

# VOLVO GROUP REPORT ON THE THIRD QUARTER 2014



- » In the third quarter net sales amounted to SEK 67.2 billion (64.9). Adjusted for currency movements and acquired and divested units sales were on the same level as last year.
- » The third quarter operating income was SEK 2,908 M (2,502) excluding restructuring charges of SEK 659 M (104). Currency exchange rates had a positive impact of SEK 485 M. The third quarter was negatively impacted by a provision of SEK 422 M from a litigation in the U.S.
- » Operating margin in the third quarter was 4.3% (3.9) excluding restructuring charges and 3.3% (3.7) including restructuring charges.
- » In the third quarter diluted earnings per share were SEK 0.74 (0.68).
- » In the third quarter operating cash flow in the Industrial Operations amounted to SEK 0.9 billion (-5.3).
- » Higher ambition in structural cost-reduction efforts and increased expected restructuring charges in the Strategic Program 2013-2015. Changed format for external follow-up. More information on page 27.

	Third quarter		First nine months	
	2014	2013	2014	2013
Net sales, SEK M	<b>67,222</b>	64,880	<b>205,469</b>	195,980
Operating income excl. restructuring charges, SEK M	<b>2,908</b>	2,502	<b>9,822</b>	6,276
Operating margin excl. restructuring charges, %	<b>4.3</b>	3.9	<b>4.8</b>	3.2
Restructuring charges, SEK M	<b>(659)</b>	(104)	<b>(1,739)</b>	(134)
Operating income, SEK M	<b>2,250</b>	2,398	<b>8,082</b>	6,142
Operating margin, %	<b>3.3</b>	3.7	<b>3.9</b>	3.1
Income after financial items, SEK M	<b>2,285</b>	1,704	<b>7,375</b>	4,483
Income for the period, SEK M	<b>1,545</b>	1,415	<b>5,219</b>	3,253
Diluted earnings per share, SEK	<b>0.74</b>	0.68	<b>2.49</b>	1.53
Operating Cash Flow in Industrial Operations, SEK Bn	<b>0.9</b>	(5.3)	<b>(4.2)</b>	(8.8)
Return on shareholders' equity, rolling 12 months, %			<b>7.4</b>	5.4
Net order intake, number of trucks	<b>50,449</b>	44,224	<b>158,569</b>	161,618
Net order intake, number of construction equipment	<b>11,935</b>	13,398	<b>48,519</b>	53,353

## CEO'S COMMENTS

### Improved earnings in a mixed economic environment



The market development in the third quarter followed the overall direction I reported in the second quarter with good momentum in North America and Japan and continued slow development in the emerging markets in South America and Asia. In China, the construction equipment market had an accelerated negative development during the quarter. In Europe we have seen an increased uncertainty in many markets based on the political and economic situation, which has led to the positive momentum from the first half of the year leveling off.

For 2015, we forecast that the market for heavy-duty trucks will be on the same level as in 2014 in Europe, Japan and China, on a higher level in North America and India and on a lower level in Brazil. For construction equipment, we forecast the Chinese market to continue down through the rest of the year and in 2015. The European market is expected to be on the same level and for North America we forecast a higher level.

During the quarter, our focus has been on adapting our production to ensure balance between demand and supply, continuing to execute on our efficiency and cost savings program and of course on continuing to gain market shares while at the same time holding our price levels. In general, I think this has worked well so far. The efficiency program has, as planned, delivered savings in a clearly accelerated pace and the 2014 accumulated savings are SEK 1.6 billion compared to 2013. Our North American truck operations reported a considerable earnings improvement with increased markets shares for both the Volvo and Mack brand. The new Volvo truck range in Europe continues to be successful with a combination of higher prices and increased market shares. We are also very proud that the new Renault Truck T-range was voted the "International Truck of the Year 2015".

Our increased profitability compared to last year is the result of our improvement activities and our ability to partly mitigate negative factors that we face in some markets. In addition, we report a positive operating cash flow, which is only the third time in 15 years for a third quarter.

The activities within the Strategic Program 2013-2015 are being implemented as planned. We have identified additional

opportunities to reduce our structural cost level and we are therefore increasing the scope of our strategic program with the following activities:

- Implement further cost-reduction activities in Volvo CE
- Reorganize Group Trucks Sales in order to increase efficiency and reduce costs
- Review what is core and non-core in our IT operations.

In the ongoing activities in the Strategic Program 2013-2015, we have structural cost reductions targeted to SEK 6.5 billion. The new activities being initiated are targeted to generate an additional SEK 3.5 billion of structural cost reductions. By having implemented all activities before the end of 2015 the cost reductions are expected to result in full-year savings of SEK 10 billion in 2016 compared to the full year 2012. At the same time as we increase the scope of the program, we have also decided to change the format for the external follow-up of the program, which will only include the structural cost reductions. More information on page 27.

It is important to emphasize that even if we now change the external follow-up of the Strategic Program 2013-2015, we will continue to have full focus on the progress on the strategic objectives since the program is key in transforming the Volvo Group. The Group's profitability is not on a satisfactory level and it is clear that we still have a lot of hard work ahead of us. I look at the third quarter as a small but solid step on our journey to increase the profitability of the Volvo Group to a level among the best in the industry.

Olof Persson  
President and CEO

## FINANCIAL SUMMARY OF THE THIRD QUARTER

### Net sales on the same level as last year

In the third quarter, net sales for the Volvo Group amounted to SEK 67,222 M (64,880). Adjusted for changes in currency exchange rates net sales were on the same level as last year. Sales increased significantly in North America whereas it decreased in South America and Asia.

### Operating income of SEK 2.9 billion excluding restructuring charges

In the third quarter of 2014 the Volvo Group's operating income excluding restructuring charges amounted to SEK 2,908 M compared with SEK 2,502 M in the third quarter of 2013. Restructuring charges amounted to SEK 659 M (104). The operating margin excluding restructuring charges was 4.3% (3.9).

Compared to the third quarter 2013, the increased

operating income excluding restructuring charges was primarily driven by lower selling and administrative expenses as an effect of the Group-wide efficiency program in an amount of SEK 569 M, favorable currency development amounting to SEK 485 M as well as improved aftermarket earnings. This was partly offset by lower capacity utilization in the industrial system and provisioning for a litigation of SEK 422 M. Earnings were also negatively impacted by higher research and development costs as a result of SEK 293 M of lower net capitalization of research and development compared with the third quarter of 2013. Cash spend in research and development was reduced by SEK 201 M compared to the third quarter of 2013.

In the third quarter of 2013, a capital gain from a divestment of a dealership network in Volvo CE had a positive impact of SEK 92 M.

Consolidated income statement, Volvo Group SEK M	Third quarter		First nine months	
	2014	2013	2014	2013
<b>Net sales</b>	<b>67,222</b>	<b>64,880</b>	<b>205,469</b>	195,980
Cost of Sales	(51,991)	(50,012)	(159,129)	(152,715)
<b>Gross income</b>	<b>15,231</b>	<b>14,868</b>	<b>46,340</b>	<b>43,265</b>
Research and development expenses	(3,803)	(3,711)	(12,220)	(10,933)
Selling expenses	(6,539)	(6,786)	(20,193)	(20,948)
Administrative expenses	(1,139)	(1,461)	(3,888)	(4,257)
Other operating income and expenses	(1,511)	(536)	(2,003)	(1,026)
Income (loss) from investments in joint ventures and associated companies	9	63	29	99
Income from other investments	3	(38)	17	(57)
<b>Operating income</b>	<b>2,250</b>	<b>2,398</b>	<b>8,082</b>	<b>6,142</b>
Interest income and similar credits	83	93	250	292
Interest expense and similar charges	(478)	(647)	(1,477)	(1,917)
Other financial income and expenses	430	(140)	520	(34)
<b>Income after financial items</b>	<b>2,285</b>	<b>1,704</b>	<b>7,375</b>	<b>4,483</b>
Income taxes	(740)	(288)	(2,156)	(1,230)
<b>Income for the period*</b>	<b>1,545</b>	<b>1,415</b>	<b>5,219</b>	<b>3,253</b>
*Attributable to:				
Equity holders of the parent company	1,500	1,387	5,055	3,098
Minority interests	45	28	164	155
	<b>1,545</b>	<b>1,415</b>	<b>5,219</b>	<b>3,253</b>
Basic earnings per share, SEK	0.74	0.68	2.49	1.53
Diluted earnings per share, SEK	0.74	0.68	2.49	1.53

Net sales by market area SEK M	Third quarter			First nine months		
	2014	2013	Change in %	2014	2013	Change in %
Western Europe	20,464	19,600	4	63,116	59,781	6
Eastern Europe	4,272	4,438	(4)	13,798	13,091	5
North America	19,364	15,545	25	54,664	45,737	20
South America	6,423	7,468	(14)	19,778	22,157	(11)
Asia	11,405	12,220	(7)	38,508	39,569	(3)
Other markets	5,293	5,608	(6)	15,605	15,645	-
<b>Volvo Group</b>	<b>67,222</b>	<b>64,880</b>	<b>4</b>	<b>205,469</b>	<b>195,980</b>	<b>5</b>

**Net financial items**

Interest expense in the third quarter decreased due to lower financial liabilities and lower interest rates on outstanding debt, and net interest expense amounted to SEK 395 M (554). Net interest expense in the second quarter of 2014 amounted to SEK 387 M.

Other financial income and expenses was positively impacted in an amount of SEK 376 M (neg. 8) from revaluation of derivatives related to hedging.

**Income taxes**

The tax expense in the third quarter amounted to SEK 740 M (288), corresponding to a tax rate of 32% (17). The third quarter of 2013 included a tax credit in Brazil of SEK 274 M.

**Income for the period and earnings per share**

Income for the period amounted to SEK 1,545 M in the third quarter of 2014 compared with SEK 1,415 M in the third quarter of 2013.

Diluted earnings per share in the third quarter amounted to SEK 0.74 compared with SEK 0.68 in the third quarter of 2013.

**Cash flow of SEK 0.9 billion in the Industrial Operations**

In the third quarter of 2014, operating cash flow in the Industrial Operations amounted to SEK 0.9 billion (-5.3) primarily as a result of the operating income of SEK 1.8 billion and higher depreciation than investments in an amount of SEK 0.9 billion, which was partly off-set by an increase of working capital of SEK 1.9 billion.

**Volvo Group financial position**

By the end of the third quarter net financial debt, excluding provision for post-employment benefits, in the Industrial Operations amounted to SEK 22.7 billion, equal to 31.8% of shareholders equity, which is a decrease of SEK 1.6 billion compared to the end of the second quarter. The change is mainly explained by positive operating cash flow. Including post-employment benefits the Industrial operations net debt amounted to SEK 37.4 billion, which is equal to 52.2% of shareholders equity.

During the third quarter, currency movements increased the Volvo Group's total assets by SEK 18.1 billion related to revaluation of assets in foreign subsidiaries.

At the end of the third quarter the shareholder's equity for the Volvo Group amounted to SEK 81.1 billion compared to SEK 77.4 billion at year-end 2013. The equity ratio was 22.5% compared to 22.4% on December 31 2013. At the same date the equity ratio in the Industrial operations amounted to 27.9% (27.0).

**Number of employees**

On September 30, 2014 the Volvo Group had 93,438 regular employees and 13,450 temporary employees and consultants, compared with 95,533 regular employees and 14,794 temporary employees and consultants at year-end 2013. The divestment of Volvo Rents reduced the number of regular employees by 2,166, while the acquisition of the hauler business from Terex added 433 regular employees. As a consequence of the efficiency program, the number of white-collar employees and consultants was reduced by 934 during the third quarter of 2014.

