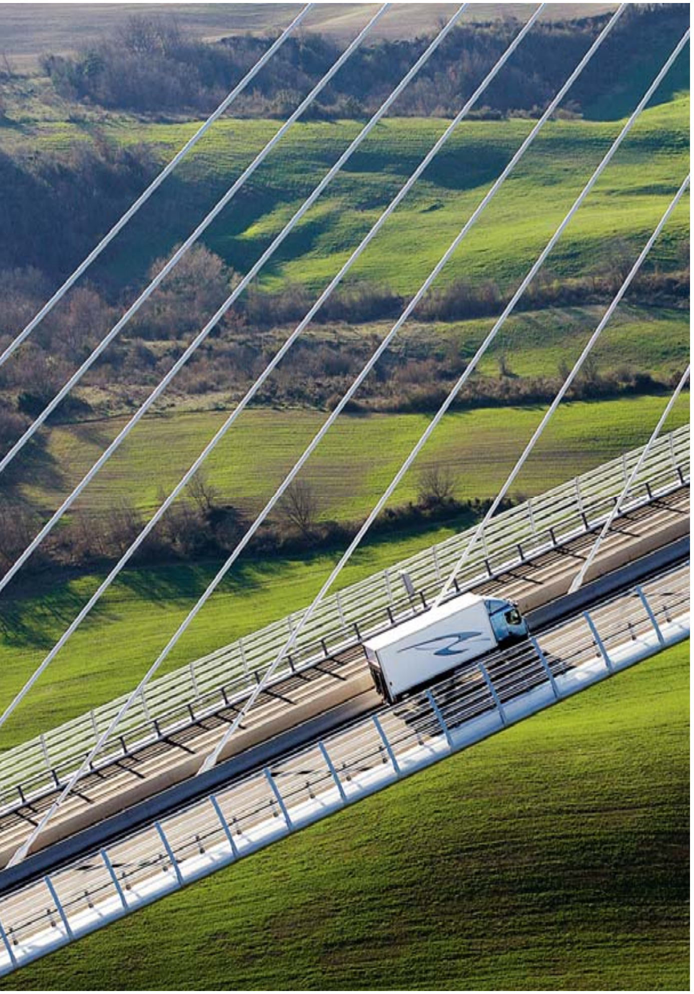
Fourth Quarter 2008

Press Conference, February 6, 2009

Group Highlights



Fourth quarter

- Sales down 9%, -15% adjusted for currency
- Operating loss SEK 999 M
- Rapid adjustment of production capacity
- SEK 5.1 bn reduction in working capital

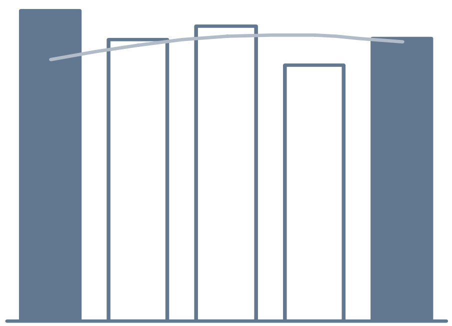
Full year

- Net sales SEK 304 bn (285)
- Operating Income SEK 15.9 bn (22.2)
- ROE 12.1% (18.1)
- EPS SEK 4.90 (7.37)

Board proposal: ordinary dividend: SEK 2.00 per share **(5.50)**

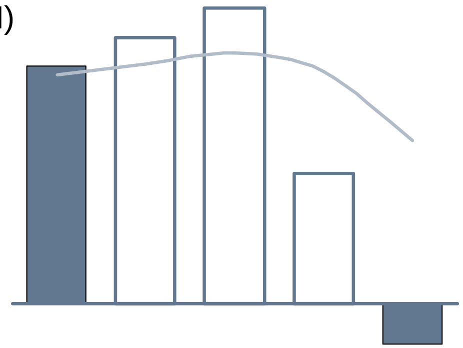
Volvo Group

Net sales
(SEK bn)



	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
Quarter	84,6	76,7	80,4	69,6	77,0
12 Mth. rol.	285	301	310	311	304

Operating income
(SEK M)



	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
Quarter	5 775	6 487	7 186	3 177	-999
Margin	6,8%	8,5%	8,9%	4,6%	-1,3%
12 Mth. rol.	22 232	23 391	24 458	22 625	15 851

Fourth quarter

Sales, down 9%, -15% adjusted for currency

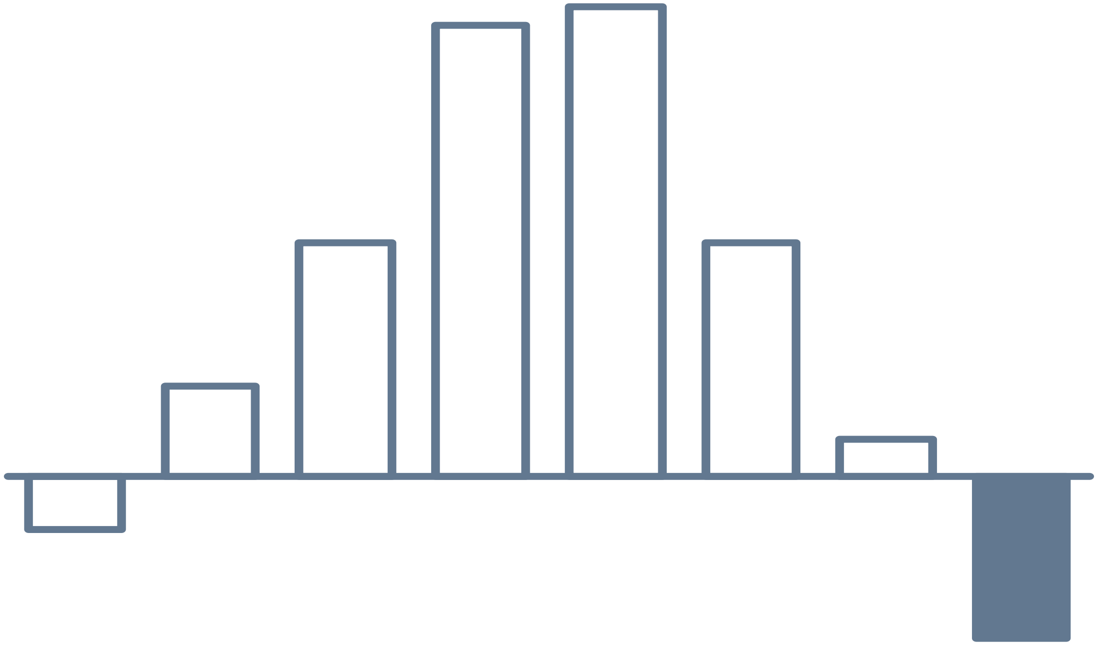
- Europe -23%, -27% adjusted for currency
- North America -2%, -11% adjusted for currency
- Asia +16%, +5% adjusted for currency
- South America +12%, +10% adjusted for currency

Operating income

- Lower volumes
- Under absorption SEK 2 bn
- Lay-off costs SEK 750 M
- Continued high cost level for raw materials SEK 0.9 bn
- R&D expenses up SEK 0.8 bn
- Volvo CE
- US truck operations

