

REPORT ON THE FIRST QUARTER 2020



- » In Q1 2020, net sales amounted to SEK 91.4 billion (107.2). Adjusted for currency movements, net sales decreased by 16%.
- » Adjusted operating income¹ amounted to SEK 7,140 M (12,696), corresponding to an adjusted operating margin of 7.8% (11.8).
- » Reported operating income amounted to SEK 7,374 M (14,162).
- » Currency movements had a negative impact on operating income of SEK 261 M.
- » Diluted earnings per share amounted to SEK 2.30 (5.22).
- » Operating cash flow in the Industrial Operations was negative in an amount of SEK 4,117 M (positive SEK 2,754 M).
- » Severe impact from COVID-19 from mid-March.
- » Annual General Meeting to be held on June 18, 2020.
- » The Volvo Group and Daimler Truck AG intend to form joint venture for the development and large-scale production of fuel cells.

SEK M unless otherwise stated	First quarter	
	2020	2019
Net sales	91,449	107,208
Adjusted operating income ¹	7,140	12,696
Adjusted operating margin, %	7.8	11.8
Operating income	7,374	14,162
Operating margin, %	8.1	13.2
Income after financial items	6,490	13,280
Income for the period	4,766	10,763
Diluted earnings per share, SEK	2.30	5.22
Operating cash flow in Industrial Operations	-4,117	2,754
Net financial position in Industrial Operations, SEK bn ²	57.8	62.6
Return on capital employed in Industrial Operations, %	23.9	25.5
Return on equity, %	22.0	24.4
Net order intake, number of trucks	38,399	45,884
Deliveries, number of trucks	44,765	58,594
Net order intake, number of construction equipment	20,614	22,246
Deliveries, number of construction equipment	20,170	23,139

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

² Excluding post-employment benefits and lease liabilities.

CEO'S COMMENTS

Entering a tough period

The first quarter of 2020 was impacted by the measures in society to stop the spread of the COVID-19 pandemic. These began affecting our operations in China in February and had a severe impact on the Group as of mid-March, when our global supply chain was disrupted and production halted in most parts of our operations. The reduced production and the lower demand impacted both the Group's sales and profits negatively in Q1. Net sales decreased by 15% to SEK 91.4 billion. Our adjusted operating income amounted to SEK 7.1 billion (12.7) with a margin of 7.8% (11.8). Cash flow was negative of SEK 4.1 billion with the normal seasonal effect from higher working capital. We maintain a strong financial position with net cash of SEK 57.8 billion in the Industrial Operations, pension and lease liabilities excluded.

Service sales in Q1 amounted to SEK 21.1 billion, which was a moderate decline of 1% adjusted for currency. The absolute majority of our own service workshops as well as those operated by our dealers are open and our colleagues in the Group's warehouses are working to secure the supply of spare parts. This means that we are able to support our customers transporting supplies to hospitals, food to tables, people to work, collecting refuse in cities etc. We do, however, expect service sales to be impacted in the near term by lower fleet utilization and vehicles standing still as a consequence of the lower business activity. For instance, we can see that fleet utilization in Europe has come down by approximately 20% since the beginning of the year.

Deliveries of new trucks were down by 24% in Q1 with all regions except South America reporting lower volumes. In Q1, our truck operations' net sales decreased by 15% to SEK 58.0 billion while the adjusted operating income amounted to SEK 3.9 billion (8.3), corresponding to a margin of 6.8% (12.2). Order intake in our truck operations declined by 16% in Q1. However, in March net orders were down by 75% compared to February. Since the end of March, net order intake has been negative as a consequence of increasingly cautious customers and dealers cancelling already placed orders. Given the very turbulent and unstable situation with low visibility, we do not find it meaningful to provide any forecasts for the total market demand for 2020.

In these times when many of our efforts are focused on performing in the short term, we launched a completely new range of Volvo trucks with a strong focus on the driver environment, safety and productivity. This is our biggest launch in many years and these trucks will help our customers become even more competitive. We also demonstrated our commitment to transforming the industry towards sustainable transport solutions for the long term. In April, we announced our intention to establish a new joint venture to develop, produce and commercialize fuel cell systems at a large scale for heavy-duty vehicle applications and other uses together with Daimler Truck AG.

In Q1, Volvo Construction Equipment's deliveries of machines declined by 13% compared with last year and orders were down by 7%. Volvo CE's net sales decreased by 17% to SEK 20.1 billion and the adjusted operating margin was 13.3% (15.1). In China, the world's largest market for construction equipment, demand was low in February as measures to stop the COVID-19 pandemic impacted negatively, but in March it recovered to the



same level as last year, backed by governmental stimulus actions to drive infrastructure investments.

In a seasonally weak quarter, Volvo Buses reported a loss of SEK 129 M, negatively impacted by a drop in demand for coaches due to COVID-19. Volvo Penta, on the other hand, had a good start with an adjusted operating income of SEK 509 M corresponding to a margin of 15.2% (20.0).

In Q1, our Financial Services operations had an operating income on par with last year of SEK 605 M, despite increased provisioning for expected credit losses. As customers in certain segments and countries experience lower business activity, delinquencies are increasing, as expected. Requests from customers for modifications of their leasing contracts related to payment terms have accelerated. We are working closely together with our customers to support them through these difficult times.

Our current focus is on our colleagues, customers and other business partners, cash flow and cost. We do our utmost to keep our colleagues safe and to support our customers. We focus on cash flow to safeguard the financial flexibility and we reduce our activities to bring down our costs. The speed at which we were impacted forced us to take immediate and forceful actions to quickly reduce spending. Measures such as salary reductions, temporary lay-offs and reduction of purchased services have already been implemented. To structurally bring down the cost level is critical as we expect demand both in the short and medium term to be negatively impacted as customers are likely to reduce their capacity and postpone buying new vehicles and machines to adapt to lower business activity. It is clear that we have entered a tough period, with both production stops and low demand having a substantial negative impact on our profitability. In the coming quarters, it will be challenging to reduce costs with the same speed and magnitude as revenues are decreasing.

Our ambition is to cautiously restart our manufacturing operations in Europe, North America and Brazil on low levels at the end of April and beginning of May. We will then gradually increase output to a new, lower level of demand. During the ramp-up, we will be working hard together with our suppliers to minimize disturbances.

Looking ahead, we take confidence in the fact that our customers are active in businesses that are important to keep society functioning and that our products and services are vital in building sustainable transport systems and infrastructure for the future.

Martin Lundstedt
President and CEO

FINANCIAL SUMMARY OF THE FIRST QUARTER 2020

Net sales

In Q1 2020, the Volvo Group's net sales amounted to SEK 91,449 M compared with SEK 107,208 M in the same quarter the preceding year. Adjusted for currency movements, net sales decreased by 16%.

Vehicle sales decreased by 21% adjusted for currency movements, with all business areas having lower currency-adjusted sales. Adjusted for currency movements, service sales decreased by 1%.

Operating income

In Q1 2020, the adjusted operating income amounted to SEK 7,140 M (12,696), corresponding to an adjusted operating margin of 7.8% (11.8).

The adjustment of SEK 234 M in Q1 2020 refers to the ceased depreciation and amortization of assets held for sale in accordance with accounting standard IFRS 5. The adjustment in Q1 2019 related to a capital gain from the sale of shares in WirelessCar amounting to SEK 1,466 M reported in Other operating income and expenses.

Compared with Q1 2019, the lower adjusted operating income is mainly an effect of lower vehicle volumes, lower capacity utilization in the industrial system, higher R&D expenses, an unfavorable mix and lower income from joint ventures. This was partly off-set by lower selling- and administrative expenses as well as lower raw material costs.

Currency movements, compared with Q1 2019, had a negative impact of SEK 261 M.

Reported operating income in Q1 amounted to SEK 7,374 M (14,162).

Financial items

Interest income of SEK 79 M (73) was on par with the previous year, whereas interest expenses amounted to SEK 343 M (455). The decrease relates primarily to lower outstanding debt in countries with high interest rates.

In Q1 2020, Other financial income and expenses amounted to SEK -620 M (-500), primarily related to unrealized revaluations on derivatives.

Net sales SEK M	First quarter		Change %
	2020	2019	
Europe	35,751	40,618	-12
North America	25,651	34,174	-25
South America	5,846	6,733	-13
Asia	18,787	19,716	-5
Africa and Oceania	5,414	5,966	-9
Total	91,449	107,208	-15
Of which:			
Vehicles ^{1 2}	67,107	83,367	-20
Services ²	21,097	20,791	1
Financial Services revenue	3,810	3,509	9
Eliminations	-566	-459	-23

¹ Including construction equipment and Volvo Penta engines.

² Restate of 2019 between Vehicles and Services in Buses. Services sales increased by SEK 118 M.

Consolidated Income Statement, Volvo Group		First quarter	
SEK M		2020	2019
Net sales		91,449	107,208
Cost of sales ¹		-69,759	-80,313
Gross income ¹		21,689	26,894
Research and development expenses		-4,962	-4,125
Selling expenses ¹		-7,462	-8,080
Administrative expenses		-1,318	-1,474
Other operating income and expenses		-549	503
Income/loss from investments in joint ventures and associated companies		-31	425
Income from other investments		7	18
Operating income		7,374	14,162
Interest income and similar credits		79	73
Interest expenses and similar charges		-343	-455
Other financial income and expenses		-620	-500
Income after financial items		6,490	13,280
Income taxes		-1,724	-2,517
Income for the period *		4,766	10,763
* Attributable to:			
Owners of AB Volvo		4,675	10,615
Non-controlling interest		92	148
		4,766	10,763
Basic earnings per share, SEK		2.30	5.22
Diluted earnings per share, SEK		2.30	5.22

¹ The comparative financial information is restated between Cost of sales and Selling expenses. For more information, please see note 1.

Income taxes

In Q1 2020, the tax expense amounted to SEK 1,724 M (2,517) corresponding to a tax rate of 27% (19). The higher tax rate is primarily related to changed country mix in the Group's earnings.

Income for the period and earnings per share

In Q1 2020, income for the period amounted to SEK 4,766 M (10,763). Diluted earnings per share amounted to SEK 2.30 (5.22).

