



First Quarter 2011

Conference Call April 27, 2011

Group Highlights



First quarter

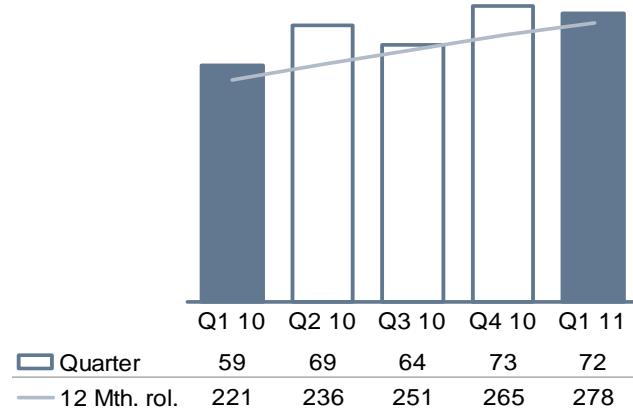
- Operating income SEK 6.5 bn
- Operating margin 9.1%
- Cash flow negative SEK 4 bn

Business environment

- Europe: improving market conditions
- Asia: strong outside Japan
- South America: strong market
- North America: significant improvement in demand

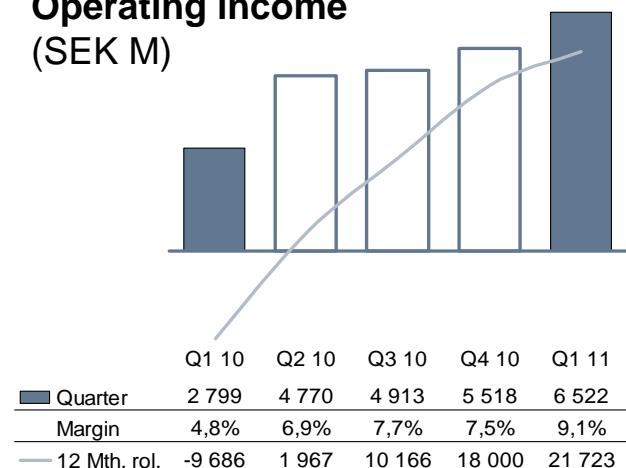
Volvo Group

Net sales
(SEK bn)

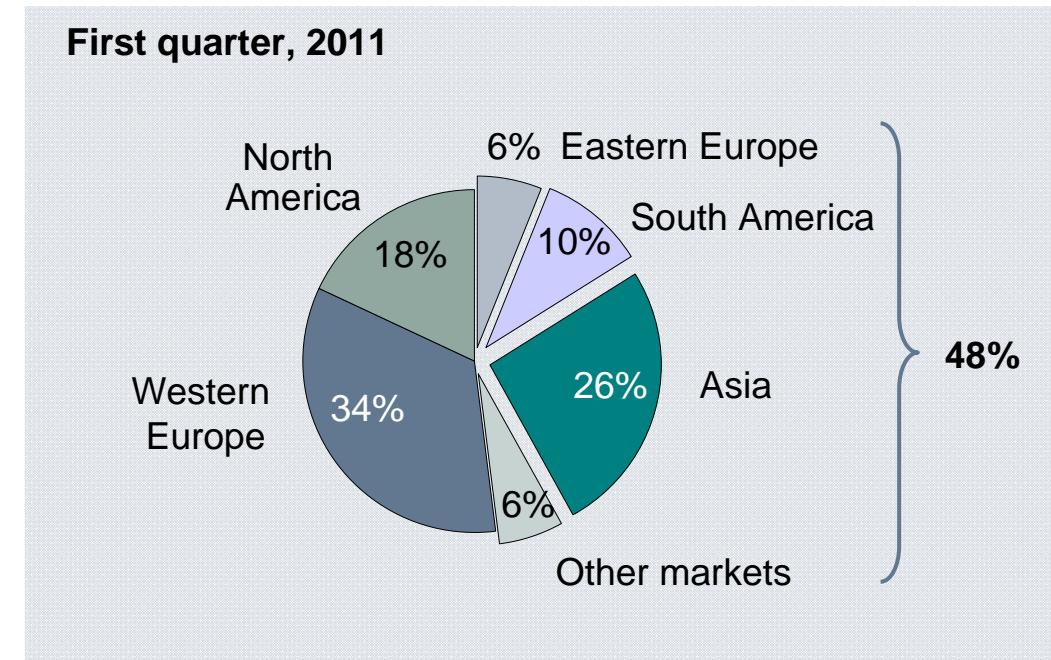


Operating income

(SEK M)



