

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

Volvo CE boosted by solid growth outside China in Q3

Despite a dip in sales in China, Volvo Construction Equipment (Volvo CE) continues its improved profitability with a strong performance across all other regions and a rise in services for Q3, 2021.



Thanks to continuing high levels of investment in both infrastructure refurbishment and more sustainable products of the future, Volvo CE has increased its net sales by 11%. After several years of high demand for construction equipment in China, orders in the market there have declined by 26% as reduced government investments has led to lower construction activity. This has been more than offset by a good development in Europe, North America and other parts of the world. Order intake remains stable on a high level.

Net sales in the third quarter increased by 11% to SEK 19,638 M, from SEK 17,619 M in 2020. When adjusted for currency movements they were also up by 11% in the same period, of which net sales of machines increased by 11% and service sales by 13% - reflecting Volvo CE's increased focus on services. Adjusted operating income amounted to SEK 2,635 M, compared to SEK 1,963 M in the same quarter 2020 and corresponding to an adjusted operating margin of 13.4% (11.1%).

Despite a continued rise in interest for Volvo branded products across all other regions, order intake for Q3 remained flat, though still high. Together with a 9% reduction in deliveries, this is largely driven by the sudden decline in the China market.

Market Development

www.volvoce.com

Volvo Construction Equipment
SE-405 08 Göteborg
Sweden

Telephone
+46 31 66 00 00

Registration No.
556021-9338

Registered Office
Eskilstuna,
Sweden

Across both the European and the North American markets, demand has remained high – the latter thanks to high infrastructure investments and housing construction activity. Asia, excluding China, showed good improvements particularly across South Korea and South East Asia. Continuing uncertainty across market forecasts remains significant due to the inability to predict supply chain capacity and the ongoing Covid-19 pandemic.

Melker Jernberg, President of Volvo CE, says: “Despite industry-wide challenges of supply and delivery constraints, the power of Volvo CE as a truly global leader is clear to see in today’s quarterly results. While sales in China have dipped, the strength of sales in other regions has ensured we have remained at peak performance. This quarter has also demonstrated our leading focus on sustainable power, with several exciting launches and events, ensuring we keep a strong focus on building a brighter future.”

With the launch of three new electric compact machines and the reveal of the world’s first fossil-free steel prototype vehicle this quarter, Volvo CE is now not only the manufacturer with the largest range of commercially available electric machines, but is also taking big strides forward in accelerating more sustainable products, services and processes across the supply chain. In India, the company also launched 16 new machines all of which are engineered to the new CEV 4 emission norms.

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	
	2021	2020	2021	2020
Europe	6,896	5,423	21,893	17,154
North America	3,790	2,969	12,505	10,206
South America	1,282	522	2,813	1,503
Asia	6,417	7,787	29,158	29,117
Africa & Oceania	1,253	919	3,850	2,663
Total	19,638	17,619	70,219	60,642

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Journalists wanting further information, please contact:

Åsa Alström
 Head of Strategic Communications
 Volvo Construction Equipment
 asa.alstrom@volvo.com

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Volvo Construction Equipment (Volvo CE) is a leading international manufacturer of premium construction equipment, and with over 14,000 employees, it is one of the largest companies in the industry. Volvo CE offers a wide range of products and services in more than 140 countries through its global distribution network. Volvo CE is part of the Volvo Group. The Volvo Group drives prosperity through transport and infrastructure solutions, offering trucks, buses, construction equipment, power solutions for marine and industrial applications, financing and services that increase our customers' uptime and productivity. Founded in 1927, the Volvo Group is committed to shaping the future landscape of sustainable transport and infrastructure solutions. The Volvo Group is headquartered in Gothenburg, Sweden, employs almost 100.000 people and serves customers in more than 190 markets. In 2020, net sales amounted to about SEK 338 billion (EUR 33.6 billion). Volvo shares are listed on Nasdaq Stockholm.
