

Investor Presentation

Eurobond Issue

May, 2007



Cautionary Statement

It should be noted that certain statements herein which are not historical facts, including, without limitation those regarding expectations for market growth and developments; expectations for growth and profitability; and statements preceded by “believes”, “expects”, “anticipates”, “foresees”, or similar expressions, are forward-looking statements. Since these statements are based on current plans, estimates and projections, they involve risks and uncertainties which may cause actual results to materially differ from those expressed in such forward-looking statements. Such factors include, but are not limited to:

(1) operating factors such as continued success of manufacturing activities and the achievement of efficiencies therein, continued success of product development, acceptance of new products or services by the Group’s targeted customers, success of the existing and future collaboration arrangements, changes in business strategy or development plans or targets, changes in the degree of protection created by the Group’s patents and other intellectual property rights, the availability of capital on acceptable terms; (2) industry conditions, such as strength of product demand, intensity of competition, prevailing and future global market prices for the Group’s products and the pricing pressures thereto, price fluctuations in raw materials, financial condition of the customers and the competitors of the Group, the potential introduction of competing products and technologies by competitors, and new or amended laws or regulations applicable to the Group or the industry; and (3) general economic conditions, such as rates of economic growth in the Group’s principal geographic markets or fluctuations in exchange and interest rates.

Eurobond Transaction Overview

Issuer	Volvo Treasury AB
Guarantor	Volvo AB
Ratings	A3 since 1998 / Stable
Currency	Euro
Size	Benchmark
Maturity	10 year
Documentation	EMTN Programme
Listing	Luxembourg
Joint bookrunners	BNP Paribas, Citi, HSBC
Use of proceeds	General Corporate Purposes incl. Recent Acquisitions and Funding of Capital Distribution
Change of Control Provision	Included (see slide 31)

Agenda

- Introducing Volvo
- Business Overview
- Financial Overview
- Financing and Risk Management
- Transaction Overview

Introducing Volvo



VOLVO

Volvo – a Truly Global Company

Established:	1927
Ratings:	A3 since 1998 / Stable
Sales 2006:	SEK258.8bn / EUR28.1bn
Employees:	93,000
Global Presence:	Production facilities in 18 countries, Sales activities in 180 countries
Listings:	Stockholm Stock Exchange, Nasdaq
Market cap.:	SEK296.5bn / EUR32.1bn

The group's goal is to maintain good credit ratings.

Volvo by Business Area



Volvo Trucks

Renault Trucks

Mack Trucks

Buses

Construction Equipment

Volvo Penta

Volvo Aero

Customer Finance

	Volvo Trucks	Renault Trucks	Mack Trucks	Buses	Construction Equipment	Volvo Penta	Volvo Aero	Customer Finance
2006 Sales (SEKbn)	171.3			17.3	42.1	10.8	8.2	7.3
% of Sales	66%			7%	16%	4%	3%	3%
2006 EBIT margin(%)	8.7%			4.3%	9.7%	10.3%	4.4%	
Production	North and South Americas, Europe, Asia, Africa, Australia			North and South Americas, EMEA, Asia	North and South Americas, EMEA, Asia	North America, EMEA, Asia	North America, EMEA	

Source: Volvo.

Volvo Organization

Organized to deliver sharp customer focus and shared global strength

Business Areas



Volvo Trucks Renault Trucks Mack Trucks BA Asia incl. Nissan Diesel Volvo Buses Volvo CE Volvo Penta Volvo Aero Financial Services