First quarter, 2011



Sales

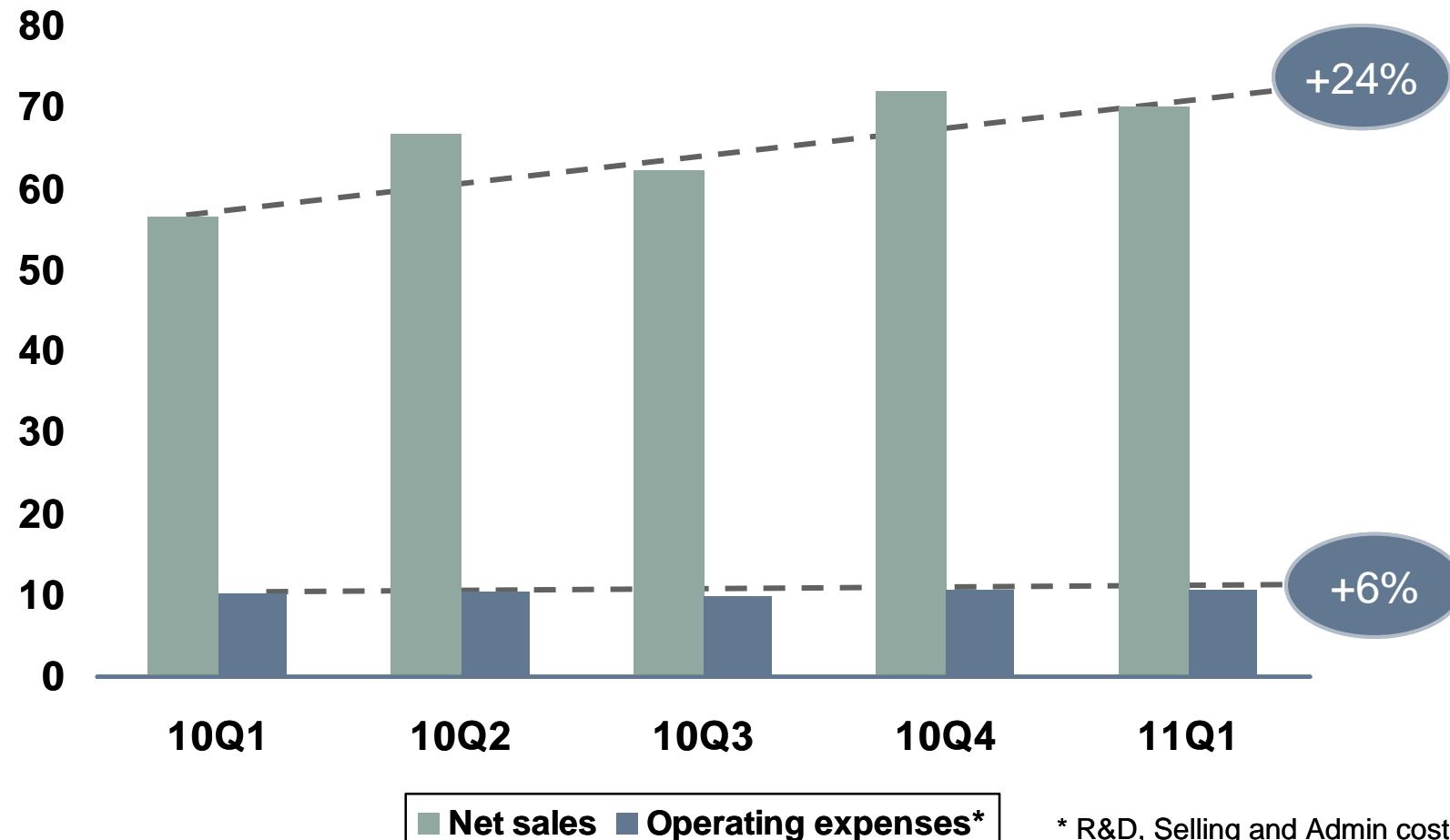
- + Increased sales of new products

Operating income

- + Increased volumes
- + Improved productivity
- + Cost control

Operating leverage through cost-control

