

VOLVO

First Quarter 2009

Press Conference, April 24, 2009

Group Highlights



First quarter

- Rapid decline in sales, - 27%, -42% adjusted for currency
- Operating loss SEK 4,528 M
- Adjustment of production capacity
- SEK 16.6 bn decrease in trade payables
- Secured funding of SEK 30 bn

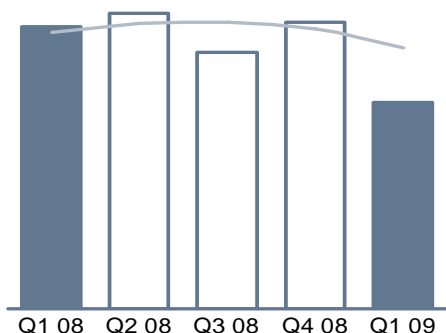
Business environment

- Western Europe; demand on very low levels
- Eastern Europe; deteriorating further
- North America; slow start to the year
- Asia, outside Japan; signs of improvement

Volvo Group

Net sales

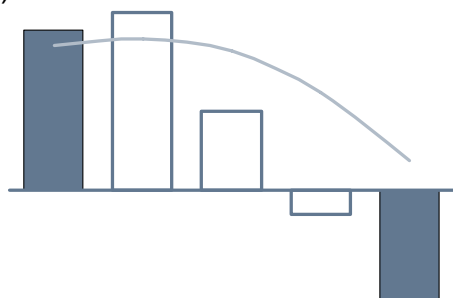
(SEK bn)



Quarter	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09
Quarter	77	80	70	78	56
12 Mth. rol.	301	310	311	305	284

Operating income

(SEK M)



Quarter	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09
Quarter	6 487	7 186	3 177	-999	-4 528
Margin	8,5%	8,9%	4,6%	-1,3%	-8,1%
12 Mth. rol.	23 391	24 458	22 625	15 851	4 836

First quarter

Sales, down 27%, -42% adjusted for currency

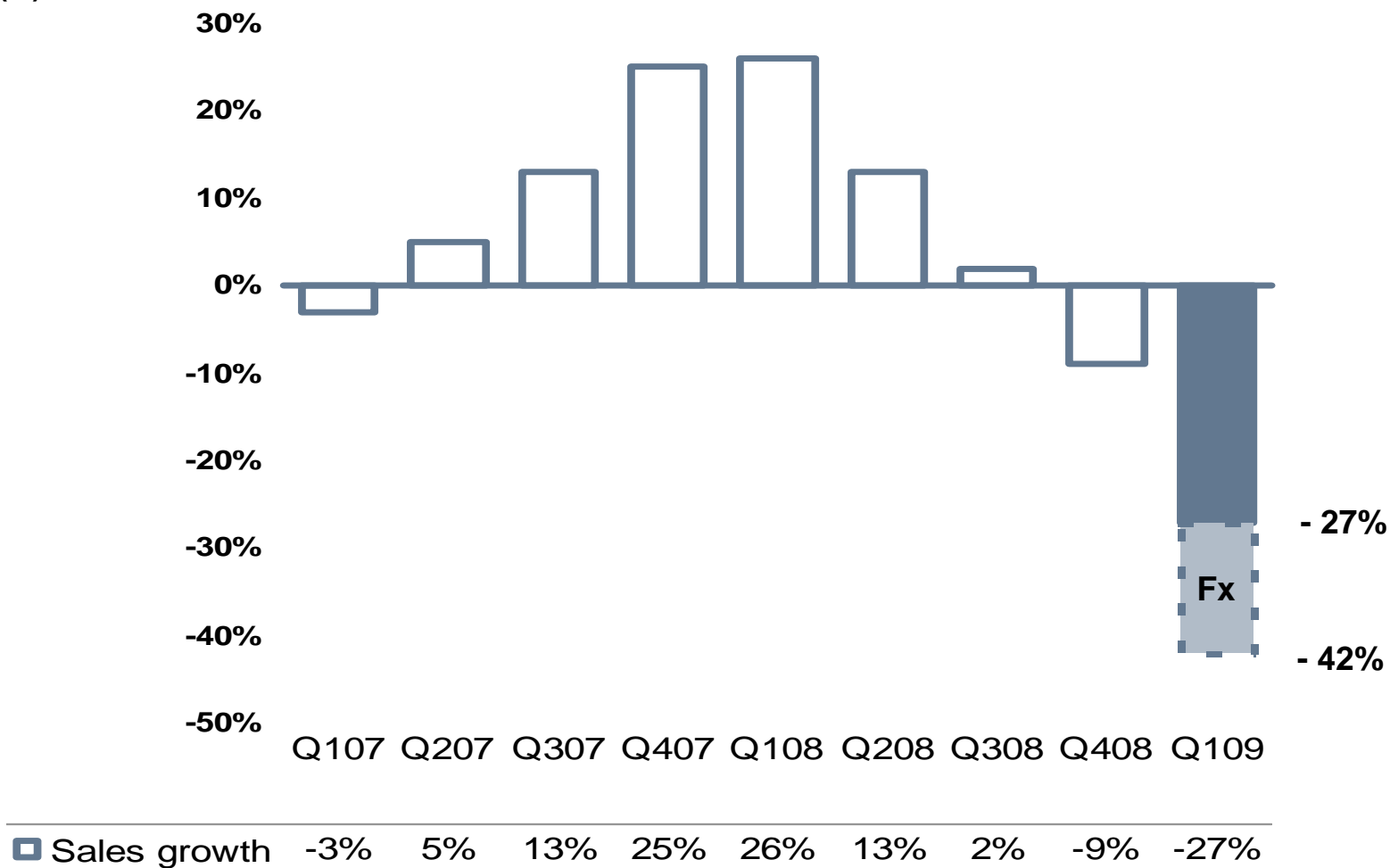
- Europe -38%
- North America -11%
- Asia -28%
- South America -12%