Business Unit

Volvo 3P

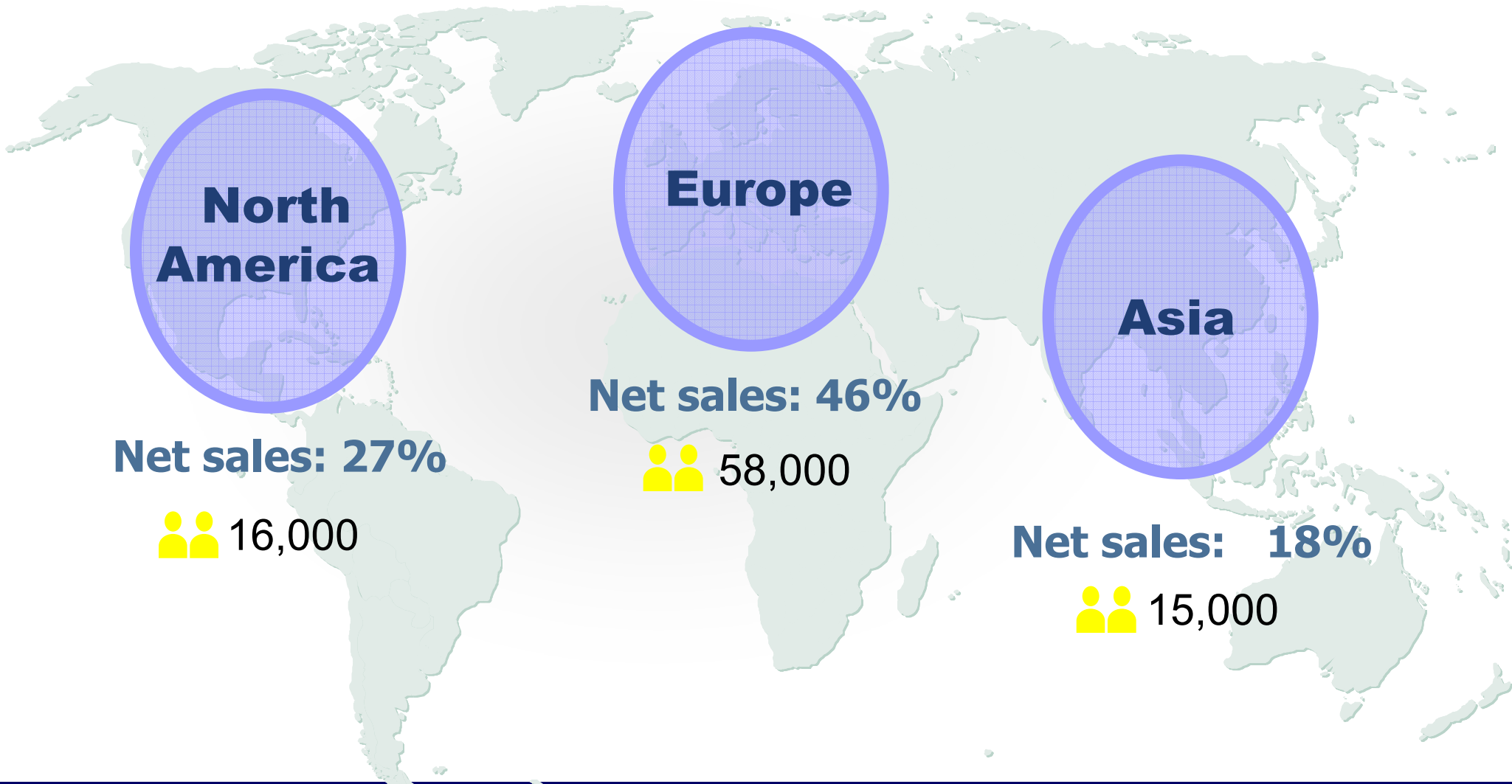
Volvo Powertrain

Volvo Parts

Volvo Logistics

Volvo Information Technology

The New Volvo



Note: Excludes South America and rest of world. Source: Volvo

Business Overview



Strong Global Market Positions

Trucks



1. DCX
2. Volvo Group
3. Paccar
4. Dongfeng
5. Navistar / Interna'l

Trucks > 16 ton

Buses



1. Evobus*
2. Volvo Buses
3. Scania
4. Irisbus
5. Neoman

*Mercedes, Setra & Orion
Buses > 12 ton

Construction Equipment



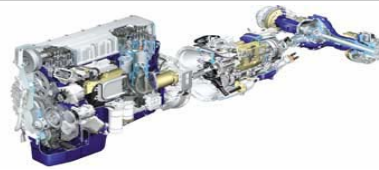
1. Caterpillar
2. Komatsu
3. Volvo CE
4. Deere
5. Hitachi

Marine Engines



1. Brunswick
2. Volvo Penta
3. Yanmar
4. Cummins
5. Caterpillar

Heavy Duty Diesel Engines



1. Volvo Group
2. DCX
3. Caterpillar
4. Cummins
5. Weichai Power

Heavy Duty Diesel
Engines 9-18 lit

Aerospace Components

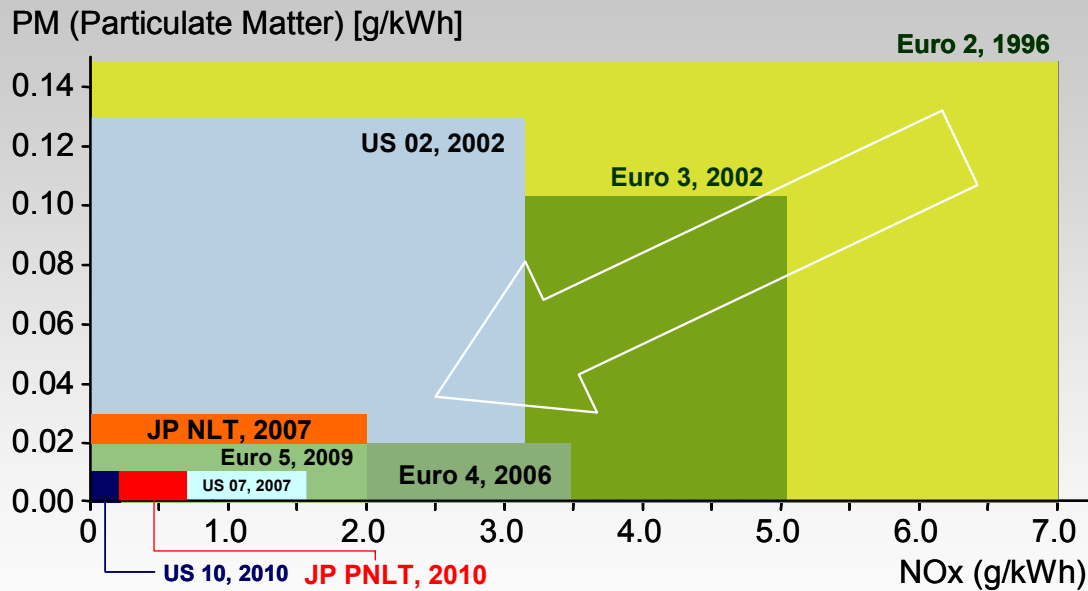


Volvo Aero

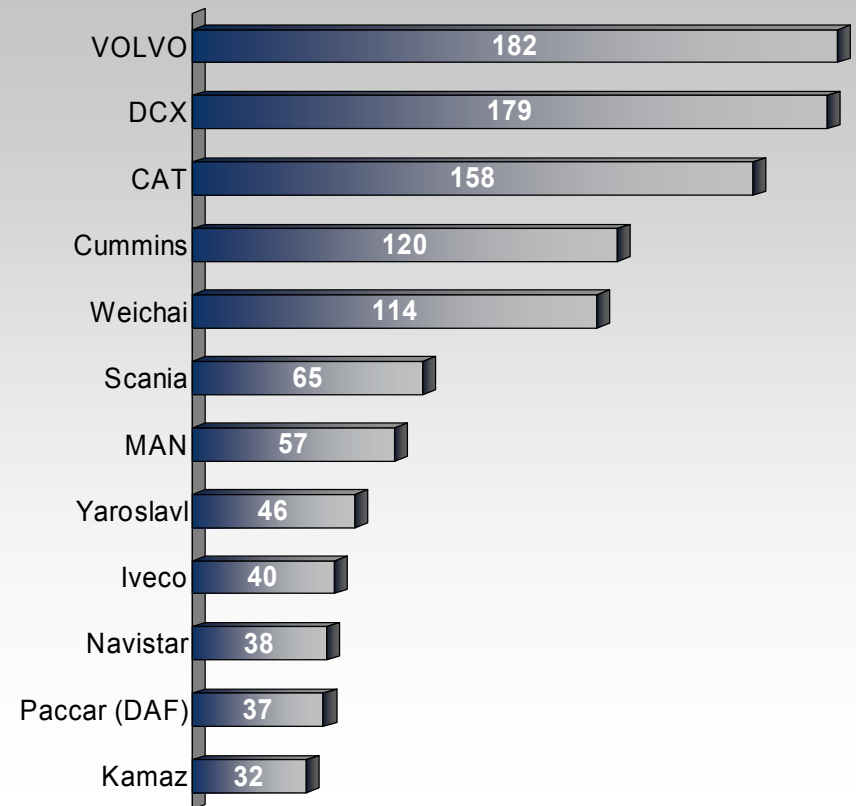
- World leading in development, production and aftermarket services of selected engine components.
- Engine components from Volvo Aero is included in 80% of all new larger civil aircrafts.

