



## Press information

# Volvo Buses – weak demand generating pricing pressure

**Lower sales volumes contributed to an operating loss of SEK 88 M in the first quarter 2013. Order intake in the first quarter totaled 2,109 buses, which was 6% higher than the same period last year. Strategic orders have been secured.**

### Global bus market remains on low levels

For the full year 2013 the European bus market is expected to remain on the same low level as in 2012. Price pressure is severe in most tenders in Europe as utilization of the production capacity in the industry remains very low.

In North America there are early indicators of a recovery in the transit market. The situation could however be affected by cuts in the US federal spending. Coach operators are still cautious in making new purchases due to pending tax raises.

In South America quoting activity has increased, mainly driven by low financing rates (FINAME) as well as World Cup tenders in Brazil and tenders for Bus Rapid Transit systems.

The Asian bus market continues to grow, but on lower levels. Tender activity remains healthy in China, while in India, the coach market has slowed down in the beginning of the year. In India, the government has announced a government grant for purchase of buses, JnNurm, valid 2013-2016.

### Deliveries hampered by weak market development

Deliveries during the first quarter of 2013 amounted to 1,825 buses, compared to 2,565 units for the same period in 2012, which is a decrease of 29%. In a majority of the main markets deliveries were on a lower level compared to the same period in the previous year.

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Volvo Buses further strengthened its position as a world leader in sales of hybrid buses. During the first quarter the first hybrid buses were delivered to the city of Luxembourg, along with an additional 44 Volvo hybrid buses to the UK. Perth in Australia also received the first hybrid bus of its kind in the Asia-Pacific region in January 2013. An order for 300 buses to Chicago was also signed, with an option of 150 units.



### Operating loss in the first quarter

Net sales in the first quarter decreased by 32% to SEK 3,482 M (5,086). Adjusted for currency fluctuations, sales decreased by 27%. Buses reported an operating loss of SEK 88 M compared to an operating income of SEK 46 M during the first quarter of 2012. The main reasons for the lower earnings are the decline in sales and price pressure. Compared with the first quarter of 2012, operating income was positively impacted by changes in currency exchange rates in an amount of SEK 29 M. Operating margin was a negative 2.5% (positive 0.9%).

| Net sales by market area | First quarter |              |             |
|--------------------------|---------------|--------------|-------------|
|                          | SEK M         | 2013         | 2012        |
| Europe                   | 1,307         | 1,198        | 9           |
| North America            | 1,124         | 1,831        | (39)        |
| South America            | 432           | 1,110        | (61)        |
| Asia                     | 364           | 530          | (31)        |
| Other markets            | 255           | 417          | (39)        |
| <b>Total</b>             | <b>3,482</b>  | <b>5,086</b> | <b>(32)</b> |

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