

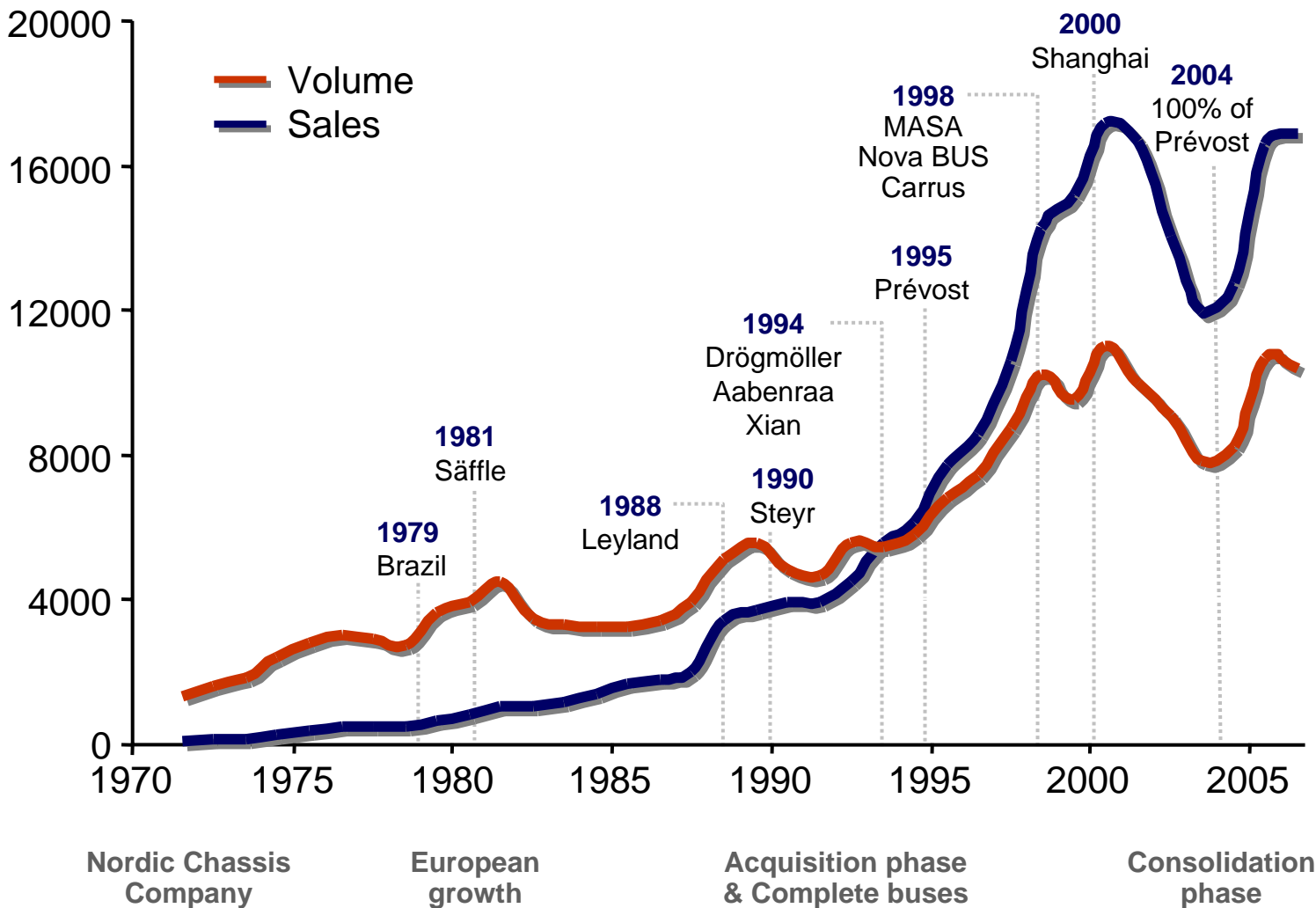


Håkan Karlsson

President & CEO
Volvo Bus Corporation



Units/MSEK



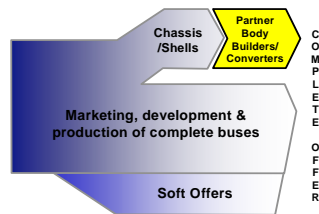
Units closed or divested

Vienna	1999
Irvine	2000
Helsinki	2001
South Africa	2001
Prevost and Nova 50% consolidated	2001
Roswell	2002
Aabenraa	2004
Heilbronn	2005



