

VOLVO

Investor Day in New York
November 7, 2007

Leif Johansson

President and CEO
Volvo Group

Agenda



Organic growth

- ▶ Greater Europe
- ▶ Soft offers
- ▶ Competitive products
- ▶ Investing for growth

Acquisitions

The New Volvo



Organic growth



Greater Europe



Soft offers



Competitive products

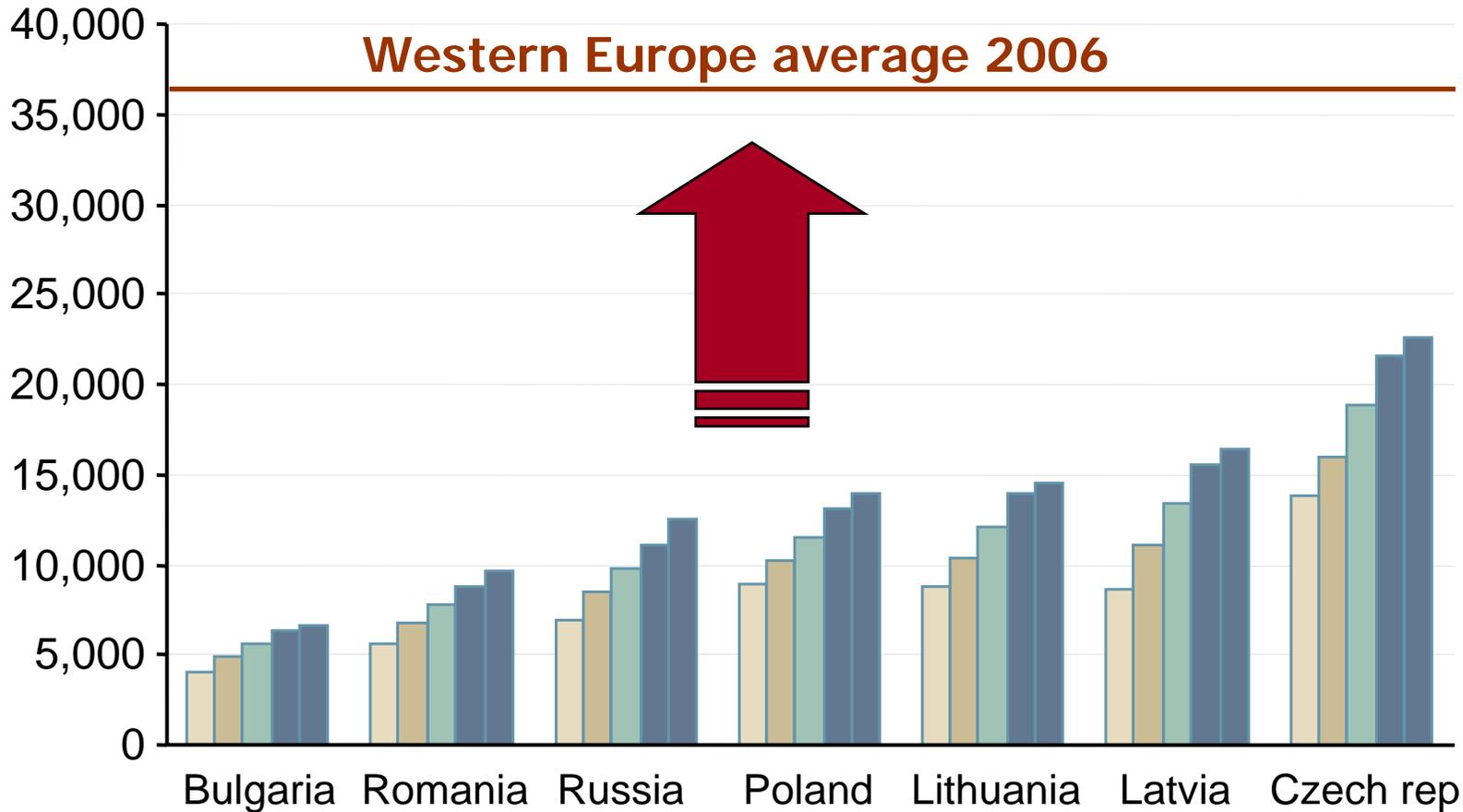


