VOLVO

Volvo Group

THE FOURTH QUARTER AND FULL YEAR 2015

THE FOURTH QUARTER 2015

- In the fourth quarter 2015 net sales increased by 3% to SEK 79.6 billion (77.5). Adjusted for currency movements and acquired and divested units sales decreased by 1%.
- Operating income amounted to SEK 5,382 M (-1,429) excluding restructuring charges of SEK 871 M (830). Currency movements had a positive impact of SEK 1,201 M.
- Operating income includes a positive impact from an arbitration case of SEK 809 M. The fourth quarter of 2014 was negatively impacted by provisions of SEK 3,790 M relating to the EU antitrust case and SEK 660 M for credit losses in China. Adjusted for these three items operating income excluding restructuring charges amounted to SEK 4,573 M (3,021) corresponding to an operating margin of 5.7% (3.9).
- Operating cash flow in the Industrial Operations amounted to SEK 14.7 billion (10.6).

THE FULL YEAR 2015

- For the full year 2015 net sales increased by 10% to SEK 312.5 billion (282.9).
- Operating income amounted to SEK 25,652 M (8,393) excluding restructuring charges of SEK 2,333 M (2,569).
- The operating margin excluding restructuring charges amounted to 8.2% (3.0).
- Operating cash flow in the Industrial Operations amounted to SEK 18.3 billion (6.4).
- The Board of Directors' proposes a dividend of SEK 3.00 per share (3.00).

	Fourth quarter		Year	
	2015	2014	**2015**	2014
Net sales, SEK M	**79,636**	77,480	**312,515**	282,948
Operating income excl. restructuring charges, SEK M	**5,382**	-1,429	**25,652**	8,393
Operating margin excl. restructuring charges, %	**6.8**	-1.8	**8.2**	3.0
Restructuring charges, SEK M	**-871**	-830	**-2,333**	-2,569
Operating income, SEK M	**4,511**	-2,258	**23,318**	5,824
Operating margin, %	**5.7**	-2.9	**7.5**	2.1
Income after financial items, SEK M	**3,901**	-2,286	**20,418**	5,089
Income for the period, SEK M	**2,597**	-2,984	**15,099**	2,235
Diluted earnings per share, SEK	**1.27**	-1.46	**7.41**	1.03
Operating cash flow in Industrial Operations, SEK bn	**14.7**	10.6	**18.3**	6.4
Return on shareholders' equity, 12 months rolling, %			**18.4**	2.8
Net order intake, number of trucks	**49,088**	61,222	**198,057**	219,791
Net order intake, number of machines	**9,844**	12,056	**45,142**	60,575

CEO'S COMMENTS

Improved profitability and cash flow in 2015

2015 was a year of largely unchanged volumes, with the exception of construction equipment, where demand declined considerably. Our profitability improved with the operating margin excluding restructuring charges going from 3.0% in 2014 to 8.2% in 2015. This was thanks to cost reductions, but was also helped by positive currency development and capital gains from selling shares.

All operations contributed with improved earnings and cash flows. In 2015, operating cash flow in the Industrial Operations amounted to SEK 18.3 billion, which made us debt free by the end of the year.

During the fourth quarter, sales amounted to SEK 79.6 billion, which was 3% higher than the year-earlier period. Operating income excluding restructuring charges improved to SEK 5.4 billion and the cash flow to SEK 14.7 billion.

The trend in the truck markets is largely in line with our expectations. Demand improved in Europe but declined from high levels in North America. Brazil weakened somewhat further while markets in Asia showed a mixed picture. Order intake for trucks during the fourth quarter decreased by 20%. However, the decrease was mainly driven by North America which had a slowdown in the market and an exceptionally high order intake in the fourth quarter of 2014. In Europe demand continued to strengthen while Brazil had a weakening trend. During the first quarter we will adjust production to the new lower level of demand in North America and Brazil.

We delivered 56,198 trucks during the quarter, which is on par with the year-earlier period. Sales in the truck operations were SEK 55 billion. Operating income for the truck operation, excluding restructuring charges, was SEK 5.1 billion.

Volvo CE is struggling with weakening markets primarily in China and Brazil, but, despite a volume decline of 26%, it was able to improve the underlying earnings slightly through a better product and market mix as well as lower costs. The operating loss in the seasonally weak fourth quarter was SEK 191 M (-815).

Volvo Buses increased deliveries by 9% and finished the year with a strong operating income of SEK 331 M (-58) thanks to a better product mix and lower costs.

Volvo Penta continued to improve profitability during the seasonally weak fourth quarter with an operating margin of 6.3% (4.5). Volvo Financial Services posted a record operating income of SEK 2.0 billion and a return on equity of 13.4% for the full year 2015.

With regards to the activities in the restructuring program, they are close to completed when leaving 2015 and so far it has delivered expected results. The number of employees in the Group was reduced by approximately 5,000 people for the full year. As a result 2016 is expected to have SEK 10 billion lower structural cost level compared with 2012, when measured in local currencies. As the large restructuring activities now are coming to an end, the organization can fully focus on the day-to-day work on continuous improvements.

We now enter the next phase – by organizing the truck operations based on our brands. It will increase our focus on customers and contribute to drive our business with higher speed and improved efficiency. We will have a simpler organization in which decisions are made closer to the customer. This change is done to ensure strong brands, standing on their own commercial and profitability merits. At the same time each truck brand will be represented on the Group Executive Board with shared responsibility for optimizing the Group's overall truck business.

Martin Lundstedt
President and CEO

FINANCIAL SUMMARY OF THE FOURTH QUARTER AND FULL YEAR 2015

Net sales

In the fourth quarter of 2015, net sales for the Volvo Group increased by 3% to SEK 79,636 M (77,480) with growth coming from North America and Europe. However, this was partly offset by a significant decline in South America, driven by Brazil, and a decline in Africa. Adjusted for currency movements net sales decreased by 1% compared to the previous year.

For the full year 2015, net sales for the Volvo Group increased 10% to SEK 312,515 M (282,948). Adjusted for currency movements net sales increased by 1% compared to 2014.

Operating income

In the fourth quarter of 2015 operating income amounted to SEK 4,511 M (-2,258), including restructuring charges of SEK 871 M (830). Excluding restructuring charges, operating income amounted to SEK 5,382 M (-1,429) corresponding to an operating margin of 6.8% (-1.8).

Compared with the fourth quarter of 2014, operating income was positively impacted by favorable currency movements, higher earnings in North America and Europe as well as lower operating expenses for R&D, mainly as an effect of increased R&D capitalization, and selling and administrative expenses in a total amount of SEK 704 M. This was partly offset by lower volumes and lower earnings in Brazil.

Operating income was also impacted by a favorable outcome in an arbitration case amounting to SEK 809 M, of which SEK 772 M is reported in Trucks and SEK 37 M in Buses.

The total impact on operating income from changes in currencies was favorable in an amount of SEK 1,201 M compared with the same quarter in the preceding year.

Operating income also includes a negative impact from a provision for expected credit losses in China in amount of SEK 158 M in Volvo CE.

Operating income in the fourth quarter of 2014 was negatively impacted by provisions of SEK 3,790 M related to the EU antitrust investigation and SEK 660 M for credit

Net sales by market area	Fourth quarter		Change	Year		Change
SEK M	**2015**	2014	in %	**2015**	2014	in %
Western Europe	**27,884**	24,563	14	**102,350**	87,679	17
Eastern Europe	**5,099**	4,699	9	**18,063**	18,497	-2
North America	**24,720**	21,595	14	**101,952**	76,258	34
South America	**4,233**	7,179	-41	**16,725**	26,958	-38
Asia	**13,150**	13,568	-3	**53,470**	52,076	3
Other markets	**4,551**	5,876	-23	**19,955**	21,481	-7
Volvo Group	**79,636**	**77,480**	**3**	**312,515**	**282,948**	**10**

Consolidated income statement, Volvo Group	Fourth quarter		Year	
SEK M	**2015**	2014	**2015**	2014
Net sales	**79,636**	**77,480**	**312,515**	282,948
Cost of sales	**-61,757**	-60,883	**-240,653**	-220,012
Gross income	**17,879**	**16,597**	**71,862**	**62,937**
Research and development expenses	**-3,844**	-4,436	**-15,368**	-16,656
Selling expenses	**-7,134**	-7,255	**-27,694**	-27,448
Administrative expenses	**-1,529**	-1,520	**-5,769**	-5,408
Other operating income and expenses	**-768**	-5,694	**-4,179**	-7,697
Income/loss from investments in joint ventures and associated companies	**-100**	17	**-143**	46
Income from other investments	**6**	32	**4,609**	50
Operating income	**4,511**	**-2,258**	**23,318**	**5,824**
Interest income and similar credits	**52**	78	**257**	328
Interest expense and similar charges	**-683**	-517	**-2,366**	-1,994
Other financial income and expenses	**20**	411	**-792**	931
Income after financial items	**3,901**	**-2,286**	**20,418**	**5,089**
Income taxes	**-1,305**	-698	**-5,320**	-2,854
Income for the period*	**2,597**	**-2,984**	**15,099**	**2,235**
*Attributable to:				
Equity holders of the parent company	**2,589**	-2,957	**15,058**	2,099
Minority interests	**8**	-27	**41**	136
	2,597	**-2,984**	**15,099**	**2,235**
Basic earnings per share, SEK	**1.27**	-1.46	**7.42**	1.03
Diluted earnings per share, SEK	**1.27**	-1.46	**7.41**	1.03

losses in China.

Adjusted for the arbitration case (SEK 809 M) operating income excluding restructuring charges in the fourth quarter of 2015 amounted to SEK 4,573 M compared with SEK 3,021 M in the fourth quarter of 2014 when adjusted for provisions for the EU antitrust investigation (SEK 3,790 M) and credit losses in China (SEK 660 M). This corresponds to an operating margin of 5.7% (3.9).

For the full year 2015 operating income amounted to SEK 23,318 M (5,824), including restructuring charges of SEK 2,333 M (2,569). Excluding restructuring charges, operating income amounted to SEK 25,652 M (8,393) corresponding to an operating margin of 8.2% (3.0).

The total impact on operating income from changes in currencies was favorable in an amount of SEK 5,119 M for the full year 2015.

Net financial items

Compared with the fourth quarter of 2014, net interest expense increased due to higher interest rates on outstanding debt. Net interest expense amounted to SEK 631 M (439). Net interest expense in the third quarter of 2015 amounted to SEK 510 M.

In the fourth quarter of 2015 other financial income and expenses were positively impacted in an amount of SEK 146 M from realized result and unrealized revaluation of derivatives, compared to a positive impact of SEK 401 M in the fourth quarter 2014.

Income taxes

In the fourth quarter 2015 the tax expense amounted to SEK 1,305 M (698). The tax expense increased due to higher earnings and a revaluation of deferred tax assets in Japan in an amount of SEK 393 M.

Income for the period and earnings per share

In the fourth quarter 2015, income for the period amounted to SEK 2,597 M (-2,984). Diluted earnings per share amounted to SEK 1.27 (-1.46).

For the full year 2015 income for the period amounted to SEK 15,099 M (2,235). Diluted earnings per share amounted to SEK 7.41 (1.03).

Operating cash flow in the Industrial Operations

In the fourth quarter of 2015, operating cash flow in the Industrial Operations increased to SEK 14.7 billion (10.6). Cash flow in the fourth quarter was positively impacted by reduced working capital in an amount of SEK 9.8 billion and an operating income of SEK 4.0 billion.

For the full year 2015 operating cash flow in the Industrial Operations increased to SEK 18.3 billion (6.4).

