

Volvo Group

Report on the third quarter 2011

In the third quarter, net sales increased by 15% to SEK 73.3 billion (64.0). Adjusted for currency movements and acquired and divested units, sales increased by 22%.

The third quarter operating income amounted to SEK 5.8 billion (4.9). Operating margin was 7.9% (7.7). Compared to the third quarter of 2010, changes in exchange rates had a negative impact of approximately SEK 1.8 billion.

In the third quarter, operating cash flow in the Industrial Operations was positive in an amount of SEK 2.2 billion (Neg: SEK 1.9 billion).

In the third quarter, basic and diluted earnings per share amounted to SEK 1.89 (1.38).

Return on shareholders' equity of 22.1% on a rolling 12-month basis.



	Third quarter		First nine months	
	2011	2010	2011	2010
Net sales Volvo Group, SEK M	73,321	63,969	223,860	191,351
Operating income Volvo Group, SEK M	5,774	4,913	19,944	12,482
Operating income Industrial operations, SEK M	5,523	4,866	19,264	12,414
Operating income Customer Finance, SEK M	251	48	680	69
Operating margin Volvo Group, %	7.9	7.7	8.9	6.5
Income after financial items, SEK M	5,443	4,251	18,539	11,020
Income for the period, SEK M	3,895	2,851	13,317	7,797
Diluted earnings per share, SEK	1.89	1.38	6.43	3.76
Return on shareholders' equity, rolling 12 months,%			22.1	8.5

VOLVO

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CEO's comments

- higher operating income



During the third quarter of 2011, demand remained favorable in most of the Volvo Group's markets. Sales rose to SEK 73.3 billion, which adjusted for currency fluctuations, was an increase of 22% year-on-year. Operating income improved to SEK 5.8 billion, compared with SEK 4.9 billion in the year-earlier period, corresponding to an operating margin of 7.9% (7.7). Operating income was negatively impacted by changes in currency exchange rates amounting to SEK 1.8 billion. The operating cash flow in the industrial operations during the seasonally weak third quarter amounted to SEK 2.2 billion, which was considerably better than the year-earlier period.

Continued profitability improvement in Trucks

Currency-adjusted sales in our trucks operations rose 22% to SEK 47.7 billion. Operating income increased to SEK 3,962 M (2,700) and the operating margin improved to 8.3% (6.6). The delivery rate remained high, as did capacity utilization in the industrial system.

The Volvo Group's truck markets in general had a positive trend during the quarter, and our truck brands captured market shares in Europe, North America and South America. Our competitive total solution offering with trucks and services and our strong dealers contributed to the successes. With an order intake of 60,000 trucks and deliveries of 55,000, we continued to build our order book. On average, our delivery schedules are approximately ten weeks in Europe and longer in North America, which means that we are basically fully booked in Europe for the current year and are now booking orders in North America for the beginning of 2012.

Our assessment is that the total market for Europe 29 will amount to approximately

240,000 heavy-duty trucks this year (previous forecast 230,00–240,000). In Europe, we have noted a slight slowdown recently. Production rates, which were slightly increased in August, are currently somewhat higher than the order-intake rate, which is why we are preparing to reduce manufacturing rates in the European production system in the beginning of next year. Demand continues to be on good levels in Northern Europe and Russia while Southern Europe and parts of Eastern Europe are weaker. The total market for 2012 is difficult to assess due to the uncertain macro-economic situation, but against the backdrop of a continued need to replace trucks, our current assessment is that the total market for heavy-duty trucks in Europe 29 will show a slight decrease in the region of 10% during 2012.

We reduce our total market forecast in North America for this year to about 210,000 heavy-duty trucks (earlier 230,000–240,000); however we anticipate an increase in demand next year. The reduction this year is primarily due to the production ramp-up for the industry as a whole taking longer than we anticipated. Production is now running better at the new, higher rates. Our positive view of demand in 2012 is based primarily on the fact that it is becoming uneconomical to keep parts of the old truck fleet in operation compared with the new trucks we launched in 2010 which have significantly lower fuel consumption. We believe that the total market for heavy-duty trucks in North America will grow in the range of 20% in 2012.

In Japan, signals of higher demand are also becoming increasingly more visible as reconstruction work begins, following the earthquake and the tsunami earlier this year. For the full year the market is expected to amount to about 25,000 heavy-duty trucks. For 2012, the total market for heavy-duty trucks is expected to increase by about 20%

after a few very weak years. I am pleased to see that the introduction of UD's new medium-duty truck Condor has so far been very successful and with the new models we now have a market share of slightly less than 20%, about 10 percentage points more than we had with the old medium-duty models.

In Brazil, we have launched a completely new model program of the Volvo VM, which will contribute to strengthening our position in the important distribution segment. In connection with the transition to new emission regulations on January 1, 2012, we anticipate that the market in Brazil will weaken in early 2012, but that it will subsequently recover assisted by the continued favorable economic trend in the country. We expect a total market of about 120,000 heavy-duty trucks for this year and a slight decline of about 10% for the full year 2012.

The development in the world economy is difficult to assess. In the short term, we carefully monitor the demand trend and the access to liquidity from the financial system. A deterioration may change our expectations for next year. With 17% of our workforce on short-term contracts, we are prepared to quickly implement the measures required to adapt to potential changes in demand.

Successful launch of new construction equipment

Currency adjusted net sales in construction equipment rose 27% to SEK 15 billion. Operating income amounted to SEK 1,403 M, generating an operating margin of 9.4%. Compared with the year-earlier period, changes in currency exchange rates had a negative impact on profitability in an amount of SEK 400 M, primarily as an effect of the depreciation of the US dollar.

The markets for our construction equipment operation continued to expand, with

the exception of China, where we noted a slowdown in demand resulting from the austerity measures introduced by authorities to restrain inflation. However, we have maintained our position as market leader in China. Since the financial crisis, recovery in the mature markets has been quite modest and we are still far from what can be viewed as normal levels. Based on this, we anticipate continued growth in demand in most mature markets in 2012, albeit modest.

During the year, Volvo CE has made a very successful introduction of equipment that complies with the most recent emission regulations in Europe and North America. We were first among competitors to launch equipment that complies with the new requirements and have been able to compensate ourselves for the higher costs and have at the same time retained and in some cases captured market shares.

For Buses and Volvo Penta, demand is weak both in Europe and North America, while the pattern is the opposite in the emerging markets. Volvo Penta's industrial engine business continues to perform well, while customers in the boat-engine market remain cautious. For Buses, the trend is very

strong in Brazil, partly as a result of customers purchasing buses prior to the tougher emission requirements to be introduced at the beginning of next year, and partly due to a competitive product portfolio.

New financial targets and new organization

At the end of September, the Board resolved to introduce new financial targets for the Group as of 2012, entailing that we will be clearly benchmarked against our competitors. The Board stated that the Volvo Group currently has the size and geographic scope required to become successful in the long term and the new targets sent clear signals that we must continue to step up our profitability. The profitability target is to have the highest or second highest operating margin compared with competitors.

The Volvo Group has had a very good growth in the past decade and has grown into a world-leading player in heavy trucks, construction equipment and diesel engines. However, companies are never complete and it is now time to take the next step. On January 1, 2012, we will be introducing a new organization, which will better capitalize

on the global potential in the products and brands in the truck operations. From a former set-up of four different brand companies, Volvo Trucks, Renault Trucks, Mack Trucks and UD Trucks, we are introducing a new organization with geographic units responsible for sales, marketing and brand directly under my management. In the same manner, all product development and purchasing, as well as production of trucks and engines will be handled in two new central units. At the same time, the supporting business units will be integrated into the new functional organization.

We are doing this to gain a more rapid and efficient organization, with greater focus on our customers and brands. Our products are gaining market share around the world and I view the reorganization as a way to make sure that the Volvo Group continues its positive development while we at the same time become more efficient in everything we do.



Olof Persson
President and CEO

Important events

New financial targets for AB Volvo

In September it was announced that the Board of Directors of AB Volvo had decided to implement new financial targets for the Volvo Group starting in 2012. The new targets have been set in order to enable the growth and profitability of the various operations to be measured and benchmarked annually against relevant competitors.

The financial targets for the Group are as follows:

- The annual organic sales growth for the truck, bus and construction equipment operations, as well as Volvo Penta, shall be equal to or exceed a weighted-average for comparable competitors.
- Each year, the operating margin for the truck, bus and construction equipment operations, as well as Volvo Penta, shall be ranked among the top two companies when benchmarked against relevant competitors.
- For Customer Finance Operations, the existing targets of 12–15% return of equity (ROE) and an equity/assets ratio exceeding 8% stand firm. Volvo Aero has an ROE target of 15–25%. When calculating the ROE, Volvo Aero will be assigned the same equity/assets ratio as that for the Group's Industrial Operations.
- The capital structure target is set to a net debt, including provisions for post-employment benefits, for the Industrial Operations of a maximum of 40% of shareholders' equity under normal conditions.

Volvo Group restructures its truck business and launches new organization

In October it was announced that the Volvo Group is to have a new organization which better utilizes the global potential of the brands and products within the truck operations. For example, the sales and marketing of all of the truck companies will be organized in three regional organizational units, directly under the CEO. In the same manner, all product development and production of trucks and engines will be placed in two new central organizational units under the CEO. Production, product planning and product development for the non-truck business areas will remain with their respective business area. The new organization will be in place as of January 1, 2012.