Operating income

- Lower volumes
- Under absorption SEK 3 bn
- Increased credit provisioning in VFS SEK 700 M
- Lay-off costs SEK 600 M
- Raw materials & components SEK 500 M
- Negative currency effect SEK 1.8 bn

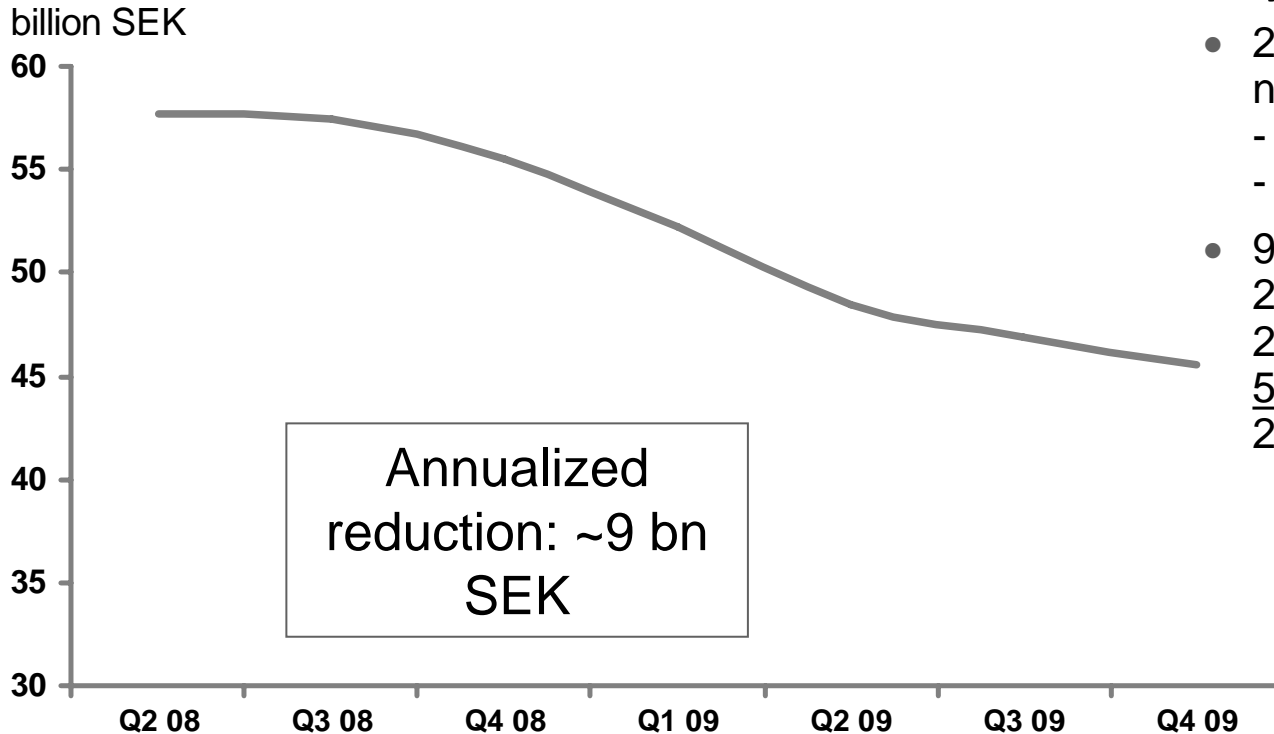
Volvo Group

Sales growth year over year (%)



Workforce related cost

Annualized quarterly development

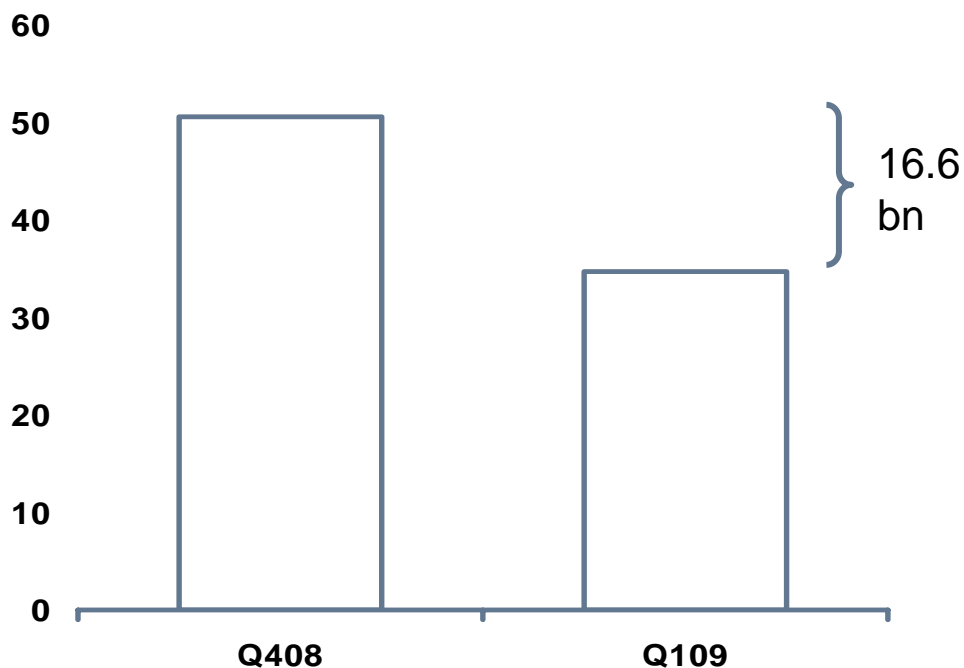


Lay-offs:

