



HELIX SECURITIES

# VOLVB SS Dividend Update

**Volvo do not have a set dividend policy to dictate their dividend payout. Since 2019, excluding 2020 as their dividend was cancelled due to the covid 19 pandemic, Volvo have increased their dividend by 0.50 SEK each year. Going from a dividend of 5 SEK per share in 2019 to a 7 SEK dividend per share in 2023, as shown in the table 1. On top of this ordinary dividend, Volvo have also paid a special dividend each year since 2019, again excluding 2020. In each year except 2021, the special dividend has equalled the value of the ordinary dividend. In 2021 the special dividend was much higher than other years as Volvo decided to pay out the previous cancelled dividends from 2020.**

**During conversations with Volvo’s investor relations department they stated that “The board have proposed a steady increase in the ordinary dividend over the last few years”, but they were not able to confirm whether they would continue their yearly 0.50 SEK increase, instead just saying, “I recommend you to look at our historical pattern" From these comments, it is reasonable to assume that Volvo’s planned dividends in 2024 will continue to follow the trend previously mentioned and shown in table 1.**

Table 1	2019	2020	2021	2022	2023
Ordinary Dividend (SEK)	5.00	Cancelled	6.00	6.50	7.00
Special Dividend (SEK)	5.00	Cancelled	9.00 + 9.50	6.50	7.00

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Table 2	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2022 Total	Q1 2023	Q2 2023	Q3 2023	2023 Total so far
Net Income (Billion SEK)	7.03	10.44	8.63	6.62	32.72	12.91	10.82	14.09	37.82

**Volvo are currently on target for their strongest financial year ever with their net income for 2023 so far sitting at 37.82 Billion SEK, already exceeding their total net income for 2022 of 32.72 Billion SEK, as shown in the table 2. Taking these figures into account, as well as Volvo IR’s comments, it can be expected that we will see at least a 7.50 SEK ordinary dividend per share and a 7.50 SEK special dividend per share. It could be construed that Volvo will decide to make a 2023 payout that is higher than the 15 SEK total DPS forecast, due to their strong financial position. In this instance and following their historical pattern, it could be expected that Volvo will keep the ordinary dividend increase of a 0.50 SEK, and opt to also increase the special dividend above the 7.50 SEK per share forecast.**

**All in all, we expect a Volvo dividend payout of at least 15.00 SEK per share, likely evenly split between the ordinary dividend and the special dividend.**

**Forecasted ordinary dividend yield on current share price (237.10 SEK): 3.16%**

**Forecasted total dividend yield on current share price (237.10 SEK): 6.33%**

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