Operating cash flow in the Industrial Operations

During Q1 2020, operating cash flow in the Industrial Operations was negative in an amount of SEK 4,117 M compared with a positive cash flow of SEK 2,754 in the preceding year. The lower cash flow compared to Q1 2019 is primarily an effect of the reduction of operating income of SEK 6,792 M.

Volvo Group financial position

During Q1 2020, net financial assets in the Industrial Operations, excluding provisions for post-employment benefits and lease liabilities, decreased by SEK 4.8 billion resulting in a net financial asset position of SEK 57.8 billion on March 31, 2020. The change is mainly explained by a negative operating cash flow of SEK 4.1 billion. Currency movements increased net financial assets by SEK 0.5 billion.

Including provisions for post-employment benefits and lease liabilities, the Industrial Operations had net financial assets of SEK 31.2 billion on March 31, 2020. Provisions for post-employment benefits and lease liabilities increased by SEK 1.3 billion during the quarter. This was mainly due to remeasurements of defined benefit pension

plans of SEK 0.2 billion and currency movements of SEK 0.8 billion.

The Volvo Group's cash and cash equivalents amounted to SEK 64.6 billion on March 31, 2020 compared to SEK 61.5 billion on December 31, 2019. In addition to this granted, but unutilized, credit facilities amounted to SEK 45.3 billion on March 31, 2020 (43.0), whereof SEK 6.5 billion will expire in 2021 and 2022 and SEK 38.8 billion in 2024. In April, the maturity date for unutilized credit facilities of SEK 22.2 billion expiring in 2024 was extended to 2025.

Total assets in the Volvo Group increased by SEK 26.0 billion compared to year-end 2019, whereof SEK 14.6 billion was related to currency effects from revaluation of assets in foreign subsidiaries.

On March 31, 2020 total equity for the Volvo Group amounted to SEK 150.0 billion compared to SEK 141.7 billion at year-end 2019. The equity ratio was 27.2% (27.0). On the same date the equity ratio in the Industrial Operations amounted to 33.9% (33.1).

Number of employees

On March 31, 2020, the Volvo Group had 99,036 employees, including temporary employees and consultants, which was a decrease of 7,244 employees compared with March 31, 2019. The number of blue-collar employees decreased by 4,910 while the number of white-collar employees decreased by 2,334. The decrease in blue-collar employees is related to a reduction in production levels, while the decrease in white-collar employees is related to a reduction of hired consultants. During Q1 2020, the number of employees decreased by 4,949.

Number of employees	Mar 31 2020	Dec 31 2019	Mar 31 2019
Blue-collar	49,106	50,936	54,016
Whereof temporary employees and consultants	4,014	4,506	7,173
White-collar	49,930	53,049	52,264
Whereof temporary employees and consultants	3,859	6,904	6,607
Total number of employees	99,036	103,985	106,280
Whereof temporary employees and consultants	7,873	11,410	13,780

BUSINESS SEGMENT OVERVIEW

Net sales	First quarter		Change	Change	12 months	Jan-Dec
SEK M	2020	2019	%	% ¹	rolling	2019
Trucks	58,010	68,201	-15	-17	266,456	276,647
Construction Equipment	20,148	24,155	-17	-18	84,599	88,606
Buses	5,190	6,847	-24	-26	29,362	31,019
Volvo Penta	3,338	3,423	-2	-4	13,202	13,287
Group Functions & Other	2,350	2,318	1	-1	12,319	12,287
Eliminations	-832	-785	-6	-6	-3,531	-3,484
Industrial Operations	88,204	104,158	-15	-17	402,408	418,361
Financial Services	3,810	3,509	9	7	15,171	14,870
Reclassifications and eliminations	-566	-459	-	-	-1,359	-1,252
Volvo Group	91,449	107,208	-15	-16	416,221	431,980

¹ Adjusted for exchange rate fluctuations.

Adjusted operating income ¹	First quarter		Change	12 months	Jan-Dec
SEK M	2020	2019	%	rolling	2019
Trucks	3,948	8,293	-52	27,207	31,552
Construction Equipment	2,678	3,646	-27	10,942	11,910
Buses	-129	294	-144	914	1,337
Volvo Penta	509	684	-26	1,701	1,876
Group Functions & Other	-469	-804	42	-1,175	-1,510
Eliminations	-2	-18	89	2	-14
Industrial Operations	6,534	12,095	-46	39,590	45,150
Financial Services	605	602	0	2,769	2,766
Reclassifications and eliminations	1	-	-	-5	-6
Volvo Group adjusted operating income	7,140	12,696	-44	42,354	47,910
Adjustments ¹	234	1,466	-84	389	1,621
Volvo Group operating income	7,374	14,162	-48	42,743	49,531

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

Adjusted operating margin	First quarter		12 months	Jan-Dec
%	2020	2019	rolling	2019
Trucks	6.8	12.2	10.2	11.4
Construction Equipment	13.3	15.1	12.9	13.4
Buses	-2.5	4.3	3.1	4.3
Volvo Penta	15.2	20.0	12.9	14.1
Industrial Operations	7.4	11.6	9.8	10.8
Volvo Group adjusted operating margin	7.8	11.8	10.2	11.1
Volvo Group operating margin	8.1	13.2	10.3	11.5

TRUCKS

Demand and supply disrupted from mid-March

- » In Q1, net sales declined by 15% to SEK 58,010 M
- » Both adjusted and reported operating income amounted to SEK 3,948 M (8,293), with an operating margin of 6.8% (12.2)
- » Order intake declined by 16% in Q1, however cancellations have increased with negative net order intake since the end of March

Market development

After a couple of years of good demand, the European truck market started to slow down in the second half of 2019. This continued into 2020, with the heavy-duty truck market declining by 21% until February.

After a very strong 2019 with both renewal and expansion of truck fleets, demand in North America also started to decline towards the end of last year. Through March, the heavy-duty truck market declined by 26% as customers are holding back on investments in new trucks. Dealer inventories of new trucks remain elevated.

In both Europe and North America fleet utilization has come down, forcing customers to reduce capacity, which has resulted in increased inventories of used trucks. This is putting pressure on used truck prices. In Europe, fleet utilization, measured as driven kilometers, has come down by approximately 20% since the beginning of the year.

The Brazilian market remained almost on par with Q1 2019 with continued pent up replacement demand from the agricultural segment.

The Indian heavy-duty truck market contracted by 64% and the medium-duty market by 53% in Q1 due to a weak economy and continued lack of business confidence among customers.

The heavy-duty truck market in China declined by 16% in the quarter while the medium-duty market was down by 30%.

In Japan, the heavy-duty truck market was on the same level as in Q1 2019.

The outbreak of COVID-19 had a moderate impact in on markets in terms of registrations in Q1, but it has created



Volvo Trucks takes its most robust construction truck into the future with the new Volvo FMX.

considerable uncertainty regarding future business activity among customers in most of the Group's truck markets. Customers are reducing their investments, which is expected to impact demand negatively in both the short and the medium term. Given the uncertainty, previous market forecasts are no longer valid and no new forecasts are provided.

Orders and deliveries

Total net order intake in Q1 2020 decreased by 16% to 38,399 trucks while deliveries decreased by 24% to 44,765 trucks.

Because of COVID-19, customers and dealers have become increasingly more cautious and are cancelling already placed orders. In March, net order intake declined by 75% compared to February. Since the end of March net order intake has been negative.

In Q1 European order intake of heavy- and medium-duty trucks decreased by 18% to 17,312 vehicles and deliveries decreased by 21% to 17,103 vehicles. Volvo Trucks' heavy-duty market share through February increased to 17.0% compared with 15.3% in 2019. Renault Trucks' market share was 9.2% (8.8).

North American order intake was down by 13% to 4,732 trucks while deliveries decreased by 38% to 10,660 trucks. Volvo Trucks' heavy-duty truck market share through March remained steady at 9.1% (9.0) while Mack Trucks' market share increased to 6.9% (5.5).

South American order intake decreased by 24% to 3,044 trucks while deliveries increased by 3% to 4,878 vehicles.

Total market development	First quarter		Change %
	2020	2019	
Registrations, number of trucks			
Europe 28 ¹ heavy-duty (as of February)	38,553	48,765	-21
North America heavy-duty	57,459	77,216	-26
Brazil heavy-duty	15,100	15,309	-1
China heavy-duty	274,139	325,486	-16
China medium-duty	26,658	38,052	-30
India heavy-duty	29,076	81,883	-64
India medium-duty	16,548	35,118	-53
Japan heavy-duty	12,599	12,698	-1

¹ EU 28 includes Norway and Switzerland but excludes the UK and Bulgaria

Net order intake	First quarter		Change %
	2020	2019	
Number of trucks			
Europe	21,178	26,007	-19
Heavy- and medium-duty	17,312	21,055	-18
Light-duty	3,866	4,952	-22
North America	4,732	5,469	-13
South America	3,044	3,998	-24
Asia	6,913	7,470	-7
Africa and Oceania	2,532	2,940	-14
Total orders	38,399	45,884	-16
Heavy-duty (>16 tons)	30,322	37,786	-20
Medium-duty (7-16 tons)	4,021	2,935	37
Light-duty (<7 tons)	4,056	5,163	-21
Total orders	38,399	45,884	-16
Volvo	18,471	23,531	-22
UD	4,331	5,219	-17
Renault Trucks	11,853	13,891	-15
Heavy- and medium-duty	7,956	8,873	-10
Light-duty	3,897	5,018	-22
Mack	3,744	3,243	15
Total orders	38,399	45,884	-16
Non-consolidated operations			
VE Commercial Vehicles (Eicher)	8,501	16,760	-49

Volvo Trucks' market share in heavy-duty trucks in Brazil increased to 26.0% (21.1) through March.

In Asia, order intake decreased by 7% to 6,913 vehicles while deliveries declined by 15% to 5,669 vehicles. UD Trucks heavy-duty truck market share in Japan through March was 15.3% (16.5).

The combination of tough market conditions in India early in the year followed by a lock-down caused VECV's deliveries to decline by 49% through March. Deliveries from the Chinese joint venture, DFCV, declined by 26% through February with a significant impact from production stoppages related to

COVID-19. DFCV restarted production in late March and is currently producing on normal levels.

Net sales and operating income

The truck operation's net sales amounted to SEK 58,010 M, which was 15% lower than in Q1 2019. Excluding currency effects net sales were 17% lower with sales of vehicles decreasing by 21% and sales of services by 2%.

