Volvo Group

Three months ended March 31, 2008

Strong sales increase in the first quarter, up 26% to SEK 76.7 billion (61.0)

In the first quarter, operating income rose 22% to SEK 6,487 M (5,328)

Income for the period rose 12% to SEK 4,215 M (3,756) in the first quarter

In the first quarter, basic and diluted earnings per share rose to SEK 2.07 (1.85)

Operating cash flow in Industrial operations was negative in an amount of SEK 3.3 billion (neg. 2.9)

	First quarter		
Volvo Group	**2008**	2007	Change in %
Net sales Volvo Group, SEK M	**76,683**	61,036	26
Operating income Volvo Group, SEK M	**6,487**	5,328	22
Operating income Industrial operations, SEK M	**6,106**	4,933	24
Operating income Customer Finance, SEK M	**381**	395	(4)
Operating margin Volvo Group, %	**8.5**	8.7	
Income after financial items, SEK M	**6,141**	5,407	14
Income for the period, SEK M	**4,215**	3,756	12
Diluted earnings per share, SEK	**2.07**	1.85	
Return on shareholders' equity, %	**19.2**	18.6	

VOLVO

Content

CEO's comments
– highest operating income to date

During the first quarter of 2008, Volvo's rate of growth was very high and operating income was the Group's highest to date for a single quarter.

With net sales of SEK 77 billion, the underlying growth was 16%, excluding currency effects and acquired companies. Sales continue to increase in Europe and South America as well as in the Middle East and most of Asia. We can conclude that our increased presence in growth markets in Eastern Europe and Asia, among others, more than well offset the weaker trend in North America. Asia is now the Group's second largest market.

Operating income rose 22% to SEK 6.5 billion, corresponding to an operating margin of 8.5%, despite the weak market in North America. All business areas except Buses reported increased operating income. After a second half of 2007 in which the Group's profitability was affected by production disturbances, internally as well as at suppliers, production is now flowing better and we are delivering at a very high rate.

Strong growth and favorable profitability in truck operations

In the truck operations, we posted a strong sales increase and favorable profitability on most markets. Volvo Trucks developed well, with very good profitability in Europe and in the International region, but precisely as is the case for Mack Trucks, the situation was significantly more difficult in North America. The weak market in North America and the nearly two-month long strike at the plant in New River Valley affected deliveries as well as profitability. We are continuing to align operations in North America to the prevailing market situation. During the second quarter, Mack Trucks initiated negotiations with the UAW union after the previous contract expired.

Renault Trucks continued to strengthen its brand through competitive products with high quality, which results in a favorable price realization. This has laid the foundation for Renault Trucks' continued favorable profitability trend. Integration of Nissan Diesel continues, which involves costs, but work is proceeding in accordance with our established plan.

Construction Equipment improved its profitability compared with the weak second half of 2007. We see that the internal measures taken last year to remove bottlenecks in production are beginning to have an impact, even though there is more to accomplish.

Business area Buses continued to enhance the efficiency of the production structure in Europe, as part of the important work to improve profitability. A new bus plant was inaugurated during the quarter in Bangalore, India – a growth market in which Volvo is a very strong brand. With regard to cooperation with Indian Eicher Motors within trucks and buses, we expect to have a final agreement in place during the second quarter.

Volvo Penta captures market shares

In the marine segment, Volvo Penta continues to capture market shares in Europe and in the weakening market in North America, while at the same time growing in the industrial segment, due largely to the advantages with the Group's common engine platforms.

Volvo Aero's participation in the GEnx engine program developed well, despite a certain shift forward in time and we foresee major demand for aircraft engines.

The Group's customer financing through Volvo Financial Services (VFS) is developing well and increased the return on equity. In many cases, VFS acts as a barometer regarding the well-being of our customers' operations and VFS has a solid credit portfolio with continued relatively low levels of delinquencies and write-offs.

Continued strong order backlog

Overall, we have strong order backlogs in Europe and despite a reduced order intake our truck operations continue to secure orders at a pace that is surprisingly high, taking into account the long delivery times and uncertainty about how much the weak business climate in North America and concerns on the financial markets will impact the real economy. In most countries, we have delivery times of 10–12 months, compared with the normal 3–4 months. Against the background of the extensive order backlogs, we have increased the forecast for the European truck market somewhat and expect that it will grow by about 10% in 2008.

With regard to North America, the market is weak, which places pressure on operations, and hard work will be required in many areas to achieve satisfactory profitability. Our assessment is that the weak North American market for trucks will remain and that the total market will be at about the same level as in 2007.

In many other areas of the world, prospects look better. With our global platform, we are present on growing markets around the world, and in the important European market we expect that growth will continue in the long term, driven by economic integration with growing trade, rising levels of prosperity in the eastern parts and investment in infrastructure. Against this background and the knowledge that many employees are working hard to increase the Volvo Group's productivity and delivery capability, I view our possibilities of continuing to create value for an increasing number of customers worldwide as positive.

Leif Johansson
President and CEO

Important events

Strike at New River Valley plant

On February 1, The United Auto Workers (UAW) union called a strike for the slightly more than 2,600 members at the New River Valley assembly plant in Dublin, Virginia, USA. The strike stopped practically all production in the plant for almost two months. In total, the strike had a negative impact on operating income during the first quarter amounting to approximately SEK 250 M.

On March 15, it was announced that employees represented by the UAW had ratified a new three-year agreement that ended the strike. Employees returned to work on March 24, when the plant began ramping up to an average production rate of 146 vehicles a day to make up for the production that was lost during the strike.

However, given the weak demand in the North American truck market, in April a decision was taken to adjust production to a level more consistent with market demand. Originally, the production adjustment was planned to take place in February, before the strike broke out. The adjustment will entail moving from two shifts to one in May and consequently about 1,100 employees will be laid-off.

Volvo Buses plans to close plant in Tampere, Finland

On March 5, it was announced that Volvo Bus Finland was to initiate negotiations with representatives of the employees with the intention to close the bus body plant in Tampere. On April 24, the decision to close the plant was announced. There are also plans to reorganize operations at the body plant in Turku to increase the competitiveness. In total, 237 employees will be affected. Currently, Volvo Buses has an overcapacity in its European bus body production system and foresees that this will be the case also in the coming years. The intention is to adjust production capacity as a part of the strategy to strengthen Volvo Buses' profitability. During the first quarter, a provision amounting to SEK 120 M was made regarding Volvo Buses' plans to adjust the production capacity.

AB Volvo reaches settlements with DOJ and SEC

On March 20, it was announced that AB Volvo has entered into a consent agreement with the U.S. Securities and Exchange Commission (SEC) and a deferred prosecution agreement with the U.S. Department of Justice (DOJ) resolving issues related to the activities of two of its subsidiaries in Iraq under the Oil-for-Food Program. The settlements include a total of approximately SEK 117 M in fines, disgorgement of past profits and interest. The effect of the financial settlements on the operating income for the first quarter is approximately SEK 60 M.

Annual General Meeting of AB Volvo

At the Annual General Meeting of AB Volvo held on April 9, 2008, the Board's proposal was approved to pay an ordinary dividend to the shareholders of SEK 5.50 per share.

Peter Bijur, Tom Hedelius, Leif Johansson, Finn Johnsson, Philippe Klein, Louis Schweitzer, Ying Yeh and Lars Westerberg were re-elected members of the Board of AB Volvo and Ravi Venkatesan was newly elected. Finn Johnsson was elected Board Chairman. Per-Olof Eriksson was not available for re-election.

The Board's Chairman Finn Johnsson, Carl-Olof By, representing AB Industrivärden, Lars Förberg, representing Violet Partners LP, Anders Oscarsson, representing SEB funds/Trygg Försäkring and Thierry Moulonguet, representing Renault s.a.s. were elected members of the Election Committee.

The Meeting resolved to adopt new guidelines for remuneration to senior executives. In addition, the Meeting resolved to adopt a new share-based incentive program during the second quarter of 2008 for senior executives in the Volvo Group. So that Volvo shall be able to meet its commitment in accordance with the program, with limited cash flow effect, the Meeting further resolved that Volvo may transfer own shares (treasury stock) to the participants in the program.

Europe's first hybrid refuse truck presented

In April 2008, Volvo Trucks took an important step towards commercialization of the fuel-saving hybrid technology for heavy vehicles by presenting two hybrid refuse trucks that will be tested in regular daily operations in Sweden by refuse collection firms Renova and Ragn-Sells. The hybrid refuse trucks are expected to use up to 20% less fuel and thus cut carbon dioxide emissions by a corresponding amount. What is more, one of the trucks is equipped with an extra battery pack that drives the refuse compactor, and this is charged via the main electrical system when the truck is parked overnight. Its total reduction in carbon dioxide emissions is expected to be as much as 30%, giving this approach a better eco-effect than for instance a truck powered by natural gas. Electric power has the added advantage of being entirely exhaust-free and emitting low noise, important considerations for refuse collection vehicles that often operate in urban areas early in the morning. Volvo Trucks will start producing hybrid trucks in 2009.

Detailed information about the events is also available at www.volvogroup.com

Financial summary of the first quarter

Volvo Group

Net sales

The Volvo Group's net sales increased by 26% to SEK 76,683 M during the first quarter of 2008, compared with SEK 61,036 M the corresponding quarter a year earlier.

