

VOLVO GROUP REPORT ON THE FIRST QUARTER 2015



- » In the first quarter net sales amounted to SEK 74.8 billion (65.6). Adjusted for currency movements and acquired and divested units sales decreased by 1%.
- » Operating income amounted to SEK 7,066 M (2,588) excluding restructuring charges of SEK 229 M (318). Operating income includes a positive impact of SEK 2,471 M from the sale of shares in Eicher Motors Limited. Currency exchange rates had a positive impact of SEK 1,282 M.
- » Operating income excluding restructuring charges and the capital gain from the sale of shares amounted to SEK 4,595 M (2,588), corresponding to an operating margin of 6.1% (3.9).
- » Operating cash flow in the Industrial Operations amounted to SEK –1.7 billion (–9.0).
- » Net financial debt in the Industrial Operations amounted to 23% of equity.
- » Truck order intake increased by 3% while order intake of construction equipment decreased by 24%.
- » Acquisition of 45% of Dongfeng Commercial Vehicles completed.

	First quarter	
	2015	2014
Net sales, SEK M	74,788	65,646
Operating income excl. restructuring charges, SEK M	7,066	2,588
Operating margin excl. restructuring charges, %	9.4	3.9
Restructuring charges, SEK M	(229)	(318)
Operating income, SEK M	6,837	2,269
Operating margin, %	9.1	3.5
Income after financial items, SEK M	5,967	1,727
Income for the period, SEK M	4,236	1,141
Diluted earnings per share, SEK	2.09	0.53
Operating cash flow in Industrial Operations, SEK bn	(1.7)	(9.0)
Return on shareholders' equity, 12 months rolling, %	6.7	6.8
Net order intake, number of trucks	56,770	55,146
Net order intake, number of machines	14,692	19,241

CEO'S COMMENTS

Improved profitability



As we summarize the first quarter of 2015, we can see that the effects of our strategic efficiency-improvement program continue to generate results. I am particularly satisfied that we in several areas of the Group have been able to improve margins, despite a negative market mix with significantly lower volumes in Brazil for trucks and in China for construction equipment.

For the Group, we are reporting a clearly improved first quarter for 2015 in terms of both operating margin and cash flow. If we exclude restructuring charges and the effect of the sale of shares in Eicher Motors, the Group's operating margin rose from 3.9% in the first quarter of 2014 to 6.1%, which is an improvement of the operating income by 78% to SEK 4.6 billion. Our work to improve our financial position continues and it is thus gratifying to be able to see that our operating cash flow improved. In the first quarter, which is normally seasonally weak, operating cash flow for the industrial operations amounted to SEK -1.7 billion, an improvement of SEK 7.3 billion.

During the quarter, we sold a total of slightly more than 48,000 trucks, which is about as many as in the first quarter of 2014. The developments in the various markets followed the trends from the end of 2014; North America remains strong while South America, particularly Brazil, has continued to weaken. In Europe, demand is largely unchanged, but with a positive underlying trend mainly in Southern Europe and the UK.

Although the number of trucks sold did not increase, the truck operation's underlying operating income doubled to SEK 3.8 billion and the operating margin went from 4.1% to 7.3%. The strong increase is mainly due to a considerable improvement in profitability in North America, positive effects of the efficiency program and favorable exchange rates.

Unfortunately, weak demand continued for Volvo CE. In particular, sales were impacted by the continued downturn in the important Chinese market, which was down by half compared with the year-earlier period. In total, the number of equipment deliveries declined by more than 30% during the quarter.

Volvo CE is working to adapt to lower volumes and is implementing a series of measures to reduce its cost level. Our efforts could not fully offset the significant drop in volumes and the operating margin came in on 2.8%.

Buses improved the profitability, despite delivering 11% fewer buses. Volvo Penta also had a positive quarter in terms of both volume and operating margin. The positive trend in the customer finance business continued in the first quarter with an improved profitability.

The review of the Group's IT operations is now complete. We will keep application development and maintenance of business critical systems and accelerate efficiency improvements in this part of the operation. For the external business and the operation of our IT infrastructure we have initiated a process to find an external partner. Our assessment is that this will be more cost-effective for the Group.

2015 is the year in which we will see the combined effects of the product launches carried out in 2013 and the cost reductions that were implemented in 2014. Even if we still have many activities to implement also in 2015, the earnings improvement we saw in this quarter shows that we have taken another step in improving the profitability of the Group.

Jan Gurander
Acting President and CEO

FINANCIAL SUMMARY OF THE FIRST QUARTER

Net sales

In the first quarter of 2015, net sales for the Volvo Group amounted to SEK 74,788 M (65,646). Adjusted for changes in currency exchange rates net sales were down by 1% compared to last year.

Operating income

Operating income amounted to SEK 6,837 M (2,269), including a capital gain of SEK 2,471 M from the divestment of shares in Eicher Motors Limited as well as restructuring charges of SEK 229 M. Excluding these two items, operating income amounted to SEK 4,595 M (2,588), corresponding to an operating margin of 6.1% (3.9).

Compared to the first quarter of 2014, gross income was positively impacted by favorable currency development and an improvement in the aftermarket business, which was partly off-set by lower sales volumes of new vehicles and equipment and a negative market mix.

Operating expenses for research and development, selling- and administrative expenses increased by SEK 272 M. The increase is a result of unfavorable currency development amounting to SEK 880 M and lower capitalization/higher amortization of research and development amounting to SEK 244 M compared the first quarter of 2014. Excluding these two effects, operating expenses were reduced by SEK 852 M compared to the first quarter of 2014.

Operating income includes a positive impact of SEK 281 M from capital gains relating to divestments of real estate reported in the segment Corporate functions and other and a negative impact from a provision for expected credit losses in China in amount of SEK 149 M in Volvo CE.

Favorable currency development impacted operating income in an amount of SEK 1,282 M compared to the same quarter last year, including a negative SEK 208 M in Trucks relating to a devaluation in Venezuela.

Consolidated income statement, Volvo Group SEK M	First quarter	
	2015	2014
Net sales	74,788	65,646
Cost of sales	(57,450)	(50,687)
Gross income	17,337	14,959
Research and development expenses	(4,086)	(4,137)
Selling expenses	(6,925)	(6,646)
Administrative expenses	(1,424)	(1,380)
Other operating income and expenses	(536)	(555)
Income (loss) from investments in joint ventures and associated companies	2	21
Income from other investments	2,469	8
Operating income	6,837	2,269
Interest income and similar credits	66	89
Interest expense and similar charges	(567)	(534)
Other financial income and expenses	(369)	(97)
Income after financial items	5,967	1,727
Income taxes	(1,731)	(586)
Income for the period*	4,236	1,141
*Attributable to:		
Equity holders of the parent company	4,248	1,084
Minority interests	(12)	57
	4,236	1,141
Basic earnings per share, SEK	2.09	0.53
Diluted earnings per share, SEK	2.09	0.53

Net sales by market area SEK M	Change in %	First quarter		Change in %
		2015	2014	
Western Europe		24,601	19,916	24
Eastern Europe		3,875	4,325	(10)
North America		24,465	16,368	49
South America		3,836	6,640	(42)
Asia		13,326	13,851	(4)
Other markets		4,683	4,546	3
Volvo Group		74,788	65,646	14

Net financial items

Compared with the first quarter of 2014, net interest expense increased due to higher financial liabilities as a result of the payment of SEK 7 billion for the 45% ownership in Dongfeng Commercial Vehicles and higher interest rates on outstanding debt. Net interest expense amounted to SEK 501 M (445). Net interest expense in the fourth quarter of 2014 amounted to SEK 439 M.

Other financial income and expenses was negatively impacted in an amount of SEK 319 M (positive SEK 20 M) from realized result and unrealized revaluation of derivatives.

Income taxes

The tax expense amounted to SEK 1,731 M (586). The tax expense was negatively affected by a valuation allowance and revaluation of deferred tax assets in Japan in an amount of SEK 675 M as a result of a changed corporate tax rate and stricter conditions for utilization of tax-loss carry forwards. The capital gain on the divestment of shares in Eicher Motors Ltd is a non-taxable income affecting the tax rate positively.

Income for the period and earnings per share

Income for the period amounted to SEK 4,236 M (1,141). Diluted earnings per share amounted to SEK 2.09 (0.53).

Operating cash flow in the Industrial Operations

In the first quarter of 2015, operating cash flow in the Industrial Operations amounted to SEK -1.7 billion (-9.0). The improvement versus last year is primarily related to higher operating income and a lower seasonal build-up of working capital.

Volvo Group financial position

On March 31, 2015 total assets in the Volvo Group amounted to SEK 403.5 billion, an increase of SEK 20.6

billion, since year-end 2014, mainly as an effect of the acquisition of 45% of Dongfeng Commercial Vehicles of SEK 7.0 billion and currency movements related to revaluation of assets in foreign subsidiaries of SEK 13.1 billion.

