

VOLVO

Second Quarter 2007

Press Conference, July 25, 2007

Group Highlights

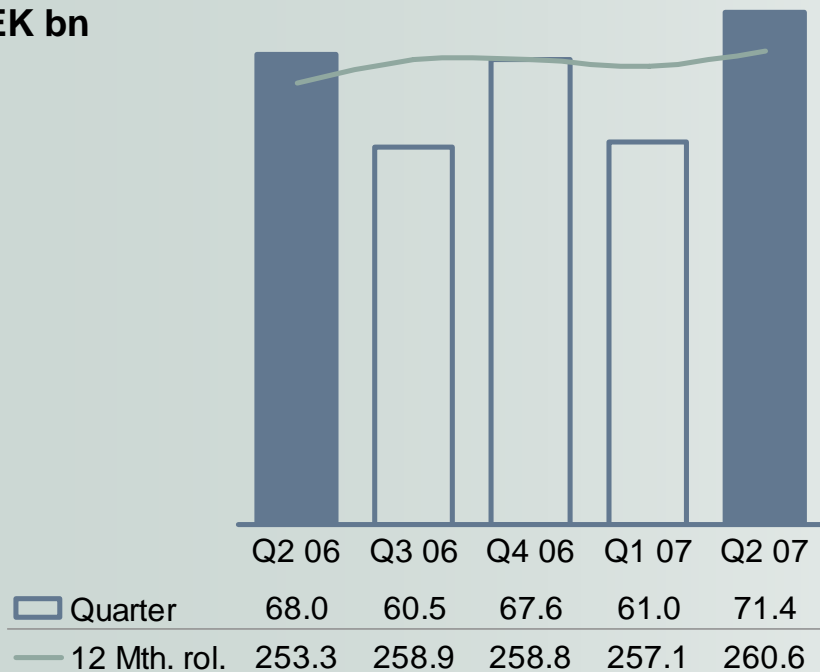


Second Quarter

- Business environment
 - Europe and International strong
 - North America and Japan softer/prebuy
- First quarter with Nissan Diesel and IR Road Development – 12,000 new employees
- Investing in increased manufacturing capacity for heavy diesel engines and gear boxes (Skövde and Köping)
- SEK 20 bn distributed to shareholders

Net sales

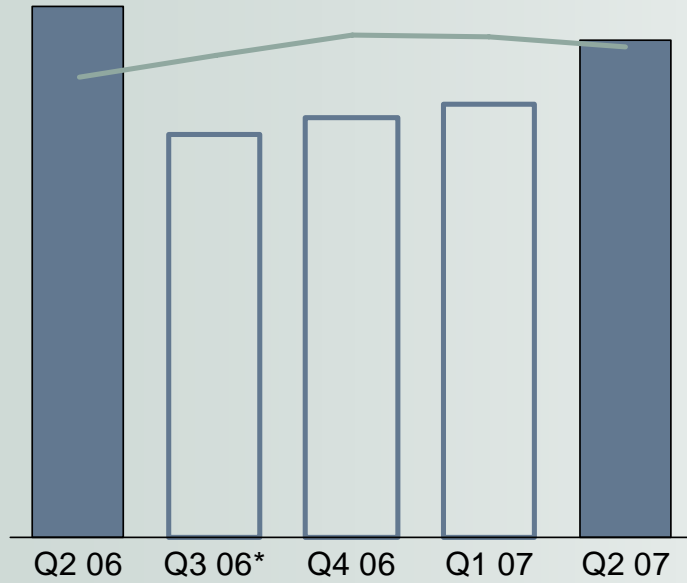
Net sales
SEK bn



- Net sales up 5%
 - Nissan Diesel SEK 4.6 bn
 - IR Road Development SEK 1.1 bn
- Adjusted for FX and acquired and divested units, net sales down 1%
- Trucks North America down 54%
- Strong development outside North America
 - Europe up 10%
 - South America up 13%
- Strong organic growth in Volvo CE (16%) and Volvo Penta (13%), FX adjusted

Operating income

Operating income
SEK M



	Q2 06	Q3 06*	Q4 06	Q1 07	Q2 07
Quarter	6,539	4,972	5,170	5,328	6,119
Margin	9.6%	8.2%	7.6%	8.7%	8.6%
12 Mth. rol.	20,235	21,203	22,111	22,009	21,589