Operating income

The Volvo Group's operating income increased by 22% to SEK 6,487 M in the first quarter (5,328). The Industrial Operations' operating income rose by 24% to SEK 6,106 M, compared to SEK 4,933 M in the preceding year. Operating income of the Volvo Group's Customer Finance decreased by 4% to SEK 381 M (395). For detailed information on the development, see separate sections below.

Income Statement Volvo Group

SEK M	First quarter 2008	First quarter 2007	Change in %
Net sales Volvo Group	**76,683**	61,036	26
Operating Income Volvo Group	**6,487**	5,328	22
Operating income Industrial operations	***6,106***	*4,933*	*24*
Operating income Customer Finance	***381***	*395*	*(4)*
Interest income and similar credits	**281**	241	17
Interest expense and similar credits	**(343)**	(148)	132
Other financial income and expenses	**(284)**	(14)	–
Income after financial items	**6,141**	**5,407**	**14**
Taxes	**(1,926)**	(1,651)	17
Income for the period	**4,215**	**3,756**	**12**

Net financial items

Net interest expense in the first quarter was SEK 62 M, compared with an income of SEK 93 M for the same period in the preceding year. The increased interest expense is primarily attributable to an increased debt level.

During the quarter, market valuation of derivatives used for the customer financing portfolio had a negative effect on Other financial income and expenses in an amount of SEK 294 M. The negative impact is mainly due to lower US long-term interest rates. In the preceding year the effect was positive in an amount of SEK 16 M.

Income taxes

The tax cost in the first quarter amounted to SEK 1,926 M (1,651). The tax rate during the quarter was 31% (31).

Income for the period and earnings per share

Income for the period amounted to SEK 4,215 M (3,756) in the first quarter of 2008. Income increased as a result of higher operating income partly offset by higher interest expenses and the negative impact from market valuation of derivatives as described above.

Basic earnings per share in the first quarter amounted to SEK 2.07 (1.85). Assuming that the current incentive program is fully exercised earnings per share after full dilution was SEK 2.07 (1.85).

Financial summary of the first quarter

Volvo Group's Industrial Operations – continued growth and earnings improvement

In the first quarter, net sales for the Volvo Group's Industrial Operations increased by 27% to SEK 74,532 M (58,857). Adjusted for changes in currency exchange rates and acquired and divested units net sales increased by 16%.

The positive development in Europe continued with sales increasing 17% in Western Europe and 37% in Eastern Europe. The increase in Asia is due to favorable organic growth of 27% and the acquisition of Nissan Diesel, which was not consolidated in the Volvo Group in the first quarter of 2007. In North America net sales during the first quarter continued to be low, primarily as a consequence of decreased truck sales and the lower rate of the US-dollar.

In the first quarter, Trucks' net sales increased by 30% to SEK 50,801 M (39,199), Construction Equipment's rose by 38% to SEK 15,140 M (11,002) and Volvo Penta's by 8% to SEK 3,165 M (2,942). On the other hand, net sales in Buses declined by 2% to SEK 3,672 M (3,741) and in Volvo Aero by 4% to SEK 1,883 M (1,961).

Net sales by market area

SEK M	First quarter 2008	First quarter 2007	Change in %	Share of Industrial operations' net sales, %
Western Europe	**34,448**	29,449	17	46
Eastern Europe	**6,990**	5,114	37	9
North America	**11,625**	12,160	(4)	16
South America	**3,616**	3,057	18	5
Asia	**13,589**	5,797	134	18
Other markets	**4,264**	3,280	30	6
Total Industrial operations	**74,532**	**58,857**	**27**	**100**

Income Statement Industrial operations

SEK M	First quarter 2008	First quarter 2007	Change in %
Net sales	**74,532**	58,857	27
Cost of sales	**(56,904)**	(45,175)	26
Gross income	**17,628**	**13,682**	**29**
Gross margin, %	**23.7**	23.2	–
Research and development expenses	**(3,334)**	(2,334)	43
Selling expenses	**(6,195)**	(4,972)	25
Administrative expenses	**(1,839)**	(1,822)	1
Other operating income and expenses	**(172)**	297	(158)
Income from investments in associated companies	**5**	81	(94)
Income from other investments	**13**	1	–
Operating income	**6,106**	**4,933**	**24**
Operating margin, %	**8.2**	8.4	–
Operating income before depreciation and amortization (EBITDA)	**8,729**	6,974	25
EBITDA margin, %	**11.7**	11.8	–

Operating income increased

In the first quarter of 2008, operating income for the Volvo Group's Industrial Operations amounted to SEK 6,106 M, which was 24% higher than the first quarter of 2007. The operating margin for the Industrial Operations amounted to 8.2% (8.4).

Deliveries of the Group's products were on high levels in Europe, South America, the Middle East and large parts of Asia. Favorable price realization due to competitive products and increased productivity in these regions more than offset the cost inflation from raw material and components. Good profitability in these regions had a positive impact on the Group's earnings. Although production ran more smoothly during the first quarter, the capacity utilization in the European industrial system remains high with plants still operating on extra shifts.

In North America the operating income was negatively affected by continued weak demand and low deliveries of trucks and construction equipment. The strike at the truck assembly plant in New River Valley, USA caused production there to virtually stand still for almost two months. In total the strike had a negative impact of about SEK 250 M.

In the quarter, a provision of SEK 120 M was made for adjustment of production capacity in Volvo Buses.

In the first quarter of 2008, research and development expenses amounted to SEK 3,334 M (2,334). The increase is mainly due to acquired companies and higher amortization than capitalization of research and development expenses. The net of research and development expense capitalization and amortization had a negative impact of SEK 340 M, compared with a positive impact of SEK 89 M in the first quarter of 2007.

The increase in selling expenses is primarily an effect of the acquired companies and expansion of the distribution network in Eastern Europe.

The combined effect of changed exchange rates, particularly for the USD, had an adverse effect on operating income of approximately SEK 400 M in the first quarter of 2008, compared with the same period in 2007.

Negative operating cash flow in industrial operations

In the first quarter of 2008, operating cash flow from the industrial operations amounted to a negative SEK 3.3 billion (neg. 2.9), as a consequence of increased working capital, primarily related to increased inventories.

Volvo Group's Customer Finance – good returns

Total new financing volume in the first quarter of 2008 amounted to SEK 9.9 billion (8.7). In total, 10,978 new Volvo Group units (9,882) were financed during the quarter. In the markets where financing is offered, the average penetration rate in the first quarter was 22% (22).

At March 31, 2008 total assets in Customer Finance amounted to SEK 92 billion (82). Excluding receivables recorded in connection with the acquisition of Nissan Diesel, the credit portfolio grew by 14.1% (6.9) over the last 12 months, adjusted for exchange-rate movements.

Operating income in the first quarter amounted to SEK 381 M (395). Return on shareholders' equity for the rolling 12 months was 16.2% (13.1) and the equity ratio at the end of the first quarter was 8.3% (8.2).

Write-offs in the first quarter amounted to SEK 68 M (77). The annualized write-off ratio through March 31, 2008 was 0.29% (0.39). On March 31, 2008, the total credit reserves were 1.54% (1.91) of the credit portfolio.

Income Statement Customer Finance

SEK M	First quarter 2008	First quarter 2007	Change in %
Finance and lease income	**1,994**	1,805	10
Finance and lease expenses	**(1,181)**	(1,042)	13
Gross income	**813**	**763**	**7**
Selling and administrative expenses	**(375)**	(354)	6
Credit provision expenses	**(61)**	(33)	85
Other operating income and expenses	**4**	19	–
Operating income	**381**	**395**	**(4)**
Income taxes	**(113)**	(160)	(29)
Income for the period	**268**	**235**	**14**
Return on Equity, 12 month rolling values	**16.2%**	13.1%	–

Steady portfolio management and growth

Customer Finance achieved good return on equity at 16.2% (13.1), driven by the strong operating performance, but also by the positive effects of tax and the decreased average equity ratio of 8.3% for the 12 months.

Write-offs continued at a low level in the quarter at SEK 68 M, with Region International and Region Europe performing very well. Write-offs in the North American market were higher compared to the same period in 2007. Softening in the US economy is contributing to increased delinquencies and write-offs, but these are within expected limits.

Volvo Financial Services is working actively with both repossession and inventory management throughout the Regions to minimize loss severity. The provision for credit losses increased during the period to SEK 61 M (33), returning to a more normalized level after two years of exceptionally low provisions.

Overall new business volume growth continued during the quarter, in particular in Eastern Europe and Latin America, mirroring the strong growth in vehicle and equipment sales in these regions. New business volume in North America was flat when compared to the first quarter of 2007, as the reduction in truck sales was offset by increased penetration.

Volvo Group financial postition

The Volvo Group's Industrial Operations net financial debt amounted to SEK 6.5 billion at March 31, 2008, an increase by 2.2 billion compared to the year-end of 2007, and equal to 8.3% of shareholders' equity. The increase is a result of a negative operating cash flow during the first quarter.