By the end of the first quarter net financial debt, excluding provision for post-employment benefits, in the Industrial Operations amounted to SEK 16.6 billion, an increase of SEK 6.7 billion compared to the end of the year 2014 and equal to 23.1% of shareholders' equity. Including provisions for post-employment benefits, the Industrial Operations net financial debt amounted to SEK 37.4 billion which is equal to 51.9% of shareholders' equity. The increase is mainly explained by the acquisition of 45% of Dongfeng Commercial Vehicles, the re-measurement of defined benefit pension plans of SEK 3.7 billion, as an effect of lower discount rates, negative operating cash flow of SEK 1.7 billion and negative currency effects, partly reduced by the positive cash flow after net investments of SEK 2.6 billion from the disposal of shares in the listed Indian company Eicher Motors Limited.

At the end of the first quarter the shareholders' equity for the Volvo Group amounted to SEK 82.3 billion compared to SEK 80.0 billion at year-end 2014. The equity ratio was 20.4% compared to 20.9% on December 31 2014. On the same date the equity ratio in the industrial Operations amounted to 24.8% (25.7).

Number of employees

On March 31, 2015 the Volvo Group had 104,382 employees including temporary employees and consultants, which was a decrease of 3,260 employees compared with March 31, 2014.

During the first quarter of 2015, the number of white-collar employees and consultants was reduced by 605 as a consequence of the efficiency program.

Number of employees	Mar 31 2015	Mar 31 2014	Dec 31 2014
Blue-collar	50,554	50,829	50,138
Of which tempory employees and consultants	6,072	5,863	4,801
White-collar	53,828	56,813	54,433
Of which tempory employees and consultants	6,914	8,303	6,948
Total number of employees	104,382	107,642	104,571
Of which temporary employees and consultants:	12,986	14,166	11,749

BUSINESS SEGMENT OVERVIEW

Net sales SEK M	First quarter		Change in %	Change in %*
	2015	2014		
Trucks	51,657	43,845	18	3
Construction Equipment	12,737	13,371	(5)	(22)
Buses	4,748	3,367	41	21
Volvo Penta	2,250	1,804	25	13
Corporate Functions, Group Functions & Other	1,687	2,206	(24)	(13)
Eliminations	(607)	(471)	(29)	(29)
Industrial operations	72,473	64,123	13	(2)
Customer Finance	2,811	2,351	20	6
Reclassifications and eliminations	(496)	(828)	40	40
Volvo Group	74,788	65,646	14	(1)

* Adjusted for exchange rate fluctuations and acquired and divested units.

Operating income excl. restructuring charges SEK M	First quarter	
	2015	2014
Trucks ¹	6,246	1,798
Construction Equipment	352	647
Buses	104	36
Volvo Penta	292	151
Corporate Functions, Group Functions & Other	(407)	(592)
Eliminations	5	152
Industrial operations	6,592	2,192
Customer Finance	474	395
Volvo Group excl. restructuring charges	7,066	2,588

Restructuring charges (see Note 6 Efficiency program)		
Trucks	(127)	(318)
Construction Equipment	(75)	-
Buses	-	-
Volvo Penta	(16)	-
Corporate Functions, Group Functions & Other	(11)	-
Industrial operations	(229)	(318)
Customer Finance	-	-
Volvo Group restructuring charges	(229)	(318)
Volvo Group	6,837	2,269

¹ Including a capital gain of SEK 2,471 M from a sale of shares in Eicher Motors Limited.

Operating margin excl. restructuring charges %	First quarter	
	2015	2014
Trucks	12.1	4.1
Construction Equipment	2.8	4.8
Buses	2.2	1.1
Volvo Penta	13.0	8.4
Industrial operations	9.1	3.4
Volvo Group excl. restructuring charges	9.4	3.9
Volvo Group	9.1	3.5

TRUCKS

Improved profitability on flat volumes

- » Strong demand in North America and Western Europe – weak markets in South America
- » Order intake increased by 3%, book-to-bill of 117%
- » Operating margin excluding restructuring charges and the sale of shares in Eicher Motors Limited amounted to 7.3% (4.1)



Market development

During the first quarter, demand continued to develop favorably in North America and parts of Europe, while demand in South America, parts of Asia and Russia continued to decline.

During the beginning of 2015, Northern and Eastern Europe is showing modest growth whilst markets in the UK and in Southern Europe is showing a more stable upswing. For 2015, the total market for heavy-duty trucks in Europe is expected to be on a level of about 240,000 trucks (unchanged forecast).

The North American retail market for heavy-duty trucks is expected to increase to a level of about to 310,000 vehicles (unchanged forecast). A robust manufacturing environment, along with a favorable US GDP development and rising freight demand have combined given positive effects on first quarter retail sales.

Truck demand in South America has been affected by lower GDP growth and lower business activity across the continent. In Brazil, the largest market in South America, demand is currently low as a result of a weak economy and changed financing conditions (increased interest rates and down payment conditions) in the government's subsidized financing program for commercial vehicles

(Finame). For 2015 the total market for heavy-duty trucks in Brazil is expected to decline to a level of about 55,000 trucks (previous forecast 75,000 trucks)

The total market for heavy-duty and medium-duty trucks in Japan was on about the same level as last year. For 2015, the market for heavy-duty and medium-duty trucks is expected to be on a level of 90,000 vehicles (previous forecast 85,000 trucks).

Order intake

Total net orders increased by 3% in the first quarter compared with the year-earlier period. Net orders of 56,770 trucks and deliveries of 48,326 trucks resulted in a book-to-bill ratio of 117% for the Group's wholly-owned operations.

Orders in Europe rose by 22% orders with a continued positive trend from low levels for Renault Trucks. In North America orders continued to improve with an increase of 18%.

Orders in South America declined by 64% as a result of low economic activity and decreased business confidence.

Compared with the first quarter of 2014 orders in Asia increased by 1%.

Total market development	First quarter		Change in %	Full year 2014	Forecast 2015	Change vs. previous forecast
	2015	2014				
Registrations, number of trucks						
Europe 30 ¹ heavy-duty (as of Feb.)	37,148	33,792	10	227,600	240,000	Unchanged
North America heavy-duty	67,537	54,583	24	270,300	310,000	Unchanged
Brazil heavy-duty	10,909	21,080	(48)	92,700	55,000	-20,000
China heavy-duty	134,625	202,937	(34)	743,700	680,000	-50,000
China medium-duty	45,155	66,702	(32)	243,500	210,000	-10,000
India heavy-duty	53,389	38,283	39	154,800	200,000	+40,000
India medium-duty	16,835	16,906	(0)	62,300	73,000	Unchanged
Japan heavy-duty	13,174	13,316	(1)	42,200	45,000	+5,000
Japan medium-duty	13,170	13,525	(3)	46,200	45,000	Unchanged

¹ EU minus Bulgaria plus Norway and Switzerland

Net order intake per market	First quarter		Change in %
	2015	2014	
Number of trucks			
Europe	23,445	19,248	22
Volvo	12,012	10,226	17
Renault Trucks	11,433	9,022	27
North America	19,291	16,367	18
whereof Volvo	11,200	9,430	19
whereof Mack	7,977	6,845	17
South America	2,268	6,275	(64)
Asia	8,666	8,558	1
Other markets	3,100	4,698	(34)
Total Trucks	56,770	55,146	3

Non-consolidated operations (100%)			
VE Commercial Vehicles (Eicher)	10,797	7,851	38
Dongvo (Hangzhou) Truck Company (UD)	50	19	163
Total volumes	67,617	63,016	7

Deliveries

In the first quarter of 2015, truck deliveries rose by 19% in Europe and by 23% in North America. Deliveries in South America were down by 67%. In total the Volvo Group's wholly-owned operations delivered 48,326 trucks, which was 1% more than in the first quarter of 2014.

Net sales and operating income

During the first quarter of 2015, the truck operation's net sales amounted to SEK 51,657 M, which was 18% higher than in the first quarter of 2014. Adjusted for changes in exchange rates net sales increased by 3%.

The truck operations operating income in the first quarter improved to SEK 6,246 M (1,798) excluding restructuring charges of SEK 127 M (318). Earnings in the first quarter of 2015 included a capital gain from the sale of shares in Eicher Motors Limited amounting to SEK 2,471 M.

Excluding the capital gain and restructuring charges operating income amounted to SEK 3,775 M (1,798), corresponding to an operating margin of 7.3% (4.1).

The underlying improvement compared with the first quarter 2014 was a result of a favorable currency development, an improvement in the aftermarket, improved earnings in North America and somewhat higher profitability in Europe. This was partly offset by significantly lower earnings in South America.

