

VOLVO

Second Quarter 2008

Press Conference, July 23, 2008

Group Highlights

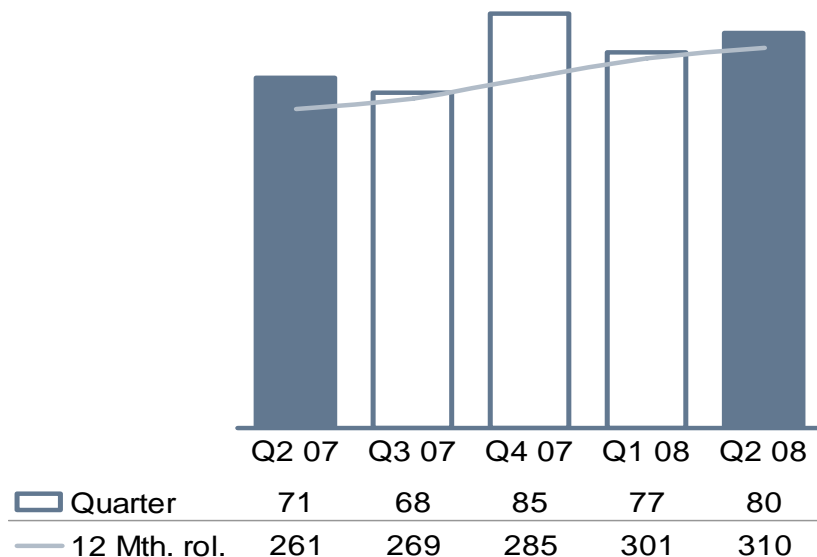


Second Quarter

- Strongest quarter so far
 - Sales growth 13%
 - Operating income up 17%
 - Further improved earnings in truck operations and Volvo CE
- Business environment
 - Europe – high deliveries but slower order intake
 - North America and Japan – increased order intake
 - Strong development in South America and other international markets

Net sales

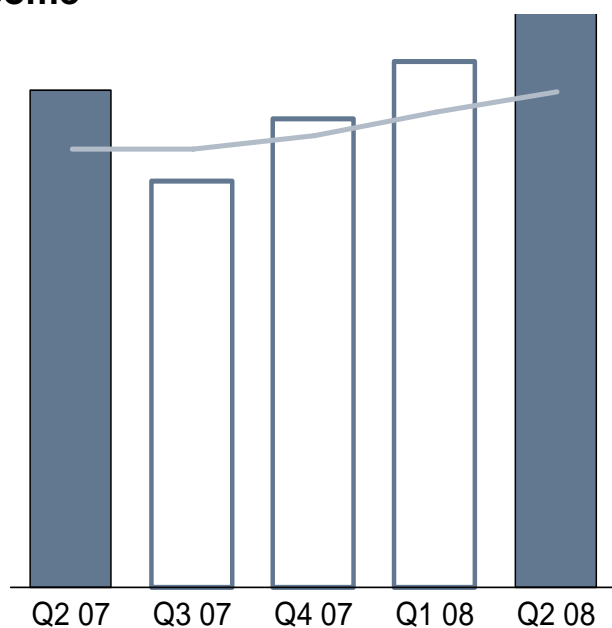
Net sales SEK bn



- Net sales > 310 bn last 12-months
- Strong sales growth, up 13%
 - Western Europe +7%
 - Eastern Europe + 25%
 - Asia +42%
 - South America +35%
- Strong **organic** growth
 - Group +17%
 - Volvo CE +27%

Operating income

Operating income
SEK M



■ Quarter	6 119	5 010	5 775	6 487	7 186
Margin	8,6%	7,3%	6,8%	8,5%	8,9%
— 12 Mth. rol.	21 589	21 627	22 232	23 391	24 457

All-time high quarterly operating income

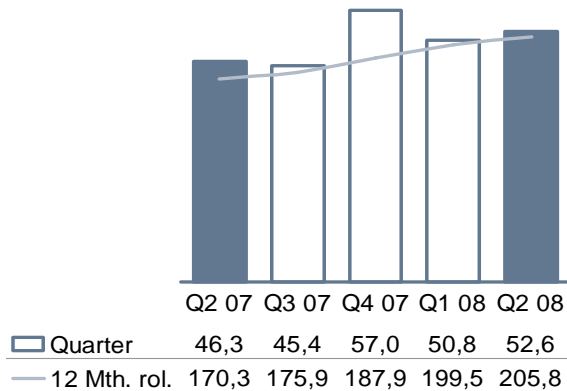
- + Margin improvement based on price and productivity in Europe & International
- + Truck operations in Europe
- + Volvo CE

