



AB Volvo

Press release

AB Volvo to sell Volvo Rents in North America

As part of its strategic effort to focus on the core business, the Volvo Group has agreed to sell Volvo Rents to the US private equity firm Platinum Equity for approximately SEK 7.2 billion. At closing, net financial debt in the Volvo Group's Industrial Operation is expected to be reduced by the same amount. The transaction is expected have a negative impact on the Group's operating income of approximately SEK 1.5 billion in the fourth quarter of 2013. A pre-requisite for completion of the transaction is that Platinum Equity is successful in a debt offering to be made to finance its acquisition. Volvo CE will continue to sell products to Volvo Rents under the new ownership.

“We looked at different alternatives to grow Volvo Rents’ business and concluded that the best alternative is to sell the operation to another owner. Volvo Rents’ business does not have a sufficiently strong connection with the Group’s core operation to motivate continued ownership,” says Olof Persson, Volvo Group President and CEO.

The purchase consideration, on a cash and debt free basis, amounts to USD 1.1 billion (approx. SEK 7.2 billion). The transaction is expected to have a negative impact on operating income in the segment “Group functions, corporate functions and other” within the Industrial Operation in an amount of approx. USD 230 M (approx. SEK 1.5 billion) in the fourth quarter of 2013.

The transaction is expected to be closed in the first quarter of 2014 and is at that time expected to have a positive impact on the cash flow for the Volvo Group of USD 1.1 billion (approx. SEK 7.2 billion). The sale of Volvo Rents is expected to decrease the net financial debt for the Industrial Operation by USD 1.1 billion (approx. SEK 7.2 billion), corresponding to a reduction of the net financial debt to equity ratio for the Industrial Operation as calculated per the third quarter of 2013 by approximately 10 percentage points.

Volvo Rents, formed in 2001, offers rental of a comprehensive range of machines intended for the construction and engineering industry, including Volvo CE products. Volvo Rents has operations in the US, Canada and Puerto Rico and has about 2,100 employees. In the first nine months of 2013 Volvo Rents had net sales of SEK 3.1 billion and recorded an operating loss of SEK 47 M.

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Platinum Equity is a California-based global investment firm with a highly specialized focus on business operations. The firm has significant experience investing in companies that serve the construction, commercial and industrial equipment rental market.

All of Volvo Rents' employees will remain with the company as it is sold. Volvo Rents' customers will not be affected by the transaction, and Volvo CE will continue to sell products to Volvo Rents under the new ownership.

Completion of the transaction is subject to certain conditions, including the approval of relevant authorities.

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Journalists who wish further information, please contact

Mårten Wikforss, Volvo Group, tel +46 31 661030

The Volvo Group is one of the world's leading manufacturers of trucks, buses, construction equipment and marine and industrial engines. The Group also provides complete solutions for financing and service. The Volvo Group, which employs about 115,000 people, has production facilities in 19 countries and sells its products in more than 190 markets. In 2012 the Volvo Group's sales amounted to about SEK 304 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.

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