

VOLVO

Volvo Treasury AB (publ)

(Incorporated with limited liability under the laws of Sweden)

under the guarantee of

AB Volvo (publ)

(Incorporated with limited liability under the laws of Sweden)

U.S.\$15,000,000,000

Euro Medium Term Note Programme This Prospectus Supplement (the "**Supplement**") constitutes a supplement to and must be read in conjunction with the base prospectus dated 8 November 2016 as supplemented by a first supplement thereto dated 3 February 2017, a second supplement thereto dated 16 March 2017, a third supplement thereto dated 4 May 2017 and a fourth supplement thereto dated 25 July 2017 (together the "**Prospectus**") prepared by Volvo Treasury AB (publ) (the "**Issuer**") and guaranteed by AB Volvo (publ) (the "**Parent**") with respect to the U.S.\$15,000,000,000 Euro Medium Term Note Programme (the "**Programme**"). Terms defined in the Prospectus have the same meaning when used in this Supplement.

Application has been made to the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), as competent authority for the purposes of the Luxembourg Law dated 10 July 2005 on prospectuses for securities as amended by the Luxembourg Law dated 3 July 2012 (the "**Prospectus Law**") implementing Directive 2003/71/EC as amended (the "**Prospectus Directive**"), to approve this Supplement.

Each of the Issuer and the Parent accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer and the Parent (each having taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and contains no omission likely to affect its import.

This Supplement has been prepared pursuant to Article 16.1 of the Prospectus Directive and Article 13.1 of Prospectus Law for the purposes of (a) updating the "Recent Developments – Significant Events" section of the Prospectus by including the press release dated 31 August 2017 relating to the new financial targets for the Volvo Group (the "**August 2017 Press Release**"), and (b) incorporating the interim report of the Issuer for the six months ended on 30 June 2017 (the "**Issuer Semi-Annual Report 2017**").

Copies of this Supplement and the Issuer Semi-Annual Report 2017 will be available (i) without charge from the specified offices of the paying agents, (ii) on the website of the Luxembourg Stock Exchange (www.bourse.lu) and (iii) on the Volvo website (www.volvogroup.com).

To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or incorporated in the Prospectus, the statements in (a) above will prevail.

Except as disclosed on page 2 of this Supplement and pages 10-11 of the Prospectus, there has been:

- (i) no significant change in the financial or trading position of the Issuer since 30 June 2017;
- (ii) no significant change in the financial or trading position of the Parent or the Volvo Group, in each case, since 30 June 2017;
- (iii) no material adverse change in the prospects of the Issuer since 31 December 2016, and
- (iv) no material adverse change in the prospects of the Parent or the Volvo Group, in each case, since 31 December 2016.

There has been no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus which is material in the context of the Programme since the publication of the Prospectus.

Documents Incorporated by Reference

The Issuer Semi-Annual Report 2017 has been filed with the CSSF and by virtue of this Supplement such document shall be deemed to be incorporated by reference in the section entitled "Documents Incorporated by Reference" at page 10 of the Prospectus and shall form part of the Prospectus.

The following Table of Cross References sets out the principal disclosure requirements which are satisfied by the information and is not exhaustive. Each page reference refers to the corresponding page in the Issuer Semi-Annual Report 2017.

Table of Cross References

Issuer Semi-Annual Report 2017

Accounting principles page 5
Comments to the report page 6-7

Cross reference list to the consolidated financial statement of the Issuer page 1
Income Statements, Volvo Treasury Group page 2
Balance sheet, Volvo Treasury Group page 2
Changes in shareholders' equity, Volvo Treasury Group

Cross reference list to the non-consolidated financial statements of the Issuer

Income Statement, Volvo Treasury AB (publ) page 3
Balance sheet, Volvo Treasury AB (publ) page 4

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) No 809/2004.

Recent Developments – Significant Events

The August 2017 Press Release set out below will be added at the end of the "Recent Developments – Significant Events" section at pages 56-57 of the Prospectus:

"New financial targets for Volvo Group

The Board of Directors' of AB Volvo has in its annual review decided to introduce new financial targets for the Volvo Group.

Financial targets

- *The Group's operating margin shall exceed 10% measured over a business cycle.*
- *Financial Services' target remains unchanged with a return on equity of 12- 15% at an equity ratio above 8%.*
- *The Industrial Operations shall under normal conditions have no net financial indebtedness excluding pension liabilities.*

The Volvo Group has in recent years gone through a substantial restructuring process in order to reduce structural costs and increase efficiency and is currently in a phase where focus is on organic growth and improved profitability through continuous improvement and innovation. A clear and straightforward operating margin target supports the efforts to drive performance across the Group. The target also better aligns with the way the Group and its business areas today are challenged and measured internally. The Board has therefore decided to introduce an operating margin target of above 10% over a business cycle.

A debt-free industrial balance sheet enables the Volvo Group to better manage cyclicity in a capital-intensive industry and to secure competitive cost of funds for the Financial Services' operation.

The new financial targets are valid from August 31, 2017."