

Volvo

Strong truck margin, solid outlook

- Q3 adj. EBIT 13% and 17% above ABGSCe and consensus
- We raise '23-'25e adj. EBIT by 2-3%, mostly on margins
- Maintain BUY and TP of SEK 300, trading at ~5x '24e EV/EBIT

Q3 beat from trucks

Volvo delivered a strong Q3 adj. EBIT of SEK 19.1bn, 13-17% above both ABGSCe and Infront cons. Despite Q3 being seasonally weaker, the adj. EBIT margin was 14.4%, only -100bp vs. Q2. With CE slightly disappointing with an adj. EBIT margin of 15.4% (ABGSCe 16.5%, consensus 15.8%), the Trucks division was the main driver, with an adj. EBIT of SEK 14bn, 20-23% above expectations. The adj. EBIT margin of 15.6% was ~2pp above both ABGSCe and cons. and roughly unchanged vs. Q2 (15.9%). Truck pricing looked strong, with the average truck selling price at ~SEK 1.3m, up from ~SEK 1.2m in Q2, likely helping to offset the normal seasonal weakness. Volvo continues to be somewhat restrictive about accepting orders into '24, which likely helps to explain orders being 4-5% below expectations.

Market outlook for '24 roughly in line with expectations

As always in Q3, management offered its first view on how the key markets are expected to develop for the next year. For '24e, Volvo guides for a truck market of 290k in both Europe and North Am, which is -15% and -12% y-o-y. Brazil is expected to be flat while the combined markets in India/China are expected to increase somewhat. We end up with a weighted average of around -10%, which is in line with our -11% volume forecast for trucks. On CE, all markets except for South America are expected to decline, with a weighted average of c. -6.5%. We have lowered our CE assumptions somewhat and now expect -5% for volumes in '24e. All in all, we raise '23-'25e adj. EBIT by 2-3%, mainly due to higher margins.

Reiterate BUY and TP of SEK 300

We reiterate our BUY rating following the report and find the stock attractive at ~5x EV/EBIT and >10% FCF yield.

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SEKm	2021	2022	2023e	2024e	2025e
Sales	372,215	473,479	551,702	502,599	526,165
EBITDA	61,792	66,441	90,498	85,104	91,279
EBITDA margin (%)	16.6	14.0	16.4	16.9	17.3
EBIT adj.	41,014	50,467	78,156	62,374	67,475
EBIT adj. margin (%)	11.0	10.7	14.2	12.4	12.8
Pretax profit	43,189	45,077	68,893	62,124	67,375
EPS	16.13	16.10	25.58	22.76	24.70
EPS adj.	15.11	18.43	30.19	22.76	24.70
Sales growth (%)	10.0	27.2	16.5	-8.9	4.7
EPS growth (%)	69.7	-0.2	58.9	-11.0	8.5

Source: ABG Sundal Collier, Company Data

Reason: Post-results comment

BUY ● HOLD ○ SELL ○

Capital Goods

Estimate changes (%)

	2023e	2024e	2025e
Sales	1.9	1.1	0.2
EBIT	2.4	3.0	2.3
EPS	3.2	3.0	2.3

Source: ABG Sundal Collier

VOLV.B-SE/VOLVB SS

Share price (SEK)	18/10/2023	229.45
Target price		300.0

MCap (SEKm)	461,400
MCap (EURm)	39,974
No. of shares (m)	2,033.5
Free float (%)	93.7
Av. daily volume (k)	3,618

Next event Q3 Report 26 January 2024

Performance



	2023e	2024e	2025e
P/E (x)	9.0	10.1	9.3
P/E adj. (x)	7.6	10.1	9.3
P/BVPS (x)	2.50	2.33	2.18
EV/EBITDA (x)	3.9	3.9	3.5
EV/EBIT adj. (x)	4.6	5.3	4.7
EV/sales (x)	0.64	0.66	0.60
ROE adj. (%)	35.2	24.0	24.2
Dividend yield (%)	7.0	7.7	8.1
FCF yield (%)	10.3	12.2	10.8
Le. adj. FCF yld. (%)	10.3	12.2	10.8
Net IB debt/EBITDA (x)	1.4	1.2	0.9
Le. adj. ND/EBITDA (x)	-0.9	-1.4	-1.5

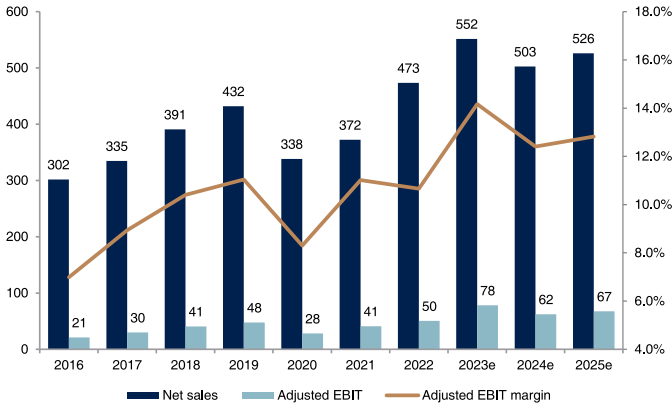
Company description

The Volvo Group is a leading manufacturer of trucks, buses, construction equipment and marine and industrial engines. The Group also provides complete solutions for financing and service. The Volvo Group, which employs about 100,000 people, has production facilities in 18 countries and sells its products in more than 190 markets. The Volvo Group is a publicly held company headquartered in Göteborg, Sweden.

Risks

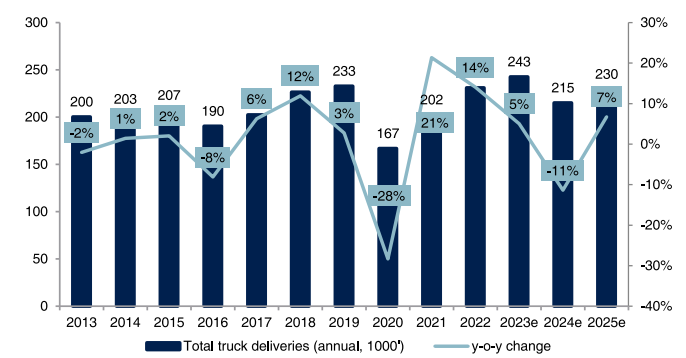
Weaker truck and construction equipment demand, price pressure.

