

VOLVO

First Quarter 2008

Telephone Conference, April 25, 2008

Group Highlights

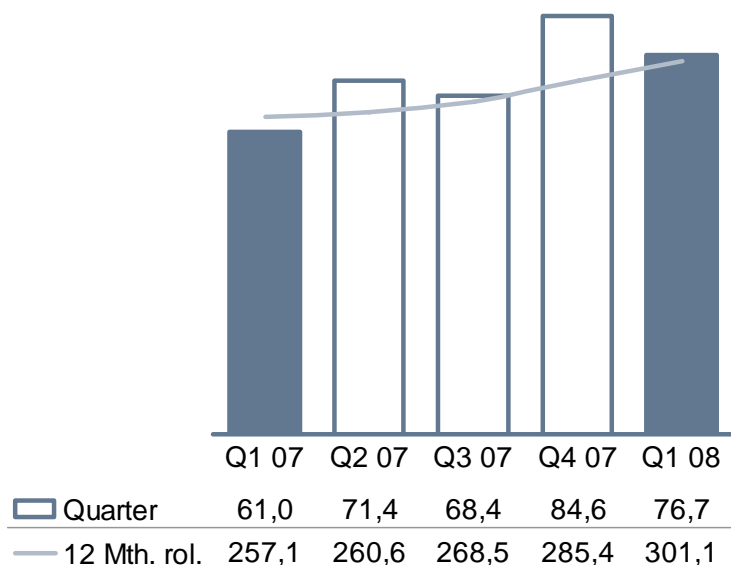


First Quarter

- Business environment
 - Europe – slower growth
 - North America weak and Japan pre-buy
 - Strong development in Asia and other international markets
- Strongest quarter so far
 - Sales growth 26%
 - Operating income up 22%
 - Improved earnings in truck operations and Volvo CE
 - Continued strong order book outside US

Net sales

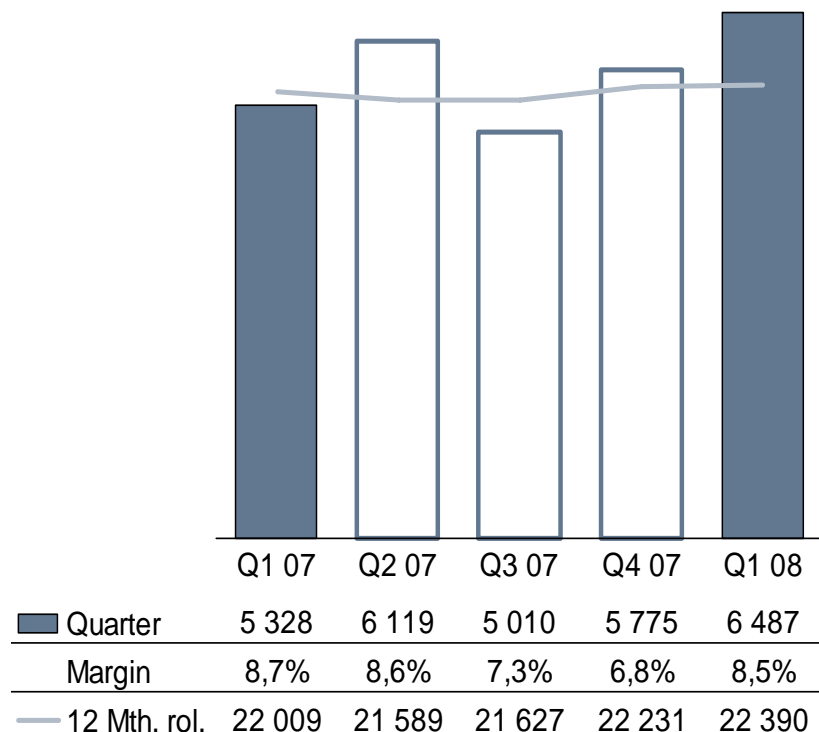
Net sales SEK bn



- Net sales > 300 bn last 12-months
- Strong sales growth, up 26%
 - Western Europe +17%
 - Eastern Europe + 37%
 - Asia +134% (27% organic)
 - South America +18%
- Strong **organic** growth
 - Group +16%
 - Volvo CE +38%

