

Volvo Group

Report on the fourth quarter and full-year 2011

In the fourth quarter net sales increased by 18% to SEK 86.5 billion (73.4). Adjusted for currency movements and acquired and divested units, sales increased by 20%. For the full year net sales increased by 17% to SEK 310.4 billion (264.7).

The fourth quarter operating income amounted to SEK 6,955 M (5,518). Compared to the fourth quarter of 2010 changes in exchange rates had a negative impact of SEK 425 M. The full-year operating income was the highest to date and amounted to SEK 26.9 billion (18.0).

Operating margin in the fourth quarter was 8.0% (7.5). The full-year operating margin was a record 8.7% (6.8).

In the fourth quarter basic and diluted earnings per share amounted to SEK 2.33 (1.59). Full-year diluted earnings per share amounted to SEK 8.75 (5.36).

In the fourth quarter operating cash flow in the Industrial Operations was positive in an amount of SEK 10.7 billion (15.1).

Return on shareholders' equity of 23.1% in 2011 (16.0).

The Board of Directors proposes a dividend of SEK 3.00 per share (2.50).



	Fourth quarter		Year	
	2011	2010	2011	2010
Net sales Volvo Group, SEK M	86,507	73,398	310,367	264,749
Operating income Volvo Group, SEK M	6,955	5,518	26,899	18,000
Operating income Industrial operations, SEK M	6,693	5,420	25,957	17,834
Operating income Customer Finance, SEK M	262	98	942	167
Operating margin Volvo Group, %	8.0	7.5	8.7	6.8
Income after financial items, SEK M	6,390	4,494	24,929	15,514
Income for the period, SEK M	4,798	3,415	18,115	11,212
Diluted earnings per share, SEK	2.33	1.59	8.75	5.36
Return on shareholders' equity, rolling 12 months,%			23.1	16.0

VOLVO

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CEO's comments

- strong ending to record year



The Volvo Group's strong trend continued during the fourth quarter of 2011. Sales rose in all regions, profitability improved and cash flow was strong. Net sales of SEK 86.5 billion for the fourth quarter were 18% higher, year-on-year. Operating income rose to SEK 6,955 M (5,518), with an operating margin of 8.0% (7.5). The improved results were primarily due to higher sales. The operating cash flow in the industrial operation amounted to SEK 10.7 billion (15.1).

Driven by improved profitability and the good cash flow, the net financial debt in the industrial operation is now down to 25% of shareholders equity, which means that the Group is financially strong in an environment that is currently characterized by turmoil in the financial markets and uncertain macro-economic trends.

Full-year at record level

If we review the full-year 2011, the Volvo Group generated the highest net sales, the best operating income and the highest operating margin to date. Net sales rose to SEK 310 billion (265), operating income improved to SEK 26.9 billion (18.0) and the operating margin was 8.7% (6.8). At the same time, the return on operating capital in the industrial operation rose to 28.8% and the return on shareholders' equity in the Group to 23.1%.

The Board of Directors proposes a dividend of SEK 3.00 per share for 2011, up SEK 0.50 per share compared with the preceding year.

Increased profitability in the truck operation

In the fourth quarter, the Group's truck deliveries rose 21% to 68,600 vehicles, compared with 56,800 in the year-earlier period. Net sales in the truck operation rose 19% to SEK 57.3 billion (48.0). Operating income increased to SEK 4,906 M (3,490) and the operating margin improved to 8.6% (7.3) as a result of higher sales.

During the fourth quarter, order intake declined to 57,700 trucks, compared with 62,100 in the year-earlier period. Europe and South America have had a decline in order intake, while there was an increase in North America.

Demand for trucks in Europe declined during the autumn, but seemed to stabilize on a somewhat lower level towards the end of the year. The Volvo Group has advanced its position in the European market and the truck brands had a combined market share of 26%, driven by an increase for the Volvo brand. With the uncertainty in the European economy it is difficult to forecast demand for trucks in 2012. However, we keep our assessment that the market in Europe 29 will be about 220,000 heavy-duty trucks in 2012. We expect a slow start to the year and a gradual improvement as customers start to replace old trucks ahead of the new and stricter emission standards that come into force as of 2014.

The North American market for heavy-duty trucks rose to 216,000 vehicles in

2011. Thanks to competitive products and good sales efforts, the Group succeeded in significantly strengthening its market shares. We continue to have a positive outlook on demand, which is primarily based on the need to replace old trucks. We retain our assessment that the total market in North America will continue to grow and end up at about 250,000 heavy-duty trucks in 2012.

The Brazilian market for heavy-duty trucks reached 112,000 vehicles in 2011, which is slightly lower than we predicted. One explanation is that the prebuy ahead of the transition to the new emissions regulations starting in 2012 was not as significant as anticipated. We had major successes in Brazil during the year and increased our market share for heavy-duty trucks by 2 percentage points to 17.1%. The market in Brazil will be weak in the beginning of 2012, but we believe that it will recover gradually during the year. We maintain our assessment of a market of about 105,000 heavy-duty trucks for the full-year 2012.

In both Europe and Brazil, we have reduced production rates at the beginning of the year to meet the lower order intake, while production in Japan, India and North America remain at about the same levels as at the end of 2011.

Volvo CE strengthens position

Volvo CE's net sales rose 14% to SEK 16.8 billion (14.7) in the fourth quarter. Operating income amounted to SEK 1,649 M (1,758) and the operating margin was 9.8% (12.0). Most markets displayed a positive sales trend, with the exception of the Chinese market, which was relatively weak. With new product programs and local production, Volvo CE is strengthening its position in key emerging markets. In China, SDLG recently launched four updated and one completely new excavator model, which will contribute to strengthening our position as market leader. In addition, the first excavator rolled off the production line in India during the quarter.

From a historic perspective, Volvo Buses had a good year, both in terms of volumes and profitability. This was achieved by successful efforts to grow in emerging markets, which offset the continued weak markets in Europe and the US. During the fourth quarter, operating income rose to SEK 295 M (221) and the operating margin to 4.4% (3.9).

Volvo Penta was impacted by a continued weak market for marine engines and recently also for industrial engines, but despite this, operating income totaled SEK 94 M (73), with an operating margin of 4.8% (3.6). For

our customer finance operation, the trend is pointing in the right direction, with portfolio growth and lower credit losses. Despite a significant headwind from currency, Volvo Aero's operating margin amounted to 8.1% in the fourth quarter. In the quarter we announced that we have initiated a process aimed at divesting Volvo Aero.

Reorganization to increase sales and profitability

On January 1, 2012, the Volvo Group introduced a new organization to better capitalize on the global potential in products and brands within the truck operation and to enhance the Group's efficiency. The reorganization is progressing according to plan, with the new management structure in place. We have also commenced the work to optimize our trucks brand portfolio. A great deal of work remains, but we have taken the first step on a path, which over time will lead to higher sales and improved profitability.



Olof Persson
President and CEO

Important events

Volvo Group's 2011 Capital Market Day

At Volvo's Capital Market Day in Stockholm on November 8, 2011 President and CEO Olof Persson informed about the Group's new financial targets that were announced on September 22, 2011, and the new organization that applies from 2012. He also emphasized the major growth potential he sees in the existing businesses which, combined with higher cost efficiency, over time gives the Group the potential to increase its operating margin by at least 3 percentage points, thus facilitating achievement of the new financial targets.

AB Volvo evaluates the possibility of divesting Volvo Aero

On November 21, 2011 it was announced that AB Volvo, as a step in further streamlining the Volvo Group towards commercial vehicles, had initiated a process aimed at divesting Volvo Aero.

Carl-Henric Svanberg proposed as new Chairman of AB Volvo

On December 12, 2011 the Election Committee of AB Volvo proposed the election of Carl-Henric Svanberg as new Chairman of the Board at the Annual General Meeting on April 4, 2012. AB Volvo's current Chairman Louis Schweitzer has declined reelection.

The Election Committee also proposed the reelection of Board members Peter Bijur, Jean-Baptiste Duzan, Hanne de Mora, Anders Nyrén, Ravi Venkatesan, Lars Westerberg, Ying Yeh and Olof Persson.

Previously reported important events

- New financial targets for AB Volvo
- Volvo Group restructures its truck business and launches new organization
- UD Trucks launches new Condor
- Olof Persson appointed new Volvo CEO
- Pat Olney new President of Volvo CE
- Annual General Meeting of AB Volvo
- Volvo CE invests in its North American operations

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

Financial summary of the fourth quarter

Volvo Group

Net sales

The Volvo Group's net sales increased by 18% to SEK 86,507 M during the fourth quarter of 2011, compared to SEK 73,398 M in the same quarter a year earlier.

Operating income

The Volvo Group's operating income amounted to SEK 6,955 M in the fourth quarter compared to SEK 5,518 M in the preceding year. For detailed information on the development, see separate sections below.

Net financial items

Net interest expense in the fourth quarter was SEK 522 M compared to an expense of SEK 655 M in the previous year. In the third quarter of 2011 net interest expense amounted to SEK 589 M.

During the fourth quarter, market valuation of derivatives used for hedging interest-rate exposure in the debt portfolio had a positive effect on Other financial income and expenses amounting to SEK 34 M com-

Income Statement Volvo Group

SEK M	Fourth quarter		Year	
	2011	2010	2011	2010
Net sales Volvo Group	86,507	73,398	310,367	264,749
Operating Income Volvo Group	6,955	5,518	26,899	18,000
<i>Operating income Industrial operations</i>	<i>6,693</i>	<i>5,420</i>	<i>25,957</i>	<i>17,834</i>
<i>Operating income Customer Finance</i>	<i>262</i>	<i>98</i>	<i>942</i>	<i>167</i>
Interest income and similar credits	164	112	608	442
Interest expense and similar charges	(686)	(767)	(2,875)	(3,142)
Other financial income and expenses	(43)	(370)	297	213
Income after financial items	6,390	4,494	24,929	15,514
Income taxes	(1,592)	(1,078)	(6,814)	(4,302)
Income for the period	4,798	3,415	18,115	11,212

pared to a negative impact of SEK 117 M in the fourth quarter of 2010.