- Truck operations in US
- Volvo Aero
- Net R&D Amortization SEK 264 M
- Currency impact SEK 500 M

Trucks



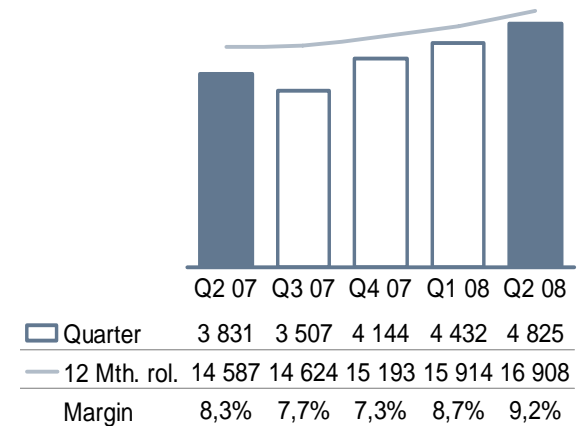
Net sales – SEK bn



Highlights

- Operating income up 26%
 - strong deliveries
 - high productivity
 - competitive products
- Strong demand in Asia, South America and other international markets
- Slowing demand in Europe

Operating income – SEK M



In Focus

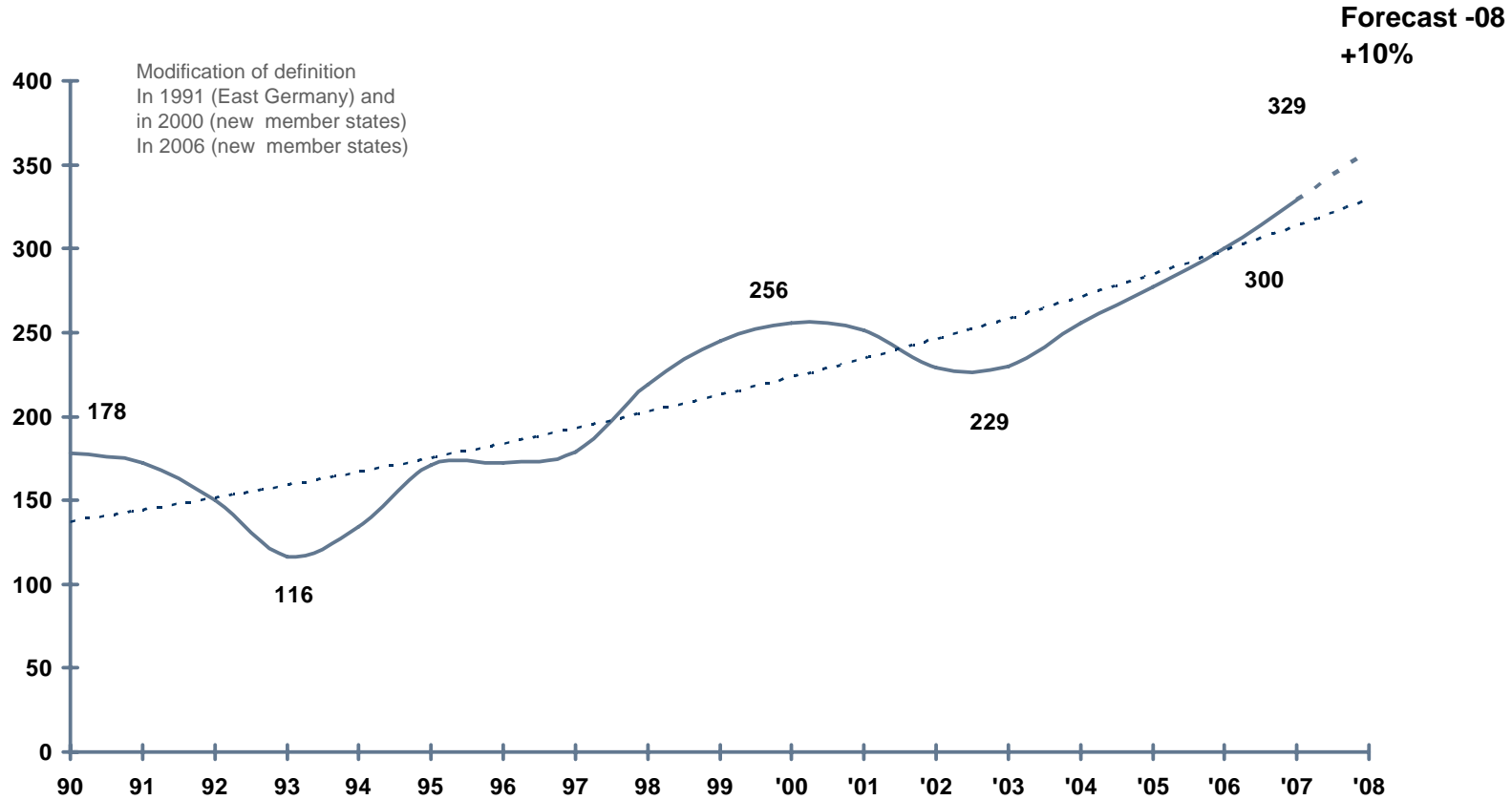
- Monitor demand in Europe
 - active order and production management
- Productivity improvement and cost efficiency
- Integration projects with Nissan Diesel
- Manage material cost inflation