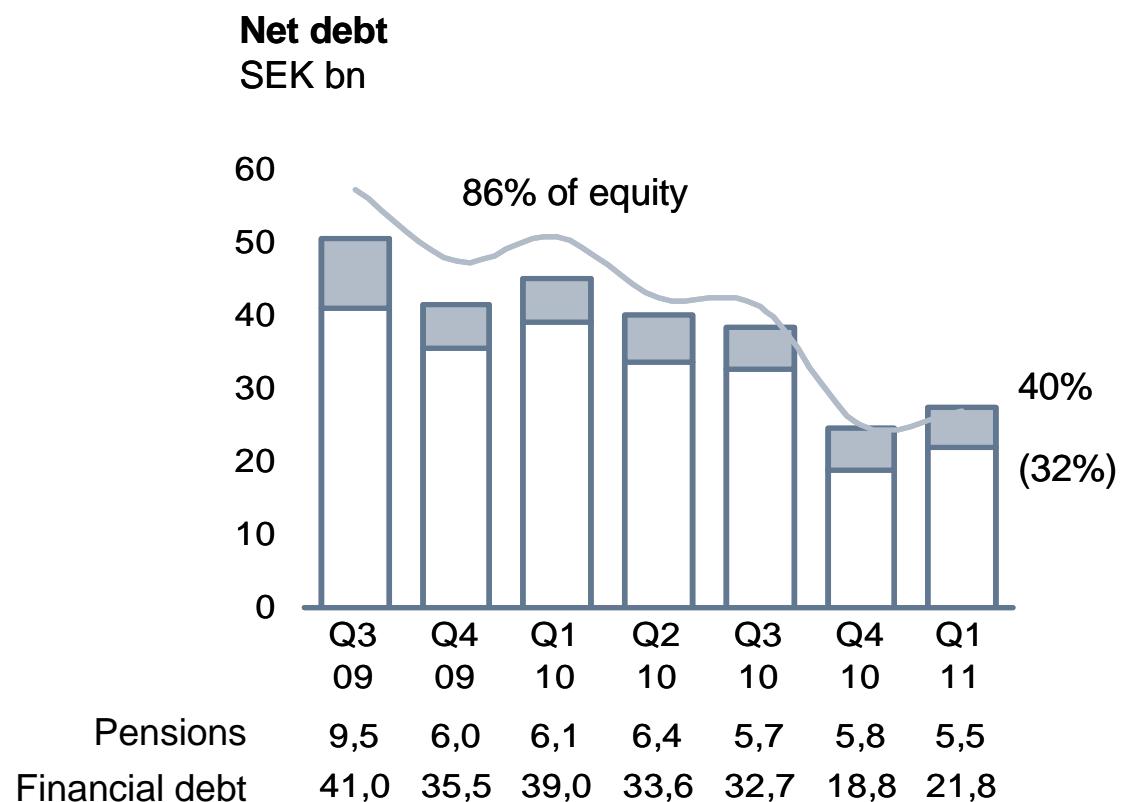
Industrial operations



Volvo Group – Net Financial Debt

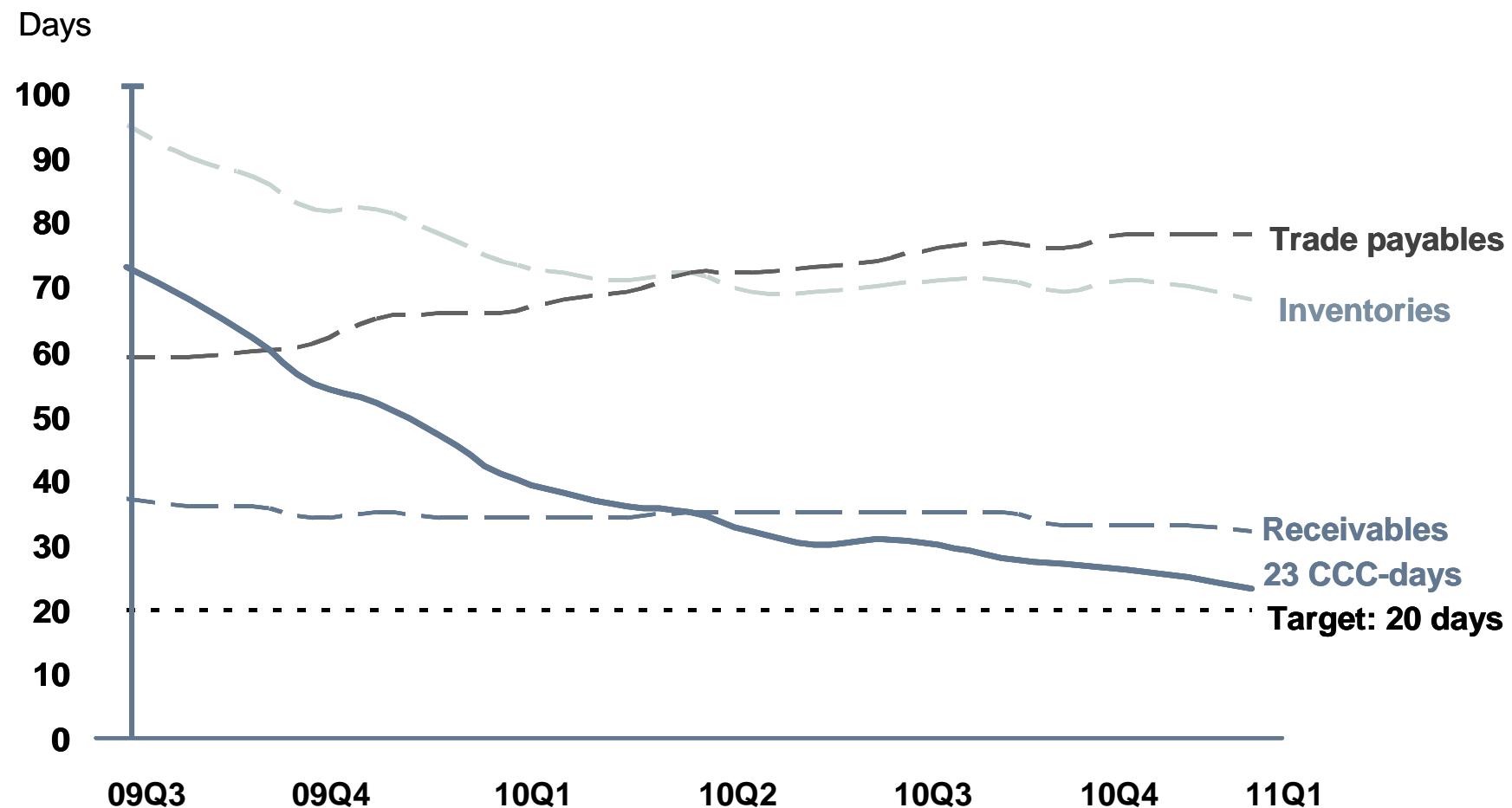
Industrial Operations

Changes in net financial debt	
- Cash flow	- 4.0 bn
- Currency	+ 2.1 bn
- Other	- 0.7 bn
Total	- 2.6 bn