Previously reported important events

- UD Trucks launches new Condor
- Olof Persson appointed new Volvo CEO
- Pat Olney new President of Volvo CE
- Annual General Meeting of AB Volvo
- Volvo CE invests in its North American operations

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

Financial summary of the third quarter

Volvo Group

Net sales

The Volvo Group's net sales increased by 15% to SEK 73,321 M during the third quarter of 2011, compared to SEK 63,969 M in the same quarter a year earlier.

Operating income

The Volvo Group's operating income amounted to SEK 5,774 M in the third quarter compared to SEK 4,913 M in the preceding year. The Industrial Operations' operating income amounted to SEK 5,523 M (4,866). The Volvo Group's Customer Finance operations reported an operating income of SEK 251 M (48). For detailed information on the development, see separate sections below.

Net financial items

Net interest expense in the third quarter was SEK 589 M compared to an expense of SEK 624 M in the previous year. In the second quarter of 2011 net interest expense amounted to SEK 586 M.

During the third quarter, market valuation of derivatives used for hedging interest-rate

Income Statement Volvo Group

SEK M	Third quarter		First nine months	
	2011	2010	2011	2010
Net sales Volvo Group	73,321	63,969	223,860	191,351
Operating Income Volvo Group	5,774	4,913	19,944	12,482
<i>Operating income Industrial operations</i>	<i>5,523</i>	<i>4,866</i>	<i>19,264</i>	<i>12,414</i>
<i>Operating income Customer Finance</i>	<i>251</i>	<i>48</i>	<i>680</i>	<i>69</i>
Interest income and similar credits	146	115	445	330
Interest expense and similar charges	(735)	(739)	(2,189)	(2,375)
Other financial income and expenses	259	(39)	340	583
Income after financial items	5,443	4,251	18,539	11,020
Income taxes	(1,548)	(1,401)	(5,222)	(3,224)
Income for the period	3,895	2,851	13,317	7,797

exposure in the debt portfolio had a positive effect on Other financial income and expenses amounting to SEK 297 M compared to a positive impact of SEK 272 M in the third quarter of 2010.

Income taxes

The tax expense in the third quarter amounted to SEK 1,548 M (1,401), corresponding to a tax rate of 28% (33).

Income for the period and earnings per share

The income for the period amounted to SEK 3,895 M in the third quarter of 2011 compared to SEK 2,851 M in the third quarter of 2010.

Basic and diluted earnings per share in the third quarter amounted to SEK 1.89 (1.38).

Volvo Group's Industrial Operations

- continued sales growth

In the third quarter, net sales for the Volvo Group's Industrial Operations increased by 15% to SEK 71,559 M (62,225). Adjusted for changes in exchange rates and acquired and divested units net sales increased by 23%. Compared to the third quarter of 2010, all markets grew with the most significant increases coming from Eastern Europe, North America and South America.

Higher operating income

In the third quarter of 2011, operating income for the Volvo Group's Industrial Operations amounted to SEK 5,523 M, compared to SEK 4,866 M in the third quarter of 2010. The higher operating income is a result of increased sales.

Profitability was significantly impacted by adverse currency movements, primarily the strengthening of the Swedish krona. Compared to the third quarter of 2010, changes in currency exchange rates had a negative impact on operating income amounting to SEK 1,845 M, of which SEK 502 M in Trucks, SEK 400 M in Construction Equipment and SEK 680 M in "Group functions and other" related to market valuation of contracts used for hedging cash flows.

The operating margin for the Industrial Operations was 7.7%, compared to 7.8% in the third quarter of 2010. The negative currency development impacted the operating margin by 2.0 percentage points.

In the third quarter of 2011, Volvo Aero had a positive impact of SEK 63 M as a result of a number of non-recurring items.

In the third quarter of 2010, operating income included a positive impact of SEK 107 M from the divestment of Volvo Con-

Net sales by market area

SEK M	Third quarter			First nine months			Share of industrial operations' net sales, %
	2011	2010	Change in %	2011	2010	Change in %	
Western Europe	21,512	19,647	9	71,371	62,204	15	33
Eastern Europe	4,749	2,960	60	14,244	8,449	69	7
North America	14,079	11,274	25	40,651	32,859	24	19
South America	9,102	7,077	29	24,831	20,175	23	11
Asia	16,993	16,288	4	53,104	47,733	11	24
Other markets	5,124	4,979	3	14,600	13,981	4	7
Total Industrial operations	71,559	62,225	15	218,801	185,401	18	100

Income Statement Industrial operations

SEK M	Third quarter		First nine months	
	2011	2010	2011	2010
Net sales	71,559	62,225	218,801	185,401
Cost of sales	(55,139)	(47,015)	(166,238)	(141,660)
Gross income	16,420	15,210	52,563	43,741
<i>Gross margin, %</i>	22.9	24.4	24.0	23.6
Research and development expenses	(3,207)	(3,125)	(9,886)	(9,330)
Selling expenses	(5,897)	(5,520)	(17,531)	(16,779)
Administrative expenses	(1,703)	(1,295)	(5,158)	(4,347)
Other operating income and expenses	(97)	(377)	(676)	(796)
Income (loss) from investments in associated companies	(1)	(10)	(71)	(66)
Income from other investments	8	(15)	23	(8)
Operating income	5,523	4,866	19,264	12,414
<i>Operating margin, %</i>	7.7	7.8	8.8	6.7
Operating income before depreciation and amortization (EBITDA)	8,507	7,794	27,768	20,982
<i>EBITDA margin, %</i>	11.9	12.5	12.7	11.3

struction Equipment's Turkish distribution network.

Positive operating cash flow

In the third quarter of 2011, operating cash flow from the Industrial Operations amounted to SEK 2.2 billion compared to a negative operating cash flow of SEK 1.9 billion in the third quarter of 2010. Operating

income was SEK 5.5 billion in the quarter, but cash flow was negatively impacted primarily by a working capital build-up of SEK 1.6 billion driven by increased inventories and also by payments of taxes and interest of SEK 1.4 billion.

Volvo Group's Customer Finance - recovery confirmed

During the quarter, the customer finance business achieved further profitability improvements as a result of strong portfolio growth and lower credit losses. The quality of the credit portfolio also improved as evidenced by lower delinquencies and write-offs.

New financing volume during the quarter amounted to SEK 10.7 billion (8.8). Adjusting for movements in exchange rates, new financing volume increased by 27.5% compared to the third quarter of 2010. This increase is due to higher Volvo Group unit deliveries and stable market penetration. In total, 11,356 new Volvo Group units (8,678) were financed during the quarter. In the markets where financing is offered, the average penetration rate in the third quarter was 25% (26%).

As of September 30, 2011, the gross credit portfolio amounted to SEK 87.8 billion (80.8). On a currency adjusted basis, the credit portfolio increased by 8% when compared to the third quarter 2010.

Income Statement Customer Finance

SEK M	Third quarter		First nine months	
	2011	2010	2011	2010
Finance and lease income	2,237	2,146	6,561	7,080
Finance and lease expenses	(1,434)	(1,387)	(4,218)	(4,794)
Gross income	803	759	2,344	2,286
Selling and administrative expenses	(415)	(384)	(1,210)	(1,157)
Credit provision expenses	(145)	(339)	(513)	(1,127)
Other operating income and expenses	7	12	59	67
Operating income	251	48	680	69
Income taxes	(86)	(42)	(237)	(90)
Income for the period	165	6	443	(22)
<i>Return on Equity, 12 months rolling values</i>			6.0%	0.0%

Credit provisions in the quarter amounted to SEK 145 M (339) while write-offs of SEK 166 M (397) were recorded. This resulted in a decrease in credit reserves from 1.58% to 1.52% of the credit portfolio at June 30, 2011 and September 30, 2011, respectively. The annualized write-off ratio through September 30, 2011 was 0.91% (1.68).

Operating income in the third quarter amounted to SEK 251 M (48). The improvement compared to the previous year is driven mainly by lower credit provisions and higher earning assets.



Volvo Group financial position

Net financial debt in the Industrial Operations amounted to SEK 29.6 billion at September 30, 2011, and equal to 40.7% of shareholders' equity. Despite the good cash flow in the quarter, net debt increased by SEK 1.3 billion compared to the second quarter of 2011 mainly as a consequence of revaluation of assets and liabilities in foreign currencies. Excluding provision for post-employment benefits, the Industrial Operations net debt amounted to SEK 24.3 billion, which is equal to 33.4% of shareholders' equity.

The Volvo Group's liquid funds, i.e. cash and cash equivalents and marketable securities combined, amounted to SEK 28.9 billion at September 30, 2011. In addition to this, granted but unutilized credit facilities amounted to SEK 33.9 billion.

During the third quarter, currency movements increased the Volvo Group's total assets by SEK 9.6 billion due to revaluation of assets in foreign subsidiaries.

The equity ratio in the Volvo Group amounted to 24.0% on September 30, 2011 compared to 23.3% at year-end 2010. At

September 30, shareholder's equity in the Volvo Group amounted to SEK 81.6 billion.

Number of employees

On September 30, 2011 the Volvo Group had 96,891 employees and 20,020 temporary employees and consultants, compared with 90,409 employees and 14,851 temporary employees and consultants at year-end 2010.