- 20,757 employees/consultants noticed in 2008 and 2009;
 - 5,835 left in 2008
 - 5,439 left in Q1-09
- 9,969 in Sweden
2,613 in France
2,544 in the US
5,631 in other countries
20,757 in total

Working Capital

Trade payables, SEK bn

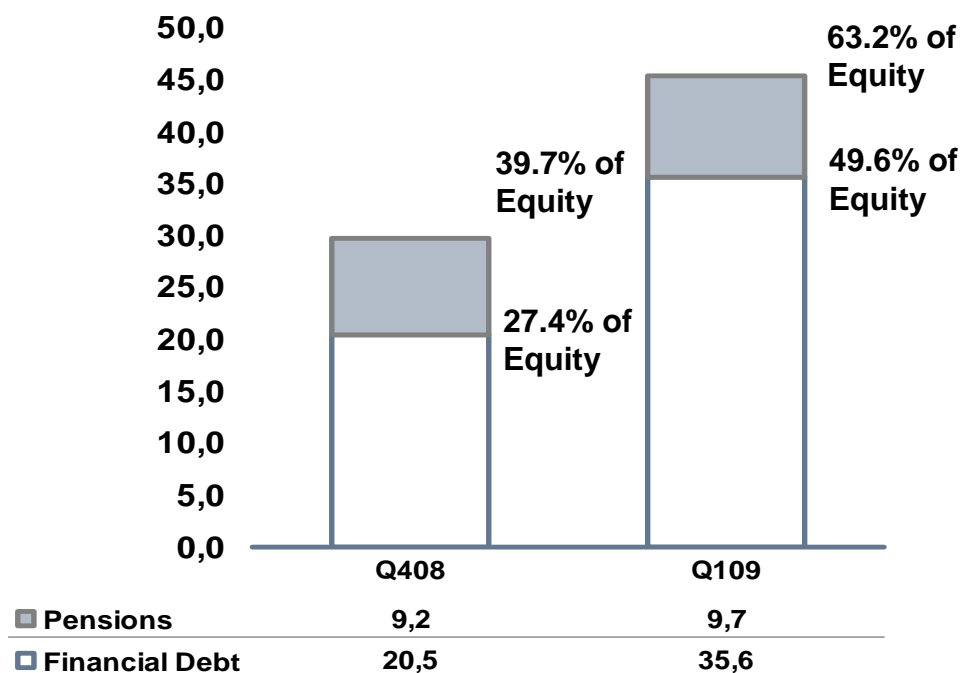


- Industrial operating cash flow; negative 15.7 bn in the quarter
- Focus on working capital
 - Receivables - 6.1 bn
 - Inventories - 1.5 bn
 - Payables + 16.6 bn
 - Other + 2.4 bn
 - Total change +11.4 bn

Volvo Group – Net Financial Debt

Industrial Operations

Net debt,
SEK bn

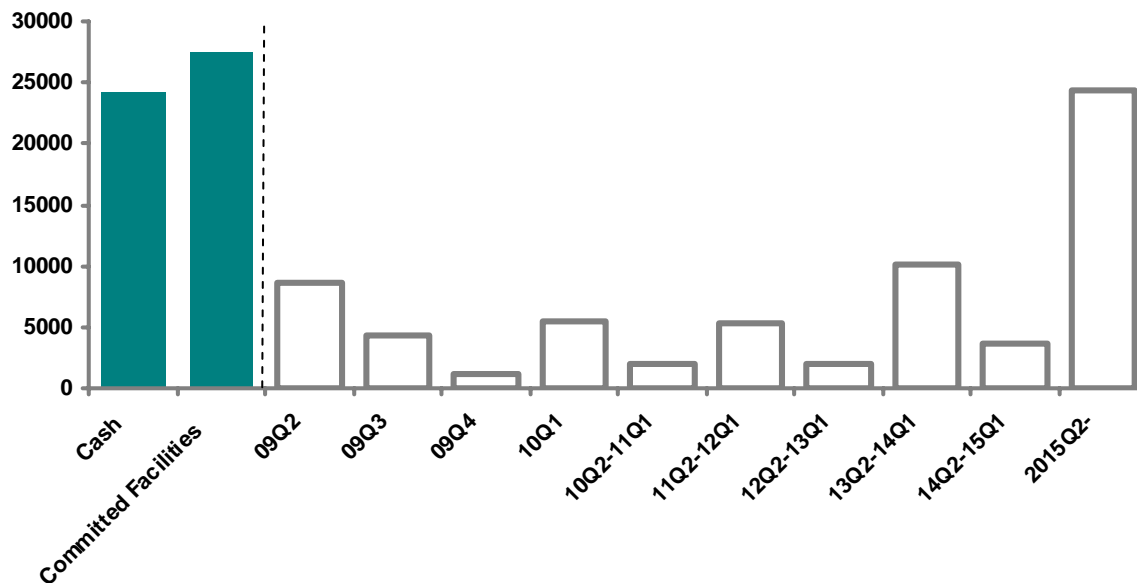


Volvo Group Funding

Industrial Operations Q1-09

Cash & Committed Facilities

Maturity Structure 2009



Funding Activities 2009

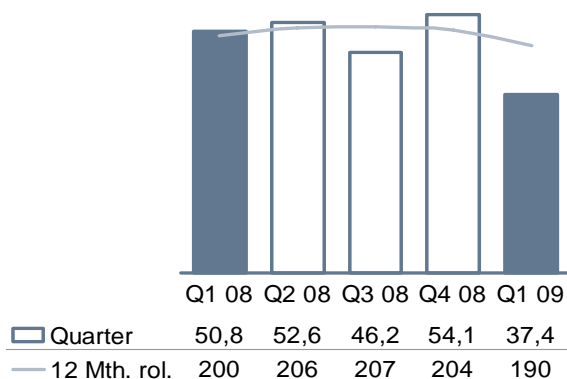
- Good liquidity
- Funding for 2009 secured in Q1
- Revolving Credit Facility EUR 775 M signed in April