During the fourth quarter of 2010 a devaluation in Venezuela had a negative impact on Other financial income and expenses amounting to SEK 157 M.

Income taxes

The tax expense in the fourth quarter amounted to SEK 1,592 M (1,078), corresponding to a tax rate of 25% (24).

Income for the period and earnings per share

The income for the period amounted to SEK 4,798 M in the fourth quarter of 2011 compared to SEK 3,415 M in the fourth quarter of 2010.

Basic and diluted earnings per share in the fourth quarter amounted to SEK 2.33 (1.59).

Volvo Group's Industrial Operations

- strong sales

In the fourth quarter, net sales for the Volvo Group's Industrial Operations increased by 18% to SEK 84,788 M (71,974). Adjusted for changes in exchange rates and acquired and divested units net sales increased by 20%. Sales increased in all regions with strong gains in both North America and Eastern Europe, while it was more moderate in Western Europe.

Operating income highest so far for a fourth quarter

In the fourth quarter of 2011, the operating income for the Volvo Group's Industrial Operations amounted to SEK 6,693 M, compared to SEK 5,420 M in the fourth quarter of 2010. The higher operating income is primarily driven by higher sales. In the quarter, operating income was positively impacted by a tax credit for research and development activities of SEK 283 M in the Truck segment, which was partly off-set by a write-down of shares listed in Japan of SEK 226 M, also in the Truck segment.

Compared to the fourth quarter of 2010, changes in currency exchange rates had a negative impact on operating income amounting to SEK 425 M. Trucks was negatively impacted by SEK 294 M and Construction Equipment by SEK 320 M whereas "Group functions and other" contains a positive impact of SEK 366 M, which is related to market valuation of contracts used for hedging cash flows.

The Industrial Operations' operating margin was 7.9% in the fourth quarter of 2011 (7.5).

Strong cash generation

In the fourth quarter of 2011, operating cash flow from the Industrial Operations amounted to SEK 10.7 billion compared to SEK 15.1 billion in the fourth quarter of 2010. Cash flow in the fourth quarter of 2011 was primarily driven by the operating income of SEK 6.7 billion, a build-up of accounts payables of SEK 4.8 billion and a reduction of inventories of SEK 2.4 billion.

Net sales by market area

SEK M	Fourth quarter		Change in %	Year		Change in %	Share of industrial operations' net sales, %
	2011	2010		2011	2010		
Western Europe	26,554	25,037	6	97,925	87,241	12	32
Eastern Europe	6,054	4,121	47	20,298	12,570	61	7
North America	17,602	12,550	40	58,253	45,409	28	19
South America	9,182	7,701	19	34,013	27,876	22	11
Asia	19,913	17,339	15	73,017	65,072	12	24
Other markets	5,483	5,226	5	20,083	19,207	5	7
Total Industrial operations	84,788	71,974	18	303,589	257,375	18	100

Income Statement Industrial operations

SEK M	Fourth quarter		Year	
	2011	2010	2011	2010
Net sales	84,788	71,974	303,589	257,375
Cost of sales	(65,278)	(55,820)	(231,516)	(197,480)
Gross income	19,510	16,154	72,073	59,895
<i>Gross margin, %</i>	23.0	22.4	23.7	23.3
Research and development expenses	(3,390)	(3,640)	(13,276)	(12,970)
Selling expenses	(6,852)	(5,870)	(24,383)	(22,649)
Administrative expenses	(1,947)	(1,293)	(7,105)	(5,640)
Other operating income and expenses	(369)	137	(1,045)	(659)
Income (loss) from investments in associated companies	(11)	(20)	(82)	(86)
Income from other investments	(248)	(49)	(225)	(57)
Operating income	6,693	5,420	25,957	17,834
<i>Operating margin, %</i>	7.9	7.5	8.6	6.9
Operating income before depreciation and amortization (EBITDA)	9,608	8,189	37,376	29,171
<i>EBITDA margin, %</i>	11.3	11.4	12.3	11.3

Volvo Group's Customer Finance - strong volumes

Improved profitability trends continued for the customer finance business as a result of strong portfolio growth and lower credit losses. The new business volume recorded in the quarter was the highest to date for the customer finance business.

New financing volume during the quarter amounted to SEK 12.6 billion (10.7). Adjusting for movements in exchange rates, new financing volume increased by 20.7% compared to the fourth quarter of 2010. This increase is driven by higher Volvo Group unit deliveries and stable market penetration. In total, 14,173 new Volvo Group units (11,439) were financed during the quarter. In the markets where financing is offered, the average penetration rate in the fourth quarter was 25% (25%).

As of December 31, 2011, the gross credit portfolio amounted to SEK 95.5 billion (84.5). On a currency adjusted basis, the credit portfolio increased by 13.8% when compared to the fourth quarter 2010. In the

Income Statement Customer Finance

SEK M	Fourth quarter		Year	
	2011	2010	2011	2010
Finance and lease income	2,321	1,951	8,883	9,031
Finance and lease expenses	(1,475)	(1,180)	(5,693)	(5,974)
Gross income	846	771	3,190	3,057
Selling and administrative expenses	(434)	(369)	(1,645)	(1,526)
Credit provision expenses	(169)	(311)	(682)	(1,438)
Other operating income and expenses	18	7	78	73
Operating income	262	98	942	167
Income taxes	(86)	(44)	(323)	(134)
Income for the period	176	54	619	32
<i>Return on Equity, 12 month moving values</i>			7.3%	0.4%

quarter, VFS assumed the rental fleet in Volvo Rents of approximately SEK 3.4 billion into the credit portfolio.

Credit provisions in the quarter amounted to SEK 169 M (311) while write-offs of SEK 223 M (333) were recorded. This resulted in a decrease in credit reserves from 1.52% to 1.33% of the credit portfolio at September 30, 2011 and December 31, 2011, respectively. The credit reserves were 1.69% at

December 31, 2010. The annualized write-off ratio through December 31, 2011 was 0.93% (1.65).

Operating income in the fourth quarter amounted to SEK 262 M (98). The improvement compared to the previous year is driven mainly by lower credit provisions and higher earning assets.



Strengthened financial position

Net financial debt in the Industrial Operations amounted to SEK 19.3 billion at December 31, 2011, a decrease of SEK 10.3 billion compared to the third quarter of 2011, and equal to 25.2% of shareholders' equity. Excluding provision for post-employment benefits, the Industrial Operations' net debt amounted to SEK 15.0 billion, which is equal to 19.5% of shareholders' equity.

The Volvo Group's liquid funds, i.e. cash and cash equivalents and marketable securities combined, amounted to SEK 37.2 bil-

lion at December 31, 2011. In addition to this, granted but unutilized credit facilities amounted to SEK 33.4 billion. Cash and cash equivalents of SEK 9.3 billion are restricted for immediate use compared to SEK 7.4 billion a year earlier.

During the fourth quarter, currency movements increased the Volvo Group's total assets by SEK 0.4 billion due to revaluation of assets in foreign subsidiaries.

The equity ratio in the Volvo Group amounted to 24.3% on December 31, 2011

compared to 23.3% at year-end 2010. At December 31, shareholder's equity in the Volvo Group amounted to SEK 85.7 billion.

Number of employees

On December 31, 2011 the Volvo Group had 98,162 employees and 19,675 temporary employees and consultants, compared with 90,409 employees and 14,851 temporary employees and consultants at year-end 2010.

Business segment overview

Net sales

SEK M	Fourth quarter		Change, %	Change, %*	Year	
	2011	2010			2011	2010
Trucks	57,291	48,041	19	21	200,703	167,305
Construction Equipment	16,750	14,657	14	15	64,987	53,810
Buses	6,680	5,602	19	22	22,289	20,516
Volvo Penta	1,948	2,031	(4)	(3)	8,859	8,716
Volvo Aero	1,871	1,850	1	1	6,509	7,708
Eliminations and other	248	(207)	-	-	242	(680)
Industrial operations	84,788	71,974	18	20	303,589	257,375
Customer Finance	2,321	1,951	19	21	8,882	9,031
Eliminations	(602)	(528)	-	-	(2,104)	(1,658)
Volvo Group	86,507	73,398	18	20	310,367	264,749

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

Operating income

SEK M	Fourth quarter		Change, %	Year		
	2011	2010		2011	2010	
Trucks	4,906	3,490	41		18,260	10,112
Construction Equipment	1,649	1,758	(6)		6,653	6,180
Buses	295	221	33		1,036	780
Volvo Penta	94	73	29		781	578
Volvo Aero	151	282	(46)		336	286
Group functions and other	(402)	(404)	-		(1,109)	(102)
Industrial operations	6,693	5,420	23		25,957	17,834
Customer Finance	262	98	167		942	167
Volvo Group	6,955	5,518	26		26,899	18,000

Operating margin

%	Fourth quarter		Year	
	2011	2010	2011	2010
Trucks	8.6	7.3	9.1	6.0
Construction Equipment	9.8	12.0	10.2	11.5
Buses	4.4	3.9	4.6	3.8
Volvo Penta	4.8	3.6	8.8	6.6
Volvo Aero	8.1	15.2	5.2	3.7
Industrial operations	7.9	7.5	8.6	6.9
Volvo Group	8.0	7.5	8.7	6.8

Overview of Industrial Operations

Trucks

- continued improvement in profitability

- Moderate slowdown in Europe
- Continued good demand in North America
- Profitability increased with an operating margin of 8.6%



Mixed market conditions

In 2011 the heavy-duty truck market in Europe 29 (EU, Norway and Switzerland) increased by 35% to 242,400 trucks compared to 2010. The situation still varies significantly within Europe. While parts of Southern Europe are struggling, other regions in Northern and Eastern Europe has recovered from the low levels of 2010. In 2012, the total market for heavy-duty trucks in Europe 29 is expected to experience a moderate decline to a level of about 220,000 trucks (unchanged forecast). The start of the year is expected to be slow with a gradual pick-up in demand as customers start to renew their fleets ahead of the new emission regulation in 2014.