Group sales and adj. EBIT 2016-2025e



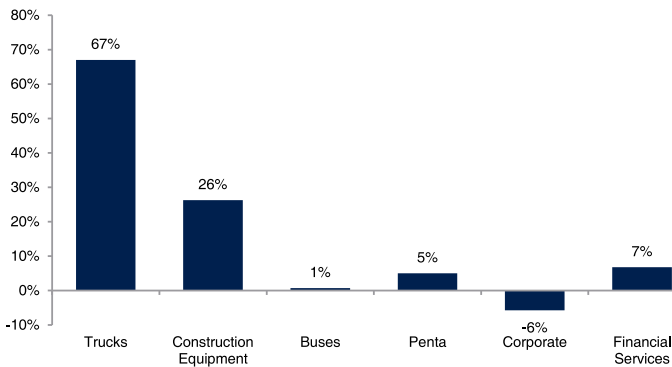
Source: ABG Sundal Collier, company data

Truck deliveries 2013-2025e



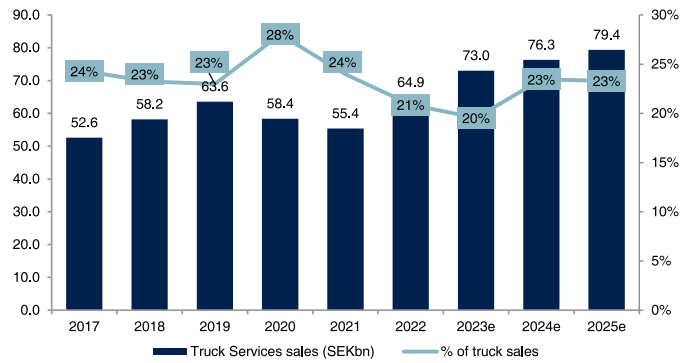
Source: ABG Sundal Collier, company data

Divisional adj. EBIT as a % of group adj. EBIT 2022



Source: ABG Sundal Collier, company data

Truck Services sales 2017-2025e



Source: ABG Sundal Collier, company data

Q3'23 result vs. expectations

SEKm	Prior year	2023 Q3	2023 Q3e		Deviation	
	2022 Q3	Actual	ABGSCe	Infront	ABGSCe	Infront
Net sales	114,917	132,405	126,289	127,065	5%	4%
Adjusted EBIT	11,870	19,114	16,888	16,335	13%	17%
Adj EBIT margin	10.3%	14.4%	13.4%	12.9%		
Non-recurring items	0	-794	0	0		
EBIT	11,870	18,320	16,888	16,335	8%	12%
EBIT margin	10.3%	13.8%	13.4%	12.9%		
PTP	11,759	18,636	16,938	16,311	10%	14%
Tax	-3,071	-4,543	-4,234	-4,045	7%	12%
Net profit	8,627	14,093	12,623	12,266	12%	15%
Divisional sales	2022 Q3	Actual	ABGSCe	Infront	ABGSCe	Infront
Trucks	75,078	89,848	84,683	84,757	6%	6%
Construction Equipment	24,238	24,296	25,367	25,258	-4%	-4%
Buses	4,817	5,386	4,863	5,261	11%	2%
Penta	4,451	4,956	4,761	4,848	4%	2%
Corporate	1,903	3,954	1,866	1,664	112%	138%
Financial Services	4,430	6,249	4,750	5,277	32%	18%
Group sales	114,917	132,405	126,289	127,065	5%	4%
Deliveries	53,303	55,274	56,397	55,514	-2%	0%
Truck orders	64,689	47,202	49,264	49,473	-4%	-5%
Divisional adj EBIT	2022 Q3	Actual	ABGSCe	Infront	ABGSCe	Factset
Trucks	7,307	14,038	11,669	11,451	20%	23%
Construction Equipment	3,773	3,733	4,186	3,991	-11%	-6%
Buses	99	340	146	194	133%	75%
Penta	593	790	571	645	38%	23%
Corporate	-778	-860	-550	-803	56%	7%
Financial Services	879	1,062	870	858	22%	24%
Group	11,870	19,114	16,888	16,335	13%	17%
Adj EBIT margin	2022 Q3	Actual	ABGSCe	Infront		
Trucks	9.7%	15.6%	13.8%	13.5%		
Construction Equipment	15.6%	15.4%	16.5%	15.8%		
Buses	2.1%	6.3%	3.0%	3.7%		
Penta	13.3%	15.9%	12.0%	13.3%		
Group	10.3%	14.4%	13.4%	12.9%		