## BUSINESS SEGMENT OVERVIEW

Net sales SEK M	Third quarter			Change in %*	First nine months		12 months rolling	Jan-Dec 2013
	2014	2013	Change in %		2014	2013		
Trucks	45,059	43,248	4	(1)	137,083	126,513	189,044	178,474
Construction Equipment	12,582	12,278	2	(3)	40,578	40,432	53,583	53,437
Buses	4,575	3,705	23	18	12,716	11,195	18,228	16,707
Volvo Penta	1,981	1,774	12	7	5,787	5,773	7,564	7,550
Corporate Functions, Group Functions & Other	1,678	3,094	(46)	(9)	5,793	8,818	9,385	12,410
Eliminations	(538)	(787)	-	-	(1,598)	(2,209)	(2,547)	(3,158)
<b>Industrial operations</b>	<b>65,337</b>	<b>63,312</b>	<b>3</b>	<b>0</b>	<b>200,360</b>	<b>190,522</b>	<b>275,258</b>	<b>265,420</b>
Customer Finance	2,578	2,350	10	4	7,397	7,087	9,849	9,539
Reclassifications and eliminations	(694)	(783)	-	-	(2,288)	(1,629)	(2,996)	(2,337)
<b>Volvo Group</b>	<b>67,222</b>	<b>64,880</b>	<b>4</b>	<b>0</b>	<b>205,469</b>	<b>195,980</b>	<b>282,111</b>	<b>272,622</b>

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

Operating income excl. restructuring charges SEK M	Third quarter			Change in %	First nine months		12 months rolling	Jan-Dec 2013
	2014	2013	Change in %		2014	2013		
Trucks	2,193	1,893	16	16	6,164	3,859	9,129	6,824
Construction Equipment	648	496	31	31	2,046	2,320	2,319	2,592
Buses	50	(164)	131	131	156	(241)	206	(190)
Volvo Penta	253	165	53	53	638	555	710	626
Corporate Functions, Group Functions & Other	(694)	(239)	(190)	(190)	(598)	(1,372)	(2,796)	(3,570)
Eliminations	6	23	-	-	170	30	189	49
<b>Industrial operations</b>	<b>2,456</b>	<b>2,174</b>	<b>13</b>	<b>13</b>	<b>8,577</b>	<b>5,151</b>	<b>9,758</b>	<b>6,332</b>
Customer Finance	452	327	38	38	1,245	1,124	1,641	1,522
<b>Volvo Group excl. restructuring charges</b>	<b>2,908</b>	<b>2,502</b>	<b>16</b>	<b>16</b>	<b>9,822</b>	<b>6,276</b>	<b>11,400</b>	<b>7,854</b>

Restructuring charges							
Trucks	(578)	(100)		(1,266)	(130)	(1,815)	(679)
Construction Equipment	0	0		(1)	0	(1)	0
Buses	0	0		(6)	0	(6)	0
Volvo Penta	0	0		(5)	0	(5)	0
Corporate Functions, Group Functions & Other	(81)	(4)		(457)	(4)	(489)	(36)
<b>Industrial operations</b>	<b>(659)</b>	<b>(104)</b>		<b>(1,735)</b>	<b>(134)</b>	<b>(2,316)</b>	<b>(715)</b>
Customer Finance	0	0		(5)	0	(5)	0
<b>Volvo Group restructuring charges</b>	<b>(659)</b>	<b>(104)</b>		<b>(1,739)</b>	<b>(134)</b>	<b>(2,320)</b>	<b>(715)</b>
<b>Volvo Group</b>	<b>2,250</b>	<b>2,398</b>		<b>8,082</b>	<b>6,142</b>	<b>9,078</b>	<b>7,138</b>

Operating margin excl. restructuring charges %	Third quarter			First nine months		12 months rolling	Jan-Dec 2013
	2014	2013	Change in %	2014	2013		
Trucks	4.9	4.4		4.5	3.0	4.8	3.8
Construction Equipment	5.1	4.0		5.0	5.7	4.3	4.9
Buses	1.1	(4.4)		1.2	(2.1)	1.1	(1.1)
Volvo Penta	12.8	9.3		11.0	9.6	9.4	8.3
<b>Industrial operations</b>	<b>3.8</b>	<b>3.4</b>		<b>4.3</b>	<b>2.7</b>	<b>3.5</b>	<b>2.4</b>
<b>Volvo Group excl. restructuring charges</b>	<b>4.3</b>	<b>3.9</b>		<b>4.8</b>	<b>3.2</b>	<b>4.0</b>	<b>2.9</b>
<b>Volvo Group</b>	<b>3.3</b>	<b>3.7</b>		<b>3.9</b>	<b>3.1</b>	<b>3.2</b>	<b>2.6</b>

## TRUCKS

## Earnings improved in North America

- » Strong demand in North America and Japan, weak markets in South America and France
- » Order intake increased by 14% compared to last year, driven by North America
- » Operating margin excluding restructuring charges amounted to 4.9% (4.4)


**Good demand in North America and Japan, continued weakness in South America and emerging markets**

During the third quarter demand developed favorably in North America, Japan and parts of Europe, while demand in South America and parts of Asia continued to decline.

Through August registrations of heavy-duty trucks in Europe showed an increase of 3% compared with the corresponding period in 2013. The gradual recovery in demand that was visible during the first half of the year in many countries have leveled off as customers have become increasingly concerned about the strength in the economic recovery in the Eurozone, and in particular France. The uncertainty related to the Russian sanctions also weighs on demand. The forecast of 230,000 trucks for the heavy-duty truck market in Europe for 2014 is maintained, however, with some downside risk. For 2015, the total market for heavy-duty trucks in Europe is expected to be at a level of about 230,000 trucks.

Through July, the total North American retail market for heavy-duty trucks increased 11% to 146,300 vehicles. Data for Mexico is only available through July. Through September the market in the U.S. and Canada increased by 17% to 179,748 vehicles (153,257). Customer confidence in the U.S. economy continued to grow, as did freight demand and construction activity and as a consequence the total North American market for heavy-duty trucks is expected to increase to about 270,000 trucks in 2014 (previous forecast 260,000 trucks). For 2015 the market is expected to show continued growth to

a level of about 280,000 heavy-duty trucks.

Through September, the Brazilian market for heavy-duty trucks decreased by 11% to 67,993 vehicles compared with 2013. South America was affected by lower GDP growth and business activity across the continent, particularly in Brazil where cautious customers are also awaiting the outcome of the presidential elections. The decline in Brazil is in line with expectations and the outlook for the total Brazilian market for 2014 is maintained. For 2015 the uncertainty is big due to the unknown outcome of the election as well as what terms and conditions will apply for the governmental subsidized financing program in 2015. The total market for heavy-duty trucks is expected to be about 85,000 trucks in 2015.

The total market in Japan continued to increase in the third quarter as a result of an improving Japanese economy with good GDP growth and as a consequence the market is expected to increase to a level of about 85,000 heavy-duty and medium-duty trucks in 2014 (previous forecast 80,000). For 2015 the market is expected to be stable at 85,000.

**Order intake improved by 14% – book-to-bill of 110%**

The total net orders increased by 14% in the third quarter compared with the year-earlier period. Net orders of 50,449 trucks and deliveries of 45,939 trucks resulted in a book-to-bill ratio of 110% for the Group's wholly-owned operations.

Orders posted large regional differences in the quarter,

Total market development	First nine months		Change in %	Full year 2013	Forecast 2014	Change vs. previous forecast	Forecast 2015
	2014	2013					
Registrations, number of trucks							
Europe 30* heavy-duty (through Aug.)	141,141	137,289	3	240,151	230,000	Unchanged	230,000
North America** heavy-duty (through July)	146,300	131,753	11	236,334	270,000	+10,000	280,000
Brazil heavy-duty	67,993	76,615	(11)	103,829	90,000	Unchanged	85,000
China heavy-duty	582,267	568,639	2	774,104	770,000	+70,000	770,000
China medium-duty	180,858	221,302	(18)	286,839	240,000	-40,000	240,000
India heavy-duty (through Aug.)	112,511	105,569	7	131,708	150,000	+5,000	160,000
India medium-duty (through Aug.)	46,445	61,411	(24)	76,318	64,000	Unchanged	73,000
Japan heavy-duty	31,755	24,817	28	33,811	40,000	+2,000	40,000
Japan medium-duty	34,519	27,038	28	39,357	45,000	+3,000	45,000

\* EU minus Bulgaria plus Norway and Switzerland

\*\* Data for Mexico only available through July. Through September the market in the U.S. and Canada increased by 17% to 179,748 vehicles (153,257).

Net order intake per market	Third quarter			First nine months		
	2014	2013	Change in %	2014	2013	Change in %
Number of trucks						
Europe	16,843	17,902	(6)	58,336	68,105	(14)
Volvo	10,625	10,949	(3)	33,152	41,000	(19)
Renault Trucks	6,218	6,952	(11)	25,184	27,104	(7)
North America	17,772	10,251	73	47,092	34,852	35
Volvo	9,412	5,223	80	27,109	20,337	33
Mack	8,258	4,964	66	19,729	14,148	39
South America	4,765	5,695	(16)	15,993	23,215	(31)
Asia	6,922	6,682	4	24,492	23,308	5
Other markets	4,147	3,694	12	12,656	12,138	4
<b>Total Trucks</b>	<b>50,449</b>	<b>44,224</b>	<b>14</b>	<b>158,569</b>	<b>161,618</b>	<b>(2)</b>
Non-consolidated operations						
VECV/Eicher (100%)	7,574	7,048	7	22,927	24,709	(7)
DVT (100%)	34	21	62	79	146	(46)
<b>Total volumes</b>	<b>58,057</b>	<b>51,293</b>	<b>13</b>	<b>181,575</b>	<b>186,473</b>	<b>(3)</b>

where orders in North America continued to improve with an increase of 73% while orders in Europe declined by 6%. Renault Trucks was favorably impacted by an increased number of orders for light-duty trucks while orders for heavy-duty and medium-duty trucks declined by 22% in Europe compared with the third quarter of 2013. As a consequence of the low demand, a number of stop days will be implemented in production in France in the fourth quarter.

Orders in South America declined to 4,765 trucks, down by 16% compared with the third quarter of last year. Compared with the third quarter of 2013 orders in Asia

increased by 4%, mainly as a result of higher demand in Japan.

#### Deliveries declined by 5% in the third quarter

In the third quarter of 2014, the Volvo Group's wholly-owned operations delivered a total of 45,939 trucks, which was 5% less than in the third quarter of 2013.

#### Operating margin of 4.9% excluding restructuring charges

During the third quarter of 2014, the truck operation's net sales amounted to SEK 45,059 M, which was 4% higher

Deliveries per market	Third quarter			First nine months		
	2014	2013	Change in %	2014	2013	Change in %
Number of trucks						
Europe	16,259	18,250	(11)	51,653	53,166	(3)
North America	13,972	11,072	26	41,956	31,982	31
South America	5,121	7,862	(35)	17,564	21,647	(19)
Asia	6,598	7,124	(7)	23,461	20,207	16
Other markets	3,989	3,953	1	12,373	11,659	6
<b>Total Trucks</b>	<b>45,939</b>	<b>48,261</b>	<b>(5)</b>	<b>147,007</b>	<b>138,661</b>	<b>6</b>
Non-consolidated operations						
VECV/Eicher (100%)	7,495	7,047	6	22,771	24,636	(8)
DVT (100%)	29	46	(37)	58	181	(68)
<b>Total</b>	<b>53,463</b>	<b>55,354</b>	<b>(3)</b>	<b>169,836</b>	<b>163,478</b>	<b>4</b>

Net sales by market area	Third quarter			First nine months		
	2014	2013	Change in %	2014	2013	Change in %
SEK M						
Europe	16,760	16,682	-	52,126	49,383	6
North America	13,422	10,072	33	38,319	29,390	30
South America	4,515	6,015	(25)	14,465	17,587	(18)
Asia	6,530	6,510	-	20,880	19,312	8
Other markets	3,831	3,968	(3)	11,293	10,842	4
<b>Total</b>	<b>45,059</b>	<b>43,248</b>	<b>4</b>	<b>137,083</b>	<b>126,513</b>	<b>8</b>

than in the third quarter of 2013. Adjusted for changes in exchange rates net sales decreased by 1%. The truck operations reported an operating income of SEK 2,193 M (1,893) in the third quarter, excluding charges of SEK 578 M (100) related to the Group-wide efficiency program. The operating margin excluding restructuring charges was 4.9% (4.4).

