

VOLVO

Third Quarter 2008

Press Conference, October 24, 2008

Group Highlights



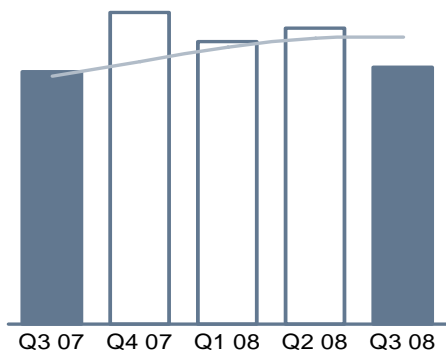
Third Quarter

- Difficult quarter
 - Sales growth 2%, (+13% in Q2 & +26% in Q1)
 - Operating income down 37%
 - Rapid adjustment of production capacity
- Business environment
 - Europe – falling volumes and heading towards downturn
 - North America and Japan, declining further
 - Still stable development in South America and other international markets

Volvo Group

Net sales

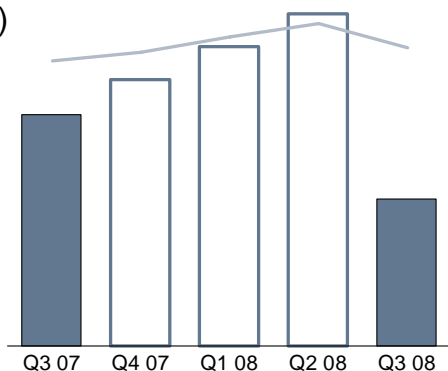
(SEK bn)



Quarter	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08
Quarter	68	85	77	80	70
12 Mth. rol.	269	285	301	310	311

Operating income

(SEK M)



Quarter	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08
Quarter	5 010	5 775	6 487	7 186	3 177
Margin	7,3%	6,8%	8,5%	8,9%	4,6%
12 Mth. rol.	21 627	22 232	23 391	24 458	22 625

Sales, up 2%

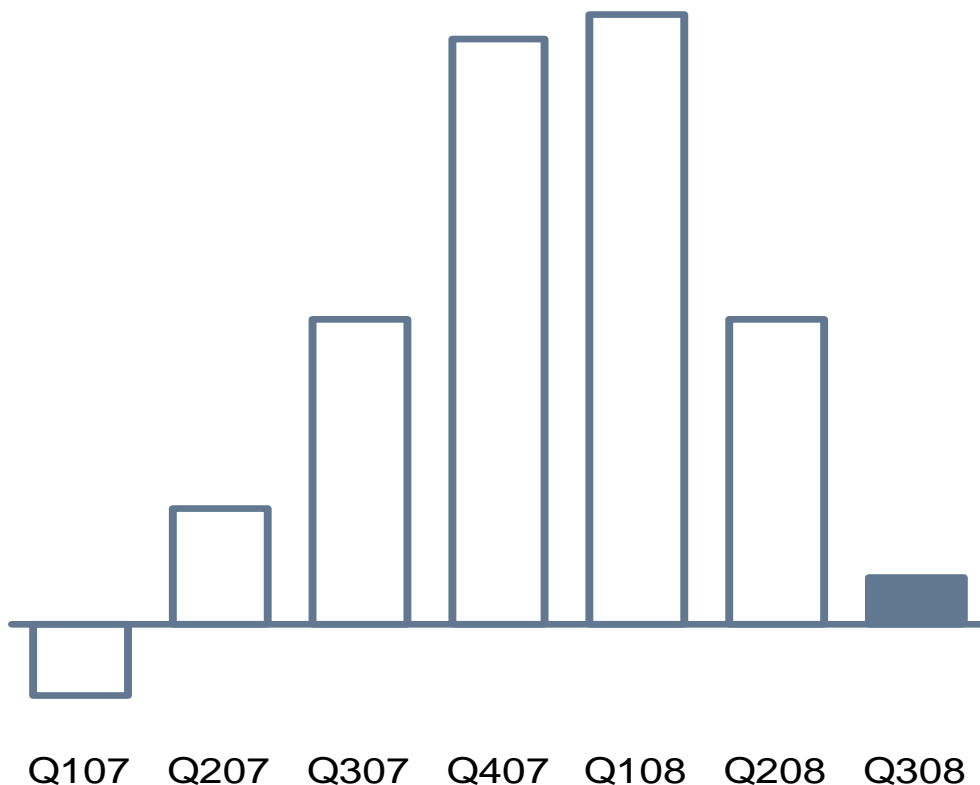
- Western Europe -4% (Q2 +7, Q1 +17)
- Eastern Europe +21% (Q2 +25, Q1 +37)
- North America -12% (Q2 +1, Q1 -4)
- Asia +3% (Q2 +42, Q1 +27)
- South America +35% (Q2 +35, Q1 +18)

