Volvo Cars Q2 2026 Pre-Close Call

The following information will be discussed during the scheduled call with analysts and investors before the silent period begins on 18 June, ahead of the publication of our Q2 report on 17 July 2026.

Macro-economic environment

The global macro environment has remained challenging through the second quarter of 2026, with continued low visibility across key regions and no clear-based improvement in consumer sentiment.

In the euro area, consumer confidence showed a slight rebound in May, but remained clearly subdued. The European Commission’s May flash estimate showed euro area consumer confidence at –19.0, up from April but still well below its long-term average, underlining continued household caution around purchasing power and the broader economic outlook.

In the US, consumer sentiment weakened further during the quarter and remains soft in historical terms. The University of Michigan’s Consumer Sentiment Index declined to 44.8 in May 2026, down from 49.8 in April and 52.2 in March, reflecting continued pressure on household confidence, affordability and expectations for the economy.

In China, macro conditions have remained uneven, with continued fragility in household consumption. The auto market also remains highly competitive, and the overall total industry volume declined sharply in April and May, further weighing on volumes. At the same time, Chinese manufacturers continue to expand internationally, increasing pressure in overseas markets, including Europe.

State of the industry

S&P Global most recent forecast, published in April, the global premium segment is now expected to contract by 4% in 2026, compared with the 0.9% decrease forecasted in February. The US premium segment is expected to contract by 5% in 2026, Europe to contract by 4%, and China premium market to contract by 6%.

Revenues

- Reported retail sales for April and May showed a 9% volume decline quarter-to-date, with April down 11% and May down 7%.
- As a reminder, wholesale volumes — rather than retail sales — are the most relevant input when assessing the volume impact on revenue.
- As communicated throughout 2025, we continue to aim for a balance between retail deliveries and wholesale volumes.
- FX remains a headwind, although current spot rates suggest a smaller effect than in Q1.

- Discount levels remain elevated and are typically somewhat higher in the second quarter, reflecting the introduction of the new model year.

Gross margin, consolidated

- Gross margin continues to be affected by elevated discount levels, as well as the phase out of the 2026 model year.
- Freight costs have increased, mainly driven by higher crude oil prices.
- Sequentially carline mix is slightly weaker with smaller share of XC60 and S90L.
- Due to the delayed financial impact of higher raw material costs, Q2 is expected to be impacted to a greater extent than Q1.
- As a reminder, Q1 EBIT was positively impacted by the usual seasonal inventory build-up.

EBIT margin

- As seen during 2025, depreciation and amortisation have increased compared with 2024 and are expected to continue rising as we launch new and updated products. Start of production of the EX60 was during Q2.
- Following the debt-to-equity conversion in Polestar, the book value of our holding is now above zero. As a result, we will again recognise our share of Polestar's net profit or loss, with a one quarter delay. This means that we will start accounting for their net income in Q3. Our current holding in Polestar amounts to 19.9%.

Free cash flow

- Historically, Q2 typically shows stronger seasonal cash flow than Q1, as Q1 is usually impacted by inventory build-up.
- Free cash flow continues to be affected by ongoing investments, including the SPA3 platform and the finalisation of the Košice plant, among other items.