Heavy-duty truck market - Europe

(EU members + Switzerland and Norway)



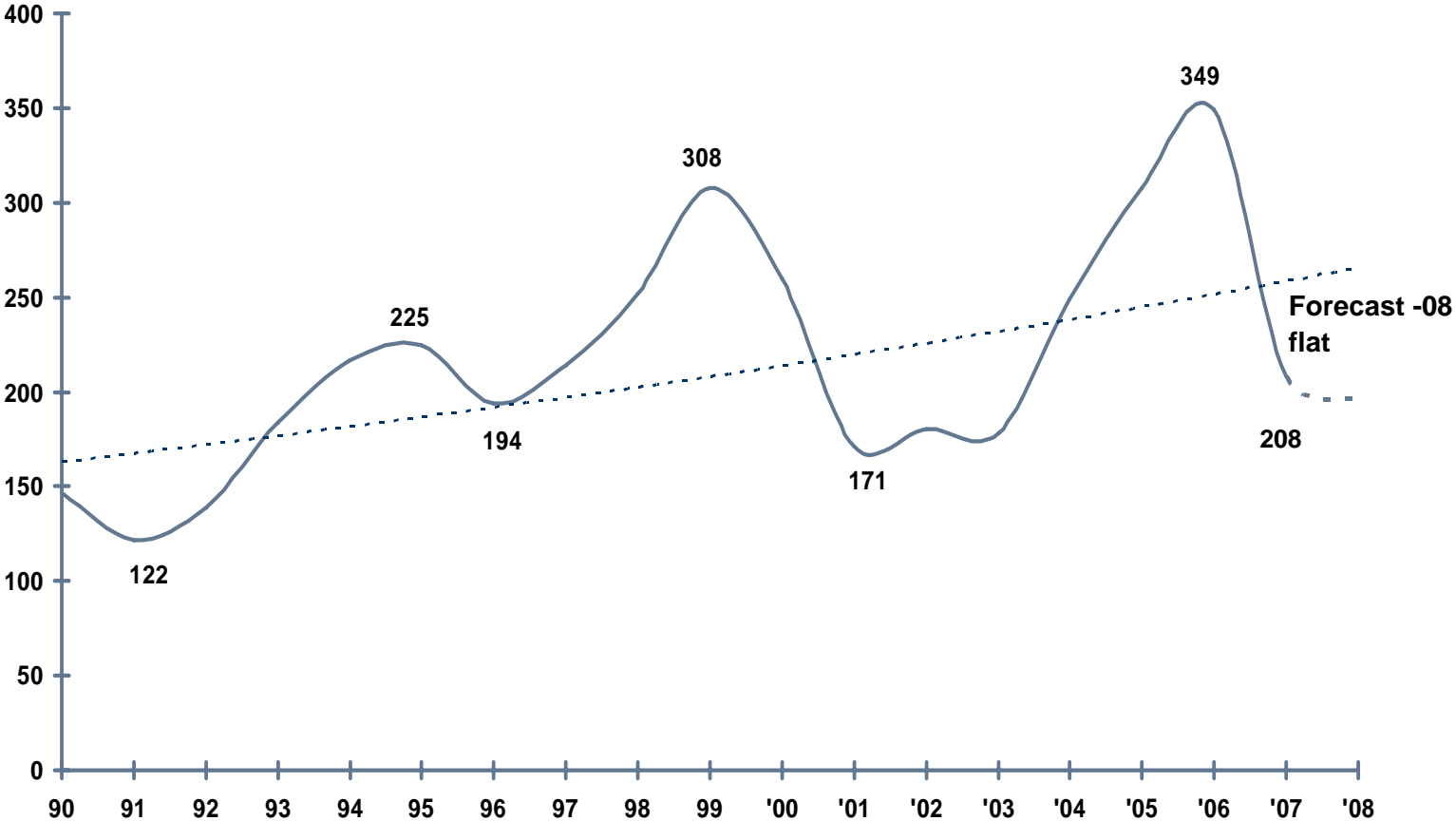
Units, Thousands (heavy trucks)