Volvo Buses consolidation

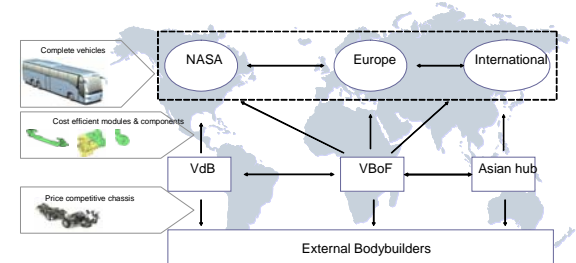
Complete Bus Strategy



Chassis platform consolidation

12 → 6

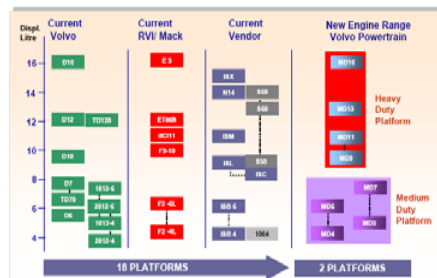
One industrial system



Aftermarket



Volvo Powertrain



System integration

	Poland	Borås/Ry	Stift	Finland	Mexico	Acritia	Curitiba	Prevost	Nova	Silver	Swedish
HOLA											
GPS											
CASAP											
BMPM											
ST											
GOS											
CATIA V5											
MyRace											

Legend: Not implemented (Red), Partly implemented (Yellow), Implemented (Green)



