Volvo Group
Three months ended March 31, 2010

In the first quarter, net sales increased by 4% to SEK 58.6 billion (56.1). Adjusted for currency movements, sales increased by 12%.

The first quarter operating income amounted to SEK 2,799 M (Loss SEK 4,528 M) driven by a reduced overall cost structure combined with improved productivity and cost absorption in the industrial system.

In the first quarter, basic and diluted earnings per share amounted to SEK 0.83 (Negative SEK 2.09).

In the first quarter, operating cash flow in the Industrial Operations was negative in an amount of SEK 2.7 billion (Negative SEK 15.7 billion). The negative cash flow was an effect of a normal seasonal build-up of working capital.

Significant earnings recovery in Construction Equipment.

	First quarter	
	2010	2009
Net sales Volvo Group, SEK M	**58,617**	56,121
Operating income Volvo Group, SEK M	**2,799**	(4,528)
Operating income Industrial operations, SEK M	**2,785**	(4,132)
Operating income Customer Finance, SEK M	**14**	(396)
Operating margin Volvo Group, %	**4.8**	(8.1)
Income after financial items, SEK M	**2,228**	(5,843)
Income for the period, SEK M	**1,720**	(4,223)
Diluted earnings per share, SEK	**0.83**	(2.09)
Return on shareholders' equity and rolling 12 months,%	**(12.4)**	1.9

VOLVO

Contents

CEO's comments
– focus on productivity and capital efficiency

During the first quarter of 2010, the Volvo Group's sales amounted to SEK 58.6 billion, which adjusted for currency was a 12% increase compared with the year-earlier period. Operating income improved considerably to SEK 2.8 billion, compared with a loss of SEK 4.5 billion in the same quarter in the preceding year.

All of the Group's business segments were profitable. The operating margin rose to 4.8% as a consequence of the actions we took to reduce the Group's costs and as an effect of improved capacity utilization and productivity in our industrial system. The services and aftermarket business, which is of high importance for our profitability, shows signs of recovery on the back of increased business activity for our customers. Despite last year's dramatic fall in demand and low utilization of the production capacity in our industries, we have also by and large succeeded in maintaining the prices of our products.

The operating cash flow in the Industrial operations followed the normal seasonal trend and was negative in an amount of SEK 2.7 billion, compared with a negative SEK 15.7 billion in the first quarter of 2009.

Comprehensive product renewal

Our truck operations recognized an operating income of SEK 1,444 M, compared with a loss of SEK 2,382 M for the year-earlier period. The improved profitability is an effect of substantially reduced costs, increased production and a good performance in South America.

We are now taking important steps to further strengthen our truck operations' competitiveness through the launch of several new products. At the beginning of the year, our joint venture company in India launched a new generation of heavy Eicher trucks in the VE series, which has been well received by customers. In April, our Japanese truck company, UD Trucks, introduced a new range of Quon heavy-duty trucks fitted with engines from our Group platform. Also in April, Volvo Trucks launched the new Volvo FMX truck aimed at the construction market, thus strengthening our customer offering in the construction truck segment in Europe and several other markets.

Overall, truck demand continues to improve and order intake increased by 15% compared to the fourth quarter of 2009. The European market shows signs of gradual improvement, with increased order intake for new trucks and higher demand for used trucks. In North America, demand for new trucks remained low in the first quarter, but demand for used trucks has increased. We anticipate that the demand for new trucks in North America will improve in the second half of the year and that the gradual improvement we have seen in Europe will continue. Accordingly, we maintain our earlier outlook that the truck market will have total growth for full-year 2010 of approximately 10% in Europe and 20–30% in North America.

Earnings recovery in Construction Equipment

Following a difficult 2009, with weak markets and strong measures to reduce the cost level, Volvo CE made a turnaround in profitability during the first quarter 2010. The business area posted a profit of SEK 1,006 M, with a margin of 9%.

Volvo CE has made very successful inroads into the Chinese market for construction equipment, through both organic growth and the acquisition of Lingong. Today, Asia is Volvo CE's largest market, and compared to the first quarter last year Volvo CE's sales in Asia grew by 114% with high profitability. We now have a position in the Chinese market that is of major strategic importance for the Group's future.

Buses, Volvo Penta and Volvo Aero all reported a profit for the first quarter, mainly as a result of reduced costs. Despite continued volatility in many parts of the world, the customer-financing operations in Volvo Financial Services reported a modest profit in the first quarter. Credit losses decreased, but are still on elevated levels. Continued global economic recovery is expected to result in further improvements in portfolio performance.

Profitability and cash flow

With a gradually improved global economy, demand is once again increasing for the Group's products. At the same time, the measures we have implemented to cut costs have generated good results throughout the Group. Looking ahead, we will focus on utilizing the rising sales volume to increase productivity in all of the Group's operations while maintaining a strict focus on cost. Sales and administration costs will be kept down and we are resolute about further enhancing the efficiency in product development.

We have a well-invested manufacturing system and the focus is now on fine-tuning the investments made in recent years and achieving a substantial productivity improvement as production rates are gradually increased. With higher production rates, it is also of major importance that our suppliers have the capacity to keep up and that we succeed in improving capital efficiency in our production and distribution systems to achieve good cash flows.

Our products are key components of society's infrastructure, whether they are used for construction or for transporting people and goods. With a global economy that has returned to growth, our established customer relationships and our competitive product and service offerings, we have every reason to be optimistic about the future of the Volvo Group.

Leif Johansson
Leif Johansson
President and CEO

Important events

Annual General Meeting

The Annual General Meeting of AB Volvo held on April 14, 2010 approved the proposal from the Board of Directors and the President not to pay a dividend to the shareholders and that all of the funds at the disposal of the Annual General Meeting would be carried forward to the following year.

Peter Bijur, Jean-Baptiste Duzan, Leif Johansson, Anders Nyrén, Louis Schweitzer, Ravi Venkatesan, Lars Westerberg and Ying Yeh were reelected as members of the Board of AB Volvo, and Hanne de Mora was newly elected. Louis Schweitzer was elected Chairman of the Board.

Thierry Moulonguet, representing Renault S.A.S., Carl-Olof By, representing AB Industrivärden, Håkan Sandberg, representing Svenska Handelsbanken, SHB Pension Fund, SHB Employee Fund, SHB Pensionskassa and Oktogonen, Lars Förberg, representing Violet Partners LP and the Chairman of the Board, were elected members of the Election Committee.

The registered public accounting firm PricewaterhouseCoopers was elected as the company's auditor for a period of four years.

New trucks launched

On April 20, 2010 UD Trucks presented a new range of Quon heavy-duty trucks. The latest Quon lineup has been developed to meet high levels of demand for both fuel economy and driving performance. It features newly developed engines and automated manual transmissions based on Group architecture. UD Trucks has also added a new model equipped with a new medium-duty engine to its Condor truck lineup.

On April 19, Volvo Trucks launched its new Volvo FMX construction truck at the Bauma international machinery trade fair in Munich, Germany. With the new truck, Volvo Trucks aims to increase its presence in the construction segment. Sales of the new Volvo FMX will begin in Europe in September, 2010.

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

Financial summary of the first quarter

Volvo Group

Net sales

The Volvo Group's net sales increased by 4% to SEK 58,617 M during the first quarter of 2010, compared to SEK 56,121 M in the same quarter a year earlier.

Operating income

The Volvo Group's operating income amounted to SEK 2,799 M in the first quarter compared to an operating loss of SEK 4,528 M in the preceding year. The Industrial Operations' operating income amounted to SEK 2,785 M (Loss SEK 4,132 M). The Volvo Group's Customer Finance operations reported an operating income of SEK 14 M (Loss SEK 396 M). For detailed information on the development, see separate sections below.

Net financial items

Net interest expense in the first quarter was SEK 718 M compared to an expense of SEK 791 M in the fourth quarter of 2009. The improvement is primarily attributable to lower pension costs.

Income Statement Volvo Group

	First quarter	
SEK M	**2010**	2009
Net sales Volvo Group	**58,617**	**56,121**
Operating Income Volvo Group	**2,799**	**(4,528)**
Operating income Industrial operations	*2,785*	*(4,132)*
Operating income Customer Finance	*14*	*(396)*
Interest income and similar credits	**103**	120
Interest expense and similar charges	**(821)**	(808)
Other financial income and expenses	**147**	(627)
Income after financial items	**2,228**	**(5,843)**
Income taxes	**(508)**	1,620
Income for the period	**1,720**	**(4,223)**

During the quarter, market valuation of derivatives used for hedging interest-rate exposure in the debt portfolio had a positive effect on Other financial income and expenses amounting to SEK 282 M compared to a negative impact of SEK 551 M in the first quarter of 2009.

Other financial income and expenses was also impacted by the devaluation of the currency in Venezuela, which had a negative impact of approximately SEK 100 M in the first quarter.

