

VOLVO

Fourth Quarter 2007

Conference Call, February 6, 2008

Group Highlights



Fourth Quarter

- Business environment
 - Europe and International markets – still strong
 - North America weak and Japan pre-buy
- Letter of intent with Eicher Motors
- Strong Q4 – sales up 25%, operating income SEK 5.8 bln

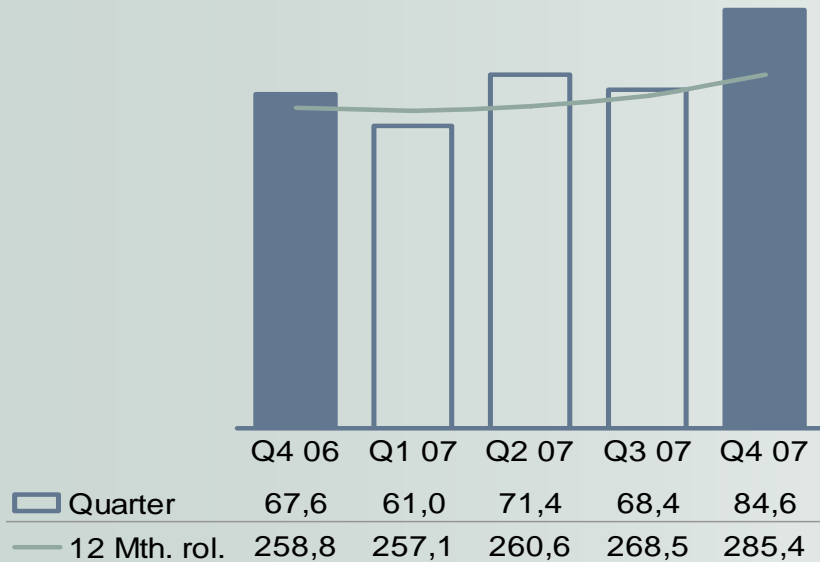
Best year so far

- Net sales	285 bln
- Operating income	22,2 bln
- ROE:	18.1%
- Operating Cash flow	15.2 bn
- EPS	SEK 7.37

Board proposal: ordinary dividend: SEK 5.50 per share

Net sales

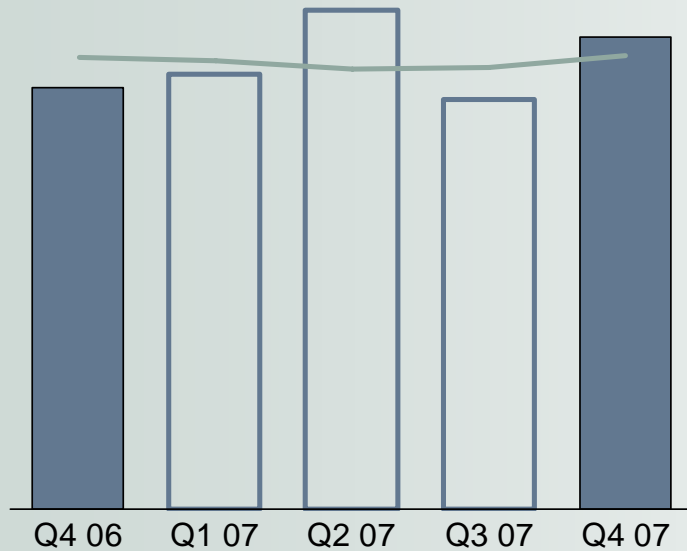
Net sales
SEK bn



- Strong sales growth – up 25%
 - Western Europe +20%
 - Eastern Europe + 72%
 - Asia +104%
 - South America +56%
- Strong organic growth
 - Group +13%
 - Volvo CE +23%

Operating income

Operating income SEK M



	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07
Quarter	5 170	5 328	6 119	5 010	5 775
Margin	7,6%	8,7%	8,6%	7,3%	6,8%
12 Mth. rol.	22 111*	22 009	21 589	21 627	22 232

