 2020	July 17, 2020
Report on the third quarter 2020	October 20, 2020

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