COACHES



INTERCITY BUSES



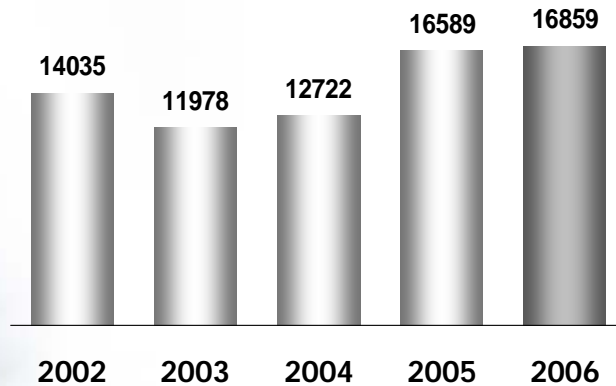
CITY BUSES





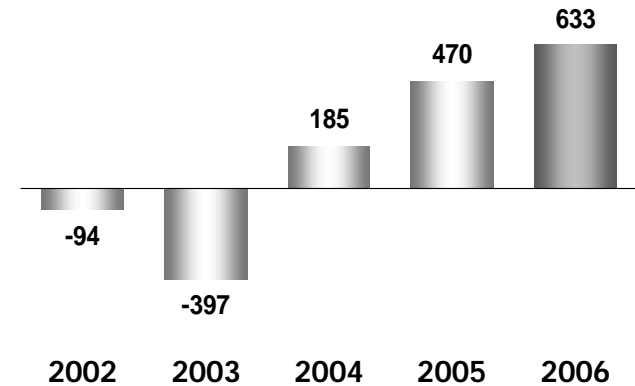
Sales

MSEK

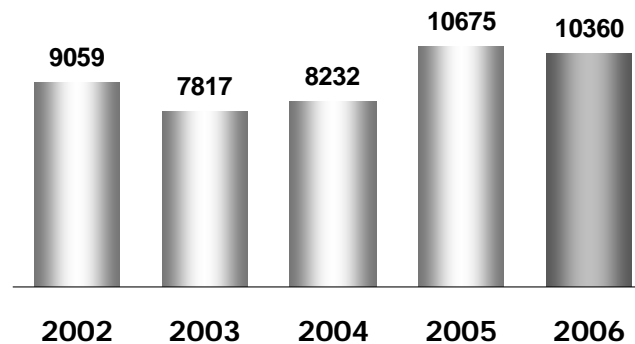


Operating Income

MSEK

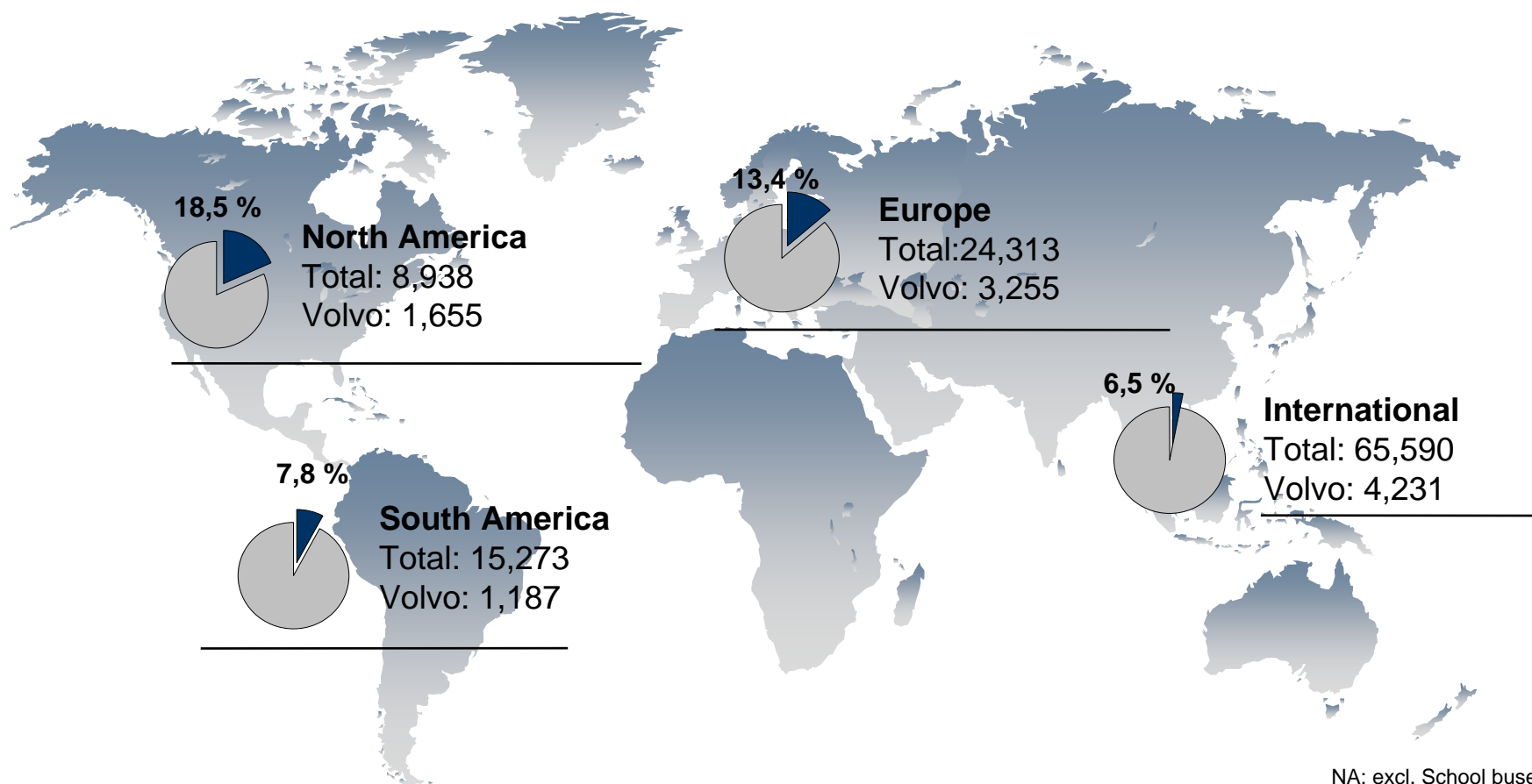


No. of invoiced vehicles





Bus World Market 2006 >12 tons



NA: excl. School buses

NA + SA: Above 15 Tons



The bus business today

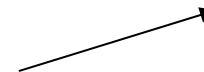
- Global market growth
- Urbanisation creates opportunities
- Improved profitability – still too weak
