

- » In the second quarter, net sales increased by 25% to SEK 72.8 billion compared to the first quarter. Compared to the second quarter of 2012 sales decreased by 12% and by 4% adjusted for currency movements and acquired and divested units.
- » The second quarter operating income amounted to SEK 3,262 M compared with SEK 482 M in the first quarter of 2013 and SEK 7,709 M in the second quarter of 2012. Compared with the second quarter of 2012, changes in currency exchange rates had a negative impact of SEK 1,210 M.
- » Operating margin in the second quarter was 4.5% compared with 0.8% in the first quarter of 2013 and 9.3% in the second quarter of 2012.
- » In the second quarter, earnings per share were SEK 0.99 compared with a negative SEK 0.15 in the first quarter of 2013 and SEK 2.41 in the second quarter of 2012.
- » In the second quarter, operating cash flow in the Industrial Operations was positive in an amount of SEK 4.1 billion.
- » During the quarter, Renault Trucks launched a completely new range of trucks for distribution, construction and long-haulage. Volvo Trucks launched four new truck models. Altogether this is the biggest product renewal in the Group's history.



	Second quarter		First six months	
	2013	2012*	2013	2012*
Net sales Volvo Group, SEK M	72,756	82,943	131,100	160,746
Operating income Volvo Group, SEK M	3,262	7,709	3,744	13,949
Operating income Industrial operations, SEK M	2,846	7,322	2,947	13,228
Operating income Customer Finance, SEK M	416	387	797	721
Operating margin Volvo Group, %	4.5	9.3	2.9	8.7
Income after financial items, SEK M	2,880	6,796	2,779	12,418
Income for the period, SEK M	2,086	4,972	1,838	9,097
Diluted earnings per share, SEK	0.99	2.41	0.84	4.41
Operating Cash Flow in Industrial Operations, SEK Bn	4.1	2.5	(3.5)	(2.4)
Return on shareholders' equity, rolling 12 months, %			5.4	22.5

* Restated according to new accounting principles. See Volvo Group Annual Report 2012, Note 31.

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Quarter 2

CEO'S COMMENTS

Sequentially improved sales and profitability



After a weak start to the year, the Group's sales and profitability recovered during the second quarter of 2013. The renewal of the Group's truck offering entered an even more intensive phase and during the quarter we presented a completely new product portfolio within Renault Trucks, as well as a number of new trucks for Volvo. Thus far, the trucks have been well received by customers and dealers, which is of utmost importance since these new trucks will be highly significant to the Group's sales and profitability in the coming years.

Sales for the second quarter of 2013 recovered considerably compared with the first quarter of 2013 and amounted to SEK 72.8 billion, up 25%. Profitability also improved thanks to higher sales volumes and better capacity utilization in our plants. Despite having to increase our warranty reserves by SEK 900 M for legacy truck quality issues, operating income totaled SEK 3.3 billion, corresponding to an operating margin of 4.5% compared with 0.8% in the first quarter.

The operating cash flow in the Industrial Operations amounted to SEK 4.1 billion, primarily as a result of the operating income.

Intensive product renewal in Trucks

In June, Renault Trucks launched a completely new truck program, with four different truck series covering everything from long haulage and construction to distribution. Renault Trucks' new truck program, with the T-series for long haulage, C for construction, K for heavy construction and D for distribution, is important to the entire Group since it will strengthen the product portfolio and increase the opportunities for the Group to expand in Europe and in many other markets.

In addition to the new trucks, we have also made major investments in plants to enhance efficiency in connection with production start for the new trucks.

Volvo Trucks has also launched a number of new trucks during the spring. With production start of the new Volvo FM, Volvo FMX, Volvo FE and Volvo FL trucks in autumn, the Volvo brand now has a completely new product portfolio for the European market. The new trucks will also be gradually introduced in international markets.

In the third quarter, product renewal continues with the launch of a complete series of heavy duty-trucks developed specifically for growth markets and adapted to the price levels in these markets. The markets in South-East Asia will be first to receive the new trucks, which will be manufactured in our plant in Thailand. The plant has an installed technical capacity of 20,000 trucks per year and production will gradually increase later in the autumn. At the end of the year, we also plan to launch a completely new series of Eicher trucks and buses within the framework of our joint-venture company in India.

In the industrial system we are currently working intensively to prepare and change over production to start manufacturing the new truck and engine generations which will peak in the second half of this year. Activities are also high in the sales and aftermarket organizations. In the short-term, this impacts profitability since costs will continue to be high at the same time as we have the usual vacation shutdowns in the third quarter. However, once the new truck generations are out in the markets they will contribute to ensuring the Group's organic growth and competitiveness going forward.

Demand during the quarter has been relatively stable in most of the Group's truck markets, with the exception of Brazil, where demand has continued to develop strongly and in India where the market is considerably tougher. Compared with the second quarter of 2012, order intake for all the brands of the truck operation rose 11%. Net sales in the truck operation amounted to SEK 46.2 billion and the operating margin was 4.0%. Profitability improved sharply compared with the first quarter of 2013, thanks to significantly higher sales volumes and better capacity utilization in the industrial system as a result of higher production volumes.

Volvo CE - higher profitability in weak markets

During the second quarter, weak demand in most of the global markets continued to impact Volvo CE's sales. However, the decline in the key Chinese market slowed and demand stabilized at a lower level. During the first half of last year, the mining industry experienced an upswing and many dealerships built up their stocks. Despite the prevailing market situation, particularly with weak demand for larger equipment in the mining industry, Volvo CE succeeded in achieving an operating margin of 8.3% during the second quarter of 2013, on sales that were 19% lower than in the preceding year.

Volvo CE's total order intake was nearly at the same level as the year-earlier period, with improving trends in China, Europe and the Middle East and a weaker trend in the rest of Asia and North America where the order intake was at a high level last year when Volvo Rents and dealers renewed their

rental fleets. Volvo CE continues to have good control of inventories in both the production and dealer channels. With the launch of two wheel-loader models in the US market, Volvo CE is also taking an important step to develop SDLG into a global brand.

Continued tough market for buses, good performance in Volvo Penta

For Volvo Buses the total market remained weak with significant pressure on prices. Net sales in the second quarter of 2013 decreased by 20% compared with the year-earlier period and the operating income declined to SEK 11 M. On the positive side, the order intake rose 13% thanks to higher demand from North and South America and certain markets in Europe.

In June, Håkan Agnevall assumed the position of new Head of Volvo Buses. Håkan has a long background in the capital goods industry, with several years of Swedish and international experience from numerous companies. During the quarter, Volvo Buses started field tests with plug-in hybrid buses. The plug-in hybrids make a 75-80% reduction in the emissions of carbon dioxide possible, when compared with current diesel buses. Volvo Buses also announced a planned cooperation on fully electric buses in Gothenburg, Sweden.

For Volvo Penta, demand for industrial engines remained weak. The North American market for marine engines has recov-

ered somewhat but demand in southern Europe is still weak. The decline in the boat population and the reduction in the use of boats have a negative impact on spare-parts sales. Despite the overall weak market, Volvo Penta's sales remained nearly unchanged compared with the year-earlier period, and amounted to SEK 2.2 billion during the second quarter of 2013. Good control of expenses and certain positive non-recurring effects contributed to Volvo Penta reporting a good operating margin of 13.4%.

Volvo Financial Services reported a good return on shareholders' equity of 13%, which is in line with the financial target of 12-15%. The credit portfolio continued to perform well and the inventory of repossessed products continued to decrease. Delinquencies remained stable. In China, some customers and dealers within the construction industry continue to have a strained financial situation although the situation has improved slightly.

The implementation of the strategy for 2013-2015 runs according to plan

In our strategic targets for 2015 there is a lot of focus on organic growth, not least when it comes to gaining market shares and growing considerably in Asia and Africa. With a strong brand and product portfolio that fulfills customers' various needs the Group will stand even stronger when the new truck models are out on the markets in 2014. With

the new products in place we can put our full focus on the commercial part of our business to reach our growth targets for 2015.

A major focus area in the new strategy for 2013-2015 is to improve the Group's profitability. The Volvo Group's new organization has now been in operation for slightly more than a year, and during that time we have established a well-functioning structure with new management teams aligned to meet our strategic objectives. With this in place, we will now take the next step in the development. Within the framework of the Group's strategy for 2013-2015, we have worked intensively in the past quarters to identify measures to streamline and enhance the efficiency of our operations. In the coming quarters, we will enter a phase when we will begin to execute these measures. The target is clear – to become one of the most profitable companies in our industry. It is a prerequisite that will provide us with the maneuverability to continue to invest in product development and growth in new markets.



Olof Persson
President and CEO

IMPORTANT EVENTS

New Renault Trucks Range

Renault Trucks is taking advantage of the switch to the Euro 6 standard to totally renew its entire range including light, medium and heavy-duty trucks for distribution, construction and long-haulage. The presentation of the new Renault Trucks Euro 6 range on June 11 was the first time that any manufacturer has ever renewed its entire range at a single stroke. The Volvo Group has made an investment of approximately EUR 2 billion over five years in the project and Renault Trucks have carried out the most stringent testing program of its entire history.

Volvo Trucks has renewed its entire European truck range and launched Euro 6

Since September 2012, Volvo Trucks has launched five new truck models. It all began last year with the launch of the new Volvo FH, followed this year by the introduction of the new Volvo FM, Volvo FMX, Volvo FE and Volvo FL. All the new models include innovations and features that make the driver's job easier and more efficient. Volvo Trucks has also introduced new trucks with Euro 6 engines ranging from the smallest medium-duty 5-liter engine to the heavy-duty 13-liter variant.

Volvo Group to increase warranty reserves

On July 1, it was announced that the Volvo Group would book an additional SEK 900 M in warranty reserves, impacting the operating income negatively in the second quarter 2013. The cost relates to legacy product quality issues resolved in current truck production. The cost was booked in the truck segment.

Previously reported important events

- New Volvo FM
- New Volvo FMX
- Powerful news from Volvo Trucks in North America
- Annual General Meeting of AB Volvo

Detailed information about the events is available at www.volvogroup.com



FINANCIAL SUMMARY OF THE SECOND QUARTER

VOLVO GROUP**Net sales and operating income**

During the second quarter of 2013, Volvo Group's net sales decreased by 12% to SEK 72,756 M (82,943). Adjusted for both changes in exchange rates and acquired and divested units (primarily Volvo Aero) net sales decreased by 4%. Operating income amounted to SEK 3,262 M (7,709). For detailed information on the development, see separate sections below.

Financial items

Net interest expense in the second quarter was SEK 611 M compared with an expense of SEK 668 M in the previous year. In the first quarter of 2013 net interest expense amounted to SEK 460 M.

Other financial income and expenses amounted to a positive SEK 229 M compared with a negative SEK 245 M in the second quarter of 2012. The change is primarily an effect of the market valuation of derivatives used to hedge cash flow and interest rate exposure being positive in an amount of SEK 121 M compared to a negative SEK 180 M in the second quarter of 2012.

Income Statement Volvo Group SEK M	Second quarter		First six months	
	2013	2012	2013	2012
Net sales Volvo Group	72,756	82,943	131,100	160,746
Operating Income Volvo Group	3,262	7,709	3,744	13,949
<i>Operating income Industrial operations</i>	<i>2,846</i>	<i>7,322</i>	<i>2,947</i>	<i>13,228</i>
<i>Operating income Customer Finance</i>	<i>416</i>	<i>387</i>	<i>797</i>	<i>721</i>
Interest income and similar credits	101	35	199	160
Interest expense and similar charges	(712)	(703)	(1,270)	(1,518)
Other financial income and expenses	229	(245)	106	(173)
Income after financial items	2,880	6,796	2,779	12,418
Income taxes	(795)	(1,823)	(942)	(3,320)
Income for the period	2,086	4,972	1,838	9,097

Income taxes

The tax expense in the second quarter amounted to SEK 795 M (1,823).