Business segment overview

Net sales

SEK M	Third quarter		Change in %	Change in %*	First nine months		12 months rolling values	Jan-Dec 2010
	2011	2010			2011	2010		
Trucks	47,730	41,187	16	22	143,412	119,264	191,453	167,305
Construction Equipment	14,958	12,710	18	27	48,237	39,153	62,894	53,810
Buses	5,157	4,594	12	21	15,609	14,914	21,211	20,516
Volvo Penta	2,199	2,077	6	11	6,911	6,685	8,942	8,716
Volvo Aero	1,410	1,815	(22)	7	4,638	5,858	6,488	7,708
Eliminations and other	105	(158)	-	-	(6)	(473)	(213)	(680)
Industrial operations	71,559	62,225	15	23	218,801	185,401	290,775	257,375
Customer Finance	2,237	2,146	4	9	6,561	7,080	8,512	9,031
Eliminations	(476)	(402)	-	-	(1,502)	(1,130)	(2,030)	(1,658)
Volvo Group	73,321	63,969	15	22	223,860	191,351	297,257	264,749

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

Operating income

SEK M	Third quarter		Change in %	Change in %*	First nine months		12 months rolling values	Jan-Dec 2010
	2011	2010			2011	2010		
Trucks	3,962	2,700	47		13,354	6,622	16,844	10,112
Construction Equipment	1,403	1,330	5		5,004	4,422	6,762	6,180
Buses	185	155	19		741	559	962	780
Volvo Penta	209	72	190		687	505	760	578
Volvo Aero	102	224	(54)		185	4	467	286
Group functions and other	(338)	385	-		(707)	302	(1,111)	(102)
Industrial operations	5,523	4,866	14		19,264	12,414	24,684	17,834
Customer Finance	251	48	423		680	69	778	167
Volvo Group	5,774	4,913	18		19,944	12,482	25,462	18,000

Operating margin

%	Third quarter		Change in %	Change in %*	First nine months		12 months rolling values	Jan-Dec 2010
	2011	2010			2011	2010		
Trucks	8.3	6.6			9.3	5.6	8.8	6.0
Construction Equipment	9.4	10.5			10.4	11.3	10.8	11.5
Buses	3.6	3.4			4.7	3.7	4.5	3.8
Volvo Penta	9.5	3.5			9.9	7.6	8.5	6.6
Volvo Aero	7.2	12.3			4.0	0.1	7.2	3.7
Industrial operations	7.7	7.8			8.8	6.7	8.5	6.9
Volvo Group	7.9	7.7			8.9	6.5	8.6	6.8

Overview of Industrial Operations

Trucks

- continued improvement in profitability

- First signs of moderate slowdown in Europe
- Continued good demand in North America, while Japan is rebounding
- Profitability increased with an operating margin of 8.3%



Market conditions

In the first eight months of 2011, the total number of registrations in Europe 29 (EU, Norway and Switzerland) increased by 48% to 158,046 heavy-duty trucks (106,560). The main drivers of demand continued to be the northern and central parts of Europe, where markets such as Germany and France have showed good progress. In general demand is higher in the long haul segment, whereas activity in the construction segment remains low in the southern parts of Europe. Recently there has been a slight slowdown in demand in Europe. In 2011, the total market for heavy-duty trucks in Europe 29 is expected to increase to a level of about 240,000 trucks (previously 230,000–240,000). Given the macro-economic development it is difficult to assess the total market for heavy-duty trucks in Europe 29 for 2012. The current estimate is that the market will experience a moderate decline of about 10% in 2012.

Demand in Russia has recovered strongly from low levels, and is set to show continued growth across all segments.

Through September 2011, the total market for heavy-duty trucks in North America increased by 46% to 148,307 trucks compared to 101,307 in the previous year. Replacement demand continues to be the primary driver of new truck sales, particularly highway tractors. Activity in the refuse sector has remained steady. Ongoing weakness in construction has been partially offset by demand for heavy-duty trucks vehicles in energy-related enterprises. In 2011, the North American market for heavy-duty trucks is expected to reach a level of about 210,000 trucks, (previous estimate: 230,000-240,000). For 2012 the total mar-

Net sales by market area

SEK M	Third quarter			First nine months		
	2011	2010	Change in %	2011	2010	Change in %
Europe	18,500	15,721	18	61,603	48,403	27
North America	8,927	6,916	29	25,660	19,052	35
South America	7,151	5,460	31	19,802	15,801	25
Asia	9,372	9,364	0	26,132	25,806	1
Other markets	3,780	3,725	1	10,215	10,203	0
Total	47,730	41,187	16	143,412	119,264	20

Net order intake per market

Number of trucks	Third quarter			First nine months		
	2011	2010	Change in %	2011	2010	Change in %
Europe	22,257	19,434	15	70,692	54,849	29
North America	11,898	9,350	27	38,939	19,435	100
South America	8,063	6,085	33	22,082	15,619	41
Asia	13,772	13,047	6	42,355	41,856	1
Other markets	3,985	2,953	35	12,205	11,464	6
Total Trucks	59,975	50,869	18	186,273	143,223	30

ket is expected to grow by about 20%.

In South America, the Brazilian heavy-duty truck market continues to grow primarily driven by favorable macro-economic development and some pre-buying ahead of the new emission regulations that come into effect on January 1, 2012. The total market in Brazil increased by 4% to 84,294 heavy-duty trucks for the first nine months of 2011 (80,902). The total Brazilian market is expected to reach about 120,000 heavy-duty trucks this year and record a slight decline of about 10% for the full year 2012.

In Japan the market for heavy-duty trucks was 17,448 vehicles in the first nine months of 2011 (19,825), which was a decrease of 12%. Following the earthquake and the subsequent tsunami that hit Japan on March 11, there are signs of a market-recovery during the latter part of 2011 and into 2012. For the full year 2011 the market is expected to amount to about 25,000 heavy trucks. For

2012, the total Japanese market for heavy-duty trucks is expected to increase by about 20%.

In India, the market for heavy-duty trucks through July 2011 rose by 10% to 137,989 trucks (125,289).

Order intake increased

Net order intake continued to increase and exceeded deliveries in the third quarter. Net order intake rose by 18% compared with the third quarter of 2010. Most notably order intake improved in North America and South America.

In North America, net order intake rose by 27% compared with the third quarter of 2010, in South America orders increased by 33% and in Europe by 15%. Orders in Asia increased by 6% and in Other markets by 35%.

Increased market shares

In the third quarter of 2011, a total of 54,782 trucks were delivered, which was 26% more than in the third quarter of 2010.

The Group's truck business has gained market share within heavy-duty trucks during the year. In Europe the Group had a combined market share year-to-date August of 27.1% (23.8). In the U.S. the combined market share through September amounted to 19.1% (16.1) and in Brazil, Volvo Trucks' market share through September was 16.7% (14.4).

Increased profitability - operating margin of 8.3%

During the third quarter of 2011, the truck operation's net sales amounted to SEK 47,730 M, which was 16% higher than the third quarter of 2010. Adjusted for changes in exchange rates net sales increased by 22%.

Deliveries per market

Number of trucks	Third quarter		Change in %	First nine months		Change in %
	2011	2010		2011	2010	
Europe	19,384	14,654	32	68,781	42,640	61
North America	9,829	5,869	67	28,940	15,512	87
South America	7,852	5,218	50	21,431	15,266	40
Asia	13,821	13,854	0	39,559	38,876	2
Other markets	3,896	4,018	(3)	11,050	10,873	2
Total Trucks	54,782	43,613	26	169,761	123,167	38

The truck operations posted an operating income of SEK 3,962 M in the third quarter of 2011 compared with an operating income of SEK 2,700 M in the third quarter of 2010. The operating margin improved to 8.3%, compared with 6.6% in the year-earlier period. Increased sales volumes, higher capacity utilization and continued strict control of operating expenses had a positive effect on earnings in the quarter. Compared to the third quarter of 2010, operating income was negatively impacted by changes in currency exchange rates in an amount of SEK 502 M.

Construction Equipment

- stable third quarter

- Continued market growth in Europe and North America
- Slowdown in China
- Volvo CE sales up 27% adjusted for currency
- Number one position in China maintained



Continued growth in many markets

Measured in units, the total world market for construction equipment increased by 23% in January-August 2011 compared to the same period last year. In Europe the market increased by 36%, North America was up 40% and South America increased by 24%. Asia excluding China was up 26% while China increased by 16%. Other markets increased by 9%.

Market conditions for the rest of 2011 are expected to be reasonably good, although a bit softer than forecasted earlier with a projected total market development for the full year 2011 of 15-20% (previous forecast 15-25%). Europe is expected to grow by 20-25% (previous forecast 15-25%), North America 35-40% (25-35%), South America 15-20% (10-20%), Asia excluding China 20-25% (no previous forecast) and China 5-10% (10-15%).

The Chinese market has slowed down as a consequence of measures by the government to curtail inflation. However, Volvo CE has strengthened its position as market leader in China with a 12.4% share of the wheel loader and excavator market during the first nine months of 2011.

For 2012 the total world market is projected to grow by 5-15%. Europe is expected to grow by 10-20%, North America 15-25%, South America 0-10%, Asia excluding China 10-20% and China 0-10%.

