

Volvo

Pricing holding up, supports margins

- Q1'24 adj. EBIT 1% and 7% above ABGSCe and consensus
- Good pricing, expect flat pricing from here, supports margins
- We raise '24e-'26e adj. EBIT by 2-3%, reiterate BUY and SEK 360 TP

Good profitability on strong price trends

Volvo had a good Q1, with adj. EBIT of SEK 18.2bn, 1% above ABGSCe and 7% above Infront cons. The adj. EBIT margin of 13.8% (ABGSCe 13.8%) was 70bp above cons, due to better than expected profitability in all business areas. The key earnings driver, Trucks, had an adj. EBIT margin of 14.5%, in line with us (ABGSCe 14.6%) but 70bp above cons at 13.8%, due to a higher ASP, which came in ~5% above cons expectations. On the conference call, management made it clear that the main focus now is to keep pricing discipline and prioritise profitability over volume, which is key to keep margins at a high level in '24, despite lower volumes. Also, Volvo continues to adjust its production system to a lower demand level, meaning that under absorption costs should improve sequentially in Q2 and Q3.

Brazil better, otherwise limited changes to the outlook

Q1 truck orders came in at 48.7k units, in line with us but 3% below cons. This was mainly due to North Am, where Mack held back order intake due to longer lead times originating from the UAW strike in Q4'23. We expect the situation to normalise in the coming quarters. Management made only small adjustments to the '24 truck market outlook, raising Brazil to 95k units (from 90k) while leaving Europe and North Am unchanged, and there were no changes to the VCE outlook. We have increased our ASP assumption by 4% for '24e, which combined with gradually lower costs should support margins from here. We raise our '24e-'26e adj. EBIT by 2-3%.

Reiterate BUY and SEK 360 TP

We reiterate our BUY rating as Volvo continues to deliver good profitability despite lower volumes. Before the report, we were 8% above '24e cons adj. EBIT and expect positive revisions to support the share. The valuation is attractive at ~6.5x EV/EBIT and ~7% dividend yield.

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SEKm	2022	2023	2024e	2025e	2026e
Sales	473,479	552,764	537,075	557,041	585,957
EBITDA	66,441	88,011	92,223	97,278	103,724
EBITDA margin (%)	14.0	15.9	17.2	17.5	17.7
EBIT adj.	50,467	77,638	70,540	75,130	81,101
EBIT adj. margin (%)	10.7	14.0	13.1	13.5	13.8
Pretax profit	45,077	66,726	71,073	75,430	81,501
EPS	16.10	24.51	26.51	27.67	29.91
EPS adj.	18.43	29.85	26.51	27.67	29.91
Sales growth (%)	27.2	16.7	-2.8	3.7	5.2
EPS growth (%)	-0.2	52.3	8.2	4.4	8.1

Source: ABG Sundal Collier, Company Data

Reason: Post-results comment

BUY ● HOLD ○ SELL ○

Capital Goods

Estimate changes (%)

	2024e	2025e	2026e
Sales	1.3	0.9	0.8
EBIT	3.4	2.1	2.3
EPS	4.4	2.1	2.3

Source: ABG Sundal Collier

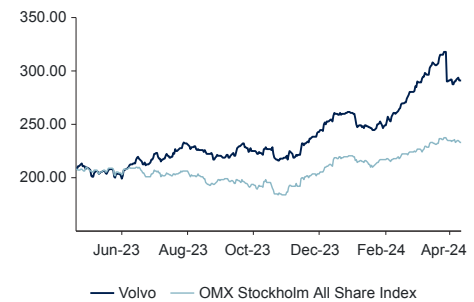
VOLV.B-SE/VOLVB SS

Share price (SEK)	10/4/2024	282.50
Target price		360.0

MCap (SEKm)	578,233
MCap (EURm)	49,723
No. of shares (m)	2,033.5
Free float (%)	92.4
Av. daily volume (k)	4,055

Next event Q2 Report 18 July 2024

Performance



— Volvo — OMX Stockholm All Share Index

	2024e	2025e	2026e
P/E (x)	10.7	10.2	9.4
P/E adj. (x)	10.7	10.2	9.4
P/BVPS (x)	2.94	2.70	2.47
EV/EBITDA (x)	5.0	4.6	4.2
EV/EBIT adj. (x)	6.5	6.0	5.4
EV/sales (x)	0.86	0.80	0.75
ROE adj. (%)	28.9	27.6	27.3
Dividend yield (%)	6.7	7.1	7.4
FCF yield (%)	9.1	8.8	8.7
Le. adj. FCF yld. (%)	9.1	8.8	8.7
Net IB debt/EBITDA (x)	1.7	1.5	1.3
Le. adj. ND/EBITDA (x)	-1.1	-1.1	-1.2

Company description

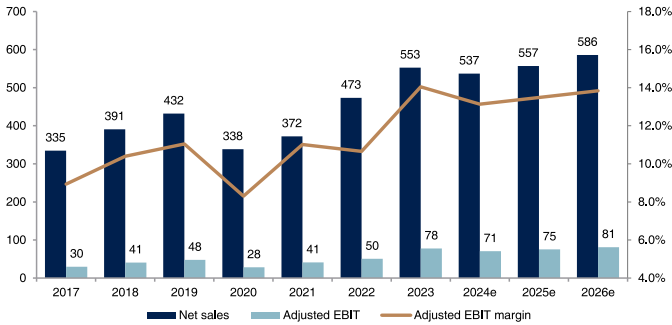
The Volvo Group is a leading manufacturer of trucks, buses, construction equipment and marine and industrial engines. The Group also provides complete solutions for financing and service. The Volvo Group, which employs about 100,000 people, has production facilities in 18 countries and sells its products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

[Sustainability Information](#)

Risks

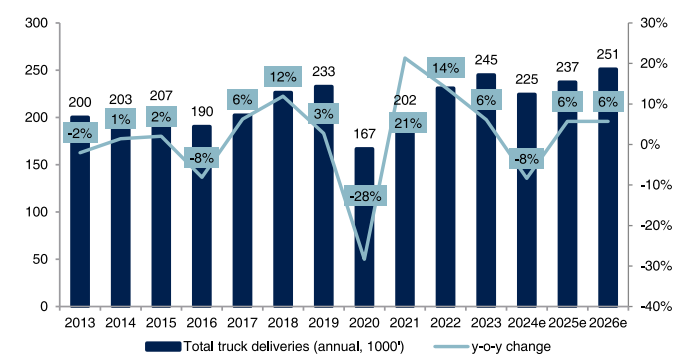
Weaker truck and construction equipment demand, price pressure.

