



Volvo Construction Equipment Road Machinery

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Volvo Road Machinery



- Volvo Road Machinery Business Line
- Products, market opportunities and industrial set up
- Integration – updates
- Synergy opportunities

The Road Building Process



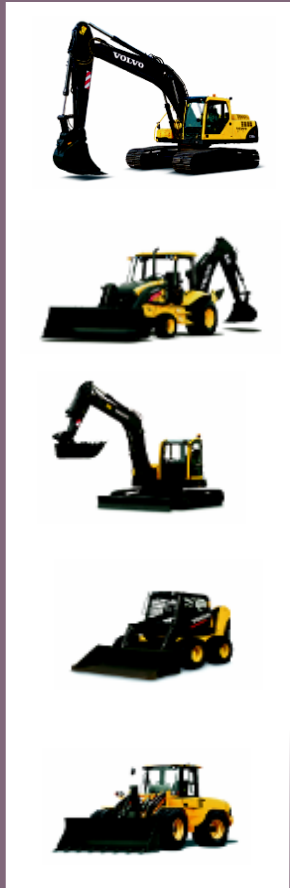
Land clearing



Excavating crushing



Utilities



Base construction



Paving



Asphalt compaction



Road maintenance



Comprehensive customer focused product portfolio

Pavers



ABG



Blaw Knox

Soil and asphalt compactors



Milling machines



Graders



Growing market for road machinery

- Building of new road systems in China, India, Eastern Europe and other emerging markets
- Increasing requirements for infrastructure investments in Europe and US

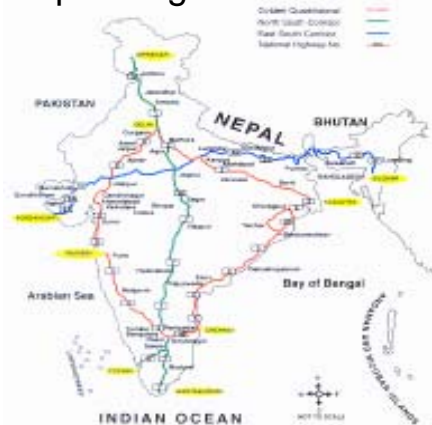
Russia

- Increase public highway system by 10% to 670,000 km and double 4-lane roads to 8,000 km by 2010



India

- \$320B of expected Infrastructure investment spending



China

- 2005-2010 planned Road Development spending of 150B RMB per year



Globally balanced and flexible industrial footprint

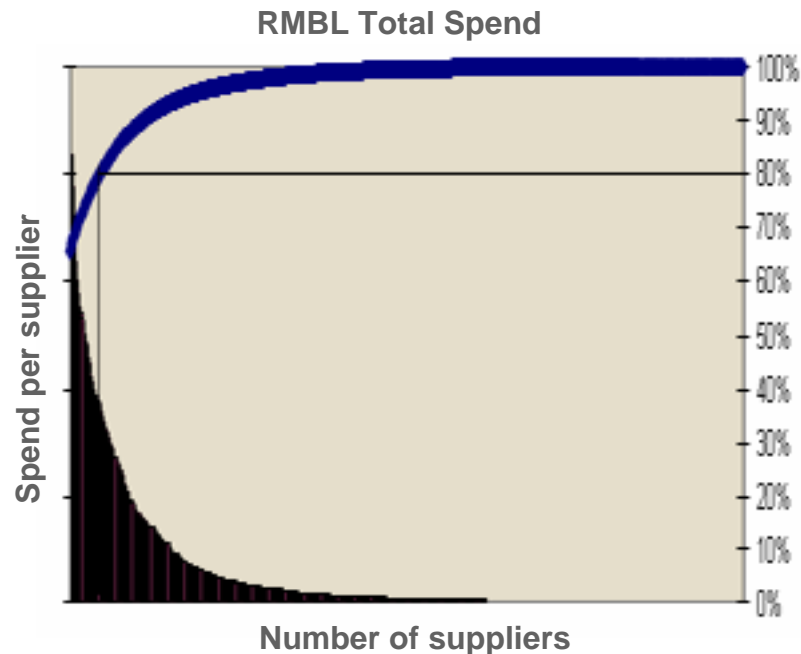


Integration status

- Acquisition closed 30 April 2007 except India, 4 May 2007
- Synergy potential confirmed and under implementation:
 - Wuxi, China, manufacturing relocated to LinYi
 - Structural integration of motor grader product line into Road Machinery business line completed
 - Purchasing & Supply Management opportunities identified
- Sales integration well underway
- Engine roadmap drafted
- Re-branding work nearing completion