In 2011, the total market for heavy-duty trucks in North America increased by 52% to 216,100 trucks compared to 142,100 in the previous year. Demand was strong throughout the year, driven primarily by the need to replace the industry's aging highway tractor population. Activity in the refuse vehicle segment was steady. Although the vocational truck segment continued to suffer as a result of the depressed construction market, some positive signs were seen in the energy sector, particularly natural gas production. In 2012, the total market for heavy-duty trucks in North America is expected to grow to a level of about 250,000 trucks (unchanged forecast).

In 2011, the total market in Brazil increased by 2% to 111,500 heavy-duty trucks (109,800). The increase was lower than anticipated because of less prebuying than expected ahead of the new, stricter emission regulation that came into effect on January 1, 2012. The total Brazilian market

Net sales by market area, Trucks

SEK M	Fourth quarter			Year		
	2011	2010	Change in %	2011	2010	Change in %
Europe	23,570	21,204	11	85,173	69,606	22
North America	11,460	7,849	46	37,120	26,901	38
South America	7,020	5,879	19	26,822	21,680	24
Asia	11,419	9,425	21	37,551	35,231	7
Other markets	3,822	3,684	4	14,037	13,888	1
Total	57,291	48,041	19	200,703	167,305	20

Deliveries per market

Number of trucks	Fourth quarter			Year		
	2011	2010	Change in %	2011	2010	Change in %
Europe	26,332	22,863	15	95,113	65,503	45
North America	13,673	8,770	56	42,613	24,282	75
South America	7,843	6,217	26	29,274	21,483	36
Asia	16,606	14,957	11	56,165	53,833	4
Other markets	4,175	4,015	4	15,226	14,888	2
Total Trucks	68,629	56,822	21	238,391	179,989	32

for heavy-duty trucks is expected to record a slight decline and reach a level of about 105,000 trucks in 2012 (unchanged forecast). The beginning of the year is expected to be slow followed by a gradual pick-up in demand driven by a general increase in economic activity and increased acceptance of the new, more expensive Euro V trucks.

In Japan the market for heavy-duty trucks was 24,800 vehicles in 2011 (24,500), which was an increase of 1%. Following the earthquake and the subsequent tsunami that hit Japan on March 11, 2011 there are signs of a market-recovery during the latter part of 2011 and into 2012. For 2012, the total Japanese market for heavy-duty trucks is expected to increase to about 30,000 trucks (unchanged forecast).

In India, the market for heavy-duty trucks through November 2011 rose by 13% to 217,300 trucks (192,400).

Increased deliveries and market shares

In the fourth quarter of 2011, the Volvo Group delivered a total of 68,629 trucks, which was 21% more than in the fourth quarter of 2010.

The Group's truck business gained market share within heavy-duty trucks during the year. In Europe the Group had a combined market share of 26.3% (24.4) in 2011. In the U.S. the combined market share for the full year amounted to 19.8% (18.0), and in Brazil Volvo Trucks' market share in 2011 was 17.1% (14.8).

Moderate decline in order intake

Net order intake declined by 7% in the fourth quarter compared to the year-earlier period. In Europe, order intake declined by 24% as the economic problems in the Eurozone have started to impact the confidence among customers. The positive development

in North America continued with orders up 22% compared to last year. In South America, orders declined by 18% as a result of customers in Brazil holding back on orders for trucks fulfilling the Euro V emission standard that was introduced on January 1, 2012. Orders in Asia were stable while orders to other markets rose by 39%.

Increased profitability - operating margin of 8.6%

During the fourth quarter of 2011, the truck operation's net sales amounted to SEK 57,291 M, which was 19% higher than the fourth quarter of 2010. Adjusted for changes in exchange rates net sales increased by 21%.

The truck operations posted an operating income of SEK 4,906 M in the fourth quarter of 2011 compared with an operating income of SEK 3,490 M in the fourth quarter of 2010. The operating margin improved to 8.6%, compared with 7.3% in the year-

Net order intake per market

Number of trucks	Fourth quarter		Change in %	Year		Change in %
	2011	2010		2011	2010	
Europe	19,738	26,014	(24)	90,430	80,863	12
North America	12,690	10,414	22	51,629	29,849	73
South America	6,011	7,369	(18)	28,093	22,988	22
Asia	14,221	14,617	(3)	56,576	56,473	0
Other markets	5,044	3,637	39	17,249	15,101	14
Total	57,704	62,051	(7)	243,977	205,274	19

lier period. Increased sales volumes and higher capacity utilization had positive effects on earnings in the quarter. In the quarter, operating income was positively impacted by a tax credit for research and development activities of SEK 283 M, which was partly off-set by a write-down of shares listed in Japan of SEK 226 M. Compared to the fourth quarter of 2010, operating income was negatively impacted by changes in currency exchange rates in an amount of SEK 294 M.

Construction Equipment - number one in China

- Still growth in many markets but now at lower pace
- Volvo CE sales up 15% adjusted for currency
- China down 13% September-November, mainly driven by excavators
- Number one position in China maintained despite increased competition



Total market still growing but at lower pace

Measured in units, the total market for construction equipment increased by 19% in January-November 2011 compared to the same period in 2010. In Europe the market increased by 33%, North America was up 39% and South America increased by 20%. Asia excluding China was up 27% while China increased by 9%. Other markets were up 14%.

For the period of September-November the total market was up 9% while China decreased by 13%. The downturn in China was mainly driven by excavators while the wheel loader market was almost flat. The Chinese market has slowed down as a consequence of measures by the government to curtail inflation. However Volvo CE has maintained its strong position as a market leader with a 12% share of the wheel loader and excavator market at the end of 2011.

For 2012, Europe is expected to grow by 10–20% (unchanged forecast), North America 15–25% (unchanged), South America 0–10% (unchanged), Asia excluding China 10–20% (unchanged) while China is expected to be on the same level as in 2011 (previous forecast: 0–10%).

Net sales by market area, Construction Equipment

SEK M	Fourth quarter			Year		
	2011	2010	Change in %	2011	2010	Change in %
Europe	5,217	4,645	12	19,052	16,138	18
North America	2,224	1,617	38	7,862	6,267	25
South America	1,050	1,140	(8)	4,177	4,130	1
Asia	7,134	6,410	11	30,151	24,352	24
Other markets	1,125	845	33	3,745	2,923	28
Total	16,750	14,657	14	64,987	53,810	21

Increased sales but lower earnings

In the fourth quarter of 2011, net sales increased by 14% to SEK 16,750 M (14,657). Adjusted for currency movements, net sales increased by 15%. Sales were positively impacted by higher volumes due to a good momentum in many markets.

Operating income decreased to SEK 1,649 M (1,758) and operating margin was 9.8% (12.0%). The lower operating income and operating margin are primarily due to a negative impact from changes in currency exchange rates in an amount of SEK 320 M.

For the full year of 2011 Volvo CE increased unit sales by almost 30% and sold and all-time-high 84,000 units.

The value of the order book at December 31 was 51% higher than a year earlier.

Events in the fourth quarter

The fourth quarter saw even more products launched including new wheel loaders, excavators and road machinery, making 2011 a record-year for product launches.

Volvo CE also continued its on-going expansion in developing markets. Following a SEK 144 M investment in Volvo CE's factory in Bangalore, India, a new excavator assembly line was opened this quarter. Volvo CE's other brand SDLG, opened a new excavator factory in January 2012 in Linyi, China, and introduced five new or updated SDLG excavators. Volvo CE's dual brand approach, which helped it secure number one position in China in 2011, offers a unique advantage to meet the needs of a much wider customer base.

Buses – further improved earnings in the fourth quarter

- Deliveries rose 29%
- Continued negative market trend in North America and Europe, but growth in South America
- New bus range launched in India



Weak markets in North America and Europe, growth in South America

During the fourth quarter, the European bus market was at the same low levels as in 2010. In North America, the total bus market remained weak. The city-bus market declined 17% in 2011, when cities' investment in new buses was very restricted. The coach market in North America rose 25% from an exceptionally low volume in 2010.

In South America, demand remained strong, with approximately 30% higher volumes in heavy buses, compared with 2010. In Mexico, the total bus market rose from very low levels in 2010.

The market for heavy buses in China grew 13% in 2011, compared with the year-earlier period.

Record deliveries in the fourth quarter

Deliveries in the fourth quarter of 2011 totaled 4,172 buses, up 29% compared with 3,230 in the year-earlier quarter. South America accounted for the largest increase. Order intake for the fourth quarter amounted to 3,941 buses, up 7% compared with 3,677 in the year-earlier period.

During the quarter, Volvo Buses signed its largest order ever in Colombia, 688 buses for

Net sales by market area, Buses

SEK M	Fourth quarter			Year		
	2011	2010	Change in %	2011	2010	Change in %
Europe	2,225	1,581	41	7,009	6,242	12
North America	2,167	1,885	15	7,541	7,200	5
South America	1,001	582	72	2,721	1,737	57
Asia	833	947	(12)	3,027	3,299	(8)
Other markets	454	607	(25)	1,991	2,038	(2)
Total	6,680	5,602	19	22,289	20,516	9

Bogota. A new bus range, consisting of one city bus and two coaches was launched in India.

Sales and earnings increased

Net sales for the fourth quarter increased 19% to SEK 6,680 M (5,602). Adjusted for currency fluctuations, net sales rose 22%.