The improvement was mainly a result of improved gross margins from positive price realization on the new Volvo range in Europe, higher volumes and gross margins in North America, lower operating expenses from the efficiency program as well as higher earnings in the aftermarket. This was partly offset by lower capacity utilization in the plants in France, Russia, Brazil and Thailand as well as lower volumes and gross margins in South America as a consequence of increasing price pressure in a declining market. Earnings were negatively

impacted by SEK 195 M from lower net capitalization of research and development costs compared with the third quarter of 2013. Changes in currency exchange rates had a positive impact on operating income of SEK 353 M compared to the third quarter of 2013.

#### **Renault Trucks T is Truck of the Year 2015**

The Renault Trucks T was voted International Truck of the Year 2015 by the International Truck of the Year jury during the 65th edition of the IAA Commercial Vehicle show in Hannover.

The jury awarded the title to the Renault Trucks T on the basis of its technological innovations, comfort, safety, on-road performance, fuel savings, the vehicle's environmental footprint and total cost of ownership.



## CONSTRUCTION EQUIPMENT

## Earnings improved by favorable currency development, market headwinds accelerate



- » Improving demand in North America, but accelerated decline in China
- » Further activities to be initiated in order to right-size the cost structure and address product profitability
- » Over-capacity and too high inventories – further production cuts in the fourth quarter

### Stable market growth in North America while Europe losing momentum

Until August 2014 the European market was up by 10% with growth coming mainly from the United Kingdom, Germany and France, while the Russian market declined significantly. However, growth in Europe has leveled off during the last few months.

The North American market continued its growth in all product areas and the market was up 9% in the period.

The decrease in South America, down 16%, was mainly caused by Brazil, where the majority of large government deals has been delivered, as well as lower economic activity overall.

The total Asian market, excluding China, was 3% below 2013, with continued decline in India, South East Asia and Korea.

The Chinese market was down 9% through August, but

the decline accelerated during the third quarter due to lower overall demand and low machine utilization. Liquidity pressure on dealers and customers combined with overcapacity in the industry is putting pressure on profitability. Used equipment prices are also under pressure as the inventory of repossessed equipment is increasing.

### Order intake down 11%

In the third quarter of 2014 order intake was 11% lower than in the same quarter of 2013, mainly because of lower demand in China.

In Europe the order intake was down 5% impacted by increased uncertainty about the strength of the economic recovery.

Order intake continued to grow in North America, up 28%, driven by the improved market conditions. After a

Total market development	Year-to-date Aug			
	2014	Forecast 2014	Previous forecast	Forecast 2015
Change in % measured in units				
Europe	10	0% to 10%	0% to 10%	-5% to +5%
North America	9	0% to 10%	0% to 10%	-5% to +5%
South America	(16)	-15% to -5%	-15% to -5%	-10% to 0%
Asia excl. China	(3)	-10% to 0%	-10% to 0%	-10% to 0%
China	(9)	-20% to -10%	-20% to -10%	-15% to -5%

Net order intake per market	Third quarter			First nine months		
	2014	2013	Change in %	2014	2013	Change in %
Number of machines						
Europe	2,650	2,786	(5)	10,578	10,255	3
North America	1,333	1,043	28	5,548	4,048	37
South America	1,196	856	40	2,922	2,598	12
Asia	6,205	7,786	(20)	27,465	33,495	(18)
Other markets	552	928	(41)	2,007	2,957	(32)
<b>Total orders</b>	<b>11,935</b>	<b>13,398</b>	<b>(11)</b>	<b>48,519</b>	<b>53,353</b>	<b>(9)</b>
<b>Of which:</b>						
Volvo	7,489	7,134	5	28,322	29,086	(3)
SDLG	4,398	6,264	(30)	20,149	24,267	(17)
Of which in China	3,402	4,966	(31)	16,651	20,248	(18)

low second quarter, order intake in South America was up 40% in the third quarter.

In Asia order intake was down 20% mainly driven by a continued slowdown in China.

As a consequence of the lower order intake, production will be reduced further in the fourth quarter.

#### Deliveries down 14%

In the third quarter of 2014, deliveries decreased by 14% compared to last year, mainly driven by lower demand in China.

#### Modest increase in sales driven by currency movements

In the third quarter of 2014, net sales increased by 2% to SEK 12,582 M (12,278). Adjusted for currency movements

net sales decreased by 3%.

Operating income increased to SEK 648 M (496) and the operating margin was 5.1% (4.0). Earnings were positively impacted by favorable currency movements in an amount of SEK 125 M compared to the third quarter 2013.

Earnings were also positively impacted by favorable gross margin improvement in Europe and lower operating expenses, which was offset by lower capacity utilization in the industrial system and contracting gross margins in Asia.

In the third quarter of 2013, a capital gain from a divestment of a dealership network in Volvo CE had a positive impact of SEK 92 M.

Volvo CE will implement further cost-reduction initiatives in order to right-size the cost structure and address product profitability.

Deliveries per market	Third quarter			First nine months		
	2014	2013	Change in %	2014	2013	Change in %
Number of machines						
Europe	3,462	3,387	2	11,472	10,366	11
North America	1,954	1,228	59	5,617	3,872	45
South America	997	976	2	2,646	2,692	(2)
Asia	6,128	8,528	(28)	27,476	33,783	(19)
Other markets	537	1,018	(47)	2,028	2,784	(27)
<b>Total deliveries</b>	<b>13,078</b>	<b>15,137</b>	<b>(14)</b>	<b>49,239</b>	<b>53,497</b>	<b>(8)</b>
<b>Of which:</b>						
Volvo	8,504	8,853	(4)	29,042	29,230	(1)
SDLG	4,526	6,284	(28)	20,149	24,267	(17)
Of which in China	3,413	4,966	(31)	16,651	20,248	(18)

Net sales by market area	Third quarter			First nine months		
	2014	2013	Change in %	2014	2013	Change in %
SEK M						
Europe	4,354	4,124	6	13,191	12,220	8
North America	2,874	1,892	52	8,188	6,206	32
South America	872	821	6	2,391	2,479	(4)
Asia	3,724	4,485	(17)	14,499	16,793	(14)
Other markets	758	957	(20)	2,309	2,733	(16)
<b>Total</b>	<b>12,582</b>	<b>12,278</b>	<b>2</b>	<b>40,578</b>	<b>40,431</b>	<b>-</b>

## BUSES

## Earnings improvement

- » Operating income of SEK 50 M
- » Deliveries increased by 7%
- » Launch of Volvo 7900 Electric Hybrid



The global bus market improved in the first half of the year, and in Europe the total market was up by 9%. However, in the last few months demand has slowed down. The Asian markets show growth, but from low levels. In South America, the development of the Brazilian city bus market remains slow, while the coach segment is gradually recovering. The trend towards electro mobility, with large interest in hybrid technologies for public transport in South America, continues. In North America, the development on the coach and transit market is still positive.

Volvo Buses delivered 2,068 buses during the third quarter 2014, compared to 1,939 units in the third quarter of 2013, an increase of 7%. Order intake in the third quarter totaled 1,780 buses, which was 36% lower than last year.

The Volvo 7900 Electric Hybrid was launched in September. It represents the second step in Volvo Buses' electro mobility portfolio, and is an important part of the city customer offer. The Electric Hybrid reduces fuel consumption

by 60% and carbon dioxide by up to 75%, compared to a conventional Euro 5 diesel bus. It runs in electric mode in average 70% of the route and offers flexibility in operation; it can run as an electric bus in selected areas, but performs as a hybrid on any route. Charging at end stations takes six minutes.

Net sales in the third quarter increased by 23% to SEK 4,575 M (3,705). Adjusted for currency fluctuations, sales increased by 18%.

Buses reported an operating income of SEK 50 M (-164). The operating margin was 1.1% (-4.4). The earnings improvement in the quarter is an effect of higher sales volumes, positive mix and an improved aftermarket business. Compared to the third quarter of 2013, operating income was positively impacted by currency exchange rates in an amount of SEK 63 M.

Net sales by market area	Third quarter			First nine months		
	2014	2013	Change in %	2014	2013	Change in %
SEK M						
Europe	1,343	1,126	19	4,240	3,820	11
North America	1,730	1,365	27	4,343	3,767	15
South America	645	315	105	1,832	1,138	61
Asia	506	532	(5)	1,364	1,431	(5)
Other markets	351	367	(4)	936	1,039	(10)
<b>Total</b>	<b>4,575</b>	<b>3,705</b>	<b>23</b>	<b>12,716</b>	<b>11,195</b>	<b>14</b>

VOLVO PENTA

## Improved sales and profitability

- » Market demand continues to be at low levels
- » Profitability further improved from healthy levels
- » Strong net sales with favorable mix



The global Marine market is flat, with cautiously positive signals from European boat builders. Within both Leisure and Commercial Marine segments, Volvo Penta is capturing new customers as well as increasing the share of existing customers' business.

Overall, the Industrial segment continues at low levels, especially in China. Within power generation competition is increasing due to low-cost engines produced in Asia. In the Versatile Industrial segment the full new Tier IV Final range is now ready for delivery.

The volume in the order book at September 30, 2014 was 5,330 units (5,780).

Net sales in the third quarter of 2014 increased by 12% compared to last year and amounted to SEK 1,981 M (1,774). Adjusted for exchange-rate fluctuations, net sales increased by 7%. Sales in the third quarter were distributed between business segments as follows: Marine SEK 1,070 M (932) and Industrial SEK 911 M (842).

Operating income amounted to SEK 253 M (165). The operating margin was 12.8% (9.3). Earnings were positively impacted by a favorable customer and product mix. Compared with the third quarter of 2013, operating income was impacted positively by changes in currency exchange rates by an amount of SEK 65 M.

Net sales by market area SEK M	Third quarter			First nine months		
	2014	2013	Change in %	2014	2013	Change in %
Europe	877	858	2	2,862	2,809	2
North America	456	343	33	1,176	1,174	0
South America	101	75	36	262	197	33
Asia	417	404	3	1,178	1,310	(10)
Other markets	130	94	38	309	282	10
<b>Total</b>	<b>1,981</b>	<b>1,774</b>	<b>12</b>	<b>5,787</b>	<b>5,773</b>	<b>0</b>

## VOLVO GROUP'S CUSTOMER FINANCE

### Solid performance

- » Profitable portfolio growth
- » Good portfolio performance
- » Improved earnings



The customer finance business recorded strong levels of new business volume due to increased finance penetration of Group products.

The gross credit portfolio increased, on a currency-adjusted basis, by 3% when compared to the third quarter of 2013. Credit reserves and portfolio performance remained stable during the quarter with continued strong performance noted in North America and improvements seen in EMEA.

Operating income improved to SEK 452 M (327), mainly due to profitable growth, improved portfolio performance and operating expense control. In the third quarter of 2013, credit provision expenses were on an elevated level relating to non-performing loans and leases in Spain.

During the quarter, Volvo Financial Services syndicated approximately SEK 0.9 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	Third quarter		First nine months	
	2014	2013	2014	2013
Number of financed units	13,315	12,215	39,159	35,016
Total penetration rate <sup>1</sup> , %	29	26	28	26
New financing volume, SEK billion	13.6	11.1	38.6	31.9
Credit portfolio net, SEK billion	–	–	111	100
Credit provision expenses, SEK M	227	293	650	678
Operating income, excl. restructuring charges, SEK M	452	327	1,245	1,124
Credit reserves, % of credit portfolio	–	–	1.34	1.34
Return on shareholders' equity,	–	–	11.8	12.6

<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 Group ordered by US Court to pay penalties in engine emission case**

On July 19, 2014 the Volvo Group disclosed that the U.S. Court of Appeals for the District of Columbia Circuit had ruled that the Volvo Group should pay penalties and interest of approximately SEK 508 M following a dispute between the Volvo Group and the U.S. Environmental Protection Agency (EPA) regarding emission compliance of diesel engines. The Court of Appeals affirmed a District Court's ruling that model year 2005 Volvo Penta engines violated the provisions of a Consent Decree. This had a negative impact on the Group's operating income of SEK 422 M in the third quarter of 2014 in the segment Group functions and other.