Heavy-duty truck market – North America



Units, Thousands (heavy trucks)



Volvo Trucks



- Deliveries
 - Europe +7%
 - Asia +26
 - South America +40%
 - North America +146%
- Lower order intake in Europe, regional differences
- Continued strong demand from International markets
- Increased order intake in North America
- Active order book management
 - Order stock transfer to new spec and price
- North America
 - Drive industrial productivity
 - Preparations for US'10
- New products launched in Europe
 - 3 % price increase

New Volvo FH, Volvo FH16 and Volvo FM



Renault Trucks



- Slowdown in order intake
 - Compensated somewhat by orders from overseas areas
- Good industrial productivity
- Product renewal and extension
 - New Renault Magnum
 - New Renault Kerax with 13-liter engine
 - New version of Renault Lander 4x8

New Renault Magnum



Nissan Diesel



- Market share recovery
 - heavy-duty trucks improved to 22.9% (15.6%)
 - superior quality and fuel efficiency
- Market forecast Japan: medium and heavy trucks down 10-15% in 2008
- Deliveries in the second quarter was 12,506, up 41%
- Integration work

Mack Trucks

- Deliveries rose 23%
- Order intake up 34%
- UAW-negotiations
- New engines
 - Improved fuel economy with new engine range
 - Additional fuel economy improvements with addition of SCR
 - Positive reports from customers testing SCR-equipped trucks



New Mack MP7 and MP8 engines

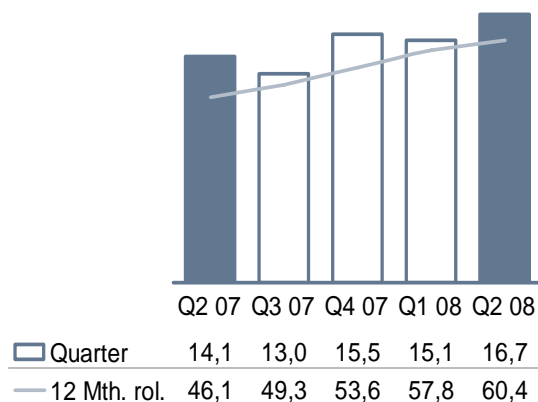


Construction Equipment



Net sales

SEK bn

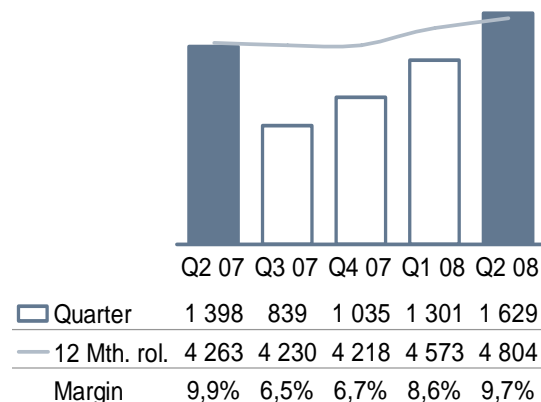


Highlights

- Demand for heavy equipment: Europe down 3%, NA down 26%, Asia up 39% and other international markets up 27%
- Sales up 18%
- Operating income improved by 17%
- Decision to start production in Mexico

Operating income

SEK M



In Focus

- Leverage on demand in Asia and International markets
- Price Management to off set raw material price increases
- Strict cost control, S&A.
- Road Machinery integration