Operating income improved to SEK 295 M (221). Compared with the year-earlier period, operating income was positively impacted by higher volumes, and improved market mix. Compared to the fourth quarter of 2010, operating income was negatively impacted by changes in currency exchange rates in an amount of SEK 22 M. The operating margin increased to 4.4% (3.9).

Volvo Penta

- weak demand

- Weak demand for marine and industrial engines
- Sales declined but profitability improved



Slow demand

The global demand for industrial engines declined during the fourth quarter of 2011 as a result of the uncertainty surrounding global economic growth. The weakening applies to most of the large global industrial engine markets.

In North America demand for marine engines remained at very low levels. The total demand for marine engines in Europe was unchanged at a low level, due to the weak economic development in Southern Europe, primarily in Italy. The domestic boat sales in Italy, Volvo Penta's single largest marine market in Europe, are estimated to have declined by approximately 70% since the peak years.

Strengthened product portfolio

Volvo Penta has signed delivery agreements with leading leisure boat builders in Europe, which will strengthen its market shares in the inboard segment, i.e. power boats with traditional shaft installations. With its IPS system, Volvo Penta is market leader in Europe in this segment as well as for the diesel sterndrive engines.

In terms of industrial engines, this year Volvo Penta will present a complete product program which will comply with the strict

Net sales by market area, Volvo Penta

SEK M	Fourth quarter		Change in %	Year		Change in %
	2011	2010		2011	2010	
Europe	884	1,013	(13)	4,546	4,507	1
North America	325	314	4	1,386	1,500	(8)
South America	126	101	25	342	335	2
Asia	521	514	1	2,245	2,008	12
Other markets	92	89	3	340	366	(7)
Total	1,948	2,031	(4)	8,859	8,716	2

emissions requirements that will take effect in 2014. It will generate the prerequisites for Volvo Penta to significantly strengthen its market positions within the segment for versatile industrial engine applications, such as special vehicles, material handling equipment and cranes.

The volume in the order book at December 31, 2011 was 40% lower than the year earlier, excluding outboard engines. Apart from lower demand, the change is also explained by disturbances in connection to the implementation of a new logistics system in the preceding year.

Slow sales development

The fourth quarter is traditionally the year's weakest seasonal quarter for Volvo Penta. Net sales in the fourth quarter of 2011 decreased 4% year-on-year to SEK 1,948 M

(2,031). Adjusted for currency fluctuations sales decreased by 3%. Sales were distributed as follows between the two business segments: Marine SEK 1,067 M (1,038) and Industrial SEK 881 M (993).

Operating income amounted to SEK 94 M, compared with SEK 73 M in the year-earlier period. Profit was positively impacted by strict cost control and a healthy product mix. Compared to the fourth quarter of 2010, operating income was negatively impacted by changes in currency exchange rates in an amount of SEK 64 M.

The operating margin was 4.8% (3.6).

Volvo Aero

- good demand for aircraft

- Lower earnings due to unfavorable currency development
- AB Volvo announced its aim to divest Volvo Aero



Aircraft order intake 2011 up 99%

The International Air Transport Association (IATA) reported global year-to date traffic for the first eleven months of 2011 showing an increase of 5.9% for passenger traffic. Cargo traffic remained weak and decreased 0.7 % during the same time period. IATA has cut its airline industry profit forecast for 2012 to USD 3.5 billion from the USD 4.9 billion it was forecasting in September and said the Eurozone crisis puts a downside risk on its outlook for the year.

Airbus and Boeing reported 2,529 orders in 2011, up 99% compared to the order intake in 2010. The backlog for large commercial aircraft increased from 6,995 aircraft at the end of 2010 to 8,208 at the end of last year. The aircraft manufacturers delivered 1,011 aircraft in 2011, up 4% compared to 2010 year's deliveries.

Net sales by market area, Volvo Aero

SEK M	Fourth quarter			Year		
	2011	2010	Change in %	2011	2010	Change in %
Europe	854	860	(1)	3,036	3,768	(19)
North America	978	902	8	3,304	3,599	(8)
South America	0	7	(100)	8	27	(70)
Asia	27	54	(50)	108	233	(54)
Other markets	12	27	(56)	53	81	(35)
Total	1,871	1,850	1	6,509	7,708	(16)

Operating margin at 8% despite currency headwind

For Volvo Aero, net sales during the fourth quarter of 2011 increased by 1% to SEK 1,871 M compared to SEK 1,850 M in the fourth quarter of 2010. Sales during the fourth quarter increased by 1% adjusted for currency fluctuations.

Operating income amounted to SEK 151 M compared to SEK 282 M in the preceding year. After a weak first quarter in 2011, the trend during the year has been stable and positive attributable to higher utilization of production capacity, a higher produc-

tivity and also by a higher dollar rate. Operating margin was 8.1% (15.2). Compared to the fourth quarter 2010, operating income was negatively impacted by changes in currency exchange rates in an amount of SEK 91 M.

AB Volvo aiming to divest Volvo Aero

On November 21, AB Volvo communicated that as a step in further streamlining the Volvo Group towards heavy commercial vehicles, it has initiated a process aimed at divesting Volvo Aero.

Consolidated income statement, fourth quarter

SEK M	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Net sales	84,788	71,974	2,321	1,951	(602)	(528)	86,507	73,398
Cost of sales	(65,278)	(55,820)	(1,475)	(1,180)	602	528	(66,151)	(56,473)
Gross income	19,510	16,154	846	771	0	0	20,356	16,925
Research and development expenses	(3,390)	(3,640)	0	0	0	0	(3,390)	(3,640)
Selling expenses	(6,852)	(5,870)	(429)	(363)	0	0	(7,281)	(6,232)
Administrative expenses	(1,947)	(1,293)	(5)	(6)	0	0	(1,952)	(1,300)
Other operating income and expenses	(369)	137	(150)	(304)	0	0	(519)	(166)
Income (loss) from investments in associated companies	(11)	(20)	0	(1)	0	0	(11)	(20)
Income from other investments	(248)	(49)	0	0	0	0	(248)	(49)
Operating income	6,693	5,420	262	98	0	0	6,955	5,518
Interest income and similar credits	182	136	0	0	(19)	(24)	164	112
Interest expenses and similar charges	(705)	(791)	0	0	19	24	(686)	(767)
Other financial income and expenses	(43)	(370)	0	0	0	0	(43)	(370)
Income after financial items	6,127	4,395	262	98	0	0	6,390	4,494
Income taxes	(1,506)	(1,035)	(86)	(44)	0	0	(1,592)	(1,078)
Income for the period*	4,621	3,360	176	54	0	0	4,798	3,415
* Attributable to:								
Equity holders of the parent company							4,722	3,233
Minority interests							76	182
							4,798	3,415
Basic earnings per share, SEK							2.33	1.59
Diluted earnings per share, SEK							2.33	1.59

Consolidated other comprehensive income, fourth quarter

Income for the period	4,798	3,415
Exchange differences on translation of foreign operations	(915)	77
Exchange differences on hedge instruments of net investment in foreign operations	(1)	215
Accumulated translation difference reversed to income	(4)	(73)
Available for sale investments	189	68
Cash flow hedges	(52)	104
Other comprehensive income, net of income taxes	(783)	391
Total comprehensive income for the period*	4,015	3,806
* Attributable to:		
Equity holders of the parent company	3,915	3,619
Minority interests	100	187
	4,015	3,806

Consolidated income statement, year

SEK M	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Net sales	303,589	257,375	8,883	9,031	(2,104)	(1,658)	310,367	264,749
Cost of sales	(231,516)	(197,480)	(5,693)	(5,974)	2,104	1,658	(235,104)	(201,797)
Gross income	72,073	59,895	3,190	3,057	0	0	75,263	62,952
Research and development expenses	(13,276)	(12,970)	0	0	0	0	(13,276)	(12,970)
Selling expenses	(24,383)	(22,649)	(1,618)	(1,500)	0	0	(26,001)	(24,149)
Administrative expenses	(7,105)	(5,640)	(27)	(25)	0	0	(7,132)	(5,666)
Other operating income and expenses	(1,045)	(659)	(603)	(1,365)	0	0	(1,649)	(2,023)
Income (loss) from investments in associated companies	(82)	(86)	0	0	0	0	(81)	(86)
Income from other investments	(225)	(57)	0	0	0	0	(225)	(58)
Operating income	25,957	17,834	942	167	0	0	26,899	18,000
Interest income and similar credits	644	544	0	0	(37)	(102)	608	442
Interest expenses and similar charges	(2,912)	(3,244)	0	0	37	102	(2,875)	(3,142)
Other financial income and expenses	297	213	0	0	0	0	297	213
Income after financial items	23,986	15,347	942	167	0	0	24,929	15,514
Income taxes	(6,490)	(4,168)	(323)	(134)	0	0	(6,814)	(4,302)
Income for the period*	17,496	11,179	619	32	0	0	18,115	11,212
* Attributable to:								
Equity holders of the parent company							17,751	10,866
Minority interests							364	346
							18,115	11,212
Basic earnings per share, SEK							8.76	5.36
Diluted earnings per share, SEK							8.75	5.36

Consolidated other comprehensive income, year

Income for the period	18,115	11,212
Exchange differences on translation of foreign operations	(980)	(3,891)
Exchange differences on hedge instruments of net investment in foreign operations	(3)	113
Accumulated translation difference reversed to income	(30)	(95)
Available for sale investments	39	148
Cash flow hedges	(144)	(156)
Other comprehensive income, net of income taxes	(1,118)	(3,881)
Total comprehensive income for the period*	16,997	7,331
* Attributable to		
Equity holders of the parent company	16,551	7,016
Minority interests	446	315
	16,997	7,331