- + Product and market mix
 - Strong Europe and International
 - + Price realization
 - + Aftermarket and retail business
 - + Truck operations in Europe
-
- US trucks
 - Volvo Powertrain – warranty provision SEK 370 M
 - Net R&D Amortization SEK 583 M
 - Integration costs for acquired operations
 - Currency impact SEK 200 M

* Excluding goodwill adjustment of SEK 1,712 M due to release of valuation reserves for taxes

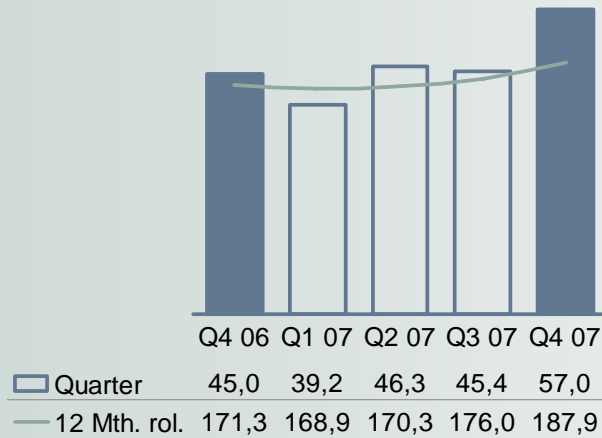
Volvo Group financial summary

SEK M	Q4-2007	Q4-2006	
Net Sales	84 556	67 627	<i>Up 10% adjusted for currency and Group structure</i>
Operating income Industrial Operations	5 397	4 798	<i>Warranty provisions SEK 370 M, fx -200 M, PPA -139 M</i>
Gross income	18 446	14 433	<i>Gross income margin 22.4% (22.1)</i>
R&D expenses	-3 443	-2 380	<i>Net R&D Cap: negative 325 M in -07, positive 258 M in -06</i>
Selling and administrative expenses	-9 616	-6 932	<i>Acquired companies</i>
Other op. Income & expenses	-8	-361	<i>2006: Bromma adjustment</i>
Inc. from investments in ass. companies and other	18	40	
Operating income Customer Finance	378	372	
Operating income Volvo Group	5 775	5 170	
% of sales	6,8%	7,6%	
Income after financial items	5 609	5 226	
Taxes	-1 515	-1 525	<i>Tax rate 27%</i>
Income for the period	4 094	3 701	
% of sales	4,8%	5,5%	
ROE	18,1%	19,6%	
EPS, SEK	2,00	1,83	
Operating cash flow Industrial Operations (SEK bn)	12,4	7,4	<i>Working capital reduced by Sek 8.9 Bn</i>

Trucks



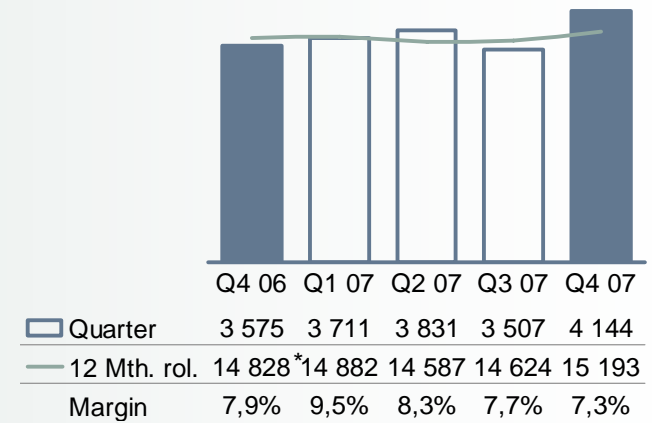
Net sales – SEK bn



Highlights

- All-time-high – sales & operating income
- Growing demand in Europe and “International”
- Slow demand in North America

Operating income – SEK M



In Focus

- Meet high demand outside US and Japan
- capacity investments in Europe
- Integration projects with Nissan Diesel
- UAW negotiations/strike

