



Press information

Volvo Buses – breakeven in spite of low market volumes

Volvo Buses reported an operating profit of SEK 11 M in the second quarter 2013. Order intake in the second quarter totaled 2326 buses, which was 13% higher than the same period last year. Volvo Buses continue to strengthen its position as a world leader in hybrid technology, with the launch of the plug in hybrid bus.

Global bus market still on low levels, but some signs of improvement

In 2013, the European market is expected to remain on the same level as in 2012 and is still under severe price pressure. In India demand is much lower on the coach market, and in the city bus segment the Indian government has announced government grants for purchases of buses, JnNurm, valid 2013-2016. In China higher quoting activity is expected in Shanghai during 2013.

In North America there are indicators of a recovery, both on the transit and coach market. In South America the Finame incentives continue to support market growth. Tender activity in Brazil is expected to improve towards the end of the year.

Weaker market hampers volume growth

Deliveries during the second quarter of 2013 amounted to 2,050 buses, compared to 2,117 units for the same period in 2012, which is a decrease of 3%.

Order intake in the second quarter totaled 2,326 buses, which was 13% higher than the same period last year. Volvo Buses continues to strengthen its position as a world leader in hybrid technology. During the second quarter the new plug in hybrid was introduced in field tests, followed by the launch of ElectricCity, a planned co-operation between Volvo Group, the City of Göteborg and other regional stakeholders. The objective is to introduce fully electric buses in 2015, along with creation and trial runs of new bus-stop solutions, traffic-routing systems, safety concepts, energy supply and business models.



Breakeven in the quarter

Net sales in the second quarter decreased by 20% to SEK 4,008 M (5,040). Adjusted for currency fluctuations, sales decreased by 16%. Buses reported an operating income of SEK 11 M compared to an operating income of SEK 188 M during the second quarter of 2012. Compared with the second quarter of 2012, operating income was negatively impacted by changes in currency exchange rates in an amount of SEK 63 M. Earnings in the second quarter of 2012 were positively affected by VAT credits in Brazil of SEK 50 M relating to previous years. Operating margin was a positive 0.3% (3.7).

A cost reduction program is in focus in Volvo Buses to offset the negative market development. Concentration of manufacturing of complete buses in Europe to Wroclaw, Poland, has been fully implemented. Manufacturing of Volvo buses in Säfte, Sweden was discontinued during the second quarter.

Net sales by market area	Second quarter			First six months		
	2013	2012	Change in %	2013	2012	Change in %
SEK M						
Europe	1,387	1,980	(30)	2,694	3,178	(15)
North America	1,278	1,545	(17)	2,402	3,376	(29)
South America	391	411	(5)	824	1,520	(46)
Asia	535	596	(10)	899	1,127	(20)
Other markets	417	508	(18)	671	925	(27)
Total	4,008	5,040	(20)	7,490	10,126	(26)

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