

## VOLVO GROUP REPORT ON THE SECOND QUARTER 2015



- » In the second quarter net sales increased by 17% to SEK 84.8 billion (72.6). Adjusted for currency movements and acquired and divested units sales increased by 4%.
- » Operating income amounted to SEK 8,116 M (4,325) excluding restructuring charges of SEK 799 M (762). Operating income includes a positive impact of SEK 2,137 M from the sale of shares in Eicher Motors Limited. Currency exchange rates had a positive impact of SEK 1,804 M.
- » Operating income excluding restructuring charges and the capital gain from the sale of shares amounted to SEK 5,979 M (3,284\*), corresponding to an underlying operating margin of 7.1% (4.5).
- » Operating cash flow in the Industrial Operations amounted to SEK 8.6 billion (4.0).
- » Net financial debt in the Industrial Operations amounted to 16% of equity.
- » Truck order intake decreased by 6% and order intake of construction equipment decreased by 27%.

	Second quarter		First six months	
	2015	2014	2015	2014
Net sales, SEK M	<b>84,783</b>	72,601	<b>159,570</b>	138,247
Operating income excl. restructuring charges, SEK M	<b>8,116</b>	4,325	<b>15,182</b>	6,913
Operating margin excl. restructuring charges, %	<b>9.6</b>	6.0	<b>9.5</b>	5.0
Restructuring charges, SEK M	<b>(799)</b>	(762)	<b>(1,028)</b>	(1,080)
Operating income, SEK M	<b>7,317</b>	3,563	<b>14,154</b>	5,833
Operating margin, %	<b>8.6</b>	4.9	<b>8.9</b>	4.2
Income after financial items, SEK M	<b>6,362</b>	3,364	<b>12,329</b>	5,091
Income for the period, SEK M	<b>5,193</b>	2,534	<b>9,428</b>	3,675
Diluted earnings per share, SEK	<b>2.53</b>	1.22	<b>4.63</b>	1.75
Operating cash flow in Industrial Operations, SEK bn	<b>8.6</b>	4.0	<b>6.9</b>	(5.0)
Return on shareholders' equity, 12 months rolling, %			<b>9.9</b>	7.3
Net order intake, number of trucks	<b>49,551</b>	52,974	<b>106,321</b>	108,120
Net order intake, number of machines	<b>12,708</b>	17,343	<b>27,400</b>	36,584

\* Excluding the capital gain from the sale of real estate and the release of a provision for Volvo Rents in the second quarter 2014, combined amounting to SEK 1,041 M.

## CEO'S COMMENTS

# Improved profitability in all operations and strong cash flow



The second quarter followed the trend we saw in the fourth quarter of 2014 and at the beginning of the year. Our products are well received by the market and it is satisfactory to see that our activities in the efficiency programs are progressing according to plan and contribute to yet another quarter of earnings improvements.

The sales increase of 17% we see in the second quarter is mainly attributable to positive currency effects. Operating income, if we exclude restructuring costs and the sale of the shares in Eicher Motors, amounted to SEK 6.0 billion. This corresponds to an underlying operating margin of 7.1%, compared with 4.5% in the second quarter of 2014. Operating cash flow for the industrial operations amounted to SEK 8.6 billion, an improvement of SEK 4.6 billion.

Our view of the market development for trucks remains largely unchanged. We are seeing a gradual recovery in Europe and unchanged demand in Asia, apart from the lower level of demand in China. In North America, there is a slowdown from high levels, while there has been a strong decline in the Brazilian market.

During the quarter, we sold 55,600 trucks, which is 4% more than in the same period last year. All of the Group's truck brands maintained or increased their volumes during the quarter. Operating income for trucks doubled, generating an underlying operating margin of 7.7%. Both positive currency effects and reduced costs have contributed to this development. During the second quarter part of our manufacturing in Umeå, the cab assembly, was moved to Gothenburg, Sweden and a more streamlined assembly process was implemented in the engine plant in Hagerstown, USA.

In Volvo CE, we continued our targeted sales activities and the implementation of the restructuring program launched late 2014. Demand in Asia and Eastern Europe continued to decline and the number of equipment deliveries was down 24%. Operating margin during the seasonally strong quarter improved to 8.8% (5.1). This is mainly attributable to positive

currency effects, the efficiency program and a favorable product mix.

Buses also showed a slight improvement in profitability with unchanged volumes. Volvo Penta has a competitive product portfolio and, as usual, was boosted by the start of the boating season in the northern hemisphere. Both sales and deliveries exceeded the same quarter last year. Customer financing performed well and increased its contribution to earnings.

During the quarter, we sold the remainder of our shares in Eicher Motors with a gain of approximately SEK 2.1 billion. Our cooperation with India's third-largest truck and bus manufacturer, VE Commercial Vehicles, is developing favorably. At the end of June, we signed an agreement with our Chinese joint venture Dongfeng Commercial Vehicles regarding an 11-liter engine.

Overall, we see that the efficiency programs we are implementing are developing according to plan when measured in local currencies. This is a major change process that affects many persons in the company. It is therefore gratifying to see that this work is being reflected in improved earnings.

Jan Gurander  
Acting President and CEO

## FINANCIAL SUMMARY OF THE SECOND QUARTER

### Net sales

In the second quarter of 2015, net sales for the Volvo Group amounted to SEK 84,783 M (72,601). Adjusted for changes in currency exchange rates net sales increased by 4% compared to last year.

### Operating income

Operating income amounted to SEK 7,317 M (3,563), including a capital gain of SEK 2,137 M from the divestment of shares in Eicher Motors Limited as well as restructuring charges of SEK 799 M (762). In the second quarter 2014, operating income was positively impacted by the sale of real estate and a release of a provision for Volvo Rents, combined amounting to SEK 1,041 M.

Excluding restructuring charges and above mentioned items of non-recurring nature, operating income amounted to SEK 5,979 M (3,284), corresponding to an underlying operating margin of 7.1% (4.5).

Compared to the second quarter of 2014, gross income

was positively impacted by favorable currency development and somewhat higher sales. Operating expenses for research and development, selling and administrative expenses increased by SEK 53 M, as a consequence of unfavorable currency development in an amount of SEK 694 M.

Operating income includes a negative impact from a provision for expected credit losses in China in amount of SEK 147 M in Volvo CE.

The total impact on operating income from changes in currencies was favorable in an amount of SEK 1,804 M compared to the same quarter last year.

### Net financial items

Compared with the second quarter of 2014, net interest expense increased due to higher interest rates on outstanding debt. Net interest expense amounted to SEK 468 M (387). Net interest expense in the first quarter of 2015 amounted to SEK 501 M.

Consolidated income statement, Volvo Group SEK M	Second quarter		First six months	
	2015	2014	2015	2014
<b>Net sales</b>	<b>84,783</b>	<b>72,601</b>	<b>159,570</b>	<b>138,247</b>
Cost of sales	(65,403)	(56,451)	(122,854)	(107,139)
<b>Gross income</b>	<b>19,379</b>	<b>16,150</b>	<b>36,716</b>	<b>31,109</b>
Research and development expenses	(3,941)	(4,280)	(8,026)	(8,417)
Selling expenses	(7,175)	(7,008)	(14,100)	(13,654)
Administrative expenses	(1,594)	(1,369)	(3,017)	(2,748)
Other operating income and expenses	(1,528)	64	(2,064)	(492)
Income (loss) from investments in joint ventures and associated companies	31	-	33	20
Income from other investments	2,144	6	4,613	14
<b>Operating income</b>	<b>7,317</b>	<b>3,563</b>	<b>14,154</b>	<b>5,833</b>
Interest income and similar credits	80	78	146	167
Interest expense and similar charges	(548)	(465)	(1,115)	(999)
Other financial income and expenses	(487)	187	(856)	90
<b>Income after financial items</b>	<b>6,362</b>	<b>3,364</b>	<b>12,329</b>	<b>5,091</b>
Income taxes	(1,169)	(830)	(2,900)	(1,416)
<b>Income for the period*</b>	<b>5,193</b>	<b>2,534</b>	<b>9,428</b>	<b>3,675</b>
*Attributable to:				
Equity holders of the parent company	5,150	2,472	9,398	3,556
Minority interests	43	62	30	119
	<b>5,193</b>	<b>2,534</b>	<b>9,428</b>	<b>3,675</b>
Basic earnings per share, SEK	2.54	1.22	4.63	1.75
Diluted earnings per share, SEK	2.53	1.22	4.63	1.75

Net sales by market area SEK M	Second quarter		Change in %	First six months		Change in %
	2015	2014		2015	2014	
Western Europe	27,131	22,737	19	51,732	42,653	21
Eastern Europe	4,686	5,201	(10)	8,562	9,526	(10)
North America	27,916	18,927	47	52,381	35,295	48
South America	4,336	6,716	(35)	8,172	13,355	(39)
Asia	14,830	13,255	12	28,156	27,106	4
Other markets	5,884	5,767	2	10,567	10,312	2
<b>Volvo Group</b>	<b>84,783</b>	<b>72,601</b>	<b>17</b>	<b>159,570</b>	<b>138,247</b>	<b>15</b>

Other financial income and expenses were negatively impacted in an amount of SEK 286 M from realized result and unrealized revaluation of derivatives, compared to a positive impact of SEK 290 M in the second quarter last year.

#### Income taxes

The tax expense amounted to SEK 1,169 M (830). 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 5,193 M (2,534). Diluted earnings per share amounted to SEK 2.53 (1.22).

#### Operating cash flow in the Industrial Operations

In the second quarter of 2015, operating cash flow in the Industrial Operations amounted to SEK 8.6 billion (4.0). The improvement versus last year is primarily related to higher operating income and a larger reduction of working capital.

#### Volvo Group financial position

The total assets in the Volvo Group has increased by SEK 4.8 billion since year-end 2014 whereof SEK 3.4 billion is related to currency effects from revaluation of foreign subsidiaries. In the beginning of January, 2015 the Volvo Group completed the acquisition of 45% of shares in Dongfeng Commercial Vehicles of SEK 7.0 billion. Other shares and participations have decreased significantly since year-end 2014 mainly driven by the disposal of the shares in Eicher Motors Limited.

At the end of the second quarter net financial debt, excluding provisions for post-employment benefits, in the Industrial Operations amounted to SEK 11.3 billion, a decrease of SEK 5.3 billion compared to the end of the first quarter and equal to 15.9% of shareholders' equity. Including provisions for post-employment benefits, the Industrial Operations net financial debt amounted to SEK 26.1 billion which is equal to 36.7% of shareholders' equity. The decrease is mainly explained by a positive operating cash flow of SEK 8.6 billion, the disposal of shares in the listed Indian company Eicher Motors Limited of SEK 2.2 billion and re-measurements of the defined benefit pension obligations of SEK 5.7 billion, offset by the dividend paid to AB Volvo shareholders of SEK 6.1 billion. The decrease of the defined benefit pension obligations are an effect of an increase in the discount rate, mainly in Sweden and in the US. During the second quarter, currency movements decreased net financial debt by SEK 1.1 billion.

At the end of the second quarter the shareholders' equity for the Volvo Group amounted to SEK 81.3 billion compared to SEK 80.0 billion at year-end 2014. The equity ratio was 21.0% compared to 20.9% on December 31 2014. At the same date the equity ratio in the Industrial Operations amounted to 25.8% (25.7).

#### Number of employees

On June 30, 2015 the Volvo Group had 104,324 employees including temporary employees and consultants, which was a decrease of 4,323 employees compared with June 30, 2014.

During the second quarter of 2015, the number of white-collar employees and consultants was reduced by 249 as a consequence of the efficiency program.