Cash Conversion Cycle

6-months average

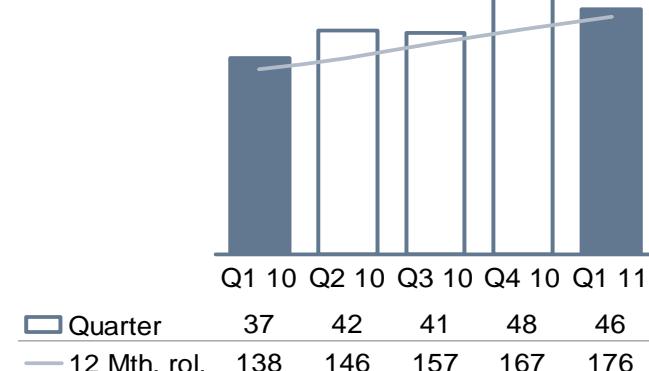


Trucks



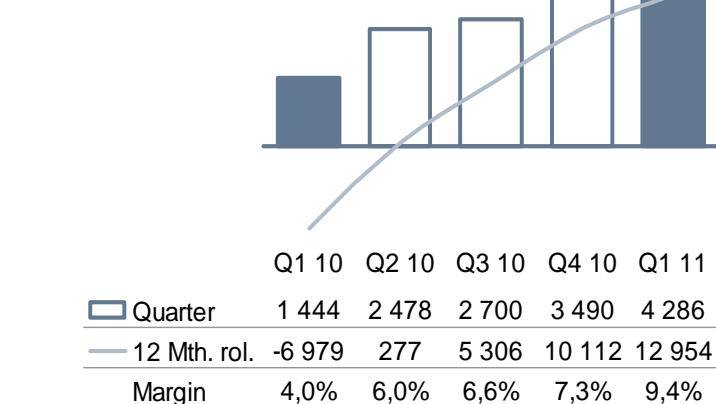
Net sales

SEK bn



Operating income

SEK M



Highlights

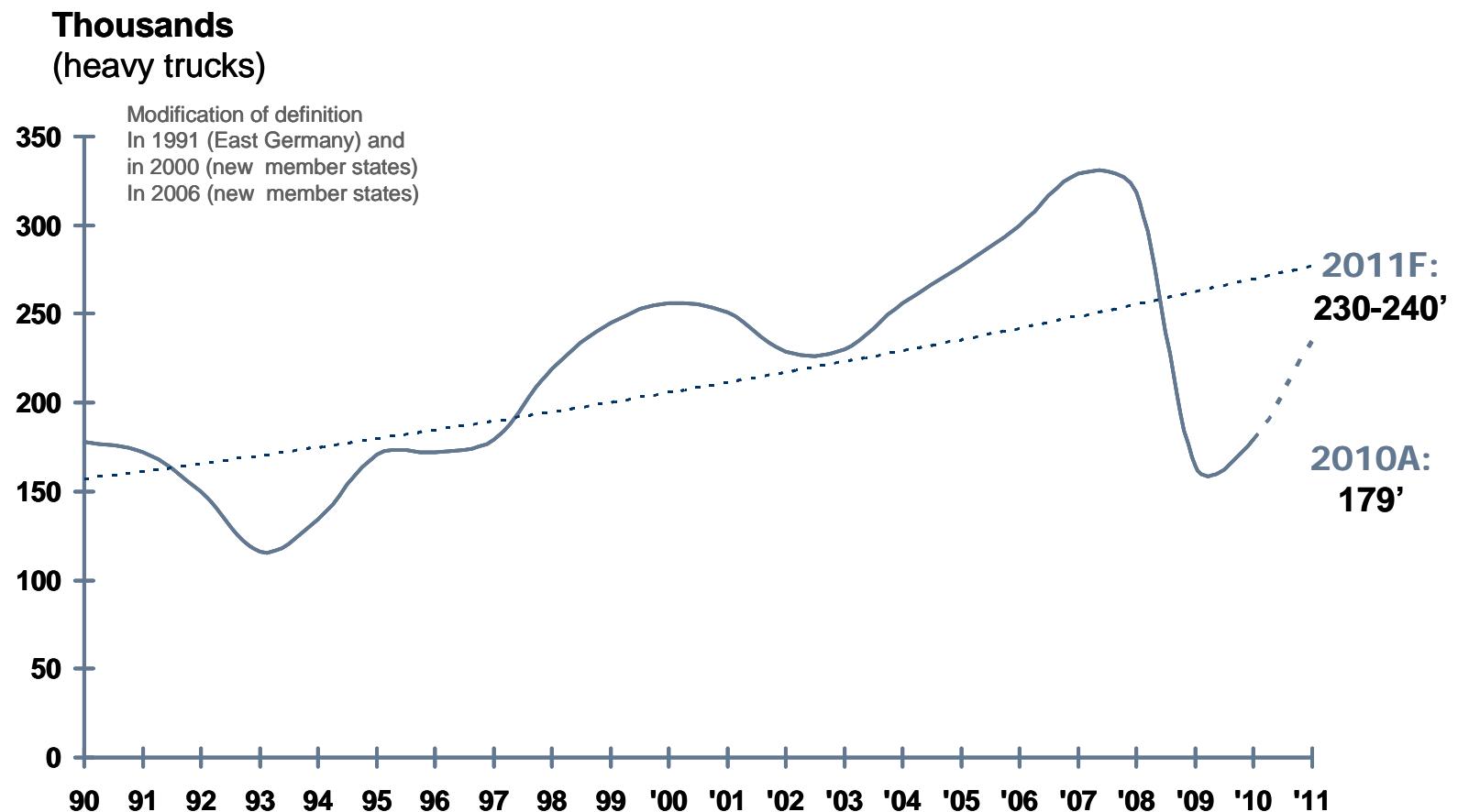
- Improved market outlook
- Increased order book
- Market share gains
- Sales up by 35%, fx-adjusted
- Operating margin 9.4%