Operating expenses were reduced in local currencies, however this was offset by unfavorable currency movements.

Changes in currency exchange rates had a positive impact on operating income of SEK 1,099 M compared to the first quarter of 2014, including a negative impact of SEK 208 M from a devaluation in Venezuela.

Deliveries per market	First quarter		Change in %
	2015	2014	
Number of trucks			
Europe	19,794	16,588	19
North America	15,950	13,001	23
South America	2,117	6,445	(67)
Asia	7,314	8,226	(11)
Other markets	3,151	3,585	(12)
Total Trucks	48,326	47,845	1

Non-consolidated operations (100%)			
VE Commercial Vehicles (Eicher)	8,126	7,667	4
Dongvo (Hangzhou) Truck Company (UD)	56	9	522
Dongfeng Commercial Vehicle Company (Dongfeng) ¹	15,813	-	-
Total volumes	72,321	55,521	30

¹ Year-to-date Feb. volumes.

Net sales by market area	First quarter		Change in %
	2015	2014	
SEK M			
Europe	20,269	17,089	19
North America	17,963	11,618	55
South America	2,468	4,908	(50)
Asia	7,523	6,986	8
Other markets	3,434	3,244	6
Total	51,657	43,845	18

CONSTRUCTION EQUIPMENT

Continued market decline in China

- » Chinese market more than halved
- » Volvo CE's total deliveries decreased by 33%
- » Restructuring program according to plan



Market development

The Chinese market has been in decline since March 2014 and this continued in the beginning of 2015 with a decline of more than 50% compared to the preceding year. This was mainly caused by continued lower levels of economic activity, lower machine utilization, and construction projects and mining activity remaining soft.

In Asia, excluding China, the total market decreased in the period, mainly driven by decline in Japan, South-East Asia and India.

Through February 2015 the European market was down by 12%, mainly driven by a sharp drop in the Russian market as well as slowdown in the French market. The UK and Germany are still growing.

The North American market continued to grow, primarily in the segment for compact equipment. The decrease in South America was mainly caused by weak economic development and low business confidence in Brazil.

Deliveries

In the first quarter, deliveries decreased by 33% compared

to the same period in 2014, mainly driven by lower demand in China impacting both Volvo and SDLG brands.

Order intake

In the first quarter of 2015, net order intake was 24% lower than in the same quarter last year mainly driven by China and North America.

In North America order intake was down 13% mainly driven by lower sales of products in the product ranges where it has been announced to end Volvo branded production, prebuying in the fourth quarter of 2014 ahead of new emission regulations and lower sales to dealers for their rental fleets.

In Europe, order intake was 4% higher than last year driven by good order intake in markets such as the UK and Germany and increased demand for Volvo branded backhoe loaders and motor graders ahead of the announced phase-out. However, the growth was partly offset by a sharp decline in the Russian market, especially impacting sales of SDLG branded machines.

In South America order intake was 3% above 2014,

Total market development	Year-to-date Feb.		
	2015	Forecast 2015	Previous forecast
Change in % measured in units			
Europe	(12)	-10% to 0%	-10% to 0%
North America	8	-5% to +5%	-5% to +5%
South America	(32)	-15% to -5%	-10% to 0%
Asia excl. China	(5)	-10% to 0%	-10% to 0%
China*	(56)	-40% to -30%	-15% to -5%

*Year-to-date March, the Chinese wheel loader and excavator market was down 53%.

Net order intake per market	First quarter		Change in %
	2015	2014	
Number of machines			
Europe	4,195	4,053	4
North America	1,818	2,095	(13)
South America	982	952	3
Asia	7,096	11,309	(37)
Other markets	601	832	(28)
Total orders	14,692	19,241	(24)
Of which:			
Volvo	10,805	11,747	(8)
SDLG	3,887	7,494	(48)
Of which in China	3,135	6,477	(52)

despite the declining market. This is mainly due to targeted sales programs as well as increased sales of SDLG machines.

Order intake in Asia was 37% lower than last year mainly driven by the continued sharp slowdown in China, impacting both brands.

Net sales and operating income

In the first quarter of 2015, net sales decreased by 5% to SEK 12,737 M (13,371). Adjusted for currency movements net sales decreased by 22%.

Earnings were negatively impacted by lower sales volumes, a provision for expected credit losses (SEK 149 M) and lower earnings in China. This was partly offset by a

favorable product mix in Europe and North America as an effect of a targeted sales activity as well as lower operating expenses. Excluding restructuring charges of SEK 75 M (0) the operating income was SEK 352 M (647) corresponding to an operating margin of 2.8% (4.8). Currency exchange rates had a positive impact of SEK 157 M on operating income compared to the first quarter in 2014.

Capacity utilization was low in China as a consequence of significant cutbacks in production in order to adapt to declining sales volumes and to control inventory levels.

The restructuring program that was launched in November 2014 is developing according to plan.

Deliveries per market	First quarter		Change in %
	2015	2014	
Number of machines			
Europe	2,871	3,387	(15)
North America	1,229	1,482	(17)
South America	728	777	(6)
Asia	6,635	11,354	(42)
Other markets	521	759	(31)
Total deliveries	11,984	17,759	(33)
Of which:			
Volvo	8,099	10,255	(21)
SDLG	3,885	7,504	(48)
Of which in China	3,135	6,477	(52)

Net sales by market area	First quarter		Change in %
	2015	2014	
SEK M			
Europe	4,069	3,698	10
North America	2,576	2,375	8
South America	682	686	(1)
Asia	4,682	5,921	(21)
Other markets	729	692	5
Total	12,737	13,371	(5)

BUSES

Positive result in the quarter

- » Improved earnings on lower volumes
- » Order intake increased by 53%
- » Volvo 7900 Electric Hybrid in commercial service in Stockholm, Sweden



The European market shows a slight improvement and the Asian market is slowly recovering. In South America, the Brazilian bus market is negatively affected by the weak economic development and stricter terms in the government subsidized financing program Finame. In North America, the coach and commuter markets continue to improve.

Volvo Buses delivered 1,584 buses during the first quarter 2015, compared to 1,775 units in the first quarter of 2014, a decrease of 11%. Order intake in the first quarter totaled 2,101 buses and coaches, which was 53% higher than last year. Key orders in the quarter are 325 buses to Dubai, 150 to Egypt and 175 to Brazil. The Volvo 7900 Electric Hybrid started commercial service in

Stockholm, Sweden. This is the second traffic start of the Electric Hybrid, which was launched in September 2014.

Net sales in the first quarter increased by 41% to SEK 4,748 M (3,367). Adjusted for currency fluctuations, sales increased by 21%. Buses reported an operating income of SEK 104 M (36). The operating margin was 2.2% (1.1). Earnings in the quarter were affected by a positive currency development and a somewhat improved aftermarket business. However, production disturbances in one of the plants continued to hamper the result in the first quarter. Measures are implemented to correct the situation. Compared to the first quarter of 2014, operating income was positively impacted by currency exchange rates in an amount of SEK 142 M.

Net sales by market area SEK M	First quarter		Change in %
	2015	2014	
Europe	1,302	985	32
North America	2,360	1,067	121
South America	298	705	(58)
Asia	514	415	24
Other markets	274	195	40
Total	4,748	3,367	41

VOLVO PENTA

Good sales and earnings improvement

- » Operating margin of 13.0% (8.4)
- » Sales growth in all markets and segments
- » Launch of new Forward Drive at Miami Boat Show earns innovation award



The market for marine leisure engines remains unchanged, with some positive signs at European and American boat shows. At the Miami Boat Show, Volvo Penta Forward Drive received the National Marine Manufacturers Association Innovation Award and the new gasoline range of marine commercial engines was also well received. The market for marine commercial engines is lingering on low levels. For the versatile industrial engine markets, there are mixed signs, but sales are increasing.

The volume in the total order book on March 31, 2015 was 7,517 units (4,376).

Net sales in the first quarter of 2015 increased by 25% compared to last year and amounted to SEK 2,250 M

(1,804). Adjusted for exchange-rate fluctuations, net sales increased by 13%. Sales in the first quarter were distributed between business segments as follows: Marine SEK 1,404 M (1,127) and Industrial SEK 847 M (677).

Operating income amounted to SEK 292 M (151) excluding restructuring charges of SEK 16 M (0). The operating margin excluding restructuring charges was 13.0% (8.4). Earnings were positively impacted by currency effects and increased volumes. Compared with the first quarter of 2014, operating income was impacted positively by changes in currency exchange rates in an amount of SEK 115 M.

