

VOLVO

First Quarter 2008

Press Conference, April 25, 2008

Group Highlights

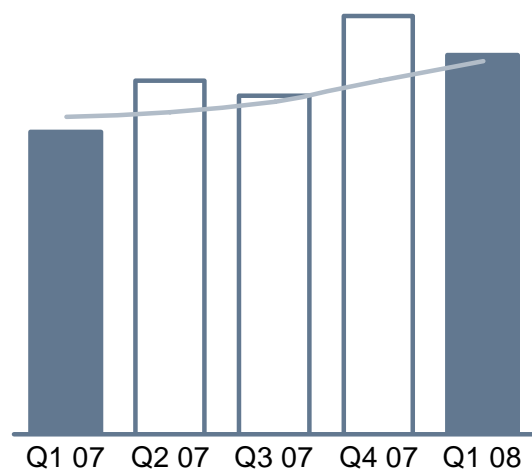


First Quarter

- Business environment
 - Europe – slower growth
 - North America weak and Japan pre-buy
 - Strong development in Asia and other international markets
- Strongest quarter so far
 - Sales growth 26%
 - Operating income up 22%
 - Improved earnings in truck operations and Volvo CE
 - Continued strong order book outside US

Net sales

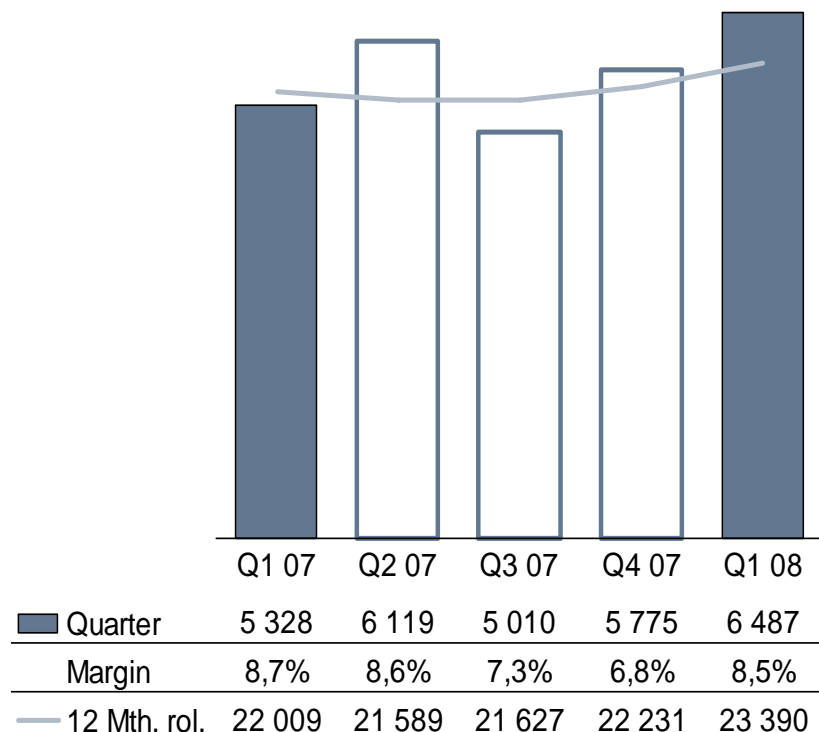
Net sales
SEK bn



- Net sales > 300 bn last 12-months
- Strong sales growth, up 26%
 - Western Europe +17%
 - Eastern Europe + 37%
 - Asia +134% (27% organic)
 - South America +18%
- Strong **organic** growth
 - Group +16%
 - Volvo CE +38%

Operating income

Operating income SEK M



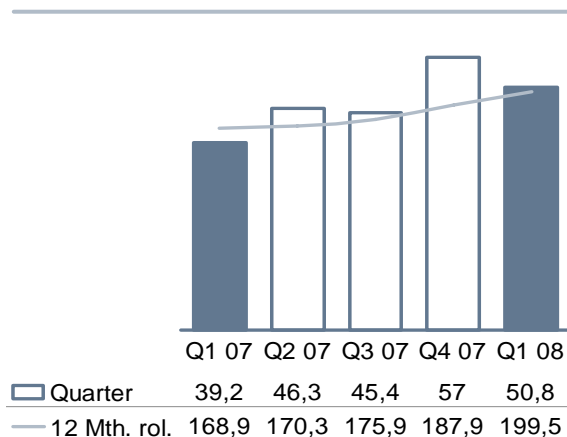
- + Margin improvement based on price and productivity in Europe & International
- + Truck operations in Europe
- + Volvo CE - operating income up 38%

- Truck operations in US
- Net R&D Amortization SEK 429 M
- US strike 250 M, Bus restructuring 120 M
- Currency impact SEK 400 M

Trucks



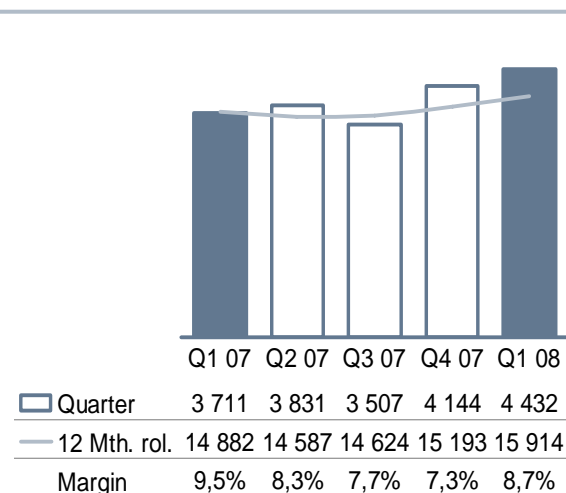
Net sales – SEK bn



Highlights

- Strong deliveries in Europe
 - higher production rates and productivity
 - increased earnings
- Strong demand in Asia, South America and other international markets
- Continued weak demand in North America
- Strike in New River Valley - SEK 250 M