Net sales by market area

SEK M	Third quarter		Change in %'	First nine months		Change in %'
	2011	2010		2011	2010	
Europe	4,627	3,861	20	13,835	11,493	20
North America	1,913	1,513	26	5,638	4,650	21
South America	1,115	1,106	1	3,127	2,990	5
Asia	6,358	5,563	14	23,017	17,942	28
Other markets	945	667	42	2,620	2,078	26
Total	14,958	12,710	18	48,237	39,153	23

Increased sales and operating income

In the third quarter of 2011, net sales increased by 18% to SEK 14,958 M (12,710). Adjusted for currency movements, net sales increased by 27%. Sales were positively impacted by higher volumes due to a good momentum in many markets.

Operating income increased by 6% to SEK 1,403 M (1,330) and operating margin was 9.4% (10.5). Compared to the third quarter of 2010, operating income was negatively impacted by changes in currency exchange rates in an amount of SEK 400 M. In the third quarter of 2010, operating income included a positive impact of SEK 107 M from the divestment of Volvo Construction Equipment's Turkish distribution network.

The value of the order book at September 30 was 30% higher than a year earlier.

Events in the third quarter

As a part of the on-going expansion in developing markets, Volvo CE announced in September that the company will invest SEK 350 M in a new excavator plant in Kaluga, Russia. The Kaluga factory will initially manufacture five models ranging from 21 to 46 tons. Production start is planned for the first quarter of 2013.

In August Volvo CE announced the sales of its cylinder production in Hallsberg, Sweden. Cylinder production in Hallsberg is expected to stop by the end of 2012. Meanwhile, the production will gradually be transferred to Pacoma GmbH in Germany with which Volvo CE since earlier has a well-established supplier relationship.

Buses

- strong demand in South America

- Deliveries up 37%, driven by Brazil
- Continued weak demand in North America and Europe
- Continued success for hybrid buses



Negative trend in North America and Europe

The total bus market in North America and Europe continues to display a negative trend, while South America and Asia expands rapidly.

The bus market in Europe remains weak, with tough competition and is not expected to recover during 2011. In North America, the city-bus market declined as a result of the budget restrictions that still prevailed in the cities. There are indications of some increase in the coach market but at a lower rate than anticipated.

In Mexico, the total bus market rose significantly during the year but from a very low level in 2010. The total bus market in Brazil increases, driven partly by prebuying before the transition to Euro V, and several ongoing BRT (Bus Rapid Transit) tenders in the cities. In the rest of South America, the city-bus market is also positive.

Higher deliveries but lower order intake

Deliveries during the third quarter of 2011 amounted to 2,954 buses, compared with 2,151 in the year-earlier period, up 37%, with

Net sales by market area

SEK M	Third quarter		Change in %	First nine months		Change in %
	2011	2010		2011	2010	
Europe	1,622	1,339	21	4,784	4,661	3
North America	1,862	1,553	20	5,374	5,315	1
South America	774	432	79	1,720	1,155	49
Asia	571	775	(26)	2,194	2,352	(7)
Other markets	328	495	(34)	1,537	1,431	7
Total	5,157	4,594	12	15,609	14,914	5

South America accounting for the largest increase. The order intake for the third quarter amounted to 2,580 buses, compared with 2,845 buses in the year-earlier period, down 9%.

During the quarter, a number of significant orders were received, including 90 buses for commuter traffic in New York City. This means a step into a completely new bus segment in New York City. In Mexico, an order was received for 54 buses, of which eight hybrid buses. These are the first Volvo hybrids in traffic in Mexico and outside Europe. In addition, another order was signed for 91 buses to Nobina in Norway, of which 32 hybrid buses, which will be put in operation in Tromsø.

Improved sales

Net sales in the third quarter rose 12% to SEK 5,157 M (4,594). Adjusted for currency fluctuations, net sales rose 21%. Operating income for the third quarter amounted to SEK 185 M (155). Compared to the third quarter of 2010, operating income was negatively impacted by changes in currency exchange rates in an amount of SEK 46 M. The operating margin was 3.6% (3.4).

Volvo Penta - higher profitability

- Marine market largely unchanged, decline from high levels for industrial engines
- Improved profitability
- Continued success for Volvo Penta IPS



Total marine market largely unchanged

Demand for marine engines in Europe and North America in the third quarter remained largely unchanged, compared with the preceding quarter. The trend to date this year in major marine markets has been characterized by caution among boat buyers and this trend has continued in the wake of the global turmoil in financial markets. The financial concern also impacted the global market for industrial engines, where global demand declined from high levels following a strong period during 2010 and 2011.

Competitive product portfolio

With the launch of the IPS, the drive system with forward-facing propellers, a completely new marine segment was created, where Volvo Penta is still the undisputed global leader and with the marine industry's leading boat makers as customers.

With respect to industrial engines, Volvo Penta strengthened its position primarily in diesel-operated generator sets, but also in certain industrial segments for mobile applications.

Net sales by market area

SEK M	Third quarter		Change in %	First nine months		Change in %
	2011	2010		2011	2010	
Europe	1,010	981	3	3,662	3,494	5
North America	349	372	(6)	1,061	1,186	(11)
South America	79	82	(4)	216	234	(8)
Asia	680	545	25	1,724	1,494	15
Other markets	81	97	(16)	248	277	(10)
Total	2,199	2,077	6	6,911	6,685	3

The volumes in the total order book at September 30, 2011, were 16% lower than the year-earlier period.

Strong profitability improvement

Volvo Penta's net sales in the third quarter of 2011 rose 6% year-on-year to SEK 2,199 M (2,077). Adjusted for currency fluctuations, sales increased by 11%. Sales were distributed between the two business segments according to the following: Marine SEK 1,138 M (1,105) and Industrial SEK 1,061 M (972).

Operating income amounted to SEK 209 M, compared with the year-earlier profit of SEK 72 M. Earnings were impacted posi-

tively by higher sales and a positive product mix. Compared to the third quarter of 2010, operating income was negatively impacted by changes in currency exchange rates in an amount of SEK 4 M. The operating margin was 9.5% (3.5).

Volvo Aero

- continued sales growth

- Organic sales growth of 7% for comparable units
- Focus on improved productivity to mitigate impact from strong Swedish krona



Doubled aircraft order intake

The International Air Transport Association (IATA) reported global year-to date traffic for the first eight months of 2011 showing increases of 6.1% for passenger and 0.2% for cargo traffic compared to the same period in 2010. IATA has increased its industry 2011 net profit forecast to USD 6.9 billion from the USD 4 billion it projected in June. Profits are expected to decrease to USD 4.9 billion in 2012.

Airbus and Boeing announced 1,710 orders in the first three quarters, which is more than double compared to last year (824). The backlog for large commercial aircraft increased from 6,995 aircraft at the end of 2010 to 7,736 at the end of September 2011. The aircraft manufacturers delivered 723 aircraft in the first three quarters, about the same level as last year.

Net sales by market area

SEK M	Third quarter		Change in %	First nine months		Change in %
	2011	2010		2011	2010	
Europe	644	807	(20)	2,182	2,908	(25)
North America	729	928	(21)	2,326	2,697	(14)
South America	0	8	(100)	8	20	(60)
Asia	30	57	(47)	81	179	(55)
Other markets	7	15	(53)	41	54	(24)
Total	1,410	1,815	(22)	4,638	5,858	(21)

Currency affects sales and operating income

For Volvo Aero, sales during the third quarter decreased by 22% to SEK 1,410 M compared to SEK 1,815 M in the prior year. Adjusted for currency fluctuations and the divestment of Volvo Aero Services, sales during the third quarter increased by 7%.

Operating income amounted to SEK 102 M, compared to SEK 224 M the same

quarter 2010. Compared to the third quarter of 2010, operating income was negatively impacted by changes in currency exchange rates in an amount of SEK 213 M. Operating income includes a positive impact of SEK 63 M as a result of a number of non-recurring items. Operating margin was 7.2% (12.3).

Consolidated income statements, third quarter

SEK M	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Net sales	71,559	62,225	2,237	2,146	(476)	(402)	73,321	63,969
Cost of sales	(55,139)	(47,015)	(1,434)	(1,387)	476	402	(56,097)	(48,000)
Gross income	16,420	15,210	803	759	0	0	17,224	15,969
Research and development expenses	(3,207)	(3,125)	0	0	0	0	(3,207)	(3,125)
Selling expenses	(5,897)	(5,520)	(409)	(378)	0	0	(6,306)	(5,899)
Administrative expenses	(1,703)	(1,295)	(7)	(7)	0	0	(1,710)	(1,301)
Other operating income and expenses	(97)	(377)	(137)	(328)	0	0	(235)	(704)
Income (loss) from investments in associated companies	(1)	(10)	0	1	0	0	0	(10)
Income from other investments	8	(15)	0	0	0	0	8	(16)
Operating income	5,523	4,866	251	48	0	0	5,774	4,913
Interest income and similar credits	149	148	0	0	(2)	(33)	146	115
Interest expenses and similar charges	(737)	(772)	0	0	2	33	(735)	(739)
Other financial income and expenses	259	(39)	0	0	0	0	259	(39)
Income after financial items	5,193	4,203	251	48	0	0	5,443	4,251
Income taxes	(1,463)	(1,359)	(85)	(41)	0	0	(1,548)	(1,401)
Income for the period*	3,731	2,844	165	6	0	0	3,895	2,851
* Attributable to:								
Equity holders of the parent company							3,827	2,807
Minority interests							68	44
							3,895	2,851
Basic earnings per share, SEK							1.89	1.38
Diluted earnings per share, SEK							1.89	1.38

