



Volvo Bus Corporation

## Press Information

# Volvo Buses – lower profitability due to lower sales volume

**Deliveries during the second quarter of 2012 amounted to 2,498 buses, compared with 3,127 in the year-earlier period, down 20%. Order intake for the second quarter amounted to 2,678 buses, compared with 3,124 in the year-earlier period, down 14%. In the second quarter, net sales declined by 5% to SEK 5,189 M (5,467).**

### **Lower demand in the bus market outside Asia**

Demand is lower in most of the world's bus markets with the exception of China and India where it is stable. In Europe, the total market for the first five months of 2012 was 7% lower compared with the same period in 2011. In Southern Europe the drop was more than 30%. As a result of the low levels of demand the price pressure in the European tender business continues.

In North America the bus market is weak and both coach and transit operators are still hesitant when it comes to investing in new vehicles. The South American market is experiencing a slowdown and the Brazilian market declined due to pre-buys of buses ahead of the new emission standards that came into effect on January 1, 2012. In Asia Pacific the tender activity continued on a stable level. China continued to grow in all segments and the market increased by 11% to the end of May. India still showed growth but at a slower pace. Following an increase of 20% in the first quarter, the market increased by 8% in the second quarter when compared to last year.

### **Lower volumes**

Deliveries during the second quarter of 2012 amounted to 2,498 buses, compared with 3,127 in the year-earlier period, down 20%. With the exception of Europe all main markets had lower deliveries compared to same period in 2011. Volvo Buses has strengthened its market share in Europe on the back of its new, competitive product portfolio.

Order intake for the second quarter amounted to 2,678 buses, compared with 3,124 in the year-earlier period, down 14%. During the second quarter a number of significant orders were signed, including one for 550 double-deck buses for SBS in Singapore. In addition, Volvo Buses received an order for 80 hybrid buses in South America. Production of hybrid buses in Brazil will start in the latter part of 2012. In total, 760 Volvo hybrid buses have been sold to 20 countries to date.

### Operating income affected by lower sales

In the second quarter, net sales declined by 5% to SE K 5,189 M (5,467). Adjusted for currency movements, net sales decreased by 10%. Operating income declined to SE K 176 M (298). Operating margin was 3.4% (5.5). Operating income was negatively affected by lower volumes, negative market mix and lower capacity utilization. Earnings in the second quarter were positively affected by VAT credits in Brazil of SE K 50 M relating to previous years. Compared with the second quarter of 2011, operating income was negatively impacted by changes in currency exchange rates in an amount of SE K 37 M. Actions have been taken to reduce the capacity in the industrial system in Europe, North America and South America.

Net sales by market area	Second quarter			First six months		
	2012	2011	Change in %	2012	2011	Change in %
<b>SEK M</b>						
Europe	<b>1,980</b>	1,637	21	<b>3,178</b>	2,959	7
North America	<b>1,545</b>	1,852	(17)	<b>3,376</b>	3,508	(4)
South America	<b>411</b>	593	(31)	<b>1,520</b>	942	61
Asia	<b>744</b>	698	6	<b>1,413</b>	1,590	(11)
Other markets	<b>508</b>	686	(26)	<b>925</b>	1,210	(24)
<b>Total</b>	<b>5,189</b>	<b>5,467</b>	<b>(5)</b>	<b>10,413</b>	<b>10,209</b>	<b>2</b>

July 24, 2012

*For further information, please contact Christina Fjellman, VP, Corporate Communications, +46-702696010, e-mail: [christina.fjellman@volvo.com](mailto:christina.fjellman@volvo.com)*