

VOLVO

**First Quarter 2007
Conference Call, May 11, 2007**

Group Highlights



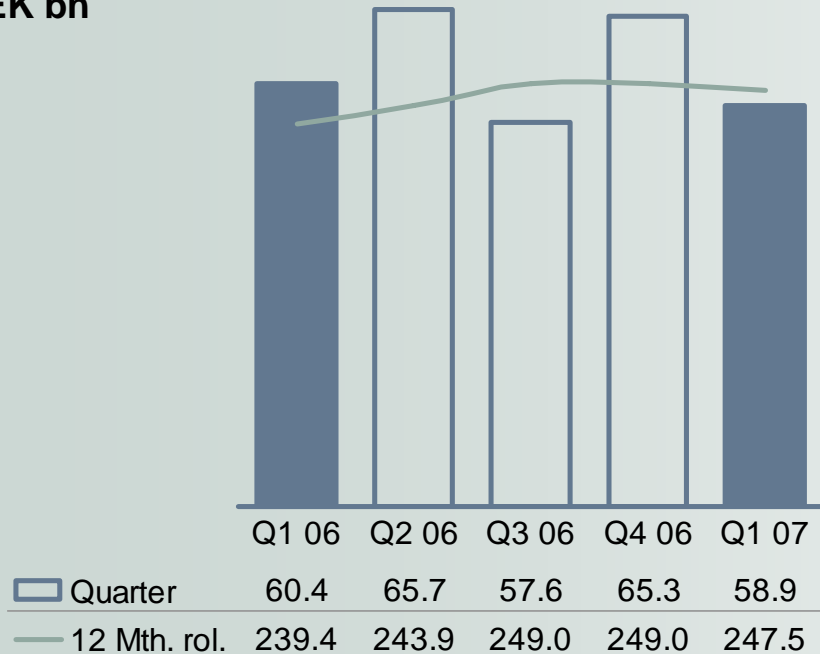
First Quarter

- Business environment
 - Europe and International strengthening
 - North America softer/prebuy
- Strategic acquisitions
 - Lingong
 - Nissan Diesel
 - Ingersoll Rand road development
- Investing for organic growth
 - Truck production capacity in Europe
 - Volvo CE component manufacturing
 - Distribution channels

Industrial Operations

Net sales

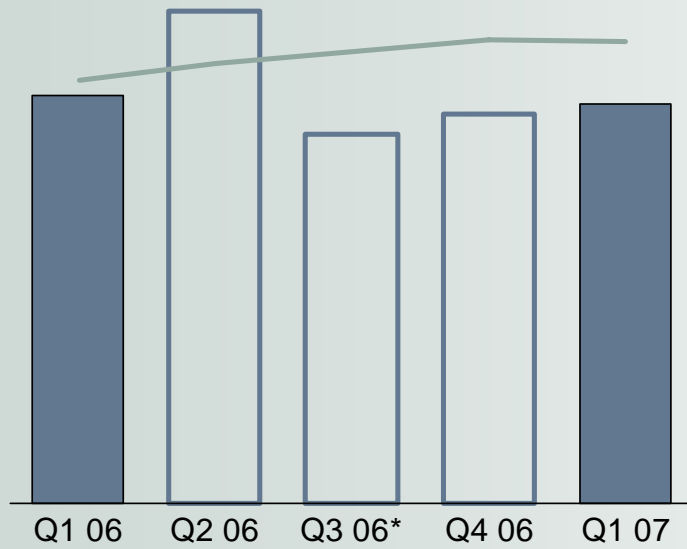
Net sales
SEK bn



- Net sales down 3%
- Trucks North America down 46%
- Strong development outside NA
 - Europe up 10%
 - South America up 14%
 - Asia up 28%
 - ROW up 24%
- Positive development in Volvo CE and Volvo Penta
- Adjusted for currency, Group sales up 2%