During the first quarter the Volvo Group's total assets increased by SEK 8.3 billion. Inventories increased by SEK 5.0 billion and marketable securities increased by SEK 8.5 billion, as a preparation for the dividend that was paid in April. At the same time, currency had an adverse effect on the Volvo Group's total assets amounting to SEK 8.5 billion.

At the end of the first quarter, the equity ratio in the Industrial Operations was 31.8% (30.8) and in the Volvo Group 25.8% (25.7). At March 31, 2008 shareholders' equity in the Group amounted to SEK 85.3 billion, equal to SEK 42 per share.

Related-party transactions

Sales to associated companies amounted to SEK 359 M and purchasing from associated companies amounted to SEK 18 M during the first quarter of 2008. On March 31, 2008, receivables from associated companies amounted to SEK 317 M and liabilities to associated companies to SEK 14 M. Sales to related-party Renault SA amounted to SEK 35 M and purchasing from Renault SA to SEK 932 M during the first quarter of 2008. Receivables from Renault SA amounted to SEK 47 M and liabilities to Renault SA to SEK 897 M at March 31, 2008.

Number of employees

On March 31, 2008, the Volvo Group had 102,940 employees, compared with 101,698 at year-end 2007.

Business area overview

Net sales by business area

SEK M	First quarter 2008	First quarter 2007	Change in %	Change in %*	12 month rolling values	Jan–Dec 2007
Trucks	**50,801**	39,199	30	12	199,494	187,892
Construction Equipment	**15,140**	11,002	38	38	57,771	53,633
Buses	**3,672**	3,741	(2)	2	16,539	16,608
Volvo Penta	**3,165**	2,942	8	10	11,942	11,719
Volvo Aero	**1,883**	1,961	(4)	10	7,568	7,646
Eliminations and other	**(129)**	12	–	–	(844)	(703)
Industrial operations	**74,532**	**58,857**	**27**	**16**	**292,470**	**276,795**
Customer Finance	**1,994**	1,805	10	–	7,894	7,705
Reclassifications and eliminations	**157**	374	–	–	688	905
Volvo Group	**76,683**	**61,036**	**26**	**-**	**301,052**	**285,405**

* Adjusted for exchange rates and acquired and divested units.

Operating income by business area

SEK M	First quarter 2008	First quarter 2007	Change in %	12 month rolling values	Jan–Dec 2007
Trucks	**4,432**	3,711	19	15,914	15,193
Construction Equipment	**1,301**	946	38	4,573	4,218
Buses	**(122)**	90	–	19	231
Volvo Penta	**318**	293	9	1,198	1,173
Volvo Aero	**136**	92	48	573	529
Group headquarter functions and other	**41**	(199)	–	(521)	(761)
Industrial operations	**6,106**	**4,933**	**24**	**21,756**	**20,583**
Customer Finance	**381**	395	(4)	1,635	1,649
Volvo Group	**6,487**	**5,328**	**22**	**23,390**	**22,231**

Operating margin by business area

%	First quarter 2008	First quarter 2007	12 month rolling values	Jan–Dec 2007
Trucks	**8.7**	9.5	8.0	8.1
Construction Equipment	**8.6**	8.6	7.9	7.9
Buses	**(3.3)**	2.4	0.1	1.4
Volvo Penta	**10.0**	10.0	10.0	10.0
Volvo Aero	**7.2**	4.7	7.6	6.9
Industrial operations	**8.2**	**8.4**	**7.4**	**7.4**
Volvo Group	**8.5**	**8.7**	**7.8**	**7.8**

Overview of Industrial Operations

Trucks
– strong growth and good profitability

- Strong deliveries in Europe adds to increased operating income
- European order books for 2008 largely full
- North America continues to be weak

Increased registrations in Europe

Registration of trucks continued on very high levels on most of the world's truck markets, with the exception of North America and Japan. During the first quarter of 2008, the European market continued to develop strongly, and the total number of registrations in the EU, Norway and Switzerland (Europe 29) increased as of March by 17% to 91,414 heavy trucks (78,118). The development was especially strong in Eastern Europe, where the registrations in EU's new member states increased by 32% driven by strong economic growth and an increased transport need. The increased registrations are also a consequence of the truck industry's higher delivery capacity.

During the first quarter of 2008, the total market for heavy trucks (Class 8) in North America declined by 34% to 42,939 trucks, compared with 65,107 trucks in the same period 2007. The decrease is a consequence of the weak US economy with lower freight volumes, high fuel prices and a drop-off in the housing construction sector.

In Brazil the market grew by 55% to 17,512 heavy trucks (11,307). As of February, the Chinese market for trucks over 14 tons grew by 52% to 79,845 trucks (52,436). In India the market as of March maintained its very high level from last year and amounted to 63,842 trucks (64,013). The Japanese market for heavy trucks amounted to 10,199 vehicles (12,606), which was a 19% decrease.

Net sales by market area, Trucks

SEK M	First quarter 2008	2007	Change in %
Europe	**29,881**	24,978	20
North America	**6,121**	7,209	(15)
South America	**2,756**	2,331	18
Asia	**9,030**	2,321	289
Other markets	**3,013**	2,360	28
Total	**50,801**	**39,199**	**30**

Substantial order backlogs in Europe

In Europe order backlogs continue to be substantial and delivery times long. Most of the production slots for 2008 have been filled. Orders that are booked now are for delivery in 2009, which can be compared with normal lead times of about three months. Given the long lead times and the more uncertain economic outlook some customers are more cautious about placing orders, and in some countries the order books for 2009 haven't been opened yet. Altogether this has led to a decline in order bookings during the first quarter of 2008. In Europe order bookings declined by 40% to 26,270 trucks compared with the very high order bookings of 43,703 trucks during the first quarter of 2007. However, against the backdrop of the large order backlogs and the delivery pace of the industry, the total European market (Europe 29) for heavy trucks is expected to grow by 10% to about 360,000 trucks during 2008, ahead of the previous forecast of a growth of 5–10% compared with 2007.

Even though order bookings in North America rose in comparison to the first quarter of 2007, they continued to be on a low level, reflecting the weak economy and the lower freight volumes, which has led to decreased fleet utilization. In combination with increasing fuel prices this has put pressure on the profitability in the transport industry. Due to the low demand there are currently in general relatively high levels of inventories of new trucks at the dealers. Construction trucks have been affected the most by the weak market conditions. However, the aging of the truck fleet will over time result in increased replacement demand, but it is difficult to predict the point in time when this will lead to increased demand. Altogether, the heavy truck market in North America in 2008 is expected to be on the same level as in 2007, which is unchanged from the previous forecast.

Demand for trucks continues to be strong in South America. The strong order intake during 2007 in combination with capacity constraints in the global production system has led delivery times of several months, which is a new and unusual situation in South America Volvo Trucks has chosen to limit the order book to six months in order to manage risks of inflation that may occur in Brazil. This measure had a negative impact on the number of orders registered during the first quarter.

Nissan Diesel's order bookings rose to 13,810 trucks as a consequence of increased demand outside Japan. The total Japanese market for medium duty and heavy duty trucks is expected to decline by 10–15% from the level of 89,000 trucks during 2007.

Increased truck deliveries

The delivery pace of the truck operations was very high during the first quarter on all markets except for North America and Japan. The efforts that were made to increase capacity in the European production system even further during the second half of 2007 contributed to the increased delivery pace. Capacity utilization in the European plants was in general very high and deliveries in Europe increased by 25%.

In total, 65,891 trucks were delivered during the first quarter, compared with 46,491 trucks in the same period of the preceding year. The large increases in Asia and Other markets is mainly an effect of Nissan Diesel being included in the deliveries in the first quarter of 2008.

During the first quarter, Nissan Diesel's total deliveries amounted to 13,489 trucks compared with 13,324 trucks the same period in the preceding year.

North American deliveries decreased as a consequence of the continued slowdown in the US economy and the strike at the New River Valley assembly plant.

Order bookings per market

Number of trucks	First quarter 2008	2007	Change in %
Europe	**26,270**	43,703	(40)
North America	**5,680**	5,273	8
South America	**3,482**	4,536	(23)
Asia	**5,450**	3,994	36
Other markets	**3,772**	2,984	26
Total	**44,654**	**60,490**	**(26)**
Nissan Diesel[1]	**13,810**	–	–
Total	**58,464**	**60,490**	**(3)**

1) Nissan Diesel was not consolidated in the Volvo Group in the first quarter of 2007. Nissan Diesel's order bookings amounted to 11,697 trucks during the first quarter of 2007.

Deliveries per market[1]

Number of trucks	First quarter 2008	2007	Change in %
Europe	**36,075**	28,837	25
North America	**7,137**	9,024	(21)
South America	**3,554**	2,996	19
Asia	**14,578**	3,130	366
Other markets	**4,547**	2,504	82
Total	**65,891**	**46,491**	**42**

1) Nissan Diesel wasn't included in the deliveries during the first quarter of 2007.

Strong growth and good profitability

During the first quarter of 2008, the truck operation's net sales amounted to SEK 50,801 M, which was an increase of 30% compared with SEK 39,199 M during the first quarter of 2007. Adjusted for changes in exchange rates and acquired companies, net sales increased by 12%.