Operating income – SEK M



In Focus

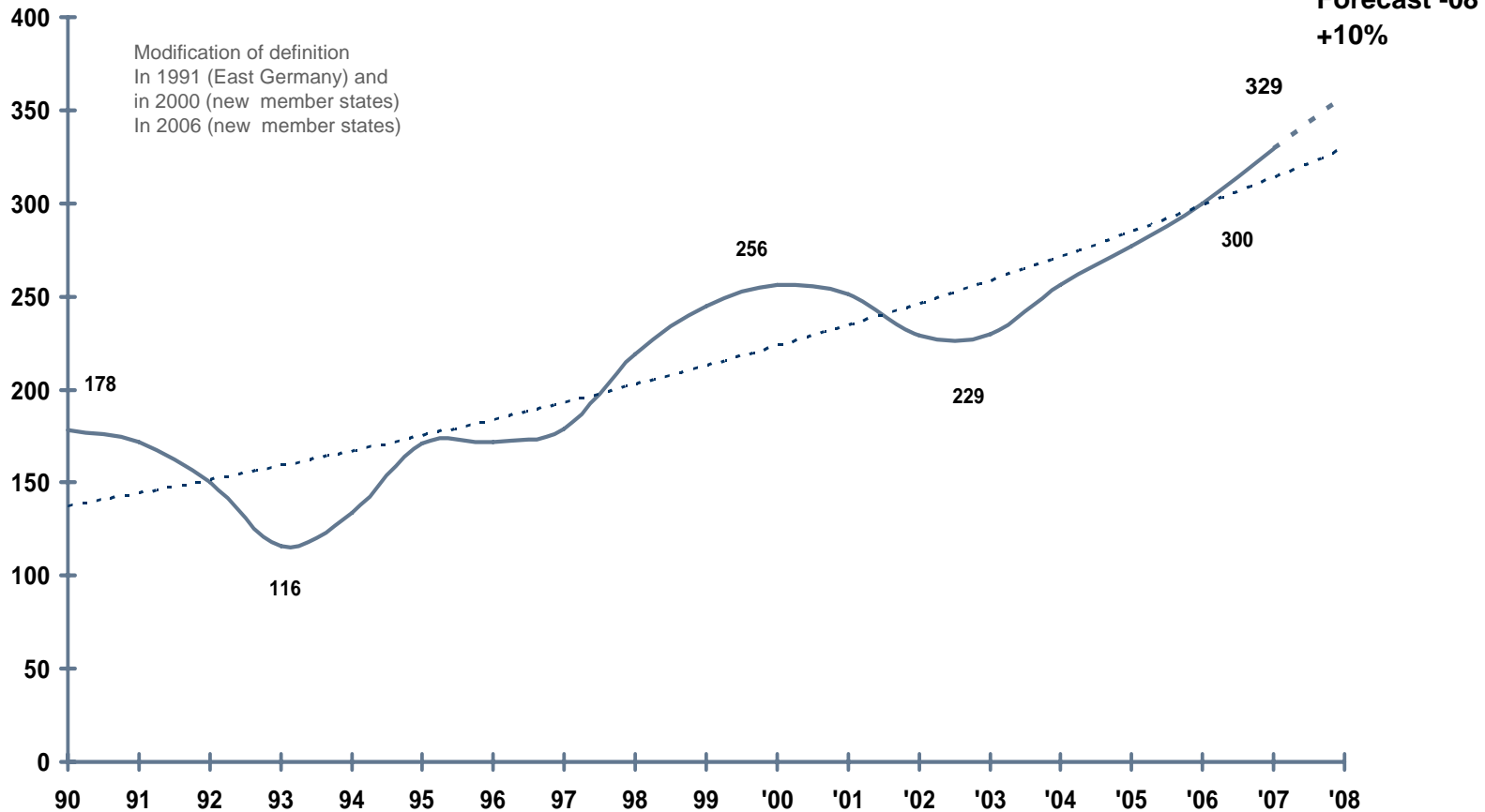
- Europe
 - Manage investments for increased capacity and improved productivity
- Capacity reduction in North America
- Integration projects with Nissan Diesel
- Growth in Asia

Heavy-duty truck market - Europe

(EU members + Switzerland and Norway)



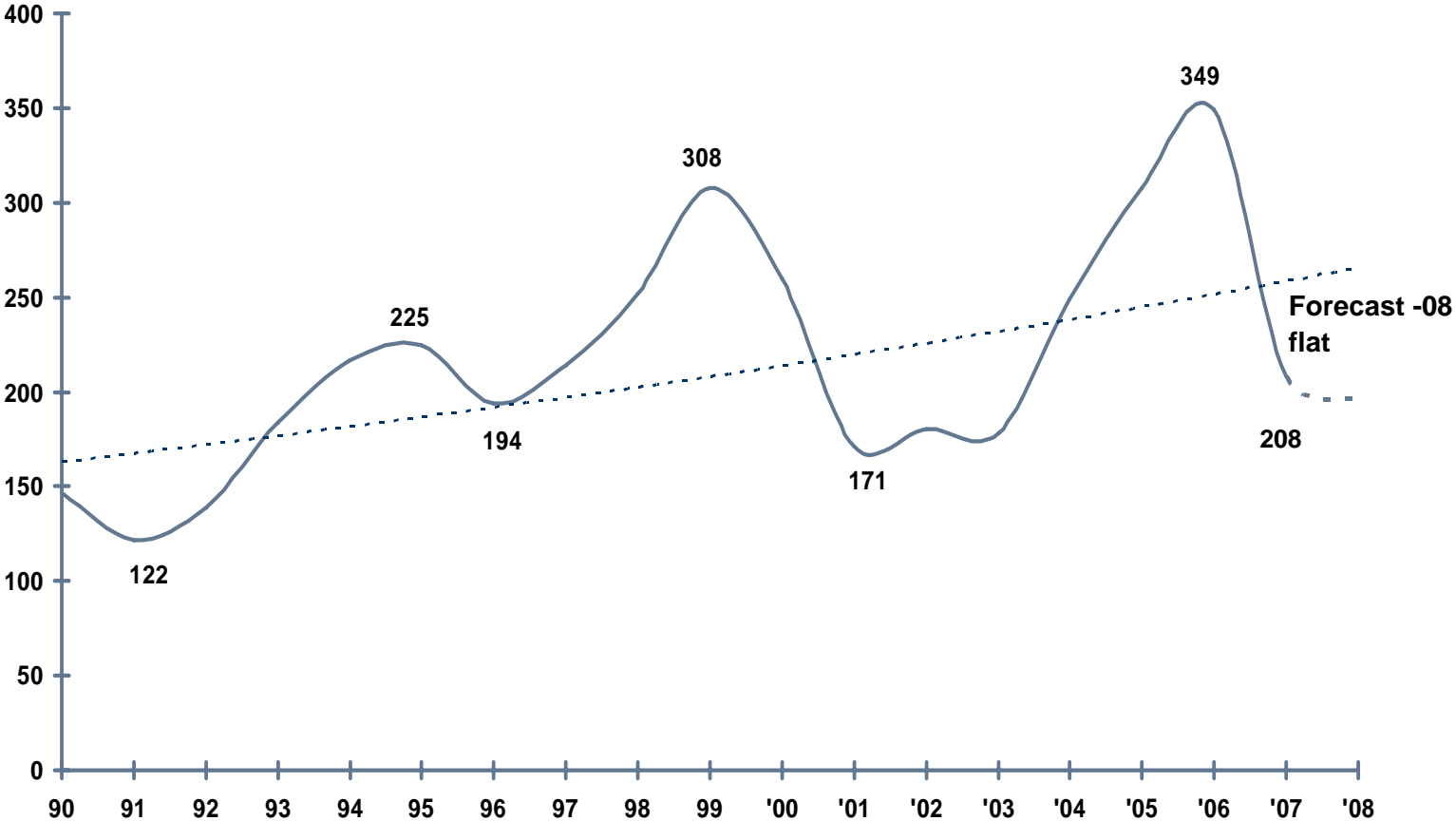
Units, Thousands (heavy trucks)