Source: ABG Sundal Collier, company data, Infront consensus

Forecast changes 2023-2025e

SEKm	Old forecast			New forecast			Change		
	2023e	2024e	2025e	2023e	2024e	2025e	2023e	2024e	2025e
Sales									
Trucks	363,081	316,546	337,282	373,735	325,364	340,464	3%	3%	1%
Construction Equipment	108,207	108,328	112,537	105,748	103,290	108,297	-2%	-5%	-4%
Buses	20,975	22,233	23,345	21,448	22,654	23,787	2%	2%	2%
Penta	20,451	19,961	21,065	20,610	20,041	21,145	1%	0%	0%
Corporate	11,762	11,997	12,237	11,596	11,828	12,065	-1%	-1%	-1%
Total Industrial Operations	524,475	479,066	506,467	533,137	483,177	505,757	2%	1%	0%
Customer Finance	21,351	21,778	22,867	22,850	23,307	24,472	7%	7%	7%
Internal/other	-4,224	-3,858	-4,081	-4,285	-3,885	-4,064	1%	1%	0%
Total sales	541,602	496,985	525,253	551,702	502,599	526,165	2%	1%	0%
Adj. EBIT	2023e	2024e	2025e	2023e	2024e	2025e	2023e	2024e	2025e
Trucks	53,334	39,301	42,885	56,125	41,632	44,683	5%	6%	4%
Construction Equipment	17,861	16,443	17,809	17,173	15,835	17,413	-4%	-4%	-2%
Buses	831	952	1,167	1,023	968	1,189	23%	2%	2%
Penta	3,113	2,791	3,070	3,329	2,999	3,284	7%	7%	7%
Corporate	-2,988	-2,557	-2,621	-3,298	-2,875	-2,947	10%	12%	12%
Industrial Operations	72,152	56,929	62,310	74,352	58,559	63,622	3%	3%	2%
Financial Services	3,587	3,659	3,695	3,779	3,855	3,893	5%	5%	5%
Total Adj. EBIT	75,749	60,548	65,966	78,156	62,374	67,475	3%	3%	2%
of which associated income	-1,151	-150	550	-1,766	-550	400	53%	267%	-27%
Adj. EBIT ex associated income	76,900	60,698	65,416	79,922	62,924	67,075	4%	4%	3%
Extraordinary items	-8,570	0	0	-9,364	0	0	9%	n.a.	n.a.
EBIT	67,179	60,548	65,966	68,792	62,374	67,475	2%	3%	2%
Net financial Items	-165	-250	-100	101	-250	-100	-161%	0%	0%
Pretax profit	67,015	60,298	65,866	68,893	62,124	67,375	3%	3%	2%
Tax	-16,406	-15,074	-16,466	-16,760	-15,531	-16,844	2%	3%	2%
Net profit	50,376	44,903	49,079	52,010	46,273	50,212	3%	3%	2%
Adj. EBIT margin	2023e	2024e	2025e	2023e	2024e	2025e	2023e	2024e	2025e
Trucks	14.7%	12.4%	12.7%	15.0%	12.8%	13.1%	0.3%	0.4%	0.4%
Construction Equipment	16.5%	15.2%	15.8%	16.2%	15.3%	16.1%	-0.3%	0.2%	0.3%
Buses	4.0%	4.3%	5.0%	4.8%	4.3%	5.0%	0.8%	0.0%	0.0%
Penta	15.2%	14.0%	14.6%	16.2%	15.0%	15.5%	0.9%	1.0%	1.0%
Total Industrial Operations	13.8%	11.9%	12.3%	13.9%	12.1%	12.6%	0.2%	0.2%	0.3%
Total Volvo Group	14.0%	12.2%	12.6%	14.2%	12.4%	12.8%	0.2%	0.2%	0.3%
Rep. EBIT margin	12.4%	12.2%	12.6%	12.5%	12.4%	12.8%	0.1%	0.2%	0.3%
Tax rate	24.5%	25.0%	25.0%	24.3%	25.0%	25.0%	-0.2%	0.0%	0.0%