In Focus

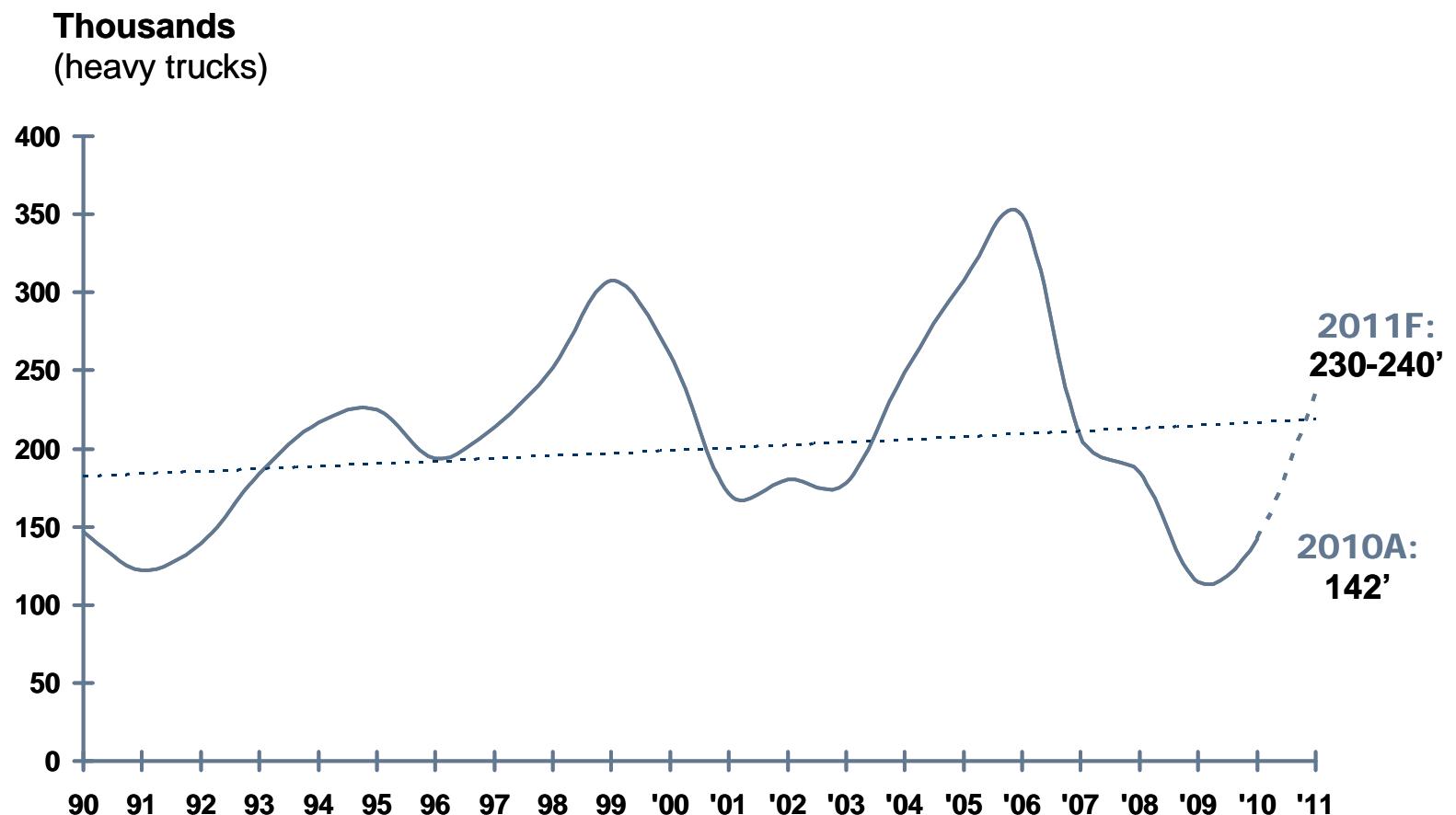
- Supply chain in Japan
- Production ramp-up in US
- Strict cost control
- Product introductions

Heavy-duty truck market - Europe

(EU members + Switzerland & Norway)



