

Volvo Cars Q3 2026 Pre-Close Call

The following information will be discussed during the scheduled call with analysts and investors before the silent period begins, ahead of the publication of our Q3 report on 23 October 2026.

Macro-economic environment

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

In the euro area, consumer confidence improved slightly during the quarter but remained subdued. The European Commission's August flash estimate showed euro area consumer confidence at -15.5, edging up from July but still below its long-term average, underlining continued household caution around purchasing power and the broader economic outlook.

In the US, consumer sentiment remained soft in historical terms and weakened again in August. The University of Michigan Consumer Sentiment Index declined to 51.7 in August, from 55.2 in July, 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 and a highly competitive auto market. Domestic car demand has remained under pressure during the quarter, with passenger vehicle sales declining sharply year-on-year in both July and August. At the same time, Chinese manufacturers continue to expand internationally, supported by strong export momentum, increasing competitive pressure in overseas markets, including Europe.

State of the industry

Mobility Global most recent forecast, published in July, the global premium segment is now expected to contract by 5% in 2026, compared with the 4% decrease forecasted in April. The US premium segment is expected to contract by 6% in 2026, Europe to contract by 1%, and China premium market to contract by 14%, marking a sharp deterioration since April.

Revenues

- Reported retail sales for July and August showed a 13 % volume decline quarter-to-date, with July down 8 % and August down 19 %.
- As communicated throughout 2026, we continue to aim for a balance between retail deliveries and wholesale volumes.

- FX remains a headwind, primarily driven by the TRY.
- Discount levels remain elevated. This is especially valid in China where we see continued high discount levels in combination with low demand.

Gross margin, consolidated

- Gross margin continues to be affected negatively by elevated discount levels
- Freight costs are elevated, mainly driven by higher crude oil prices.
- FX remains a headwind, primarily driven by the CNY and TRY.
- With lower volumes than in Q3 2025 and with higher depreciations, gross margin is negatively impacted
- As mentioned in the first half of the year, due to the delayed financial impact of higher raw material costs, Q3 is expected to be impacted to a greater extent than Q2 and Q1.

EBIT margin

- As seen throughout 2026, depreciation and amortisation have increased compared with 2025 and are expected to continue rising as we launch new and upgraded products. This trend is evident both year over year and sequentially.
- FX remains a headwind, primarily driven by the CNY and TRY.
- As we are in the process of launching new products a continued lower capitalisation rate than seen 2025 is to be expected
- 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%. For Q3 specifically this means 19,9% of Polestar's net income in Q2.

Free cash flow

- Free cash flow continues to be affected by ongoing investments, including the SPA3 platform and the finalisation of the Košice plant. However, as mentioned in Q1 as well as in Q2, investments in H2 should be lower than in H1.