Both adjusted and reported operating income amounted to SEK 3,948 M (8,293) corresponding to an operating margin of 6.8% (12.2). Compared with Q1 2019, the lower operating income is mainly an effect of lower vehicle volumes, lower

Deliveries	First quarter		Change %
	2020	2019	
Number of trucks			
Europe	21,003	26,884	-22
Heavy- and medium-duty	17,103	21,587	-21
Light-duty	3,900	5,297	-26
North America	10,660	17,205	-38
South America	4,878	4,734	3
Asia	5,669	6,688	-15
Africa and Oceania	2,555	3,083	-17
Total deliveries	44,765	58,594	-24
Heavy-duty (>16 tons)	38,265	49,643	-23
Medium-duty (7-16 tons)	2,443	3,341	-27
Light-duty (<7 tons)	4,057	5,610	-28
Total deliveries	44,765	58,594	-24
Volvo	25,320	32,066	-21
UD	3,409	4,602	-26
Renault Trucks	10,535	14,305	-26
Heavy- and medium-duty	6,627	8,916	-26
Light-duty	3,908	5,389	-27
Mack	5,501	7,621	-28
Total deliveries	44,765	58,594	-24
Non-consolidated operations			
VE Commercial Vehicles (Eicher)	8,862	17,275	-49
Dongfeng Commercial Vehicle Company (Dongfeng Trucks) ¹	16,170	21,738	-26

¹ First quarter includes 2 months of deliveries.

Net sales and operating income		First quarter		Change
SEK M		2020	2019	%
Europe		24,866	27,757	-10
North America		16,781	23,032	-27
South America		4,541	4,869	-7
Asia		8,356	8,561	-2
Africa and Oceania		3,466	3,983	-13
Total net sales		58,010	68,201	-15
Of which:				
Vehicles		42,318	52,587	-20
Services		15,692	15,614	0
Adjusted operating income ¹		3,948	8,293	-52
Adjustments		-	-	-
Operating income		3,948	8,293	-52
Adjusted operating margin, %		6.8	12.2	
Operating margin, %		6.8	12.2	

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

capacity utilization in the industrial system, higher R&D expenses and lower income from joint ventures. This was partly off-set by lower raw material costs and lower selling expenses. Compared with Q1 2019, currency movements had a negative impact of SEK 284 M.

Important events

In Q1, Volvo Trucks launched a completely new generation of heavy-duty trucks, with a strong focus on the driver environment, safety and productivity. The four trucks; Volvo

FH, FH16, FM and FMX, normally represent about two thirds of Volvo Trucks' deliveries.

Mack Trucks launched medium-duty models for the North American market. These new products will meet the needs of trucking applications requiring dry van/refrigerated, stake/flatbed, dump and tank truck vocations.

In February, Volvo Trucks demonstrated its future North American heavy-duty battery-electric trucks.

CONSTRUCTION EQUIPMENT

Sales decline, solid profitability in Q1

- » Equipment sales down by 20% and service sales down by 7%, currency adjusted
- » Both adjusted and reported operating income amounted to SEK 2,678 M (3,646) with an operating margin of 13.3% (15.1)
- » Declining demand across most markets, China rebounding, in total order intake declined by 7%

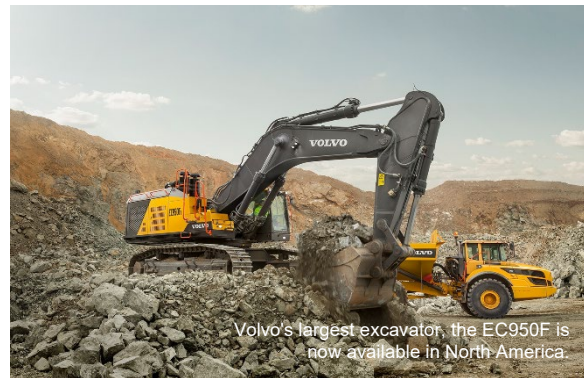
Market development

Through February, the European market was down by 1% with growth in Germany offset by a negative development in the UK, France and the Nordic region.

The North American market was down by 2% driven by reduced demand for larger machines.

In Asia (excluding China) the total market was down by 4%. The Chinese market was down by 44% due to market disruption caused by the spread of COVID-19. However, the market started to recover in March with an increase of 2% compared to the same month in the prior year as an effect of stimulus measures to drive infrastructure investments by the Chinese government.

Given the uncertainty caused by the COVID-19 outbreak, previous market forecasts are no longer valid and no new forecasts are provided.



Orders and deliveries

Order intake decreased by 7% in Q1 with Volvo branded products down by 4% and SDLG products down by 11%.

In Europe order intake declined by 21% with lower intake in markets such as the UK, Germany and Russia. North American orders declined by 14%. In China order intake was down 7%, mainly on larger machines. However, demand increased towards the end of the quarter.

Deliveries decreased by 13% in Q1, with Volvo declining by 14% and SDLG by 11%.

COVID-19 has created considerable uncertainty regarding future business activity among customers in most of the markets except China. Customers are reducing their investments, which is impacting demand negatively. There has been a significant reduction in order intake in Europe and North America as of April.

Total market development		Year-to-date February	
Change in % measured in units		2020	
Europe			-1
North America			-2
South America			19
Asia excl. China			-4
China			-44

Net order intake		First quarter		Change %
Number of construction equipment		2020	2019	
Europe		4,173	5,270	-21
North America		1,791	2,072	-14
South America		599	393	52
Asia		13,312	14,001	-5
Africa and Oceania		739	510	45
Total orders		20,614	22,246	-7
Large and medium construction equipment		14,001	16,488	-15
Compact construction equipment		6,613	5,758	15
Total orders		20,614	22,246	-7
Of which:				
Volvo		11,243	11,686	-4
SDLG		9,332	10,513	-11
Of which in China		8,520	9,597	-11

Deliveries	First quarter		Change %
	2020	2019	
Number of construction equipment			
Europe	4,549	5,930	-23
North America	1,501	2,087	-28
South America	457	399	15
Asia	13,070	14,038	-7
Africa and Oceania	593	685	-13
Total deliveries	20,170	23,139	-13
Large and medium construction equipment	13,355	16,823	-21
Compact construction equipment	6,816	6,316	8
Total deliveries	20,170	23,139	-13
Of which:			
Volvo	10,799	12,579	-14
SDLG	9,332	10,513	-11
Of which in China	8,520	9,597	-11

Net sales and operating income	First quarter		Change %
	2020	2019	
SEK M			
Europe	6,477	8,092	-20
North America	3,711	4,926	-25
South America	559	546	2
Asia	8,403	9,379	-10
Africa and Oceania	998	1,211	-18
Total net sales	20,148	24,155	-17
Of which:			
Construction equipment	17,291	21,173	-18
Services	2,857	2,982	-4
Adjusted operating income¹	2,678	3,646	-27
Adjustments	-	-	-
Operating income	2,678	3,646	-27
Adjusted operating margin, %	13.3	15.1	
Operating margin, %	13.3	15.1	

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

Net sales and operating income

In Q1, net sales decreased by 17% to SEK 20,148 M (24,155). Adjusted for currency movements, net sales decreased by 18%, of which machine sales decreased by 20% and service sales by 7%.

Both adjusted and reported operating income amounted to SEK 2,678 M (3,646), corresponding to an operating margin of 13.3% (15.1). Earnings were negatively impacted by the lower machine volumes and a negative mix for new machines with more sales in China and of compact equipment. This was partly offset by reduced selling and administrative expenses. Compared with Q1 2019, currency movements had a positive impact of SEK 107 M.

Important events

During the quarter Volvo's largest excavator was made available to the North American market. The 100-ton excavator is capable of filling a 60-ton haul truck in just four bucket passes.

The company's largest hauler was also introduced to customers in North America. The 105-ton rigid hauler offers unparalleled pulling performance.

BUSES

Volumes and earnings decline

- » In Q1, deliveries decreased by 22%
- » Both adjusted and reported operating income amounted to SEK -129 M (+294), with an operating margin of -2.5% (+4.3)
- » Order intake improved by 14%



The new Volvo 9700 DD, addressing the Nordic express market.

Towards the end of Q1, the overall global bus market was negatively affected by COVID-19. The decline in demand has primarily affected the coach business, whereas the transit bus market has remained on a high activity level. The beginning of Q2 confirms this development.

Compared to Q1 2019, net order intake increased by 14% to 2,753 units, mainly driven by South America, the Nordic region and an order for 500 transit buses to the New York State Metropolitan Transportation Authority. Another important order included 60 high-capacity electric buses to Malmö, Sweden, entering service next year.

Volvo Buses delivered 1,570 units in Q1, a decrease of 22%, mainly as a consequence of high deliveries in South America in 2019 and lower demand for coaches and tourist buses related to COVID-19.

In Q1, net sales decreased by 24% to SEK 5,190 M (6,847). Adjusted for currency movements, net sales decreased by 26%, whereof vehicle sales decreased by 32% and service sales increased by 3%.

Both adjusted and reported operating income amounted to SEK -129 M (+294), corresponding to an operating margin of -2.5% (+4.3). Earnings were negatively impacted by lower vehicle volumes and reduced capacity utilization in the industrial system. Compared to Q1 2019, currency movements had a negative impact on operating income in an amount of SEK 74 M.

In February, Volvo Buses launched the new Volvo 9700 DD double-decker to meet Nordic customer demand on high capacity vehicles with premium comfort and safety features in the express segment.

Net order intake and deliveries		First quarter		Change
		2020	2019	%
Number of buses				
Total orders		2,753	2,422	14
Total deliveries		1,570	2,019	-22

Net sales and operating income		First quarter		Change
SEK M		2020	2019	%
Europe		1,012	1,505	-33
North America		2,631	3,328	-21
South America		268	978	-73
Asia		789	639	23
Africa and Oceania		490	396	24
Total net sales		5,190	6,847	-24
Of which:				
Vehicles ¹		3,964	5,681	-30
Services ¹		1,226	1,166	5
Adjusted operating income ²		-129	294	-144
Adjustments		-	-	-
Operating income		-129	294	-144
Adjusted operating margin, %		-2.5	4.3	
Operating margin, %		-2.5	4.3	

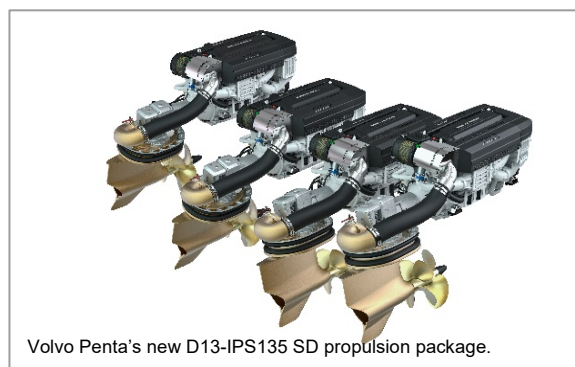
¹ Restate of 2019 between Vehicles and Services of SEK 118 M

² For more information on adjusted operating income, please see note 7.