- Consolidation ongoing
- Increased focus on LCC
- Environment focus
- "Asian attack"



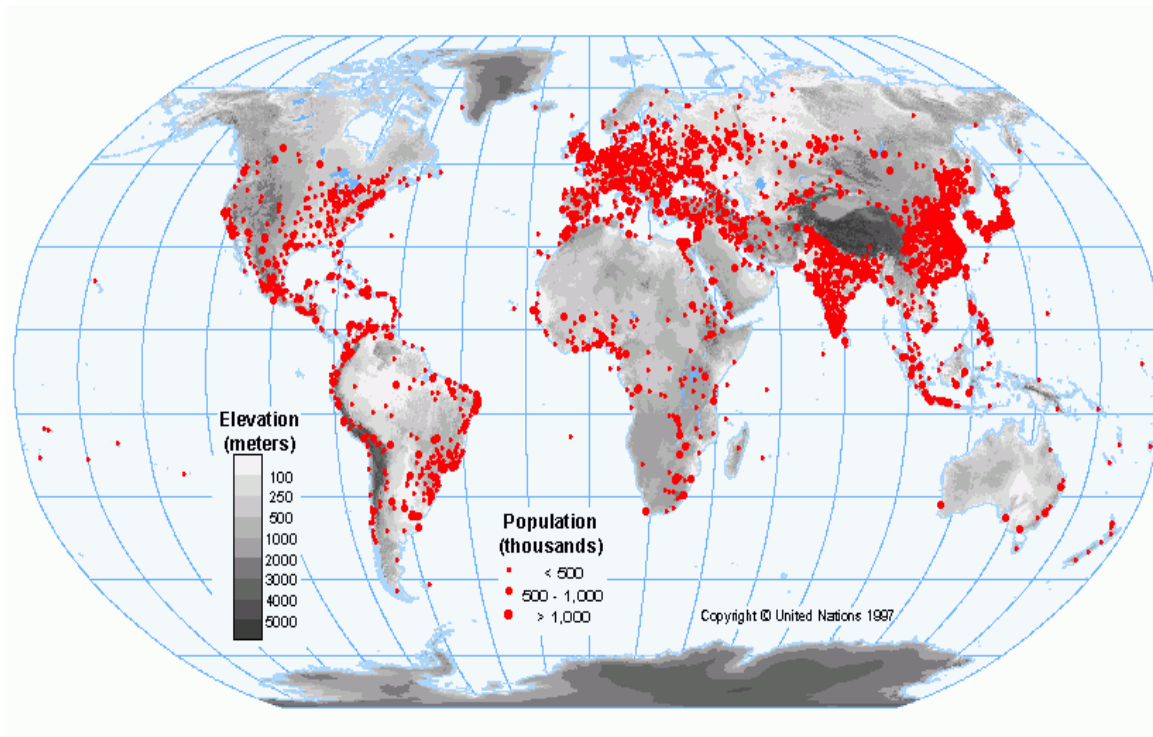
Bus operator profitability

Coach →
City →

Manufacturer profitability



The number of people living in cities will increase



- Roughly half of the world's population lives in rural areas (> 3 billion)
- By the year 2015, 20% of world population will live in 225 cities each > 2 mill people
- By the year 2015, 85% of world population will live in cities larger than 50.000 people

