



AB Volvo

Press release

Volvo issues hybrid bond

AB Volvo has successfully issued a hybrid bond via its wholly owned subsidiary Volvo Treasury AB, amounting to EUR 1.5 bn in order to further strengthen the Group's balance sheet and prolong the maturity structure of the debt portfolio. Settlement of the bond issue is scheduled to take place on December 10 2014, subject to customary conditions. The hybrid bond will be accounted for as a loan and subordinated to all other financial liabilities currently outstanding. The hybrid bond will be eligible for 50% equity treatment from both Moody's and S&P when calculating Volvo's credit ratios.

The hybrid bond, which is expected to be rated two notches below AB Volvo's senior rating, i.e. Ba1 (Moody's) and BB+ (S&P) consists of two tranches:

- 1) EUR 0.9 bn, with a first call after 5.5 years and a maturity in 60.5 years. This tranche carries an initial coupon of 4.20%.
- 2) EUR 0.6 bn, with a first call after 8.25 years and a maturity in 63.25 years. This tranche carries an initial coupon of 4.85%.

December 4, 2014

Journalists who would like further information, please contact Karin Wik, +46 765 53 10 20

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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.