Operating income

Operating income SEK M



	Q1 06	Q2 06	Q3 06*	Q4 06	Q1 07
Quarter	5,026	6,055	4,546	4,798	4,933
Margin	8.3%	9.2%	7.9%	7.3%	8.4%
12 Mth. rol.	18,643	19,347	19,889	20,425	20,332

- + Product and market mix
 - Strong Europe and International
- + Price realization
- + Aftermarket and retail business

- US truck operations
- R&D
 - Lower capitalization
 - Higher amortization
- Currency impact -200 SEK M

* Excluding goodwill adjustment of SEK 1,712 M due to release of valuation reserves for taxes

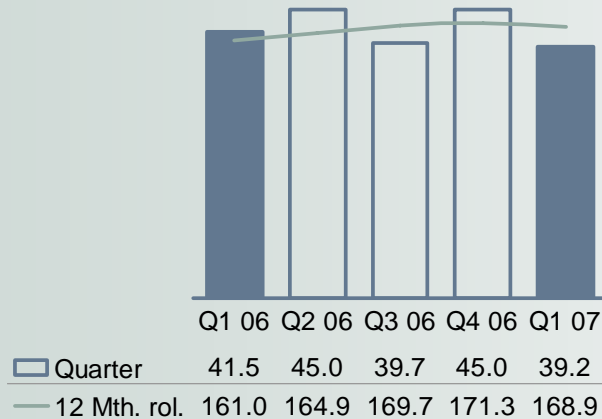
Volvo Group financial summary

SEK M	Q1-2007	Q1-2006	
Industrial operations			
Net Sales	58,857	60,426	<i>Up 2% adjusted for currency and acq./div.</i>
Gross income	13,682	14,065	
	23.2%	23.3%	
R&D expenses	(2,334)	(1,951)	<i>Reduced capitalization and incr. depreciation -428</i>
Selling and administrative expenses	(6,794)	(6,596)	
Other op. Income & expenses	296	(615)	<i>Primarily currency</i>
Inc. from investments in ass. companies and other	82	122	
Operating income Industrial operations	4,933	5,026	<i>Currency impact vs. last year approx. -200</i>
	8.4%	8.3%	
Operating income Customer Finance	395	404	
Operating income Volvo Group	5,328	5,430	
Interest net	93	(24)	
Other financial income and expenses	(14)	66	
Income after fin. Items	5,407	5,472	
Taxes	(1,651)	(1,474)	
Income for the period	3,756	3,998	
	6.4%	6.6%	
ROE	18.6%	18.2%	
EPS, SEK	1.85	1.96	
Operating cash flow, excl. Financial Services (SEK bn)	(2.9)	(0.4)	

Trucks



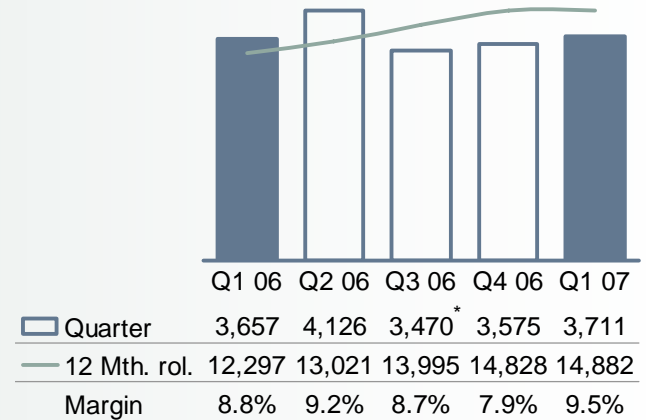
Net sales – SEK bn



Highlights

- Strengthening Europe and International
- Highest operating margin so far, 9.5%
- North America
 - Capacity adjustments implemented in NA
 - Industrial optimization
 - Slow ramp-up of US 07 products

Operating income – SEK M



In Focus

- Launch US 07 products
- Production ramp-up in Europe
- Integration of Nissan Diesel

* Excluding goodwill adjustment of SEK 1,712 M due to release of valuation reserves for taxes

Renault Trucks



- Deliveries down 11%
- Deliveries excl. Renault Mascott up 5%
- New Renault Maxity well received, 900 trucks delivered in March
- Investment in cab manufacturing in Blainville SEK 530M
- Improved productivity towards the end of the quarter

Mack Trucks

- Deliveries down 47%
- Capacity adjustments implemented early
- Slow ramp-up of US 07 products
- Introduction of TerraPro Cabover and TerraPro Low Entry.