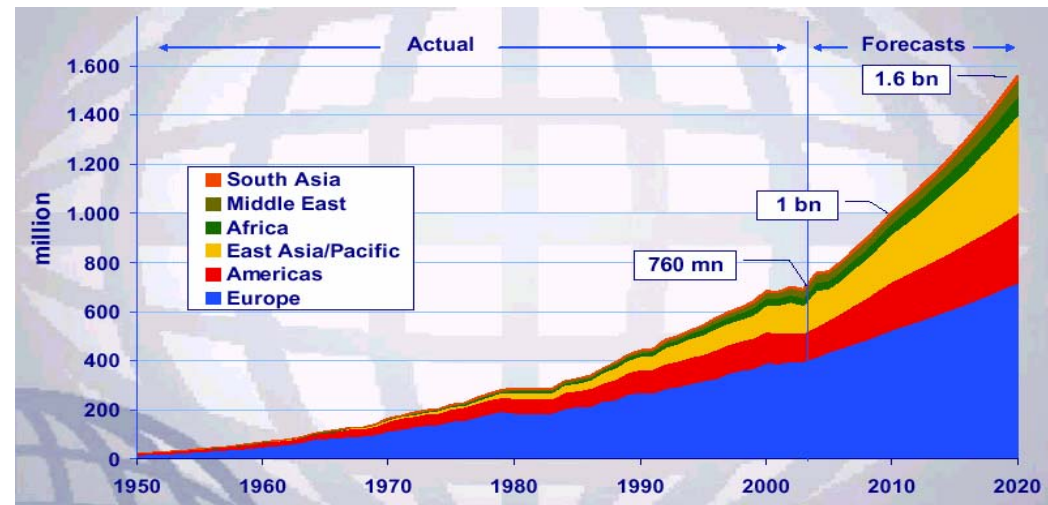
Source: United Nations



Increased tourism travelling

- Tourism is projected to almost double until the year 2020
- Europe remains dominant but East Asia shows the most dramatic growth
- Air transport fastest growing mode of personal transport
- Low cost flights are increasingly available

International Tourist Arrivals





Environment in focus

- Europe city bus segment
Euro4 → Euro5 → EEV in 12 months
- US/Canada city bus market buy 20% hybrid buses
- CNG and biodiesel in many markets

We strive towards a leading position

- Fuel efficiency
- CNG, biodiesel and DME
- Hybrid development
- BRT expertis





Business outlook 2007

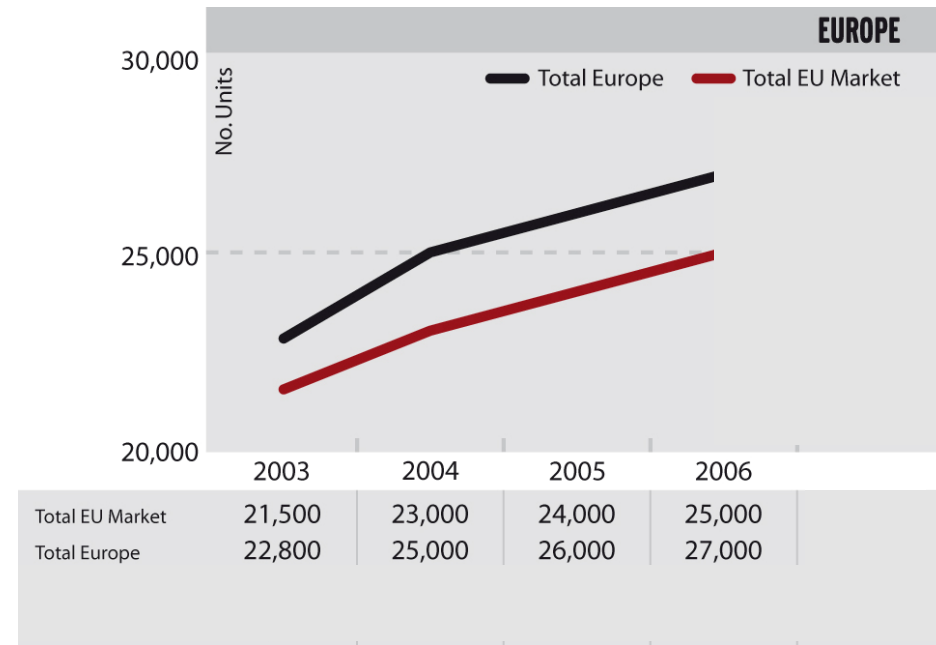
- North America and Europe have reach the peak
- Region International continue to grow
- City bus investments get priority
- Environment focus nr 1 priority
- Negative currency development
- Raw material prices increase