- + Product and market mix
 - Strong Europe and International
- + Price realization
- + Aftermarket and retail business
- + Divested companies (SEK 516 M)

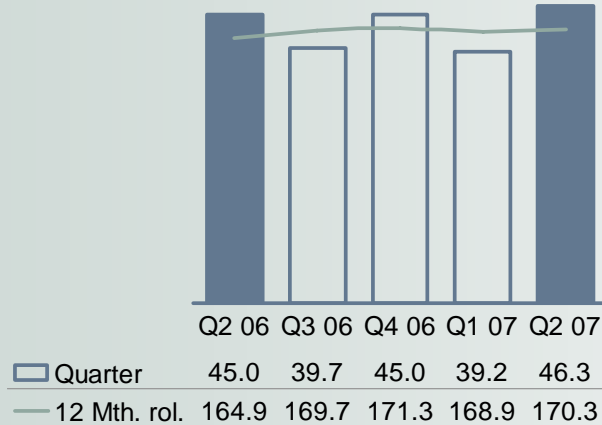
- US truck operations
- Nissan Diesel
- R&D (SEK 370 M)
 - Lower capitalization
 - Higher amortization
- Currency impact (SEK -700 M)

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

Trucks



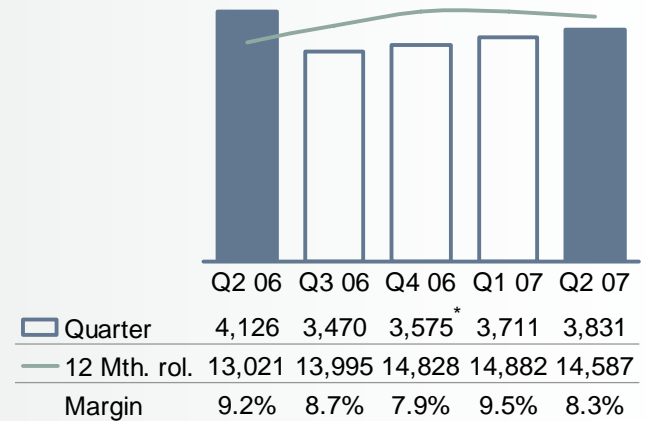
Net sales – SEK bn



Highlights

- Very strong performance in Europe and “Int.”
- North America
 - Market drop/production disturbances
 - Good reception of US 07 products
- Capital gain of SEK 316 M
- Operating margin for comparable units at 8.8%

Operating income – SEK M



In Focus

- Ramp-up of US 07 products – productivity
- Manage high demand outside US and Japan
- Integration of Nissan Diesel

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

Volvo Trucks



- Strong order intake
- Deliveries
 - Europe +13%
 - Asia +18%
 - North America -79%
- Good reception of US'07 trucks
- Continued expansion of European dealer network

Renault Trucks



- Strong order intake for heavy and medium duty trucks
- Light truck orders down due to model change over
- Deliveries of the new EU4 version of Renault Mascott have started
- Much improved industrial productivity
- Improving profitability

Mack Trucks

- Deliveries down 62%
- Positive customer reception from road show, introducing US'07 engine family
- Improved order intake for vocational trucks
- Continued good performance in the dealer network