Volvo Group financial position

During the fourth quarter net financial debt in the Industrial Operations, excluding provisions for post-employment benefits, decreased by SEK 14.3 billion, resulting in a net financial asset position of SEK 0.3 billion on December 31, 2015. This is equal to 0.5% of shareholders' equity. Including provisions for post- employment benefits, the Industrial Operations net financial debt amounted to SEK 13.2 billion corresponding to 17.6% of shareholders' equity. The decrease is mainly explained by a positive operating cash flow of SEK 14.7 billion and re-measurements of the defined benefit pension obligations of SEK 2.6 billion. The decrease of the defined benefit pension obligations is an effect of increased discount rates, mainly in Sweden.

The Volvo Group´s liquid funds, i.e. cash and cash equivalents and marketable securities combined amounted to SEK 24.4 billion at December 31, 2015. In addition to this, granted but unutilized credit facilities amounted to SEK 39.7 billion. Cash and cash equivalents as of December 31, 2015 included 0.8 (0.2) billion that is not available to use by the Volvo Group and SEK 5.4 (6.1) billion where exchange controls or other limitations exist.

The total assets in the Volvo Group have decreased by SEK 8.7 billion since year-end 2014. In the beginning of January, 2015 the Volvo Group completed the acquisition of 45% of shares in Dongfeng Commercial Vehicles of SEK 7.0 billion. Other shares and participations have decreased significantly since year-end 2014 mainly driven by the disposal of shares in Eicher Motors Limited of SEK 4.6 billion. Currency effects from revaluation of foreign subsidiaries have decreased assets by SEK 5.2 billion during 2015.

On December 31, 2015 shareholders' equity for the Volvo Group amounted to SEK 85.6 billion compared to SEK 80.0 billion at year-end 2014. The equity ratio was 22.9% (20.9). On the same date the equity ratio in the Industrial Operations amounted to 28.6% (25.7).

Number of employees and efficiency program

On December 31, 2015 the Volvo Group had 99,501 employees including temporary employees and consultants, which was a decrease of 5,070 employees compared with December 31, 2014.

During the fourth quarter of 2015, the number of white-collar employees and consultants was reduced by 947 persons while the number of blue-collar employees was reduced by 1,960 persons.

The work on the efficiency program is running according to plan measured in local currencies. As of the fourth quarter, savings in the program amount to SEK 4.6 billion on a 12-month rolling basis when compared with 2012. Measured in local currencies the savings amounted to SEK 6.8 billion.

Number of employees	**Dec 31 2015**	Sep 30 2015	Jun 30 2015	Mar 31 2015	Dec 31 2014
Blue-collar	**47,368**	49,328	50,745	50,554	50,138
Of which temporary employees and consultants	4,341	5,528	5,802	6,072	4,801
White-collar	**52,133**	53,080	53,579	53,828	54,433
Of which temporary employees and consultants	6,696	6,841	6,861	6,914	6,948
Total number of employees	**99,501**	**102,408**	**104,324**	**104,382**	**104,571**
Of which temporary employees and consultants	11,037	12,369	12,663	12,986	11,749

BUSINESS SEGMENT OVERVIEW

Net sales	Fourth quarter				Year			
SEK M	**2015**	2014	Change in %	Change in %*	**2015**	2014	Change in %	Change in %*
Trucks	**55,077**	53,821	2	-2	**213,978**	190,904	12	2
Construction Equipment	**10,967**	12,277	-11	-16	**51,008**	52,855	-3	-15
Buses	**7,289**	5,928	23	17	**23,580**	18,645	26	15
Volvo Penta	**2,228**	2,003	11	8	**9,406**	7,790	21	13
Corporate Functions, Group Functions & Other	**2,736**	2,369	15	15	**8,346**	8,162	2	4
Eliminations	**-868**	-758	-	-	**-2,736**	-2,356	-	-
Industrial operations	**77,429**	**75,640**	**2**	**-2**	**303,582**	**275,999**	**10**	**0**
Customer Finance	2,760	2,714	2	0	11,199	10,111	11	3
Reclassifications and eliminations	-553	-874	-	-	-2,265	-3,162	-	-
Volvo Group	**79,636**	**77,480**	**3**	**-1**	**312,515**	**282,948**	**10**	**1**

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

Operating income excl. restructuring charges	Fourth quarter		Year	
SEK M	**2015**	2014	**2015**	2014
Trucks	**5,146**	-542	**21,549**[1]	5,622
Construction Equipment	**-191**	-815	**2,090**	1,231
Buses	**331**	-58	**882**	98
Volvo Penta	**140**	90	**1,102**	729
Corporate Functions, Group Functions & Other	**-574**	-582	**-1,973**	-1,180
Eliminations	**-5**	6	**-6**	176
Industrial operations	**4,848**	**-1,901**	**23,646**	**6,676**
Customer Finance	**534**	472	**2,006**	1,717
Volvo Group excl. restructuring charges	**5,382**	**-1,429**	**25,652**	**8,393**
Restructuring charges (see Note 6 Efficiency program)				
Trucks	**-837**	-199	**-2,032**	-1,464
Construction Equipment	**41**	-579	**-46**	-579
Buses	**-8**	-	**-23**	-6
Volvo Penta	**-**	-	**-16**	-5
Corporate Functions, Group Functions & Other	**-67**	-52	**-216**	-510
Industrial operations	**-871**	**-830**	**-2,333**	**-2,564**
Customer Finance	**-**	-	**-**	-5
Volvo Group restructuring charges	**-871**	**-830**	**-2,333**	**-2,569**
Volvo Group	**4,511**	**-2,258**	**23,318**	**5,824**

Operating margin excl. restructuring charges	Fourth quarter		Year	
%	**2015**	2014	**2015**	2014
Trucks	**9.3**	-1.0	**10.1**[1]	2.9
Construction Equipment	**-1.7**	-6.6	**4.1**	2.3
Buses	**4.5**	-1.0	**3.7**	0.5
Volvo Penta	**6.3**	4.5	**11.7**	9.4
Industrial operations	**6.3**	**-2.5**	**7.8**	**2.4**
Volvo Group excl. restructuring charges	**6.8**	**-1.8**	**8.2**	**3.0**
Volvo Group	**5.7**	**-2.9**	**7.5**	**2.1**

[1] Including a capital gain of SEK 4,608 M from a sale of shares in Eicher Motors Limited of which SEK 2,471 M in the first quarter of 2015 and SEK 2,137 M in the second quarter of 2015.

TRUCKS

Improved profitability

- Operating income excluding restructuring charges:
  - SEK 5,146 M (-542) in the fourth quarter 2015
  - SEK 21,549 M (5,622) for the full year 2015
- Good demand in Europe, weakening in North America and Brazil

Market development

During the fourth quarter of 2015 truck demand continued to develop favorably in Europe. The North American truck market continued to weaken from high levels and in South America's largest truck market, Brazil, truck demand remained low. Demand in Japan remained healthy, while South East Asia continued to decline. India showed a positive development.

During 2015 registrations in Europe increased by 19% to 270,000 (227,612) heavy-duty trucks as a consequence of increased freight activity, resulting in good capacity utilization and good customer profitability, as well as a need for fleet renewal. The total market for heavy-duty trucks in Europe is forecasted to a level of 280,000 trucks in 2016 (previous forecast 275,000), based on the expectation of continued economic recovery in Europe.

The total North American retail market for heavy-duty trucks increased by 12% to 301,740 vehicles in 2015 as a result of fleet renewal and fleet expansion combined with good customer profitability thanks to good freight environment, low fuel prices and low interest rates. Demand weakened during the fourth quarter with a correction mainly in the long-haul segment. The heavy-duty truck market forecast for 2016 is adjusted downwards to 260,000 vehicles (previous forecast 280,000) as freight activity weakened towards the end of the year and the need for fleet expansion and renewal will be lower in 2016.

In 2015, the Brazilian market declined by 55% to 41,603 vehicles as a consequence of the contracting economy combined with overall low business confidence. The heavy-duty market forecast for Brazil in 2016 is adjusted downward to 35,000 trucks (previous forecast 40,000).

The total medium- and heavy-duty truck market in India increased by 28% to 278,139 vehicles in 2015 and is forecasted to increase to 315,000 vehicles in 2016 based on good business confidence and increased economic activity.

The Chinese total market for medium- and heavy-duty trucks declined by 24% to 751,130 vehicles in 2015 primarily as a consequence of lower demand in the construction segment. The market is forecasted to be at about 750,000 trucks also in 2016 (previous forecast: 720,000).

In Japan, demand remained healthy. Registrations of medium- and heavy-duty trucks increased by 1% to 89,644 vehicles in 2015 and the market forecast remains on 90,000 trucks for 2016.

Order intake

Total net orders decreased by 20% in the fourth quarter compared with a strong quarter in the previous year. Net orders of 49,088 trucks and deliveries of 56,198 trucks resulted in a book-to-bill ratio of 87% for the Group's wholly-owned operations.

Orders in Europe rose by 20% with a continued positive trend for Renault Trucks and a good increase in demand for Volvo. The book-to-bill ratio for Europe was 99%.

Total market development	Year		Change	**Forecast**	Change vs.
Registrations, number of trucks	**2015**	2014	in %	**2016**	previous forecast
Europe 30[1] heavy-duty	**270,000**	227,612	19	280,000	+5,000
North America heavy-duty	**301,740**	270,275	12	260,000	-20,000
Brazil heavy-duty	**41,603**	92,665	-55	35,000	-5,000
China heavy-duty	**550,716**	743,698	-26	555,000	+30,000
China medium-duty	**200,414**	243,450	-18	195,000	Unchanged
India heavy-duty	**209,894**	154,782	36	245,000	Unchanged
India medium-duty	**68,245**	62,265	10	70,000	Unchanged
Japan heavy-duty	**44,463**	42,200	5	45,000	Unchanged
Japan medium-duty	**45,181**	46,155	-2	45,000	Unchanged

[1]EU minus Bulgaria plus Norway and Switzerland

Net order intake per market	Fourth quarter		Change	Year		Change
Number of trucks	**2015**	2014	in %	**2015**	2014	in %
Europe	**25,686**	21,395	20	**92,905**	79,731	17
Volvo	**14,090**	11,355	24	**49,882**	44,507	12
Renault Trucks	**11,596**	10,040	15	**43,023**	35,224	22
North America	**10,395**	24,703	-58	**50,959**	71,795	-29
whereof Volvo	**5,414**	12,023	-55	**31,365**	39,132	-20
whereof Mack	**4,905**	12,601	-61	**19,226**	32,330	-41
South America	**2,288**	3,556	-36	**9,010**	19,549	-54
Asia	**7,370**	8,316	-11	**32,121**	32,808	-2
Other markets	**3,349**	3,252	3	**13,062**	15,908	-18
Total Trucks	**49,088**	**61,222**	**-20**	**198,057**	**219,791**	**-10**
Non-consolidated operations						
VE Commercial Vehicles (Eicher)	**12,264**	7,473	64	**46,257**	30,400	52
Dongvo (Hangzhou) Truck Company (UD)	**58**	41	41	**123**	120	2

In North America orders came down by 58% in total, with Volvo orders down 55% and Mack orders down 61%. The decline is an effect of a slowing market, dealers focusing on reducing their inventories and the comparison with an extraordinarily high quarter last year. Production cut-backs will be implemented in North America in the first quarter to adapt to a slowing market and expected destocking among dealers.

Orders in South America declined by 36% as a result of continued low economic activity and decreased business confidence. In Brazil there will be further adjustments to adapt production to weaker demand.

Orders in Asia decreased by 11% primarily related to Japan and the Middle East.