Purchasing & Supply Management

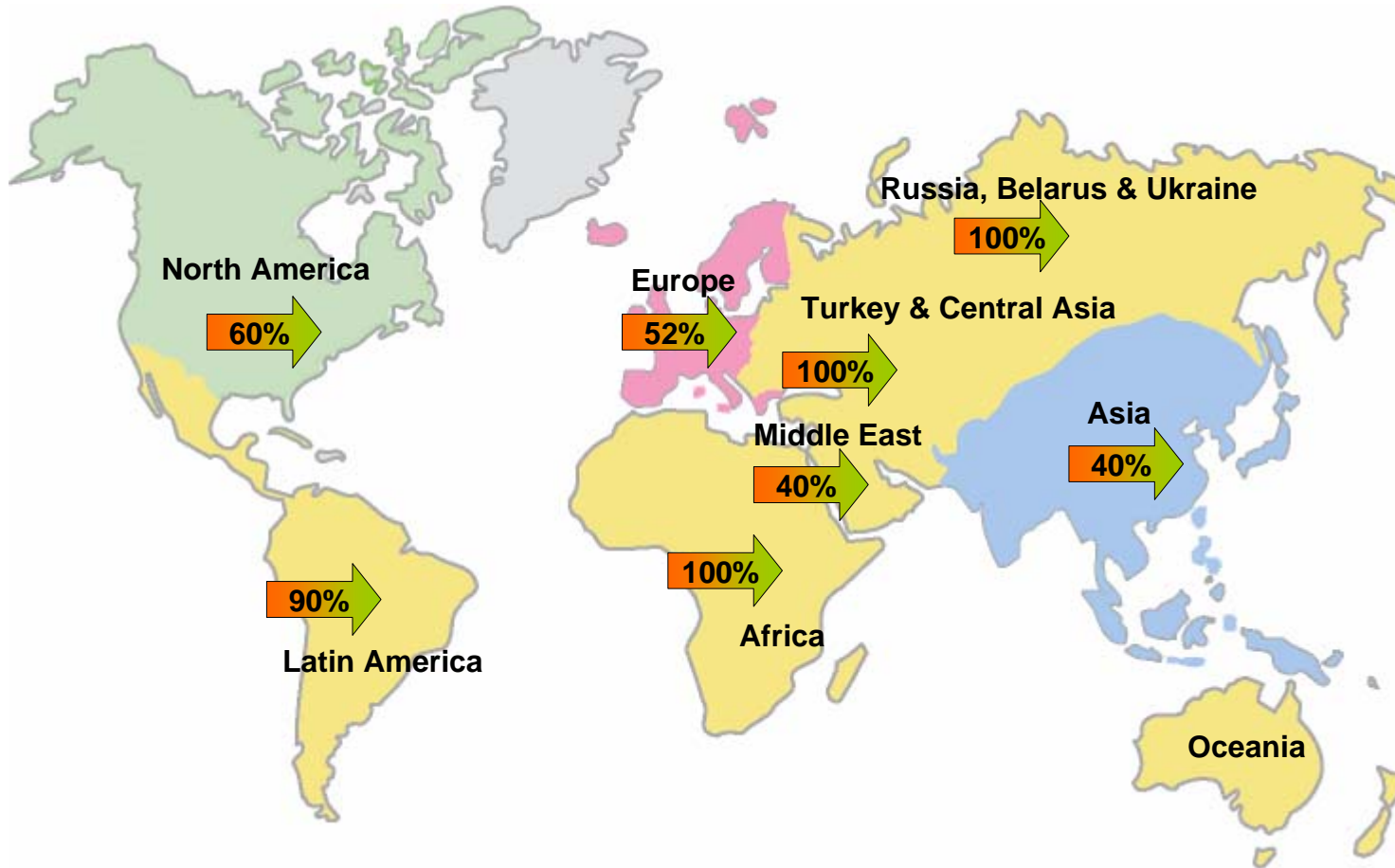
7.3% of total RMBL supplier base represent 80% of the total spend, leaving 92.7% with 20% of the total spend.



