



AB Volvo

Press release

AB Volvo divests Volvo Aero to British GKN for SEK 6.9 billion

AB Volvo divests the Group's subsidiary Volvo Aero to the global engineering company GKN for an enterprise value of SEK 6.9 billion.

"GKN is a strong new owner for Volvo Aero," says Volvo's CEO Olof Persson. "GKN will provide Volvo Aero with the best possible conditions for continued advancement in its industry."

The transaction is scheduled for completion during the third quarter of 2012. The transaction is expected to generate a capital gain corresponding to approximately SEK 400 M, not taking into consideration the effect of deferred depreciation of assets related to Volvo Aero in accordance with IFRS, corresponding to SEK 200 M. Accordingly, the positive effect on the Group's operating profit for the third quarter is expected to be about SEK 200 M. The divestment is expected to reduce the Group's net debt by approximately SEK 5 billion. To close the transaction, approval is required from the appropriate authorities.

At the end of November 2011 – in a step toward further refinement of the Volvo Group's focus on heavy commercial vehicles – AB Volvo initiated a process to examine the possibility of finding a new owner for Volvo Aero. A basic premise for the divestment of Volvo Aero has always been that the new owner must be able to offer Volvo Aero a structure to enhance the company's conditions for advancement in its industry.

AB Volvo has since carried out discussions with a number of potential buyers.

"Volvo Aero has attracted considerable interest, but in our opinion, GKN can offer the best conditions for Volvo Aero's future advancement," says Olof Persson. "This transaction will improve our chances to further refine and develop our core business in commercial vehicles, while providing Volvo Aero with an owner that has both the drive and the capacity to advance and strengthen the company."

GKN plc is a global engineering company serving the automotive, aerospace and land systems markets. Based in Great Britain it has operations in more than 30 countries and around 45,000 employees in subsidiaries and joint ventures. In 2011, GKN saw sales of £6.1bn, of which £1.5bn was accounted for by GKN Aerospace.

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Journalists who require further information are requested to contact Kina Wileke, +46 (0)31-66 12 32 or +46 (0)739-02 55 44.

Press conference:

There will be a press conference today held at Volvo Aero in Trollhättan at 10.30 CET. Participating is Olof Persson, President and CEO of the Volvo Group, Staffan Zackrisson, President of Volvo Aero and GKN representatives.

For participation, please dial +46 (0)31-66 12 32.

July 5th, 2012

For more news from the Volvo Group, visit <http://www.volvogroup.com/globalnews>.

The Volvo Group is one of the world's leading manufacturers of trucks, buses and construction equipment, drive systems for marine and industrial applications, aerospace components and services. The Volvo Group also provides complete financing services. Volvo employs about 115,000 people, has production facilities in 20 countries and sells its products in more than 190 markets. Volvo generated sales of SEK 310 billion in 2011 and is listed on OMX Nordic Exchange Stockholm. For more information, please visit www.volvogroup.com or www.volvogroup.mobi if you are using a mobile phone.

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 08:05 a.m. July 5th, 2012.