

VOLVO

Second Quarter 2007

Conference Call, July 25, 2007

Group Highlights

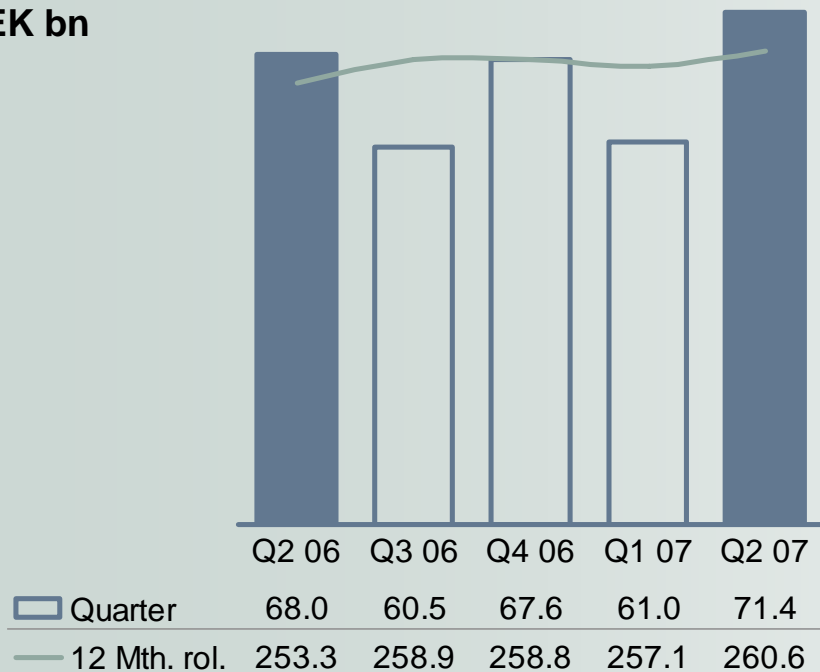


Second Quarter

- Business environment
 - Europe and International strong
 - North America and Japan softer/prebuy
- First quarter with Nissan Diesel and IR Road Development – 12,000 new employees
- Investing in increased manufacturing capacity for heavy diesel engines and gear boxes (Skövde and Köping)
- SEK 20 bn distributed to shareholders

Net sales

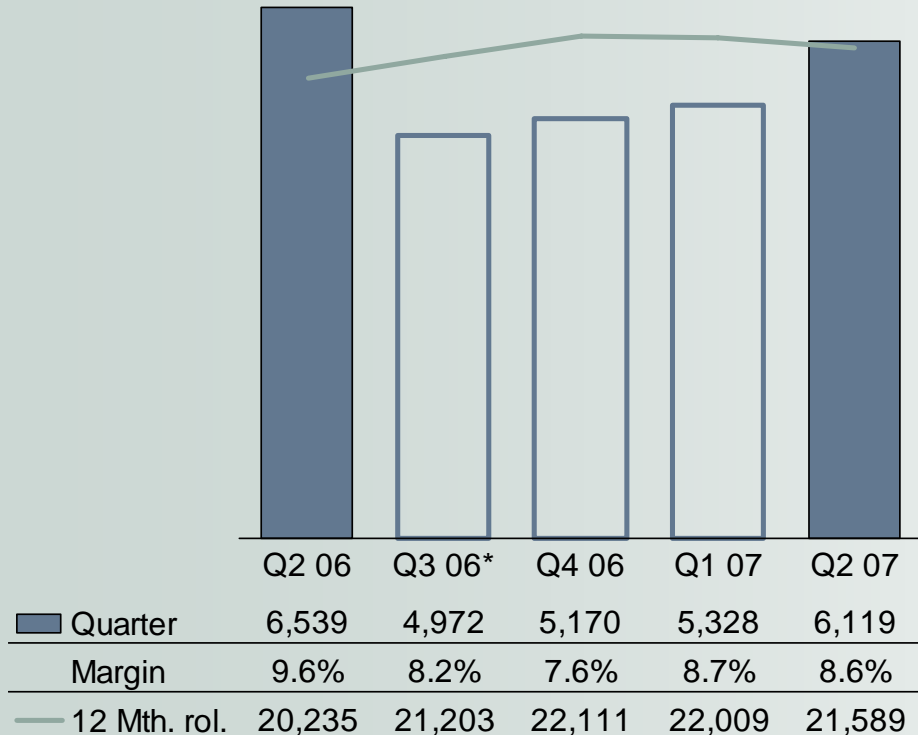
Net sales
SEK bn



- Net sales up 5%
 - Nissan Diesel SEK 4.6 bn
 - IR Road Development SEK 1.1 bn
- Adjusted for FX and acquired and divested units, net sales down 1%
- Trucks North America down 54%
- Strong development outside North America
 - Europe up 10%
 - South America up 13%
- Strong organic growth in Volvo CE (16%) and Volvo Penta (13%), FX adjusted