Business Region Europe

Highlights

- Order intake improving
- Deliveries behind last year
- Product introductions continues
- Strong position in UK, Nordic, Spain
- New product range well recieved





New product range

- New coaches Volvo 9700/9900
- New city bus Volvo 7700
- New Euro 4/Euro 5/EEV diesel engines
- New bio gas/natural gas engine
- First with safety features
 - Front impact protection
 - Front underrun protection
 - Knee impact protection





Business region Europe

In focus

- Customer satisfaction
- New product introduction
- Profitability program
- Alternative fuels/drivelines

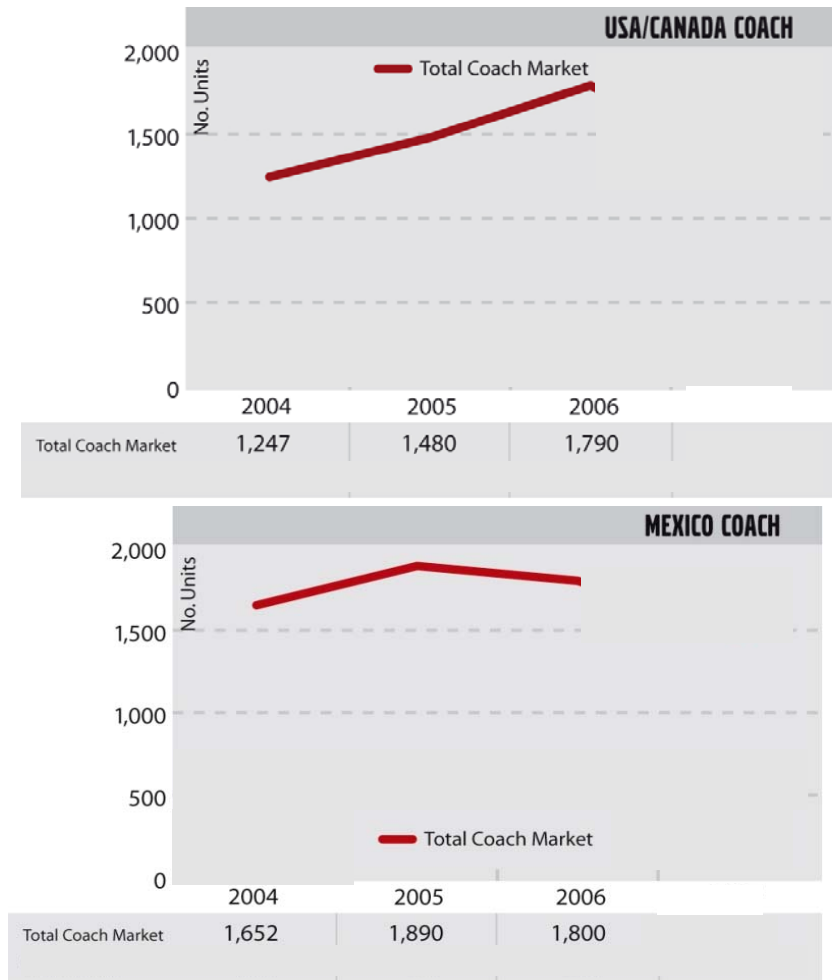




Business region North/South America

Highlights

- Good order intake
- Good performance Nova, Prevost and South America
- Mexico coach market drops significantly
- BRT possibilities
- New product range