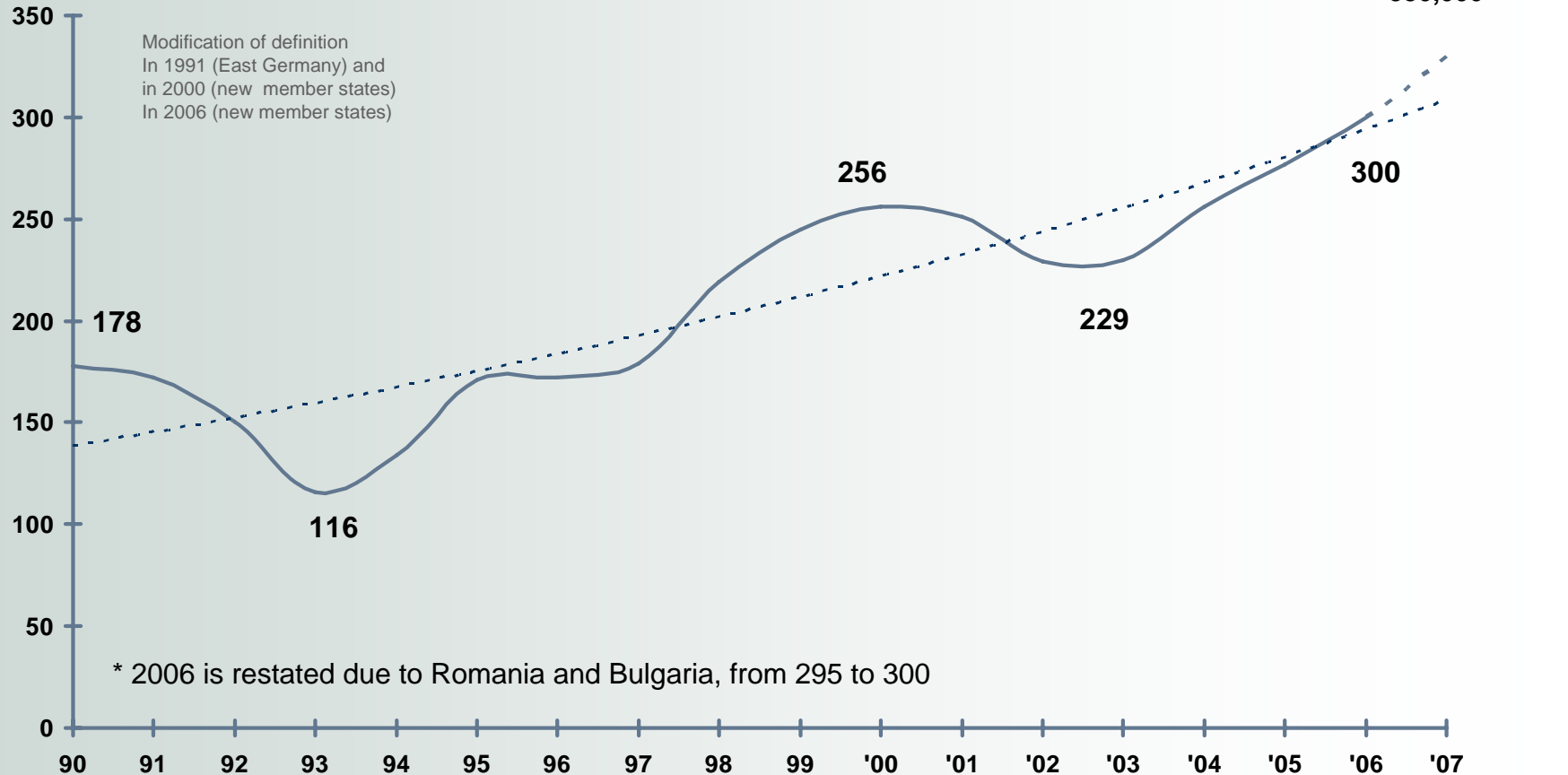


Heavy-Duty Truck Market - Europe

(EU members + Switzerland and Norway)



Units, Thousands (heavy trucks)

