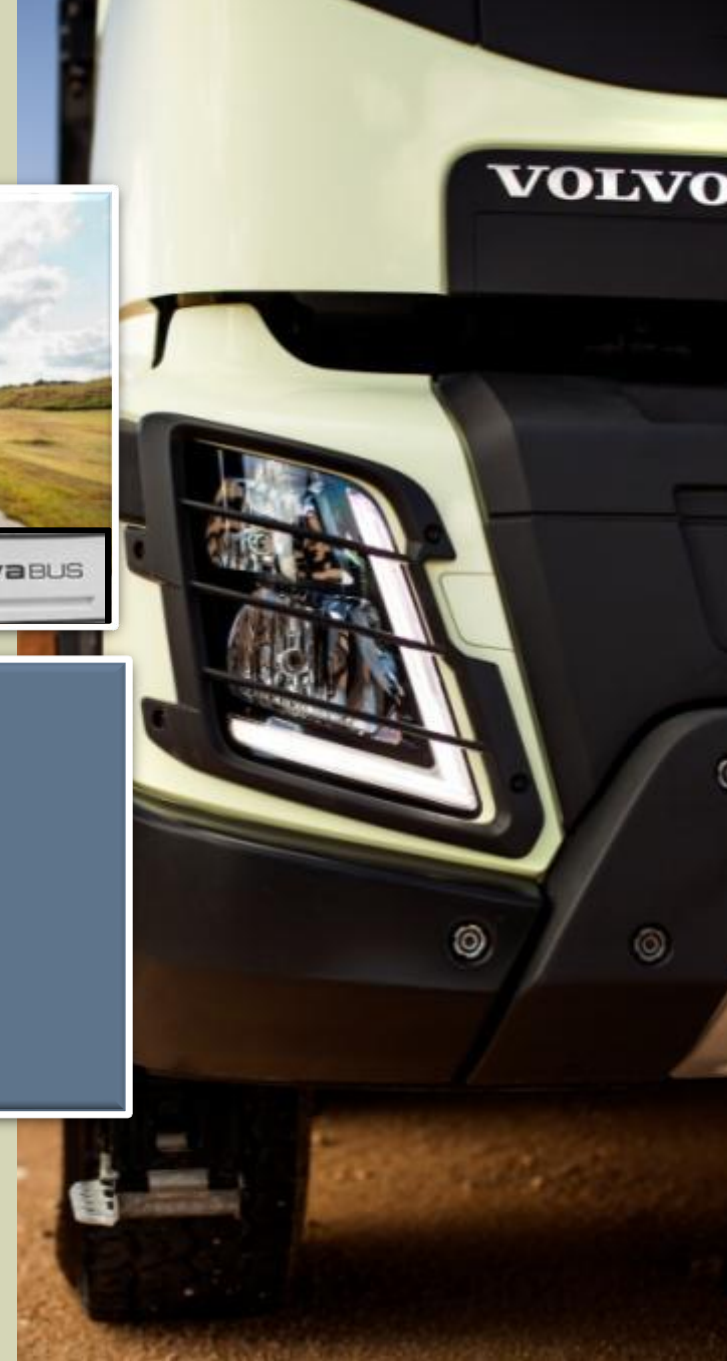


Volvo Group

Third quarter 2013



VOLVO



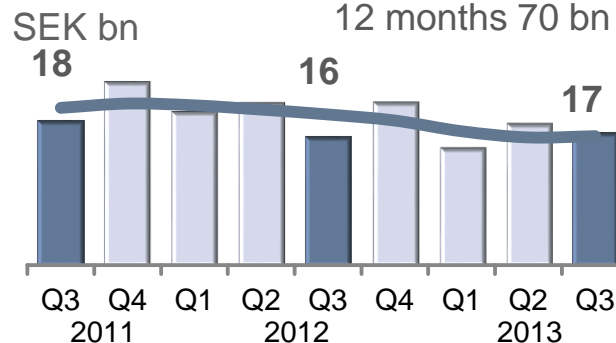
Excellent reception of the new products – decision to optimize manufacturing