Investing for growth

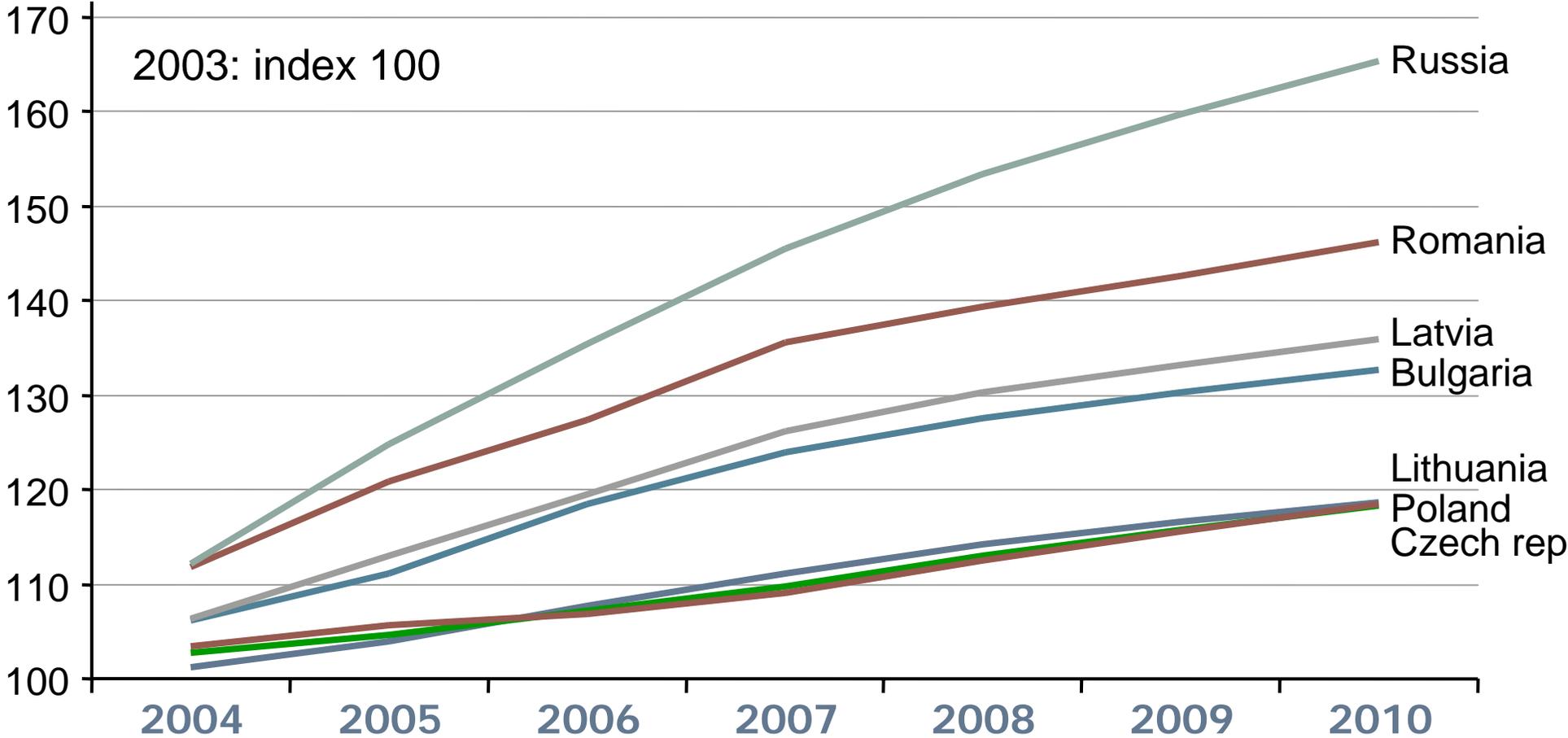
Strong GDP growth in Eastern Europe

GDP growth 2006-2010

GDP/capita (USD)



Growing Demand for Private Consumption



Source: Global Insight

Pan-European Transport Corridors

- East-West trade
- Transport efficiency
- Important for economic growth
- Investment in Black Sea ports



