

VOLVO

First Quarter 2007
Press Conference, May 11, 2007

Group Highlights



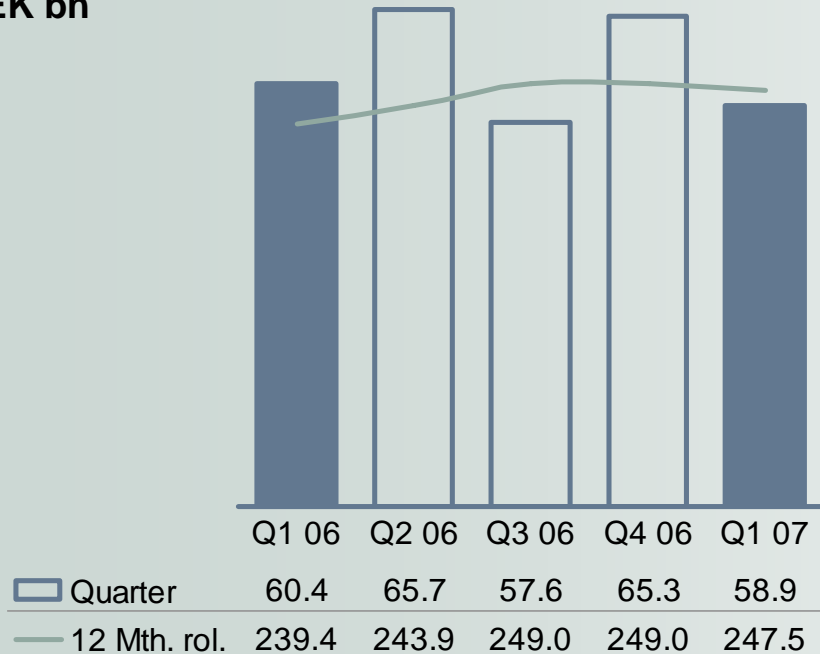
First Quarter

- Business environment
 - Europe and International strengthening
 - North America softer/prebuy
- Strategic acquisitions
 - Lingong
 - Nissan Diesel
 - Ingersoll Rand road development
- Investing for organic growth
 - Truck production capacity in Europe
 - Volvo CE component manufacturing
 - Distribution channels

Industrial Operations

Net sales

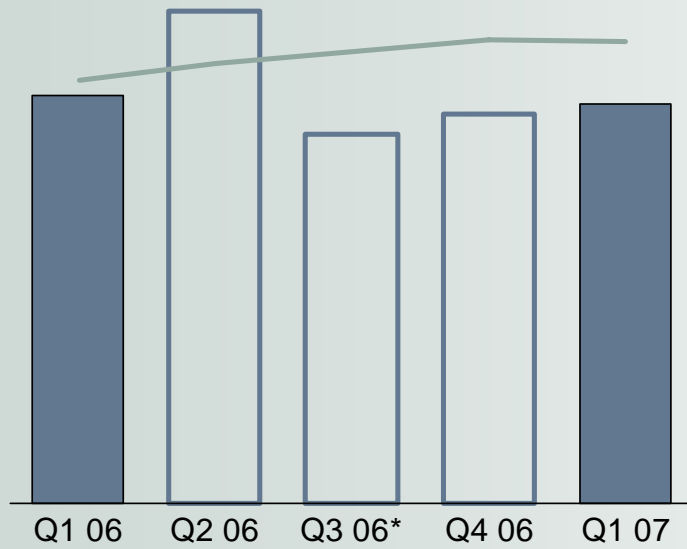
Net sales
SEK bn



- Net sales down 3%
- Trucks North America down 46%
- Strong development outside NA
 - Europe up 10%
 - South America up 14%
 - Asia up 28%
 - ROW up 24%
- Positive development in Volvo CE and Volvo Penta
- Adjusted for currency, Group sales up 2%

Operating income

Operating income SEK M



	Q1 06	Q2 06	Q3 06*	Q4 06	Q1 07
Quarter	5,026	6,055	4,546	4,798	4,933
Margin	8.3%	9.2%	7.9%	7.3%	8.4%
12 Mth. rol.	18,643	19,347	19,889	20,425	20,332

- + Product and market mix
 - Strong Europe and International
- + Price realization
- + Aftermarket and retail business

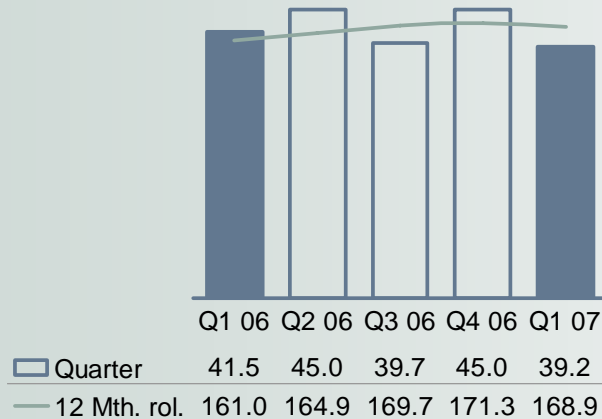
- US truck operations
- R&D
 - Lower capitalization
 - Higher amortization
- Currency impact -200 SEK M

* Excluding goodwill adjustment of SEK 1,712 M due to release of valuation reserves for taxes