Source: ABG Sundal Collier, company data

Detailed quarterly income statement 2021-2023e

Volvo group (SEKm)	Q121	Q221	Q321	Q421	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423e
Net sales	94,018	90,561	85,258	102,378	105,317	118,943	114,917	134,302	131,420	140,821	132,405	147,055
COGS	-70,322	-68,843	-64,357	-78,941	-80,700	-90,221	-87,594	-103,227	-96,112	-101,900	-96,026	-109,511
Gross profit	23,696	21,718	20,901	23,437	24,617	28,722	27,323	31,075	35,308	38,921	36,379	37,544
R&D expense	-4,370	-4,780	-4,074	-4,803	-4,588	-5,454	-5,595	-6,893	-6,492	-6,819	-6,305	-6,912
Selling expense	-6,249	-5,965	-5,597	-6,148	-6,788	-6,977	-7,046	-8,239	-7,894	-8,329	-8,202	-8,970
Administrative expense	-1,156	-1,274	-991	-1,450	-1,321	-1,432	-1,383	-1,744	-1,663	-1,858	-1,686	-1,912
Other oper income	-503	1,393	-804	-161	-3,377	-809	-896	-2,292	-1,980	-6,873	-1,180	-500
Associated income	648	292	-322	-655	4	-304	-535	-366	-171	-580	-665	-350
EBIT	12,067	11,384	9,403	10,219	8,556	13,745	11,870	11,541	17,109	14,462	18,320	18,901
EBIT margin	12.8%	12.6%	11.0%	10.0%	8.1%	11.6%	10.3%	8.6%	13.0%	10.3%	13.8%	12.9%
EBIT ex associated income	11,419	11,092	9,725	10,874	8,552	14,049	12,405	11,907	17,280	15,042	18,985	19,251
Net financials	223	-119	30	-17	471	127	-111	-1,121	-312	-53	316	150
Pretax profit	12,290	11,265	9,433	10,202	9,027	13,872	11,759	10,420	16,797	14,409	18,636	19,051
Tax	-3,286	-2,202	-2,325	-2,136	-1,956	-3,352	-3,071	-3,730	-3,863	-3,591	-4,543	-4,763
Net profit	8,840	8,900	7,052	7,995	7,033	10,442	8,627	6,620	12,910	10,770	14,092	14,238
EPS	4.35	4.38	3.47	3.93	3.46	5.14	4.24	3.26	6.35	5.30	6.93	7.00
Adjustments	Q121	Q221	Q321	Q421	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423e
Non-recurring items	246	1,653	0	159	-4,125	0	0	-630	-1,300	-7,270	-794	0
Adjusted EBIT	11,821	9,730	9,403	10,060	12,681	13,745	11,870	12,171	18,409	21,732	19,114	18,901
Adjusted EBIT change y-o-y	66%	197%	33%	-5%	7%	41%	26%	21%	45%	58%	61%	55%
Adjusted EBIT margin	12.6%	10.7%	11.0%	9.8%	12.0%	11.6%	10.3%	9.1%	14.0%	15.4%	14.4%	12.9%
Gross margin	25.2%	24.0%	24.5%	22.9%	23.4%	24.1%	23.8%	23.1%	26.9%	27.6%	27.5%	25.5%
Opex to sales	12.5%	13.3%	12.5%	12.1%	12.1%	11.7%	12.2%	12.6%	12.2%	12.1%	12.2%	12.1%
Tax rate	26.7%	19.5%	24.6%	20.9%	21.7%	24.2%	26.1%	35.8%	23.0%	24.9%	24.4%	25.0%
Divisional sales	Q121	Q221	Q321	Q421	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423e
Trucks	58,372	51,945	53,401	67,164	69,552	78,603	75,078	87,303	89,556	93,748	89,848	100,583
Construction Equipment	24,742	25,839	19,638	21,812	22,613	25,814	24,238	27,596	25,109	28,999	24,296	27,344
Buses	3,570	5,126	4,770	4,157	3,051	4,062	4,817	6,654	4,267	5,435	5,386	6,361
Penta	3,408	3,967	3,428	3,634	4,204	4,597	4,451	4,849	5,603	5,416	4,956	4,635
Corporate	2,022	1,685	1,807	3,973	3,848	3,750	3,793	4,985	3,779	3,629	3,954	5,085
Other/elim	-906	-752	-748	-993	-923	-1,106	-950	-1,175	-1,195	-1,236	-1,219	-1,199
Industrial Operations	91,208	87,810	82,296	99,747	102,345	115,720	111,427	130,212	127,117	135,991	127,220	142,809
Financial Services	3,257	3,233	3,368	3,579	3,734	4,067	4,430	5,124	5,370	5,851	6,249	5,380
Reclassification/Eliminations	-447	-482	-406	-948	-762	-844	-940	-1,033	-1,067	-1,021	-1,064	-1,133
Group sales	94,018	90,561	85,258	102,378	105,317	118,943	114,917	134,302	131,420	140,821	132,405	147,055
Divisional adjusted EBIT	Q121	Q221	Q321	Q421	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423e
Trucks	7,479	5,350	5,814	6,924	8,690	9,551	7,307	8,274	12,715	14,950	14,038	14,422
Construction Equipment	3,822	3,374	2,635	2,396	2,810	3,568	3,773	3,093	4,587	5,353	3,733	3,500
Buses	-64	-26	42	-42	20	7	99	228	178	219	340	286
Penta	643	617	501	330	769	699	593	468	1,271	804	790	464
Corporate	-727	-497	-433	-461	-488	-890	-778	-754	-1,225	-513	-860	-700
Eliminations	-14	-2	17	54	-2	19	-4	-1	12	3	11	-1
Financial Services	682	913	826	858	882	792	879	863	871	916	1,062	930
Group	11,821	9,730	9,403	10,060	12,681	13,745	11,870	12,171	18,409	21,732	19,114	18,901
Adjusted EBIT margin	Q121	Q221	Q321	Q421	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423e
Trucks	12.8%	10.3%	10.9%	10.3%	12.5%	12.2%	9.7%	9.5%	14.2%	15.9%	15.6%	14.3%
Construction Equipment	15.4%	13.1%	13.4%	11.0%	12.4%	13.8%	15.6%	11.2%	18.3%	18.5%	15.4%	12.8%
Buses	-1.8%	-0.5%	0.9%	-1.0%	0.7%	0.2%	2.1%	3.4%	4.2%	4.0%	6.3%	4.5%
Penta	18.9%	15.6%	14.6%	9.1%	18.3%	15.2%	13.3%	9.7%	22.7%	14.8%	15.9%	10.0%
Group	12.6%	10.7%	11.0%	9.8%	12.0%	11.6%	10.3%	9.1%	14.0%	15.4%	14.4%	12.9%