Heavy-duty truck market – North America



Units, Thousands (heavy trucks)



Volvo Trucks

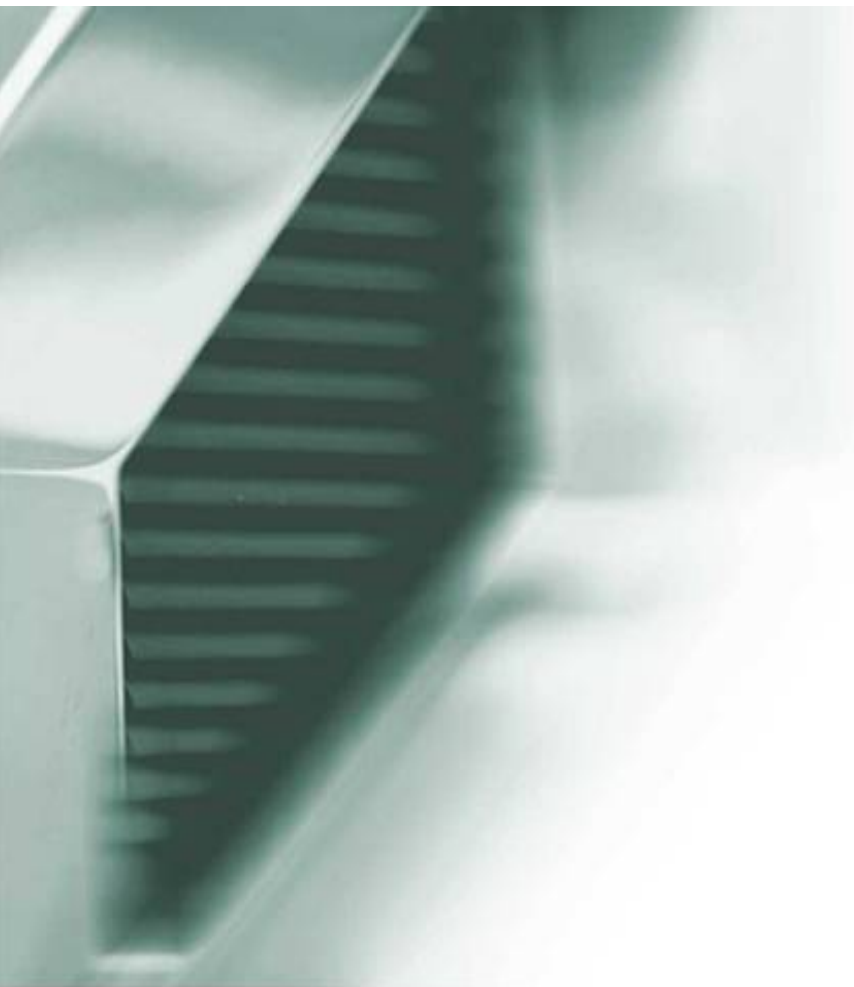


- Substantial order book – sold out for 2008 in Europe and International
- Deliveries
 - Europe +22%
 - Asia +29%
 - South America +32%
 - North America -32%
- Margin improvement based on price and productivity
- Field testing of hybrid refuse trucks
 - improved fuel economy
 - lower emissions
 - quiet operation

Hybrid refuse truck



Renault Trucks



- Strong order book
 - Sold out for 2008 on several markets
 - Order books for delivery in 2009 not opened in Q1
- Good industrial productivity
- Step change in product quality and performance
 - strengthening brand image
 - improved margins
- Further improved financial performance

Nissan Diesel



- Japanese market still affected by pre-buy effects and softer economy.
- Market forecast Japan: medium and heavy trucks down 10-15% in 2008.
- Deliveries in the first quarter was 13,489, up 1%
- Integration work
 - distribution
 - suppliers
 - product plans/R&D
 - components
 - IS/IT

Mack Trucks

- Business environment
 - Weakening US economy/freight volumes
 - Soft US construction market
 - Rising diesel prices
- Deliveries down 23%
- Order intake up 38%
- UAW-negotiations
- Introduction of the new prestige truck Titan
 - 16-liter Mack MP10 engine