Volvo Group

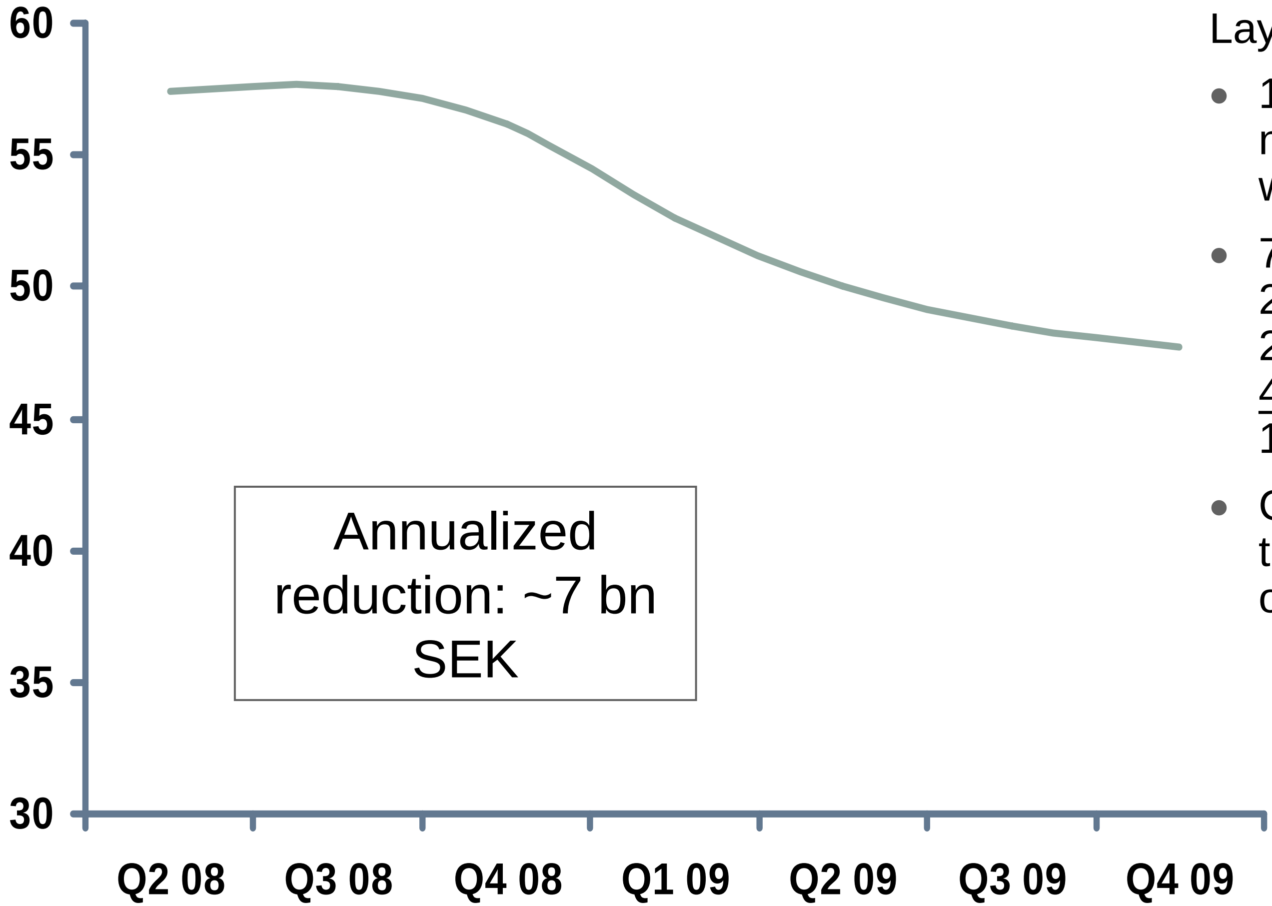
Sales growth year over year
(%)



	Q107	Q207	Q307	Q407	Q108	Q208	Q308	Q408
Sales growth	-3%	5%	13%	25%	26%	13%	2%	-9%

Workforce related cost

Annualized quarterly development



Lay-offs:

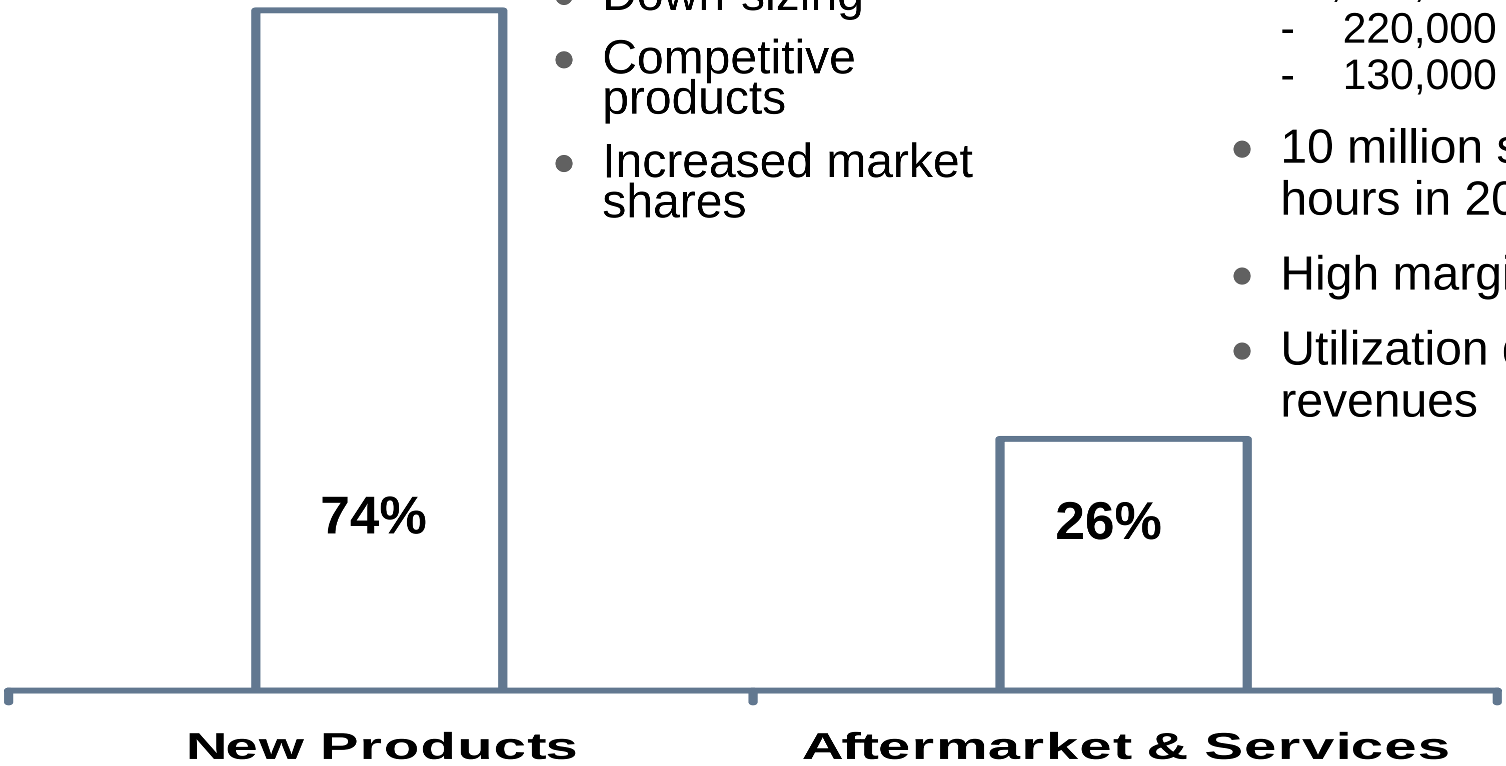
- 16,255 employees/consultants noticed in 2008 and 2009, of which 5,800 left during 2008.
- 7,670 in Sweden
  2,223 in France
  2,328 in the US
  4,034 in other countries
  16,255 in total
- Corresponding to 56% of temps/consultants and 10% of ordinary employees

Volvo Group – Products and Services

Sales, %

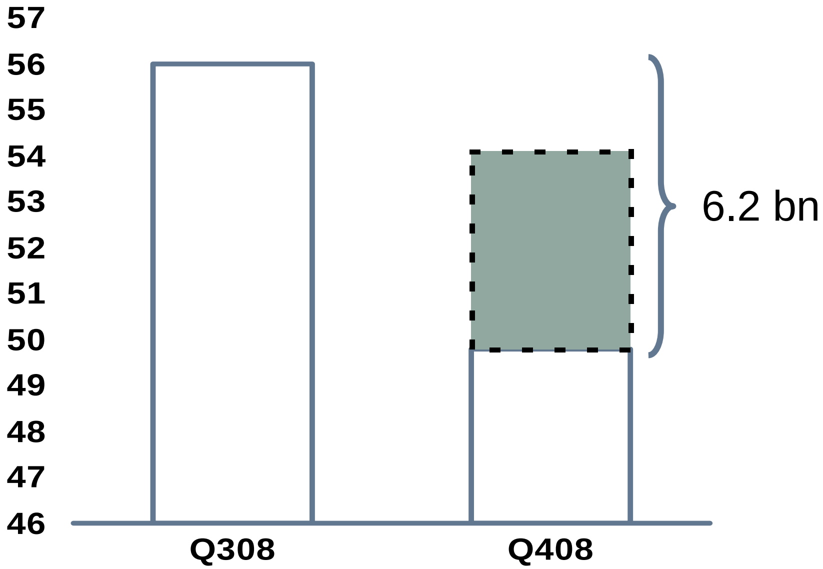
- Labour intensive
- Down-sizing
- Competitive products
- Increased market shares