Operating income rose by 19% to SEK 4,432 M (3,711). Operating margin amounted to 8.7% (9.5). Increased deliveries and good profitability in Europe contributed to the higher earnings. The good demand and competitive products contributed to favorable price realization in Europe, South America, the Middle East and large parts of Asia. Production in Europe ran smoother with higher productivity as a result in the first quarter than during the second half of 2007, but the high rate of deliveries means that most factories are still operating on extra shifts.

On the other hand, operating income was negatively affected by increased research and development expenses, which is a consequence of higher amortization and lower capitalization.

Operating income was also negatively impacted by about SEK 250 M from a strike at the truck plant in New River Valley, where production was at a virtual stand-still for close to two months.

Reduced production in North America

Due to continued weak demand in North America, about 1,100 employees in the New River Valley assembly plant and up to 130 employees in the assembly plant in Macungie will be laid off during the second quarter. As a consequence, engine requirements have also been reduced and about 100 employees in the engine plant in Hagerstown will also be laid off.

New trucks presented

In April 2008, Volvo Trucks presented two hybrid refuse trucks that will be tested in regular daily operations by customers in Sweden. The hybrid refuse trucks are expected to use up to 20% less fuel and thus cut carbon dioxide emissions by a corresponding amount. What is more, one of the trucks is equipped with an extra battery pack that drives the refuse compactor, and this is charged via the mains electrical system when the truck is parked overnight. Its total reduction in carbon dioxide emissions is expected to be as much as 30%.

Volvo Trucks will start producing hybrid trucks in late 2009. Renault Trucks plans to start of production of hybrid trucks in 2009/2010 after further development and testing.

In March, Mack Trucks launched a new prestige truck, Titan by Mack. The model is developed specifically for heavy haulage and construction work and is equipped with the new 16-liter MACK MP10 engine. The new model puts driver environment and comfort in focus and is designed to handle the tough conditions, for example, at mines, in forestry work and on construction sites. Delivery of the Titan by Mack to customers is expected to begin in late 2008.

During the first quarter, Renault Trucks tested in Lyon and Barcelona an experimental Renault Midlum truck as part of an EU research program, FIDEUS (Freight Intelligent Delivery in European Urban Spaces). The truck has upgraded environmental performance (noise and emission levels), security, safety and ergonomics. It is also equipped with advanced telematics that enable substantially improved efficiency of delivery operations and give local authorities a tool to organize goods deliveries in urban areas.

Construction Equipment – strong growth in sales and operating income

- Sales up 38%
- Operating income up 38%
- Hybrid wheel loader displayed at ConExpo

Heavy equipment in North America down 34%

The total European market decreased by 6% during the first quarter of 2008 compared to the same period last year, driven by declining deliveries of compact equipment. North America was down 23%. However, the decreases in these markets were offset by continued growth in the rest of the world. Asia increased by 33%, strongly driven by China, up 88%, whilst other markets rose by 27%.

Total world market conditions for 2008 are expected to remain on historically high levels, although not as good as 2007. The European market is expected to be flat in 2008 compared to last year and compared to the previous forecast of a growth of 0–5%. North America is expected to decline with another 15–20% compared to the previous forecast of a 10% decline whilst rest of the world is expected to compensate for the U.S. down-turn with an expected growth of 20% compared to the previous forecast of a growth of about 10%.

Net sales by market area, Construction Equipment

SEK M	First quarter 2008	2007	Change in %
Europe	**7,093**	5,186	37
North America	**2,944**	2,213	33
South America	**571**	414	38
Asia	**3,550**	2,558	39
Other markets	**982**	631	56
Total	**15,140**	**11,002**	**38**

Total market development in the first quarter

Unit sales in %	Europe	North America	Asia	Other markets	**Total**
Heavy equipment	4	(34)	41	28	**17**
Compact equipment	(10)	(21)	25	40	**2**
Total	**(6)**	**(23)**	**33**	**27**	**7**

Increased sales and operating income

Net sales in construction equipment rose by 38% to SEK 15,140 M (11,002) in the first quarter. Adjusted for changes in the exchange rates and the acquisition of Ingersoll Rand's road development division, net sales rose by 38%.

Operating income increased by 38% to SEK 1,301 M (946) and the operating margin was 8.6% (8.6). The performance in the industrial system improved when compared to the second half of 2007. The operating income was negatively affected by integration costs and exchanges rates.

The value of the order book at March 31 was 18% higher than the same date the preceding year, excluding Lingong and Ingersoll Rand's road development division.

Hybrid wheel loader showed at ConExpo

At the big trade fair ConExpo in Las Vegas in March, Volvo CE showed for the first time its hybrid wheel loader initiative to the public, dealers and customers. In this first generation of hybrid wheel loaders, the potential fuel saving is around 10%, which represents a substantial saving for the operators since one third or more of the running cost of a machine is fuel cost. Another benefit is the environmental aspect which is becoming an issue especially among big fleet owners also in the construction equipment industry. Production of the hybrid wheel loader is expected to begin in 2009.

Buses – made a loss in the first quarter

- Higher order bookings
- Operating loss
- Restructuring of Volvo Bus Finland

Uneven development in bus market

The bus market in Europe is relatively stable, with a somewhat increasing share within the city bus segment in France and the UK. In North America, the market trend from 2007 continues, with the coach bus market showing a decline, while the city market continues to grow. Despite an increase in the beginning of the year, the Mexican coach market is still weak. The activity in the market for Bus Rapid Transit systems is high and the number of deliveries is expected to increase in 2008.

In South America, the market for intercity and city buses continues to be strong. In Venezuela, which accounts for about 20% of Volvo Buses' volume in South America, the market is obstructed as a result of new import restrictions on complete buses. The market in Asia continues to rise, but at a slightly slower pace. The greatest increases are in China and India. Increasingly more Chinese manufacturers are exporting to a greater extent to markets outside Asia.

Higher order bookings

In the first quarter, order bookings totaled 2,608 buses, an increase of 8% compared with 2,403 a year earlier. Order bookings rose on most markets except South America and China. During the quarter, 2,214 buses (2,228) were delivered. Deliveries were at the same level as the preceding year, with increases in the Middle East and Africa. The order backlog at the end of the first quarter was 5,114 (5,812), a decline of 12%.

Net sales by market area, Buses

SEK M	First quarter 2008	2007	Change in %
Europe	**1,721**	1,726	(0)
North America	**1,104**	1,088	1
South America	**209**	221	(5)
Asia	**478**	521	(8)
Other markets	**160**	185	(14)
Total	**3,672**	**3,741**	**(2)**

Operating loss in first quarter

Net sales in the first quarter declined 2% to SEK 3,672 M, compared with SEK 3,741 M a year earlier. Adjusted for currency movements, net sales were up 2%.

In the first quarter Buses posted an operating loss of SEK 122 M compared with an operating income of SEK 90 M a year earlier. Operating margin was a negative 3.3% (positive 2.4). During the first quarter, earnings were charged with a provision amounting to SEK 120 M for the adjustment of production capacity in Volvo Buses. Changes in currency rates also had a sharply adverse impact on Volvo Buses' total earnings.

During the first quarter, Volvo Buses has continued efforts with the global profitability program, with focus on reducing production costs and optimizing the industrial system. Volvo Bus Finland is now undergoing a restructuring in which the plant in Tampere is to be closed at the end of August.

Volvo Buses has received an order from BMTC for 240 city buses to Bangalore, India. The buses will be produced in Volvo's plant in Bangalore, which was inaugurated in January 2008, and are designed after the Volvo 8700 European model.

In April, Volvo Buses received its largest order so far in Europe. Jointly with the bodybuilder Wrightbus, Volvo Buses will deliver buses in the coming years in the UK valued at SEK 1.5 billion. Volvo's share of the order value is about 35–40%.

Volvo Penta
– gaining market shares

- Continued strong sales development, +8%
- Strengthened market positions in all segments
- Operating income rose 9%

Total market

The total market for industrial engines and marine engines in Europe remained stable, while the total market in North America weakened, due primarily to reduced demand for gasoline engines. Demand for industrial engines increased in China and many other parts of Asia as well as in South America and the Middle East.

Order situation

Volvo Penta has continued to capture market shares among boat builders in the US, for gasoline as well as diesel engines. Also in Europe, market shares were strengthened, particularly as a result of the major successes with the IPS system. Market shares increased in the industrial engines segment in Europe, Asia and International. The order backlog at March 31 was marginally higher than at the same date in the preceding year.

Net sales by market area, Volvo Penta

SEK M	First quarter 2008	2007	Change in %
Europe	**1,893**	1,791	6
North America	**622**	689	(10)
South America	**80**	54	48
Asia	**466**	339	37
Other markets	**104**	69	51
Total	**3,165**	**2,942**	**8**

Financial development

Volvo Penta's sales in the first quarter rose 8% to SEK 3,165 M (2,942). Adjusted for currency movements, net sales rose by 10%. Sales were distributed among the business segments as follows: Marine SEK 2,209 M (2,176) and Industrial SEK 956 M (766).

Operating income increased to SEK 318 M (293). A negative currency development was compensated by favorable price realization and better product mix. Operating margin was 10.0% (10.0).