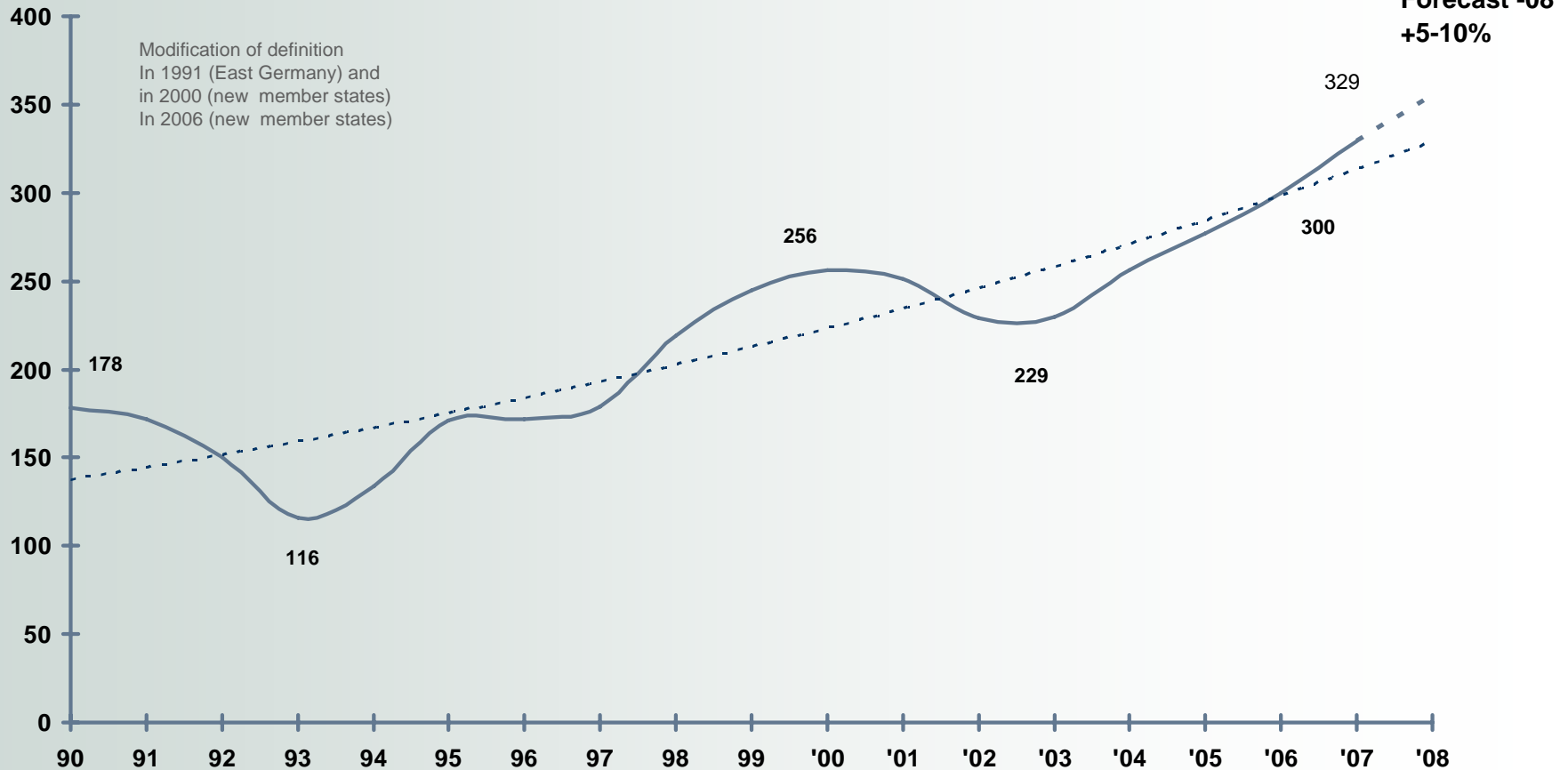
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Heavy-Duty Truck Market - Europe

(EU members + Switzerland and Norway)