Titan by Mack

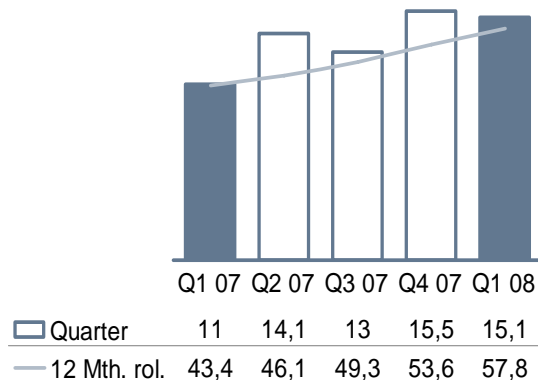


Construction Equipment



Net sales

SEK bn

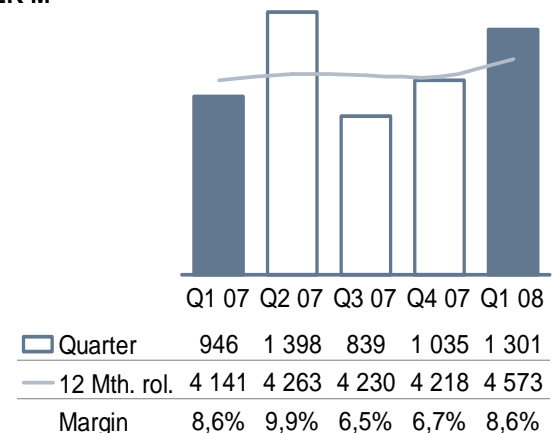


Highlights

- Demand for heavy equipment
 - Europe up 4%, NA down 34%, Asia up 41% & other international markets up 28%
- Good organic sales growth up 38%
- Operating income improved by 38%

Operating income

SEK M



In Focus

- Improved industrial productivity
- Balance market development
- Leverage on Asian demand
- Hybrid wheel loader

Construction Equipment

Hybrid wheel loader shown at ConExpo

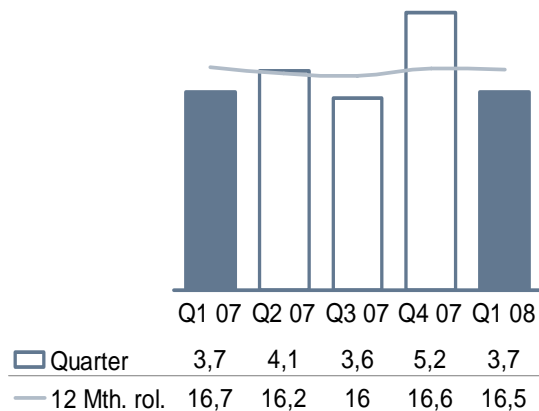


Buses



Net sales

SEK bn

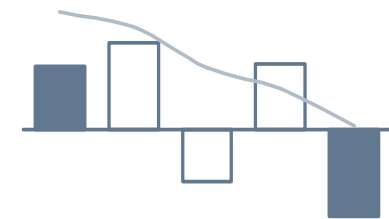


Highlights

- Increased order intake
- Operating loss
- Volvo Bus Finland restructuring, closure of Tampere factory (120 M)

Operating income

SEK M



Q1 07 Q2 07 Q3 07 Q4 07 Q1 08

Quarter	90	122	-73	93	-122
12 Mth. rol.	664	585	350	231	19
Margin	2,4%	3,0%	-2,0%	1,8%	-3,3%

In Focus

- Price Management
- Product cost reduction program
- Industrial optimization Europe

Volvo B7RLE buses to Bangalore, India

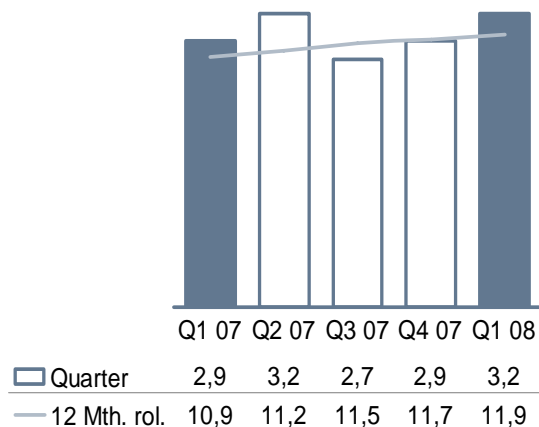


Volvo Penta



Net sales

SEK bn

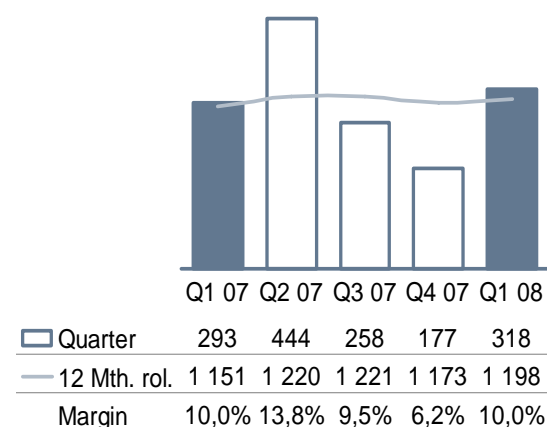


Highlights

- Continued sales improvement, +8%
- Strengthened market positions in all segments
- Operating margin, 10.0%

Operating income

SEK M



In Focus

- Secure availability and good market support for boating season
- Global price management
- Capitalize on strong momentum in the industrial engine business

Volvo Penta product news



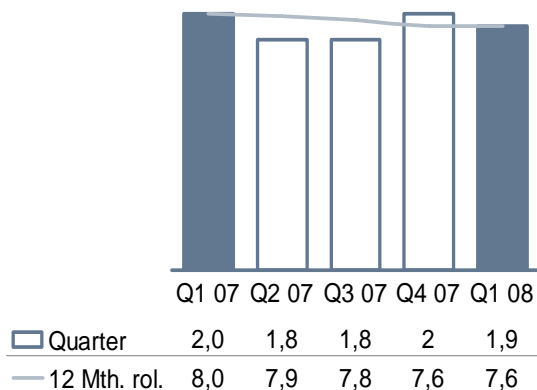
TAD1650VE

Volvo Aero



Net sales

SEK bn

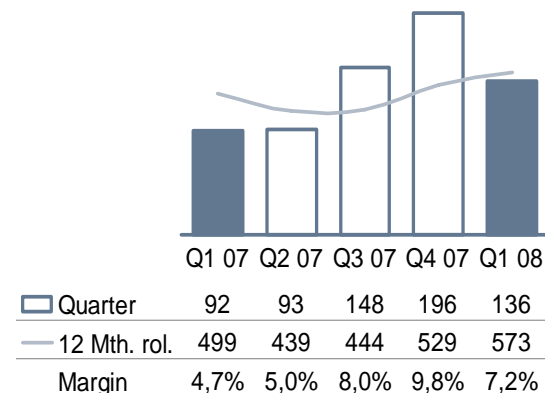


Highlights

- Good growth in the component business
- Order book in component business increased by 9%
- Negative currency development