Operating income

Operating income SEK M



- + Margin improvement based on price and productivity in Europe & International
- + Truck operations in Europe
- + Volvo CE - operating income up 38%

- Truck operations in US
- Net R&D Amortization SEK 429 M
- US strike 250 M, Bus restructuring 120 M
- Currency impact SEK 400 M

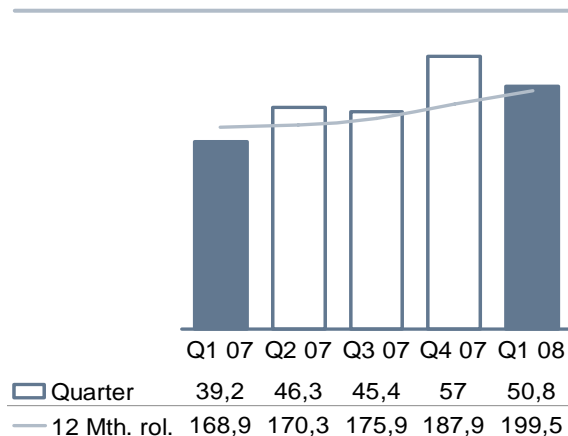
Volvo Group financial summary

SEK M	Q1-2008	Q1-2007	
Net Sales	76 683	61 036	<i>Up 16% adjusted for currency and Group structure</i>
Operating income Industrial Operations	6 106	4 933	<i>Fx -400 M, Strike -250 M</i>
Gross income	17 628	13 682	<i>Gross income margin 23.7% (23.2)</i>
R&D expenses	-3 334	-2 334	<i>Net R&D Cap: negative 340 M in -08, positive 89 M in -07</i>
Selling and administrative expenses	-8 034	-6 794	
Other op. Income & expenses	-172	297	<i>Buses Finland - 120 M</i>
Inc. from investments in ass. companies and other	18	82	
Operating income Customer Finance	381	395	
Operating income Volvo Group	6 487	5 328	
% of sales	8,5%	8,7%	
Income after financial items	6 141	5 407	
Taxes	-1 926	-1 651	<i>Tax rate at 31%</i>
Income for the period	4 215	3 756	
% of sales	5,5%	6,2%	
EBITDA Industrial Operations	8 729	6 974	<i>Up 25%</i>
EBITDA margin	11,7%	11,8%	
ROE	19,2%	18,6%	
EPS, SEK	2,07	1,85	
Operating cash flow Industrial Operations (SEK bn)	-3,3	-2,9	<i>Seasonal increase in working capital, primarily inventories</i>

Trucks



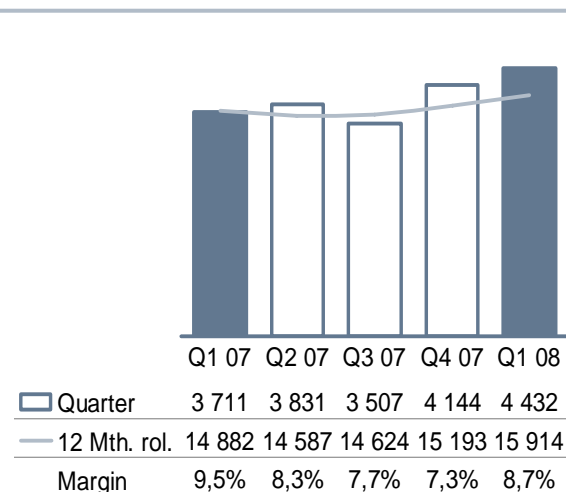
Net sales – SEK bn



Highlights

- Strong deliveries in Europe
 - higher production rates and productivity
 - increased earnings
- Strong demand in Asia, South America and other international markets
- Continued weak demand in North America
- Strike in New River Valley - SEK 250 M