- Population driven:
  - 2,600,000 trucks
  - 220,000 machines
  - 130,000 buses
- 10 million service hours in 2008
- High margin
- Utilization drives revenues



Working Capital

Inventories,
SEK bn



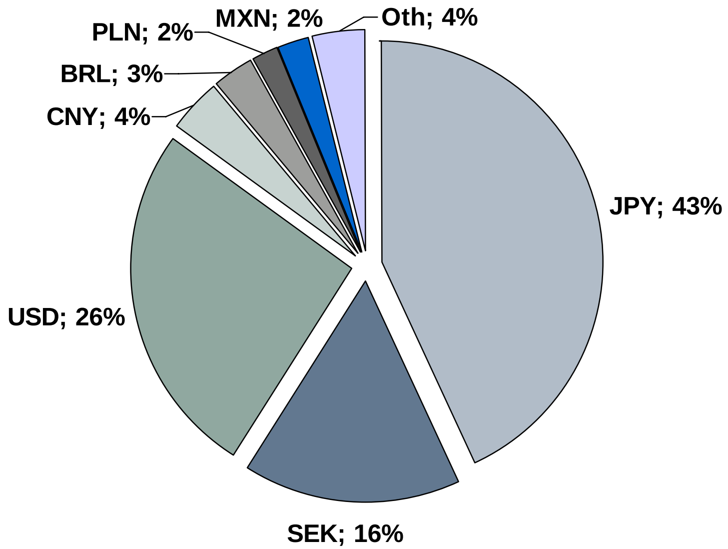
	Q308	Q408
Currency		4,3
Inventories	56,0	49,8

- Industrial operating cash flow; positive 1.8 bn in the quarter
- Focus on working capital

- Receivables	- 1.6 bn
- Inventories	- 6.2 bn
- Payables	+ 3.6 bn
- Other	- 0.9 bn
Total change	- 5.1 bn

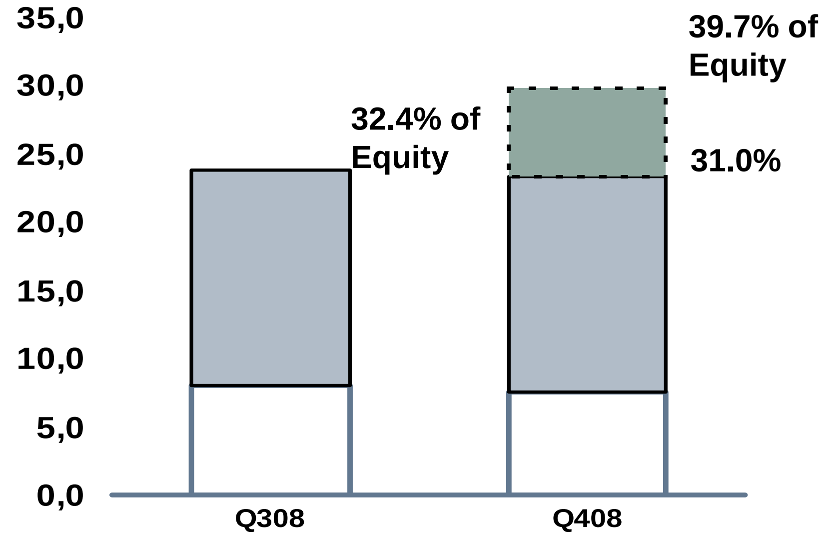
Volvo Group – Net Financial Debt
Industrial Operations

Net debt by currency



	Q3-08	Q4-08	Change
SEK/JPY	0,065	0,086	+32.6%
SEK/USD	6,78	7,75	+14.3%

Net debt, SEK bn

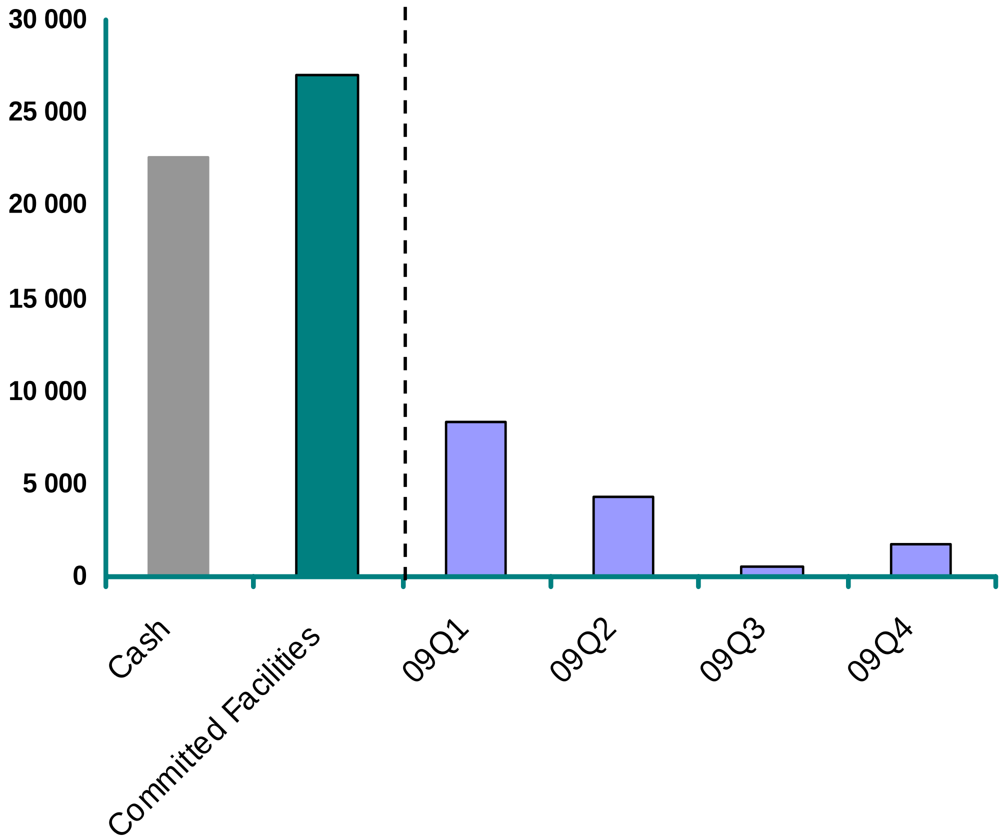


	Q308	Q408
Currency		6,5
Financial Debt	15,8	15,7
Pensions	8,0	7,6

Volvo Group Industrial Operations

08Q4 Cash Reserves / Committed Facilities

Maturity Structure 2009

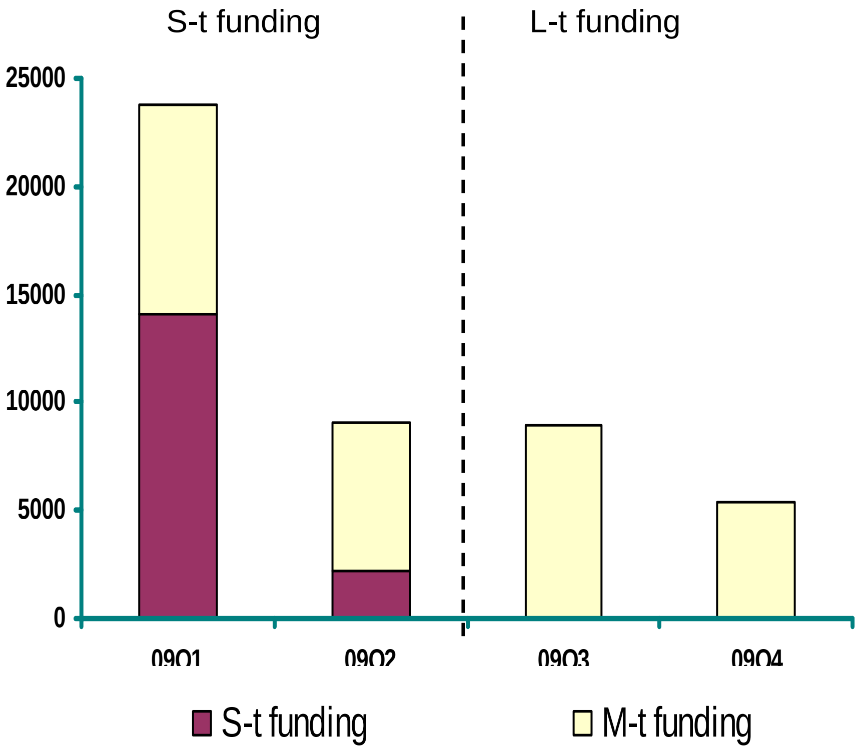


Funding Activities 2009

- European Investment Bank
- Development Bank of Japan
- Bank market in Japan
- Bond issuance in various markets
- Other Agency funding (EKN, NIB, SEK)