Consolidated other comprehensive income, third quarter

Income for the period	3,895	2,851
Exchange differences on translation of foreign operations	1,051	(3,989)
Exchange differences on hedge instruments of net investment in foreign operations	0	(181)
Accumulated translation difference reversed to income	(8)	11
Available for sale investments	(193)	60
Cash flow hedges	(12)	(15)
Other comprehensive income, net of income taxes	838	(4,114)
Total comprehensive income for the period*	4,733	(1,263)
* Attributable to:		
Equity holders of the parent company	4,578	(1,256)
Minority interests	155	(7)
	4,733	(1,263)

Consolidated income statement, first nine months

SEK M	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Net sales	218,801	185,401	6,561	7,080	(1,502)	(1,130)	223,860	191,351
Cost of sales	(166,238)	(141,660)	(4,218)	(4,794)	1,502	1,130	(168,953)	(145,324)
Gross income	52,563	43,741	2,344	2,286	0	0	54,907	46,027
Research and development expenses	(9,886)	(9,330)	0	0	0	0	(9,886)	(9,330)
Selling expenses	(17,531)	(16,779)	(1,189)	(1,137)	0	0	(18,720)	(17,917)
Administrative expenses	(5,158)	(4,347)	(22)	(20)	0	0	(5,180)	(4,366)
Other operating income and expenses	(676)	(796)	(453)	(1,061)	0	0	(1,130)	(1,857)
Income (loss) from investments in associated companies	(71)	(66)	0	1	0	0	(70)	(66)
Income from other investments	23	(8)	0	0	0	0	23	(9)
Operating income	19,264	12,414	680	69	0	0	19,944	12,482
Interest income and similar credits	463	408	0	0	(18)	(78)	445	330
Interest expenses and similar charges	(2,207)	(2,453)	0	0	18	78	(2,189)	(2,375)
Other financial income and expenses	340	583	0	0	0	0	340	583
Income after financial items	17,860	10,952	680	69	0	0	18,539	11,020
Income taxes	(4,985)	(3,133)	(237)	(90)	0	0	(5,222)	(3,224)
Income for the period*	12,875	7,819	443	(22)	0	0	13,317	7,797
* Attributable to:								
Equity holders of the parent company							13,029	7,633
Minority interests							288	164
							13,317	7,797
Basic earnings per share, SEK							6.43	3.76
Diluted earnings per share, SEK							6.43	3.76

Consolidated other comprehensive income, first nine months

Income for the period	13,317	7,797
Exchange differences on translation of foreign operations	(65)	(3,968)
Exchange differences on hedge instruments of net investment in foreign operations	(2)	(102)
Accumulated translation difference reversed to income	(26)	(22)
Available for sale investments	(150)	80
Cash flow hedges	(92)	(260)
Other comprehensive income, net of income taxes	(335)	(4,272)
Total comprehensive income for the period*	12,982	3,525
* Attributable to:		
Equity holders of the parent company	12,636	3,397
Minority interests	346	128
	12,982	3,525

Consolidated balance sheet

SEK M	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	Sep 30 2011	Dec 31 2010	Sep 30 2011	Dec 31 2010	Sep 30 2011	Dec 31 2010	Sep 30 2011	Dec 31 2010
Assets								
Non-current assets								
Intangible assets	42,123	40,613	124	101	0	0	42,247	40,714
Tangible assets								
Property, plant and equipment	55,252	54,169	90	72	0	0	55,342	54,242
Assets under operating leases	15,348	13,217	11,311	10,055	(4,242)	(3,625)	22,417	19,647
Financial assets								
Shares and participations	1,913	2,080	2	18	0	0	1,915	2,098
Non-current customer-financing receivables	583	598	39,384	36,270	(1,271)	(843)	38,696	36,025
Deferred tax assets	10,827	12,019	390	291	0	0	11,217	12,310
Prepaid pensions	2,068	1,636	12	12	0	0	2,080	1,648
Non-current interest-bearing receivables	897	941	4	204	(306)	(379)	595	766
Other non-current receivables	4,379	3,401	53	41	(231)	(24)	4,201	3,418
Total non-current assets	133,390	128,674	51,370	47,064	(6,050)	(4,871)	178,710	170,868
Current assets								
Inventories	48,506	38,956	776	882	0	0	49,282	39,837
Current receivables								
Customer-financing receivables	917	830	35,877	36,897	(979)	(1,064)	35,815	36,663
Tax assets	993	1,045	71	90	0	0	1,064	1,135
Interest-bearing receivables	1,548	1,071	518	1,283	(1,215)	(2,012)	851	342
Internal funding	2,540	7,505	0	0	(2,540)	(7,505)	0	0
Accounts receivable	28,427	24,332	147	101	0	0	28,574	24,433
Other receivables	16,022	11,561	1,253	1,352	(729)	(1,056)	16,546	11,857
Non interest-bearing assets held for sale	0	136	0	0	0	0	0	136
Interest-bearing assets held for sale	0	0	0	0	0	0	0	0
Marketable securities	6,423	9,735	70	32	0	0	6,493	9,767
Cash and cash equivalents	21,160	21,756	1,350	1,545	(87)	(335)	22,423	22,966
Total current assets	126,536	116,928	40,062	42,182	(5,550)	(11,970)	161,048	147,139
Total assets	259,926	245,602	91,432	89,246	(11,600)	(16,841)	339,758	318,007
Shareholders' equity and liabilities								
Equity attributable to the equity holders of the parent company								
Equity attributable to the equity holders of the parent company	71,733	65,090	8,904	8,020	0	0	80,636	73,110
Minority interests	1,001	1,011	0	0	0	0	1,001	1,011
Total shareholders' equity	72,734	66,101	8,904	8,020	0	0	81,637	74,121
Non-current provisions								
Provisions for post-employment benefits	7,408	7,478	36	32	0	0	7,444	7,510
Provisions for deferred taxes	2,674	3,026	1,415	1,496	0	0	4,089	4,522
Other provisions	5,579	5,785	168	150	2	1	5,749	5,936
Non-current liabilities								
Bond loans	41,423	38,767	0	0	0	0	41,423	38,767
Other loans	34,256	37,180	7,406	8,225	(57)	(78)	41,605	45,327
Internal funding	(33,571)	(26,971)	30,369	25,927	3,201	1,044	0	0
Other liabilities	12,425	11,172	668	389	(3,097)	(2,330)	9,996	9,231
Current provisions	9,611	8,429	107	105	1	1	9,719	8,534
Current liabilities								
Loans	37,931	32,101	7,341	8,299	(997)	(799)	44,275	39,601
Internal funding	(23,193)	(21,220)	31,845	33,643	(8,652)	(12,423)	0	0
Non interest-bearing liabilities held for sale	0	135	0	0	0	0	0	135
Trade payables	53,021	47,111	202	139	0	0	53,223	47,250
Tax liabilities	2,340	1,571	325	161	0	0	2,665	1,732
Other liabilities	37,288	34,937	2,646	2,660	(2,001)	(2,257)	37,933	35,341
Total shareholders' equity and liabilities	259,926	245,602	91,432	89,246	(11,600)	(16,841)	339,758	318,007
Contingent liabilities							16,134	11,003

Consolidated cash flow statements, third quarter

SEK bn	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Operating activities								
Operating income (loss)	5.5	4.9	0.2	0.1	0.0	0.0	5.8	4.9
Depreciation tangible assets	1.6	1.5	0.0	0.0	0.0	0.0	1.6	1.5
Amortization intangible assets	0.9	0.8	0.0	0.0	0.0	0.0	0.9	0.8
Depreciation leasing vehicles	0.5	0.6	0.7	0.6	0.0	0.0	1.2	1.2
Other non-cash items	0.4	0.0	0.2	0.4	0.0	0.0	0.6	0.4
Total change in working capital whereof	(1.6)	(6.4)	(1.5)	0.3	0.0	(0.1)	(3.2)	(6.2)
<i>Change in accounts receivable</i>	1.9	0.2	0.0	0.0	0.0	0.0	1.9	0.3
<i>Change in inventories</i>	(3.4)	(2.1)	(0.1)	0.2	(0.1)	0.0	(3.5)	(2.0)
<i>Change in trade payables</i>	1.6	(4.8)	0.1	0.1	(0.1)	0.0	1.6	(4.6)
<i>Other changes in working capital</i>	(1.7)	0.3	(1.5)	0.0	0.2	(0.1)	(3.2)	0.1
Net of interest and other financial items	(0.5)	(0.7)	0.0	0.0	(0.1)	0.0	(0.6)	(0.7)
Income taxes paid	(0.9)	(0.3)	(0.1)	(0.2)	0.0	0.0	(1.0)	(0.4)
Cash flow from operating activities	5.9	0.4	(0.5)	1.2	(0.1)	(0.1)	5.3	1.5
Investing activities								
Investments in tangible assets	(2.4)	(1.5)	0.0	0.0	0.0	0.0	(2.4)	(1.5)
Investments in intangible assets	(0.9)	(0.9)	0.0	0.0	0.0	(0.1)	(0.9)	(1.0)
Investment in leasing vehicles	(0.5)	(0.1)	(1.5)	(1.2)	(0.1)	0.0	(2.1)	(1.3)
Disposals of fixed assets and leasing vehicles	0.1	0.2	0.8	0.7	0.1	0.0	1.0	0.9
Operating cash flow	2.2	(1.9)	(1.2)	0.7	(0.1)	(0.2)	0.9	(1.4)
Investments and divestments of shares, net							0.1	0.0
Acquired and divested operations, net							(0.3)	0.4
Interest-bearing receivables incl marketable securities							0.8	2.7
Cash-flow after net investments							1.5	1.7
Financing activities								
Change in loans, net							1.7	(9.5)
Dividend to AB Volvo shareholders							0.0	0.0
Dividend to minority shareholders							0.0	0.0
Other							0.0	0.0
Change in cash and cash equivalents excl. translation differences							3.2	(7.8)
Translation difference on cash and cash equivalents							0.4	(1.2)
Change in cash and cash equivalents							3.6	(9.0)