Highlights in Q3

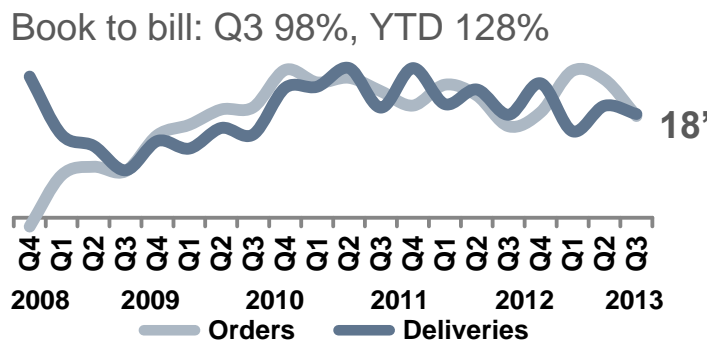
- Commercial launch of the new product ranges
- Strong order situation – sold out on Euro 5, transition to Euro 6 ongoing
- Production change-over to the new ranges
- Decision to optimize manufacturing footprint in Europe



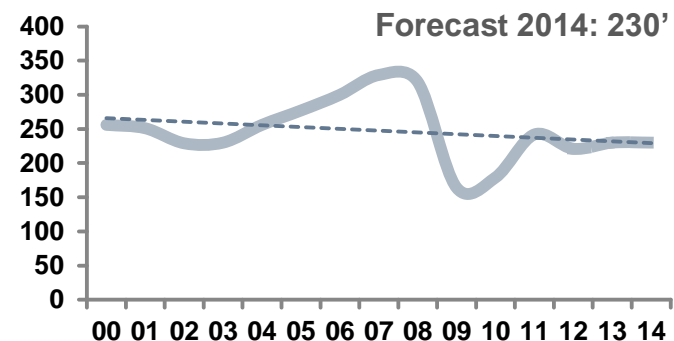
SALES TREND



ORDERS & DELIVERIES



MARKET OUTLOOK



Targeting efficiency improvements in a stable market

Highlights in Q3

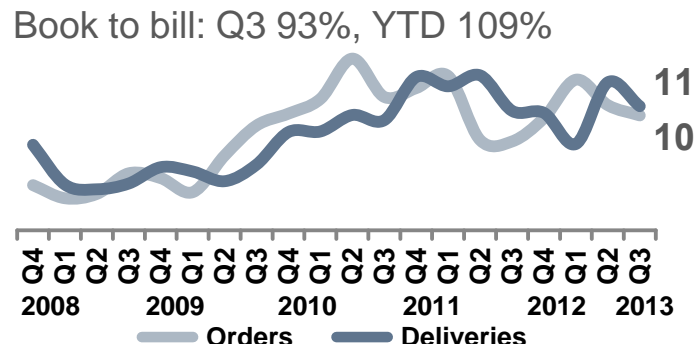
- Orders increased by 29% compared with Q3-12
- Improving demand for construction trucks
- Introducing the XE11 fuel efficiency package
- Efficiency enhancements in the Hagerstown powertrain plant