Trucks



Net sales

SEK bn

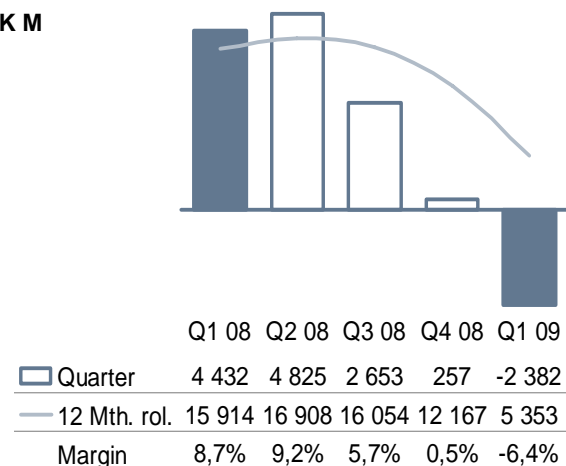


Highlights

- Significant slowdown globally
- Sales down by 41% adjusted for currency
- Operating loss, driven by lower sales and under absorption
- Low capacity utilization in production
- Inventories of new trucks reduced by 10%

Operating income

SEK M



In Focus

- Downsizing and flexibility
- Cost efficiency and productivity
- Drive aftermarket and services
- Further inventory reductions
- Prepare for new emission regulations

Trucks – Net order intake

Net order intake	Q1-09	Q4-08	Change	Q1-09 ¹	Q1-08	Change
Europe	7,494	-1,549	NA	7,494	26,270	-71%
North America	2,869	4,037	-29%	2,869	5,680	-49%
South America	1,731	1,087	59%	1,731	3,482	-50%
Asia	5,712	7,868	-27%	5,712	19,260	-70%
Other markets	2,377	2,235	6%	2,377	3,772	-37%
Total	20,183	13,678	48%	20,183	58,464	-65%

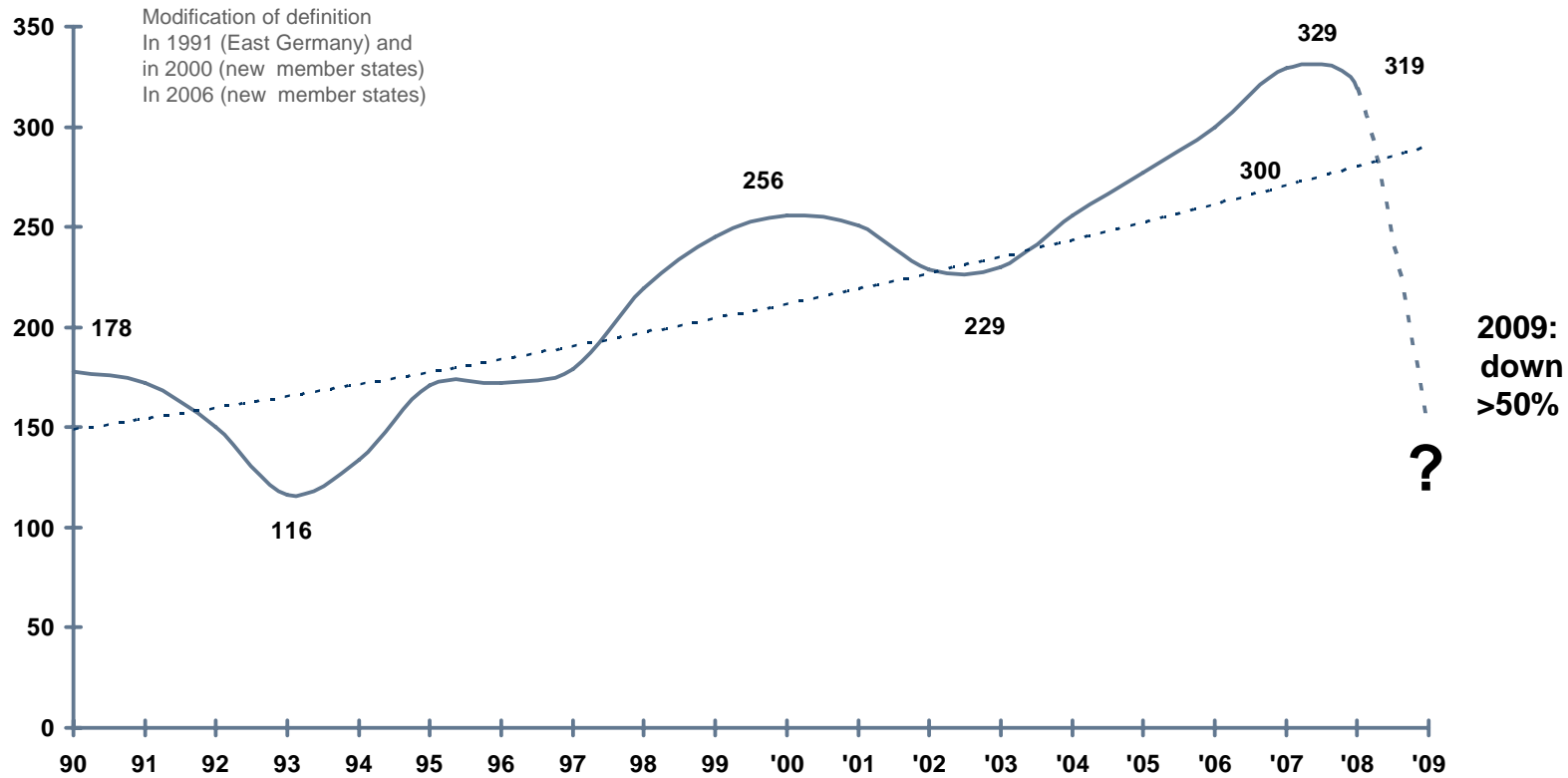
1) 50% of VECV, the joint venture with Eicher Motor Limited, was consolidated in the Volvo Group on August 1, 2008.