Heavy-duty truck market – North America

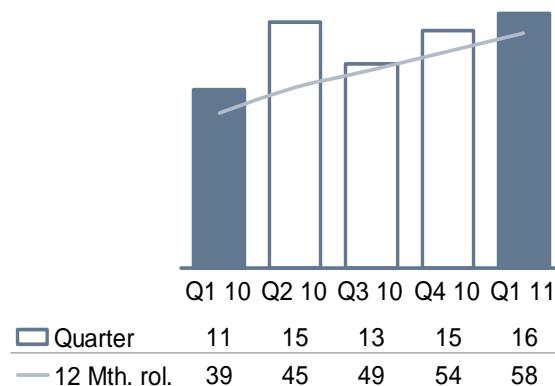


Construction Equipment



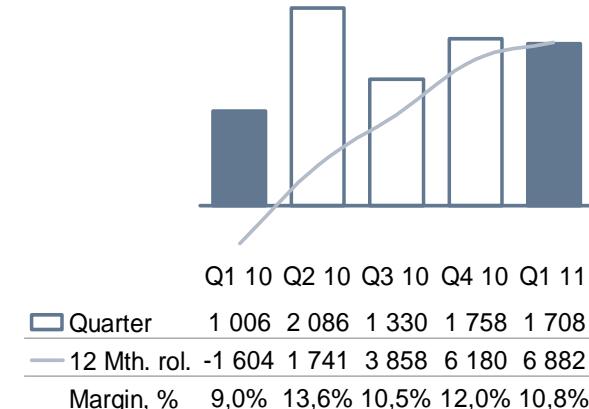
Net sales

SEK bn



Operating income

SEK M



Highlights

- Total world market up 51%
- Best Q1 ever for Volvo CE
- No. 1 in China
- New President appointed

In Focus

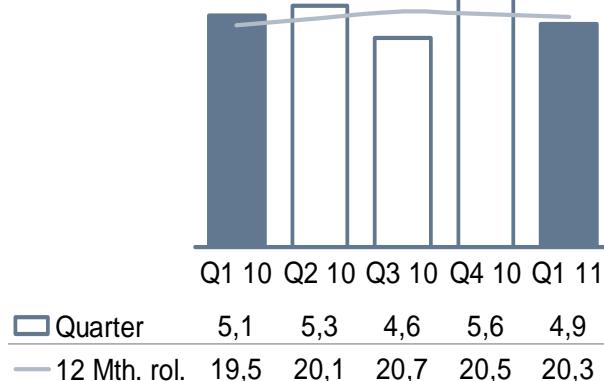
- Manage Japanese supplier issues
- Ramp up of Tier 4i/Stage III B machines
- Manage leverage in upturn
- Continued deployment of the present Volvo CE Strategy

Buses



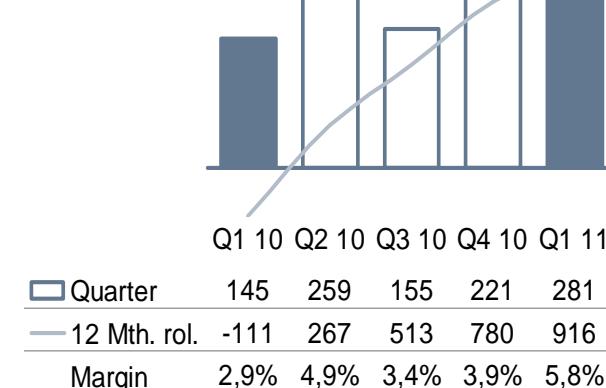
Net sales

SEK bn



Operating income

SEK M



Highlights

- Still challenges for city bus market in North America and Europe
- Improved profitability
- Investment in development center in China

In Focus

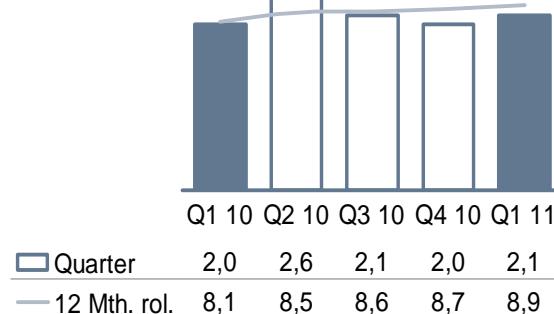
- Profitable volume growth
- Continued cost and capital focus
- Important order to New York city

Volvo Penta



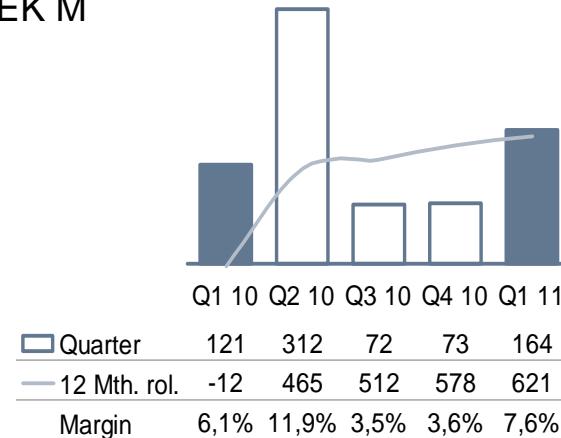
Net sales

SEK bn



Operating income

SEK M



Highlights

- Strong demand for Industrial engines
- Improved demand for marine engines in Europe
- Significantly stronger order situation
- Increased sales and improved profitability

In Focus

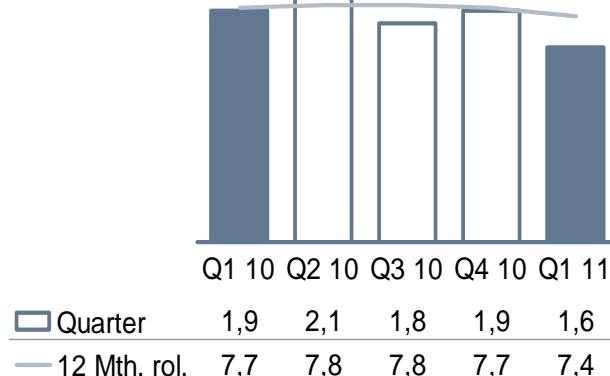
- Supply chain management
- Price management
- Capitalize on stronger demand within Marine Leisure
- Strategic alliance with Garmin