Number of employees	Jun 30	Mar 31	Dec 31	Jun 30
	2015	2015	2014	2014
Blue-collar	50,745	50,554	50,138	52,174
Of which temporary employees and consultants	5,802	6,072	4,801	6,348
White-collar	53,579	53,828	54,433	56,473
Of which temporary employees and consultants	6,861	6,914	6,948	8,071
<b>Total number of employees</b>	<b>104,324</b>	<b>104,382</b>	<b>104,571</b>	<b>108,647</b>
Of which temporary employees and consultants	12,663	12,986	11,749	14,419

## BUSINESS SEGMENT OVERVIEW

Net sales SEK M	Second quarter			Change in %*	Change in %*	First six months			12 months rolling	Jan-Dec 2014
	2015	2014	in %			2015	2014	in %		
Trucks	57,062	48,179	18	6	108,718	92,024	18	5	207,598	190,904
Construction Equipment	15,419	14,624	5	(10)	28,157	27,996	1	(16)	53,016	52,855
Buses	6,051	4,775	27	11	10,799	8,142	33	15	21,302	18,645
Volvo Penta	2,584	2,002	29	18	4,834	3,806	27	16	8,818	7,790
Corporate Functions, Group Functions & Other	2,080	1,910	9	7	3,767	4,115	(8)	(4)	7,814	8,162
Eliminations	(677)	(589)	(15)	(15)	(1,283)	(1,060)	(21)	(21)	(2,580)	(2,356)
<b>Industrial operations</b>	<b>82,520</b>	<b>70,899</b>	<b>16</b>	<b>3</b>	<b>154,993</b>	<b>135,023</b>	<b>15</b>	<b>1</b>	<b>295,969</b>	<b>275,999</b>
Customer Finance	2,803	2,468	14	4	5,614	4,819	17	5	10,907	10,111
Reclassifications and eliminations	(541)	(766)	29	29	(1,036)	(1,594)	35	35	(2,605)	(3,162)
<b>Volvo Group</b>	<b>84,783</b>	<b>72,601</b>	<b>17</b>	<b>4</b>	<b>159,570</b>	<b>138,247</b>	<b>15</b>	<b>1</b>	<b>304,272</b>	<b>282,948</b>

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

Operating income excl. restructuring charges SEK M	Second quarter		Change in %	Change in %*	First six months		12 months rolling	Jan-Dec 2014
	2015	2014			2015	2014		
Trucks <sup>1</sup>	6,542	2,173			12,788	3,971	14,439	5,622
Construction Equipment	1,353	751			1,705	1,399	1,537	1,231
Buses	111	70			214	106	207	98
Volvo Penta	353	235			645	386	989	729
Corporate Functions, Group Functions & Other	(726)	688			(1,133)	96	(2,409)	(1,180)
Eliminations	(13)	12			(9)	164	3	176
<b>Industrial operations</b>	<b>7,619</b>	<b>3,928</b>			<b>14,212</b>	<b>6,120</b>	<b>14,767</b>	<b>6,676</b>
Customer Finance	497	397			971	793	1,895	1,717
<b>Volvo Group excl. restructuring charges</b>	<b>8,116</b>	<b>4,325</b>			<b>15,182</b>	<b>6,913</b>	<b>16,662</b>	<b>8,393</b>

### Restructuring charges (see Note 6 Efficiency program)

Trucks	(701)	(370)			(828)	(688)	(1,604)	(1,464)
Construction Equipment	(17)	(1)			(92)	(1)	(671)	(579)
Buses	(5)	(6)			(5)	(6)	(5)	(6)
Volvo Penta	-	(5)			(16)	(5)	(16)	(5)
Corporate Functions, Group Functions & Other	(76)	(376)			(87)	(377)	(220)	(510)
<b>Industrial operations</b>	<b>(799)</b>	<b>(758)</b>			<b>(1,028)</b>	<b>(1,076)</b>	<b>(2,516)</b>	<b>(2,564)</b>
Customer Finance	-	(4)			-	(4)	-	(5)
<b>Volvo Group restructuring charges</b>	<b>(799)</b>	<b>(762)</b>			<b>(1,028)</b>	<b>(1,080)</b>	<b>(2,516)</b>	<b>(2,569)</b>
<b>Volvo Group</b>	<b>7,317</b>	<b>3,563</b>			<b>14,154</b>	<b>5,833</b>	<b>14,146</b>	<b>5,824</b>

<sup>1</sup> Including a capital gain of SEK 4,608 M from a sale of shares in Eicher Motors Limited of which SEK 2,471 M in the first quarter of 2015 and SEK 2,137 M in the second quarter of 2015.

Operating margin excl. restructuring charges %	Second quarter		Change in %	Change in %*	First six months		12 months rolling	Jan-Dec 2014
	2015	2014			2015	2014		
Trucks <sup>1</sup>	11.5	4.5			11.8	4.3	7.0	2.9
Construction Equipment	8.8	5.1			6.1	5.0	2.9	2.3
Buses	1.8	1.5			2.0	1.3	1.0	0.5
Volvo Penta	13.7	11.7			13.4	10.1	11.2	9.4
<b>Industrial operations</b>	<b>9.2</b>	<b>5.5</b>			<b>9.2</b>	<b>4.5</b>	<b>5.0</b>	<b>2.4</b>
<b>Volvo Group excl. restructuring charges</b>	<b>9.6</b>	<b>6.0</b>			<b>9.5</b>	<b>5.0</b>	<b>5.5</b>	<b>3.0</b>
<b>Volvo Group</b>	<b>8.6</b>	<b>4.9</b>			<b>8.9</b>	<b>4.2</b>	<b>4.6</b>	<b>2.1</b>

<sup>1</sup> Operating margin excluding capital gains from sales of shares in Eicher Motors Limited amounted to 7.7% in the second quarter of 2015 and 7.5% during the first six months of 2015

## TRUCKS

### Improved profitability

- » Gradual recovery in Europe, softening demand in North America and continued weak markets in South America
- » Order intake decreased by 6%, book-to-bill of 89%
- » Operating margin excluding restructuring charges and the sale of shares in Eicher Motors Limited amounted to 7.7% (4.5)



#### Market development

In the second quarter, demand in Europe continued to gradually improve while demand started to soften from high levels in North America. Demand in South America and China continue to decline while demand across other Asian markets is largely stable.

Truck demand in most European countries has in general continued to develop favorably as a result of increased economic activity, good freight volumes and replacement demand and consequently the forecast for the European market (EU30) is increased to 250,000 heavy-duty trucks (previous forecast 240,000 trucks).

During the first six months of 2015, the strong US economy and increased demand for transport had a positive impact on demand for long-haulage trucks while demand for trucks involved in the energy sector and in construction had a slower development. Expectations are that the North American retail market for heavy-duty trucks will peak during 2015 at a level of 310,000 trucks (unchanged forecast).

For South America, expectations continue to be subdued. In Brazil, demand is heavily affected by the economic slowdown. The Brazilian market, which is the largest in South America, is expected to decrease and the total market forecast is adjusted to 40,000 heavy-duty trucks (previous forecast 55,000 trucks).

Markets across South East Asia are showing modest declines. In India, the total market for heavy-duty trucks and medium-duty trucks is expected to reach 265,000 trucks (previous forecast 273,000 trucks). For Japan, the

total market forecast for heavy-duty and medium-duty trucks is unchanged at 90,000 trucks. Investment growth in China is declining and the forecast for the Chinese economy has been adjusted downwards. As a consequence, the total heavy-duty market forecast for China is adjusted to 620,000 trucks (previous forecast 680,000 trucks).

#### Order intake

Total net orders decreased by 6% in the second quarter compared with the year-earlier period. Net orders of 49,551 trucks and deliveries of 55,613 trucks resulted in a book-to-bill ratio of 89% for the Group's wholly-owned operations.

Orders in Europe rose by 13% with a continued positive trend from low levels for Renault Trucks. In North America orders came down by 19% in total, with Volvo orders down 1% and Mack orders down by 50%. The declining order intake for Mack is mainly a result of cancellations of some of the large quantities of dealer orders placed in the fourth quarter of 2014 combined with a softening in demand in some of Mack's core market segments, e.g. energy. On June 30, 2015 Mack's order book was about twice the size when compared with the same date a year ago.

Orders in South America declined by 54% as a result of continued low economic activity and decreased business confidence.

Compared with the second quarter of 2014 orders in Asia decreased by 5%.

Total market development	First six months		Change in %	Full year 2014	Forecast 2015	Change vs. previous forecast
	2015	2014				
Registrations, number of trucks						
Europe 30 <sup>1</sup> heavy-duty (as of May)	106,167	90,729	17	227,600	250,000	+10,000
North America heavy-duty (as of May)	118,185	98,833	20	270,300	310,000	Unchanged
Brazil heavy-duty	21,455	45,309	(53)	92,700	40,000	-15,000
China heavy-duty (as of May)	246,581	367,981	(33)	743,700	620,000	-60,000
China medium-duty (as of May)	79,203	112,377	(30)	243,500	210,000	Unchanged
India heavy-duty (as of May)	81,907	60,750	35	154,800	200,000	Unchanged
India medium-duty (as of May)	26,147	25,939	1	62,300	65,000	-8,000
Japan heavy-duty	22,181	20,622	8	42,200	45,000	Unchanged
Japan medium-duty	22,205	21,586	3	46,200	45,000	Unchanged

<sup>1</sup>EU minus Bulgaria plus Norway and Switzerland

Net order intake per market	Second quarter		Change in %	First six months		Change in %
	2015	2014		2015	2014	
Number of trucks						
Europe	25,059	22,245	13	48,504	41,493	17
Volvo	13,379	12,301	9	25,391	22,527	13
Renault Trucks	11,680	9,944	17	23,113	18,966	22
North America	10,528	12,953	(19)	29,819	29,320	2
whereof Volvo	8,151	8,267	(1)	19,351	17,697	9
whereof Mack	2,331	4,626	(50)	10,308	11,471	(10)
South America	2,278	4,953	(54)	4,546	11,228	(60)
Asia	8,529	9,012	(5)	17,195	17,570	(2)
Other markets	3,157	3,811	(17)	6,257	8,509	(26)
<b>Total Trucks</b>	<b>49,551</b>	<b>52,974</b>	<b>(6)</b>	<b>106,321</b>	<b>108,120</b>	<b>(2)</b>

## Non-consolidated operations (100%)

VE Commercial Vehicles (Eicher)	11,855	7,502	58	22,652	15,353	48
Dongvo (Hangzhou) Truck Company (UD)	11	26	(58)	61	45	36
<b>Total volumes</b>	<b>61,417</b>	<b>60,502</b>	<b>2</b>	<b>129,034</b>	<b>123,518</b>	<b>4</b>

**Deliveries**

In the second quarter of 2015, truck deliveries rose by 19% in Europe and by 19% in North America. Deliveries in South America were down by 54%. In total the Volvo Group's wholly-owned operations delivered 55,613 trucks, which was 4% higher than in the second quarter of 2014.

**Net sales and operating income**

During the second quarter of 2015, the truck operation's net sales amounted to SEK 57,062 M, which was 18% higher than in the second quarter of 2014. Adjusted for changes in exchange rates net sales increased by 6%.

Operating income in the second quarter improved to SEK 6,542 M (2,173) excluding restructuring charges of SEK 701 M (370). Earnings included a capital gain from the sale of shares in Eicher Motors Limited amounting to SEK 2,137 M. Excluding the capital gain and restructuring charges operating income amounted to SEK 4,405 M

(2,173), corresponding to an operating margin of 7.7% (4.5).

The underlying improvement compared with the second quarter 2014 was a result of a favorable currency development, somewhat higher sales as well as improved earnings in North America and somewhat higher profitability in Europe. This was partly offset by significantly lower earnings in South America. In addition, a large number of activities contributed to operating expenses being reduced in local currencies.

Changes in currency exchange rates had a positive impact on operating income of SEK 1,242 M compared to the second quarter of 2014.