Heavy-duty truck market - Europe

(EU members + Switzerland and Norway)



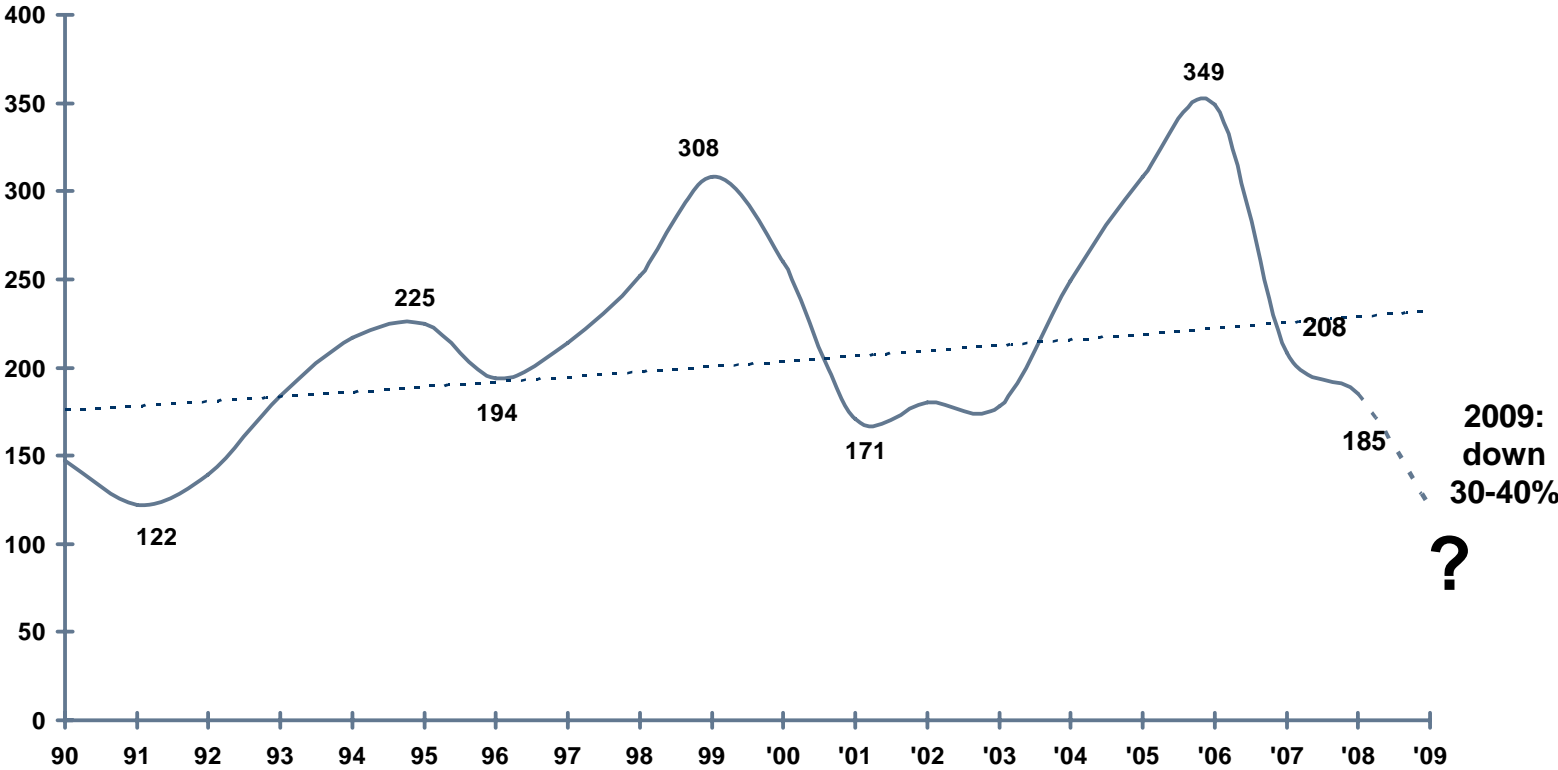
Units, Thousands (heavy trucks)



Heavy-duty truck market – North America



Units, Thousands (heavy trucks)



Trucks



Volvo Trucks

- Adapting production capacity
- New products launched
 - New Euro V engines – More power less fuel and emissions
 - World's strongest truck – FH16 700hp
- Building customer relationships
 - Safeguard the aftermarket business
- Cash flow
 - Focus on inventories
 - Reducing costs



Mack Trucks

- Deliveries down 37%
- Share impacted by depressed construction market
- Downturn management
- Union negotiations in process
- Pursuing opportunities arising from stimulus package
- US'10 – advanced field testing

Renault Trucks

- Short-term weeks implemented for both blue and white collar employees
- Further adjustment of production rates
- Focus on reduction of inventories