Net sales, adj. EBIT, adj. EBIT margin 2017-2026e



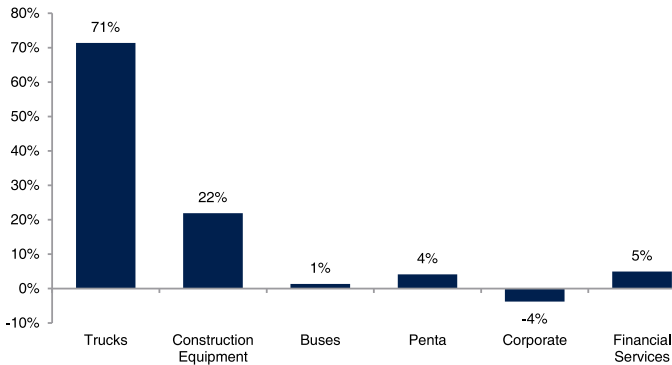
Source: ABG Sundal Collier, company data

Truck deliveries 2013-2026e



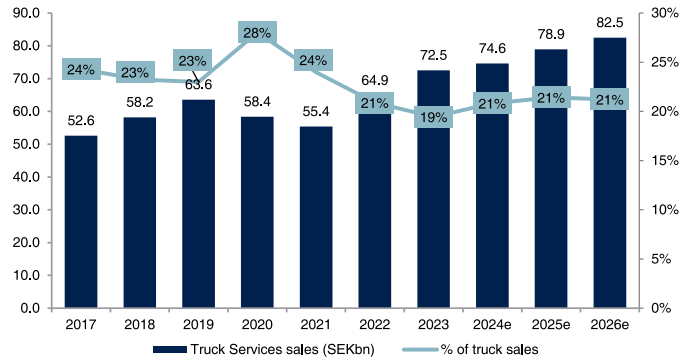
Source: ABG Sundal Collier, company data

Divisional adj. EBIT as a % of group adj. EBIT 2023



Source: ABG Sundal Collier, company data

Truck Services sales 2017-2026e



Source: ABG Sundal Collier, company data

Q1'24 result vs. expectations

SEKm	Prior year	2024 Q1	2024 Q1e		Deviation	
	2023 Q1	Actual	ABGSCe	Infront	ABGSCe	Infront
Net sales	131,420	131,177	130,373	129,336	1%	1%
Adjusted EBIT	18,409	18,159	18,026	16,987	1%	7%
Adj EBIT margin	14.0%	13.8%	13.8%	13.1%		
Non-recurring items	-1,300	0	0	0		
EBIT	17,109	18,159	18,026	16,980	1%	7%
EBIT margin	13.0%	13.8%	13.8%	13.1%		
PTP	16,797	18,442	18,126	17,062	2%	8%
Tax	-3,863	-4,339	-4,350	-4,246	0%	2%
Net profit	12,910	14,103	13,696	12,816	3%	10%
Divisional sales	2023 Q1	Actual	ABGSCe	Infront	ABGSCe	Infront
Trucks	89,556	89,946	87,247	88,038	3%	2%
Construction Equipment	25,109	22,877	24,863	23,822	-8%	-4%
Buses	4,267	5,173	5,936	4,793	-13%	8%
Penta	5,603	5,168	5,273	5,485	-2%	-6%
Corporate	1,516	1,481	1,578	1,472	-6%	1%
Financial Services	5,370	6,532	5,477	5,726	19%	14%
Group sales	131,420	131,177	130,373	129,336	1%	1%
Deliveries	61,531	55,470	55,308	57,247	0%	-3%
Truck orders	60,040	48,701	48,761	50,275	0%	-3%
Divisional adj EBIT	2023 Q1	Actual	ABGSCe	Infront	ABGSCe	Factset
Trucks	12,715	13,073	12,753	12,139	3%	8%
Construction Equipment	4,587	3,683	3,729	3,564	-1%	3%
Buses	178	259	237	227	9%	14%
Penta	1,271	988	1,128	1,017	-12%	-3%
Corporate	-1,225	-947	-700	-903	35%	5%
Financial Services	871	1,009	888	926	14%	9%
Group	18,409	18,159	18,026	16,987	1%	7%
Adj EBIT margin	2023 Q1	Actual	ABGSCe	Infront		
Trucks	14.2%	14.5%	14.6%	13.8%		
Construction Equipment	18.3%	16.1%	15.0%	15.0%		
Buses	4.2%	5.0%	4.0%	4.7%		
Penta	22.7%	19.1%	21.4%	18.5%		
Group	14.0%	13.8%	13.8%	13.1%		