Among the industrial efficiency measures that were implemented in the second quarter were the move of the cab assembly from Umeå to Gothenburg, Sweden and the implementation of a more streamlined assembly process in the engine plant in Hagerstown, USA.

Deliveries per market	Second quarter		Change in %	First six months		Change in %
	2015	2014		2015	2014	
Number of trucks						
Europe	22,329	18,806	19	42,123	35,394	19
North America	17,839	14,983	19	33,789	27,984	21
South America	2,784	5,998	(54)	4,901	12,443	(61)
Asia	8,734	8,637	1	16,048	16,863	(5)
Other markets	3,927	4,799	(18)	7,078	8,384	(16)
<b>Total Trucks</b>	<b>55,613</b>	<b>53,223</b>	<b>4</b>	<b>103,939</b>	<b>101,068</b>	<b>3</b>

## Non-consolidated operations (100%)

VE Commercial Vehicles (Eicher)	7,708	7,609	1	15,834	15,276	4
Dongvo (Hangzhou) Truck Company (UD)	12	20	(40)	68	29	134
Dongfeng Commercial Vehicle Company (Dongfeng) <sup>1</sup>	36,928	-	-	52,741	-	-
<b>Total volumes</b>	<b>100,261</b>	<b>60,852</b>	<b>65</b>	<b>172,582</b>	<b>116,373</b>	<b>48</b>

<sup>1</sup> Year-to-date May volumes.

Net sales by market area	Second quarter		Change in %	First six months		Change in %
	2015	2014		2015	2014	
SEK M						
Europe	21,621	18,276	18	41,890	35,367	18
North America	19,930	13,275	50	37,893	24,894	52
South America	3,061	5,042	(39)	5,529	9,950	(44)
Asia	8,452	7,363	15	15,975	14,350	11
Other markets	3,997	4,223	(5)	7,431	7,463	-
<b>Total</b>	<b>57,062</b>	<b>48,179</b>	<b>18</b>	<b>108,718</b>	<b>92,024</b>	<b>18</b>

## CONSTRUCTION EQUIPMENT

### Improved earnings despite significant market headwinds

- » Most markets continue to decline, Volvo CE's deliveries down by 24%
- » Further market decline in China, down 49%
- » Operating income excluding restructuring charges improved by 80%, operating margin of 8.8%
- » Earnings improvement driven by favorable currency development and product mix



#### Market development

During the first five months of 2015 most markets continued to decline, with the exception of North America. The European market was down 8%, mainly as a consequence of a sharp drop in the Russian market (-74%). Excluding Russia, the European market grew by 3%.

The North American market grew by 5%, but growth has started to slow down because of a drop in the Canadian market (-19%) as well as declining demand for both road machinery and heavy equipment.

The decrease in South America is mainly caused by Brazil (-45%), which is affected by slow economic development and low overall business confidence.

The Chinese market has continued to decline sharply in 2015. Total sales of excavators were down 44% and wheel loaders 56%, mainly driven by low utilization in the existing machine population as a consequence of the expansion of the population in recent years and the

currently low activity level in the construction and mining sectors.

Asia excluding China was down 3%, mainly driven by a decline in Japan.

#### Deliveries

In the second quarter, Volvo CE's deliveries decreased by 24% compared to the same period last year, mainly driven by lower demand in China and Russia impacting both the Volvo and the SDLG brand.

#### Order intake

In the second quarter of 2015, net order intake was 27% lower than in the same period last year.

In North America order intake was down 27% mainly driven by reduced sales of product ranges where it has been announced to end Volvo branded production.

In Europe, order intake was 16% below last year driven by Russia and France while other European markets were

Total market development	Year-to-date May		
	2015	Forecast 2015	Previous forecast
Change in % measured in units			
Europe	(8)	-10% to 0%	-10% to 0%
North America	5	-5% to +5%	-5% to +5%
South America	(32)	-30% to -20%	-15% to -5%
Asia excl. China	(3)	-10% to 0%	-10% to 0%
China	(49)	-45% to -35%	-40% to -30%

Net order intake per market	Second quarter			First six months		Change in %
	2015	2014	Change in %	2015	2014	
Number of machines						
Europe	3,267	3,875	(16)	7,462	7,928	(6)
North America	1,538	2,120	(27)	3,356	4,215	(20)
South America	293	774	(62)	1,275	1,726	(26)
Asia	7,091	9,951	(29)	14,187	21,260	(33)
Other markets	519	623	(17)	1,120	1,455	(23)
<b>Total orders</b>	<b>12,708</b>	<b>17,343</b>	<b>(27)</b>	<b>27,400</b>	<b>36,584</b>	<b>(25)</b>
<b>Of which:</b>						
Volvo	8,005	9,086	(12)	18,810	20,833	(10)
SDLG	4,703	8,257	(43)	8,590	15,751	(45)
Of which in China	4,057	6,772	(40)	7,192	13,249	(46)



above last year. Excluding Russia, order intake in Europe increased by 10%.

In South America order intake was 62% below last year due to a rapid decline in Brazil.

Order intake in Asia was significantly below last year, down 29%, mainly driven by the continued slowdown in China, impacting both brands.

#### Net sales and operating income

In the second quarter of 2015 net sales increased by 5% to SEK 15,419 M (14,624). Adjusted for currency movements net sales decreased by 10%.

The operating income increased by 80% to SEK 1,353 M (751) excluding restructuring charges of SEK 17 M (1),

corresponding to an operating margin of 8.8% (5.1).

Earnings were positively impacted by currency and favorable product mix due to targeted sales programs.

Earnings include a provision of SEK 147 M for expected credit losses in China.

Currency exchange rates had a positive impact of SEK 427 M on operating income compared to the second quarter of 2014.

Execution of the restructuring plan resulted in lower operating expenses in local currencies.

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

Deliveries per market	Second quarter		Change in %	First six months		Change in %
	2015	2014		2015	2014	
Number of machines						
Europe	3,828	4,623	(17)	6,699	8,010	(16)
North America	1,917	2,181	(12)	3,146	3,663	(14)
South America	458	872	(47)	1,186	1,649	(28)
Asia	7,218	9,994	(28)	13,853	21,348	(35)
Other markets	584	732	(20)	1,105	1,491	(26)
<b>Total deliveries</b>	<b>14,005</b>	<b>18,402</b>	<b>(24)</b>	<b>25,989</b>	<b>36,161</b>	<b>(28)</b>
<b>Of which:</b>						
Volvo	9,302	10,283	(10)	17,401	20,538	(15)
SDLG	4,703	8,119	(42)	8,588	15,623	(45)
Of which in China	4,057	6,761	(40)	7,192	13,238	(46)

Net sales by market area	Second quarter		Change in %	First six months		Change in %
	2015	2014		2015	2014	
SEK M						
Europe	5,108	5,144	(1)	9,177	8,842	4
North America	3,823	2,943	30	6,398	5,318	20
South America	572	834	(31)	1,254	1,520	(18)
Asia	5,099	4,861	5	9,781	10,782	(9)
Other markets	818	843	(3)	1,546	1,535	1
<b>Total</b>	<b>15,419</b>	<b>14,624</b>	<b>5</b>	<b>28,157</b>	<b>27,996</b>	<b>1</b>

## BUSES

### Improved sales and earnings

- » Sales increase of 27%
- » Operating income excluding restructuring charges increased to SEK 111 M (70)
- » Order intake down by 37%
- » The first Volvo full electric buses in commercial service



The European bus market has recovered slightly during the first half of 2015. In South America, the development in the Brazilian bus market is still slow, negatively affected by the weak economic development and changed conditions for federal financing. In North America, the coach and commuter segments continue to improve, along with the city segment. The Asian market is recovering slowly, whereas the coach market in India remains on low levels. In China, the market is declining.

Volvo Buses delivered 2,191 buses and coaches during the second quarter 2015, compared to 2,194 units in the second quarter of 2014. Order intake in the second quarter totaled 1,515 buses and coaches compared to 2,403 last year.

The new full electric Volvo bus commenced scheduled operation in Gothenburg in the second quarter, along with the Volvo 7900 Electric hybrids (diesel-electric hybrids). This is the third start of the 7900 Electric hybrid in

commercial service, following launch in September 2014. Previous traffic starts were in Hamburg and Stockholm.

Net sales in the second quarter increased by 27% to SEK 6,051 M (4,775). Adjusted for currency fluctuations, sales increased by 11%.

Buses reported an operating income of SEK 111 M (70) excluding restructuring charges of SEK 5 M (6). The operating margin excluding restructuring charges was 1.8% (1.5%). Earnings in the quarter were affected by a positive currency development and an improved aftermarket business. Production disturbances in one of the plants continued to hamper the result also in the second quarter.

Compared to the second quarter of 2014, operating income was positively impacted by currency exchange rates in an amount of SEK 161 M.

Net sales by market area SEK M	Second quarter		Change in %	First six months		Change in %
	2015	2014		2015	2014	
Europe	1,984	1,912	4	3,286	2,897	13
North America	2,602	1,544	68	4,962	2,613	90
South America	329	479	(31)	627	1,187	(47)
Asia	501	443	13	1,015	858	18
Other markets	634	396	60	908	587	55
<b>Total</b>	<b>6,051</b>	<b>4,775</b>	<b>27</b>	<b>10,799</b>	<b>8,142</b>	<b>33</b>

VOLVO PENTA

## Positive sales momentum

- » Sales momentum continues across all segments, order intake up 18%
- » Improved earnings – operating margin of 13.7%
- » Launch of industry-leading driveline in industrial segment



The market for marine leisure engines remains unchanged, with some positive signs from Europe and the US. The market for marine commercial engines is lingering on low levels. In April, the first quadruple installation of IPS was successfully implemented in commercial boats – two, 26 meter crew transfer catamarans used for offshore wind farming. For industrial off-road engines, there are mixed signs, but sales are increasing.

Within the materials handling area Volvo Penta and two partners launched an industry-leading driveline, which uses a combination of hydrostatic and mechanical drives. Use of a more efficient transmission, combined with smarter software, resulted in a reduction of the engine size and provided the potential for up to 40% savings in fuel consumption.

The market for industrial power generation engines has a positive annual growth rate.

Net order intake during the second quarter 2015 was 10,071 units (8,529).

Net sales in the second quarter of 2015 increased by 29% compared to last year and amounted to SEK 2,584 M (2,002). Adjusted for exchange-rate fluctuations, net sales increased by 18%. Sales in the second quarter were distributed between business segments as follows: Marine SEK 1,536 M (1,142) and Industrial SEK 1,047 M (860).

Operating income amounted to SEK 353 M (235). The operating margin was 13.7% (11.7). Earnings were positively impacted by currency effects and increased volumes. Compared with the second quarter of 2014, operating income was impacted positively by changes in currency exchange rates in an amount of SEK 100 M.

Net sales by market area SEK M	Second quarter		Change in %	First six months		Change in %
	2015	2014		2015	2014	
Europe	1,223	1,036	18	2,363	1,985	19
North America	558	415	35	1,044	719	45
South America	103	63	65	206	161	28
Asia	558	390	43	955	761	25
Other markets	141	98	44	266	180	48
<b>Total</b>	<b>2,584</b>	<b>2,002</b>	<b>29</b>	<b>4,834</b>	<b>3,806</b>	<b>27</b>

## VOLVO GROUP'S CUSTOMER FINANCE

### Good profitability

- » Strong new business volumes
- » Stable portfolio performance
- » Expense control



The customer finance business continued to experience profitable growth during the second quarter driven by strong new business volume in Europe and North America. The gross credit portfolio increased, on a currency-adjusted basis, by 9% when compared to the second quarter of 2014 and reached a new all-time high.

The portfolio continued to perform well, highlighted by strong performance in North America and Europe, while the situation in Brazil continues to be challenging. Credit reserves remained stable at 1.40% during the quarter.

