

**VOLVO**

**Stockholm**

February 20, 2007

**Leif Johansson**  
**President and CEO**

# Agenda

- Public offer to acquire 100% of Nissan Diesel
- Japanese truck and bus market
- Nissan Diesel company profile
- Synergies and rationale
- Summary



## Public offer to acquire 100% of Nissan Diesel

- Bid price 540 JPY/share
- Value of public offer about SEK 7.5 bn
- Bid period 21 February – March 23
- No lower acceptance threshold for withdrawal

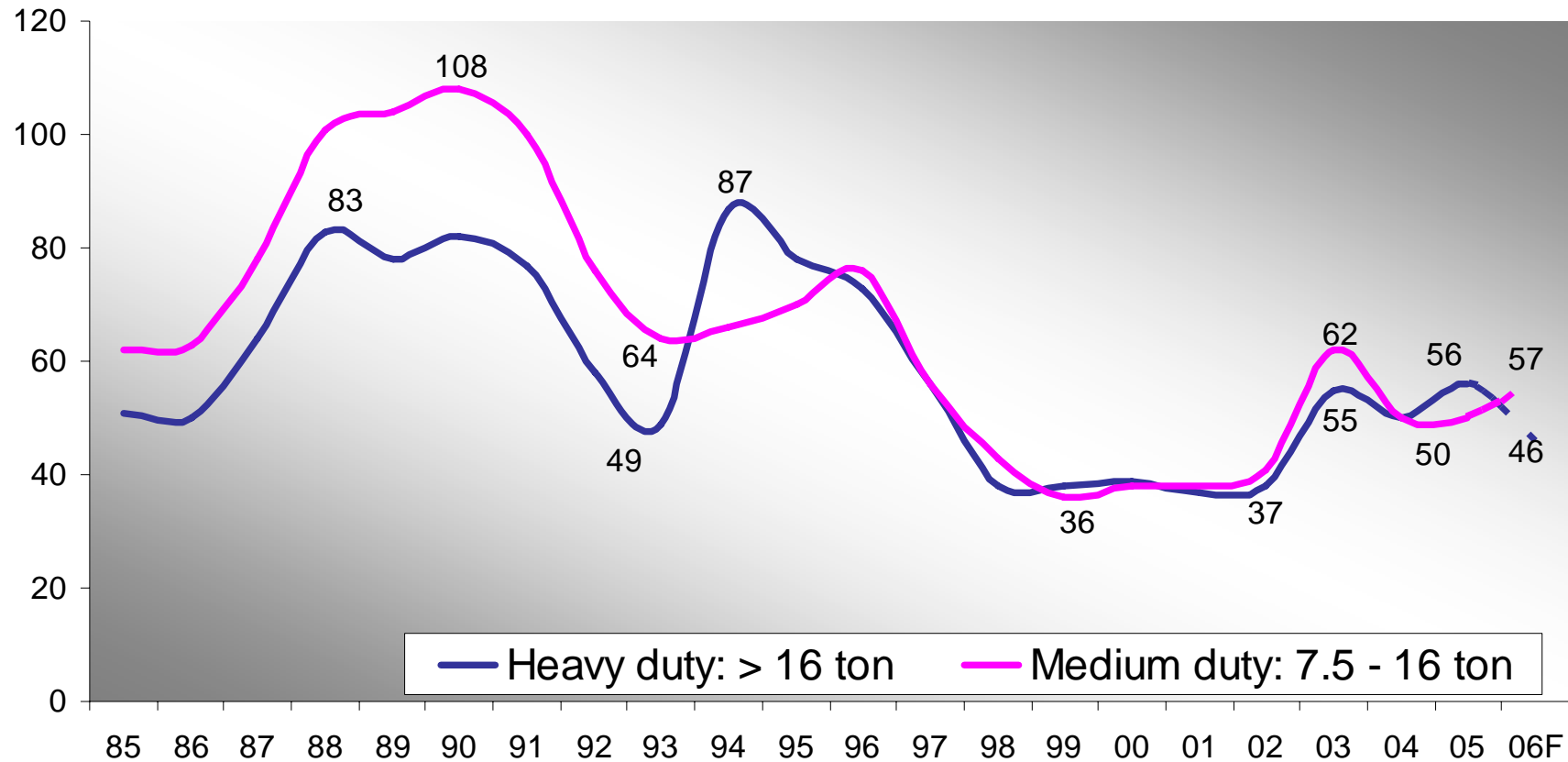
## Acquisition process of Nissan Diesel

	<u>Ownership</u>	<u>Paid</u>		
		SEK bn	JPY/share	
21 Mar 2006	+13%	1.5	569	
25 Sep 2006	+6%	0.5	439	
	+preference shares (27.5%)	3.5	341	
	<b>19% (incl. preference shares 46.5%*)</b>	<b>5.5</b>	<b>390</b>	
Public Offer				
20 Feb 2007	+53.5%	7.5	540	32% premium**
<b>If accepted</b>	<b>100%</b>	<b>13.0</b>	<b>469</b>	14% premium**