Operating income

SEK M



In Focus

- Product cost program launched
- Manage ramp up of new engine programs
- Utilize market opportunities for new business

Volvo Aero

Volvo Aero contributes to greener engines in Clean Sky, one of Europe's largest research programs ever

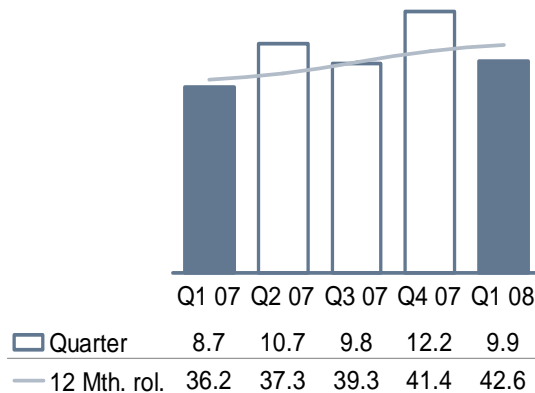


Financial Services



New retail financing

SEK bn

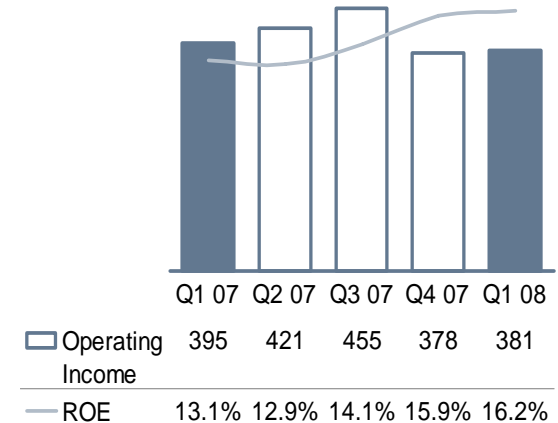


Highlights

- Good returns
- Continued good customer satisfaction
- Portfolio vigilance

Operating income and return on equity

SEK M

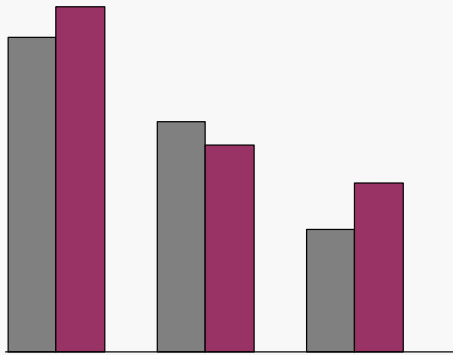


In Focus

- Execute on new International opportunities
- European sales alignment
- Disciplined asset management

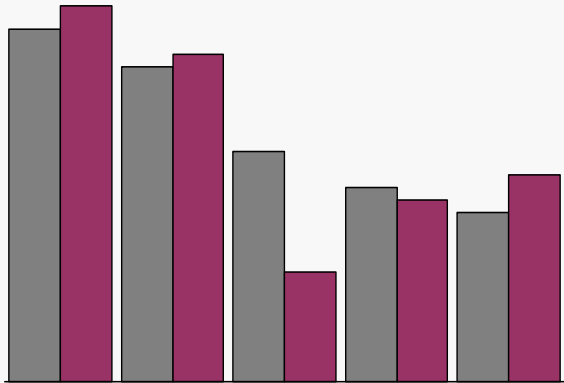
Financial Services

Total managed assets
(SEK bn)



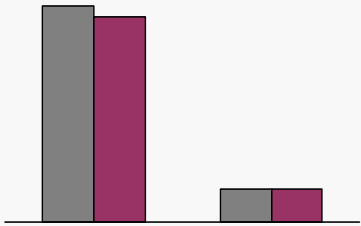
	W Europe	North America	International
Q107	41	30	16
Q108	45	27	22

Penetration on new financing
(First Quarter isolated)



	Volvo CE	Volvo Trucks	Volvo Buses	Renault Trucks	Mack
Q107	29%	26%	19%	16%	14%
Q108	31%	27%	9%	15%	17%