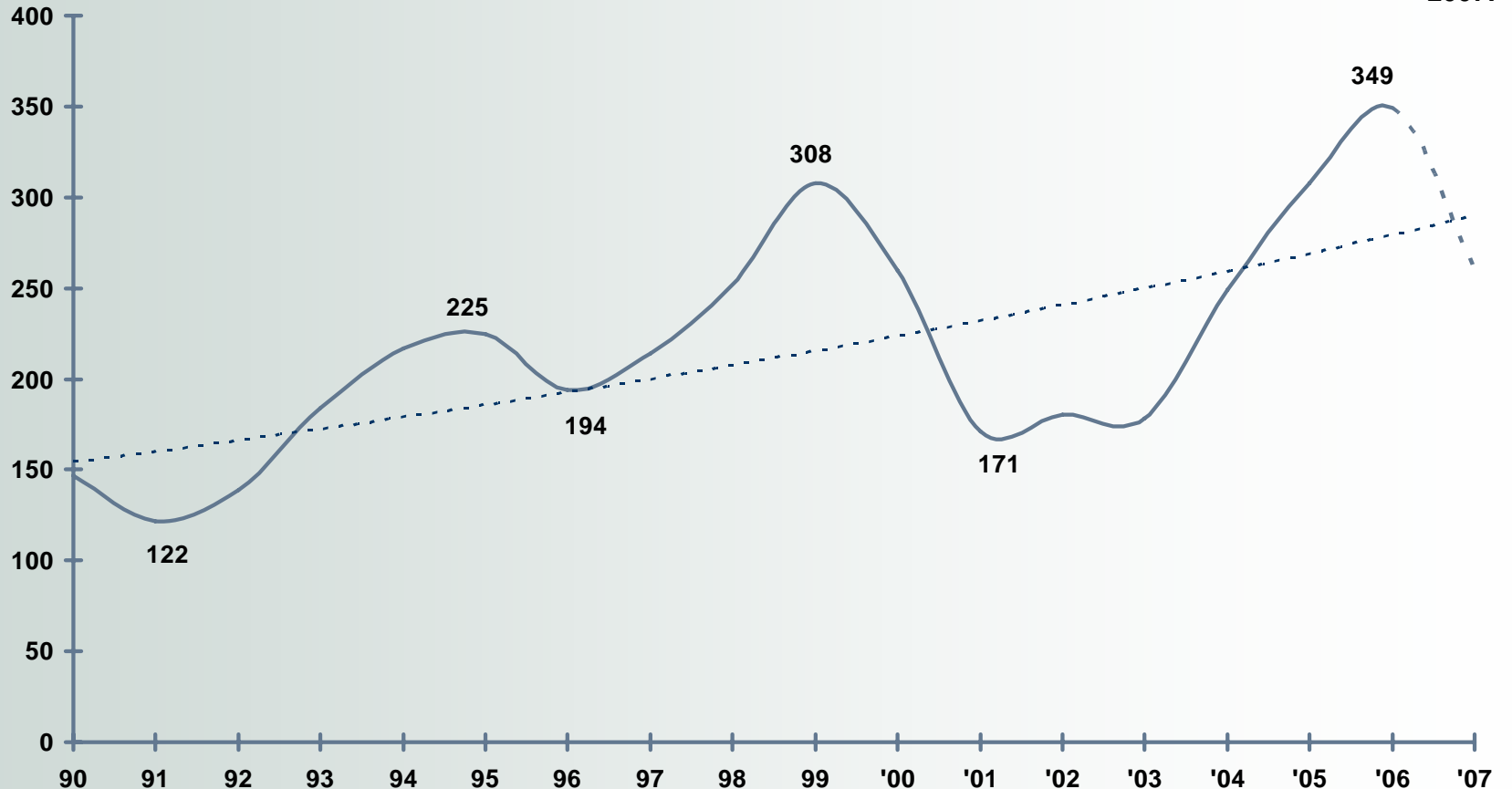


Heavy-Duty Truck Market – North America



Units, Thousands (heavy trucks)

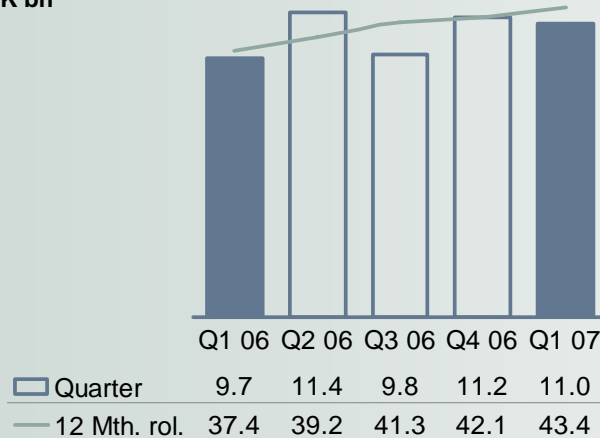
Forecast
2007: ?





Net sales

SEK bn

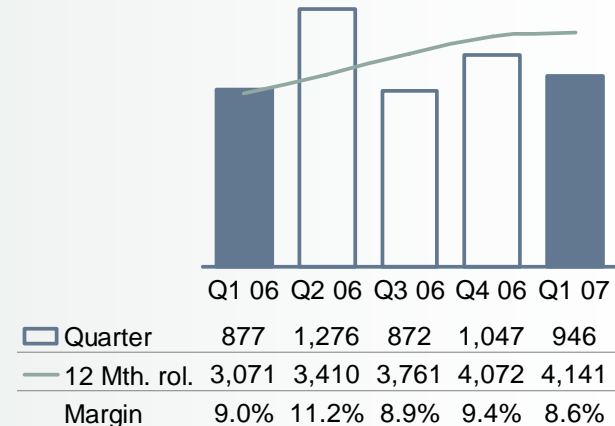


Highlights

- Global demand for heavy equipment up 10%
- Europe up 20%, NA down 17%
- Good growth in sales and operating income
- 1.1 SEK bn investment in components factory
- Lingong sales SEK 450M at break-even

Operating income

SEK M



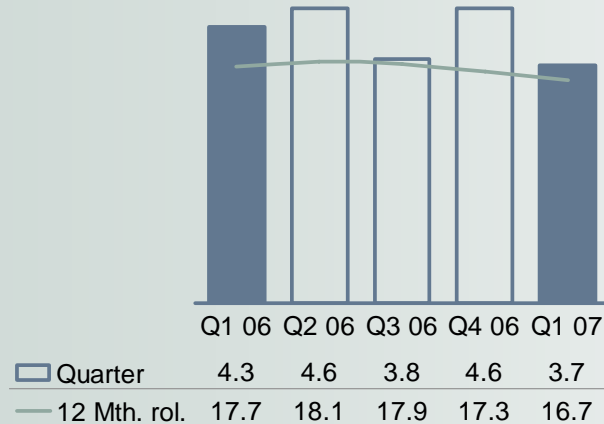
In Focus

- Integration of Ingersoll Rand and Lingong
- Capitalize on new products
- Continue to expand into new customer segments
- 11 new Wheel Loaders and 13 new Excavators launched