Income taxes

The tax expense in the first quarter amounted to SEK 508 M (Income: SEK 1,620 M), impacted positively by SEK 156 M from a favorable development regarding tax dispute exposures relating to previous years.

Income for the period and earnings per share

The income for the period amounted to SEK 1,720 M in the first quarter of 2010 compared to a loss for the period of SEK 4,223 M in the first quarter of 2009.

Basic and diluted earnings per share in the first quarter amounted to SEK 0.83 (Negative SEK 2.09).

Volvo Group's Industrial Operations – back to growth

In the first quarter, net sales for the Volvo Group's Industrial Operations increased by 6% to SEK 56,459 M (53,448). Adjusted for changes in exchange rates and acquired and divested units net sales increased by 14%. Compared to the first quarter of 2009, all markets increased with the exception of Europe, with a very strong development in South America and Asia.

Net sales by market area

SEK M	First quarter 2010	First quarter 2009	Change in %	Share of industrial operations' net sales, %
Western Europe	**19,687**	23,329	(16)	35
Eastern Europe	**2,376**	2,192	8	4
North America	**10,551**	10,040	5	19
South America	**5,816**	3,105	87	10
Asia	**13,953**	10,922	28	25
Other markets	**4,076**	3,860	6	7
Total Industrial operations	**56,459**	**53,448**	**6**	**100**

Income Statement Industrial operations

SEK M	First quarter 2010	First quarter 2009
Net sales	**56,459**	**53,448**
Cost of sales	**(43,579)**	(45,428)
Gross income	**12,880**	**8,020**
Gross margin, %	*22.8*	*15.0*
Research and development expenses	**(3,004)**	(3,463)
Selling expenses	**(5,476)**	(6,423)
Administrative expenses	**(1,622)**	(1,727)
Other operating income and expenses	**26**	(527)
Income from investments in associated companies	**(19)**	(15)
Income from other investments	**0**	3
Operating income	**2,785**	**(4,132)**
Operating margin, %	*4.9*	*(7.7)*
Operating income before depreciation and amortization (EBITDA)	**5,567**	(893)
EBITDA margin, %	*9.9*	*(1.7)*

Significant earnings recovery

In the first quarter of 2010, the operating income for the Volvo Group's Industrial Operations amounted to SEK 2,785 M, a significant improvement compared to the operating loss of SEK 2,331 M in the fourth quarter. The operating margin for the Industrial Operations was a positive 4.9%, compared to a negative 4.1% during the fourth quarter of 2009 and a negative 7.7% during the first quarter of 2009.

The earnings recovery compared to the fourth quarter 2009 is largely driven by continued cost reduction measures in combination with improved capacity utilization in the industrial system as a result of higher production activity. Higher production rates resulted in significantly improved cost absorption in the industrial system. The under absorption of costs was reduced to approximately SEK 0.5 billion, compared to approximately SEK 2.2 billion in the fourth quarter. The gross profit margin was also impacted positively by a favorable product and market mix as well as a significantly lower portion of sales of aged products from inventory. There were no significant lay-off related costs, costs for asset and inventory write-down or residual value provisions in the first quarter of 2010. In the fourth quarter 2009, these costs amounted to in total SEK 1.4 billion. Compared to the fourth quarter of 2009, currency movements had a positive impact on operating income amounting to SEK 300 M.

Compared to the first quarter 2009 the overall cost structure of the Group has been significantly reduced and is now in line with the current level of demand. During the first quarter of 2010, operating income was positively affected by lower costs for raw materials and components, estimated at approximately SEK 300 M compared to the first quarter of 2009.

In the first quarter of 2010, research and development expenses declined by 13% to SEK 3,004 M compared to the first quarter of 2009, while selling expenses decreased by 15% and administrative expenses by 6%.

During the first quarter of 2009, earnings were heavily negatively impacted by currency movements and the operating loss amounted to SEK 4,132 M.

Seasonal build-up of working capital in the first quarter

In the first quarter of 2010, operating cash flow from the Industrial Operations was negative in an amount of SEK 2.7 billion compared to a negative cash flow of SEK 15.7 billion in the first quarter of 2009. The negative cash flow is mainly a consequence of a SEK 4.5 billion increase in working capital driven by normal seasonality. For further details, please refer to the cash flow statement.

Volvo Group's Customer Finance
– continued stabilization

During the first quarter, there were further signs of economic recovery in several markets. However, economic conditions in many parts of the world remained volatile. Portfolio performance in Western Europe and the United States continued to improve somewhat while Brazil remained strong. In Eastern Europe conditions remained challenging. In Asia Pacific VFS continued to build on the newly established operations in Japan and Australia while also capitalizing on the seasonally strong demand for construction equipment in China.

New financing volume in the first quarter of 2010 amounted to SEK 6.8 billion (7.5). Adjusted for changes in exchange rates, new business volume decreased by 6% compared to the first quarter of 2009. In total, 6,196 new Volvo Group units (6,858) were financed during the quarter. In the markets where financing is offered, the average penetration rate in the first quarter was 23% (28%).

Delinquencies increased slightly during the winter months, as expected, but remained below the levels experienced during 2009. Inventory levels have remained stable during the quarter despite the slow selling season.

Income Statement Customer Finance

	First quarter	
SEK M	**2010**	2009
Finance and lease income	**2.508**	3.156
Finance and lease expenses	**(1.737)**	(2.349)
Gross income	**771**	**807**
Selling and administrative expenses	**(385)**	(423)
Credit provision expenses	**(374)**	(780)
Other operating income and expenses	**2**	0
Operating income	**14**	**(396)**
Income taxes	**(35)**	56
Income for the period	**(21)**	**(340)**
Return on Equity, 12 months rolling values	***(2,8%)***	**5,0%**

Operating income in the first quarter amounted to SEK 14 M compared to an operating loss of SEK 396 M in the previous year. The improvement compared to the previous year is driven mainly by lower credit provisions.

During the quarter, credit provisions amounting to SEK 374 M (780) where recorde while write-offs amounted to SEK 353 M (439). Credit reserves increased from 1.67% to 1.74% of the credit portfolio at December 31, 2009 and March 31, 2010, respectively, mainly due to a net amortization of the credit portfolio. The annualized write-off ratio through March 31, 2010 was 1.51% (1.51).

At March 31, 2010 total assets amounted to SEK 94 billion (116). The credit portfolio decreased by 14.4% net over the last twelve months, adjusted for exchange-rate movements.

Volvo Group financial position

The net financial debt in the Industrial Operations amounted to SEK 45.0 billion at March 31, 2010, an increase of SEK 3.5 billion compared to the fourth quarter of 2009, and equal to 76.2% of shareholders' equity. Excluding provision for post-employment benefits the Industrial Operations net debt amounted to SEK 39.0 billion, which is equal to 66.0% of shareholders' equity.

The negative operating cash flow during the first quarter increased the Industrial Operations net financial debt by SEK 2.7 billion.

The Volvo Group's liquid funds, i.e. cash and cash equivalents and marketable securities combined, amounted to SEK 34.2 billion at March 31, 2010. In addition to this, granted but unutilized credit facilities amounted to SEK 31.8 billion.

During the first quarter, currency movements decreased the Volvo Group's total assets by SEK 4.3 billion.

The equity ratio in the Volvo Group amounted to 20.6% on March 31, 2010 compared to 20.2% at year-end 2009. At March 31, 2010 shareholder's equity in the Volvo Group amounted to SEK 67.4 billion.

Related-party transactions

Sales to associated companies amounted to SEK 238 M and purchases from associated companies amounted to SEK 11 M during the first quarter of 2010. On March 31, 2010, receivables from associated companies amounted to SEK 250 M and liabilities to associated companies to SEK 9 M. Sales to related-party Renault s.a.s. amounted to SEK 15 M and purchases from Renault s.a.s. to SEK 302 M during the first quarter of 2010. Receivables from Renault s.a.s. amounted to SEK 20 M and liabilities to Renault s.a.s. to SEK 247 M on March 31, 2010.

Number of employees

On March 31, 2010 the Volvo Group had 90,405 employees and 7,464 temporary employees and consultants, compared with 90,208 employees and 6,074 temporary employees and consultants at year-end 2009. The increased number of temporary employees and consultants relates primarily to the increased production activity.

Business segment overview

Net sales

SEK M	First quarter 2010	First quarter 2009	Change in %	Change in %*	12 months rolling value	Jan–Dec 2009
Trucks	**36,488**	37,384	(2)	4	138,044	138,940
Construction Equipment	**11,148**	8,172	36	51	38,634	35,658
Buses	**5,067**	4,006	26	31	19,526	18,465
Volvo Penta	**1,977**	2,037	(3)	5	8,099	8,159
Volvo Aero	**1,910**	2,030	(6)	5	7,683	7,803
Eliminations and other	**(131)**	(182)	–	–	(487)	(538)
Industrial operations	**56,459**	**53,448**	**6**	**14**	**211,498**	**208,487**
Customer Finance	**2,508**	3,156	(21)	(15)	11,064	11,712
Eliminations	**(350)**	(483)	–	–	(1,705)	(1,838)
Volvo Group	**58,617**	**56,121**	**4**	**12**	**220,857**	**218,361**

* Adjusted for exchange rates and acquired and divested units.

