



Press information

Volvo Buses – weak market impacts profitability

Low sales volumes on a weak market impacted profitability for Volvo Buses in the third quarter of 2013. Net sales decreased by 9% to SEK 3,705 M (4,076). Order intake in the third quarter improved and totaled 2,780 buses, which was 41% higher than the same period last year. Volvo Buses reported an operating loss of SEK 164 M for the third quarter of 2013.

Global bus market still on low level

In Europe, the market in 2013 is expected to remain on the same levels as in 2012, with continuous price pressure as a result. In North America there are early indicators of a market recovery, both on the coach and transit market. Asia continues to show growth, but on low levels. In China higher quoting activity is expected towards the end of 2013, with the announcement of new transport policies. In India market demand is low in the coach market.

Strong momentum in Electro mobility

Volvo Buses continues to strengthen its global position in hybrid technology by the extension of the current range of hybrid buses with a Volvo Articulated Hybrid bus. In South America there is a noticeable trend towards electro mobility, with interest in hybrid and electric vehicles. During the third quarter Volvo Buses received a breakthrough order in the region for 200 hybrid buses to Colombia. In Europe, a strategic partnership within electrification of public transportation was signed with Hamburger Hochbahn in Germany. At the core of the cooperation are the Volvo Plug-in hybrid buses. In addition, Volvo Buses entered the French market with the first two hybrids delivered to Lyon during the third quarter.

Deliveries during the third quarter of 2013 amounted to 1,939 buses, compared to 1,766 units for the same period in 2012, which is an increase of 10%. Order intake in the third quarter totaled 2,780 buses, which was 41% higher than the same period last year.

| | Third quarter | | | First nine months | | |
|--------------------|---------------|--------------|-------------|-------------------|--------------|-------------|
| | 2013 | 2012 | Change in % | 2013 | 2012 | Change in % |
| Buses | | | | | | |
| Europe | 458 | 480 | (5) | 1,480 | 1,776 | (17) |
| Western Europe | 456 | 480 | (5) | 1,431 | 1,726 | (17) |
| Eastern Europe | 2 | 0 | - | 49 | 50 | (2) |
| North America | 399 | 349 | 14 | 1,060 | 1,290 | (18) |
| South America | 372 | 422 | (12) | 1,485 | 1,598 | (7) |
| Asia | 518 | 354 | 47 | 1,269 | 1,159 | 10 |
| Other markets | 192 | 161 | 19 | 520 | 625 | (17) |
| Total Buses | 1,939 | 1,766 | 10 | 5,814 | 6,448 | (10) |



Operating loss in the quarter

Net sales in the third quarter decreased by 9% to SEK 3,705 M (4,076). Adjusted for currency fluctuations, sales decreased by 4%. Buses reported an operating loss of SEK 164 M compared to an operating loss of SEK 64 M during the third quarter of 2012. Operating margin was a negative 4.4% (neg. 1.6). The result for the third quarter was affected by a negative market and product mix. Compared to the third quarter of 2012, operating income was negatively impacted by currency exchange rates in an amount of SEK 95 M.

Cost reduction measures are ongoing in Volvo Buses to offset the negative market development and to compensate for the currency effects. Further efficiency improvement is expected from Volvo Buses' consolidation of bus manufacturing in Europe, with the discontinuation of bus production in Säfte, Sweden, during the second quarter 2013.

| Net sales by market area | Third quarter | | | First nine months | | |
|--------------------------|---------------|--------------|-------------|-------------------|---------------|-------------|
| | 2013 | 2012 | Change in % | 2013 | 2012 | Change in % |
| SEK M | | | | | | |
| Europe | 1,126 | 1,197 | (6) | 3,820 | 4,375 | (13) |
| North America | 1,365 | 1,473 | (7) | 3,767 | 4,849 | (22) |
| South America | 315 | 473 | (33) | 1,138 | 1,991 | (43) |
| Asia | 532 | 514 | 4 | 1,431 | 1,641 | (13) |
| Other markets | 367 | 420 | (13) | 1,039 | 1,345 | (23) |
| Total | 3,705 | 4,076 | (9) | 11,195 | 14,202 | (21) |

October 25, 2013

For further information, please contact:

Helena Lind, Media Manager, Volvo Bus Corporation

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

Volvo Bus Corporation is one of the world's largest manufacturer of large buses and coaches. The range comprises complete vehicles, chassis, bus bodies, transport system solutions for metropolitan traffic, leasing, financing and service contract maintenance. Volvo Bus Corporation is part of the Volvo Group, one of the world's leading manufacturers of trucks, buses, construction equipment and drive systems for marine and industrial applications. The Group also provides complete solutions for financing and service