### **Further cost-reductions and changed format for external follow-up**

Higher ambition in structural cost-reduction efforts and increased expected restructuring charges in the Strategic Program 2013-2015. Changed format for external follow-up. More information on page 27.

### **Previously reported important events**

- Chinese authority approves joint venture between the Volvo Group and Dongfeng Motor Group
- Divestiture of Volvo Rents completed
- Volvo Group divests commercial real estate
- Annual General Meeting of AB Volvo
- Volvo Construction Equipment finalizes acquisition of hauler business from Terex
- Volvo Group signs EUR 3.5 billion revolving credit facilities

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

## CONSOLIDATED INCOME STATEMENT THIRD QUARTER

SEK M	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>Net sales</b>	<b>65,337</b>	63,312	<b>2,578</b>	2,350	<b>(694)</b>	(783)	<b>67,222</b>	64,880
Cost of Sales	<b>(51,182)</b>	(49,464)	<b>(1,502)</b>	(1,331)	<b>694</b>	783	<b>(51,991)</b>	(50,012)
<b>Gross income</b>	<b>14,155</b>	<b>13,848</b>	<b>1,076</b>	<b>1,019</b>	<b>0</b>	<b>0</b>	<b>15,231</b>	<b>14,868</b>
Research and development expenses	<b>(3,803)</b>	(3,711)	<b>0</b>	0	<b>0</b>	0	<b>(3,803)</b>	(3,711)
Selling expenses	<b>(6,120)</b>	(6,400)	<b>(419)</b>	(387)	<b>0</b>	0	<b>(6,539)</b>	(6,786)
Administrative expenses	<b>(1,129)</b>	(1,452)	<b>(10)</b>	(9)	<b>0</b>	0	<b>(1,139)</b>	(1,461)
Other operating income and expenses	<b>(1,315)</b>	(241)	<b>(196)</b>	(295)	<b>0</b>	0	<b>(1,511)</b>	(536)
Income (loss) from investments in joint ventures and associated companies	<b>9</b>	63	<b>0</b>	0	<b>0</b>	0	<b>9</b>	63
Income from other investments	<b>2</b>	(39)	<b>1</b>	(1)	<b>0</b>	0	<b>3</b>	(38)
<b>Operating income</b>	<b>1,798</b>	<b>2,069</b>	<b>452</b>	<b>327</b>	<b>0</b>	<b>0</b>	<b>2,250</b>	<b>2,398</b>
Interest income and similar credits	<b>83</b>	93	<b>0</b>	0	<b>0</b>	0	<b>83</b>	93
Interest expense and similar charges	<b>(478)</b>	(647)	<b>0</b>	0	<b>0</b>	0	<b>(478)</b>	(647)
Other financial income and expenses	<b>430</b>	(140)	<b>0</b>	0	<b>0</b>	0	<b>430</b>	(140)
<b>Income after financial items</b>	<b>1,833</b>	<b>1,376</b>	<b>452</b>	<b>327</b>	<b>0</b>	<b>0</b>	<b>2,285</b>	<b>1,704</b>
Income taxes	<b>(604)</b>	(178)	<b>(136)</b>	(110)	<b>0</b>	0	<b>(740)</b>	(288)
<b>Income for the period*</b>	<b>1,229</b>	<b>1,198</b>	<b>316</b>	<b>217</b>	<b>0</b>	<b>0</b>	<b>1,545</b>	<b>1,415</b>
<i>*Attributable to:</i>								
Equity holders of the parent							<b>1,500</b>	1,387
Minority interests							<b>45</b>	28
							<b>1,545</b>	<b>1,415</b>
Basic earnings per share, SEK							<b>0.74</b>	0.68
Diluted earnings per share, SEK							<b>0.74</b>	0.68

<b>Key operating ratios, %</b>								
Gross margin	21.7	21.9	-	-	-	-	22.7	22.9
Research and development expenses in % of net sales	5.8	5.9	-	-	-	-	5.7	5.7
Selling expenses in % of net sales	9.4	10.1	-	-	-	-	9.7	10.5
Administrative expenses in % of net sales	1.7	2.3	-	-	-	-	1.7	2.3
Operating margin	2.8	3.3	-	-	-	-	3.3	3.7

## CONSOLIDATED OTHER COMPREHENSIVE INCOME THIRD QUARTER

SEK M	2014	2013
<b>Income for the period</b>	<b>1,545</b>	<b>1,415</b>
<i>Items that will not be reclassified to income statement:</i>		
Remeasurements of defined benefit pension plans	<b>(742)</b>	1,668
<i>Items that may be reclassified subsequently to income statement:</i>		
Exchange differences on translation of foreign operations	<b>1,208</b>	(1,731)
Share of OCI related to joint ventures and associated companies	<b>35</b>	(33)
Accumulated translation difference reversed to income	<b>17</b>	(10)
Available for sale investments	<b>1,160</b>	(2)
Cash flow hedges	<b>13</b>	28
<b>Other comprehensive income, net of income taxes</b>	<b>1,690</b>	<b>(80)</b>
<b>Total comprehensive income for the period*</b>	<b>3,235</b>	<b>1,335</b>
<i>*Attributable to:</i>		
Equity holders of the parent company	<b>3,068</b>	1,360
Minority interests	<b>167</b>	(25)
	<b>3,235</b>	<b>1,335</b>

## CONSOLIDATED INCOME STATEMENT FIRST NINE MONTHS

SEK M	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>Net sales</b>	<b>200,360</b>	190,522	<b>7,397</b>	7,087	<b>(2,288)</b>	(1,629)	<b>205,469</b>	195,980
Cost of Sales	<b>(157,098)</b>	(150,207)	<b>(4,319)</b>	(4,137)	<b>2,288</b>	1,629	<b>(159,129)</b>	(152,715)
<b>Gross income</b>	<b>43,262</b>	<b>40,315</b>	<b>3,078</b>	<b>2,950</b>	<b>0</b>	<b>0</b>	<b>46,340</b>	<b>43,265</b>
Research and development expenses	<b>(12,220)</b>	(10,933)	<b>0</b>	0	<b>0</b>	0	<b>(12,220)</b>	(10,933)
Selling expenses	<b>(18,951)</b>	(19,776)	<b>(1,242)</b>	(1,173)	<b>0</b>	0	<b>(20,193)</b>	(20,948)
Administrative expenses	<b>(3,858)</b>	(4,229)	<b>(30)</b>	(28)	<b>0</b>	0	<b>(3,888)</b>	(4,257)
Other operating income and expenses	<b>(1,435)</b>	(402)	<b>(568)</b>	(625)	<b>0</b>	0	<b>(2,003)</b>	(1,026)
Income (loss) from investments in joint ventures and associated companies	<b>29</b>	99	<b>0</b>	0	<b>0</b>	0	<b>29</b>	99
Income from other investments	<b>16</b>	(58)	<b>2</b>	0	<b>0</b>	0	<b>17</b>	(57)
<b>Operating income</b>	<b>6,842</b>	<b>5,016</b>	<b>1,240</b>	<b>1,124</b>	<b>0</b>	<b>0</b>	<b>8,082</b>	<b>6,142</b>
Interest income and similar credits	<b>250</b>	292	<b>0</b>	0	<b>0</b>	0	<b>250</b>	292
Interest expense and similar charges	<b>(1,477)</b>	(1,917)	<b>0</b>	0	<b>0</b>	0	<b>(1,477)</b>	(1,917)
Other financial income and expenses	<b>520</b>	(34)	<b>0</b>	0	<b>0</b>	0	<b>520</b>	(34)
<b>Income after financial items</b>	<b>6,136</b>	<b>3,359</b>	<b>1,240</b>	<b>1,124</b>	<b>0</b>	<b>0</b>	<b>7,376</b>	<b>4,483</b>
Income taxes	<b>(1,707)</b>	(890)	<b>(449)</b>	(340)	<b>0</b>	0	<b>(2,156)</b>	(1,230)
<b>Income for the period*</b>	<b>4,429</b>	<b>2,469</b>	<b>791</b>	<b>784</b>	<b>0</b>	<b>0</b>	<b>5,219</b>	<b>3,253</b>
<i>*Attributable to:</i>								
Equity holders of the parent company							<b>5,055</b>	3,098
Minority interests							<b>164</b>	155
							<b>5,219</b>	<b>3,253</b>
Basic earnings per share, SEK							<b>2.49</b>	1.53
Diluted earnings per share, SEK							<b>2.49</b>	1.53
<b>Key operating ratios, Volvo Group</b>								
Gross margin, %	21.6	21.2	-	-	-	-	22.6	22.1
Research and development expenses in % of net sales	6.1	5.7	-	-	-	-	5.9	5.6
Selling expenses in % of net sales	9.5	10.4	-	-	-	-	9.8	10.7
Administrative expenses in % of net sales	1.9	2.2	-	-	-	-	1.9	2.2
Operating margin, %	3.4	2.6	-	-	-	-	3.9	3.1

## CONSOLIDATED OTHER COMPREHENSIVE INCOME FIRST NINE MONTHS

SEK M	2014	2013
<b>Income for the period</b>	<b>5,219</b>	3,253
<i>Items that will not be reclassified to income statement:</i>		
Remeasurements of defined benefit pension plans	<b>(1,551)</b>	4,089
<i>Items that may be reclassified subsequently to income statement:</i>		
Exchange differences on translation of foreign operations	<b>3,918</b>	(2,118)
Share of OCI related to joint ventures and associated companies	<b>94</b>	(156)
Accumulated translation difference reversed to income	<b>40</b>	(10)
Available for sale investments	<b>2,021</b>	114
Cash flow hedges	<b>29</b>	32
<b>Other comprehensive income, net of income taxes</b>	<b>4,551</b>	<b>1,951</b>
<b>Total comprehensive income for the period*</b>	<b>9,770</b>	<b>5,204</b>
<i>*Attributable to:</i>		
Equity holders of the parent company	<b>9,484</b>	5,039
Minority interests	<b>286</b>	165
	<b>9,770</b>	<b>5,204</b>