Operating income (loss)

SEK M	First quarter 2010	First quarter 2009	12 months rolling value	Jan–Dec 2009
Trucks	**1,444**	(2,382)	(6,979)	(10,805)
Construction Equipment	**1,006**	(1,395)	(1,604)	(4,005)
Buses	**145**	(95)	(110)	(350)
Volvo Penta	**121**	(97)	(12)	(230)
Volvo Aero	**152**	83	119	50
Group headquarter functions and other	**(83)**	(247)	(830)	(994)
Industrial operations	**2,785**	**(4,132)**	**(9,416)**	**(16,333)**
Customer Finance	**14**	(396)	(270)	(680)
Volvo Group	**2,799**	**(4,528)**	**(9,686)**	**(17,013)**

Operating margin

%	First quarter 2010	First quarter 2009	12 months rolling value	Jan–Dec 2009
Trucks	**4.0**	(6.4)	(5.1)	(7.8)
Construction Equipment	**9.0**	(17.1)	(4.2)	(11.2)
Buses	**2.9**	(2.4)	(0.6)	(1.9)
Volvo Penta	**6.1**	(4.8)	(0.1)	(2.8)
Volvo Aero	**8.0**	4.1	1.5	0.6
Industrial operations	**4.9**	**(7.7)**	**(4.5)**	**(7.8)**
Volvo Group	**4.8**	**(8.1)**	**(4.4)**	**(7.8)**

Overview of Industrial Operations

Trucks
– back to profitability

- Order intake continues to improve
- Sales increased by 4% adjusted for currency
- Operating income of SEK 1,444 M

Improving market conditions

During the first two months of 2010, the total number of registrations in Europe 29 (EU, Norway and Switzerland) decreased by 38% to 20,733 heavy trucks (33,421). Growing economies in Europe are expected to increase freight volumes that will improve utilization of the existing truck population and gradually improve earnings in the trucking industry. Last year's excess inventory of new trucks has been cleared in most markets and inventory is now in line with current demand. Demand for both new and used trucks is improving in primarily Northern, Central and Eastern Europe with the larger fleet customers being the most active buyers.

Through the first quarter of 2010, the total market for heavy-duty trucks (Class 8) in North America increased by 12% to 30,363 trucks compared to 27,060 in the same period last year. Although larger-than-anticipated competitor inventories of pre-EPA2010 engines continue to impact the market, there are positive signs moving forward. The economic environment continues to gradually improve, and quote activity on new trucks with the Volvo Group's cleaner SCR technology has increased lately.

In South America, the Brazilian heavy duty truck market is positively impacted by the tax incentives and subsidized financing. The subsidized financing has been extended further and is now scheduled to expire in December 2010. Through February 2010, registrations in Brazil increased by 69% to 13,889 heavy trucks (8,226).

Net sales by market area

	First quarter		
SEK M	**2010**	2009	Change in %
Europe	**15,463**	18,805	(18)
North America	**6,040**	5,696	6
South America	**4,546**	2,370	92
Asia	**7,344**	7,451	(1)
Other markets	**3,095**	3,062	1
Total	**36,488**	**37,384**	**(2)**

Net order intake per market

	First quarter		
Number of trucks	**2010**	2009	Change in %
Europe	**16,361**	7,494	118
North America	**3,410**	2,869	19
South America	**4,548**	1,731	163
Asia	**15,442**	5,712	170
Other markets	**4,175**	2,377	76
Total	**43,936**	**20,183**	**118**

In India, registrations as of February rose by 174% to 35,381 trucks (12,911). The Group's largest market in Asia is Japan, where the market for heavy trucks amounted to 5,938 vehicles in the first quarter of 2010 (4,762), which was an increase of 25%.

Order intake continues to improve – positive market outlook for 2010

Net order intake rose by 15% during the first quarter of 2010 when compared with the fourth quarter of 2009 and by 118% compared to the first quarter of 2009. Most notably order intake improved in Asia, South America and Europe.

In Asia orders reached 15,442 trucks, an improvement by more than 50% compared to the fourth quarter of 2009. The total Japanese market for heavy-duty trucks is expected to increase by about 40% from a level of 18,700 vehicles in 2009 (unchanged outlook).

In Europe, net order intake improved by 12% compared with the fourth quarter of 2009 and by more than 100% compared to the weak first quarter 2009. For 2010 the European market for heavy-duty trucks is expected to increase by about 10% compared to the 2009 level of 164,000 trucks (unchanged outlook).

Order intake in North America declined by 27% in comparison to the fourth quarter of 2009. However, compared to the first quarter of 2009 net orders increased by 19%.

The North American market for heavy-duty trucks is expected to increase by some 20-30% from the 2009 level of 115,000 units, primarily as a consequence of improved demand in the second half of 2010 (unchanged outlook).

Order intake in South America declined somewhat compared with the strong fourth quarter when demand was spurred by the big Fenatran Trade Show. When compared to the first quarter a year ago net orders increased by 163%.

Due to the positive order intake, production rates are gradually being increased in most plants outside North America in the coming months.

Deliveries per market

Number of trucks	First quarter 2010	First quarter 2009	Change in %
Europe	**12,181**	14,605	(17)
North America	**5,255**	4,086	29
South America	**4,553**	2,243	103
Asia	**11,811**	7,691	54
Other markets	**3,140**	3,621	(13)
Total	**36,940**	**32,246**	**15**

Truck deliveries – increase of 15%

The delivery pace of the truck operations increased sequentially during the quarter, ending with deliveries of 15,563 trucks in the month of March. In total, 36,940 trucks were delivered during the quarter, which was an increase of 15% compared to the first quarter of 2009, but a 3% decrease compared to 38,168 trucks in the fourth quarter of 2009, which is seasonally stronger than the first quarter.

Significantly improved earnings – operating margin of 4%

During the first quarter of 2010, the truck operation's net sales amounted to SEK 36,488 M, which was a decrease of 3% compared to the fourth quarter 2009 and 2% lower than the first quarter of 2009. Adjusted for changes in exchange rates net sales increased by 4% compared to the first quarter of 2009.

The truck operations posted an operating income of SEK 1,444 M in the first quarter of 2010 compared with an operating loss of SEK 1,316 M in the fourth quarter 2009 and an operating loss of SEK 2,382 M in the first quarter of 2009. The operating margin improved to 4.0%, compared with a negative 3.5% in the fourth quarter of 2009 and a negative 6.4% in the first quarter of 2009. Earnings were significantly improved as a result of cost savings as well as increased productivity and capacity utilization in the industrial system and a strong performance in Brazil.

New products introduced

On April 20, 2010 UD Trucks presented the new range of Quon heavy-duty trucks. The latest Quon lineup has been developed to meet growing demand for high levels of both fuel economy and driving performance. It features newly developed engines and newly developed automated manual transmissions (AMT) based on Group architecture. The new Quon trucks comply with new Japanese emissions regulations.

UD Trucks has also added a new model to its Condor truck lineup. It is equipped with the newly developed medium duty GH7 engine.

On April 19, Volvo Trucks launched its new Volvo FMX construction truck at the Bauma international machinery fair in Munich. With this new truck, Volvo Trucks aims to increase its presence in the construction segment. Production of the new truck will commence for the European market in September 2010.

At the Auto Expo in New Delhi, Eicher Trucks launched its new heavy-duty truck range – the VE Series. The VE Series includes the entire range of 16–40 ton gross vehicle weight products.

New features on Mack products were introduced at the annual Mid-America Trucking Show in March, including the mDRIVE AMT. The mDRIVE is Mack-optimized AMT based on Group architecture.

Construction Equipment – significant earnings improvement

- Volvo CE sales up 51% adjusted for currency, total world market up 30%
- Operating margin 9.0%
- Total market growth in BRIC countries 61%

Strong market growth in BRIC countries

Measured in units, the total world market for heavy, compact and road machinery equipment increased by 30% during the first quarter of 2010 compared to the same period last year, strongly driven by the BRIC countries (Brazil, Russia, India and China). In Europe, the total market was down 5% and North America decreased by 9%. On the other hand, Asia increased by 55%, strongly driven by China that was also up 55% in the quarter. Other markets were up 45%.

The total market conditions for 2010 have improved. North America and Europe are expected to grow 0–10% which is the same as the previous forecast. Asia is expected to grow by approximately 20% (previous forecast 10–20%). Other markets are expected to grow by about 20% (previous forecast 10–20%).