Operating income – SEK M



In Focus

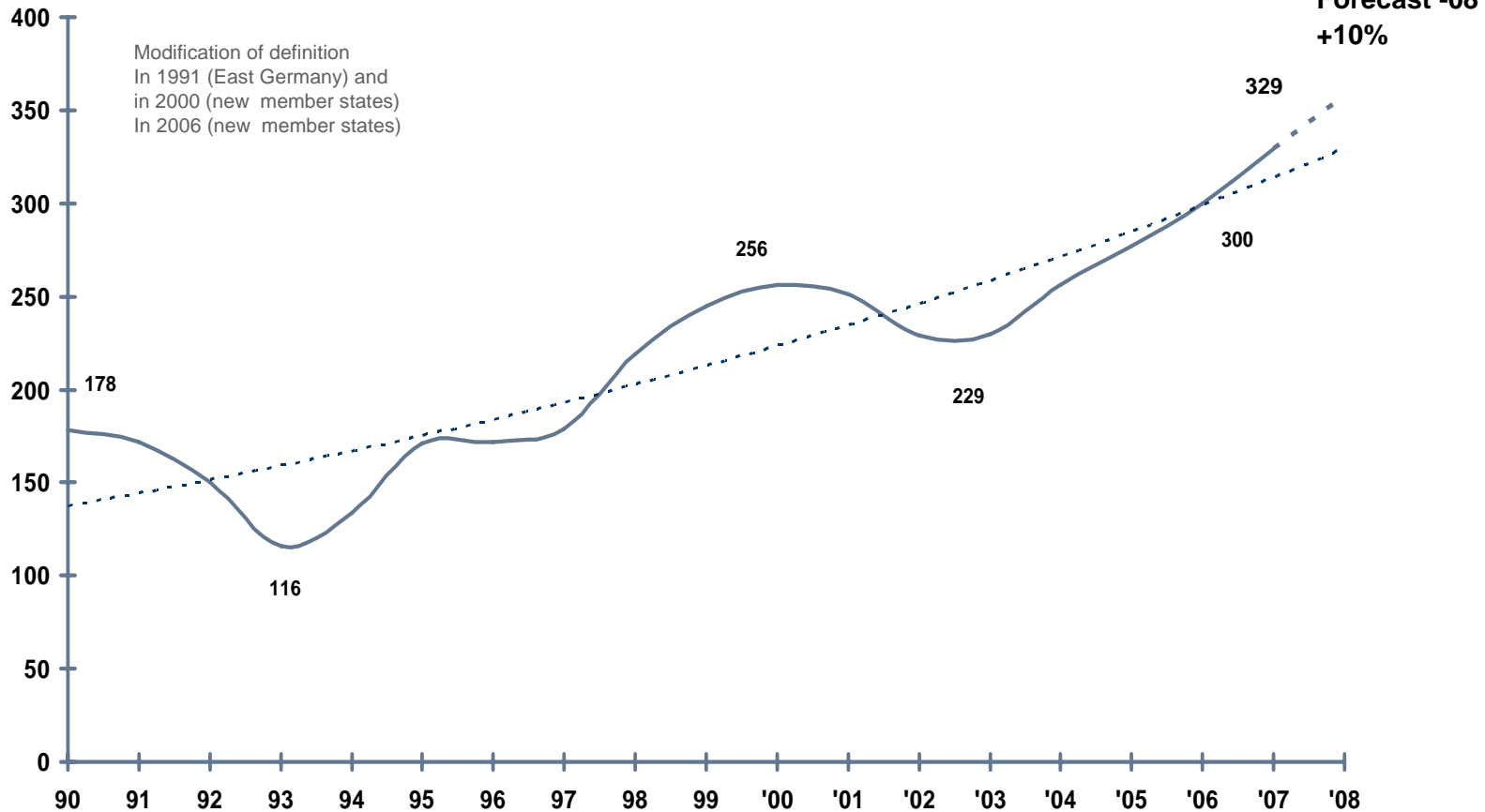
- Europe
 - Manage investments for increased capacity and improved productivity
- Capacity reduction in North America
- Integration projects with Nissan Diesel
- Growth in Asia