Deliveries

In the fourth quarter of 2015, deliveries were flat at 56,198 trucks in total for the Volvo Group's wholly-owned operations compared with the year-earlier period. In Europe deliveries rose by 25% whereas deliveries in North America were almost flat and deliveries in South America were down by 50%.

Net sales and operating income

During the fourth quarter of 2015, the truck operation's net sales amounted to SEK 55,077 M, which was 2% higher than in the fourth quarter of 2014. Adjusted for currency movements net sales decreased by 2%.

Operating income in the fourth quarter 2015 improved to SEK 5,146 M (-542) excluding restructuring charges of SEK 837 M (199), corresponding to an operating margin of 9.3% (-1.0). Earnings were positively impacted by favorable currency movements in an amount of SEK 679 M as well as a favorable outcome in an arbitration case in

Deliveries per market	Fourth quarter		Change	Year		Change
Number of trucks	**2015**	2014	in %	**2015**	2014	in %
Europe	**25,917**	20,805	25	**86,448**	72,458	19
North America	**15,389**	15,758	-2	**64,507**	57,714	12
South America	**3,108**	6,177	-50	**11,069**	23,741	-53
Asia	**8,758**	8,940	-2	**31,979**	32,399	-1
Other markets	**3,026**	4,439	-32	**13,472**	16,812	-20
Total Trucks	**56,198**	**56,119**	**0**	**207,475**	**203,124**	**2**
Non-consolidated operations						
VE Commercial Vehicles (Eicher)	**10,544**	7,604	39	**35,751**	30,375	18
Dongvo (Hangzhou) Truck Company (UD)	**20**	49	-59	**105**	107	-2
Dongfeng Commercial Vehicle Company (Dongfeng Trucks)[1]	**36,536**	-	-	**113,931**	-	-

[1] Quarter includes 4 months' volumes

Net sales by market area	Fourth quarter		Change	Year		Change
SEK M	**2015**	2014	in %	**2015**	2014	in %
Europe	**23,156**	20,631	12	**83,767**	72,757	15
North America	**17,403**	15,377	13	**73,017**	53,696	36
South America	**3,048**	5,204	-41	**11,624**	19,669	-41
Asia	**8,330**	8,385	-1	**31,589**	29,264	8
Other markets	**3,141**	4,224	-26	**13,982**	15,518	-10
Total	**55,077**	**53,821**	**2**	**213,978**	**190,904**	**12**

an amount of SEK 772 M. Lower operating expenses for research and development, primarily as an effect of increased R&D capitalization, as well as lower selling expenses contributed to the improvement compared with the fourth quarter in the previous year. This was partly offset by somewhat lower volumes, an unfavorable product mix and lower earnings in Dongfeng Commercial Vehicles due to the market decline in China.

Earnings improved in North America and Europe, partly offset by lower earnings in Brazil.

Operating income in the fourth quarter 2014 was negatively impacted by the EU anti-trust provision of SEK 3,790 M.

Adjusted for the favorable outcome in the arbitration case and the provision for the EU antitrust investigation, operating income excluding restructuring charges amounted to SEK 4,374 (3,248), corresponding to an operating margin of 7.9% (6.0).

For the full year, net sales increased by 12% to SEK 213,978 M. Operating income for the full year excluding restructuring charges increased from SEK 5,622 M in 2014 to SEK 21,549 M in 2015, corresponding to an operating margin of 10.1% (2.9%). Restructuring charges in 2015 amounted to SEK 2,032 M (1,464).

CONSTRUCTION EQUIPMENT

Market headwind resulting in lower volumes

- Operating income excluding restructuring charges:
  - SEK -191 M (-815) in the fourth quarter 2015
  - SEK 2,090 M (1,231) for the full year 2015
- Deliveries in the fourth quarter down by 26% compared to last year
- Market share gains on larger, more profitable machines

Market development

The European market was down by 6% through November, mainly driven by Russia, which was down by 67%. Excluding Russia, the European market increased by 3%.

In North America the market was 1% above the 2014 level but has started to decline. The decrease in South America in 2015 was mainly caused by Brazil (-50%) that continues to face low overall business confidence.

In Asia (excluding China) the total market was 2% below 2014. The Chinese market continued to decline throughout 2015 mainly caused by reduced mining, construction and infrastructure projects resulting in low machine utilization. This is putting pressure on customers' ability to pay leasing installments.

Order intake

In the fourth quarter, net order intake was 18% lower than 2014. In Europe, order intake in the fourth quarter was 21% above last year, driven by good order intake on excavators and wheel loaders, especially in Germany and France.

Order intake in North America for the fourth quarter was below the same period in 2014 (-33%), partly due to slowing demand and the effect of the product exits of backhoe loaders and motor graders, which were announced in November 2014. In South America order intake was 54% below the fourth quarter in 2014 driven by the continued decline in the Brazilian market.

Order intake in Asia was 30% below the fourth quarter in the previous year, mainly driven by the continued slowdown in the Chinese market impacting both Volvo and SDLG brands.

Deliveries

In the fourth quarter deliveries decreased by 26%

Total market development	Year-to-date Nov		
Change in % measured in units	**2015**	Forecast 2016	Previous forecast
Europe	**-6**	–5% to +5%	–5% to +5%
North America	**1**	–10% to 0%	–5% to +5%
South America	**-36**	–10% to 0%	–10% to 0%
Asia excl. China	**-2**	–10% to 0%	–10% to 0%
China	**-48**	–20% to –10%	–20% to –10%

Net order intake per market	Fourth quarter		Change	Year		Change
Number of machines	**2015**	2014	in %	**2015**	2014	in %
Europe	**3,851**	3,193	21	**13,892**	13,771	1
North America	**956**	1,426	-33	**5,315**	6,974	-24
South America	**317**	692	-54	**1,840**	3,614	-49
Asia	**4,267**	6,064	-30	**22,115**	33,529	-34
Other markets	**453**	680	-33	**1,980**	2,687	-26
Total orders	**9,844**	**12,056**	**-18**	**45,142**	**60,575**	**-25**
Of which:						
Volvo	**6,778**	7,691	-12	**30,720**	36,013	-15
SDLG	**3,034**	4,296	-29	**14,267**	24,445	-42
Of which in China	**2,154**	3,313	-35	**11,311**	19,964	-43

compared to the same period in 2014, with decreased sales in all regions except Europe. Volvo CE recorded a market share gain of 1.8 percentage points for the larger, more profitable machines in 2015.

Net sales and operating income

In the fourth quarter of 2015, net sales decreased by 11% to SEK 10,967 M. Adjusted for currency movements net sales decreased by 16%.

Operating income excluding restructuring charges amounted to SEK -191 M (-815), corresponding to an operating margin of -1.7% (-6.6%). Earnings were negatively impacted by lower sales volumes and low capacity utilization along with credit provisions in China of SEK 158 M (660), which was partly off-set by lower operating expenses and a favorable product and market mix. Capacity utilization was low as a consequence of cutbacks in production in order to adapt to declining sales volumes and to control inventory levels, and compared to the third quarter inventories were reduced. Currency movements had a positive impact compared to last year in an amount of SEK 148 M.

For the full year 2015 net sales decreased by 3% to SEK 51,008 M. Operating income excluding restructuring charges amounted to SEK 2,090 M (1,231), corresponding to an operating margin of 4.1% (2.3%). Restructuring charges in 2015 amounted to SEK 46 M (579).

In the face of the global market remaining flat to down, Volvo CE continued to execute on internal measures to drive profitability and resource efficiency. Employee headcount was reduced by 2,100 employees during 2015 to 14,400. It also saw operations at the company's Polish facility in Wroclaw end, following the decision to cease production of Volvo-branded backhoe loaders.

Deliveries per market	Fourth quarter		Change	Year		Change
Number of machines	**2015**	2014	in %	**2015**	2014	in %
Europe	**2,799**	2,702	4	**12,539**	14,174	-12
North America	**1,013**	1,510	-33	**5,710**	7,127	-20
South America	**428**	1,023	-58	**2,036**	3,669	-45
Asia	**4,241**	6,172	-31	**22,339**	33,648	-34
Other markets	**494**	671	-26	**2,094**	2,699	-22
Total deliveries	**8,975**	**12,078**	**-26**	**44,718**	**61,317**	**-27**
Of which:						
Volvo	**5,897**	7,713	-24	**30,296**	36,755	-18
SDLG	**3,046**	4,296	-29	**14,267**	24,445	-42
Of which in China	**2,154**	3,313	-35	**11,311**	19,964	-43

Net sales by market area	Fourth quarter		Change	Year		Change
SEK M	**2015**	2014	in %	**2015**	2014	in %
Europe	**4,308**	4,023	7	**17,732**	17,215	3
North America	**2,379**	2,595	-8	**11,843**	10,784	10
South America	**476**	843	-44	**2,207**	3,234	-32
Asia	**3,200**	3,958	-19	**16,424**	18,458	-11
Other markets	**605**	857	-29	**2,802**	3,164	-11
Total	**10,967**	**12,277**	**-11**	**51,008**	**52,855**	**-3**

BUSES

Profit improvement

- Operating income excluding restructuring charges:
  - SEK 331 M (-58) in the fourth quarter 2015
  - SEK 882 M (98) for the full year 2015
- Volvo Buses to introduce hybrid buses in India

The European bus market recovered slightly during 2015. In North America there is a positive development, while in Brazil the weak economy affects demand for buses and coaches negatively. The Asian markets are recovering gradually, including the Indian bus and coach market.

Volvo Buses delivered 2,970 buses and coaches during the fourth quarter 2015, an increase of 9% compared to the previous year. Order intake in the fourth quarter increased by 24% to 2,877 buses and coaches.

As the first bus manufacturer in the world, Volvo is preparing for an introduction of hybrid buses on the Indian market. The first five buses will be in traffic in Navi Mumbai during the first quarter 2016.

In November, Volvo Buses introduced the all new Volvo 9800 coach in the Mexican market. Volvo has already received orders for 400 Volvo 9800 coaches from Mexican customers.

Net sales in the fourth quarter increased by 23% to SEK 7,289 M (5,928). Adjusted for currency movements, net sales increased by 17%. In the quarter Buses reported an operating income of SEK 331 M (-58) excluding restructuring charges of SEK 8 M (0) corresponding to an operating margin of 4.5% (-1.0). Earnings were impacted by a favorable currency development, a good product and market mix, improved industrial efficiency and a favorable outcome in an arbitration case of SEK 37 M. Compared with the fourth quarter of 2014, operating income was positively impacted by currency movements in an amount of SEK 269 M.

For the full year net sales increased by 26% to SEK 23,580 M. Operating income excluding restructuring charges amounted to SEK 882 M (98), corresponding to an operating margin of 3.7% (0.5). Restructuring charges amounted to SEK 23 M (6).

Net sales by market area	Fourth quarter		Change	Year		Change
SEK M	**2015**	2014	in %	**2015**	2014	in %
Europe	**2,488**	1,894	31	**7,284**	6,139	19
North America	**3,235**	2,381	36	**10,635**	6,721	58
South America	**349**	729	-52	**1,425**	2,559	-44
Asia	**846**	527	61	**2,557**	1,892	35
Other markets	**370**	396	-7	**1,678**	1,334	26
Total	**7,289**	**5,928**	**23**	**23,580**	**18,645**	**26**

VOLVO PENTA

Strong sales growth and profitability

- Operating income excluding restructuring charges:
  - SEK 140 M (90) in the fourth quarter 2015
  - SEK 1,102 M (729) for the full year 2015
- Forward Drive captures Best of Boats Special Award at Berlin Boat Show

The marine leisure market remains unchanged compared to previous years. In November, Volvo Penta's Forward Drive was honored at the Berlin Boat Show with the Best of Boats Special Award. The marine commercial market lingers on low levels, but shows positive signs in certain sub-segments.