VOLVO PENTA

Reduced deliveries and earnings in Q1

- » Lower deliveries (-7%), increased order intake (1%)
- » Both adjusted and reported operating income amounted to SEK 509 M (684), with an operating margin of 15.2% (20.0)
- » Reveal of new industrial power generation and marine leisure yacht offers



The marine leisure market had a solid start in 2020, but weakened somewhat towards the end of Q1 due to the COVID-19 outbreak. The global marine commercial market remained flat. The market for industrial off-road engines slowed down due to a decline in construction and agriculture machinery segments. Overall demand for industrial power generation engines has also decreased, especially in Europe. However, there is still growth in emerging markets, especially in China and Southeast Asia.

Net order intake in Q1 2020 increased by 1% to 11,437 units while deliveries decreased by 7% to 9,964 units. From mid-March, the spread of COVID-19 had a negative effect on deliveries due to production stoppages in the Group's plants.

In Q1, net sales decreased by 2% to SEK 3,338 M (3,423). Adjusted for currency movements, net sales

decreased by 4%, of which sales of engines decreased by 6% and sales of services increased by 1%.

Both adjusted and reported operating income amounted to SEK 509 M (684). The operating margin was 15.2% (20.0%). Earnings were negatively impacted by higher R&D expenses, lower engine volumes and negative product mix. Compared with Q1 2019, the currency impact on operating income was positive in an amount of SEK 48 M.

During Q1, Volvo Penta expanded its yacht offer with a new 13-liter IPS propulsion package designed for lower-speed, semi-displacement yachts. Additionally, Volvo Penta revealed its new D8 industrial power generation engine, which offers industry-leading power density, compact size, as well as low fuel consumption and noise levels.

Net order intake and deliveries		First quarter		Change
Number of Engines		2020	2019	%
Total orders		11,437	11,326	1
Total deliveries		9,964	10,697	-7

Net sales and operating income		First quarter		Change
SEK M		2020	2019	%
Europe		1,847	1,798	3
North America		640	742	-14
South America		83	68	22
Asia		585	659	-11
Africa and Oceania		183	156	17
Total net sales		3,338	3,423	-2
Of which:				
Engines		2,491	2,597	-4
Services		847	826	3
Adjusted operating income ¹		509	684	-26
Adjustments		-	-	-
Operating income		509	684	-26
Adjusted operating margin, %		15.2	20.0	
Operating margin, %		15.2	20.0	

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

FINANCIAL SERVICES

Stable earnings in Q1, portfolio performance weakening

- » New volume up 8% in Q1 2020, currency adjusted, with higher penetration
- » Operating income of SEK 605 M (602)
- » Customers requesting contract modifications, delinquencies and credit provisions increasing



In Q1 2020, new business volume was up by 8%, currency adjusted, over last year due to improved penetration levels in most markets. Adjusted for currency, the credit portfolio grew by 8% on a year over year basis.

Operating income was stable at SEK 605 M (602). Compared with Q1 2019, the positive impact of profitable portfolio growth was offset by increased credit provision expenses.

During the quarter, SEK 2.6 billion of assets were syndicated in order to reduce concentration risks.

Portfolio performance deteriorated towards the end of the quarter as the COVID-19 pandemic spread across the globe. As a result of the lower business activity, customers' ability to make their payments has decreased. This has led to a significant increase in requests for contract modifications and higher delinquencies. VFS is working closely with customers to support them through these difficult times.

Financial Services SEK M	First quarter	
	2020	2019
Number of financed units, 12 months rolling	63,089	59,419
Total penetration rate, 12 months rolling, % ¹	26	24
New retail financing volume, SEK billion	17.5	15.9
Credit portfolio net, SEK billion	175	157
Credit provision expenses	329	156
Operating income	605	602
Credit reserves, % of credit portfolio	1.56	1.60
Return on equity, %	14.7	14.6

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

Important truck launches in the quarter

In January, Mack Trucks launched new, medium-duty models for the North American market. These new products will meet the needs of trucking applications requiring dry van/refrigerated, stake/flatbed, dump and tank truck vocations.

In February, Volvo Trucks launched four new trucks, with a strong focus on the driver environment, safety and productivity. The four heavy-duty trucks; Volvo FH, FH16, FM and FMX, normally represent about two thirds of Volvo Trucks' deliveries.

Update on the impact from COVID-19 on the Volvo Group

On March 16, the Volvo Group issued a press release stating that the consequences of the COVID-19 outbreak

was affecting the Volvo Group and that there was a considerable risk of a material financial impact on the Group as from mid-March. The Volvo Group and its suppliers are continuously working to minimize any consequences for customers and mitigating the impact on the Group.

AB Volvo's Board of Directors withdraws proposal of extra dividend, maintains ordinary dividend

On March 19, the Volvo Group announced that in light of the general uncertainty and the measures taken to slow down the spread of COVID-19 and their effects on the Volvo Group, the Board of Directors of AB Volvo had decided to maintain the proposal to the Annual General Meeting on April 8, 2020 of an ordinary dividend of SEK

5.50 per share, but to withdraw the proposal of an extra dividend of SEK 7.50 per share.

Volvo provides an update on the current situation in respect of COVID-19 and postpones the Annual General Meeting

On March 25, it was announced that the Board of Directors of AB Volvo had decided to postpone the Annual General Meeting given the uncertain and accelerating developments in the wake of COVID-19.

The press release stated that "In recent days, a number of government authorities around the world have continued to introduce measures that directly impact the Volvo Group's operations and customers. These decisions include closing borders, minimizing freedom of movement for citizens and closing businesses. Most of the Group's manufacturing plants are currently closed and employees in several countries have been temporarily laid off. Recent developments have a direct effect on economies important for the Volvo Group and the assessment is that the prevailing situation will lead to weaker demand for the Group's products and services. As already indicated, this will have a material negative effect on the Group's financial development. In light of the above, the Board of Directors of AB Volvo has decided to postpone the Annual General Meeting in order to give the company and the Board a better opportunity to further evaluate the situation."

New date for Annual General Meeting

The 2020 Annual General Meeting will be held on June 18, 2020 in Gothenburg, Sweden. A new notice will be distributed well in advance of the Annual General Meeting.

The Volvo Group and Daimler Truck AG to lead the development of sustainable transportation by forming joint venture for large-scale production of fuel cells

Sharing the Green Deal vision of sustainable transport and a carbon neutral Europe by 2050, two leading companies in the commercial vehicle industry, Daimler Truck AG and the Volvo Group, on April 21, signed a preliminary non-binding agreement to establish a new joint venture. The intention is to develop, produce and commercialize fuel cell systems for heavy-duty vehicle applications and other use cases. Daimler will consolidate all its current fuel cell activities in the joint venture. The Volvo Group will acquire 50% in the joint venture for the sum of approximately EUR 0.6 billion on a cash and debt free basis. A final agreement is expected by Q3 and closing before year-end 2020. All potential transactions are subject to examination and approval by the responsible competition authorities.

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

CONSOLIDATED INCOME STATEMENT FIRST QUARTER

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	2020	2019	2020	2019	2020	2019	2020	2019
Net sales	88,204	104,158	3,810	3,509	-566	-459	91,449	107,208
Cost of sales ¹	-67,988	-78,583	-2,338	-2,190	566	459	-69,759	-80,313
Gross income ¹	20,216	25,575	1,473	1,319	1	-	21,689	26,894
Research and development expenses	-4,962	-4,125	-	-	-	-	-4,962	-4,125
Selling expenses ¹	-6,854	-7,462	-608	-617	-	-	-7,462	-8,080
Administrative expenses	-1,315	-1,471	-3	-3	-	-	-1,318	-1,474
Other operating income and expenses	-292	600	-257	-97	-	0	-549	503
Income/loss from investments in joint ventures and associated companies	-31	425	-	-	-	-	-31	425
Income from other investments	7	18	0	0	-	-	7	18
Operating income	6,768	13,560	605	602	1	0	7,374	14,162
Interest income and similar credits ²	122	123	-	-	-43	-50	79	73
Interest expenses and similar charges ²	-386	-504	0	0	43	50	-343	-455
Other financial income and expenses	-620	-500	-	-	-	-	-620	-500
Income after financial items	5,884	12,679	605	602	1	-	6,490	13,280
Income taxes	-1,580	-2,361	-144	-156	0	-	-1,724	-2,517
Income for the period *	4,305	10,318	461	446	0	-	4,766	10,763
* Attributable to:								
Owners of AB Volvo							4,675	10,615
Non-controlling interest							92	148
							4,766	10,763
Basic earnings per share, SEK							2.30	5.22
Diluted earnings per share, SEK							2.30	5.22

Key ratios, %

Gross margin ¹	22.9	24.6	-	-	-	-	23.7	25.1
Research and development expenses as percentage of net sales	5.6	4.0	-	-	-	-	5.4	3.8
Selling expenses as percentage of net sales ¹	7.8	7.2	-	-	-	-	8.2	7.5
Administrative expenses as percentage of net sales	1.5	1.4	-	-	-	-	1.4	1.4
Operating margin	7.7	13.0	-	-	-	-	8.1	13.2

¹ The comparative financial information is restated between Cost of sales and Selling expenses. For more information, please see note 1.

² The comparative financial information is restated between Interest income and similar credits and Interest expenses and similar charges. The restate is between Industrial Operations and Eliminations. .