Income for the period and earnings per share

Income for the period amounted to SEK 2,086 M in the second quarter of 2013 compared with SEK 4,972 M in the second quarter of 2012.

Basic and diluted earnings per share in the second quarter amounted to SEK 0.99 compared to SEK 2.41 in the second quarter of 2012.

VOLVO GROUP'S INDUSTRIAL OPERATIONS

Sales levels still below last year

In the second quarter, net sales for the Volvo Group's Industrial Operations decreased by 13% to SEK 70,830 M (80,977). Adjusted for both changes in exchange rates and acquired and divested units (primarily Volvo Aero) net sales in the Industrial Operations decreased by 4%. Sales decreased in all regions with the exception of South America.

Earnings recovery compared to the first quarter of 2013

In the second quarter of 2013, operating income for the Volvo Group's Industrial Operations amounted to SEK 2,846 M, compared with SEK 101 M in the first quarter of 2013 and SEK 7,322 M in the second quarter of 2012. The operating margin was 4.0% compared with 0.2% in the first quarter of 2013 and 9.0% in the second quarter of 2012.

The increased profitability compared to the first quarter of 2013 is primarily an effect of higher sales volumes and higher capacity utilization in the industrial system as a consequence of higher production volumes. Profitability was also positively impacted by a favorable market mix, with higher sales volumes in Brazil. In the second quarter of 2013, operating income in the truck segment was negatively impacted by an increase in warranty reserves of SEK 900 M and positively impacted by a divestiture of non-core operations of SEK 99 M. Volvo Penta's operating income was positively impacted by SEK 81 M from non-recurring items.

Operating income in the second quarter of 2013 was positively impacted by net capitalization of R&D expenses in an amount of SEK 489 M. Because many projects have entered launch phase, where they are no longer capitalized, it is expected that the operating income in the third quarter of 2013 will be negatively impacted by net amortization of about SEK 300 M, although cash spend will be on about the same level as in the second quarter of 2013. In the third quarter of 2012, operating income was positively impacted by net capitalization amounting to SEK 651 M.

Net sales by market area							
SEK M	Second quarter			First six months			Share of industrial operations' net sales, %
	2013	2012	Change in %	2013	2012	Change in %	
Western Europe	21,420	24,406	(12)	38,996	47,023	(17)	31
Eastern Europe	4,527	5,829	(22)	8,372	10,179	(18)	7
North America	16,715	20,159	(17)	28,773	38,337	(25)	23
South America	7,762	6,644	17	14,161	13,901	2	11
Asia	14,733	17,874	(18)	26,993	36,194	(25)	21
Other markets	5,674	6,065	(6)	9,916	11,342	(13)	8
Total Industrial operations	70,830	80,977	(13)	127,210	156,976	(19)	100

Income Statement Industrial operations				
SEK M	Second quarter		First six months	
	2013	2012	2013	2012
Net sales	70,830	80,977	127,210	156,976
Cost of sales	(55,943)	(61,427)	(100,743)	(120,033)
Gross income	14,887	19,550	26,467	36,943
<i>Gross margin, %</i>	<i>21.0</i>	<i>24.1</i>	<i>20.8</i>	<i>23.5</i>
Research and development expenses	(3,596)	(3,884)	(7,222)	(7,554)
Selling expenses	(6,981)	(6,754)	(13,376)	(13,161)
Administrative expenses	(1,482)	(1,487)	(2,777)	(2,690)
Other operating income and expenses	23	(97)	(161)	(371)
Income (loss) from investments in joint ventures and associated companies	(6)	17	36	79
Income from other investments	1	(24)	(19)	(18)
Operating income	2,846	7,322	2,947	13,228
<i>Operating margin, %</i>	<i>4.0</i>	<i>9.0</i>	<i>2.3</i>	<i>8.4</i>
Operating income before depreciation and amortization (EBITDA)	5,973	10,055	8,922	18,740
<i>EBITDA margin, %</i>	<i>8.4</i>	<i>12.4</i>	<i>7.0</i>	<i>11.9</i>

Compared with the second quarter of 2012, changes in currency exchange rates had a negative impact on operating income amounting to SEK 1,210 M.

Compared to the second quarter of 2012, operating income continued to be negatively impacted by lower sales and continued high investment pace in the comprehensive product renewal and related launch costs in the production, sales and aftermarket support functions.

In the second quarter of 2012 Volvo Aero, which has been divested, contributed with an operating income of SEK 315 M. In the second quarter of 2012 Cost of sales was positively affected by the recognition of VAT credits in Brazil of SEK 495 M relating to too high payments in previous years. Operating

income in the second quarter of 2012 was also positively affected by SEK 100 M from insurance compensation within Construction Equipment for damages from the earthquake and tsunami in Japan in 2011.

Positive operating cash flow in the Industrial Operations

In the second quarter of 2013, operating cash flow from the Industrial Operations was positive in an amount of SEK 4.1 billion. The positive cash flow in the second quarter of 2013 is primarily a consequence of an operating income of SEK 2.8 billion and a minor release of working capital of SEK 1.6 billion. In the second quarter of 2012 operating cash flow amounted to SEK 2.5 billion.

VOLVO GROUP'S CUSTOMER FINANCE

Good profitability

The customer finance business delivered good results during the quarter stemming from profitable growth and stable portfolio performance in the majority of served markets.

New financing volume during the quarter amounted to SEK 11.7 billion (12.7). Adjusting for movements in exchange rates, new financing volume decreased by 2% compared to the second quarter of 2012. In total, 12,655 new Volvo Group units (13,506) were financed during the quarter. In the markets where financing is offered, the average market penetration rate in the second quarter was 26% (27%).

As of June 30, 2013, the gross credit portfolio amounted to SEK 103.3 billion (101.9). On a currency adjusted basis, the credit portfolio increased by 5.6% when compared to the second quarter of 2012.

Credit provisions in the quarter amounted to SEK 224 M (193) while write-offs of SEK

Income Statement Customer Finance SEK M	Second quarter		First six months	
	2013	2012	2013	2012
Finance and lease income	2,386	2,487	4,736	4,854
Finance and lease expenses	(1,393)	(1,521)	(2,806)	(3,005)
Gross income	993	967	1,930	1,850
Selling and administrative expenses	(401)	(446)	(805)	(865)
Credit provision expenses	(224)	(193)	(385)	(320)
Other operating income and expenses	49	60	56	56
Operating income	416	387	797	721
Income taxes	(118)	(119)	(230)	(224)
Income for the period	298	268	567	497
<i>Return on Equity, 12 months rolling values</i>			13.2%	9.7%

125 M (163) were recorded. Credit reserves increased to 1.34% of the credit portfolio at June 30, 2013 from 1.30% at March 31, 2013. The annualized write-off ratio through June 30, 2013 was 0.47% (0.57%).

Operating income in the second quarter amounted to SEK 416 M (387). The improvement compared to the previous year is driven mainly by stronger margins and higher earn-

ing assets. During the quarter, VFS syndicated approximately SEK 2.1 billion of the credit portfolio, including SEK 1.2 billion in Brazil in accordance with its risk diversification and funding strategy. The result of the syndications is included in Other operating income and expenses.

VOLVO GROUP FINANCIAL POSITION

Net financial debt, excluding provisions for post-employment benefits, in the Industrial Operations amounted to SEK 26.7 billion at June 30, 2013, an increase of SEK 1.3 billion compared to the end of the first quarter, and equal to 40.5% of shareholders' equity. Including provision for post-employment benefits, the Industrial Operations net debt amounted to SEK 41.5 billion, which is equal to 62.8% of shareholders' equity. The increase in net financial debt is mainly an effect of dividend paid offset by positive operating cash flow of SEK 4.1 billion and remeasurement of defined benefit plans of SEK 2.6 billion.

The Volvo Group's liquid funds, i.e. cash and cash equivalents and marketable securities combined, amounted to SEK 28.6 billion at June 30, 2013. In addition to this, granted but unutilized credit facilities amounted to SEK 29.6 billion.

During the second quarter, currency movements increased the Volvo Group's total assets by SEK 4.5 billion related to revaluation of assets in foreign subsidiaries.

The equity ratio in the Volvo Group amounted to 21.5% on June 30, 2013 compared to 22.7% at year-end 2012 after restatement for the amendment to IAS 19 Employee benefits (For more information

about the restatement please refer to note 31 in the 2012 annual report). On the same date, the equity ratio in the Industrial Operations amounted to 25.4% (27.0).

At June 30, 2013 shareholder's equity in the Volvo Group amounted to SEK 74.8 billion.

Number of employees

On June 30, 2013 the Volvo Group had 95,956 regular employees and 16,355 temporary employees and consultants, compared with 96,137 regular employees and 13,452 temporary employees and consultants at year-end 2012.

BUSINESS SEGMENT OVERVIEW

Net sales	Second quarter				First six months		12 months rolling values	Jan-Dec 2012
	2013	2012	Change in %	Change in %	2013	2012		
SEK M								
Trucks	46,234	50,518	(8)	(1)	83,265	98,532	173,889	189,156
Construction Equipment	16,019	19,715	(19)	(14)	28,154	37,714	53,998	63,558
Buses	4,008	5,040	(20)	(16)	7,490	10,126	16,950	19,586
Volvo Penta	2,159	2,224	(3)	2	3,998	4,157	7,472	7,631
Volvo Aero	-	1,945	-	-	-	3,627	1,592	5,219
Corporate Functions, Group Functions & Other	3,170	4,742	-	-	5,724	8,888	11,033	14,197
Eliminations	(760)	(3,206)	-	-	(1,422)	(6,067)	(2,504)	(7,149)
Industrial operations	70,830	80,977	(13)	(4)	127,210	156,976	262,432	292,198
Customer Finance	2,385	2,487	(4)	2	4,736	4,854	9,665	9,783
Reclassifications and eliminations	(459)	(522)	-	-	(846)	(1,085)	(1,928)	(2,167)
Volvo Group	72,756	82,943	(12)	(4)	131,100	160,746	270,169	299,814

* Adjusted for exchange rate fluctuations and acquired and divested units.