Consolidated balance sheet

SEK M	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	Dec 31 2011	Dec 31 2010	Dec 31 2011	Dec 31 2010	Dec 31 2011	Dec 31 2010	Dec 31 2011	Dec 31 2010
Assets								
Non-current assets								
Intangible assets	39,385	40,613	122	101	0	0	39,507	40,714
Tangible assets								
Property, plant and equipment	54,446	54,169	94	72	0	0	54,540	54,242
Assets under operating leases	16,749	13,217	11,525	10,055	(4,352)	(3,625)	23,922	19,647
Financial assets								
Shares and participations	1,871	2,080	3	18	0	0	1,874	2,098
Non-current customer-financing receivables	579	598	44,651	36,270	(4,612)	(843)	40,618	36,025
Deferred tax assets	12,480	12,019	358	291	0	0	12,838	12,310
Prepaid pensions	2,263	1,636	14	12	0	0	2,277	1,648
Non-current interest-bearing receivables	757	941	0	204	(63)	(379)	694	766
Other non-current receivables	4,500	3,401	50	41	(235)	(24)	4,315	3,418
Total non-current assets	133,030	128,674	56,817	47,064	(9,262)	(4,871)	180,585	170,868
Current assets								
Inventories	43,828	38,956	771	882	0	0	44,599	39,837
Current receivables								
Customer-financing receivables	1,123	830	38,050	36,897	(1,092)	(1,064)	38,081	36,663
Tax assets	1,152	1,045	48	90	0	0	1,200	1,135
Interest-bearing receivables	1,461	1,071	226	1,283	(1,020)	(2,012)	667	342
Internal funding	2,253	7,505	0	0	(2,253)	(7,505)	0	0
Accounts receivable	27,492	24,332	207	101	0	0	27,699	24,433
Other receivables	13,438	11,561	1,411	1,352	(1,024)	(1,056)	13,825	11,857
Non interest-bearing assets held for sale	9,344	136	0	0	0	0	9,344	136
Interest-bearing assets held for sale	4	0	0	0	0	0	4	0
Marketable securities	6,838	9,735	24	32	0	0	6,862	9,767
Cash and cash equivalents	29,113	21,756	1,593	1,545	(327)	(335)	30,379	22,966
Total current assets	136,046	116,928	42,330	42,182	(5,717)	(11,970)	172,659	147,139
Total assets	269,076	245,602	99,147	89,246	(14,979)	(16,841)	353,244	318,007
Shareholders' equity and liabilities								
Equity attributable to the equity holders of the parent company								
Minority interests	1,100	1,011	0	0	0	0	1,100	1,011
Total shareholders' equity	76,682	66,101	8,999	8,020	0	0	85,681	74,121
Non-current provisions								
Provisions for post-employment benefits	6,635	7,478	30	32	0	0	6,665	7,510
Provisions for deferred taxes	4,171	3,026	1,465	1,496	0	0	5,636	4,522
Other provisions	5,492	5,785	154	150	2	1	5,648	5,936
Non-current liabilities								
Bond loans	38,192	38,767	0	0	0	0	38,192	38,767
Other loans	38,848	37,180	8,974	8,225	(57)	(78)	47,765	45,327
Internal funding	(35,453)	(26,971)	33,459	25,927	1,994	1,044	0	0
Other liabilities	12,902	11,172	740	389	(3,195)	(2,330)	10,447	9,231
Current provisions	9,438	8,429	92	105	1	1	9,531	8,534
Current liabilities								
Loans	38,644	32,101	6,741	8,299	(863)	(799)	44,522	39,601
Internal funding	(24,837)	(21,220)	35,373	33,643	(10,536)	(12,423)	0	0
Non interest-bearing liabilities held for sale	4,710	135	0	0	0	0	4,710	135
Interest-bearing liabilities held for sale	6	-	-	-	-	-	6	-
Trade payables	56,546	47,111	242	139	0	0	56,788	47,250
Tax liabilities	2,220	1,571	171	161	0	0	2,391	1,732
Other liabilities	34,880	34,937	2,707	2,660	(2,325)	(2,257)	35,262	35,341
Total shareholders' equity and liabilities	269,076	245,602	99,147	89,246	(14,979)	(16,841)	353,244	318,007
Contingent liabilities							17,154	11,003

Consolidated cash flow statement, fourth quarter

SEK bn	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Operating activities								
Operating income (loss)	6.7	5.4	0.3	0.1	0.0	0.0	7.0	5.5
Depreciation tangible assets	1.6	1.6	0.0	0.0	0.0	0.0	1.6	1.6
Amortization intangible assets	0.8	0.9	0.0	0.0	0.0	0.0	0.7	0.9
Depreciation leasing vehicles	0.5	0.4	0.6	0.6	0.0	0.0	1.2	1.0
Other non-cash items	(0.2)	(0.1)	0.1	0.2	0.1	0.2	0.0	0.3
Total change in working capital whereof	8.2	12.2	(8.2)	(3.0)	3.2	0.1	3.2	9.3
<i>Change in accounts receivable</i>	0.6	0.9	(0.1)	0.4	0.0	0.0	0.5	1.3
<i>Change in inventories</i>	2.4	0.3	(0.1)	0.1	0.1	0.1	2.3	0.5
<i>Change in trade payables</i>	4.8	9.2	0.0	0.0	0.1	(0.1)	4.9	9.1
<i>Other changes in working capital</i>	0.4	1.8	(8.0)	(3.5)	3.0	0.1	(4.5)	(1.6)
Net of interest and other financial items	(1.2)	(0.8)	0.0	0.0	0.1	(0.1)	(1.1)	(0.9)
Income taxes paid	(1.0)	(0.6)	(0.2)	(0.1)	0.0	0.0	(1.2)	(0.7)
Cash flow from operating activities	15.4	19.0	(7.4)	(2.2)	3.4	0.2	11.4	17.0
Investing activities								
Investments in tangible assets	(3.2)	(2.9)	0.0	0.0	0.0	(0.1)	(3.2)	(3.0)
Investments in intangible assets	(1.5)	(1.1)	0.0	0.0	0.0	0.1	(1.5)	(1.0)
Investment in leasing vehicles	(0.7)	(0.1)	(1.3)	(1.9)	0.0	0.0	(2.0)	(2.0)
Disposals of fixed assets and leasing vehicles	0.7	0.2	0.4	0.5	(0.1)	0.0	1.0	0.7
Operating cash flow	10.7	15.1	(8.3)	(3.6)	3.3	0.2	5.7	11.7
Investments and divestments of shares, net							(0.1)	0.0
Acquired and divested operations, net							(0.8)	0.0
Interest-bearing receivables incl marketable securities							(0.4)	3.0
Cash-flow after net investments							4.4	14.7
Financing activities								
Change in loans, net							3.4	(6.1)
Dividend to AB Volvo shareholders							0.0	0.0
Dividend to minority shareholders							0.0	0.0
Other							0.0	0.0
Change in cash and cash equivalents excl. translation differences							7.8	8.6
Translation difference on cash and cash equivalents							0.1	0.2
Change in cash and cash equivalents							7.9	8.8

Consolidated cash flow statement, year

SEK bn	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Operating activities								
Operating income	26.0	17.8	0.9	0.2	0.0	0.0	26.9	18.0
Depreciation tangible assets	6.1	6.1	0.0	0.0	0.0	0.0	6.1	6.1
Amortization intangible assets	3.2	3.3	0.0	0.0	0.0	0.0	3.2	3.3
Depreciation leasing vehicles	2.1	2.0	2.5	2.4	0.0	0.0	4.6	4.4
Other non-cash items	0.6	0.1	0.6	1.3	0.1	0.2	1.3	1.6
Total change in working capital whereof	(4.2)	4.6	(13.8)	0.1	2.9	0.1	(15.1)	4.8
<i>Change in accounts receivable</i>	(3.1)	<i>(4.0)</i>	(0.1)	<i>0.3</i>	0.0	<i>0.0</i>	(3.2)	<i>(3.7)</i>
<i>Change in inventories</i>	(7.1)	<i>(4.8)</i>	(0.2)	<i>0.8</i>	0.0	<i>0.1</i>	(7.3)	<i>(3.9)</i>
<i>Change in trade payables</i>	9.9	<i>13.1</i>	0.1	<i>0.0</i>	0.0	<i>(0.1)</i>	10.0	<i>13.0</i>
<i>Other changes in working capital</i>	(3.9)	<i>0.3</i>	(13.6)	<i>(1.0)</i>	2.9	<i>0.1</i>	(14.6)	<i>(0.6)</i>
Net of interest and other financial items	(2.8)	(2.8)	0.0	0.0	0.0	(0.1)	(2.8)	(2.9)
Income taxes paid	(4.1)	(2.3)	(0.4)	(0.3)	0.0	0.0	(4.5)	(2.6)
Cash flow from operating activities	26.9	28.8	(10.2)	3.7	3.0	0.2	19.7	32.7
Investing activities								
Investments in tangible assets	(8.3)	(6.7)	0.0	(0.1)	0.0	0.0	(8.3)	(6.8)
Investments in intangible assets	(4.3)	(3.6)	0.0	0.0	0.0	0.0	(4.3)	(3.6)
Investment in leasing vehicles	(1.4)	(0.3)	(6.0)	(4.5)	0.0	0.0	(7.4)	(4.8)
Disposals of fixed assets and leasing vehicles	1.2	0.8	2.1	2.3	0.0	0.0	3.3	3.1
Operating cash flow	14.1	19.0	(14.1)	1.4	3.0	0.2	3.0	20.6
Investments and divestments of shares, net							(0.1)	(0.1)
Acquired and divested operations, net							(1.6)	0.6
Interest-bearing receivables incl marketable securities							2.6	6.8
Cash-flow after net investments							3.9	27.9
Financing activities								
Change in loans, net							8.7	(25.7)
Dividend to AB Volvo shareholders							(5.1)	0.0
Dividend to minority shareholders							0.0	(0.1)
Other							0.0	0.0
Change in cash and cash equivalents excl. translation differences							7.5	2.1
Translation difference on cash and cash equivalents							(0.1)	(0.4)
Change in cash and cash equivalents							7.4	1.7