Net sales

SEK bn

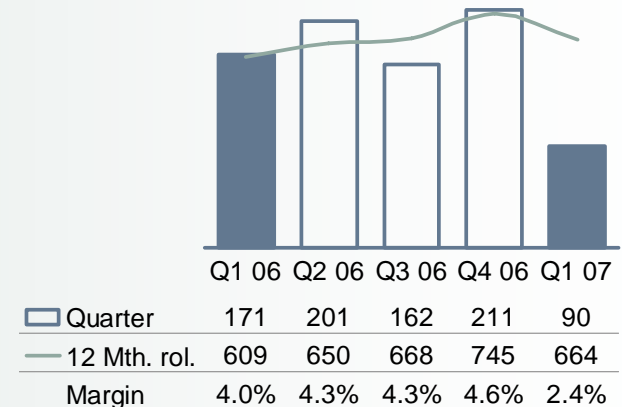


Highlights

- Deliveries -17% behind last year
- Supplier disturbances Q1
- South America strong order intake

Operating income

SEK M



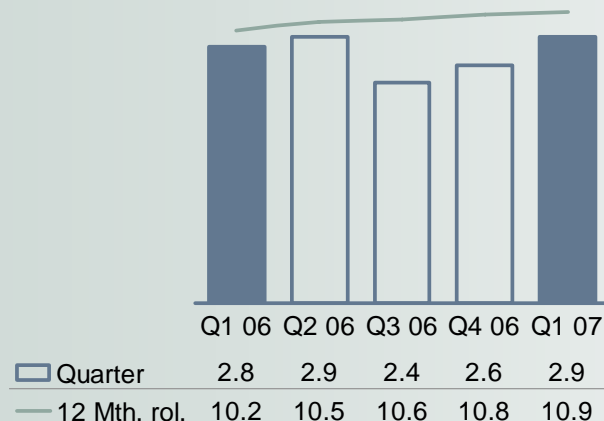
In Focus

- Delivery of new products
- Europe profitability program
- Mexico capacity adjustment



Net sales

SEK bn

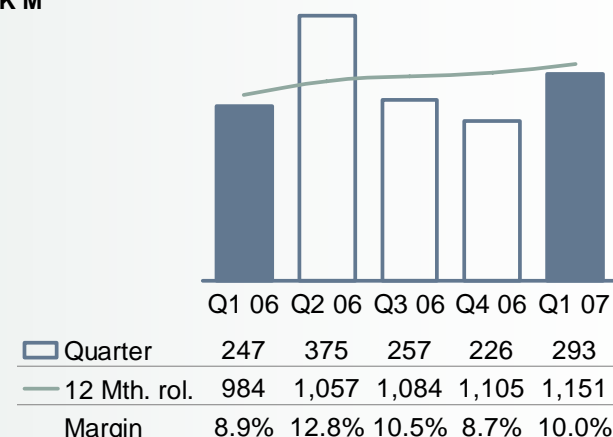


Highlights

- Strong development for industrial engines
- Operating margins strengthened
- New products well received in the market

Operating income

SEK M



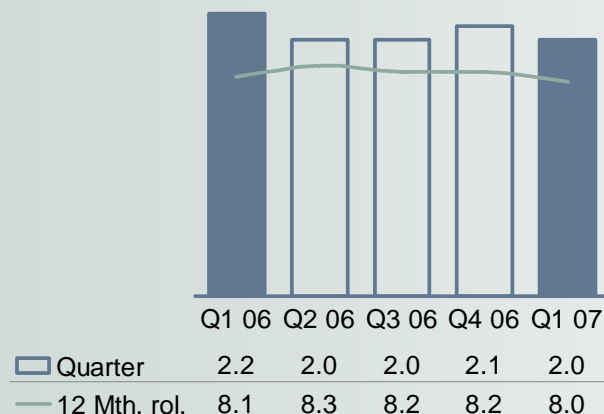
In Focus

- Delivery precision and supply chain management
- Product and customer support
- Secure successful product introductions