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



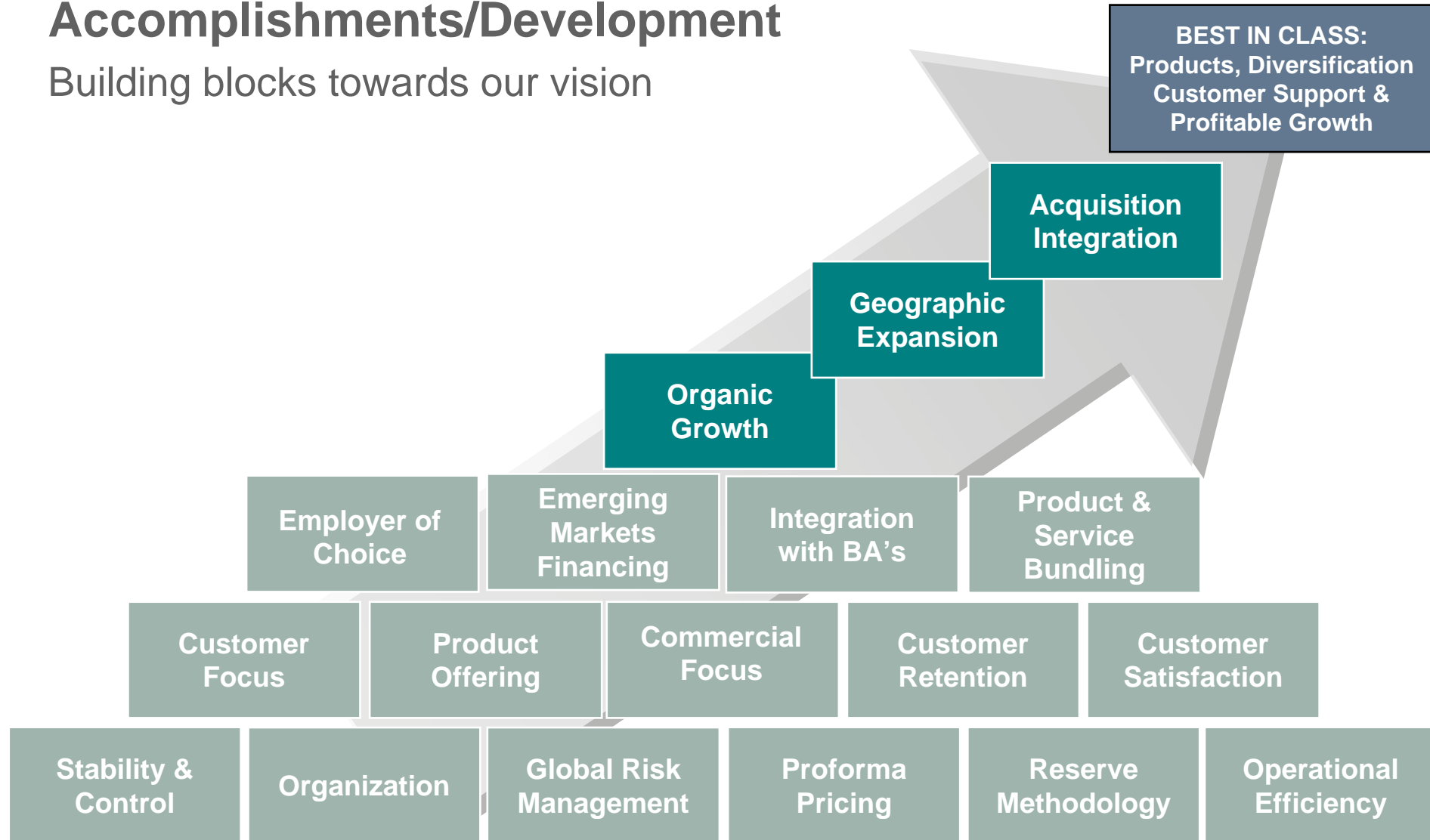
	Volvo Aero	Volvo Penta
Q107	1029	154
Q108	973	154