Heavy-duty truck market - Europe

(EU members + Switzerland and Norway)



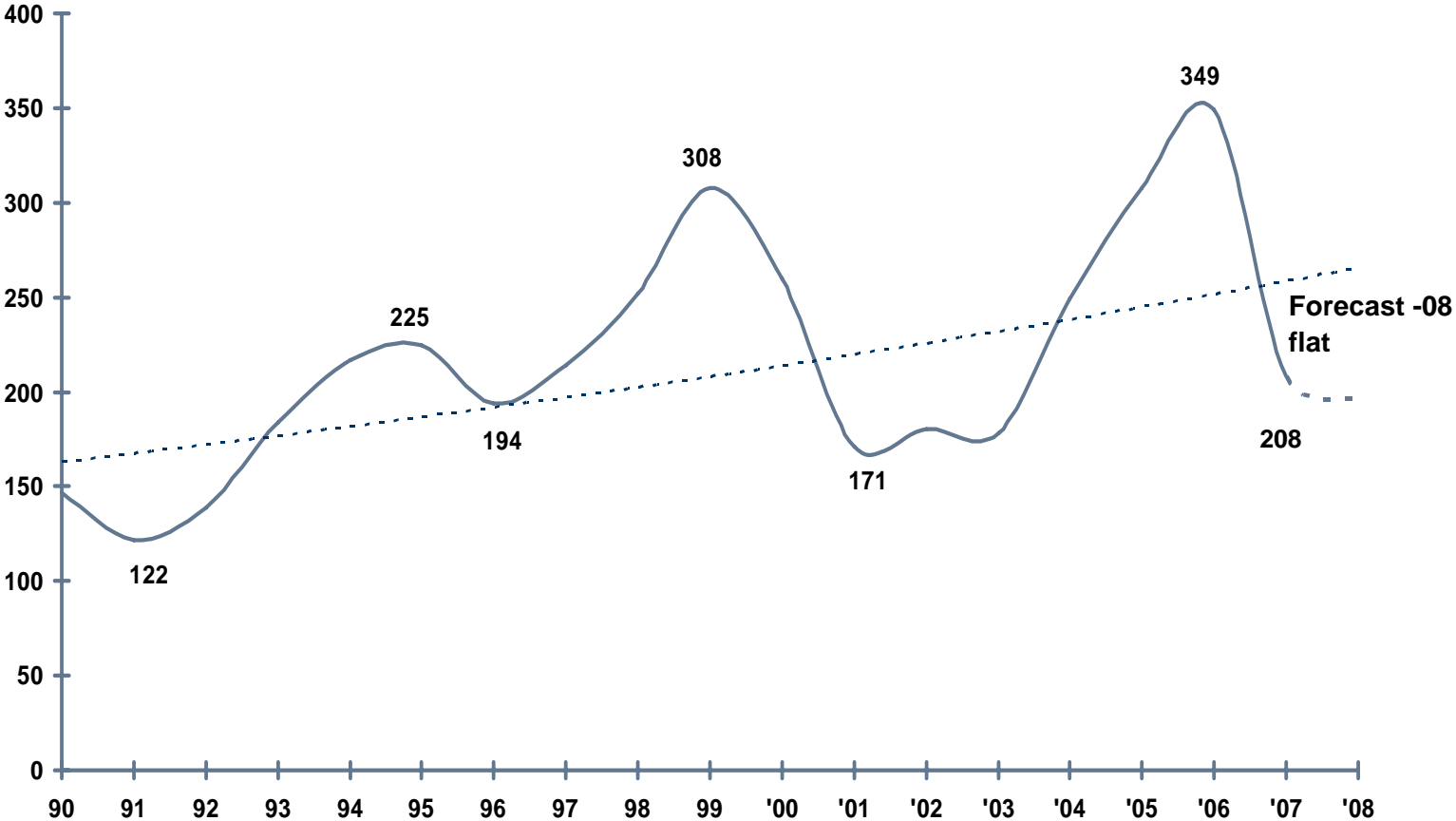
Units, Thousands (heavy trucks)