## CONSOLIDATED BALANCE SHEET

SEK M	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	Sep 30 2014	Dec 31 2013	Sep 30 2014	Dec 31 2013	Sep 30 2014	Dec 31 2013	Sep 30 2014	Dec 31 2013
<b>Assets</b>								
<b>Non-current assets</b>								
Intangible assets	36,878	36,479	102	109	0	0	36,980	36,588
<i>Tangible assets</i>								
Property, plant and equipment	54,002	52,146	86	87	0	0	54,088	52,233
Assets under operating leases	18,282	17,013	15,657	13,714	(5,318)	(5,055)	28,621	25,672
<i>Financial assets</i>								
Investments in joint ventures and associated companies	4,686	4,377	0	0	0	0	4,686	4,377
Other shares and participations	4,000	1,944	14	6	0	0	4,014	1,950
Non-current customer-financing receivables	1,088	727	48,941	49,466	(1,151)	(6,401)	48,878	43,792
Deferred tax assets	13,403	12,326	861	840	0	0	14,264	13,166
Prepaid pensions	10	11	0	11	0	0	10	22
Non-current interest-bearing receivables	740	550	24	34	18	(104)	782	480
Other non-current receivables	3,510	3,017	151	128	(152)	(208)	3,509	2,937
<b>Total non-current assets</b>	<b>136,599</b>	<b>128,590</b>	<b>65,836</b>	<b>64,395</b>	<b>(6,603)</b>	<b>(11,768)</b>	<b>195,832</b>	<b>181,217</b>
<b>Current assets</b>								
Inventories	47,655	40,964	245	189	0	0	47,900	41,153
<i>Current receivables</i>								
Customer-financing receivables	592	679	46,754	40,854	(909)	(1,464)	46,437	40,069
Tax assets	2,465	1,692	46	57	0	0	2,511	1,749
Interest-bearing receivables	1,560	1,645	20	473	(972)	(1,209)	608	909
Internal funding	2,375	2,256	0	0	(2,375)	(2,256)	0	0
Accounts receivable	29,893	29,170	431	245	0	0	30,324	29,415
Other receivables	14,067	12,207	1,503	1,383	(1,011)	(936)	14,559	12,654
Non interest-bearing assets held for sale	351	8,102	0	0	0	0	351	8,102
Interest-bearing assets held for sale	0	2	0	0	0	0	0	2
Marketable securities	5,946	2,570	1	21	0	0	5,947	2,591
Cash and cash equivalents	14,903	25,660	1,870	1,679	(438)	(371)	16,335	26,968
<b>Total current assets</b>	<b>119,807</b>	<b>124,947</b>	<b>50,870</b>	<b>44,901</b>	<b>(5,705)</b>	<b>(6,236)</b>	<b>164,972</b>	<b>163,612</b>
<b>Total assets</b>	<b>256,406</b>	<b>253,537</b>	<b>116,706</b>	<b>109,296</b>	<b>(12,308)</b>	<b>(18,004)</b>	<b>360,804</b>	<b>344,829</b>
<b>Equity and liabilities</b>								
<b>Equity attributable to the equity holders of the parent company</b>								
Minority interests	1,622	1,333	0	0	0	0	1,622	1,333
<b>Total equity</b>	<b>71,588</b>	<b>68,467</b>	<b>9,474</b>	<b>8,906</b>	<b>(2)</b>	<b>(8)</b>	<b>81,060</b>	<b>77,365</b>
<i>Non-current provisions</i>								
Provisions for post-employment benefits	14,667	12,249	67	73	0	0	14,734	12,322
Provisions for deferred taxes	37	324	1,979	2,082	0	0	2,016	2,406
Other provisions	7,371	6,005	242	183	3	2	7,616	6,190
<i>Non-current liabilities</i>								
Bond loans	56,087	46,585	0	0	0	0	56,087	46,585
Other loans	27,529	31,219	13,490	12,182	(1,149)	(6,537)	39,870	36,864
Internal funding	(44,327)	(34,027)	38,269	35,761	6,058	(1,734)	0	0
Other liabilities	15,829	14,315	664	665	(3,749)	(3,503)	12,744	11,477
Current provisions	12,571	11,246	73	58	5	0	12,649	11,304
<i>Current liabilities</i>								
Loans	38,817	46,806	9,877	6,705	(1,648)	(1,959)	47,046	51,552
Internal funding	(29,838)	(38,090)	38,923	39,659	(9,085)	(1,569)	0	0
Non interest-bearing liabilities held for sale	129	332	0	0	0	0	129	332
Interest-bearing liabilities held for sale	0	18	0	0	0	0	0	18
Trade payables	48,827	53,685	393	216	0	0	49,220	53,901
Tax liabilities	1,841	1,072	320	48	0	0	2,161	1,120
Other liabilities	35,278	33,331	2,935	2,758	(2,741)	(2,696)	35,472	33,393
<b>Total equity and liabilities</b>	<b>256,406</b>	<b>253,537</b>	<b>116,706</b>	<b>109,296</b>	<b>(12,308)</b>	<b>(18,004)</b>	<b>360,804</b>	<b>344,829</b>
<b>Key ratios, %</b>								
Total equity as percentage of total assets	27.9	27.0	8.1	8.1	-	-	22.5	22.4
Shareholders' equity per share, excluding minority interests, SEK	-	-	-	-	-	-	39.2	37.5
Return on operating capital, 12 months rolling values	8.1	5.9	-	-	-	-	-	-
Return on shareholders' equity, 12 months rolling values	-	-	11.9	12.1	-	-	7.4	5.0

## CONSOLIDATED CASH FLOW STATEMENT THIRD QUARTER

SEK Bn	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>Operating activities</b>								
Operating income (loss)	1.8	2.1	0.5	0.3	0.1	0.0	2.3	2.4
Depreciation tangible assets	1.8	1.5	0.0	0.0	0.0	0.0	1.8	1.5
Amortization intangible assets	0.9	0.9	0.0	0.0	0.0	0.0	0.9	0.9
Depreciation leasing vehicles	0.3	0.9	0.9	0.7	(0.1)	0.0	1.2	1.6
Other non-cash items	0.2	(0.1)	0.2	0.3	0.1	0.0	0.6	0.2
Total change in working capital whereof	(1.9)	(6.2)	(2.9)	0.2	0.1	(0.2)	(4.7)	(6.2)
<i>Change in accounts receivable</i>	2.7	2.1	(0.1)	0.0	0.0	0.0	2.7	2.1
<i>Change in customer financing receivable</i>	(0.1)	0.0	(2.9)	0.4	0.2	0.0	(2.8)	0.4
<i>Change in inventories</i>	(0.1)	(1.5)	0.0	0.0	0.0	(0.2)	(0.1)	(1.7)
<i>Change in trade payables</i>	(2.9)	(5.1)	0.0	0.0	0.0	(0.1)	(2.9)	(5.2)
<i>Other changes in working capital</i>	(1.5)	(1.7)	0.1	(0.2)	(0.1)	0.1	(1.5)	(1.8)
Interest and similar items received	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.1
Interest and similar items paid	(0.4)	(0.6)	0.0	0.0	0.0	(0.1)	(0.3)	(0.7)
Other financial items	0.0	(0.1)	0.0	0.0	0.1	0.0	0.0	(0.1)
Income taxes paid	(0.3)	(0.6)	(0.2)	(0.1)	(0.1)	0.0	(0.5)	(0.7)
<b>Cash flow from operating activities</b>	<b>2.6</b>	<b>(2.1)</b>	<b>(1.5)</b>	<b>1.4</b>	<b>0.2</b>	<b>(0.3)</b>	<b>1.4</b>	<b>(1.0)</b>
<b>Investing activities</b>								
Investments in tangible assets	(1.8)	(2.2)	0.0	0.0	0.0	0.0	(1.8)	(2.2)
Investments in intangible assets	(0.2)	(0.6)	0.0	0.0	0.0	0.0	(0.2)	(0.6)
Investment in leasing vehicles	(0.1)	(0.5)	(1.9)	(1.7)	0.0	0.1	(2.0)	(2.1)
Disposals of fixed assets and leasing vehicles	0.4	0.1	0.7	0.8	0.0	0.0	1.0	0.9
<b>Operating cash flow</b>	<b>0.9</b>	<b>(5.3)</b>	<b>(2.7)</b>	<b>0.5</b>	<b>0.2</b>	<b>(0.2)</b>	<b>(1.6)</b>	<b>(5.0)</b>
Acquired and divested operations, net							0.0	0.3
Interest-bearing receivables incl marketable securities							(0.1)	0.5
<b>Cash-flow after net investments</b>							<b>(1.7)</b>	<b>(4.2)</b>
<b>Financing activities</b>								
Change in loans, net							3.5	2.7
Dividend to minority shareholders							0.0	(0.2)
Other							(0.1)	0.2
<b>Change in cash and cash equivalents excl. translation differences</b>							<b>1.7</b>	<b>(1.5)</b>
Translation difference on cash and cash equivalents							0.4	(0.4)
<b>Change in cash and cash equivalents</b>							<b>2.1</b>	<b>(1.9)</b>

## CONSOLIDATED CASH FLOW STATEMENT FIRST NINE MONTHS

SEK Bn	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>Operating activities</b>								
Operating income	6.8	5.0	1.2	1.1	0.1	0.0	8.1	6.1
Depreciation tangible assets	5.0	4.2	0.0	0.0	0.0	0.0	5.0	4.2
Amortization intangible assets	2.6	2.5	0.0	0.0	0.0	0.0	2.6	2.5
Depreciation leasing vehicles	1.9	2.5	2.5	2.1	(0.1)	0.0	4.3	4.6
Other non-cash items	0.0	1.0	0.7	0.7	0.0	0.0	0.7	1.7
Total change in working capital whereof	(12.2)	(10.8)	(2.3)	(4.7)	(5.8)	(0.1)	(20.3)	(15.6)
<i>Change in accounts receivable</i>	1.6	(3.2)	(0.2)	(0.1)	0.0	0.0	1.4	(3.3)
<i>Change in customer financing   receivables</i>	(0.1)	0.2	(2.2)	(4.4)	(5.8)	0.0	(8.1)	(4.2)
<i>Change in inventories</i>	(4.6)	(6.2)	(0.1)	0.1	0.0	(0.2)	(4.7)	(6.3)
<i>Change in trade payables</i>	(7.0)	0.6	0.2	0.0	0.0	(0.1)	(6.8)	0.5
<i>Other changes in working capital</i>	(2.1)	(2.2)	0.0	(0.3)	0.0	0.2	(2.1)	(2.3)
Interest and similar items received	0.3	0.3	0.0	0.0	0.0	0.0	0.3	0.3
Interest and similar items paid	(1.4)	(1.7)	0.0	0.0	0.0	(0.1)	(1.4)	(1.8)
Other financial items	(0.2)	(0.2)	0.0	0.0	0.1	0.0	(0.1)	(0.2)
Income taxes paid	(1.7)	(2.1)	(0.4)	(0.1)	(0.1)	0.0	(2.2)	(2.2)
<b>Cash flow from operating activities</b>	<b>1.1</b>	<b>0.7</b>	<b>1.7</b>	<b>(0.9)</b>	<b>(5.8)</b>	<b>(0.2)</b>	<b>(3.0)</b>	<b>(0.4)</b>
<b>Investing activities</b>								
Investments in tangible assets	(4.6)	(5.6)	0.0	0.0	0.0	0.0	(4.6)	(5.6)
Investments in intangible assets	(1.3)	(3.1)	0.0	0.0	0.0	0.0	(1.3)	(3.1)
Investment in leasing vehicles	(0.3)	(1.1)	(6.2)	(4.5)	0.1	0.1	(6.4)	(5.5)
Disposals of fixed assets and leasing vehicles	0.9	0.3	2.7	1.8	0.0	0.0	3.6	2.1
<b>Operating cash flow</b>	<b>(4.2)</b>	<b>(8.8)</b>	<b>(1.7)</b>	<b>(3.6)</b>	<b>(5.8)</b>	<b>(0.1)</b>	<b>(11.7)</b>	<b>(12.5)</b>
Investments and divestments of shares, net							0.0	(0.1)
Acquired and divested operations, net							7.2	0.8
Interest-bearing receivables incl marketable securities							(3.4)	(2.4)
<b>Cash-flow after net investments</b>							<b>(7.9)</b>	<b>(14.2)</b>
<b>Financing activities</b>								
Change in loans, net							2.8	16.5
Dividend to AB Volvo shareholders							(6.1)	(6.1)
Dividend to minority shareholders							0.0	(0.2)
Other							(0.1)	0.1
<b>Change in cash and cash equivalents excl. translation differences</b>							<b>(11.3)</b>	<b>(3.9)</b>
Translation difference on cash and cash equivalents							0.7	(0.6)
<b>Change in cash and cash equivalents</b>							<b>(10.6)</b>	<b>(4.4)</b>

