



Volvo Group

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Capital Market Day 2008 - Mikael Bratt

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VOLVO

Agenda

- Volvo Group funding
- Efficiency

The Volvo Group - Financial Strategy

Shareholders

Long-term attractive and stable total return

Debt providers

Strong credit rating
Financial strength and flexibility

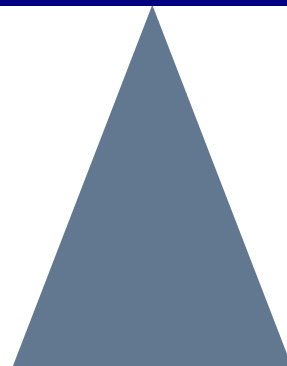
Financial key ratios to balance these objectives

Financial targets

Sales growth >10%
Operating margin, Industrial Operations >7%

Financial restriction

Net debt / Equity < 40%
Financial Services equity ratio 8%



Funding strategy 2008

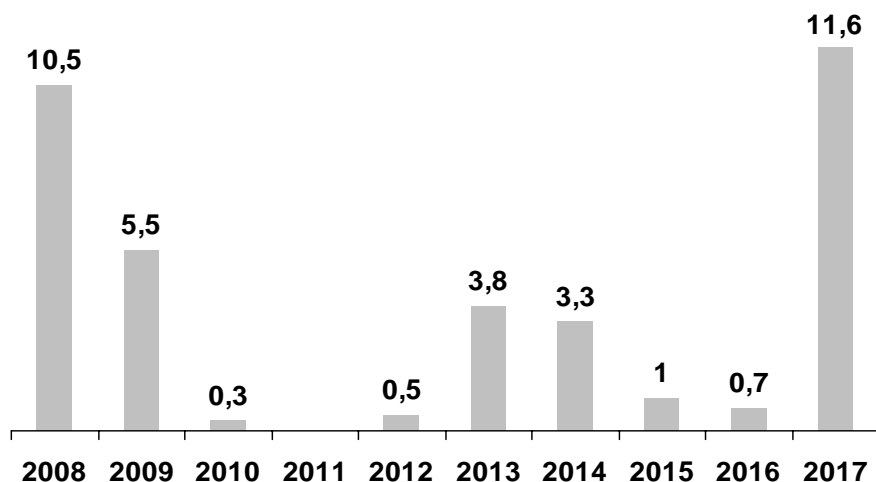
- Funding portfolios Q1-08
 - Industrial operations: SEK 37 bn
 - Customer finance: SEK 79 bn
- Diversification of funding sources
- Strong and stable credit rating

Funding sources secured

- Cash in Q1-08: SEK 35 bn
- Public debt programmes: SEK 130 bn
 - EMTN
 - MTN: SEK and AUD
 - CP: USD, EUR, SEK, CAD and AUD
- Bi-lateral loans and facilities: SEK 20 bn
- Undrawn long-term committed credit facilities: ~ SEK 22 bn
 - EUR 1.45bn maturing 2011
 - USD 1.4bn maturing 2013

Industrial Operations Portfolio

Interest-bearing debt
(SEK bn)