Consolidated cash flow statement, first nine months

SEK bn	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Operating activities								
Operating income	19.3	12.4	0.6	0.1	0.0	0.0	19.9	12.5
Depreciation tangible assets	4.5	4.5	0.0	0.0	0.0	0.0	4.5	4.5
Amortization intangible assets	2.5	2.4	0.0	0.0	0.0	0.0	2.5	2.4
Depreciation leasing vehicles	1.5	1.6	1.9	1.8	0.0	0.0	3.4	3.4
Other non-cash items	0.8	0.2	0.5	1.1	0.0	0.0	1.3	1.3
Total change in working capital whereof	(12.4)	(7.6)	(5.6)	3.1	(0.3)	0.0	(18.3)	(4.5)
<i>Change in accounts receivable</i>	(3.7)	(4.9)	0.0	(0.1)	0.0	0.0	(3.7)	(5.0)
<i>Change in inventories</i>	(9.4)	(5.1)	(0.1)	0.7	(0.1)	0.0	(9.6)	(4.4)
<i>Change in trade payables</i>	5.1	3.9	0.1	0.0	(0.1)	0.0	5.1	3.9
<i>Other changes in working capital</i>	(4.4)	(1.5)	(5.6)	2.5	(0.1)	0.0	(10.1)	1.0
Net of interest and other financial items	(1.6)	(2.0)	0.0	0.0	(0.1)	0.0	(1.7)	(2.0)
Income taxes paid	(3.1)	(1.7)	(0.2)	(0.2)	0.0	0.0	(3.3)	(1.9)
Cash flow from operating activities	11.5	9.8	(2.8)	5.9	(0.4)	0.0	8.3	15.7
Investing activities								
Investments in tangible assets	(5.1)	(3.8)	0.0	(0.1)	0.0	0.1	(5.1)	(3.8)
Investments in intangible assets	(2.8)	(2.5)	0.0	0.0	0.0	(0.1)	(2.8)	(2.6)
Investment in leasing vehicles	(0.7)	(0.2)	(4.7)	(2.6)	0.0	0.0	(5.4)	(2.8)
Disposals of fixed assets and leasing vehicles	0.5	0.6	1.7	1.8	0.1	0.0	2.3	2.4
Operating cash flow	3.4	3.9	(5.8)	5.0	(0.3)	0.0	(2.7)	8.9
Investments and divestments of shares, net							0.0	(0.1)
Acquired and divested operations, net							(0.8)	0.6
Interest-bearing receivables incl marketable securities							3.0	3.8
Cash-flow after net investments							(0.5)	13.2
Financing activities								
Change in loans, net							5.3	(19.6)
Dividend to AB Volvo shareholders							(5.1)	0.0
Dividend to minority shareholders							0.0	(0.1)
Other							0.0	0.0
Change in cash and cash equivalents excl. translation differences							(0.3)	(6.5)
Translation difference on cash and cash equivalents							(0.2)	(0.6)
Change in cash and cash equivalents							(0.5)	(7.1)

Consolidated net financial position

SEK M	Industrial operations		Volvo Group	
	30 sep 2011	31 dec 2010	30 sep 2011	31 dec 2010
Non-current interest-bearing assets				
Non-current customer-financing receivables	-	-	38,696	36,025
Non-current interest-bearing receivables	897	941	595	766
Current interest-bearing assets				
Customer-financing receivables	-	-	35,815	36,663
Interest-bearing receivables	1,548	1,071	851	342
Internal funding	2,540	7,505	-	-
Interest-bearing assets held for sale	0	0	0	0
Marketable securities	6,423	9,735	6,493	9,767
Cash and cash equivalents	21,160	21,756	22,423	22,966
Total financial assets	32,568	41,008	104,873	106,529
Non-current interest-bearing liabilities				
Bond loans	41,423	38,767	41,423	38,767
Other loans	34,256	37,180	41,605	45,327
Internal funding	(33,571)	(26,971)	-	-
Current interest-bearing liabilities				
Loans	37,931	32,101	44,275	39,601
Internal funding	(23,193)	(21,220)	-	-
Total financial liabilities	56,846	59,857	127,303	123,695
Net financial position excl post-employment benefits	(24,278)	(18,849)	(22,430)	(17,166)
Provisions for post-employment benefits, net	5,340	5,842	5,364	5,862
Net financial position incl post-employment benefits	(29,618)	(24,691)	(27,794)	(23,028)

Changes in net financial position, Industrial operations

SEK bn	Third quarter 2011	First nine months 2011
Beginning of period	(28.3)	(24.7)
Cash flow from operating activities	5.9	11.5
Investments in fixed assets	(3.8)	(8.6)
Disposals	0.1	0.5
Operating cash-flow	2.2	3.4
Investments and divestments of shares, net	0.0	(0.1)
Acquired and divested operations, net	(0.4)	(1.9)
Capital injections to/from Customer Finance operations	(0.1)	(0.1)
Currency effect	(3.3)	(1.6)
Dividend paid to AB Volvo shareholders	0.0	(5.1)
Other changes	0.3	0.5
Total change	(1.3)	(4.9)
Net financial position at end of period	(29.6)	(29.6)

Consolidated changes in shareholders' equity

SEK bn	First nine months	
	2011	2010
Total equity at end of previous period	74.1	67.0
Transition effect IFRS 3, capitalized transaction costs	0.0	(0.1)
Total equity at beginning of period	74.1	66.9
Shareholders' equity attributable to equity holders of the parent company at beginning of period	73.1	66.4
Income for the period	13.0	7.6
Other comprehensive income	(0.3)	(4.3)
Total comprehensive income	12.7	3.3
Dividend to AB Volvo's shareholders	(5.1)	0.0
Share-based payments	0.0	0.0
Transactions with minority interests	(0.1)	0.0
Other changes	0.0	0.0
Shareholders' equity attributable to equity holders of the parent company at end of period	80.6	69.7
Minority interests at beginning of period	1.0	0.6
Income for the period	0.3	0.2
Other comprehensive income	0.1	0.0
Total comprehensive income	0.4	0.2
Dividend	0.0	(0.1)
Minority regarding acquisitions and divestments	(0.4)	0.0
Other changes	0.0	0.0
Minority interests at end of period	1.0	0.7
Total equity at end of period	81.6	70.4

Key ratios

Industrial operations

	First nine months	
	2011	2010
Gross margin, %	24.0	23.6
Research and development expenses in % of net sales	4.5	5.0
Selling expenses in % of net sales	8.0	9.1
Administrative expenses in % of net sales	2.4	2.3
Operating margin, %	8.8	6.7
	Sep 30	Dec 31
	2011	2010
Return on operating capital, %, 12 months rolling values	27.7	19.5
Net financial position at end of period, SEK billion	(29.6)	(24.7)
Net financial position in % of shareholders' equity at end of period	(40.7)	(37.4)
Shareholders' equity as percentage of total assets, end of period	28.0	26.9

Customer Finance

	Sep 30	Dec 31
	2011	2010
Return on shareholders' equity, %, 12 months rolling values	6.0	0.4
Equity ratio at end of period, %	9.7	9.0
Asset growth, % from preceding year end until end of period	2.4	(9.6)

Volvo Group

	First nine months	
	2011	2010
Gross margin, %	24.5	24.1
Research and development expenses in % of net sales	4.4	4.9
Selling expenses in % of net sales	8.4	9.4
Administrative expenses in % of net sales	2.3	2.3
Operating margin, %	8.9	6.5
	Sep 30	Dec 31
	2011	2010
Basic earnings per share, SEK, 12 months rolling values	8.02	5.36
Shareholders' equity, excluding minority interests, per share, at end of period, SEK	39.8	36.1
Return on shareholders' equity, %, 12 months rolling values	22.1	16.0
Shareholders' equity as percentage of total assets, end of period	24.0	23.3

Share data

	First nine months	
	2011	2010
Basic earnings per share, SEK	6.43	3.76
Diluted earnings per share, SEK	6.43	3.76
Number of shares outstanding, million	2,027	2,027
Average number of shares during period, million	2,027	2,027
Average diluted number of shares during period, million	2,027	2,027
Number of company shares, held by AB Volvo, million	101	101
Average number of company shares, held by AB Volvo, million	101	101