Construction Equipment

All time high – more than 3,000 customers visited the Volvo Days in June

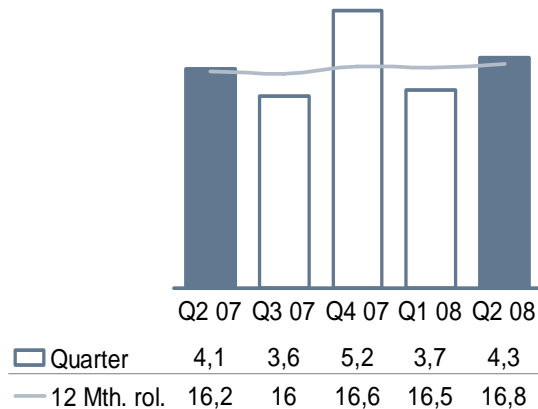


Buses



Net sales

SEK bn

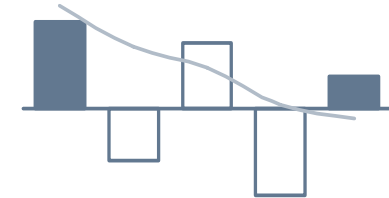


Highlights

- Increased order intake
- Lower profitability
 - currency impact
 - increased R&D spending for Hybrids
- Global profitability program on plan
- Divestiture of Turku factory

Operating income

SEK M



Q2 07 Q3 07 Q4 07 Q1 08 Q2 08

Quarter	122	-73	93	-122	46
12 Mth. rol.	585	350	231	19	-57
Margin	3,0%	-2,0%	1,8%	-3,3%	1,1%

In Focus

- Product cost reduction program
- Industrial relocation and commercial optimization
- Complete the closure of the Tampere plant

Volvo Buses

Prevost - prestigious initial order from Greyhound

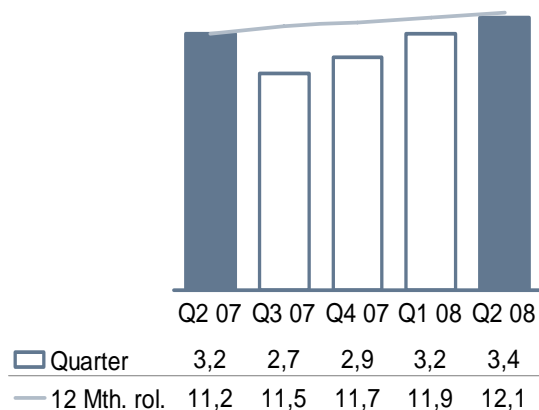


Volvo Penta



Net sales

SEK bn

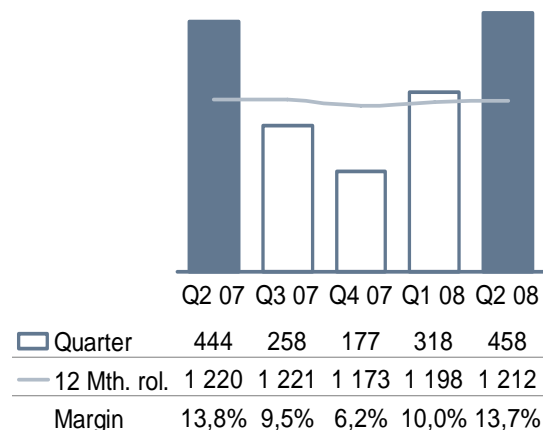


Highlights

- Weakened demand for marine engines
- Gained market shares in Europe and North America, increased sales +4%
- Strong operating margin, 13.7%