Combined Scale to Successfully Meet Future Emission Legislation Globally

Emission legislation



Heavy-duty engines, 2005

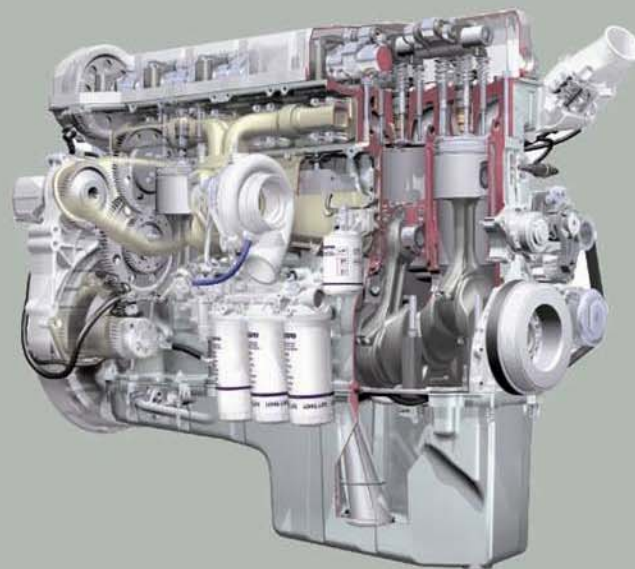


Shared Architecture and Common Technologies for Unique Products

Example: Volvo Powertrain

Scale and efficiency

- Lower R&D
- Production efficiency
- High flexibility
- One supplier base
- Improved quality



Two platforms: 4 - 7L
9 - 16L

New Volvo FH, Volvo FM and Volvo VT 880

Renault Magnum and Renault Premium Route

New products from Mack Trucks

Volvo Buses introduces low-floor chassis

New excavator from Volvo Construction Equipment

Revolutionary drive system from Volvo Penta

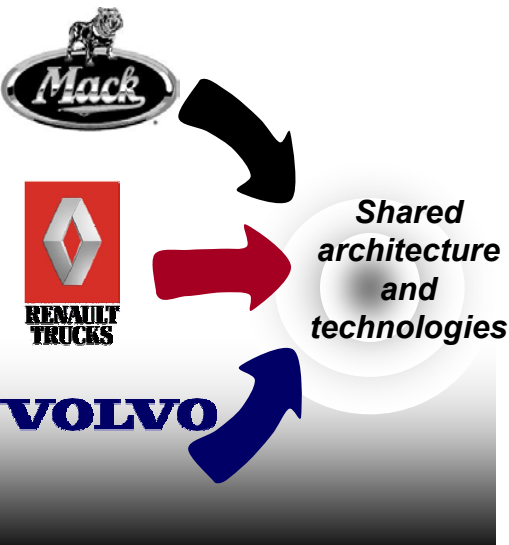
Unique products



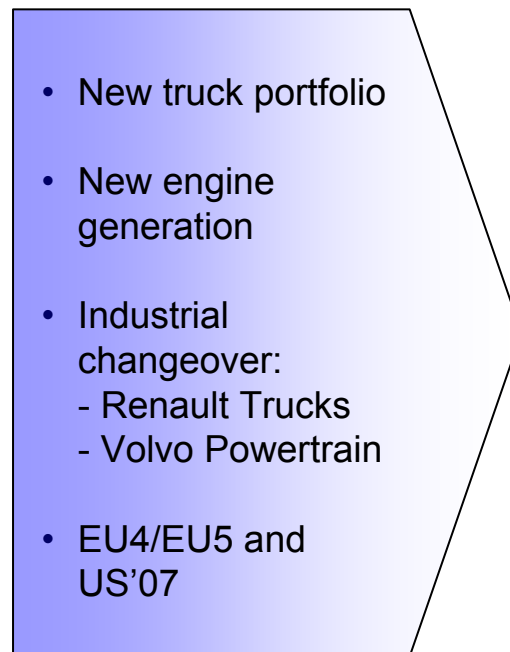
Transition in Trucks

Merger mode

"Create synergies"

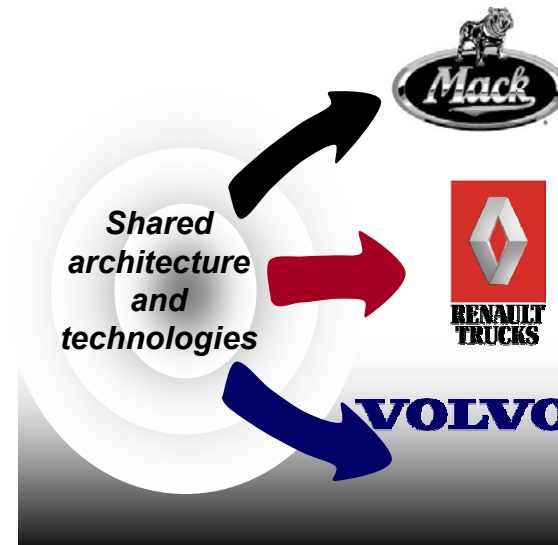


Transition period



Growth mode

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



New competitive product profile

- New customer segments
- More efficient industrial structure
- More cost efficient product portfolio
- R&D
- Purchasing
- Production
- Aftermarket
- Stronger dealer network

Acquisitions

Lingong



(SEKmn)	2006
Sales	2,600
Op. Income	70
Op. Margin (%)	2.7
Employees	1,800

Nissan Diesel



(SEKmn)	2006/2007
Sales	26,485
Op. Income	1,485
Op. Margin (%)	5.6
Employees	9,000