CONSOLIDATED OTHER COMPREHENSIVE INCOME FIRST QUARTER

SEK M	2020	2019
Income for the period	4,766	10,763
Items that will not be reclassified to income statement:		
Remeasurements of defined benefit pension plans	-152	-705
Remeasurements of holding of shares at fair value	-67	20
Items that may be reclassified subsequently to income statement:		
Exchange differences on translation of foreign operations	3,321	3,433
Share of OCI related to joint ventures and associated companies	-1	-
Accumulated translation difference reversed to income	-	-
Other comprehensive income, net of income taxes	3,101	2,748
Total comprehensive income for the period *	7,867	13,511
* Attributable to:		
Owners of AB Volvo	7,571	13,236
Non-controlling interest	296	275
	7,867	13,511

CONSOLIDATED BALANCE SHEET

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	Mar 31 2020	Dec 31 2019	Mar 31 2020	Dec 31 2019	Mar 31 2020	Dec 31 2019	Mar 31 2020	Dec 31 2019
Assets								
Non-current assets								
Intangible assets	38,014	36,467	219	202	-	-	38,233	36,668
<i>Tangible assets</i>								
Property, plant and equipment	53,849	53,411	85	86	-	-	53,934	53,496
Assets under operating leases	34,263	33,794	22,640	22,602	-13,322	-13,070	43,582	43,326
<i>Financial assets</i>								
Investments in Joint Ventures and associated companies	13,793	12,955	-	-	-	-	13,793	12,955
Other shares and participations	146	139	18	19	-	-	164	158
Non-current customer-financing receivables	964	896	73,353	72,115	-1,196	-1,127	73,121	71,883
Prepaid pensions	1,646	1,663	-	-	-	-	1,646	1,663
Non-current interest-bearing receivables	2,862	815	95	120	-95	-120	2,862	815
Other non-current receivables	9,288	8,927	189	220	-718	-703	8,758	8,444
Deferred tax assets	11,142	12,261	1,043	979	1	1	12,186	13,242
Total non-current assets	165,968	161,327	97,642	96,342	-15,330	-15,019	248,279	242,650
Current assets								
Inventories	58,527	56,080	543	564	-	-	59,070	56,644
<i>Current receivables</i>								
Customer-financing receivables	728	675	75,027	71,299	-924	-875	74,830	71,099
Tax assets	2,018	1,287	258	511	-	-	2,275	1,797
Interest-bearing receivables	5,536	4,102	170	345	-2,357	-2,518	3,349	1,929
Internal funding	13,433	21,283	-	-	-13,433	-21,283	-	-
Accounts receivable	36,620	35,827	1,337	1,896	-	-	37,957	37,723
Other receivables	19,965	17,835	1,596	1,616	-1,013	-889	20,548	18,562
Marketable securities	212	200	-	0	-	-	212	200
Cash and cash equivalents	60,656	57,475	4,825	4,999	-883	-1,014	64,598	61,461
Assets held for sale	34,961	28,427	4,794	4,345	-	-	39,755	32,773
Total current assets	232,655	223,190	88,549	85,576	-18,610	-26,578	302,594	282,187
Total assets	398,623	384,517	186,191	181,917	-33,940	-41,597	550,874	524,837
Equity and liabilities								
Equity attributable to owners of AB Volvo	131,691	124,067	14,891	14,533	-5	-5	146,577	138,595
Non-controlling interest	3,379	3,083	-	-	-	-	3,379	3,083
Total equity	135,069	127,150	14,891	14,533	-5	-5	149,955	141,678
<i>Non-current provisions</i>								
Provisions for post-employment benefits	20,198	19,850	147	138	-	-	20,345	19,988
Provisions for deferred taxes	1,519	1,667	2,770	2,676	-	-	4,289	4,343
Other provisions	12,801	13,965	234	220	401	401	13,436	14,585
<i>Non-current liabilities</i>								
Bond loans	68,862	65,754	-	-	-	-	68,862	65,754
Other loans	23,313	19,871	15,334	16,956	-1,030	-965	37,617	35,862
Internal funding	-65,848	-60,635	64,969	61,660	879	-1,025	-	-
Other liabilities	43,779	43,602	1,338	1,850	-9,171	-9,141	35,945	36,311
Current provisions	12,495	11,424	189	172	312	312	12,995	11,907
<i>Current liabilities</i>								
Bond loans	34,539	31,759	-	-	-	-	34,539	31,759
Other loans	18,611	12,675	16,210	14,567	-2,926	-2,866	31,896	24,377
Internal funding	-43,624	-37,098	59,523	59,266	-15,898	-22,169	-	-
Trade payables	64,777	66,590	419	276	-	-	65,197	66,866
Tax liabilities	4,138	2,920	439	573	-	-	4,577	3,493
Other liabilities	59,948	59,097	4,803	4,543	-6,501	-6,139	58,249	57,502
Liabilities held for sale	8,046	5,927	4,925	4,486	-	-	12,971	10,413
Total equity and liabilities	398,623	384,517	186,191	181,917	-33,940	-41,597	550,874	524,837
Key ratios, %								
Equity ratio	33.9	33.1	8.0	8.0	0.0	0.0	27.2	27.0
Shareholders' equity per share, excluding non-controlling interest, SEK	-	-	-	-	-	-	72.1	66.3
Return on operating capital	44.2	52.3	-	-	-	-	-	-
Return on capital employed	23.9	28.4	-	-	-	-	-	-
Return on shareholders' equity	-	-	14.7	15.0	-	-	22.0	27.0

CONSOLIDATED CASH FLOW STATEMENT FIRST QUARTER

SEK M	Industrial Operations		Financial Services		Eliminations		Volvo Group	
	2020	2019	2020	2019	2020	2019	2020	2019
Operating activities								
Operating income	6,768	13,560	605	602	1	-	7,374	14,162
Amortization intangible assets	707	703	13	6	-	-	719	709
Depreciation tangible assets	1,893	1,999	7	6	-	-	1,900	2,004
Depreciation leasing vehicles	1,109	1,054	1,260	1,259	-1	0	2,368	2,313
Other non-cash items	-280	-1,583	303	223	21	-23	45	-1,383
Total change in working capital whereof	-9,556	-8,015	-1,296	-5,159	97	49	-10,755	-13,125
Change in accounts receivables	-750	-7,231	5	-41	-	0	-745	-7,273
Change in customer-financing receivables	4	-42	-1,734	-4,837	-29	49	-1,759	-4,830
Change in inventories	-3,462	-6,004	36	-25	-	0	-3,426	-6,028
Change in trade payables	-3,691	3,562	145	-310	-	0	-3,546	3,252
Other changes in working capital	-1,658	1,700	252	54	126	-1	-1,279	1,754
Dividends received from joint ventures and associated companies	-	-	-	-	-	-	-	-
Interest and similar items received	96	123	0	-	-48	-50	48	73
Interest and similar items paid	-399	-506	0	-	28	73	-371	-433
Other financial items	-42	-71	-	-	-	-	-42	-71
Income taxes paid	-2,964	-2,330	-156	-13	-	0	-3,120	-2,343
Cash flow from operating activities	-2,667	4,934	736	-3,077	97	48	-1,834	1,905
Investing activities								
Investments in intangible assets	-1,133	-1,056	-20	-13	-	-	-1,154	-1,069
Investments in tangible assets	-1,409	-1,189	-1	-2	-	-	-1,410	-1,192
Investment in leasing vehicles	-3	-21	-3,226	-1,931	885	-	-2,344	-1,952
Disposals of in-/tangible assets and leasing vehicles	1,096	87	1,903	1,704	-885	-	2,114	1,790
Operating cash flow	-4,117	2,754	-608	-3,319	97	48	-4,627	-517
Investments of shares							-136	-
Divestments of shares							11	18
Divested operations							141	1,187
Interest-bearing receivables incl. marketable securities							-869	-940
Cash flow after net investments							-5,479	-252
Financing activities								
New borrowings ¹							22,622	26,316
Repayments of borrowings ¹							-14,082	-19,616
Other							-167	81
Change in cash and cash equivalents excl. translation differences							2,893	6,529
Translation difference on cash and cash equivalents							244	590
Change in cash and cash equivalents							3,137	7,119

¹ Non-cash items from unrealized currency effects and currency translation is adjusted on new borrowings and repayments of borrowings.

CONSOLIDATED NET FINANCIAL POSITION

Net financial position excl. post-employment benefits and lease liabilities SEK bn	Industrial Operations		Volvo Group	
	Mar 31 2020	Dec 31 2019	Mar 31 2020	Dec 31 2019
Non-current interest-bearing assets				
Non-current customer-financing receivables	-	-	73.1	71.9
Non-current interest-bearing receivables	2.9	0.8	2.9	0.8
Current interest-bearing assets				
Customer-financing receivables	-	-	74.8	71.1
Interest-bearing receivables	5.5	4.1	3.3	1.9
Internal funding	13.4	21.3	-	-
Marketable securities	0.2	0.2	0.2	0.2
Cash and cash equivalents	60.7	57.5	64.6	61.5
Assets held for sale	-	-	4.6	4.1
Total interest-bearing financial assets	82.7	83.9	223.6	211.5
Non-current interest-bearing liabilities				
Bond loans	-68.9	-65.8	-68.9	-65.8
Other loans	-18.3	-14.5	-32.6	-30.5
Internal funding	65.8	60.6	-	-
Current interest-bearing liabilities				
Bond loans	-34.5	-31.8	-34.5	-31.8
Other loans	-17.0	-10.9	-30.3	-22.6
Internal funding	43.6	37.1	-	-
Liabilities held for sale	4.3	3.9	-	-
Total interest-bearing financial liabilities excl. lease liabilities	-24.9	-21.3	-166.3	-150.7
Net financial position excl. post-employment benefits and lease liabilities	57.8	62.6	57.3	60.9

Provisions for post-employment benefits and lease liabilities, net SEK bn	Industrial Operations		Volvo Group	
	Mar 31 2020	Dec 31 2019	Mar 31 2020	Dec 31 2019
Non-current lease liabilities	-5.0	-5.4	-5.0	-5.3
Current lease liabilities	-1.6	-1.8	-1.6	-1.8
Provisions for post-employment benefits, net	-18.6	-18.2	-18.7	-18.3
Liabilities held for sale	-1.3	-	-1.4	-
Provisions for post-employment benefits and lease liabilities, net	-26.6	-25.3	-26.7	-25.4