Decrease in operating income

- + Good performance in Europe and International
 - Truck operations in the US
 - Volvo CE
 - R&D expenses up SEK 0.8 bn
 - Cost inflation raw materials SEK 1 bn
 - Restructuring in North America, Volvo CE & Mack SEK 330 M
- Underabsorption

Volvo Group

Sales growth year over year
(%)



■ Sales growth

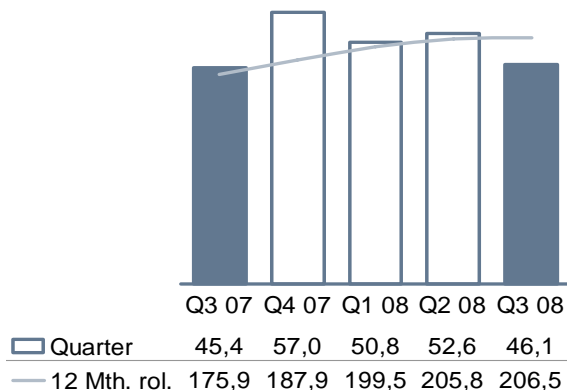
Q107	Q207	Q307	Q407	Q108	Q208	Q308
-3%	5%	13%	25%	26%	13%	2%

Trucks



Net sales

SEK bn

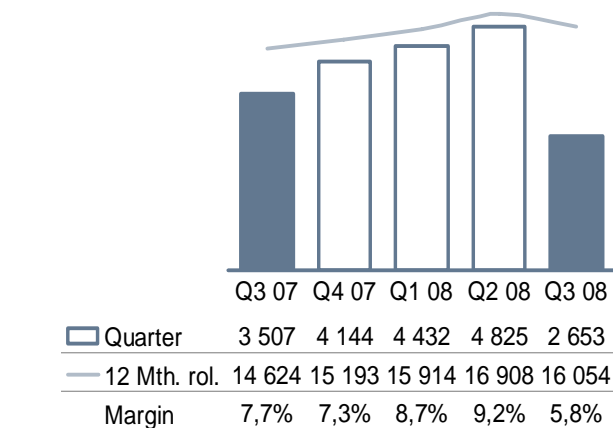


Highlights

- Significant slowdown in demand in Europe
- Operating income down 24%, driven by North America
- Production system and overhead costs being adjusted to lower demand

Operating income

SEK M



In Focus

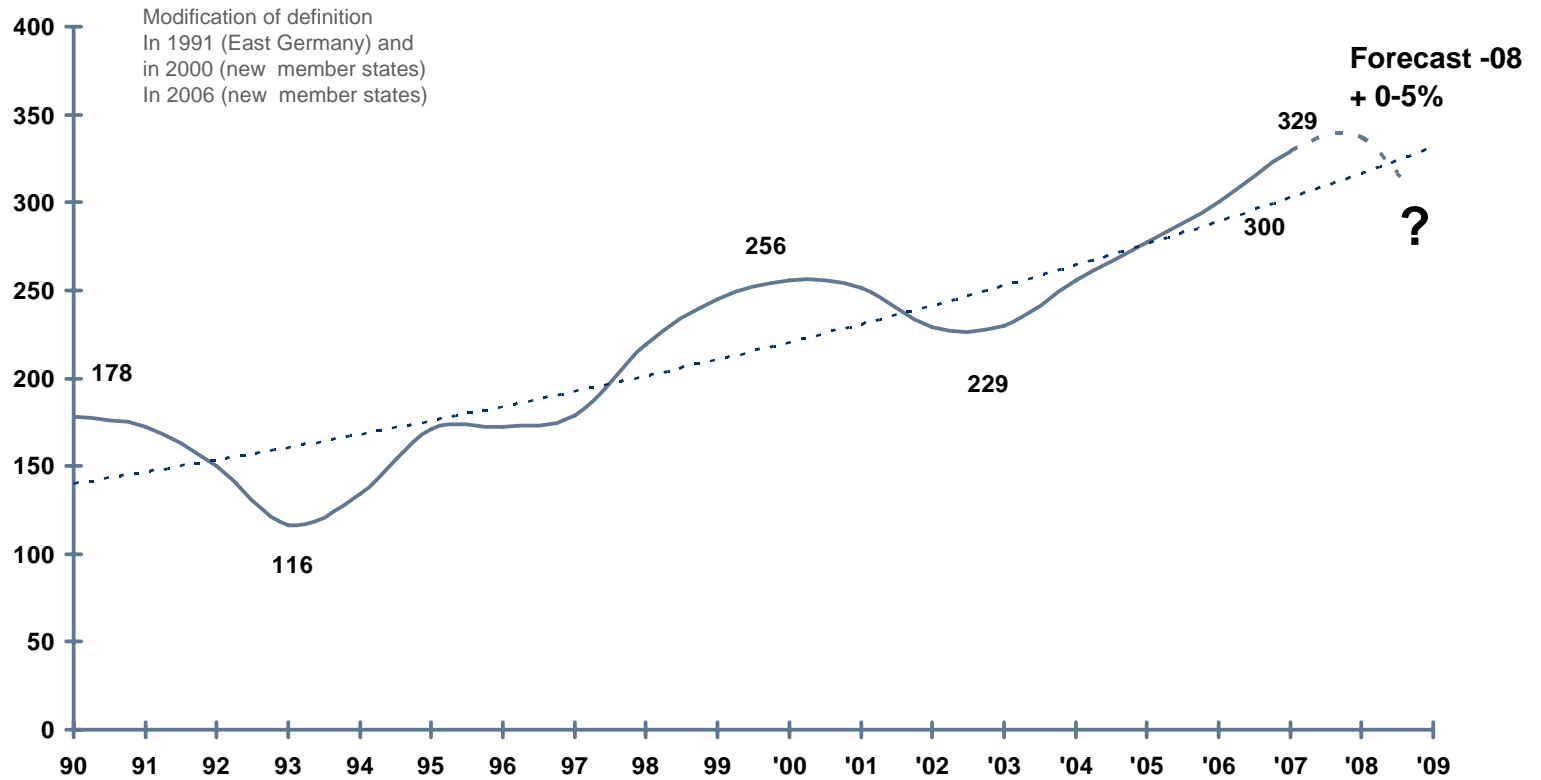
- Production management
- Cost efficiency and productivity
- Integration projects with Nissan Diesel and Eicher
- Manage material cost inflation