Volvo Group Customer Finance

Maturity Structure – 2009



- Customer financing portfolio amortizes in accordance with debt maturities
- New funding need depends on demand for new financing in Financial Services

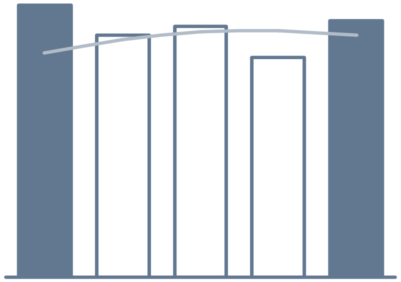
Funding Activities 2009

- Commercial Papers in various programs
- Securitization and asset syndications
- Regional funding lines (committed)
- Bank market (committed)

Trucks

Net sales

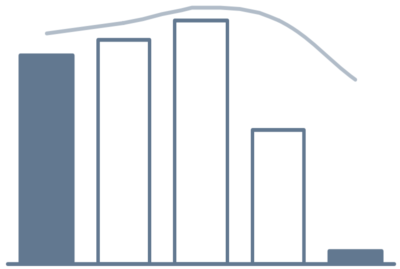
SEK bn



	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
Quarter	57,0	50,8	52,6	46,1	53,7
12 Mth. rol.	188	200	206	207	203

Operating income

SEK M



	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
Quarter	4 144	4 432	4 825	2 653	257
12 Mth. rol.	15 193	15 914	16 908	16 054	12 167
Margin	7,3%	8,7%	9,2%	5,8%	0,5%

Highlights

- Significant slowdown globally
- Operating income down driven by lower sales and under absorption
- Production system and overhead costs being adjusted to lower demand
- Inventories reduced by 13% in units

In Focus

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

VOLVO

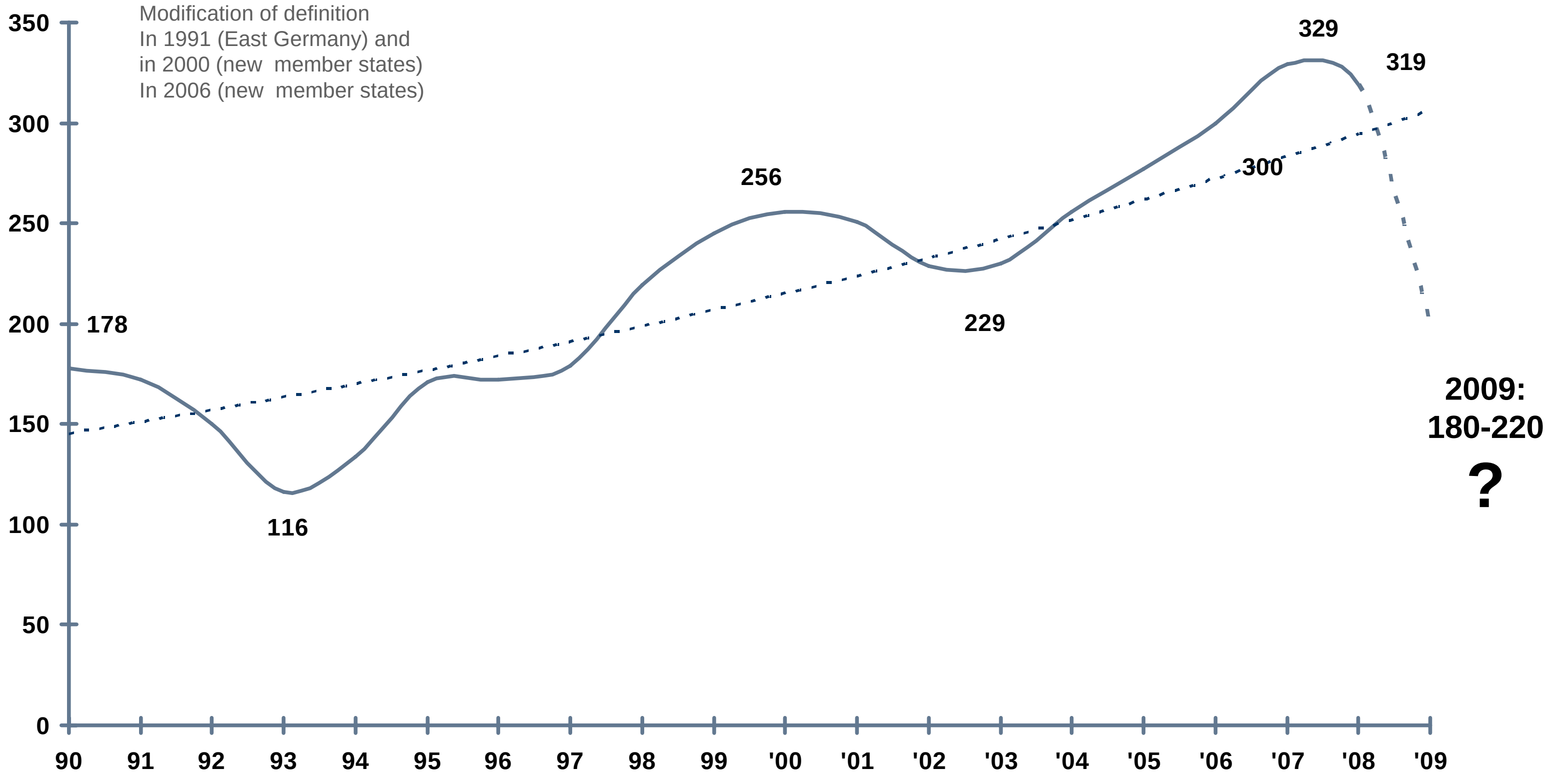
Trucks – Net order intake

Net order intake	2008[1]	2007[1]	Change	Q4-08	Q4-07	Change
Europe	46,784	174,987	-73%	-1,549	41,403	NA
North America	23,648	26,008	-9%	4,037	8,879	-55%
South America	14,100	18,209	-23%	1,087	5,775	-81%
Asia	47,001	45,236	+4%	7,868	14,525	-46%
Other markets	17,547	18,556	-5%	2,235	5,835	-62%
Total	**149,080**	**282,996**	**-47%**	**13,678**	**76,417**	**-82%**