Key objectives

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

Volvo Financial Services Accomplishments/Development

Building blocks towards our vision



Our branded finance programs



Mack Trucks



Renault Trucks



Volvo Trucks



Volvo Buses



Volvo Aero



Volvo Penta



Volvo CE



Lingong



Customer offering



**Operational
Lease**

Finance Lease

**Installment
Credit**

**Service &
Maintenance
Contracts**

VOLVO
Financial Services

Insurance

Dealer Financing

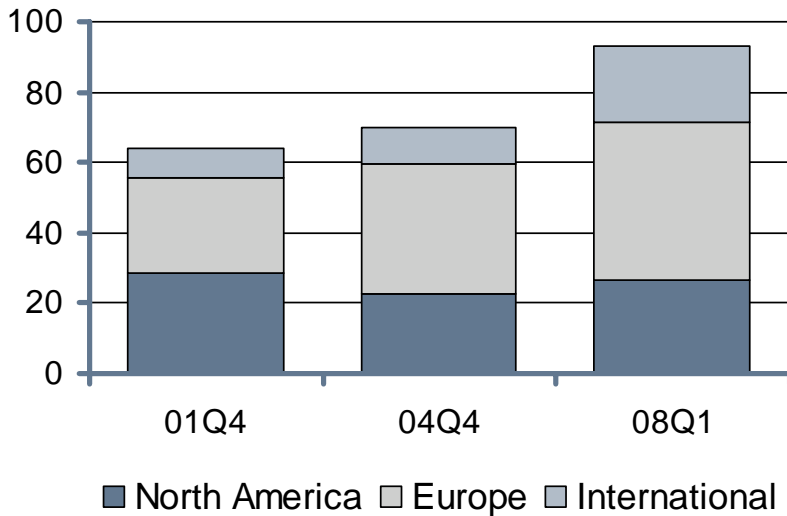
**Lease & Rental
Financing**

**Receivables
Management**

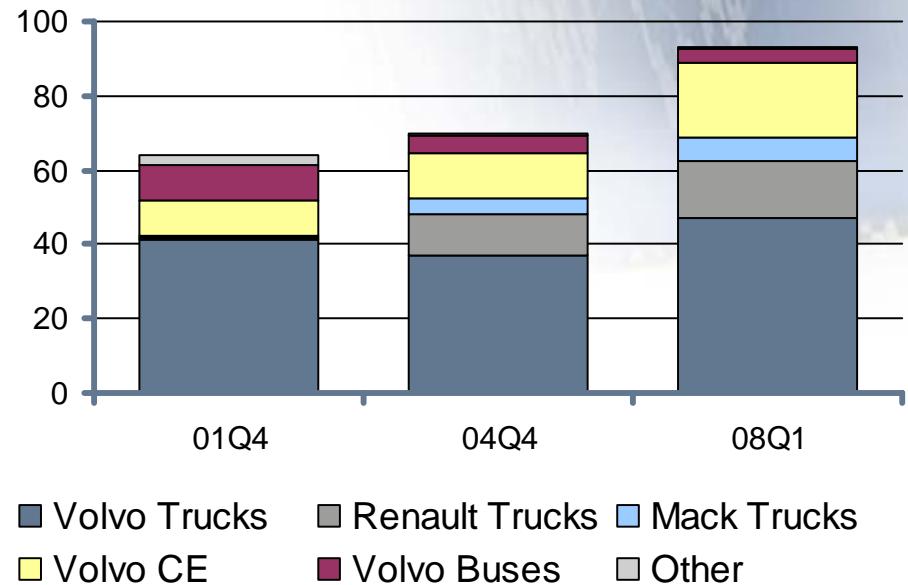
Managed assets

SEK bn

By Region



By Business Area

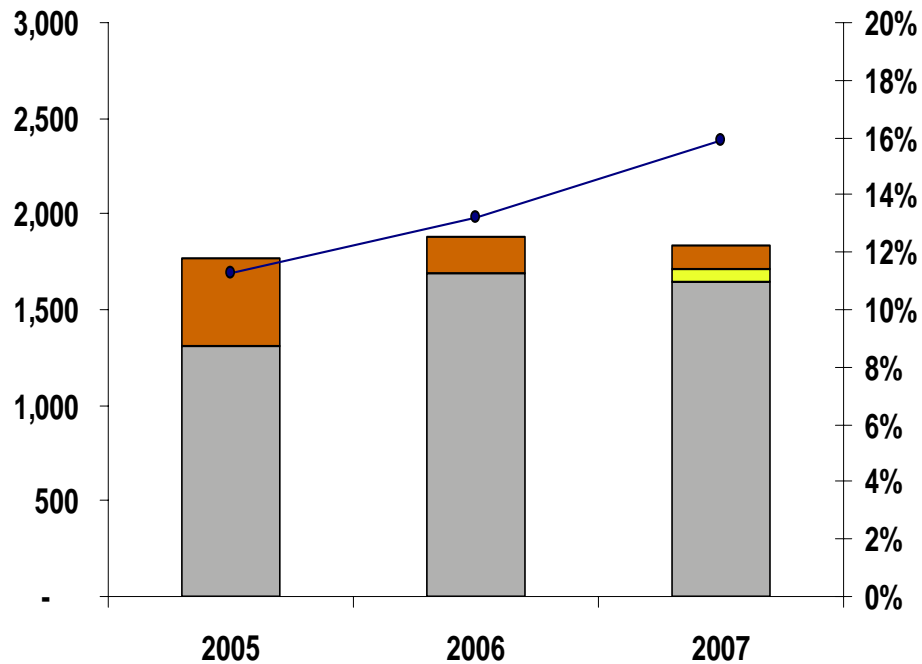


► **Asset Mix Demonstrates Improved Diversification**

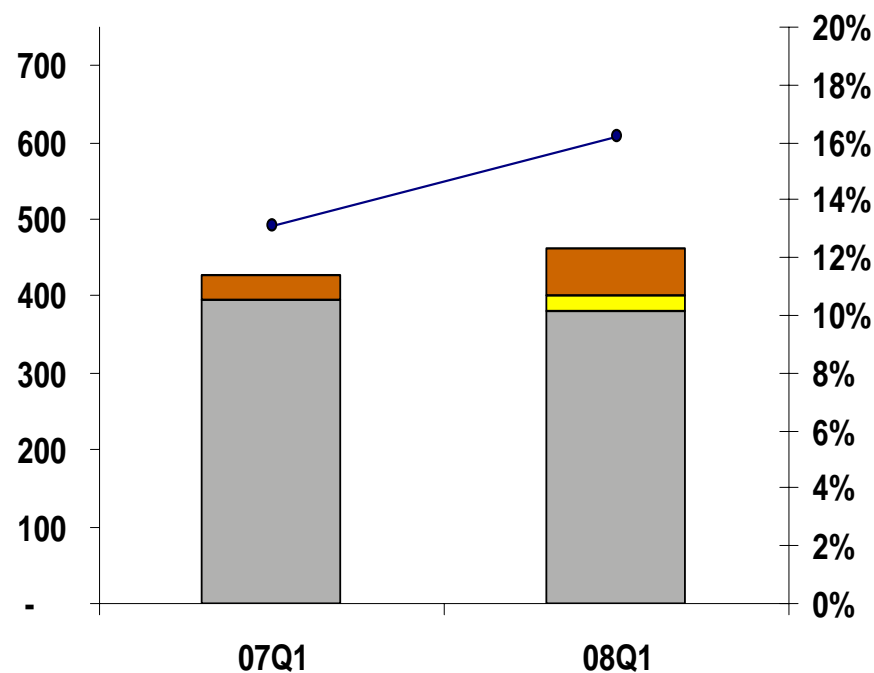
Financial development

SEK M

Year over Year



Quarter over Quarter



Operating Income
 Credit Provisions
 Leverage
 Return on Equity

Region North America portfolio

as of March 31, 2008

Portfolio by Country

	(SEK bn)
United States	22.1
Canada	4.7
TOTAL	26.8



Portfolio by Product Company

	(SEK bn)	End User	Distributor
Volvo Trucks	7.6	6.7	.9
Mack Trucks	6.1	4.9	1.2
Volvo Construction Equipment	11.2	5.5	5.7
Other *	1.9	1.8	.1
TOTAL	26.8	18.9	7.9

* Other asset comprised of Arrow, Penta, Aero & Bus

Impact of credit correction and downturn in NA

Dealer Financing

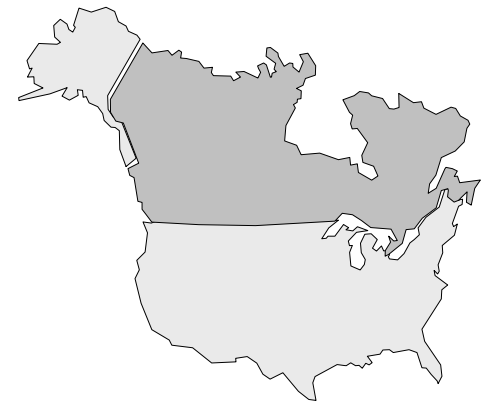
- Declining unit sales
- Parts and service revenues remain firm
- Dealers are not experiencing higher credit costs and pricing remains competitive
- Despite “credit tightening”, liquidity is readily available in Region North America served markets
- Lower dealer inventory reflects economic conditions

Retail Credit

- Customer credit profiles weakening in construction, owner operator & small fleet segments
- Margins increased as a result of credit contraction by banks
- Lower unit sales resulting in lower volume