Net financial position incl. post-employment benefits and lease liabilities SEK bn	Industrial Operations		Volvo Group	
	Mar 31 2020	Dec 31 2019	Mar 31 2020	Dec 31 2019
Net financial position excl. post-employment benefits and lease liabilities	57.8	62.6	57.3	60.9
Provisions for post-employment benefits and lease liabilities, net	-26.6	-25.3	-26.7	-25.4
Net financial position incl. post-employment benefits and lease liabilities	31.2	37.3	30.6	35.4

CHANGES IN NET FINANCIAL POSITION, INDUSTRIAL OPERATIONS

SEK bn	First quarter 2020
Net financial position excl. post-employment benefits and lease liabilities at the end of previous period	62.6
Operating cash flow	-4.1
Investments and divestments of shares, net	-0.1
Acquired and divested operations, net	0.1
Capital injections to/from Financial Services	-0.7
Currency effect	0.5
Change in provision for post-employment benefits related to pension payments included in operating cash flow	-0.4
Other changes	-0.1
Net financial position excl. post-employment benefits and lease liabilities at the end of period	57.8
Provisions for post-employment benefits and lease liabilities at the end of previous period	-25.3
Pension payments, included in operating cash flow	0.4
Remeasurements of defined benefit pension plans	-0.2
Service costs and other pension costs	-0.6
Investments and amortizations of lease contracts	0.0
Currency effect	-0.8
Other changes	-0.1
Provisions for post-employment benefits and lease liabilities at the end of period	-26.6
Net financial position incl. post-employment benefits and lease liabilities at the end of period	31.2

CONSOLIDATED CHANGES IN TOTAL EQUITY

SEK bn	Mar 31 2020	Dec 31 2019
Total equity at the end of previous period	141.7	125.8
Equity attributable to shareholders of AB Volvo at the end of previous period	138.6	123.4
Income for the period	4.7	35.9
Other comprehensive income	2.9	-0.1
Total comprehensive income	7.6	35.7
Dividend to AB Volvo shareholders		-20.3
Share-based payments	-	0.0
Other changes	0.4	-0.1
Equity attributable to shareholders of AB Volvo at end of period	146.6	138.6
Non-controlling interest at the end of previous of period		
Income for the period	0.1	0.6
Other comprehensive income	0.2	0.0
Total comprehensive income	0.3	0.7
Dividend to non-controlling interest	-	0.0
Other changes	0.0	0.0
Non-controlling interest at end of period	3.4	3.1
Total equity at end of period	150.0	141.7

QUARTERLY FIGURES

Income Statements, Volvo Group					
SEK M unless otherwise stated	1/2020	4/2019	3/2019	2/2019	1/2019
Net sales	91,449	105,355	98,723	120,694	107,208
Cost of sales ¹	-69,759	-80,501	-73,903	-90,886	-80,313
Gross income ¹	21,689	24,855	24,821	29,808	26,894
Research and development expenses	-4,962	-5,348	-4,251	-4,814	-4,125
Selling expenses ¹	-7,462	-9,033	-8,531	-8,686	-8,080
Administrative expenses	-1,318	-1,618	-1,333	-1,476	-1,474
Other operating income and expenses	-549	-213	-86	-425	503
Income/loss from investments in Joint Ventures and associated companies	-31	731	227	476	425
Income from other investments	7	6	39	222	18
Operating income	7,374	9,379	10,885	15,105	14,162
Interest income and similar credits	79	79	82	86	73
Interest expenses and similar charges	-343	-385	-376	-459	-455
Other financial income and expenses	-620	-215	-463	-167	-500
Income after financial items	6,490	8,857	10,129	14,566	13,280
Income taxes	-1,724	-2,027	-2,580	-3,213	-2,517
Income for the period *	4,766	6,831	7,549	11,352	10,763
* Attributable to:					
Owners of AB Volvo	4,675	6,659	7,455	11,131	10,615
Non-controlling interest	92	172	94	221	148
	4,766	6,831	7,549	11,352	10,763
Key ratios, Volvo Group, %					
Gross margin ¹	23.7	23.6	25.1	24.7	25.1
Research and development expenses as percentage of net sales	5.4	5.1	4.3	4.0	3.8
Selling expenses as percentage of net sales ¹	8.2	8.6	8.6	7.2	7.5
Administrative expenses as percentage of net sales	1.4	1.5	1.4	1.2	1.4
Operating margin	8.1	8.9	11.0	12.5	13.2
Key ratios, Industrial Operations, %					
Gross margin ¹	22.9	22.9	24.5	24.2	24.6
Research and development expenses as percentage of net sales	5.6	5.3	4.5	4.1	4.0
Selling expenses as percentage of net sales ¹	7.8	8.2	8.3	6.9	7.2
Administrative expenses as percentage of net sales	1.5	1.6	1.4	1.3	1.4
Operating margin	7.7	8.5	10.6	12.3	13.0
EBITDA margin, Industrial Operations					
Operating income Industrial Operations	6,768	8,681	10,111	14,419	13,560
Product and software development, amortization	660	662	657	673	636
Other intangible assets, amortization	47	80	67	68	67
Tangible assets, depreciation	3,001	4,092	2,605	3,136	3,054
Total depreciation and amortization	3,708	4,835	3,330	3,876	3,756
Operating income before depreciation and amortization (EBITDA)	10,476	13,516	13,441	18,295	17,316
EBITDA margin, %	11.9	13.3	14.1	15.6	16.6
Net capitalization of research and development					
Capitalization	881	874	737	892	1,023
Amortization	-635	-635	-635	-645	-604
Net capitalization and amortization	246	238	102	247	419
Return on operating capital in Industrial Operations, %	44.2	52.3	47.1	47.7	45.6
Return on capital employed in Industrial Operations, %	23.9	28.4	25.8	26.3	25.5

¹ The comparative financial information is restated between Cost of sales and Selling expenses. For more information, please see note 1.

QUARTERLY FIGURES

Net sales					
SEK M	1/2020	4/2019	3/2019	2/2019	1/2019
Trucks	58,010	68,193	64,381	75,872	68,201
Construction Equipment	20,148	19,716	17,921	26,814	24,155
Buses	5,190	7,606	7,681	8,885	6,847
Volvo Penta	3,338	3,045	3,151	3,667	3,423
Group Functions & Other	2,350	4,189	2,825	2,956	2,318
Eliminations	-832	-1,023	-792	-884	-785
Industrial Operations	88,204	101,727	95,167	117,310	104,158
Financial Services	3,810	3,822	3,765	3,774	3,509
Reclassifications and eliminations	-566	-194	-208	-390	-459
Volvo Group	91,449	105,355	98,723	120,694	107,208

Operating income					
SEK M	1/2020	4/2019	3/2019	2/2019	1/2019
Trucks	3,948	6,223	7,488	9,548	8,293
Construction Equipment	2,678	1,931	2,180	4,153	3,646
Buses	-129	297	343	403	294
Volvo Penta	509	174	399	618	684
Group Functions & Other	-235	62	-311	-302	662
Eliminations	-2	-6	12	-2	-18
Industrial Operations	6,768	8,681	10,111	14,419	13,560
Financial Services	605	704	774	686	602
Reclassifications and eliminations	1	-6	-	-	0
Volvo Group	7,374	9,379	10,885	15,105	14,162

Adjusted operating income ¹					
SEK M	1/2020	4/2019	3/2019	2/2019	1/2019
Trucks	3,948	6,223	7,488	9,548	8,293
Construction Equipment	2,678	1,931	2,180	4,153	3,646
Buses	-129	297	343	403	294
Volvo Penta	509	174	399	618	684
Group Functions & Other	-469	-93	-311	-302	-804
Eliminations	-2	-6	12	-2	-18
Industrial Operations	6,534	8,525	10,111	14,419	12,095
Financial Services	605	704	774	686	602
Reclassifications and eliminations	1	-6	-	-	0
Volvo Group adjusted operating income	7,140	9,223	10,885	15,105	12,696

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

Operating margin					
%	1/2020	4/2019	3/2019	2/2019	1/2019
Trucks	6.8	9.1	11.6	12.6	12.2
Construction Equipment	13.3	9.8	12.2	15.5	15.1
Buses	-2.5	3.9	4.5	4.5	4.3
Volvo Penta	15.2	5.7	12.7	16.9	20.0
Industrial Operations	7.7	8.5	10.6	12.3	13.0
Volvo Group	8.1	8.9	11.0	12.5	13.2

Adjusted operating margin					
%	1/2020	4/2019	3/2019	2/2019	1/2019
Trucks	6.8	9.1	11.6	12.6	12.2
Construction Equipment	13.3	9.8	12.2	15.5	15.1
Buses	-2.5	3.9	4.5	4.5	4.3
Volvo Penta	15.2	5.7	12.7	16.9	20.0
Industrial Operations	7.4	8.4	10.6	12.3	11.6
Volvo Group adjusted operating margin	7.8	8.8	11.0	12.5	11.8

QUARTERLY FIGURES

Share data					
	1/2020	4/2019	3/2019	2/2019	1/2019
Earnings per share, SEK ¹	2.30	3.27	3.67	5.47	5.22
Earnings per share, SEK ¹ , 12 months rolling	14.71	17.64	15.62	15.62	14.69
Diluted earnings per share, SEK	2.30	3.27	3.67	5.47	5.22
Number of outstanding shares in millions	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
Average number of shares after dilution in millions	2,033	2,033	2,033	2,033	2,034
Number of own shares in millions	95	95	95	95	95
Average number of own shares in millions	95	95	95	95	95

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 2019 (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 2020

As of January 1, 2020 the Volvo Group has changed the classification of certain costs related to commercial customer commitments, which now are recognized as Selling expenses

instead of as Cost of sales. This has caused a shift between the lines in the income statement for Industrial Operations as well as the Volvo Group, while Financial Services is not affected. As a consequence, Cost of sales has decreased and Selling expenses has increased by the corresponding amount, with no impact on the operating income.

The reclassification has been done retrospectively and the financial information for 2019 has been restated to facilitate the comparability between the years. Restated income statements for each quarter and for the full year 2019 are presented on page 30-32.

There are no other new accounting policies applicable from 2020 that significantly affects the Volvo Group.