Operating income	Second quarter				First six months		12 months rolling values	Jan-Dec 2012
	2013	2012	Change in %	Change in %	2013	2012		
SEK M								
Trucks	1,835	4,284	(57)	(57)	1,936	7,961	4,754	10,779
Construction Equipment	1,324	2,742	(52)	(52)	1,824	4,831	2,660	5,667
Buses	11	188	(94)	(94)	(77)	234	(274)	37
Volvo Penta	290	279	4	4	390	393	546	549
Volvo Aero	-	315	-	-	-	548	227	775
Corporate Functions, Group Functions & Other	(617)	(439)	-	-	(1,133)	(680)	(1,567)	(1,114)
Eliminations	3	(47)	-	-	7	(59)	(54)	(120)
Industrial operations	2,846	7,322	(61)	(61)	2,947	13,228	6,292	16,573
Customer Finance	416	387	7	7	797	721	1,572	1,496
Volvo Group	3,262	7,709	(58)	(58)	3,744	13,949	7,864	18,069

Operating margin	Second quarter				First six months		12 months rolling values	Jan-Dec 2012
	2013	2012	2013	2012	2013	2012		
%								
Trucks	4.0	8.5	2.3	8.1	2.7	2.7	5.7	
Construction Equipment	8.3	13.9	6.5	12.8	4.9	4.9	8.9	
Buses	0.3	3.7	(1.0)	2.3	(1.6)	(1.6)	0.2	
Volvo Penta	13.4	12.5	9.8	9.5	7.3	7.3	7.2	
Volvo Aero	-	16.2	-	15.1	14.3	14.3	14.9	
Industrial operations	4.0	9.0	2.3	8.4	2.4	2.4	5.7	
Volvo Group	4.5	9.3	2.9	8.7	2.9	2.9	6.0	

OVERVIEW OF INDUSTRIAL OPERATIONS

TRUCKS

Product renewal for the European markets

- »» Complete renewal of Renault Trucks' product ranges
- »» Continued strong order intake
- »» Operating margin 4.0%



Low registrations in the first half of the year, gradual improvement expected

In the first five months of 2013, 84,705 new heavy-duty trucks were registered in Europe 28 (EU minus Bulgaria plus Norway and Switzerland) a decline of 13% compared with the year-earlier period. This decline is explained by the low demand during the second half of 2012. The high level of orders in the past six months suggests that pre-buy purchases will continue to support demand in 2013 despite the unfavorable economic climate. The outlook for the total market for heavy-duty trucks in Europe is that it will reach a level of about 230,000 trucks (unchanged forecast).

Through June 2013, the total North American retail market for heavy-duty trucks decreased 11% to 111,834 vehicles, compared with 125,590 in the first six months of 2012. While overall economic signals continued to be mixed, the housing recovery appeared to maintain its momentum. The construction truck segment continued to show signs of recovery after years of weak performance, but the primary market driver continues to be replacement demand in the highway segment. In 2013, the total market for heavy-duty trucks in North America is expected to stay at a level of about 250,000 trucks (unchanged forecast).

In the first six months of 2013, the Brazilian market for heavy-duty trucks increased 13% to 49,344 vehicles, compared with 43,771 in the first six months of 2012. The Brazilian market is expected to grow in 2013 driven by ongoing low financing rates, infrastructure investments and a strong crop season. The total Brazilian market for heavy-duty trucks is expected to increase and

Net sales by market area

SEK M	Second quarter		Change in %	First six months		Change in %
	2013	2012		2013	2012	
Europe	17,855	20,422	(13)	32,701	39,752	(18)
North America	11,568	12,476	(7)	19,318	23,852	(19)
South America	6,416	5,061	27	11,572	10,166	14
Asia	6,594	8,467	(22)	12,802	16,838	(24)
Other markets	3,800	4,092	(7)	6,873	7,922	(13)
Total	46,234	50,518	(8)	83,265	98,532	(15)

Deliveries per market

Number of trucks	Second quarter		Change in %	First six months		Change in %
	2013	2012		2013	2012	
Europe	19,700	22,569	(13)	34,916	42,565	(18)
North America	13,203	13,822	(4)	20,910	26,670	(22)
South America	7,744	5,481	41	13,785	10,618	30
Asia	7,073	7,912	(11)	13,083	15,763	(17)
Other markets	4,264	4,508	(5)	7,706	8,758	(12)
Total Trucks	51,984	54,292	(4)	90,400	104,374	(13)
Non-consolidated operations						
Eicher (100%)	7,494	8,802	(15)	17,589	20,756	(15)
DND (100%)	81	151	(46)	135	256	(47)
Total volumes	59,559	63,245	(6)	108,124	125,386	(14)

reach a level of about 105,000 trucks in 2013 (unchanged forecast).

In China, the total market for heavy-duty trucks is expected to reach a level of about 630,000 trucks in 2013 compared with 636,000 trucks in 2012 (unchanged forecast). The total market for medium-duty trucks in China is expected to reach a level of about 305,000 trucks in 2013, compared with 290,000 trucks in 2012 (unchanged forecast).

In India, the total market for heavy-duty trucks in the first six months of 2013 declined by 31% to 75,148 trucks (109,172) following a slowdown in the economy and decreases in fuel subsidies. Demand is expected to pick up and the outlook for the

total market for heavy-duty trucks in India is 160,000 trucks in 2013 compared with 185,000 trucks in 2012 (previous forecast 195,000 heavy-duty trucks). The total Indian market for medium-duty trucks is expected to reach a level of about 85,000 trucks in 2013, compared with 94,000 trucks in 2012 (previous forecast: 95,000 trucks).

Through June, the Japanese heavy-duty truck market declined by 11% compared with the first six months of 2012. Economic measures by the government have started and the significant ongoing investment into the public works project is likely to stimulate the Japanese economy. For 2013, the total Japanese market for heavy-duty trucks is expected to increase to about 35,000 trucks (unchanged forecast).

Deliveries recovering since the first quarter

In the second quarter of 2013, the Volvo Group delivered a total of 51,984 trucks, which was 4% less than in the second quarter of 2012 but a full 35% higher than in the first quarter of 2013.

Continued strong orders

The total net order intake continued on a high level during the second quarter. Orders were up by 16% in the second quarter compared with the year-earlier period. Total net orders of 56,349 trucks and deliveries of 51,984 trucks resulted in a book-to-bill ratio of 108% for the Group's wholly-owned operations.

In the second quarter of 2013 European orders reached 24,350 trucks, which was 13% higher than in the second quarter last year. Orders for Volvo Trucks increased by 19% and orders for Renault Trucks increased by 6% compared with the second quarter last year. Despite the unfavorable economic climate in parts of Europe, the high order intake over the past six months indicates that some customers are choosing to renew their truck fleets ahead of the new emissions legislation Euro 6, which will be implemented on January 1, 2014.

In North America, order intake during the second quarter increased by 39% compared with the second quarter last year with a particularly strong development for Mack.

In South America, orders continued to improve, partly due to favorable financing rates and improved economic outlook in

Net order intake per market

Number of trucks	Second quarter			First six months		
	2013	2012	Change in %	2013	2012	Change in %
Europe	24,350	21,538	13	50,203	44,954	12
Volvo	14,051	11,813	19	30,051	23,349	29
Renault Trucks	10,299	9,725	6	20,152	21,605	(7)
North America	11,165	8,056	39	24,601	21,822	13
Volvo	6,809	5,543	23	15,114	13,311	14
Mack	4,260	2,365	80	9,184	8,230	12
South America	8,495	6,157	38	17,520	11,760	49
Asia	8,517	8,812	(3)	16,626	16,619	0
Other markets	3,822	3,975	(4)	8,444	8,207	3
Total Trucks	56,349	48,538	16	117,394	103,362	14
Non-consolidated operations						
Eicher (100%)	7,526	8,816	(15)	17,661	20,581	(14)
DND (100%)	79	149	(47)	125	205	(39)
Total volumes	63,954	57,503	11	135,180	124,148	9

Brazil. Order intake in the second quarter increased by 38% compared with the same quarter last year.

Compared with the second quarter of 2012, orders in Asia and to Other markets declined by 3% and 4% respectively.

Operating margin of 4.0% due to higher sales and improved capacity utilization

During the second quarter of 2013, the truck operation's net sales amounted to SEK 46,234 M, which was 8% lower than in the second quarter of 2012 but 25% higher than in the first quarter of 2013. Adjusted for changes in exchange rates net sales declined by 1% compared to the second quarter last year. Lower sales were experienced in all regions except in South America.

The truck operations posted an operating income of SEK 1,835 M in the second quarter of 2013 compared with an operating income of SEK 4,284 M in the second quarter of 2012 and an operating income of SEK 101 M in the first quarter of 2013. The operating margin was 4.0%, compared with 8.5% in the year-earlier period and 0.3% in the first quarter of 2013. The improved operating income compared with the first quarter is a result of higher sales and improved capacity utilization in the industrial system. Compared to the second quarter last year earnings were negatively affected by continued high investments in research and development for the comprehensive product renewal and also by related launch costs in the production, sales, and aftermarket support functions. Among the projects are the new Volvo FH series, the new Volvo FM



series, the new Volvo FL and FE and the new Volvo FMX truck, the new Renault Trucks T, C, K and D ranges, a new heavy-duty truck range adapted to growth markets, a new medium-duty engine range and legislation-driven research and development for the Euro 6 emission standards.

In the second quarter of 2013, operating income in the truck segment was negatively impacted by an increase in warranty reserves of SEK 900 M and a positive impact from divestiture of non-core operations of SEK 99 M.

Compared with the second quarter of 2012, operating income was negatively impacted by changes in currency exchange rates in an amount of SEK 864 M.

Operating income in the second quarter of 2012 was positively affected by VAT credits in Brazil of SEK 314 M relating to previous years.

Complete renewal of Renault Trucks' ranges

On June 11, Renault Trucks launched a complete renewal of its product portfolio with the introduction of the new long distance T range and the new C and K ranges of construction trucks as well as the new D range of distribution trucks. Renault Trucks is taking advantage of the switch to the Euro 6 standard to totally renew its entire range. This renewal has been the object of an investment by the Volvo Group of over EUR 2 billion over five years and it is the first time that any manufacturer has ever renewed its entire range at a single stroke.

Volvo Trucks to commercialize DME-powered vehicles in North America

In June, in addition to the CNG and LNG offering Volvo Trucks announced plans to commercialize dimethyl ether (DME)-pow-

ered heavy-duty commercial vehicles in North America. Converting natural gas to DME is an innovative way to address many of the distribution, storage and fueling challenges otherwise presented by natural gas as a heavy truck fuel. Production of DME-powered vehicles is planned to begin in 2015.

Volvo Trucks has renewed its entire European truck range in eight months

Since September 2012, Volvo Trucks has launched five new truck models. It all began last year with the spectacular launch of the new Volvo FH, followed this year by the introduction of the new Volvo FM, Volvo FMX, Volvo FE and Volvo FL. All the new models include innovations and features that make the driver's job easier and more efficient. The new trucks will also gradually be introduced on other markets across the world.

CONSTRUCTION EQUIPMENT

Earnings recovery despite weak mining segment

- » 8.3% operating margin
- » Total world market down 7% year-to-date
- » SDLG announces entry into the US with wheel loaders



Total world market down year-to-date

Measured in units, the total market for construction equipment in Europe decreased by 13% during January to May 2013 compared to the same period a year earlier. North America declined by 3% while South America was down 6%. Asia, excluding China, was down 3% and China was down 9%. The total world market was down 7% year-to-date and flat in March to May. In China, the market is stabilizing. Compared to the weak second quarter in 2012, the Chinese market was up 4%.

For 2013 the total market in Europe is expected to decline by 5% to 15% (unchanged forecast) measured in units. North America, South America and China are all expected to be in the range of minus 5% to plus 5% (all forecasts unchanged). Asia excluding China is also expected to be in the range minus 5% to plus 5% (previous forecast 0% to minus 10%).

In Europe the markets are particularly slow in Germany, the UK and France. The main effected segments are general construction and road building. However, special efforts together with the European dealers have paid off and are supporting an improved order intake.

In North America, the significant drop in deliveries is primarily a consequence of extraordinary high deliveries during 2012, as Volvo Rents as well as dealers both expanded and renewed their rental fleets following improving prospects for the construction sector.

The mining sector remains on a low level globally. In some of the Asian markets, e.g. Indonesia, the recent turmoil in the capital markets had a negative additional effect on the demand.