Heavy-duty truck market - Europe

(EU members + Switzerland and Norway)



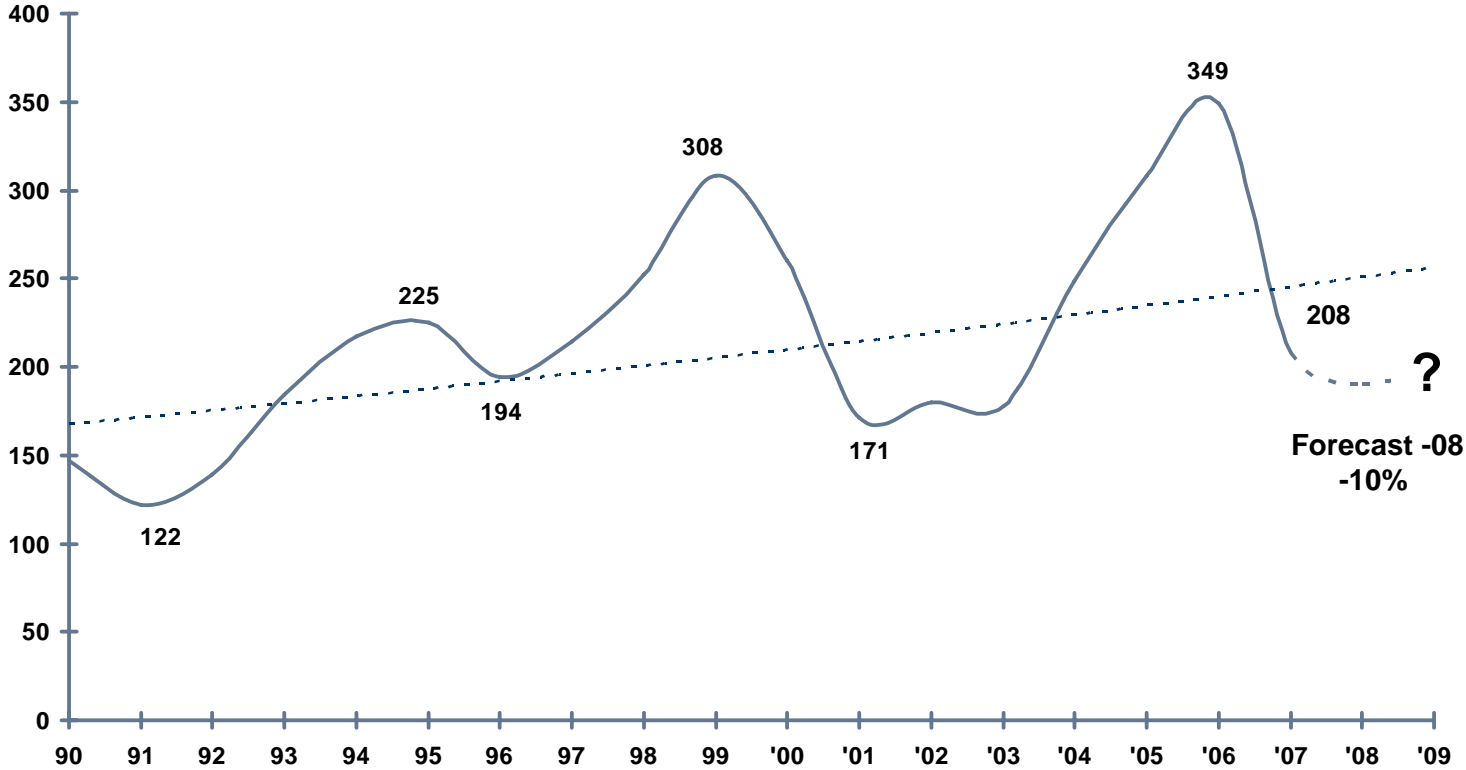
Units, Thousands (heavy trucks)