Main currencies: SEK, JPY, EUR, USD

Current Situation

- Portfolio volume SEK 37 bn
- Average maturity 4.6 years

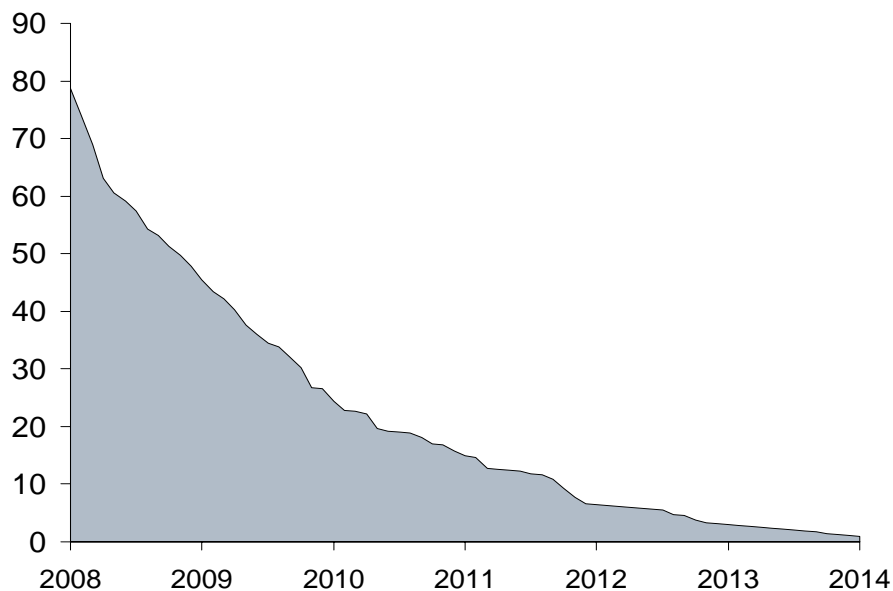
Going Forward

- Strong cash flow
- Japanese refinancing
- No other immediate funding requirements

Customer Finance Portfolio

Interest-bearing debt

(SEK bn)