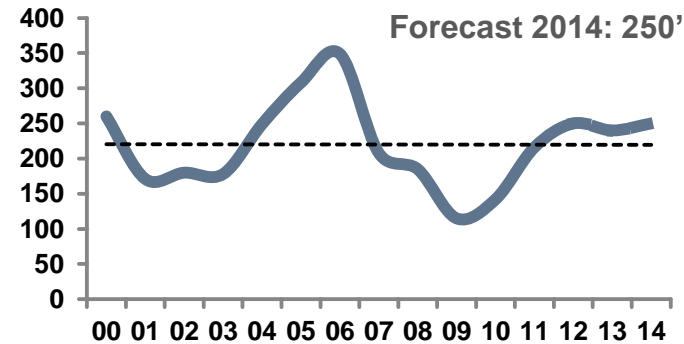
SALES TREND



ORDERS & DELIVERIES



MARKET OUTLOOK



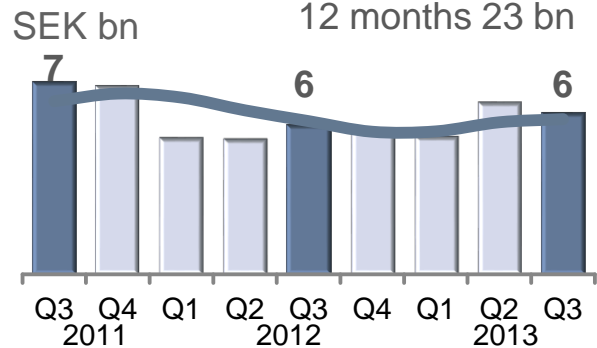
Strong position in Brazil – introducing the new Volvo VM

Highlights in Q3

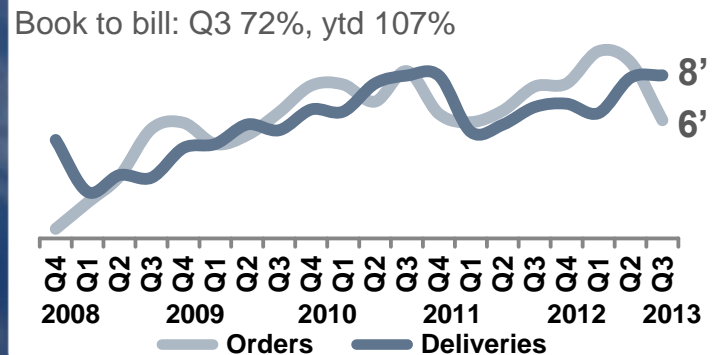
- Introduction of the new Volvo VM trucks for South America
- Continued strong demand in Brazil, total market up by 22%
- Strong order book – sold out for 2013, good fill-rate for Q1-14
- Market share at an all-time-high level (20.1%) with positive price realization