Net sales by market area

SEK M	Second quarter			First six months		
	2013	2012	Change in %	2013	2012	Change in %
Europe	4,617	5,019	(8)	8,096	8,853	(9)
North America	2,349	4,052	(42)	4,314	7,370	(41)
South America	910	1,103	(18)	1,659	2,096	(21)
Asia	7,009	8,223	(15)	12,308	17,172	(28)
Other markets	1,134	1,318	(14)	1,778	2,223	(20)
Total	16,019	19,715	(19)	28,154	37,714	(25)

Deliveries per market

Number of machines	Second quarter			First six months		
	2013	2012	Change in %	2013	2012	Change in %
Europe	4,169	3,825	9	6,979	6,910	1
North America	1,553	2,268	(32)	2,644	4,075	(35)
South America	983	1,160	(15)	1,716	2,164	(21)
Asia	14,616	14,699	(1)	25,255	30,676	(18)
Other markets	1,090	808	35	1,766	1,388	27
Total deliveries	22,411	22,760	(2)	38,360	45,213	(15)
Of which:						
Volvo	11,511	12,130	(5)	20,377	23,658	(14)
SDLG	10,900	10,630	3	17,983	21,555	(17)
Of which in China	9,227	9,601	(4)	15,282	19,492	(22)

Net order intake per market

Number of machines	Second quarter			First six months		
	2013	2012	Change in %	2013	2012	Change in %
Europe	4,213	3,294	28	7,469	6,570	14
North America	1,343	2,005	(33)	3,006	5,156	(42)
South America	910	1,050	(13)	1,742	2,285	(24)
Asia	14,848	14,531	2	25,709	30,435	(16)
Other markets	971	839	16	2,029	1,739	17
Total orders	22,285	21,719	3	39,955	46,186	(13)
Of which:						
Volvo	11,365	11,089	2	21,952	24,631	(11)
SDLG*	10,920	10,630	3	18,003	21,555	(16)
Of which in China	9,227	9,601	(4)	15,282	19,492	(22)

*For SDLG-branded machines, order intake is calculated as the number of machines delivered.

In Brazil a number of infrastructure projects and also projects in the private sector have recently been postponed.

Earnings recovery compared with the first quarter

In the second quarter of 2013, net sales decreased by 19% to SEK 16,019 M (19,715). Adjusted for currency movements net sales decreased by 14%. Sales were negatively impacted by lower activities in the global mining industry affecting sales of larger and more expensive products. The global mining industry, which was booming in the first half of 2012, is still on a low level, particularly in Asia.

Operating income decreased to SEK 1,324 M (2,742) and operating margin was 8.3% (13.9). Earnings in the second quarter were up considerably compared to the first

quarter but negatively impacted versus the same quarter last year due to lower sales into the higher margin mining segment. Compared with the second quarter of 2012, operating income was negatively impacted by changes in currency exchange rates in an amount of SEK 276 M.

Operating income in the second quarter of 2012 was also positively affected by VAT credits in Brazil of SEK 61 M relating to previous years as well as SEK 100 M from insurance compensation for damages from the earthquake and tsunami in Japan in 2011.

Important events during the quarter

Volvo CE's subsidiary SDLG has announced that it will enter the US market in the second half of 2013 by launching two wheel loader models.

Volvo CE attended the construction equipment industry's largest exhibition – Bauma – in April with a display that underlined the company's status as an innovation leader. New products at the Munich-based show were the ECR25D, ECR58D and ECR88D short radius compact excavators as well as the P6870C asphalt paver.

In May the company opened its new excavator plant in Kaluga, Russia. The 20,660 square meter factory represents a SEK 350 M investment. The plant will initially produce four models of Volvo's heavy-duty excavators spanning the 20 to 50 ton weight classes.

The second quarter 2013 saw Volvo CE's remote telematics system CareTrack reach a significant milestone: there are now 50,000 machines worldwide installed with the telematics portal.

BUSES

Breakeven in spite of low market volumes

- » Low sales volumes on a weak market
- » Operating income of SEK 11 M
- » Launch of Euro 6 engine and plug in hybrid bus
- » Håkan Agnevall appointed President of Volvo Buses



Global bus market still on low levels, but some signs of improvement

In 2013, the European market is expected to remain on the same level as in 2012 and is still under severe price pressure. In India demand is much lower on the coach market, and in the city bus segment the Indian government has announced government grants for purchases of buses, JnNurm, valid 2013-2016. In China higher quoting activity is expected in Shanghai during 2013.

In North America there are indicators of a recovery, both on the transit and coach market. In South America the Finame incentives in Brazil continue to support market growth. Tender activity in Brazil is expected to improve towards the end of the year.

Weaker market hampers volume growth

Deliveries during the second quarter of 2013 amounted to 2,050 buses, compared to 2,117 units for the same period in 2012, which is a decrease of 3%.

Order intake in the second quarter totaled 2,326 buses, which was 13% higher than the same period last year. Volvo Buses continues to strengthen its position as a world leader in hybrid technology. During the second quarter the new plug in hybrid was introduced in field tests, followed by the launch of ElectricCity, a planned co-operation between Volvo Group, the City of Göteborg and other regional stakeholders.

Net sales by market area

SEK M	Second quarter		Change in %	First six months		Change in %
	2013	2012		2013	2012	
Europe	1,387	1,980	(30)	2,694	3,178	(15)
North America	1,278	1,545	(17)	2,402	3,376	(29)
South America	391	411	(5)	824	1,520	(46)
Asia	535	596	(10)	899	1,127	(20)
Other markets	417	508	(18)	671	925	(27)
Total	4,008	5,040	(20)	7,490	10,126	(26)

Deliveries per market

Number of buses	Second quarter		Change in %	First six months		Change in %
	2013	2012		2013	2012	
Europe	560	817	(31)	1,022	1,296	(21)
North America	375	360	4	661	941	(30)
South America	449	313	43	1,113	1,176	(5)
Asia	458	382	20	751	805	(7)
Other markets	208	245	(15)	328	464	(29)
Total Buses	2,050	2,117	(3)	3,875	4,682	(17)

The objective is to introduce fully electric buses in 2015, along with creation and trial runs of new bus-stop solutions, traffic-routing systems, safety concepts, energy supply and business models.

Breakeven in the quarter

Net sales in the second quarter decreased by 20% to SEK 4,008 M (5,040). Adjusted for currency fluctuations, sales decreased by 16%. Buses reported an operating income of SEK 11 M compared to an operating income of SEK 188 M during the second quarter of 2012. Compared with the second

quarter of 2012, operating income was negatively impacted by changes in currency exchange rates in an amount of SEK 63 M. Operating income in the second quarter of 2012 was positively affected by VAT credits in Brazil of SEK 50 M relating to previous years. Operating margin was 0.3% (3.7).

A cost reduction program is in focus in Volvo Buses to offset the negative market development. Concentration of manufacturing of complete buses in Europe to Wroclaw, Poland has been fully implemented. Manufacturing of Volvo buses in Säfte, Sweden was discontinued during the second quarter.

VOLVO PENTA

Good financial performance

- » Market demand still weak
- » Strengthened product portfolio
- » Operating margin of 13.4%

**Continued weak markets**

The global demand for marine engines remained weak during the second quarter of 2013. Boat sales in North America and Europe were basically unchanged, but demand varied between the individual segments. For example, the sailboat segment in Europe is estimated to have declined by about 20% compared with the year-earlier period.

The global market for industrial engines weakened slightly compared with the preceding quarter, primarily due to lower demand for off-road engines, e.g. engines for cranes and material handling equipment in the Chinese market.

New products

During the boat season this year, Volvo Penta launched new engines and instruments that will make boat life easier for end customers and facilitate continued development to more integrated and complete driver environments.

The new, ultra-modern product program for off-road industrial engines received positive reviews from customers and has strengthened Volvo Penta's positions in the market and customer offering prior to the

Net sales by market area

SEK M	Second quarter		Change in %	First six months		Change in %
	2013	2012		2013	2012	
Europe	1,016	1,039	(2)	1,951	2,025	(4)
North America	469	463	1	830	799	4
South America	56	87	(36)	123	152	(19)
Asia	524	546	(4)	906	997	(9)
Other markets	94	89	6	188	184	2
Total	2,159	2,224	(3)	3,998	4,157	(4)

forthcoming emission legislation that will gain legal effect as of 2014.

The volume in Volvo Penta's total order book as at June 30, 2013 was 10% higher than the year-earlier period.

Seasonally good financial performance

Traditionally, the second quarter is the seasonally strongest quarter for Volvo Penta. Net sales for the second quarter of 2013 declined 3% to SEK 2,159 M (2,224), year-on-year. Adjusted for exchange-rate fluctuations, net sales rose 2%. Sales were distributed between both business segments as follows: Marine SEK 1,169 M (1,251) and Industrial SEK 990 M (973).

The operating income during the quarter amounted to SEK 290 M, compared with

SEK 279 M in the year-earlier period. Volvo Penta's operating income was positively impacted by SEK 81 M from non-recurring items in the second quarter of 2013. The operating margin was 13.4% (12.5).

Compared with the second quarter of 2012, operating income was negatively impacted by changes in currency exchange rates in an amount of SEK 33 M. Operating income in the second quarter of 2012 was positively affected by VAT credits in Brazil of SEK 69 M relating to previous years.

CONSOLIDATED INCOME STATEMENT

Second quarter

SEK M	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Net sales	70,830	80,977	2,386	2,487	(459)	(522)	72,756	82,943
Cost of sales	(55,943)	(61,427)	(1,393)	(1,521)	459	522	(56,876)	(62,425)
Gross income	14,887	19,550	993	967	0	0	15,880	20,518
Research and development expenses	(3,596)	(3,884)	0	0	0	0	(3,596)	(3,882)
Selling expenses	(6,981)	(6,754)	(392)	(440)	0	0	(7,373)	(7,195)
Administrative expenses	(1,482)	(1,487)	(9)	(6)	0	0	(1,491)	(1,494)
Other operating income and expenses	23	(97)	(177)	(133)	0	0	(153)	(231)
Income (loss) from investments in joint ventures and associated companies	(6)	17	0	0	0	0	(6)	17
Income from other investments	1	(24)	1	0	0	0	1	(25)
Operating income	2,846	7,322	416	387	0	0	3,262	7,709
Interest income and similar credits	101	84	0	0	0	(48)	101	35
Interest expenses and similar charges	(712)	(752)	0	0	0	48	(712)	(703)
Other financial income and expenses	229	(245)	0	0	0	0	229	(245)
Income after financial items	2,463	6,409	416	387	0	0	2,880	6,796
Income taxes	(677)	(1,705)	(118)	(119)	0	0	(795)	(1,823)
Income for the period*	1,786	4,704	298	268	0	0	2,086	4,972
* Attributable to:								
Equity holders of the parent company							2,015	4,891
Minority interests							71	81
							2,086	4,972
Basic earnings per share, SEK							0.99	2.41
Diluted earnings per share, SEK							0.99	2.41

CONSOLIDATED OTHER COMPREHENSIVE INCOME

Second quarter

SEK M	2013	2012
Income for the period	2,086	4,972
<i>Items that will not be reclassified to income statement:</i>		
Remeasurements of defined benefit pension plans	1,753	(1,682)
<i>Items that may be reclassified subsequently to income statement:</i>		
Exchange differences on translation of foreign operations	1,048	243
Share of OCI related to joint ventures and associated companies	(137)	(87)
Exchange differences on hedge instruments of net investment in foreign operations	0	0
Accumulated translation difference reversed to income	0	0
Available for sale investments	139	(126)
Cash flow hedges	(5)	8
Other comprehensive income, net of income taxes	2,798	(1,644)
Total comprehensive income for the period*	4,884	3,328
* Attributable to:		
Equity holders of the parent company	4,751	3,138
Minority interests	133	190
	4,884	3,328