Nissan Diesel

- 24 consecutive quarters of declining market demand in Japan.
- Adjustment of production rates
- Export business negatively impacted by strong JPY
- Reduction of temporary workers
- Focus on introducing new product portfolio in 2010



New Euro V engines introduced

Much cleaner – more power, less fuel

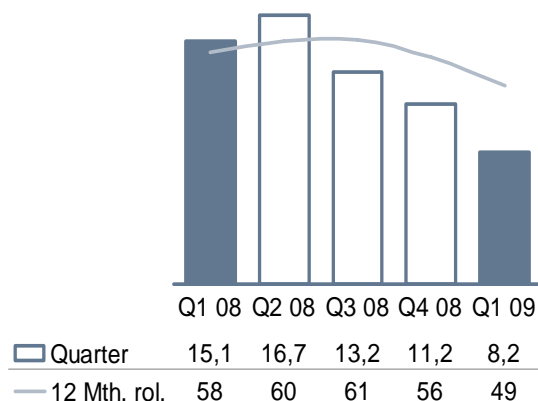


Construction Equipment



Net sales

SEK bn

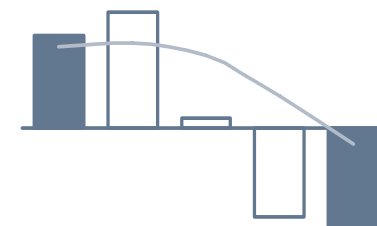


Highlights

- Total world market down 48%
- Substantial loss due to low volumes, under absorption and currency
- Capacity utilization at only 20-25%
- Units in inventories reduced by another 10% in Q1

Operating income

SEK M



	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09
Quarter	1 301	1 629	134	-1 256	-1 395
12 Mth. rol.	4 573	4 804	4 099	1 808	-888
Margin, %	8,6%	9,7%	1,0%	-11,2	-17,1

In Focus

- Capacity adjustments to meet present demand
- Continued inventory reduction to improve cash flow even further
- Execution of new business model

Construction Equipment

The new Volvo ECR305CL

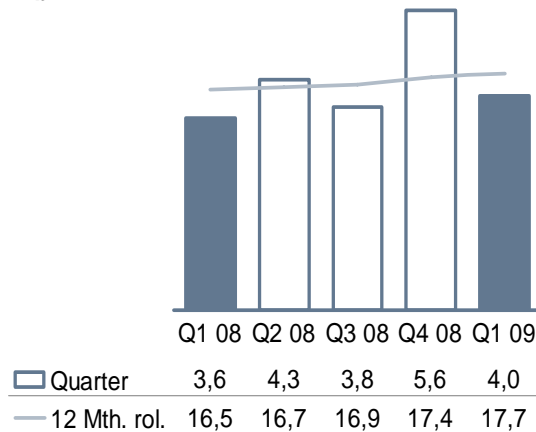


Buses



Net sales

SEK bn

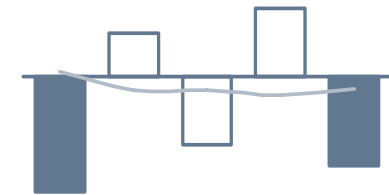


Highlights

- Bus market more affected by global economic downturn
- Significant decline in demand for coaches, city buses to a lesser degree
- Deliveries declined by 20%

Operating income

SEK M



	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09
Quarter	-122	46	-72	72	-95
12 Mth. rol.	19	-57	-56	-77	-50
Margin	-3,3%	1,1%	-1,9%	1,3%	-2,4%

In Focus

- Turnaround program
- Capacity adjustment
- Inventory management
- Preparation of Euro V

Buses

Automotive Technology Award Volvo 9400 6x2 in India

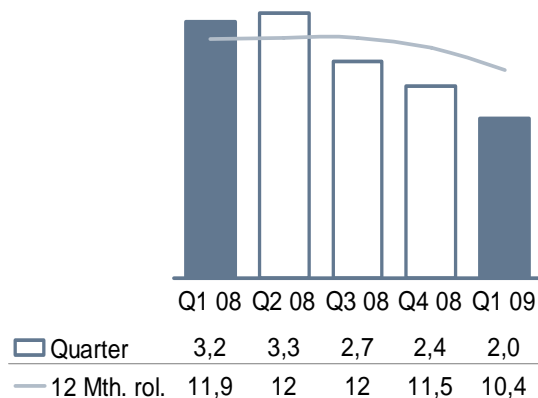


Volvo Penta



Net sales

SEK bn

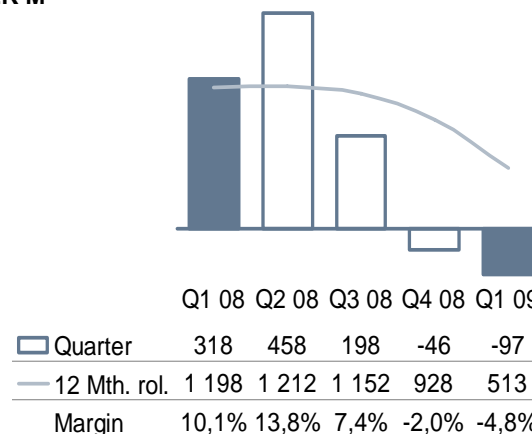


Highlights

- Sharp total market decline in Europe and North America
- Weak development both for Marine and Industrial, sales down 35%
- Operating loss due to sales drop and under absorption in production