For industrial off-road engines, the market is showing mixed signs, with growth in North America and decline in Brazil, Russia and China. The market for industrial power generation engines shows a stable development in North America and Europe.

Net order intake during the quarter was 8,386 (9,165) units.

Net sales in the fourth quarter of 2015 increased by 11% and amounted to SEK 2,228 M (2,003). Adjusted for currency movements, net sales increased by 8%. Sales in the fourth quarter were distributed between business segments as follows: Marine 1,342 M (1,115) and Industrial 887 M (888).

Operating income amounted to 140 M (90). The operating margin was 6.3% (4.5). Earnings were positively impacted by higher volumes and a positive market mix. Compared with the fourth quarter of 2014, operating income was impacted positively by currency movements in an amount of SEK 22 M.

For the full year net sales increased by 21% to SEK 9,406 M. Operating income excluding restructuring charges amounted to SEK 1,102 M (729), corresponding to an operating margin of 11.7% (9.4). Restructuring charges amounted to SEK 16 M (5).

Net sales by market area	Fourth quarter		Change	Year		Change
SEK M	**2015**	2014	in %	**2015**	2014	in %
Europe	**1,029**	917	12	**4,462**	3,779	18
North America	**567**	409	39	**2,161**	1,584	36
South America	**89**	125	-29	**365**	386	-5
Asia	**406**	438	-7	**1,855**	1,615	15
Other markets	**137**	115	20	**562**	425	32
Total	**2,228**	**2,003**	**11**	**9,406**	**7,790**	**21**

VOLVO GROUP'S CUSTOMER FINANCE

Solid performance

- Operating income excluding restructuring charges:
  - SEK 534 M (472) in the fourth quarter 2015
  - SEK 2,006 M (1,717) for the full year 2015
- Continued good portfolio performance
- Return on shareholders' equity of 13.4% (12.5)

Adjusted for currency, the credit portfolio grew by 7% compared with the same quarter 2014. New business volume continued to be strong despite weak demand in Brazil. Financing penetration[1)] was stable in served markets, but overall penetration was lower than the prior period mainly due to changes in market delivery mix.

The portfolio continued to perform well during the quarter, highlighted by very low customer overdues in North America and most of Europe. However, the Brazil portfolio continues to be impacted by the vast deterioration of the economy and downturn management activities are in place to mitigate the negative effects.

Operating income in the fourth quarter 2015 improved to SEK 534 M (472) driven primarily by profitable growth, good overall portfolio performance and productivity improvement resulting from good cost control.

During the quarter, Volvo Financial Services syndicated approximately SEK 2.0 billion of the credit portfolio across a number of markets, reducing concentration risks and freeing up credit capacity.

Customer finance	Fourth quarter		Year	
SEK M	**2015**	2014	**2015**	2014
Number of financed units	**13,370**	15,660	**49,038**	54,819
Total penetration rate¹, %	**24**	29	**25**	28
New financing volume, SEK billion	**14.9**	16.2	**54.8**	54.7
Credit portfolio net, SEK billion	**-**	-	**123**	117
Credit provision expenses	**229**	208	**817**	858
Operating income, excl. restructuring charges	**534**	472	**2,006**	1,717
Credit reserves, % of credit portfolio	**-**	-	**1.41**	1.33
Return on shareholders' equity, rolling 12 months, %	**-**	-	**13.4**	12.5

[1] Share of unit sales financed by Volvo Financial Services in relation to the total number of units sold by the Volvo Group in markets where financial services are offered.

IMPORTANT EVENTS

Volvo wins arbitration case

The Volvo Group won a case in the Arbitration Tribunal relating to defective components. The deliveries were made several years ago and the problem was corrected in the production process many years ago. The outcome had a positive impact of SEK 809 M on the Volvo Group's operating income in the fourth quarter 2015.

Divestment of IT business and outsourcing of IT infrastructure operations

The Volvo Group intends to divest its external IT business and to outsource IT infrastructure operations to HCL Technologies. The transaction is expected to be closed during the second quarter of 2016 and will provide both cost savings and a capital gain of approximately SEK 900 M.

Previously reported important events

- Completion of the acquisition of 45% of Dongfeng Commercial Vehicles
- Volvo sold holding in the listed Indian company Eicher Motors Limited
- Annual General Meeting of AB Volvo
- Volvo sold remaining holding in Eicher Motors Limited
- Martin Lundstedt assumed position as new CEO of the Volvo Group

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

CONSOLIDATED INCOME STATEMENT **FOURTH QUARTER**

	Industrial operations		Customer Finance		Eliminations		Volvo Group	
SEK M	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Net sales	**77,429**	75,640	**2,760**	2,714	**-553**	-874	**79,636**	77,480
Cost of sales	**-60,726**	-60,153	**-1,584**	-1,604	**553**	874	**-61,757**	-60,883
Gross income	**16,703**	**15,487**	**1,176**	**1,110**	**-**	**-**	**17,879**	**16,597**
Research and development expenses	**-3,844**	-4,436	**-**	-	**-**	-	**-3,844**	-4,436
Selling expenses	**-6,686**	-6,826	**-448**	-428	**-**	-	**-7,134**	-7,255
Administrative expenses	**-1,518**	-1,509	**-10**	-11	**-**	-	**-1,529**	-1,520
Other operating income and expenses	**-584**	-5,496	**-184**	-198	**-**	-	**-768**	-5,694
Income/loss from investments in joint ventures and associated companies	**-100**	17	**-**	-	**-**	-	**-100**	17
Income from other investments	**6**	33	**0**	-1	**-**	-	**6**	32
Operating income	**3,976**	**-2,731**	**534**	**472**	**-**	**-**	**4,511**	**-2,258**
Interest income and similar credits	**52**	78	**-**	-	**-**	-	**52**	78
Interest expense and similar charges	**-683**	-517	**0**	-	**-**	-	**-683**	-517
Other financial income and expenses	**20**	411	**0**	-	**-**	-	**20**	411
Income after financial items	**3,366**	**-2,758**	**534**	**472**	**-**	**-**	**3,901**	**-2,286**
Income taxes	**-1,141**	-579	**-163**	-119	**-**	-	**-1,305**	-698
Income for the period*	**2,225**	**-3,338**	**371**	**354**	**-**	**-**	**2,597**	**-2,984**
*Attributable to:								
Equity holders of the parent company							**2,589**	-2,957
Minority interests							**8**	-27
							2,597	**-2,984**
Basic earnings per share, SEK							**1.27**	-1.46
Diluted earnings per share, SEK							**1.27**	-1.46
Key operating ratios, %								
Gross margin	21.6	20.5	-	-	-	-	22.5	21.4
Research and development expenses as percentage of net sales	5.0	5.9	-	-	-	-	4.8	5.7
Selling expenses as percentage of net sales	8.6	9.0	-	-	-	-	9.0	9.4
Administrative expenses as percentage of net sales	2.0	2.0	-	-	-	-	1.9	2.0
Operating margin	5.1	-3.6	-	-	-	-	5.7	-2.9

CONSOLIDATED OTHER COMPREHENSIVE INCOME **FOURTH QUARTER**

SEK M	**2015**	2014
Income for the period	**2,597**	-2,984
Items that will not be reclassified to income statement:		
Remeasurements of defined benefit pension plans	**2,034**	-1,282
Items that may be reclassified subsequently to income statement:		
Exchange differences on translation of foreign operations	**-1,215**	2,080
Share of OCI related to joint ventures and associated companies	**-24**	104
Accumulated translation difference reversed to income	**2**	-7
Available-for-sale investments	**117**	1,046
Change in cash flow hedges	**-4**	-5
Other comprehensive income, net of income taxes	**910**	**1,936**
Total comprehensive income for the period*	**3,507**	**-1,048**
*Attributable to:		
Equity holders of the parent company	**3,546**	-1,150
Minority interests	**-39**	102
	3,507	**-1,048**

CONSOLIDATED INCOME STATEMENT **YEAR**

	Industrial operations		Customer Finance		Eliminations		Volvo Group	
SEK M	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Net sales	**303,582**	275,999	**11,199**	10,111	**-2,265**	-3,162	**312,515**	282,948
Cost of sales	**-236,311**	-217,251	**-6,607**	-5,923	**2,265**	3,162	**-240,653**	-220,012
Gross income	**67,271**	**58,748**	**4,591**	**4,188**	**-**	**-**	**71,862**	**62,937**
Research and development expenses	**-15,368**	-16,656	**-**	-	**-**	-	**-15,368**	-16,656
Selling expenses	**-25,857**	-25,778	**-1,837**	-1,670	**-**	-	**-27,694**	-27,448
Administrative expenses	**-5,728**	-5,367	**-41**	-41	**-**	-	**-5,769**	-5,408
Other operating income and expenses	**-3,473**	-6,931	**-706**	-766	**-**	-	**-4,179**	-7,697
Income/loss from investments in joint ventures and associated companies	**-143**	46	**-**	-	**-**	-	**-143**	46
Income from other investments	**4,610**	49	**-2**	1	**-**	-	**4,609**	50
Operating income	**21,312**	**4,111**	**2,006**	**1,712**	**-**	**-**	**23,318**	**5,824**
Interest income and similar credits	**257**	328	**-**	-	**-**	-	**257**	328
Interest expense and similar charges	**-2,366**	-1,994	**0**	-	**-**	-	**-2,366**	-1,994
Other financial income and expenses	**-792**	931	**0**	-	**-**	-	**-792**	931
Income after financial items	**18,411**	**3,377**	**2,006**	**1,712**	**-**	**-**	**20,418**	**5,089**
Income taxes	**-4,687**	-2,287	**-633**	-568	**-**	-	**-5,320**	-2,854
Income for the period*	**13,725**	**1,091**	**1,373**	**1,145**	**-**	**-**	**15,099**	**2,235**
*Attributable to:								
Equity holders of the parent company							**15,058**	2,099
Minority interests							**41**	136
							15,099	**2,235**
Basic earnings per share, SEK							**7.42**	1.03
Diluted earnings per share, SEK							**7.41**	1.03
Key operating ratios, %								
Gross margin	22.2	21.3	-	-	-	-	23.0	22.2
Research and development expenses as percentage of net sales	5.1	6.0	-	-	-	-	4.9	5.9
Selling expenses as percentage of net sales	8.5	9.3	-	-	-	-	8.9	9.7
Administrative expenses as percentage of net sales	1.9	1.9	-	-	-	-	1.8	1.9
Operating margin	7.0	1.5	-	-	-	-	7.5	2.1

CONSOLIDATED OTHER COMPREHENSIVE INCOME **YEAR**

SEK M	**2015**	2014
Income for the period	**15,099**	2,235
Items that will not be reclassified to income statement:		
Remeasurements of defined benefit pension plans	**2,783**	-2,833
Items that may be reclassified subsequently to income statement:		
Exchange differences on translation of foreign operations	**-2,481**	5,998
Share of OCI related to joint ventures and associated companies	**24**	198
Accumulated translation difference reversed to income	**45**	33
Available-for-sale investments	**-3,837**	3,067
Change in cash flow hedges	**-32**	24
Other comprehensive income, net of income taxes	**-3,498**	**6,487**
Total comprehensive income for the period*	**11,601**	**8,722**
*Attributable to:		
Equity holders of the parent company	**11,527**	8,334
Minority interests	**74**	388
	11,601	**8,722**