Net sales by market area SEK M	First quarter		Change in %
	2015	2014	
Europe	1,140	948	20
North America	486	305	60
South America	103	98	5
Asia	396	371	7
Other markets	125	82	52
Total	2,250	1,804	25

VOLVO GROUP'S CUSTOMER FINANCE

Strong results

- » Profitable portfolio growth
- » Continued good portfolio performance
- » Improved profitability



The customer finance business recorded strong levels of new business volume and the credit portfolio reached an all-time high during the quarter. This profitable growth, along with good portfolio performance, generated improved results for the quarter.

The gross credit portfolio increased on a currency-adjusted basis by 7% when compared to the first quarter of 2014. The vast majority of the portfolio continued to perform well highlighted by strong performance in North America and most of Europe.

Strong portfolio performance, together with strict pricing discipline and cost control lead to improved operating income of SEK 474 M (395). The credit reserves have

been increased reflecting tougher business conditions in Brazil.

In March, Volvo Financial Services successfully completed an asset-backed securitization program. Under the terms of the transaction, SEK 7.0 billion of securities tied to US-based loans on trucking and construction equipment assets were issued. During the quarter, Volvo Financial Services syndicated approximately SEK 1.4 billion of the credit portfolio across a number of markets, effectively reducing concentration risks and freeing up credit capacity to support sales.

Customer finance SEK M	First quarter	
	2015	2014
Number of financed units	10,319	11,852
Total penetration rate ¹ , %	24	28
New financing volume, SEK billion	11.6	11.0
Credit portfolio net, SEK billion	122	100
Credit provision expenses	207	196
Operating income, excl. restructuring charges	474	395
Credit reserves, % of credit portfolio	1.40	1.33
Return on shareholders' equity, rolling 12 month, %	12.9	11.7

¹ Share of unit sales financed by Volvo Financial Services in relation to the total number of units sold by the Volvo Group in markets where financial services are offered.

IMPORTANT EVENTS

Completion of the acquisition of 45% of Dongfeng Commercial Vehicles

On January 5, 2015 AB Volvo announced that it had completed the acquisition of 45% of the Chinese automotive manufacturer Dongfeng Commercial Vehicles Co., Ltd (DFCV). The purchase consideration amounted to RMB 5.5 billion. DFCV includes most of Dongfeng's operations in heavy- and medium-duty commercial vehicles. The transaction strengthens the Volvo Group's position in medium-duty trucks significantly while the Group will become one of the world's largest manufacturers of both medium- and heavy-duty trucks.

Volvo sold holding in the listed Indian company Eicher Motors Limited

On March 4, 2015 the Volvo Group announced that it had sold 1,270,000 shares in the listed Indian automotive manufacturer, Eicher Motors Limited, for an amount totaling approximately SEK 2.5 billion. The divestment of shares has no effect on ownership or the development of the longstanding joint venture, VE Commercial Vehicles. The sale generated a capital gain of SEK 2,471 M, which impacted operating income in the Trucks segment in the first quarter of 2015.

Annual General Meeting of AB Volvo

The Annual General Meeting of AB Volvo held on April 1, 2015, approved the Board of Directors' motions that a dividend of SEK 3.00 per share be paid to the company's shareholders.

Matti Alahuhta, James W. Griffith, Kathryn V. Marinello, Hanne de Mora, Anders Nyrén, Carl-Henric Svanberg, Olof Persson and Lars Westerberg were reelected as members of the Board. Martina Merz and Eckhard Cordes were elected as new members of the Board. Carl-Henric Svanberg was reelected as Chairman of the Board.

Carl-Olof By, representing AB Industrivärden, Lars Förberg, representing Cevian Capital, Yngve Slyngstad, representing Norges Bank Investment Management, Håkan Sandberg, representing Svenska Handelsbanken, SHB Pension Fund, SHB Employee Fund, SHB Pensionskassa and Oktogonen, and the Chairman of the Board were elected members of the Election Committee.

A remuneration policy for senior executives was adopted in accordance with the Board of Directors' motion.

Detailed information about the events is available at www.volvogroup.com

CONSOLIDATED INCOME STATEMENT FIRST QUARTER

SEK M	Industrial operations		Customer Finance		Eliminations		Volvo Group	
	2015	2014	2015	2014	2015	2014	2015	2014
Net sales	72,473	64,123	2,811	2,351	(496)	(828)	74,788	65,646
Cost of sales	(56,275)	(50,141)	(1,671)	(1,374)	496	828	(57,450)	(50,687)
Gross income	16,198	13,982	1,139	977	-	-	17,337	14,959
Research and development expenses	(4,086)	(4,137)	-	-	-	-	(4,086)	(4,137)
Selling expenses	(6,456)	(6,256)	(469)	(390)	-	-	(6,925)	(6,646)
Administrative expenses	(1,414)	(1,370)	(10)	(10)	-	-	(1,424)	(1,380)
Other operating income and expenses	(351)	(374)	(185)	(181)	-	-	(536)	(555)
Income (loss) from investments in joint ventures and associated companies	2	21	-	-	-	-	2	21
Income from other investments	2,470	9	(2)	(1)	-	-	2,469	8
Operating income	6,363	1,874	474	395	-	-	6,837	2,269
Interest income and similar credits	66	89	-	-	-	-	66	89
Interest expense and similar charges	(567)	(534)	-	-	-	-	(567)	(534)
Other financial income and expenses	(369)	(97)	-	-	-	-	(369)	(97)
Income after financial items	5,493	1,332	474	395	-	-	5,967	1,727
Income taxes	(1,575)	(430)	(156)	(156)	-	-	(1,731)	(586)
Income for the period*	3,918	902	318	239	-	-	4,236	1,141
*Attributable to:								
Equity holders of the parent company							4,248	1,084
Minority interests							(12)	57
							4,236	1,141
Basic earnings per share, SEK							2.09	0.53
Diluted earnings per share, SEK							2.09	0.53
Key operating ratios, %								
Gross margin	22.4	21.8	-	-	-	-	23.2	22.8
Research and development expenses in % of net sales	5.6	6.5	-	-	-	-	5.5	6.3
Selling expenses in % of net sales	8.9	9.8	-	-	-	-	9.3	10.1
Administrative expenses in % of net sales	2.0	2.1	-	-	-	-	1.9	2.1
Operating margin	8.8	2.9	-	-	-	-	9.1	3.5

CONSOLIDATED OTHER COMPREHENSIVE INCOME FIRST QUARTER

SEK M	2015	2014
Income for the period	4,236	1,141
<i>Items that will not be reclassified to income statement:</i>		
Remeasurements of defined benefit pension plans	(2,691)	(479)
<i>Items that may be reclassified subsequently to income statement:</i>		
Exchange differences on translation of foreign operations	2,613	(39)
Share of OCI related to joint ventures and associated companies	10	22
Accumulated translation difference reversed to income	(10)	12
Available-for-sale investments	(1,860)	278
Change in cash flow hedges	(9)	(8)
Other comprehensive income, net of income taxes	(1,947)	(214)
Total comprehensive income for the period*	2,289	927
*Attributable to:		
Equity holders of the parent company	2,125	925
Minority interests	164	2
	2,289	927