16-liter engine for mobile applications

During the first quarter, Volvo Penta launched a 16-liter industrial engine for so-called mobile applications, such as terminal forklifts and cranes. Mobile industrial engines is the segment in the industrial engine business in which Volvo Penta currently shows the highest growth, due largely to the strong development in China. The mobile business is also developing well in Europe through such large customers as Kalmar Industries and Fantuzzi.

Volvo Aero – increased operating income and margin

- Good sales growth in the component business
- Order book in component business increased by 9%
- Negative currency impact on earnings

Increased demand for new large aircraft

World airline passenger traffic increased 3.5% in January and 6.5% in February. Order bookings for large commercial jets continued to increase and the backlog at the end of March grew to 7,293 aircraft. Deliveries of large commercial aircraft increased by 8% in the first three months of the year compared to the same period last year. At current production rates, the backlog represents about seven years. The strong demand for new commercial jet aircraft is also driving demand for jet engines and the order book increased to 15,288 large engines at the end of March.

The market interest in Volvo Aero's lightweight technologies is increasing and the investments in this field continue. Volvo Aero is one of the partners in the Production Technology Center (PTC) in Trollhättan, which was inaugurated on March 13. The involvement in PTC is part of Volvo Aero's investment in further developing its lightweight technologies, in which the acquisition of composites company ACAB in 2007 is also an element.

For Volvo Aero, order bookings remain strong and the value of the order book in the component business at March 31 was 9% higher than at the same date in the preceding year. Adjusted for currency, the order book was 28% higher than last year.

Net sales by market area, Volvo Aero

SEK M	First quarter 2008	2007	Change in %
Europe	**946**	865	9
North America	**831**	963	(14)
South America	**16**	42	(62)
Asia	**71**	58	22
Other markets	**19**	33	(42)
Total	**1,883**	**1,961**	**(4)**

Commercial component business continues to grow

The strong organic growth in the component business continued during the first quarter, although it was somewhat offset by lower volumes in the after market business. Volvo Aero's sales amounted to SEK 1,883 M, (1,961) which was 4% lower than in the same period the preceding year due to currency impact and the closure of the Bromma plant. Adjusted for the currency variances and closed units, sales rose by 10%.

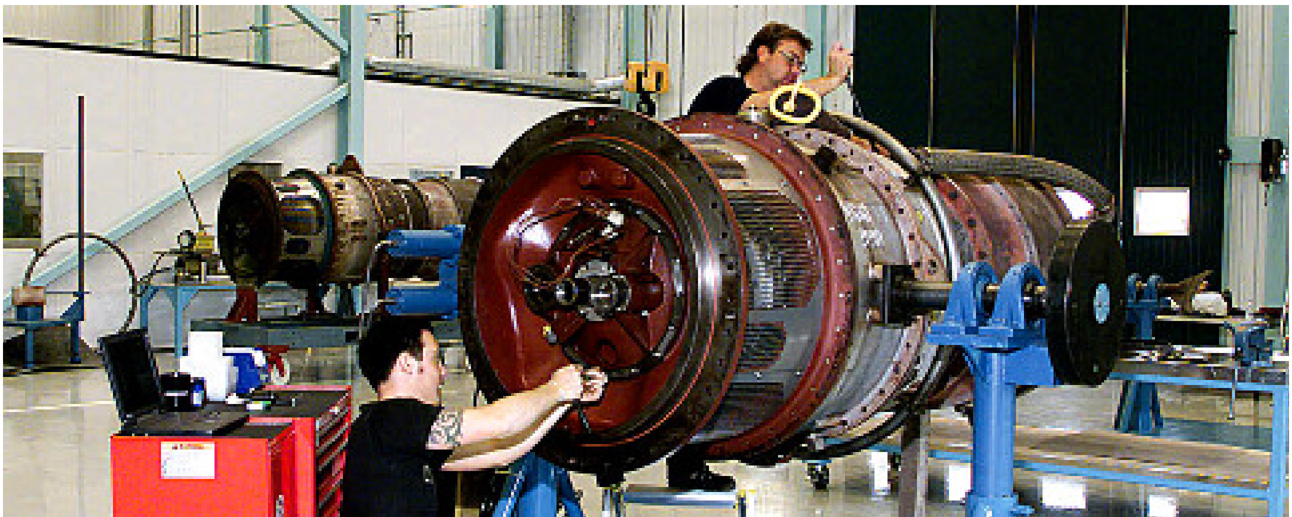
The component business showed good profitability also in the first quarter, although it was negatively affected by currency effects. The positive trend in the aftermarket business continued. Operating income amounted to SEK 136 M (92) and the operating margin was 7.2% (4.7).

Volvo Aero contributes to environmentally adapted engines

Volvo Aero participates in one of Europe's largest research programs ever, Clean Sky. Together with the European Commission and the aerospace industries of Europe, Volvo Aero will develop new technologies for greener, more environmentally adapted aero engines.

Clean Sky has the objective to reduce the European air traffic's emissions of carbon dioxide and nitrous oxides by 50 and 80%, respectively, and noise by 50% by the year 2020. Volvo Aero is involved in the project, developing lightweight technologies to reach this goal.

The program will be completed in 2014, with a potential of having these demonstrated technologies introduced to revenue service in the latter part of the decade. After that the effects will hopefully be seen in terms of reduced fuel consumption, up to 40%.



Income statements Volvo Group

First quarter	Industrial operations		Customer Finance		Elim & reclassifications		Volvo Group Total	
SEK M	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Net sales	**74,532**	58,857	**1,994**	1,805	**157**	374	**76,683**	**61,036**
Cost of sales	**(56,904)**	(45,175)	**(1,181)**	(1,042)	**(157)**	(374)	**(58,243)**	(46,591)
Gross income	**17,628**	**13,682**	**813**	**763**	**0**	**0**	**18,440**	**14,445**
Research and development expenses	**(3,334)**	(2,334)	**0**	0	**0**	0	**(3,334)**	(2,334)
Selling expenses	**(6,195)**	(4,972)	**(375)**	(346)	**0**	0	**(6,570)**	(5,317)
Administrative expenses	**(1,839)**	(1,822)	**0**	(8)	**0**	0	**(1,839)**	(1,831)
Other operating income and expenses	**(172)**	297	**(57)**	(14)	**0**	0	**(228)**	283
Income from investments in associated companies	**5**	81	**0**	0	**0**	0	**5**	81
Income from other investments	**13**	1	**0**	0	**0**	0	**13**	1
Operating income	**6,106**	**4,933**	**381**	**395**	**0**	**0**	**6,487**	**5,328**
Interest income and similar credits	**325**	280	**0**	0	**(44)**	(40)	**281**	241
Interest expenses and similar charges	**(387)**	(188)	**0**	0	**44**	40	**(343)**	(148)
Other financial income and expenses	**(284)**	(13)	**0**	0	**0**	0	**(284)**	(14)
Income after financial items	**5,760**	**5,012**	**381**	**395**	**0**	**0**	**6,141**	**5,407**
Income taxes	**(1,812)**	(1,491)	**(113)**	(160)	**0**	0	**(1,926)**	(1,651)
Income for the period*	**3,948**	**3,521**	**268**	**235**	**0**	**0**	**4,215**	**3,756**
* Attributable to:								
Equity holders of the parent company							**4,196**	3,753
Minority interests							**19**	3
							4,215	**3,756**
Basic earnings per share, SEK							**2.07**	**1.85**
Diluted earnings per share, SEK							**2.07**	**1.85**