CONSOLIDATED BALANCE SHEET

	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
SEK M	**Dec 31 2015**	Dec 31 2014	**Dec 31 2015**	Dec 31 2014	**Dec 31 2015**	Dec 31 2014	**Dec 31 2015**	Dec 31 2014
Assets								
Non-current assets								
Intangible assets	**36,314**	37,010	**102**	105	**-**	-	**36,416**	37,115
Tangible assets								
Property, plant and equipment	**53,554**	55,087	**64**	94	**-**	-	**53,618**	55,181
Assets under operating leases	**20,616**	19,484	**18,253**	17,872	**-6,338**	-6,138	**32,531**	31,218
Financial assets								
Investments in joint ventures and associated companies	**11,148**	4,821	**-**	-	**-**	-	**11,148**	4,821
Other shares and participations	**893**	5,004	**8**	13	**-**	-	**902**	5,017
Non-current customer-financing receivables	**3**	1,205	**52,163**	51,380	**-1,204**	-1,254	**50,962**	51,331
Prepaid pensions	**34**	126	**-**	-	**-**	-	**34**	126
Non-current interest-bearing receivables	**1,138**	1,041	**500**	22	**-487**	378	**1,150**	1,441
Other non-current receivables	**3,271**	3,528	**140**	150	**-143**	-165	**3,268**	3,513
Deferred tax assets	**12,582**	15,022	**868**	809	**-**	-	**13,450**	15,831
Total non-current assets	**139,552**	**142,328**	**72,098**	**70,445**	**-8,172**	**-7,179**	**203,478**	**205,594**
Current assets								
Inventories	**44,194**	45,364	**196**	169	**-**	-	**44,390**	45,533
Current receivables								
Customer-financing receivables	**9**	623	**52,404**	48,063	**-792**	-850	**51,621**	47,836
Tax assets	**1,537**	2,918	**624**	496	**-**	-	**2,161**	3,414
Interest-bearing receivables	**2,600**	1,736	**14**	345	**-827**	-968	**1,788**	1,113
Internal funding	**7,963**	4,374	**-**	-	**-7,963**	-4,374	**-**	-
Accounts receivable	**28,577**	30,495	**525**	400	**-**	-	**29,101**	30,895
Other receivables	**14,259**	13,950	**1,327**	1,984	**-1,667**	-1,265	**13,920**	14,669
Non interest-bearing assets held for sale	**3,314**	288	**-**	-	**-**	-	**3,314**	288
Marketable securities	**3,344**	6,927	**-**	385	**-**	-	**3,344**	7,312
Cash and cash equivalents	**17,866**	24,178	**3,651**	2,470	**-469**	-406	**21,048**	26,242
Total current assets	**123,664**	**130,853**	**58,741**	**54,312**	**-11,717**	**-7,863**	**170,687**	**177,302**
Total assets	**263,216**	**273,181**	**130,839**	**124,757**	**-19,890**	**-15,042**	**374,165**	**382,896**
Equity and liabilities								
Equity attributable to the equity holders of the parent company	**73,350**	68,382	**10,460**	9,943	**-**	-	**83,810**	78,325
Minority interests	**1,801**	1,723	**-**	-	**-**	-	**1,801**	1,723
Total equity	**75,151**	**70,105**	**10,460**	**9,943**	**-**	**-**	**85,610**	**80,048**
Non-current provisions								
Provisions for post-employment benefits	**13,621**	16,580	**53**	103	**-**	-	**13,673**	16,683
Provisions for deferred taxes	**546**	201	**2,949**	2,595	**-**	-	**3,495**	2,796
Other provisions	**9,286**	12,463	**214**	231	**35**	46	**9,536**	12,740
Non-current liabilities								
Bond loans	**47,776**	68,877	**-**	-	**-**	-	**47,776**	68,877
Other loans	**17,123**	27,395	**11,581**	13,013	**-1,204**	-1,254	**27,500**	39,154
Internal funding	**-42,442**	-59,955	**42,712**	42,997	**-270**	16,958	**-**	-
Other liabilities	**20,359**	17,549	**733**	607	**-4,554**	-4,424	**16,538**	13,732
Current provisions	**14,104**	12,390	**67**	76	**6**	7	**14,176**	12,473
Current liabilities								
Loans	**50,339**	32,130	**8,480**	9,266	**-1,488**	-1,443	**57,331**	39,953
Internal funding	**-40,234**	-20,267	**49,013**	42,002	**-8,780**	-21,735	**-**	-
Non interest-bearing liabilities held for sale	**573**	130	**-**	-	**-**	-	**573**	130
Trade payables	**55,250**	56,351	**398**	296	**-**	-	**55,648**	56,647
Tax liabilities	**1,113**	2,558	**209**	135	**-**	-	**1,322**	2,693
Other liabilities	**40,652**	36,674	**3,970**	3,493	**-3,635**	-3,197	**40,986**	36,970
Total equity and liabilities	**263,216**	**273,181**	**130,839**	**124,757**	**-19,890**	**-15,042**	**374,165**	**382,896**
Key ratios, %								
Shareholders' equity as percentage of total assets	**28.6**	25.7	**8.0**	8.0	**-**	-	**22.9**	20.9
Shareholders' equity per share, excluding minority interests, SEK	**-**	-	**-**	-	**-**	-	**41.3**	38.6
Return on operating capital, 12 months rolling	**25.0**	4.5	**-**	-	**-**	-	**-**	-
Return on shareholders' equity, 12 months rolling	**-**	-	**13.4**	12.5	**-**	-	**18.4**	2.8

CONSOLIDATED CASH FLOW STATEMENT **FOURTH QUARTER**

SEK bn	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Operating activities								
Operating income	**4.0**	-2.7	**0.5**	0.5	**0.0**	0.0	**4.5**	-2.3
Depreciation tangible assets	**1.6**	1.7	**0.0**	0.0	**-**	0.0	**1.6**	1.7
Amortization intangible assets	**0.8**	0.9	**0.0**	0.0	**-**	-	**0.8**	0.9
Depreciation leasing vehicles	**0.8**	0.6	**1.2**	0.7	**0.0**	0.0	**2.0**	1.3
Other non-cash items	**1.4**	5.2	**0.2**	0.2	**-0.2**	0.0	**1.4**	5.4
Total change in working capital whereof	**9.8**	8.9	**-1.4**	-2.5	**-0.2**	-0.2	**8.2**	6.2
Change in accounts receivables	***1.3***	*-0.2*	***-0.1***	*0.0*	***0.0***	*0.0*	***1.2***	*-0.2*
Change in customer financing receivables	***0.1***	*0.0*	***-1.6***	*-2.6*	***-0.1***	*0.0*	***-1.6***	*-2.5*
Change in inventories	***2.2***	*3.0*	***0.0***	*0.1*	***0.0***	*0.0*	***2.2***	*3.1*
Change in trade payables	***5.0***	*6.0*	***0.0***	*-0.1*	***0.0***	*0.1*	***5.0***	*6.0*
Other changes in working capital	***1.2***	*0.2*	***0.3***	*0.1*	***-0.1***	*-0.4*	***1.5***	*-0.2*
Interest and similar items received	**0.1**	0.0	**-**	-	**0.0**	0.0	**0.1**	0.0
Interest and similar items paid	**-0.3**	-0.5	**-**	-	**0.0**	0.0	**-0.3**	-0.5
Other financial items	**-0.1**	0.0	**-**	-	**-**	0.0	**-0.1**	0.0
Income taxes paid	**-0.4**	-0.9	**-0.3**	-0.2	**0.0**	0.0	**-0.7**	-1.1
Cash flow from operating activities	**17.6**	**13.2**	**0.3**	**-1.3**	**-0.4**	**-0.2**	**17.6**	**11.8**
Investing activities								
Investments in tangible assets	**-2.2**	-2.4	**0.0**	0.0	**-**	-	**-2.2**	-2.5
Investments in intangible assets	**-0.9**	-0.3	**0.0**	0.0	**-**	0.0	**-0.9**	-0.3
Investment in leasing vehicles	**0.0**	-0.2	**-3.5**	-3.5	**0.0**	0.0	**-3.5**	-3.7
Disposals of fixed assets and leasing vehicles	**0.1**	0.2	**1.4**	1.2	**0.0**	0.0	**1.6**	1.4
Operating cash flow	**14.7**	**10.6**	**-1.8**	**-3.5**	**-0.4**	**-0.3**	**12.6**	**6.8**
Investments and divestments of shares, net							**0.0**	0.1
Acquired and divested operations, net							**0.1**	0.2
Interest-bearing receivables incl. marketable securities							**2.4**	-1.4
Cash flow after net investments							**15.1**	**5.6**
Financing activities								
Change in loans, net							**-11.6**	3.9
Dividend to AB Volvo shareholders							**-**	-
Dividend to minority shareholders							**0.0**	-
Other							**0.0**	0.0
Change in cash and cash equivalents excl. translation differences							**3.4**	**9.5**
Translation difference on cash and cash equivalents							**-0.2**	0.4
Change in cash and cash equivalents							**3.2**	**9.9**

CONSOLIDATED CASH FLOW STATEMENT **YEAR**

	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
SEK bn	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Operating activities								
Operating income	**21.3**	4.1	**2.0**	1.7	**0.0**	0.0	**23.3**	5.8
Depreciation tangible assets	**6.4**	6.7	**0.0**	0.0	**0.0**	-	**6.4**	6.7
Amortization intangible assets	**3.3**	3.5	**0.0**	0.0	**0.0**	-	**3.3**	3.5
Depreciation leasing vehicles	**2.8**	2.5	**4.2**	3.2	**0.0**	0.0	**7.0**	5.7
Other non-cash items	**-1.1**	5.3	**0.8**	0.9	**-0.2**	0.0	**-0.5**	6.1
Total change in working capital whereof	**-1.9**	-3.3	**-7.5**	-4.8	**0.3**	-6.1	**-9.0**	-14.1
Change in accounts receivables	***0.6***	*1.3*	***-0.1***	*-0.1*	***0.0***	-	***0.5***	*1.2*
Change in customer financing receivables	***0.1***	*-0.1*	***-8.3***	*-4.7*	***-0.1***	*-5.8*	***-8.3***	*-10.6*
Change in inventories	***-2.2***	*-1.6*	***-0.1***	*0.0*	***0.0***	-	***-2.3***	*-1.6*
Change in trade payables	***-1.2***	*-1.0*	***0.1***	*0.1*	***0.0***	*0.1*	***-1.1***	*-0.8*
Other changes in working capital	***0.8***	*-1.9*	***1.0***	*0.1*	***0.4***	*-0.4*	***2.2***	*-2.3*
Interest and similar items received	**0.4**	0.3	**-**	-	**0.0**	0.0	**0.4**	0.3
Interest and similar items paid	**-1.6**	-1.9	**-**	-	**0.0**	0.0	**-1.6**	-1.8
Other financial items	**-0.3**	-0.2	**-**	-	**-**	0.0	**-0.3**	-0.2
Income taxes paid	**-2.6**	-2.7	**-0.5**	-0.6	**0.0**	0.0	**-3.1**	-3.3
Cash flow from operating activities	**26.7**	**14.3**	**-1.0**	**0.5**	**0.1**	**-6.1**	**25.9**	**8.7**
Investing activities								
Investments in tangible assets	**-6.5**	-7.1	**0.0**	0.0	**0.0**	-	**-6.6**	-7.1
Investments in intangible assets	**-2.2**	-1.5	**0.0**	0.0	**0.0**	0.0	**-2.3**	-1.5
Investment in leasing vehicles	**-0.3**	-0.5	**-10.2**	-9.6	**-**	0.0	**-10.5**	-10.1
Disposals of fixed assets and leasing vehicles	**0.7**	1.1	**5.4**	3.9	**0.0**	0.0	**6.0**	5.0
Operating cash flow	**18.3**	**6.4**	**-5.9**	**-5.3**	**0.1**	**-6.1**	**12.5**	**-5.0**
Investments and divestments of shares, net							**-2.0**	0.1
Acquired and divested operations, net							**0.4**	7.4
Interest-bearing receivables incl. marketable securities							**3.6**	-4.8
Cash flow after net investments							**14.5**	**-2.3**
Financing activities								
Change in loans, net							**-13.2**	6.7
Dividend to AB Volvo shareholders							**-6.1**	-6.1
Dividend to minority shareholders							**0.0**	-
Other							**0.0**	-0.1
Change in cash and cash equivalents excl. translation differences							**-4.8**	**-1.8**
Translation difference on cash and cash equivalents							**-0.4**	1.0
Change in cash and cash equivalents							**-5.2**	**-0.7**