\* Fully diluted \*\* Based on average share price last three months

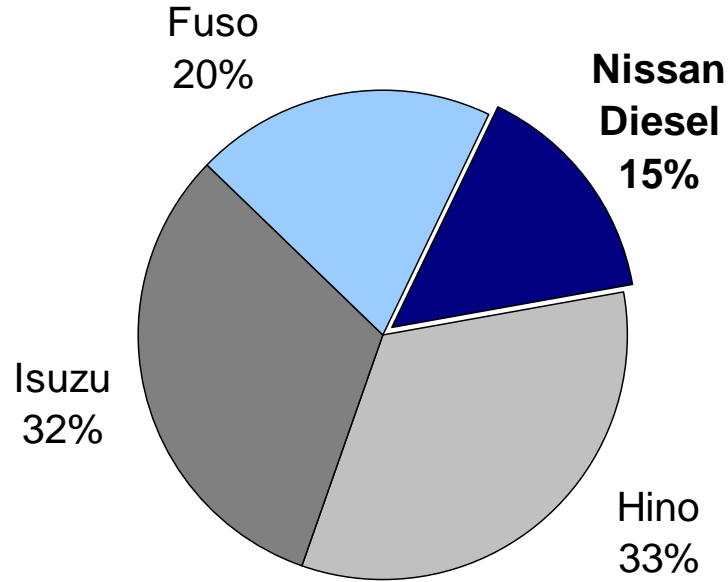
# Truck market in Japan

Units, Thousands



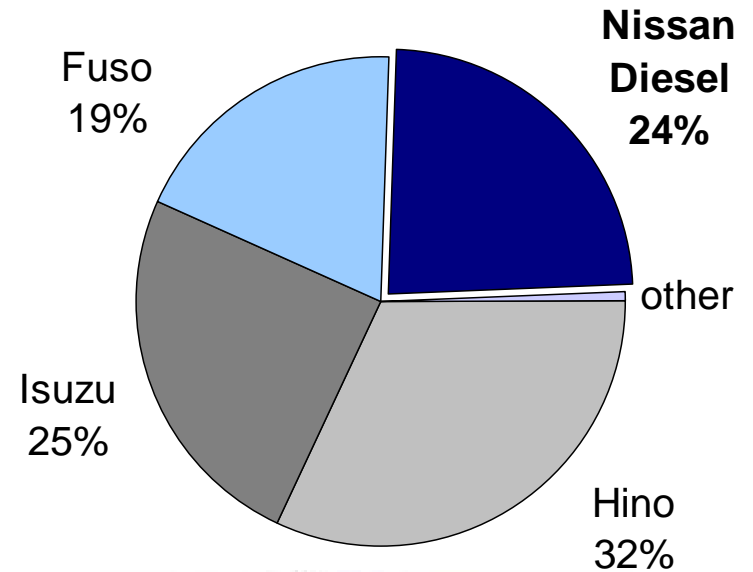
# Truck market shares in Japan FY2005

**Medium duty**



Nissan Diesel  
**Condor**  
Medium duty

**Heavy duty**



Nissan Diesel  
**Quon**  
Heavy duty

# Nissan Diesel

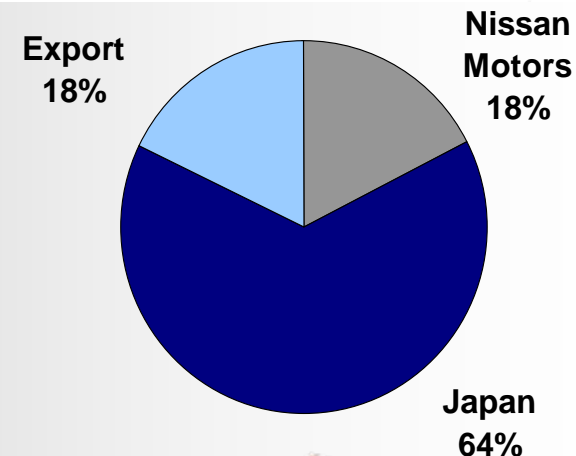
## Summary



<u>Sold trucks</u>	<u>FY2005</u>
Light duty	4,500
Medium duty	19,200
Heavy	16,500
Buses	1,600

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Sales, SEK bn	32.5
Operating profit, SEK bn	2.2
Operating margin, %	6.9
Employees	8,900