- Significant synergy opportunity with Volvo
- **20%** of spending with Volvo common vendors – negotiations underway to harmonize on best terms
- Major commodity cases under review for non-common suppliers. Large opportunities already identified

Distribution Channels Integration

Level of integration as a % of volume



- **International**

- Integration complete by year end 2008

- **Europe**

- Transitioned 52%
- In process 14%
- Integration complete by year end 2008

- **North America**

- Integration complete by year end 2008

- **Asia**

- Five common dealers and seven new Volvo dealers in Region Asia represent 40% of road business
- Synergy potential with Lingong will be reviewed

Revenue growth opportunities

- 
- Compelling commercial offer to dealers
 - Volvo CE Market share growth
 - Leverage existing Key accounts

- Migration to Volvo European channels

- Global

- Strong market fundamentals
- Leverage Volvo technology and knowledge for product expansion
- Volvo Financial Services

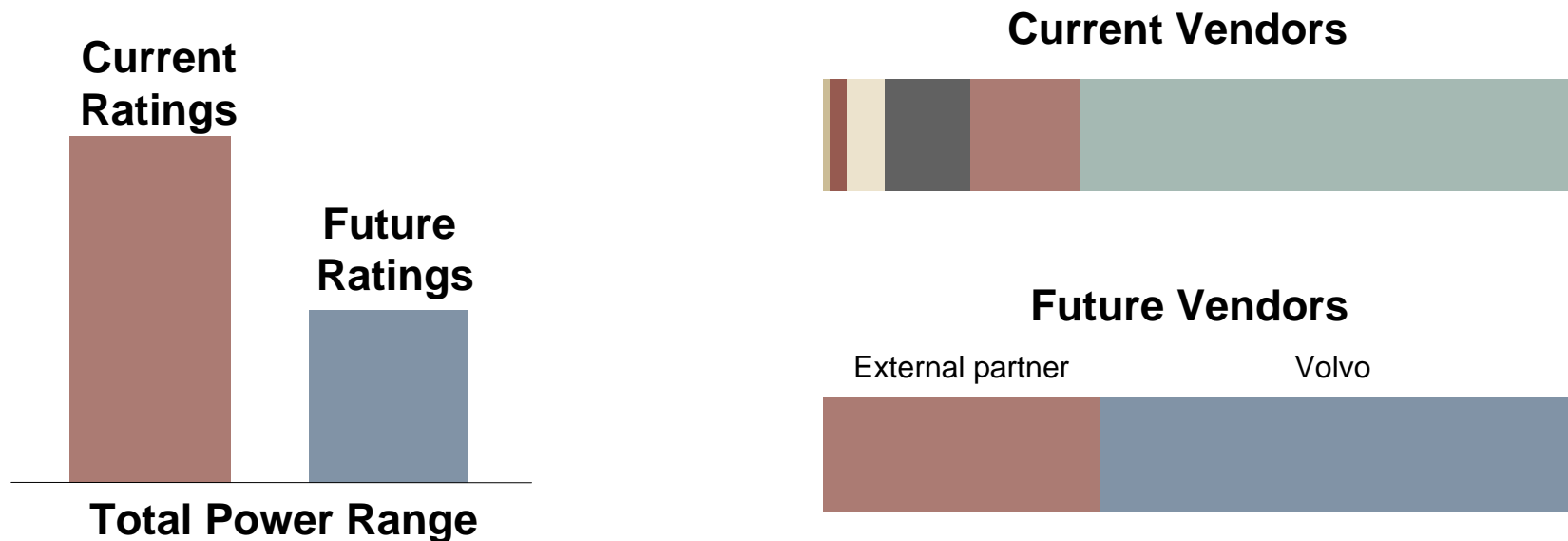
- Leverage Volvo Distribution in Asia

- Latin America expansion

Revenue growth – 2/3 of business case

Engine roadmap

- Number of ratings to be reduced by up to **50%** by Tier IV, while fulfilling market requirements
- From 6 suppliers to 2



Improved R&D leverage and captive engine business

Branding plan status



- Facilities external re-branding complete
- First Volvo branded machines off production line by year-end 2007
- First Volvo branded equipment pre-view November 14, EXCON - India
- North American “unveiling” of Volvo branded offering planned for ConExpo

Volvo Financial Services



- Revised estimates for North America of VFS synergy potential exceed original global target.
- Progress on achieving retail finance penetration ahead of schedule in North America

Further areas for synergies

- Industrial optimization
 - Core competence leverage with Volvo
 - Volvo Production system rollout commencing
 - Leverage Volvo Industrial Footprint
- Knowledge and technology transfer
 - Powertrain
 - Electronics and software
 - Noise and vibration
 - Cab technology
- Non-Automotive Purchasing

Summary



- Global market leadership position
- Outstanding market growth opportunities
- Comprehensive customer focused product portfolio
- Strategic and operational initiatives in place to continue to drive performance
- The Volvo Way