Heavy-duty truck market – North America



Units, Thousands (heavy trucks)

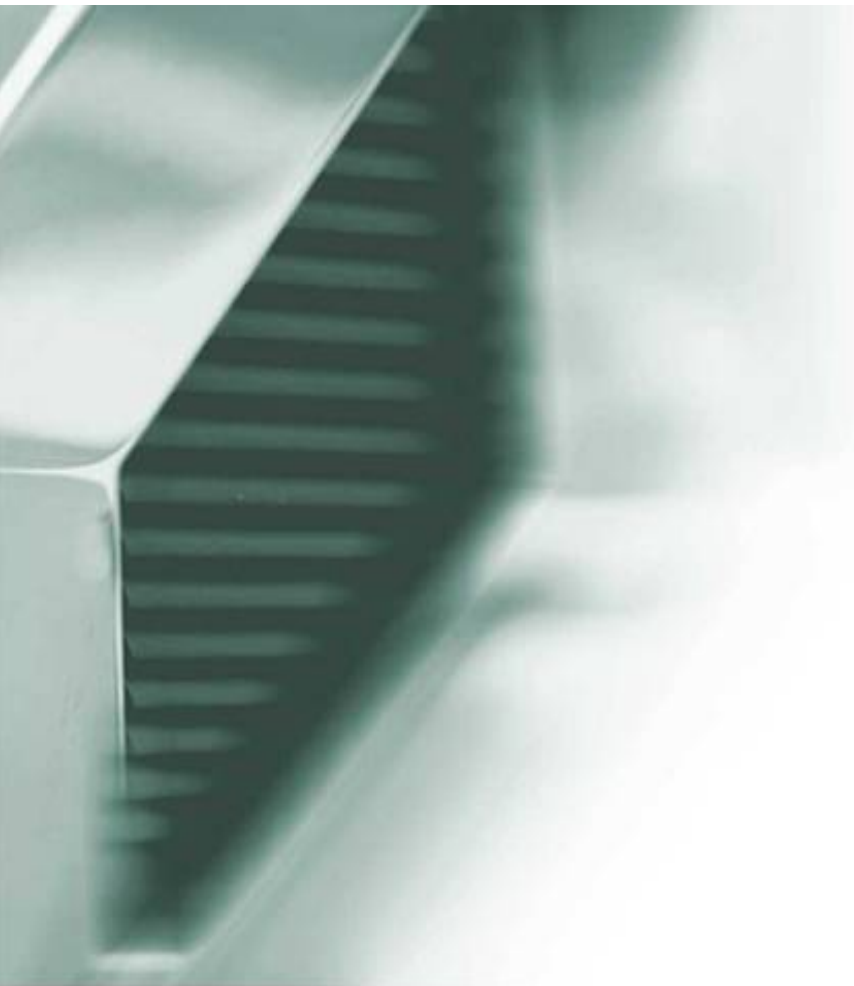


Volvo Trucks



- Substantial order book – sold out for 2008 in Europe and International
- Deliveries
 - Europe +22%
 - Asia +29%
 - South America +32%
 - North America -32%
- Margin improvement based on price and productivity
- Field testing of hybrid refuse trucks
 - improved fuel economy
 - lower emissions
 - quiet operation