Consolidated net financial position

SEK M	Industrial operations		Volvo Group	
	Dec 31 2011	Dec 31 2010	Dec 31 2011	Dec 31 2010
Non-current interest-bearing assets				
Non-current customer-financing receivables	-	-	40,618	36,025
Non-current interest-bearing receivables	757	941	694	766
Current interest-bearing assets				
Customer-financing receivables	-	-	38,081	36,663
Interest-bearing receivables	1,461	1,071	667	342
Internal funding	2,253	7,505	-	-
Interest-bearing assets held for sale	4	0	4	0
Marketable securities	6,838	9,735	6,862	9,767
Cash and cash equivalents	29,113	21,756	30,379	22,966
Total financial assets	40,426	41,008	117,305	106,529
Non-current interest-bearing liabilities				
Bond loans	38,192	38,767	38,192	38,767
Other loans	38,848	37,180	47,765	45,327
Internal funding	(35,453)	(26,971)	-	-
Current interest-bearing liabilities				
Loans	38,644	32,101	44,522	39,601
Internal funding	(24,837)	(21,220)	-	-
Interest-bearing liabilities held for sale	6	-	6	-
Total financial liabilities	55,400	59,857	130,485	123,695
Net financial position excl post-employment benefits	(14,974)	(18,849)	(13,180)	(17,166)
Provisions for post-employment benefits, net	4,372	5,842	4,388	5,862
Net financial position incl post-employment benefits	(19,346)	(24,691)	(17,568)	(23,028)

Changes in net financial position, Industrial operations

SEK bn	Fourth quarter 2011	Year 2011
Beginning of period	(29.6)	(24.7)
Cash flow from operating activities	15.4	26.9
Investments in fixed assets	(5.4)	(14.0)
Disposals	0.7	1.2
Operating cash-flow	10.7	14.1
Investments and divestments of shares, net	0.0	(0.1)
Acquired and divested operations, net	(1.1)	(3.0)
Capital injections to/from Customer Finance operations	0.0	(0.1)
Currency effect	(0.3)	(1.9)
Dividend paid to AB Volvo shareholders	0.0	(5.1)
Other changes	1.0	1.5
Total change	10.3	5.4
Net financial position at end of period	(19.3)	(19.3)

Consolidated changes in Shareholders' equity

SEK bn	Year	
	2011	2010
Total equity at end of previous period	74.1	67.0
Transition effect IFRS 3, capitalized transaction costs	0.0	(0.1)
Total equity at beginning of period	74.1	66.9
Shareholders' equity attributable to equity holders of the parent company at beginning of period	73.1	66.4
Income for the period	17.8	10.9
Other comprehensive income	(1.2)	(3.9)
Total comprehensive income	16.6	7.0
Dividend to AB Volvo's shareholders	(5.1)	0.0
Share-based payments	0.1	0.0
Transactions with minority interests	(0.1)	(0.2)
Other changes	0.0	0.0
Shareholders' equity attributable to equity holders of the parent company at end of period	84.6	73.1
Minority interests at beginning of period	1.0	0.6
Income for the period	0.4	0.3
Other comprehensive income	0.1	0.0
Total comprehensive income	0.5	0.3
Dividend	0.0	(0.4)
Minority regarding acquisitions and divestments	(0.4)	0.1
Other changes	0.0	0.0
Minority interests at end of period	1.1	1.0
Total equity at end of period	85.7	74.1

Key ratios

Industrial operations

	Year	
	2011	2010
Gross margin, %	23.7	23.3
Research and development expenses in % of net sales	4.4	5.0
Selling expenses in % of net sales	8.0	8.8
Administrative expenses in % of net sales	2.3	2.2
Operating margin, %	8.6	6.9
	Dec 31 2011	31 dec 2010
Return on operating capital, %, 12 months rolling values	28.8	19.5
Net financial position at end of period, SEK billion	(19.3)	(24.7)
Net financial position in % of shareholders' equity at end of period	(25.2)	(37.4)
Shareholders' equity as percentage of total assets, end of period	28.5	26.9

Customer Finance

	Dec 31 2011	Dec 31 2010
Return on shareholders' equity, %, 12 months rolling values	7.3	0.4
Equity ratio at end of period, %	9.1	9.0
Asset growth, % from preceding year end until end of period	11.1	(9.6)

Volvo Group

	Year	
	2011	2010
Gross margin, %	24.2	23.8
Research and development expenses in % of net sales	4.3	4.9
Selling expenses in % of net sales	8.4	9.1
Administrative expenses in % of net sales	2.3	2.1
Operating margin, %	8.7	6.8
	Dec 31 2011	Dec 31 2010
Basic earnings per share, SEK, 12 months rolling values	8.76	5.36
Shareholders' equity, excluding minority interests, per share, at end of period, SEK	41.7	36.1
Return on shareholders' equity, %, 12 months rolling values	23.1	16.0
Shareholders' equity as percentage of total assets, end of period	24.3	23.3

Share data

	Year	
	2011	2010
Basic earnings per share, SEK	8.76	5.36
Diluted earnings per share, SEK	8.75	5.36
Number of shares outstanding, million	2,027	2,027
Average number of shares during period, million	2,027	2,027
Average diluted number of shares during period, million	2,028	2,027
Number of company shares, held by AB Volvo, million	101	101
Average number of company shares, held by AB Volvo, million	101	101

Quarterly figures

SEK M unless otherwise stated

	4/2010	1/2011	2/2011	3/2011	4/2011
Industrial operations					
Net sales	71,974	69,956	77,286	71,559	84,788
Cost of sales	(55,820)	(52,481)	(58,618)	(55,139)	(65,278)
Gross income	16,154	17,475	18,668	16,420	19,510
Research and development expenses	(3,640)	(3,309)	(3,370)	(3,207)	(3,390)
Selling expenses	(5,870)	(5,706)	(5,928)	(5,897)	(6,852)
Administrative expenses	(1,293)	(1,715)	(1,740)	(1,703)	(1,947)
Other operating income and expenses	137	(395)	(184)	(97)	(369)
Income (loss) from investments in associated companies	(20)	(19)	(51)	(1)	(11)
Income from other investments	(49)	12	3	8	(248)
Operating income Industrial operations	5,420	6,343	7,398	5,523	6,693
Customer Finance					
Finance and lease income	1,951	2,099	2,226	2,237	2,321
Finance and lease expenses	(1,180)	(1,354)	(1,430)	(1,434)	(1,475)
Gross income	771	745	796	803	846
Selling and administrative expenses	(369)	(389)	(407)	(415)	(434)
Credit provision expenses	(311)	(178)	(190)	(145)	(169)
Other operating income and expenses	7	1	51	7	18
Operating income Customer Finance	98	179	250	251	262
Volvo Group					
Operating income	5,518	6,522	7,648	5,774	6,955
Interest income and similar credits	112	151	148	146	164
Interest expense and similar charges	(767)	(720)	(734)	(735)	(686)
Other financial income and expenses	(370)	(106)	187	259	(43)
Income after financial items	4,494	5,847	7,249	5,443	6,390
Income taxes	(1,078)	(1,665)	(2,009)	(1,548)	(1,592)
Income for the period*	3,415	4,181	5,241	3,895	4,798
* Attributable to					
Equity holders of AB Volvo	3,233	4,085	5,117	3,827	4,722
Minority interests	182	96	124	68	76
	3,415	4,181	5,241	3,895	4,798
Key operating ratios, Industrial operations					
Gross margin, %	22.4	25.0	24.2	22.9	23.0
Research and development expenses in % of net sales	5.1	4.7	4.4	4.5	4.0
Selling expenses in % of net sales	8.2	8.2	7.7	8.2	8.1
Administrative expenses in % of net sales	1.8	2.5	2.3	2.4	2.3
Operating margin, %	7.5	9.1	9.6	7.7	7.9
Depreciation and amortization, included above					
Product and Software development, amortization	727	680	754	695	659
Other intangible assets, amortization	112	108	116	116	119
Tangible assets, depreciation	2,545	2,463	2,632	2,829	2,821
Total	3,384	3,251	3,502	3,640	3,599
Of which					
Industrial operations	2,769	2,658	2,862	2,984	2,915
Customer Finance	615	593	640	656	683
Total	3,384	3,251	3,502	3,640	3,599
Research and development expenses					
Capitalization	771	800	912	768	1,157
Amortization	(614)	(588)	(690)	(592)	(570)
Net capitalization of research and development expenses	157	212	222	176	587

Quarterly figures

Share data	4/2010	1/2011	2/2011	3/2011	4/2011
Earnings per share, SEK ¹	1.59	2.01	2.52	1.89	2.33
Number of shares outstanding, million	2,027	2,027	2,027	2,027	2,027
Average number of shares during period, million	2,027	2,027	2,027	2,027	2,027
Number of company shares, held by AB Volvo, million	101	101	101	101	101

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.