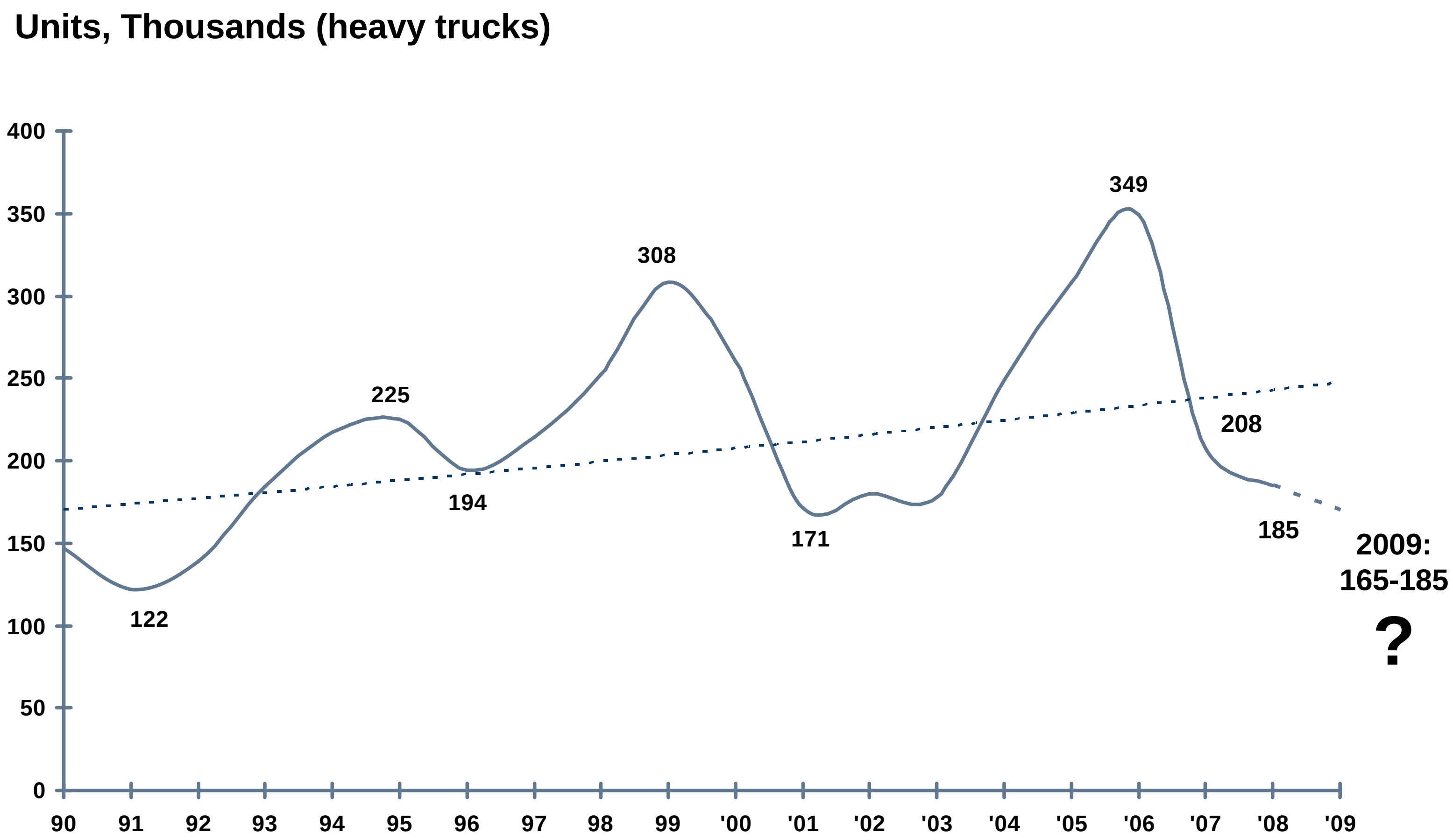
1) 50% of VECV, the joint venture with Eicher Motor Limited, was consolidated in the Volvo Group on August 1, 2008. Nissan Diesel was consolidated into the Volvo Group on April 1, 2007.

Heavy-duty truck market - Europe
(EU members + Switzerland and Norway)

Units, Thousands (heavy trucks)



Heavy-duty truck market – North America



Trucks

Volvo Trucks

- Market shares gained in Europe 14.8% (14.6)
- Production adjustments in Europe
- Inventories reduced
- New Volvo FH16 – 700 hp

Renault Trucks

- Improving market shares in Europe
  - Heavy duty 10.8% (9.9)
  - Medium duty 9.7% (8.7)
- Adjustment of production rates
- Inventories reduced
- Distribution agreement on Renault Trafic

Mack Trucks

- Deliveries down 21%, market share steady
- Downturn management
  - Inventories significantly reduced
  - Production rates and manning reduced
  - White collar employment reductions
  - Union negotiations continue
- EPA '10 testing well advanced

Nissan Diesel

- Market share increased
- Adjustment of production rates
- Reduction of temporary workers
- Integration phase 1 completed

VOLVO

New Volvo FH16 700hp

The most powerful truck in the world – 700 hp and 3150 Nm

VOLVO

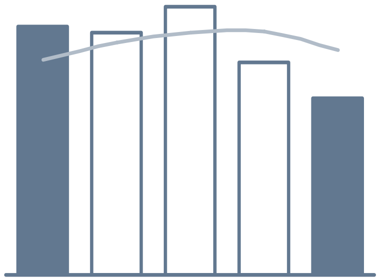
New Renault Trafic

To be distributed through Renault Trucks' dealers

Construction Equipment

Net sales

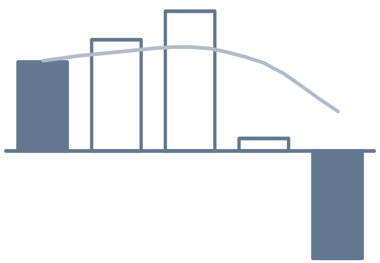
SEK bn



	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
Quarter	15,5	15,1	16,7	13,2	11,0
12 Mth. rol.	54	58	60	61	56

Operating income

SEK M



	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
Quarter	1 035	1 301	1 629	134	-1 256
12 Mth. rol.	4 218	4 573	4 804	4 099	1 808
Margin	6,7%	8,6%	9,7%	1,0%	-11,4

Highlights

- Total world market decreased by 39%
- Volvo CE sales down 29%
- Substantial loss due to low volumes, under absorption and currency
- Factories closed 24 days out of 60 (40%) during the quarter
- Inventories reduced by 19%

In Focus

- Capacity adjustments to meet lower demand
- Inventory reduction by another 20% during Q1 & Q2
- Execution on new organization set up

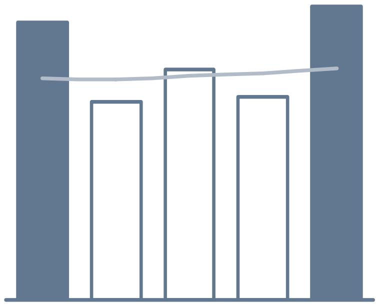
Construction Equipment

The new Volvo L50F

Buses

Net sales

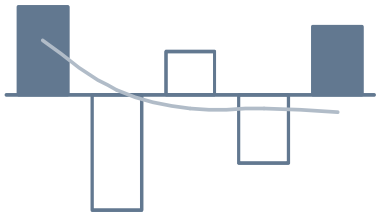
SEK bn



	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
Quarter	5,2	3,7	4,3	3,8	5,5
12 Mth. rol.	17	17	17	17	17

Operating income

SEK M



	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
Quarter	93	-122	46	-72	72
12 Mth. rol.	231	19	-57	-56	-76
Margin	1,8%	-3,3%	1,1%	-1,9%	1,3%

Highlights

- Profitable fourth quarter
- Volvo 9700 launch in US
- More city bus orders

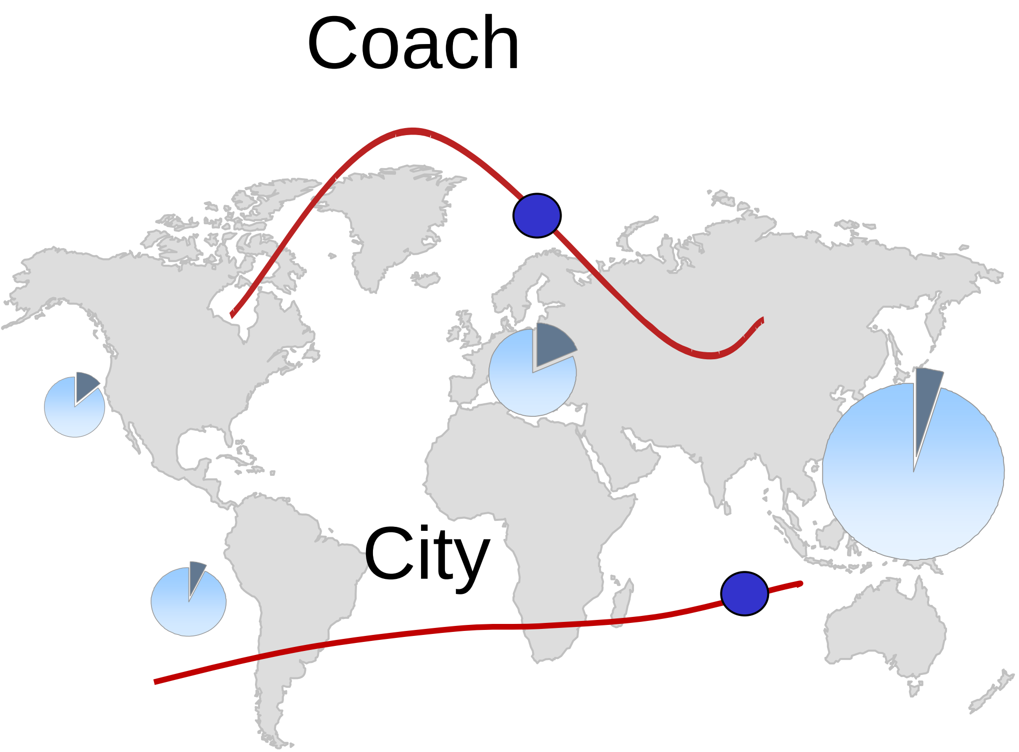
In Focus

- Turnaround program/Downturn management
- Inventory management
- Euro 5 introduction
- Hybrid field test in London