Operating income

SEK M

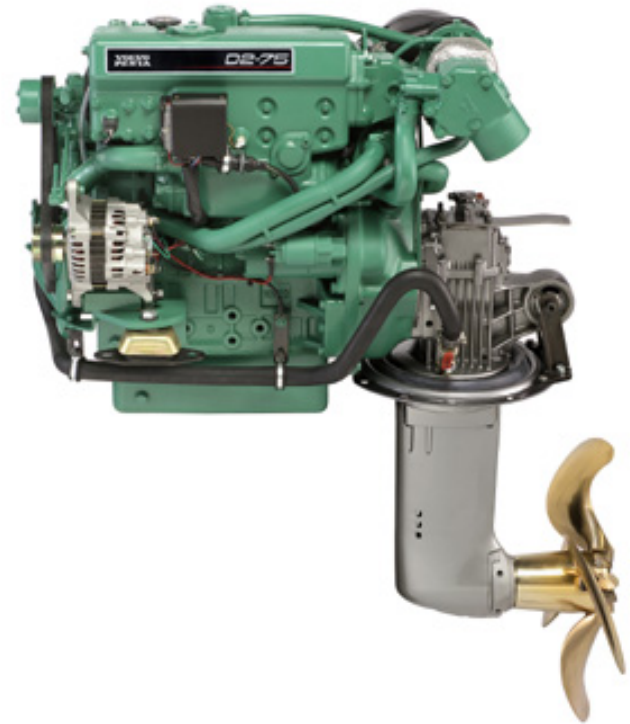


In Focus

- Capitalize on the strong demand for industrial engines
- Secure production capacity and installation support for IPS
- Preparations for new global order to delivery system

Volvo Penta product news

New D-series for sail boats

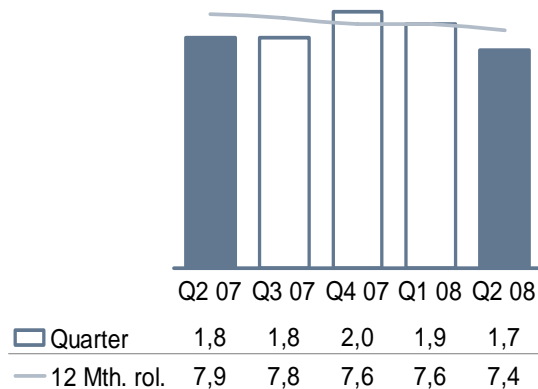


Volvo Aero



Net sales

SEK bn

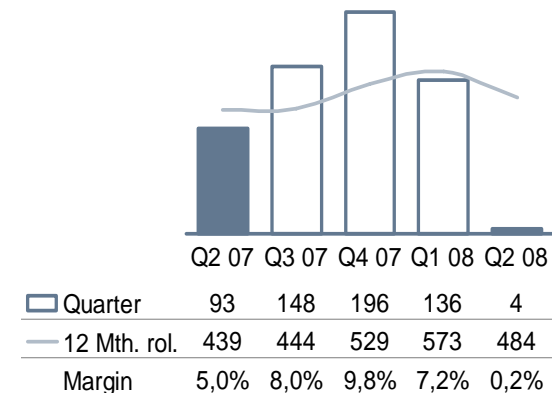


Highlights

- Air traffic growth flattening out
- Research efforts result in major contracts
- Negative currency and product mix
- Increasing order book in component business

Operating income

SEK M



In Focus

- Continued product cost rationalization
- Manage ramp up of production, with quality and cost control
- Execution on new contracts

Volvo Aero

Two major contracts signed with Pratt & Whitney and Rolls-Royce



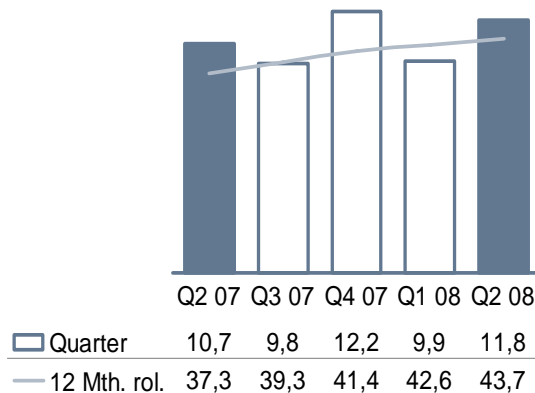
Pratt & Whitney's
Geared Turbofan
engine

Financial Services



New retail financing

SEK bn

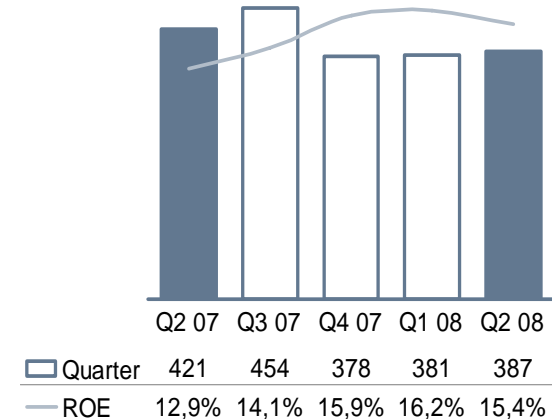


Highlights

- Managed assets reach SEK 100 bn
- Good asset and risk management
- European strategy developing well