Operating income improved to SEK 497 M (397) mainly due to profitable growth, good portfolio performance and operating expense control.

During the quarter, Volvo Financial Services syndicated approximately SEK 2.2 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	Second quarter		First six months	
	2015	2014	2015	2014
Number of financed units	<b>13,427</b>	13,992	<b>23,746</b>	25,844
Total penetration rate <sup>1</sup> , %	<b>26</b>	27	<b>25</b>	27
New financing volume, SEK billion	<b>15.0</b>	13.9	<b>26.6</b>	24.9
Credit portfolio net, SEK billion	-	-	<b>123</b>	106
Credit provision expenses	<b>209</b>	227	<b>416</b>	422
Operating income, excl. restructuring charges	<b>497</b>	397	<b>971</b>	793
Credit reserves, % of credit portfolio	-	-	<b>1.40</b>	1.34
Return on shareholders' equity, rolling 12 months, %	-	-	<b>13.3</b>	10.9

<sup>1</sup>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

### **Volvo sold remaining holding in Eicher Motors Limited**

On June 4, 2015 the Volvo Group sold its remaining holding in the listed Indian automotive manufacturer, Eicher Motors Limited. The sale corresponded to 1,005,610 shares with a total value of approximately SEK 2.2 billion. The divestment of shares has no effect on the ownership or the development of the long-standing joint venture, VE Commercial Vehicles. The sale generated a capital gain of SEK 2,137 M, which impacted operating income in the Trucks segment in the second quarter of 2015.

### **Previously reported important events**

- Completion of the acquisition of 45% of Dongfeng Commercial Vehicles
- Volvo sold holding in the listed Indian company Eicher Motors Limited
- Annual General Meeting of AB Volvo

Detailed information about the events is available at [www.volvogroup.com](http://www.volvogroup.com)

## CONSOLIDATED INCOME STATEMENT **SECOND QUARTER**

SEK M	Industrial operations		Customer Finance		Eliminations		Volvo Group	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Net sales</b>	<b>82,520</b>	70,899	<b>2,803</b>	2,468	<b>(541)</b>	(766)	<b>84,783</b>	72,601
Cost of sales	<b>(64,289)</b>	(55,774)	<b>(1,655)</b>	(1,443)	<b>541</b>	766	<b>(65,403)</b>	(56,451)
<b>Gross income</b>	<b>18,231</b>	<b>15,125</b>	<b>1,149</b>	<b>1,025</b>	-	-	<b>19,379</b>	<b>16,150</b>
Research and development expenses	<b>(3,941)</b>	(4,280)	-	-	-	-	<b>(3,941)</b>	(4,280)
Selling expenses	<b>(6,707)</b>	(6,575)	<b>(468)</b>	(433)	-	-	<b>(7,175)</b>	(7,008)
Administrative expenses	<b>(1,583)</b>	(1,359)	<b>(10)</b>	(10)	-	-	<b>(1,594)</b>	(1,369)
Other operating income and expenses	<b>(1,354)</b>	254	<b>(174)</b>	(190)	-	-	<b>(1,528)</b>	64
Income (loss) from investments in joint ventures and associated companies	<b>31</b>	-	-	-	-	-	<b>31</b>	-
Income from other investments	<b>2,144</b>	5	<b>0</b>	1	-	-	<b>2,144</b>	6
<b>Operating income</b>	<b>6,821</b>	<b>3,170</b>	<b>497</b>	<b>393</b>	-	-	<b>7,317</b>	<b>3,563</b>
Interest income and similar credits	<b>80</b>	78	-	-	-	-	<b>80</b>	78
Interest expense and similar charges	<b>(548)</b>	(465)	<b>0</b>	-	-	-	<b>(548)</b>	(465)
Other financial income and expenses	<b>(487)</b>	187	<b>0</b>	-	-	-	<b>(487)</b>	187
<b>Income after financial items</b>	<b>5,866</b>	<b>2,970</b>	<b>497</b>	<b>393</b>	-	-	<b>6,362</b>	<b>3,364</b>
Income taxes	<b>(1,004)</b>	(673)	<b>(165)</b>	(157)	-	-	<b>(1,169)</b>	(830)
<b>Income for the period*</b>	<b>4,862</b>	<b>2,297</b>	<b>332</b>	<b>236</b>	-	-	<b>5,193</b>	<b>2,534</b>
<i>*Attributable to:</i>								
Equity holders of the parent company							<b>5,150</b>	2,472
Minority interests							<b>43</b>	62
							<b>5,193</b>	<b>2,534</b>
Basic earnings per share, SEK							<b>2.54</b>	1.22
Diluted earnings per share, SEK							<b>2.53</b>	1.22
<b>Key operating ratios, %</b>								
Gross margin	22.1	21.3	-	-	-	-	22.9	22.2
Research and development expenses in % of net sales	4.8	6.0	-	-	-	-	4.6	5.9
Selling expenses in % of net sales	8.1	9.3	-	-	-	-	8.5	9.7
Administrative expenses in % of net sales	1.9	1.9	-	-	-	-	1.9	1.9
Operating margin	8.3	4.5	-	-	-	-	8.6	4.9

## CONSOLIDATED OTHER COMPREHENSIVE INCOME **SECOND QUARTER**

SEK M	2015	2014
<b>Income for the period</b>	<b>5,193</b>	2,534
<i>Items that will not be reclassified to income statement:</i>		
Remeasurements of defined benefit pension plans	<b>4,122</b>	(329)
<i>Items that may be reclassified subsequently to income statement:</i>		
Exchange differences on translation of foreign operations	<b>(2,159)</b>	2,748
Share of OCI related to joint ventures and associated companies	<b>25</b>	37
Accumulated translation difference reversed to income	<b>0</b>	11
Available-for-sale investments	<b>(2,108)</b>	583
Change in cash flow hedges	<b>(8)</b>	24
<b>Other comprehensive income, net of income taxes</b>	<b>(128)</b>	<b>3,074</b>
<b>Total comprehensive income for the period*</b>	<b>5,064</b>	<b>5,608</b>
<i>*Attributable to:</i>		
Equity holders of the parent company	<b>5,115</b>	5,491
Minority interests	<b>(51)</b>	117
	<b>5,064</b>	<b>5,608</b>

## CONSOLIDATED INCOME STATEMENT FIRST SIX MONTHS

SEK M	Industrial operations		Customer Finance		Eliminations		Volvo Group	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Net sales</b>	<b>154,993</b>	135,023	<b>5,614</b>	4,819	<b>(1,036)</b>	(1,594)	<b>159,570</b>	138,247
Cost of sales	<b>(120,564)</b>	(105,916)	<b>(3,326)</b>	(2,817)	<b>1,036</b>	1,594	<b>(122,854)</b>	(107,139)
<b>Gross income</b>	<b>34,428</b>	<b>29,107</b>	<b>2,288</b>	<b>2,002</b>	-	-	<b>36,716</b>	<b>31,109</b>
Research and development expenses	<b>(8,026)</b>	(8,417)	-	-	-	-	<b>(8,026)</b>	(8,417)
Selling expenses	<b>(13,163)</b>	(12,831)	<b>(937)</b>	(822)	-	-	<b>(14,100)</b>	(13,654)
Administrative expenses	<b>(2,997)</b>	(2,728)	<b>(20)</b>	(20)	-	-	<b>(3,017)</b>	(2,748)
Other operating income and expenses	<b>(1,705)</b>	(120)	<b>(358)</b>	(371)	-	-	<b>(2,064)</b>	(492)
Income (loss) from investments in joint ventures and associated companies	<b>33</b>	20	-	-	-	-	<b>33</b>	20
Income from other investments	<b>4,615</b>	14	<b>(2)</b>	-	-	-	<b>4,613</b>	14
<b>Operating income</b>	<b>13,183</b>	<b>5,044</b>	<b>971</b>	<b>788</b>	-	-	<b>14,154</b>	<b>5,833</b>
Interest income and similar credits	<b>146</b>	167	-	-	-	-	<b>146</b>	167
Interest expense and similar charges	<b>(1,115)</b>	(999)	<b>0</b>	-	-	-	<b>(1,115)</b>	(999)
Other financial income and expenses	<b>(856)</b>	90	<b>0</b>	-	-	-	<b>(856)</b>	90
<b>Income after financial items</b>	<b>11,358</b>	<b>4,302</b>	<b>971</b>	<b>788</b>	-	-	<b>12,329</b>	<b>5,091</b>
Income taxes	<b>(2,579)</b>	(1,103)	<b>(321)</b>	(313)	-	-	<b>(2,900)</b>	(1,416)
<b>Income for the period*</b>	<b>8,779</b>	<b>3,199</b>	<b>650</b>	<b>475</b>	-	-	<b>9,428</b>	<b>3,675</b>
<i>*Attributable to:</i>								
Equity holders of the parent company							<b>9,398</b>	3,556
Minority interests							<b>30</b>	119
							<b>9,428</b>	<b>3,675</b>
Basic earnings per share, SEK							<b>4.63</b>	1.75
Diluted earnings per share, SEK							<b>4.63</b>	1.75
<b>Key operating ratios, %</b>								
Gross margin	22.2	21.6	-	-	-	-	23.0	22.5
Research and development expenses in % of net sales	5.2	6.2	-	-	-	-	5.0	6.1
Selling expenses in % of net sales	8.5	9.5	-	-	-	-	8.8	9.9
Administrative expenses in % of net sales	1.9	2.0	-	-	-	-	1.9	2.0
Operating margin	8.5	3.7	-	-	-	-	8.9	4.2

## CONSOLIDATED OTHER COMPREHENSIVE INCOME FIRST SIX MONTHS

SEK M	2015	2014
<b>Income for the period</b>	<b>9,428</b>	3,675
<i>Items that will not be reclassified to income statement:</i>		
Remeasurements of defined benefit pension plans	<b>1,431</b>	(808)
<i>Items that may be reclassified subsequently to income statement:</i>		
Exchange differences on translation of foreign operations	<b>454</b>	2,709
Share of OCI related to joint ventures and associated companies	<b>35</b>	59
Accumulated translation difference reversed to income	<b>(10)</b>	23
Available-for-sale investments	<b>(3,968)</b>	861
Change in cash flow hedges	<b>(17)</b>	16
<b>Other comprehensive income, net of income taxes</b>	<b>(2,075)</b>	<b>2,860</b>
<b>Total comprehensive income for the period*</b>	<b>7,353</b>	<b>6,535</b>
<i>*Attributable to:</i>		
Equity holders of the parent company	<b>7,240</b>	6,416
Minority interests	<b>113</b>	119
	<b>7,353</b>	<b>6,535</b>