Net sales by market area

SEK M	First quarter 2010	2009	Change in %
Europe	**3,075**	3,089	0
North America	**1,381**	1,790	(23)
South America	**801**	388	106
Asia	**5,254**	2,456	114
Other markets	**637**	449	42
Total	**11,148**	**8,172**	**36**

Total market development in the first quarter

Unit sales in %	Europe	North America	Asia	Other markets	**Total**
Heavy equipment	(3)	(22)	53	39	**31**
Compact equipment	(22)	5	61	70	**27**
Road machinery	10	(20)	111	21	**24**
Total	**(5)**	**(9)**	**55**	**45**	**30**

Considerable earnings improvement

Net sales in Construction Equipment increased 36% to SEK 11,148 M (8,172) in the first quarter driven by strong growth in Asia and South America. Adjusted for currency movements net sales increased by 51%.

The operating income improved substantially to SEK 1,006 M (Loss SEK 1,395 M). The operating margin was 9.0% (Negative 17.1%). The increase in operating income was mainly driven by higher sales, internal cost reduction activities implemented during 2009 and improved cost absorption in the manufacturing system as a result of higher production activity.

The value of the order book at March 31, 2010 was 53% higher than a year earlier.

Events in the first quarter

During the first quarter, Volvo CE launched an innovative driveline technology, OptiShift, which cuts fuel consumption by up to 15%. OptiShift will be rolled out across all markets for the Volvo L150F, L180F and L220F wheel loaders.

In March, Volvo CE announced plans for a BRIC focused product design and technology centre in Jinan, China which is expected to employ 180 people when it is fully operational.

In February, Volvo CE and JCB announced that they will co-operate on the engineering and manufacturing of skid steer loaders and compact tracked loader products for distribution under their respective brands and through their respective global dealer networks.

Buses
– return to profit

- Slow recovery in the bus market
- Profitability in first quarter
- Sales increased by 31% adjusted for currency

Slow recovery in the bus market

The markets in primarily Asia show continued growth with high market activity. Increased demand is also noted in South America and Mexico. North America and Europe, on the other hand, have had a weak start to 2010. The markets for coaches and motor homes in North America have been severely affected by the financial crisis. The city bus markets in North America and Europe also show a lower activity. However, the activity in the Nordic countries continues to be high. During the beginning of the year, Volvo Buses has increased its market share in many markets.

Sharp increase in deliveries

During the first quarter, 2,552 buses were delivered, which is an increase of 44% compared to 1,770 buses during the first quarter the preceding year. Deliveries increased in North and South America, China and the rest of Asia. During the quarter, the order intake amounted to 2,033 buses compared to 2,394 the preceding year, which is a decline of 15%. The biggest decline is attributable to Europe and coaches in North America.

Net sales by market area

SEK M	First quarter 2010	2009	Change in %
Europe	**1,458**	1,739	(16)
North America	**2,037**	1,311	55
South America	**396**	282	40
Asia	**913**	405	125
Other markets	**263**	269	(2)
Total	**5,067**	**4,006**	**26**

A profitable first quarter

During the first quarter, net sales increased by 26% to SEK 5,067 M (4,006). Adjusted for currency movements, net sales increased by 31%.

Operating income amounted to SEK 145 M compared to an operating loss of SEK 95 M in the first quarter of 2009. Increased sales, a good performance in Nova Bus and cost reduction measures contribute to the operating profit. The operating margin was 2.9% compared to a negative 2.4% in the first quarter of 2009.

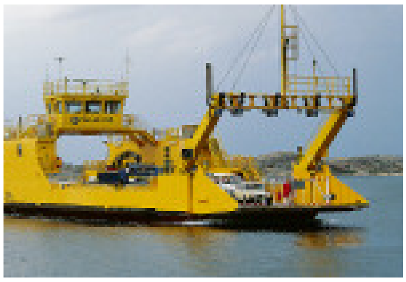
Continued cost reductions

The global profitability programs continue in order to adapt operations to prevailing market conditions and secure profitability. Focus is on reduced costs and improved capital efficiency in all regions.

During the first quarter several orders were secured, for instance an order for 323 long-distance coaches, Volvo 9700, for delivery to the customer IAMSA in Mexico.

Delivery of 1,500 Volvo and Sunwin buses to the World Expo in Shanghai, China is in its final stage. The buses consist of ordinary diesel buses, hybrid buses, electric buses and buses with super capacitators, which are recharged at bus stops.

Volvo Penta
– cost reduction measures behind earnings improvement



- Improved world market demand
- Continued strengthened market positions
- Significantly improved profitability

Total market increased

During the first quarter of the year, the sales of marine and industrial engines increased globally compared to the previous quarter as an effect of strengthened demand in Europe as well as North America. Market-leading boat builders and industrial engine customers have gradually increased production in their factories in order to adapt their inventories as well as to meet increased demand from end customers. In Asia and other parts of the world, the total market was largely unchanged compared to the previous quarter.

Strengthened market shares

Volvo Penta has maintained or strengthened its market shares in most segments. On the industrial engine side, several new customers have been secured as a consequence of new emission regulations coming into effect in the years to come. On the marine side, Volvo Penta continues to strengthen its market shares in Europe as well as in North America, not least thanks to the IPS system.

On March 31, 2010 the total volume in the order book was 14% higher than on the same date in the preceding year.

Net sales by market area

	First quarter		
SEK M	**2010**	2009	Change in %
Europe	**1,118**	1,122	(0)
North America	**307**	265	16
South America	**72**	52	38
Asia	**400**	518	(23)
Other markets	**80**	80	0
Total	**1,977**	**2,037**	**(3)**

Cost cuts contribute to profitability

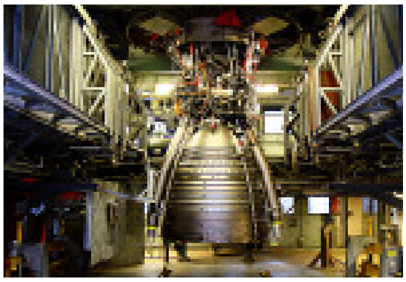
During the first quarter, Volvo Penta's net sales amounted to SEK 1,977 M (2,037). Adjusted for currency fluctuations, net sales increased by 5%. Sales are distributed between the two business segments as follows: Marine SEK 1,197 M (1,264) and Industrial SEK 780 M (773).

Operating income in the quarter amounted to SEK 121 M (Loss SEK 97 M). The improvement in operating income is mainly an effect of cost reduction measures. Operating margin amounted to 6.1% (Negative 4.8%).

Dynamic Positioning System awarded

Volvo Penta has yet again been awarded the Volvo Group's Technology Award. This year the award was given to the team behind the Dynamic Positioning System – a satellite based system that at the touch of a button helps the driver to maintain the boat's position at sea. It is a very practical and safe function for example when waiting at locks or for bridge openings. Dynamic Positioning System is one example of a soft product that significantly strengthens Volvo Penta's customer offering.

Volvo Aero
– recovery in air traffic



- Air traffic recovery continues
- Lower cost and higher utilization of production facilities
- Aftermarket business shows signs of recovery

Air traffic recovery continued

The recovery in air traffic continued in the first quarter of 2010. International passenger traffic increased by 9.5% in February and was up 7.9% in the first two months of the year. Capacity in February 2010 grew just 1.9%, which resulted in a record load factor. Cargo traffic increased by 26.5% in February and grew by 28% year-to-date.

Airbus and Boeing announced 160 gross orders in the first quarter of this year (50). The aircraft manufacturers delivered 230 aircraft, which is 3% lower compared to the first quarter of last year.

Higher productivity

For Volvo Aero, sales during the first quarter decreased by 6% to SEK 1,910 M, compared to SEK 2,030 M the same period a year ago, mainly due to currency effects. Adjusted for currency fluctuations, sales increased by 5%.

Net sales by market area

	First quarter		
SEK M	**2010**	2009	Change in %
Europe	**1,037**	953	9
North America	**791**	977	(19)
South America	**6**	11	(45)
Asia	**55**	53	4
Other markets	**21**	36	(42)
Total	**1,910**	**2,030**	**(6)**

Operating income amounted to SEK 152 M, higher than in the same period last year (83) and a major improvement from the fourth quarter of 2009 (Loss SEK 169 M). Higher productivity as a result of lower cost, higher volumes and higher utilization of production facilities are the main explanations. In addition, the after market business has started to show signs of recovery. The operating margin was 8.0% (4.1).

Successful maiden flight for Boeing 747-8

On February 8, the new Boeing 747-8 Freighter successfully completed its first flight, powered by four General Electric GEnx-2B engines. Volvo Aero is a risk and revenue partner in the GEnx, responsible for design of three components and will manufacture six different components in the engine. Boeing has secured 108 orders for the 747-8.