Nissan Diesel

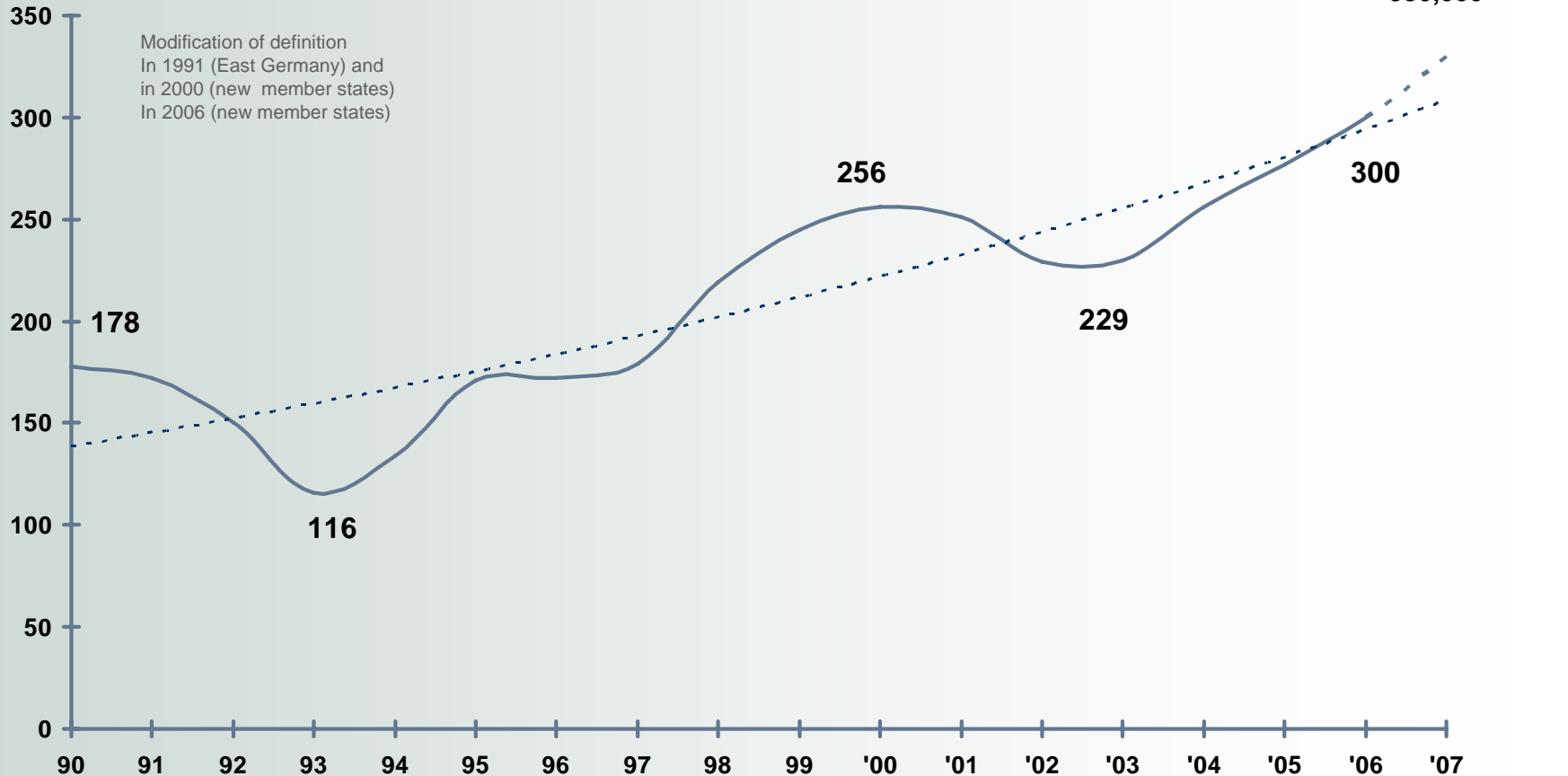
- Early introduction of new emission technology – ahead of competition
- Deliveries in the second quarter was 10,011, down 36%
 - Temporary gap in product availability to Nissan Motors
 - Weak Japanese market compensated by export growth
- Operating income at SEK 94 M, excluding acquisition related costs:
 - Inventory revaluation SEK -82 M (one time Q2)
 - Depreciation/Amortization of SEK -158 M (ongoing)
- Integration work

Heavy-Duty Truck Market - Europe

(EU members + Switzerland and Norway)



Units, Thousands (heavy trucks)