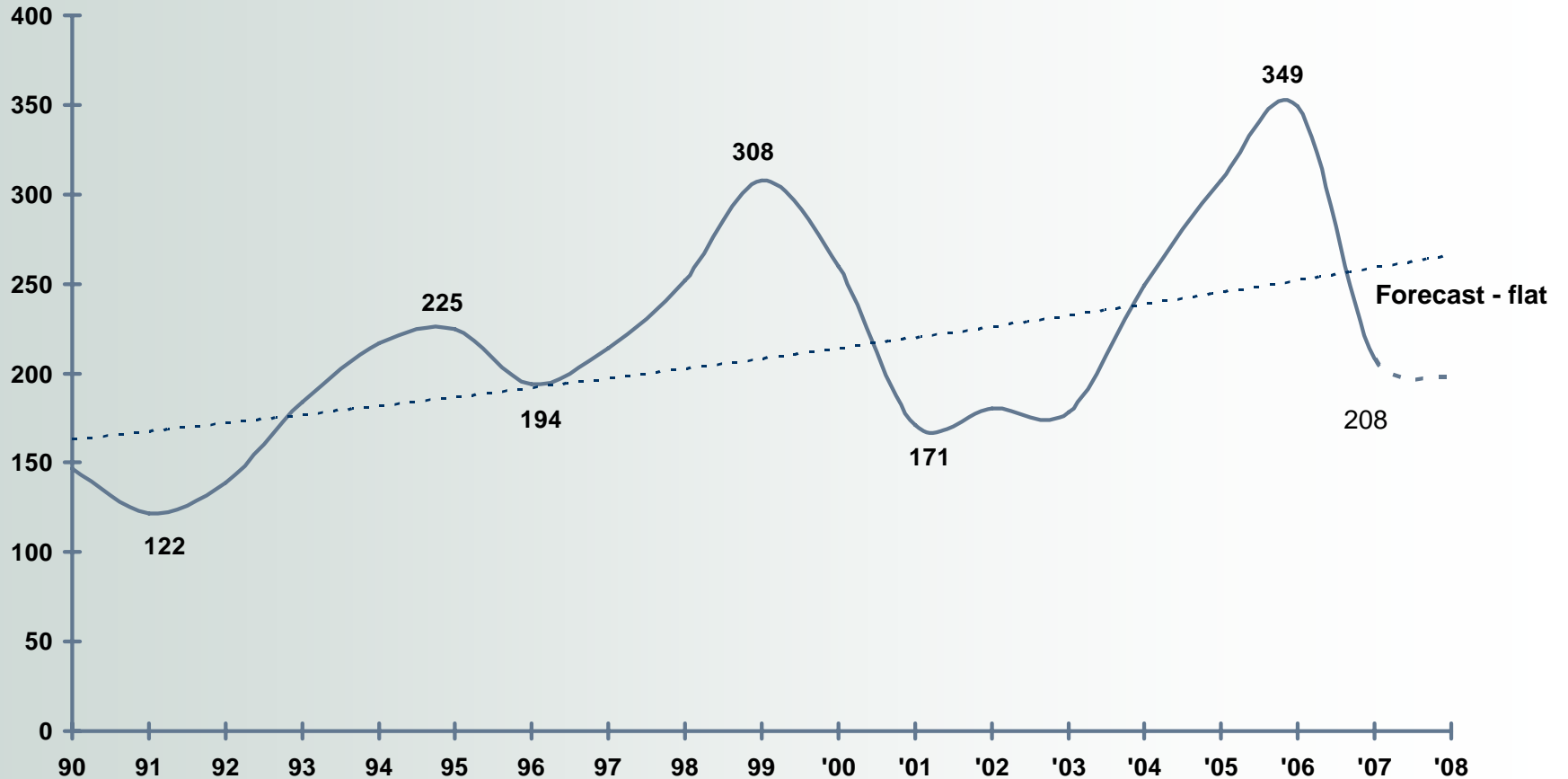
Units, Thousands (heavy trucks)



