

PRESS RELEASE

Stable earnings for Volvo Construction Equipment in Q3 2023

Volvo Construction Equipment (Volvo CE) maintains a good sales performance in the third quarter this year, while accelerating the industry shift with new solutions to support the electric transformation.



The mobile Power Unit supports charging in remote locations of larger machines like the EC230 Electric excavator.

Growth in North America and stable sales in Europe have ensured steady earnings for Volvo CE in Q3, 2023, with signs of a softening towards the end of the quarter. Service solutions are growing in profitability, with a rise in sales compared to the same period last year – demonstrating their increased significance and Volvo CE's continued focus on digitalization.

In Q3, overall net sales amounted to SEK 24,296 M, a modest increase from SEK 24,238 M in the same quarter last year. When adjusted for currency movements net sales decreased slightly by 4%, of which net sales of machines decreased by 5% while service sales increased by 4%. Adjusted operating income amounted to SEK 3,733 M (SEK 3,773 M in 2022) corresponding to an adjusted operating margin of 15.4%.

Perform and transform

This third quarter saw the unveiling of the company's first electric power unit for larger electric machines like the EC230 Electric excavator. Allowing for high power charging of electric machines in remote locations, where access to a stable grid connection is limited, the Power Unit is now working with a customer in Sweden. Volvo CE also expanded the availability of the EC230 Electric excavator to customers in additional key markets in Europe.

Meanwhile in North America, the company inaugurated a new innovation center to provide training for technicians in diesel and electric heavy equipment, machine control technology, connectivity and productivity services.

Melker Jernberg, Head of Volvo CE, says: “We have performed well this quarter during a challenging economic environment while continuing to drive the long term transformation towards more efficient and sustainable construction solutions. Maintaining this solid performance is essential to help us also lead the way with our industry’s transformation.”

Market development

Ensuring stable earnings this quarter, the North American market grew by 10% in the year to date, supported by continued large infrastructure projects and strong commercial construction that offsets a weaker residential sector. While in Europe, the market slowed slightly, due to a weakening macroeconomic outlook and increasing interest rates, but still maintained a modest 4% growth.

The market in South America declined by 25% on the back of low investment levels in Brazil and low business confidence among customers. Meanwhile the Chinese market demand weakened substantially compared to last year with a drop of 40%, caused largely by a decrease in real estate investments. In other Asian markets, there has been an increase in demand in India, Japan and the Middle East, offset by a lower market in South Korea and Indonesia, resulting in a steady development rate of 3%.

During the quarter, global deliveries decreased by 21% thanks to a slowdown in Brazil and China as well as supply challenges in Europe, while net order intake also declined by 27%. This was largely driven by lower demand in China and cautiousness in Europe. North America, however, is providing some strength with a 33% increase in deliveries and a 196% increase in orders.

Table 1. Volvo Construction Equipment, net sales by market area, in Millions of Swedish Krona (SEK).

Net sales by market area SEK M	Third quarter		First nine months	
	2023	2022	2023	2022
Europe	7,638	7,321	25,662	22,316
North America	7,706	5,569	22,366	16,000
South America	1,132	2,016	2,995	4,996
Asia	5,944	7,487	21,083	24,332
Africa & Oceania	1,876	1,845	6,297	5,021
Total	24,296	24,238	78,404	72,664

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Volvo Construction Equipment (Volvo CE) is a global leader in construction solutions, delivering premium products and services that combine power and performance with a more sustainable way of working. We are a company driven by people and together we have a purpose: To build the world we want to live in. Founded in 1832 and with a distribution network across every major market, our many dedicated experts around the world are fulfilling our shared purpose through a focus on sustainability, electromobility and services. As well as our expanding range of electric machines and charging solutions, Volvo CE provides industry-leading haulers, loaders, excavators and much more, all built to suit the demands of our customers' varied construction and infrastructure needs. Volvo CE benefits from being connected to the Volvo Group, which also offers trucks, buses, power solutions for marine and industrial applications, financing and services that increase our customers' uptime and productivity. Through its holistic perspective, Volvo Group is committed to shaping the future landscape of sustainable transport and infrastructure solutions. For further company information and to explore our values further please visit www.volvoce.com