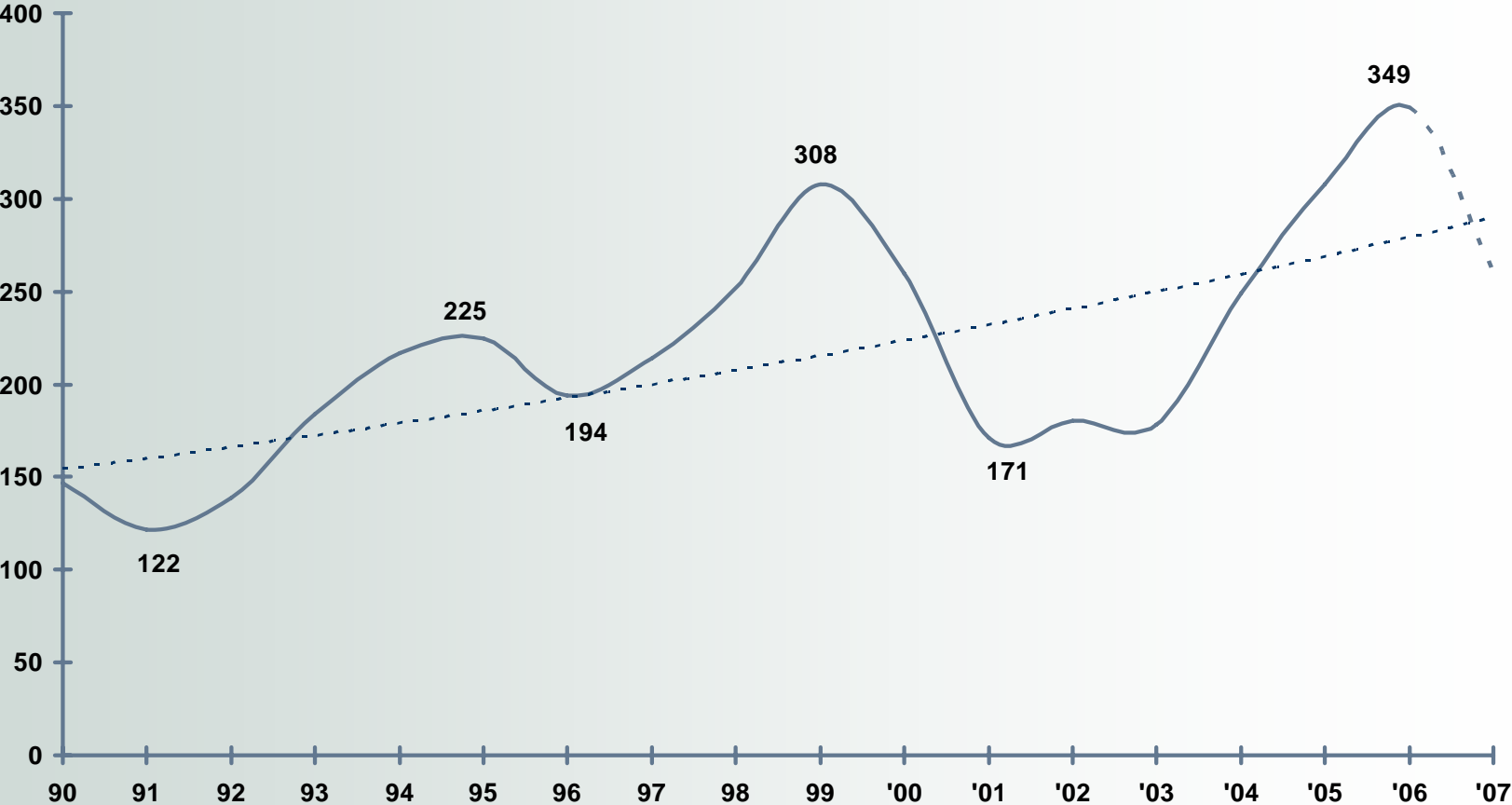


Heavy-Duty Truck Market – North America



Units, Thousands (heavy trucks)