Current situation

- Portfolio volume SEK 79 bn
- Average maturity 1.4 years

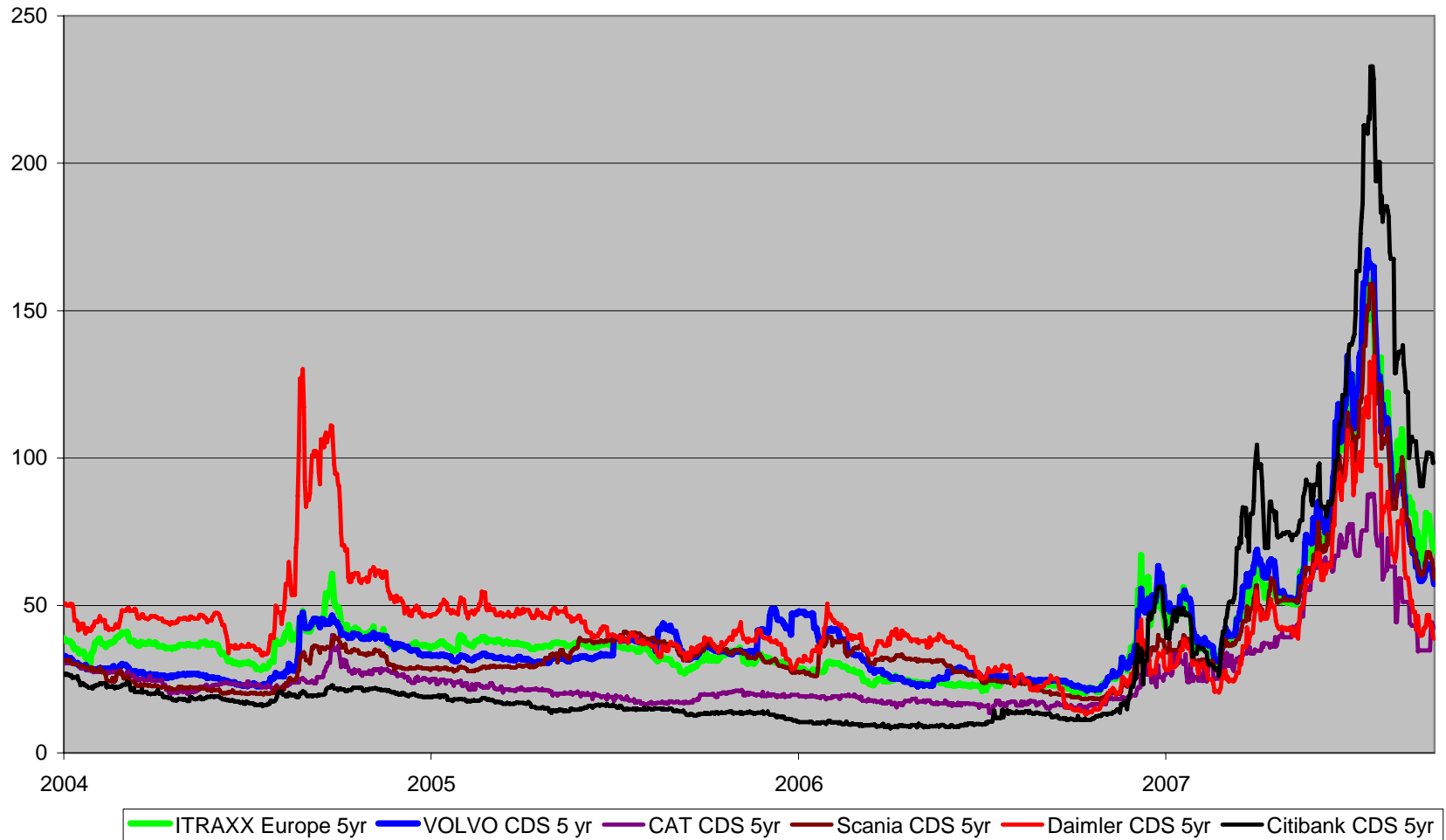
Going forward

- New markets: Chile, Japan
- Market focus: Russia, China
- Growing customer finance business