Buses

New London Wrights DD

Slowing bus market development



- Coach segment decline
- City segment stable
- Financing constraints
- Asian growth potential

Environmental issues high on all agendas

Challenges

- Global warming
- Peak oil
- Mega cities development

Solutions

- Efficient public transport systems
- Alternative drivelines - hybrids
- Alternative fuels – biogas

Volvo Bus Sales 2008

North & South America

Volume: 2,879

Net sales: 6,926 MSEK

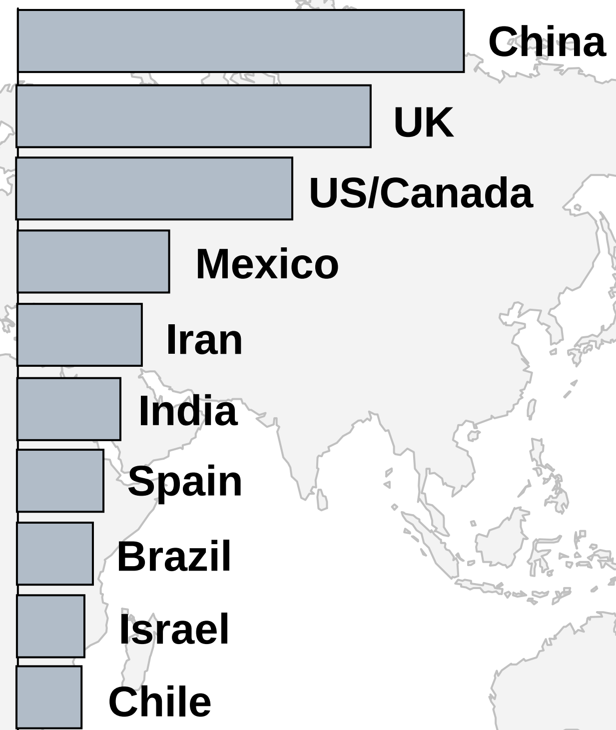
Europe

Volume: 3,611
Net sales: 7,321 MSEK

International

Volume: 3,447
Net Sales: 3,065

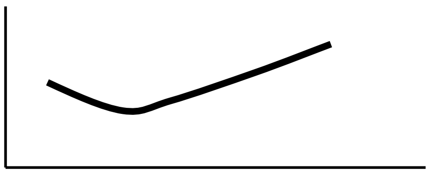
Top ten markets 2008



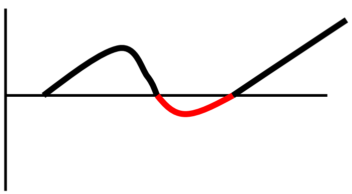
Volvo Buses Turnaround program 2008-2010

Main targets

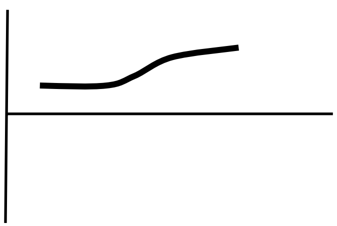
- Customer satisfaction



- Operating margin



- Capital turnover



Main activities

Selective business expansion/

Export Mexico, China, India

Coach - Retail exellence

City - Tender excellence

Profitable product portfolio/product cost reduction

Global Industrial footprint / Factory efficency

Aftermarket excellence / Bus center network

Volvo Buses Turnaround program
North America coach business expansion

- Volvo 9700 US/Canada introduction
- Expanding the service network Prevost / Volvo
- Volvo driveline in Prevost coaches
- Strategic inroads into Greyhound

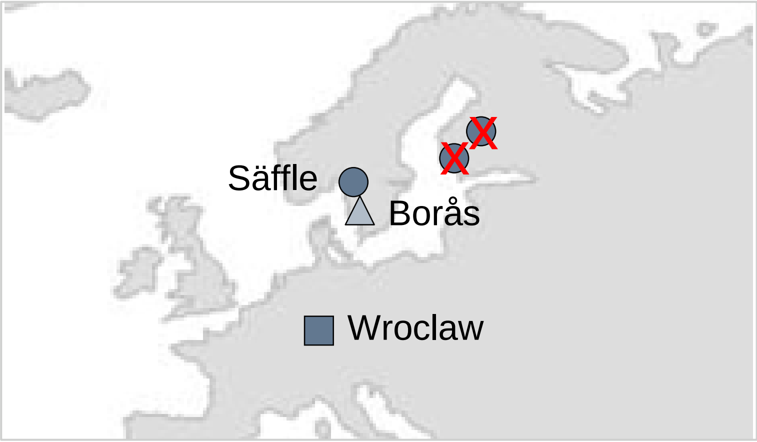
Volvo Buses Turnaround program

North America transit bus business expansion

- Nova LFS Hybrid introduced
- Nova LFS Articulated introduced
- New Nova BAA compliant factory in USA

Volvo Buses Turnaround program
European consolidation and improved performance

- Tender excellence process
- Industry restructuring finalized
- Volvo Bus service center rollout
- Profitable product portfolio
- Hybrid launch



Volvo Buses Turnaround program

India business expansion

- New complete bus plant in India opened
- Extended coach range
- Export from India in process
- Study with Eicher ongoing

Towards sound profitability

Product and industrial efficiency

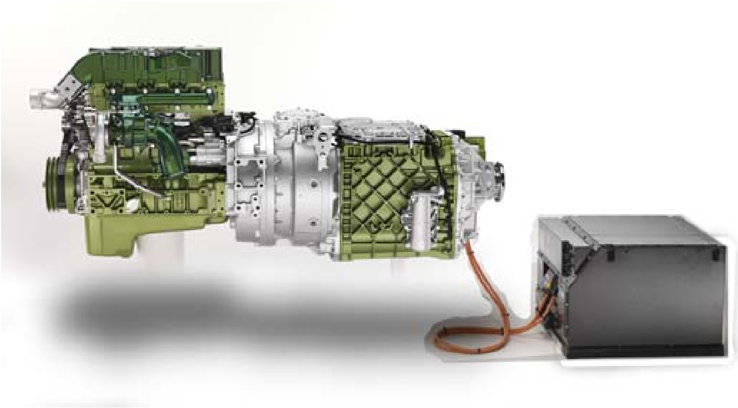
- New modularized production process
- Lean factory process, hub concept
- Global sourcing of components
- Export of complete buses

Towards sound profitability
Towards a leading environmental position

Euro V & Biodiesel

CNG & Biogas

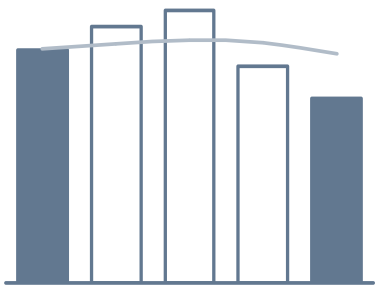
Volvo I-sam Hybrid



Volvo Penta

Net sales

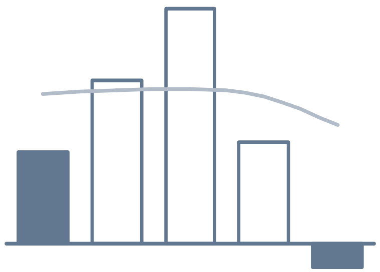
SEK bn



	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
Quarter	2,9	3,2	3,4	2,7	2,3
12 Mth. rol.	12	12	12	12	11

Operating income

SEK M



	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
Quarter	178	318	458	198	-46
12 Mth. rol.	1 173	1 198	1 212	1 152	928
Margin	6,2%	10,0%	13,7%	7,4%	-2,0%

Highlights

- Lower sales due to world market declines for marine engines
- Continuous strong development for industrial engine sales, + 8%
- Operating income negatively effected by downsizing costs

In Focus

- Secure operating efficiency in new downsized structure
- Manage operating capital in order to secure positive cash flow
- Capitalize on momentum and strong market positions for industrial engines