Balance Sheets Volvo Group

SEK M	Industrial operations March 31 2008	Industrial operations Dec 31 2007	Customer Finance March 31 2008	Customer Finance Dec 31 2007	Elim & reclassifications March 31 2008	Elim & reclassifications Dec 31 2007	Total March 31 2008	Total Dec 31 2007
Assets								
Non-current assets								
Intangible assets	**35,438**	36,441	**63**	67	**0**	0	**35,501**	36,508
Tangible assets								
Property, plant and equipment	**47,000**	47,132	**78**	78	**0**	0	**47,078**	47,210
Assets under operating leases	**13,509**	13,850	**443**	288	**7,775**	8,364	**21,727**	22,502
Financial assets								
Shares and participations	**2,191**	2,189	**28**	30	**0**	0	**2,219**	2,219
Long term customer financing receivables	**375**	444	**47,683**	47,870	**(8,438)**	(7,828)	**39,620**	40,486
Deferred assets	**8,323**	8,434	**318**	346	**2**	3	**8,643**	8,783
Other long-term receivables	**3,797**	5,601	**36**	39	**1,005**	(861)	**4,838**	4,779
Total non-current assets	**110,633**	**114,091**	**48,649**	**48,718**	**344**	**(322)**	**159,626**	**162,487**
Current assets								
Inventories	**48,202**	43,264	**487**	381	**0**	0	**48,689**	43,645
Short-term receivables								
Customer-financing receivables	**497**	789	**41,146**	42,695	**(3,956)**	(5,123)	**37,687**	38,361
Current tax assets	**916**	1,660	**52**	43	**0**	0	**968**	1,703
Other receivables	**48,968**	53,976	**1,300**	1,713	**(2,947)**	(11,272)	**47,321**	44,417
Marketable securities	**25,010**	16,488	**5**	2	**0**	0	**25,015**	16,490
Cash and cash equivalents	**10,053**	13,538	**709**	1,053	**(124)**	(47)	**10,638**	14,544
Total current assets	**133,646**	**129,715**	**43,699**	**45,887**	**(7,027)**	**(16,442)**	**170,318**	**159,160**
Total assets	**244,279**	**243,806**	**92,348**	**94,605**	**(6,683)**	**(16,764)**	**329,944**	**321,647**
Shareholders' equity and liabilities								
Equity attributable to the equity holders of the parent company	**77,065**	74,550	**7,640**	7,652	**0**	0	**84,705**	82,202
Minority interests	**560**	579	**0**	0	**0**	0	**560**	579
Total shareholders' equity	**77,625**	**75,129**	**7,640**	**7,652**	**0**	**0**	**85,265**	**82,781**
Non-current provisions								
Provisions for post-employment benefits	**9,257**	9,746	**30**	28	**0**	0	**9,287**	9,774
Provisions for deferred taxes	**7,266**	7,868	**1,188**	1,259	**0**	0	**8,454**	9,127
Other non-current provisions	**6,829**	7,067	**90**	95	**80**	139	**6,999**	7,301
Non-current liabilities	**34,966**	41,339	**41,368**	42,285	**(1,503)**	(11,895)	**74,831**	71,729
Current provisions	**10,917**	10,437	**113**	129	**45**	90	**11,075**	10,656
Current liabilities								
Loans	**43,462**	40,539	**4,556**	4,382	**(48)**	(49)	**47,970**	44,872
Trade payables	**50,852**	52,376	**530**	287	**0**	0	**51,382**	52,663
Current tax liabilities	**970**	0	**465**	451	**0**	0	**1,435**	451
Other current liabilities	**2,135**	(695)	**36,368**	38,037	**(5,257)**	(5,049)	**33,246**	32,293
Total shareholders' equity and liabilities	**244,279**	**243,806**	**92,348**	**94,605**	**(6,683)**	**(16,764)**	**329,944**	**321,647**
Contingent liabilities							**7,428**	8,153

Cash flow statement

First quarter	Industrial operations		Customer Finance		Elim & reclassifications		Volvo Group Total	
SEK bn	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Operating activities								
Operating income	**6.1**	4.9	**0.4**	0.4	**0.0**	0.0	**6.5**	5.3
Depreciation and amortization	**2.8**	2.2	**0.0**	0.0	**0.5**	0.5	**3.3**	2.7
Other non-cash items	**(0.1)**	(0.3)	**0.1**	0.0	**0.1**	0.0	**0.1**	(0.3)
Change in working capital	**(8.7)**	(6.3)	**(1.0)**	(0.7)	**(0.5)**	0.2	**(10.2)**	(6.8)
Financial items and income taxes paid	**(1.4)**	(1.6)	**(0.1)**	(0.1)	**0.0**	0.1	**(1.5)**	(1.6)
Cash flow from operating activities	**(1.3)**	**(1.1)**	**(0.6)**	**(0.4)**	**0.1**	**0.8**	**(1.8)**	**(0.7)**
Investing activities								
Investments in fixed assets	**(2.2)**	(1.9)	**0.0**	0.0	**0.0**	0.0	**(2.2)**	(1.9)
Investment in leasing vehicles	**0.0**	(0.1)	**0.0**	0.0	**(1.1)**	(1.0)	**(1.1)**	(1.1)
Disposals of fixed assets and leasing vehicles	**0.2**	0.2	**0.0**	0.0	**0.4**	0.2	**0.6**	0.4
Operating cash flow	**(3.3)**	**(2.9)**	**(0.6)**	**(0.4)**	**(0.6)**	**0.0**	**(4.5)**	**(3.3)**
Investments and divestments of shares, net							**0.0**	0.0
Acquired and divested operations, net							**0.2**	(5.7)
Interest-bearing receivables incl marketable securites							**(9.5)**	(2.5)
Cash-flow after net investments							**(13.8)**	**(11.5)**
Financing activities								
Change in loans, net							**10.2**	11.4
Dividend to AB Volvo shareholders							**-**	–
Other							**0.1**	0.0
Change in cash and cash equivalents excl. translation differences							**(3.5)**	**(0.1)**
Translation difference on cash and cash equivalents							**(0.4)**	0.2
Change in cash and cash equivalents							**(3.9)**	**0.1**

Net financial position, Industrial operations

	Industrial operations		Volvo Group	
SEK M	**March 31 2008**	Dec 31 2007	**March 31 2008**	Dec 31 2007
Long term customer finance receivables	**-**	–	**39,620**	40,486
Long term interest-bearing receivables	**2,192**	3,928	**3,274**	3,150
Short term customer finance receivables	**-**	–	**37,687**	38,361
Short term interest bearing receivables	**3,044**	9,773	**2,077**	1,380
Marketable securities	**25,010**	16,488	**25,015**	16,490
Cash and bank	**10,053**	13,538	**10,638**	14,544
Total financial assets	**40,299**	**43,727**	**118,311**	**114,411**
Provision for post employment benefits	**9,257**	9,746	**9,287**	9,774
Interest-bearing liabilities	**37,510**	38,286	**114,765**	108,318
Total financial debt	**46,767**	**48,032**	**124,052**	**118,092**
Net financial position	**(6,468)**	**(4,305)**	**(5,741)**	**(3,681)**

Changes in net financial position, Industrial operations

SEK bn	First quarter **2008**
Beginning of period	**(4.3)**
Cash flow from operating activities	**(1.3)**
Investments in fixed assets	**(2.2)**
Disposals	**0.2**
Operating cash-flow	**(3.3)**
Investments and divestments of shares, net	**0.0**
Acquired and divested operations, net	**0.2**
Capital injections to/from Customer Finance operations	**0.0**
Currency effect	**0.5**
Other changes	**0.4**
Total change	**(2.2)**
Net financial position at end of period	**(6.5)**

Changes in shareholders' equity

	First quarter	
SEK bn	**2008**	2007
Total equity at beginning of period	**82.8**	**87.2**
Shareholders' equity attributable to equity holders of the parent company at beginning of period	**82.2**	**86.9**
Translation differences	**(2.1)**	1.2
Translation differences on hedge instruments of net investments in foreign operations	**0.0**	(0.1)
Available-for-sale investments	**0.0**	0.1
Cash flow hedges	**0.4**	(0.4)
Net income recognized directly in equity	**(1.7)**	**0.8**
Income for the period	**4.2**	3.8
Total recognized income and expense for the period	**2.5**	**4.6**
Share-based payments	**0.0**	–
Other changes	**0.0**	0.0
Shareholders' equity attributable to equity holders of the parent company at end of period	**84.7**	**91.5**
Minority interests at beginning of period	**0.6**	**0.3**
Translation differences	**0.0**	0.0
Net income recognized directly in equity	**0.0**	**0.0**
Income for the period	**0.0**	0.0
Total recognized income and expense for the period	**0.0**	**0.0**
Cash dividend	**0.0**	0.0
Minority regarding new acquisitions	**0.0**	0.5
Other changes	**0.0**	0.0
Minority interests at end of period	**0.6**	**0.8**
Total equity at end of period	**85.3**	**92.3**

Key ratios

Industrial operations

	First quarter	
	2008	2007
Gross margin, %	**23.7**	23.2
Research and development expenses in % of net sales	**4.5**	4.0
Selling expenses in % of net sales	**8.3**	8.4
Administrative expenses in % of net sales	**2.5**	3.1
Operating margin, %	**8.2**	8.4

	March 31 2008	Dec 31 2007
Return on operating capital, %, 12 month rolling values	**26.5**	26.4
Net financial position at end of period, SEK billion	**(6.5)**	(4.3)
Net financial position in % of shareholders' equity at end of period	**(8.3)**	(5.7)
Shareholders' equity as percentage of total assets, end of period	**31.8**	30.8

Customer finance

	March 31 2008	Dec 31 2007
Return on shareholders' equity, %, 12 month rolling values	**16.2**	15.9
Equity ratio at end of period, %	**8.3**	8.1
Asset growth, % from proceeding year end until end of period	**(2.4)**	18.5

Volvo Group

	First quarter	
	2008	2007
Gross margin, %	**24.0**	23.7
Research and development expenses in % of net sales	**4.3**	3.8
Selling expenses in % of net sales	**8.6**	8.7
Administrative expenses in % of net sales	**2.4**	3.0
Operating margin, %	**8.5**	8.7

	March 31 2008	Dec 31 2007
Basic earnings per share, SEK, 12 month rolling values	**7.68**	7.37
Shareholders' equity, excluding minority interests, per share, at end of period, SEK	**41.8**	40.6
Return on shareholders' equity, %, 12 month rolling values	**19.2**	18.1
Shareholders' equity as percentage of total assets, end of period	**25.8**	25.7

Share data

	First quarter	
	2008	2007
Basic earnings per share, SEK	**2.07**	1.85
Diluted earnings per share, SEK	**2.07**	1.85
Number of shares outstanding, million	**2,027**	405.1
Average number of shares during period, million	**2,026**	404.8
Average diluted number of shares during period, million	**2,026**	404.9
Number of company shares, held by AB Volvo, million	**101**	20.6
Average number of company shares, held by AB Volvo, million	**103**	20.9

