

PRESS RELEASE

## Record earnings for Volvo Construction Equipment in Q2 2023

Volvo Construction Equipment (Volvo CE) proves it is performing today while transforming for tomorrow with record earnings for the second quarter 2023, alongside its continued investment into sustainable change.



*Volvo CE electric machines on display at CHINCA event this quarter*

Sales of machines and services rose across all markets except South America and Asia resulting in a 12% global increase for Q2, 2023. This is despite net order intake decreasing by 41% in global markets, reflecting a weaker market in China, restrictive order slotting in North America and cautiousness among customers and dealers in Europe. Deliveries also decreased by 24%, primarily as a consequence of lower demand in China and a slowdown in Brazil.

While sales remain robust in Europe, North America and Africa, there are signs of demand weakening in other markets due to the overall economic development and rising interest rates, which is cooling down the activity especially with residential construction.

Strong profitability for Q2, 2023, is demonstrated by a record earnings increase of 12% to SEK 28,999 M (SEK 25,814 M in Q2, 2022). Adjusted for currency movements net sales increased by 7%, of which sales of machines were up by 7% and service sales by 4%. Compared with the same period last year, a higher operating income of SEK 5,353 M (SEK 3,568 M in Q2, 2022) is largely due to positive brand and product mix and price realization, partially offset by decreased volumes and lower production efficiency as well as higher R&D and selling expenses.

Volvo CE is maintaining solid growth during challenging economic times while continuing to lead the industry with investment into a more sustainable future. The second quarter saw the company not only announce the creation of a [new dedicated business unit](#) to boost growth across the full value chain of its

range of compact solutions but also continue its global rollout of electric compact machines, with launch events in [Singapore](#) and [Tokyo](#).

Melker Jernberg, President of Volvo CE, says: “Our ability to push innovation across construction with solutions for today and tomorrow, while performing well with continued financial growth and improved profitability will ensure we lead the way for years to come. The economic development may be having an effect on the overall construction equipment market but we are focused on leading a sustainable and profitable transformation for the benefit of our customers, our shareholders and society as a whole.”

### Market development

In all, the development in major markets outside of China continued to be good in Q2, with a year-to-date growth of 9% in North America, thanks to large infrastructure investments and strong commercial construction, and steady progress in Europe (4% year-to-date increase), where market growth has slightly flattened in line with a weaker macroeconomic outlook, elevated inflation and higher interest rates.

The Chinese market continued to have a significant negative correction (a 40% year-to-date drop) due to the prebuy effect related to the emissions regulations change at the end of last year, while in South America, investment levels remained low in Brazil due to weak business confidence among customers leading to an overall year-to-date drop of 24%. Development in Asia outside China however was largely positive due to growth in India and the Middle East.

While Volvo CE has enjoyed strong results this quarter, it is expected that cost inflation and increased disturbances in the supply chain will see the industry continue to navigate a challenging economic outlook in the coming months.

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

Net sales by market area SEK M	Second quarter		First six months	
	2023	2022	2023	2022
Europe	9,413	7,607	18,023	14,996
North America	8,123	5,669	14,660	10,431
South America	1,105	1,890	1,864	2,980
Asia	8,042	8,716	15,140	16,844
Africa & Oceania	2,315	1,931	4,421	3,175
<b>Total</b>	<b>28,999</b>	<b>25,814</b>	<b>54,108</b>	<b>48,427</b>

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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](http://www.volvoce.com)