Volvo Aero



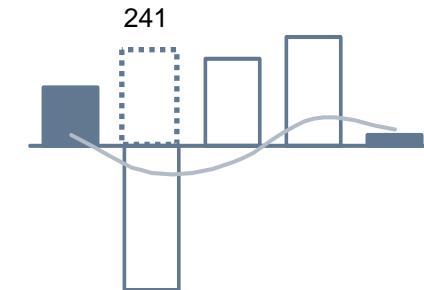
Net sales

SEK bn



Operating income

SEK M



Highlights

- Stable market growth despite higher oil prices
- Airbus and Boeing plan for higher production rate
- Low profitability
 - weak USD
 - production disturbances

In Focus

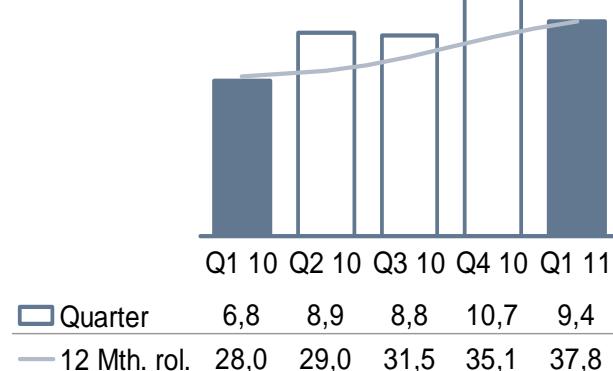
- Supplier management initiative
- Productivity improvement program
- Execution on development projects

Financial Services



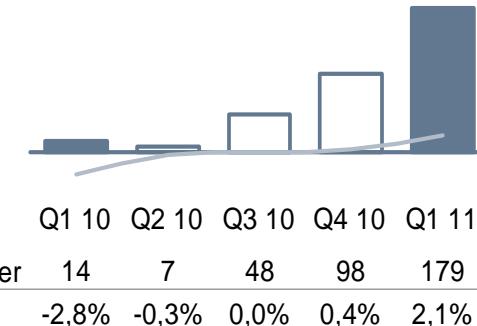
New financing

SEK bn



Operating income and return on equity

SEK M



Highlights

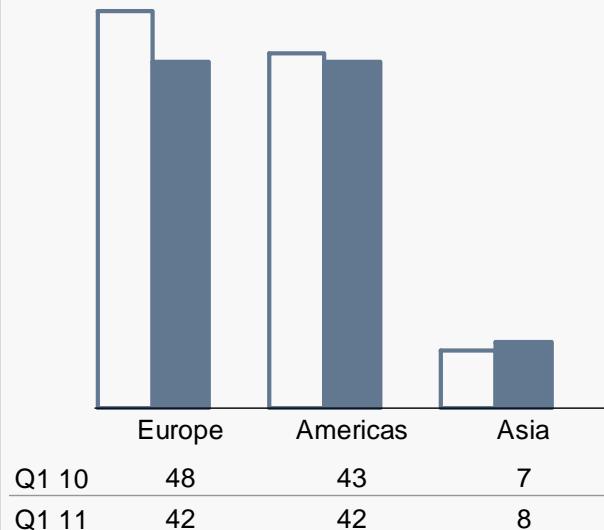
- Improved portfolio performance in all regions
- Strong financing volumes overall
- Private label alliance in India

In Focus

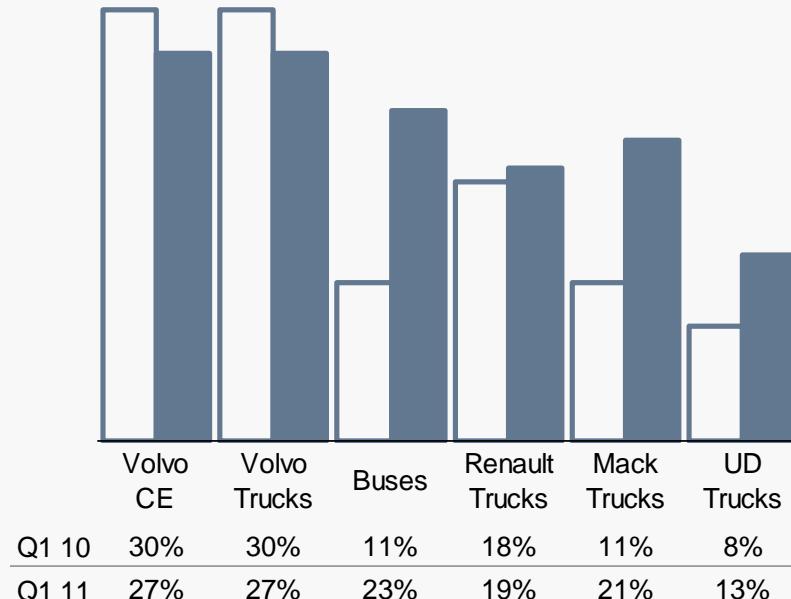
- Profitable growth in all regions
- Employee recruitment and retention
- Japan