CONSOLIDATED NET FINANCIAL POSITION

	Industrial operations		Volvo Group	
SEK bn	**Dec 31 2015**	Dec 31 2014	**Dec 31 2015**	Dec 31 2014
Non-current interest-bearing assets				
Non-current customer-financing receivables	**-**	-	**51.0**	51.3
Non-current interest-bearing receivables	**1.1**	1.0	**1.2**	1.4
Current interest-bearing assets				
Customer-financing receivables	**-**	-	**51.6**	47.8
Interest-bearing receivables	**2.6**	1.7	**1.8**	1.1
Internal funding	**8.0**	4.4	**-**	-
Marketable securities	**3.3**	6.9	**3.3**	7.3
Cash and cash equivalents	**17.9**	24.2	**21.0**	26.2
Total interest-bearing financial assets	**32.9**	**38.3**	**129.9**	**135.1**
Non-current interest-bearing liabilities				
Bond loans	**-47.8**	-68.9	**-47.8**	-68.9
Other loans	**-17.1**	-27.4	**-27.5**	-39.2
Internal funding	**42.4**	60.0	**-**	-
Current interest-bearing liabilities				
Loans	**-50.3**	-32.1	**-57.3**	-40.0
Internal funding	**40.2**	20.3	**-**	-
Total interest-bearing financial liabilities	**-32.6**	**-48.2**	**-132.6**	**-148.0**
Net financial position excl. post-employment benefits	**0.3**	**-9.9**	**-2.7**	**-12.7**
Provisions for post-employment benefits, net	**-13.6**	-16.5	**-13.6**	-16.6
Net financial position incl. post-employment benefits	**-13.2**	**-26.4**	**-16.3**	**-29.3**
Key ratios, %				
Net financial position excl. post-employment benefits as percentage of shareholders' equity	**0.5**	-14.2		
Net financial position incl. post-employment benefits as percentage of shareholders' equity	**-17.6**	-37.6		

CHANGES IN NET FINANCIAL POSITION, INDUSTRIAL OPERATIONS

SEK bn	Fourth quarter 2015	Year 2015
Beginning of period	**-29.8**	**-26.4**
Cash flow from operating activities	17.6	26.7
Investments in fixed assets	-3.1	-9.1
Disposals	0.1	0.7
Operating cash flow	**14.7**	**18.3**
Investments and divestments of shares, net	0.0	-2.0
Acquired and divested operations, net	0.1	0.4
Capital injections to/from Customer Finance operations	0.1	0.1
Currency effect	0.0	0.4
Dividend paid to AB Volvo shareholders	-	-6.1
Dividend paid to minority shareholders	0.0	0.0
Remeasurements of defined benefit pension plans	2.6	3.5
Pension payments and costs, net	-0.5	-0.6
Other changes	-0.4	-0.9
Total change	**16.6**	**13.1**
Net financial position at end of period	**-13.2**	**-13.2**

CONSOLIDATED CHANGES IN TOTAL EQUITY

SEK bn	Dec 31 2015	Dec 31 2014
Total equity at end of previous period	**80.0**	**77.4**
Shareholders' equity attributable to equity holders of the parent company at beginning of period	**78.3**	**76.0**
Income for the period	**15.1**	2.1
Other comprehensive income	**-3.5**	6.2
Total comprehensive income	**11.5**	**8.3**
Dividend to AB Volvo's shareholders	**-6.1**	-6.1
Share-based payments	**0.1**	0.1
Other changes	**0.0**	0.0
Shareholders' equity attributable to equity holders of the parent company at end of period	**83.8**	**78.3**
Minority interests at beginning of period	**1.7**	**1.4**
Income for the period	**0.0**	0.1
Other comprehensive income	**0.0**	0.3
Total comprehensive income	**0.1**	**0.4**
Other changes	**0.0**	0.0
Minority interests at end of period	**1.8**	**1.7**
Total equity at end of period	**85.6**	**80.0**

QUARTERLY FIGURES

Income statement, Volvo Group							
SEK M unless otherwise stated	4/2014	1/2015	2/2015	3/2015	**4/2015**	**Year 2015**	Year 2014
Net sales	**77,480**	**74,788**	**84,783**	**73,309**	**79,636**	**312,515**	**282,948**
Cost of Sales	-60,883	-57,450	-65,403	-56,042	**-61,757**	**-240,653**	-220,012
Gross income	**16,597**	**17,337**	**19,379**	**17,266**	**17,879**	**71,862**	**62,937**
Research and development expenses	-4,436	-4,086	-3,941	-3,497	**-3,844**	**-15,368**	-16,656
Selling expenses	-7,255	-6,925	-7,175	-6,460	**-7,134**	**-27,694**	-27,448
Administrative expenses	-1,520	-1,424	-1,594	-1,223	**-1,529**	**-5,769**	-5,408
Other operating income and expenses	-5,694	-536	-1,528	-1,348	**-768**	**-4,179**	-7,697
Income/loss from investments in joint ventures and associated companies	17	2	31	-75	**-100**	**-143**	46
Income from other investments	32	2,469	2,144	-10	**6**	**4,609**	50
Operating income	**-2,258**	**6,837**	**7,317**	**4,653**	**4,511**	**23,318**	**5,824**
Whereof restructuring charges	*-830*	*-229*	*-799*	*-434*	***-871***	***-2,333***	*-2,569*
Operating income excl. restructuring charges	*-1,429*	*7,066*	*8,116*	*5,087*	***5,382***	***25,652***	*8,393*
Interest income and similar credits	78	66	80	58	**52**	**257**	328
Interest expense and similar charges	-517	-567	-548	-568	**-683**	**-2,366**	-1,994
Other financial income and expenses	411	-369	-487	45	**20**	**-792**	931
Income after financial items	**-2,286**	**5,967**	**6,362**	**4,188**	**3,901**	**20,418**	**5,089**
Income taxes	-698	-1,731	-1,169	-1,115	**-1,305**	**-5,320**	-2,854
Income for the period*	**-2,984**	**4,236**	**5,193**	**3,073**	**2,597**	**15,099**	**2,235**
*Attributable to:							
Equity holders of the parent company	-2,957	4,248	5,150	3,071	**2,589**	**15,058**	2,099
Minority interests	-27	-12	43	3	**8**	**41**	136
	-2,984	**4,236**	**5,193**	**3,073**	**2,597**	**15,099**	**2,235**
Key operating ratios, Volvo Group, %							
Gross margin	21.4	23.2	22.9	23.6	**22.5**	**23.0**	22.2
Research and development expenses as percentage of net sales	5.7	5.5	4.6	4.8	**4.8**	**4.9**	5.9
Selling expenses as percentage of net sales	9.4	9.3	8.5	8.8	**9.0**	**8.9**	9.7
Administrative expenses as percentage of net sales	2.0	1.9	1.9	1.7	**1.9**	**1.8**	1.9
Operating margin excl. restructuring charges	-1.8	9.4	9.6	6.9	**6.8**	**8.2**	3.0
Operating margin	-2.9	9.1	8.6	6.3	**5.7**	**7.5**	2.1
Key operating ratios, Industrial operations, %							
Gross margin	20.5	22.4	22.1	22.7	**21.6**	**22.2**	21.3
Research and development expenses as percentage of net sales	5.9	5.6	4.8	4.9	**5.0**	**5.1**	6.0
Selling expenses as percentage of net sales	9.0	8.9	8.1	8.4	**8.6**	**8.5**	9.3
Administrative expenses as percentage of net sales	2.0	2.0	1.9	1.7	**2.0**	**1.9**	1.9
Operating margin excl. restructuring charges	-2.5	9.1	9.2	6.4	**6.3**	**7.8**	2.4
Operating margin	-3.6	8.8	8.3	5.8	**5.1**	**7.0**	1.5
EBITDA, Industrial operations, %							
Operating income Industrial operations	**-2,731**	**6,363**	**6,821**	**4,153**	**3,976**	**21,312**	**4,111**
Product and Software development, amortization	851	823	728	702	**701**	**2,953**	3,173
Other intangible assets, amortization	89	90	90	90	**91**	**360**	328
Tangible assets, depreciation	2,334	2,298	2,347	2,198	**2,418**	**9,261**	9,171
Total depreciation and amortization	**3,275**	**3,210**	**3,165**	**2,990**	**3,210**	**12,574**	**12,673**
Operating income before depreciation and amortization (EBITDA)	**544**	**9,573**	**9,986**	**7,143**	**7,186**	**33,886**	**16,784**
EBITDA margin, %	0.7	13.2	12.1	10.0	**9.3**	**11.2**	6.1
Net capitalization of research and development							
Capitalization	225	326	516	433	**863**	**2,138**	1,279
Amortization	-715	-751	-662	-635	**-639**	**-2,687**	-2,720
Net capitalization and amortization	**-490**	**-425**	**-146**	**-202**	**223**	**-550**	**-1,441**

QUARTERLY FIGURES

Net sales							
SEK M	4/2014	1/2015	2/2015	3/2015	**4/2015**	**Year 2015**	Year 2014
Trucks	53,821	51,657	57,062	50,182	**55,077**	**213,978**	190,904
Construction Equipment	12,277	12,737	15,419	11,884	**10,967**	**51,008**	52,855
Buses	5,928	4,748	6,051	5,492	**7,289**	**23,580**	18,645
Volvo Penta	2,003	2,250	2,584	2,344	**2,228**	**9,406**	7,790
Corporate Functions, Group Functions & Other	2,369	1,687	2,080	1,843	**2,736**	**8,346**	8,162
Eliminations	-758	-607	-677	-585	**-868**	**-2,736**	-2,356
Industrial operations	**75,640**	**72,473**	**82,520**	**71,160**	**77,429**	**303,582**	**275,999**
Customer Finance	2,714	2,811	2,803	2,825	**2,760**	**11,199**	10,111
Reclassifications and eliminations	-874	-496	-541	-676	**-553**	**-2,265**	-3,162
Volvo Group	**77,480**	**74,788**	**84,783**	**73,309**	**79,636**	**312,515**	**282,948**

Operating income excl. restructuring charges							
SEK M	4/2014	1/2015	2/2015	3/2015	**4/2015**	**Year 2015**	Year 2014
Trucks[1]	-542	6,246	6,542	3,615	**5,146**	**21,549**	5,622
Construction Equipment	-815	352	1,353	576	**-191**	**2,090**	1,231
Buses	-58	104	111	337	**331**	**882**	98
Volvo Penta	90	292	353	316	**140**	**1,102**	729
Corporate Functions, Group Functions & Other	-582	-407	-726	-266	**-574**	**-1,973**	-1,180
Eliminations	6	5	-13	8	**-5**	**-6**	176
Industrial operations	**-1,901**	**6,592**	**7,619**	**4,586**	**4,848**	**23,646**	**6,676**
Customer Finance	472	474	497	501	**534**	**2,006**	1,717
Volvo Group excl. restructuring charges	**-1,429**	**7,066**	**8,116**	**5,087**	**5,382**	**25,652**	**8,393**

