

Volvo Cars Q1 2026 Pre-Close Call

The following information will be discussed during the scheduled call with analysts and investors before the silent period begins on 30 March, ahead of the publication of our Q1 2026 report on 29 April 2026.

Macro-economic environment

The global macro environment has remained mixed through the first quarter of 2026, with only gradual signs of improvement and still limited visibility across key regions. In the euro area, consumer confidence has stabilized but remains subdued: the European Commission's February flash estimate showed euro area consumer confidence at –12.2, still below its long-term average, while the broader Economic Sentiment Indicator also remained slightly below normal levels.

In the US, consumer sentiment has improved modestly from late-2025 lows but remains soft in historical terms. The University of Michigan's Consumer Sentiment Index rose to 56.6 in February 2026 from 56.4 in January, but was still well below the 64.7 level recorded a year earlier, underlining continued household caution around affordability and the broader economic outlook.

In China, macro conditions have shown some stabilization, but the recovery remains uneven. Retail sales in the first two months of 2026 increased by 2.8% year on year, while exports rose 19.2%, suggesting that external demand remain an important support for growth. At the same time, domestic demand is still not fully robust, and competitive intensity in autos remains high, with Chinese manufacturers continuing to expand internationally and increase pressure in overseas markets, including Europe.

State of the industry

S&P Global most recent forecast, published in February, the global premium segment is now expected to contract by 0.9% in 2026, compared with the 0.5% decrease forecasted in October. The US premium segment is expected to contract by 3.0% in 2026, Europe to contract by 0.8%, and China premium market to contract by 2.0%.

Revenues

- Reported retail sales for January and February show a -19% volume decline so far during the first quarter, with January down -16% and February down -22%.
- As a reminder, wholesales, and not retail sales, is the best input to use when calculating the volume effect on revenue.
- As have been communicated throughout 2025 we aim for a balance between retail deliveries and wholesale volumes.
- Due to a stronger SEK and weaker USD than one year ago FX poses a continued headwind.

- The higher discounts seen in Q4 2025 will flow through into Q1 2026.

Gross margins consolidated

- As for revenue, the higher discounts seen in Q4 2025 will have a negative impact on Q1 gross margins.
- Tariffs introduced during 2025 will impact Q1 2026 negatively.
- As stated in our annual report we do hedge raw materials but we will not comment on exact levels.

EBIT-margin

- As seen in during 2025, depreciation and amortisation in 2025 vs 2024 have increased and will continue to increase as we launch new or updated products.
- The effects from the executed cost and cash program during 2025 will now flow through into Q1 2026.

Free cash flow

- As mentioned during the Q4 presentation Q1 cash flow would be under pressure for the below reasons
- Historically, Q1 typically demonstrates seasonal weaker cash flow generation due to inventory build-up. As we said when we published our report for Q4, this effect is even stronger in H1 since we are building inventory of the XC60 and XC90 to secure supply in preparation to produce the EX60 in Torlanda.
- FCF has also been impacted by continued investments in the SPA3-platform, the finalization of the Kosice plant among other things.