## CONSOLIDATED NET FINANCIAL POSITION

SEK Bn	Industrial operations		Volvo Group	
	Sep 30 2014	Dec 31 2013	Sep 30 2014	Dec 31 2013
<b>Non-current interest-bearing assets</b>				
Non-current customer-financing receivables	-	-	48.9	43.8
Non-current interest-bearing receivables	0.7	0.6	0.8	0.5
<b>Current interest-bearing assets</b>				
Customer-financing receivables	-	-	46.4	40.1
Interest-bearing receivables	1.6	1.6	0.6	0.9
Internal funding	2.4	2.3	-	-
Marketable securities	5.9	2.6	5.9	2.6
Cash and cash equivalents	14.9	25.7	16.3	27.0
<b>Total financial assets</b>	<b>25.5</b>	<b>32.7</b>	<b>119.0</b>	<b>114.8</b>
<b>Non-current interest-bearing liabilities</b>				
Bond loans	(56.1)	(46.6)	(56.1)	(46.6)
Other loans	(27.5)	(31.2)	(39.9)	(36.9)
Internal funding	44.3	34.0	-	-
<b>Current interest-bearing liabilities</b>				
Loans	(38.8)	(46.8)	(47.0)	(51.6)
Internal funding	29.8	38.1	-	-
<b>Total financial liabilities</b>	<b>(48.3)</b>	<b>(52.5)</b>	<b>(143.0)</b>	<b>(135.0)</b>
<b>Net financial position excl post-employment benefits</b>	<b>(22.7)</b>	<b>(19.8)</b>	<b>(24.0)</b>	<b>(20.2)</b>
Provisions for post-employment benefits, net	(14.7)	(12.2)	(14.7)	(12.3)
<b>Net financial position incl post-employment benefits</b>	<b>(37.4)</b>	<b>(32.1)</b>	<b>(38.7)</b>	<b>(32.5)</b>
<b>Key ratios, %</b>				
Net financial position in % of total equity	(52.2)	(46.8)		
Net financial position excl. pensions in % of total equity	(31.8)	(29.0)		

## CHANGES IN NET FINANCIAL POSITION, INDUSTRIAL OPERATIONS

SEK Bn	Third quarter 2014	First nine months 2014
<b>Beginning of period</b>	<b>(37.8)</b>	<b>(32.1)</b>
Cash flow from operating activities	2.6	1.1
Investments in fixed assets	(2.1)	(6.2)
Disposals	0.4	0.9
<b>Operating cash-flow</b>	<b>0.9</b>	<b>(4.2)</b>
Acquired and divested operations, net	0.0	7.5
Capital injections to/from Customer Finance operations	0.2	0.7
Currency effect	0.1	(1.3)
Dividend paid to AB Volvo shareholders	0.0	(6.1)
Remeasurements of defined benefit pension plans	(0.9)	(2.0)
Pension payments and costs, net	0.1	0.3
Other changes	0.0	(0.2)
<b>Total change</b>	<b>0.4</b>	<b>(5.3)</b>
<b>Net financial position at end of period</b>	<b>(37.4)</b>	<b>(37.4)</b>

## CONSOLIDATED CHANGES IN TOTAL EQUITY

SEK Bn	First nine months	Full year
	2014	2013
<b>Total equity at end of previous period</b>	<b>77.4</b>	<b>77.1</b>
<b>Total equity at beginning of period</b>	<b>77.4</b>	<b>77.1</b>
<b>Shareholders' equity attributable to equity holders of the parent company at beginning of period</b>	<b>76.0</b>	<b>75.8</b>
Income for the period	5.1	3.6
Other comprehensive income	4.4	2.6
<b>Total comprehensive income</b>	<b>9.5</b>	<b>6.2</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>79.4</b>	<b>76.0</b>
<b>Minority interests at beginning of period</b>	<b>1.4</b>	<b>1.3</b>
Income for the period	0.2	0.2
Other comprehensive income	0.1	0.1
<b>Total comprehensive income</b>	<b>0.3</b>	<b>0.3</b>
Dividend	0.0	(0.2)
<b>Minority interests at end of period</b>	<b>1.6</b>	<b>1.4</b>
<b>Total equity at end of period</b>	<b>81.1</b>	<b>77.4</b>

## QUARTERLY FIGURES

Income statement, Volvo Group						First nine months	First nine months
SEK M unless otherwise stated	3/2013	4/2013	1/2014	2/2014	3/2014	2014	2013
<b>Net sales</b>	<b>64,880</b>	<b>76,642</b>	<b>65,646</b>	<b>72,601</b>	<b>67,222</b>	<b>205,469</b>	<b>195,980</b>
Cost of Sales	(50,012)	(59,789)	(50,687)	(56,451)	(51,991)	(159,129)	(152,715)
<b>Gross income</b>	<b>14,868</b>	<b>16,853</b>	<b>14,959</b>	<b>16,150</b>	<b>15,231</b>	<b>46,340</b>	<b>43,265</b>
Research and development expenses	(3,711)	(4,191)	(4,137)	(4,280)	(3,803)	(12,220)	(10,933)
Selling expenses	(6,786)	(7,558)	(6,646)	(7,008)	(6,539)	(20,193)	(20,948)
Administrative expenses	(1,461)	(1,605)	(1,380)	(1,369)	(1,139)	(3,888)	(4,257)
Other operating income and expenses	(536)	(2,528)	(555)	64	(1,511)	(2,003)	(1,026)
Income (loss) from investments in joint ventures and associated companies	63	(3)	21	0	9	29	99
Income from other investments	(38)	27	8	6	3	17	(57)
<b>Operating income</b>	<b>2,398</b>	<b>996</b>	<b>2,269</b>	<b>3,563</b>	<b>2,250</b>	<b>8,082</b>	<b>6,142</b>
<i>Whereof restructuring charges</i>	<i>(104)</i>	<i>(581)</i>	<i>(318)</i>	<i>(762)</i>	<i>(659)</i>	<i>(1,739)</i>	<i>(134)</i>
<b>Operating income excl. restructuring charges</b>	<b>2,502</b>	<b>1,577</b>	<b>2,588</b>	<b>4,325</b>	<b>2,908</b>	<b>9,822</b>	<b>6,276</b>
Interest income and similar credits	93	89	89	78	83	250	292
Interest expense and similar charges	(647)	(893)	(534)	(465)	(478)	(1,477)	(1,917)
Other financial income and expenses	(140)	45	(97)	187	430	520	(34)
<b>Income after financial items</b>	<b>1,704</b>	<b>237</b>	<b>1,727</b>	<b>3,364</b>	<b>2,285</b>	<b>7,376</b>	<b>4,483</b>
Income taxes	(288)	311	(586)	(830)	(740)	(2,156)	(1,230)
<b>Income for the period*</b>	<b>1,415</b>	<b>548</b>	<b>1,141</b>	<b>2,534</b>	<b>1,545</b>	<b>5,219</b>	<b>3,253</b>
*Attributable to:							
Equity holders of the parent company	1,387	485	1,084	2,472	1,500	5,055	3,098
Minority interests	28	63	57	62	45	164	155
	<b>1,415</b>	<b>548</b>	<b>1,141</b>	<b>2,534</b>	<b>1,545</b>	<b>5,219</b>	<b>3,253</b>
<b>Key operating ratios, Volvo Group, %</b>							
Gross margin	22.9	22.0	22.8	22.2	22.7	22.6	22.1
Research and development expenses in % of net sales	5.7	5.5	6.3	5.9	5.7	5.9	5.6
Selling expenses in % of net sales	10.5	9.9	10.1	9.7	9.7	9.8	10.7
Administrative expenses in % of net sales	2.3	2.1	2.1	1.9	1.7	1.9	2.2
Operating margin excl. restructuring charges	3.9	2.1	3.9	6.0	4.3	4.8	3.2
Operating margin	3.7	1.3	3.5	4.9	3.3	3.9	3.1
<b>Key operating ratios, Industrial operations, %</b>							
Gross margin	21.9	21.1	21.8	21.3	21.7	21.6	21.2
Research and development expenses in % of net sales	5.9	5.6	6.5	6.0	5.8	6.1	5.7
Selling expenses in % of net sales	10.1	9.5	9.8	9.3	9.4	9.5	10.4
Administrative expenses in % of net sales	2.3	2.1	2.1	1.9	1.7	1.9	2.2
Operating margin excl. restructuring charges	3.4	1.6	3.4	5.5	3.8	4.3	2.7
Operating margin	3.3	0.8	2.9	4.5	2.8	3.4	2.6
<b>EBITDA, Industrial operations, %</b>							
<b>Operating income Industrial operations</b>	<b>2,069</b>	<b>600</b>	<b>1,874</b>	<b>3,170</b>	<b>1,798</b>	<b>6,842</b>	<b>5,016</b>
Product and Software development, amortization	867	924	743	767	813	2,323	2,329
Goodwill, revaluation for Volvo Rents	0	1,458	0	0	0	0	0
Other intangible assets, amortization	76	79	72	80	86	239	231
Tangible assets, depreciation	2,333	2,761	2,329	2,335	2,173	6,837	6,691
<b>Total depreciation and amortization</b>	<b>3,276</b>	<b>5,221</b>	<b>3,145</b>	<b>3,182</b>	<b>3,072</b>	<b>9,399</b>	<b>9,251</b>
<b>Operating income before depreciation and amortization (EBITDA)</b>	<b>5,345</b>	<b>5,821</b>	<b>5,019</b>	<b>6,353</b>	<b>4,870</b>	<b>16,241</b>	<b>14,267</b>
<i>EBITDA margin, %</i>	8.4	7.8	7.8	9.0	7.5	8.1	7.5
<b>Net capitalization of research and development</b>							
Capitalization	542	766	461	397	196	1,054	2,853
Amortization	(768)	(804)	(623)	(668)	(715)	(2,005)	(2,028)
<b>Net capitalization/ amortization</b>	<b>(226)</b>	<b>(38)</b>	<b>(162)</b>	<b>(271)</b>	<b>(519)</b>	<b>(951)</b>	<b>825</b>

## QUARTERLY FIGURES

Net sales, SEK M						First nine	First nine
	3/2013	4/2013	1/2014	2/2014	3/2014	months 2014	months 2013
Trucks	43,248	51,961	43,845	48,179	45,059	137,083	126,513
Construction Equipment	12,278	13,005	13,371	14,624	12,582	40,578	40,432
Buses	3,705	5,512	3,367	4,775	4,575	12,716	11,195
Volvo Penta	1774	1,777	1,804	2,002	1,981	5,787	5,773
Corporate Functions, Group Functions & Other	3,094	3,592	2,206	1,910	1,678	5,793	8,818
Eliminations	(787)	(949)	(471)	(589)	(538)	(1,598)	(2,209)
<b>Industrial operations</b>	<b>63,312</b>	<b>74,898</b>	<b>64,123</b>	<b>70,899</b>	<b>65,337</b>	<b>200,360</b>	<b>190,522</b>
Customer Finance	2,350	2,452	2,351	2,468	2,578	7,397	7,087
Reclassifications and eliminations	(783)	(708)	(828)	(766)	(694)	(2,288)	(1,629)
<b>Volvo Group</b>	<b>64,880</b>	<b>76,642</b>	<b>65,646</b>	<b>72,601</b>	<b>67,222</b>	<b>205,469</b>	<b>195,980</b>

Operating income excl. restructuring charges, SEK M						First nine	First nine
	3/2013	4/2013	1/2014	2/2014	3/2014	months 2014	months 2013
Trucks	1,893	2,965	1,798	2,173	2,193	6,164	3,859
Construction Equipment	496	272	647	751	648	2,046	2,320
Buses	(164)	50	36	70	50	156	(241)
Volvo Penta	165	72	151	235	253	638	555
Corporate Functions, Group Functions & Other	(239)	(2,198)	(592) <sup>1</sup>	688	(694)	(598)	(1,372)
Eliminations	23	20	152	12	6	170	30
<b>Industrial operations</b>	<b>2,174</b>	<b>1,181</b>	<b>2,192</b>	<b>3,928</b>	<b>2,456</b>	<b>8,577</b>	<b>5,151</b>
Customer Finance	327	397	395	397	452	1,245	1,124
<b>Volvo Group excl. restructuring charges</b>	<b>2,502</b>	<b>1,577</b>	<b>2,588</b>	<b>4,325</b>	<b>2,908</b>	<b>9,822</b>	<b>6,276</b>

<sup>1</sup> Included in the amount is a negative SEK 139 M pertaining to an elimination of internal profit in connection to the Volvo Rents divestment. This is offset by an equal positive amount in the Eliminations line. Hence no effect on Group total.