Trucks



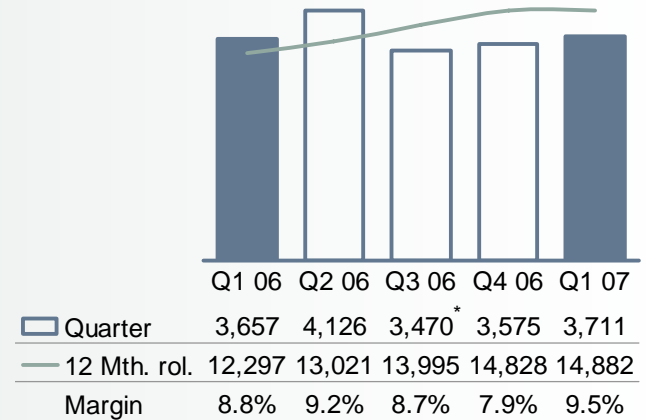
Net sales – SEK bn



Highlights

- Strengthening Europe and International
- Highest operating margin so far, 9.5%
- North America
 - Capacity adjustments implemented in NA
 - Industrial optimization
 - Slow ramp-up of US 07 products

Operating income – SEK M

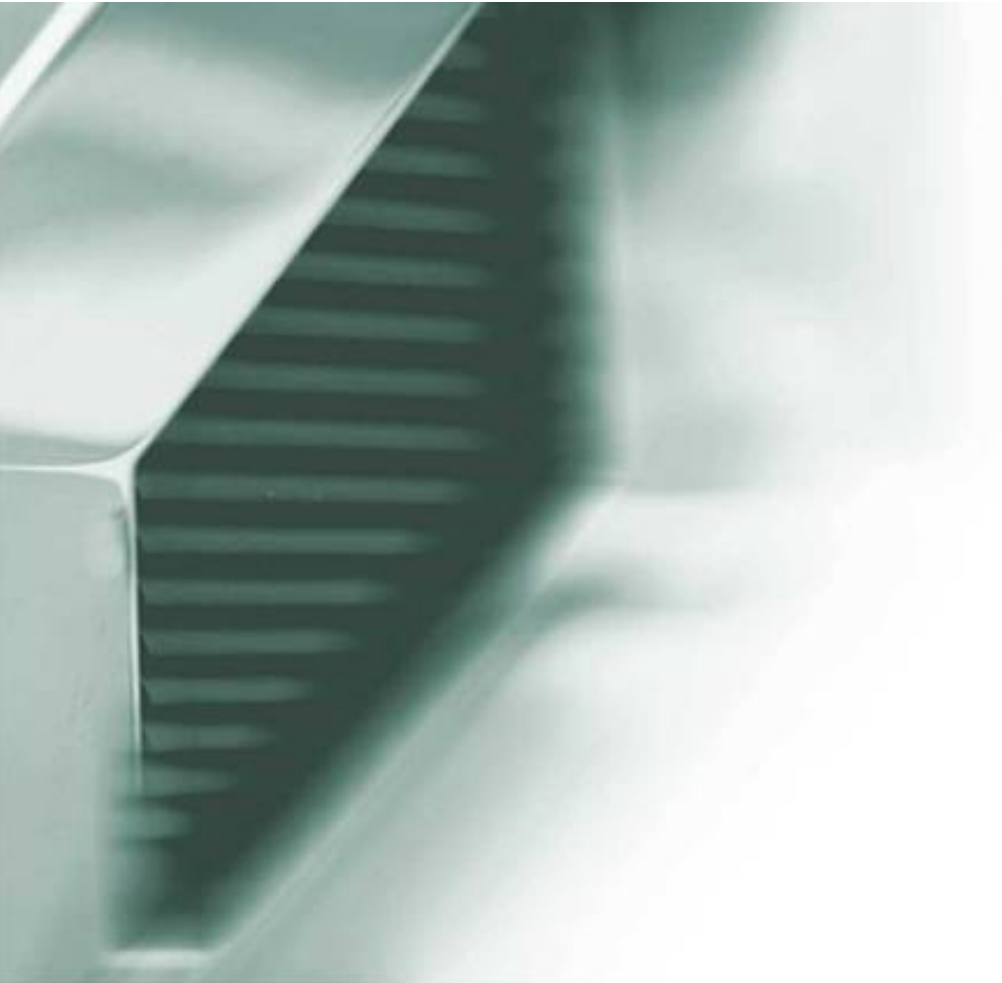


In Focus

- Launch US 07 products
- Production ramp-up in Europe
- Integration of Nissan Diesel

* Excluding goodwill adjustment of SEK 1,712 M due to release of valuation reserves for taxes

Renault Trucks



- Deliveries down 11%
- Deliveries excl. Renault Mascott up 5%
- New Renault Maxity well received, 900 trucks delivered in March
- Investment in cab manufacturing in Blainville SEK 530M
- Improved productivity towards the end of the quarter

Mack Trucks

- Deliveries down 47%
- Capacity adjustments implemented early
- Slow ramp-up of US 07 products
- Introduction of TerraPro Cabover and TerraPro Low Entry.