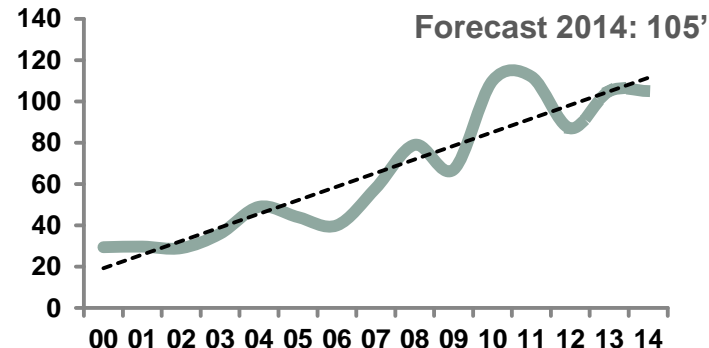
SALES TREND



STRONG ORDERS – HIGHER PRODUCTION



MARKET OUTLOOK, Brazil



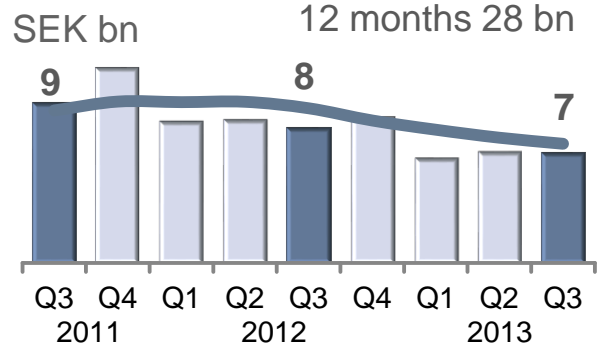
Introducing Quester

Highlights in Q3

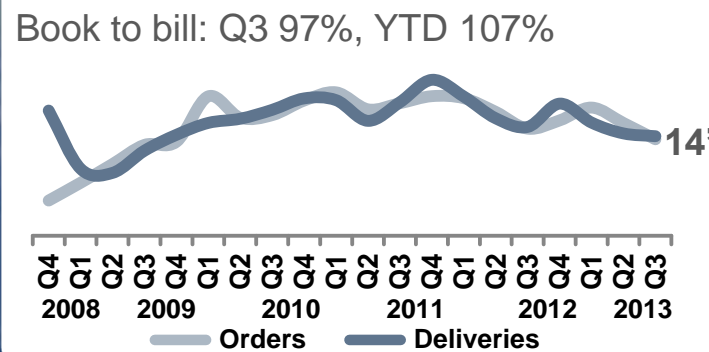
- Successful introduction of the new UD Quester
- Production start-up in Bangkok, Thailand
- Slow start of the year in India, total market outlook revised to 225' trucks, previously 245'



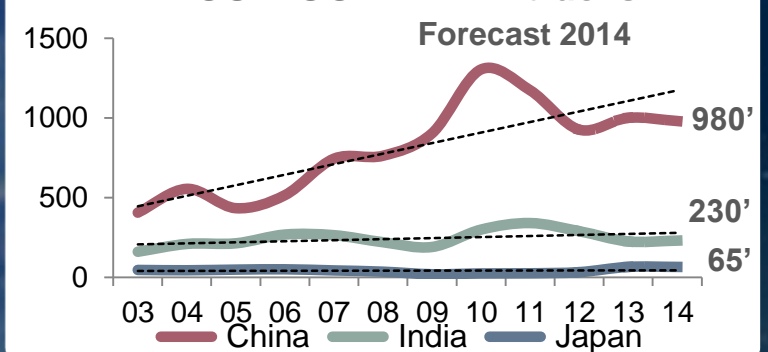
SALES TREND



PRODUCTION IN BALANCE



MARKET OUTLOOK MD-HD trucks



TRUCKS

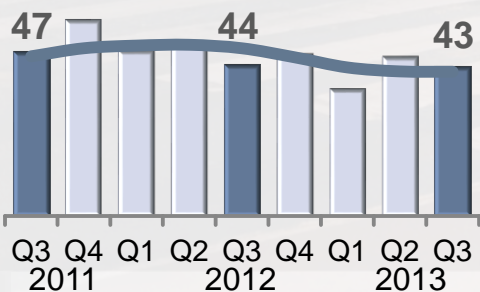
Trucks in Q3 – Operating margin* reached 4.4%

- R&D net amortization/capitalization and currency effects impacting margin by about 4% compared with Q312

SALES TREND

SEK bn

12 months 174 bn

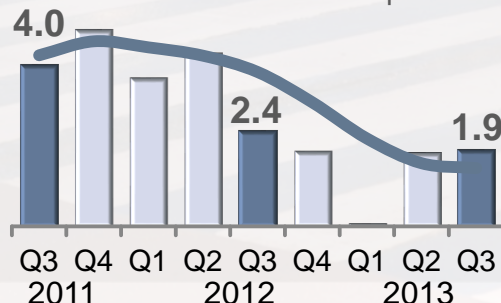


OPERATING INCOME*

SEK bn

12 months 5.7 bn

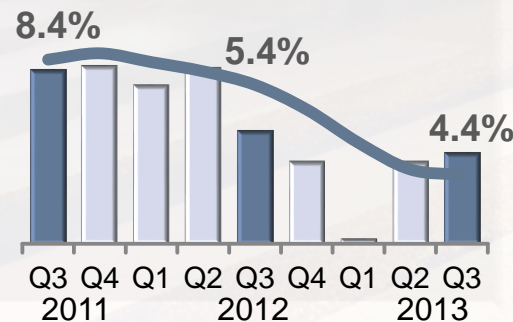
Currency: -768 M
R&D am/cap: -939 M



OPERATING MARGIN*

%

12 months 3.3%



ORDERS

Units

Up 7% compared with Q3 2012
Book to bill: Q3 92%, YTD 117%



35 roadmaps and 400 main activities defined to support the strategic objectives



Major activities in Q4 2012

- Right-sizing of UD Trucks in Japan effective – 950 employees less as of Jan 1, 2013
- New sales and marketing organization for Trucks in Europe, Middle East and Africa