## CONSOLIDATED BALANCE SHEET

SEK M	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	Jun 30 2015	Dec 31 2014	Jun 30 2015	Dec 31 2014	Jun 30 2015	Dec 31 2014	Jun 30 2015	Dec 31 2014
<b>Assets</b>								
<b>Non-current assets</b>								
Intangible assets	36,170	37,010	101	105	-	-	36,271	37,115
<i>Tangible assets</i>								
Property, plant and equipment	55,003	55,087	89	94	-	-	55,092	55,181
Assets under operating leases	19,777	19,484	17,850	17,872	(6,150)	(6,138)	31,477	31,218
<i>Financial assets</i>								
Investments in joint ventures and associated companies	12,069	4,821	-	-	-	-	12,069	4,821
Other shares and participations	803	5,004	10	13	-	-	813	5,017
Non-current customer-financing receivables	1,288	1,205	52,526	51,380	(1,323)	(1,254)	52,491	51,331
Prepaid pensions	157	126	-	-	-	-	157	126
Non-current interest-bearing receivables	815	1,041	101	22	277	378	1,193	1,441
Other non-current receivables	2,874	3,528	148	150	(132)	(165)	2,890	3,513
Deferred tax assets	14,204	15,022	858	809	-	-	15,062	15,831
<b>Total non-current assets</b>	<b>143,159</b>	<b>142,328</b>	<b>71,682</b>	<b>70,445</b>	<b>(7,328)</b>	<b>(7,179)</b>	<b>207,513</b>	<b>205,594</b>
<b>Current assets</b>								
Inventories	51,374	45,364	176	169	-	-	51,550	45,533
<i>Current receivables</i>								
Customer-financing receivables	673	623	52,669	48,063	(929)	(850)	52,413	47,836
Tax assets	3,374	2,918	169	496	-	-	3,543	3,414
Interest-bearing receivables	2,773	1,736	17	345	(1,045)	(968)	1,746	1,113
Internal funding	5,616	4,374	-	-	(5,616)	(4,374)	-	-
Accounts receivable	32,461	30,495	375	400	-	-	32,836	30,895
Other receivables	14,460	13,950	1,477	1,984	(1,629)	(1,265)	14,308	14,669
Non interest-bearing assets held for sale	167	288	-	-	-	-	167	288
Interest-bearing assets held for sale	-	-	-	-	-	-	-	-
Marketable securities	5,948	6,927	-	385	-	-	5,948	7,312
Cash and cash equivalents	15,024	24,178	3,021	2,470	(326)	(406)	17,719	26,242
<b>Total current assets</b>	<b>131,871</b>	<b>130,853</b>	<b>57,904</b>	<b>54,312</b>	<b>(9,545)</b>	<b>(7,863)</b>	<b>180,230</b>	<b>177,302</b>
<b>Total assets</b>	<b>275,030</b>	<b>273,181</b>	<b>129,586</b>	<b>124,757</b>	<b>(16,873)</b>	<b>(15,042)</b>	<b>387,743</b>	<b>382,897</b>
<b>Equity and liabilities</b>								
<b>Equity attributable to the equity holders of the parent company</b>								
Minority interests	1,846	1,723	-	-	-	-	1,846	1,723
<b>Total equity</b>	<b>70,975</b>	<b>70,105</b>	<b>10,366</b>	<b>9,943</b>	<b>-</b>	<b>-</b>	<b>81,341</b>	<b>80,048</b>
<i>Non-current provisions</i>								
Provisions for post-employment benefits	14,947	16,580	96	103	-	-	15,043	16,683
Provisions for deferred taxes	762	201	2,453	2,595	-	-	3,215	2,796
Other provisions	12,888	12,463	217	231	6	46	13,111	12,740
<i>Non-current liabilities</i>								
Bond loans	52,487	68,877	-	-	-	-	52,487	68,877
Other loans	21,315	27,395	15,024	13,013	(1,327)	(1,254)	35,013	39,154
Internal funding	(46,692)	(59,955)	40,630	42,997	6,062	16,958	-	-
Other liabilities	18,139	17,549	603	607	(4,422)	(4,424)	14,320	13,732
Current provisions	13,735	12,390	80	76	32	7	13,847	12,473
<i>Current liabilities</i>								
Loans	47,841	32,130	10,524	9,266	(1,970)	(1,443)	56,395	39,953
Internal funding	(33,507)	(20,267)	45,314	42,002	(11,807)	(21,735)	-	-
Non interest-bearing liabilities held for sale	-	130	-	-	-	-	-	130
Interest-bearing liabilities held for sale	-	-	-	-	-	-	-	-
Trade payables	59,451	56,351	438	296	-	-	59,889	56,647
Tax liabilities	2,550	2,558	478	135	-	-	3,027	2,693
Other liabilities	40,139	36,674	3,364	3,493	(3,448)	(3,197)	40,055	36,970
<b>Total equity and liabilities</b>	<b>275,030</b>	<b>273,181</b>	<b>129,586</b>	<b>124,757</b>	<b>(16,873)</b>	<b>(15,042)</b>	<b>387,743</b>	<b>382,896</b>
<b>Key ratios, %</b>								
Total equity in % of total assets	25.8	25.7	8.0	8.0	-	-	21.0	20.9
Shareholders' equity per share, excluding minority interests, SEK	-	-	-	-	-	-	39.2	38.6
Return on operating capital, 12 months rolling	13.8	4.5	-	-	-	-	-	-
Return on shareholders' equity, 12 months rolling	-	-	13.3	12.5	-	-	9.9	2.8



## CONSOLIDATED CASH FLOW STATEMENT SECOND QUARTER

SEK bn	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Operating activities</b>								
Operating income (loss)	6.8	3.2	0.5	0.4	0.0	-	7.3	3.6
Depreciation tangible assets	1.6	1.5	0.0	0.0	-	-	1.6	1.5
Amortization intangible assets	0.8	0.9	0.0	0.0	0.0	-	0.8	0.9
Depreciation leasing vehicles	0.7	0.9	1.0	0.8	0.0	-	1.7	1.7
Other non-cash items	(0.8)	(0.3)	0.2	0.2	0.0	(0.1)	(0.6)	(0.2)
Total change in working capital whereof	2.8	0.7	(4.6)	(3.2)	0.0	0.3	(1.8)	(2.2)
Change in accounts receivables	(1.8)	0.2	0.0	(0.1)	0.0	0.1	(1.8)	0.2
Change in customer financing receivables	0.0	(0.1)	(4.6)	(3.0)	(0.1)	0.2	(4.7)	(2.9)
Change in inventories	(1.4)	(0.2)	0.0	(0.1)	0.0	0.0	(1.4)	(0.3)
Change in trade payables	3.7	(0.5)	0.1	0.3	0.0	(0.1)	3.8	(0.3)
Other changes in working capital	2.3	1.3	(0.1)	(0.3)	0.1	0.1	2.3	1.1
Interest and similar items received	0.1	0.1	-	-	0.0	-	0.1	0.1
Interest and similar items paid	(0.6)	(0.5)	-	-	0.0	-	(0.6)	(0.5)
Other financial items	(0.1)	(0.1)	-	-	-	-	(0.1)	(0.1)
Income taxes paid	(0.7)	(0.7)	(0.3)	(0.2)	0.0	-	(1.0)	(0.9)
<b>Cash flow from operating activities</b>	<b>10.8</b>	<b>5.7</b>	<b>(3.2)</b>	<b>(2.0)</b>	<b>0.0</b>	<b>0.2</b>	<b>7.6</b>	<b>3.9</b>
<b>Investing activities</b>								
Investments in tangible assets	(1.6)	(1.6)	0.0	0.0	-	-	(1.7)	(1.6)
Investments in intangible assets	(0.5)	(0.4)	0.0	0.0	-	-	(0.5)	(0.4)
Investment in leasing vehicles	(0.1)	0.0	(2.4)	(2.7)	0.0	-	(2.5)	(2.7)
Disposals of fixed assets and leasing vehicles	0.1	0.3	1.5	1.3	0.0	(0.1)	1.6	1.5
<b>Operating cash flow</b>	<b>8.6</b>	<b>4.0</b>	<b>(4.2)</b>	<b>(3.4)</b>	<b>0.0</b>	<b>0.1</b>	<b>4.4</b>	<b>0.7</b>
Investments and divestments of shares, net							2.2	0.0
Acquired and divested operations, net							0.1	0.3
Interest-bearing receivables incl. marketable securities							1.4	(1.9)
<b>Cash flow after net investments</b>							<b>8.1</b>	<b>(0.9)</b>
<b>Financing activities</b>								
Change in loans, net							(8.5)	0.9
Dividend to AB Volvo shareholders							(6.1)	(6.1)
Dividend to minority shareholders							0.0	-
Other							0.0	0.1
<b>Change in cash and cash equivalents excl. translation differences</b>							<b>(6.5)</b>	<b>(6.0)</b>
Translation difference on cash and cash equivalents							(0.5)	0.4
<b>Change in cash and cash equivalents</b>							<b>(7.0)</b>	<b>(5.6)</b>

## CONSOLIDATED CASH FLOW STATEMENT FIRST SIX MONTHS

SEK bn	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Operating activities</b>								
Operating income (loss)	13.2	5.0	1.0	0.8	0.0	0.0	14.2	5.8
Depreciation tangible assets	3.2	3.2	0.0	0.0	0.0	0.0	3.2	3.2
Amortization intangible assets	1.7	1.7	0.0	0.0	0.0	-	1.7	1.7
Depreciation leasing vehicles	1.4	1.5	1.9	1.6	0.0	0.0	3.4	3.1
Other non-cash items	(2.8)	(0.2)	0.4	0.4	0.0	(0.1)	(2.4)	0.1
Total change in working capital whereof	(3.4)	(10.3)	(5.1)	0.6	0.6	(5.9)	(7.9)	(15.6)
<i>Change in accounts receivables</i>	(2.0)	(1.1)	0.0	(0.1)	0.0	0.0	(1.9)	(1.2)
<i>Change in customer financing receivables</i>	0.0	0.0	(5.5)	0.7	0.1	(6.0)	(5.4)	(5.3)
<i>Change in inventories</i>	(6.3)	(4.5)	0.0	(0.1)	(0.1)	0.0	(6.5)	(4.6)
<i>Change in trade payables</i>	2.5	(4.1)	0.1	0.2	0.0	0.0	2.7	(3.9)
<i>Other changes in working capital</i>	2.4	(0.6)	0.3	(0.1)	0.5	0.1	3.2	(0.6)
Interest and similar items received	0.2	0.2	-	-	0.0	0.0	0.2	0.2
Interest and similar items paid	(1.0)	(1.0)	-	-	0.0	0.0	(1.0)	(1.0)
Other financial items	(0.1)	(0.2)	-	-	-	-	(0.1)	(0.2)
Income taxes paid	(1.9)	(1.5)	0.1	(0.2)	-	-	(1.9)	(1.7)
<b>Cash flow from operating activities</b>	<b>10.5</b>	<b>(1.6)</b>	<b>(1.7)</b>	<b>3.2</b>	<b>0.6</b>	<b>(6.0)</b>	<b>9.4</b>	<b>(4.4)</b>
<b>Investing activities</b>								
Investments in tangible assets	(2.9)	(2.8)	0.0	0.0	0.0	0.0	(2.9)	(2.8)
Investments in intangible assets	(0.9)	(1.0)	0.0	0.0	0.0	-	(0.9)	(1.0)
Investment in leasing vehicles	(0.2)	(0.1)	(4.2)	(4.3)	-	0.0	(4.4)	(4.4)
Disposals of fixed assets and leasing vehicles	0.4	0.5	2.6	2.1	0.0	(0.1)	3.0	2.5
<b>Operating cash flow</b>	<b>6.9</b>	<b>(5.0)</b>	<b>(3.3)</b>	<b>1.0</b>	<b>0.6</b>	<b>(6.1)</b>	<b>4.2</b>	<b>(10.1)</b>
Investments and divestments of shares, net							(2.2)	0.0
Acquired and divested operations, net							0.4	7.2
Interest-bearing receivables incl. marketable securities							0.3	(3.3)
<b>Cash flow after net investments</b>							<b>2.8</b>	<b>(6.2)</b>
<b>Financing activities</b>								
Change in loans, net							(5.4)	(0.7)
Dividend to AB Volvo shareholders							(6.1)	(6.1)
Dividend to minority shareholders							0.0	-
Other							0.0	0.0
<b>Change in cash and cash equivalents excl. translation differences</b>							<b>(8.7)</b>	<b>(13.0)</b>
Translation difference on cash and cash equivalents							0.2	0.3
<b>Change in cash and cash equivalents</b>							<b>(8.5)</b>	<b>(12.7)</b>