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 framework 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 framework 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 technology shift and convergence, intense competition and extensive government regulations;

Operational risks – such as customer satisfaction, cyclical nature of the commercial vehicles industry, reliance on suppliers and scarce materials, disturbances and inefficiencies in the industrial system, risk related to human capital and human rights, residual value commitments, cybersecurity and IT infrastructure as well as political instability across the world;

Compliance risks – such as non-compliance with data protection laws, protection and maintenance of intangible assets, complaints and legal actions by customers and other

third parties, environmental regulations and corruption and non-compliance with competition law; and

Financial risks – such as insurance coverage, credit risk, pension commitments, interest level and currency fluctuations, liquidity risks, as well as impairment on goodwill and other intangible assets.

For a more elaborate description of these risks, please refer to the Risk Management section on pages 102-109 in the Volvo Group Annual and Sustainability Report 2019 (available at www.volvogroup.com).

Risk and uncertainties for the reporting period

Short-term risks, when applicable, are also described in the respective segment section of this report. The outbreak of the COVID-19 pandemic throughout the world has led to major disruptions in the economies of many countries, including the Group's key markets and such economic disruption is expected to continue in the coming months. As communicated by the Group, this has resulted in, and is expected to continue to give rise to, supply disruptions and a weaker demand for the Group's products and services and a material negative impact on the financial performance of the Group. The duration and expected development of the

COVID-19 pandemic is unknown, and no predictions can be made in relation to the length of present, and further measures that different countries and others may take in response to the crisis. However, any prolongation or worsening of the virus outbreak may lead to e.g. the following:

- the extension of containment measures and restrictions on freedom of movement in the Group's key markets,
- key suppliers experiencing severe financial difficulties,
- shortages of necessary material and parts from suppliers directly or indirectly affected by the virus outbreak that may in turn lead to delayed re-start of production or extended production downtimes,
- a larger number of customers directly or indirectly affected by the virus outbreak having difficulties, or being prevented from, making payments to the Group when due,
- further price pressure on new and used vehicles, which may give rise to further reserve requirements with respect to vehicles in stock and residual value commitments,
- impairments of goodwill and other intangible assets,
- further disruption of financial markets and/or
- a prolonged global economic downturn leading to a more severe reduction in demand for Group products.

Given the evolving nature of the crisis, the above list is not exhaustive, but each of these events, or any combination of them, could amplify the negative impact of the crisis on the Group's financial performance and have material adverse effect on the Group's business, financial development and shareholder value.

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 2020 and will gradually ramp up in the coming years. The Volvo Group will continuously assess the size of the provision as the matter develops.

Contingent liabilities

The reported contingent liabilities reflect a part of the Volvo Group's risk exposure. Total contingent liabilities as of March 31, 2020, amounted to SEK 13.6 billion, a decrease of SEK 0.1 billion compared with December 31, 2019. The gross exposure of SEK 13.6 billion is partly reduced by counter guarantees and collaterals.

Legal proceedings

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 of some or all of the litigations, 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 2019 are progressing. No material changes have occurred in these matters in Q1 2020.

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 and there is a significant economic incentive for the customer to return the vehicle, 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 credits is 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 first quarter that have had a significant impact on the Volvo Group.

Assets and liabilities held for sale

At the end of the first quarter, assets and liabilities held for sale amounted to SEK 39,755 M (32,773) and SEK 12,971 M (10,413) respectively. The assets and liabilities held for sale mainly relate 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. The balances are impacted by changes in the underlying assets and liabilities as well as changes in currency.

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 2019 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 5.2 billion (2.6) and derivatives with negative fair values amounted to SEK 5.7 billion (2.5) as of March 31, 2020.

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 168.4 billion (155.9) in reported carrying value with a fair value of SEK 169.6 billion (156.1). In the Volvo Group consolidated financial position, financial liabilities include loan-related derivatives with negative fair values amounting to SEK 4.5 billion (1.9).

Currency effect on operating income, Volvo Group	Compared to first quarter 2019		
	First quarter 2020	First quarter 2019	Change
SEK M			
Net flow in foreign currency			274
Realized and unrealized gains and losses on derivatives	-32	-6	-25
Unrealized gains and losses on receivables and liabilities in foreign currency	-662	-102	-560
Translation effect on operating income in foreign subsidiaries			51
Total currency effect on operating income, Volvo Group			-261

Applicable currency rates	Quarterly exchange rates		Close rates	
	First quarter 2020	First quarter 2019	Mar 31 2020	Mar 31 2019
BRL	2.18	2.44	1.94	2.38
CNY	1.39	1.36	1.42	1.38
EUR	10.66	10.42	11.08	10.42
GBP	12.37	11.94	12.39	12.08
USD	9.67	9.17	10.08	9.28
JPY	0.0888	0.0833	0.0929	0.0838
KRW	0.0081	0.0082	0.0083	0.0082

NOTE 6 | TRANSACTIONS WITH RELATED PARTIES

SEK M	Sales of goods, services and other income		Purchases of goods, services and other expenses	
	First quarter 2020	First quarter 2019	First quarter 2020	First quarter 2019
Associated companies	554	293	27	28
Joint ventures	397	470	199	237
Other related parties	34	25	166	270

SEK M	Receivables		Payables	
	March 31 2020	Dec 31 2019	March 31 2020	Dec 31 2019
Associated companies	324	595	31	73
Joint ventures	163	214	61	38
Other related parties	141	118	377	402

NOTE 7 | RECONCILIATION OF ADJUSTED OPERATING INCOME

Adjusted operating income						
SEK M	1/2020	4/2019	3/2019	2/2019	1/2019	
Trucks	3,948	6,223	7,488	9,548	8,293	
Construction Equipment	2,678	1,931	2,180	4,153	3,646	
Buses	-129	297	343	403	294	
Volvo Penta	509	174	399	618	684	
Group Functions & Other	-469	-93	-311	-302	-804	
Eliminations	-2	-6	12	-2	-18	
Industrial Operations	6,534	8,525	10,111	14,419	12,095	
Financial Services	605	704	774	686	602	
Reclassifications and eliminations	1	-6	-	-	0	
Volvo Group adjusted operating income	7,140	9,223	10,885	15,105	12,696	

Adjustments						
SEK M	1/2020	4/2019	3/2019	2/2019	1/2019	
Adjustment items (segment)						
Capital gain on sale of shares in WirelessCar (Group functions & Other)	-	156	-	-	1,466	
Depreciation of Assets held for sale (Group functions & Other)	234	-	-	-	-	
Total adjustments						
Group Functions & Other	234	156	-	-	1,466	
Industrial Operations	234	156	-	-	1,466	
Volvo Group	234	156	-	-	1,466	

Operating income						
SEK M	1/2020	4/2019	3/2019	2/2019	1/2019	
Trucks	3,948	6,223	7,488	9,548	8,293	
Construction Equipment	2,678	1,931	2,180	4,153	3,646	
Buses	-129	297	343	403	294	
Volvo Penta	509	174	399	618	684	
Group Functions & Other	-235	62	-311	-302	662	
Eliminations	-2	-6	12	-2	-18	
Industrial Operations	6,768	8,681	10,111	14,419	13,560	
Financial Services	605	704	774	686	602	
Reclassifications and eliminations	1	-6	-	-	0	
Volvo Group	7,374	9,379	10,885	15,105	14,162	

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

PARENT COMPANY

During the first quarter, the parent company had no income from investments in group companies. Investments in joint ventures and associated companies has increased with SEK 125 M due to an investment of 50% of the shares in World of Volvo AB.

Financial net debt amounted to SEK 34,806 M (32,160) at the end of the first quarter.

Income Statement		
	First quarter	
SEK M	2020	2019
Net sales¹	81	149
Cost of sales ¹	-81	-149
Gross income	0	0
Operating expenses ¹	-347	-364
Operating income (loss)	-347	-364
Income from investments in Group companies	-	9
Interest income and expenses	-195	-184
Other financial income and expenses	-6	-1
Income after financial items	-548	-540
Income taxes	104	104
Income for the period	-444	-436

¹ Of net sales in the first quarter, SEK 70 M (136) pertained to Group companies, while purchases from Group companies amounted to SEK 62 M (90).

Other comprehensive income		
Income for the period	-444	-436
Other comprehensive income, net of income taxes	-	-
Total comprehensive income for the period	-444	-436

Balance Sheet		
SEK M	March 31 2020	Dec 31 2019
Assets		
Non-current assets		
Tangible assets	7	7
Financial assets		
Shares and participations in Group companies	72,272	72,272
Investments in joint ventures and associated companies	9,122	8,997
Other shares and participations	1	1
Deferred tax assets	311	207
Total non-current assets	81,713	81,484
Current assets		
Current receivables from Group companies	38,911	39,191
Tax assets	496	-
Other current receivables	1,671	360
Total current assets	41,078	39,551
Total assets	122,791	121,035
Equity and liabilities		
Equity		
Restricted equity	9,891	9,891
Unrestricted equity	52,884	53,328
Total Equity	62,775	63,219
Untaxed reserves	10,000	10,000
Provisions	251	248
Non-current liabilities ¹	5,595	5,595
Current liabilities ²	44,170	41,973
Equity and liabilities	122,791	121,035

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

² Of which SEK 41,836 M (39,246) pertains to Group companies.

Events after the balance sheet date

For important events, please see page 13 and 14. No other significant events have occurred after the end of the first quarter 2020 that are expected to have a substantial effect on the Volvo Group.