Source: ABG Sundal Collier, company data

Detailed annual income statement 2016-2025e

Volvo group (SEKm)	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
Net sales	301,914	334,748	390,833	431,980	338,445	372,215	473,479	551,702	502,599	526,165
Organic	-3%	11%	14%	5%	-17%	16%	18%	11%	-10%	5%
Structure	0%	0%	-1%	0%	0%	0%	0%	0%	0%	0%
Currency	0%	0%	3%	6%	-4%	-6%	9%	5%	1%	0%
Total growth	-3%	11%	17%	11%	-22%	10%	27%	17%	-9%	5%
COGS	-231,601	-254,581	-303,477	-326,895	-259,319	-282,463	-361,742	-403,549	-364,554	-380,681
Gross profit	70,312	80,167	87,356	105,085	79,126	89,752	111,737	148,153	138,045	145,484
R&D expense	-14,631	-16,098	-15,899	-18,537	-16,798	-18,027	-22,530	-26,528	-27,643	-28,939
Selling expense	-26,866	-28,582	-30,890	-33,038	-26,510	-23,959	-29,050	-33,395	-30,411	-32,096
Administrative expense	-5,121	-5,632	-5,798	-5,901	-4,621	-4,871	-5,880	-7,119	-6,534	-6,840
Other oper income	-3,084	-1,061	-2,273	-215	-5,459	-75	-7,374	-10,533	-10,533	-10,533
Associated income	217	1,543	1,983	2,138	1,746	-37	-1,201	-1,766	-550	400
EBIT	20,826	30,325	34,478	49,531	27,484	43,072	45,712	68,792	62,374	67,475
EBIT ex associated income	20,609	28,782	32,495	47,393	25,738	43,109	46,913	70,558	62,924	67,075
Net financials	-1,596	-2,072	-2,331	-2,699	-1,568	117	-635	101	-250	-100
Pretax profit	19,230	28,253	32,147	46,832	25,916	43,189	45,077	68,893	62,124	67,375
Tax	-6,007	-6,971	-6,784	-10,337	-5,844	-9,948	-12,109	-16,760	-15,531	-16,844
Net profit	13,148	20,980	24,896	35,860	19,316	32,786	32,722	52,010	46,273	50,212
EPS	6.49	10.35	12.34	17.64	9.50	16.13	16.10	25.58	22.76	24.70
Adjusted EBIT	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
Adjusted EBIT	21,094	29,925	40,660	47,692	28,105	41,014	50,467	78,156	62,374	67,475
Change y-o-y	5%	42%	36%	17%	-41%	46%	23%	55%	-20%	8%
Adjusted EBIT margin	7.0%	8.9%	10.4%	11.0%	8.3%	11.0%	10.7%	14.2%	12.4%	12.8%
Gross margin	23.3%	23.9%	22.4%	24.3%	23.4%	24.1%	23.6%	26.9%	27.5%	27.6%
Opex to sales	15.4%	15.0%	13.5%	13.3%	14.2%	12.6%	12.1%	12.2%	12.9%	12.9%
Tax rate	31.2%	24.7%	21.1%	22.1%	22.5%	23.0%	26.9%	24.3%	25.0%	25.0%
Divisional overview	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
Trucks	200,650	216,479	250,358	276,646	208,262	230,882	310,536	373,735	325,364	340,464
Construction Equipment	50,731	66,498	84,237	88,604	81,453	92,031	100,261	105,748	103,290	108,297
Buses	25,386	26,078	25,826	31,019	19,791	17,623	18,584	21,448	22,654	23,787
Penta	9,894	11,120	13,741	13,287	11,892	14,437	18,101	20,610	20,041	21,145
Corporate/other	4,798	3,635	4,158	8,804	5,075	6,088	12,222	11,596	11,828	12,065
Industrial Operations	291,459	323,809	378,320	418,361	326,473	361,061	459,704	533,137	483,177	505,757
Financial Services	11,242	11,812	13,070	14,870	13,960	13,437	17,355	22,850	23,307	24,472
Reclassification/Eliminations	-788	-873	-556	-1,251	-1,987	-2,283	-3,579	-4,285	-3,885	-4,064
Group sales	301,914	334,748	390,833	431,980	338,445	372,215	473,479	551,702	502,599	526,165
Divisional adjusted EBIT	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
Trucks	17,473	20,384	26,352	31,335	16,568	25,567	33,822	56,125	41,632	44,683
Construction Equipment	2,246	7,914	11,307	11,910	10,205	12,227	13,244	17,173	15,835	17,413
Buses	870	927	765	1,337	-495	-90	354	1,023	968	1,189
Penta	1,269	1,438	2,341	1,875	1,578	2,091	2,529	3,329	2,999	3,284
Corporate	-2,822	-2,934	-2,504	-1,517	-1,371	-2,118	-2,910	-3,298	-2,875	-2,947
Eliminations	-28	3	-12	-14	12	56	13	25	-40	-40
Financial Services	2,087	2,192	2,410	2,766	1,508	3,280	3,416	3,779	3,855	3,893
Group	21,094	29,924	40,661	47,692	28,005	41,014	50,467	78,156	62,374	67,475
Adjusted EBIT margin	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
Trucks	8.7%	9.4%	10.5%	11.3%	8.0%	11.1%	10.9%	15.0%	12.8%	13.1%
Construction Equipment	4.4%	11.9%	13.4%	13.4%	12.5%	13.3%	13.2%	16.2%	15.3%	16.1%
Buses	3.4%	3.6%	3.0%	4.3%	-2.5%	-0.5%	1.9%	4.8%	4.3%	5.0%
Penta	12.8%	12.9%	17.0%	14.1%	13.3%	14.5%	14.0%	16.2%	15.0%	15.5%
Group	7.0%	8.9%	10.4%	11.0%	8.3%	11.0%	10.7%	14.2%	12.4%	12.8%