Renault Trucks



- Strong order book
 - Sold out for 2008 on several markets
 - Order books for delivery in 2009 not opened in Q1
- Good industrial productivity
- Step change in product quality and performance
 - strengthening brand image
 - improved margins
- Further improved financial performance

Nissan Diesel



- Japanese market still affected by pre-buy effects and softer economy.
- Market forecast Japan: medium and heavy trucks down 10-15% in 2008.
- Deliveries in the first quarter was 13,489, up 1%
- Integration work
 - distribution
 - suppliers
 - product plans/R&D
 - components
 - IS/IT

Mack Trucks

- Business environment
 - Weakening US economy/freight volumes
 - Soft US construction market
 - Rising diesel prices
- Deliveries down 23%
- Order intake up 38%
- UAW-negotiations
- Introduction of the new prestige truck Titan
 - 16-liter Mack MP10 engine

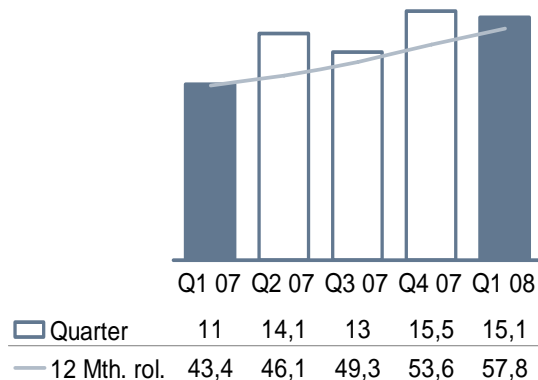


Construction Equipment



Net sales

SEK bn

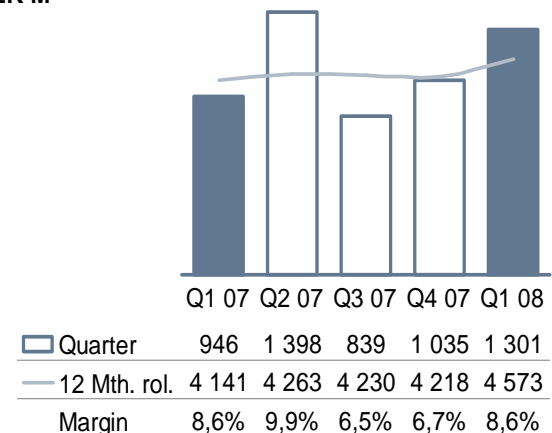


Highlights

- Demand for heavy equipment
 - Europe up 4%, NA down 34%, Asia up 41% & other international markets up 28%
- Good organic sales growth up 38%
- Operating income improved by 38%

Operating income

SEK M



In Focus

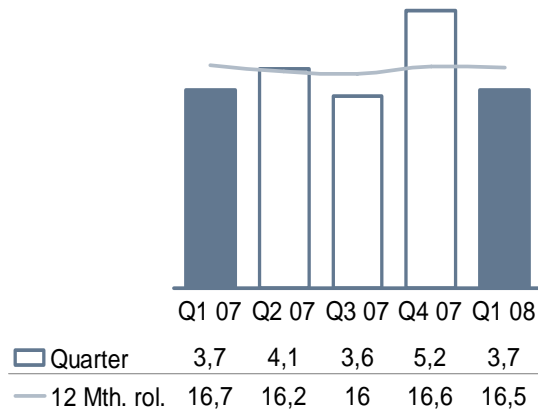
- Improved industrial productivity
- Balance market development
- Leverage on Asian demand
- Hybrid wheel loader

Buses



Net sales

SEK bn

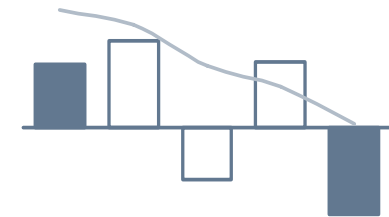


Highlights

- Increased order intake
- Operating loss
- Volvo Bus Finland restructuring, closure of Tampere factory (120 M)