Restructuring charges (see Note 6 Efficiency program)							
Trucks	(100)	(549)	(318)	(370)	(578)	(1,266)	(130)
Construction Equipment	–	–	–	(1)	–	(1)	–
Buses	–	–	–	(6)	–	(6)	–
Volvo Penta	–	–	–	(5)	–	(5)	–
Corporate Functions, Group Functions & Other	(4)	(32)	–	(376)	(81)	(457)	(4)
<b>Industrial operations</b>	<b>(104)</b>	<b>(581)</b>	<b>(318)</b>	<b>(758)</b>	<b>(659)</b>	<b>(1,735)</b>	<b>(134)</b>
Customer Finance	–	–	–	(4)	–	(5)	–
<b>Volvo Group restructuring charges</b>	<b>(104)</b>	<b>(581)</b>	<b>(318)</b>	<b>(762)</b>	<b>(659)</b>	<b>(1,739)</b>	<b>(134)</b>
<b>Volvo Group</b>	<b>2,398</b>	<b>996</b>	<b>2,269</b>	<b>3,563</b>	<b>2,250</b>	<b>8,082</b>	<b>6,142</b>

Operating margin excl. restructuring charges, %						First nine	First nine
	3/2013	4/2013	1/2014	2/2014	3/2014	months 2014	months 2013
Trucks	4.4	5.7	4.1	4.5	4.9	4.5	3.0
Construction Equipment	4.0	2.1	4.8	5.1	5.1	5.0	5.7
Buses	(4.4)	0.9	1.1	1.5	1.1	1.2	(2.1)
Volvo Penta	9.3	4.0	8.4	11.7	12.8	11.0	9.6
<b>Industrial operations</b>	<b>3.4</b>	<b>1.6</b>	<b>3.4</b>	<b>5.5</b>	<b>3.8</b>	<b>4.3</b>	<b>2.7</b>
<b>Volvo Group excl. restructuring charges</b>	<b>3.9</b>	<b>2.1</b>	<b>3.9</b>	<b>6.0</b>	<b>4.3</b>	<b>4.8</b>	<b>3.2</b>
<b>Volvo Group</b>	<b>3.7</b>	<b>1.3</b>	<b>3.5</b>	<b>4.9</b>	<b>3.3</b>	<b>3.9</b>	<b>3.1</b>

## QUARTERLY FIGURES

Share data						First nine	First nine
	3/2013	4/2013	1/2014	2/2014	3/2014	months 2014	months 2013
Earnings per share, SEK <sup>2</sup>	0.68	0.24	0.53	1.22	<b>0.74</b>	<b>2.49</b>	1.53
Earnings per share, SEK <sup>2</sup> , 12 months rolling values	1.93	1.77	2.45	2.68	<b>2.73</b>	–	–
Diluted earnings per share	0.68	0.24	0.53	1.22	<b>0.74</b>	<b>2.49</b>	1.53
Number of shares outstanding, million	2,028	2,028	2,028	2,028	<b>2,029</b>	<b>2,029</b>	2,028
Average number of shares during period, million	2,028	2,028	2,028	2,028	<b>2,028</b>	<b>2,028</b>	2,028
Average diluted number of shares during period, million	2,030	2,031	2,030	2,031	<b>2,031</b>	<b>2,031</b>	2,030
Number of company shares, held by AB Volvo, million	100	100	100	100	<b>100</b>	<b>100</b>	100
Average number of company shares, held by AB Volvo, million	100	100	100	100	<b>100</b>	<b>100</b>	101

<sup>2</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 2013 note 1 (available at [volvogroup.com](http://volvogroup.com)). There are no new accounting principles applicable from 2014 that significantly affects the Volvo Group. Volvo Group has adopted IFRS 10, 11 and 12 from January 1, 2013.

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.

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## 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 are exposed are classified into three main categories:

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

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

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

For a more elaborated account for these risks, please refer to the Risk Management section on pages 86-87 in the Volvo Group Annual Report 2013 (available at [volvogroup.com](http://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 September 30, 2014, amounted to SEK 16.2 Bn compared to SEK 17.3 Bn as of December 31, 2013. 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. The gross exposure of SEK 16.2 Bn is partly reduced by counter guarantees and collaterals. Please refer to the Volvo Group Annual Report 2013 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. In the dispute between Volvo Powertrain Corporation and the U.S. Environmental Protection Agency (EPA) regarding a Consent Decree on emission compliance of diesel engines, the U.S. Court of Appeals for the District of Columbia Circuit rendered a ruling on July 18, 2014, affirming the District Court's ruling of 2012, ordering the Volvo Group to pay penalties and interest of approximately USD 72 M. The Volvo Group has previously accounted for approximately SEK 68 M as a provision and SEK 415 M as a contingent liability. In the third quarter of 2014 the Volvo Group has recognized the previous contingent liability as a provision, having a negative impact on the Group's operating income of approximately SEK 422 M. The other legal proceedings and investigations are progressing but during the first nine months no material change has occurred in these matters compared to the description provided in note 24 of the Volvo Group Annual Report 2013.

### NOTE 3 | CORPORATE ACQUISITIONS AND DIVESTMENTS

#### Acquisitions and divestments

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

#### Assets and liabilities held for sale

Assets amounting to SEK 351 M and liabilities amounting to SEK 129 M classified as held for sale at the end of the third quarter 2014, mainly pertain to a planned dealer divestment and divestment activities within the efficiency program.

### 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 2013 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 of marketable securities (see balance sheet) and interest-, currency- and raw material derivatives. Derivatives with positive fair values amounted to SEK 2.3 Bn and derivatives with negative fair values amounted to SEK 1.6 Bn as of

September 30, 2014. The derivatives are accounted for on gross-basis, with the exception of derivatives with positive fair values amounting to SEK 1.1 Bn, netted against a fair value of a loan of negative 1.1 Bn, 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 Bn in reported carrying value with a fair value of SEK 145.1 Bn. In the Volvo Group consolidated financial position, financial liabilities include loan-related derivatives with negative fair values amounting to SEK 0.8 Bn.

Currency effect on operating income Industrial operations SEK M	Compared to third quarter 2013			Compared to second quarter 2014		
	Third quarter 2014	Third quarter 2013	Change	Third quarter 2014	Second quarter 2014	Change
	Net flow in foreign currency			242		
Realized gains and losses on hedging contracts	2	5	(3)	2	5	(3)
Unrealized gains and losses on receivables and liabilities in foreign currency	117	(60)	176	117	(40)	157
Unrealized gains and losses on hedging contracts	(8)	14	(22)	(8)	(20)	12
Translation effect on operating income in foreign subsidiaries			92			84
<b>Total currency effect on operating income Industrial operations</b>			<b>485</b>			<b>642</b>

Applicable currency rates	Quarterly exchange rates			
	Third quarter		Close rates	
	2014	2013	Sep 30 2014	Sep 30 2013
BRL	3.06	2.87	2.96	2.85
CNY	1.13	1.07	1.18	1.05
EUR	9.22	8.69	9.19	8.68
USD	6.95	6.56	7.24	6.43
JPY	0.0669	0.0663	0.0662	0.0658

### NOTE 5 | TRANSACTIONS WITH RELATED PARTIES

Sales to associated companies amounted to SEK 566 M (445) and purchases from associated companies amounted to SEK 511 M (635) during the third quarter of 2014. As of September 30, 2014, receivables from associated companies amounted to SEK 412 M (301) and liabilities to associated companies to SEK 498 M (707). Sales to joint ventures amounted to SEK 277 M (214) and

purchases from joint ventures amounted to SEK 103 M (19) during the third quarter of 2014. As of September 30, 2014, receivables from joint ventures amounted to SEK 173 M (143) and liabilities to joint ventures to SEK 76 M (58).

## NOTE 6 | EFFICIENCY PROGRAM

### Increased scope for the strategic program 2013-2015 and changed format for external follow-up

The Volvo Group's current strategic program for the period 2013-2015 is ongoing and there is a high speed in the implementation of the activities that have been launched. The overall aim of the activities is to improve the profitability of the Volvo Group. In the previously communicated profit improvement target, SEK 6.5 Bn is targeted structural cost reductions. Potential to reduce structural costs further has been identified, among other things by creating a more efficient truck sales organization, further cost reduction activities in Volvo CE in order to right-size the cost structure and address product profitability as well as a review of what is core and non-core in the IT operations.

The ongoing activities in the Strategic Program 2013-2015 is targeted to reduce the Group's structural costs by SEK 6.5 Bn by the end of 2015, compared to 2012. The new activities mentioned above, are targeted to reduce the Group's structural costs by SEK 3.5 Bn by the end of 2015, compared to 2012. In total, the ambition is to reduce the Group's structural costs by SEK 10 Bn and have all activities implemented by the end of 2015, resulting in a full-year savings-effect in 2016.

The total restructuring charges, including both previously communicated restructuring charges and charges related to the new initiatives, are expected to

amount to approximately SEK 6-7 Bn, compared with previously communicated SEK 5 Bn. The majority of the restructuring charges still to be recognized, currently amounting to SEK 3-4 Bn, are expected to impact earnings in the fourth quarter of 2014 and in 2015. The non-cash portion of the total restructuring charges is expected to be approximately SEK 1.5-2.0 bn.

### Changed format for external follow-up

In order to simplify the external follow-up of the program, the following changes will be done:

#### 1. Follow-up as a structural cost reduction program, instead of a profit improvement program

Only structural cost reductions are included in the external follow-up of the program. Profit improvements impacted by changes in volume and in market or product mix will be excluded from the external follow-up of the program.

#### 2. External follow-up

Progress in the structural cost reduction will be reported on a quarterly basis, in the regular earnings reports, as reductions in Cash R&D, Selling expenses and Administrative expenses and Structural cost reduction in Gross Income. The latter will be reported on a separate line in the follow-up metrics.

### Follow-up of the program, SEK bn

	2012	2013	Q3 2014*	Target reduction 2016 vs 2012
Structural cost reduction in Gross Income	-	-	-0.7	
Cash R&D	16.9	15.9	15.4	
Selling expenses	27.9	28.5	27.8	
Admin expenses	5.6	5.9	5.5	
<b>Total reduction vs. 2012</b>		<b>-0.1</b>	<b>-2.4</b>	<b>-10,0</b>

\* 12 months moving as of the third quarter 2014

As from 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 third quarter 2014, SEK 659 M related to the efficiency program is presented separately. A major part of the quarterly cost is related to write downs of assets and the voluntary leave program in France.

Please refer to the CEO comments in this report for information on the announced activities within the program.

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*	2.4	0.8
Current quarter	0.7	0.3
Total cost recognized	3.1	
<b>Remaining restructuring cost</b>	<b>2.9 - 3.9</b>	<b>0.4 - 0.9</b>
<b>Restructuring provision, efficiency program third quarter 2014</b>		
Opening balance	1.0	
Utilized	(0.4)	
New provision	0.2	
<b>Closing balance</b>	<b>0.8</b>	

\* From fourth quarter 2012

## PARENT COMPANY

Income from investments in Group companies for the third quarter includes dividends amounting to SEK 6,419 M (408).

Revaluation of the holding in the listed company Eicher Motors Ltd to market value has increased the value during the year by SEK 2,018 M, recognized in other comprehensive income.

Shareholder's contribution has been given to Volvo Powertrain AB by SEK 400 M.

Investments in tangible assets amounted to SEK 23 M (37).

Financial net debt amounted to SEK 34,715 M (33,685) at the end of the third quarter.