Operating income

Operating income SEK M



- + Product and market mix
 - Strong Europe and International
- + Price realization
- + Aftermarket and retail business
- + Divested companies (SEK 516 M)

- US truck operations
- Nissan Diesel
- R&D (SEK 370 M)
 - Lower capitalization
 - Higher amortization
- Currency impact (SEK -700 M)

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

Volvo Group

Financial impact of acquisitions

IMPACT OF ACQUISITIONS	Trucks	Construction Equipment	Volvo Group
Preliminary			
Reported operating income	3,831	1,398	6,119
% of sales	8.3%	9.9%	8.6%
PPA	-240	-35	-275
Inventory valuation reversal	-82	-14	-96
Amortization of intangible and tangible assets	-158	-21	-179
Operating margin adjusted for PPA	8.8%	10.1%	9.0%
Operating margin excluding acquisition	9.5%	10.0%	9.5%

Volvo Group

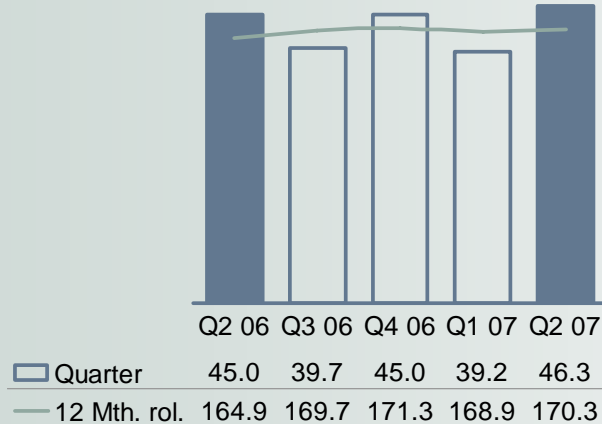
Financial summary second quarter

SEK M	Q2-2007	Q2-2006	
Net Sales	71,446	67,994	<i>Down 1% adjusted for currency and Group structure</i>
Operating income Industrial Operations	5,698	6,055	<i>Acquisition purchase price allocation -275</i>
Gross income	15,633	15,179	
R&D expenses	2,679	2,034	<i>Net capitalization/amortization -370</i>
Selling and administrative expenses	-7,499	-6,657	<i>Acquired companies</i>
Other op. Income & expenses	-122	-486	<i>Sörreds Energi divested +200</i>
Inc. from investments in ass. companies and other	365	53	<i>Petro Stopping Centers divested +316</i>
Operating income Customer Finance	421	484	
Operating income Volvo Group	6,119	6,539	<i>Currency impact -700</i>
% of sales	8.6%	9.6%	<i>9.0% excluding purchase price allocation</i>
Income after financial items	5,970	6,457	<i>Debt/Equity ratio Industrial Operations -23%</i>
Taxes	(1,941)	(1,777)	<i>Mack valuation allowance in 2006</i>
Income for the period	4,030	4,680	
% of sales	5.6%	6.9%	
ROE	17.9%	18.6%	
EPS, SEK	1.98	2.31	
Operating cash flow Industrial Operations (SEK bn)	6.1	6.0	<i>Working capital +1.7</i>