CONSOLIDATED BALANCE SHEET

SEK M	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	Mar 31 2015	Dec 31 2014	Mar 31 2015	Dec 31 2014	Mar 31 2015	Dec 31 2014	Mar 31 2015	Dec 31 2014
Assets								
Non-current assets								
Intangible assets	37,195	37,010	109	105	-	-	37,304	37,115
<i>Tangible assets</i>								
Property, plant and equipment	56,270	55,087	97	94	-	-	56,366	55,181
Assets under operating leases	19,669	19,484	18,179	17,872	(6,263)	(6,138)	31,585	31,218
<i>Financial assets</i>								
Investments in joint ventures and associated companies	12,288	4,821	-	-	-	-	12,288	4,821
Other shares and participations	3,076	5,004	10	13	-	-	3,086	5,017
Non-current customer-financing receivables	1,330	1,205	52,397	51,380	(1,378)	(1,254)	52,349	51,331
Prepaid pensions	146	126	-	-	-	-	146	126
Non-current interest-bearing receivables	889	1,041	20	22	86	378	996	1,441
Other non-current receivables	3,756	3,528	144	150	(132)	(165)	3,768	3,513
Deferred tax assets	16,412	15,022	850	809	-	-	17,262	15,831
Total non-current assets	151,032	142,328	71,806	70,445	(7,688)	(7,179)	215,150	205,594
Current assets								
Inventories	51,989	45,364	175	169	-	-	52,164	45,533
<i>Current receivables</i>								
Customer-financing receivables	693	623	51,250	48,063	(957)	(850)	50,987	47,836
Tax assets	3,169	2,918	56	496	-	-	3,225	3,414
Interest-bearing receivables	2,879	1,736	345	345	(1,299)	(968)	1,925	1,113
Internal funding	3,441	4,374	-	-	(3,441)	(4,374)	-	-
Accounts receivable	32,233	30,495	353	400	-	-	32,586	30,895
Other receivables	15,385	13,950	1,471	1,984	(1,540)	(1,265)	15,317	14,669
Non interest-bearing assets held for sale	244	288	-	-	-	-	244	288
Interest-bearing assets held for sale	-	-	-	-	-	-	-	-
Marketable securities	7,278	6,927	-	385	-	-	7,278	7,312
Cash and cash equivalents	22,052	24,178	2,672	2,470	(71)	(406)	24,654	26,242
Total current assets	139,365	130,853	56,322	54,312	(7,308)	(7,863)	188,380	177,302
Total assets	290,396	273,181	128,128	124,757	(14,995)	(15,042)	403,530	382,896
Equity and liabilities								
Equity attributable to the equity holders of the parent company								
Minority interests	1,894	1,723	-	-	-	-	1,894	1,723
Total equity	72,072	70,105	10,272	9,943	-	-	82,344	80,048
<i>Non-current provisions</i>								
Provisions for post-employment benefits	20,892	16,580	106	103	-	-	20,998	16,683
Provisions for deferred taxes	721	201	2,683	2,595	-	-	3,404	2,796
Other provisions	12,884	12,463	246	231	13	46	13,142	12,740
<i>Non-current liabilities</i>								
Bond loans	59,602	68,877	-	-	-	-	59,602	68,877
Other loans	22,204	27,395	17,262	13,013	(1,382)	(1,254)	38,084	39,154
Internal funding	(45,490)	(59,955)	41,519	42,997	3,971	16,958	-	-
Other liabilities	18,475	17,549	584	607	(4,429)	(4,424)	14,629	13,732
Current provisions	13,425	12,390	81	76	25	7	13,531	12,473
<i>Current liabilities</i>								
Loans	49,151	32,130	11,104	9,266	(1,917)	(1,443)	58,338	39,953
Internal funding	(32,296)	(20,267)	40,104	42,002	(7,809)	(21,735)	-	-
Non interest-bearing liabilities held for sale	-	130	-	-	-	-	-	130
Interest-bearing liabilities held for sale	-	-	-	-	-	-	-	-
Trade payables	57,018	56,351	297	296	-	-	57,315	56,647
Tax liabilities	2,191	2,558	364	135	-	-	2,555	2,693
Other liabilities	39,547	36,674	3,505	3,493	(3,467)	(3,197)	39,587	36,970
Total equity and liabilities	290,396	273,181	128,128	124,757	(14,995)	(15,042)	403,530	382,896
Key ratios, %								
Total equity in % of total assets	24.8	25.7	8.0	8.0	-	-	20.4	20.9
Shareholders' equity per share, excluding minority interests, SEK	-	-	-	-	-	-	39.6	38.6
Return on operating capital, 12 months rolling	9.6	4.5	-	-	-	-	-	-
Return on shareholders' equity, 12 months rolling	-	-	12.9	12.5	-	-	6.7	2.8

CONSOLIDATED CASH FLOW STATEMENT FIRST QUARTER

SEK bn	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Operating activities								
Operating income (loss)	6.4	1.9	0.5	0.4	0.0	0.0	6.8	2.3
Depreciation tangible assets	1.6	1.7	0.0	0.0	0.0	0.0	1.6	1.7
Amortization intangible assets	0.9	0.8	0.0	0.0	0.0	0.0	0.9	0.8
Depreciation leasing vehicles	0.7	0.6	1.0	0.8	0.0	0.0	1.7	1.4
Other non-cash items	(2.0) ¹	0.0	0.2	0.2	0.0	0.0	(1.8)	0.2
Total change in working capital whereof	(6.2)	(11.0)	(0.5)	3.8	0.6	(6.2)	(6.2)	(13.4)
Change in accounts receivables	(0.2)	(1.3)	0.1	0.0	0.0	(0.1)	(0.2)	(1.4)
Change in customer financing receivables	0.0	0.1	(0.9)	3.7	0.2	(6.2)	(0.7)	(2.4)
Change in inventories	(4.9)	(4.3)	0.0	0.0	(0.1)	0.0	(5.0)	(4.3)
Change in trade payables	(1.2)	(3.6)	0.0	(0.1)	0.0	0.1	(1.1)	(3.6)
Other changes in working capital	0.1	(1.9)	0.4	0.2	0.4	0.0	0.9	(1.7)
Interest and similar items received	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.1
Interest and similar items paid	(0.4)	(0.5)	0.0	0.0	0.0	0.0	(0.4)	(0.5)
Other financial items	(0.1)	(0.1)	0.0	0.0	0.0	0.0	(0.1)	(0.1)
Income taxes paid	(1.2)	(0.8)	0.4	0.0	0.0	0.0	(0.8)	(0.8)
Cash flow from operating activities	(0.3)	(7.3)	1.5	5.2	0.6	(6.2)	1.9	(8.3)
Investing activities								
Investments in tangible assets	(1.3)	(1.2)	0.0	0.0	0.0	0.0	(1.3)	(1.2)
Investments in intangible assets	(0.4)	(0.6)	0.0	0.0	0.0	0.0	(0.4)	(0.6)
Investment in leasing vehicles	(0.1)	(0.1)	(1.8)	(1.6)	0.0	0.0	(1.8)	(1.7)
Disposals of fixed assets and leasing vehicles	0.3	0.2	1.1	0.8	0.0	0.0	1.5	1.0
Operating cash flow	(1.7)	(9.0)	0.9	4.4	0.6	(6.2)	(0.2)	(10.8)
Investments and divestments of shares, net							(4.4)	0.0
Acquired and divested operations, net							0.3	6.9
Interest-bearing receivables incl. marketable securities							(1.0)	(1.4)
Cash flow after net investments							(5.3)	(5.3)
Financing activities								
Change in loans, net							3.1	(1.6)
Other							0.0	(0.1)
Change in cash and cash equivalents excl. translation differences							(2.2)	(7.0)
Translation difference on cash and cash equivalents							0.7	(0.1)
Change in cash and cash equivalents							(1.6)	(7.1)

¹ Including a cashflow of SEK 2.6 billion from sale of shares in Eicher Motors Limited

CONSOLIDATED NET FINANCIAL POSITION

SEK bn	Industrial operations		Volvo Group	
	Mar 31 2015	Dec 31 2014	Mar 31 2015	Dec 31 2014
Non-current interest-bearing assets				
Non-current customer-financing receivables	-	-	52.3	51.3
Non-current interest-bearing receivables	0.9	1.0	1.0	1.4
Current interest-bearing assets				
Customer-financing receivables	-	-	51.0	47.8
Interest-bearing receivables	2.9	1.7	1.9	1.1
Internal funding	3.4	4.4	-	-
Interest-bearing assets held for sale	-	-	-	-
Marketable securities	7.3	6.9	7.3	7.3
Cash and cash equivalents	22.1	24.2	24.7	26.2
Total interest-bearing financial assets	36.5	38.3	138.2	135.3
Non-current interest-bearing liabilities				
Bond loans	(59.6)	(68.9)	(59.6)	(68.9)
Other loans	(22.2)	(27.4)	(38.1)	(39.2)
Internal funding	45.5	60.0	-	-
Current interest-bearing liabilities				
Loans	(49.2)	(32.1)	(58.3)	(40.0)
Internal funding	32.3	20.3	-	-
Interest-bearing liabilities held for sale	0.0	0.0	0.0	0.0
Total interest-bearing financial liabilities	(53.2)	(48.2)	(156.0)	(148.0)
Net financial position excl post-employment benefits	(16.6)	(9.9)	(17.8)	(12.7)
Provisions for post-employment benefits, net	(20.7)	(16.5)	(20.9)	(16.6)
Net financial position incl post-employment benefits	(37.4)	(26.4)	(38.7)	(29.3)
Key ratios, %				
Net financial position in % of total equity	(51.9)	(37.6)		
Net financial position excl. pensions in % of total equity	(23.1)	(14.2)		

CHANGES IN NET FINANCIAL POSITION, INDUSTRIAL OPERATIONS

SEK bn	First quarter 2015
Beginning of period	(26.4)
Cash flow from operating activities	(0.3)
Investments in fixed assets	(1.7)
Disposals	0.3
Operating cash-flow	(1.7)
Investments and divestments of shares, net	(4.4)
Acquired and divested operations, net	0.3
Currency effect	(1.4)
Remeasurements of defined benefit pension plans	(3.7)
Pension payments and costs, net	(0.1)
Other changes	(0.1)
Total change	(11.0)
Net financial position at end of period	(37.4)