Source: ABG Sundal Collier, company data

Income Statement (SEKm)	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
Sales	301,914	334,748	390,833	431,980	338,445	372,215	473,479	551,702	502,599	526,165
COGS	-231,601	-254,581	-303,477	-326,895	-259,319	-282,463	-361,742	-403,549	-364,554	-380,681
Gross profit	70,312	80,167	87,356	105,085	79,126	89,752	111,737	148,153	138,045	145,484
Other operating items	-32,722	-32,972	-34,440	-34,968	-31,043	-27,960	-45,296	-57,655	-52,941	-54,205
EBITDA	37,590	47,194	52,917	70,117	48,083	61,792	66,441	90,498	85,104	91,279
Depreciation and amortisation	-16,764	-16,869	-18,439	-20,586	-20,599	-18,720	-20,729	-21,706	-22,730	-23,804
EBITA	20,826	30,325	34,478	49,531	27,484	43,072	45,712	68,792	62,374	67,475
EO Items	-268	400	-6,182	1,839	-621	2,058	-4,755	-9,364	0	0
EBIT	20,826	30,325	34,478	49,531	27,484	43,072	45,712	68,792	62,374	67,475
Net financial items	-1,596	-2,072	-2,331	-2,699	-1,568	117	-635	101	-250	-100
Pretax profit	19,230	28,253	32,147	46,832	25,916	43,189	45,077	68,893	62,124	67,375
Tax	-6,007	-6,971	-6,784	-10,337	-5,844	-9,948	-12,109	-16,760	-15,531	-16,844
Net profit	13,223	21,282	25,363	36,495	20,072	33,241	32,969	52,133	46,593	50,532
Minority interest	-75	-302	-466	-635	-756	-455	-247	-124	-320	-320
Net profit to shareholders	13,148	20,980	24,896	35,860	19,316	32,786	32,722	52,010	46,273	50,212
EPS	6.49	10.35	12.28	17.64	9.50	16.13	16.10	25.58	22.76	24.70
EPS adj.	6.62	10.15	15.33	16.73	9.81	15.11	18.43	30.19	22.76	24.70
Total extraordinary items after tax	-268	400	-6,182	1,839	-621	2,058	-4,755	-9,364	0	0
Tax rate (%)	31.2	24.7	21.1	22.1	22.5	23.0	26.9	24.3	25.0	25.0
Gross margin (%)	23.3	23.9	22.4	24.3	23.4	24.1	23.6	26.9	27.5	27.6
EBITDA margin (%)	12.5	14.1	13.5	16.2	14.2	16.6	14.0	16.4	16.9	17.3
EBITA margin (%)	6.9	9.1	8.8	11.5	8.1	11.6	9.7	12.5	12.4	12.8
EBIT margin (%)	6.9	9.1	8.8	11.5	8.1	11.6	9.7	12.5	12.4	12.8
Pre-tax margin (%)	6.4	8.4	8.2	10.8	7.7	11.6	9.5	12.5	12.4	12.8
Net margin (%)	4.4	6.4	6.5	8.4	5.9	8.9	7.0	9.4	9.3	9.6
Growth Rates y-o-y	-	-	-	-	-	-	-	-	-	-
Sales growth (%)	-3.4	10.9	16.8	10.5	-21.7	10.0	27.2	16.5	-8.9	4.7
EBITDA growth (%)	-6.7	25.5	12.1	32.5	-31.4	28.5	7.5	36.2	-6.0	7.3
EBITA growth (%)	-11.3	45.6	13.7	43.7	-44.5	56.7	6.1	50.5	-9.3	8.2
EBIT growth (%)	-11.3	45.6	13.7	43.7	-44.5	56.7	6.1	50.5	-9.3	8.2
Net profit growth (%)	-13.3	60.9	19.2	43.9	-45.0	65.6	-0.8	58.1	-10.6	8.5
EPS growth (%)	-13.8	59.6	18.7	43.6	-46.1	69.7	-0.2	58.9	-11.0	8.5
Profitability	-	-	-	-	-	-	-	-	-	-
ROE (%)	14.6	20.8	21.7	27.4	13.6	22.9	21.5	29.8	24.0	24.2
ROE adj. (%)	14.9	20.4	27.1	26.0	14.0	21.5	24.7	35.2	24.0	24.2
ROCE (%)	8.7	12.1	13.1	16.4	8.5	13.5	13.0	17.5	15.5	16.2
ROCE adj. (%)	8.8	12.0	15.5	15.8	8.7	12.8	14.3	19.8	15.5	16.2
ROIC (%)	6.5	10.3	12.2	15.6	8.4	13.4	11.9	16.7	15.1	16.7
ROIC adj. (%)	6.6	10.2	14.4	15.0	8.6	12.8	13.1	19.0	15.1	16.7
Adj. earnings numbers	-	-	-	-	-	-	-	-	-	-
EBITDA adj.	37,858	46,794	59,099	68,278	48,704	59,734	71,196	99,862	85,104	91,279
EBITDA adj. margin (%)	12.5	14.0	15.1	15.8	14.4	16.0	15.0	18.1	16.9	17.3
EBITDA lease adj.	37,858	46,794	59,099	68,278	48,704	59,734	71,196	99,862	85,104	91,279
EBITDA lease adj. margin (%)	12.5	14.0	15.1	15.8	14.4	16.0	15.0	18.1	16.9	17.3
EBITA adj.	21,094	29,925	40,660	47,692	28,105	41,014	50,467	78,156	62,374	67,475
EBITA adj. margin (%)	7.0	8.9	10.4	11.0	8.3	11.0	10.7	14.2	12.4	12.8
EBIT adj.	21,094	29,925	40,660	47,692	28,105	41,014	50,467	78,156	62,374	67,475
EBIT adj. margin (%)	7.0	8.9	10.4	11.0	8.3	11.0	10.7	14.2	12.4	12.8
Pretax profit Adj.	19,498	27,853	38,329	44,993	26,538	41,131	49,832	78,257	62,124	67,375
Net profit Adj.	13,491	20,882	31,545	34,656	20,694	31,183	37,723	61,497	46,593	50,532
Net profit to shareholders adj.	13,416	20,580	31,078	34,021	19,938	30,728	37,477	61,374	46,273	50,212
Net adj. margin (%)	4.5	6.2	8.1	8.0	6.1	8.4	8.0	11.1	9.3	9.6

Source: ABG Sundal Collier, Company Data

Cash Flow (SEKm)	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
EBITDA	37,590	47,194	52,917	70,117	48,083	61,792	66,441	90,498	85,104	91,279
Net financial items	-1,596	-2,072	-2,331	-2,699	-1,568	117	-635	101	-250	-100
Paid tax	-6,007	-6,971	-6,784	-10,337	-5,844	-9,948	-12,109	-16,760	-15,531	-16,844
Non-cash items	-2,638	-2,385	14,561	9,858	-62,482	8,423	939	-10,000	-1,000	0
Cash flow before change in WC	27,349	35,766	58,363	66,938	-21,811	60,384	54,637	63,839	68,323	74,335
Change in working capital	-6,537	23,259	-21,974	-27,891	52,421	-26,737	-21,393	3,862	7,611	-3,653
Operating cash flow	20,812	59,025	36,389	39,047	30,610	33,647	33,244	67,702	75,934	70,682
Capex tangible fixed assets	-6,643	-5,734	-6,989	-8,064	-5,733	-8,809	-11,301	-11,414	-12,555	-13,183
Capex intangible fixed assets	-2,882	-2,006	-3,746	-3,954	-3,023	-3,722	-5,390	-5,121	-5,633	-6,196
Acquisitions and Disposals	-133	1,594	-3,063	-2,573	-2,218	11,042	-4,795	-3,000	-1,000	-1,000