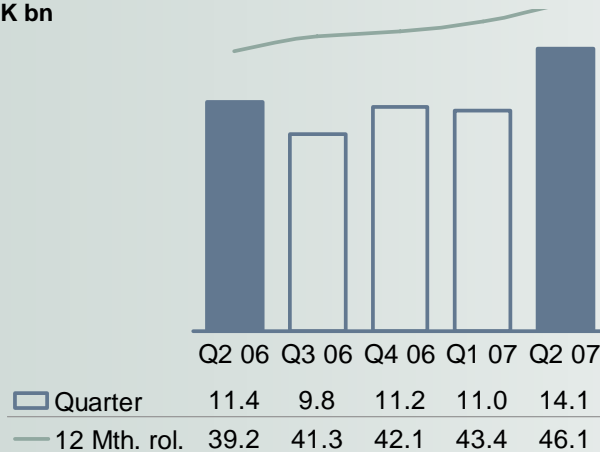
Forecast
2007: 200-220,000





Net sales

SEK bn

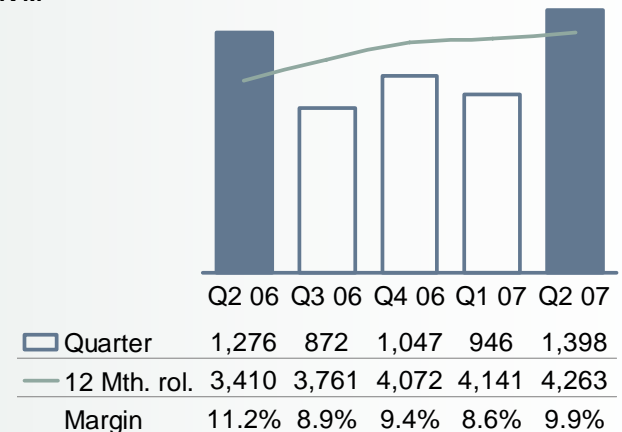


Highlights

- Global demand for heavy equipment up 14%
 - Europe up 12%, NA down 18%
- Good growth in sales and operating income
- Successful marketing events
 - Bauma and Customer days

Operating income

SEK M



In Focus

- Capitalize on strong momentum
- Manage capacity issues
- Integration of IR product portfolio

Volvo Construction Equipment

Rapid integration of IR Road Development product portfolio

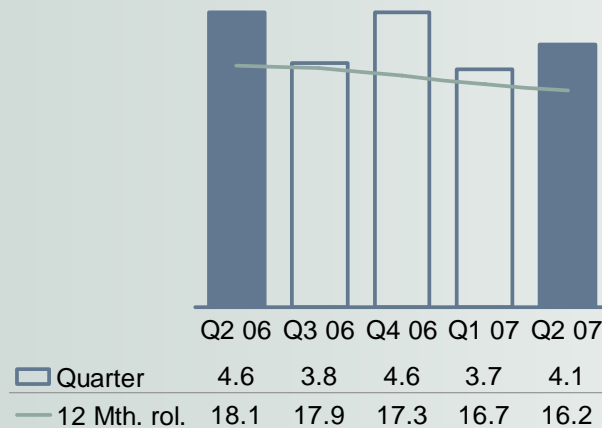


Adding annual volumes of 4-5,000 Volvo engines (> 4 Litre)



Net sales

SEK bn

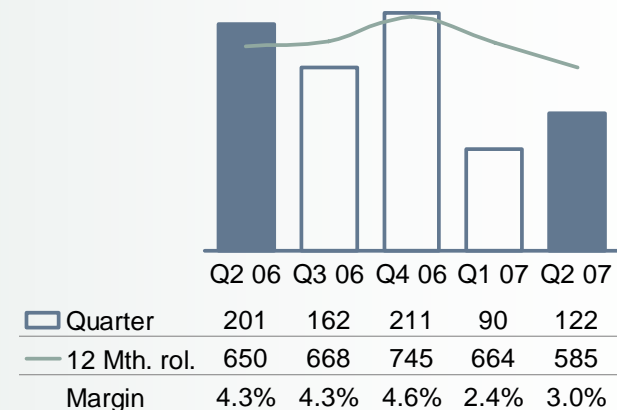


Highlights

- North America coach market down
- Stable market shares in key markets
- Limited availability of city range Europe

Operating income

SEK M



In Focus

- Introduction of city bus engine solutions in Europe
- Mexico capacity adjustment
- Hybrid development

Volvo Buses

Hybrid technology will bring progress

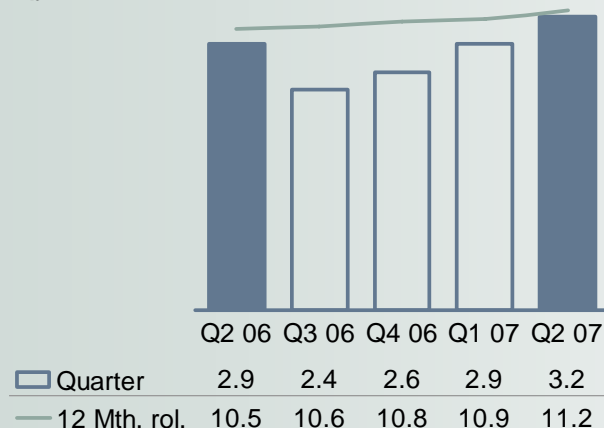


- 116 million SEK from Swedish Energy Agency
- 35% reduced fuel consumption
- Unique parallel hybrid concept
- Field test in London 2008, 6 double deckers