CONSOLIDATED CHANGES IN TOTAL EQUITY

	Mar 31	Dec 31
SEK bn	2015	2014
Total equity at end of previous period	80.0	77.4
Shareholders' equity attributable to equity holders of the parent company at beginning of period	78.3	76.0
Income for the period	4.2	2.1
Other comprehensive income	(2.1)	6.2
Total comprehensive income	2.1	8.3
Dividend to AB Volvo's shareholders	-	(6.1)
Share-based payments	0.0	0.1
Shareholders' equity attributable to equity holders of the parent company at end of period	80.5	78.3
Minority interests at beginning of period	1.7	1.4
Income for the period	0.0	0.1
Other comprehensive income	0.2	0.3
Total comprehensive income	0.2	0.4
Minority interests at end of period	1.9	1.7
Total equity at end of period	82.3	80.0

QUARTERLY FIGURES

Income statement, Volvo Group					
SEK M unless otherwise stated	1/2014	2/2014	3/2014	4/2014	1/2015
Net sales	65,646	72,601	67,222	77,480	74,788
Cost of Sales	(50,687)	(56,451)	(51,991)	(60,883)	(57,450)
Gross income	14,959	16,150	15,231	16,597	17,337
Research and development expenses	(4,137)	(4,280)	(3,803)	(4,436)	(4,086)
Selling expenses	(6,646)	(7,008)	(6,539)	(7,255)	(6,925)
Administrative expenses	(1,380)	(1,369)	(1,139)	(1,520)	(1,424)
Other operating income and expenses	(555)	64	(1,511)	(5,694)	(536)
Income (loss) from investments in joint ventures and associated companies	21	-	9	17	2
Income from other investments	8	6	3	32	2,469
Operating income	2,269	3,563	2,250	(2,258)	6,837
<i>Whereof restructuring charges</i>	<i>(318)</i>	<i>(762)</i>	<i>(659)</i>	<i>(830)</i>	<i>(229)</i>
<i>Operating income excl. restructuring charges</i>	<i>2,588</i>	<i>4,325</i>	<i>2,908</i>	<i>(1,429)</i>	<i>7,066</i>
Interest income and similar credits	89	78	83	78	66
Interest expense and similar charges	(534)	(465)	(478)	(517)	(567)
Other financial income and expenses	(97)	187	430	411	(369)
Income after financial items	1,727	3,364	2,285	(2,286)	5,967
Income taxes	(586)	(830)	(740)	(698)	(1,731)
Income for the period*	1,141	2,534	1,545	(2,984)	4,236
*Attributable to:					
Equity holders of the parent company	1,084	2,472	1,500	(2,957)	4,248
Minority interests	57	62	45	(27)	(12)
	1,141	2,534	1,545	(2,984)	4,236
Key operating ratios, Volvo Group, %					
Gross margin	22.8	22.2	22.7	21.4	23.2
Research and development expenses in % of net sales	6.3	5.9	5.7	5.7	5.5
Selling expenses in % of net sales	10.1	9.7	9.7	9.4	9.3
Administrative expenses in % of net sales	2.1	1.9	1.7	2.0	1.9
Operating margin excl. restructuring charges	3.9	6.0	4.3	(1.8)	9.4
Operating margin	3.5	4.9	3.3	(2.9)	9.1
Key operating ratios, Industrial operations, %					
Gross margin	21.8	21.3	21.7	20.5	22.4
Research and development expenses in % of net sales	6.5	6.0	5.8	5.9	5.6
Selling expenses in % of net sales	9.8	9.3	9.4	9.0	8.9
Administrative expenses in % of net sales	2.1	1.9	1.7	2.0	2.0
Operating margin excl. restructuring charges	3.4	5.5	3.8	(2.5)	9.1
Operating margin	2.9	4.5	2.8	(3.6)	8.8
EBITDA, Industrial operations, %					
Operating income Industrial operations	1,874	3,170	1,798	(2,731)	6,363
Product and Software development, amortization	743	767	813	851	823
Goodwill, revaluation for Volvo Rents	-	-	-	-	-
Other intangible assets, amortization	72	80	86	89	90
Tangible assets, depreciation	2,329	2,335	2,173	2,334	2,298
Total depreciation and amortization	3,145	3,182	3,072	3,275	3,210
Operating income before depreciation and amortization (EBITDA)	5,019	6,353	4,870	544	9,573
<i>EBITDA margin, %</i>	<i>7.8</i>	<i>9.0</i>	<i>7.5</i>	<i>0.7</i>	<i>13.2</i>
Net capitalization of research and development					
Capitalization	461	397	196	225	326
Amortization	(623)	(668)	(715)	(715)	(751)
Net capitalization and amortization	(162)	(271)	(519)	(490)	(425)

QUARTERLY FIGURES

Net sales					
SEK M	1/2014	2/2014	3/2014	4/2014	1/2015
Trucks	43,845	48,179	45,059	53,821	51,657
Construction Equipment	13,371	14,624	12,582	12,277	12,737
Buses	3,367	4,775	4,575	5,928	4,748
Volvo Penta	1,804	2,002	1,981	2,003	2,250
Corporate Functions, Group Functions & Other	2,206	1,910	1,678	2,369	1,687
Eliminations	(471)	(589)	(538)	(758)	(607)
Industrial operations	64,123	70,899	65,337	75,640	72,473
Customer Finance	2,351	2,468	2,578	2,714	2,811
Reclassifications and eliminations	(828)	(766)	(694)	(874)	(496)
Volvo Group	65,646	72,601	67,222	77,480	74,788

Operating income excl. restructuring charges					
SEK M	1/2014	2/2014	3/2014	4/2014	1/2015
Trucks	1,798	2,173	2,193	(542)	6,246
Construction Equipment	647	751	648	(815)	352
Buses	36	70	50	(58)	104
Volvo Penta	151	235	253	90	292
Corporate Functions, Group Functions & Other	(592) ¹	688	(694)	(582)	(407)
Eliminations	152	12	6	6	5
Industrial operations	2,192	3,928	2,456	(1,901)	6,592
Customer Finance	395	397	452	472	474
Volvo Group excl. restructuring charges	2,588	4,325	2,908	(1,429)	7,066

¹ Included in the amount is a negative SEK 139 M pertaining to an elimination of internal profit in connection to the Volvo Rents divestment. This is offset by an equal positive amount in the Eliminations line. Hence no effect on Group total.

Restructuring charges (see Note 6 Efficiency program)					
	1/2014	2/2014	3/2014	4/2014	1/2015
Trucks	(318)	(370)	(578)	(199)	(127)
Construction Equipment	-	(1)	-	(579)	(75)
Buses	-	(6)	-	-	-
Volvo Penta	-	(5)	-	-	(16)
Corporate Functions, Group Functions & Other	-	(376)	(81)	(52)	(11)
Industrial operations	(318)	(758)	(659)	(830)	(229)
Customer Finance	-	(4)	-	-	-
Volvo Group restructuring charges	(318)	(762)	(659)	(830)	(229)
Volvo Group	2,269	3,563	2,250	(2,258)	6,837

Operating margin excl. restructuring charges					
%	1/2014	2/2014	3/2014	4/2014	1/2015
Trucks	4.1	4.5	4.9	(1.0)	12.1
Construction Equipment	4.8	5.1	5.1	(6.6)	2.8
Buses	1.1	1.5	1.1	(1.0)	2.2
Volvo Penta	8.4	11.7	12.8	4.5	13.0
Industrial operations	3.4	5.5	3.8	(2.5)	9.1
Volvo Group excl. restructuring charges	3.9	6.0	4.3	(1.8)	9.4
Volvo Group	3.5	4.9	3.3	(2.9)	9.1

QUARTERLY FIGURES

Share data					
	1/2014	2/2014	3/2014	4/2014	1/2015
Earnings per share, SEK ¹	0.53	1.22	0.74	(1.46)	2.09
Earnings per share, SEK ¹ , 12 months rolling	2.45	2.68	2.73	1.03	2.59
Diluted earnings per share, SEK	0.53	1.22	0.74	(1.46)	2.09
Number of outstanding shares in millions	2,028	2,028	2,029	2,029	2,030
Average number of shares before dilution in millions	2,028	2,028	2,028	2,029	2,030
Average number of shares after dilution in millions	2,030	2,031	2,031	2,031	2,031
Number of own shares in millions	100	100	100	99	98
Average number of own shares in millions	100	100	100	99	99

¹ Earnings per share are calculated as Income for the period (excl. Minority interests) divided by the weighted average number of shares outstanding during the period

NOTE 1 | ACCOUNTING PRINCIPLES

The Volvo Group applies International Financial Reporting Standards (IFRS) as endorsed by the EU. The accounting principles adopted are consistent with those described in the Volvo Group Annual Report 2014 note 1 (available at www.volvogroup.com). There are no new accounting principles applicable from 2015 that significantly affects the Volvo Group.