Quarterly figures

SEK M unless otherwise stated

	3/2010	4/2010	1/2011	2/2011	3/2011
Industrial operations					
Net sales	62,225	71,974	69,956	77,286	71,559
Cost of sales	(47,015)	(55,820)	(52,481)	(58,618)	(55,139)
Gross income	15,210	16,154	17,475	18,668	16,420
Research and development expenses	(3,125)	(3,640)	(3,309)	(3,370)	(3,207)
Selling expenses	(5,520)	(5,870)	(5,706)	(5,928)	(5,897)
Administrative expenses	(1,295)	(1,293)	(1,715)	(1,740)	(1,703)
Other operating income and expenses	(377)	137	(395)	(184)	(97)
Income (loss) from investments in associated companies	(10)	(20)	(19)	(51)	(1)
Income from other investments	(15)	(49)	12	3	8
Operating income Industrial operations	4,866	5,420	6,343	7,398	5,523
Customer Finance					
Finance and lease income	2,146	1,951	2,099	2,226	2,237
Finance and lease expenses	(1,387)	(1,180)	(1,354)	(1,430)	(1,434)
Gross income	759	771	745	796	803
Selling and administrative expenses	(384)	(369)	(389)	(407)	(415)
Credit provision expenses	(339)	(311)	(178)	(190)	(145)
Other operating income and expenses	12	7	1	51	7
Operating income Customer Finance	48	98	179	250	251
Volvo Group					
Operating income	4,913	5,518	6,522	7,648	5,774
Interest income and similar credits	115	112	151	148	146
Interest expense and similar charges	(739)	(767)	(720)	(734)	(735)
Other financial income and expenses	(39)	(370)	(106)	187	259
Income after financial items	4,251	4,494	5,847	7,249	5,443
Income taxes	(1,401)	(1,078)	(1,665)	(2,009)	(1,548)
Income for the period*	2,851	3,415	4,181	5,241	3,895
* Attributable to					
Equity holders of AB Volvo	2,807	3,233	4,085	5,117	3,827
Minority interests	44	182	96	124	68
	2,851	3,415	4,181	5,241	3,895

Key operating ratios, Industrial operations

Gross margin, %	24.4	22.4	25.0	24.2	22.9
Research and development expenses in % of net sales	5.0	5.1	4.7	4.4	4.5
Selling expenses in % of net sales	8.9	8.2	8.2	7.7	8.2
Administrative expenses in % of net sales	2.1	1.8	2.5	2.3	2.4
Operating margin, %	7.8	7.5	9.1	9.6	7.7

Depreciation and amortization, included above

Product and Software development, amortization	709	727	680	754	695
Other intangible assets, amortization	119	112	108	116	116
Tangible assets, depreciation	2,703	2,545	2,463	2,632	2,829
Total	3,531	3,384	3,251	3,502	3,640
Of which					
Industrial operations	2,928	2,769	2,658	2,862	2,984
Customer Finance	603	615	593	640	656
Total	3,531	3,384	3,251	3,502	3,640

Research and development expenses

Capitalization	621	771	800	912	768
Amortization	(575)	(614)	(588)	(690)	(592)
Net capitalization of research and development expenses	46	157	212	222	176

Quarterly figures

Share data	3/2010	4/2010	1/2011	2/2011	3/2011
Earnings per share, SEK*	1.38	1.59	2.01	2.52	1.89
Number of shares outstanding, million	2,027	2,027	2,027	2,027	2,027
Average number of shares during period, million	2,027	2,027	2,027	2,027	2,027
Number of company shares, held by AB Volvo, million	101	101	101	101	101

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

Net sales	3/2010	4/2010	1/2011	2/2011	3/2011
SEK M					
Trucks	41,187	48,041	45,620	50,062	47,730
Construction Equipment	12,710	14,657	15,759	17,520	14,958
Buses	4,594	5,602	4,859	5,593	5,157
Volvo Penta	2,077	2,031	2,147	2,565	2,199
Volvo Aero	1,815	1,850	1,640	1,588	1,410
Eliminations and other	(158)	(207)	(68)	(43)	105
Industrial operations	62,225	71,974	69,956	77,286	71,559
Customer Finance	2,146	1,951	2,099	2,225	2,237
Eliminations	(402)	(528)	(478)	(548)	(476)
Volvo Group	63,969	73,398	71,577	78,962	73,321

Operating income	3/2010	4/2010	1/2011	2/2011	3/2011
SEK M					
Trucks	2,700	3,490	4,286	5,106	3,962
Construction Equipment	1,330	1,758	1,708	1,893	1,403
Buses	155	221	281	275	185
Volvo Penta	72	73	164	314	209
Volvo Aero	224	282	28	55	102
Group functions and other	385	(404)	(123)	(246)	(338)
Industrial operations	4,866	5,420	6,343	7,398	5,523
Customer Finance	48	98	179	250	251
Volvo Group	4,913	5,518	6,522	7,648	5,774

Operating margin	3/2010	4/2010	1/2011	2/2011	3/2011
%					
Trucks	6.6	7.3	9.4	10.2	8.3
Construction Equipment	10.5	12.0	10.8	10.8	9.4
Buses	3.4	3.9	5.8	4.9	3.6
Volvo Penta	3.5	3.6	7.6	12.2	9.5
Volvo Aero	12.3	15.2	1.7	3.5	7.2
Industrial operations	7.8	7.5	9.1	9.6	7.7
Volvo Group	7.7	7.5	9.1	9.7	7.9

Accounting principles

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

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

New accounting principles in 2011

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

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

Hedging of commercial currency flows

Volvo only hedges firm flows whereof the major part is realized within 6 months. Hedge accounting is not applied and unrealized gains and losses from fluctuations in the fair values of the contracts are reported in the income statement, this has negatively affected the Group's operating income in the third quarter 2011 by SEK 378 M. As from January 1, 2011 unrealized changes in fair

value of commercial derivatives related to a receivable or payable is reported in the respective business area and is during the third quarter amounting to SEK 166 M. All other unrealized changes in fair value of commercial derivatives, SEK 212 M in the third quarter 2011, are reported in the income statement in the segment Group functions and others. During the third quarter of 2010 the total effect reported in the segment Group functions and others was positive in an amount of SEK 598 M.

Group functions and other

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

Risks and uncertainties

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

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

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

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

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

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

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

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

Volvo verifies annually, or more frequently if necessary, the goodwill value of its busi-

ness areas and other intangible assets for possible impairment. The size of the over-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 at September 30, 2011, amounted to SEK 16.1 billion, an increase of SEK 5.1 billion compared to December 31, 2010. A major part of the total contingent liabilities is related to credit guarantees issued as a result of the increased sales in emerging markets. Included in the total is a contingent liability of SEK 0.5 billion pertaining to a claim on Volvo Powertrain to pay penalties following a demand by the U.S. Environmental Protection Agency (EPA). The demand is a consequence of dissenting opinions on whether an agreement between EPA and Volvo Powertrain regarding lower emitting engines also should include engines sold by Volvo Penta.

Members of the U.S. trade union, the United Auto Workers (UAW), have approved a new 40-month Master Agreement with the Volvo Group's subsidiary Mack Trucks. The agreement includes the establishment of an independent trust that will completely eliminate Mack's commitments for providing healthcare to retired employees. The trust was approved by the U.S. District Court for the Eastern District of Pennsylvania in September. The Volvo Group will fund the trust with USD 525 M, a significant part have to be paid during the fourth quarter 2011. The funding obligation is reported as a financial liability and amortizations will be reported as cash flow from financing activities.

Nissan Diesel Thailand Co. Limited, NDT, on 30 November 2009 filed a claim at the Pathumthani Provincial Court of First Instance, Thailand, against AB Volvo and three of its employees, claiming damages of

approximately SEK 2.3 billion. NDT claimed that AB Volvo's actions had caused UD Trucks Corporation, UDT, a wholly-owned subsidiary of AB Volvo, to unlawfully terminate two agreements between UDT and NDT. In September 2011, a settlement was reached, finally settling the submitted claims. The settlement has an insignificant impact on the consolidated operating income and financial position of the Volvo Group.

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

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

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

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

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

In August 2011, Volvo Penta became part of an investigation by the Swedish competition authority regarding a possible violation of antitrust rules.

Given the nature of these investigations, the Volvo Group cannot exclude that they may affect the Group's result and cash flow with an amount that may be material. It is however too early to assess whether and when such effect may occur and hence can be accounted for.

Corporate acquisitions and divestments

During the first three quarters Volvo has expanded the ownership in construction equipment rental operations through several minor acquisitions of assets and liabilities. These acquisitions have increased assets under operating lease of the Volvo Group by SEK 831 M and added SEK 546 M to the Volvo Group goodwill. The impact on net debt of Industrial operations, from assumed liabilities in the acquisitions, is SEK 1,098 M,

of which SEK 612 M are Group-internal liabilities to the segment Customer Finance. Other than the above the acquisitions have had no significant impact on the Volvo Group.

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

Acquisitions after the end of the period

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

Related-party transactions

Sales to associated companies amounted to SEK 293 M (247) and purchases from associated companies amounted to SEK 14 M (12) during the third quarter of 2011. On September 30, 2011, receivables from associated companies amounted to SEK 215 M (174) and liabilities to associated companies to

SEK 111 M (125). Sales to related-party Renault s.a.s. amounted to SEK 6 M (14) and purchases from Renault s.a.s to SEK 618 M (370) during the third quarter of 2011. Receivables from Renault s.a.s. amounted to SEK 13 M (15) and liabilities to Renault s.a.s. to SEK 431 M (291) on September 30, 2011.