Cash Flow (SEKm)	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
Free cash flow	11,154	52,879	22,591	24,456	19,636	32,158	11,758	48,167	56,746	50,303
Dividend paid	-6,081	-6,588	-8,615	-20,270	0	-49,809	-26,429	-28,462	-32,528	-35,781
Other non-cash items	-14,594	-16,183	-36,107	-18,891	51,194	-42,758	-29,469	-27,000	1,000	0
Balance Sheet (SEKm)	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
Goodwill	22,916	20,893	23,104	21,668	19,577	22,070	26,544	26,544	26,544	26,544
Other intangible assets	15,000	15,000	15,000	15,000	15,000	15,000	15,000	17,060	19,541	22,490
Tangible fixed assets	55,875	53,348	55,673	53,496	49,113	54,405	63,162	68,930	67,907	66,533
Right-of-use asset	0	0	43,103	43,326	37,962	39,969	39,969	46,969	46,969	46,969
Total other fixed assets	124,824	132,562	103,109	109,160	109,053	128,908	160,542	180,542	175,542	170,542
Fixed assets	218,615	221,803	239,989	242,650	230,705	260,352	305,217	340,045	336,503	333,079
Inventories	48,287	52,701	65,783	56,644	47,625	63,916	75,689	85,514	77,903	81,556
Receivables	106,317	108,185	60,779	71,099	57,985	68,118	88,864	93,789	85,442	89,448
Other current assets	1,748	229	61,179	92,983	89,300	61,345	75,408	75,408	75,408	75,408
Cash and liquid assets	23,949	36,092	46,933	61,461	85,206	62,125	83,886	82,691	107,909	122,432
Total assets	398,916	419,010	474,663	524,837	510,821	515,856	629,064	677,448	683,165	701,922
Shareholders equity	96,061	105,861	123,379	138,595	145,295	141,045	162,717	186,265	200,010	214,441
Minority	1,703	1,941	2,452	3,083	2,847	3,073	3,519	3,643	3,963	4,283
Total equity	97,764	107,802	125,831	141,678	148,142	144,118	166,236	189,907	203,972	218,723
Long-term debt	84,551	73,904	87,210	101,616	95,166	104,177	138,571	118,571	118,571	118,571
Pension debt	14,669	14,476	16,482	19,988	18,430	12,177	8,745	9,645	9,645	9,645
Leasing liability	0	0	0	7,100	6,100	6,200	6,600	6,600	6,600	6,600
Total other long-term liabilities	46,730	42,330	65,115	61,846	21,647	64,927	76,536	101,736	101,736	101,736
Short-term debt	56,497	53,771	48,646	56,136	58,258	49,447	72,377	72,377	72,377	72,377
Accounts payable	97,872	125,028	73,630	66,866	59,611	76,745	90,177	93,789	85,442	89,448
Other current liabilities	833	1,699	57,749	69,607	103,467	58,065	69,822	84,822	84,822	84,822
Total liabilities and equity	398,916	419,010	474,663	524,837	510,821	515,856	629,064	677,448	683,165	701,922
Net IB debt	131,768	106,059	105,405	123,379	92,748	109,876	142,407	124,502	99,284	84,761
Net IB debt excl. pension debt	117,099	91,583	88,923	103,391	74,318	97,699	133,662	114,857	89,639	75,116
Net IB debt excl. leasing	131,768	106,059	105,405	116,279	86,648	103,676	135,807	117,902	92,684	78,161
Capital employed	253,481	249,953	278,169	326,518	326,096	316,119	392,529	397,100	411,165	425,916
Capital invested	229,532	213,861	231,236	265,057	240,890	253,994	308,643	314,409	303,256	303,484
Working capital	57,647	34,388	56,362	84,253	31,832	58,569	79,962	76,100	68,489	72,142
EV breakdown	-	-	-	-	-	-	-	-	-	-
Market cap. diluted (m)	465,095	465,095	465,095	466,472	466,472	466,472	466,472	466,472	466,472	466,472
Net IB debt adj.	1,151	-26,339	-43,926	-62,596	-74,696	-66,215	-73,897	-92,702	-117,920	-132,443
Market value of minority	1,703	1,941	2,452	3,083	2,847	3,073	3,519	3,643	3,963	4,283
Reversal of shares and participations	-12,419	-11,224	-11,135	-12,955	-13,160	-20,685	-21,583	-21,583	-21,583	-21,583
EV	455,530	429,473	412,486	394,004	381,463	382,645	374,511	355,829	330,931	316,729
Total assets turnover (%)	78.1	81.9	87.5	86.4	65.4	72.5	82.7	84.5	73.9	76.0
Working capital/sales (%)	18.0	13.7	11.6	16.3	17.1	12.1	14.6	14.1	14.4	13.4
Financial risk and debt service	-	-	-	-	-	-	-	-	-	-
Net debt/equity (%)	134.8	98.4	83.8	87.1	62.6	76.2	85.7	65.6	48.7	38.8
Net debt / market cap (%)	28.3	22.8	22.7	26.4	19.9	23.6	30.5	26.7	21.3	18.2
Equity ratio (%)	24.5	25.7	26.5	27.0	29.0	27.9	26.4	28.0	29.9	31.2
Net IB debt adj. / equity (%)	1.2	-24.4	-34.9	-44.2	-50.4	-45.9	-44.5	-48.8	-57.8	-60.6
Current ratio	1.16	1.09	1.30	1.47	1.27	1.39	1.39	1.34	1.43	1.50
EBITDA/net interest	23.6	22.8	22.7	26.0	30.7	528.1	104.7	893.4	340.4	912.8
Net IB debt/EBITDA (x)	3.5	2.2	2.0	1.8	1.9	1.8	2.1	1.4	1.2	0.9
Net IB debt/EBITDA lease adj. (x)	0.0	-0.6	-0.7	-0.9	-1.5	-1.1	-1.0	-0.9	-1.4	-1.5
Interest coverage	11.5	13.6	13.7	17.2	15.7	521.3	55.0	699.0	139.1	225.6

Source: ABG Sundal Collier, Company Data

Share Data (SEKm)	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
Actual shares outstanding	2,027	2,027	2,027	2,033	2,033	2,033	2,033	2,033	2,033	2,033
Actual shares outstanding (avg)	2,027	2,027	2,027	2,033	2,033	2,033	2,033	2,033	2,033	2,033
Actual dividend per share	3.25	4.25	10.00	0.00	24.50	13.00	14.00	16.00	17.60	18.48