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

The parent company applies the Swedish Annual Accounts Act and RFR 2 Reporting for legal entities.

NOTE 2 | RISKS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

All business operations involve risk – managed risk-taking is a condition of maintaining a sustained favorable profitability. Risk may be due to events in the world and can affect a given industry or market. Risk can be specific to a single company. Volvo works continuously to identify, measure and manage risk, and in some cases Volvo can influence the likelihood that a risk-related event will occur. In cases in which such events are beyond Volvo's control, the aim is to minimize the consequences.

The risks to which the Volvo Group is exposed are classified into three main categories:

External-related risks – such as the cyclical nature of the commercial vehicles business, intense competition, changes in prices for commercial vehicles and government regulations;

Financial risks – such as currency fluctuations, interest levels fluctuations, valuations of shares or similar instruments, credit risk and liquidity risk and;

Operational risks – such as market reception of new products, reliance on suppliers, protection and maintenance of intangible assets, complaints and legal actions by customers and other third parties and risk related to human capital.

For a more elaborate account of these risks, please refer to the Risk Management section on pages 83-85 in the Volvo Group Annual Report 2014 (available at www.volvogroup.com).

Risk updates for the period

Short-term risks, when applicable, are also described in the respective segment section of this report.

An increase in demand could potentially result in delivery disturbances due to suppliers' financial instability or shortage of resources.

Uncertainty regarding customers' access to the financing of products in emerging markets might have a negative impact on demand.

Volvo verifies annually, or more frequently if necessary, the goodwill value of its business areas and other intangible assets for possible impairment. The size of the surplus value differs between the business areas and they are, to a varying degree, sensitive to changes in the business environment. Instability in the business recovery and volatility in interest and currency rates may lead to indications of impairment.

The reported amounts for contingent liabilities reflect a part of Volvo's risk exposure. Total contingent liabilities as of March 31, 2015, amounted to SEK 16.6 billion compared to SEK 15.9 billion as of December 31, 2014. The gross exposure of SEK 16.6 billion is partly reduced by counter guarantees and collaterals. A significant part of the contingent liabilities are related to credit guarantees issued as a result of sales in emerging markets, in particular sales of construction equipment in China, where SEK 149 M was recognized as cost for expected future credit losses in China in the first quarter by Volvo Construction Equipment.

Please refer to the Volvo Group Annual Report 2014 note 21 for a description of provisions for legal proceedings and investigations and note 24 for a description of the nature of contingent liabilities including information on the legal proceedings and investigations that the Group is currently involved in and subject to.

The legal proceedings and investigations mentioned in the Volvo Group Annual report 2014 are progressing but no material change has occurred in these matters in the first quarter 2015 compared to the descriptions provided in note 21 and note 24 of the Volvo Group Annual Report 2014.

NOTE 3 | CORPORATE ACQUISITIONS AND DIVESTMENTS

Acquisitions and divestments

In the beginning of January 2015 Volvo Group completed the acquisition of 45% of the shares in Dongfeng Commercial Vehicles Co., Ltd, DFCV, in China. The ownership in DFCV is classified as an associated company and consolidated with the equity method and included in the Trucks segment. The result of DFCV is, from the beginning, included in the Volvo consolidation with a time lag of one month. When Volvo and DFCV have aligned the book closing procedures a catch up will take place and the result will then be recognized without a time lag. Consequently, when the catch up occurs, the result of four separate months will be included within one quarter.

The purchase consideration amounted to approximately SEK 7 billion and is recognized as Investments in joint

ventures and associated companies within Financial assets.

The Volvo Group divested properties in Belgium and Sweden during the first quarter, resulting in a positive impact on operating income of SEK 281 M recognized in the segment Corporate functions, Group functions & Other.

Volvo has not made any other acquisitions or divestments during the first quarter that have had a significant impact on the Volvo Group.

Assets and liabilities held for sale

Assets amounting to SEK 244 M classified as held for sale at the end of the first quarter 2015, mainly pertain to planned property divestments and divestment activities within the efficiency program.

NOTE 4 | CURRENCY AND FINANCIAL INSTRUMENTS

Fair value of financial instruments

Valuation principles and principles for hedge accounting for Volvo Group financial instruments, as described in Volvo Group Annual Report 2014 Note 30 (available at volvogroup.com), have been consistently applied throughout the reporting period.

Financial instruments in the Volvo Group reported at fair value through profit and loss consist mainly of marketable securities (see balance sheet) and interest-, currency- and raw material derivatives. Derivatives with positive fair values amounted to SEK 2.9 billion and derivatives with negative fair values amounted to SEK 3.1 billion as of March 31, 2015. The derivatives are accounted for on

gross-basis, with the exception of derivatives with positive fair values amounting to SEK 0.9 billion, netted against a fair value of a loan of negative SEK 0.9 billion, related to hedge accounting.

Financial liabilities valued at amortized cost, reported as Current and non-current bond loans and other loans, amounted to SEK 153.9 billion in reported carrying value with a fair value of SEK 157.2 billion. In the Volvo Group consolidated financial position, financial liabilities include loan-related derivatives with negative fair values amounting to SEK 2.1 billion.

Currency effect on operating income Industrial operations	Compared to first quarter 2014			Compared to fourth quarter 2014		
	First quarter 2015	First quarter 2014	Change	First quarter 2015	Fourth quarter 2014	Change
SEK M						
Net flow in foreign currency			1,036			356
Realized gains and losses on hedging contracts	(7)	9	(16)	(7)	(3)	(4)
Unrealized gains and losses on receivables and liabilities in foreign currency	130	75	55	130	(303)	433
Currency effect from devaluation in Venezuela	(208)	-	(208)	(208)	-	(208)
Unrealized gains and losses on hedging contracts	0	(16)	16	0	(11)	11
Translation effect on operating income in foreign subsidiaries			400			177
Total currency effect on operating income Industrial operations			1,282			765

Applicable currency rates	Quarterly exchange rates		Close rates	
	First quarter 2015	First quarter 2014	Mar 31 2015	Mar 31 2014
BRL	2.92	2.73	2.67	2.87
CNY	1.34	1.06	1.39	1.05
EUR	9.38	8.87	9.30	8.96
USD	8.34	6.47	8.62	6.51
JPY	0.0700	0.0630	0.0718	0.0633

NOTE 5 | TRANSACTIONS WITH RELATED PARTIES

Sales to associated companies amounted to SEK 577 M (539) and purchases from associated companies amounted to SEK 539 M (383) during the first quarter of 2015. As of March 31, 2015, receivables from associated companies amounted to SEK 416 M (598) and liabilities to associated companies to SEK 511 M (510). Sales to joint

ventures amounted to SEK 336 M (159) and purchases from joint ventures amounted to SEK 156 M (96) during the first quarter of 2015. As of March 31, 2015, receivables from joint ventures amounted to SEK 128 M (178) and liabilities to joint ventures to SEK 76 M (78).

NOTE 6 | EFFICIENCY PROGRAM

Strategic program 2013-2015

The Volvo Group's current strategic program for the period 2013-2015 is ongoing with the overall aim to improve the profitability of the Volvo Group. The ambition is to reduce the Group's structural costs by SEK 10 billion and have all activities implemented by the end of 2015, resulting in a full-year savings-effect in 2016.

The total restructuring charges are expected to amount to approximately SEK 6-7 billion. A significant part of the restructuring charges still to be recognized, currently amounting to SEK 2-3 billion, are expected to impact earnings in 2015. The non-cash portion of the total restructuring charges is expected to be approximately SEK 1.5-2.0 billion.

As of the third quarter 2013 operating cost related to the efficiency program is presented separately, when relevant for operational follow-up. As a result, in this report operating income and operating margin is presented both including and excluding restructuring charges. The program includes all restructuring cost, not only cost that meet the definition of restructuring provisions. The cost is recognized as Other operating income and expense in the Group's Income statement.

In the first quarter 2015, SEK 229 M related to the efficiency program is presented separately. The costs are mainly related to the optimization of the truck manufacturing in Europe and Volvo CE.

Follow-up of the program

SEK bn	2012	2013	2014	Q1 2015*	Target reduction 2016 vs 2012
Structural cost reduction in Gross income	-	-	(1.0)	(1.2)	
Cash R&D ¹	16.9	15.9	15.2	14.9	
Selling expenses	27.9	28.5	27.4	27.7	
Administrative expenses	5.6	5.9	5.4	5.5	
Total reduction vs. 2012		(0.1)	(3.3)	(3.5)	(10.0)

*12 months rolling per first quarter 2015

¹Cash R&D is research and development expenses including capitalization and excluding amortization.

