



AB Volvo

Press release

The Volvo Group announces comprehensive efficiency program linked to the strategy

The Volvo Group has decided to combine a number of actions into a Group-wide efficiency program. The program encompasses both reduction of white collar employees and consultants and efficiency enhancements in the global industrial system.

The actions' common feature is that they are the result of the implementation of the Group's three-year strategies and that they are designed to enhance efficiency and competitiveness.

It is estimated that the program will entail restructuring costs totaling approximately SEK 5 billion, whereof approximately SEK 0.5 billion is expected to have no impact on cash flow. The majority of the restructuring charges are expected to impact operating income during 2014.

Savings are expected to amount to approximately SEK 4 billion annually, and will generate results gradually in 2014, with full effect achieved by the end of 2015.

The new strategies that were established for the Group's trucks business and other Business Areas last year apply to the 2013–2015 period. Since January this year, extensive work has been ongoing to identify the measures required to rationalize and enhance the efficiency of the operations within the framework of the strategies. In conjunction with the interim report for the second quarter of 2013, the Group announced that during the quarters ahead, it would be entering a phase in which these measures would begin to be executed.

The identified actions cover a large number of operations and areas, whereof a majority lies within the truck business area. The actions will be announced continuously as they are implemented.

“We are currently combining these actions into a comprehensive program, in order to provide an improved overview of both the effects and the implementation schedule of our extensive and comprehensive strategy,” says Olof Persson, Chief Executive Officer of the Volvo Group.

It is estimated that the program will entail restructuring costs totaling approximately SEK 5 billion, of which a majority will come in 2014. Approximately SEK 0.5 billion is expected to have no impact on cash flow. The cost and savings of the earlier

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announced restructuring of the Group's truck sales and aftermarket network in EMEA (Europe, Middle East and Africa) is included in the overall efficiency program. The cost related to the EMEA restructuring is expected to amount to approximately SEK 800 M, of which approximately SEK 600M was reserved in 2012. The annualized savings from the EMEA restructuring program are expected to amount to SEK 600M as from 2015. The changes will be subject for union negotiations as and when required in effected locations.

In future quarterly reports, the Volvo Group will provide continuous updates on costs that were incurred in the preceding quarter, attributable to the comprehensive efficiency program.

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*Any journalists who would like additional information, please contact:
Mårten Wikforss, +46 31 66 10 30*

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The Volvo Group is one of the world's leading manufacturers of trucks, buses, construction equipment and marine and industrial engines. The Group also provides complete solutions for financing and service. The Volvo Group, which employs about 115,000 people, has production facilities in 19 countries and sells its products in more than 190 markets. In 2012 the Volvo Group's sales amounted to about SEK 304 billion. The Volvo Group is a publicly-held company headquartered in Göteborg, Sweden. Volvo shares are listed on OMX Nordic Exchange Stockholm. For more information, please visit www.volvogroup.com or www.volvogroup.mobi if you are using your mobile phone.

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