Operating income

SEK M



Q1 07 Q2 07 Q3 07 Q4 07 Q1 08

Quarter	90	122	-73	93	-122
12 Mth. rol.	664	585	350	232	20
Margin	2,4%	3,0%	-2,0%	1,8%	-3,3%

In Focus

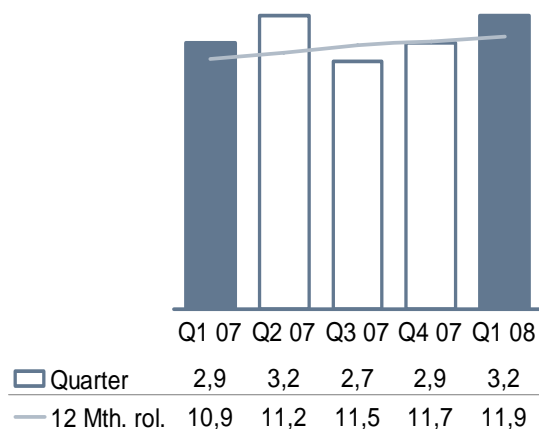
- Price Management
- Product cost reduction program
- Industrial optimization Europe

Volvo Penta



Net sales

SEK bn

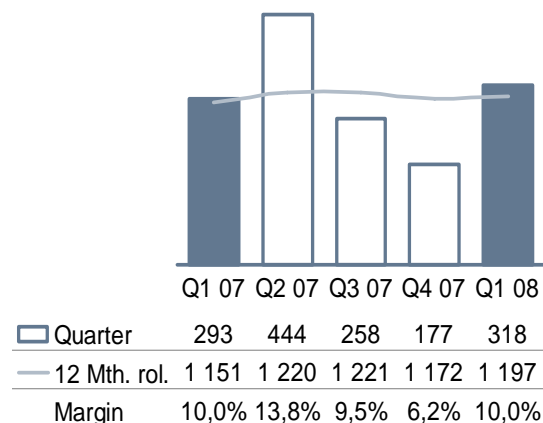


Highlights

- Continued sales improvement, +8%
- Strengthened market positions in all segments
- Operating margin, 10.0%

Operating income

SEK M



In Focus

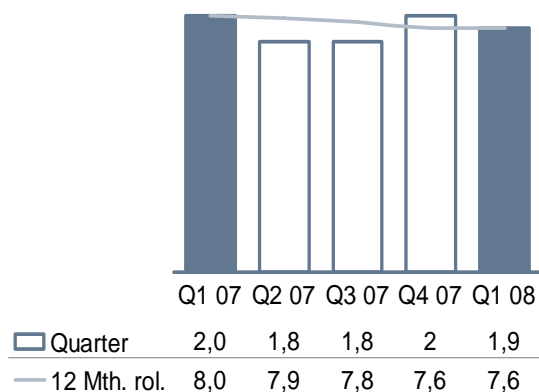
- Secure availability and good market support for boating season
- Global price management
- Capitalize on strong momentum in the industrial engine business

Volvo Aero



Net sales

SEK bn

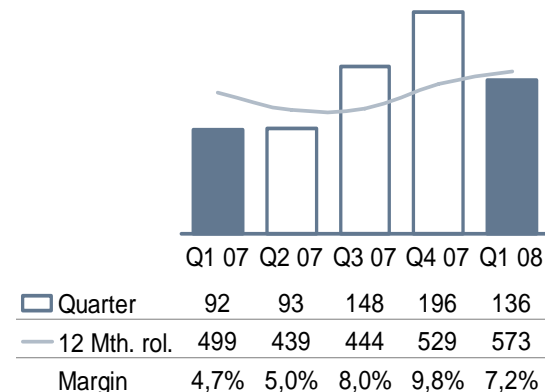


Highlights

- Good growth in the component business
- Order book in component business increased by 9%
- Negative currency development