# Nissan Diesel main products



**QUON**

Heavy Duty



**CONDOR**

Medium Duty



**GE13L**

380-450HP

**MD 9.2L**

< 350 HP



**SPACEARROW**

Coach

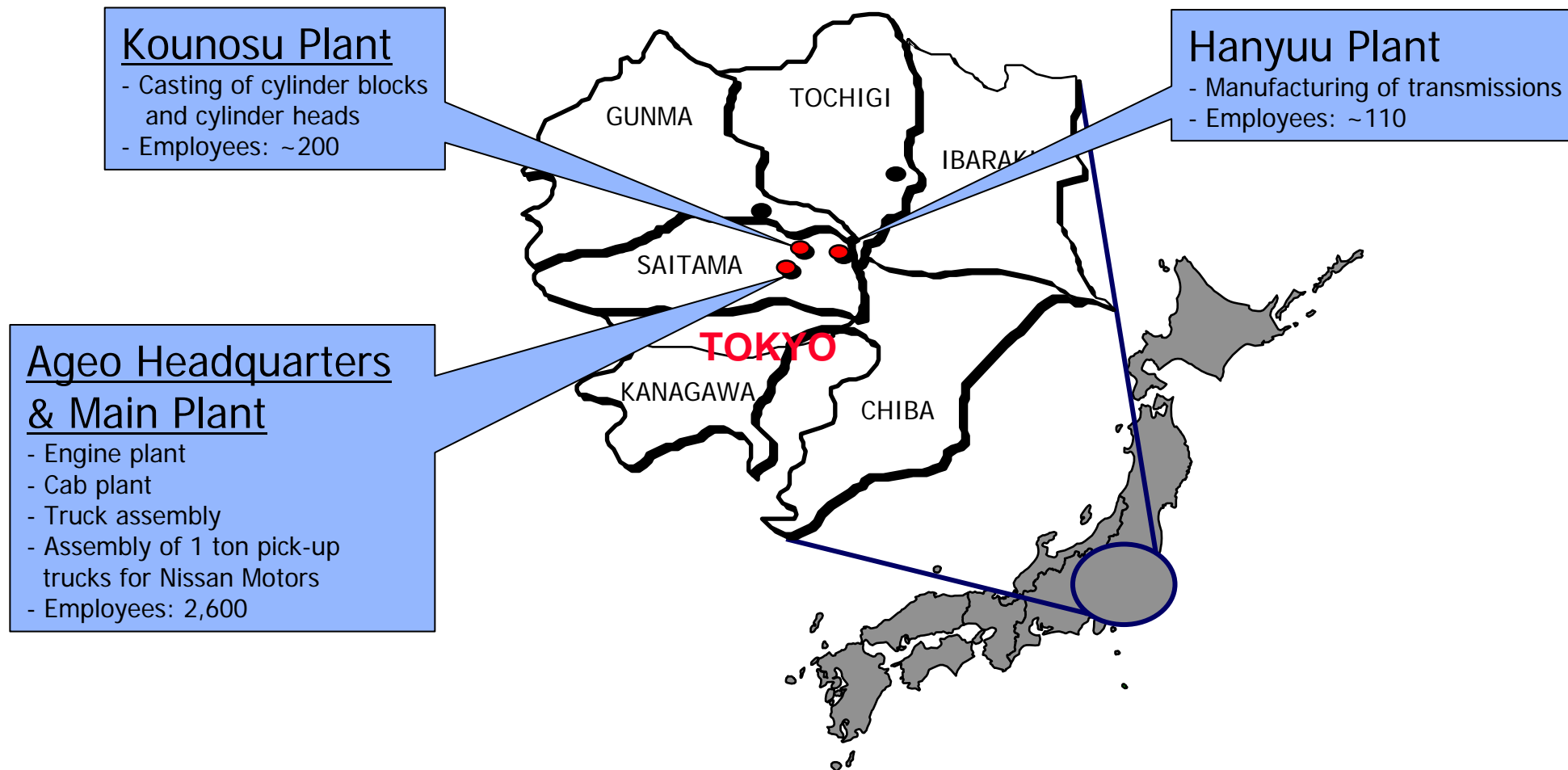
City Bus

Light Bus



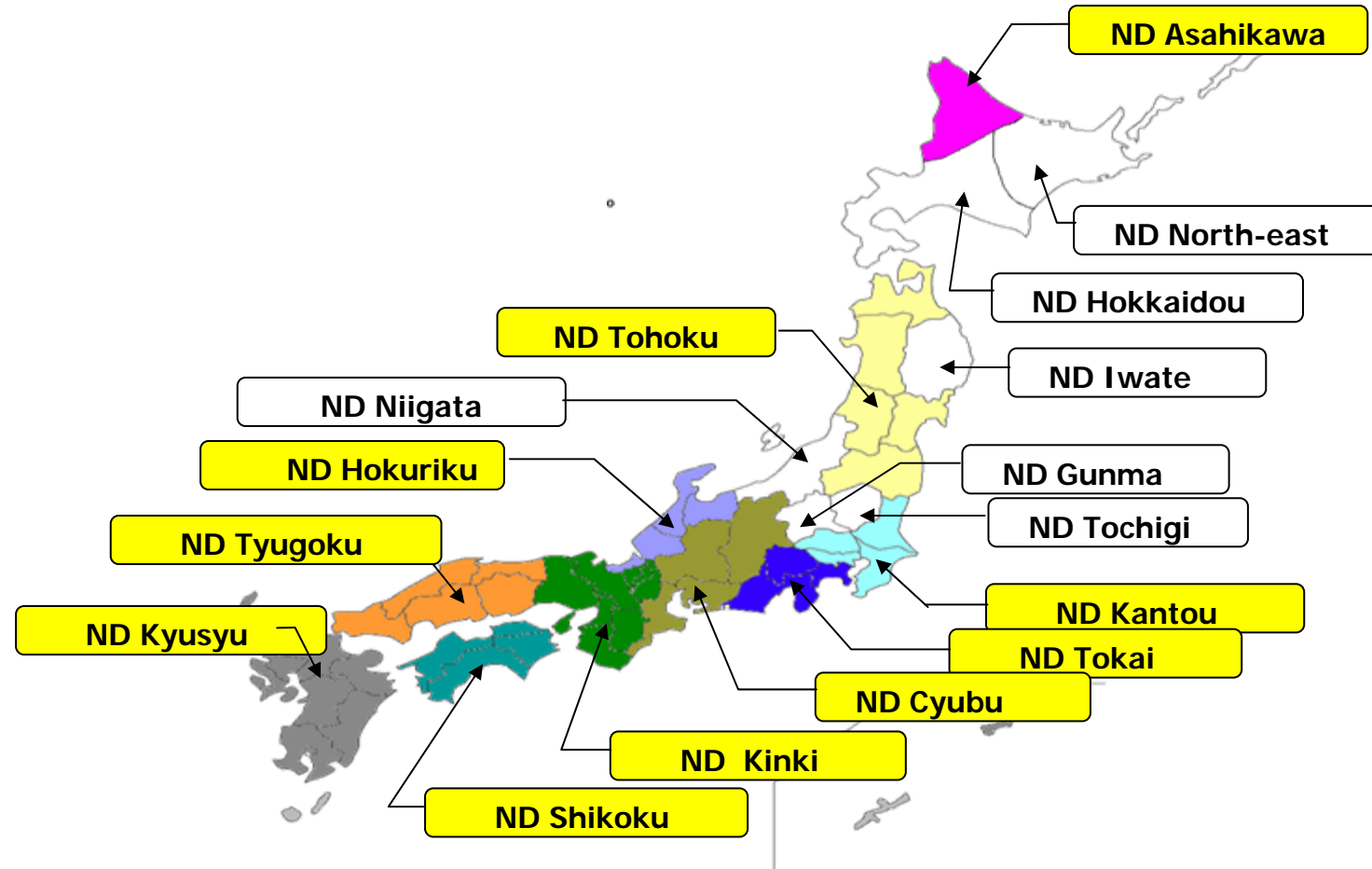


# Nissan Diesel plants in Japan



# Nissan Diesel domestic sales network

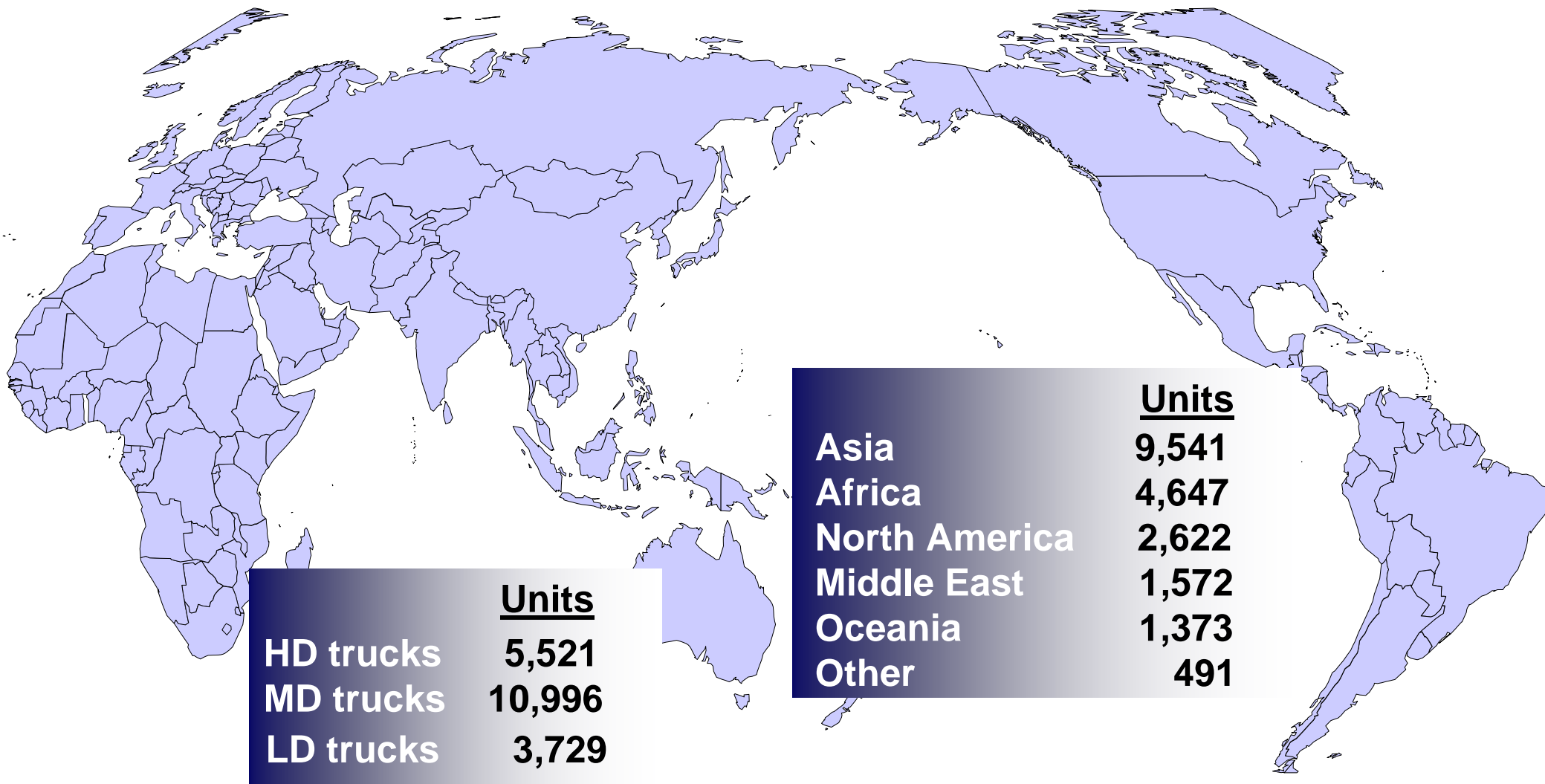
90% of sales through owned dealers



10 Owned Dealers with ~4,000 employees
  6 Independent Dealers

# Export sales 2005

~50% of the truck volume



# Nissan Diesel hybrid technology

## Capacitor Hybrid CNG Bus



**No.1 share since 1997(40% 2005) in CNG powered vehicles.**

## Capacitor Hybrid Medium-Duty Truck



**Launched in June, 2002**

**Achieved 50% gas mileage improvement**

## Nissan Diesel financial performance

Japanese GAAP (million)	2005		2006 - forecast	
	1 Apr 05 - 31 Mar 06		1 Apr 06 - 31 Mar 07	
	<u>JPY</u>	<u>SEK</u>	<u>JPY</u>	<u>SEK</u>
Sales	482 827	32 463	487 000	30 776
Operating income	33 454	2 249	27 000	1 706
<i>% of sales</i>	6,9%	6,9%	5,5%	5,5%
Net income	29 089	1 956	15 500	980
Total assets	432 838	29 390	390 091*	22 571*
Net interest-bearing debt	82 691	5 615	103 000	5 960
Average exchange rate for the period: JPY/SEK		0,067		0,063
Exchange rate at the end of the period: JPY/SEK		0,068		0,058

