



## Press information

# Volvo Buses – positive result in a weak market

**In continued weak markets Volvo Buses reported an operating income of SEK 50 M for the fourth quarter 2013. Net sales in the fourth quarter increased by 2% to SEK 5,512 M (5,385). Order intake in the fourth quarter totaled 2,406, which was a decrease of 17% compared to the same period last year. During the quarter, an order for 414 city buses to New York City was signed.**

### **Weak global bus market shows signs of recovery**

Demand remained low on the global bus market in the fourth quarter. The general economic situation in Europe keeps the market under pressure. In Asia growth is still on low levels, but the market is expected to recover in 2014. In China, the government has put policies in place to subsidize hybrid, plug-in hybrid and fully electric buses. The Indian market continues to be weak, with the coach segment being particularly low as a direct consequence of a struggling economy. The North American market continues to recover slowly.

### **Electric Buses and Bus Rapid Transit in focus**

Volvo Buses' North American subsidiary, Nova Bus, and the Société de transport de Montréal have entered into an agreement on an electrification project for the public transit system of Montréal. In addition Nova Bus, has received an order for 414 low floor city buses, with an option for 700 additional vehicles, for MTA New York City Transit.

Volvo Buses has strengthened its hybrid program with the sales start of the Volvo 7900 Articulated Hybrid bus. It has capacity for 154 passengers and up to 30% lower fuel consumption than the current diesel model.

Deliveries in the fourth quarter amounted to 3,096 buses, compared to 2,849 units for the same period 2012, which is an increase of 9%. Order intake in the fourth quarter totaled 2,406, which was a decrease of 17% compared to the fourth quarter 2012.

### **Positive result in the quarter**

Net sales in the fourth quarter increased by 2% to SEK 5,512 M (5,385). Adjusted for currency fluctuations, sales increased by 7%.

Operating income amounted to SEK 50 M compared to an operating loss of SEK 22 M during the fourth quarter of 2012 excluding restructuring charges of SEK 110 M in the fourth quarter last year. Operating margin was a positive 0.9% compared to a negative 0.4% excluding restructuring charges in the fourth quarter of last year. Increased volumes contributed to a positive result in the fourth quarter. However, weak market development and pricing pressure continue to impact profitability. Compared with the



fourth quarter of 2012, operating income was negatively impacted by changes in currency exchange rates in an amount of SEK 70 M.

A global cost reduction program is effective in Volvo Buses to offset the negative market development and to compensate for currency effects. Further measures are being implemented in 2014.

Net sales by market area	Fourth quarter			Year		
	2013	2,012	Change in, %	2013	2,012	Change in, %
SEK M						
Europe	1,620	1,825	-11	5,429	6,200	-12
North America	2,171	1,826	19	5,929	6,675	-11
South America	701	801	-13	1,836	2,794	-34
Asia	628	508	24	2,055	2,149	-4
Other markets	392	423	-7	1,457	1,768	-18
<b>Total</b>	<b>5,512</b>	<b>5,385</b>	<b>2</b>	<b>16,707</b>	<b>19,587</b>	<b>-15</b>

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