Mack Trucks

MACK TerraPro Cabover Concrete Pumper



MACK TerraPro Low Entry

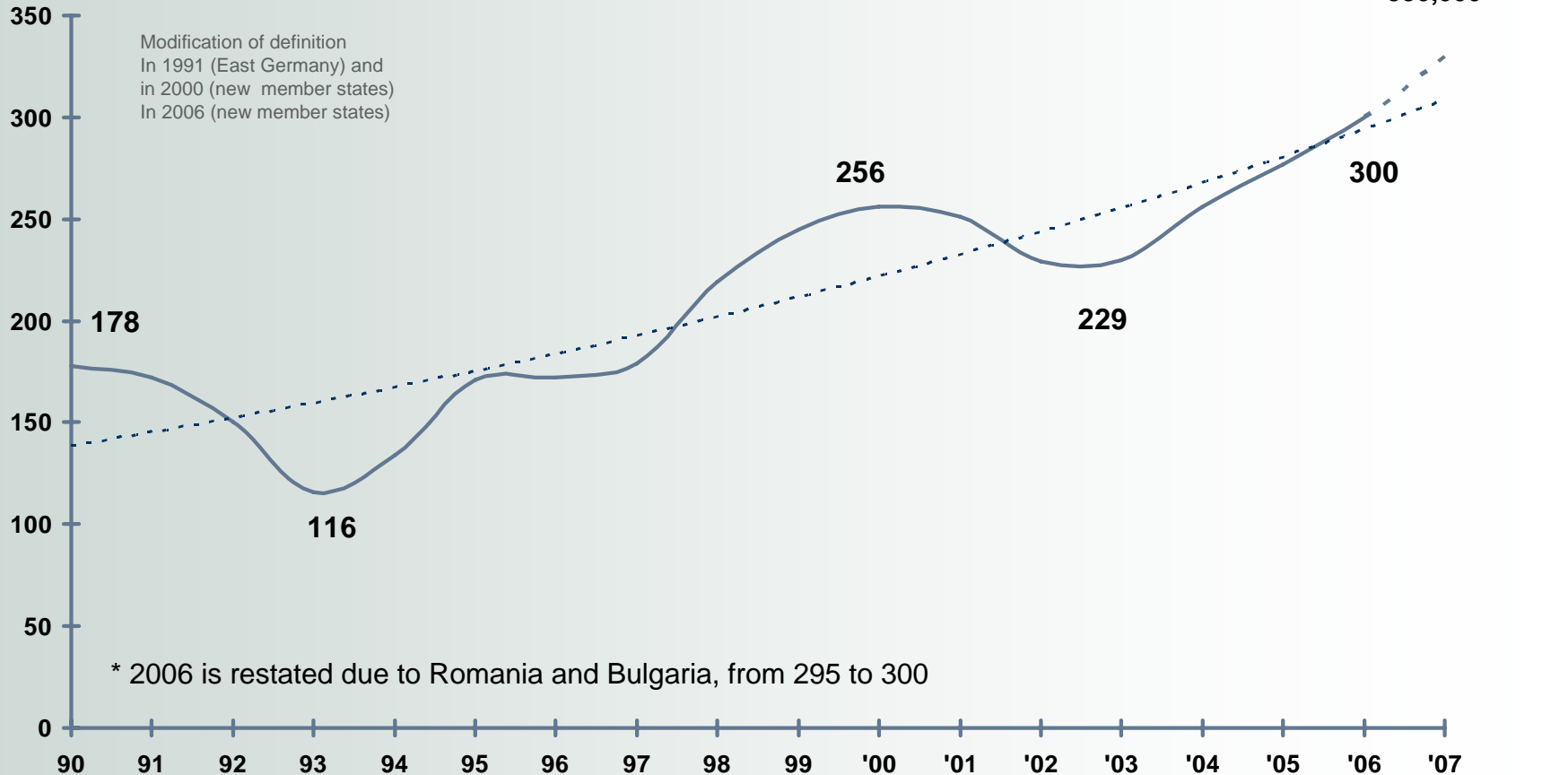


Heavy-Duty Truck Market - Europe

(EU members + Switzerland and Norway)



Units, Thousands (heavy trucks)

