



AB Volvo

Press release

Update on the situation in Japan

A little more than a week after the devastating earthquake and the resulting tsunami in Japan, the Volvo Group has been able to shape a preliminary impression of the consequences for the Group. The fatalities after the catastrophe include two Japanese co-workers, while a third remains missing.

“This is a devastating catastrophe that has hit Japan and I know I’m speaking on behalf of everyone in the Group when I say that our thoughts go to those who have lost their lives, to our missing colleague and to all their families, as well as to the thousands of others who have been affected in Japan,” says Leif Johansson, Volvo’s President and CEO.

Following the inspections and repairs that have been implemented, it is estimated that production at UD Trucks’ facilities in the Tokyo area should be able to resume on a limited scale on March 28.

As regards sub-suppliers, intensive efforts are in progress aimed at surveying all stages of the supplier chain. At this moment in time, it is estimated that the production of trucks outside Japan will not be impacted to any major extent; however, Volvo Construction Equipment’s production of primarily excavators in Korea and China is expected to be affected due to a shortage of key hydraulic components.

UD Trucks has devoted considerable effort to assisting its employees and starting up production amid the very difficult conditions existing in Japan. Among other measures, the company has arranged aid shipments of food and other necessities for the affected sections of the workforce, as well as arranging evacuation sites on the plant area for its employees and their relatives. UD Trucks/Volvo Group has offered the Japanese Government assistance in the form of equipment (mainly trucks) and funds in a total amount of JPY 100 million (about SEK 8 million). The Group’s employees worldwide are showing considerable willingness to assist the victims of the earthquake. Accordingly, the Volvo Group has arranged a global collection for the Red Cross to which employees can donate money. The Volvo Group will match the total amount collected with an equally large donation.

In conjunction with the production stoppage at UD Trucks’ three production facilities in the Tokyo area last week, a review was conducted of the plants in question, which confirmed that the damage was relatively limited. The current plan is to resume production to a limited extent on March 28.

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During the earthquake, parts of the office buildings were also damaged, including the building that houses R&D activities; however, this facility has also been surveyed and it is expected that work can resume today Tuesday. Six of UD Trucks' 150 proprietary service and dealer facilities in Japan have been hit, three of which were seriously damaged.

During the past week, UD Trucks has worked intensively with its sub-suppliers to clarify when they can resume their deliveries to UD Trucks. As part of efforts to assist sub-suppliers to commence production, UD Trucks has set up six teams among its workforce to work with sub-suppliers. Currently, however, it is difficult to assess the degree to which production disruptions among sub-suppliers will impact on UD Trucks. At the moment, it appears that truck production outside Japan will not be affected to any significant extent due to the problems facing Japanese sub-suppliers.

The problems among Japanese sub-suppliers will, however, affect Volvo Construction Equipment, which sources key hydraulic components from Japan. The disruptions are expected to impact on VCE's production of primarily excavators in Korea and China from April onwards.

The Volvo Group has some 9,500 employees in Japan and three production plants outside Tokyo. Sales in Japan accounted for some 7 percent of the Group's total sales in 2010, with about half deriving from new product sales and the remainder from the aftermarket.

Under the news section at volvogroup.com, the Volvo Group continuously updates its information regarding developments in Japan.

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AB Volvo (publ) may be required 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 10.30 a.m CET. March 22, 2011.

The Volvo Group is one of the world's leading manufacturers of trucks, buses and construction equipment, drive systems for marine and industrial applications and aerospace components. The Group also provides complete solutions for financing and service. The Volvo Group, which employs about 100,000 people, has production facilities in 19 countries and sells their products in more than 180 markets. In 2010 annual sales of the Volvo Group amounted to about SEK 265 billion. The Volvo Group is a publicly-held company headquartered in Göteborg, Sweden. Volvo shares are listed on OMX Nordic Exchange Stockholm. For more information, please visit www.volvogroup.com or www.volvogroup.mobi if you are using your mobile phone