Trucks



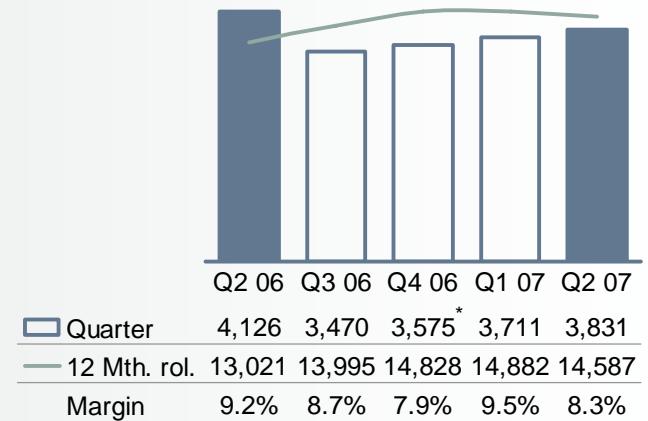
Net sales – SEK bn



Highlights

- Very strong performance in Europe and “Int.”
- North America
 - Market drop/Production disturbances
 - Good reception of US 07 products
- Capital gain of SEK 316 M
- Operating margin for comparable units at 8.8%

Operating income – SEK M



In Focus

- Ramp-up of US 07 products – productivity
- Manage high demand outside US and Japan
- Integration of Nissan Diesel

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

Volvo Trucks



- Strong order intake
- Deliveries
 - Europe +13%
 - Asia +18%
 - North America -79%
- Good reception of US'07 trucks
- Continued expansion of European dealer network

Renault Trucks



- Strong order intake for heavy and medium duty trucks
- Light truck orders down due to model change over
- Deliveries of the new EU4 version of Renault Mascott have started
- Much improved industrial productivity
- Improving profitability

Mack Trucks

- Deliveries down 62%
- Positive customer reception from road show, introducing US'07 engine family
- Improved order intake for vocational trucks
- Continued good performance in the dealer network



Nissan Diesel

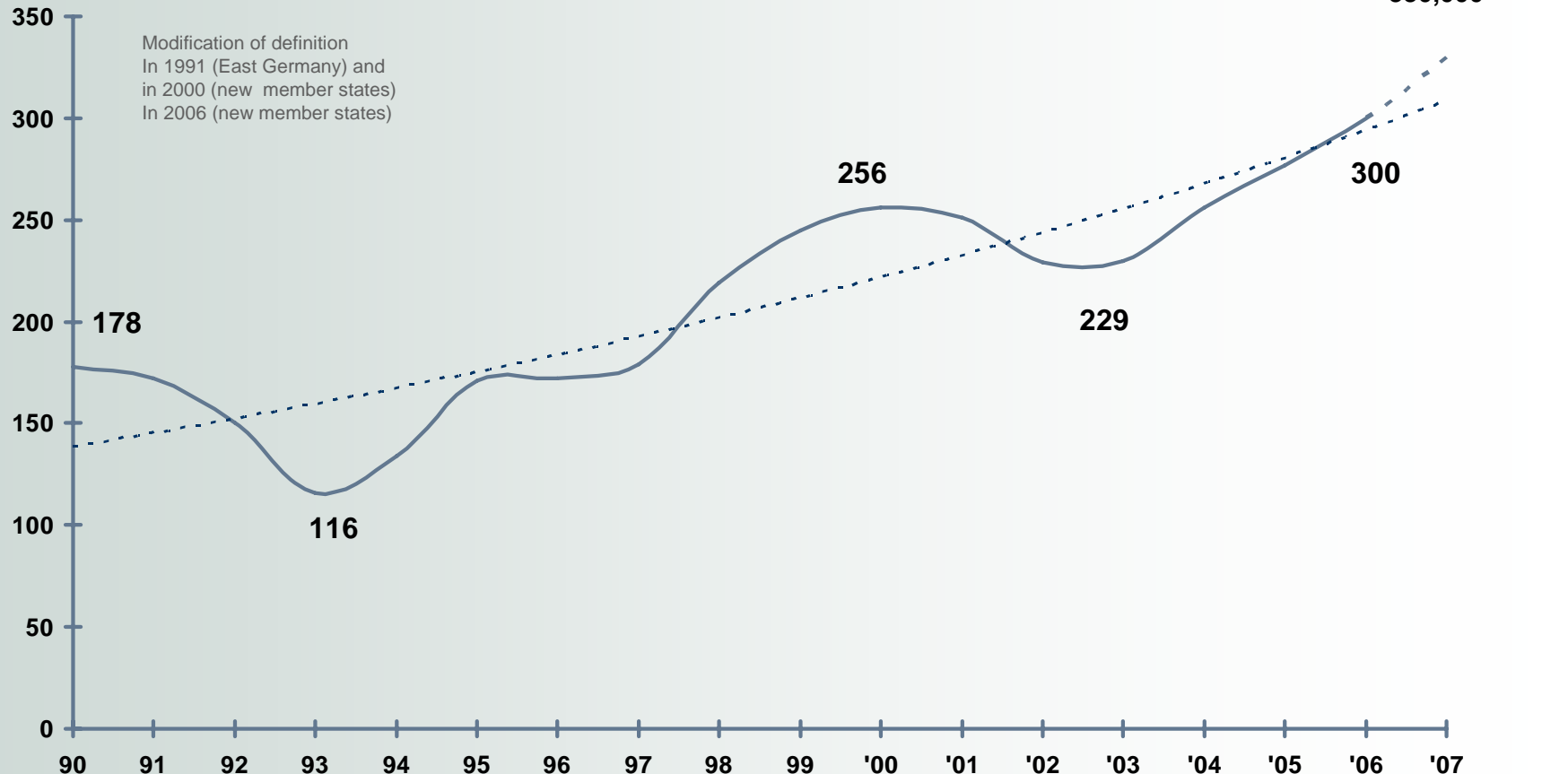
- Early introduction of new emission technology – ahead of competition
- Deliveries in the second quarter was 10,011, down 36%
 - Temporary gap in product availability to Nissan Motors
 - Weak Japanese market compensated by export growth
- Operating income at SEK 94 M, excluding acquisition related costs:
 - Inventory revaluation SEK -82 M (one time Q2)
 - Depreciation/Amortization of SEK -158 M (ongoing)
- Integration work