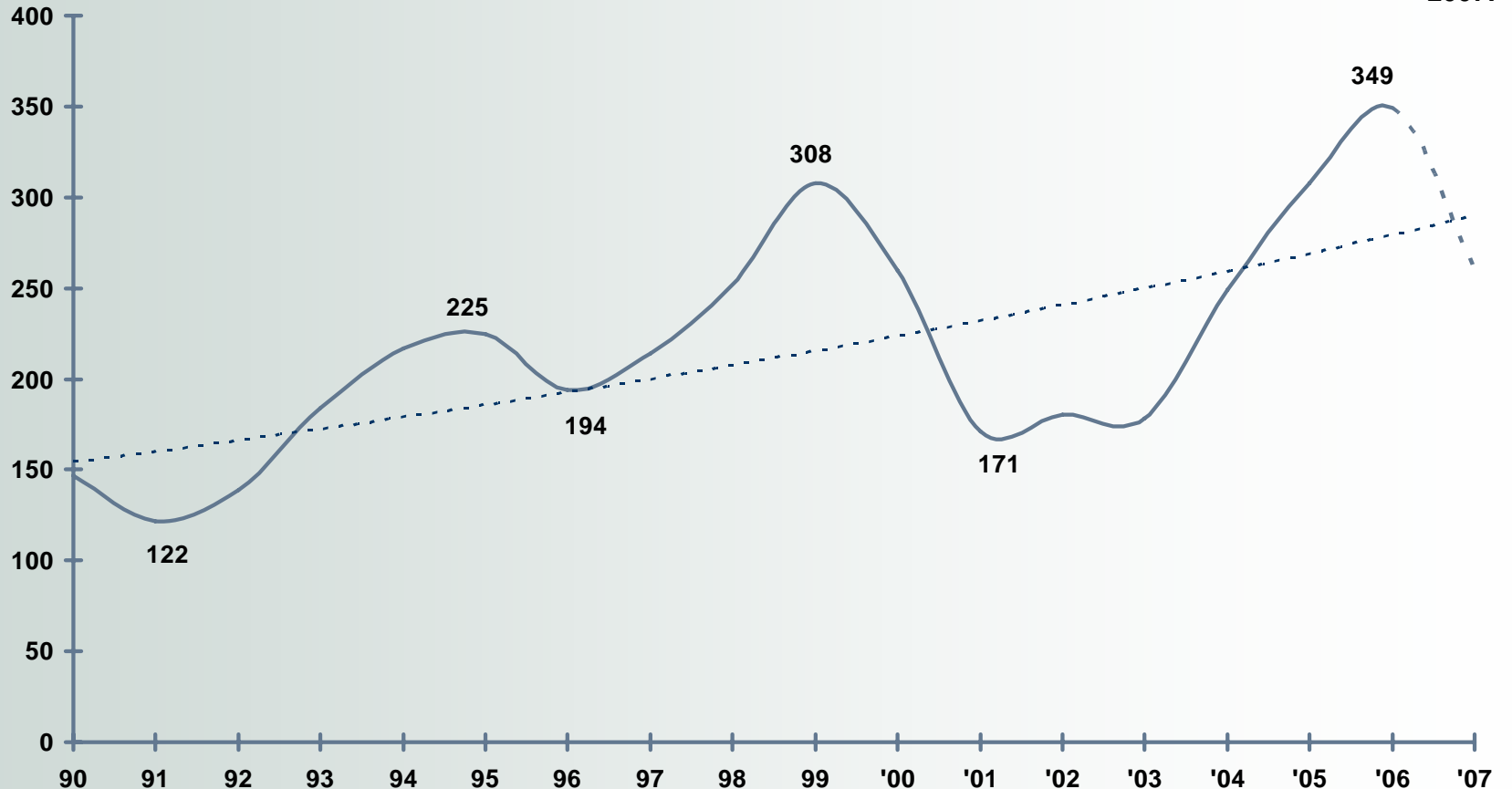


Heavy-Duty Truck Market – North America



Units, Thousands (heavy trucks)

Forecast
2007: ?



VOLVO

Staffan Jufors
President of Volvo Trucks

Agenda

Volvo Trucks' Strategy

- Product offerings
- Retail
- Market

Profitable Growth

- Russian expansion

In Focus 2007

STRATEGY - TRANSPORT SOLUTIONS



New products well received



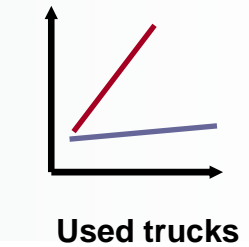
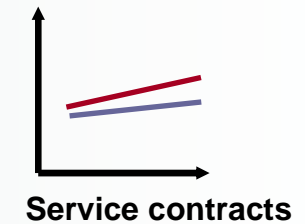
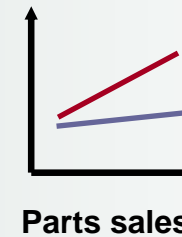
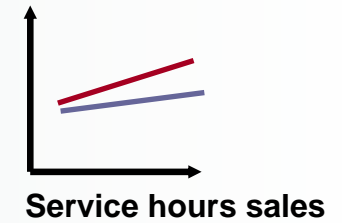


The Retail Strategy

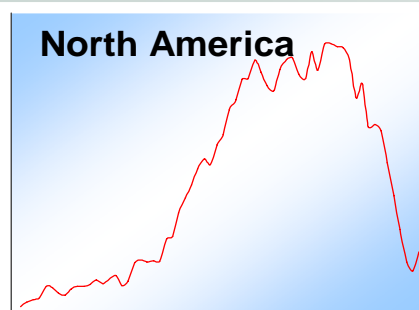
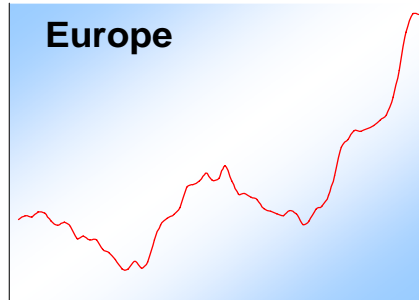
Europe

— 2006/7
— 2005/6

- Direct customer relations
- Widening customer offering
- Improved retail competence
- Better partner to private dealers



Market



- Full capacity utilization except in North America
 - Bottle neck management for Europe and International
- Manage changeover to US07
 - Cost structure prepared
 - Disturbances in Q1
 - Gradual ramp-up in Q2/Q3
 - Intend to achieve price levels for US07 Technology
- Changeover to US07 in North America offset by upturn in Europe and International