## CONSOLIDATED NET FINANCIAL POSITION

SEK bn	Industrial operations		Volvo Group	
	Jun 30 2015	Dec 31 2014	Jun 30 2015	Dec 31 2014
<b>Non-current interest-bearing assets</b>				
Non-current customer-financing receivables	-	-	52.5	51.3
Non-current interest-bearing receivables	0.8	1.0	1.2	1.4
<b>Current interest-bearing assets</b>				
Customer-financing receivables	-	-	52.4	47.8
Interest-bearing receivables	2.8	1.7	1.7	1.1
Internal funding	5.6	4.4	-	-
Marketable securities	5.9	6.9	5.9	7.3
Cash and cash equivalents	15.0	24.2	17.7	26.2
<b>Total interest-bearing financial assets</b>	<b>30.2</b>	<b>38.3</b>	<b>131.5</b>	<b>135.3</b>
<b>Non-current interest-bearing liabilities</b>				
Bond loans	(52.5)	(68.9)	(52.5)	(68.9)
Other loans	(21.3)	(27.4)	(35.0)	(39.2)
Internal funding	46.7	60.0	-	-
<b>Current interest-bearing liabilities</b>				
Loans	(47.8)	(32.1)	(56.4)	(40.0)
Internal funding	33.5	20.3	-	-
<b>Total interest-bearing financial liabilities</b>	<b>(41.4)</b>	<b>(48.2)</b>	<b>(143.9)</b>	<b>(148.0)</b>
<b>Net financial position excl post-employment benefits</b>	<b>(11.3)</b>	<b>(9.9)</b>	<b>(12.4)</b>	<b>(12.7)</b>
Provisions for post-employment benefits, net	(14.8)	(16.5)	(14.9)	(16.6)
<b>Net financial position incl post-employment benefits</b>	<b>(26.1)</b>	<b>(26.4)</b>	<b>(27.3)</b>	<b>(29.3)</b>
<b>Key ratios, %</b>				
Net financial position in % of total equity	(36.7)	(37.6)		
Net financial position excl. pensions in % of total equity	(15.9)	(14.2)		

## CHANGES IN NET FINANCIAL POSITION, INDUSTRIAL OPERATIONS

SEK bn	Second quarter 2015	First six months 2015
<b>Beginning of period</b>	<b>(37.4)</b>	<b>(26.4)</b>
Cash flow from operating activities	10.8	10.5
Investments in fixed assets	(2.2)	(4.0)
Disposals	0.1	0.4
<b>Operating cash-flow</b>	<b>8.6</b>	<b>6.9</b>
Investments and divestments of shares, net	2.2	(2.2)
Acquired and divested operations, net	0.1	0.4
Capital injections to/from Customer Finance operations	0.1	0.1
Currency effect	1.1	(0.3)
Dividend paid to AB Volvo shareholders	(6.1)	(6.1)
Remeasurements of defined benefit pension plans	5.7	2.0
Pension payments and costs, net	(0.1)	(0.2)
Other changes	(0.2)	(0.3)
<b>Total change</b>	<b>11.3</b>	<b>0.3</b>
<b>Net financial position at end of period</b>	<b>(26.1)</b>	<b>(26.1)</b>

## CONSOLIDATED CHANGES IN TOTAL EQUITY

SEK bn	Jun 30 2015	Dec 31 2014
<b>Total equity at end of previous period</b>	<b>80.0</b>	<b>77.4</b>
<b>Shareholders' equity attributable to equity holders of the parent company at beginning of period</b>	<b>78.3</b>	<b>76.0</b>
Income for the period	9.4	2.1
Other comprehensive income	(2.2)	6.2
<b>Total comprehensive income</b>	<b>7.2</b>	<b>8.3</b>
Dividend to AB Volvo's shareholders	(6.1)	(6.1)
Share-based payments	0.0	0.1
<b>Shareholders' equity attributable to equity holders of the parent company at end of period</b>	<b>79.5</b>	<b>78.3</b>
<b>Minority interests at beginning of period</b>	<b>1.7</b>	<b>1.4</b>
Income for the period	0.0	0.1
Other comprehensive income	0.1	0.3
<b>Total comprehensive income</b>	<b>0.1</b>	<b>0.4</b>
<b>Minority interests at end of period</b>	<b>1.8</b>	<b>1.7</b>
<b>Total equity at end of period</b>	<b>81.3</b>	<b>80.0</b>

## QUARTERLY FIGURES

<b>Income statement, Volvo Group</b>						First six months	First six months
SEK M unless otherwise stated	2/2014	3/2014	4/2014	1/2015	2/2015	2015	2014
<b>Net sales</b>	<b>72,601</b>	<b>67,222</b>	<b>77,480</b>	<b>74,788</b>	<b>84,783</b>	<b>159,570</b>	<b>138,247</b>
Cost of Sales	(56,451)	(51,991)	(60,883)	(57,450)	(65,403)	(122,854)	(107,139)
<b>Gross income</b>	<b>16,150</b>	<b>15,231</b>	<b>16,597</b>	<b>17,337</b>	<b>19,379</b>	<b>36,716</b>	<b>31,109</b>
Research and development expenses	(4,280)	(3,803)	(4,436)	(4,086)	(3,941)	(8,026)	(8,417)
Selling expenses	(7,008)	(6,539)	(7,255)	(6,925)	(7,175)	(14,100)	(13,654)
Administrative expenses	(1,369)	(1,139)	(1,520)	(1,424)	(1,594)	(3,017)	(2,748)
Other operating income and expenses	64	(1,511)	(5,694)	(536)	(1,528)	(2,064)	(492)
Income (loss) from investments in joint ventures and associated companies	-	9	17	2	31	33	20
Income from other investments	6	3	32	2,469	2,144	4,613	14
<b>Operating income</b>	<b>3,563</b>	<b>2,250</b>	<b>(2,258)</b>	<b>6,837</b>	<b>7,317</b>	<b>14,154</b>	<b>5,833</b>
<i>Whereof restructuring charges</i>	<i>(762)</i>	<i>(659)</i>	<i>(830)</i>	<i>(229)</i>	<i>(799)</i>	<i>(1,028)</i>	<i>(1,080)</i>
<i>Operating income excl. restructuring charges</i>	<i>4,325</i>	<i>2,908</i>	<i>(1,429)</i>	<i>7,066</i>	<i>8,116</i>	<i>15,182</i>	<i>6,913</i>
Interest income and similar credits	78	83	78	66	80	146	167
Interest expense and similar charges	(465)	(478)	(517)	(567)	(548)	(1,115)	(999)
Other financial income and expenses	187	430	411	(369)	(487)	(856)	90
<b>Income after financial items</b>	<b>3,364</b>	<b>2,285</b>	<b>(2,286)</b>	<b>5,967</b>	<b>6,362</b>	<b>12,329</b>	<b>5,091</b>
Income taxes	(830)	(740)	(698)	(1,731)	(1,169)	(2,900)	(1,416)
<b>Income for the period*</b>	<b>2,534</b>	<b>1,545</b>	<b>(2,984)</b>	<b>4,236</b>	<b>5,193</b>	<b>9,428</b>	<b>3,675</b>
*Attributable to:							
Equity holders of the parent company	2,472	1,500	(2,957)	4,248	5,150	9,398	3,556
Minority interests	62	45	(27)	(12)	43	30	119
	<b>2,534</b>	<b>1,545</b>	<b>(2,984)</b>	<b>4,236</b>	<b>5,193</b>	<b>9,428</b>	<b>3,675</b>
<b>Key operating ratios, Volvo Group, %</b>							
Gross margin	22.2	22.7	21.4	23.2	22.9	23.0	22.5
Research and development expenses in % of net sales	5.9	5.7	5.7	5.5	4.6	5.0	6.1
Selling expenses in % of net sales	9.7	9.7	9.4	9.3	8.5	8.8	9.9
Administrative expenses in % of net sales	1.9	1.7	2.0	1.9	1.9	1.9	2.0
Operating margin excl. restructuring charges	6.0	4.3	(1.8)	9.4	9.6	9.5	5.0
Operating margin	4.9	3.3	(2.9)	9.1	8.6	8.9	4.2
<b>Key operating ratios, Industrial operations, %</b>							
Gross margin	21.3	21.7	20.5	22.4	22.1	22.2	21.6
Research and development expenses in % of net sales	6.0	5.8	5.9	5.6	4.8	5.2	6.2
Selling expenses in % of net sales	9.3	9.4	9.0	8.9	8.1	8.5	9.5
Administrative expenses in % of net sales	1.9	1.7	2.0	2.0	1.9	1.9	2.0
Operating margin excl. restructuring charges	5.5	3.8	(2.5)	9.1	9.2	9.2	4.5
Operating margin	4.5	2.8	(3.6)	8.8	8.3	8.5	3.7
<b>EBITDA, Industrial operations, %</b>							
<b>Operating income Industrial operations</b>	<b>3,170</b>	<b>1,798</b>	<b>(2,731)</b>	<b>6,363</b>	<b>6,821</b>	<b>13,183</b>	<b>5,044</b>
Product and Software development, amortization	767	813	851	823	728	1,551	1,510
Other intangible assets, amortization	80	86	89	90	90	180	153
Tangible assets, depreciation	2,335	2,173	2,334	2,298	2,347	4,644	4,664
<b>Total depreciation and amortization</b>	<b>3,182</b>	<b>3,072</b>	<b>3,275</b>	<b>3,210</b>	<b>3,165</b>	<b>6,375</b>	<b>6,327</b>
<b>Operating income before depreciation and amortization (EBITDA)</b>	<b>6,353</b>	<b>4,870</b>	<b>544</b>	<b>9,573</b>	<b>9,986</b>	<b>19,558</b>	<b>11,371</b>
<i>EBITDA margin, %</i>	<i>9.0</i>	<i>7.5</i>	<i>0.7</i>	<i>13.2</i>	<i>12.1</i>	<i>12.6</i>	<i>8.4</i>
<b>Net capitalization of research and development</b>							
Capitalization	397	196	225	326	516	842	859
Amortization	(668)	(715)	(715)	(751)	(662)	(1,413)	(1,291)
<b>Net capitalization and amortization</b>	<b>(271)</b>	<b>(519)</b>	<b>(490)</b>	<b>(425)</b>	<b>(146)</b>	<b>(571)</b>	<b>(432)</b>

## QUARTERLY FIGURES

Net sales						First six months	First six months
SEK M	2/2014	3/2014	4/2014	1/2015	2/2015	2015	2014
Trucks	48,179	45,059	53,821	51,657	<b>57,062</b>	<b>108,718</b>	92,024
Construction Equipment	14,624	12,582	12,277	12,737	<b>15,419</b>	<b>28,157</b>	27,996
Buses	4,775	4,575	5,928	4,748	<b>6,051</b>	<b>10,799</b>	8,142
Volvo Penta	2,002	1,981	2,003	2,250	<b>2,584</b>	<b>4,834</b>	3,806
Corporate Functions, Group Functions & Other	1,910	1,678	2,369	1,687	<b>2,080</b>	<b>3,767</b>	4,115
Eliminations	(589)	(538)	(758)	(607)	<b>(677)</b>	<b>(1,283)</b>	(1,060)
<b>Industrial operations</b>	<b>70,899</b>	<b>65,337</b>	<b>75,640</b>	<b>72,473</b>	<b>82,520</b>	<b>154,993</b>	<b>135,023</b>
Customer Finance	2,468	2,578	2,714	2,811	<b>2,803</b>	<b>5,614</b>	4,819
Reclassifications and eliminations	(766)	(694)	(874)	(496)	<b>(541)</b>	<b>(1,036)</b>	(1,594)
<b>Volvo Group</b>	<b>72,601</b>	<b>67,222</b>	<b>77,480</b>	<b>74,788</b>	<b>84,783</b>	<b>159,570</b>	<b>138,247</b>