Net sales	4/2010	1/2011	2/2011	3/2011	4/2011
SEK M					
Trucks	48,041	45,620	50,062	47,730	57,291
Construction Equipment	14,657	15,759	17,520	14,958	16,750
Buses	5,602	4,859	5,593	5,157	6,680
Volvo Penta	2,031	2,147	2,565	2,199	1,948
Volvo Aero	1,850	1,640	1,588	1,410	1,871
Eliminations and other	(207)	(68)	(43)	105	248
Industrial operations	71,974	69,956	77,286	71,559	84,788
Customer Finance	1,951	2,099	2,225	2,237	2,321
Eliminations	(528)	(478)	(548)	(476)	(602)
Volvo Group	73,398	71,577	78,962	73,321	86,507

Operating income	4/2010	1/2011	2/2011	3/2011	4/2011
SEK M					
Trucks	3,490	4,286	5,106	3,962	4,906
Construction Equipment	1,758	1,708	1,893	1,403	1,649
Buses	221	281	275	185	295
Volvo Penta	73	164	314	209	94
Volvo Aero	282	28	55	102	151
Group functions and other	(404)	(123)	(246)	(338)	(402)
Industrial operations	5,420	6,343	7,398	5,523	6,693
Customer Finance	98	179	250	251	262
Volvo Group	5,518	6,522	7,648	5,774	6,955

Operating margin	4/2010	1/2011	2/2011	3/2011	4/2011
%					
Trucks	7.3	9.4	10.2	8.3	8.6
Construction Equipment	12.0	10.8	10.8	9.4	9.8
Buses	3.9	5.8	4.9	3.6	4.4
Volvo Penta	3.6	7.6	12.2	9.5	4.8
Volvo Aero	15.2	1.7	3.5	7.2	8.1
Industrial operations	7.5	9.1	9.6	7.7	7.9
Volvo Group	7.5	9.1	9.7	7.9	8.0

Accounting principles

As from January 1, 2005, AB Volvo applies the International Financial Reporting Standards (IFRS) as adopted by the EU, for the group consolidation. The accounting principles, which were applied during the preparation of this report, are described in Note 1 to the consolidated financial statements, which is included in the 2010 Annual Report for the Volvo Group. This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting and the Annual Accounts Act.

The financial reporting of the parent company has been prepared in accordance with the Annual Accounts Act and RFR 2 Reporting for legal entities. Application of RFR 2 entails that in interim reporting for legal entities, the parent company is to apply all IFRSs and interpretations approved by the EU as far as possible within the framework of the Swedish Annual Accounts Act, the Pension Obligations Vesting Act, and taking into account the connection between accounting and taxation.

New accounting principles in 2011

In accordance with considerations presented in the Annual Report, Note 3, regarding new accounting principles for 2011, a number of new standards and IFRIC interpretations became effective January 1, 2011. They are expected not to have a significant effect on the financial statements of the Group.

Otherwise, accounting principles and methods of calculations have remained essentially unchanged from those applied in the 2010 Annual Report.

Hedging of commercial currency flows

Volvo only hedges firm flows whereof the major part is realized within 6 months. Hedge accounting is not applied and unrealized gains and losses from fluctuations in the fair values of the contracts are reported in the income statement, this has positively affected the Group's operating income in the fourth quarter 2011 by SEK 107 M. As from January 1, 2011 unrealized changes in fair

value of commercial derivatives related to a receivable or payable is reported in the respective business area and is during the fourth quarter amounting to SEK 70 M. All other unrealized changes in fair value of commercial derivatives, positive SEK 37 M in the fourth quarter 2011, are reported in the income statement in the segment Group functions and others. During the fourth quarter of 2010 the total effect reported in the segment Group functions and others was negative in an amount of SEK 269 M.

Group functions and other

As from January 1, 2011 Volvo reports some selected entities in the segment Group functions and other. As from January 1, 2011 Volvo Rents is reported in this segment. The reason for the change in segment is to strengthen the profile of Volvo Rents and make the operation more independent from Volvo CE.

New accounting principles in 2013

As from January 1, 2013 the amendment to IAS 19, Employee benefits will become effective. The revised standard is applied retrospectively, and hence the closing balance for 2011 will be adjusted in accordance with revised IAS 19 and the reported numbers for 2012 will be restated accordingly for comparison purposes. Revised IAS 19 has to be endorsed by the European Union before it is applicable for the Volvo Group, endorsement is expected in the first quarter 2012.

Volvo uses the corridor method today whereas unrecognized gains and losses are reported off balance sheet. Unrecognized losses over the corridor of 10% are amortised in the income statement. The unrecognized gains and losses have varied due to, mainly, changes in the discount rate and have thus been SEK 9.4 billion in 2009, SEK 7.3 billion in 2010 and for 2011 approximately SEK 12 billion.

The amended standard removes the option to use the corridor method currently used by the Volvo Group. Discount rate will be used when calculating the net interest

income or expense on the net defined benefit liability (asset), hence the expected return will no longer be used. All changes in the net defined liability or asset will be recognized when they occur. Service cost and net interest will be recognized in profit and loss while remeasurements such as actuarial gains and losses will be recognized in other comprehensive income.

In accordance with IAS 19 revised, the recognized pension liability will increase by approximately SEK 12 billion as the unrecognized part of the pension liability no longer can be reported off balance. Shareholders' equity will decrease by approximately SEK 8 billion net of deferred taxes in the opening balance for 2012 in accordance with IAS 19 revised. Net financial position including post-employment benefits would increase by the same amount while the equity ratio would decrease. Further changes in the net defined benefit liability will be the modified net interest calculation and the removal of the amortisation of actuarial gains and losses.

For the Swedish part of the net pension liability there are still some uncertainties regarding the accounting for Swedish special payroll tax and Swedish yield tax. Swedish special payroll tax' assignable to the amount reported as the corridor for the Swedish entities amount to approximately SEK 1 billion. This will likely increase the recognized pension liability in addition to the above described increase. In the opening balance for 2012 in accordance with IAS 19 revised this will be reported net of deferred taxes in shareholders' equity.

Further information will be available in the 2011 Annual Report for the Volvo Group. Full transition effects will be presented in the 2012 Annual Report for the Volvo Group, until then the presented figures are not based on full actuarial reports and hence preliminary.

Other new accounting principles applicable from 2013 are considered to have less impact on the Volvo Group and are therefore reported in the annual report.

Risks and uncertainties

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 are 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 elaborated account for these risks, please refer to the Risk Management section on pages 53-55 in the 2010 Annual Report for the Volvo Group. The Annual Report is available at www.volvogroup.com. Short-term risks, when applicable, are also described in the respective report per business area of this report.

A rapid 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 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 overvalue 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 at December 31, 2011, amounted to SEK 17.2 billion, an increase of SEK 6.2 billion compared to December 31, 2010. A major part of the total contingent liabilities is related to credit guarantees issued as a result of the increased sales in emerging markets. Included in the total is a contingent liability of SEK 0.5 billion pertaining to a claim on Volvo Powertrain to pay penalties following a demand by the U.S. Environmental Protection Agency (EPA). The demand is a consequence of dissenting opinions on whether an agreement between EPA and Volvo Powertrain regarding lower emitting engines also should include engines sold by Volvo Penta.

Volvo Group is subject to investigations by competition authorities. Volvo Group cooperates fully with the respective authority.

In September 2010 Volvo Trucks' and Renault Trucks' UK subsidiaries have, together with a number of other international truck companies, become the subject of an investigation initiated by the OFT (Office of Fair Trading), the British competition authority. Volvo Trucks' and Renault Trucks' British subsidiaries have received letters from the OFT as part of the investigation.

In January 2011 Volvo Group and a number of other companies in the truck industry became part of an investigation by the European Commission regarding a possible violation of EU antitrust rules.

In April 2011, Volvo Group's truck business in Korea and a number of other truck companies became subject of an investigation by the Korean Fair Trade Commission.

In May 2011 Volvo Penta became part of an investigation by the European Commission regarding a possible violation of EU antitrust rules.

Given the nature of the investigations initiated by the competition authorities, the Volvo Group cannot exclude that they may affect the Group's result and cash flow with an amount that may be material. It is however too early to assess whether and when such effect may occur and hence can be provided for. Risk has been taken into account when assessing contingent liabilities.

In December 2011, the Swedish Competition Authority closed the investigation initiated against i.a Volvo Penta in August 2011 regarding possible violations of antitrust rules, without further actions.

Corporate acquisitions and divestments

At the end of the fourth quarter total assets and liabilities held for sale amounted to SEK 9,348 M and SEK 4,716 M respectively. This is referring to the initiated process to divest the business area Volvo Aero. A divestment is in line with the further streamlining of the Volvo Group towards commercial vehicles.

During 2011 Volvo has expanded the ownership in construction equipment rental operations through several minor acquisitions of assets and liabilities. These acquisitions have increased assets under operating lease of the Volvo Group by SEK 1,503 M and added SEK 894 M to the Volvo Group goodwill. The impact on net debt of Industrial

operations is SEK 2,498 M, whereof assumed liabilities in the acquisitions are SEK 1,506 M. Of the assumed liabilities, SEK 790 M are Group-internal liabilities to the segment Customer Finance. The impact on the Group's cash flow from these acquisitions is SEK 992 M. Other than the above the acquisitions have had no significant impact on the Volvo Group.

During the fourth quarter the divestment of the Volvo holding in Xian Silver Bus Corporation was completed, SEK 54 M has during the first quarter negatively impacted the segment Group functions and other.

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

Acquisitions and divestments after the end of the period

Volvo has not made any acquisitions or divestments after the end of the fourth quarter that have had a significant impact on the Volvo Group.

Extended currency disclosure

Currency effect on operating income Industrial operations SEK M	Compared to fourth quarter 2010			Compared to third quarter 2011		
	Fourth quarter 2011	Fourth quarter 2010	Change	Fourth quarter 2011	Third quarter 2011	Change
Net flows in foreign currency			(159)			239
Realized gains and losses on hedging contracts	(138)	250	(388)	(138)	(18)	(120)
Currency effect from devaluation in Venezuela	0	(82)	82	0	0	0
Unrealized gains and losses on receivables and liabilities in foreign currency	216	352	(136)	216	62	154
Unrealized gains and losses on hedging contracts	107	(269)	376	107	(378)	485
<i>whereof:</i>						
<i>Business Areas</i>	70	0	70	70	(166)	236
<i>Group functions and other</i>	37	(269)	306	37	(212)	249
Translation effect on operating income in foreign subsidiaries			(200)			(107)
Total currency effect on operating income Industrial operations			(425)			651
<i>whereof:</i>						
<i>Business Areas</i>			(791)			400
<i>Group functions and other</i>			366			251

Related-party transactions

Sales to associated companies amounted to SEK 341 M (316) and purchases from associated companies amounted to SEK 14 M (17) during the fourth quarter of 2011. On December 31, 2011, receivables from associated companies amounted to SEK 186 M (174) and liabilities to associated companies to SEK 129 M (125). Sales to related-party

Renault s.a.s. amounted to SEK 11 M (9) and purchases from Renault s.a.s to SEK 511 M (529) during the fourth quarter of 2011.