Quarterly figures

Industrial operations SEK M unless otherwise stated	1/2007	2/2007	3/2007	4/2007	**1/2008**
Net sales	**58,857**	**69,339**	**66,253**	**82,346**	**74,532**
Cost of sales	(45,175)	(53,706)	(51,379)	(63,900)	**(56,904)**
Gross income	**13,682**	**15,633**	**14,874**	**18,446**	**17,628**
Research and development expenses	(2,334)	(2,679)	(2,603)	(3,443)	**(3,334)**
Selling expenses	(4,972)	(5,793)	(6,206)	(7,700)	**(6,195)**
Administrative expenses	(1,822)	(1,706)	(1,649)	(1,916)	**(1,839)**
Other operating income and expenses	297	(122)	82	(8)	**(172)**
Other operating income and expenses	81	317	27	3	**5**
Income from other investments	1	48	30	15	**13**
Operating income Industrial operations	**4,933**	**5,698**	**4,555**	**5,397**	**6,106**
Customer Finance					
Finance and lease income	1,805	1,894	2,034	1,972	**1,994**
Finance and lease expenses	(1,042)	(1,098)	(1,228)	(1,168)	**(1,181)**
Gross income	**763**	**796**	**806**	**804**	**813**
Selling and administrative expenses	(354)	(359)	(360)	(364)	**(375)**
Credit provision expenses	(33)	(32)	(5)	(56)	**(61)**
Other operating income and expenses	19	16	13	(6)	**4**
Operating income Customer Finance	**395**	**421**	**454**	**378**	**381**
Volvo Group					
Operating income	**5,328**	**6,119**	**5,010**	**5,775**	**6,487**
Interest income and similar credits	241	249	206	257	**281**
Interest expense and similar credits	(148)	(332)	(325)	(317)	**(343)**
Other financial income and costs	(14)	(65)	(320)	(106)	**(284)**
Income after financial items	**5,407**	**5,971**	**4,571**	**5,609**	**6,141**
Taxes	(1,651)	(1,941)	(1,422)	(1,515)	**(1,926)**
Income for the period*	**3,756**	**4,030**	**3,149**	**4,094**	**4,215**
* Attributable to					
Equity holders of AB Volvo	3,753	4,003	3,118	4,059	**4,196**
Minority interests	3	27	31	35	**19**
	3,756	**4,030**	**3,149**	**4,094**	**4,215**

Share data	1/2007	2/2007	3/2007	4/2007	**1/2008**
Earnings per share, SEK [1]	1.85	1.98	1.54	2.00	**2.07**
Number of shares outstanding, million	405.1	2,026	2,026	2,026	**2,027**
Average number of shares during period, million	404.9	2,026	2,026	2,026	**2,026**
Number of company shares, held by AB Volvo, million	20.6	103	103	103	**101**
Depreciation and amortization included above					
Industrial operations	2,041	2,465	2,292	2,925	**2,623**
Customer Finance	37	36	92	(18)	**33**
Classification Group versus segment Customer Finance [2]	626	629	528	758	**663**
Total	**2,704**	**3,130**	**2,912**	**3,665**	**3,319**

Key operating ratios, Industrial operations					
Gross margin, %	23.2	22.5	22.5	22.4	**23.7**
Research and development expenses in % of net sales	4.0	3.9	3.9	4.2	**4.5**
Selling expenses in % of net sales	8.4	8.4	9.4	9.4	**8.3**
Administrative expenses in % of net sales	3.1	2.5	2.5	2.3	**2.5**
Operating margin , %	8.4	8.2	6.9	6.6	**8.2**

1) Earnings per share are calculated as Income for the period (excl minority interests) divided by the weighted average number of shares outstanding during the period. Quarter 1, 2007 is restated for share split.

2) Reclassification of financial leases in segment Customer Finance to operational leases in the Group.

Quarterly figures

Net sales

SEK M	1/2007	2/2007	3/2007	4/2007	**1/2008**
Trucks	39,199	46,331	45,350	57,012	**50,801**
Construction Equipment	11,002	14,146	12,963	15,523	**15,140**
Buses	3,741	4,107	3,588	5,173	**3,672**
Volvo Penta	2,942	3,215	2,703	2,859	**3,165**
Volvo Aero	1,961	1,845	1,847	1,992	**1,883**
Eliminations and other	12	(305)	(198)	(213)	**(129)**
Industrial operations	**58,857**	**69,339**	**66,253**	**82,346**	**74,532**
Customer Finance	1,805	1,894	2,034	1,972	**1,994**
Reclassifications and eliminations	374	212	80	238	**157**
Volvo Group	**61,036**	**71,445**	**68,367**	**84,556**	**76,683**

Operating income

SEK M	1/2007	2/2007	3/2007	4/2007	**1/2008**
Trucks	3,711	3,831	3,507	4,144	**4,432**
Construction Equipment	946	1,398	839	1,035	**1,301**
Buses	90	122	(73)	93	**(122)**
Volvo Penta	293	444	258	177	**318**
Volvo Aero	92	93	148	196	**136**
Group headquarter functions and other	(199)	(190)	(124)	(248)	**41**
Industrial operations	**4,933**	**5,698**	**4,555**	**5,397**	**6,106**
Customer Finance	395	421	454	378	**381**
Volvo Group	**5,328**	**6,119**	**5,010**	**5,775**	**6,487**

Operating margin

%	1/2007	2/2007	3/2007	4/2007	**1/2008**
Trucks	9.5	8.3	7.7	7.3	**8.7**
Construction Equipment	8.6	9.9	6.5	6.7	**8.6**
Buses	2.4	3.0	(2.0)	1.8	**(3.3)**
Volvo Penta	10.0	13.8	9.5	6.2	**10.0**
Volvo Aero	4.7	5.0	8.0	9.8	**7.2**
Industrial operations	**8.4**	**8.2**	**6.9**	**6.6**	**8.2**
Volvo Group	**8.7**	**8.6**	**7.3**	**6.8**	**8.5**

Accounting principles

As of January 1, 2005, AB Volvo applies the International Financial Reporting Standards (IFRS) – formerly the IAS – as adopted by the EU, for the group consolidation. The accounting principles, which were applied during the preparation of this report, are described in Note 1 to the consolidated financial statements, which are included in the 2007 Annual Report for the Volvo Group. This interim report has been prepared in accordance with IAS 34, Interim financial Reporting and the Annual Accounts Act.

The financial reporting of the parent company has been prepared in accordance with the Annual Accounts Act and RFR 2.1 Reporting for legal entities. Application of RFR 2.1 entails that in interim reporting for legal entities, the parent company is to apply all IFRSs and interpretations approved by the EU as far as possible within the framework of the Swedish Annual Accounts Act, the Pension Obligations Vesting Act, and taking into account the connection between accounting and taxation.

New accounting principles in 2008

In accordance with considerations presented in the Annual Report, Note 1, regarding new accounting principles for 2008, three new interpretations from IFRIC take effect as of 1 January 2008: IFRIC 11 *'IFRS 2 Group and Treasury Share Transactions';* IFRIC 12 *'Service Concession Arrangements'* and IFRIC 14 *'IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction'*. IFRIC 11 has not had any impact on the Group's financial statements. IFRIC 12 and IFRIC 14 have not yet been approved by the EU and are therefore not applied in this report. The application of these is not expected to have a significant impact on the Group's financial statements.

Otherwise, accounting principles and methods of calculations have remained essentially unchanged from those applied in the 2007 Annual Report.

Earnings per share

Earnings per share is calculated according to the circumstances at the closing day of the period, March 31, 2008, unless stated otherwise. On April 26, 2007, Volvo's share split 6:1 with automatic redemption, in which the sixth share was redeemed by AB Volvo for SEK 25 per share took effect, which meant that the number of shares were five-fold.

Operating income before depreciation and amortization (EBITDA)

EBITDA is the operating income before depreciation and amortization. In the Volvo Group this key figure is calculated by adding back depreciation and amortization on the operating income of the Industrial operations.

Risks and uncertainties

All business operations involve risk – managed risk-taking is a condition of maintaining a sustained favorable profitability. Risk may be due to events in the world and can affect a given industry or market. Risk can be specific to a single company. Volvo works continuously to identify, measure and manage risk, and in some cases Volvo can influence the likelihood that a risk-related event will occur. In cases in which such events are beyond Volvo's control, the aim is to minimize the consequences.

The risks to which the Volvo Group are exposed are classified into three main categories: **External-related risks** – such as the cyclical nature of the commercial vehicles business, intense competition, changes in prices for commercial vehicles and government regulations; **Financial risks** – such as currency fluctuations, interest levels fluctuations, valuations of shares or similar instruments, credit risk and liquidity risk and; **Operational risks** – such as market reception of new products, reliance on suppliers, protection and maintenance of intangible assets, complaints and legal actions by customers and other third parties and risk related to human capital. For a more elaborated account for these risks, please refer to the Risk Management section on pages 48-50 in the 2007 Annual Report for the Volvo Group. The Annual Report is available on the internet at www.volvo.com.