Market Information

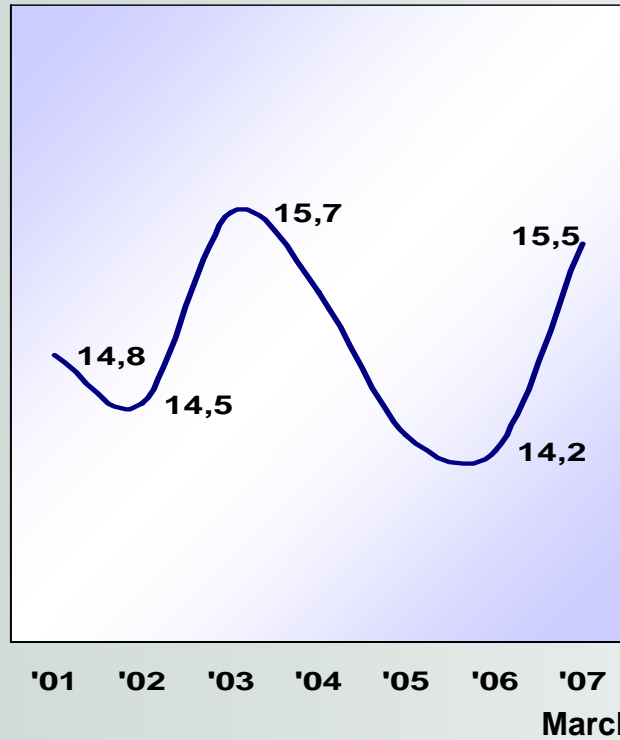
Deliveries

Market Area	y.t.d. March	
	2007	Change
ALL MARKETS	23 886	0%
Europe	13 743	24%
- West Europe	10 125	9%
- East Europe	3 618	111%
North America	4 993	-43%
South America	1 997	33%
Asia	2 038	12%
Other	1 095	44%

Market Share Development

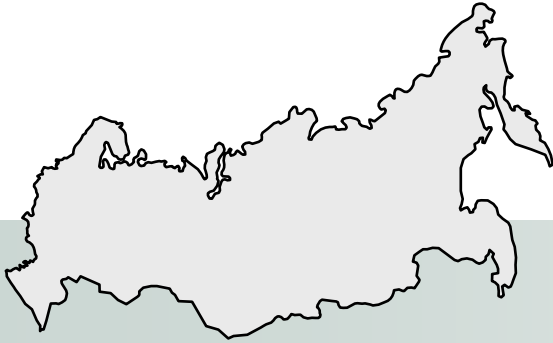
Main Markets

Europe



North America





Profitable Growth in Russia

- Population: 130,000 units of foreign heavy-duty trucks 2006
-Volvo leading with 25%
- Strong brand image

- Strong performance

	2003	2004	2005	2006
Market share (%)	21	20	25	25
Deliveries (no of units)	463	673	1,339	2,436

- Expansion plan

	2006	2010
- Sales/Service	1	~ 10
- Volvo Truck Centers	31	~ 40
- Independent Workshop	17	~ 30
- Sales offices		
- New Russian plant for 10,000 units decided		

In focus 2007

Future looking activities

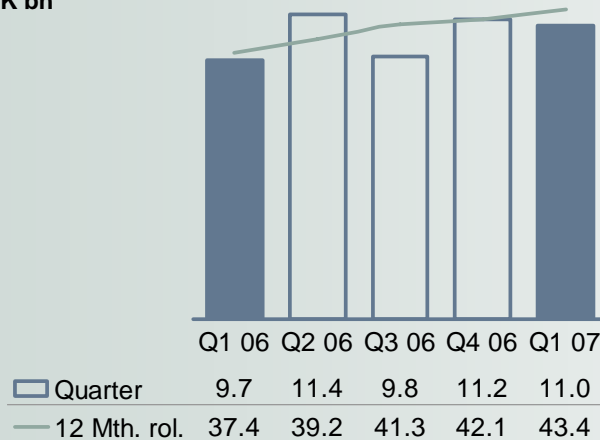


- Increase capacity to meet strong demand
- Manage changeover to US07
- Profitability Management



Net sales

SEK bn

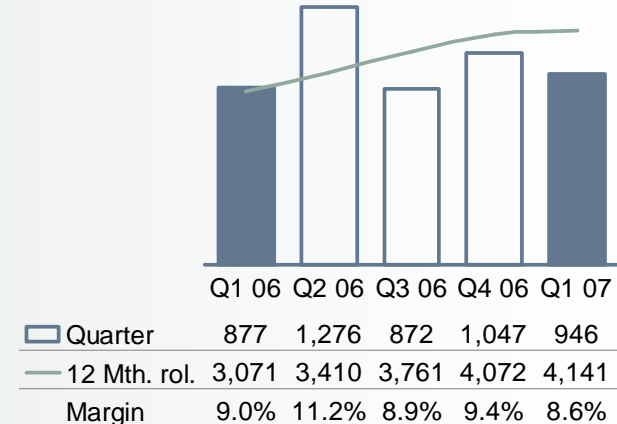


Highlights

- Global demand for heavy equipment up 10%
- Europe up 20%, NA down 17%
- Good growth in sales and operating income
- 1.1 SEK bn investment in components factory
- Lingong sales SEK 450M at break-even

Operating income

SEK M



In Focus

- Integration of Ingersoll Rand and Lingong
- Capitalize on new products
- Continue to expand into new customer segments
- 11 new Wheel Loaders and 13 new Excavators launched