Ingersoll Rand Road Development



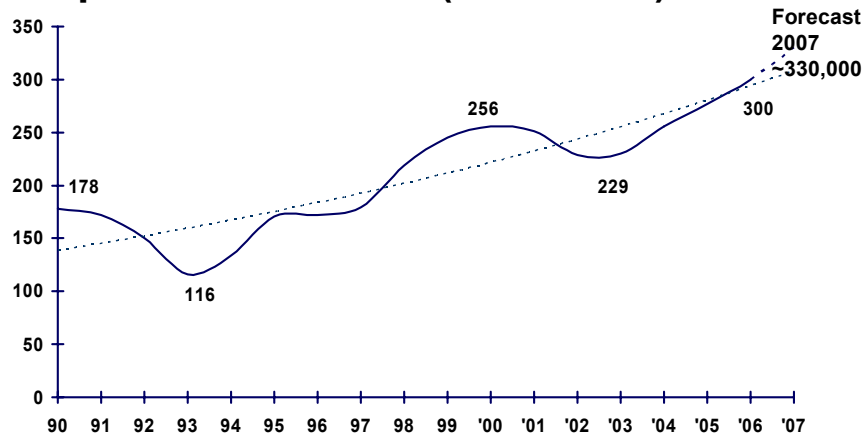
(SEKmn)	2006
Sales	6,375
Op. Income	745
Op. Margin (%)	11.7
Employees	2,000

Growth Strategy

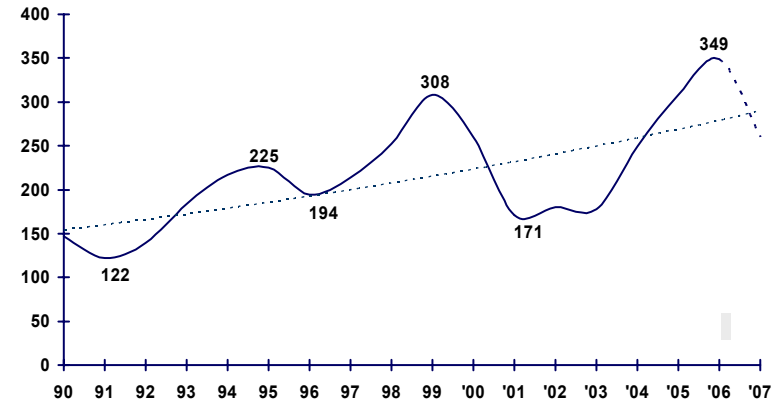
- Target sales growth of >10%
- Organic growth of 5–6 percent and the remaining through acquisitions
- Geographically targeting fast growing economies in Eastern Europe and Asia

Heavy Duty Truck Market

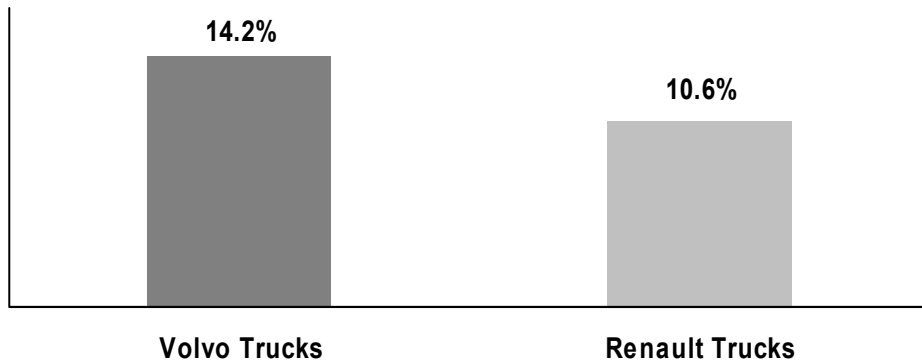
Europe – Total Market ('000 Units)⁽¹⁾



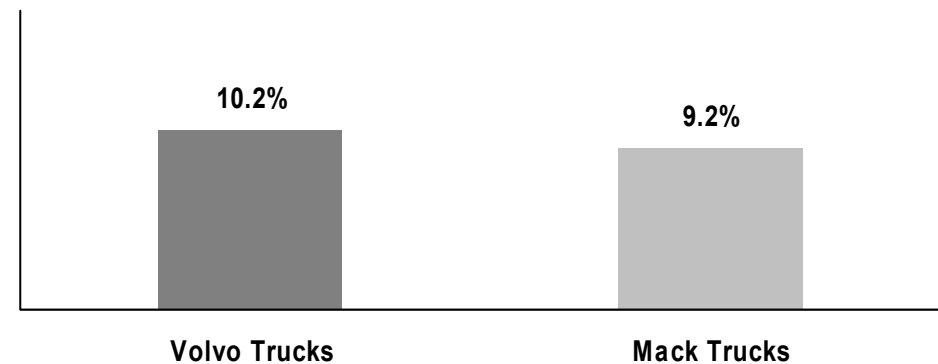
North America – Total Market ('000 Units)



Market Shares - Europe



Market Shares – North America



(1) EU members + Switzerland and Norway

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 Note: Heavy duty truck market defined as trucks > 16 ton. Source: Volvo.

Financial Overview



New Financial Targets as of September 2006

I. Sales growth of >10%

- In line with historical performance
- Organic growth (new products, geographic expansion, economies of scale / profitable growth, acquisitions)

II. Operating margin of >7%

- Strong market position / population growth
- Competitive product offering / premium pricing
- Economies of scale
- Efficient business processes

III. Net debt / Equity <40%

- Maintained financial flexibility
- Strong credit rating
- Improved risk profile
- Improved profitability

Q1 2007 Update

<i>(SEKbn)</i>	<u>Q1 07</u>	<u>Q1 06</u>	<u>Change</u>
Sales	61.0	62.7	(3%)
Operating Income	5.3	5.4	(2%)
Operating margin (%)	8.7	8.7	
Net income	3.8	4.0	(6%)
ROE (%)	18.6	18.2	
<u>Industrial Operations</u>			
EBIT	4.9	5.0	(1.9%)
EBITDA	7.1	6.9	3.0%
Net debt / (cash)	(5.4)	(17.7)	

- Purchase of Nissan Diesel completed
- Acquisition of Ingersoll Rand's road development equipment division announced