Major activities in Q1 2013

- Agreement to acquire 45% of DFCV in China
- Study initiated to optimize the European truck plant footprint
- Activities to improve profitability in Japan
 - new commercial organization
 - industrial consolidation

Major activities in Q2 2013

- Complete renewal of Renault Trucks' products
- New Volvo FMX, Volvo FM, Volvo FE and Volvo FL
- Efficiency potentials identified, to be executed in coming quarters

Major activities in Q3 2013

- Directional decision to rationalize within Group staff and support functions by approximately 2,000 employees and consultants
- Directional decision to optimize the European truck manufacturing footprint
- Introduction of the UD Quester and the Volvo VM



Markets moving side-ways

EUROPE

Stabilizing market in Europe

- Improving orders and deliveries
- Improved market shares for compact equipment
- Divestment of the central European dealerships

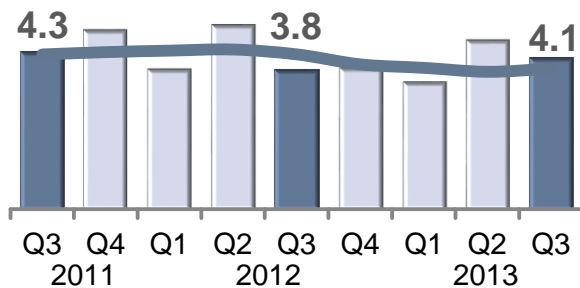
NORTH AMERICA

Sales impacted by low rental renewal

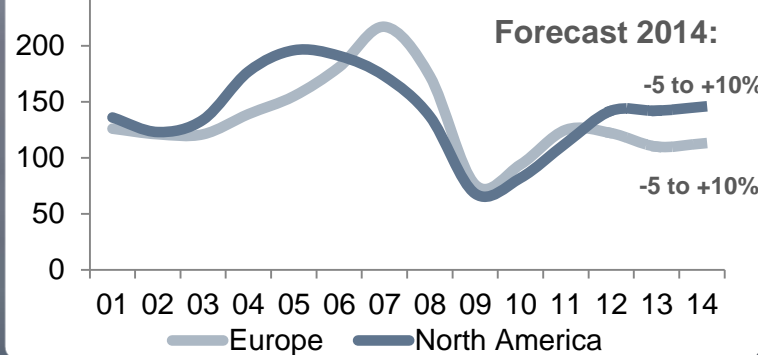
- Total construction equipment demand stable compared to 2012
- Sales down by 30% in Q3 due to lower renewal activity in the US rental business

SALES IN EUROPE

SEK bn 12 months 16 bn

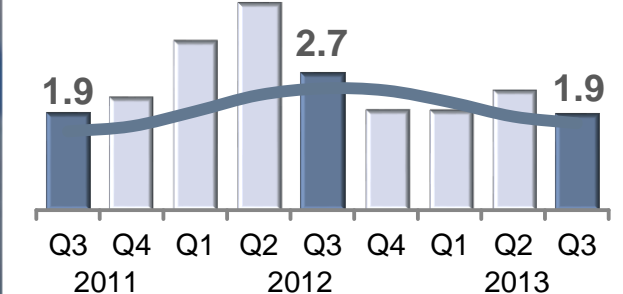


MARKET OUTLOOK



SALES IN NORTH AMERICA

SEK bn 12 months 8 bn



Improving demand for general construction in China, mining activity still low across Asia