Income statements Volvo Group

SEK M	Industrial operations 2010	Industrial operations 2009	Customer Finance 2010	Customer Finance 2009	Eliminations 2010	Eliminations 2009	Volvo Group Total 2010	Volvo Group Total 2009
Net sales	**56,459**	**53,448**	**2,508**	**3,156**	**(350)**	**(483)**	**58,617**	**56,121**
Cost of sales	**(43,579)**	(45,428)	**(1,737)**	(2,349)	**350**	483	**(44,966)**	(47,294
Gross income	**12,880**	**8,020**	**771**	**807**	**0**	**0**	**13,651**	**8,827**
Research and development expenses	**(3,004)**	(3,463)	**0**	0	**0**	0	**(3,004)**	(3,463)
Selling expenses	**(5,476)**	(6,423)	**(378)**	(416)	**0**	0	**(5,855)**	(6,839)
Administrative expenses	**(1,622)**	(1,727)	**(7)**	(7)	**0**	0	**(1,629)**	(1,734)
Other operating income and expenses	**26**	(527)	**(372)**	(780)	**0**	0	**(346)**	(1,308)
Income from investments in associated companies	**(19)**	(15)	**0**	0	**0**	0	**(19)**	(15)
Income from other investments	**0**	3	**0**	0	**0**	0	**0**	3
Operating income	**2,785**	**(4,132)**	**14**	**(396)**	**0**	**0**	**2,799**	**(4,528)**
Interest income and similar credits	**124**	138	**0**	0	**(21)**	(18)	**103**	120
Interest expenses and similar charges	**(843)**	(826)	**0**	0	**21**	18	**(821)**	(808)
Other financial income and expenses	**147**	(627)	**0**	0	**0**	0	**147**	(627)
Income after financial items	**2,213**	**(5,447)**	**14**	**(396)**	**0**	**0**	**2,228**	**(5,843)**
Income taxes	**(472)**	1,564	**(35)**	56	**0**	0	**(508)**	1,620
Income for the period*	**1,741**	**(3,883)**	**(21)**	**(340)**	**0**	**0**	**1,720**	**(4,223)**

* Attributable to:		
Equity holders of the parent company	**1,681**	(4,228)
Minority interests	**39**	5
	1,720	**(4,223)**
Basic earnings per share, SEK	**0,83**	(2,09)
Diluted earnings per share, SEK	**0,83**	(2,09)

Other comprehensive income		
Income for the period	**1,720**	(4,223)
Exchange differences on translation of foreign operations	**(1,186)**	1,159
Exchange differences on hedge instruments of net investment in foreign operations	**100**	(12)
Available for sale investments	**70**	(50)
Cash flow hedges	**(172)**	(266)
Other comprehensive income, net of income taxes	**(1,188)**	831
Total comprehensive income for the period*	**532**	**(3,392)**
* Attributable to		
Equity holders of the parent company	**485**	(3,470)
Minority interests	**47**	78
	532	(3,392)

Balance Sheet Volvo Group

	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
SEK M	**March 31 2010**	Dec 31 2009	**March 31 2010**	Dec 31 2009	**March 31 2010**	Dec 31 2009	**March 31 2010**	Dec 31 2009
Assets								
Non-current assets								
Intangible assets	**41,078**	41,532	**97**	96	**0**	0	**41,175**	41,628
Tangible assets								
Property, plant and equipment	**54,060**	55,208	**69**	72	**0**	0	**54,129**	55,280
Assets under operating leases	**12,526**	13,539	**10,279**	10,955	**(3,788)**	(4,106)	**19,017**	20,388
Financial assets								
Shares and participations	**2,149**	2,025	**19**	19	**0**	0	**2,168**	2,044
Non-current customer-financing receivables	**559**	531	**37,227**	39,720	**(557)**	(538)	**37,229**	39,713
Deferred tax assets	**12,957**	12,277	**317**	318	**0**	0	**13,274**	12,595
Prepaid pensions	**1,872**	2,038	**10**	10	**0**	0	**1,883**	2,049
Non-current interest-bearing receivables	**1,063**	1,095	**3**	0	**(474)**	(510)	**592**	585
Other non-current receivables	**3,418**	3,033	**42**	42	**(33)**	(36)	**3,427**	3,038
Total non-current assets	**129,682**	**131,278**	**48,063**	**51,232**	**(4,852)**	**(5,190)**	**172,894**	**177,320**
Current assets								
Inventories	**36,428**	35,765	**1,615**	1,962	**0**	0	**38,043**	37,727
Current receivables								
Customer-financing receivables	**862**	836	**41,012**	42,443	**(1,035)**	(1,015)	**40,839**	42,264
Tax assets	**1,500**	1,362	**159**	161	**0**	0	**1,659**	1,523
Interest-bearing receivables	**830**	1,215	**100**	66	**(653)**	(872)	**276**	410
Internal funding	**4,811**	3,662	**0**	0	**(4,811)**	(3,662)	**-**	–
Accounts receivable	**24,036**	20,877	**494**	460	**0**	0	**24,531**	21,337
Other receivables	**12,602**	11,459	**1,283**	1,701	**(917)**	(1,077)	**12,967**	12,082
Non interest-bearing assets held for sale	**2,126**	1,684	**-**	–	**-**	–	**2,126**	1,684
Interest-bearing assets held for sale	**8**	8	**-**	–	**-**	–	**8**	8
Marketable securities	**14,044**	16,655	**24**	21	**0**	0	**14,067**	16,676
Cash and cash equivalents	**19,591**	20,749	**795**	726	**(251)**	(241)	**20,136**	21,234
Total current assets	**116,838**	**114,272**	**45,482**	**47,540**	**(7,667)**	**(6,867)**	**154,652**	**154,945**
Total assets	**246,520**	**245,550**	**93,545**	**98,772**	**(12,519)**	**(12,057)**	**327,546**	**332,265**
Shareholders' equity and liabilities								
Equity attributable to the equity holders of the parent company	**58,444**	57,856	**8,316**	8,549	**0**	0	**66,760**	66,405
Minority interests	**641**	629	**0**	0	**0**	0	**641**	629
Total shareholders' equity	**59,085**	**58,485**	**8,316**	**8,549**	**0**	**0**	**67,401**	**67,034**
Non-current provisions								
Provisions for post-employment benefits	**7,931**	8,021	**34**	30	**0**	0	**7,965**	8,051
Provisions for deferred taxes	**2,636**	1,858	**1,651**	1,780	**0**	0	**4,287**	3,638
Other provisions	**6,182**	6,277	**91**	80	**2**	2	**6,275**	6,360
Non-current liabilities								
Bond loans	**44,442**	49,191	**0**	0	**0**	0	**44,442**	49,191
Other loans	**50,253**	48,684	**7,232**	7,458	**(103)**	(107)	**57,382**	56,035
Internal funding	**(28,214)**	(30,908)	**29,496**	32,758	**(1,283)**	(1,849)	**-**	–
Other liabilities	**11,546**	11,762	**423**	479	**(2,333)**	(2,353)	**9,637**	9,888
Current provisions	**8,637**	9,321	**154**	164	**1**	2	**8,792**	9,487
Current liabilities								
Loans	**42,167**	44,196	**7,798**	8,305	**(633)**	(876)	**49,332**	51,626
Internal funding	**(29,316)**	(32,273)	**35,217**	36,457	**(5,901)**	(4,184)	**-**	–
Non interest-bearing liabilities held for sale	**362**	272	**-**	–	**-**	–	**362**	272
Trade payables	**36,832**	35,754	**89**	201	**0**	0	**36,920**	35,955
Tax liabilities	**129**	369	**439**	254	**0**	0	**569**	623
Other liabilities	**33,848**	34,541	**2,605**	2,257	**(2,269)**	(2,692)	**34,182**	34,105
Total shareholders' equity and liabilities	**246,520**	**245,550**	**93,545**	**98,772**	**(12,519)**	**(12,057)**	**327,546**	**332,265**
Contingent liabilities							**9,666**	9,607