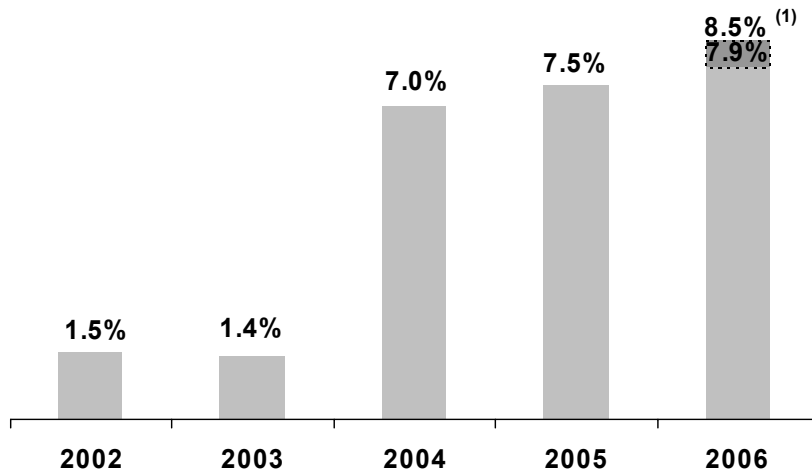
Financial Highlights

<i>(SEKmn)</i>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Net sales	211,076	240,559	258,835
Operating profit	14,679	18,153	20,399
<i>Excl. goodwill adjustment ⁽¹⁾</i>	14,679	18,153	22,111
Operating margin	7.0%	7.5%	7.9%
<i>Excl. goodwill adjustment ⁽¹⁾</i>	7.0%	7.5%	8.5%
Profit before taxes	13,036	18,016	20,299
Net income	9,907	13,108	16,318
Cash flow from operating activities	15,300	14,009	21,502
Cash flow after net investments	14,489	1,462	12,505

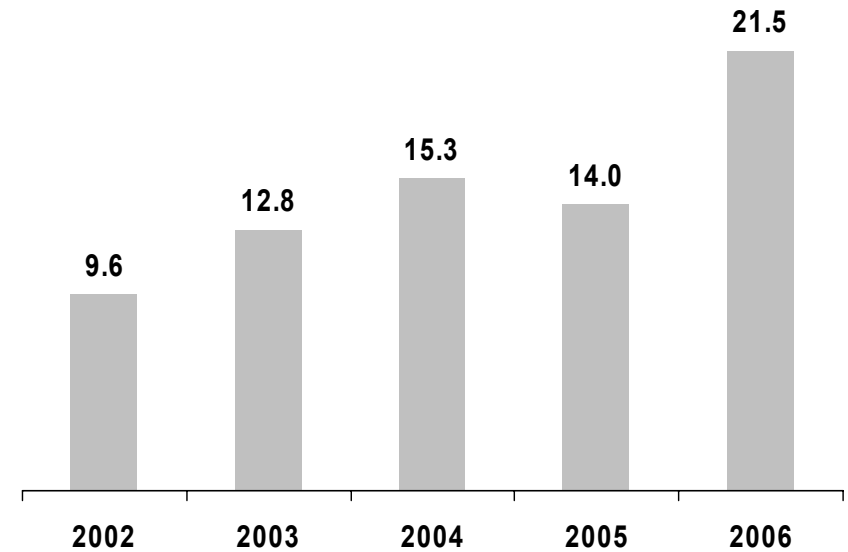
⁽¹⁾ Excludes adjustment of goodwill in the subsidiary Mack Trucks in 2006.
Source: Volvo.

Improving Operating Performance

Operating Margin
(%)