Operating income

SEK M



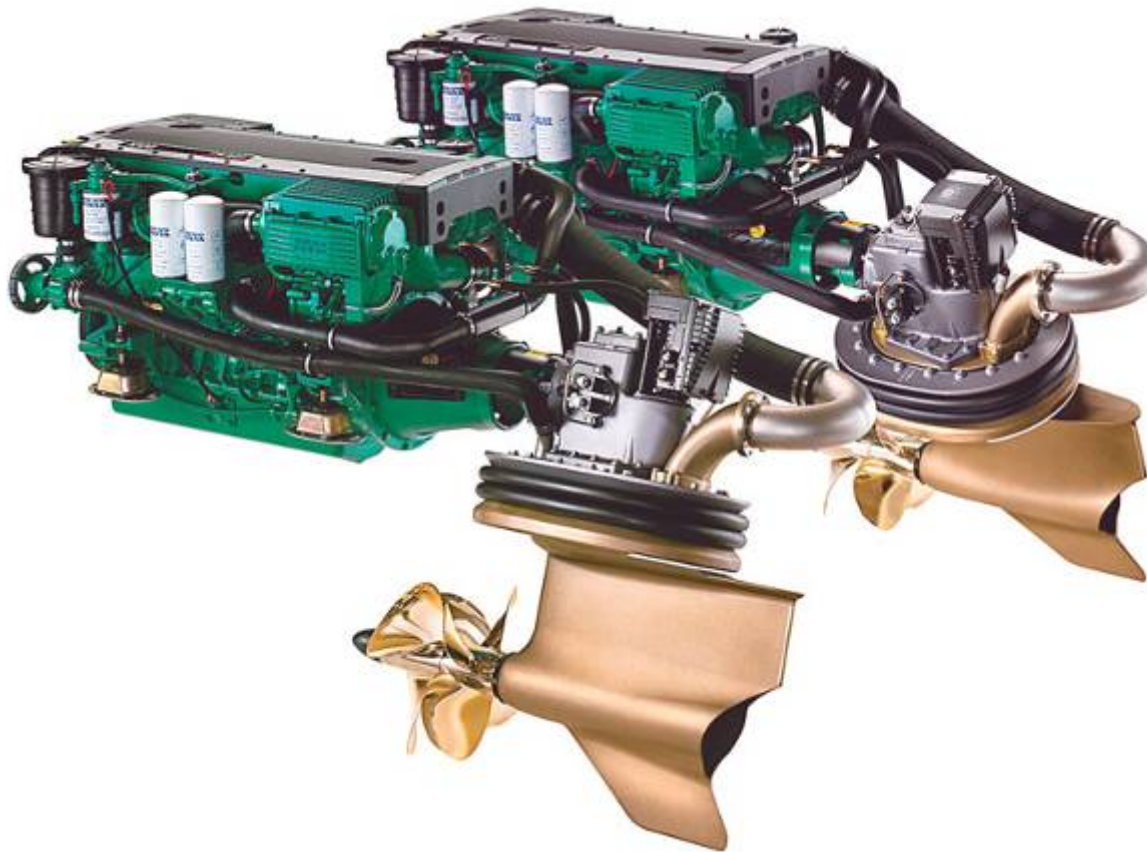
In Focus

- Further reduction of work force and total cost
- Secure competitiveness and profitability in all segments
- Supply chain management
- High pace in product introductions

Volvo Penta Product News



10,000 UNITS OF IPS

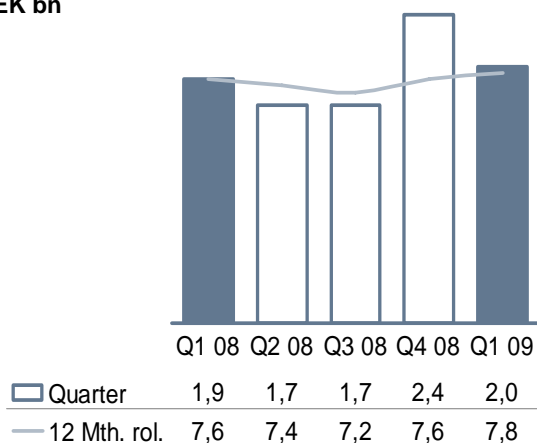


Volvo Aero



Net sales

SEK bn

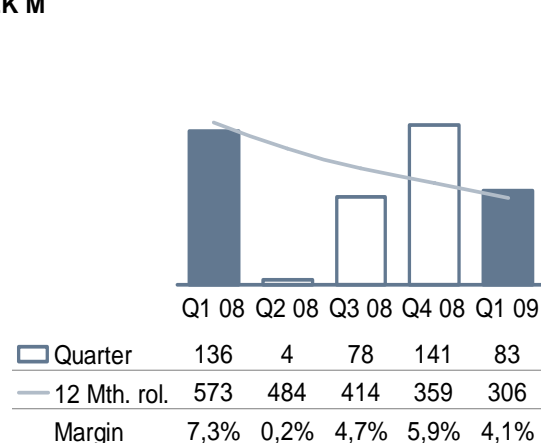


Highlights

- Decreasing air traffic
- Boeing and Airbus announce decreasing production rates
- Lower capacity utilization
- Negative currency impact

Operating income

SEK M



In Focus

- Capacity adjustment
- Cost management
- Release of capital
- Execution on new contracts in the OEM and the after market business