Parent company

Income Statement

SEK M	Third quarter		First nine months	
	2011	2010	2011	2010
Net sales¹⁾	192	143	577	466
Cost of sales ¹⁾	(192)	(143)	(577)	(466)
Gross income	0	0	0	0
Operating expenses ¹⁾	(272)	(140)	(690)	(453)
Income (loss) from investments in Group companies	(349)	(781)	1,576	4,775
Income (loss) from investments in associated companies	(19)	(26)	(22)	(71)
Income (loss) from other investments	-	-	4	2
Operating income (loss)	(640)	(947)	868	4,253
Interest income and expenses	(414)	(262)	(1,249)	(579)
Other financial income and expenses	(17)	(8)	(76)	(56)
Income after financial items	(1,071)	(1,217)	(457)	3,618
Income taxes	516	131	1,076	469
Income for the period	(555)	(1,086)	619	4,087

1 Of net sales in the third quarter, SEK 165 M (122) pertained to Group companies, while purchases from Group companies amounted to SEK 136 M (106).

Other comprehensive income

Income for the period	(555)	(1,086)	619	4,087
Available-for-sale investments	(191)	84	(142)	116
Other comprehensive income, net of income taxes	(191)	84	(142)	116
Total comprehensive income for the period	(746)	(1,002)	477	4,203

Balance sheet

SEK M	Sep 30 2011	Dec 31 2010
Assets		
Non-current assets		
Intangible assets	92	103
Tangible assets	72	16
Financial assets		
Shares and participations in Group companies	59,438	59,429
Other shares and participations	2,752	2,498
Deferred tax assets	4,734	3,657
Other long-term receivables ¹⁾	21	66,945
Total non-current assets	67,109	65,703
Current assets		
Short-term receivables from Group companies	111	12,226
Other short-term receivables	566	261
Cash and bank accounts	0	0
Total current assets	677	12,487
Total assets	67,786	78,190
Shareholders' equity and liabilities		
Shareholders' equity		
Restricted equity	9,891	9,891
Unrestricted equity	27,400	37,291
Untaxed reserves	4	4
Provisions	140	134
Non-current liabilities ²⁾	18	17
Current liabilities ³⁾	30,333	36,182
Total shareholders' equity and liabilities	67,786	78,190

1 Of which SEK 21 M (0) pertains to Group companies.

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

3 Of which SEK 29,873 M (35,835) pertains to Group companies.

In the third quarter revaluation of the ownership in the listed company Deutz AG has decreased the value by SEK 191 M, total for 2011 the value has decreased by SEK 142 M, recognized in other comprehensive income.

Investments in intangible and tangible assets amounted to SEK - M (22) and SEK 57 M (1) respectively.

Financial net debt amounted to SEK 29,632 M at the end of the third quarter (30,376).

Events after the balance sheet date

See Important events on page 5 of this report. No other significant events have occurred after the end of the third quarter 2011 that are expected to have a substantial effect on the Volvo Group.

Göteborg October 25, 2011

AB Volvo (publ)



Olof Persson
President and CEO

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

Deliveries

Delivered Trucks

	Third quarter		Change in %*	First nine months		Change in %*
	2011	2010		2011	2010	
Trucks						
Europe	19,384	14,654	32	68,781	42,640	61
Western Europe	15,460	12,618	23	55,515	36,925	50
Eastern Europe	3,924	2,036	93	13,266	5,715	132
North America	9,829	5,869	67	28,940	15,512	87
South America	7,852	5,218	50	21,431	15,266	40
Asia	13,821	13,854	0	39,559	38,876	2
Other markets	3,896	4,018	(3)	11,050	10,873	2
Total Trucks	54,782	43,613	26	169,761	123,167	38
Light duty (< 7 tons)	5,745	5,790	(1)	18,598	18,213	2
Medium duty (7-16 tons)	8,837	7,306	21	24,747	22,474	10
Heavy duty (>16 tons)	40,201	30,518	32	126,417	82,480	53
Total Trucks	54,782	43,613	26	169,761	123,167	38
Mack Trucks						
Europe	-	-	-	-	-	-
Western Europe	-	-	-	-	-	-
Eastern Europe	-	-	-	-	-	-
North America	3,075	2,367	30	10,880	6,900	58
South America	864	464	86	2,107	1,362	55
Asia	-	21	-	2	35	-94
Other markets	267	292	(9)	815	704	16
Total Mack Trucks	4,206	3,144	34	13,804	9,001	53
Light duty (< 7 tons)	-	-	-	-	-	-
Medium duty (7-16 tons)	-	2	-	-	2	-
Heavy duty (>16 tons)	4,206	3,142	34	13,804	8,999	53
Total Mack Trucks	4,206	3,144	34	13,804	9,001	53
Renault Trucks						
Europe	10,410	8,048	29	36,133	23,795	52
Western Europe	9,370	7,522	25	32,541	22,102	47
Eastern Europe	1,040	526	98	3,592	1,693	112
North America	38	19	100	104	37	181
South America	311	193	61	728	377	93
Asia	739	931	(21)	3,245	2,145	51
Other markets	875	1,301	(33)	3,143	4,030	(22)
Total Renault Trucks	12,373	10,492	18	43,353	30,384	43
Light duty (< 7 tons)	4,581	3,020	52	14,353	9,810	46
Medium duty (7-16 tons)	1,506	1,590	(5)	5,651	5,552	2
Heavy duty (>16 tons)	6,286	5,882	7	23,349	15,022	55
Total Renault Trucks	12,373	10,492	18	43,353	30,384	43

AB Volvo (publ) discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 7.30 a.m. on October 25, 2011.

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

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

	Third quarter		Change in % ¹	First nine months		Change in % ¹
	2011	2010		2011	2010	
Volvo Trucks						
Europe	8,974	6,606	36	32,648	18,845	73
Western Europe	6,090	5,096	20	22,974	14,823	55
Eastern Europe	2,884	1,510	91	9,674	4,022	141
North America	6,446	3,383	91	17,079	7,837	118
South America	6,576	4,480	47	18,386	13,335	38
Asia	3,090	2,707	14	9,560	7,004	36
Other markets	1,354	1,172	16	3,333	3,061	9
Total Volvo Trucks	26,440	18,348	44	81,006	50,082	62
Light duty (< 7 tons)	-	-	-	-	-	-
Medium duty (7-16 tons)	380	350	9	1,338	1,302	3
Heavy duty (>16 tons)	26,060	17,998	45	79,668	48,780	63
Total Volvo Trucks	26,440	18,348	44	81,006	50,082	62
UD Trucks						
Europe	-	-	-	-	-	-
Western Europe	-	-	-	-	-	-
Eastern Europe	-	-	-	-	-	-
North America	270	100	170	877	738	19
South America	101	81	25	210	192	9
Asia	4,801	6,127	(22)	11,648	17,927	(35)
Other markets	1,400	1,253	12	3,759	3,078	22
Total UD Trucks	6,572	7,561	(13)	16,494	21,935	(25)
Light duty (< 7 tons)	541	2,286	(76)	2,237	7,008	(68)
Medium duty (7-16 tons)	3,385	2,435	39	7,571	6,984	8
Heavy duty (>16 tons)	2,646	2,840	(7)	6,686	7,943	(16)
Total UD Trucks	6,572	7,561	(13)	16,494	21,935	(25)
Eicher¹						
Europe	-	-	-	-	-	-
Western Europe	-	-	-	-	-	-
Eastern Europe	-	-	-	-	-	-
North America	-	-	-	-	-	-
South America	-	-	-	-	-	-
Asia	5,192	4,068	28	15,105	11,766	28
Other markets	-	-	-	-	-	-
Total Eicher	5,192	4,068	28	15,105	11,766	28
Light duty (< 7 tons)	623	484	29	2,008	1,395	44
Medium duty (7-16 tons)	3,566	2,929	22	10,187	8,634	18
Heavy duty (>16 tons)	1,003	656	53	2,910	1,737	68
Total Eicher	5,192	4,068	28	15,105	11,766	28

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

Delivered Buses

	Third quarter		Change in %*	First nine months		Change in %*
	2011	2010		2011	2010	
Buses						
Europe	607	486	25	1,844	1,666	11
Western Europe	577	480	20	1,765	1,639	8
Eastern Europe	30	6	400	79	27	193
North America	805	439	83	2,197	1,473	49
South America	656	266	147	1,399	697	101
Asia	709	715	(1)	2,390	2,405	(1)
Other markets	177	245	(28)	784	758	3
Total Buses	2,954	2,151	37	8,614	6,999	23

Further publication dates

Report on 2011 operations	February 3, 2012
Annual Report	March, 2012
Annual General Meeting	April 4, 2012
Report on the first quarter 2012	April 26, 2012
Report on the second quarter 2012	July 24, 2012
Report on the third quarter 2012	October 24, 2012

Contacts

Investor Relations:	
Christer Johansson	031-66 13 34
Patrik Stenberg	031-66 13 36
Anders Christensson	031-66 11 91
John Hartwell	+1 212 418 74 32

Aktiebolaget Volvo (publ)

556012-5790

Investor Relations, VHK

SE-405 08 Göteborg, Sweden

Tel +46 31 66 00 00

www.volvogroup.com**VOLVO****AB Volvo (publ)**

SE-405 08 Göteborg, Sweden

Telephone +46 31 66 00 00

www.volvogroup.com