Restructuring charges (see Note 6 Efficiency program)							
Trucks	-199	-127	-701	-368	**-837**	**-2,032**	-1,464
Construction Equipment	-579	-75	-17	5	**41**	**-46**	-579
Buses	-	-	-5	-9	**-8**	**-23**	-6
Volvo Penta	-	-16	-	-	-	**-16**	-5
Corporate Functions, Group Functions & Other	-52	-11	-76	-62	**-67**	**-216**	-510
Industrial operations	**-830**	**-229**	**-799**	**-434**	**-871**	**-2,333**	**-2,564**
Customer Finance	-	-	-	-	-	-	-5
Volvo Group restructuring charges	**-830**	**-229**	**-799**	**-434**	**-871**	**-2,333**	**-2,569**
Volvo Group	**-2,258**	**6,837**	**7,317**	**4,653**	**4,511**	**23,318**	**5,824**

Operating margin excl. restructuring charges							
%	4/2014	1/2015	2/2015	3/2015	**4/2015**	**Year 2015**	Year 2014
Trucks[1]	-1.0	12.1	11.5	7.2	**9.3**	**10.1**	2.9
Construction Equipment	-6.6	2.8	8.8	4.8	**-1.7**	**4.1**	2.3
Buses	-1.0	2.2	1.8	6.1	**4.5**	**3.7**	0.5
Volvo Penta	4.5	13.0	13.7	13.5	**6.3**	**11.7**	9.4
Industrial operations	**-2.5**	**9.1**	**9.2**	**6.4**	**6.3**	**7.8**	**2.4**
Volvo Group excl. restructuring charges	**-1.8**	**9.4**	**9.6**	**6.9**	**6.8**	**8.2**	**3.0**
Volvo Group	**-2.9**	**9.1**	**8.6**	**6.3**	**5.7**	**7.5**	**2.1**

[1] Including a capital gain of SEK 4,608 M from a sale of shares in Eicher Motors Limited of which SEK 2,471 M in the first quarter of 2015 and SEK 2,137 M in the second quarter of 2015.

QUARTERLY FIGURES

Share data	4/2014	1/2015	2/2015	3/2015	**4/2015**	**Year 2015**	Year 2014
Earnings per share, SEK[1]	-1.46	2.09	2.54	1.51	**1.27**	**7.42**	1.03
Earnings per share, SEK[1], 12 months rolling	1.03	2.59	3.91	4.68	**7.42**	**-**	-
Diluted earnings per share, SEK	-1.46	2.09	2.53	1.51	**1.27**	**7.41**	1.03
Number of outstanding shares in millions	2,029	2,030	2,030	2,030	**2,031**	**2,031**	2,029
Average number of shares before dilution in millions	2,029	2,030	2,030	2,030	**2,031**	**2,030**	2,028
Average number of shares after dilution in millions	2,031	2,031	2,032	2,032	**2,032**	**2,032**	2,031
Number of own shares in millions	99	98	98	98	**98**	**98**	99
Average number of own shares in millions	99	99	98	98	**98**	**98**	100

[1] 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

NOTE 1 | 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 Volvo Group Annual Report 2014 note 1 (available at www.volvogroup.com). There are no new accounting principles applicable from 2015 that significantly affects the Volvo Group.

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

The parent company applies the Swedish Annual Accounts Act and RFR 2 Reporting for legal entities.

NOTE 2 | RISKS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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 is 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 elaborate account of these risks, please refer to the Risk Management section on pages 83-85 in the Volvo Group Annual Report 2014 (available at www.volvogroup.com).

Risk updates for the period

Short-term risks, when applicable, are also described in the respective segment section of this report.

An increase in demand could potentially result in delivery disturbances due to suppliers' financial instability or shortage of resources.

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

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 surplus value differs between the business areas and they are, to a varying degree, sensitive to changes in the business environment. 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. Total contingent liabilities as of December 31, 2015, amounted to SEK 15.6 billion compared to SEK 15.9 billion as of December 31, 2014. The gross exposure of SEK 15.6 billion is partly reduced by counter guarantees and collaterals. While decreasing a significant part of the contingent liabilities are still related to credit guarantees issued as a result of sales in emerging markets, in particular sales of construction equipment in China, where SEK 158 M was recognized as cost for expected future credit losses in China in the fourth quarter. The other significant part is related to tax claims. In the fourth quarter a contingent liability was recognized amounting to SEK 1.5 billion related to a transfer price audit in Brazil.

Please refer to the Volvo Group Annual Report 2014 note 21 for a description of provisions for legal proceedings and investigations and note 24 for a description of the nature of contingent liabilities including information on the legal proceedings and investigations that the Group is currently involved in and subject to.

In the second quarter, the Supreme Court of the United States announced that a review of the EPA case will not be granted. Volvo Powertrain paid the penalties and interest of approximately USD 72 M in the third quarter 2015. The cost has been fully provided for since the third quarter 2014. The other legal proceedings and investigations mentioned in the Volvo Group Annual report 2014 are progressing but no material change has occurred in these matters in the fourth quarter 2015 compared to the descriptions provided in note 21 and note 24 of the Volvo Group Annual Report 2014.

NOTE 3 | CORPORATE ACQUISITIONS AND DIVESTMENTS

Acquisitions and divestments

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

In the beginning of January 2015 Volvo Group completed the acquisition of 45% of the shares in Dongfeng Commercial Vehicles Co., Ltd, DFCV, in China. The ownership in DFCV is classified as an associated company and consolidated with the equity method and included in the Trucks segment. The result of DFCV was, from the beginning, included in the Volvo consolidation with a time lag of one month. As from the fourth quarter, DFCV is no longer included with a time lag. As a consequence, the fourth quarter of 2015 includes the result of four separate months.

The purchase consideration amounted to approximately SEK 7 billion and is recognized as Investments in joint ventures and associated companies within Financial assets.

Assets and liabilities held for sale

At the end of the fourth quarter assets amounting to SEK 3,314 M and liabilities amounting to SEK 573 M are classified as held for sale. This mainly pertains to the planned divestment of the North American used truck business, Arrow Truck Sales. The assets and liabilities held for sale also includes the planned divestment of the external IT business and outsourcing of Volvo Group's own IT infrastructure planned to be divested during the second quarter 2016.

NOTE 4 | CURRENCY AND FINANCIAL INSTRUMENTS

Fair value of financial instruments

Valuation principles and principles for hedge accounting for Volvo Group financial instruments, as described in Volvo Group Annual Report 2014 Note 30 (available at volvogroup.com), have been consistently applied throughout the reporting period.

Financial instruments in the Volvo Group reported at fair value through profit and loss consist mainly of marketable securities (see balance sheet) and interest-, currency- and raw material derivatives. Derivatives with positive fair values amounted to SEK 3.2 billion and derivatives with negative fair values amounted to SEK 1.8 billion as of December 31, 2015. The derivatives are accounted for on gross-basis, with the exception of derivatives with positive fair values amounting to SEK 0.6 billion, netted against a fair value of a loan of negative SEK 0.6 billion, related to hedge accounting.

Financial liabilities valued at amortized cost, reported as Current and non-current bond loans and other loans, amounted to SEK 131.2 billion in reported carrying value with a fair value of SEK 133.8 billion. In the Volvo Group consolidated financial position, financial liabilities include loan-related derivatives with negative fair values amounting to SEK 1.4 billion.

Currency effect on operating income Industrial operations	Compared to fourth quarter 2014			Compared to third quarter 2015		
SEK M	Fourth quarter 2015	Fourth quarter 2014	Change	Fourth quarter 2015	Third quarter 2014	Change
Net flow in foreign currency			**756**			**-158**
Realized and unrealized gains and losses on hedging contracts	-2	-14	**12**	-2	-3	**-3**
Unrealized gains and losses on receivables and liabilities in foreign currency	15	-303	**318**	5	103	**-98**
Currency effect from devaluation in Argentina	-73	-	**-73**	-73	-	**-73**
Translation effect on operating income in foreign subsidiaries			**188**			**-44**
Total currency effect on operating income Industrial operations			**1,201**			**-105**

Applicable currency rates	Quarterly exchange rates		Close rates	
	Fourth quarter 2015	Fourth quarter 2014	Dec 31 2015	Dec 31 2014
BRL	2.21	2.92	2.16	2.89
CNY	1.33	1.20	1.29	1.26
EUR	9.32	9.27	9.14	9.52
USD	8.50	7.40	8.35	7.81
JPY	0.0700	0.0651	0.0694	0.0654

NOTE 5 | TRANSACTIONS WITH RELATED PARTIES

Sales to associated companies amounted to SEK 775M (669) and purchases from associated companies amounted to SEK 515 M (859) during the fourth quarter of 2015. As of December 31, 2015, receivables from associated companies amounted to SEK 637 M (598) and liabilities to associated companies to SEK 515 M (510).

Sales to joint ventures amounted to SEK 487 M (364) and purchases from joint ventures amounted to SEK 255 M (130) during the fourth quarter of 2015. As of December 31, 2015, receivables from joint ventures amounted to SEK 319 M (178) and liabilities to joint ventures to SEK 194 M (78).

NOTE 6 | EFFICIENCY PROGRAM

The ambition is to reduce the Group's structural costs by SEK 10 billion and have all activities implemented by the end of 2015, resulting in a full-year savings-effect in 2016 compared to 2012.

The total restructuring charges for the efficiency program amount to SEK 6.2 billion. The non-cash portion of the total restructuring charges amount to SEK 1.4 billion.

As of the third quarter 2013 operating cost related to the efficiency program is presented separately, when relevant for operational follow-up. As a result, in this report operating income and operating margin is presented both including and excluding restructuring charges. The program includes all restructuring cost, not only cost that meet the definition of restructuring provisions. The cost is recognized as Other operating income and expense in the Group's Income statement. As from 2016 the efficiency program is closed and Volvo Group will no longer present operating cost related to efficiency measures separately.

In the fourth quarter 2015, SEK 871 M related to the efficiency program is presented separately. The costs are mainly related to the reorganization within the truck sales organization.

As of the fourth quarter, savings in the program amount to SEK 4.6 billion on a 12-month rolling basis when compared with 2012. Measured in local currencies the savings amount to SEK 6.8 billion.

Follow-up of the program

SEK bn	2012	2013	2014	2015	Target reduction 2016 vs 2012
Structural cost reduction in Gross income	-	-	-1.0	-2.5	
Cash R&D*	16.9	15.9	15.2	14.8	
Selling expenses	27.9	28.5	27.4	27.7	
Administrative expenses	5.6	5.9	5.4	5.8	
Total reduction vs. 2012		**-0.1**	**-3.3**	**-4.6**	**-10.0**

*Cash R&D is research and development expenses including capitalization and excluding amortization

Efficiency program cost, provision and cash-flow

SEK bn		Whereof items with no cash-flow effect
Total restructuring cost, efficiency program		
Announced total restructuring cost	6.0 - 7.0	1.5 - 2.0
Cost recognized		
Previous quarters[1]	5.3	1.4
Current quarter	0.9	0.0
Total cost recognized	**6.2**	**1.4**

Restructuring provision, efficiency program fourth quarter 2015	
Opening balance	1.1
Utilized	-0.3
New provision	0.5
Reversals	-0.1
Closing balance	**1.2**

[1]From fourth quarter 2012

PARENT COMPANY

Income from investments in Group companies for the fourth quarter includes dividends amounting to SEK 496 M (40), write-downs of shareholdings of SEK 110 M (134) and capital gains of SEK 110 M from sale of Group companies. Allocations include Group contributions, net, of SEK 12,566 M (3,504).