Source: ABG Sundal Collier, company data, Infront consensus

Forecast changes 2024-2026e

SEKm	Old forecast			New forecast			Change		
	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Sales									
Trucks	347,895	361,036	381,606	358,392	368,518	388,709	3%	2%	2%
Construction Equipment	101,247	106,627	111,818	98,315	104,345	109,415	-3%	-2%	-2%
Buses	28,151	28,996	29,865	25,241	26,527	27,588	-10%	-9%	-8%
Penta	20,607	21,740	22,948	20,640	21,770	22,976	0%	0%	0%
Corporate	12,046	12,287	12,533	13,065	13,326	13,593	8%	8%	8%
Total Industrial Operations	509,946	530,686	558,771	515,653	534,486	562,280	1%	1%	1%
Customer Finance	24,492	25,717	27,003	26,249	27,562	28,940	7%	7%	7%
Internal/other	-4,321	-4,500	-4,737	-4,827	-5,007	-5,262	12%	11%	11%
Total sales	530,117	551,903	581,037	537,076	557,041	585,957	1%	1%	1%
Adj. EBIT	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Trucks	48,425	51,024	54,995	50,343	52,287	56,344	4%	2%	2%
Construction Equipment	14,565	16,943	18,057	14,588	17,085	18,398	0%	1%	2%
Buses	1,201	1,382	1,503	1,270	1,426	1,593	6%	3%	6%
Penta	2,909	3,196	3,508	2,785	3,062	3,363	-4%	-4%	-4%
Corporate	-2,800	-2,870	-2,942	-2,847	-2,918	-2,991	2%	2%	2%
Industrial Operations	64,301	69,675	75,121	66,139	70,942	76,707	3%	2%	2%
Financial Services	3,931	3,970	4,169	4,068	4,108	4,314	3%	3%	3%
Total Adj. EBIT	68,192	73,605	79,250	70,540	75,130	81,101	3%	2%	2%
of which associated income	-520	400	400	-462	200	400	-11%	-50%	0%
Adj. EBIT ex associated income	68,712	73,205	78,850	71,002	74,930	80,701	3%	2%	2%
Extraordinary items	0	0	0	0	0	0	n.a	n.a	n.a
EBIT	68,192	73,605	79,250	70,540	75,130	81,101	3%	2%	2%
Net financial Items	150	300	400	533	300	400	255%	0%	0%
Pretax profit	68,342	73,905	79,650	71,073	75,430	81,501	4%	2%	2%
Tax	-16,402	-18,476	-19,913	-16,971	-18,858	-20,375	3%	2%	2%
Net profit	51,620	55,109	59,418	53,886	56,253	60,806	4%	2%	2%
Adj. EBIT margin	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Trucks	13.9%	14.1%	14.4%	14.0%	14.2%	14.5%	0.1%	0.1%	0.1%
Construction Equipment	14.4%	15.9%	16.1%	14.8%	16.4%	16.8%	0.5%	0.5%	0.7%
Buses	4.3%	4.8%	5.0%	5.0%	5.4%	5.8%	0.8%	0.6%	0.7%
Penta	14.1%	14.7%	15.3%	13.5%	14.1%	14.6%	-0.6%	-0.6%	-0.7%
Total Industrial Operations	12.6%	13.1%	13.4%	12.8%	13.3%	13.6%	0.2%	0.1%	0.2%
Total Volvo Group	12.9%	13.3%	13.6%	13.1%	13.5%	13.8%	0.3%	0.2%	0.2%
Rep. EBIT margin	12.9%	13.3%	13.6%	13.1%	13.5%	13.8%	0.3%	0.2%	0.2%
Tax rate	24.0%	25.0%	25.0%	23.9%	25.0%	25.0%	-0.1%	0.0%	0.0%
Operational data	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Group organic growth	-3%	4%	5%	-3%	3%	5%	0.1%	-0.8%	-0.1%
Trucks organic growth	-6%	3%	6%	-4%	2%	5%	1.7%	-1.4%	-0.2%
Construction Equipment organic growth	-4%	5%	5%	-8%	5%	5%	-3.8%	0.5%	0.0%
Trucks Service organic growth	4%	4%	4%	3%	5%	5%	-1.0%	1.0%	0.5%
Truck volumes	224,317	237,133	250,702	224,580	237,422	251,019	0%	0%	0%
Truck ASP	1.22	1.20	1.20	1.26	1.22	1.22	4%	2%	2%