<b>Income Statement</b>				
SEK M	Third quarter		First nine months	
	2014	2013	2014	2013
<b>Net sales<sup>1</sup></b>	<b>168</b>	<b>170</b>	<b>462</b>	<b>415</b>
Cost of sales <sup>1</sup>	(168)	(170)	(462)	(415)
<b>Gross income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Operating expenses <sup>1</sup>	(215)	(206)	(707)	(743)
Income from investments in Group companies	6,188	63	5,975	564
Income from investments in joint ventures and associated companies	–	–	46	31
Income from other investments	–	–	7	5
<b>Operating income (loss)</b>	<b>5,973</b>	<b>(143)</b>	<b>5,321</b>	<b>(143)</b>
Interest income and expenses	(222)	(283)	(775)	(863)
Other financial income and expenses	–	4	(14)	(56)
<b>Income after financial items</b>	<b>5,751</b>	<b>(422)</b>	<b>4,532</b>	<b>(1,062)</b>
Income taxes	(120)	171	214	294
<b>Income for the period</b>	<b>5,631</b>	<b>(251)</b>	<b>4,746</b>	<b>(768)</b>

<sup>1</sup> Of net sales in the second quarter, SEK 131 M (143) pertained to Group companies, while purchases from Group companies amounted to SEK 123 M (71).

<b>Other comprehensive income</b>				
<b>Income for the period</b>	<b>5,631</b>	<b>(251)</b>	<b>4,746</b>	<b>(768)</b>
<i>Items that may be reclassified subsequently to income statement:</i>				
Available-for-sale investments	1,162	(12)	2,018	56
<b>Other comprehensive income, net of income taxes</b>	<b>1,162</b>	<b>(12)</b>	<b>2,018</b>	<b>56</b>
<b>Total comprehensive income for the period</b>	<b>6,793</b>	<b>(263)</b>	<b>6,764</b>	<b>(712)</b>

PARENT COMPANY CONT.

<b>Balance Sheet</b>		
SEK M	Sep 30, 2014	Dec 31, 2013
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	27	38
Tangible assets	64	72
Financial assets		
Shares and participations in Group companies	61,422	60,763
Receivables from Group companies	39	59
Investments in joint ventures and associated companies	3,343	3,343
Other shares and participations	3,223	1,203
Deferred tax assets	2,784	2,550
Other long-term receivables	27	27
<b>Total non-current assets</b>	<b>70,929</b>	<b>68,055</b>
<b>Current assets</b>		
Short-term receivables from Group companies	172	8,951
Other short-term receivables	272	311
Cash and bank accounts	0	0
<b>Total current assets</b>	<b>444</b>	<b>9,262</b>
<b>Total assets</b>	<b>71,373</b>	<b>77,317</b>
<b>Shareholders' equity and liabilities</b>		
Shareholders' equity		
Restricted equity	9,891	9,891
Unrestricted equity	25,414	24,693
Untaxed reserves	5	5
Provisions	144	164
Non-current liabilities <sup>1</sup>	8	7
Current liabilities <sup>2</sup>	35,911	42,557
<b>Total shareholders' equity and liabilities</b>	<b>71,373</b>	<b>77,317</b>

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

<sup>2</sup> Of which SEK 35,526 M (42,032) pertains to Group companies.

**EVENTS AFTER THE BALANCE SHEET DATE**

For important events after the balance sheet date, see page 14 of this report. No other significant events have occurred after the end of the third quarter 2014 that are expected to have a substantial effect on the Volvo Group.

Göteborg October 24, 2014  
AB Volvo (publ)



Olof Persson  
President and CEO

This report has not been reviewed  
By AB Volvo's auditors

## DELIVERIES

Delivered trucks	Third quarter			First nine months		
	2014	2013	Change in %	2014	2013	Change in %
<b>Group Trucks<sup>1</sup></b>						
Europe	16,259	18,250	(11)	51,653	53,166	(3)
Western Europe	12,837	14,149	(9)	40,214	41,542	(3)
Eastern Europe	3,422	4,101	(17)	11,439	11,624	(2)
North America	13,972	11,072	26	41,956	31,982	31
South America	5,121	7,862	(35)	17,564	21,647	(19)
Asia	6,598	7,124	(7)	23,461	20,207	16
Other markets	3,989	3,953	1	12,373	11,659	6
<b>Total Group Trucks</b>	<b>45,939</b>	<b>48,261</b>	<b>(5)</b>	<b>147,007</b>	<b>138,661</b>	<b>6</b>
Light duty (<7 tons)	3,552	3,134	13	10,477	9,269	13
Medium duty (7-16 tons)	3,251	4,046	(20)	10,853	11,930	(9)
Heavy duty (>16 tons)	39,136	41,081	(5)	125,677	117,462	7
<b>Total Group Trucks</b>	<b>45,939</b>	<b>48,261</b>	<b>(5)</b>	<b>147,007</b>	<b>138,661</b>	<b>6</b>
<b>Non-consolidated operations</b>						
VECV/Eicher (100%)	7,495	7,047	6	22,771	24,636	(8)
DVT (100%)	29	46	(37)	58	181	(68)
<b>Total volumes</b>	<b>53,463</b>	<b>55,354</b>	<b>(3)</b>	<b>169,836</b>	<b>163,478</b>	<b>4</b>
<b>Mack Trucks</b>						
Europe	–	–	–	–	1	–
Western Europe	–	–	–	–	1	–
Eastern Europe	–	–	–	–	–	–
North America	5,771	4,401	31	17,136	13,548	26
South America	182	393	(54)	551	1,523	(64)
Asia	6	7	(14)	9	14	(36)
Other markets	285	238	20	781	709	10
<b>Total Mack Trucks</b>	<b>6,244</b>	<b>5,039</b>	<b>24</b>	<b>18,477</b>	<b>15,795</b>	<b>17</b>
Light duty (<7 tons)	–	–	–	–	–	–
Medium duty (7-16 tons)	–	–	–	–	–	–
Heavy duty (>16 tons)	6,244	5,039	24	18,477	15,795	17
<b>Total Mack Trucks</b>	<b>6,244</b>	<b>5,039</b>	<b>24</b>	<b>18,477</b>	<b>15,795</b>	<b>17</b>
<b>Renault Trucks</b>						
Europe	7,271	7,623	(5)	21,398	23,536	(9)
Western Europe	6,529	6,883	(5)	19,101	21,588	(12)
Eastern Europe	742	740	0	2,297	1,948	18
North America	35	68	(49)	103	124	(17)
South America	117	217	(46)	524	633	(17)
Asia	367	470	(22)	2,463	1,551	59
Other markets	984	1,234	(20)	3,467	3,595	(4)
<b>Total Renault Trucks</b>	<b>8,774</b>	<b>9,612</b>	<b>(9)</b>	<b>27,955</b>	<b>29,439</b>	<b>(5)</b>
Light duty (<7 tons)	3,084	2,659	16	9,305	8,200	13
Medium duty (7-16 tons)	902	1,452	(38)	2,925	4,851	(40)
Heavy duty (>16 tons)	4,788	5,501	(13)	15,725	16,388	(4)
<b>Total Renault Trucks</b>	<b>8,774</b>	<b>9,612</b>	<b>(9)</b>	<b>27,955</b>	<b>29,439</b>	<b>(5)</b>

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

DELIVERIES CONT.

Delivered trucks	Third quarter			First nine months		
	2014	2013	Change in %	2014	2013	Change in %
<b>Volvo Trucks</b>						
Europe	8,988	10,627	(15)	30,255	29,629	2
Western Europe	6,308	7,266	(13)	21,113	19,953	6
Eastern Europe	2,680	3,361	(20)	9,142	9,676	(6)
North America	8,136	6,579	24	24,658	18,086	36
South America	4,777	7,174	(33)	16,221	19,356	(16)
Asia	2,742	2,673	3	9,053	8,457	7
Other markets	1,326	1,392	(5)	4,440	4,038	10
<b>Total Volvo Trucks</b>	<b>25,969</b>	<b>28,445</b>	<b>(9)</b>	<b>84,627</b>	<b>79,566</b>	<b>6</b>
Light duty (<7 tons)	–	–	–	–	–	–
Medium duty (7-16 tons)	374	361	4	1,486	1,165	28
Heavy duty (>16 tons)	25,595	28,084	(9)	83,141	78,401	6
<b>Total Volvo Trucks</b>	<b>25,969</b>	<b>28,445</b>	<b>(9)</b>	<b>84,627</b>	<b>79,566</b>	<b>6</b>
<b>UD Trucks<sup>1</sup></b>						
Europe	–	–	–	–	–	–
Western Europe	–	–	–	–	–	–
Eastern Europe	–	–	–	–	–	–
North America	30	24	25	59	224	(74)
South America	45	78	(42)	268	135	99
Asia	3,481	3,974	(12)	11,934	10,185	17
Other markets	1,394	1,089	28	3,685	3,317	11
<b>Total UD Trucks</b>	<b>4,950</b>	<b>5,165</b>	<b>(4)</b>	<b>15,946</b>	<b>13,861</b>	<b>15</b>
Light duty (<7 tons)	468	475	(1)	1,172	1,069	10
Medium duty (7-16 tons)	1,975	2,233	(12)	6,442	5,914	9
Heavy duty (>16 tons)	2,507	2,457	2	8,332	6,878	21
<b>Total UD Trucks</b>	<b>4,950</b>	<b>5,165</b>	<b>(4)</b>	<b>15,946</b>	<b>13,861</b>	<b>15</b>
<b>Non-consolidated operations</b>						
DVT (100%)	29	46	(37)	58	181	(68)
<b>Total volumes</b>	<b>4,979</b>	<b>5,211</b>	<b>(4)</b>	<b>16,004</b>	<b>14,042</b>	<b>14</b>
<b>Eicher<sup>2</sup></b>						
Europe	–	–	–	–	–	–
Western Europe	–	–	–	–	–	–
Eastern Europe	–	–	–	–	–	–
North America	–	–	–	–	–	–
South America	–	–	–	–	–	–
Asia	7,495	7,047	6	22,771	24,636	(8)
Other markets	–	–	–	–	–	–
<b>Total Eicher</b>	<b>7,495</b>	<b>7,047</b>	<b>6</b>	<b>22,771</b>	<b>24,636</b>	<b>(8)</b>
Light duty (<7 tons)	1,204	995	21	3,730	3,361	11
Medium duty (7-16 tons)	4,561	4,268	7	13,324	15,733	(15)
Heavy duty (>16 tons)	1,730	1,784	(3)	5,717	5,542	3
<b>Total Eicher</b>	<b>7,495</b>	<b>7,047</b>	<b>6</b>	<b>22,771</b>	<b>24,636</b>	<b>(8)</b>

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

<sup>2</sup> Eicher is reported under the equity method and consequently sales and deliveries are not consolidated in the Volvo Group.



DELIVERIES CONT.

Delivered buses	Third quarter			First nine months		
	2014	2013	Change in %	2014	2013	Change in %
Europe	449	458	(2)	1,506	1,480	2
Western Europe	443	456	(3)	1,409	1,431	(2)
Eastern Europe	6	2	200	97	49	98
North America	399	399	0	1,037	1,060	(2)
South America	739	372	99	2,090	1,485	41
Asia	309	518	(40)	899	1,269	(29)
Other markets	172	192	(10)	505	520	(3)
<b>Total Buses</b>	<b>2,068</b>	<b>1,939</b>	<b>7</b>	<b>6,037</b>	<b>5,814</b>	<b>4</b>

The information is such that AB Volvo (publ) is obliged to make public pursuant to the Securities Market Act (SFS 2007:528) and/or the Act on trade with financial instruments (SFS 1991:980). The information was distributed to media for publication on October 24, 2014 at 07:20 a.m.

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 fourth quarter 2014	February 5, 2015
Annual Report 2014	March 2015
Annual General Meeting 2015	April 1, 2015
Report on the first quarter 2015	April 24, 2015
Report on the second quarter 2015	July 17, 2015
Report on the third quarter 2015	October 23, 2015
Report on the fourth quarter 2015	February 5, 2016

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