Efficiency program cost, provision and cash-flow

SEK bn	Whereof items with no cash-flow effect
Total restructuring cost, efficiency program	
Announced total restructuring cost	6.0 - 7.0
Cost recognized	
Previous quarters ¹	3.9
Current quarter	0.2
Total cost recognized	4.1
Remaining restructuring cost	1.9 - 2.9
Restructuring provision, efficiency program first quarter 2015	
Opening balance	0.9
Utilized	(0.2)
New provision	0.1
Closing balance	0.8

¹From fourth quarter 2012

PARENT COMPANY

During the first quarter dividend from the associated company Deutz AG was received of SEK 35 M. Slightly more than half of AB Volvo's holding in the listed company Eicher Motors Limited was divested which resulted in a capital gain of SEK 2,471 M. Reversal of revaluation to market value of the divested holding in Eicher Motors Limited of SEK 2,230 M, together with revaluation of the remaining holding of SEK 340 M is recognized in other comprehensive income and as a decrease in other shares and participations.

In January AB Volvo acquired 45% of the Chinese automotive manufacturer Dongfeng Commercial Vehicles Co., Ltd. The acquisition amounted to SEK 7,197 M, the holding is recognized as an investment in associated company.

Investments in tangible assets amounted to SEK 1 M (29).

Financial net debt amounted to SEK 41,286 M (35,967) at the end of the first quarter.

Income Statement	First quarter	
	2015	2014
SEK M		
Net sales¹	155	156
Cost of sales ¹	(155)	(156)
Gross income	0	0
Operating expenses ¹	(379)	(201)
Income from investments in Group companies	(177)	(270)
Income from investments in joint ventures and associated companies	35	27
Income from other investments	2,471	7
Operating income (loss)	1,950	(437)
Interest income and expenses	(326)	(268)
Other financial income and expenses	16	(10)
Income after financial items	1,640	(715)
Income taxes	160	163
Income for the period	1,800	(552)

¹ Of net sales in the first quarter, SEK 128 M (106) pertained to Group companies, while purchases from Group companies amounted to SEK 201 M (64).

Other comprehensive income		
Income for the period	1,800	(552)
<i>Items that may be reclassified subsequently to income statement:</i>		
Available-for-sale investments	(1,890)	286
Other comprehensive income, net of income taxes	(1,890)	286
Total comprehensive income for the period	(90)	(266)

CONT. PARENT COMPANY

Balance Sheet	March 31	Dec 31
SEK M	2015	2014
Assets		
Non-current assets		
Intangible assets	19	23
Tangible assets	45	54
Financial assets		
Shares and participations in Group companies	61,283	61,283
Receivables from Group companies	29	59
Investments in joint ventures and associated companies	10,519	3,322
Other shares and participations	2,222	4,241
Deferred tax assets	2,351	2,191
Other long-term receivables	27	27
Total non-current assets	76,495	71,200
Current assets		
Short-term receivables from Group companies	11,598	11,682
Other short-term receivables	131	300
Cash and bank accounts	-	0
Total current assets	11,729	11,982
Total assets	88,224	83,182
Shareholders' equity and liabilities		
Shareholders' equity		
Restricted equity	9,891	9,891
Unrestricted equity	28,315	28,395
Untaxed reserves	4	4
Provisions	139	142
Non-current liabilities ¹	0	7
Current liabilities ²	49,875	44,743
Total shareholders' equity and liabilities	88,224	83,182

¹ Of which SEK 0 M (7) pertains to Group companies.

² Of which SEK 49,402 M (44,269) pertains to Group companies.

EVENTS AFTER THE BALANCE SHEET DATE

For important events after the balance sheet date, see page 13 of this report. No other significant events have occurred after the end of the first quarter 2015 that are expected to have a substantial effect on the Volvo Group.

Göteborg, April 22, 2015
AB Volvo (publ)

Jan Gurander
Acting President and CEO

This report has not been reviewed
by AB Volvo's auditors

DELIVERIES

Delivered trucks	First quarter		Change in %
	2015	2014	
Trucks¹			
Europe	19,794	16,588	19
Western Europe	16,578	12,667	31
Eastern Europe	3,216	3,921	(18)
North America	15,950	13,001	23
South America	2,117	6,445	(67)
Asia	7,314	8,226	(11)
Other markets	3,151	3,585	(12)
Total Trucks	48,326	47,845	1
Heavy duty (>16 tons)	40,875	41,774	(2)
Medium duty (7-16 tons)	3,537	3,490	1
Light duty (<7 tons)	3,914	2,581	52
Total Trucks	48,326	47,845	1
Non-consolidated operations (100%)			
VE Commercial Vehicles (Eicher)	8,126	7,667	4
Dongvo (Hangzhou) Truck Company (UD)	56	9	522
Dongfeng Commercial Vehicle Company (Dongfeng)	15,813	-	-
Total non-consolidated operations	23,995	7,676	206
Heavy duty (>16 tons)	12,925	1,874	533
Medium duty (7-16 tons)	9,999	4,467	124
Light duty (<7 tons)	1,071	1,335	(20)
Total non-consolidated operations	23,995	7,676	206
Total volumes	72,321	55,521	30
Of which:			
Volvo Trucks			
Europe	10,896	10,462	4
Western Europe	8,386	7,186	17
Eastern Europe	2,510	3,276	(23)
North America	9,779	7,685	27
South America	1,747	6,098	(71)
Asia	2,819	2,945	(4)
Other markets	1,132	1,551	(27)
Total Volvo Trucks	26,373	28,741	(8)
Heavy duty (>16 tons)	25,780	28,309	(9)
Medium duty (7-16 tons)	593	432	37
Light duty (<7 tons)	-	-	-
Total Volvo Trucks	26,373	28,741	(8)
UD Trucks			
Europe	-	-	-
Western Europe	-	-	-
Eastern Europe	-	-	-
North America	31	10	210
South America	67	70	(4)
Asia	3,957	4,697	(16)
Other markets	870	982	(11)
Total UD Trucks	4,925	5,759	(14)
Heavy duty (>16 tons)	3,069	3,231	(5)
Medium duty (7-16 tons)	1,689	2,204	(23)
Light duty (<7 tons)	167	324	(48)
Total UD Trucks	4,925	5,759	(14)

¹ 50/50 joint-ventures are consolidated using the equity method.

DELIVERIES CONT.

Delivered trucks	First quarter		Change in %
	2015	2014	
Of which:			
Renault Trucks			
Europe	8,898	6,126	45
Western Europe	8,192	5,481	49
Eastern Europe	706	645	9
North America	43	14	207
South America	44	127	(65)
Asia	474	584	(19)
Other markets	954	844	13
Total Renault Trucks	10,413	7,695	35
Heavy duty (>16 tons)	5,411	4,584	18
Medium duty (7-16 tons)	1,255	854	47
Light duty (<7 tons)	3,747	2,257	66
Total Renault Trucks	10,413	7,695	35
Mack Trucks			
Europe	-	-	-
Western Europe	-	-	-
Eastern Europe	-	-	-
North America	6,097	5,292	15
South America	259	150	73
Asia	20	-	-
Other markets	195	208	(6)
Total Mack Trucks	6,571	5,650	16
Heavy duty (>16 tons)	6,571	5,650	16
Medium duty (7-16 tons)	-	-	-
Light duty (<7 tons)	-	-	-
Total Mack Trucks	6,571	5,650	16

DELIVERIES CONT.

Delivered buses	First quarter		Change in %
	2015	2014	
Europe	428	312	37
Western Europe	386	303	27
Eastern Europe	42	9	367
North America	462	241	92
South America	247	814	(70)
Asia	333	292	14
Other markets	114	116	(2)
Total buses	1,584	1,775	(11)
Non-consolidated operations (100%)			
VE Commercial Vehicles	2,878	2,156	33
Shanghai Sunwin Bus Corporation	270	475	(43)
Dongfeng Commerical Vehicle Company	581	-	-
Total non-consolidated operations	3,729	2,631	42
Total volumes	5,313	4,406	21

AB Volvo (publ) is obliged 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 07.00 a.m. April 22, 2015.

This report contains forward-looking statements that reflect the Board of Directors' and management's current views with respect to certain future events and potential financial performance. Although the Board of Directors and the management believe that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, (i) changes in economic, market and competitive conditions, (ii) success of business and operating initiatives, (iii) changes in the regulatory environment and other government actions, (iv) fluctuations in exchange rates and (v) business risk management.

This report does not imply that the Company has undertaken to revise these forward-looking statements, beyond what is required under the company's registration contract with Nasdaq Stockholm, if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

Financial calendar

Report on the second quarter 2015	July 17, 2015
Report on the third quarter 2015	October 23, 2015
Report on the fourth quarter 2015	February 5, 2016

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