Source: ABG Sundal Collier, company data

Detailed quarterly income statement 2022-2024e

Volvo group (SEKm)	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423	Q124	Q224e	Q324e	Q424e
Net sales	105,317	118,943	114,917	134,302	131,420	140,821	132,405	148,117	131,177	138,330	125,133	142,436
COGS	-80,700	-90,221	-87,594	-103,227	-96,112	-101,900	-96,026	-109,405	-94,395	-99,488	-91,061	-107,204
Gross profit	24,617	28,722	27,323	31,075	35,308	38,921	36,379	38,712	36,781	38,842	34,072	35,232
R&D expense	-4,588	-5,454	-5,595	-6,893	-6,492	-6,819	-6,305	-7,029	-7,332	-7,746	-7,007	-7,834
Selling expense	-6,788	-6,977	-7,046	-8,239	-7,894	-8,329	-8,202	-9,249	-8,617	-8,991	-8,008	-8,973
Administrative expense	-1,321	-1,432	-1,383	-1,744	-1,663	-1,858	-1,686	-2,149	-1,964	-1,937	-1,752	-1,994
Other oper income	-3,377	-809	-896	-2,292	-1,980	-6,873	-1,180	-2,247	-567	-400	-400	-400
Associated income	4	-304	-535	-366	-171	-580	-665	-1,144	-142	-320	-200	200
EBIT	8,556	13,745	11,870	11,541	17,109	14,462	18,320	16,894	18,159	19,447	16,704	16,231
EBIT margin	8.1%	11.6%	10.3%	8.6%	13.0%	10.3%	13.8%	11.4%	13.8%	14.1%	13.3%	11.4%
EBIT ex associated income	8,552	14,049	12,405	11,907	17,280	15,042	18,985	18,038	18,301	19,767	16,904	16,031
Net financials	471	127	-111	-1,121	-312	-53	316	-10	283	-100	100	250
Pretax profit	9,027	13,872	11,759	10,420	16,797	14,410	18,636	16,884	18,442	19,347	16,804	16,481
Tax	-1,956	-3,352	-3,071	-3,730	-3,863	-3,591	-4,543	-4,798	-4,339	-4,643	-4,033	-3,955
Net profit	7,033	10,442	8,627	6,620	12,910	10,770	14,092	12,053	14,126	14,624	12,691	12,445
EPS	3.46	5.14	4.24	3.26	6.35	5.30	6.93	5.93	6.95	7.19	6.24	6.12
Adjustments	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423	Q124	Q224e	Q324e	Q424e
Non-recurring items	-4,125	0	0	-630	-1,300	-7,270	-794	-1,490	0	0	0	0
Adjusted EBIT	12,681	13,745	11,870	12,171	18,409	21,732	19,114	18,384	18,159	19,447	16,704	16,231
Adjusted EBIT change y-o-y	7%	41%	26%	21%	45%	58%	61%	51%	-1%	-11%	-13%	-12%
Adjusted EBIT margin	12.0%	11.6%	10.3%	9.1%	14.0%	15.4%	14.4%	12.4%	13.8%	14.1%	13.3%	11.4%
Gross margin	23.4%	24.1%	23.8%	23.1%	26.9%	27.6%	27.5%	26.1%	28.0%	28.1%	27.2%	24.7%
Opex to sales	12.1%	11.7%	12.2%	12.6%	12.2%	12.1%	12.2%	12.4%	13.7%	13.5%	13.4%	13.2%
Tax rate	21.7%	24.2%	26.1%	35.8%	23.0%	24.9%	24.4%	28.4%	23.5%	24.0%	24.0%	24.0%
Divisional sales	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423	Q124	Q224e	Q324e	Q424e
Trucks	69,552	78,603	75,078	87,303	89,556	93,748	89,848	99,896	89,946	91,906	82,743	93,798
Construction Equipment	22,613	25,814	24,238	27,596	25,109	28,999	24,296	26,578	22,877	26,317	22,933	26,188
Buses	3,051	4,062	4,817	6,654	4,267	5,435	5,386	7,336	5,173	6,276	6,167	7,626
Penta	4,204	4,597	4,451	4,849	5,603	5,416	4,956	5,031	5,168	5,063	5,129	5,280
Corporate	3,848	3,750	3,793	4,985	3,779	3,629	3,954	5,448	4,281	4,355	4,033	5,557
Other/elim	-923	-1,106	-950	-1,175	-1,195	-1,236	-1,219	-1,348	-1,280	-1,261	-1,244	-1,375
Industrial Operations	102,345	115,720	111,427	130,212	127,117	135,991	127,220	142,941	126,164	132,656	119,760	137,073
Financial Services	3,734	4,067	4,430	5,124	5,370	5,851	6,249	6,542	6,532	6,670	6,374	6,673
Reclassification/Eliminations	-762	-844	-940	-1,033	-1,067	-1,021	-1,064	-1,366	-1,519	-996	-1,002	-1,310
Group sales	105,317	118,943	114,917	134,302	131,420	140,821	132,405	148,117	131,177	138,330	125,133	142,436
Divisional adjusted EBIT	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423	Q124	Q224e	Q324e	Q424e
Trucks	8,690	9,551	7,307	8,274	12,715	14,950	14,038	13,691	13,073	13,782	11,817	11,671
Construction Equipment	2,810	3,568	3,773	3,093	4,587	5,353	3,733	3,320	3,683	4,290	3,211	3,404
Buses	20	7	99	228	178	219	340	323	259	345	247	419
Penta	769	699	593	468	1,271	804	790	365	988	701	766	330
Corporate	-488	-890	-778	-754	-1,225	-513	-860	-352	-947	-700	-500	-700
Eliminations	-2	19	-4	-1	12	3	11	32	93	80	80	80
Financial Services	882	792	879	863	871	916	1,062	1,005	1,009	950	1,083	1,025
Group	12,681	13,745	11,870	12,171	18,409	21,732	19,114	18,384	18,159	19,447	16,704	16,231
Adjusted EBIT margin	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423	Q124	Q224e	Q324e	Q424e
Trucks	12.5%	12.2%	9.7%	9.5%	14.2%	15.9%	15.6%	13.7%	14.5%	15.0%	14.3%	12.4%
Construction Equipment	12.4%	13.8%	15.6%	11.2%	18.3%	18.5%	15.4%	12.5%	16.1%	16.3%	14.0%	13.0%
Buses	0.7%	0.2%	2.1%	3.4%	4.2%	4.0%	6.3%	4.4%	5.0%	5.5%	4.0%	5.5%
Penta	18.3%	15.2%	13.3%	9.7%	22.7%	14.8%	15.9%	7.3%	19.1%	13.8%	14.9%	6.3%
Group	12.0%	11.6%	10.3%	9.1%	14.0%	15.4%	14.4%	12.4%	13.8%	14.1%	13.3%	11.4%