Volvo Construction Equipment

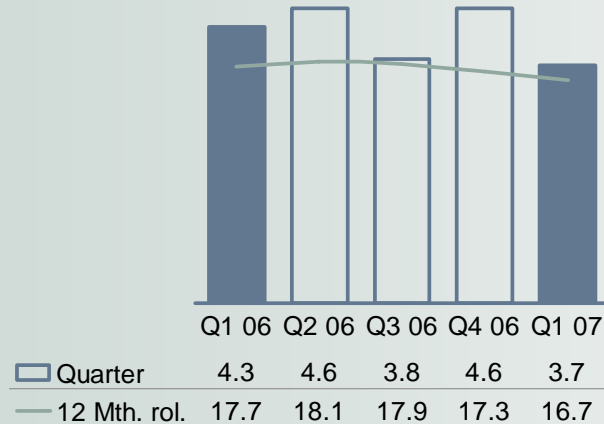
New products presented at the worldwide show Bauma





Net sales

SEK bn

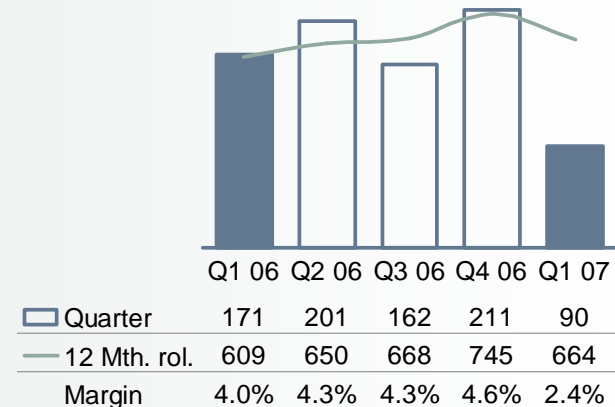


Highlights

- Deliveries -17% behind last year
- Supplier disturbances Q1
- South America strong order intake

Operating income

SEK M



In Focus

- Delivery of new products
- Europe profitability program
- Mexico capacity adjustment

Volvo Buses

Commercial Vehicle Award in Finland

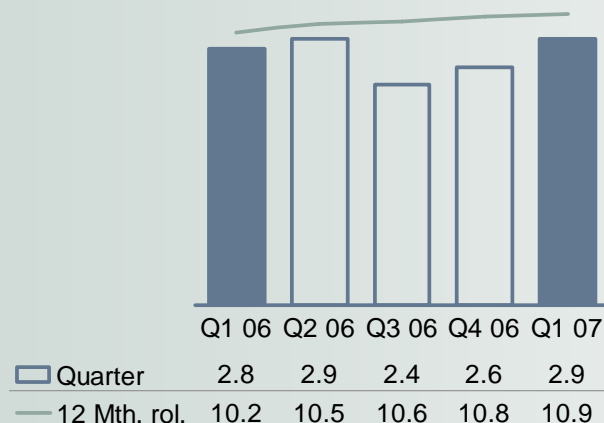
- Euro5 emission standard
- Reduced fuel consumption
- Part of Jokeri BRT system





Net sales

SEK bn

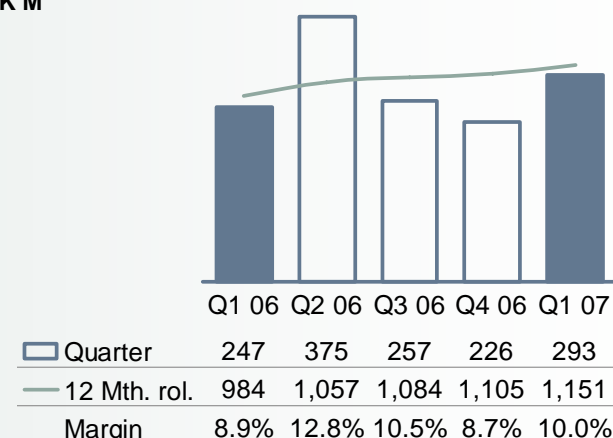


Highlights

- Strong development for industrial engines
- Operating margins strengthened
- New products well received in the market

