

P R E S S R E L E A S E

Volvo Construction Equipment ends 2023 with healthy sales as market weakens

Volvo Construction Equipment (Volvo CE) has reported improved earnings and stable sales in Europe and North America for Q4, 2023 – as softer industry demand begins to show its influence on the global market.



Volvo CE products displayed at the Excon trade fair in December 2023

For the full year 2023, Volvo CE has achieved an increase in annual net sales from 2022, despite a drop in sales for the last quarter, impacted as it has been by a weaker market landscape across many regions in the world. While global machine sales are slowing across the industry, service sales for Volvo CE have risen – once more demonstrating their increasing relevance. Europe, North America, Africa and Oceania are reporting steady but softening sales, while Asia and South America are seeing the biggest decline due to slower economic activity.

In Q4, 2023 global net sales dropped by 4% to SEK 26,578 M (27,596), of which net sales of machines decreased by 6% while service sales increased by 6%. Adjusted operating income amounted to SEK 3,320 M (3,093) corresponding to an adjusted operating margin of 12.5% (11.2). For the full year 2023, net sales rose to SEK 104,981 M (100,261). Adjusted operating income amounted to SEK 16, 993 M (13,244) with an adjusted operating margin of 16.2% (13.2).

Despite an increase in orders in North and South America – largely due to the low order intake from Q4, 2022 that was driven by unpredictable supply chains – overall global net order intake has remained low, declining by 26%. This has been primarily caused by lower demand in China and cautiousness among customers and dealers in Europe. Deliveries have also decreased by

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27% in Q4 due to the general weakening demand in China and Europe, as well as the slowdown in Brazil.

A solid foundation for transformation

Volvo CE is well positioned to maintain its influence on the industry transformation, while securing a steady financial foundation in what will be a challenging market landscape for everyone in 2024. It has taken further significant steps to decarbonize construction in 2023, by establishing net zero partnerships with customers such as CRH and Heidelberg Materials to help them reduce their operational emissions.

The company has also continued its rollout of electric construction solutions and introduced zero-emission machines to new regions including Australia and UAE. In December, an agreement was reached for the Ammann Group to acquire Volvo CE's global ABG Paver Business including ABG in Hameln, Germany. Still subject to regulatory approval, it is a move that will allow Volvo CE to focus its attention on developing sustainable solutions and future technologies.

Melker Jernberg, President of Volvo CE, said: "The progress and milestones we have made in 2023 will prepare us for the challenges of 2024. There is no doubt our industry is coming into the new year faced with a weaker market landscape, but now more than ever we will show our ability to perform for today while transforming for tomorrow."

Market development

In Q4, the total market was flat or negative in most regions, with North America and Asia outside of China reporting only slight increases. The North America market softened in the final part of the year, reporting only a 7% increase, due to a deferral of fleet replacement as interest rates and inflation remain high, while in Europe the market fell by 1% from a high level driven by cautiousness among end customers.

South America dropped by 24% in market development following low investment levels in Brazil, while China saw the largest fall of 40% due largely to slower economic activity. Other Asian markets remained flat at 4%, thanks to a slowdown in markets such as South Korea and Indonesia and despite an increase in demand in India, Japan and the Middle East.

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

Net sales by market area SEK M	Fourth quarter		Full year	
	2023	2022	2023	2022
Europe	8,566	7,878	34,228	30,194
North America	7,224	6,294	29,590	22,294
South America	1,105	1,495	4,101	6,491
Asia	7,067	9,896	28,150	34,228

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Africa & Oceania	2,615	2,033	8,912	7,054
Total	26,578	27,596	104,981	100,261

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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