Source: ABG Sundal Collier, company data

Detailed annual income statement 2017-2026e

Volvo group (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Net sales	334,748	390,833	431,980	338,445	372,215	473,479	552,764	537,075	557,041	585,957
Organic	11%	14%	5%	-17%	16%	18%	11%	-3%	3%	5%
Structure	0%	-1%	0%	0%	0%	0%	0%	0%	0%	0%
Currency	0%	3%	6%	-4%	-6%	9%	6%	0%	1%	0%
Total growth	11%	17%	11%	-22%	10%	27%	17%	-3%	4%	5%
COGS	-254,581	-303,477	-326,895	-259,319	-282,463	-361,742	-403,443	-392,149	-405,032	-423,223
Gross profit	80,167	87,356	105,085	79,126	89,752	111,737	149,321	144,927	152,009	162,734
R&D expense	-16,098	-15,899	-18,537	-16,798	-18,027	-22,530	-26,645	-29,920	-32,145	-34,986
Selling expense	-28,582	-30,890	-33,038	-26,510	-23,959	-29,050	-33,674	-34,590	-36,153	-38,030
Administrative expense	-5,632	-5,798	-5,901	-4,621	-4,871	-5,880	-7,356	-7,647	-7,381	-7,617
Other oper income	-1,061	-2,273	-215	-5,459	-75	-7,374	-12,280	-1,767	-1,400	-1,400
Associated income	1,543	1,983	2,138	1,746	-37	-1,201	-2,560	-462	200	400
EBIT	30,325	34,478	49,531	27,484	43,072	45,712	66,784	70,540	75,130	81,101
EBIT ex associated income	28,782	32,495	47,393	25,738	43,109	46,913	69,344	71,002	74,930	80,701
Net financials	-2,072	-2,331	-2,699	-1,568	117	-635	-58	533	300	400
Pretax profit	28,253	32,147	46,832	25,916	43,189	45,077	66,726	71,073	75,430	81,501
Tax	-6,971	-6,784	-10,337	-5,844	-9,948	-12,109	-16,794	-16,971	-18,858	-20,375
Net profit	20,980	24,896	35,860	19,316	32,786	32,722	49,825	53,886	56,253	60,806
EPS	10.35	12.34	17.64	9.50	16.13	16.10	24.51	26.51	27.67	29.91
Adjusted EBIT	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Adjusted EBIT	29,925	40,660	47,692	28,105	41,014	50,467	77,638	70,540	75,130	81,101
Change y-o-y	42%	36%	17%	-41%	46%	23%	54%	-9%	7%	8%
Adjusted EBIT margin	8.9%	10.4%	11.0%	8.3%	11.0%	10.7%	14.0%	13.1%	13.5%	13.8%
Gross margin	23.9%	22.4%	24.3%	23.4%	24.1%	23.6%	27.0%	27.0%	27.3%	27.8%
Opex to sales	15.0%	13.5%	13.3%	14.2%	12.6%	12.1%	12.2%	13.4%	13.6%	13.8%
Tax rate	24.7%	21.1%	22.1%	22.5%	23.0%	26.9%	25.2%	23.9%	25.0%	25.0%
Divisional overview	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Trucks	216,479	250,358	276,646	208,262	230,882	310,536	373,048	358,392	368,518	388,709
Construction Equipment	66,498	84,237	88,604	81,453	92,031	100,261	104,982	98,315	104,345	109,415
Buses	26,078	25,826	31,019	19,791	17,623	18,584	22,424	25,241	26,527	27,588
Penta	11,120	13,741	13,287	11,892	14,437	18,101	21,006	20,640	21,770	22,976
Corporate/other	3,635	4,158	8,804	5,075	6,088	12,222	11,810	13,065	13,326	13,593
Industrial Operations	323,809	378,320	418,361	326,473	361,061	459,704	533,269	515,653	534,486	562,280
Financial Services	11,812	13,070	14,870	13,960	13,437	17,355	24,012	26,249	27,562	28,940
Reclassification/Eliminations	-873	-556	-1,251	-1,987	-2,283	-3,579	-4,518	-4,827	-5,007	-5,262
Group sales	334,748	390,833	431,980	338,445	372,215	473,479	552,764	537,076	557,041	585,957
Divisional adjusted EBIT	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Trucks	20,384	26,352	31,335	16,568	25,567	33,822	55,394	50,343	52,287	56,344
Construction Equipment	7,914	11,307	11,910	10,205	12,227	13,244	16,993	14,588	17,085	18,398
Buses	927	765	1,337	-495	-90	354	1,060	1,270	1,426	1,593
Penta	1,438	2,341	1,875	1,578	2,091	2,529	3,230	2,785	3,062	3,363
Corporate	-2,934	-2,504	-1,517	-1,371	-2,118	-2,910	-2,950	-2,847	-2,918	-2,991
Eliminations	3	-12	-14	12	56	13	57	333	80	80
Financial Services	2,192	2,410	2,766	1,508	3,280	3,416	3,854	4,068	4,108	4,314
Group	29,924	40,661	47,692	28,005	41,014	50,467	77,638	70,540	75,130	81,101
Adjusted EBIT margin	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Trucks	9.4%	10.5%	11.3%	8.0%	11.1%	10.9%	14.8%	14.0%	14.2%	14.5%
Construction Equipment	11.9%	13.4%	13.4%	12.5%	13.3%	13.2%	16.2%	14.8%	16.4%	16.8%
Buses	3.6%	3.0%	4.3%	-2.5%	-0.5%	1.9%	4.7%	5.0%	5.4%	5.8%
Penta	12.9%	17.0%	14.1%	13.3%	14.5%	14.0%	15.4%	13.5%	14.1%	14.6%
Group	8.9%	10.4%	11.0%	8.3%	11.0%	10.7%	14.0%	13.1%	13.5%	13.8%

