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Press release

Provision for expected credit losses for Volvo CE in China

Volvo Construction Equipment's operating income for the fourth quarter of 2014 will be negatively impacted by approximately SEK 650 M from a provision for expected credit losses in China. The provision will have limited impact on the Volvo Group's cash flow and net financial debt in the fourth quarter 2014.

Following an extended period of declining demand, low machine utilization and lower raw materials prices, profitability for customers and dealers primarily in the Chinese mining industry has declined and their financial position has weakened. The risk for future credit losses has therefore increased and as a consequence Volvo Construction Equipment (Volvo CE) is provisioning SEK 650 M in the fourth quarter of 2014. The current provision level for expected credit losses is based on the Group's prevailing best estimate.

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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 110,000 people, has production facilities in 18 countries and sells its products in more than 190 markets. In 2013 the Volvo Group's sales amounted to about SEK 270 billion. The Volvo Group is a publicly-held company headquartered in Göteborg, Sweden. Volvo shares are listed on Nasdaq Stockholm. For more information, please visit www.volvogroup.com or www.volvogroup.mobi if you are using your mobile phone.

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