Operating income

SEK M

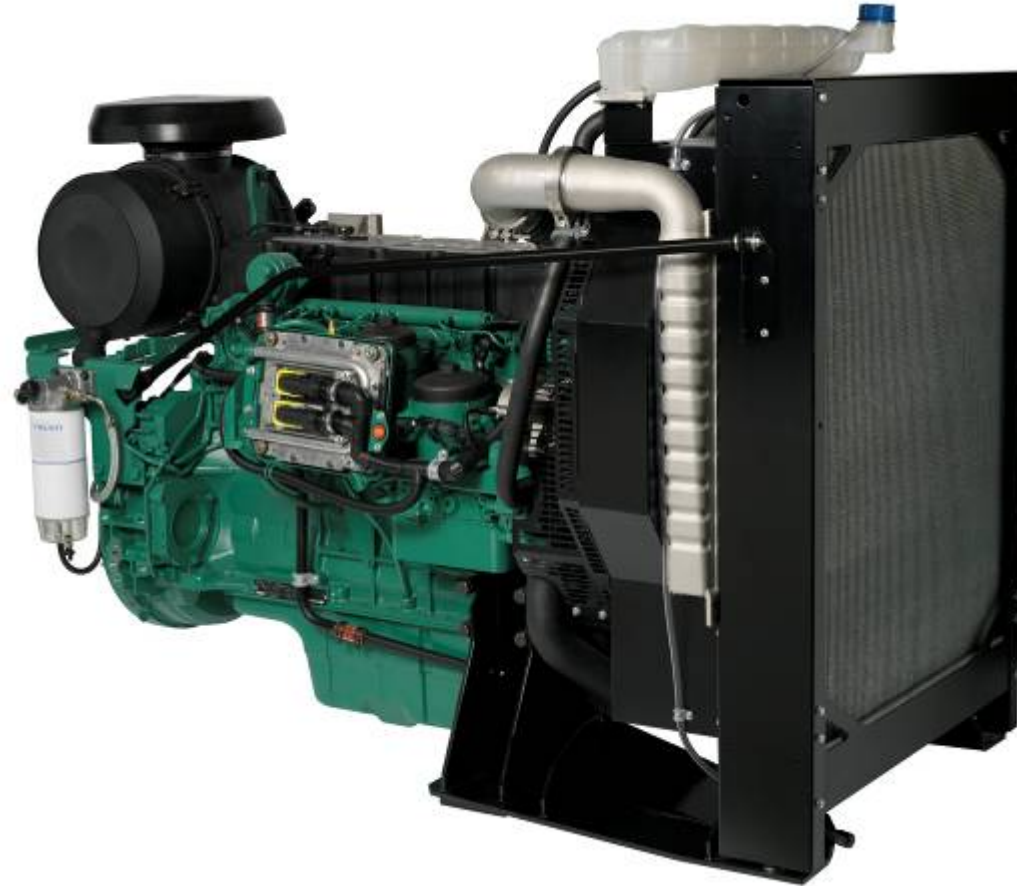


In Focus

- Delivery precision and supply chain management
- Product and customer support
- Secure successful product introductions

Volvo Penta

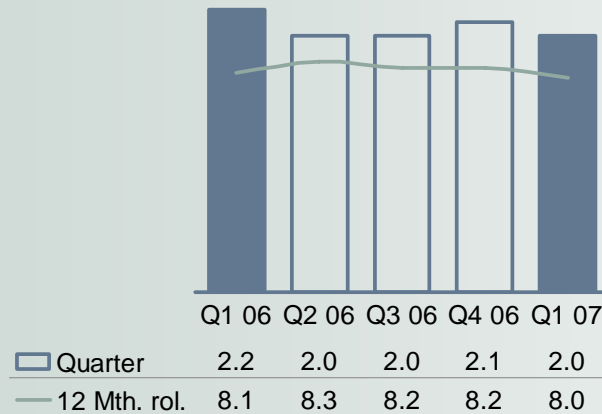
The new 7-liter engine for diesel-powered gensets





Net sales

SEK bn

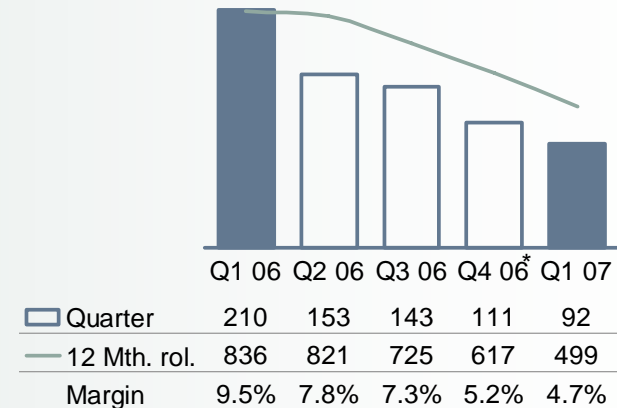


Highlights

- Operating income affected by closure of Bromma plant
- USD negative impact
- Strong market development
- Component business continues to grow
- Sales record for the new GEnx engine

Operating income

SEK M



In Focus

- Cost efficiency
- Material cost
- Closure of Bromma plant
- New business opportunities

* Excluding costs of SEK 258 M from closing the Bromma plant

Volvo Aero

First flight with the new GENx engine in February 22, with six components from Volvo Aero

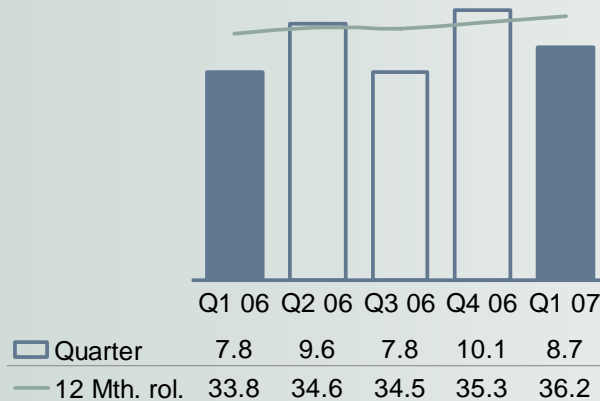


Financial Services



New retail financing

SEK bn

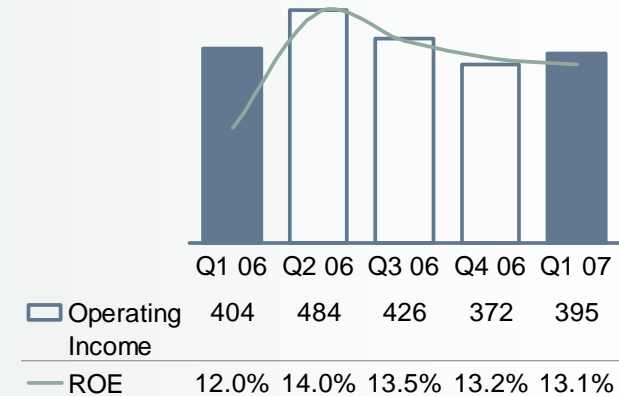


Highlights

- Revised equity level
- Strong retail volume Q1
- Improved penetration levels
- Stable portfolio risk parameters