Source: ABG Sundal Collier, company data

Income Statement (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Sales	334,748	390,833	431,980	338,445	372,215	473,479	552,764	537,075	557,041	585,957
COGS	-254,581	-303,477	-326,895	-259,319	-282,463	-361,742	-403,443	-392,149	-405,032	-423,223
Gross profit	80,167	87,356	105,085	79,126	89,752	111,737	149,321	144,927	152,009	162,734
Other operating items	-32,972	-34,440	-34,968	-31,043	-27,960	-45,296	-61,310	-52,704	-54,731	-59,010
EBITDA	47,194	52,917	70,117	48,083	61,792	66,441	88,011	92,223	97,278	103,724
Depreciation and amortisation	-16,869	-18,439	-20,586	-20,599	-18,720	-20,729	-21,227	-21,682	-22,148	-22,623
EBITA	30,325	34,478	49,531	27,484	43,072	45,712	66,784	70,540	75,130	81,101
EO Items	400	-6,182	1,839	-621	2,058	-4,755	-10,854	0	0	0
EBIT	30,325	34,478	49,531	27,484	43,072	45,712	66,784	70,540	75,130	81,101
Net financial items	-2,072	-2,331	-2,699	-1,568	117	-635	-58	533	300	400
Pretax profit	28,253	32,147	46,832	25,916	43,189	45,077	66,726	71,073	75,430	81,501
Tax	-6,971	-6,784	-10,337	-5,844	-9,948	-12,109	-16,794	-16,971	-18,858	-20,375
Net profit	21,282	25,363	36,495	20,072	33,241	32,969	49,931	54,103	56,573	61,126
Minority interest	-302	-466	-635	-756	-455	-247	-107	-217	-320	-320
Net profit to shareholders	20,980	24,896	35,860	19,316	32,786	32,722	49,825	53,886	56,253	60,806
EPS	10.35	12.28	17.64	9.50	16.13	16.10	24.51	26.51	27.67	29.91
EPS adj.	10.15	15.33	16.73	9.81	15.11	18.43	29.85	26.51	27.67	29.91
Total extraordinary items after tax	400	-6,182	1,839	-621	2,058	-4,755	-10,854	0	0	0
Tax rate (%)	24.7	21.1	22.1	22.5	23.0	26.9	25.2	23.9	25.0	25.0
Gross margin (%)	23.9	22.4	24.3	23.4	24.1	23.6	27.0	27.0	27.3	27.8
EBITDA margin (%)	14.1	13.5	16.2	14.2	16.6	14.0	15.9	17.2	17.5	17.7
EBITA margin (%)	9.1	8.8	11.5	8.1	11.6	9.7	12.1	13.1	13.5	13.8
EBIT margin (%)	9.1	8.8	11.5	8.1	11.6	9.7	12.1	13.1	13.5	13.8
Pre-tax margin (%)	8.4	8.2	10.8	7.7	11.6	9.5	12.1	13.2	13.5	13.9
Net margin (%)	6.4	6.5	8.4	5.9	8.9	7.0	9.0	10.1	10.2	10.4
Growth Rates y-o-y	-	-	-	-	-	-	-	-	-	-
Sales growth (%)	10.9	16.8	10.5	-21.7	10.0	27.2	16.7	-2.8	3.7	5.2
EBITDA growth (%)	25.5	12.1	32.5	-31.4	28.5	7.5	32.5	4.8	5.5	6.6
EBITA growth (%)	45.6	13.7	43.7	-44.5	56.7	6.1	46.1	5.6	6.5	7.9
EBIT growth (%)	45.6	13.7	43.7	-44.5	56.7	6.1	46.1	5.6	6.5	7.9
Net profit growth (%)	60.9	19.2	43.9	-45.0	65.6	-0.8	51.5	8.4	4.6	8.0
EPS growth (%)	59.6	18.7	43.6	-46.1	69.7	-0.2	52.3	8.2	4.4	8.1
Profitability	-	-	-	-	-	-	-	-	-	-
ROE (%)	20.8	21.7	27.4	13.6	22.9	21.5	29.3	28.9	27.6	27.3
ROE adj. (%)	20.4	27.1	26.0	14.0	21.5	24.7	35.6	28.9	27.6	27.3
ROCE (%)	12.1	13.1	16.5	8.5	13.5	13.2	16.8	16.5	16.9	17.4
ROCE adj. (%)	12.0	15.5	15.9	8.7	12.9	14.5	19.4	16.5	16.9	17.4
ROIC (%)	10.3	12.2	15.6	8.4	13.4	11.9	15.1	15.2	15.8	16.6
ROIC adj. (%)	10.2	14.4	15.0	8.6	12.8	13.1	17.6	15.2	15.8	16.6
Adj. earnings numbers	-	-	-	-	-	-	-	-	-	-
EBITDA adj.	46,794	59,099	68,278	48,704	59,734	71,196	98,865	92,223	97,278	103,724
EBITDA adj. margin (%)	14.0	15.1	15.8	14.4	16.0	15.0	17.9	17.2	17.5	17.7
EBITDA lease adj.	46,794	59,099	68,278	48,704	59,734	71,196	98,865	92,223	97,278	103,724
EBITDA lease adj. margin (%)	14.0	15.1	15.8	14.4	16.0	15.0	17.9	17.2	17.5	17.7
EBITA adj.	29,925	40,660	47,692	28,105	41,014	50,467	77,638	70,540	75,130	81,101
EBITA adj. margin (%)	8.9	10.4	11.0	8.3	11.0	10.7	14.0	13.1	13.5	13.8
EBIT adj.	29,925	40,660	47,692	28,105	41,014	50,467	77,638	70,540	75,130	81,101
EBIT adj. margin (%)	8.9	10.4	11.0	8.3	11.0	10.7	14.0	13.1	13.5	13.8
Pretax profit Adj.	27,853	38,329	44,993	26,538	41,131	49,832	77,580	71,073	75,430	81,501
Net profit Adj.	20,882	31,545	34,656	20,694	31,183	37,723	60,785	54,103	56,573	61,126
Net profit to shareholders adj.	20,580	31,078	34,021	19,938	30,728	37,477	60,679	53,886	56,253	60,806
Net adj. margin (%)	6.2	8.1	8.0	6.1	8.4	8.0	11.0	10.1	10.2	10.4

Source: ABG Sundal Collier, Company Data

Cash Flow (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
EBITDA	47,194	52,917	70,117	48,083	61,792	66,441	88,011	92,223	97,278	103,724
Net financial items	-2,072	-2,331	-2,699	-1,568	117	-635	-58	533	300	400
Paid tax	-6,971	-6,784	-10,337	-5,844	-9,948	-12,109	-16,794	-16,971	-18,858	-20,375
Non-cash items	-2,385	14,561	9,858	-62,482	8,423	939	-16,248	0	0	0
Cash flow before change in WC	35,766	58,363	66,938	-21,811	60,384	54,637	54,910	75,785	78,720	83,749
Change in working capital	23,259	-21,974	-27,891	52,421	-26,737	-21,393	-28,235	7,767	-809	-5,060
Operating cash flow	59,025	36,389	39,047	30,610	33,647	33,244	26,675	83,553	77,912	78,688
Capex tangible fixed assets	-5,734	-6,989	-8,064	-5,733	-8,809	-11,301	-13,120	-13,776	-14,465	-15,188
Capex intangible fixed assets	-2,006	-3,746	-3,954	-3,023	-3,722	-5,390	-5,278	-5,542	-5,819	-6,110
Acquisitions and Disposals	1,594	-3,063	-2,573	-2,218	11,042	-4,795	-8,447	-12,000	-7,000	-7,700