CONSOLIDATED INCOME STATEMENT

First six months

SEK M	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Net sales	127,210	156,976	4,736	4,854	(846)	(1,085)	131,100	160,746
Cost of sales	(100,743)	(120,033)	(2,806)	(3,005)	846	1,085	(102,703)	(121,953)
Gross income	26,467	36,943	1,930	1,850	0	0	28,397	38,793
Research and development expenses	(7,222)	(7,554)	0	0	0	0	(7,222)	(7,552)
Selling expenses	(13,376)	(13,161)	(786)	(850)	0	0	(14,162)	(14,011)
Administrative expenses	(2,777)	(2,690)	(19)	(15)	0	0	(2,796)	(2,706)
Other operating income and expenses	(161)	(371)	(330)	(264)	0	0	(490)	(635)
Income (loss) from investments in joint ventures and associated companies	36	79	0	0	0	0	36	79
Income from other investments	(19)	(18)	1	0	0	0	(19)	(19)
Operating income	2,947	13,228	797	721	0	0	3,744	13,949
Interest income and similar credits	199	248	0	0	0	(88)	199	160
Interest expenses and similar charges	(1,270)	(1,607)	0	0	0	88	(1,270)	(1,518)
Other financial income and expenses	106	(173)	0	0	0	0	106	(173)
Income after financial items	1,982	11,696	797	721	0	0	2,779	12,418
Income taxes	(712)	(3,096)	(230)	(224)	0	0	(942)	(3,320)
Income for the period*	1,270	8,600	567	497	0	0	1,838	9,097
* Attributable to:								
Equity holders of the parent company							1,711	8,937
Minority interests							127	160
							1,838	9,097
Basic earnings per share, SEK							0.84	4.41
Diluted earnings per share, SEK							0.84	4.41

CONSOLIDATED OTHER COMPREHENSIVE INCOME

First six months

SEK M	2013	2012
Income for the period	1,838	9,097
<i>Items that will not be reclassified to income statement:</i>		
Remeasurements of defined benefit pension plans	2,421	(612)
<i>Items that may be reclassified subsequently to income statement:</i>		
Exchange differences on translation of foreign operations	(387)	(1,004)
Share of OCI related to joint ventures and associated companies	(123)	(102)
Exchange differences on hedge instruments of net investment in foreign operations	0	0
Accumulated translation difference reversed to income	0	(66)
Available for sale investments	116	114
Cash flow hedges	4	1
Other comprehensive income, net of income taxes	2,031	(1,669)
Total comprehensive income for the period*	3,869	7,428
* Attributable to:		
Equity holders of the parent company	3,679	7,267
Minority interests	190	161
	3,869	7,428

CONSOLIDATED BALANCE SHEET

SEK M	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	Jun 30 2013	Dec 31 2012	Jun 30 2013	Dec 31 2012	Jun 30 2013	Dec 31 2012	Jun 30 2013	Dec 31 2012
Assets								
Non-current assets								
Intangible assets	39,111	38,592	123	106	0	0	39,234	38,698
Tangible assets								
Property, plant and equipment	53,672	54,084	82	105	0	0	53,754	54,189
Assets under operating leases	21,680	21,263	13,010	12,543	(5,358)	(4,784)	29,332	29,022
Financial assets								
Investments in joint ventures and associated companies	4,367	4,523	0	0	0	0	4,367	4,523
Other shares and participations	1,717	1,614	6	6	0	0	1,723	1,620
Non-current customer-financing receivables	642	600	47,701	47,329	(6,498)	(6,773)	41,845	41,156
Deferred tax assets	12,926	15,106	815	770	0	0	13,741	15,876
Prepaid pensions	202	0	0	0	0	0	202	0
Non-current interest-bearing receivables	569	653	43	0	(259)	(316)	353	337
Other non-current receivables	2,976	3,334	126	127	(197)	(373)	2,905	3,088
Total non-current assets	137,862	139,769	61,906	60,986	(12,312)	(12,246)	187,456	188,510
Current assets								
Inventories	43,661	39,741	255	352	0	0	43,916	40,093
Current receivables								
Customer-financing receivables	585	797	41,419	39,946	(1,260)	(910)	40,744	39,833
Tax assets	1,841	978	44	35	0	0	1,885	1,013
Interest-bearing receivables	2,133	3,038	377	0	(1,116)	(464)	1,394	2,574
Internal funding	2,528	4,612	0	0	(2,528)	(4,612)	0	0
Accounts receivable	31,343	26,395	245	121	0	0	31,588	26,516
Other receivables	12,117	11,753	1,404	2,651	(896)	(2,114)	12,625	12,290
Non interest-bearing assets held for sale	661	0	0	0	0	0	661	0
Interest-bearing assets held for sale	0	0	0	0	0	0	0	0
Marketable securities	5,801	3,129	42	1	0	0	5,843	3,130
Cash and cash equivalents	21,543	23,465	1,524	2,116	(330)	(374)	22,737	25,207
Total current assets	122,213	113,908	45,310	45,222	(6,130)	(8,474)	161,393	150,656
Total assets	260,075	253,678	107,216	106,208	(18,442)	(20,720)	348,849	339,166
Equity and liabilities								
Equity attributable to the equity holders of the parent company								
Minority interests	64,644	67,227	8,760	8,558	0	0	73,404	75,785
Minority interests	1,430	1,266	0	0	0	0	1,430	1,266
Total equity	66,074	68,493	8,760	8,558	0	0	74,834	77,051
Non-current provisions								
Provisions for post-employment benefits	14,932	18,772	75	63	0	0	15,007	18,835
Provisions for deferred taxes	1,654	2,971	1,801	1,879	0	0	3,455	4,850
Other provisions	6,629	5,545	186	187	35	8	6,850	5,740
Non-current liabilities								
Bond loans	42,624	43,092	0	0	0	0	42,624	43,092
Other loans	32,596	33,351	14,559	11,630	(6,681)	(6,553)	40,474	38,428
Internal funding	(26,340)	(33,990)	33,343	34,298	(7,003)	(308)	0	0
Other liabilities	13,645	13,828	622	742	(3,872)	(3,856)	10,395	10,714
Current provisions	11,073	10,916	56	50	22	10	11,151	10,976
Current liabilities								
Loans	52,033	45,456	6,793	6,393	(2,078)	(1,836)	56,748	50,013
Internal funding	(41,605)	(33,746)	37,947	38,600	3,658	(4,854)	0	0
Non interest-bearing liabilities held for sale	421	0	0	0	0	0	421	0
Interest-bearing liabilities held for sale	0	0	0	0	0	0	0	0
Trade payables	52,104	46,313	178	159	0	0	52,282	46,472
Tax liabilities	1,216	614	256	(154)	0	0	1,472	460
Other liabilities	33,019	32,063	2,640	3,803	(2,523)	(3,331)	33,136	32,535
Total equity and liabilities	260,075	253,678	107,216	106,208	(18,442)	(20,720)	348,849	339,166

CONSOLIDATED CASH FLOW STATEMENT

Second quarter

SEK bn	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Operating activities								
Operating income (loss)	2.8	6.9	0.4	0.4	0.0	0.0	3.2	7.3
Depreciation tangible assets	1.4	1.4	0.0	0.0	0.0	0.0	1.4	1.4
Amortization intangible assets	0.8	0.8	0.0	0.0	0.0	(0.1)	0.8	0.7
Depreciation leasing vehicles	0.9	0.6	0.7	0.7	0.0	0.0	1.6	1.3
Other non-cash items	1.2	(0.3)	0.3	0.2	0.0	0.0	1.5	(0.1)
Total change in working capital whereof	1.6	(0.6)	(4.6)	(8.1)	0.1	2.3	(2.9)	(6.4)
<i>Change in accounts receivable</i>	(4.1)	(0.1)	0.0	0.0	0.0	0.0	(4.2)	(0.1)
<i>Change in customer financing receivables</i>	0.0	0.2	(4.5)	(8.1)	0.1	2.2	(4.4)	(5.7)
<i>Change in inventories</i>	(2.0)	(0.8)	0.0	0.1	0.0	(0.1)	(2.0)	(0.8)
<i>Change in trade payables</i>	7.0	(1.1)	0.0	(0.1)	0.0	0.0	7.0	(1.2)
<i>Other changes in working capital</i>	0.7	1.2	(0.1)	0.0	0.0	0.2	0.7	1.4
Interest and similar items received	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.1
Interest and similar items paid	(0.6)	(0.8)	0.0	0.0	0.0	0.0	(0.6)	(0.8)
Other financial items	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	(0.1)
Income taxes paid	(0.9)	(1.0)	(0.2)	(0.3)	0.1	0.0	(1.0)	(1.3)
Cash flow from operating activities	7.3	7.0	(3.4)	(7.1)	0.2	2.2	4.1	2.1
Investing activities								
Investments in tangible assets	(1.8)	(2.1)	0.0	0.0	(0.1)	0.0	(1.9)	(2.1)
Investments in intangible assets	(1.2)	(1.2)	0.0	0.0	0.0	0.0	(1.2)	(1.2)
Investment in leasing vehicles	(0.3)	(1.2)	(1.5)	(1.7)	0.0	0.0	(1.8)	(2.9)
Disposals of fixed assets and leasing vehicles	0.1	0.0	0.5	0.8	0.0	0.0	0.6	0.8
Operating cash flow	4.1	2.5	(4.4)	(8.0)	0.1	2.2	(0.2)	(3.3)
Investments and divestments of shares, net							0.0	0.0
Acquired and divested operations, net							0.1	(0.4)
Interest-bearing receivables incl marketable securities							(1.5)	3.9
Cash-flow after net investments							(1.6)	0.2
Financing activities								
Change in loans, net							6.2	3.7
Dividend to AB Volvo shareholders							(6.1)	(6.1)
Dividend to minority shareholders							0.0	0.0
Other							(0.1)	0.0
Change in cash and cash equivalents excl. translation differences							(1.6)	(2.2)
Translation difference on cash and cash equivalents							0.1	0.3
Change in cash and cash equivalents							(1.5)	(1.9)

CONSOLIDATED CASH FLOW STATEMENT

First six months

SEK bn	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Operating activities								
Operating income	2.9	12.9	0.8	0.7	0.0	0.0	3.7	13.6
Depreciation tangible assets	2.7	2.8	0.0	0.0	0.0	0.0	2.7	2.8
Amortization intangible assets	1.6	1.5	0.0	0.0	0.0	0.0	1.6	1.5
Depreciation leasing vehicles	1.6	1.2	1.4	1.3	0.0	0.1	3.0	2.6
Other non-cash items	1.1	(0.1)	0.4	0.3	0.0	0.0	1.5	0.2
Total change in working capital whereof	(4.6)	(8.6)	(4.9)	(10.2)	0.1	1.1	(9.4)	(17.7)
<i>Change in accounts receivable</i>	(5.4)	(3.8)	(0.1)	0.0	0.0	0.0	(5.5)	(3.8)
<i>Change in customer financing receivables</i>	0.2	0.4	(4.8)	(10.4)	0.0	1.2	(4.6)	(8.8)
<i>Change in inventories</i>	(4.7)	(4.7)	0.1	0.3	0.0	0.0	(4.6)	(4.4)
<i>Change in trade payables</i>	5.7	(0.4)	0.0	0.0	0.0	0.0	5.7	(0.4)
<i>Other changes in working capital</i>	(0.4)	(0.1)	(0.1)	(0.1)	0.1	(0.1)	(0.4)	(0.3)
Interest and similar items received	0.2	0.2	0.0	0.0	0.0	0.0	0.2	0.2
Interest and similar items paid	(1.1)	(1.4)	0.0	0.0	0.0	0.0	(1.1)	(1.4)
Other financial items	(0.1)	(0.2)	0.0	0.0	0.0	0.0	(0.1)	(0.2)
Income taxes paid	(1.5)	(3.1)	0.0	(0.4)	0.0	0.0	(1.5)	(3.5)
Cash flow from operating activities	2.8	5.2	(2.3)	(8.3)	0.1	1.2	0.6	(1.9)
Investing activities								
Investments in tangible assets	(3.4)	(3.6)	0.0	0.0	0.0	0.0	(3.4)	(3.6)
Investments in intangible assets	(2.5)	(2.4)	0.0	0.0	0.0	0.0	(2.5)	(2.4)
Investment in leasing vehicles	(0.6)	(1.8)	(2.8)	(3.0)	0.0	0.0	(3.4)	(4.8)
Disposals of fixed assets and leasing vehicles	0.2	0.2	1.0	1.3	0.0	0.0	1.2	1.5
Operating cash flow	(3.5)	(2.4)	(4.1)	(10.0)	0.1	1.2	(7.5)	(11.2)
Investments and divestments of shares, net							(0.1)	0.0
Acquired and divested operations, net							0.5	(0.9)
Interest-bearing receivables incl marketable securities							(2.9)	1.5
Cash-flow after net investments							(10.0)	(10.6)
Financing activities								
Change in loans, net							13.8	12.5
Dividend to AB Volvo shareholders							(6.1)	(6.1)
Dividend to minority shareholders							0.0	0.0
Other							(0.1)	0.0
Change in cash and cash equivalents excl. translation differences							(2.4)	(4.2)
Translation difference on cash and cash equivalents							(0.1)	(0.1)
Change in cash and cash equivalents							(2.5)	(4.3)