Heavy-duty truck market – North America



Units, Thousands (heavy trucks)



Trucks



Volvo Trucks

- Market shares gained in Europe
- Production adjustments in Europe
- Order book towards normalization
- New products launched in Europe
 - Good reception at the IAA

Renault Trucks

- Improving market shares in Europe
- Adjustment of production - temporary workers staffing
- Product innovation
 - All electrical Maxity
 - Renault Premium Distribution Hybrys-Tech
 - Premium Optifuel Concept: new aerodynamic features help reduce fuel consumption.



Mack Trucks

- UAW negotiations ongoing
- Restructuring plan launched
- Top Customer Satisfaction Ranking for Dealer Service in JD Power
- Honored by EPA for 32% reduction in greenhouse gas emissions



Nissan Diesel

- Market share maintained
 - the retail sales price of trucks raised
- Market forecast Japan: medium and heavy trucks down 15% in 2008
- Integration work



New Volvo FH, Volvo FH16 and Volvo FM



New Optifuel Concept



Mack Trucks

"...the SCR technology has basically been transparent. The only thing we're really noticing is that we're getting better fuel mileage."

Haines and Kibblehouse

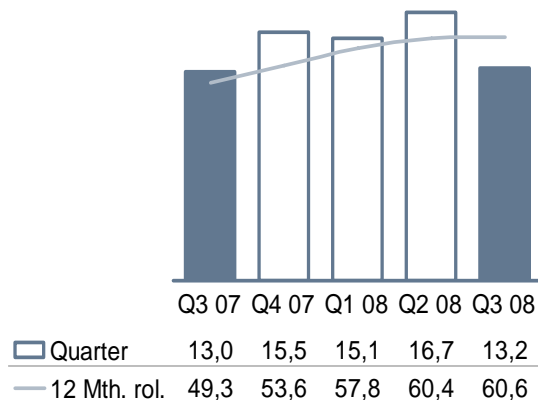


Construction Equipment



Net sales

SEK bn

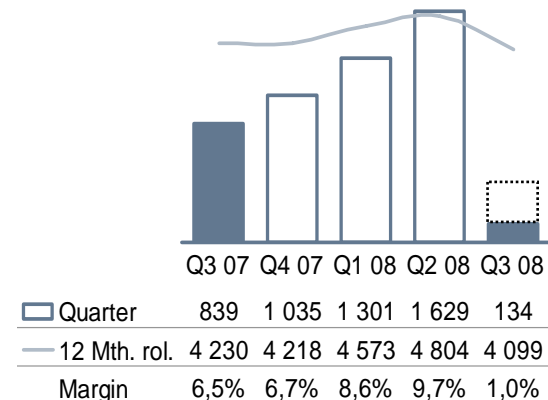


Highlights

- Sales up 2% (Q2 +18%)
- Operating income affected by increased steel prices and a restructuring charge of SEK 300 M
- Markets continue to fall

Operating income

SEK M



In Focus

- Manage Goderich plant close down
- Recession Management
- Lingong and Road Machinery integration

Construction Equipment

Volvo CE continue to target the forestry industry - 3 new feller bunchers launched

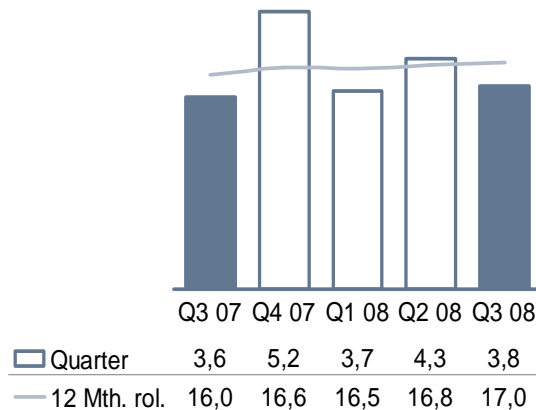


Buses



Net sales

SEK bn

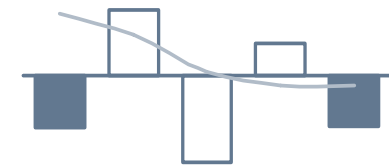


Highlights

- Increased order intake for city buses
- Closure of Tampere and divestiture of Turku factory Oct 1, 2008
- Negative currency effect
- Hybrid launch

Operating income

SEK M



Q3 07 Q4 07 Q1 08 Q2 08 Q3 08

Quarter	-73	93	-122	46	-72
12 Mth. rol.	350	231	19	-57	-56
Margin	-2,0%	1,8%	-3,3%	1,1%	-1,9%