Heavy-Duty Truck Market – North America



Units, Thousands (heavy trucks)

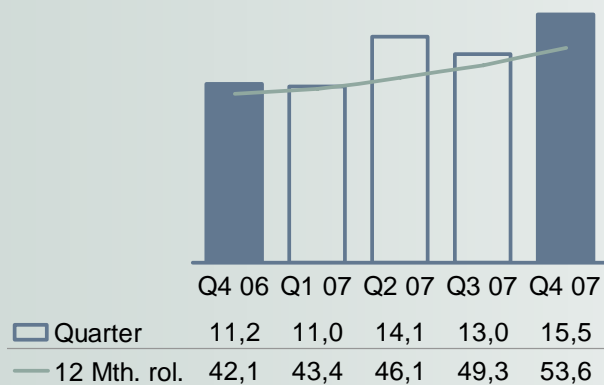


Volvo Construction Equipment



Net sales

SEK bn

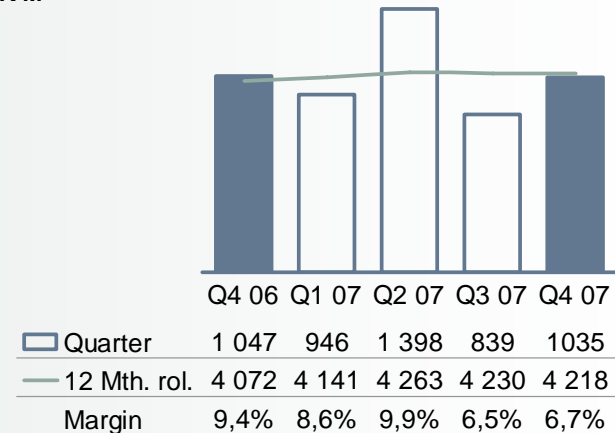


Highlights

- Demand for heavy equipment
 - Europe up 6%, NA down 20%
- Good sales growth – up 39%
- Result negatively affected by fx, production disturbances and integration costs

Operating income

SEK M



In Focus

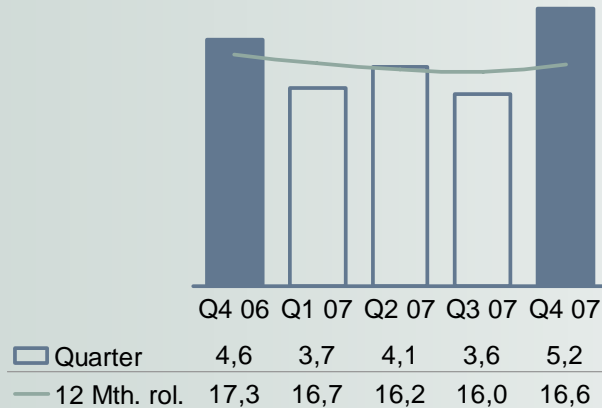
- Improve operating leverage on strong growth
- Integration of acquired businesses

Volvo Buses



Net sales

SEK bn

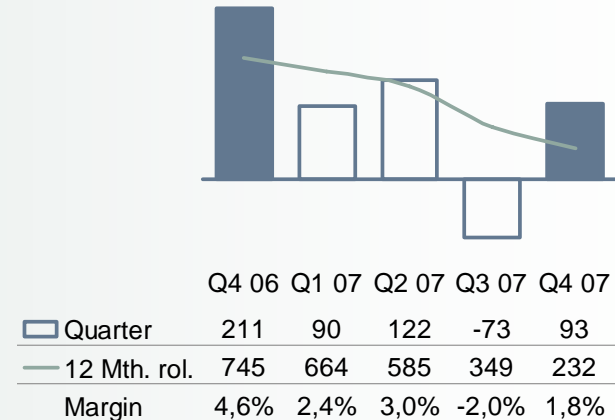


Highlights

- Increased deliveries
- Result impacted by campaign costs and losses in Mexico
- Big interest for Hybrids