CONSOLIDATED NET FINANCIAL POSITION

SEK M	Industrial operations		Volvo Group Total	
	June 30 2013	Dec 31 2012	June 30 2013	Dec 31 2012
Non-current interest-bearing assets				
Non-current customer-financing receivables	-	-	41,845	41,156
Non-current interest-bearing receivables	569	653	353	337
Current interest-bearing assets				
Customer-financing receivables	-	-	40,744	39,833
Interest-bearing receivables	2,133	3,038	1,394	2,574
Internal funding	2,528	4,612	-	-
Marketable securities	5,801	3,129	5,843	3,130
Cash and cash equivalents	21,543	23,465	22,737	25,207
Total financial assets	32,574	34,897	112,916	112,237
Non-current interest-bearing liabilities				
Bond loans	(42,624)	(43,092)	(42,624)	(43,092)
Other loans	(32,596)	(33,351)	(40,474)	(38,428)
Internal funding	26,340	33,990	-	-
Current interest-bearing liabilities				
Loans	(52,033)	(45,456)	(56,748)	(50,013)
Internal funding	41,605	33,746	-	-
Total financial liabilities	(59,308)	(54,163)	(139,846)	(131,533)
Net financial position excl post-employment benefits	(26,734)	(19,266)	(26,930)	(19,296)
Provisions for post-employment benefits, net	(14,730)	(18,772)	(14,805)	(18,835)
Net financial position incl post-employment benefits	(41,464)	(38,038)	(41,735)	(38,131)

CHANGES IN NET FINANCIAL POSITION, INDUSTRIAL OPERATIONS

SEK bn	Second quarter 2013	First six months 2013
Beginning of period	(42.7)	(38.0)
Cash flow from operating activities	7.3	2.8
Investments in fixed assets	(3.3)	(6.5)
Disposals	0.1	0.2
Operating cash-flow	4.1	(3.5)
Investments and divestments of shares, net	0.0	(0.1)
Acquired and divested operations, net	0.0	0.0
Capital injections to/from Customer Finance operations	0.3	0.4
Currency effect	0.0	1.7
Dividend paid to minority shareholders	(6.1)	(6.1)
Remeasurements of defined benefit pension plans	2.6	4.0
Other changes	0.3	0.1
Total change	1.2	(3.5)
Net financial position at end of period	(41.5)	(41.5)

CONSOLIDATED CHANGES IN TOTAL EQUITY

SEK bn	First six months	
	2013	2012
Total equity at end of previous period	77.1	85.7
IFRS transition effect	-	(8.8)
Total equity at beginning of period	77.1	76.9
Shareholders' equity attributable to equity holders of the parent company at beginning of period	75.8	75.8
Income for the period	1.7	8.9
Other comprehensive income	2.0	(1.7)
Total comprehensive income	3.7	7.2
Dividend to AB Volvo's shareholders	(6.1)	(6.1)
Share-based payments	0.0	0.0
Transactions with minority interests	0.0	0.0
Other changes	0.0	0.0
Shareholders' equity attributable to equity holders of the parent company at end of period	73.4	76.9
Minority interests at beginning of period	1.3	1.1
Income for the period	0.1	0.2
Other comprehensive income	0.0	0.0
Total comprehensive income	0.1	0.2
Dividend	0.0	0.0
Minority regarding acquisitions and divestments	0.0	0.0
Other changes	0.0	0.0
Minority interests at end of period	1.4	1.3
Total equity at end of period	74.8	78.2

KEY RATIOS

Industrial operations	First six months	
	2013	2012
Gross margin, %	20.8	23.5
Research and development expenses in % of net sales	5.7	4.8
Selling expenses in % of net sales	10.5	8.4
Administrative expenses in % of net sales	2.2	1.7
Operating margin, %	2.3	8.4
	Jun 30 2013	Dec 31 2012
Return on operating capital, %, 12 months rolling values	6.4	16.7
Net financial position at end of period, SEK billion	(41.5)	(38.0)
Net financial position excl. pensions at end of period, SEK billion	(26.7)	(19.3)
Net financial position in % of total equity at end of period	(62.8)	(55.5)
Net financial position excl. pensions in % of total equity at end of period	(40.5)	(28.1)
Total equity as percentage of total assets, end of period	25.4	27.0

Customer Finance	Jun 30 2013	Dec 31 2012
Return on shareholders' equity, %, 12 months rolling values	13.2	12.5
Equity ratio at end of period, %	8.2	8.1
Asset growth, % from preceding year end until end of period	2.1	5.9

Volvo Group	First six months	
	2013	2012
Gross margin, %	21.7	24.1
Research and development expenses in % of net sales	5.5	4.7
Selling expenses in % of net sales	10.8	8.7
Administrative expenses in % of net sales	2.1	1.7
Operating margin, %	2.9	8.7
	Jun 30 2013	Dec 31 2012
Basic earnings per share, SEK, 12 months rolling values	1.94	5.61
Shareholders' equity, excluding minority interests, per share, at end of period, SEK	36.2	42.2
Return on shareholders' equity, %, 12 months rolling values	5.4	14.7
Total equity as percentage of total assets, end of period	21.5	22.7

SHARE DATA

	First six months	
	2013	2012
Basic earnings per share, SEK	0.84	4.41
Diluted earnings per share, SEK	0.84	4.41
Number of shares outstanding, million	2,028	2,028
Average number of shares during period, million	2,028	2,027
Average diluted number of shares during period, million	2,030	2,028
Number of company shares, held by AB Volvo, million	101	101
Average number of company shares, held by AB Volvo, million	101	101

QUARTERLY FIGURES

SEK M unless otherwise stated					
Industrial operations	2/2012	3/2012	4/2012	1/2013	2/2013
Net sales	80,977	66,289	68,934	56,380	70,830
Cost of sales	(61,425)	(52,422)	(55,292)	(44,800)	(55,943)
Gross income	19,552	13,867	13,642	11,580	14,887
Research and development expenses	(3,883)	(3,277)	(3,805)	(3,626)	(3,596)
Selling expenses	(6,755)	(6,104)	(6,964)	(6,395)	(6,981)
Administrative expenses	(1,488)	(1,304)	(1,540)	(1,295)	(1,482)
Other operating income and expenses	(97)	(671)	(496)	(184)	23
Income (loss) from investments in joint ventures and associated companies	18	4	16	42	(6)
Income from other investments	(25)	21	(44)	(20)	1
Operating income Industrial operations	7,322	2,536	809	101	2,846
Customer Finance					
Finance and lease income	2,487	2,421	2,507	2,351	2,386
Finance and lease expenses	(1,521)	(1,501)	(1,530)	(1,413)	(1,393)
Gross income	966	920	977	937	993
Selling and administrative expenses	(446)	(421)	(408)	(403)	(401)
Credit provision expenses	(194)	(135)	(184)	(161)	(224)
Other operating income and expenses	61	20	6	8	48
Operating income Customer Finance	387	384	391	381	416
Volvo Group					
Operating income	7,709	2,920	1,200	482	3,262
Interest income and similar credits	35	9	284	98	101
Interest expense and similar charges	(703)	(605)	(826)	(558)	(712)
Other financial income and expenses	(244)	45	49	(123)	229
Income after financial items	6,796	2,370	706	(101)	2,880
Income taxes	(1,823)	(958)	163	(147)	(795)
Income for the period*	4,972	1,412	869	(248)	2,086
* Attributable to					
Equity holders of AB Volvo	4,891	1,400	821	(304)	2,015
Minority interests	81	11	48	56	71
	4,972	1,412	869	(248)	2,086
Key operating ratios, Industrial operations					
Gross margin, %	24.1	20.9	19.8	20.5	21.0
Research and development expenses in % of net sales	4.8	4.9	5.5	6.4	5.1
Selling expenses in % of net sales	8.3	9.2	10.1	11.3	9.9
Administrative expenses in % of net sales	1.8	2.0	2.2	2.3	2.1
Operating margin, %	9.0	3.8	1.2	0.2	4.0
Depreciation and amortization, included above					
Product and Software development, amortization	634	707	741	706	762
Other intangible assets, amortization	90	88	133	81	81
Tangible assets, depreciation	2,703	2,832	3,266	2,766	3,015
Total	3,427	3,627	4,140	3,553	3,858
Of which					
Industrial operations	2,733	2,924	3,423	2,849	3,127
Customer Finance	693	703	716	705	731
Total	3,427	3,627	4,140	3,553	3,858
Research and development expenses					
Capitalization	1,128	1,224	1,304	1,172	1,140
Amortization	(577)	(574)	(635)	(610)	(650)
Net capitalization of research and development expenses	551	651	669	562	489

QUARTERLY FIGURES

Share data	2/2012	3/2012	4/2012	1/2013	2/2013
Earnings per share, SEK*	2.41	0.69	0.41	(0.15)	0.99
Number of shares outstanding, million	2,028	2,028	2,028	2,028	2,028
Average number of shares during period, million	2,027	2,027	2,028	2,028	2,028
Number of company shares, held by AB Volvo, million	101	101	101	101	101

* Earnings per share are calculated as Income for the period (excl minority interests) divided by the weighted average number of shares outstanding during the period.