Net sales

SEK bn

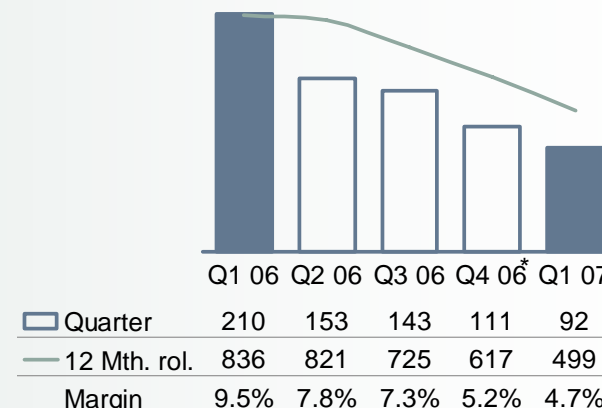


Highlights

- Operating income affected by closure of Bromma plant
- USD negative impact
- Strong market development
- Component business continues to grow
- Sales record for the new GEnx engine

Operating income

SEK M



In Focus

- Cost efficiency
- Material cost
- Closure of Bromma plant
- New business opportunities

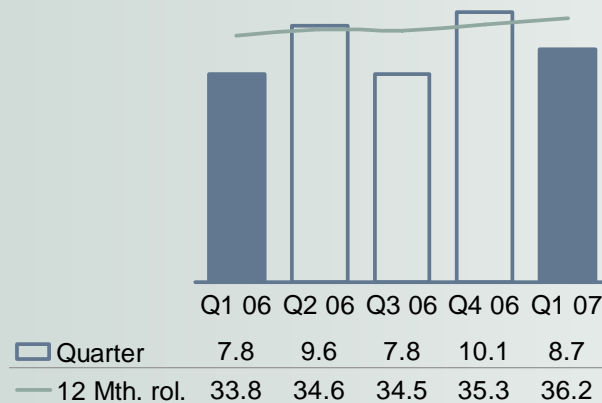
* Excluding costs of SEK 258 M from closing the Bromma plant

Financial Services



New retail financing

SEK bn

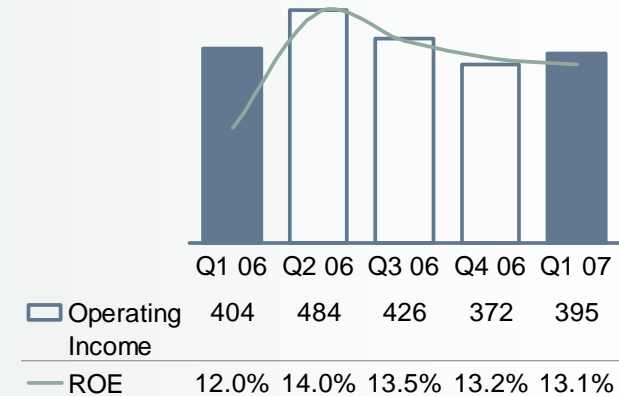


Highlights

- Revised equity level
- Strong retail volume Q1
- Improved penetration levels
- Stable portfolio risk parameters

Operating income and return on equity

SEK M



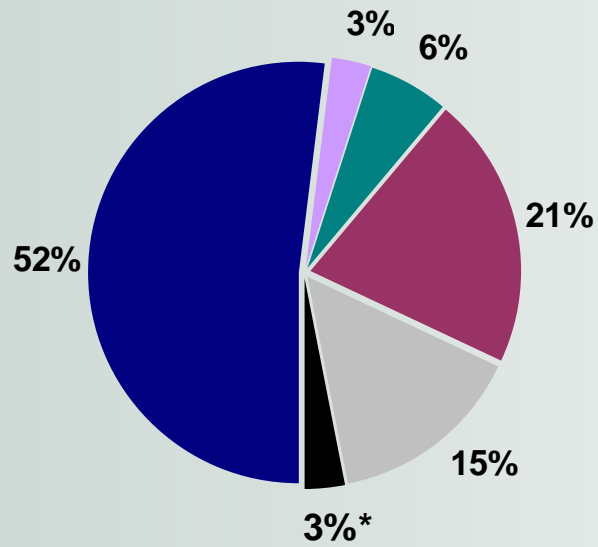
In Focus

- Financial Services integration for recent group acquisitions
- Activities to establish operations in Slovakia, Hungary and South Korea
- Developing new strategies to enhance operational excellence