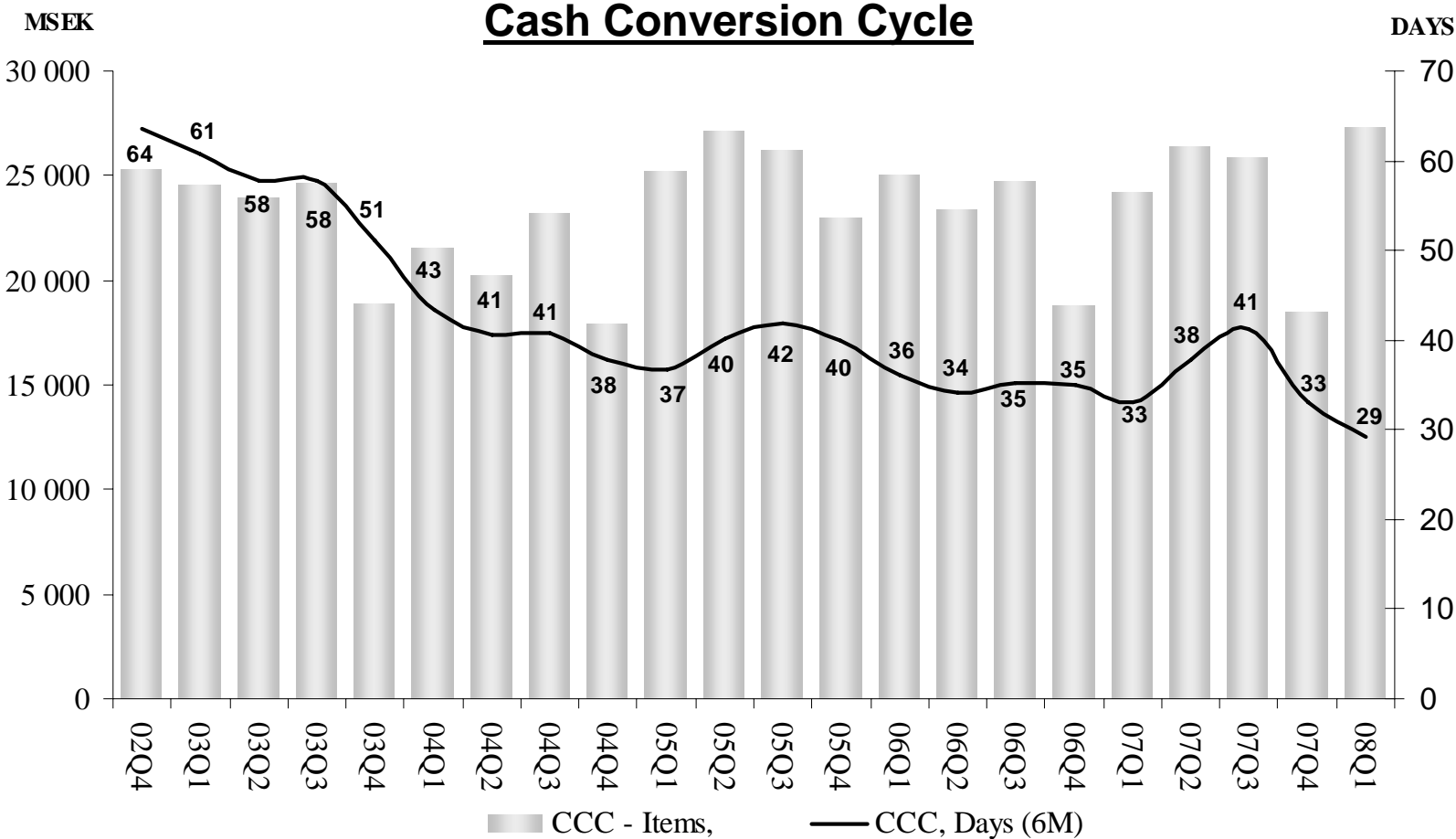
Key transactions 2008

- SEK eq 2.0 bn EIB (European Investment Bank)
- SEK 0.5 bn NIB (Nordiska Investeringsbanken)
- SEK eq 6.0 bn Bilateral Bank Funding
- SEK eq 6.0 bn EMTN issues