Bus Rapid Transit – a win-win solution

- **Passengers**
 - Rapid
 - Frequent
 - Comfort/Security
- **Government/PTA**
 - Environment
 - Reduced congestion
 - Moderate investment
- **Operators**
 - System productivity
 - Vehicle adapted to demands
 - Efficient vehicle use
- **Manufacturers**
 - Vehicle tailored to operations
 - International standards
 - Concept development





Business region North/South America

In focus

- Profitable growth
- New product introduction
- Mexico capacity adjustment
- BRT sales

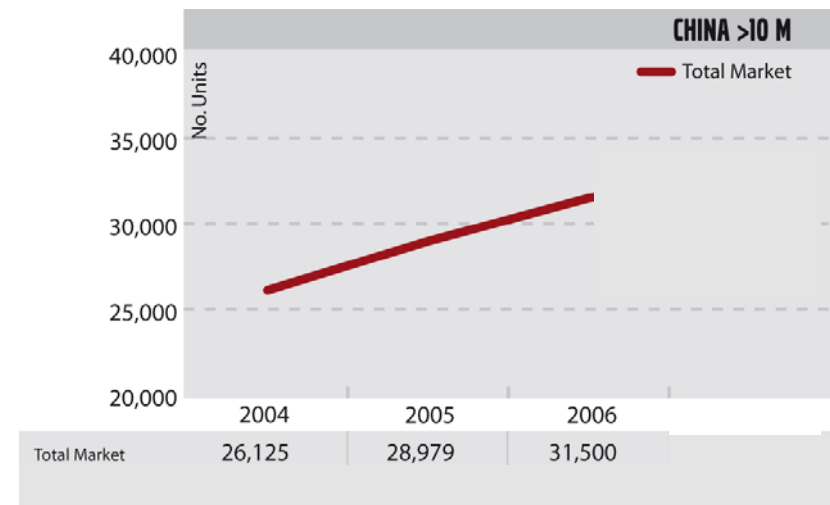
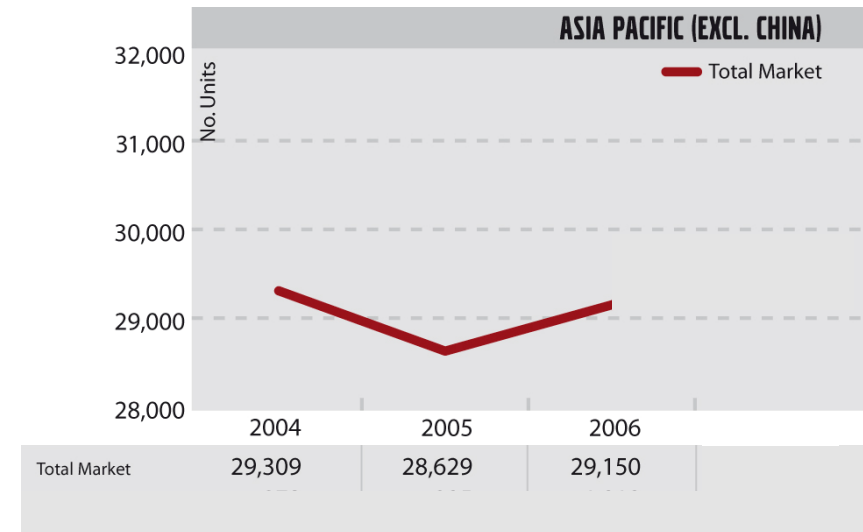




Business region International

Highlights

- Strong market growth
- Good performance
- Complete bus India
- Chinese competitors export





Complete bus in India

- Strong brand (1 500 vehicles)
- New body plant 2007
- City bus expansion
- BRT discussions





Business region International

In focus

- Profitable growth
- New plant in India
- Evaluate export from China and India
- Nissan Diesel synergies