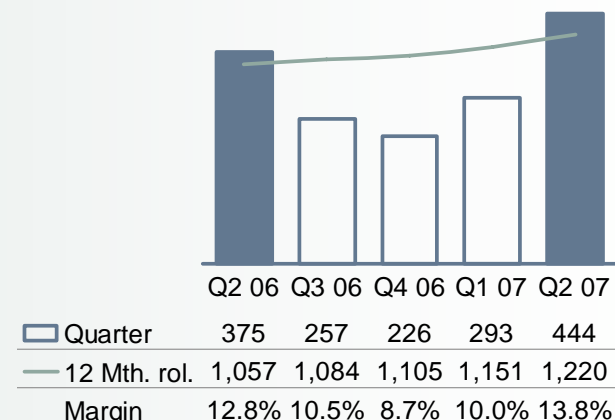
Net sales

SEK bn



Operating income

SEK M



Highlights

- Strong sales development in Europe, +14%
- Good development for industrial engines, +13%
- Operating margin at 13.8%

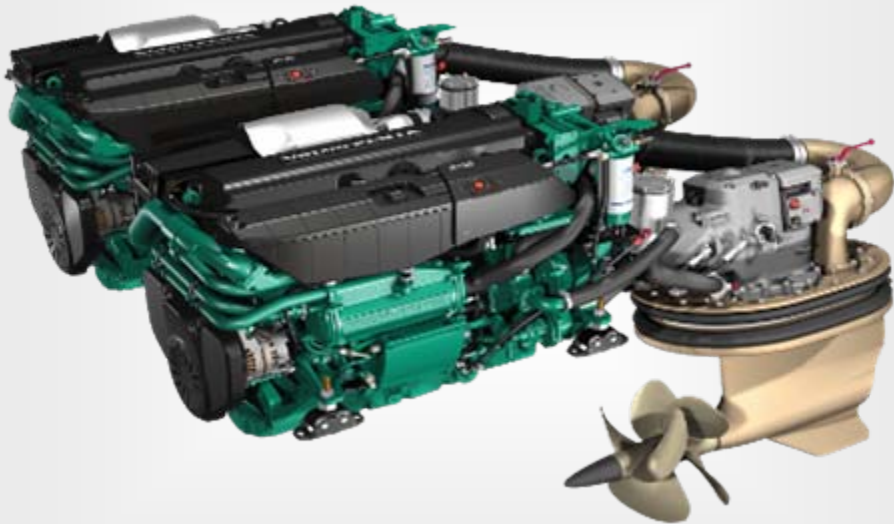
In Focus

- Capacity increase in the Vara plant
- Support new products
- IPS for D9 and D11