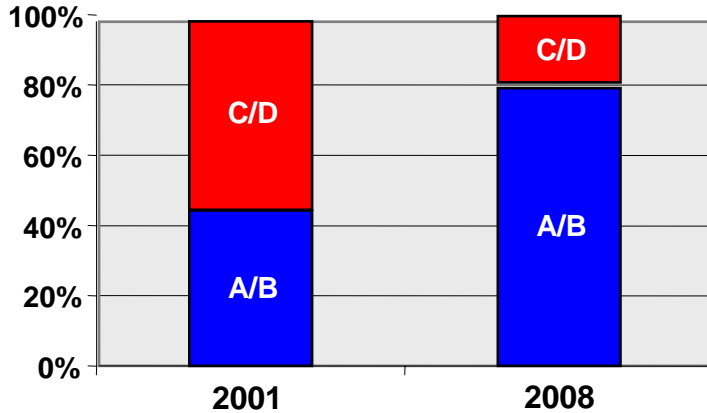
North American Portfolio

- Delinquency increasing, as expected
- Bad debt write-offs at anticipated levels
- Reserve adequacy reviewed and adjusted monthly

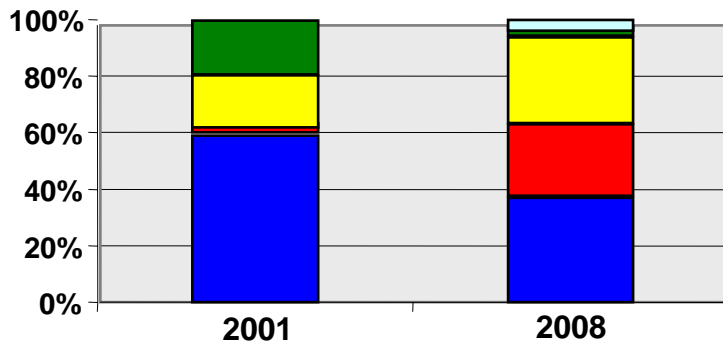


Region North America - portfolio mix

Portfolio Mix



Asset Composition



Downturn preparation

- Process improvements from last downturn
- Hired additional experienced staff in credit and collections
- Focused teams on CE & Truck – relationships strengthened
- Improved and then maintained credit standards
- Stable and more diversified portfolio

Profitable growth strategy

1

Organic Growth

- North America & Europe
 - Sales alignment
 - Relevance
 - Penetration

2

Geographic Expansion

- Russia
- Romania
- Turkey
- Slovakia
- Hungary
- Chile
- China

3

Acquisition Integration

- Volvo Road Machinery
- Lingong
- Nissan Diesel

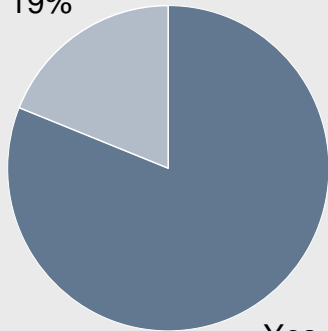
▶ Profitable growth is essential for the ongoing success of Volvo Financial Services

Customer loyalty metrics

Will your experience with VFS positively influence your decision to...

...Purchase Another Volvo Group Product

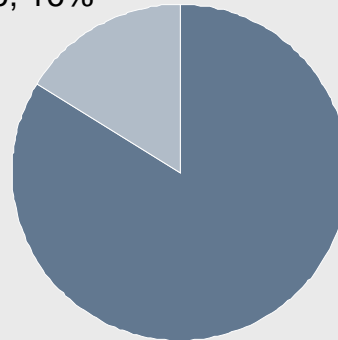
No, 19%



Yes, 81%

...Consider Using VFS for Another Purchase

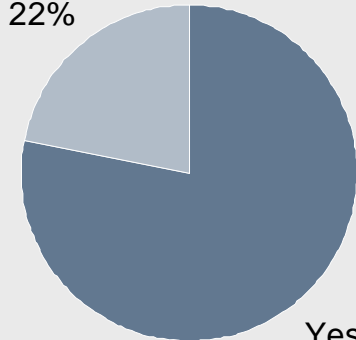
No, 16%



Yes, 84%

...Use Current Selling Dealer for Another Purchase

No, 22%



Yes, 78%

► VFS provides a strong loyalty benefit to its business area partners and dealer networks.

Summary

Benefits provided to The Volvo Group

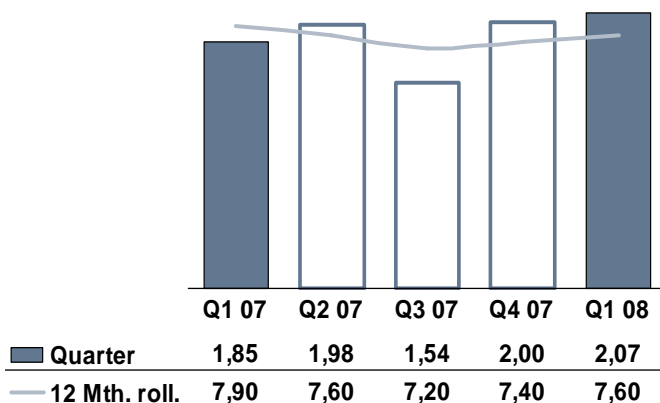


- Sustainable profitability throughout the business cycle
- Increased Business Area sales
- Enhanced customer loyalty & retention
- Strengthen brand recognition
- Ongoing access to customers
- Superior customer & dealer service
- Sole focus on Volvo Group products
- Liquidity & Longevity in the market

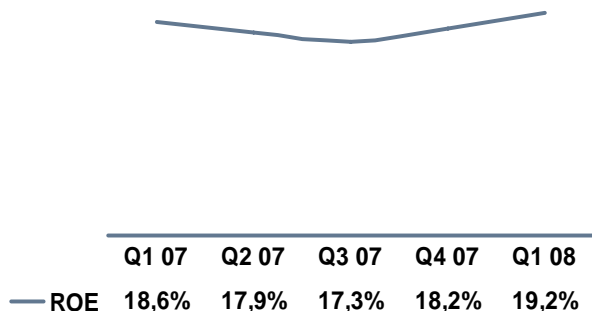
Group Summary



Earnings per share SEK



Return on equity



The first quarter 2008

- Sales growth 26%
- Asia – second largest market
- Operating income up 22%
- Improved industrial productivity

In focus 2008

- Manage European demand
 - Capacity and productivity enhancing investments
 - Monitor demand in Europe
- Integrating acquisitions
- Continue to build a strong Asian business