Operating income excl. restructuring charges						First six months	First six months
SEK M	2/2014	3/2014	4/2014	1/2015	2/2015	2015	2014
Trucks	2,173	2,193	(542)	6,246	<b>6,542</b>	<b>12,788</b>	3,971
Construction Equipment	751	648	(815)	352	<b>1,353</b>	<b>1,705</b>	1,399
Buses	70	50	(58)	104	<b>111</b>	<b>214</b>	106
Volvo Penta	235	253	90	292	<b>353</b>	<b>645</b>	386
Corporate Functions, Group Functions & Other	688	(694)	(582)	(407)	<b>(726)</b>	<b>(1,133)</b>	96
Eliminations	12	6	6	5	<b>(13)</b>	<b>(9)</b>	164
<b>Industrial operations</b>	<b>3,928</b>	<b>2,456</b>	<b>(1,901)</b>	<b>6,592</b>	<b>7,619</b>	<b>14,212</b>	<b>6,120</b>
Customer Finance	397	452	472	474	<b>497</b>	<b>971</b>	793
<b>Volvo Group excl. restructuring charges</b>	<b>4,325</b>	<b>2,908</b>	<b>(1,429)</b>	<b>7,066</b>	<b>8,116</b>	<b>15,182</b>	<b>6,913</b>

Restructuring charges (see Note 6 Efficiency program)							
	2/2014	3/2014	4/2014	1/2015	2/2015	2015	2014
Trucks	(370)	(578)	(199)	(127)	<b>(701)</b>	<b>(828)</b>	(688)
Construction Equipment	(1)	-	(579)	(75)	<b>(17)</b>	<b>(92)</b>	(1)
Buses	(6)	-	-	-	<b>(5)</b>	<b>(5)</b>	(6)
Volvo Penta	(5)	-	-	(16)	-	<b>(16)</b>	(5)
Corporate Functions, Group Functions & Other	(376)	(81)	(52)	(11)	<b>(76)</b>	<b>(87)</b>	(377)
<b>Industrial operations</b>	<b>(758)</b>	<b>(659)</b>	<b>(830)</b>	<b>(229)</b>	<b>(799)</b>	<b>(1,028)</b>	<b>(1,076)</b>
Customer Finance	(4)	-	-	-	-	-	(4)
<b>Volvo Group restructuring charges</b>	<b>(762)</b>	<b>(659)</b>	<b>(830)</b>	<b>(229)</b>	<b>(799)</b>	<b>(1,028)</b>	<b>(1,080)</b>
<b>Volvo Group</b>	<b>3,563</b>	<b>2,250</b>	<b>(2,258)</b>	<b>6,837</b>	<b>7,317</b>	<b>14,154</b>	<b>5,833</b>

Operating margin excl. restructuring charges						First six months	First six months
%	2/2014	3/2014	4/2014	1/2015	2/2015	2015	2014
Trucks	4.5	4.9	(1.0)	12.1	<b>11.5</b>	<b>11.8</b>	4.3
Construction Equipment	5.1	5.1	(6.6)	2.8	<b>8.8</b>	<b>6.1</b>	5.0
Buses	1.5	1.1	(1.0)	2.2	<b>1.8</b>	<b>2.0</b>	1.3
Volvo Penta	11.7	12.8	4.5	13.0	<b>13.7</b>	<b>13.4</b>	10.1
<b>Industrial operations</b>	<b>5.5</b>	<b>3.8</b>	<b>(2.5)</b>	<b>9.1</b>	<b>9.2</b>	<b>9.2</b>	<b>4.5</b>
<b>Volvo Group excl. restructuring charges</b>	<b>6.0</b>	<b>4.3</b>	<b>(1.8)</b>	<b>9.4</b>	<b>9.6</b>	<b>9.5</b>	<b>5.0</b>
<b>Volvo Group</b>	<b>4.9</b>	<b>3.3</b>	<b>(2.9)</b>	<b>9.1</b>	<b>8.6</b>	<b>8.9</b>	<b>4.2</b>

## QUARTERLY FIGURES

Share data						First six	First six
	2/2014	3/2014	4/2014	1/2015	2/2015	months	months
						2015	2014
Earnings per share, SEK <sup>1</sup>	1.22	0.74	(1.46)	2.09	<b>2.54</b>	<b>4.63</b>	1.75
Earnings per share, SEK <sup>1</sup> , 12 months rolling	2.68	2.73	1.03	2.59	<b>3.91</b>	-	-
Diluted earnings per share, SEK	1.22	0.74	(1.46)	2.09	<b>2.53</b>	<b>4.63</b>	1.75
Number of outstanding shares in millions	2,028	2,029	2,029	2,030	<b>2,030</b>	<b>2,030</b>	2,028
Average number of shares before dilution in millions	2,028	2,028	2,029	2,030	<b>2,030</b>	<b>2,030</b>	2,028
Average number of shares after dilution in millions	2,031	2,031	2,031	2,031	<b>2,032</b>	<b>2,032</b>	2,031
Number of own shares in millions	100	100	99	98	<b>98</b>	<b>98</b>	100
Average number of own shares in millions	100	100	99	99	<b>98</b>	<b>99</b>	100

<sup>1</sup> 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](http://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](http://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 June 30, 2015, amounted to SEK 16.3 billion compared to SEK 15.9 billion as of December 31, 2014. The gross exposure of SEK 16.3 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 147 M was recognized as cost for expected future credit losses in China in the second quarter by 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.

On June 15, the Supreme Court of the United States announced that a review of the EPA case will not be granted. Volvo Powertrain has paid the penalties and interest of approximately USD 72 M in the third quarter. The cost has been fully provided for since the third quarter 2014. The other 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 second 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

Volvo has not made any acquisitions or divestments during the second quarter that have had a significant impact on the Volvo Group, other than the divestment of shares in Eicher Motors Limited as described on page 13.

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.

#### Assets and liabilities held for sale

Assets amounting to SEK 167 M classified as held for sale at the end of the second quarter 2015, mainly pertain to planned property divestments.

### 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 1.6 billion and derivatives with negative fair values amounted to SEK 2.4 billion as of June 30, 2015. The derivatives are accounted for on

gross-basis, with the exception of derivatives with positive fair values amounting to SEK 0.8 billion, netted against a fair value of a loan of negative SEK 0.8 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 142.2 billion in reported carrying value with a fair value of SEK 144.6 billion. In the Volvo Group consolidated financial position, financial liabilities include loan-related derivatives with negative fair values amounting to SEK 1.7 billion.

Currency effect on operating income Industrial operations	Compared to second quarter 2014			Compared to first quarter 2015		
	Second quarter 2015	Second quarter 2014	Change	Second quarter 2015	First quarter 2015	Change
SEK M						
Net flow in foreign currency			1,582			85
Realized gains and losses on hedging contracts	(2)	5	(6)	(2)	(7)	5
Unrealized gains and losses on receivables and liabilities in foreign currency	(424)	(40)	(384)	(424)	130	(554)
Currency effect from devaluation in Venezuela	-	-	-	-	(208)	208
Unrealized gains and losses on hedging contracts	2	(20)	22	2	0	2
Translation effect on operating income in foreign subsidiaries			591			34
<b>Total currency effect on operating income Industrial operations</b>			<b>1,804</b>			<b>(219)</b>

Applicable currency rates	Quarterly exchange rates		Close rates	
	Second quarter 2015	Second quarter 2014	Jun 30 2015	Jun 30 2014
BRL	2.74	2.96	2.64	3.07
CNY	1.36	1.06	1.33	1.09
EUR	9.31	9.06	9.23	9.21
USD	8.42	6.60	8.24	6.74
JPY	0.0695	0.0647	0.0675	0.0665

## NOTE 5 | TRANSACTIONS WITH RELATED PARTIES

Sales to associated companies amounted to SEK 552 M (355) and purchases from associated companies amounted to SEK 666 M (567) during the second quarter of 2015. As of June 30, 2015, receivables from associated companies amounted to SEK 470 M (598) and liabilities to associated companies to SEK 591 M (510). Sales to joint

ventures amounted to SEK 545 M (231) and purchases from joint ventures amounted to SEK 182 M (66) during the second quarter of 2015. As of June 30, 2015, receivables from joint ventures amounted to SEK 453 M (178) and liabilities to joint ventures to SEK 125 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 1-2 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 second quarter 2015, SEK 799 M related to the efficiency program is presented separately. The costs are mainly related to the reorganization within the truck sales organization and the optimization of the truck manufacturing in Europe.

### Follow-up of the program

SEK bn	2012	2013	2014	Q2 2015*	Target reduction 2016 vs 2012
Structural cost reduction in Gross income	-	-	(1.0)	(1.7)	
Cash R&D <sup>1</sup>	16.9	15.9	15.2	14.7	
Selling expenses	27.9	28.5	27.4	27.9	
Administrative expenses	5.6	5.9	5.4	5.7	
<b>Total reduction vs. 2012</b>		<b>(0.1)</b>	<b>(3.3)</b>	<b>(3.8)</b>	<b>(10.0)</b>

\*12 months rolling

<sup>1</sup>Cash 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
<b>Total restructuring cost, efficiency program</b>		
Announced total restructuring cost	6.0 - 7.0	1.5 - 2.0
Cost recognized		
Previous quarters <sup>1</sup>	4.1	1.4
Current quarter	0.8	0.0
Total cost recognized	4.9	1.4
<b>Remaining restructuring cost</b>	<b>1.1 - 2.1</b>	<b>0.1 - 0.6</b>

### Restructuring provision, efficiency program second quarter 2015

Opening balance	0.8
Utilized	(0.1)
New provision	0.6
Reversals	(0.1)
<b>Closing balance</b>	<b>1.2</b>

<sup>1</sup>From fourth quarter 2012

## PARENT COMPANY

Income from investments in Group companies for the second quarter includes dividends amounting to SEK 565 M (367). The remaining holding in the listed company Eicher Motors Limited was divested, which resulted in a capital gain of SEK 2,137 M. Capital gain for divestment of the total holding amounted to SEK 4,608 M. Reversal of revaluation to market value in second quarter of the

divested holding in Eicher Motors Limited of SEK 2,105 M, is recognized in other comprehensive income and as a decrease in other shares and participations.

Investments in tangible assets amounted to SEK 5 M (29).

Financial net debt amounted to SEK 31,331 M (35,967) at the end of the second quarter.

Income Statement SEK M	Second quarter		First six months	
	2015	2014	2015	2014
<b>Net sales<sup>1</sup></b>	<b>241</b>	<b>138</b>	<b>396</b>	<b>294</b>
Cost of sales <sup>1</sup>	(241)	(138)	(396)	(294)
<b>Gross income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Operating expenses <sup>1</sup>	(442)	(291)	(821)	(492)
Income from investments in Group companies	411	57	234	(213)
Income from investments in joint ventures and associated companies	20	19	55	46
Income from other investments	2,144	-	4,615	7
<b>Operating income (loss)</b>	<b>2,133</b>	<b>(215)</b>	<b>4,083</b>	<b>(652)</b>
Interest income and expenses	(300)	(285)	(626)	(553)
Other financial income and expenses	(23)	(4)	(7)	(14)
<b>Income after financial items</b>	<b>1,810</b>	<b>(504)</b>	<b>3,450</b>	<b>(1,219)</b>
Income taxes	209	171	369	334
<b>Income for the period</b>	<b>2,019</b>	<b>(333)</b>	<b>3,819</b>	<b>(885)</b>

<sup>1</sup> Of net sales in the second quarter, SEK 210 M (108) pertained to Group companies, while purchases from Group companies amounted to SEK 205 M (77).