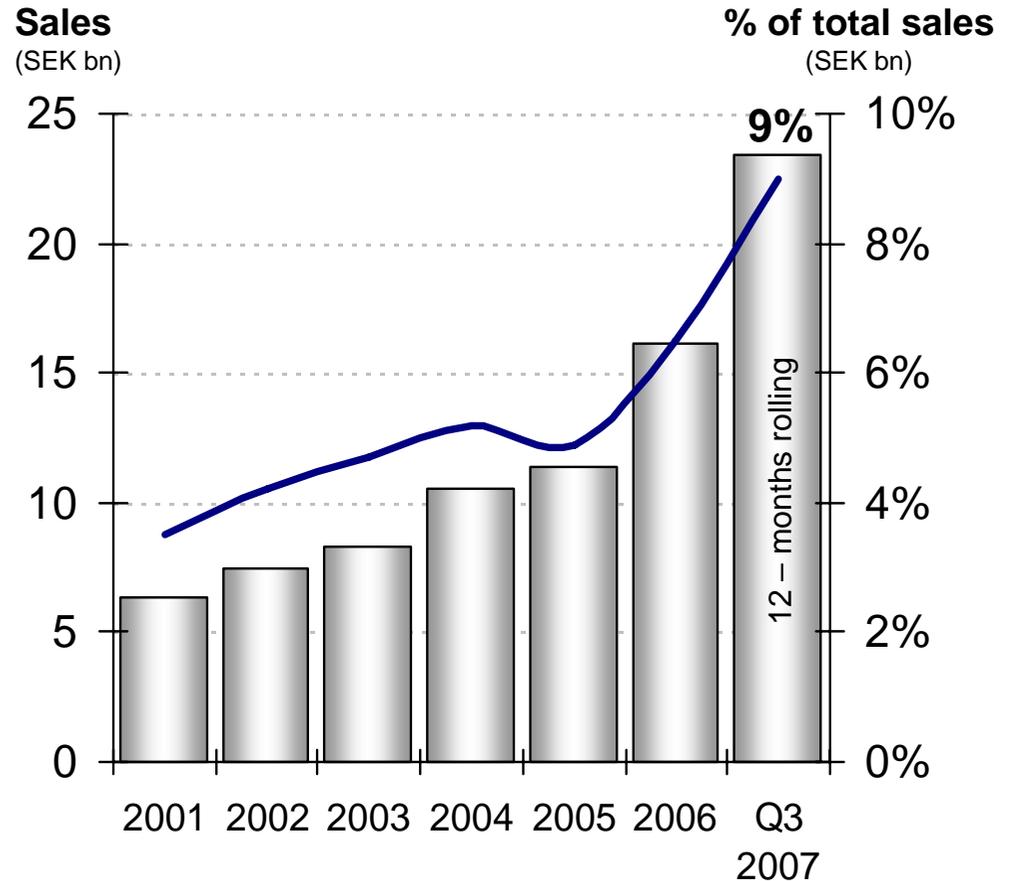
Volvo growth in Eastern Europe

Today

- ▶ Premium brands
- ▶ Good population/market shares
- ▶ Strong retail and aftermarket capacity
- ▶ Q3: Truck deliveries +64%, Orders +190%

Tomorrow

- ▶ Capture growth
 - Investing in retail and aftermarket
 - New industrial capacity



Summary Eastern Europe

- Strong development of GDP
- Substantial foreign investments
- Major investments in infrastructure
- Increased private consumption
- EU entry – Romania and Bulgaria
- Large demand for modern products