Operating income and return on equity

SEK M



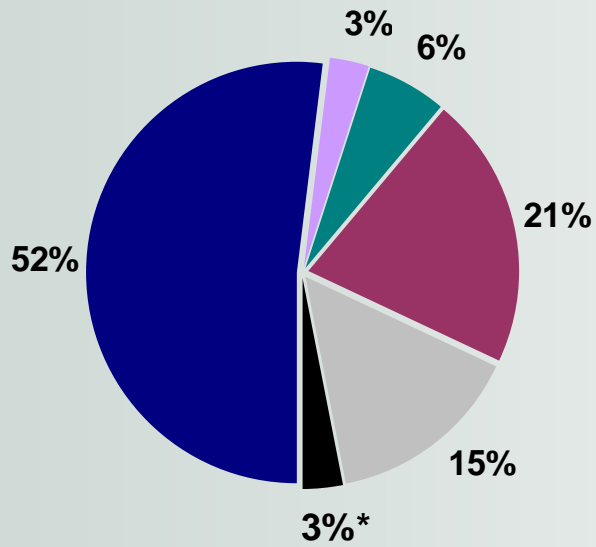
In Focus

- Financial Services integration for recent group acquisitions
- Activities to establish operations in Slovakia, Hungary and South Korea
- Developing new strategies to enhance operational excellence

Volvo Financial Services

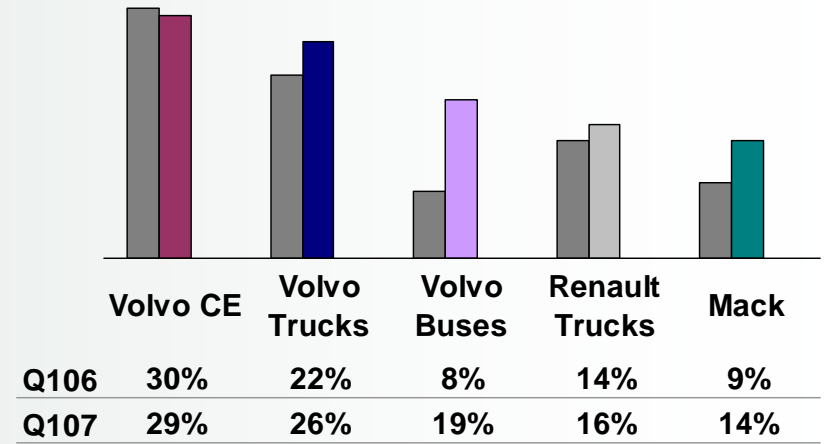


New financing



*Volvo Aero and Volvo Penta.

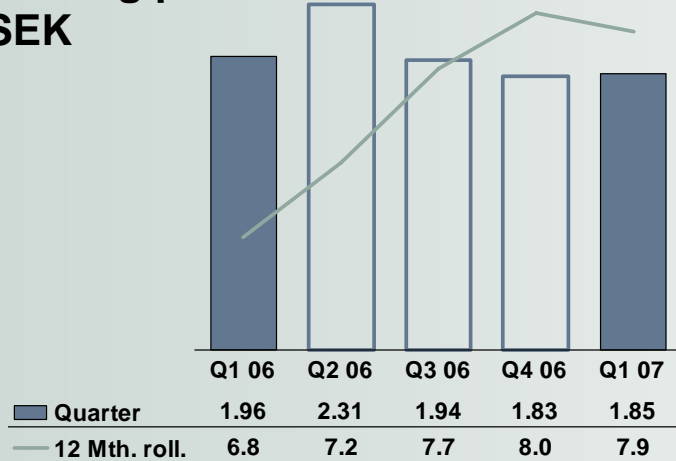
Penetration on new financing



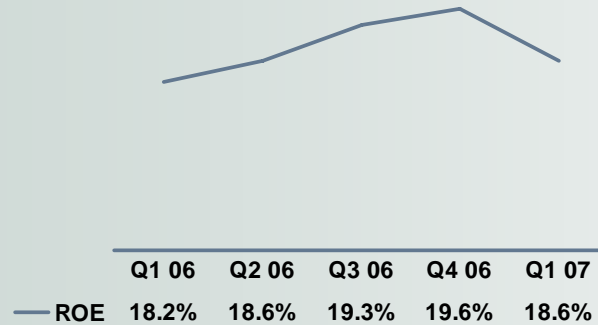
Group Summary



Earning per share SEK



Return on equity



- Continued good financial performance
 - Operating income SEK 5.3 bn
 - Earnings per share SEK 1.85
 - Return on equity 18.6%
- Truck operating margin at all-time high, 9.5%
- Secure US 07 ramp-up
- Integrating acquisitions
- Production ramp-up in Europe and International