Volvo Aero

Lufthansa – launch customer for Bombardier Cseries aircraft

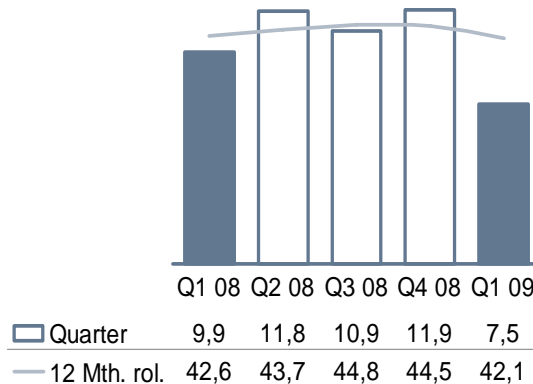


Financial Services



New retail financing

SEK bn

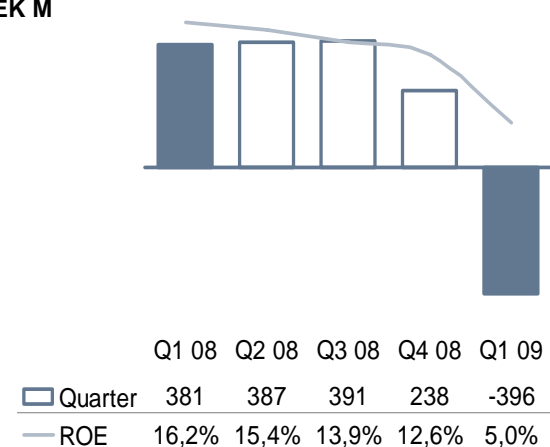


Highlights

- Severe downturn in Eastern Europe
- Increased provisions for credit losses
- Intensified portfolio management

Operating income and return on equity

SEK M

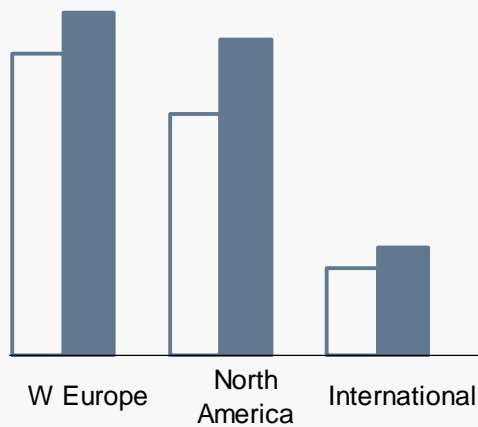


In Focus

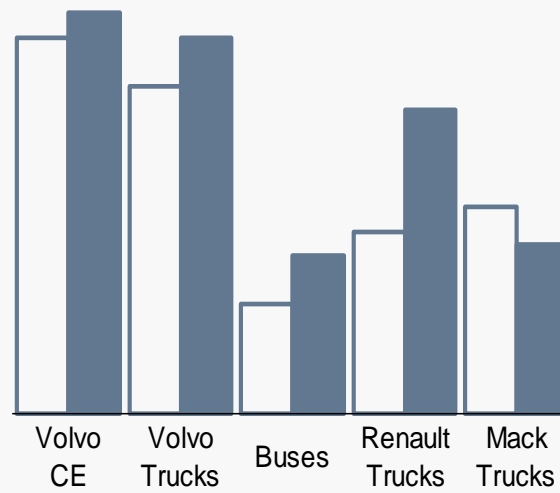
- Portfolio management and risk mitigation
- Integrated offers for new and used equipment

Financial Services

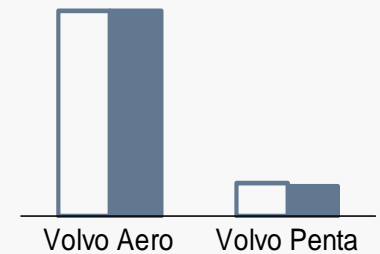
Total managed assets
(SEK bn)



Penetration on new financing



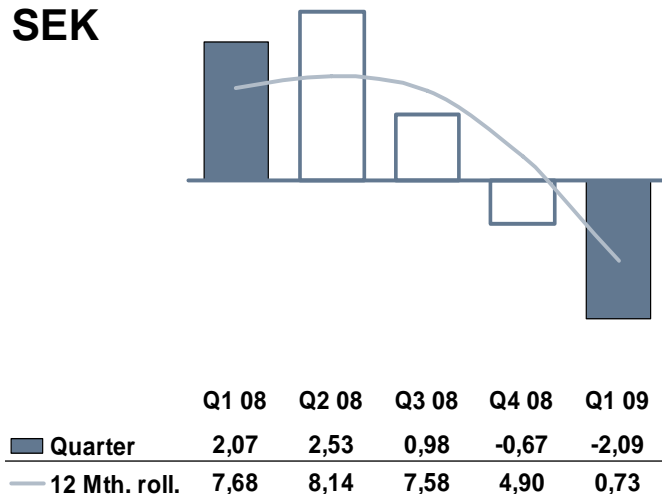
**Managed assets in:
Volvo Aero & Volvo Penta**
(SEK M)



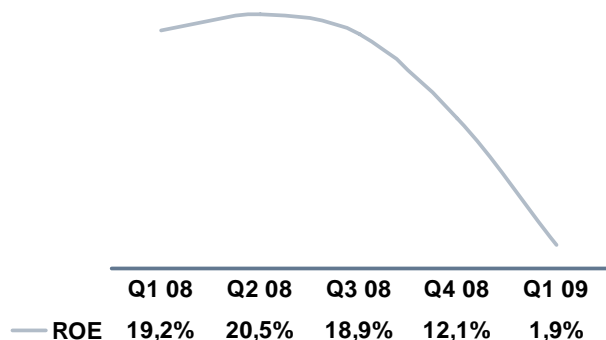
Group Summary



Earnings per share SEK



Return on equity



First quarter

- Sales down 27%, -42% adjusted for FX
- Significant production cut backs
- Operating loss
- Substantial decrease in trade payables
- Negative cash flow
- Good liquidity position

In focus

- Further adapt Group cost structure
- Cash flow
- Secure the introduction of environmentally friendly and fuel efficient products
 - New emission steps (Euro 5 & US'10)

VOLVO

First Quarter 2009