Operating income

SEK M



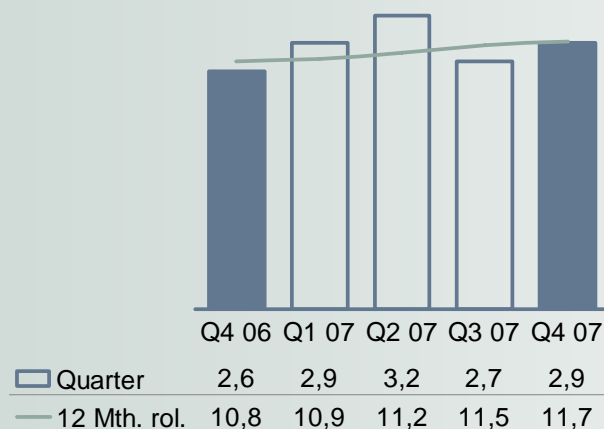
In Focus

- Orders – high tender activity
- Global product cost rationalization program
- Drive synergies with the Trucks
- Factory start-up in India



Net sales

SEK bn

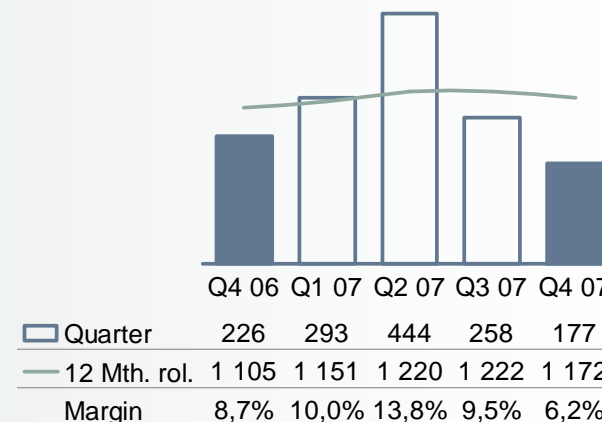


Highlights

- Strong sales development, + 10%
- Gained market shares in the U.S
- IPS sales 80% higher than last year

Operating income

SEK M



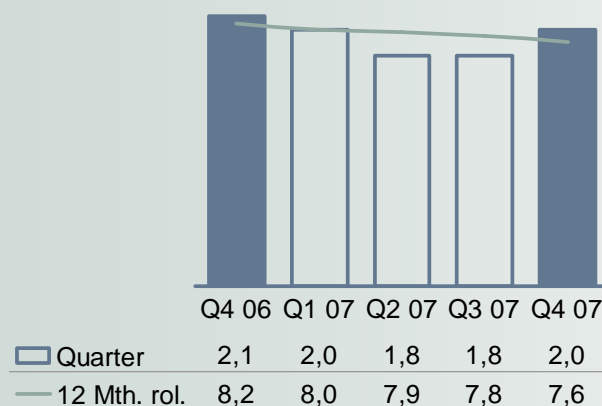
In Focus

- Infrastructure investments for future growth
- Further growth in the industrial engine segment
- IPS capacity increase



Net sales

SEK bn

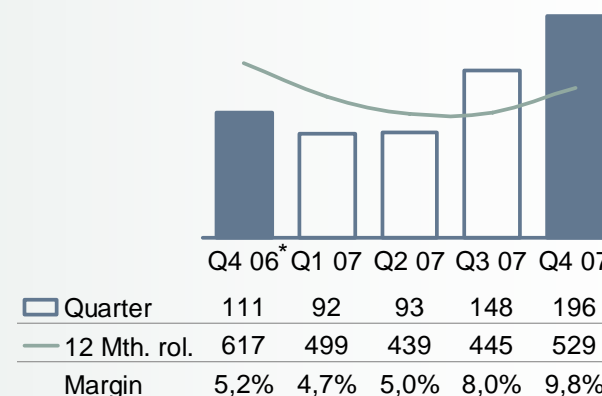


Highlights

- Strong top line growth in the component business
- Order book in component business increased by 19%
- Acquisition of Applied Composites AB