Operating income

SEK M



In Focus

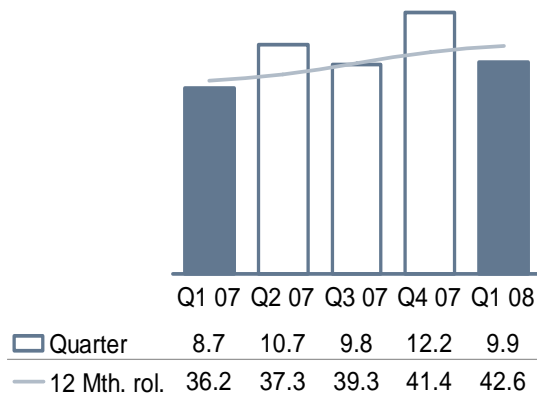
- Product cost program launched
- Manage ramp up of new engine programs
- Utilize market opportunities for new business

Financial Services



New retail financing

SEK bn

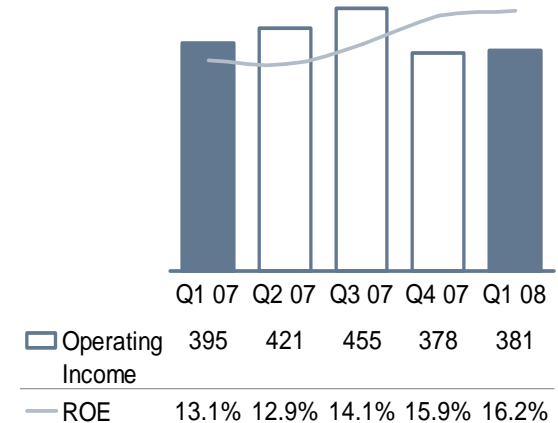


Highlights

- Good returns
- Continued good customer satisfaction
- Portfolio vigilance

Operating income and return on equity

SEK M



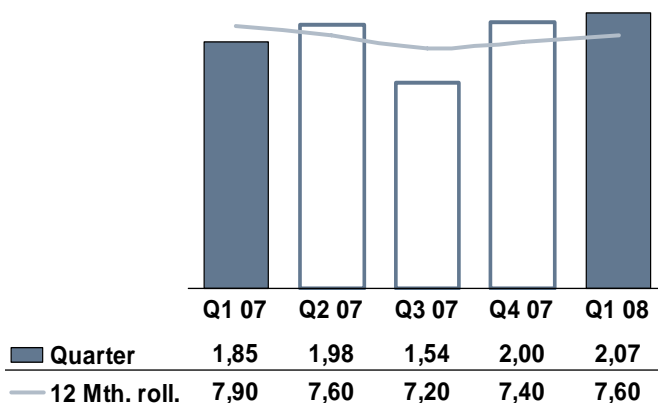
In Focus

- Execute on new International opportunities
- European sales alignment
- Disciplined asset management

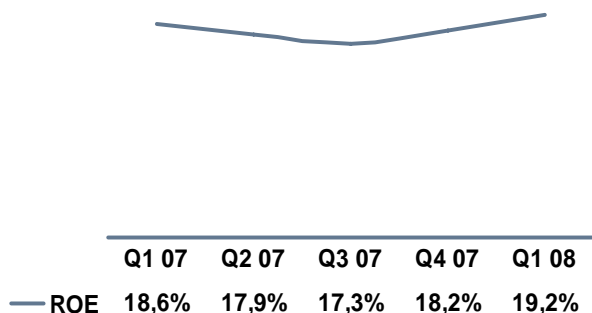
Group Summary



Earnings per share SEK



Return on equity



The first quarter 2008

- Sales growth 26%
- Asia – second largest market
- Operating income up 22%
- Improved industrial productivity

In focus 2008

- Manage European demand
 - Capacity and productivity enhancing investments
 - Monitor demand in Europe
- Integrating acquisitions
- Continue to build a strong Asian business