Volvo Penta product news

The new Volvo Penta IPS900

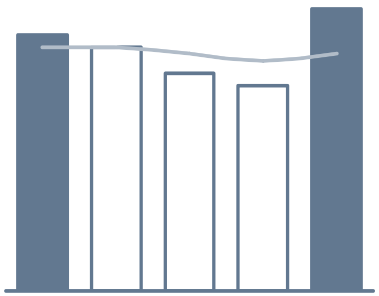
Lazzara 92

Volvo Penta IPS900

Volvo Aero

Net sales

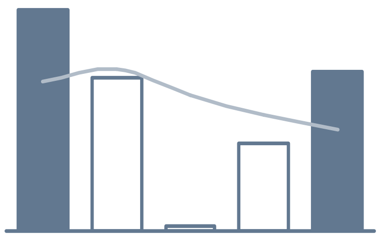
SEK bn



	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
Quarter	2,0	1,9	1,7	1,6	2,2
12 Mth. rol.	7,6	7,6	7,4	7,2	7,4

Operating income

SEK M



	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
Quarter	196	136	4	78	141
12 Mth. rol.	529	573	484	414	359
Margin	9,8%	7,2%	0,2%	4,8%	6,3%

Highlights

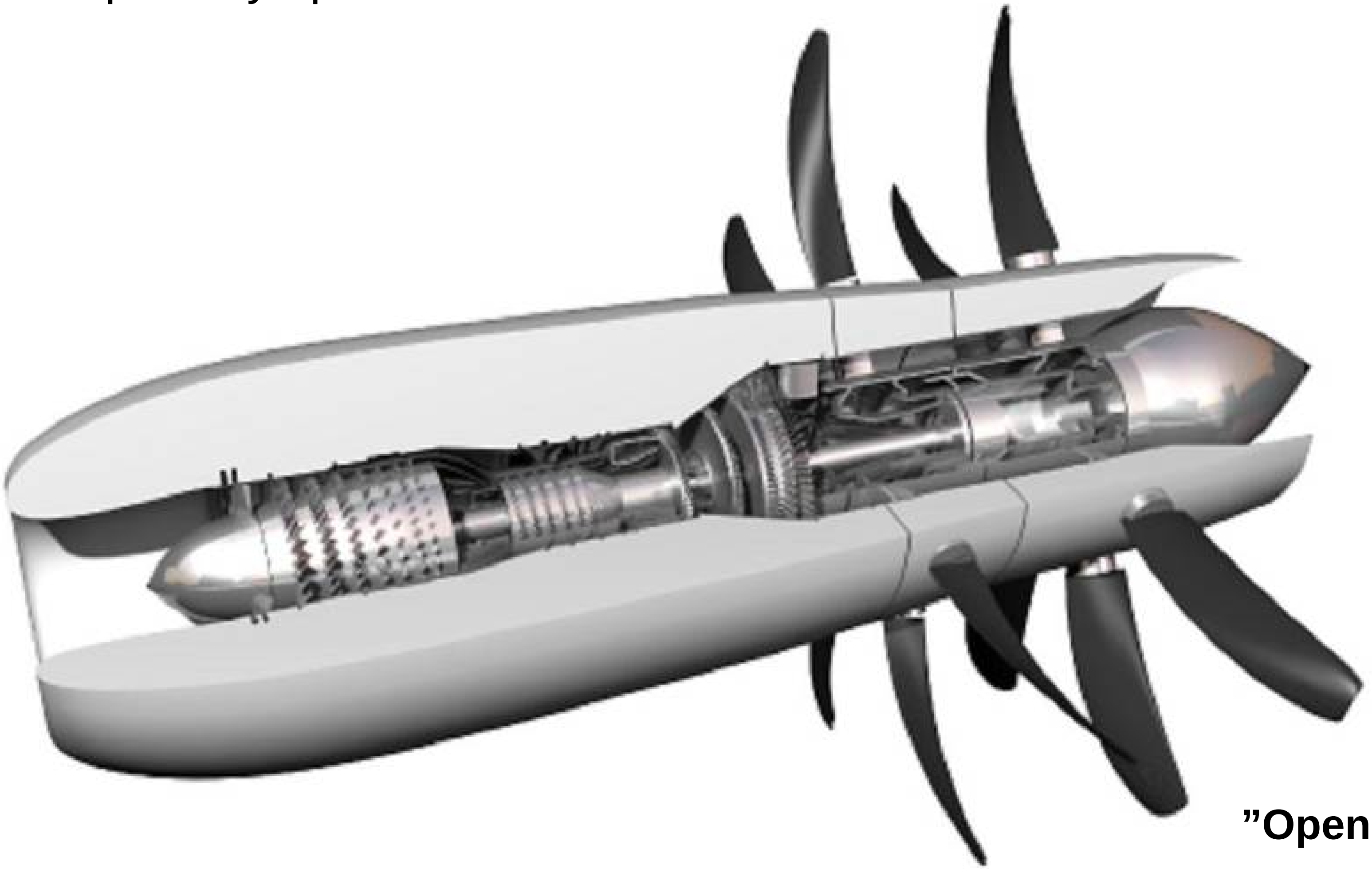
- Declining air traffic, growing surplus of aircraft
- Business positively affected by the high USD
- Push outs from Boeing and Airbus affects volumes and margins
- Lower capacity utilization
- Announcements of layoffs

In Focus

- Adjusting to the downturn
- Cost management
- Aviation Services sales and profitability
- Execution on new contracts
- Securing future space activities

Volvo Aero

Important contract on Clean Sky for lower emissions – could reduce fuel consumption by up to 20%

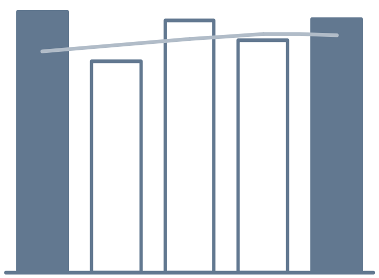


”Open Rotor”

Financial Services

New retail financing

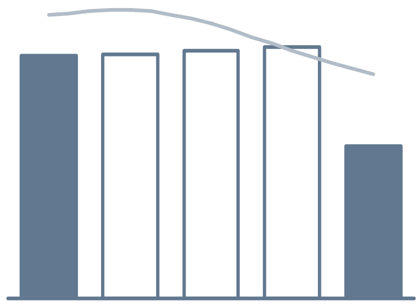
SEK bn



	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
Quarter	12,2	9,9	11,8	10,9	11,9
12 Mth. rol.	41,4	42,6	43,7	44,8	44,5

Operating income and return on equity

SEK M



	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
Quarter	378	381	387	391	238
ROE	15,9%	16,2%	15,4%	13,9%	12,6%

Highlights

- Good new business volume and penetration
- Strict underwriting policy
- Heightened portfolio management
- Increased credit provisions

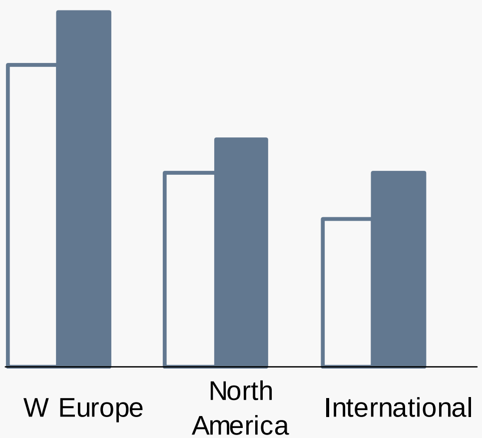
In Focus

- Diligent portfolio management
- Competitive funding
- Continued profitability

VOLVO

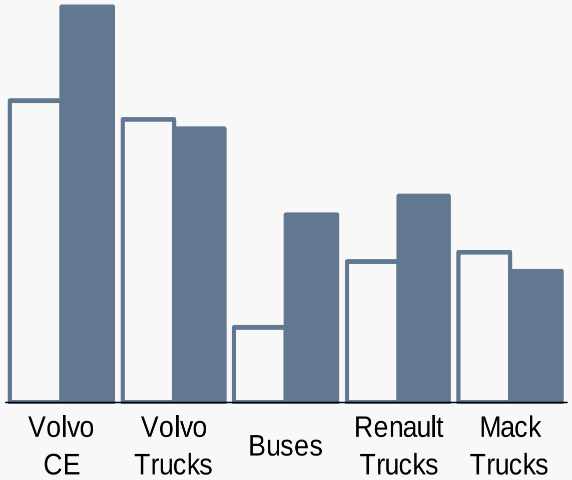
Financial Services

Total managed assets
(SEK bn)



