



Press information

Volvo Buses – profitability impacted by lower sales

Deliveries during the third quarter of 2012 amounted to 2,137 buses, compared with 2,954 the same period last year, down 28%. Order intake in the third quarter of 2012 amounted to 2,267 buses compared with 2,580 in the same period last year. In the third quarter, net sales decreased by 16% to SEK 4,256 M (5,043).

Continued low demand in the world bus market except for Asia

Demand for buses continued to be low in most world markets except for Asia. In Europe, the total market for the first eight months was 9% lower compared to the same period 2011. The total market for the full year is estimated to be at an all-time low, amounting to some 21,000 units. In Southern Europe the drop is now exceeding 40%. In Europe as a whole, severe price pressure continues in all tenders.

In North America, the transit market is still weak due the budget deficit. Recovery in the coach market remains slow.

The South American market is slowing down, partly due to the pre-buy effect before Euro V standards and hesitancy among operators ahead of municipality elections.

The Asian bus markets keep growing, mainly contributing from India and China. In India, the third quarter shows a small drop of 3% in the total market compared to the same period last year, but the total market is still growing with 12% year to date. In China, the total market has increased 11% compared to the same period in 2011.

Lower order intake and deliveries

Deliveries during the third quarter of 2012 amounted to 2,137 buses, compared with 2,954 the same period last year, down 28%. All main markets, except for the ones in Asia had lower deliveries during the third quarter 2012 compared to the same period last year. Market shares in Europe improved, partly based on the sale of Hybrid buses. Volvo Buses has in total sold more than 800 Hybrid buses in 20 countries, and demand for such products is increasing.

Order intake in the third quarter of 2012 amounted to 2,267 buses compared with 2,580 in the same period last year. During the third quarter of 2012 a number of important orders were signed, whereof 160 articulated buses and 460 front engine buses to Belo Horizonte, Brazil, 120 bi-articulated buses to Bogota, Colombia, 153 articulated low floor buses to Toronto, Canada, 270 buses to Israel and 29 Hybrid buses to Gothenburg, Sweden.



Operating loss in the third quarter

In the third quarter, net sales decreased by 16% to SEK 4,256 M (5,043). Adjusted for currency movements, net sales decreased by 15%. Buses reported an operating loss of 58 M compared to an operating profit of SEK 205 M last year. Operating margin was a negative 1.4% (positive 4.1). The operating margin was negatively affected by continued low volumes, a negative market mix and low capacity utilization. Operating income was positively impacted by changes in currency exchange rates in an amount of SEK 79 M.

Volvo Buses have decided to concentrate the production of complete buses in Europe to Wroclaw, Poland and close the production in Säfte, Sweden by mid-2013. It is expected that the relocation will have a negative impact on the Volvo Group's operating income in the fourth quarter of 2012 of about SEK 100 M.

Net sales by market area	Third quarter			First nine months		
	2012	2011	Change in %	2012	2011	Change in %
SEK M						
Europe	1,197	1,534	(22)	4,375	4,493	(3)
North America	1,473	1,860	(21)	4,849	5,368	(10)
South America	473	773	(39)	1,993	1,715	16
Asia	689	550	25	2,102	2,140	(2)
Other markets	425	327	30	1,350	1,537	(12)
Total	4,256	5,043	(16)	14,669	15,252	(4)

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For further information, please contact:

Helena Lind, Media Manager, Volvo Bus Corporation

Phone: +46 (0)31-323 62 57

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