Organic growth



Greater Europe



Soft offers

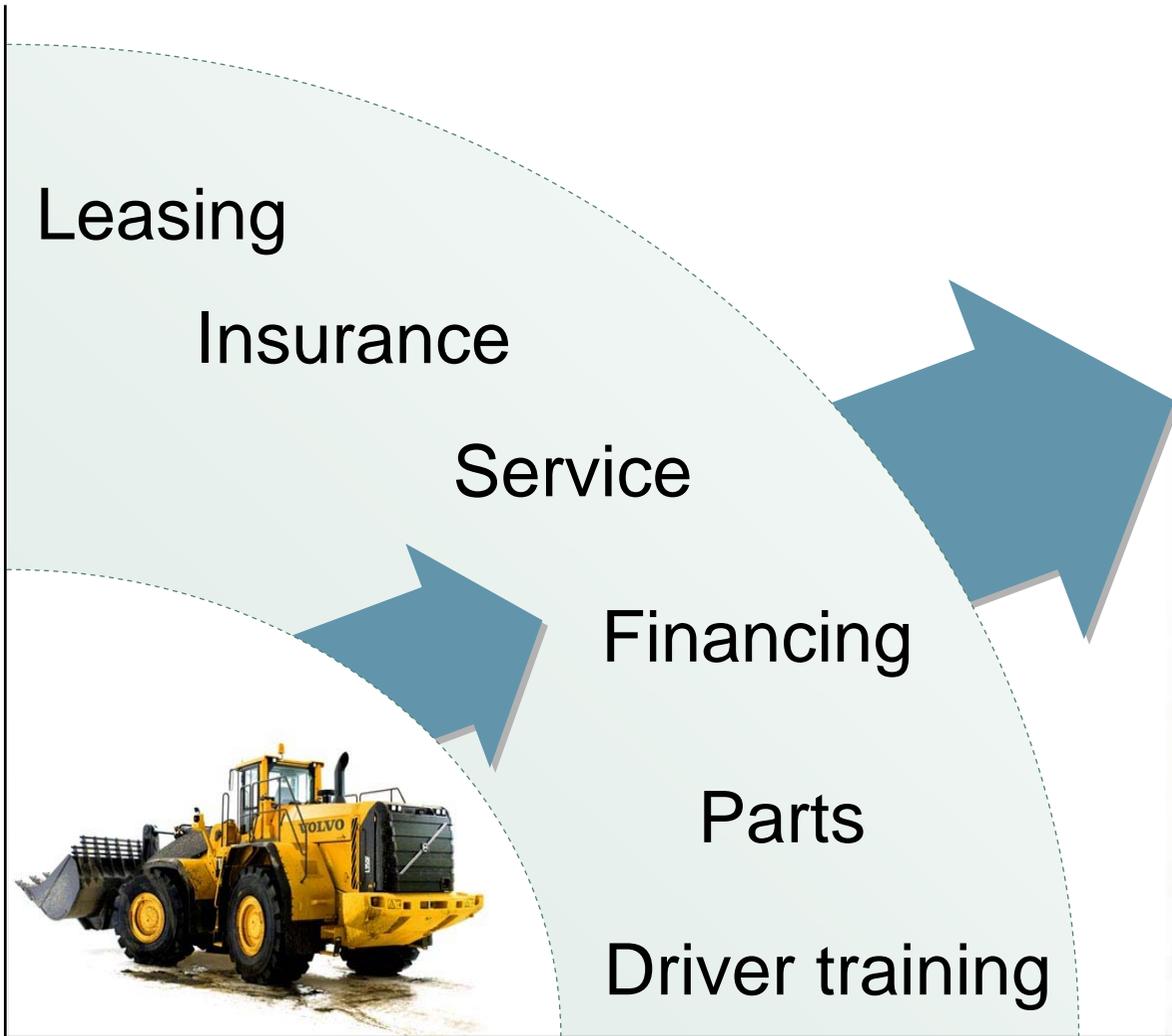


Competitive products



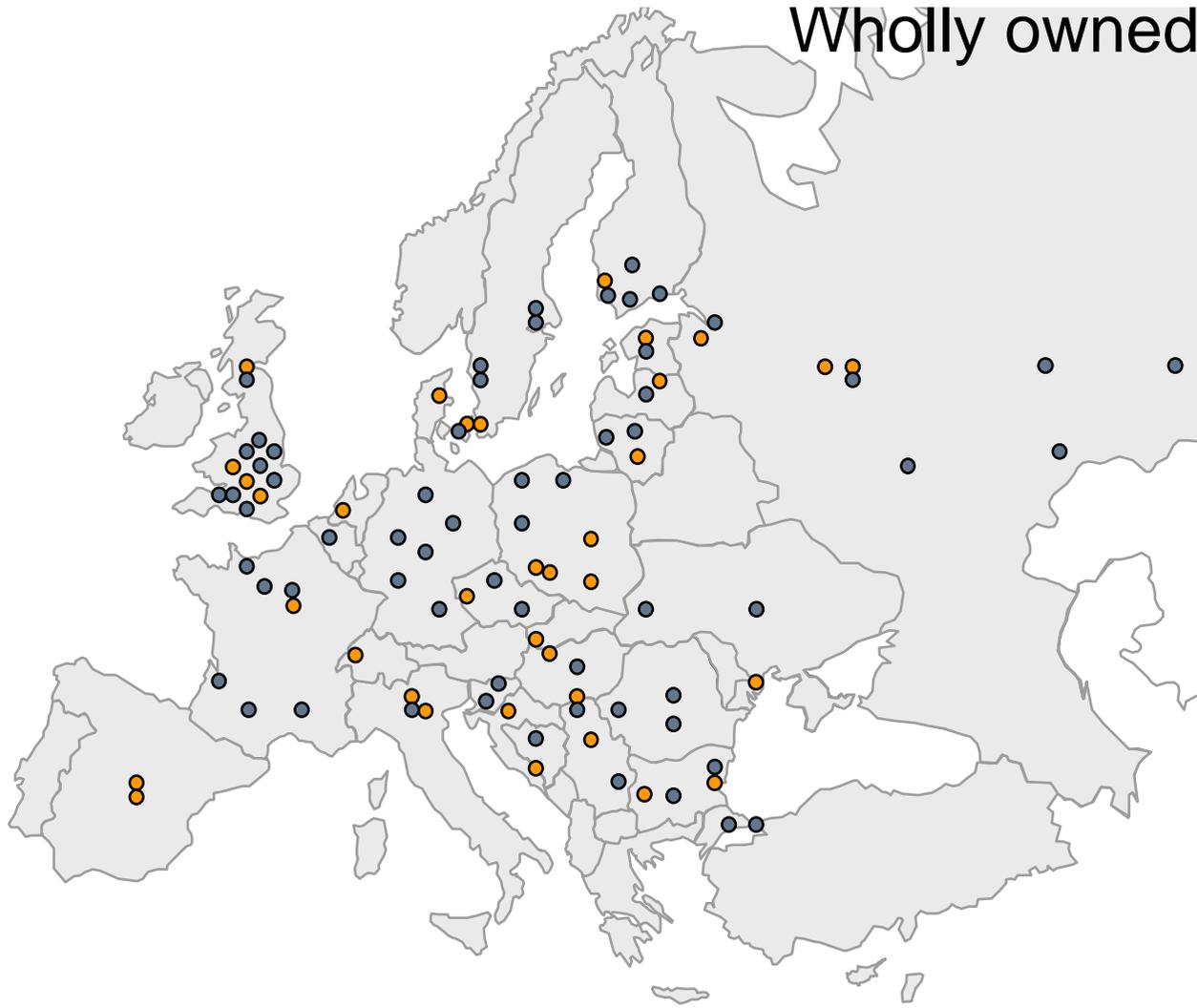
Investing for growth

Extended Product Offering



Volvo Trucks Retail Network Expansion

▶ Soft offers



Wholly owned

Today

4.3 million hours invoiced (2006)
5,920 employees (April 2007)

● **34 New Workshops**
Q3 2005 – Q2 2007
(completed & under construction)
Approx. 65% are replacements

● **63 New Workshops**
Planned
Q3 2007 – Q4 2009
Approx. 55 - 60% are replacements

Target 2009

5.1 million hours invoiced

Summary Soft Offers

- Customer loyalty
- Profitable growth
- Stable cash flow through the business cycle