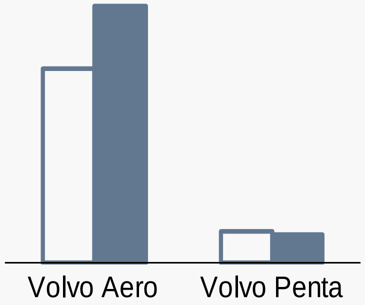
	W Europe	North America	International
Q407	45	29	22
Q408	53	34	29

Penetration on new financing



	Volvo CE	Volvo Trucks	Buses	Renault Trucks	Mack Trucks
Q407	32%	30%	8%	15%	16%
Q408	42%	29%	20%	22%	14%

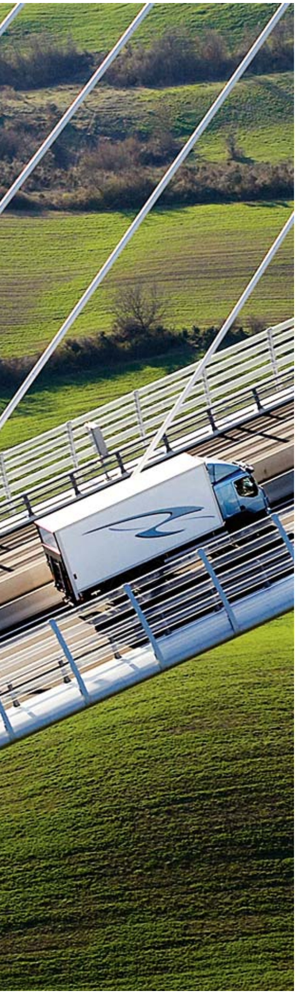
Managed assets in:
Volvo Aero & Volvo Penta
(SEK M)



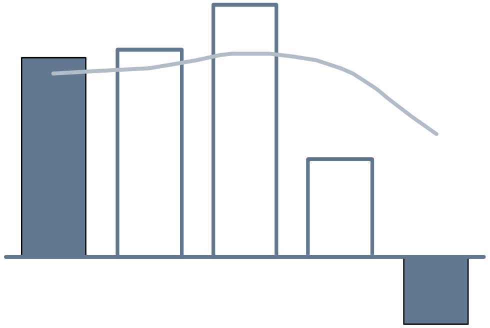
	Volvo Aero	Volvo Penta
Q407	919	148
Q408	1 216	135

VOLVO

Group Summary

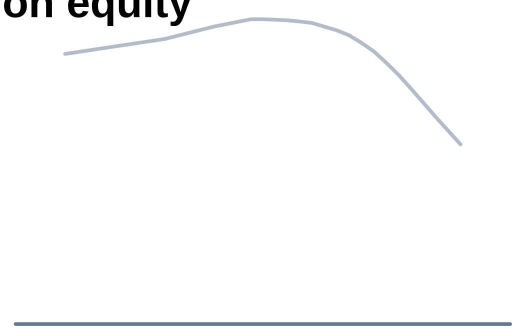


Earnings per share SEK



	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
Quarter	2,00	2,07	2,53	0,98	-0,67
12 Mth. roll.	7,37	7,59	8,14	7,58	4,90

Return on equity



	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
ROE	18,2%	19,2%	20,5%	18,9%	12,1%

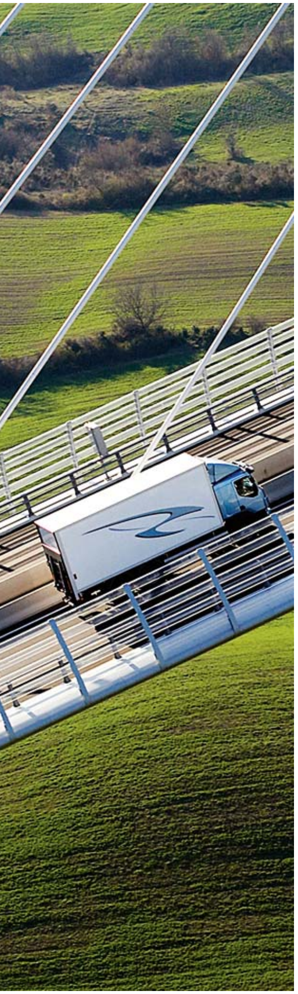
Fourth quarter

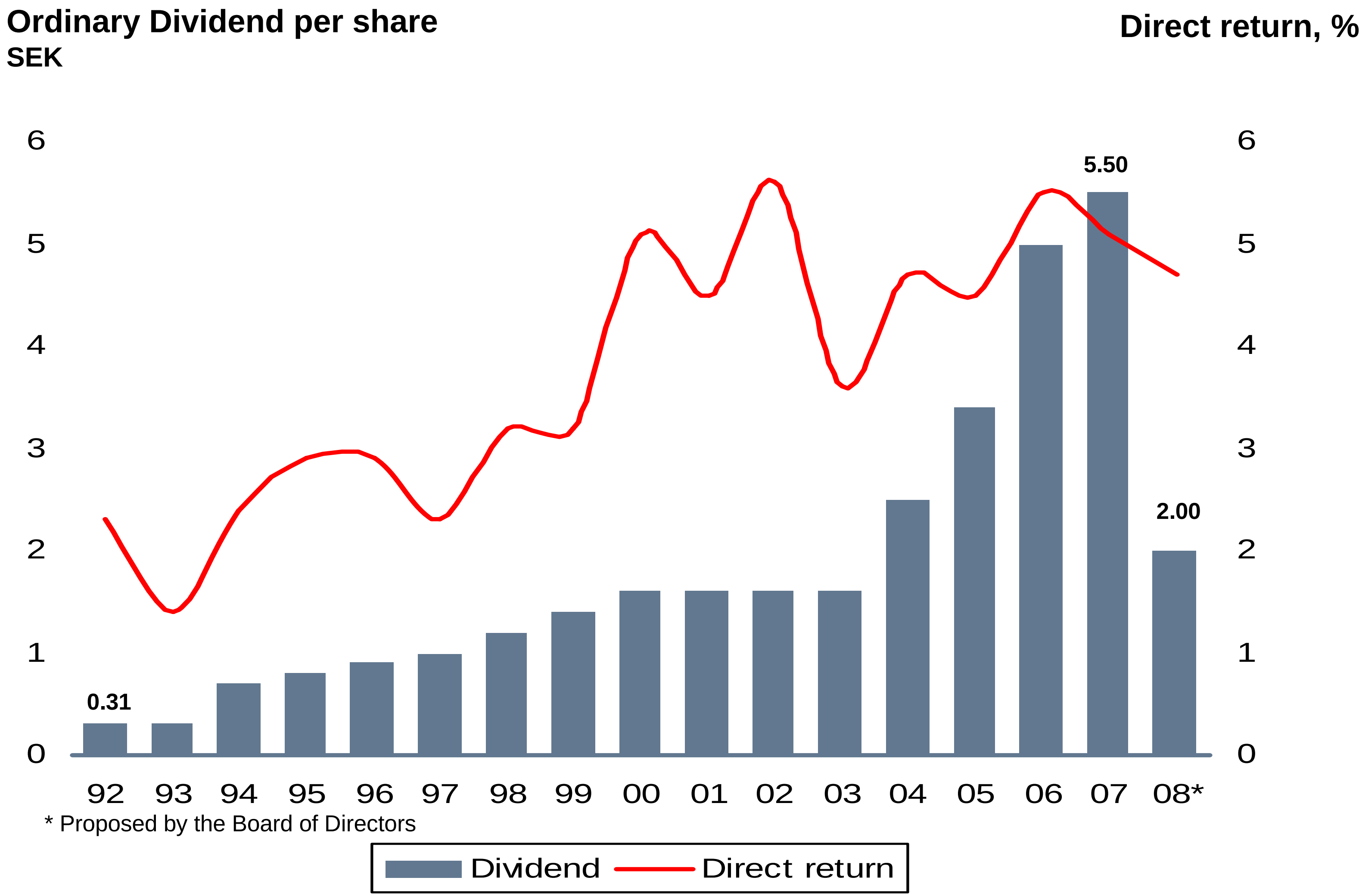
- Sales down 9%, -15% adjusted for FX
- Significant production cut backs
- Operating loss
- Substantial reduction in working capital
- Positive cash flow

In focus

- Rapidly adjust cost
- Efficiency and productivity
- Develop and introduce environmentally friendly and fuel efficient products
  - New emission steps (Euro 5 & US'10)
  - Hybrids

Dividend over time





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Fourth Quarter 2008