\* As of December 31, 2006

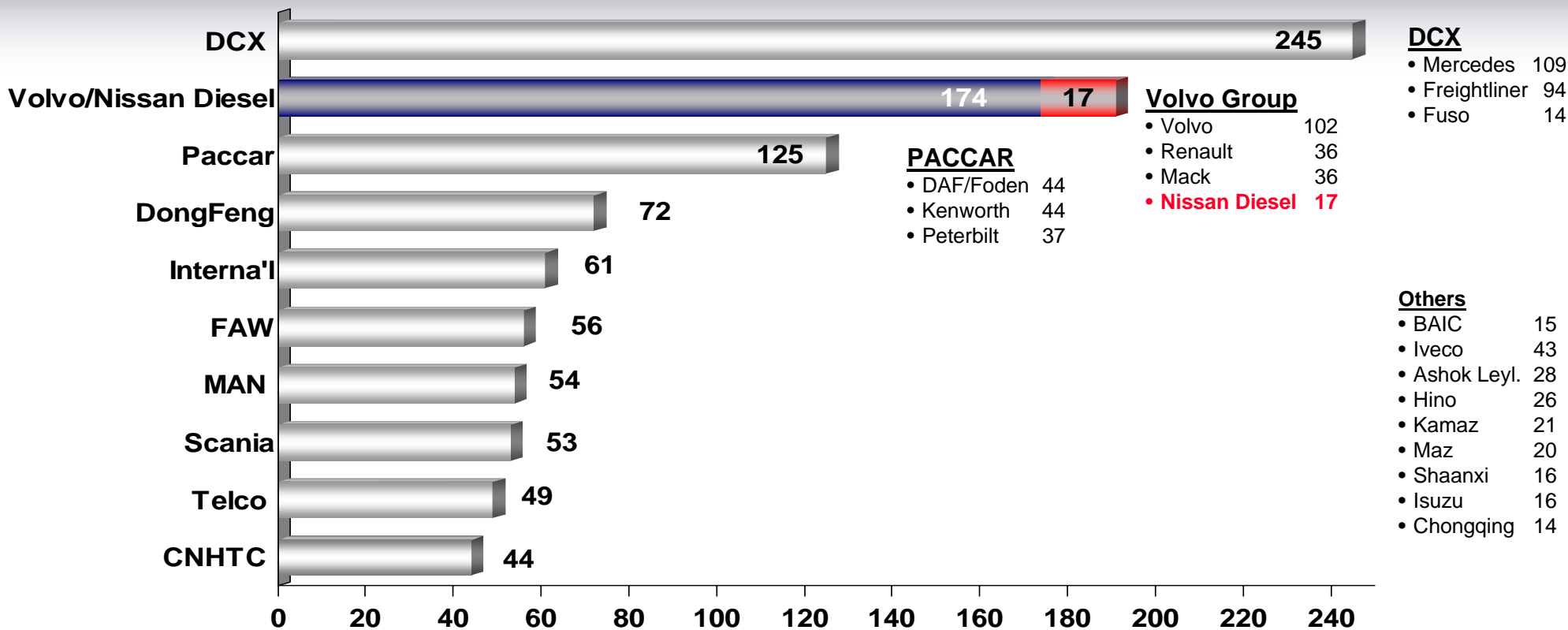
# Summary of the Synergies

- Total synergies estimated to **SEK 1.8 bn** annually, fully implemented on a five years horizon.
- Short and medium term synergies ( 2-3 years) are expected mainly for **Purchasing**, Distribution & Sales and partly for R & D.
- More long term synergies (~5 years) are expected for **Product Planning**, Manufacturing and partly R & D.