Heavy-Duty Truck Market - Europe

(EU members + Switzerland and Norway)



Units, Thousands (heavy trucks)

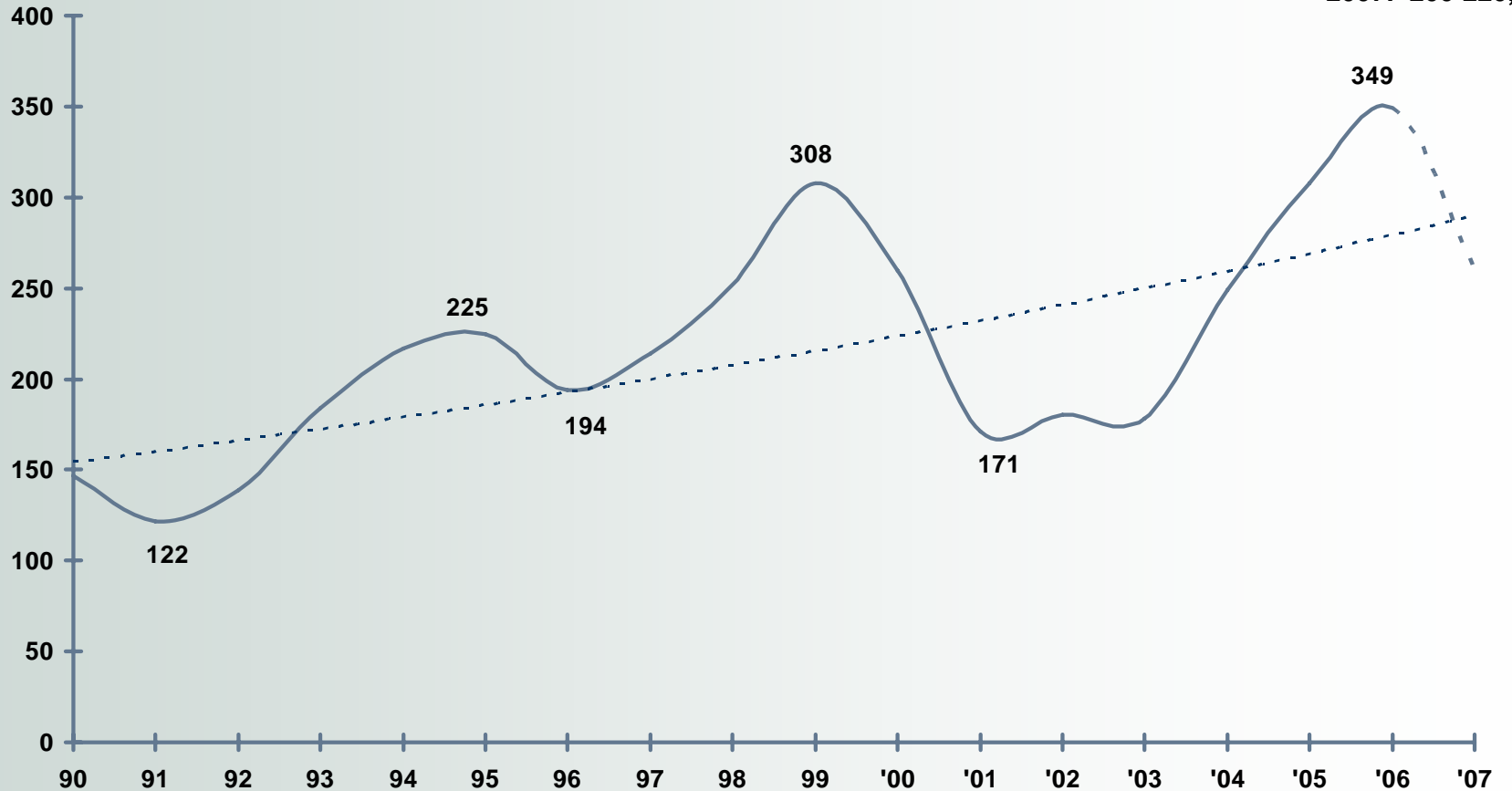


Heavy-Duty Truck Market – North America



Units, Thousands (heavy trucks)

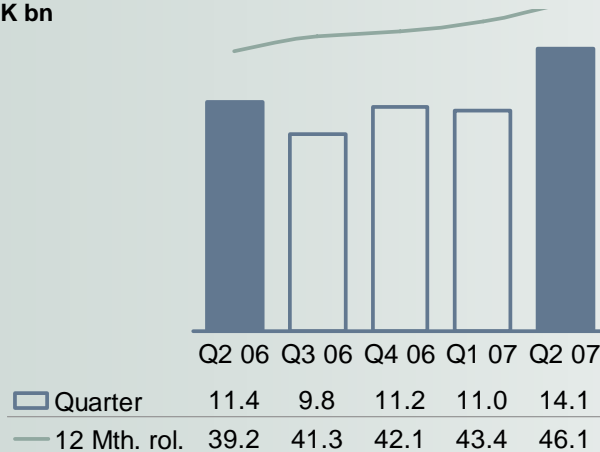
Forecast
2007: 200-220,000





Net sales

SEK bn

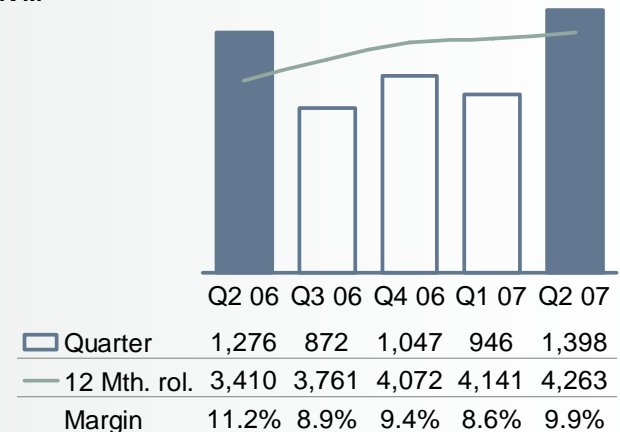


Highlights

- Global demand for heavy equipment up 14%
 - Europe up 12%, NA down 18%
- Good growth in sales and operating income
- Successful marketing events
 - Bauma and Customer days

Operating income

SEK M



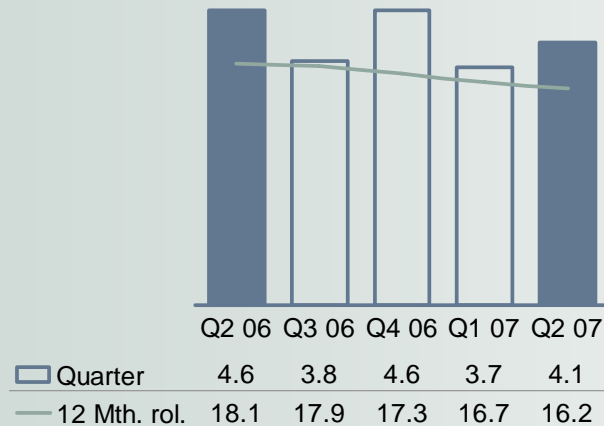
In Focus

- Capitalize on strong momentum
- Manage capacity issues
- Integration of IR product portfolio