In Focus

- Global Profitability program
- Inventory management
- City bus tender activities

Buses

Volvo 7700 Hybrid

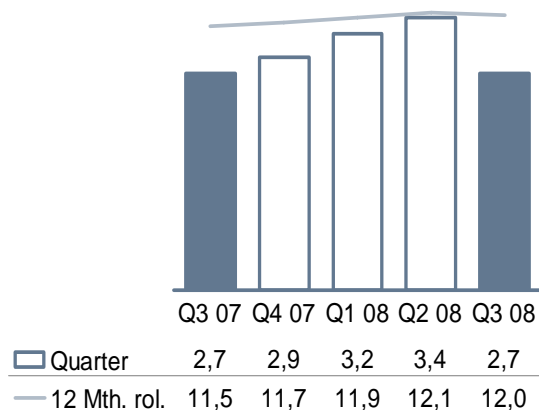


Volvo Penta



Net sales

SEK bn

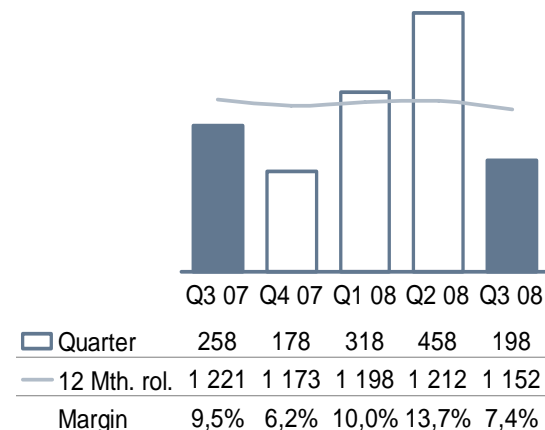


Highlights

- Downturn in total market for marine engines in Europe and North America
- Continued good demand for industrial engines and IPS

Operating income

SEK M



In Focus

- Adjusting to lower demand
- Efficiency programs for central and regional operations
- Capitalize on good momentum for industrial engines and IPS

Volvo Penta product news

Absolute 70 with quad IPS – up to 50% improvement in fuel efficiency

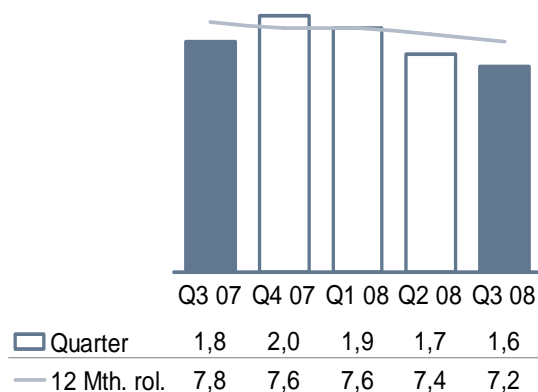


Volvo Aero



Net sales

SEK bn

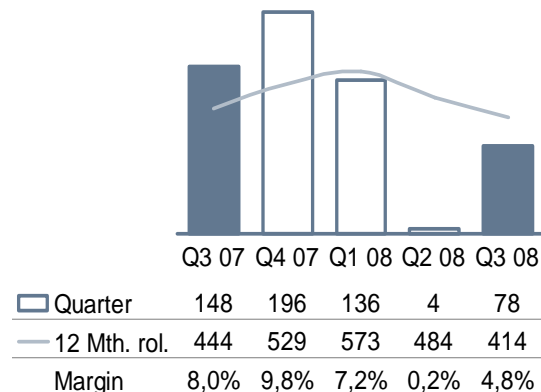


Highlights

- Air traffic growth flattening out
- Component business still growing, with good margin
- Lower volumes in the after market business
- Successful Fan Blade Out Test with new composite technology

Operating income

SEK M



In Focus

- Intensify after market profitability program
- Continued product cost rationalization
- Execution on new contracts