Volvo Penta

New products from Volvo Penta

IPS750/ IPS850



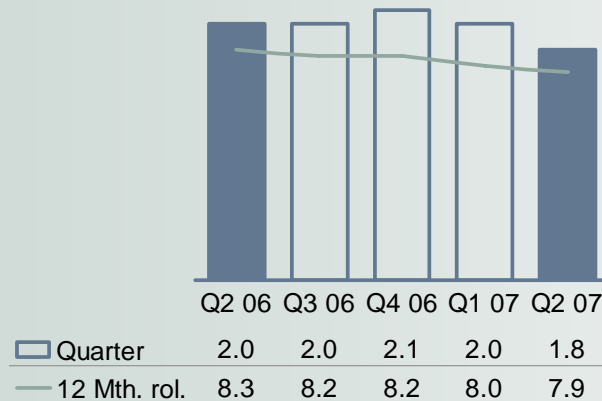
GPS Anchor





Net sales

SEK bn

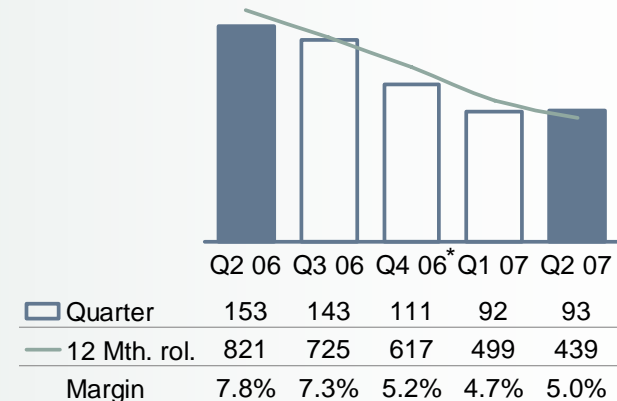


Highlights

- Strong market development
- Component business continues to grow
- Operational activities in Bromma closed

Operating income

SEK M



In Focus

- Leverage on light weight technology
- Capture higher value added market opportunities
- New integrated supplier solutions

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

Volvo Aero

Volvo Aero's GEnx components passed the Fan Blade Out test

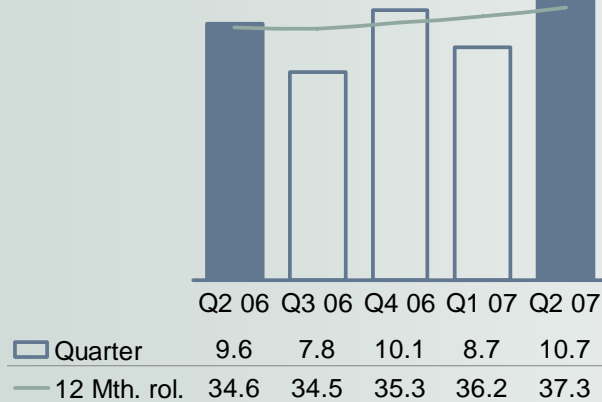


Volvo Financial Services



New retail financing

SEK bn

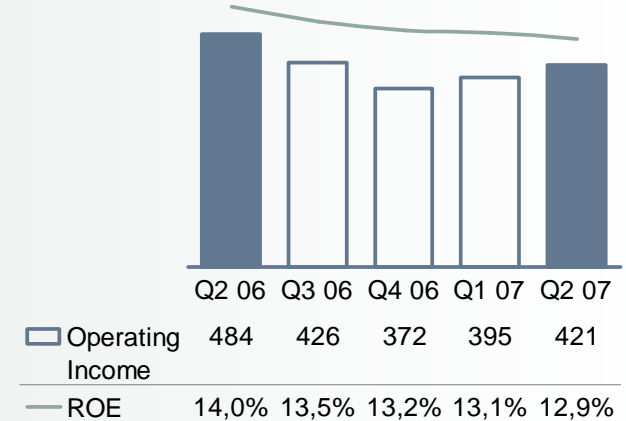


Highlights

- Improvement in retail volume and penetration
- Continued growth in Eastern Europe & Int.
- Commenced wholesale financing for Ingersoll Rand Road Development

Operating income and return on equity

SEK M



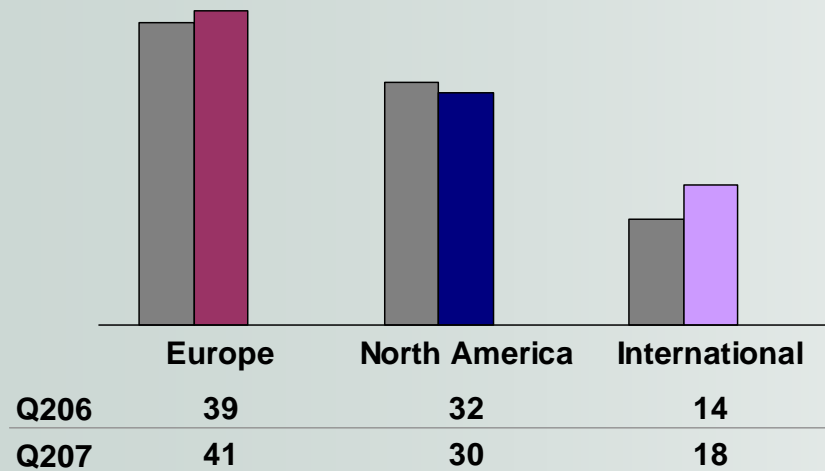
In Focus

- Customer satisfaction
- Financial offerings for recent Volvo group acquisitions
- Investigating new market opportunities