Source: ABG Sundal Collier, Company Data

Valuation and Ratios (SEKm)	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
Shares outstanding adj.	2,027	2,027	2,027	2,033	2,033	2,033	2,033	2,033	2,033	2,033
Diluted shares adj.	2,027	2,027	2,027	2,033	2,033	2,033	2,033	2,033	2,033	2,033
EPS	6.49	10.35	12.28	17.64	9.50	16.13	16.10	25.58	22.76	24.70
Dividend per share	3.25	4.25	10.00	0.00	24.50	13.00	14.00	16.00	17.60	18.48
EPS adj.	6.62	10.15	15.33	16.73	9.81	15.11	18.43	30.19	22.76	24.70

Valuation and Ratios (SEKm)	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
BVPS	47.39	52.23	60.87	68.17	71.47	69.38	80.04	91.62	98.38	105.48
BVPS adj.	28.69	34.52	42.07	50.14	54.46	51.14	59.60	70.17	75.71	81.36
Net IB debt/share	0.57	-12.99	-21.67	-30.79	-36.74	-32.57	-36.35	-45.60	-58.00	-65.15
Share price	229.45	229.45	229.45	229.45	229.45	229.45	229.45	229.45	229.45	229.45
Market cap. (m)	465,095	465,095	465,095	466,472	466,472	466,472	466,472	466,472	466,472	466,472
Valuation	-	-	-	-	-	-	-	-	-	-
P/E (x)	35.4	22.2	18.7	13.0	24.1	14.2	14.3	9.0	10.1	9.3
EV/sales (x)	1.51	1.28	1.06	0.91	1.13	1.03	0.79	0.64	0.66	0.60
EV/EBITDA (x)	12.1	9.1	7.8	5.6	7.9	6.2	5.6	3.9	3.9	3.5
EV/EBITA (x)	21.9	14.2	12.0	8.0	13.9	8.9	8.2	5.2	5.3	4.7
EV/EBIT (x)	21.9	14.2	12.0	8.0	13.9	8.9	8.2	5.2	5.3	4.7
Dividend yield (%)	1.4	1.9	4.4	0.0	10.7	5.7	6.1	7.0	7.7	8.1
FCF yield (%)	2.4	11.4	4.9	5.2	4.2	6.9	2.5	10.3	12.2	10.8
Le. adj. FCF yld. (%)	2.4	11.4	4.9	5.2	4.2	6.9	2.5	10.3	12.2	10.8
P/BVPS (x)	4.84	4.39	3.77	3.37	3.21	3.31	2.87	2.50	2.33	2.18
P/BVPS adj. (x)	8.00	6.65	5.45	4.58	4.21	4.49	3.85	3.27	3.03	2.82
P/E adj. (x)	34.7	22.6	15.0	13.7	23.4	15.2	12.4	7.6	10.1	9.3
EV/EBITDA adj. (x)	12.0	9.2	7.0	5.8	7.8	6.4	5.3	3.6	3.9	3.5
EV/EBITA adj. (x)	21.6	14.4	10.1	8.3	13.6	9.3	7.4	4.6	5.3	4.7
EV/EBIT adj. (x)	21.6	14.4	10.1	8.3	13.6	9.3	7.4	4.6	5.3	4.7
EV/CE (x)	1.8	1.7	1.5	1.2	1.2	1.2	1.0	0.9	0.8	0.7
Investment ratios	-	-	-	-	-	-	-	-	-	-
Capex/sales (%)	3.2	2.3	2.7	2.8	2.6	3.4	3.5	3.0	3.6	3.7
Capex/depreciation	0.6	0.5	0.6	0.6	0.4	0.7	0.8	0.8	0.8	0.8
Capex tangibles / tangible fixed assets	11.9	10.7	12.6	15.1	11.7	16.2	17.9	16.6	18.5	19.8
Capex intangibles / definite intangibles	19.2	13.4	25.0	26.4	20.2	24.8	35.9	30.0	28.8	27.5
Depreciation on intang / def. intang	23	22	20	20	21	19	20	18	16	14
Depreciation on tangibles / tangibles	23.86	25.54	27.69	32.94	35.54	29.27	28.12	27.05	28.83	30.90

Source: ABG Sundal Collier, Company Data

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	% of Total Rating	% of Total IBC	% of Total Rating by Type
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HOLD	29.15%	3%	3.00%
SELL	3.50%	0%	0.00%

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Stock price, company ratings and target price history

Company: Volvo

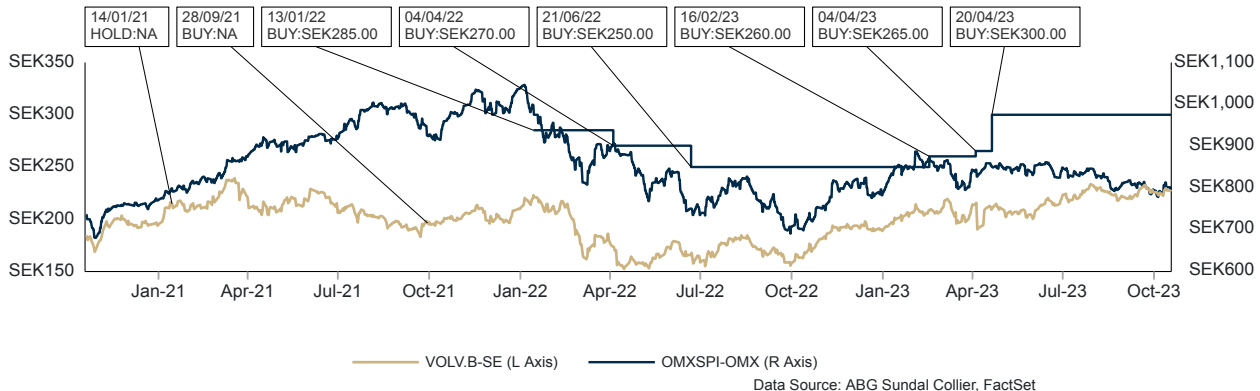
Currency: SEK

Current Recommendation: BUY

Date: 18/10/2023

Current Target price: 300.0

Current Share price: 229.45



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Production of recommendation: 10/18/2023 21:16.

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