Receivables from Renault s.a.s. amounted to SEK 11 M (15) and liabilities to Renault s.a.s. to SEK 372 M (291) on December 31, 2011.

Parent company

Income Statement

SEK M	Fourth quarter		Year	
	2011	2010	2011	2010
Net sales¹⁾	144	98	721	564
Cost of sales ¹⁾	(144)	(98)	(721)	(564)
Gross income	0	0	0	0
Operating expenses ¹⁾	(336)	(191)	(1,026)	(644)
Income (loss) from investments in Group companies	7,167	8,478	8,743	13,252
Income (loss) from investments in associated companies	152	(23)	130	(94)
Income (loss) from other investments	-	1	4	3
Operating income (loss)	6,983	8,265	7,851	12,517
Interest income and expenses	(428)	(315)	(1,677)	(893)
Other financial income and expenses	(20)	(9)	(96)	(65)
Income after financial items	6,535	7,941	6,078	11,559
Allocations	0	0	0	0
Income taxes	(1,674)	(1,701)	(597)	(1,231)
Income for the period	4,861	6,240	5,481	10,328

1 Of net sales in the fourth quarter, SEK 110 M (90) pertained to Group companies, while purchases from Group companies amounted to SEK 195 M (121).

Other comprehensive income

Income for the period	4,861	6,240	5,481	10,328
Available-for-sale investments	(17)	56	(159)	172
Other comprehensive income, net of income taxes	(17)	56	(159)	172
Total comprehensive income for the period	4,844	6,296	5,322	10,500

Balance sheet

SEK M	Dec 31 2011	Dec 31 2010
Assets		
Non-current assets		
Intangible assets	88	103
Tangible assets	80	16
Financial assets		
Shares and participations in Group companies	59,460	59,429
Other shares and participations	2,953	2,498
Deferred tax assets	3,060	3,657
Other long-term receivables ¹⁾	38	0
Total non-current assets	65,679	65,703
Current assets		
Short-term receivables from Group companies	10,843	12,226
Other short-term receivables	501	261
Cash and bank accounts	0	0
Total current assets	11,344	12,487
Total assets	77,023	78,190
Shareholders' equity and liabilities		
Shareholders' equity		
Restricted equity	9,891	9,891
Unrestricted equity	32,268	42,159
Untaxed reserves	4	4
Provisions	183	134
Non-current liabilities ²⁾	18	17
Current liabilities ³⁾	34,659	36,182
Total shareholders' equity and liabilities	77,023	78,190

1 Of which SEK 38 M (0) pertains to Group companies.

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

3 Of which SEK 34,260 M (35,835) pertains to Group companies..

Income from investments in Group companies for the fourth quarter includes Group contributions, net, of SEK 7,085 M (6,614) and write-downs of shareholding of SEK 60 M (19).

In 2011 revaluation of the ownership in the listed company Deutz AG has decreased the value by SEK 159 M, recognized in other comprehensive income.

Investments in intangible and tangible assets amounted to SEK - M (22) and SEK 65 M (1) respectively.

Financial net debt amounted to SEK 30,665 M at the end of the year (30,376).

Events after the balance sheet date

No significant events have occurred after the end of the fourth quarter 2011 that are expected to have a substantial effect on the Volvo Group.

Proposed ordinary dividend of SEK 3.00 per share

For the full-year 2011, the Board proposes a dividend of SEK 3.00 per share, up SEK 0.50 per share compared with the preceding year.

Göteborg February 3, 2012

AB Volvo (publ)

The Board of Directors

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

Deliveries

Delivered Trucks

	Fourth quarter		Change in %	Year		Change in %
	2011	2010		2011	2010	
Trucks						
Europe	26,332	22,863	15	95,113	65,503	45
Western Europe	20,213	19,290	5	75,728	56,215	35
Eastern Europe	6,119	3,573	71	19,385	9,288	109
North America	13,673	8,770	56	42,613	24,282	75
South America	7,843	6,217	26	29,274	21,483	36
Asia	16,606	14,957	11	56,165	53,833	4
Other markets	4,175	4,015	4	15,226	14,888	2
Total Trucks	68,629	56,822	21	238,391	179,989	32
Light duty (< 7 tons)	5,384	7,598	(29)	23,982	25,811	(7)
Medium duty (7-16 tons)	9,884	8,183	21	34,631	30,657	13
Heavy duty (>16 tons)	53,361	41,042	30	179,779	123,522	46
Total Trucks	68,629	56,822	21	238,391	179,989	32
Mack Trucks						
Europe	55	1	-	55	1	-
Western Europe	-	-	-	-	-	-
Eastern Europe	55	1	-	55	1	-
North America	5,233	3,569	47	16,113	10,469	54
South America	765	526	45	2,872	1,888	52
Asia	6	12	(50)	8	47	(83)
Other markets	414	356	16	1,230	1,060	16
Total Mack Trucks	6,473	4,464	45	20,278	13,465	51
Light duty (< 7 tons)	-	-	-	-	-	-
Medium duty (7-16 tons)	-	-	-	-	2	-
Heavy duty (>16 tons)	6,473	4,464	45	20,278	13,463	51
Total Mack Trucks	6,473	4,464	45	20,278	13,465	51
Renault Trucks						
Europe	12,837	12,072	6	48,970	35,867	37
Western Europe	11,308	11,104	2	43,849	33,206	32
Eastern Europe	1,529	968	58	5,121	2,661	92
North America	78	17	359	182	54	237
South America	202	279	(28)	930	656	42
Asia	1,433	1,303	10	4,678	3,448	36
Other markets	1,419	1,533	(7)	4,562	5,563	(18)
Total Renault Trucks	15,969	15,204	5	59,322	45,588	30
Light duty (< 7 tons)	4,279	4,330	(1)	18,632	14,140	32
Medium duty (7-16 tons)	2,328	1,833	27	7,979	7,385	8
Heavy duty (>16 tons)	9,362	9,041	4	32,711	24,063	36
Total Renault Trucks	15,969	15,204	5	59,322	45,588	30

AB Volvo (publ) discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 7.30 a.m. on February 3, 2012.

This report contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although the Company believes 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 the OMX Nordic Exchange Stockholm if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

	Fourth quarter		Change in %	Year		Change in %
	2011	2010		2011	2010	
Volvo Trucks						
Europe	13,440	10,790	25	46,088	29,635	56
Western Europe	8,905	8,186	9	31,879	23,009	39
Eastern Europe	4,535	2,604	74	14,209	6,626	114
North America	8,150	4,912	66	25,229	12,749	98
South America	6,827	5,304	29	25,213	18,639	35
Asia	4,665	3,067	52	14,224	10,071	41
Other markets	1,259	1,074	17	4,592	4,135	11
Total Volvo Trucks	34,341	25,147	37	115,346	75,229	53
Light duty (< 7 tons)	-	-	-	-	-	-
Medium duty (7-16 tons)	550	456	21	1,888	1,758	7
Heavy duty (>16 tons)	33,791	24,691	37	113,458	73,471	54
Total Volvo Trucks	34,341	25,147	37	115,346	75,229	53
UD Trucks						
Europe	-	-	-	-	-	-
Western Europe	-	-	-	-	-	-
Eastern Europe	-	-	-	-	-	-
North America	212	272	(22)	1,089	1,010	8
South America	49	108	(55)	259	300	(14)
Asia	4,915	5,982	(18)	16,563	23,908	(31)
Other markets	1,083	1,052	3	4,842	4,130	17
Total UD Trucks	6,259	7,414	(16)	22,753	29,348	(22)
Light duty (< 7 tons)	395	2,649	(85)	2,632	9,657	(73)
Medium duty (7-16 tons)	3,251	2,588	26	10,822	9,572	13
Heavy duty (>16 tons)	2,613	2,177	20	9,299	10,119	(8)
Total UD Trucks	6,259	7,414	(16)	22,753	29,348	(22)
Eicher¹						
Europe	-	-	-	-	-	-
Western Europe	-	-	-	-	-	-
Eastern Europe	-	-	-	-	-	-
North America	-	-	-	-	-	-
South America	-	-	-	-	-	-
Asia	5,588	4,594	22	20,692	16,359	26
Other markets	-	-	-	-	-	-
Total Eicher	5,588	4,594	22	20,692	16,359	26
Light duty (< 7 tons)	710	619	15	2,718	2,014	35
Medium duty (7-16 tons)	3,755	3,306	14	13,942	11,940	17
Heavy duty (>16 tons)	1,123	670	68	4,033	2,406	68
Total Eicher	5,588	4,594	22	20,692	16,359	26

¹ The delivery figures relate to the 50% of the joint venture with Eicher Motor which is consolidated in the Volvo Group.

Delivered Buses

	Fourth quarter		Change in %	Year		Change in %
	2011	2010		2011	2010	
Buses						
Europe	851	729	17	2,695	2,395	13
Western Europe	836	697	20	2,601	2,336	11
Eastern Europe	15	32	(53)	94	59	59
North America	817	619	32	3,014	2,092	44
South America	1,221	477	156	2,620	1,174	123
Asia	1,027	1,072	(4)	3,417	3,477	(2)
Other markets	256	333	(23)	1,040	1,091	(5)
Total Buses	4,172	3,230	29	12,786	10,229	25

Further publication dates

Annual Report 2011	March, 2012
Annual General Meeting	April 4, 2012
Report for the first three months 2012	April 26, 2012
Report for the first six months 2012	July 24, 2012
Report for the first nine months 2012	October 24, 2012

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