Short-term risks, when applicable, are described in the respective report per business area of this report. Also the reported amounts for contingent liabilities reflect Volvo's risk exposure. Total contingent liabilities at March 31, 2008, amounted to SEK 7.4 billion, a decrease of SEK 0.7 billion compared to December 31, 2007.

The former agreement between Mack Trucks and UAW, the union for vehicle workers for the North American operations, expired on September 30, 2007. The agreement has been prolonged on a day-to-day basis and there are at present negotiations with the UAW. At present, it is not possible to estimate the outcome of the negotiations, but there is a risk that the outcome may have a significant negative effect on the consolidated operating income in later quarters 2008.

Volvo continues to report receivables for VAT in Russia for the customer finance operations. As an effect of the expanding operations, these receivables are exceeding the corresponding liabilities. Volvo has won all the cases related to the ability to recognize these receivables and has received partial payment of the receivables. As of March 31, 2008, the remaining receivables amount to SEK 144 M.

As stated in the Annual Report, note 14, regarding goodwill, Volvo verifies annually, or more frequently if necessary, the value of its operations to secure that they do not fall below the carrying value. The size of the surplus value differs between the operations and they are therefore, to a varying degree, sensitive to changes in assumptions and in the environment. Volvo follows on account of this the development of the business areas whose surplus values are dependent on the realization of Volvo's assessments. The recent development in exchange rates, affect the margin for surplus values that are sensitive to such changes. If this development should be lasting, it might have an effect on the valuation of the surplus values in the forthcoming quarters. Due to the weak development of the Volvo Bus profitability, Volvo verifies continuously the valuation of goodwill for the Volvo Bus business area.

Corporate acquisitions and divestments

Acquisitions and divestments during the period

During the first quarter of 2008 the Volvo Group has acquired and divested dealers within the segments Trucks and Construction Equipment. These acquisitions and divestments have not had a significant impact on the Group's financial statements.

No material changes have been made in the first quarter to the purchase price allocations for the acquisitions made in 2007. At the end of the first quarter of 2008 the purchase price allocation for Nissan Diesel is closed. The purchase price allocation for Ingersoll Rand road construction equipment division is still preliminary and will be finalized in the second quarter.

Acquisitions after the end of the period

Volvo has not made any acquisitions after the end of the period that have had a significant impact on the Volvo Group.

In the fourth quarter of 2007, the Volvo Group signed a letter of intent with the Indian vehicle manufacturer Eicher Motors Limited regarding the establishment of a new Indian joint-venture company. According to the letter of intent, the joint-venture company will hold Eicher Motors Limited's entire truck and bus operations and the Volvo Group's Indian sales operations within trucks. The parties have initiated negotiations regarding a final agreement, which are expected to be finalized in the second quarter of 2008. Implementation of the transaction requires the approval of the affected government authorities and the shareholders in Eicher Motors Limited.

Parent Company

Income Statements

SEK M	First quarter 2008	First quarter 2007
Net sales [1]	**197**	203
Cost of sales [1]	**(197)**	(203)
Gross income	**0**	0
Operating expenses [1]	**(237)**	(194)
Income from investments in Group companies	**(587)**	365
Income from investments in associated companies	**(15)**	(142)
Operating income	**(839)**	29
Interest income and expenses	**(163)**	(18)
Other financial income and expenses	**12**	13
Income after financial items	**(990)**	24
Income taxes	**238**	158
Income for period	**(752)**	182

1) Of net sales in the first three months, SEK 176 M (166) pertained to Group companies, while purchases from Group companies amounted to SEK 100 M (84).

Balance Sheets

SEK M	March 31, 2008		Dec 31, 2007	
Assets				
Non-current assets				
Intangible assets		**0**		0
Tangible assets		**17**		17
Financial assets				
Shares and participations in Group companies	**43,786**		47,011	
Others shares and participations	**790**		772	
Other long-term receivables	**449**	**45,025**	210	47,993
Total non-current assets		**45,042**		**48,010**
Current assets				
Short-term receivables from Group companies		**307**		10,814
Other short-term receivables		**615**		749
Cash and bank accounts		**12**		10
Total current assets		**934**		**11,573**
Total assets		**45,976**		**59,583**
Shareholders' equity and liabilities				
Shareholders' equity				
Restricted equity	**9,891**		9,891	
Unrestricted equity	**21,580**	**31,471**	22,254	32,145
Untaxed reserves		**3,234**		3,234
Provision		**200**		202
Non-current liabilities				
Liabilities to Group companies		**7**		6
Current liabilities [1]		**11,064**		23,996
Total shareholders' equity and liabilities		**45,976**		**59,583**

1) Of which SEK 10,651 M (23,563) pertains to Group companies.

Operating expenses for the first quarter include expenses of SEK 117 M (USD 19.6 M) due to the settlements reached by AB Volvo with the US authorities. The settlements include fines and disgorgement of past profits on contracts from two of the subsidiaries' activities in Iraq under the Oil-for-Food Program.

Income from investments in Group companies includes dividends amounting to SEK 0 M (723) and transfer price adjustments, net, of a negative SEK 587 M (neg. 358).

Income from investments in associated companies included in 2007 a capital loss of SEK 142 M pertaining to the sale of shares in Nissan Diesel to a newly-formed Japanese subsidiary.

As of January 31, 2008, AB Volvo divested the shares in the subsidiary Mack Trucks Inc to Volvo Holding USA AB for SEK 3,225 M corresponding to book value. Volvo Holding USA AB is a wholly-owned subsidiary in the Volvo group.

Investments in fixed assets amounted to – (1).

Financial net debt amounted to SEK 10,441 M at the end of the first quarter (20,894).

Events after the balance sheet date

No significant events have occurred after the end of the first quarter 2008 that are expected to have a substantial effect on the Volvo Group.

Göteborg April 25, 2008
AB Volvo (publ)

Leif Johansson
President and CEO

This report has not been reviewed by AB Volvo's auditors

Deliveries

	First quarter		
	2008	2007	Change in %
Trucks			
Europe	**36,075**	28,837	25
Western Europe	**28,961**	23,538	23
Eastern Europe	**7,114**	5,299	34
North America	**7,137**	9,024	(21)
South America	**3,554**	2,996	19
Asia	**14,578**	3,130	366
Middle East	**3,791**	2,059	84
Other Asia	**10,787**	1,071	907
Other markets	**4,547**	2,504	82
Total Trucks	**65,891**	**46,491**	**42**
Mack Trucks			
Europe			
North America	**3,050**	3,951	(23)
South America	**449**	717	(37)
Asia	**41**	10	310
Middle East	**32**	10	220
Other Asia	**9**	0	-
Other markets	**307**	301	2
Total Mack Trucks	**3,847**	**4,979**	**(23)**
Renault Trucks			
Europe	**19,256**	15,094	28
Western Europe	**16,458**	13,413	23
Eastern Europe	**2,798**	1,681	66
North America	**188**	80	135
South America	**275**	282	(2)
Asia	**1,107**	1,082	2
Middle East	**1,059**	985	8
Other Asia	**48**	97	(51)
Other markets	**1,201**	1,108	8
Total Renault Trucks	**22,027**	**17,646**	**25**
Volvo Trucks			
Europe	**16,819**	13,743	22
Western Europe	**12,503**	10,125	23
Eastern Europe	**4,316**	3,618	19
North America	**3,375**	4,993	(32)
South America	**2,630**	1,997	32
Asia	**2,635**	2,038	29
Middle East	**1,645**	1,064	55
Other Asia	**990**	974	2
Other markets	**1,069**	1,095	(2)
Total Volvo Trucks	**26,528**	**23,866**	**11**
Nissan Diesel [1]			
Europe			
Western Europe			
Eastern Europe			
North America	**524**	*870*	na
South America	**200**	*231*	na
Asia	**10,795**	*10,071*	na
Middle East	**1,055**	*865*	na
Other Asia	**9,740**	*9,206*	na
Other markets	**1,970**	*2,152*	na
Total Nissan Diesel	**13,489**	***13,324***	**na**

1) Please note that Nissan Diesel's deliveries for the first quarter of 2007 were not included in the Volvo Group deliveries. The figures are supplied for information purposes only.

AB Volvo (publ) discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 7.30 a.m. on April 25, 2008.

This report contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although the Company believes that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward looking statements as a result of, among other factors, (i) changes in economic, market and competitive conditions, (ii) success of business and operating initiatives, (iii) changes in the regulatory environment and other government actions, (iv) fluctuations in exchange rates and (v) business risk management.

This report does not imply that the company has undertaken to revise these forward-looking statements, beyond what is required under the company's registration contract with the Stockholm Stock Exchange if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

	First quarter		
	2008	2007	Change in %
Buses			
Europe	**795**	784	1
Western Europe	**764**	669	14
Eastern Europe	**31**	115	(73)
North America	**368**	377	(2)
South America	**150**	143	5
Asia	**798**	786	2
Other markets	**103**	138	(25)
Total Buses	**2,214**	**2,228**	**(1)**

Publication dates

Report for the first six months 2008	23 July, 2008
Report for the first nine months 2008	24 October, 2008
Report on 2008 operations	February, 2009
Annual Report 2008	March, 2009

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