Volvo Aero

Successful Fan Blade Out Test with new composite technology

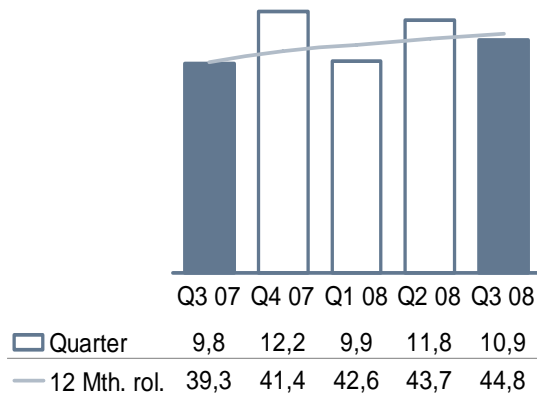


Financial Services



New retail financing

SEK bn

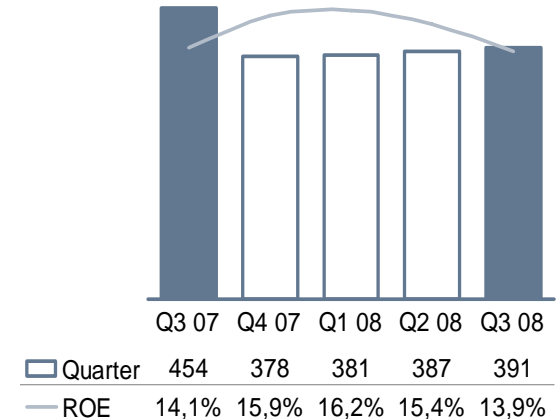


Highlights

- Strong new business volume
- Stable operating income
- Steady penetration

Operating income and return on equity

SEK M

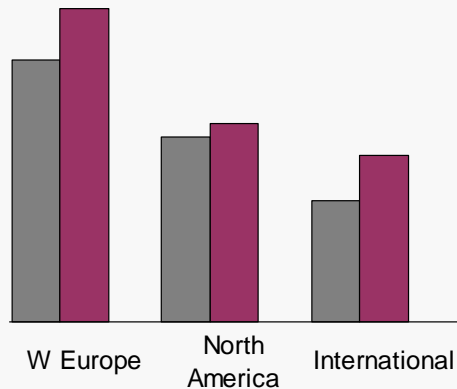


In Focus

- Heightened portfolio management
- Global financial markets
- Opportunities in the downturn

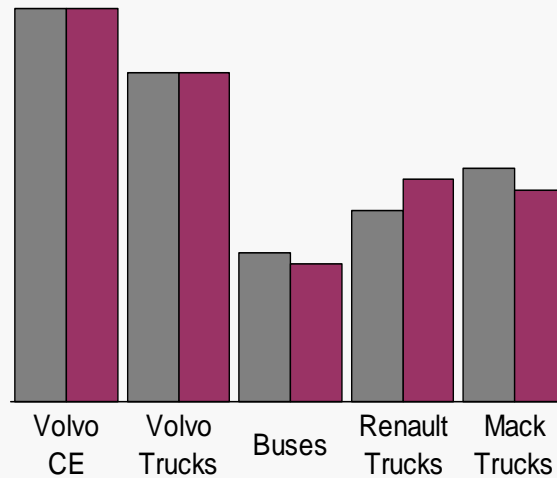
Financial Services

Total managed assets
(SEK bn)