Net sales

SEK bn

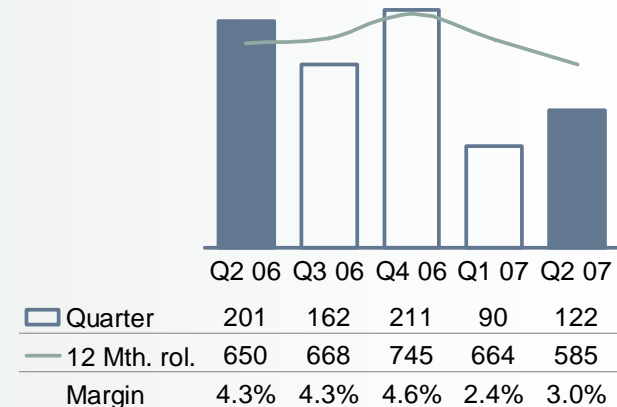


Highlights

- North America coach market down
- Stable market shares in key markets
- Limited availability of city range Europe

Operating income

SEK M



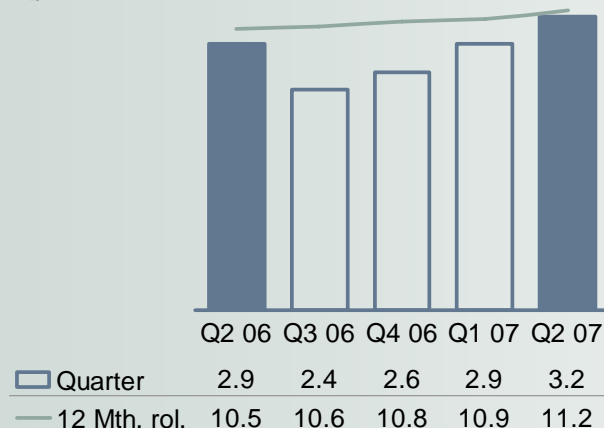
In Focus

- Introduction of city bus engine solutions in Europe
- Mexico capacity adjustment
- Hybrid development



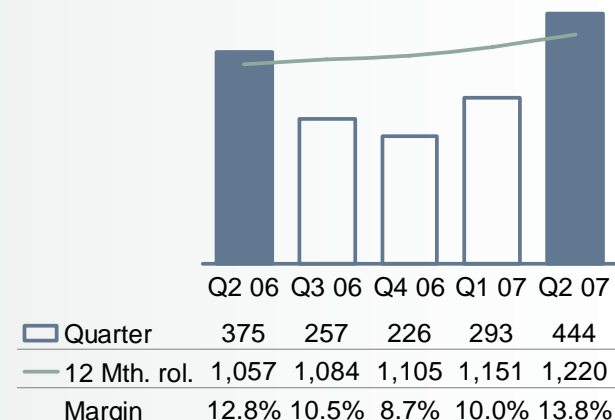
Net sales

SEK bn



Operating income

SEK M



Highlights

- Strong sales development in Europe, +14%
- Good development for industrial engines, +13%
- Operating margin at 13.8%

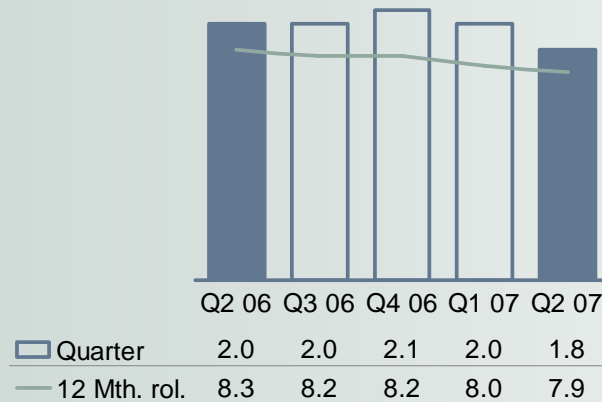
In Focus

- Capacity increase in the Vara plant
- Support new products
- IPS for D9 and D11