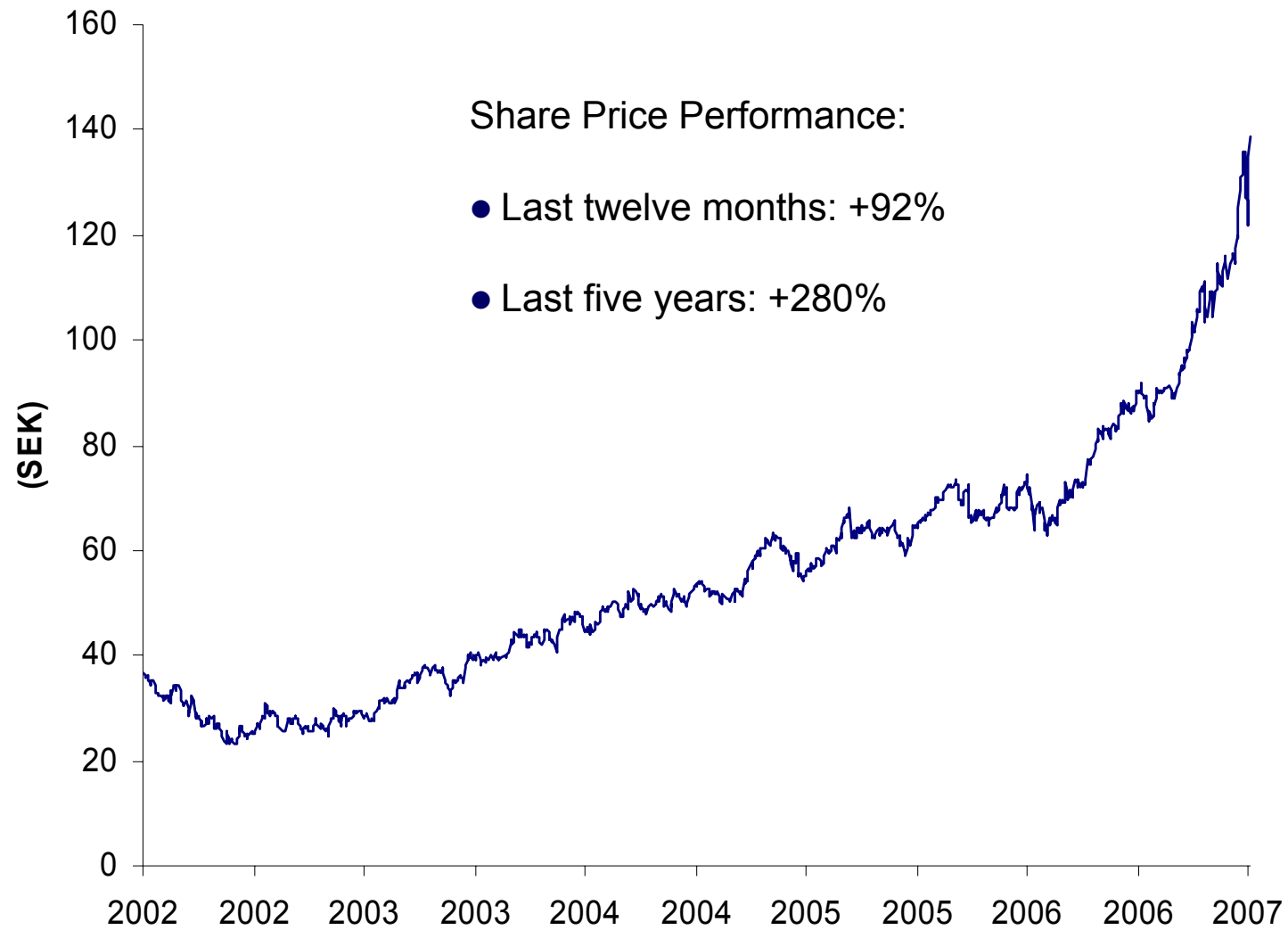


Operating Cash Flow
(SEKbn)



(1) Excludes adjustment of goodwill in the subsidiary Mack Trucks in 2006.
Years 2002 – 2003 are accounted for in accordance with Swedish GAAP. As from 2004, reporting is based on IFRS. Source: Volvo.

Share Price Performance



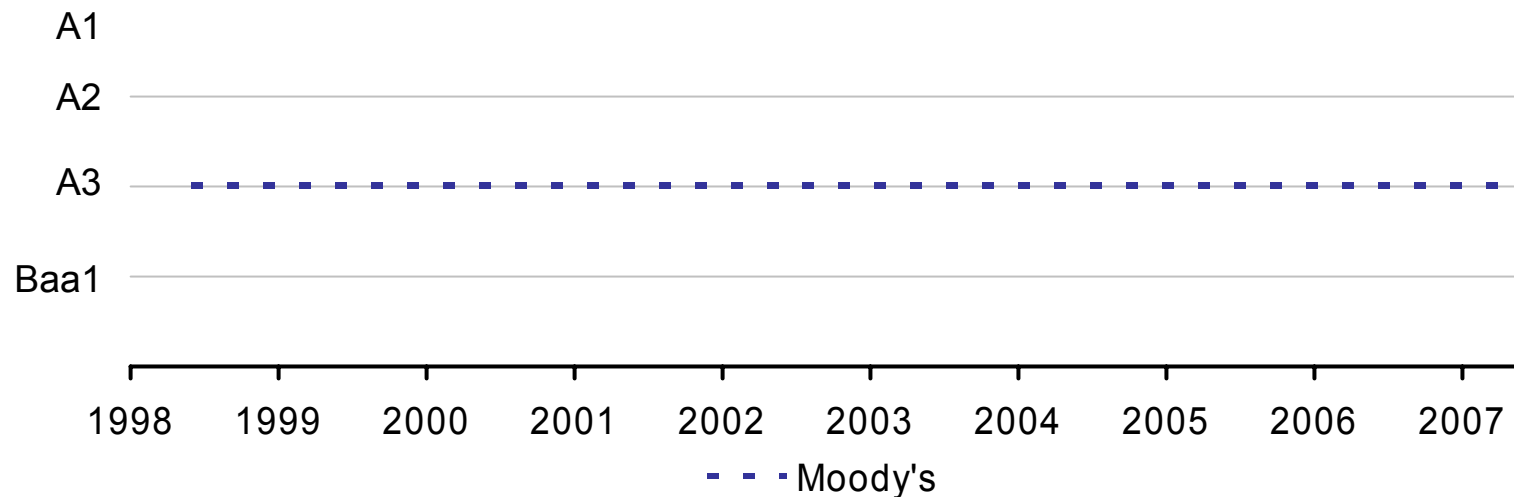
Note: Adjusted for share splits. Market data as of May 14, 2007. Source: FactSet.

Rating profile



- A3 since 1998 / Stable
- **“Volvo remains well positioned in the A3 rating category.** Volvo’s current A3 rating is underpinned by a comparison to DaimlerChrysler (“DCX”) and Caterpillar – its key competitors in the truck and construction equipment business. Volvo’s Trucks division is the second largest worldwide after DCX and will be further strengthened through the acquisition of Nissan Diesel.”
- **“Strong market positions and broad diversification underpin A3 rating category:** Volvo’s current A3 rating benefits from the size of its operations, which allows for significant economies of scale, and a well diversified business profile in terms of product offering and geography. Moreover, the rating is underpinned by leading positions in Volvo’s key businesses. “
- **“Financial impact of anticipated downturn in US market mitigated by precautionary measures and diversified business profile“**

Moody's, April 2007



Financing and Risk Management



Financial Management

Objectives

- Financial **stability** and **flexibility** throughout the **business cycle**

Steering Principles - Financial Key Ratios

- Cash / Sales
- Committed LT Facilities / Sales
- Net debt / Equity
- Liquidity Matching (Customer Finance)