During the year 45% of the Chinese automotive manufacturer Dongfeng Commercial Vehicles Co., Ltd was acquired by SEK 7,197 M. The acquisition is recognized as Investment in associated company. Repayment of equity was made from Blue Chip Jet II HB by SEK 151 M, and is recognized as a reduction of the carrying value.

Divestment of Eicher Motors Limited has reduced the value of Other shares and participations by SEK 4,228 M. Investments in tangible assets amounted to SEK 10 M (29).

Financial net debt amounted to SEK 42,933 M (35,967) at the end of the fourth quarter.

Income Statement

	Fourth quarter		Year	
SEK M	**2015**	2014	**2015**	2014
Net sales[1]	**270**	**234**	**884**	**696**
Cost of sales[1]	**-270**	-234	**-884**	-696
Gross income	**0**	**0**	**0**	**0**
Operating expenses[1]	**-409**	-367	**-1,503**	-1,076
Income/loss from investments in Group companies	**233**	-404	**288**	5,572
Income/loss from investments in joint ventures and associated companies	**29**	-21	**84**	26
Income/loss from other investments	**-3**	-	**4,612**	7
Operating income (loss)	**-150**	**-792**	**3,481**	**4,529**
Interest income and expenses	**-286**	-171	**-1,195**	-946
Other financial income and expenses	**-5**	-4	**-9**	-19
Income after financial items	**-441**	**-967**	**2,277**	**3,564**
Allocations	**12,565**	3,505	**12,565**	3,505
Income taxes	**-2,605**	-593	**-2,103**	-379
Income for the period	**9,519**	**1,945**	**12,739**	**6,690**

[1] Of net sales in the fourth quarter, SEK 230 M (209) pertained to Group companies, while purchases from Group companies amounted to SEK 236 M (230).

Other comprehensive income

Income for the period	**9,519**	**1,945**	**12,739**	**6,690**
Items that may be reclassified subsequently to income statement:				
Available-for-sale investments	**-**	1,019	**-3,995**	3,037
Other comprehensive income, net of income taxes	**-**	**1,019**	**-3,995**	**3,037**
Total comprehensive income for the period	**9,519**	**2,964**	**8,744**	**9,727**

Balance Sheet SEK M	**Dec 31 2015**	Dec 31 2014
Assets		
Non-current assets		
Intangible assets	**8**	23
Tangible assets	**41**	54
Financial assets		
Shares and participations in Group companies	**60,766**	61,283
Receivables from Group companies	**54**	59
Investments in joint ventures and associated companies	**10,397**	3,322
Other shares and participations	**13**	4,241
Deferred tax assets	**157**	2,191
Other long-term receivables	**-**	27
Total non-current assets	**71,436**	**71,200**
Current assets		
Short-term receivables from Group companies	**28,627**	11,682
Other short-term receivables	**116**	300
Cash and bank accounts	**-**	0
Total current assets	**28,743**	**11,982**
Total assets	**100,179**	**83,182**
Shareholders' equity and liabilities		
Shareholders' equity		
Restricted equity	**9,891**	9,891
Unrestricted equity	**31,115**	28,395
Untaxed reserves	**4**	4
Provisions	**128**	142
Non-current liabilities[1]	**13,976**	7
Current liabilities[2]	**45,065**	44,743
Total shareholders' equity and liabilities	**100,179**	**83,182**

[1] Of which SEK 13,973 M (7) pertains to Group companies.

[2] Of which SEK 44,470 M (44,269) pertains to Group companies.

Events after the balance sheet date

On January 27, 2016 changes to Volvo's Group Executive Board and truck organization with clearer commercial accountability were announced. The Volvo Group will effective March 1, 2016 introduce a brand-based organization with clearer commercial accountability for the Group's various truck brands. Four separate units will be created: Volvo Trucks, UD Trucks, Renault Trucks and Mack Trucks, each with profit and loss responsibility for their respective business. The new organization will come into effect on March 1, 2016, when the Volvo Group will comprise ten business areas: Volvo Trucks, UD Trucks, Mack Trucks, Renault Trucks, Value Truck & JV:s, Volvo Construction Equipment, Volvo Buses, Volvo Penta, Governmental Sales and Volvo Financial Services. Volvo's Group Executive Board will be changed to include representatives from some of the Group's business areas. More information is available at www.volvogroup.com

Proposed ordinary dividend of SEK 3.00 per share

For the full-year 2015, the Board proposes a dividend of SEK 3.00 per share, compared to SEK 3.00 per share the preceding year.

Göteborg February 5, 2016
AB Volvo (publ)

The Board of Directors

This report has not been reviewed by AB Volvo's auditors.

DELIVERIES

Delivered trucks	Fourth quarter		Change	Year		Change
	2015	2014	in %	**2015**	2014	in %
Trucks						
Europe	**25,917**	20,805	25	**86,448**	72,458	19
Western Europe	**21,217**	16,824	26	**71,169**	57,038	25
Eastern Europe	**4,700**	3,981	18	**15,279**	15,420	-1
North America	**15,389**	15,758	-2	**64,507**	57,714	12
South America	**3,108**	6,177	-50	**11,069**	23,741	-53
Asia	**8,758**	8,940	-2	**31,979**	32,399	-1
Other markets	**3,026**	4,439	-32	**13,472**	16,812	-20
Total Trucks	**56,198**	**56,119**	**0**	**207,475**	**203,124**	**2**
Heavy duty (>16 tons)	**47,411**	47,975	-1	**176,589**	173,650	2
Medium duty (7-16 tons)	**3,960**	4,261	-7	**14,749**	15,114	-2
Light duty (<7 tons)	**4,827**	3,883	24	**16,137**	14,360	12
Total Trucks	**56,198**	**56,119**	**0**	**207,475**	**203,124**	**2**
Non-consolidated operations						
VE Commercial Vehicles (Eicher)	**10,544**	7,604	39	**35,751**	30,375	18
Dongvo (Hangzhou) Truck Company (UD)	**20**	49	-59	**105**	107	-2
Dongfeng Commercial Vehicle Company (Dongfeng Trucks)[1]	**36,536**	-	-	**113,931**	-	-
Heavy duty (>16 tons)	**26,748**	1,814	1,375	**86,649**	7,589	1,042
Medium duty (7-16 tons)	**18,743**	4,805	290	**57,659**	18,129	218
Light duty (<7 tons)	**1,609**	1,034	56	**5,479**	4,764	15

[1] Quarter includes 4 months' volumes

Of which:						
Volvo						
Europe	**13,408**	12,223	10	**46,036**	42,478	8
Western Europe	**9,987**	9,055	10	**34,614**	30,168	15
Eastern Europe	**3,421**	3,168	8	**11,422**	12,310	-7
North America	**8,756**	9,142	-4	**38,890**	33,800	15
South America	**2,843**	5,622	-49	**9,612**	21,843	-56
Asia	**4,039**	3,932	3	**13,564**	12,985	4
Other markets	**1,155**	1,648	-30	**4,964**	6,088	-18
Total Volvo	**30,201**	**32,567**	**-7**	**113,066**	**117,194**	**-4**
Heavy duty (>16 tons)	**29,266**	31,999	-9	**110,302**	115,140	-4
Medium duty (7-16 tons)	**935**	568	65	**2,764**	2,054	35
Light duty (<7 tons)	**-**	-	-	**-**	-	-
Total Volvo	**30,201**	**32,567**	**-7**	**113,066**	**117,194**	**-4**
UD						
Europe	1	-	-	1	-	-
Western Europe	1	-	-	1	-	-
Eastern Europe	-	-	-	-	-	-
North America	**26**	51	-49	**93**	110	-15
South America	**29**	57	-49	**167**	325	-49
Asia	**4,147**	4,443	-7	**15,817**	16,377	-3
Other markets	**854**	1,141	-25	**3,722**	4,826	-23
Total UD	**5,057**	**5,692**	**-11**	**19,800**	**21,638**	**-8**
Heavy duty (>16 tons)	**3,258**	3,268	0	**12,540**	11,600	8
Medium duty (7-16 tons)	**1,543**	2,182	-29	**6,498**	8,624	-25
Light duty (<7 tons)	**256**	242	6	**762**	1,414	-46
Total UD	**5,057**	**5,692**	**-11**	**19,800**	**21,638**	**-8**

DELIVERIES CONT.

Delivered trucks	Fourth quarter		Change	Year		Change
	2015	2014	in %	**2015**	2014	in %
Of which:						
Renault Trucks						
Europe	**12,508**	8,582	46	**40,411**	29,980	35
Western Europe	**11,229**	7,769	45	**36,554**	26,870	36
Eastern Europe	**1,279**	813	57	**3,857**	3,110	24
North America	**54**	67	-19	**222**	170	31
South America	**10**	108	-91	**180**	632	-72
Asia	**518**	557	-7	**2,332**	3,020	-23
Other markets	**739**	1,379	-46	**3,828**	4,846	-21
Total Renault Trucks	**13,829**	**10,693**	**29**	**46,973**	**38,648**	**22**
Heavy duty (>16 tons)	**7,776**	5,541	40	**26,111**	21,266	23
Medium duty (7-16 tons)	**1,482**	1,511	-2	**5,487**	4,436	24
Light duty (<7 tons)	**4,571**	3,641	26	**15,375**	12,946	19
Total Renault Trucks	**13,829**	**10,693**	**29**	**46,973**	**38,648**	**22**
Mack						
Europe	-	-	-	-	-	-
North America	**6,553**	6,498	1	**25,302**	23,634	7
South America	**226**	390	-42	**1,110**	941	18
Asia	**-**	8	-	**41**	17	141
Other markets	**278**	271	3	**958**	1,052	-9
Total Mack	**7,057**	**7,167**	**-2**	**27,411**	**25,644**	**7**
Heavy duty (>16 tons)	**7,057**	7,167	-2	**27,411**	25,644	7
Medium duty (7-16 tons)	-	-	-	-	-	-
Light duty (<7 tons)	**-**	-	-	**-**	-	-
Total Mack	**7,057**	**7,167**	**-2**	**27,411**	**25,644**	**7**

Disclosure changes in 2016

Starting in 2016 the Volvo Group will no longer publish monthly truck delivery data. Truck deliveries will be disclosed on a quarterly basis in the interim reports.

DELIVERIES CONT.

Delivered buses	Fourth quarter		Change	Year		Change
	2015	2014	in %	**2015**	2014	in %
Europe	**888**	715	24	**2,431**	2,221	9
Western Europe	**831**	645	29	**2,274**	2,054	11
Eastern Europe	**57**	70	-19	**157**	167	-6
North America	**884**	553	60	**2,398**	1,590	51
South America	**415**	895	-54	**1,415**	2,985	-53
Asia	**537**	343	57	**1,656**	1,242	33
Other markets	**246**	216	14	**925**	721	28
Total buses	**2,970**	**2,722**	**9**	**8,825**	**8,759**	**1**
Non-consolidated operations						
VE Commercial Vehicles	**2,150**	1,566	37	**11,717**	9,480	24
Shanghai Sunwin Bus Corporation	**698**	955	-27	**2,103**	3,731	-44
Dongfeng Commercial Vehicle Company[1]	**1,658**	-	-	**4,618**	-	-

[1] Quarter includes 4 months' volumes

AB Volvo (publ) is obliged to disclose the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 07.20 a.m. February 5, 2016.

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 Nasdaq Stockholm, if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

Financial calendar

Annual Report 2015	March 2016
Annual General Meeting 2016	April 6, 2016
Report on the first quarter 2016	April 22, 2016
Report on the second quarter 2016	July 19, 2016
Report on the third quarter 2016	October 21, 2016
Report on the fourth quarter 2016	February 1, 2017

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