



Press information

Volvo Buses – weak markets continue to impact profitability

Weak markets contributed to an operating loss of SEK 129 M for Volvo Buses in the fourth quarter of 2012. Order intake in the fourth quarter of 2012 amounted to 3,068 buses (3,941). Volvo Buses has improved its market shares in North America, South America and Europe. Deliveries during the year amounted to 10 678 buses, down 16% compared to 2011.

Global bus market still on a low level

Demand for buses during the year was low in most markets except for Asia. In Europe, the total market for the full year is forecasted to amount to 20,600 units, which is 13% lower compared to 2011. In Southern Europe the drop is close to 40%. Severe price pressure continues in all European tenders.

In North America, the transit market is still weak due to the fiscal situation in the US, and recovery in the coach market remains slow.

The South American market is still low, partly due to the pre-buy effect before Euro 5 standards and hesitance among operators in conjunction with municipality elections in Brazil.

The Asian bus markets keep growing, but at a slower pace due to the global financial situation. The Indian market grew by 3%. In China, the total market increased 6% compared to 2011.

Volvo Buses has strengthened its market positions in the core markets.

Lower order intake and deliveries

Deliveries during the fourth quarter of 2012 totaled 3,244 buses, compared with 4,172 buses the same period last year, down 22%. All markets had lower deliveries during the fourth quarter 2012 compared to the same period 2011. Market shares have improved in North America, South America and Europe.

Order intake in the fourth quarter of 2012 amounted to 3,068 buses (3,941). The decrease is explained by the weak world market. Despite the lower order intake compared to 2011, which was a record year for Volvo Buses, the fourth quarter is on a pick-up trend compared to the previous quarters of 2012.

Several significant orders were signed during the fourth quarter, including 310 coaches to Rio de Janeiro, Brazil, 475 hybrid buses to Quebec, Canada and 150 fully electric buses to Qingdao, China to be delivered by Sunwin (Volvo Buses and SAIC Motor joint-venture). A total of 413 fully electric buses was delivered by Sunwin during 2012, making the company leading in China and a world leading supplier of fully electric buses (>10 meters) in 2012.



Operating loss in the fourth quarter

Net sales in the fourth quarter decreased by 14% to SEK 5,626 M (6,571). Adjusted for currency movements, net sales decreased by 12%.

Buses reported an operating loss of SEK 129 M compared to an operating profit of SEK 308 M last year. Operating margin was a negative 2.3% (4.7). The operating margin was negatively affected by continued low volumes, a negative market mix and low capacity utilization. Restructuring measures related to the transfer of production from Säfte, Sweden to Wroclaw, Poland and within Sunwin Bus in Shanghai, China impacted operating income in the fourth quarter by SEK 110 M.

Compared with the fourth quarter of 2011, operating income was positively impacted by changes in currency exchange rates in an amount of SEK 21 M.

Cost reduction activities to offset the negative market development are being implemented.

Net sales by market area	Fourth quarter			Year		
	2012	2011	Change in %	2012	2011	Change in %
SEK M						
Europe	1,825	2,139	(15)	6,200	6,631	(7)
North America	1,826	2,164	(16)	6,675	7,532	(11)
South America	801	1,000	(20)	2,794	2,715	3
Asia	751	814	(8)	2,853	2,953	(3)
Other markets	423	455	(7)	1,774	1,992	(11)
Total	5,626	6,571	(14)	20,295	21,823	(7)

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For more information, please contact:

Helena Lind, Manager Media Relations, Volvo Bus Corporation
tel: + 46 (0)31-323 62 57

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