Funding environment 2008

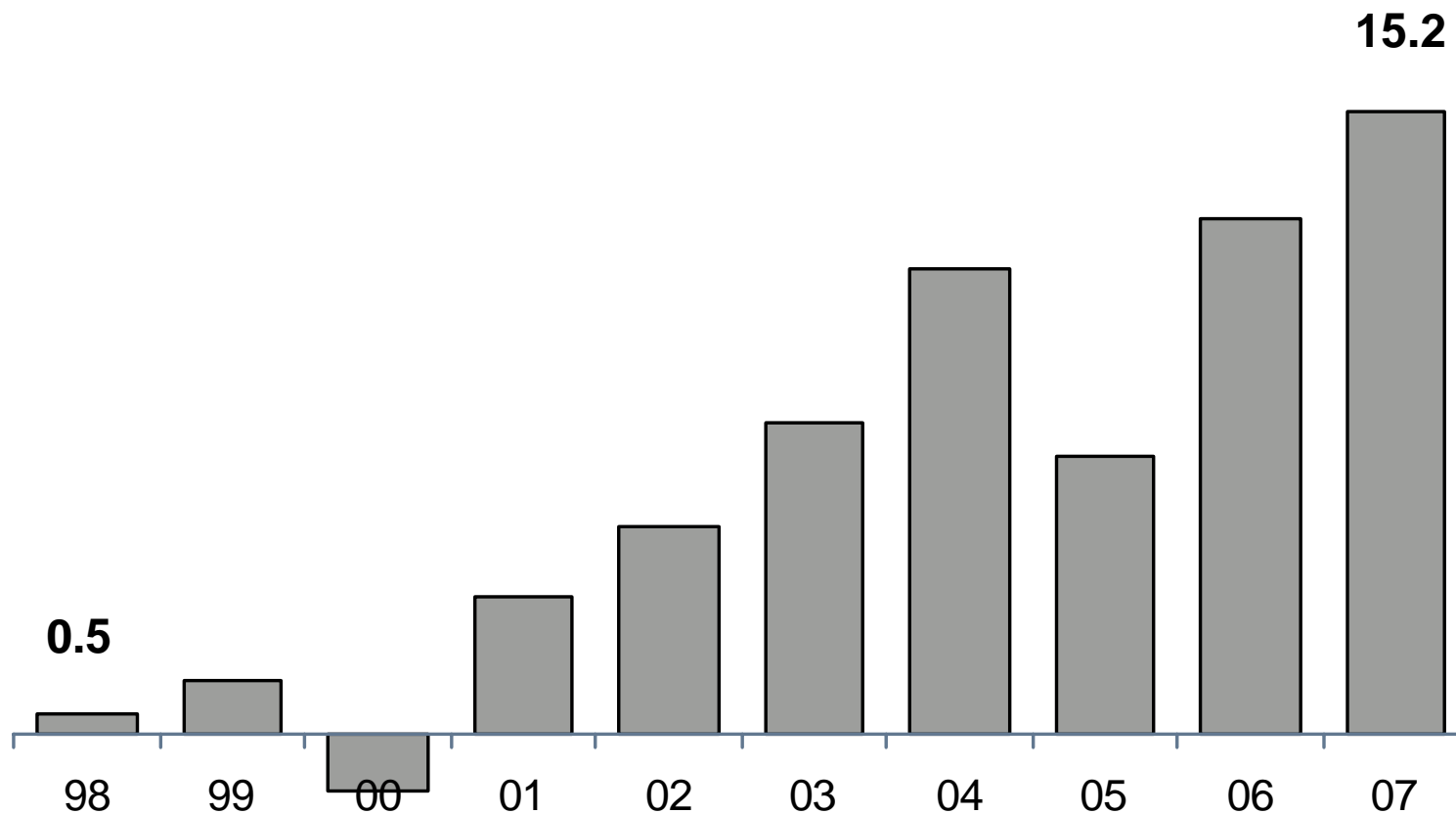


Financial efficiency



Cash flow – Industrial Operations

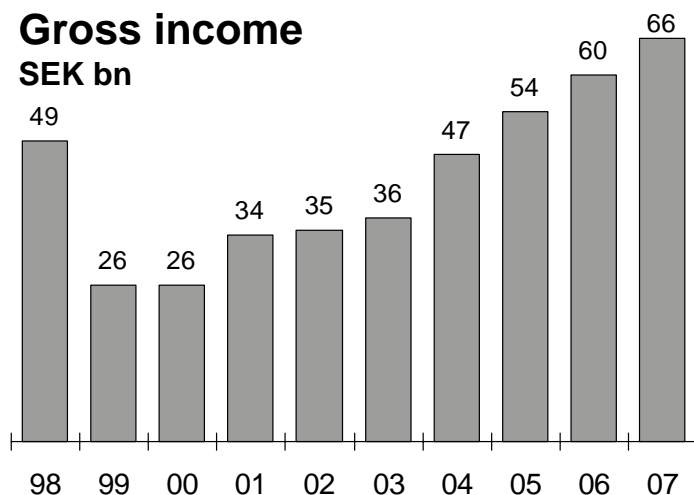
SEK bn



Operating efficiency

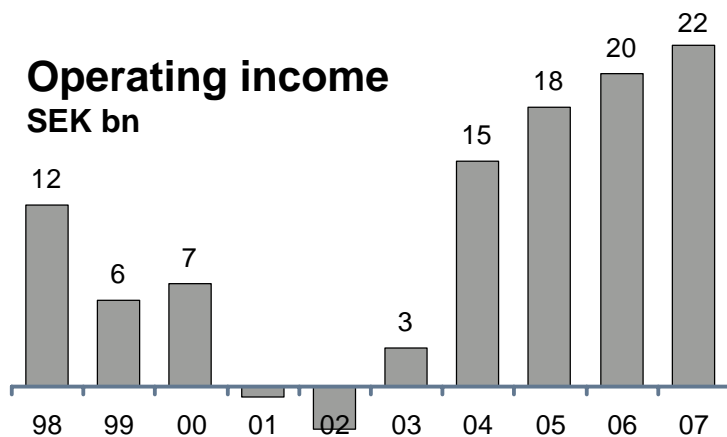
Gross income

SEK bn



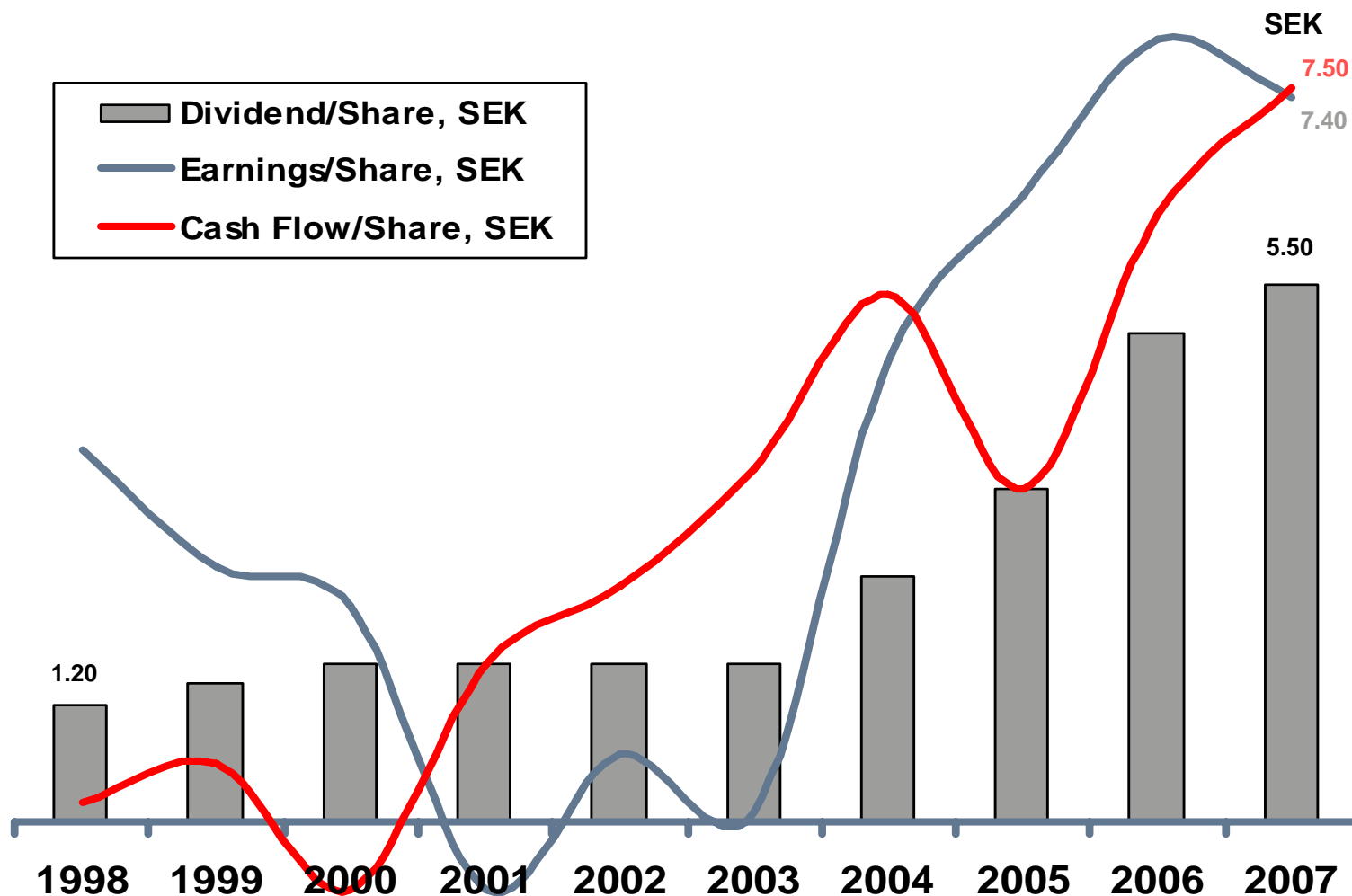
