

VOLVO

Volvo Treasury AB (publ)

(Incorporated with limited liability under the laws of Sweden)

under the guarantee of

AB Volvo (publ)

(Incorporated with limited liability under the laws of Sweden)

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

Euro Medium Term Note Programme

This Prospectus Supplement (the "**Supplement**") constitutes a supplement to and must be read in conjunction with the base prospectus dated 7 November 2018 (the "**Prospectus**"), prepared by Volvo Treasury AB (publ) (the "**Issuer**") and guaranteed by AB Volvo (publ) (the "**Parent**") with respect to the U.S.\$15,000,000,000 Euro Medium Term Note Programme (the "**Programme**"). Terms defined in the Prospectus have the same meaning when used in this Supplement.

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

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

This Supplement has been prepared pursuant to Article 16.1 of the Prospectus Directive for the purposes of updating the "Recent Developments – Significant Events" section of the Prospectus by including the press release dated 3 January 2019 relating to estimated costs to address degrading emission control component issue for the Volvo Group (the "**January 2019 Press Release**").

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

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

Except as disclosed in this Supplement and on pages 13 – 14 of the Prospectus, there has been:

- (i) no significant change in the financial or trading position of the Issuer since 30 June 2018;
- (ii) no significant change in the financial or trading position of the Parent or the Volvo Group, in each case, since 30 September 2018;
- (iii) no material adverse change in the prospects of the Issuer since 31 December 2017, and
- (iv) no material adverse change in the prospects of the Parent or the Volvo Group, in each case, since 31 December 2017.

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

The January 2019 Press Release set out below will be added at the end of the "Recent Developments – Significant Events" section at pages 60-62 of the Prospectus:

“Volvo Group makes a provision of SEK 7 billion relating to estimated costs to address degrading emission control component issue

As previously communicated, the Volvo Group has detected that an emissions control component used in certain markets and models may degrade more quickly than expected, affecting the vehicles emission performance negatively. The Volvo Group will in the fourth quarter 2018 make a provision of SEK 7 billion, relating to the estimated costs to address the issue.

The estimated costs are based on several factors such as testing of vehicles, statistical analysis and dialogue with relevant authorities. The next step will be to define how to implement corrective actions concerning the component in vehicles affected by this issue. This will be done together with the relevant authorities.

The degradation of the component in question does not pose a product safety issue, nor does it negatively affect vehicle or engine performance in areas other than emissions control. The degradation is a result of a materials issue that occurs over time. All engines and vehicles equipped with the component meet emissions limits at delivery.

The provision will impact operating income in the fourth quarter of 2018, while the negative cash flow effect will start in 2019 and gradually ramp up in the coming years.

The Volvo Group will continuously assess the size of the provision as the matter develops.”