Gothenburg, April 23, 2020
AB Volvo (publ)

Martin Lundstedt
President and CEO

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

NET ORDER INTAKE

Net order intake of trucks	First quarter		Change %
	2020	2019	
Number of trucks			
Europe	21,178	26,007	-19
Heavy- and medium-duty	17,312	21,055	-18
Light-duty	3,866	4,952	-22
North America	4,732	5,469	-13
South America	3,044	3,998	-24
Asia	6,913	7,470	-7
Africa and Oceania	2,532	2,940	-14
Total trucks	38,399	45,884	-16
Heavy-duty (>16 tons)	30,322	37,786	-20
Medium-duty (7-16 tons)	4,021	2,935	37
Light-duty (<7 tons)	4,056	5,163	-21
Total trucks	38,399	45,884	-16

Net order intake of trucks by brand

Volvo			
Europe	10,846	13,505	-20
North America	1,160	2,092	-45
South America	2,726	3,516	-22
Asia	2,656	2,783	-5
Africa and Oceania	1,083	1,635	-34
Total Volvo	18,471	23,531	-22
Heavy-duty (>16 tons)	17,627	22,701	-22
Medium-duty (7-16 tons)	844	830	2
Total Volvo	18,471	23,531	-22

UD			
North America	16	9	78
South America	144	106	36
Asia	3,532	4,344	-19
Africa and Oceania	639	760	-16
Total UD	4,331	5,219	-17
Heavy-duty (>16 tons)	3,430	4,282	-20
Medium-duty (7-16 tons)	742	792	-6
Light-duty (<7 tons)	159	145	10
Total UD	4,331	5,219	-17

Renault Trucks			
Europe	10,332	12,502	-17
Heavy- and medium-duty	6,466	7,550	-14
Light-duty	3,866	4,952	-22
North America	38	645	-94
South America	68	42	62
Asia	725	343	111
Africa and Oceania	690	359	92
Total Renault Trucks	11,853	13,891	-15
Heavy-duty (>16 tons)	6,208	7,560	-18
Medium-duty (7-16 tons)	1,748	1,313	33
Light-duty (<7 tons)	3,897	5,018	-22
Total Renault Trucks	11,853	13,891	-15

Mack			
North America	3,518	2,723	29
South America	106	334	-68
Africa and Oceania	120	186	-35
Total Mack	3,744	3,243	15
Heavy-duty (>16 tons)	3,057	3,243	-6
Medium-duty (7-16 tons)	687	-	-
Total Mack	3,744	3,243	15

DELIVERIES

Deliveries of trucks Number of trucks	First quarter		Change %
	2020	2019	
Europe	21,003	26,884	-22
Heavy- and medium-duty	17,103	21,587	-21
Light-duty	3,900	5,297	-26
North America	10,660	17,205	-38
South America	4,878	4,734	3
Asia	5,669	6,688	-15
Africa and Oceania	2,555	3,083	-17
Total trucks	44,765	58,594	-24
Heavy-duty (>16 tons)	38,265	49,643	-23
Medium-duty (7-16 tons)	2,443	3,341	-27
Light-duty (<7 tons)	4,057	5,610	-28
Total trucks	44,765	58,594	-24

Deliveries of trucks by brand

Volvo			
Europe	11,528	13,674	-16
North America	5,328	9,741	-45
South America	4,627	4,414	5
Asia	2,673	2,579	4
Africa and Oceania	1,164	1,658	-30
Total Volvo	25,320	32,066	-21
Heavy-duty (>16 tons)	24,623	31,162	-21
Medium-duty (7-16 tons)	697	904	-23
Total Volvo	25,320	32,066	-21

UD			
North America	11	33	-67
South America	59	65	-9
Asia	2,722	3,771	-28
Africa and Oceania	617	733	-16
Total UD	3,409	4,602	-26
Heavy-duty (>16 tons)	2,646	3,549	-25
Medium-duty (7-16 tons)	614	832	-26
Light-duty (<7 tons)	149	221	-33
Total UD	3,409	4,602	-26

Renault Trucks			
Europe	9,475	13,210	-28
Heavy- and medium-duty	5,575	7,913	-30
Light-duty	3,900	5,297	-26
North America	149	323	-54
South America	32	34	-6
Asia	273	338	-19
Africa and Oceania	606	400	52
Total Renault Trucks	10,535	14,305	-26
Heavy-duty (>16 tons)	5,495	7,311	-25
Medium-duty (7-16 tons)	1,132	1,605	-29
Light-duty (<7 tons)	3,908	5,389	-27
Total Renault Trucks	10,535	14,305	-26

Mack			
North America	5,172	7,108	-27
South America	160	221	-28
Asia	1	-	-
Africa and Oceania	168	292	-42
Total Mack	5,501	7,621	-28
Heavy-duty (>16 tons)	5,501	7,621	-28
Total Mack	5,501	7,621	-28

RESTATEMENT OF INCOME STATEMENTS 2019

As a consequence of a reclassification of certain costs, restated accounts per quarter and for the full year 2019 are presented below.

First quarter 2019 SEK M	Industrial Operations			Volvo Group		
	Previously reported	Restate- ment	After restate- ment	Previously reported	Restate- ment	After restate- ment
Net sales	104,158	-	104,158	107,208	-	107,208
Cost of sales	-78,810	227	-78,583	-80,540	227	-80,313
Gross income	25,348	227	25,575	26,667	227	26,894
Research and development expenses	-4,125	-	-4,125	-4,125	-	-4,125
Selling expenses	-7,235	-227	-7,462	-7,853	-227	-8,080
Administrative expenses	-1,471	-	-1,471	-1,474	-	-1,474
Other operating income and expenses	600	-	600	503	-	503
Income/loss from investments in joint ventures and associated companies	425	-	425	425	-	425
Income from other investments	18	-	18	18	-	18
Operating income	13,560	-	13,560	14,162	-	14,162
Interest income and similar credits	73	-	73	73	-	73
Interest expenses and similar charges	-454	-	-454	-455	-	-455
Other financial income and expenses	-500	-	-500	-500	-	-500
Income after financial items	12,679	-	12,679	13,280	-	13,280
Income taxes	-2,361	-	-2,361	-2,517	-	-2,517
Income for the period	10,318	-	10,318	10,763	-	10,763

Second quarter 2019 SEK M	Industrial Operations			Volvo Group		
	Previously reported	Restate- ment	After restate- ment	Previously reported	Restate- ment	After restate- ment
Net sales	117,310	-	117,310	120,694	-	120,694
Cost of sales	-89,176	230	-88,946	-91,116	230	-90,886
Gross income	28,134	230	28,364	29,578	230	29,808
Research and development expenses	-4,814	-	-4,814	-4,814	-	-4,814
Selling expenses	-7,821	-230	-8,051	-8,456	-230	-8,686
Administrative expenses	-1,472	-	-1,472	-1,476	-	-1,476
Other operating income and expenses	-305	-	-305	-425	-	-425
Income/loss from investments in joint ventures and associated companies	476	-	476	476	-	476
Income from other investments	222	-	222	222	-	222
Operating income	14,419	-	14,419	15,105	-	15,105
Interest income and similar credits	85	-	85	86	-	86
Interest expenses and similar charges	-458	-	-458	-459	-	-459
Other financial income and expenses	-168	-	-168	-167	-	-167
Income after financial items	13,879	-	13,879	14,566	-	14,566
Income taxes	-3,046	-	-3,046	-3,213	-	-3,213
Income for the period	10,832	-	10,832	11,352	-	11,352

Third quarter 2019	Industrial Operations			Volvo Group		
	Previously reported	Restate-ment	After restate-ment	Previously reported	Restate-ment	After restate-ment
SEK M						
Net sales	95,167	-	95,167	98,723	-	98,723
Cost of sales	-72,379	558	-71,821	-74,461	558	-73,903
Gross income	22,788	558	23,346	24,263	558	24,821
Research and development expenses	-4,251	-	-4,251	-4,251	-	-4,251
Selling expenses	-7,347	-558	-7,905	-7,973	-558	-8,531
Administrative expenses	-1,330	-	-1,330	-1,333	-	-1,333
Other operating income and expenses	-15	-	-15	-86	-	-86
Income/loss from investments in joint ventures and associated companies	227	-	227	227	-	227
Income from other investments	39	-	39	39	-	39
Operating income	10,111	-	10,111	10,885	-	10,885
Interest income and similar credits	82	-	82	82	-	82
Interest expenses and similar charges	-376	-	-376	-376	-	-376
Other financial income and expenses	-463	-	-463	-463	-	-463
Income after financial items	9,354	-	9,354	10,129	-	10,129
Income taxes	-2,357	-	-2,357	-2,580	-	-2,580
Income for the period	6,998	-	6,998	7,549	-	7,549

Fourth quarter 2019	Industrial Operations			Volvo Group		
	Previously reported	Restate-ment	After restate-ment	Previously reported	Restate-ment	After restate-ment
SEK M						
Net sales	101,727	-	101,727	105,355	-	105,355
Cost of sales	-78,690	277	-78,413	-80,778	277	-80,501
Gross income	23,037	277	23,314	24,578	277	24,855
Research and development expenses	-5,348	-	-5,348	-5,348	-	-5,348
Selling expenses	-8,080	-277	-8,357	-8,756	-277	-9,033
Administrative expenses	-1,614	-	-1,614	-1,618	-	-1,618
Other operating income and expenses	-50	-	-50	-213	-	-213
Income/loss from investments in joint ventures and associated companies	731	-	731	731	-	731
Income from other investments	6	-	6	6	-	6
Operating income	8,681	-	8,681	9,379	-	9,379
Interest income and similar credits	79	-	79	79	-	79
Interest expenses and similar charges	-385	-	-385	-385	-	-385
Other financial income and expenses	-215	-	-215	-215	-	-215
Income after financial items	8,160	-	8,160	8,857	-	8,857
Income taxes	-1,886	-	-1,886	-2,027	-	-2,027
Income for the period	6,274	-	6,274	6,831	-	6,831

Year 2019 SEK M	Industrial Operations			Volvo Group		
	Previously reported	Restate- ment	After restate- ment	Previously reported	Restate- ment	After restate- ment
Net sales	418,361	-	418,361	431,980	-	431,980
Cost of sales	-319,055	1,292	-317,763	-326,895	1,292	-325,603
Gross income	99,306	1,292	100,598	105,085	1,292	106,377
Research and development expenses	-18,539	-	-18,539	-18,539	-	-18,539
Selling expenses	-30,483	-1,292	-31,775	-33,037	-1,292	-34,329
Administrative expenses	-5,887	-	-5,887	-5,901	-	-5,901
Other operating income and expenses	230	-	230	-221	-	-221
Income/loss from investments in joint ventures and associated companies	1,859	-	1,859	1,859	-	1,859
Income from other investments	285	-	285	285	-	285
Operating income	46,771	-	46,771	49,531	-	49,531
Interest income and similar credits	320	-	320	320	-	320
Interest expenses and similar charges	-1,673	-	-1,673	-1,674	-	-1,674
Other financial income and expenses	-1,346	-	-1,346	-1,345	-	-1,345
Income after financial items	44,071	-	44,071	46,832	-	46,832
Income taxes	-9,650	-	-9,650	-10,337	-	-10,337
Income for the period	34,422	-	34,422	36,495	-	36,495

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 CEST on April 23, 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 General Meeting 2020	June 18, 2020
Report on the second quarter 2020	July 17, 2020
Report on the third quarter 2020	October 20, 2020

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