Volvo Financial Services

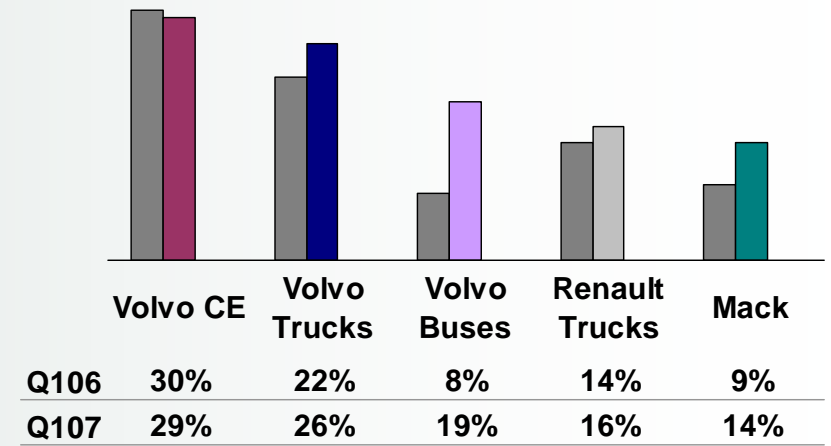


New financing



*Volvo Aero and Volvo Penta.

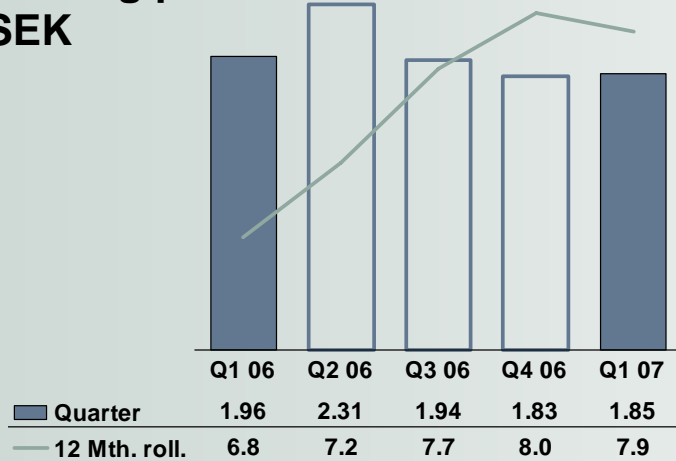
Penetration on new financing



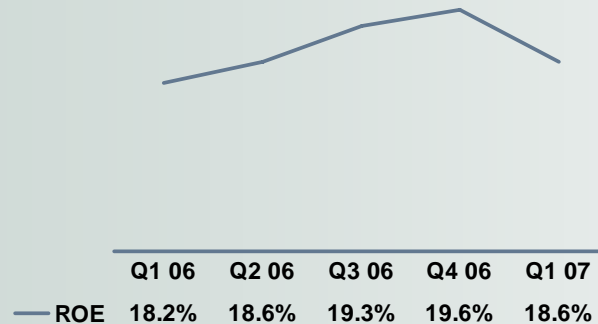
Group Summary



Earning per share SEK



Return on equity



- Continued good financial performance
 - Operating income SEK 5.3 bn
 - Earnings per share SEK 1.85
 - Return on equity 18.6%
- Truck operating margin at all-time high, 9.5%
- Secure US 07 ramp-up
- Integrating acquisitions
- Production ramp-up in Europe and International