# Nissan Diesel will be part of one of the world's largest manufacturers of heavy duty trucks

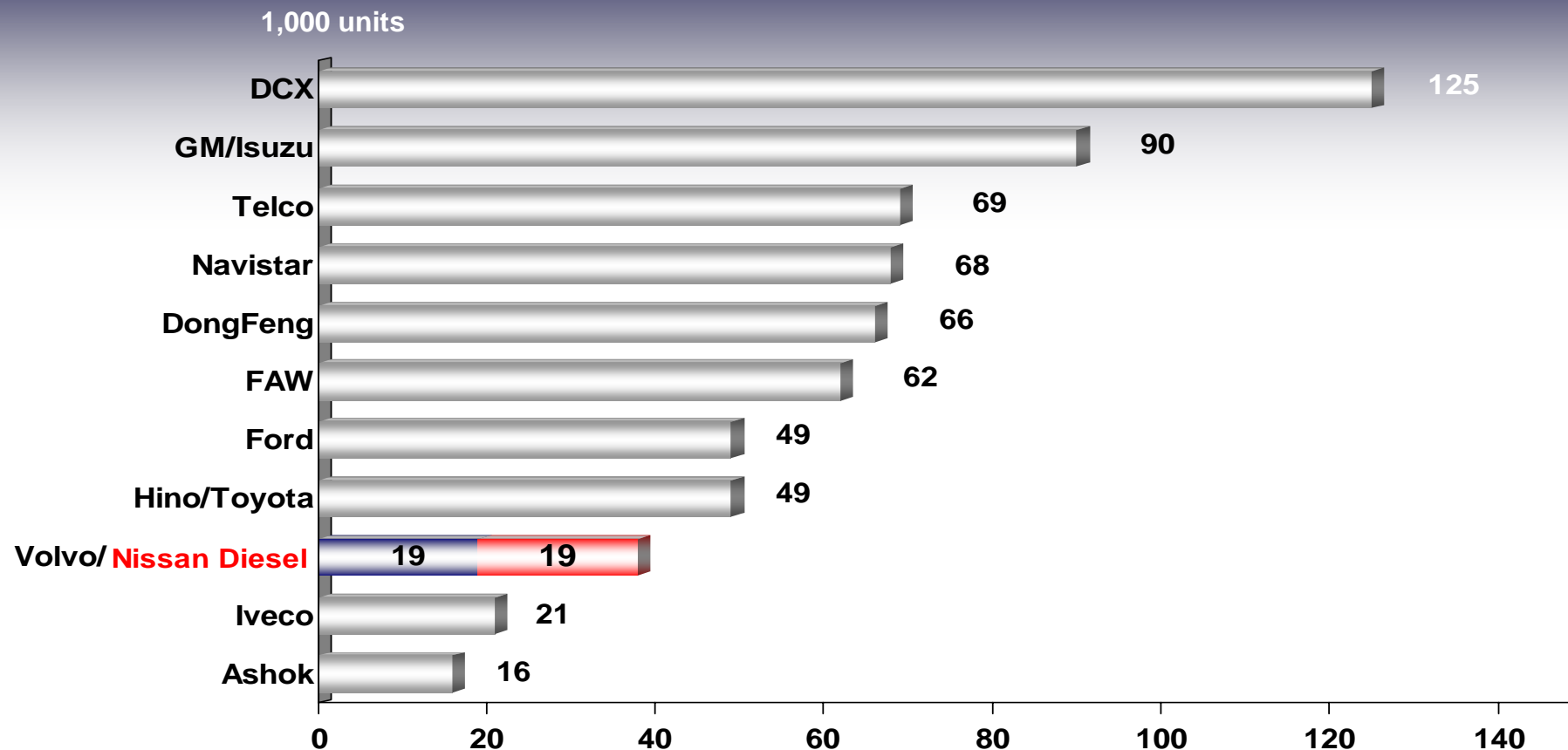
Global market 2005

1,000 units



# Doubled size in medium-duty trucks

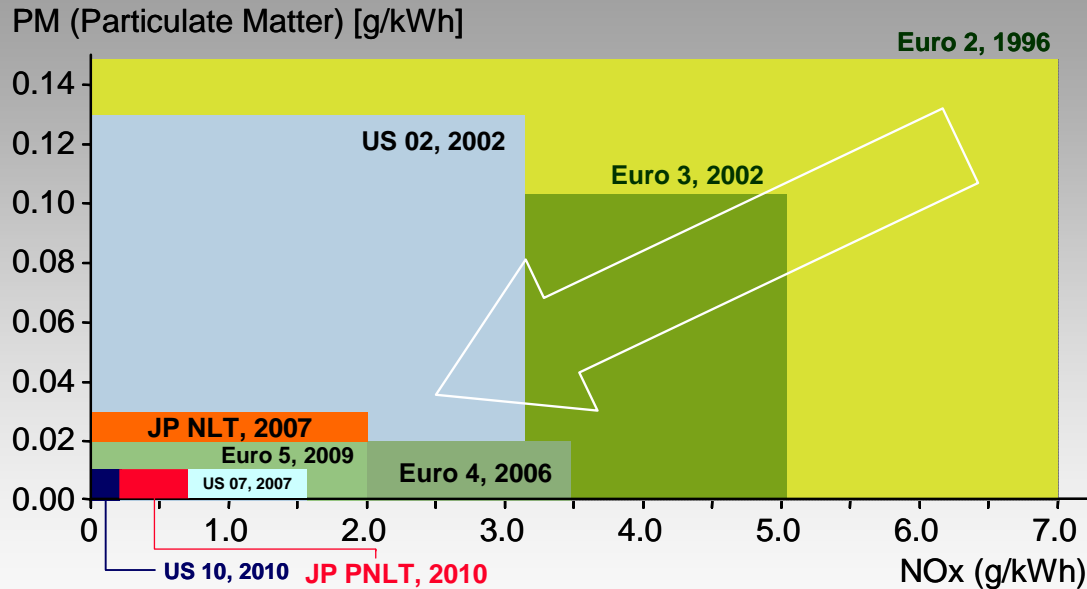
## Global market 2005



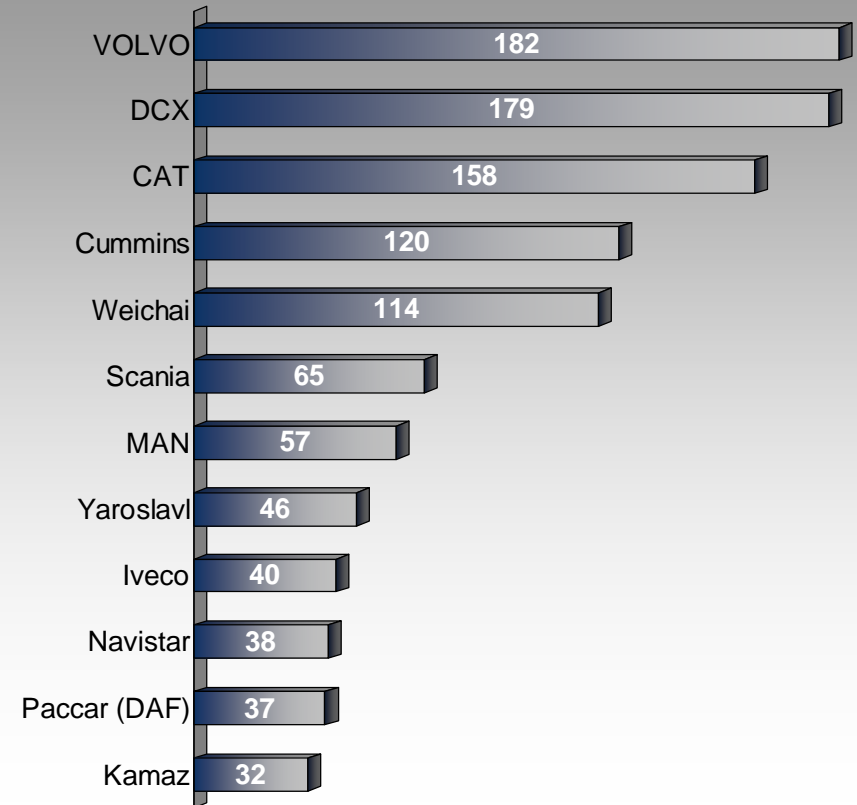


# Combined scale to successfully meet future emission legislations globally

Emission legislation

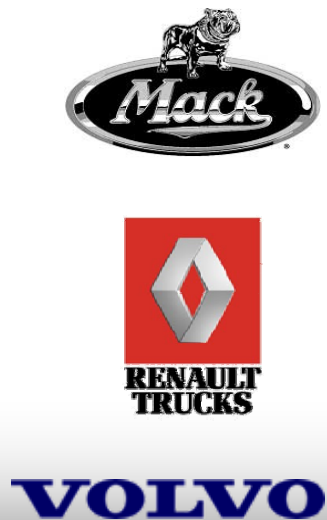


Heavy-duty engines, 2005



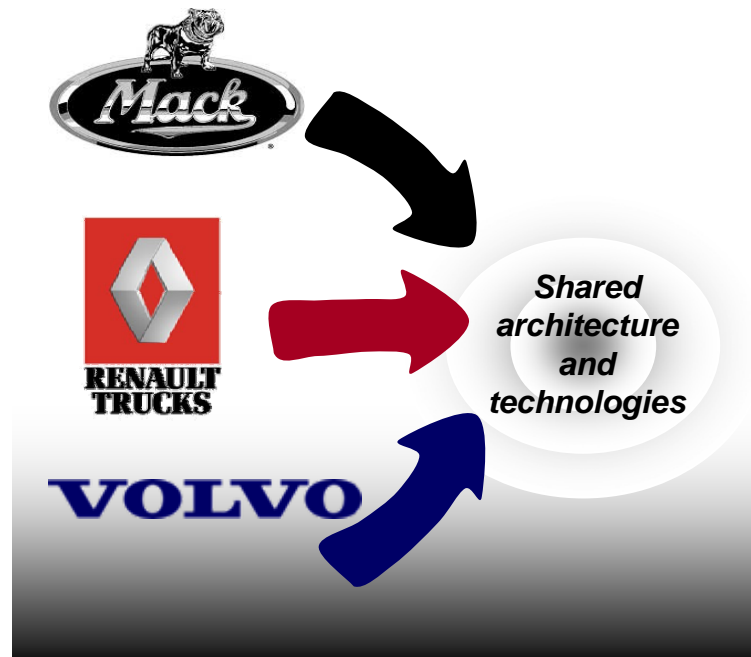
# Integration process to deliver synergies

## Stand alone mode



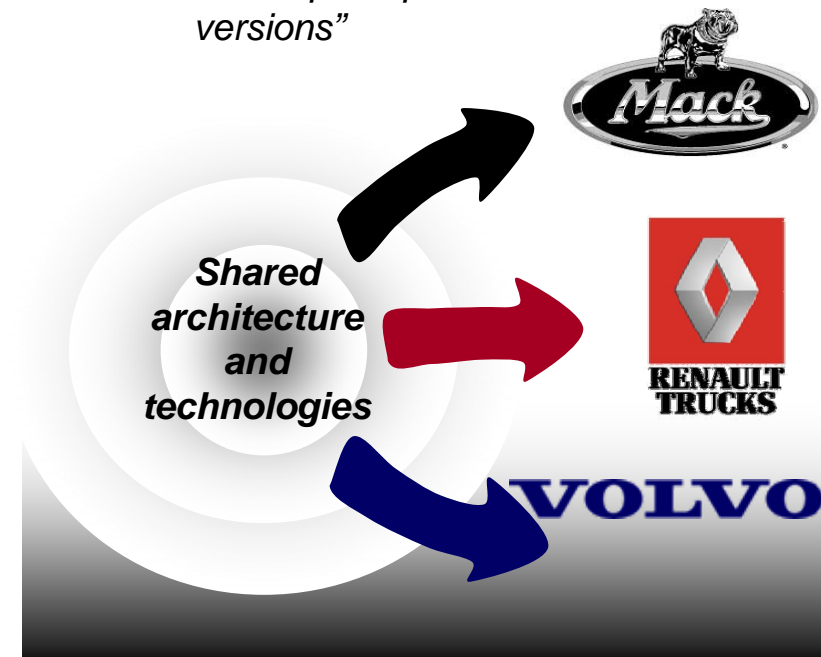
## Merger mode

*"Create synergies"*



## Growth mode

*"New architecture and shared technologies. Develop unique brand versions"*



# Acquisition rationale

- Valuable complement to Volvo's truck business
  - Doubled volume in medium duty trucks
- Nissan Diesel complements the Volvo Group in terms of geographical coverage and the two companies would get access to each others sales channels
- Timing is important to meet new Japanese emission legislation in 2009 and 2010
- 100% ownership would facilitate quick and efficient decision making, not least regarding synergies
- Substantial synergies – SEK 1.8 bn



**Jorma Halonen**  
**EVP and Deputy CEO, Volvo Group**