Operating income

SEK M



In Focus

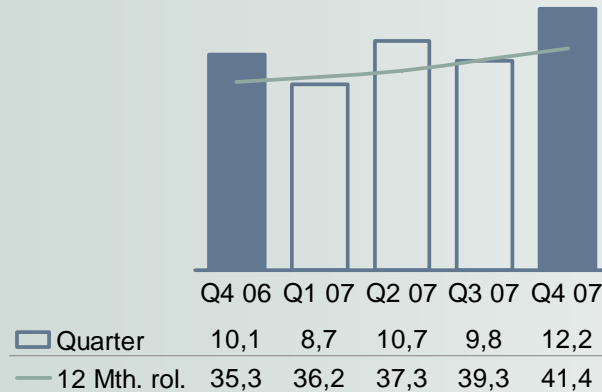
- Continue aftermarket profitability improvement
- Manage supply chain ramp up 2008
- Integrate composite knowledge into light weight technology

* Excluding costs of SEK 258 M from closing the Bromma plant



New retail financing

SEK bn

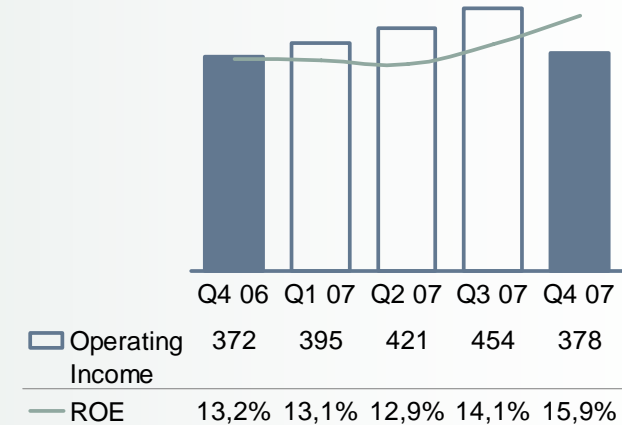


Highlights

- Strong retail volumes
- Commenced Lingong Financial Services
- Softening economy in North America

Operating income and return on equity

SEK M



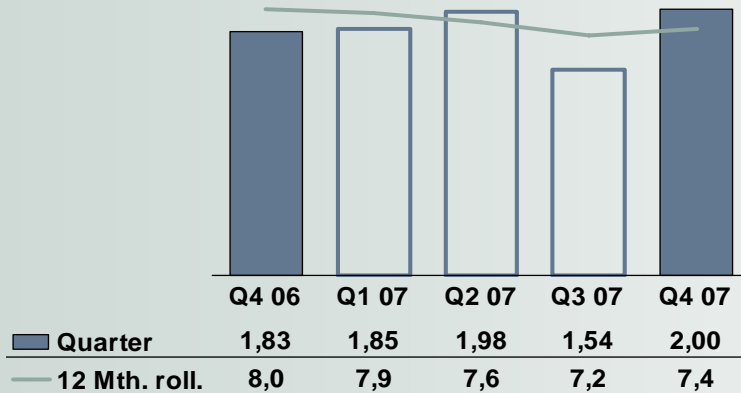
In Focus

- Further opportunities in Latin America & Asia
- Organic growth in Europe
- Heightened risk management

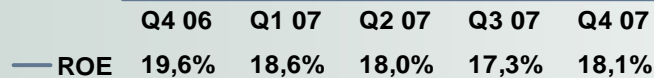
Group Summary



Earnings per share SEK



Return on equity



The Volvo Group in 2007

- Significant sales growth +27 bn
- Operating income SEK 22,2 bn
- Operating margin 7.8%
- Operating Cash Flow Industrial Operations SEK 15.2 bn
- Expansion with industrial presence in Asia
 - Nissan Diesel, Lingong, Ingersoll Rand
 - Eicher Motors (LOI)

In focus 2008

- Manage demand
 - Investments and supply-chain challenges in Europe
 - Slow US market
- Integrating acquisitions
- Drive productivity and profitability

VOLVO