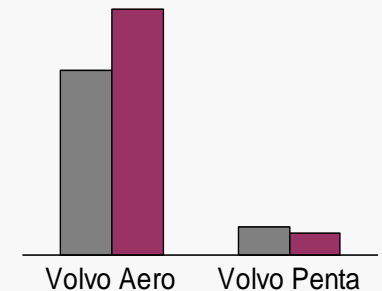
Q307	41	29	19
Q308	49	31	26

Penetration on new financing



Q307	37%	31%	14%	18%	22%
Q308	37%	31%	13%	21%	20%

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

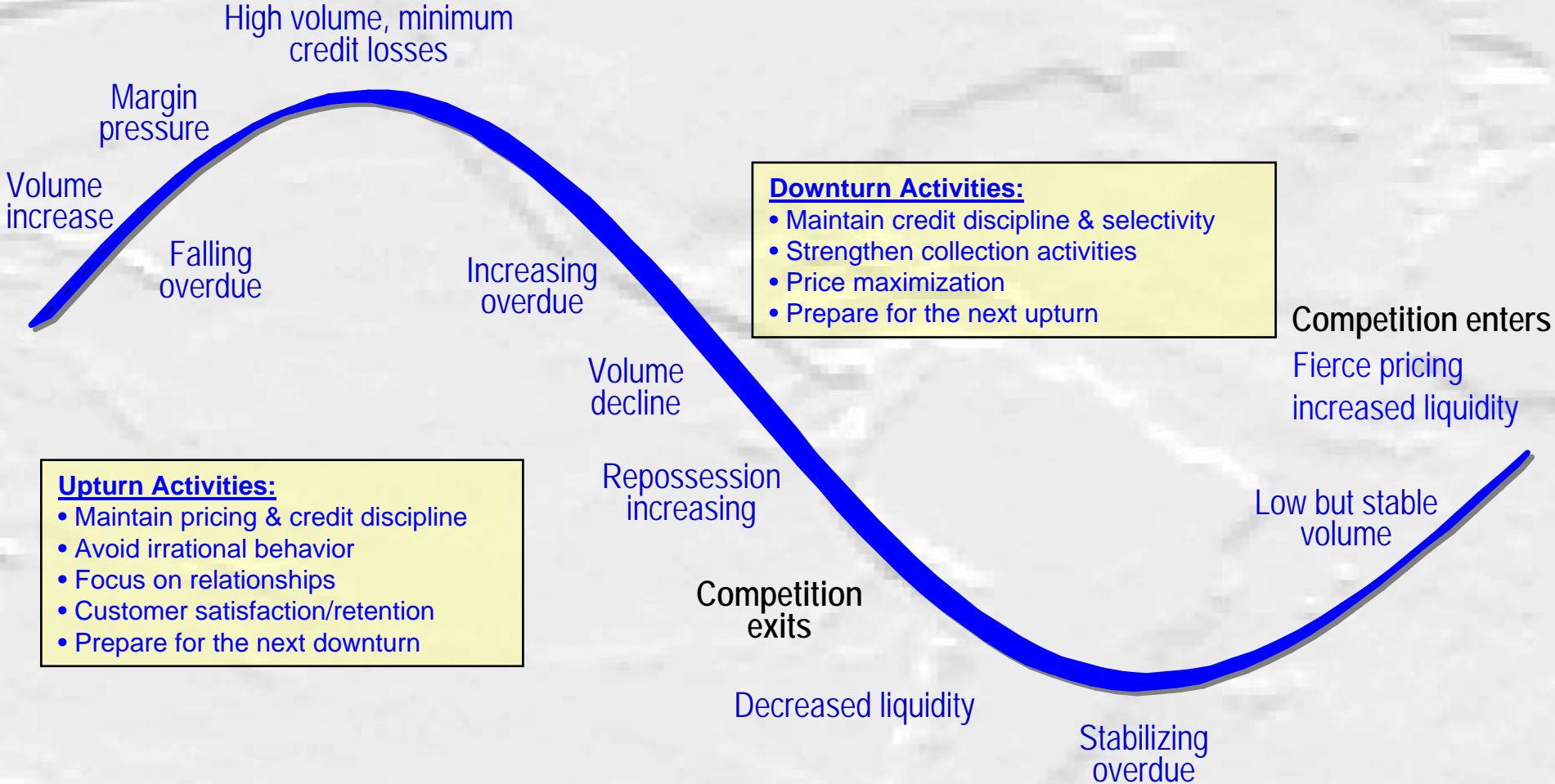


Q307	874	134
Q308	1167	105

Key objectives

- Support Business Areas
- Maximize customer satisfaction
- Stability in earnings over a business cycle
- Controlled and profitable asset growth
- Sound portfolio structure/asset diversification