Cash flow statement

	Industrial operations		Customer Finance		Eliminations		Volvo Group Total	
SEK M	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Operating activities								
Operating income	**2.8**	(4.1)	**0.0**	(0.4)	**0.0**	0.0	**2.8**	(4.5)
Depreciation tangible assets	**1.5**	1.6	**0.0**	0.0	**0.0**	0.0	**1.5**	1.6
Depreciation intangible assets	**0.8**	0.9	**0.0**	0.0	**0.0**	0.0	**0.8**	0.9
Depreciation leasing vehicles	**0.5**	0.7	**0.6**	0.8	**0.0**	0.0	**1.1**	1.5
Other non-cash items	**(0.4)**	0.3	**0.3**	0.7	**0.0**	0.0	**(0.1)**	1.0
Total change in working capital whereof	**(4.5)**	(11.4)	**2.4**	2.8	**0.0**	0.0	**(2.1)**	(8.6)
Change in accounts receivable	***(3.3)***	*6.1*	***0.0***	*(0.1)*	***0.0***	*0.0*	***(3.3)***	*6.0*
Change in inventories	***(1.3)***	*1.5*	***0.2***	*(0.4)*	***0.0***	*0.0*	***(1.1)***	*1.1*
Change in trade payables	***1.6***	*(16.6)*	***(0.1)***	*(0.1)*	***0.0***	*0.0*	***1.5***	*(16.7)*
Other changes in working capital	***(1.5)***	*(2.4)*	***2.3***	*3.4*	***0.0***	*0.0*	***0.8***	*1.0*
Net of interest and other financial items	**(0.7)**	(0.8)	**0.0**	0.0	**0.0**	0.0	**(0.7)**	(0.8)
Income taxes paid	**(1.0)**	(0.4)	**0.1**	0.0	**0.0**	0.0	**(0.9)**	(0.4)
Cash flow from operating activities	**(1.0)**	**(13.2)**	**3.4**	**3.9**	**0.0**	**0.0**	**2.4**	**(9.3)**
Investing activities								
Investments in tangible assets	**(1.2)**	(1.9)	**0.0**	0.0	**0.0**	0.0	**(1.2)**	(1.9)
Investments in intangible assets	**(0.8)**	(0.7)	**0.0**	0.0	**0.0**	0.0	**(0.8)**	(0.7)
Investment in leasing vehicles	**0.0**	0.0	**(0.7)**	(1.2)	**0.0**	0.0	**(0.7)**	(1.2)
Disposals of fixed assets and leasing vehicles	**0.3**	0.1	**0.5**	0.8	**0.0**	0.0	**0.8**	0.9
Operating cash flow	**(2.7)**	**(15.7)**	**3.2**	**3.5**	**0.0**	**0.0**	**0.5**	**(12.2)**
Investments and divestments of shares, net							**(0.1)**	0.0
Acquired and divested operations, net							**0.0**	0.0
Interest-bearing receivables incl marketable securites							**2.5**	1.5
Cash-flow after net investments							**2.9**	**(10.7)**
Financing activities								
Change in loans, net							**(4.1)**	11.4
Dividend to minority shareholders							**0.0**	0.0
Other							**0.0**	0.0
Change in cash and cash equivalents excl. translation differences							**(1.2)**	**0.7**
Translation difference on cash and cash equivalents							**0.1**	0.1
Change in cash and cash equivalents							**(1.1)**	**0.8**

Net financial position

SEK M	Industrial operations March 31 2010	Industrial operations Dec 31 2009	Volvo Group March 31 2010	Volvo Group Dec 31 2009
Non-current interest-bearing assets				
Non-current customer-financing receivables	**-**	–	**37,229**	39,713
Non-current interest-bearing receivables	**1,063**	1,095	**592**	585
Current interest-bearing assets				
Customer-financing receivables	**-**	–	**40,839**	42,264
Interest-bearing receivables	**830**	1,215	**276**	410
Internal funding	**4,811**	3,662	**-**	–
Interest-bearing assets held for sale	**8**	8	**8**	8
Marketable securities	**14,044**	16,655	**14,067**	16,676
Cash and cash equivalents	**19,591**	20,749	**20,136**	21,234
Total financial assets	**40,347**	**43,384**	**113,147**	**120,890**
Non-current interest-bearing liabilities				
Bond loans	**44,442**	49,191	**44,442**	49,191
Other loans	**50,253**	48,684	**57,382**	56,035
Internal funding	**(28,214)**	(30,908)	**-**	–
Current interest-bearing liabilities				
Loans	**42,167**	44,196	**49,332**	51,626
Internal funding	**(29,316)**	(32,273)	**-**	–
Total financial liabilities	**79,332**	**78,890**	**151,156**	**156,852**
Net financial position excl post-employment benefits	**(38,985)**	**(35,506)**	**(38,009)**	**(35,962)**
Prov for post-employm benefits, net	**6,059**	5,983	**6,082**	6,002
Net financial position incl post-employment benefits	**(45,044)**	**(41,489)**	**(44,091)**	**(41,964)**

Changes in net financial position, Industrial operations

SEK bn	First quarter 2010
Beginning of period	**(41.5)**
Cash flow from operating activities	(1.0)
Investments in fixed assets	(2.0)
Disposals	0.3
Operating cash-flow	**(2.7)**
Investments and divestments of shares, net	(0.1)
Acquired and divested operations, net	0.0
Capital injections to/from Customer Finance operations	(0.3)
Currency effect	(0.1)
Other changes	(0.3)
Total change	**(3.5)**
Net financial position at end of period	**(45.0)**

Changes in shareholders' equity

	First quarter	
SEK bn	**2010**	2009
Total equity at end of previous period	**67.0**	**84.6**
Transition effect IFRS 3, capitalized transaction costs	(0.1)	–
Total equity at beginning of period	**66.9**	**84.6**
Shareholders' equity attributable to equity holders of the parent company at beginning of period	**66.4**	**84.0**
Income for the period	**1.7**	(4.2)
Other comprehensive income	**(1.3)**	0.8
Total comprehensive income	**0.4**	**(3.4)**
Dividend to AB Volvo's shareholders	**0.0**	0.0
Share-based payments	**0.0**	0.0
Other changes	**0.0**	0.0
Shareholders' equity attributable to equity holders of the parent company at end of period	**66.8**	**80.6**
Minority interests at beginning of period	**0.6**	0.6
Income for the period	**0.0**	0.0
Other comprehensive income	**0.0**	0.1
Total comprehensive income	**0.0**	**0.1**
Cash dividend	**0.0**	0.0
Minority regarding new acquisitions	**0.0**	0.0
Other changes	**0.0**	0.0
Minority interests at end of period	**0.6**	**0.7**
Total equity at end of period	**67.4**	**81.3**

Key ratios

Industrial operations

	First quarter 2010	First quarter 2009
Gross margin, %	**22.8**	15.0
Research and development expenses in % of net sales	**5.3**	6.5
Selling expenses in % of net sales	**9.7**	12.0
Administrative expenses in % of net sales	**2.9**	3.2
Operating margin, %	**4.9**	(7.7)

	March 31 2010	Dec 31 2009
Return on operating capital, %, 12 months rolling values	**(9.3)**	(15.6)
Net financial position at end of period, SEK billion	**(45.0)**	(41.5)
Net financial position in % of shareholders' equity at end of period	**(76.2)**	(70.9)
Shareholders' equity as percentage of total assets, end of period	**24.0**	23.8

Customer finance

	March 31 2010	Dec 31 2009
Return on shareholders' equity, %, 12 months rolling values	**(2.8)**	(6.2)
Equity ratio at end of period, %	**8.9**	8.7
Asset growth, % from preceding year end until end of period	**(5.3)**	(16.0)

Volvo Group

	First quarter 2010	First quarter 2009
Gross margin, %	**23.3**	15.7
Research and development expenses in % of net sales	**5.1**	6.2
Selling expenses in % of net sales	**10.0**	12.2
Administrative expenses in % of net sales	**2.8**	3.1
Operating margin, %	**4.8**	(8.1)

	March 31 2010	Dec 31 2009
Basic earnings per share, SEK, 12 months rolling values	**(4.34)**	(7.26)
Shareholders' equity, excluding minority interests, per share, at end of period, SEK	**32.9**	32.8
Return on shareholders' equity, %, 12 months rolling values	**(12.4)**	(19.7)
Shareholders' equity as percentage of total assets, end of period	**20.6**	20.2

Share data

	First quarter 2010	First quarter 2009
Basic earnings per share, SEK	**0.83**	(2.09)
Diluted earnings per share, SEK	**0.83**	(2.09)
Number of shares outstanding, million	**2,027**	2,027
Average number of shares during period, million	**2,027**	2,027
Average diluted number of shares during period, million	**2,027**	2,027
Number of company shares, held by AB Volvo, million	**101**	101
Average number of company shares, held by AB Volvo, million	**101**	101