Net sales	2/2012	3/2012	4/2012	1/2013	2/2013
SEK M					
Trucks	50,518	43,634	46,990	37,031	46,234
Construction Equipment	19,715	13,272	12,572	12,136	16,019
Buses	5,040	4,076	5,384	3,482	4,008
Volvo Penta	2,224	1,720	1,754	1,839	2,159
Volvo Aero	1,945	1,592	-	-	-
Corporate Functions, Group Functions & Other	4,742	2,589	2,718	2,554	3,170
Eliminations	(3,206)	(594)	(485)	(662)	(760)
Industrial operations	80,977	66,289	68,934	56,380	70,830
Customer Finance	2,487	2,422	2,507	2,351	2,385
Reclassifications and eliminations	(521)	(452)	(630)	(387)	(459)
Volvo Group	82,943	68,258	70,811	58,344	72,756

Operating income	2/2012	3/2012	4/2012	1/2013	2/2013
SEK M					
Trucks	4,284	1,815	1,002	101	1,835
Construction Equipment	2,742	602	235	500	1,324
Buses	188	(64)	(132)	(88)	11
Volvo Penta	279	144	13	100	290
Volvo Aero	315	228	-	-	-
Corporate Functions, Group Functions & Other	(439)	(143)	(290)	(516)	(617)
Eliminations	(47)	(43)	(17)	4	3
Industrial operations	7,322	2,536	809	101	2,846
Customer Finance	387	384	391	381	416
Volvo Group	7,709	2,920	1,200	482	3,262

Operating margin	2/2012	3/2012	4/2012	1/2013	2/2013
%					
Trucks	8.5	4.2	2.1	0.3	4.0
Construction Equipment	13.9	4.5	1.9	4.1	8.3
Buses	3.7	(1.6)	(2.5)	(2.5)	0.3
Volvo Penta	12.5	8.4	0.7	5.4	13.4
Volvo Aero	16.2	14.3	-	-	-
Industrial operations	9.0	3.8	1.2	0.2	4.0
Volvo Group	9.3	4.3	1.7	0.8	4.5

ACCOUNTING PRINCIPLES

The Volvo Group applies International Financial Reporting Standards (IFRS) as endorsed by the EU. The accounting principles adopted are consistent with those described in the 2012 Annual Report for the Volvo Group. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act.

The parent company applies the Annual Accounts Act and RFR 2 Reporting for legal entities. Application of RFR 2 entails that in interim reporting for legal entities, the parent company is to apply all IFRSs and interpretations approved by the EU as far as possible within the framework of the Swedish Annual Accounts Act, the Pension Obligations Vesting Act, and taking into account the connection between accounting and taxation.

New accounting principles in 2013

As from January 1, 2013 Volvo applies the following new accounting standards:

IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosures of Interest in Other Entities, IFRS

13 Fair value measurement, revised IAS 27 Separate Financial Statements, revised IAS 28 Investments in Associates and Joint Ventures, revised IAS 1 Presentation of financial statements, amendment to IFRS 7 Financial instrument: Disclosures and the amendment to IAS 19 Employee Benefits.

The major accounting changes are:

- The joint ventures of the Volvo Group are accounted for using the equity method, as the formerly applied proportional method is no longer a valid accounting choice according to IFRS 11. The equity share in the joint venture VE Commercial Vehicles (VECV) is recognized at 45,6%. The 8,4% share in the other joint partner, the listed company Eicher Motors Ltd., is accounted for as other shares and participations and is revalued over other comprehensive income.

- The Volvo Group ceases to account for defined pension liabilities using the so called corridor method in accordance with IAS 19. Changes in the net defined pension liability or asset are instead recognized in profit or loss and other comprehensive income when they occur.

- The Volvo Group changes the presentation of the hedging effects on firm flows to be included in the finance net. They were previously reported within operating income.

The new accounting principles are applied retrospectively and hence the income statement and balance sheet for 2012 have been adjusted accordingly. Note 31 in the Volvo Group Annual Report 2012 describes the content of the new accounting principles, that are material for the Volvo Group, in more detail and presents the effect of the new principles on the quarterly consolidated income statement and balance sheet, net financial position and segment reporting for the comparative year 2012. The Annual Report is available at www.volvogroup.com

RISKS AND UNCERTAINTIES

All business operations involve risk – managed risk-taking is a condition of maintaining a sustained favorable profitability. Risk may be due to events in the world and can affect a given industry or market. Risk can be specific to a single company. Volvo works continuously to identify, measure and manage risk, and in some cases Volvo can influence the likelihood that a risk-related event will occur. In cases in which such events are beyond Volvo's control, the aim is to minimize the consequences.

The risks to which the Volvo Group are exposed are classified into three main categories:

External-related risks – such as the cyclical nature of the commercial vehicles business, intense competition, changes in prices for commercial vehicles and government regulations;

Financial risks – such as currency fluctuations, interest levels fluctuations, valuations of shares or similar instruments, credit risk and liquidity risk and;

Operational risks – such as market reception of new products, reliance on suppliers, protection and maintenance of intangible assets, complaints and legal actions by customers and other third parties and risk related to human capital.

For a more elaborated account for these risks, please refer to the Risk Management section on pages 72-73 in the 2012 Annual Report for the Volvo Group. The Annual Report is available at www.volvogroup.com.

Risk updates for the period

Short-term risks, when applicable, are also described in the respective report per business area of this report.

Uncertainty regarding customers' access to the financing of products might have a negative impact on demand.

Due to the present market conditions Volvo sees increased supplier risks where some suppliers are under financial pressure or have capacity constraints. Consequences thereof could be increased cost for Volvo or disruptions in production.

Volvo verifies annually, or more frequently if necessary, the goodwill value of its business areas and other intangible assets for possible impairment. The size of the overvalue differs between the business areas and they are, to a varying degree, sensitive to changes in the business environment. This is the case for Rents, included in segment Group functions and Other. Instability in the business recovery and volatility in interest and currency rates may lead to indications of impairment.

The reported amounts for contingent liabilities reflect a part of Volvo's risk exposure. Note 24 of the Volvo Group Annual Report 2012, describes the legal proceedings and investigations the Group is currently involved in and subject to, which are of such nature that the Group could not exclude that they may affect the Group's result and cash flow with an amount that may be material. The on-going legal proceedings and investigations are progressing but during the first six months no material change has occurred in these matters compared to the description provided in note 24 of the Volvo Group Annual Report 2012. Total contingent liabilities as of June 30, 2013, amounted to SEK 18.5 billion, an increase of SEK 0.8 billion compared to December 31, 2012. A major part of the total contingent liabilities is related to credit guarantees issued as a result of sales in emerging markets.

CORPORATE ACQUISITIONS AND DIVESTMENTS

In May 2013, the consultancy company DRD, wholly-owned by UD Trucks with product development operations and approximately 500 employees, was divested. The divestment resulted in a capital gain of SEK 99 M in the second quarter. In the second quarter, assets amounting to SEK 661 M and liabilities

amounting to SEK 421 M, pertaining to distribution network operations, have been reclassified as assets and liabilities held for sale.

Volvo has not made any acquisitions or other divestments during the second quarter that have had a significant impact on the Volvo Group.

EXTENDED CURRENCY DISCLOSURES

Currency effect on operating income Industrial operations SEK M	Compared to second quarter 2012			Compared to first quarter 2013		
	Second quarter 2013	Second quarter 2012 ¹	Change	Second quarter 2013	First quarter 2013	Change
Net flows in foreign currency			(696)			46
Realized gains and losses on hedging contracts	4	(1)	5	4	8	(4)
Unrealized gains and losses on receivables and liabilities in foreign currency	(315)	42	(357)	(315)	245	(560)
Unrealized gains and losses on hedging contracts	(5)	(4)	(1)	(5)	(6)	1
Translation effect on operating income in foreign subsidiaries			(161)			(29)
Total currency effect on operating income Industrial operations			(1,210)			(546)

¹ The currency effect from Volvo Aero has been excluded in the second quarter 2012.

Applicable currency rates	Quarterly exchange rates		Close rates	
	Second quarter 2013	Second quarter 2012	June 30, 2013	Dec 31, 2012
	BRL	3.18147	3.54305	3.05310
CNY	1.05623	1.09736	1.09320	1.04560
EUR	8.57307	8.92393	8.76695	8.62585
JPY	0.06646	0.08687	0.06794	0.07569
USD	6.56162	6.94930	6.71485	6.51685

FINANCIAL INSTRUMENTS

SEK M	June 30, 2013	
	Carrying value	Fair value
Assets		
Financial assets at fair value through profit and loss¹		
The Volvo Group's outstanding interest and currency risk derivatives (A)	2,302	2,302
The Volvo Group's outstanding raw materials derivatives	4	4
Marketable securities	5,843	5,843
	8,149	8,149
Loans receivable and other receivables		
Accounts receivable	31,588	-
Customer financing receivables ²	82,589	-
Other interest-bearing receivables	1,004	-
	115,181	-
Financial assets available for sale		
Holding of shares in listed companies	1,211	1,211
Holding of shares in non-listed companies	512	-
	1,723	1,211
Cash and cash equivalents		
	22,737	22,737
Liabilities		
Financial liabilities at fair value through profit and loss¹		
The Volvo Group's outstanding interest and currency risk derivatives ³	2,853	2,853
The Volvo Group's outstanding raw materials derivatives	60	60
	2,913	2,913
Financial liabilities valued at amortized cost⁴		
Long term bond loans and other loans	82,938	86,991
Short term bank loans and other loans	54,897	54,058
	137,835	141,049
Trade Payables		
	52,282	-

1 IFRS 7 classifies financial instruments based on the degree that market values have been utilized when measuring fair value. All financial instruments measured at fair value held by Volvo are classified as level 2 with the exception of shares and participations, which are classified as level 1 for listed instruments and level 3 for unlisted instruments. Refer to Note 5 in the Volvo Group Annual Report 2012 for more information regarding valuation principles. None of these individual shareholdings is of significant value for Volvo. The valuation of level 2 instruments is based on market conditions using quoted market data existing at each balance sheet date. The basis for the interest is the zero-coupon-curve in each currency which calculates the present value of all the estimated future cash-flows. The fair value of forward exchange contracts is discounted to balance sheet date based on the forward rates for each currency as per balance sheet date.

2 Volvo does not estimate the risk premium for the customer financing receivables and chooses therefore not to disclose fair value for this category.

3 Includes a fair value of a loan related to hedge accounting negative SEK 1,211 M, netted against the derivative used to hedge the risk, positive SEK 1,227 M (B).

4 In the Volvo Group consolidated financial position, financial liabilities include loan-related derivatives amounting to negative SEK 2,011 M. These derivatives are presented as financial liabilities at fair value through profit and loss in the table above.

In accordance with Volvo Group policy, Volvo Group enters into netting agreement (primarily so called ISDA agreements) with all counterparts eligible for derivative transactions. The netting agreements provide the possibility for assets and liabilities to be set off under certain circumstances, such as in the case of the counterpart's insolvency.

These netting agreements have no effect on the financial result and position of the Volvo Group, since derivative transactions are accounted for on a gross-basis, with the exception of the derivatives described in note 3 of the above table. The Volvo Group's gross exposure from positive derivatives, amounting to SEK 3,529 M (A in the table +

B in footnote number 3), is reduced by 42% to SEK 2,033 M by netting agreements and cash deposits, so called CSA agreements. The Volvo Group is actively working with limits per counterpart in order to reduce risk for high net amounts towards individual counterparts.

RELATED-PARTY TRANSACTIONS

Sales to associated companies amounted to SEK 522 M (469) and purchases from associated companies amounted to SEK 723 M (7) during the second quarter of 2013. As of June 30, 2013, receivables from associated

companies amounted to SEK 240 M (242) and liabilities to associated companies to SEK 685 M (632). Sales to joint ventures amounted to SEK 154 M (172) and purchases from joint ventures amounted to SEK

42 M (25) during the second quarter of 2013. As of June 30, 2013, receivables from joint ventures amounted to SEK 98 M (91) and liabilities to joint ventures to SEK 50 M (108).