Managing the business cycle



Customer offering



**Insurance/
Service &
Maintenance
Contracts
(Non risk based)**

**Operational
Lease
(10.3%)**

**Receivables
Management
(0.8%)**

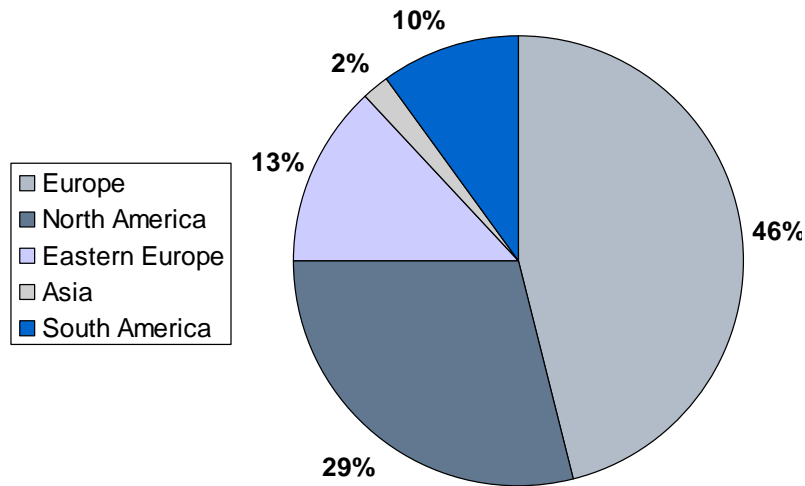
**Installment
Credit
(36.2%)**

**Finance Lease
(36.2%)**

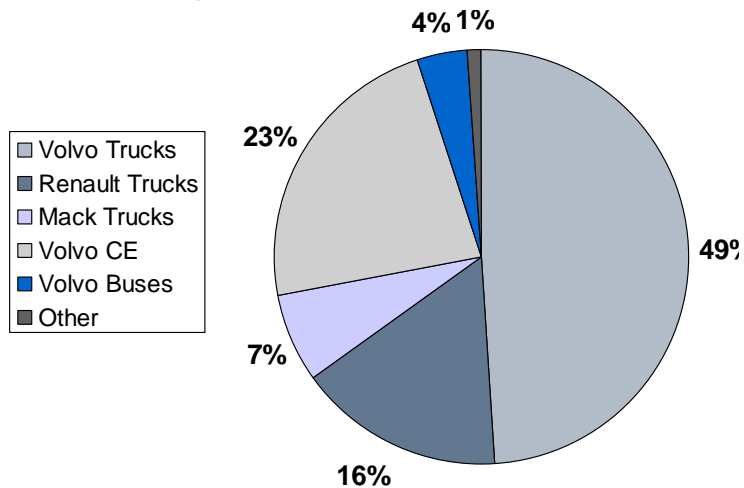
**Dealer Financing
(16.5%)**

Managed Assets

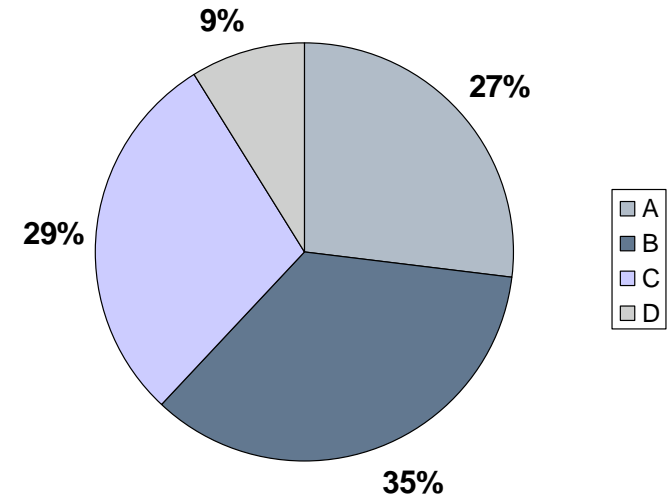
By Region



By Product



By Credit Rating



Credit and Risk Management



- Collateral based lending of readily marketable assets
 - Disciplined transaction structuring
 - Supported by well developed remarketing networks
- Consistent underwriting
 - Global credit policies
 - Local/region/executive credit committees
- Monitor portfolio performance & trends
 - Monthly/quarterly
 - Internal control reviews
- Limited risk concentration
 - Diversified asset categories
 - Country & regional dispersion
 - Risk sharing & syndication of large customer exposures
 - 3rd Party banks & government export credit agencies

Financial discipline

- Clear financing strategy
 - Match funding by market
 - Interest, liquidity, currency
 - Execution with Volvo Group Treasury
- Detailed financial & business reporting:
 - Globally, regionally, market and by product
 - Reserve methodology
 - 180 day write off policy
- Strong CFO network with:
 - Experienced financial professionals
 - Monthly analysis and financial reviews
 - Internal control reviews



Summary

Benefits Provided to The Volvo Group



- Sustainable profitability throughout the business cycle
- Increased Business Area sales
- Enhanced customer loyalty & retention
- Strengthen brand recognition
- Ongoing access to customers
- Superior customer & dealer service
- Sole focus on Volvo Group products
- Liquidity & longevity in the market

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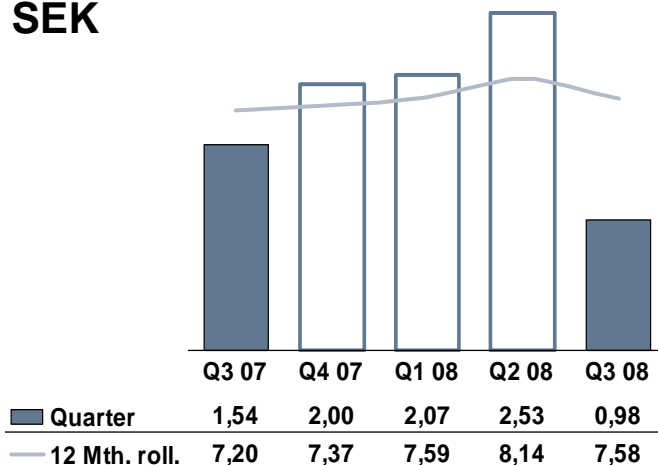
VOLVO

Financial Services

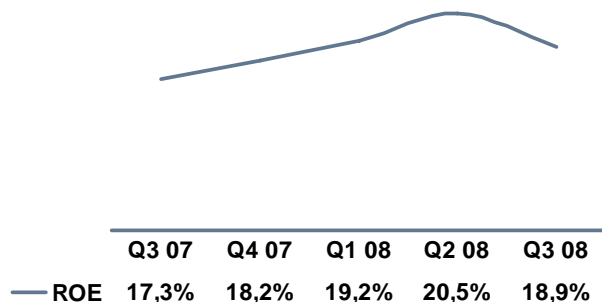
Group Summary



Earnings per share SEK



Return on equity



Difficult quarter

- Sales down 13% compared to Q2
- Operating income down 37%
- Competitive new products

In focus

- Rapidly adjust production capacity and cost
- Manage Global demand
- Integrating acquisitions
- Cost efficiency and productivity
- Develop and introduce environmentally friendly and fuel efficient products
 - New emission steps (Euro 5 & US'10)
 - Hybrids

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Third quarter 2008