Net sales

SEK bn

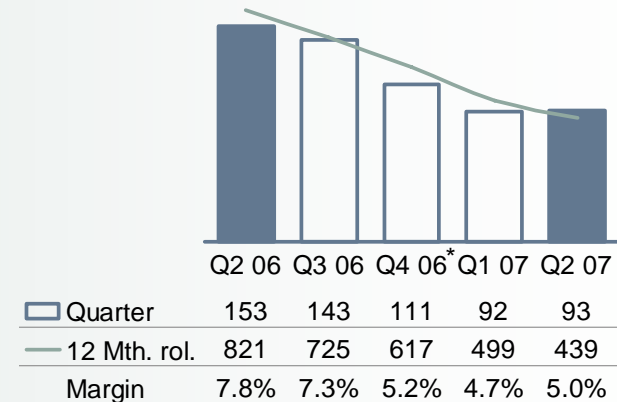


Highlights

- Strong market development
- Component business continues to grow
- Operational activities in Bromma finalized

Operating income

SEK M



In Focus

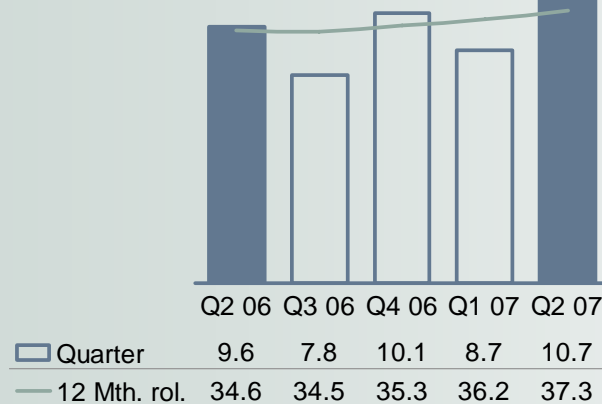
- Leverage on light weight technology
- Capture higher value added market opportunities
- New integrated supplier solutions

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



New retail financing

SEK bn

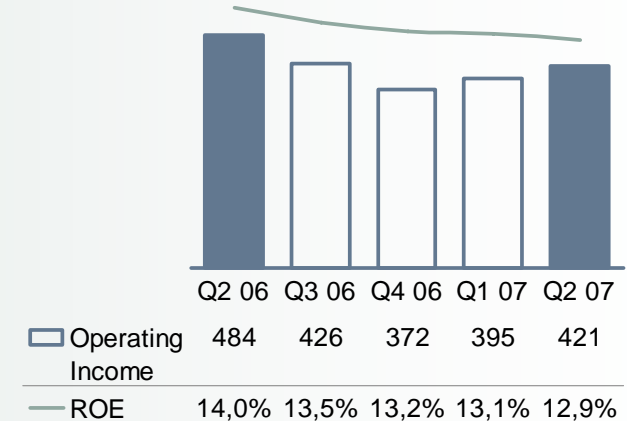


Highlights

- Improvement in retail volume and penetration
- Continued growth in Eastern Europe & Int.
- Commenced wholesale financing for Ingersoll Rand Road Development

Operating income and return on equity

SEK M



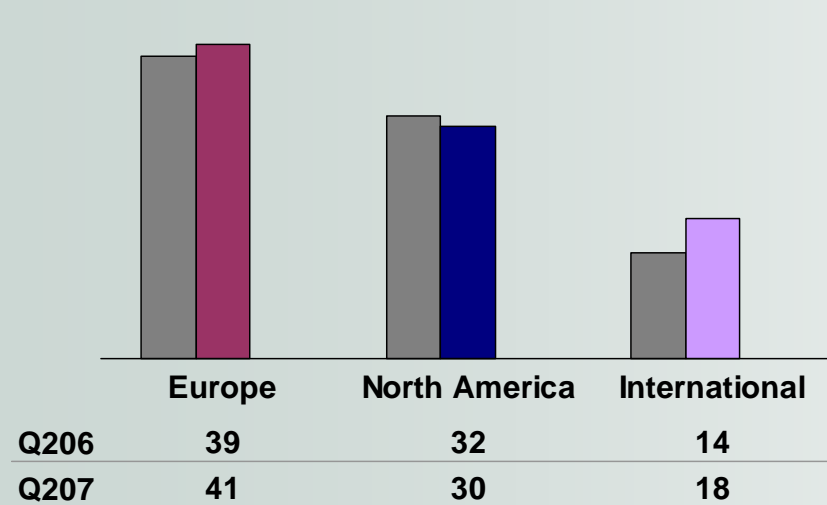
In Focus

- Customer satisfaction
- Financial offerings for recent Volvo group acquisitions
- Investigating new market opportunities