Operating income

SEK bn

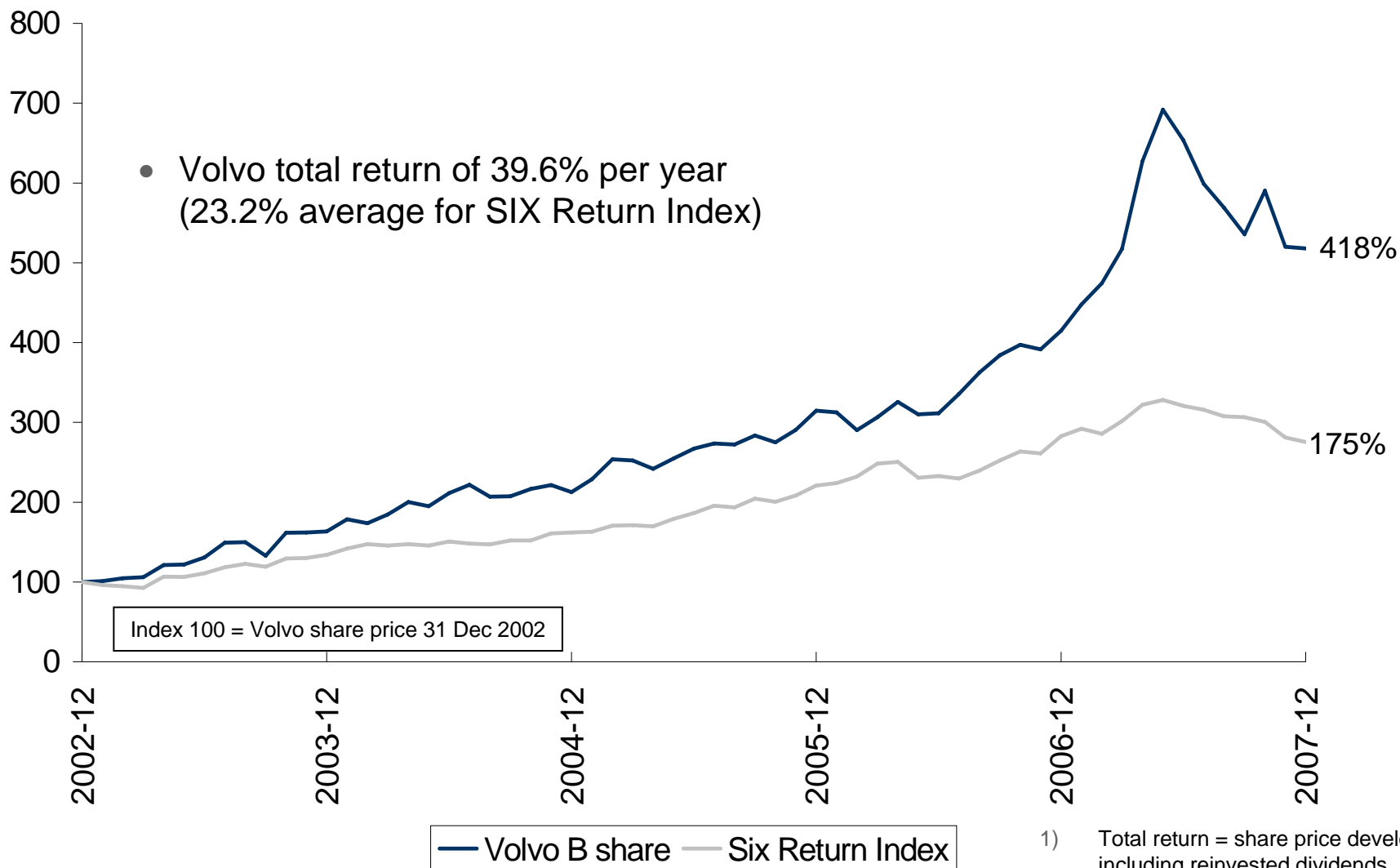


- Industrial productivity
- Drive productivity in business units
- Reduction of S&A levels
- Research & Development efficiency
- External benchmarks

Growth creates shareholder value



Total return



1) Total return = share price development including reinvested dividends.

Summary and moving forward

Highlights

- Improved earnings
- Strong cash flow generation
- Strong Balance Sheet
- Stable dividend on high level

Focus going forward

- Drive internal efficiency
 - S & A
 - Capital