Operating income and return on equity

SEK M

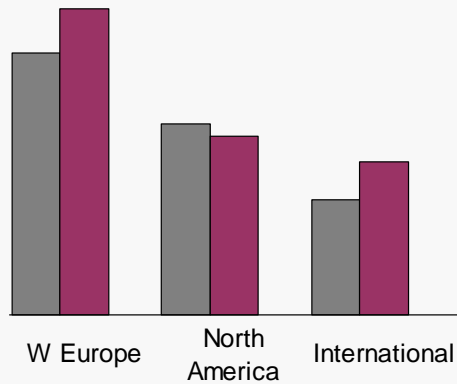


In Focus

- Controlled growth and asset management
- Capitalize on downturn opportunities
- Growth in International markets

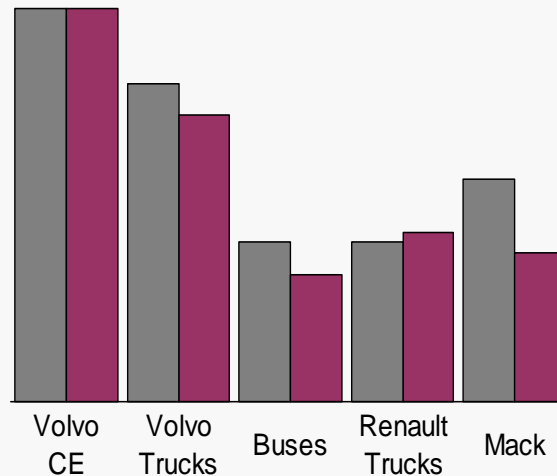
Financial Services

Total managed assets
(SEK bn)



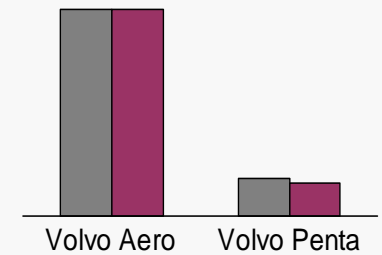
Q207	41	30	18
Q208	48	28	24

Penetration on new financing



Q207	37%	30%	15%	15%	21%
Q208	37%	27%	12%	16%	14%

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

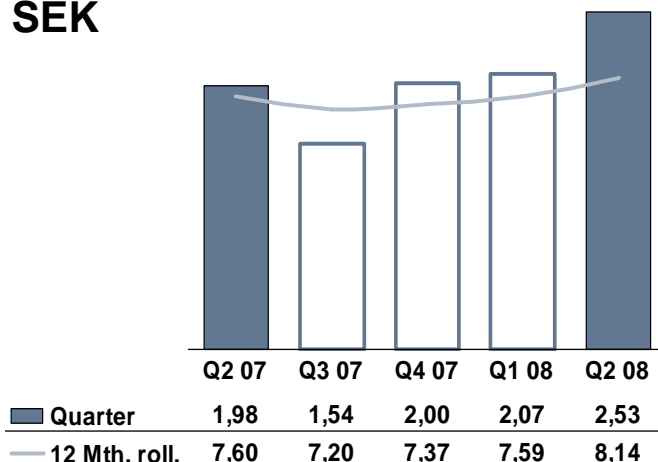


Q207	980	175
Q208	978	154

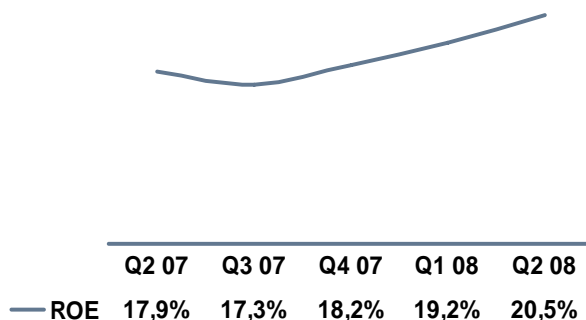
Group Summary



Earnings per share SEK



Return on equity



Best quarter so far

- Sales growth 13%
- Operating income up 17%
- Improved industrial productivity
- Competitive products
- Earnings per share up 28%

In focus

- Manage European demand
- Integrating acquisitions
- Productivity and cost efficiency
- Develop and introduce environmentally friendly and fuel efficient products
 - New emission steps (Euro 5 & US'10)
 - Hybrids

VOLVO

Second quarter 2008