Volvo Financial Services

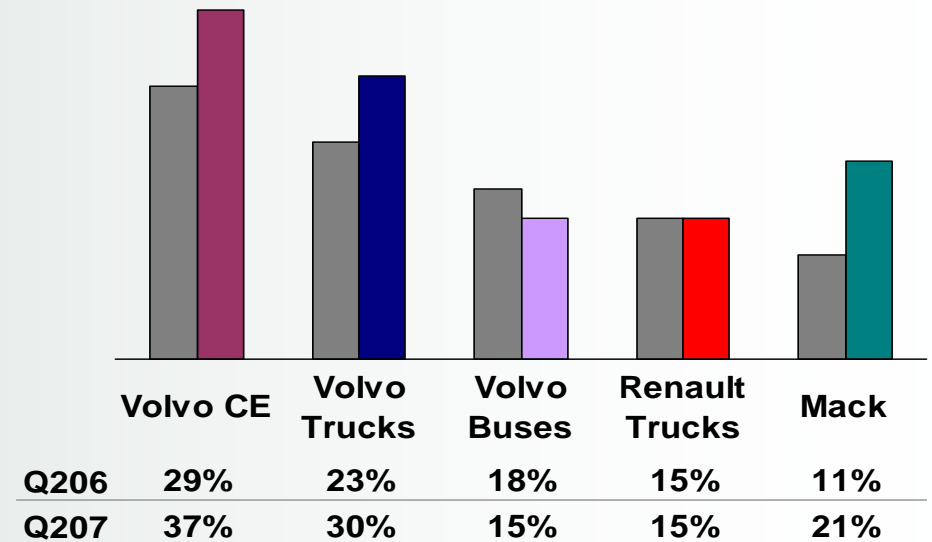


Managed Assets - BSEK



Penetration on new financing

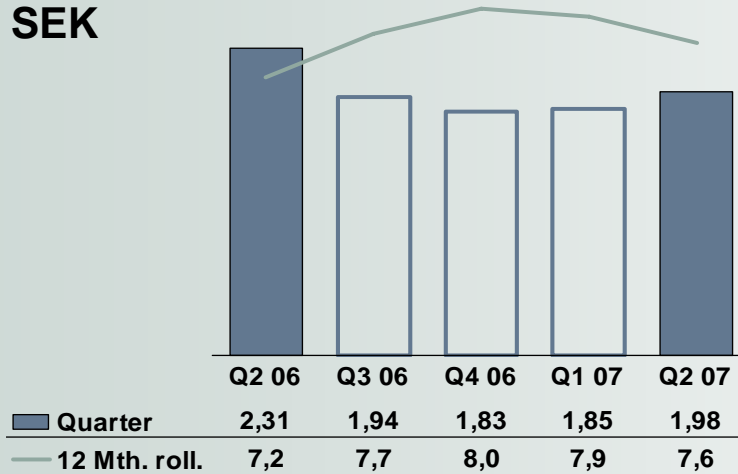
(Second Quarter isolated)



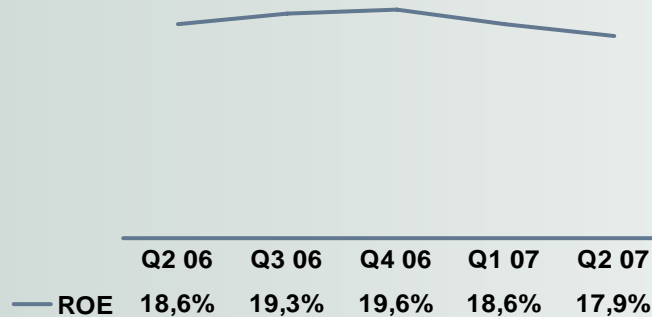
Group Summary



Earning per share SEK



Return on equity



- Good financial performance
 - Operating income SEK 6.1 bn
 - Earnings per share SEK 1.98
 - Return on equity 17.9%
 - Operating cash flow SEK 6.1 bn
 - SEK 20 bn distributed to shareholders

- Integrating acquisitions

- Secure ramp-up and productivity in North America

- Manage strong demand in Europe