Quarterly figures

SEK M unless otherwise stated

Industrial operations	1/2009	2/2009	3/2009	4/2009	1/2010
Net sales	**53,448**	**51,512**	**46,086**	57,441	**56,459**
Cost of sales	(45,428)	(46,519)	(39,317)	(48,314)	**(43,579)**
Gross income	**8,020**	**4,993**	**6,769**	**9,127**	**12,880**
Research and development expenses	3,463	(3,403)	(2,961)	(3,366)	**(3,004)**
Selling expenses	(6,423)	(6,074)	(5,551)	(5,704)	**(5,476)**
Administrative expenses	(1,727)	(1,554)	(1,185)	(1,372)	**(1,622)**
Other operating income and expenses	(527)	(551)	(343)	(1,011)	**26**
Income from investments in associated companies	(15)	(4)	(12)	16	**(19)**
Income from other investments	3	5	0	(21)	**0**
Operating income Industrial operations	**(4,132)**	**(6,587)**	**(3,283)**	**(2,331)**	**2,785**
Customer Finance					
Finance and lease income	3,156	2,959	2,781	2,815	**2,508**
Finance and lease expenses	(2,349)	(2,172)	(1,981)	(1,925)	**(1,737)**
Gross income	**807**	**787**	**800**	**890**	**771**
Selling and administrative expenses	(423)	(410)	(388)	(388)	**(385)**
Credit provision expenses	(780)	(663)	(418)	(466)	**(374)**
Other operating income and expenses	0	(11	3	(21)	**2**
Operating income Customer Finance	**(396)**	**(296)**	**(3)**	**15**	**14**
Volvo Group					
Operating income	**(4,528)**	**(6,883)**	**(3,286)**	**(2,316)**	**2,799**
Interest income and similar credits	120	77	98	95	**103**
Interest expense and similar credits	(808)	(879)	(986)	(886)	**(821)**
Other financial income and costs	(627)	(36)	46	225	**147**
Income after financial items	**(5,843)**	**(7,721)**	**(4,129)**	**(2,881)**	**2,228**
Income taxes	1,620	2,158	1,214	897	**(508)**
Income for the period*	**(4,223)**	**(5,564)**	**(2,913)**	**(1,985)**	**1,720**
* Attributable to					
Equity holders of AB Volvo	(4,228)	(5,574)	(2,918)	(1,998)	**1,681**
Minority interests	5	10	5	13	**39**
	(4,223)	**(5,564)**	**(2,913)**	**(1,985)**	**1,720**

Key operating ratios, Industrial operations					
Gross margin, %	15.0	9.7	14.7	15.9	**22.8**
Research and development expenses in % of net sales	6.5	6.6	6.4	5.9	**5.3**
Selling expenses in % of net sales	12.0	11.8	12.0	9.9	**9.7**
Administrative expenses in % of net sales	3.2	3.0	2.6	2.4	**2.9**
Operating margin , %	(7.7)	(12.8)	(7.1)	(4.1)	**4.9**

Depreciation and amortization					
Product and Software development, amortization	823	803	753	745	**716**
Other intangible assets, amortization	127	118	110	109	**105**
Property, plant and equipment, depreciation	3,082	3,040	2,821	2,696	**2,576**
Total	**4,032**	**3,961**	**3,684**	**3,550**	**3,397**
Of which					
Industrial operations	3,239	3,226	3,025	2,892	**2,782**
Customer Finance	793	735	659	658	**615**
Total	**4,032**	**3,961**	**3,684**	**3,550**	**3,397**

Research and development expenses					
Capitalization	(604)	(731)	(448)	(752)	**(713)**
Amortization	678	703	611	643	**588**
Net capitalization of research and development expenses	**74**	**(28)**	**163**	**(109)**	**(125)**

Quarterly figures

Share data	1/2009	2/2009	3/2009	4/2009	**1/2010**
Earnings per share, SEK [1]	(2.09)	(2.75)	(1.44)	(0.99)	**0.83**
Number of shares outstanding, million	2,027	2,027	2,027	2,027	**2,027**
Average number of shares during period, million	2,027	2,027	2,027	2,027	**2,027**
Number of company shares, held by AB Volvo, million	101	101	101	101	**101**

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.

Net sales

SEK M	1/2009	2/2009	3/2009	4/2009	**1/2010**
Trucks	37,384	33,527	30,351	37,678	**36,488**
Construction Equipment	8,172	9,151	8,176	10,159	**11,148**
Buses	4,006	4,676	3,990	5,793	**5,067**
Volvo Penta	2,037	2,258	1,925	1,939	**1,977**
Volvo Aero	2,030	2,034	1,761	1,978	**1,910**
Eliminations and other	(182)	(134)	(117)	(105)	**(131)**
Industrial operations	**53,448**	**51,512**	**46,086**	**57,441**	**56,459**
Customer Finance	3,156	2,960	2,781	2,815	**2,508**
Eliminations	(483)	(513)	(384)	(458)	**(350)**
Volvo Group	**56,121**	**53,959**	**48,483**	**59,798**	**58,617**

Operating income

SEK M	1/2009	2/2009	3/2009	4/2009	**1/2010**
Trucks	(2,382)	(4,778)	(2,329)	(1,316)	**1,444**
Construction Equipment	(1,395)	(1,259)	(787)	(564)	**1,006**
Buses	(95)	(118)	(91)	(46)	**145**
Volvo Penta	(97)	(165)	25	7	**121**
Volvo Aero	83	28	108	(169)	**152**
Group headquarter functions and other	(247)	(293)	(210)	(244)	**(83)**
Industrial operations	**(4,132)**	**(6,587)**	**(3,283)**	**(2,331)**	**2,785**
Customer Finance	(396)	(296)	(3)	15	**14**
Volvo Group	**(4,528)**	**(6,883)**	**(3,286)**	**(2,316)**	**2,799**

Operating margin

%	1/2009	2/2009	3/2009	4/2009	**1/2010**
Trucks	(6.4)	(14.3)	(7.7)	(3.5)	**4.0**
Construction Equipment	(17.1)	(13.8)	(9.6)	(5.6)	**9.0**
Buses	(2.4)	(2.5)	(2.3)	(0.8)	**2.9**
Volvo Penta	(4.8)	(7.3)	1.3	0.4	**6.1**
Volvo Aero	4.1	1.4	6.1	(8.5)	**8.0**
Industrial operations	**(7.7)**	**(12.8)**	**(7.1)**	**(4.1)**	**4.9**
Volvo Group	**(8.1)**	**(12.8)**	**(6.8)**	**(3.9)**	**4.8**

Accounting principles

As from January 1, 2005, AB Volvo applies the International Financial Reporting Standards (IFRS) 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 2009 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 2.3 Reporting for legal entities. Application of RFR 2.3 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 2010

In accordance with considerations presented in the Annual Report, Note 3, regarding new accounting principles for 2010, a number of new standards and IFRIC interpretations became effective January 1, 2010.

Revised IFRS 3 Business combinations

The standard became effective on July 1, 2009 and applies to fiscal years beginning on or after that date. The standard entails changes to the reporting of future acquisitions regarding for example the accounting of transaction costs, any contingent considerations and step acquisitions. Further information regarding the financial impact is available in note 3 to the consolidated financial statements, included in the 2009 Annual Report for the Volvo Group.

IAS 27 amendment Consolidated and separate financial statements.

The standard becomes effective on July 1, 2009, as a consequence of the revised IFRS 3, and applies to fiscal years beginning on or after that date. The amendment brings about changes in IAS 27 regarding for example how to report changes to the ownership in cases where the parent company retains or loses the control of the owned entity. The Group will apply the amendment as of January 1, 2010. The application will prospectively affect the accounting for business combinations made from the application date.

Other new amendments to standards and IFRIC interpretations applied by the Volvo Group from January 1, 2010, have no significant effect on the financial statements of the Group, in accordance with what has been communicated in Note 3 of the Annual report.

Otherwise, accounting principles and methods of calculations have remained essentially unchanged from those applied in the 2009 Annual Report.

Hedging of commercial currency flows

Volvo only hedges firm flows whereof the major part is realized within 6 months. Hedge accounting is not applied and unrealized gains and losses from fluctuations in the fair values of the contracts are reported in the income statement in the segment Group headquarter functions and other. This has positively affected the Group's operating income by SEK 26 M during the first quarter.

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 level 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 34–36 in the 2009 Annual Report for the Volvo Group. The Annual Report is available on the internet at www.volvogroup.com. Short-term risks, when applicable, are also described in the respective report per business area of this report.

The development of the financial markets has led to an intensification of Volvo's work with financial risks. The credit risks are continuously managed through active credit monitoring and there are regular controls that provisions are made on incurred losses for doubtful receivables, in the customer finance portfolio as well as for other accounts receivable, in accordance with applicable accounting principles.

Instability in the financial markets impacts the accessibility to credits and loan financing, which may negatively affect customers, suppliers, dealers as well as the Volvo Group. Suppliers' financial instability and higher demand could result in delivery disturbances. A sound balance between short- and long-term borrowing, as well as borrowing preparedness in the form of overdraft facilities, is intended to meet the long-term financing needs of the Volvo Group.

In the course of its operations, Volvo is exposed to residual value risks through operating lease agreements and sales combined with repurchase agreements. The estimated net realizable value of the products is continuously monitored on an individual basis. A decline in prices for used trucks and equipment may negatively affect the consolidated operating income.

The reported amounts for contingent liabilities reflect a part of Volvo's risk exposure. Total contingent liabilities at March 31, 2010, amounted to SEK 9.7 billion, an increase of SEK 0.1 billion compared to December 31, 2009. Included in the total is a contingent liability of SEK 0.5 billion pertaining to a claim on Volvo Powertrain to pay penalties following a demand by the US Environmental Protection Agency (EPA). The demand is a consequence of dissenting opinions on whether an agreement between EPA and Volvo Powertrain regarding lower emitting engines also should include engines sold by Volvo Penta.