CHINA

Maintained number one position

- Chinese total market increased by 10% in the quarter, driven by general construction segment
- Mining segment continues on low level

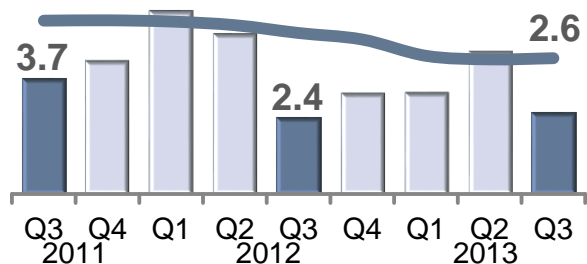
REST OF ASIA

Mining bottoming out on low level

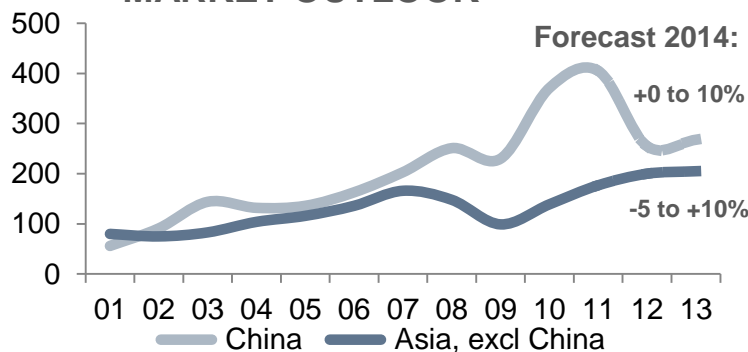
- Sales down by 18% compared with Q312 – mainly due to continued low demand for mining equipment