PARENT COMPANY

Income statement	Second quarter		First six months	
	2013	2012	2013	2012
SEK M				
Net sales¹	149	140	245	286
Cost of sales ¹	(149)	(140)	(245)	(286)
Gross income	0	0	0	0
Operating expenses ¹	(251)	(357)	(537)	(531)
Income from investments in Group companies	798	(76)	501	(434)
Income from investments in joint ventures and associated companies	0	0	31	36
Income from other investments	5	0	5	5
Operating income (loss)	552	(433)	0	(924)
Interest income and expenses	(332)	(455)	(580)	(856)
Other financial income and expenses	(6)	(40)	(60)	(51)
Income after financial items	214	(928)	(640)	(1,831)
Income taxes	(64)	331	123	579
Income for the period	150	(597)	(517)	(1,252)

¹ Of net sales in the second quarter, SEK 103 M (112) pertained to Group companies, while purchases from Group companies amounted to SEK 87 M (100).

Other comprehensive income				
Income for the period	150	(597)	(517)	(1,252)
<i>Items that may be reclassified subsequently to income statement:</i>				
Available-for-sale investments	143	(111)	68	99
Other comprehensive income, net of income taxes	143	(111)	68	99
Total comprehensive income for the period	293	(708)	(449)	(1,153)

Balance Sheet	June 30	Dec 31
SEK M	2013	2012
Assets		
Non-current assets		
Intangible assets	45	52
Tangible assets	76	74
Financial assets		
Shares and participations in Group companies	61,035	56,832
Receivables from Group companies	127	83
Investments in joint ventures and associated companies	3,374	3,374
Other shares and participations	859	791
Deferred tax assets	2,340	1,964
Total non-current assets	67,856	63,170
Current assets		
Short-term receivables from Group companies	11,420	12,406
Other short-term receivables	673	1,078
Cash and bank accounts	0	0
Total current assets	12,093	13,484
Total assets	79,949	76,654
Shareholders' equity and liabilities		
Shareholders' equity		
Restricted equity	9,891	9,891
Unrestricted equity	25,394	31,889
Untaxed reserves	4	4
Provisions	167	175
Non-current liabilities ¹	7	7
Current liabilities ²	44,486	34,688
Total shareholders' equity and liabilities	79,949	76,654

¹ Of which SEK 7 M (7) pertains to Group companies.

² Of which SEK 44,101 M (34,164) pertains to Group companies.

Income from investments in Group companies for the second quarter includes dividends amounting to SEK 1,080 M (313).

Income taxes for the second quarter include an expense of SEK 253 M due to a negative outcome in the Swedish Administrative court of appeal regarding transfer prices. However no cost has been taken in the Volvo Group based on the assumption that double taxation will be eliminated via negotiation between the nations concerned.

As from January 1, 2013 the holding in the listed company Eicher Motors Ltd was revaluated to market value. Revaluation during the year has increased the value by SEK 68 M, recognized in other comprehensive income. The comparative figures for 2012 have been restated, which during the first six months resulted in an increase in other comprehensive income of SEK 112 M. Restatement of the value of the holding in Eicher Motors Ltd as of December 31 2012 has resulted in an increase of Other shares and participations and Unrestricted shareholders' equity by SEK 543 M.

VE Commercial Vehicles Ltd, previously classified as an associated company in the Parent company, is from January 1, 2013 reclassified as a joint venture. This reclassification has not had any financial impact.

During the year subscription in Volvo Group Japan Co has been made by SEK 3,392 M and shareholders' contribution has been given to VNA Holding Inc. by SEK 787 M, in form of total shares in Prévost Car (US) Inc.

Investments in tangible assets amounted to SEK 12 M (74).

Financial net debt amounted to SEK 37,929 M at the end of the second quarter (27,042).

Events after the balance sheet date

See Important events on page 5 of this report. No other significant events have occurred after the end of the second quarter 2013 that are expected to have a substantial effect on the Volvo Group.

The Board of Directors and the CEO certify that the half-yearly financial report gives a fair view of the performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

Göteborg July 24, 2013
AB Volvo (publ)

Carl-Henric Svanberg
Chairman of the Board

Peter Bijur
Board member

Jean-Baptiste Duzan
Board member

Hanne de Mora
Board member

Anders Nyrén
Board member

Olof Persson
President, CEO and
Board member

Ravi Venkatesan
Board member

Lars Westerberg
Board member

Ying Yeh
Board member

Peteris Lauberts
Board member

Mikael Sällström
Board member

Berth Thulin
Board member

REVIEW REPORT

We have reviewed this report for the period 1 January 2013 to 30 June 2013 for AB Volvo. The board of directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making

inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Göteborg July 24, 2013
PricewaterhouseCoopers AB

Peter Clemedtson
Authorized Public Accountant
Lead Partner

Johan Rippe
Authorized Public Accountant
Partner

DELIVERIES

Delivered trucks	Second quarter		Change in %	First six months		Change in %
	2013	2012		2013	2012	
Group Trucks¹						
Europe	19,700	22,569	(13)	34,916	42,565	(18)
Western Europe	15,401	16,888	(9)	27,393	32,819	(17)
Eastern Europe	4,299	5,681	(24)	7,523	9,746	(23)
North America	13,203	13,822	(4)	20,910	26,670	(22)
South America	7,744	5,482	41	13,785	10,618	30
Asia	7,073	7,912	(11)	13,083	15,763	(17)
Other markets	4,264	4,507	(5)	7,706	8,758	(12)
Total Group Trucks	51,984	54,292	(4)	90,400	104,374	(13)
Light duty (< 7 tons)	3,274	3,897	(16)	6,135	8,097	(24)
Medium duty (7-16 tons)	4,229	5,423	(22)	7,884	10,679	(26)
Heavy duty (>16 tons)	44,481	44,972	(1)	76,381	85,598	(11)
Total Group Trucks	51,984	54,292	(4)	90,400	104,374	(13)
Non-consolidated operations						
Eicher (100%)	7,494	8,802	(15)	17,589	20,756	(15)
DND (100%)	81	151	(46)	135	256	(47)
Total volumes	59,559	63,245	(6)	108,124	125,386	(14)
Mack Trucks						
Europe	-	-	-	1	-	-
Western Europe	-	-	-	1	-	-
Eastern Europe	-	-	-	-	-	-
North America	5,589	6,682	(16)	9,147	12,824	(29)
South America	575	616	(7)	1,130	1,054	7
Asia	7	23	(70)	7	25	(72)
Other markets	266	248	7	471	588	(20)
Total Mack Trucks	6,437	7,569	(15)	10,756	14,491	(26)
Light duty (< 7 tons)	-	-	-	-	-	-
Medium duty (7-16 tons)	-	-	-	-	-	-
Heavy duty (>16 tons)	6,437	7,569	(15)	10,756	14,491	(26)
Total Mack Trucks	6,437	7,569	(15)	10,756	14,491	(26)
Renault Trucks						
Europe	8,685	10,743	(19)	15,913	20,749	(23)
Western Europe	8,054	9,397	(14)	14,705	18,371	(20)
Eastern Europe	631	1,346	(53)	1,208	2,378	(49)
North America	34	13	162	56	45	24
South America	250	381	(34)	416	588	(29)
Asia	629	1,080	(42)	1,081	1,897	(43)
Other markets	1,342	1,442	(7)	2,361	2,674	(12)
Total Renault Trucks	10,940	13,659	(20)	19,827	25,953	(24)
Light duty (< 7 tons)	3,000	3,419	(12)	5,541	7,156	(23)
Medium duty (7-16 tons)	1,784	1,960	(9)	3,399	3,768	(10)
Heavy duty (>16 tons)	6,156	8,280	(26)	10,887	15,029	(28)
Total Renault Trucks	10,940	13,659	(20)	19,827	25,953	(24)

¹ 2012 restated for new accounting rules, effective January 1, 2013, where 50/50 joint-ventures are consolidated using the equity method instead of the proportionate method.

The information is such that AB Volvo (publ) is obliged to make public pursuant to the Act on stock exchange and clearing activities (SFS 1992:543) and/or the Act on trade with financial instruments (SFS 1991:980). The information was distributed to media for publication on July 24, 2013 at 07:20 a.m.

This report contains forward-looking statements that reflect the Board of Directors' and management's current views with respect to certain future events and potential financial performance. Although the Board of Directors and the management believe that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, (i) changes in economic, market and competitive conditions, (ii) success of business and operating initiatives, (iii) changes in the regulatory environment and other government actions, (iv) fluctuations in exchange rates and (v) business risk management.

This report does not imply that the Company has undertaken to revise these forward-looking statements, beyond what is required under the company's registration contract with the Stockholm Stock Exchange, if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

	Second quarter			First six months		
	2013	2012	Change in %	2013	2012	Change in %
Volvo Trucks						
Europe	11,015	11,826	(7)	19,002	21,816	(13)
Western Europe	7,347	7,491	(2)	12,687	14,448	(12)
Eastern Europe	3,668	4,335	(15)	6,315	7,368	(14)
North America	7,534	7,023	7	11,507	13,521	(15)
South America	6,885	4,440	55	12,182	8,904	37
Asia	3,134	2,539	23	5,784	5,182	12
Other markets	1,492	1,631	(9)	2,646	3,050	(13)
Total Volvo Trucks	30,060	27,459	9	51,121	52,473	(3)
Light duty (< 7 tons)	-	-	-	-	-	-
Medium duty (7-16 tons)	485	463	5	804	881	(9)
Heavy duty (>16 tons)	29,575	26,996	10	50,317	51,592	(2)
Total Volvo Trucks	30,060	27,459	9	51,121	52,473	(3)
UD Trucks¹						
Europe	-	-	-	-	-	-
Western Europe	-	-	-	-	-	-
Eastern Europe	-	-	-	-	-	-
North America	46	104	(56)	200	280	(29)
South America	34	45	(24)	57	72	(21)
Asia	3,303	4,270	(23)	6,211	8,659	(28)
Other markets	1,164	1,186	(2)	2,228	2,446	(9)
Total UD Trucks	4,547	5,605	(19)	8,696	11,457	(24)
Light duty (< 7 tons)	274	478	(43)	594	941	(37)
Medium duty (7-16 tons)	1,960	3,000	(35)	3,681	6,030	(39)
Heavy duty (>16 tons)	2,313	2,127	9	4,421	4,486	(1)
Total UD Trucks	4,547	5,605	(19)	8,696	11,457	(24)
Non-consolidated operations						
DND (100%)	81	151	(46)	135	256	(47)
Total volumes	4,628	5,756	(20)	8,831	11,713	(25)
Eicher²						
Europe	-	-	-	-	-	-
Western Europe	-	-	-	-	-	-
Eastern Europe	-	-	-	-	-	-
North America	-	-	-	-	-	-
South America	-	-	-	-	-	-
Asia	7,494	8,802	(15)	17,589	20,756	(15)
Other markets	-	-	-	-	-	-
Total Eicher	7,494	8,802	(15)	17,589	20,756	(15)
Light duty (< 7 tons)	1,164	994	17	2,366	2,509	(6)
Medium duty (7-16 tons)	4,854	5,884	(18)	11,465	13,944	(18)
Heavy duty (>16 tons)	1,476	1,924	(23)	3,758	4,303	(13)
Total Eicher	7,494	8,802	(15)	17,589	20,756	(15)

¹ 2012 restated for new accounting rules, effective January 1, 2013, where 50/50 joint-ventures are consolidated using the equity method instead of the proportionate method.

² As of 2013 Eicher is reported under the equity method and consequently sales and deliveries are not consolidated in the Volvo Group.

Further publication dates

Report on the third quarter 2013	October 25, 2013
Report on the fourth quarter 2013	February 7, 2014
Annual Report 2013	March 2014
Annual General Meeting 2014	April 2, 2014
Report on the first quarter 2014	April 25, 2014
Report on the second quarter 2014	preliminary July 24, 2014
Report on the third quarter 2014	October 24, 2014

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