Financial Services

Total managed assets
(SEK bn)



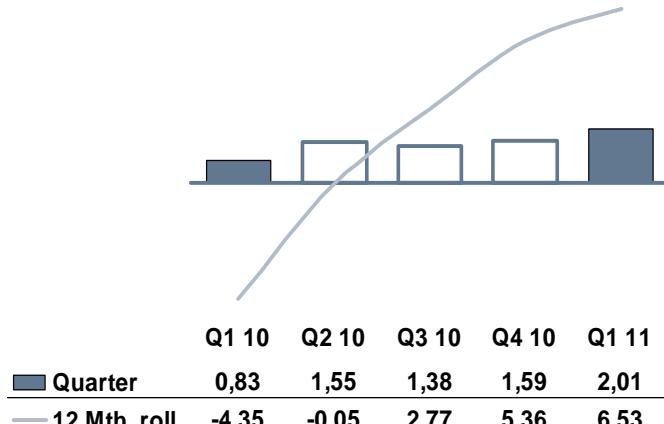
Penetration on new financing



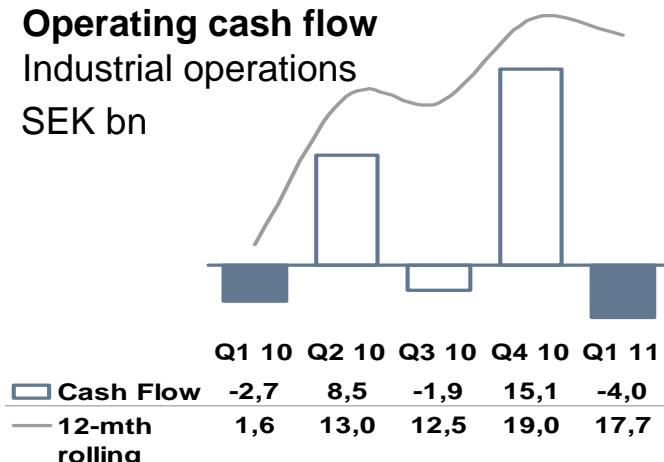
Group Summary



Earnings per share
SEK



Operating cash flow
Industrial operations
SEK bn



First quarter

- Sales 22% higher, +33% fx-adjusted
- Operating income SEK 6.5 bn
- Operating margin 9.1%
- Cost reductions maintained
- Operating Cash flow negative SEK 4.0 bn – reflecting normal seasonality

In focus

- Manage upturn
- Supply chain
- Cost control
- R&D investments for future growth

VOLVO

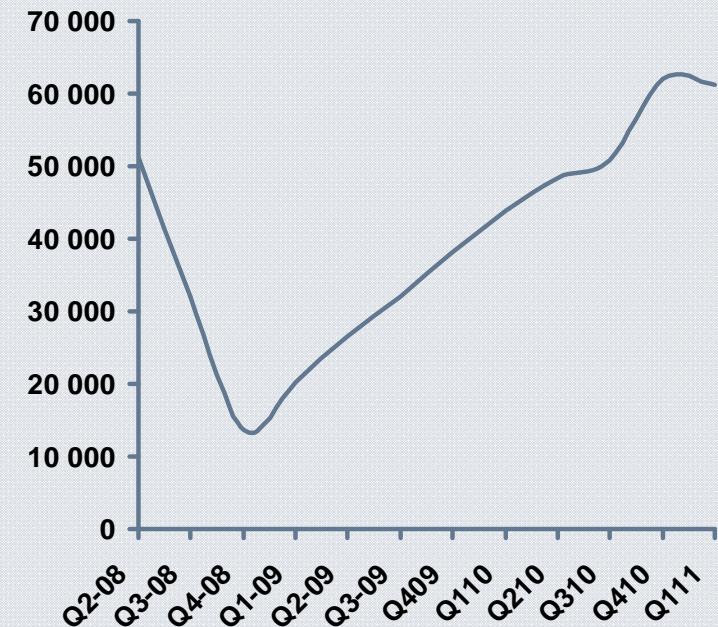
First Quarter 2011

Appendix

Net order intake at good levels

Trucks

Net order intake	Q1-10	Q4-10	Q1-11	Change Q1->Q1	Change Q4->Q1
Europe	16,361	26,014	23,812	46%	-8%
North America	3,410	10,414	11,727	244%	13%
South America	4,548	7,369	7,422	63%	1%
Asia	15,442	14,617	14,859	-4%	2%
Other markets	4,175	3,637	3,472	-17%	-5%
Total	43,936	62,051	61,292	40%	-1%



Currency impact on operating income

Business Areas	Q1 2011	Q4 2010	Change
Spot rates, net flows			- 324
Realized hedging contracts	+156	+250	-94
Devaluation in Venezuela		-82	+82
Revaluation of receivables & payables	-173	+352	-525
Unrealized gains and losses on hedging contracts	+49		+49
Revaluation of foreign subsidiaries			- 167
Total Business Areas			-979
<hr/>			
Group headquarter functions and other	Q1 2011	Q4 2010	Change
Unrealized gains and losses on hedging contracts	+50	-269	+319
Total Group headquarter functions and other			+319
Total Volvo Group			- 660

Comments

- No hedge accounting
- Hedging firm flows

2011

As of 2011, unrealized gains and losses on derivatives related to a receivable or payable is reported in the respective Business Areas.