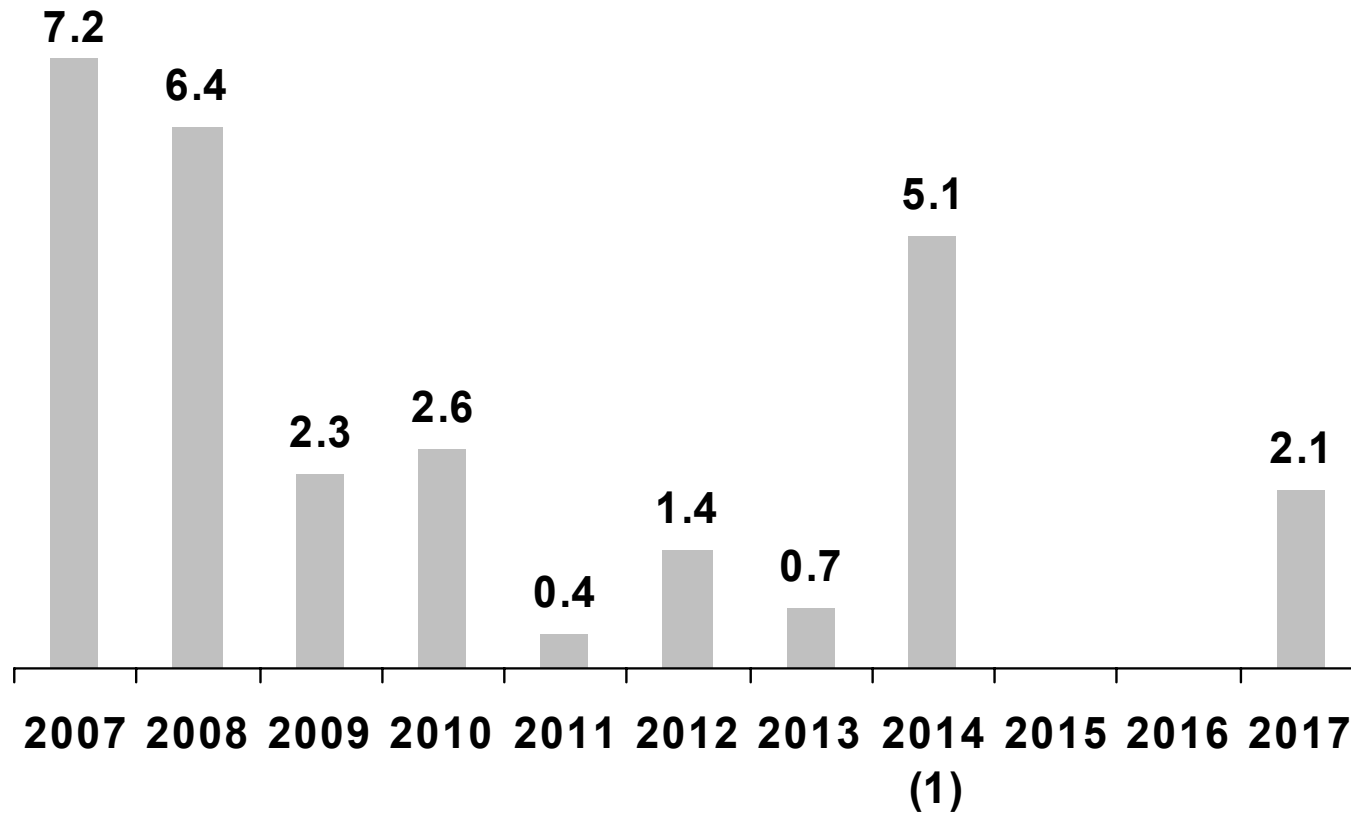
Execution

- Volvo Treasury responsible for managing the interest-bearing assets and liabilities
- Volvo Treasury has the global funding responsibility
- Debt management separated into **Industrial Operations** and **Customer Finance**

Industrial Operations Debt

Interest-bearing Debt

(SEKbn)



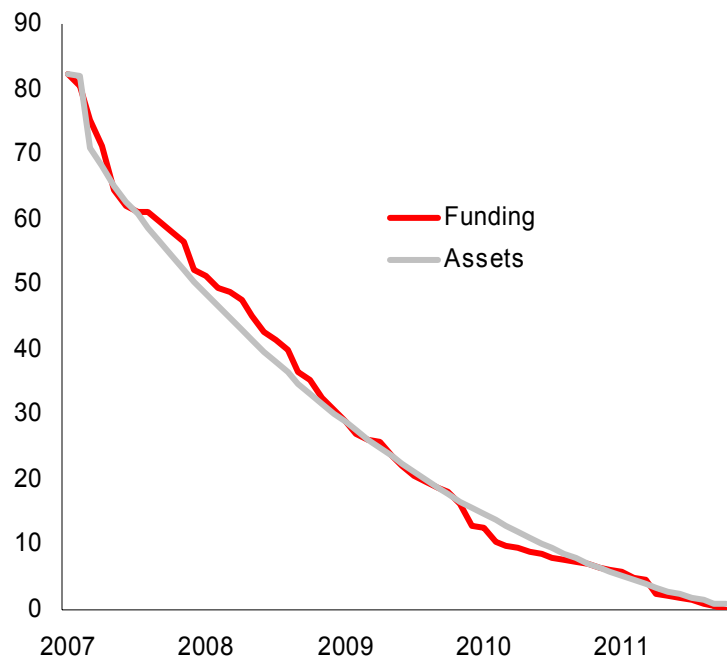
- Main currencies: SEK, EUR, USD

(1) 2014 bond effective as of April 4, 2007 (not included in Q1 2007 interim).
Note: interest-bearing debt excludes financial derivatives. Source: Volvo.

Customer Financing Debt

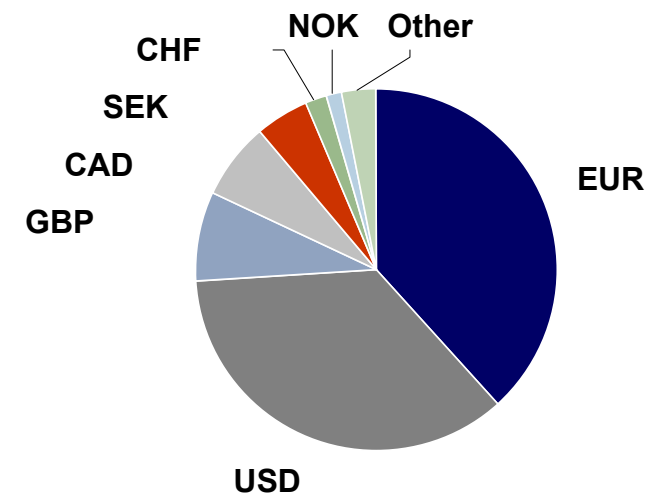
Funding and Assets

(SEKbn)



Currency Distribution

(%)