SALES IN CHINA

SEK bn 12 months 14 bn

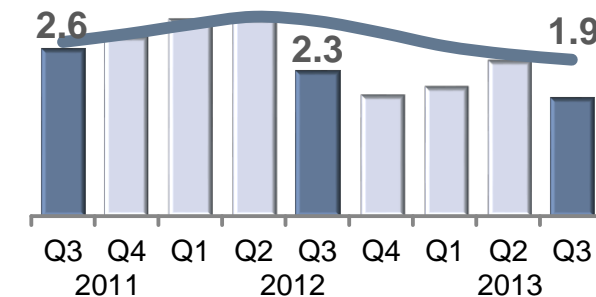


MARKET OUTLOOK



SALES IN ASIA, EXCL CHINA

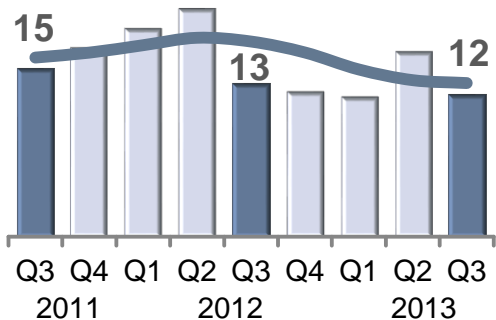
SEK bn 12 months 8 bn



Low sales volumes and continued slow mining market

SALES TREND

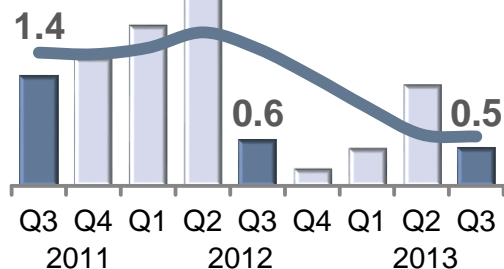
SEK bn 12 months 53 bn



OPERATING INCOME

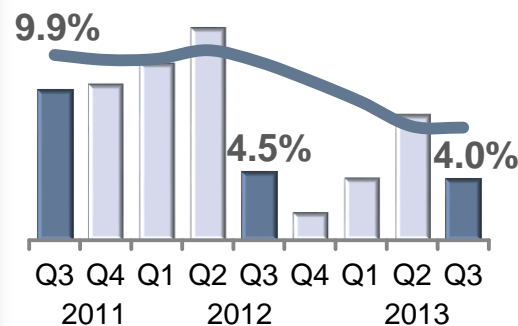
SEK bn 12 months 2.6 bn

Fx: -229 M



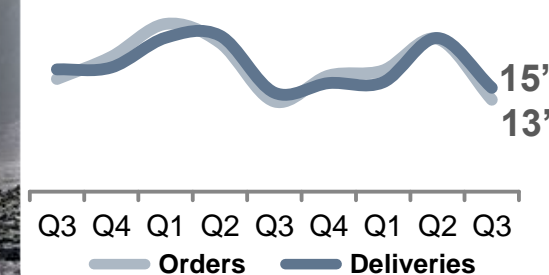
OPERATING MARGIN

% 12 months 4.8%



ORDERS

Up 2% compared with 2012
Book to bill (Volvo): 81%, YTD 100%



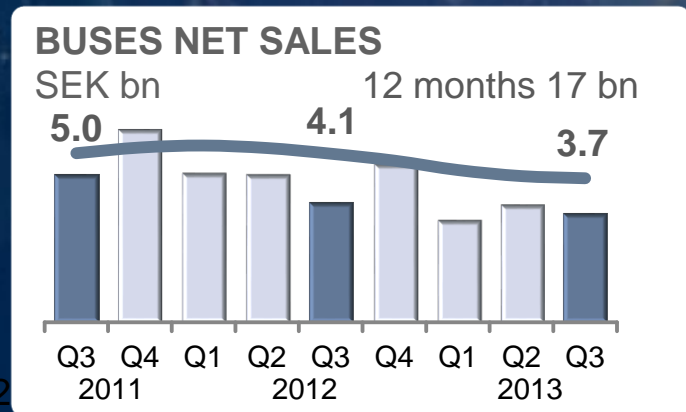


Continued weak market for buses, good financial performance in Volvo Penta

BUSES

Weak market impacts profitability

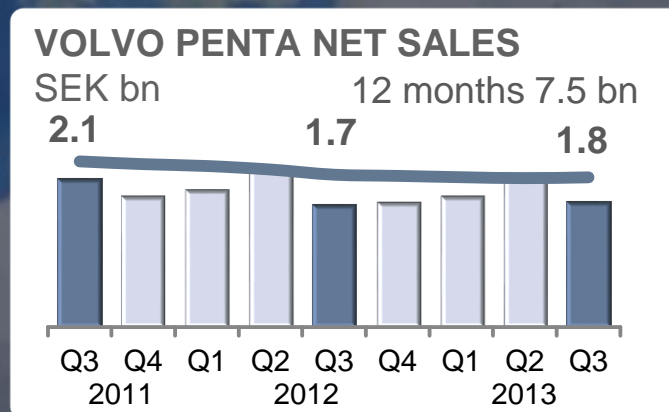
- Low sales volumes on a weak market
- Operating loss of SEK 164 M, currency SEK - 95 M
- Reduced break-even level
- Order intake up 41%



VOLVO PENTA

Increased sales and improved profitability

- Continued weak demand for marine engines
- Strengthened product portfolio in both marine and industrial engines
- Operating margin of 9.3%





Higher earning assets and ROE of 12.6%

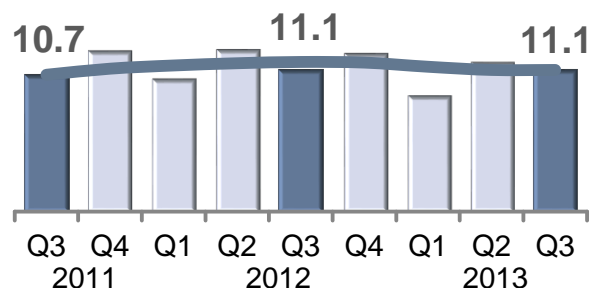
VFS

Good portfolio growth, up 7% adjusted for currency

- Operating income SEK 327 M
- Increased credit provisions due to non-performing loans and leases in Spain
- Syndication of SEK 0.8 bn of the credit portfolio