Members of the U.S. trade union, the United Auto Workers (UAW), have approved a new 40-month Master Agreement with the Volvo Group's subsidiary Mack Trucks. The agreement includes the establishment of an independent trust that will completely eliminate Mack's commitments for providing healthcare to retired employees. The trust must be approved by the U.S. District Court for the Eastern District of Pennsylvania, which is expected in the second quarter 2010. The Volvo Group will fund the trust with USD 525 M, paid over 5 years. The funding obligation is reported as a financial liability and amortizations will be reported as cash flow from financing activities.

Nissan Diesel Thailand Co. Limited on 30 November 2009 filed a claim at the Pathumthani Provincial Court of First Instance, Thailand, against AB Volvo and three of its employees, claiming damages of approximately SEK 2.2 billion. AB Volvo considers that the claim is of no merit. Further information is available in note 29 to the consolidated financial statements, included in the 2009 Annual Report for the Volvo Group.

Volvo verifies annually, or more frequently if necessary, the goodwill value of its business areas for possible impairment. The size of the overvalue differs between the business areas and they are, to a varying degree, sensitive to changes in the business environment. Instability in the business recovery and volatility in interest and currency rates may lead to indications of impairment.

Corporate acquisitions and divestments

Volvo Group has not made any acquisitions or divestments during the period or after the end of the period, that have had a significant impact on the Group's financial statements.

During the first quarter 2010, assets of SEK 611 M and liabilities of SEK 38 M were reclassified to assets and liabilities held for sale. The revaluation of assets to fair value in connection with the reclassification lead to an immaterial write-down. Depending on the progress with the sale process, changes in the business environment, access to liquidity, market outlook etc, the fair value of assets held for sale may change in the forthcoming periods or when the transactions are finalized. At the end of the first quarter assets and liabilities held for sale amount to SEK 2,134 M and SEK 362 M respectively. Reclassified assets and liabilities are pertaining to smaller operations.

Parent Company

Income Statements

SEK M	First three months 2010	2009
Net sales[1]	**163**	**192**
Cost of sales[1]	**(163)**	(192)
Gross income	**0**	**0**
Operating expenses[1]	**(172)**	(146)
Income from investments in Group companies	**(351)**	(920)
Income from investments in associated companies	**(14)**	(3)
Operating income	**(537)**	**(1,069)**
Interest income and expenses	**(165)**	(72)
Other financial income and expenses	**(3)**	20
Income after financial items	**(705)**	**(1,121)**
Income taxes	**128**	297
Income for the period	**(577)**	**(824)**

1 Of net sales in the first three months, SEK 144 M (160) pertained to Group companies, while purchases from Group companies amounted to SEK 106 M (75).

Other comprehensive income

Income for the period	**(577)**	(824)
Available-for-sale investments	**58**	(6)
Other comprehensive income, net of income taxes	**58**	(6)
Total comprehensive income for the period	**(519)**	**(830)**

Balance Sheets

SEK M		March 31 2010		Dec 31 2009
Assets				
Non-current assets				
Intangible assets		**92**		96
Tangible assets		**16**		16
Financial assets				
Shares and participations in Group companies	**57,062**		57,062	
Other shares and participations	**2,469**		2,363	
Deferred tax assets	**4,840**	**64,371**	4,712	64,137
Total non-current assets		**64,479**		**64,249**
Current assets				
Short-term receivables from Group companies		**4,446**		4,707
Other short-term receivables		**385**		247
Cash and bank accounts		**0**		0
Total current assets		**4,831**		**4,954**
Total assets		**69,310**		**69,203**
Shareholders' equity and liabilities				
Shareholders' equity				
Restricted equity	**9,891**		9,891	
Unrestricted equity	**20,943**	**30,834**	21,462	31,353
Untaxed reserves		**4**		4
Provisions		**134**		136
Non-current liabilities				
Liabilities to Group companies		**7**		7
Current liabilities[1]		**38,331**		37,703
Total shareholders' equity and liabilities		**69,310**		**69,203**

1 Of which SEK 37,879 M (37,370) pertains to Group companies.

Income from investments in Group companies pertains to transfer price adjustments, net, of SEK -351 M (-920).

In the first quarter revaluation of the ownership in the listed company Deutz AG has increased the value by SEK 58 M, recognized in equity.

Investments in tangible assets amounted to – (–).

Financial net debt amounted to SEK 19,886 M at the end of the first quarter (18,922).

Events after the balance sheet date

For events after the balance sheet date, see page 4 of this report.

No other significant events have occurred after the end of the first quarter 2010 that are expected to have a substantial effect on the Volvo Group.

Göteborg April 23, 2010

AB Volvo (publ)

Leif Johansson

President and CEO

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

Deliveries

Delivered trucks

	First quarter		
	2010	2009	Change in %
Trucks			
Europe	**12,181**	14,605	(17)
Western Europe	**10,641**	13,627	(22)
Eastern Europe	**1,540**	978	57
North America	**5,255**	4,086	29
South America	**4,553**	2,243	103
Asia	**11,811**	7,691	54
Middle East	**1,805**	2,296	(21)
Other Asia	**10,006**	5,395	85
Other markets	**3,140**	3,621	(13)
Total Trucks	**36,940**	**32,246**	**15**
Mack Trucks			
Europe	**–**	–	–
Western Europe	**–**	–	–
Eastern Europe	**–**	–	–
North America	**2,859**	1,757	63
South America	**264**	171	54
Asia	**11**	144	(92)
Middle East	**11**	144	(92)
Other Asia	**–**	–	–
Other markets	**159**	352	(55)
Total Mack Trucks	**3,293**	**2,424**	**36**
Renault Trucks			
Europe	**7,217**	8,263	(13)
Western Europe	**6,673**	7,927	(16)
Eastern Europe	**544**	336	62
North America	**5**	58	(91)
South America	**90**	48	88
Asia	**475**	375	27
Middle East	**425**	355	20
Other Asia	**50**	20	150
Other markets	**1,062**	1,216	(13)
Total Renault Trucks	**8,849**	**9,960**	**(11)**
Volvo Trucks			
Europe	**4,964**	6,340	(22)
Western Europe	**3,968**	5,700	(30)
Eastern Europe	**996**	640	56
North America	**2,110**	2,125	(1)
South America	**4,142**	1,886	120
Asia	**1,832**	2,041	(10)
Middle East	**1,091**	1,524	(28)
Other Asia	**741**	517	43
Other markets	**933**	1,324	(30)
Total Volvo Trucks	**13,981**	**13,716**	**2**

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, 23 2010.

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 Nasdaq OMX Stockholm if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

	First quarter		
	2010	2009	Change in %
UD Trucks			
Europe	**–**	2	–
Western Europe	**–**	–	–
Eastern Europe	**–**	2	–
North America	**281**	146	92
South America	**57**	138	(59)
Asia	**5,240**	3,287	59
Middle East	**278**	273	2
Other Asia	**4,962**	3,014	65
Other markets	**986**	729	35
Total UD Trucks	**6,564**	**4,302**	**53**

Eicher			
Europe	**–**	–	–
Western Europe	**–**	–	–
Eastern Europe	**–**	–	–
North America	**–**	–	–
South America	**–**	–	–
Asia	**4,254**	1,845	131
Middle East	**–**	–	–
Other Asia	**4,254**	1,845	131
Other markets	**–**	–	–
Total Eicher	**4,254**	**1,845**	**131**

Delivered buses

	First quarter		
	2010	2009	Change in %
Buses			
Europe	**524**	755	(31)
Western Europe	**507**	692	(27)
Eastern Europe	**17**	63	(73)
North America	**607**	313	94
South America	**261**	107	144
Asia	**987**	466	112
Other markets	**173**	129	34
Total Buses	**2,552**	**1,770**	**44**

Publication dates

Report for the first six months 2010	22 July, 2010
Report for the first nine months 2010	22 October, 2010
Report on 2010 operations	February, 2011
Annual Report 2010	March, 2011

The annual and quarterly reports are also published on www.volvogroup.com

Contacts

Investor Relations:

Christer Johansson	+46 31 66 13 34
Patrik Stenberg	+46 31 66 13 36
Anders Christensson	+46 31 66 11 91
John Hartwell	+1 212 418 74 32

Aktiebolaget Volvo (publ)
556012-5790
Investor Relations, VHK
SE-405 08 Göteborg
Tel +46 31 66 00 00
Fax +46 31 53 72 96
www.volvogroup.com
www.volvokoncernen.se

AB Volvo (publ)
SE-405 08 Göteborg, Sweden
Telephone +46 31 66 00 00
www.volvogroup.com