Cash Flow (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Free cash flow	52,879	22,591	24,456	19,636	32,158	11,758	-170	52,235	50,628	49,690
Dividend paid	-6,588	-8,615	-20,270	0	-49,809	-26,429	-28,925	-36,594	-38,627	-40,660
Other non-cash items	-16,183	-36,107	-18,891	51,194	-42,758	-29,469	-2,115	0	0	-0
Balance Sheet (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Goodwill	20,893	23,104	21,668	19,577	22,070	26,544	27,512	27,512	27,512	27,512
Other intangible assets	15,000	15,000	15,000	15,000	15,000	15,000	15,000	17,372	19,925	22,672
Tangible fixed assets	53,348	55,673	53,496	49,113	54,405	63,162	68,449	80,713	88,296	96,924
Right-of-use asset	0	43,103	43,326	37,962	39,969	39,969	46,969	46,969	46,969	46,969
Total other fixed assets	132,562	103,109	109,160	109,053	128,908	160,542	164,765	159,765	154,765	149,765
Fixed assets	221,803	239,989	242,650	230,705	260,352	305,217	322,695	332,331	337,467	343,841
Inventories	52,701	65,783	56,644	47,625	63,916	75,689	76,863	75,191	77,986	82,034
Receivables	108,185	60,779	71,099	57,985	68,118	88,864	110,565	99,359	100,267	105,472
Other current assets	229	61,179	92,983	89,300	61,345	75,408	80,619	80,619	80,619	80,619
Cash and liquid assets	36,092	46,933	61,461	85,206	62,125	83,886	83,326	98,967	110,968	119,998
Total assets	419,010	474,663	524,837	510,821	515,856	629,064	674,068	686,466	707,307	731,965
Shareholders equity	105,861	123,379	138,595	145,295	141,045	162,717	177,791	195,083	212,709	232,854
Minority	1,941	2,452	3,083	2,847	3,073	3,519	2,948	3,165	3,485	3,805
Total equity	107,802	125,831	141,678	148,142	144,118	166,236	180,739	198,248	216,194	236,659
Long-term debt	73,904	87,210	101,616	95,166	104,177	138,571	138,502	138,502	138,502	138,502
Pension debt	14,476	16,482	19,988	18,430	12,177	8,745	11,219	11,219	11,219	11,219
Leasing liability	0	0	7,100	6,100	6,200	6,600	6,600	6,600	6,600	6,600
Total other long-term liabilities	42,330	65,115	61,846	21,647	64,927	76,536	78,869	78,869	78,869	78,869
Short-term debt	53,771	48,646	56,136	58,258	49,447	72,377	98,289	98,289	98,289	98,289
Accounts payable	125,028	73,630	66,866	59,611	76,745	90,177	82,987	77,876	80,771	84,964
Other current liabilities	1,699	57,749	69,607	103,467	58,065	69,822	76,863	76,863	76,863	76,863
Total liabilities and equity	419,010	474,663	524,837	510,821	515,856	629,064	674,068	686,466	707,307	731,965
Net IB debt	106,059	105,405	123,379	92,748	109,876	142,407	171,284	155,643	143,642	134,612
Net IB debt excl. pension debt	91,583	88,923	103,391	74,318	97,699	133,662	160,065	144,424	132,423	123,393
Net IB debt excl. leasing	106,059	105,405	116,279	86,648	103,676	135,807	164,684	149,043	137,042	128,012
Capital employed	249,953	278,169	326,518	326,096	316,119	392,529	435,349	452,858	470,804	491,269
Capital invested	213,861	231,236	265,057	240,890	253,994	308,643	352,023	353,891	359,836	371,271
Working capital	34,388	56,362	84,253	31,832	58,569	79,962	108,197	100,430	101,238	106,299
EV breakdown	-	-	-	-	-	-	-	-	-	-
Market cap. diluted (m)	572,628	572,628	574,323	574,323	574,323	574,323	574,323	574,323	574,323	574,323
Net IB debt adj.	-26,339	-43,926	-62,596	-74,696	-66,215	-73,897	-83,435	-99,076	-111,077	-120,107
Market value of minority	1,941	2,452	3,083	2,847	3,073	3,519	2,948	3,165	3,485	3,805
Reversal of shares and participations	-11,224	-11,135	-12,955	-13,160	-20,685	-21,583	-19,158	-19,158	-19,158	-19,158
EV	537,006	520,019	501,855	489,314	490,496	482,362	474,678	459,254	447,573	438,862
Total assets turnover (%)	81.9	87.5	86.4	65.4	72.5	82.7	84.8	79.0	79.9	81.4
Working capital/sales (%)	13.7	11.6	16.3	17.1	12.1	14.6	17.0	19.4	18.1	17.7
Financial risk and debt service	-	-	-	-	-	-	-	-	-	-
Net debt/equity (%)	98.4	83.8	87.1	62.6	76.2	85.7	94.8	78.5	66.4	56.9
Net debt / market cap (%)	18.5	18.4	21.5	16.1	19.1	24.8	29.8	27.1	25.0	23.4
Equity ratio (%)	25.7	26.5	27.0	29.0	27.9	26.4	26.8	28.9	30.6	32.3
Net IB debt adj. / equity (%)	-24.4	-34.9	-44.2	-50.4	-45.9	-44.5	-46.2	-50.0	-51.4	-50.8
Current ratio	1.09	1.30	1.47	1.27	1.39	1.39	1.36	1.40	1.45	1.49
EBITDA/net interest	22.8	22.7	26.0	30.7	528.1	104.7	1,507.0	173.0	324.3	259.3
Net IB debt/EBITDA (x)	2.2	2.0	1.8	1.9	1.8	2.1	1.9	1.7	1.5	1.3
Net IB debt/EBITDA lease adj. (x)	-0.6	-0.7	-0.9	-1.5	-1.1	-1.0	-0.8	-1.1	-1.1	-1.2
Interest coverage	13.6	13.7	16.5	14.9	181.0	28.5	25.3	30.6	32.4	35.0

Source: ABG Sundal Collier, Company Data

Share Data (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Actual shares outstanding	2,027	2,027	2,033	2,033	2,033	2,033	2,033	2,033	2,033	2,033
Actual shares outstanding (avg)	2,027	2,027	2,033	2,033	2,033	2,033	2,033	2,033	2,033	2,033
Actual dividend per share	4.25	10.00	0.00	24.50	13.00	14.23	18.00	19.00	20.00	21.00