Organic growth



Greater Europe



Soft offers



Competitive products



Investing for growth

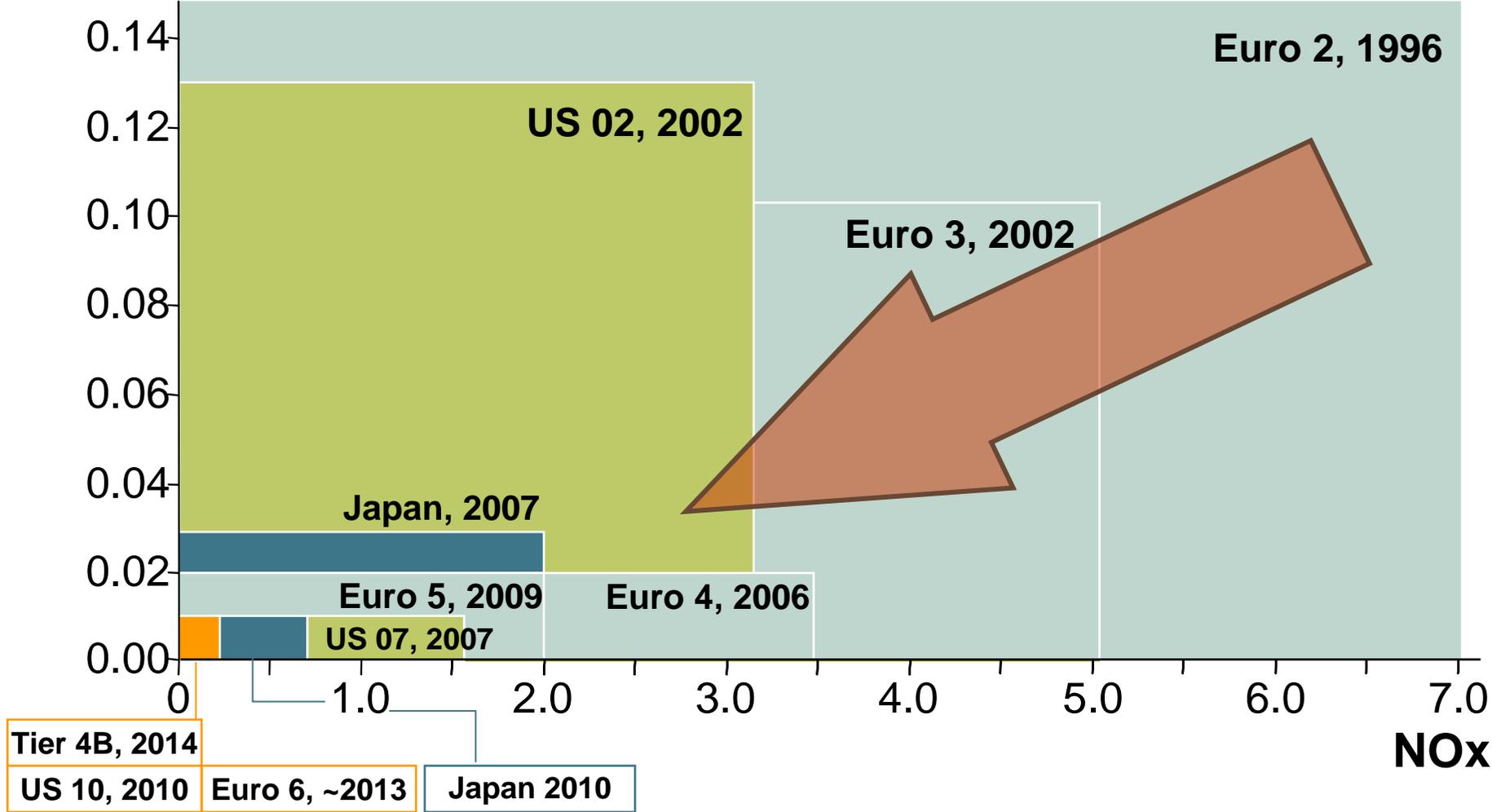


Completely new Product Portfolio for 2008

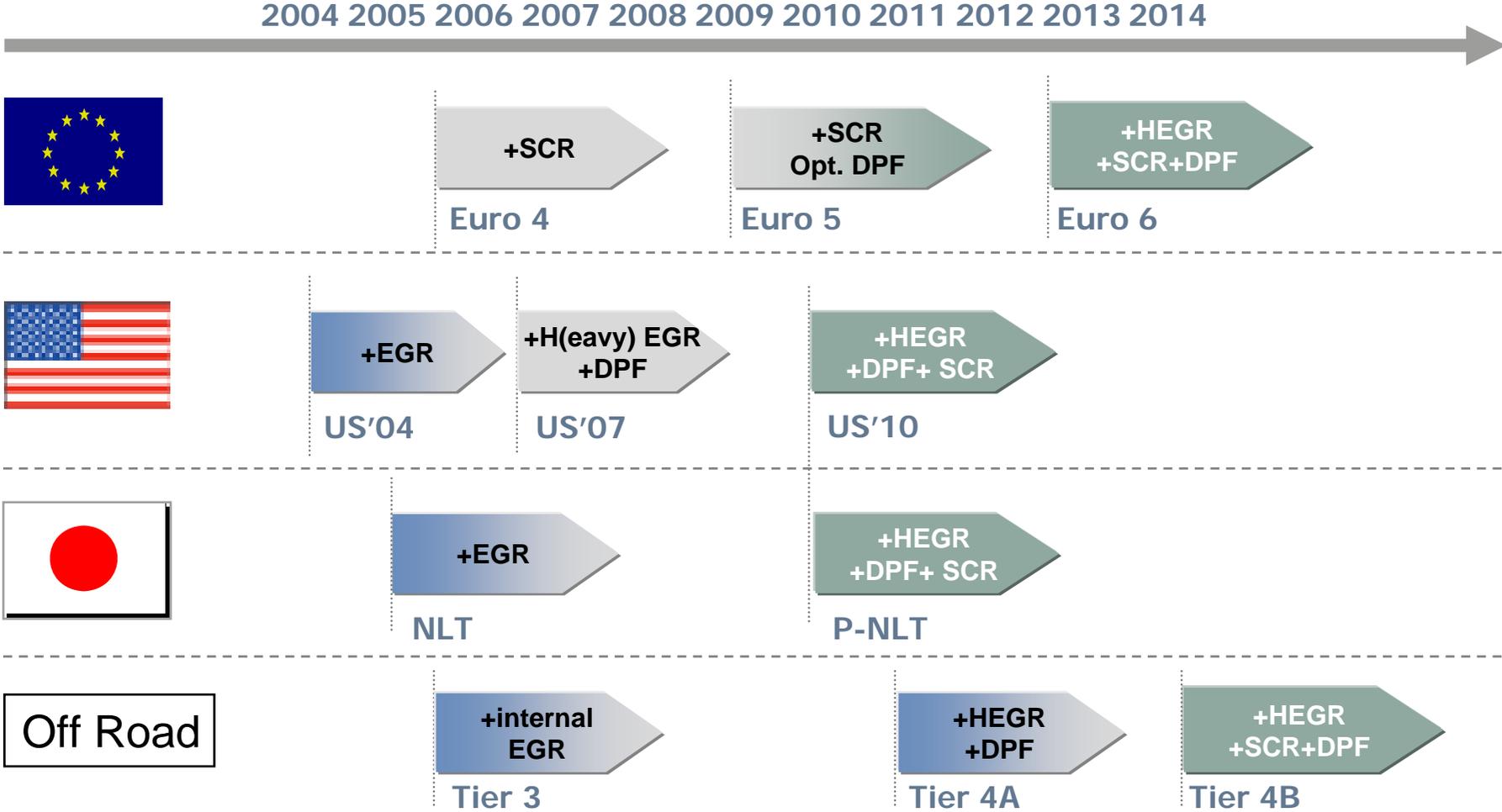


Emission Legislation

Particulates Challenges and opportunities



Convergence towards Common Technology



Energy Efficiency for Competitiveness

Example: Hybrid technology



Refuse

Construction

Distribution

25-35%



City bus

20-35%



Wheel loader

Up to 50%

Summary of Competitive Products

- Competitive product portfolio coming into 2008
- Well underway to develop US10, Euro 6 and Tier 4 technology based on a new engine generation
 - Customer field testing of US'10 started
- Converging emissions technology improving R&D efficiency
- Intense work for technologies to increase energy efficiency
 - Optimization of existing powertrains and vehicles
 - Hybrid technology
- Increased R&D efforts on alternative fuel solutions