Volvo Financial Services

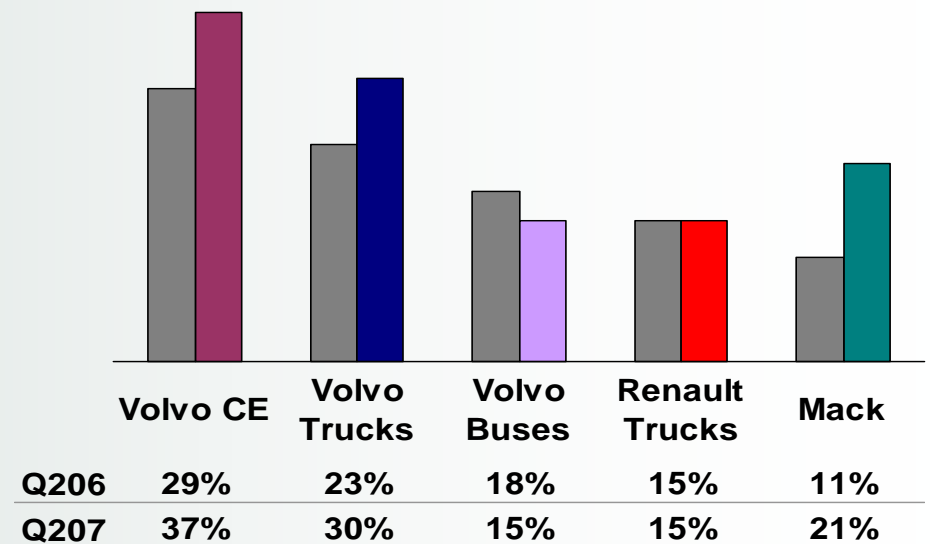


Managed Assets - BSEK



Penetration on new financing

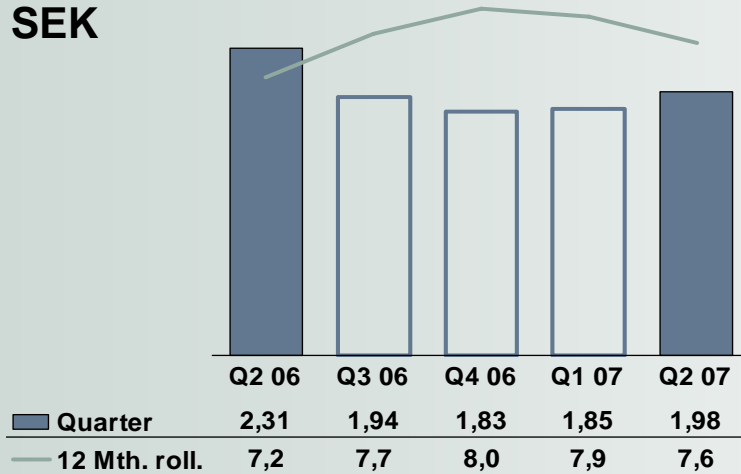
(Second Quarter isolated)



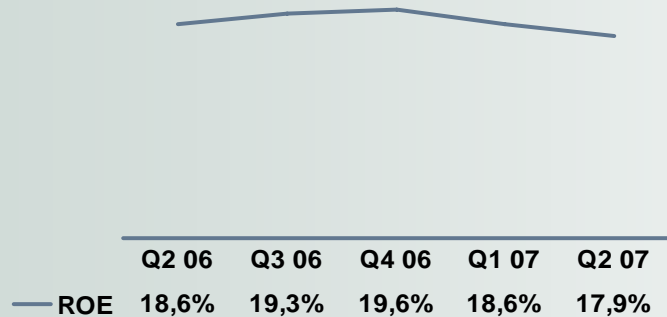
Group Summary



Earning per share SEK



Return on equity



- Good financial performance
 - Operating income SEK 6.1 bn
 - Earnings per share SEK 1.98
 - Return on equity 17.9%
 - Operating cash flow SEK 6.1 bn
 - SEK 20 bn distributed to shareholders

- Integrating acquisitions

- Secure ramp-up and productivity in North America

- Manage strong demand in Europe