Source: ABG Sundal Collier, Company Data

Valuation and Ratios (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Shares outstanding adj.	2,027	2,027	2,033	2,033	2,033	2,033	2,033	2,033	2,033	2,033
Diluted shares adj.	2,027	2,027	2,033	2,033	2,033	2,033	2,033	2,033	2,033	2,033
EPS	10.35	12.28	17.64	9.50	16.13	16.10	24.51	26.51	27.67	29.91
Dividend per share	4.25	10.00	0.00	24.50	13.00	14.23	18.00	19.00	20.00	21.00
EPS adj.	10.15	15.33	16.73	9.81	15.11	18.43	29.85	26.51	27.67	29.91

Valuation and Ratios (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
BVPS	52.23	60.87	68.17	71.47	69.38	80.04	87.45	95.96	104.63	114.54
BVPS adj.	34.52	42.07	50.14	54.46	51.14	59.60	66.54	73.88	81.29	89.85
Net IB debt/share	-12.99	-21.67	-30.79	-36.74	-32.57	-36.35	-41.04	-48.73	-54.64	-59.08
Share price	282.50	282.50	282.50	282.50	282.50	282.50	282.50	282.50	282.50	282.50
Market cap. (m)	572,628	572,628	574,323	574,323	574,323	574,323	574,323	574,323	574,323	574,323
Valuation	-	-	-	-	-	-	-	-	-	-
P/E (x)	27.3	23.0	16.0	29.7	17.5	17.6	11.5	10.7	10.2	9.4
EV/sales (x)	1.60	1.33	1.16	1.45	1.32	1.02	0.86	0.86	0.80	0.75
EV/EBITDA (x)	11.4	9.8	7.2	10.2	7.9	7.3	5.4	5.0	4.6	4.2
EV/EBITA (x)	17.7	15.1	10.1	17.8	11.4	10.6	7.1	6.5	6.0	5.4
EV/EBIT (x)	17.7	15.1	10.1	17.8	11.4	10.6	7.1	6.5	6.0	5.4
Dividend yield (%)	1.5	3.5	0.0	8.7	4.6	5.0	6.4	6.7	7.1	7.4
FCF yield (%)	9.2	3.9	4.3	3.4	5.6	2.0	-0.0	9.1	8.8	8.7
Le. adj. FCF yld. (%)	9.2	3.9	4.3	3.4	5.6	2.0	-0.0	9.1	8.8	8.7
P/BVPS (x)	5.41	4.64	4.14	3.95	4.07	3.53	3.23	2.94	2.70	2.47
P/BVPS adj. (x)	8.18	6.72	5.63	5.19	5.52	4.74	4.25	3.82	3.48	3.14
P/E adj. (x)	27.8	18.4	16.9	28.8	18.7	15.3	9.5	10.7	10.2	9.4
EV/EBITDA adj. (x)	11.5	8.8	7.4	10.0	8.2	6.8	4.8	5.0	4.6	4.2
EV/EBITA adj. (x)	17.9	12.8	10.5	17.4	12.0	9.6	6.1	6.5	6.0	5.4
EV/EBIT adj. (x)	17.9	12.8	10.5	17.4	12.0	9.6	6.1	6.5	6.0	5.4
EV/CE (x)	2.1	1.9	1.5	1.5	1.6	1.2	1.1	1.0	1.0	0.9
Investment ratios	-	-	-	-	-	-	-	-	-	-
Capex/sales (%)	2.3	2.7	2.8	2.6	3.4	3.5	3.3	3.6	3.6	3.6
Capex/depreciation	0.5	0.6	0.6	0.4	0.7	0.8	0.9	0.9	0.9	0.9
Capex tangibles / tangible fixed assets	10.7	12.6	15.1	11.7	16.2	17.9	19.2	17.1	16.4	15.7
Capex intangibles / definite intangibles	13.4	25.0	26.4	20.2	24.8	35.9	35.2	31.9	29.2	26.9
Depreciation on intang / def. intang	22	20	20	21	19	20	21	18	16	15
Depreciation on tangibles / tangibles	25.54	27.69	32.94	35.54	29.27	28.12	26.51	22.94	21.39	19.87

Source: ABG Sundal Collier, Company Data

Analyst Certification

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HOLD	31.20%	3%	2.68%
SELL	5.85%	0%	0.00%

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Stock price, company ratings and target price history

Company: Volvo

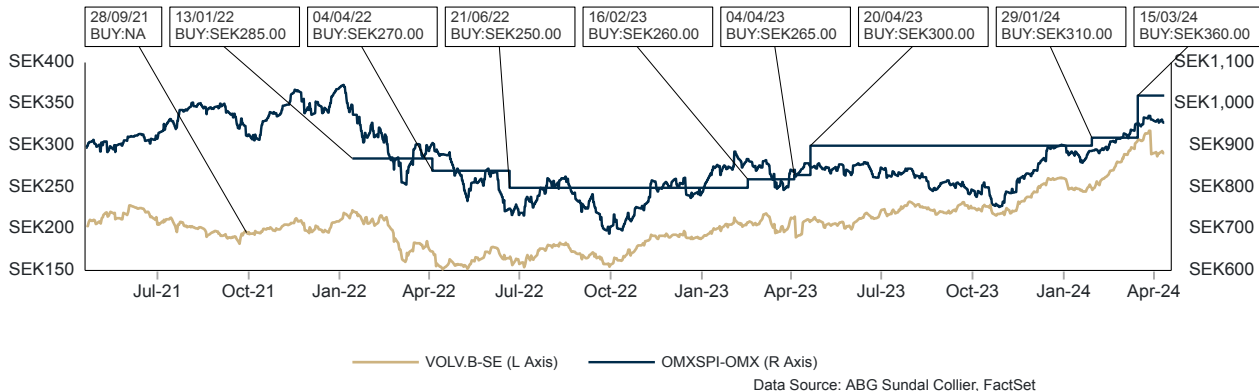
Currency: SEK

Current Recommendation: BUY

Date: 10/4/2024

Current Target price: 360.0

Current Share price: 282.50



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