Other comprehensive income				
<b>Income for the period</b>	<b>2,019</b>	<b>(333)</b>	<b>3,819</b>	<b>(885)</b>
<i>Items that may be reclassified subsequently to income statement:</i>				
Available-for-sale investments	(2,105)	570	(3,995)	856
<b>Other comprehensive income, net of income taxes</b>	<b>(2,105)</b>	<b>570</b>	<b>(3,995)</b>	<b>856</b>
<b>Total comprehensive income for the period</b>	<b>(86)</b>	<b>237</b>	<b>(176)</b>	<b>(29)</b>

<b>Balance Sheet</b>	<b>June 30</b>	<b>Dec 31</b>
SEK M	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	16	23
Tangible assets	48	54
Financial assets		
Shares and participations in Group companies	61,282	61,283
Receivables from Group companies	29	59
Investments in joint ventures and associated companies	10,519	3,322
Other shares and participations	15	4,241
Deferred tax assets	2,560	2,191
Other long-term receivables	27	27
<b>Total non-current assets</b>	<b>74,496</b>	<b>71,200</b>
<b>Current assets</b>		
Short-term receivables from Group companies	11,597	11,682
Other short-term receivables	147	300
Cash and bank accounts	-	0
<b>Total current assets</b>	<b>11,744</b>	<b>11,982</b>
<b>Total assets</b>	<b>86,240</b>	<b>83,182</b>
<b>Shareholders' equity and liabilities</b>		
Shareholders' equity		
Restricted equity	9,891	9,891
Unrestricted equity	22,161	28,395
Untaxed reserves	4	4
Provisions	133	142
Non-current liabilities <sup>1</sup>	13,973	7
Current liabilities <sup>2</sup>	40,078	44,743
<b>Total shareholders' equity and liabilities</b>	<b>86,240</b>	<b>83,182</b>

<sup>1</sup> Of which SEK 13,973 M (7) pertains to Group companies.

<sup>2</sup> Of which SEK 39,522 M (44,269) pertains to Group companies.

## EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred after the end of the second quarter 2015 that are expected to have a substantial effect on the Volvo Group.

The Board of Directors and the CEO certify that the half-yearly financial report gives a fair view of the performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

Göteborg July 17, 2015

AB Volvo (publ)

Carl-Henric Svanberg  
Chairman of the Board

Matti Alahuhta  
Board member

Eckhard Cordes  
Board member

James W. Griffith  
Board member

Jan Gurander  
President, CEO

Kathryn V. Marinello  
Board member

Martina Merz  
Board member

Hanne de Mora  
Board member

Anders Nyrén  
Board member

Lars Westerberg  
Board member

Mats Henning  
Board member

Mikael Sällström  
Board member

Berth Thulin  
Board member

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## REPORT OF REVIEW OF INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the interim report for AB Volvo (publ), reg no 556012-5790, for the period 1 January - 30 June 2015. The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical

and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Göteborg, 17 July 2015

PricewaterhouseCoopers AB

Peter Clemedtson  
Authorized Public Accountant  
Lead partner

Johan Rippe  
Authorized Public Accountant  
Partner

## DELIVERIES

Delivered trucks	Second quarter		Change in %	First six months		Change in %
	2015	2014		2015	2014	
<b>Trucks<sup>1</sup></b>						
Europe	<b>22,329</b>	18,806	19	<b>42,123</b>	35,394	19
Western Europe	<b>18,467</b>	14,710	26	<b>35,045</b>	27,377	28
Eastern Europe	<b>3,862</b>	4,096	(6)	<b>7,078</b>	8,017	(12)
North America	<b>17,839</b>	14,983	19	<b>33,789</b>	27,984	21
South America	<b>2,784</b>	5,998	(54)	<b>4,901</b>	12,443	(61)
Asia	<b>8,734</b>	8,637	1	<b>16,048</b>	16,863	(5)
Other markets	<b>3,927</b>	4,799	(18)	<b>7,078</b>	8,384	(16)
<b>Total Trucks</b>	<b>55,613</b>	<b>53,223</b>	<b>4</b>	<b>103,939</b>	<b>101,068</b>	<b>3</b>
Heavy duty (>16 tons)	<b>47,472</b>	44,767	6	<b>88,347</b>	86,541	2
Medium duty (7-16 tons)	<b>4,048</b>	4,112	(2)	<b>7,585</b>	7,602	0
Light duty (<7 tons)	<b>4,093</b>	4,344	(6)	<b>8,007</b>	6,925	16
<b>Total Trucks</b>	<b>55,613</b>	<b>53,223</b>	<b>4</b>	<b>103,939</b>	<b>101,068</b>	<b>3</b>
<b>Non-consolidated operations (100%)</b>						
VE Commercial Vehicles (Eicher)	<b>7,708</b>	7,609	1	<b>15,834</b>	15,276	4
Dongvo (Hangzhou) Truck Company (UD)	<b>12</b>	20	(40)	<b>68</b>	29	134
Dongfeng Commercial Vehicle Company (Dongfeng)	<b>36,928</b>	-	-	<b>52,741</b>	-	-
<b>Total non-consolidated operations</b>	<b>44,648</b>	<b>7,629</b>	<b>485</b>	<b>68,643</b>	<b>15,305</b>	<b>349</b>
Heavy duty (>16 tons)	<b>27,620</b>	2,142	1,189	<b>40,545</b>	4,016	910
Medium duty (7-16 tons)	<b>15,751</b>	4,296	267	<b>25,750</b>	8,763	194
Light duty (<7 tons)	<b>1,277</b>	1,191	7	<b>2,348</b>	2,526	(7)
<b>Total non-consolidated operations</b>	<b>44,648</b>	<b>7,629</b>	<b>485</b>	<b>68,643</b>	<b>15,305</b>	<b>349</b>
<b>Total volumes</b>	<b>100,261</b>	<b>60,852</b>	<b>65</b>	<b>172,582</b>	<b>116,373</b>	<b>48</b>
<b>Of which:</b>						
<b>Volvo Trucks</b>						
Europe	<b>12,343</b>	10,805	14	<b>23,239</b>	21,267	9
Western Europe	<b>9,328</b>	7,619	22	<b>17,714</b>	14,805	20
Eastern Europe	<b>3,015</b>	3,186	(5)	<b>5,525</b>	6,462	(15)
North America	<b>11,208</b>	8,837	27	<b>20,987</b>	16,522	27
South America	<b>2,321</b>	5,346	(57)	<b>4,068</b>	11,444	(64)
Asia	<b>3,658</b>	3,366	9	<b>6,477</b>	6,311	3
Other markets	<b>1,467</b>	1,563	(6)	<b>2,599</b>	3,114	(17)
<b>Total Volvo Trucks</b>	<b>30,997</b>	<b>29,917</b>	<b>4</b>	<b>57,370</b>	<b>58,658</b>	<b>(2)</b>
Heavy duty (>16 tons)	<b>30,340</b>	29,237	4	<b>56,120</b>	57,546	(2)
Medium duty (7-16 tons)	<b>657</b>	680	(3)	<b>1,250</b>	1,112	12
Light duty (<7 tons)	-	-	-	-	-	-
<b>Total Volvo Trucks</b>	<b>30,997</b>	<b>29,917</b>	<b>4</b>	<b>57,370</b>	<b>58,658</b>	<b>(2)</b>
<b>UD Trucks</b>						
Europe	-	-	-	-	-	-
North America	<b>8</b>	19	(58)	<b>39</b>	29	34
South America	<b>25</b>	153	(84)	<b>92</b>	223	(59)
Asia	<b>4,170</b>	3,756	11	<b>8,127</b>	8,453	(4)
Other markets	<b>958</b>	1,309	(27)	<b>1,828</b>	2,291	(20)
<b>Total UD Trucks</b>	<b>5,161</b>	<b>5,237</b>	<b>(1)</b>	<b>10,086</b>	<b>10,996</b>	<b>(8)</b>
Heavy duty (>16 tons)	<b>3,108</b>	2,594	20	<b>6,177</b>	5,825	6
Medium duty (7-16 tons)	<b>1,900</b>	2,263	(16)	<b>3,589</b>	4,467	(20)
Light duty (<7 tons)	<b>153</b>	380	(60)	<b>320</b>	704	(55)
<b>Total UD Trucks</b>	<b>5,161</b>	<b>5,237</b>	<b>(1)</b>	<b>10,086</b>	<b>10,996</b>	<b>(8)</b>

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

DELIVERIES CONT.

Delivered trucks	Second quarter		Change in %	First six months		Change in %
	2015	2014		2015	2014	
<b>Of which:</b>						
<b>Renault Trucks</b>						
Europe	9,986	8,001	25	18,884	14,127	34
Western Europe	9,139	7,091	29	17,331	12,572	38
Eastern Europe	847	910	(7)	1,553	1,555	0
North America	76	54	41	119	68	75
South America	100	280	(64)	144	407	(65)
Asia	839	1,512	(45)	1,313	2,096	(37)
Other markets	1,235	1,639	(25)	2,189	2,483	(12)
<b>Total Renault Trucks</b>	<b>12,236</b>	<b>11,486</b>	<b>7</b>	<b>22,649</b>	<b>19,181</b>	<b>18</b>
Heavy duty (>16 tons)	6,805	6,353	7	12,216	10,937	12
Medium duty (7-16 tons)	1,491	1,169	28	2,746	2,023	36
Light duty (<7 tons)	3,940	3,964	(1)	7,687	6,221	24
<b>Total Renault Trucks</b>	<b>12,236</b>	<b>11,486</b>	<b>7</b>	<b>22,649</b>	<b>19,181</b>	<b>18</b>
<b>Mack Trucks</b>						
Europe	-	-	-	-	-	-
North America	6,547	6,073	8	12,644	11,365	11
South America	338	219	54	597	369	62
Asia	8	3	167	28	3	833
Other markets	267	288	(7)	462	496	(7)
<b>Total Mack Trucks</b>	<b>7,160</b>	<b>6,583</b>	<b>9</b>	<b>13,731</b>	<b>12,233</b>	<b>12</b>
Heavy duty (>16 tons)	7,160	6,583	9	13,731	12,233	12
Medium duty (7-16 tons)	-	-	-	-	-	-
Light duty (<7 tons)	-	-	-	-	-	-
<b>Total Mack Trucks</b>	<b>7,160</b>	<b>6,583</b>	<b>9</b>	<b>13,731</b>	<b>12,233</b>	<b>12</b>



## DELIVERIES CONT.

Delivered buses	Second quarter		Change in %	First six months		Change in %
	2015	2014		2015	2014	
Europe	676	745	(9)	1,104	1,057	4
Western Europe	639	663	(4)	1,025	966	6
Eastern Europe	37	82	(55)	79	91	(13)
North America	506	397	27	968	638	52
South America	334	537	(38)	581	1,351	(57)
Asia	303	298	2	636	590	8
Other markets	372	217	71	486	333	46
<b>Total buses</b>	<b>2,191</b>	<b>2,194</b>	<b>0</b>	<b>3,775</b>	<b>3,969</b>	<b>(5)</b>
<b>Non-consolidated operations (100%)</b>						
VE Commercial Vehicles	4,472	3,705	21	7,350	5,861	25
Shanghai Sunwin Bus Corporation	441	1,562	(72)	711	2,037	(65)
Dongfeng Commercial Vehicle Company	1,110	-	-	1,691	-	-
<b>Total non-consolidated operations</b>	<b>6,023</b>	<b>5,267</b>	<b>14</b>	<b>9,752</b>	<b>7,898</b>	<b>23</b>
<b>Total volumes</b>	<b>8,214</b>	<b>7,461</b>	<b>10</b>	<b>13,527</b>	<b>11,867</b>	<b>14</b>

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 07.20 a.m. July 17, 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

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Report on the third quarter 2015	October 23, 2015
Report on the fourth quarter 2015	February 5, 2016
Annual Report 2015	March 2016
Annual General Meeting 2016	April 6, 2016
Report on the first quarter 2016	April 22, 2016
Report on the second quarter 2016	July 22, 2016
Report on the third quarter 2016	October 21, 2016

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