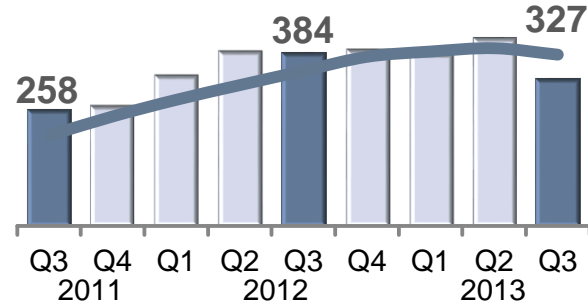
NEW FINANCING

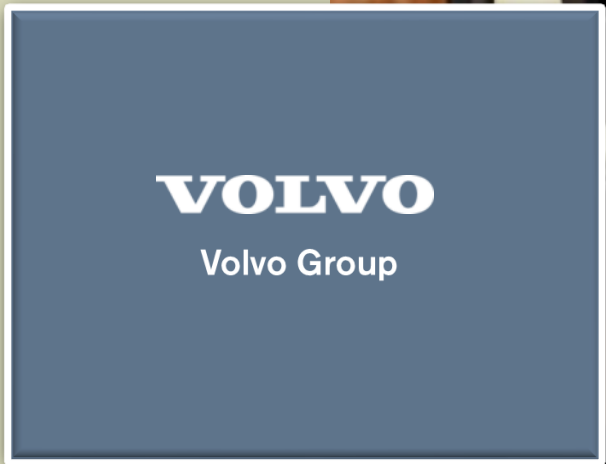
SEK bn 12 months 44 bn



OPERATING INCOME

SEK M 12 months 1,515 M

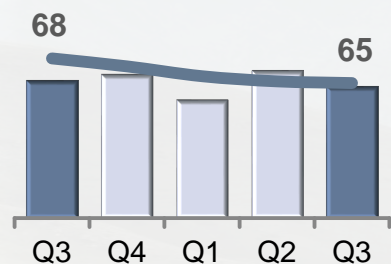




Production change-over and efficiency program

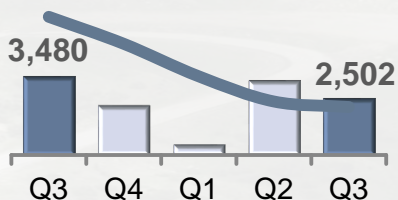
NET SALES

SEK bn 12 months 267 bn



OPERATING INCOME*

SEK m 12 months 8,464 M
Fx: -1,068 M

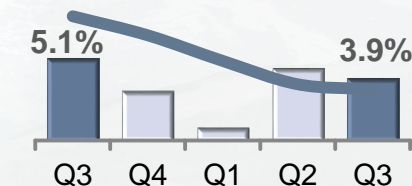


- Record-high number of start-ups in production - parallel production of classic and new ranges
- High speed in implementing the Truck Strategy - optimization of truck production in Europe - rationalization within Group staff and support functions by approximately 2,000 employees and consultants
- Focus 2014 – Driving efficiency

* Excluding restructuring charges related to the efficiency program

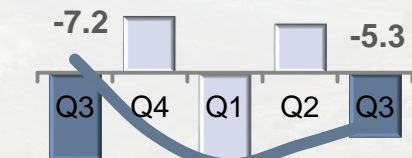
OPERATING MARGIN*

SEK m 12 months 3.2%



OPERATING CASH FLOW**

SEK bn 12 months -4.1 bn



** Industrial Operations

VOLVO