- Total assets of SEK82bn as of March 31, 2007
- Equity ratio of 8.2%

Funding Strategy

- Financial transactions carried out through Volvo Treasury within established risk mandates and limits
- Majority of group debt raised through Volvo Treasury's public debt programs incl. :
 - Swedish CP/MTN programmes
 - EMTN programme
 - ECP programme
 - USCP programme
 - Australian CP/MTN programme
 - Canadian CP programme
- In addition, Volvo has access to two long term committed credit facilities (undrawn):
 - EUR1.45bn 5y+1+1 maturing 2011
 - US\$1.4bn 7y maturing 2013

Eurobond Issue – Liquidity Overview

Rationale

- Extend duration
- General corporate purposes (incl. recent acquisitions and funding of capital distribution)

Industrial Operations: Net Financial Position

(SEKmn)	2005	2006	Q1 2007
Long-term interest-bearing receiv.	1,399	3,514	4,014
Short-term interest-bearing receiv.	6,292	9,751	1,987
Non-current assets held for sale	-	5	7
Marketable securities	28,662	20,324	23,017
Cash and bank	7,385	9,618	9,853
Total financial assets	43,738	43,212	38,873
Provision for post-employ. Benefits	(11,966)	(8,664)	(10,332)
Interest-bearing financial debt	(13,097)	(11,465)	(23,103)
Liab. assoc. w. assets held for sale	-	(7)	(8)
Total financial debt	(25,063)	(20,136)	(33,443)
Net financial position	18,675	23,076	5,435

Liquidity Events

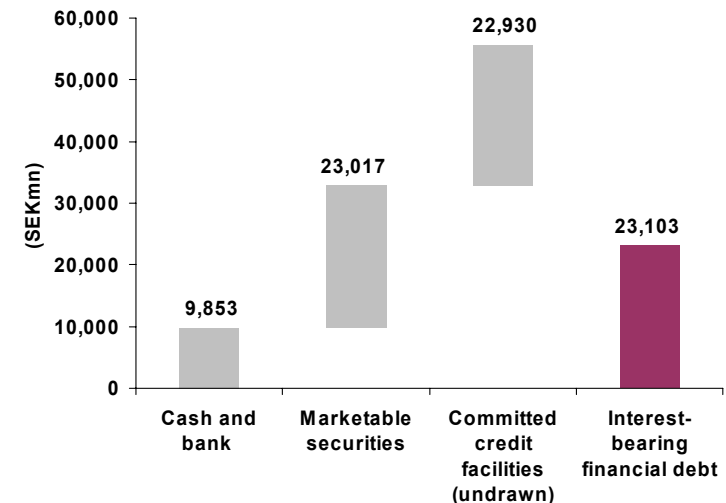
Q1

- Nissan Diesel payment of SEK7.4bn

Q2

- Dividend and redemption share payment of SEK20bn
- Ingersoll Rand road division payment of US\$1.3bn / SEK9bn

Key Financial Metrics



Transaction Overview



Eurobond Transaction Overview

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Use of proceeds	General Corporate Purposes incl. Recent Acquisitions and Funding of Capital Distribution
Change of Control Provision	Included (see slide 31)

Change of Control Provision

Change of Control Event

If there occurs a Change of Control and within the Change of Control Period a Rating Downgrade in respect of that Change of Control occurs (a **Put Event**), then each Noteholder shall have the option (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer shall have given notice under Conditions 7(b) and 7(c), if applicable, or any Noteholder shall have given notice under Condition 7(d), if applicable) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) any of its Notes at their principal amount together with interest accrued to but excluding the Put Date (as defined below). Such option (the **Put Option**) shall operate as set out below.

If a Put Event occurs then, within 21 days of the end of the Change of Control Period referred to below, the Issuer shall give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 14 specifying the nature of the Put Event and the procedure for exercising the Put Option.

To exercise the Put Option, if the relevant Notes are held outside Euroclear and Clearstream, Luxembourg, the Noteholder must deliver such Notes, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the **Put Period**) of 30 days after a Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition []. The Paying Agent to which the relevant Notes and Put Notice are delivered shall issue to the Noteholder concerned a non-transferable receipt in respect of the relevant Notes so delivered. The Issuer shall at its option redeem or purchase (or procure the purchase of) the relevant Notes on the date (the **Put Date**) seven days after the expiration of the Put Period unless previously redeemed or purchased and cancelled. Payment in respect of any Note so delivered will be made on the Put Date if the holder duly specifies a bank account in the Put Notice to which payment is to be made, by transfer for value on the Put Date to that bank account (or if an address is specified for payment by cheque, by cheque sent by first class post to such specified address) and, in every other case, on or after the Put Date against presentation and surrender of the receipt referred to above at the specified office of any Paying Agent. A Put Notice, once given, shall be irrevocable.

If the relevant Notes are held through Euroclear or Clearstream, Luxembourg, to exercise the Put Option the Noteholder must, within the Put Period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on such Noteholder's instruction by Euroclear and Clearstream, Luxembourg or any common depositary for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Rating Agency means Moody's Investors Service, Inc. or any successor rating agency thereto or any other rating agency of equivalent international standing specified by the Issuer.

A **Rating Downgrade** shall be deemed to have occurred in respect of a Change of Control if within the Change of Control Period the rating previously assigned to the Notes by any Rating Agency is (a) withdrawn or (b) changed from an investment grade rating (Baa3 or its equivalent for the time being, or better) to a non-investment grade rating (Ba1, or its equivalent for the time being, or worse) or (c) (if the rating assigned to the Notes by any Rating Agency shall be below an investment grade rating (as described above)) lowered at least one full rating category (for example from Ba1 to Ba2 or such similar lower or equivalent rating), provided that a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency making the change in rating to which this definition would otherwise apply does not publicly announce or publicly confirm that the reduction was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control.

A **Change of Control** shall be deemed to have occurred each time (whether or not approved by the Board of Directors of the Parent) any person or persons acting in concert, at any time acquire(s) (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Parent or (B) such number of the shares in the capital of the Parent carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Parent.

Change of Control Period means the period commencing on the date of the first public announcement of the Change of Control having occurred and ending 90 days after such public announcement occurs.



Summary

- Truly global commercial vehicle manufacturer
- Largest European heavy truck player, second worldwide
- Diversified business profile with exposure to trucks, buses, construction equipment, engines and power systems, aircraft and space applications and customer finance
- High operating efficiency
- Stable A3 rating
- Good liquidity profile