Organic growth



Greater Europe



Soft offers



Competitive products

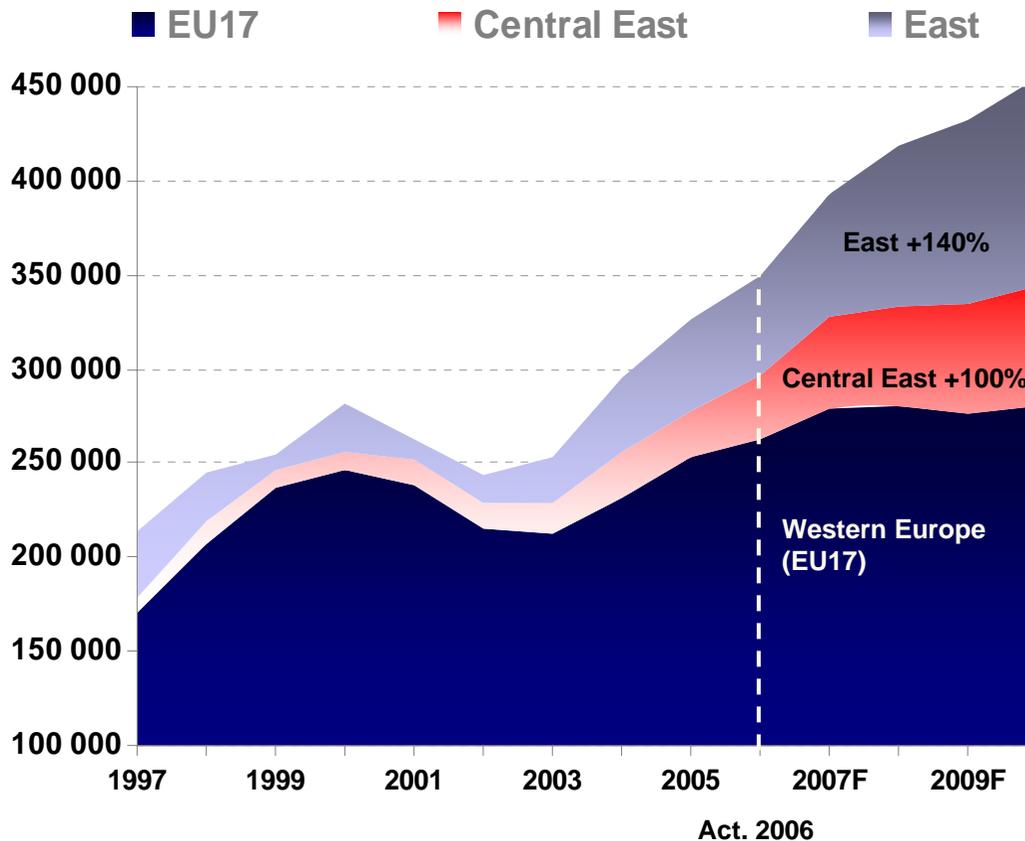


Investing for growth



Investing to meet strong Eastern European demand

Truck market – Greater Europe



Capacity investments 2008-2009

- **Volvo Powertrain – SEK 1.7 bn**
 - Engines +20%
 - Transmissions +50%

- **Trucks – SEK 2.5 bn**
 - Cabs, Blainville & Umeå
 - Assembly factory (15,000 trucks), Russia
 - Karsan (5,000 trucks), Turkey

- **Volvo CE – SEK 1.5 bn**
 - Transmissions & axles, Eskilstuna
 - Cabs, Asheville and Hallsberg
 - Excavators, Asheville

Agenda



Organic growth

- ▶ Greater Europe
- ▶ Soft offers
- ▶ Competitive products
- ▶ Investing for growth

Acquisitions

The New Volvo

Strategic Acquisitions

NISSAN DIESEL

LINGONG

INGERSOLL RAND



Agenda



Organic growth

- ▶ Greater Europe
- ▶ Soft offers
- ▶ Competitive products
- ▶ Investing for growth

Acquisitions

The New Volvo

The New Volvo – Q3 2007

North America

Net sales: 17%

 15,000

Greater Europe

Net sales: 50%

 60,000

Asia

Net sales: 22%

 17,000

South America

Net sales: 6%

 4,500

Other

Net sales: 5%

 3,000

On the agenda

- Successfully integrate acquired companies
- Supply chain and productivity across the whole group
- Focus on energy efficiency and alternative fuels
- Execution of profitable growth

