



AB Volvo

Press release

Volvo Aero to sell its US service business

Volvo Aero has signed an agreement to sell its US subsidiary Volvo Aero Services. The sale is expected to have a negative impact of approximately SEK 200 M on the Volvo Group's operating income during the second quarter. At the same time, the transaction is expected to have a positive effect of about SEK 400 M on the Group's net financial debt in the third quarter.

The sale of Volvo Aero Services is due to Volvo Aero's strategy of focusing on its core operations of developing and manufacturing components for aircraft engines, combined with the goal of reducing the company's tied-up capital.

"This decision is in line with our strategy to grow as a component manufacturer in the aerospace industry," says Volvo Aero's President, Staffan Zackrisson. "Over time, we have seen that the synergies between our operations and those conducted by Volvo Aero Services are minimal."

The operations pertaining to maintenance of engines and gas turbines currently carried out in Trollhättan will not be impacted by the transaction.

The sale is expected to have a negative impact of approximately SEK 200 M on the Volvo Group's operating income during the second quarter. The sale is among other things contingent on customary approvals being obtained and completion is expected to take place in the third quarter of 2010, at which point it is forecast to have a positive effect of about SEK 400 M on the Group's net financial debt.

For video material to be used in TV and film production of the Volvo Group's various production plants and products, visit <http://www.thenewsmarket.com/volvogroup>. From this website, you can download images in the form of MPEG2 files or order them on a Beta cassette. Registration and ordering of video material can be done free of charge by the media.

The Volvo Group is one of the world's leading manufacturers of trucks, buses and construction equipment, drive systems for marine and industrial applications, aerospace components and services. The Group also provides complete solutions for financing and service. The Volvo Group, which employs about 90,000 people, has production facilities in 19 countries and sells its products in more than 180 markets. In 2009, annual sales of the Volvo Group amounted to about SEK 218 billion and its 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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Volvo Aero Services' sales during 2009 amounted to SEK 1.4 bn. The divestiture will impact a total of 160 employees at Volvo Aero Services in North America.

July 12, 2010

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