

VOLVO

Third Quarter 2007

Conference Call, October 24, 2007

Group Highlights

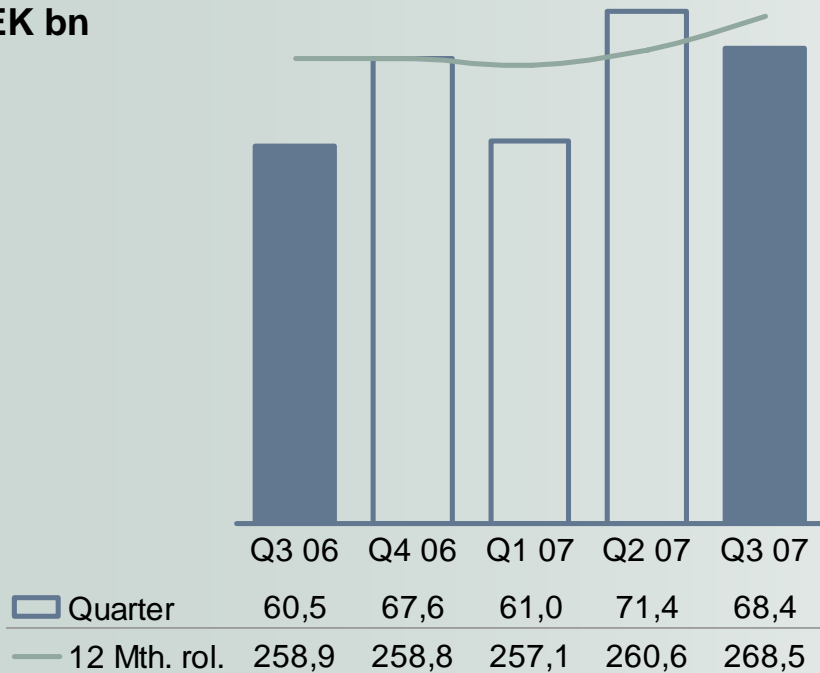


Third Quarter

- Business environment
 - Europe and International strong
 - North America and Japan soft/pre-buy
- Asia – now the second largest market for the Group
 - More than 40% of sales outside W Europe and North America
- Industrial system in focus
 - Investing in increased capacity in Europe
 - Resolving production disturbances in North America
- Future challenges
 - Alternative fuels/hybrid vehicles
 - Field testing of US10-engines

Net sales

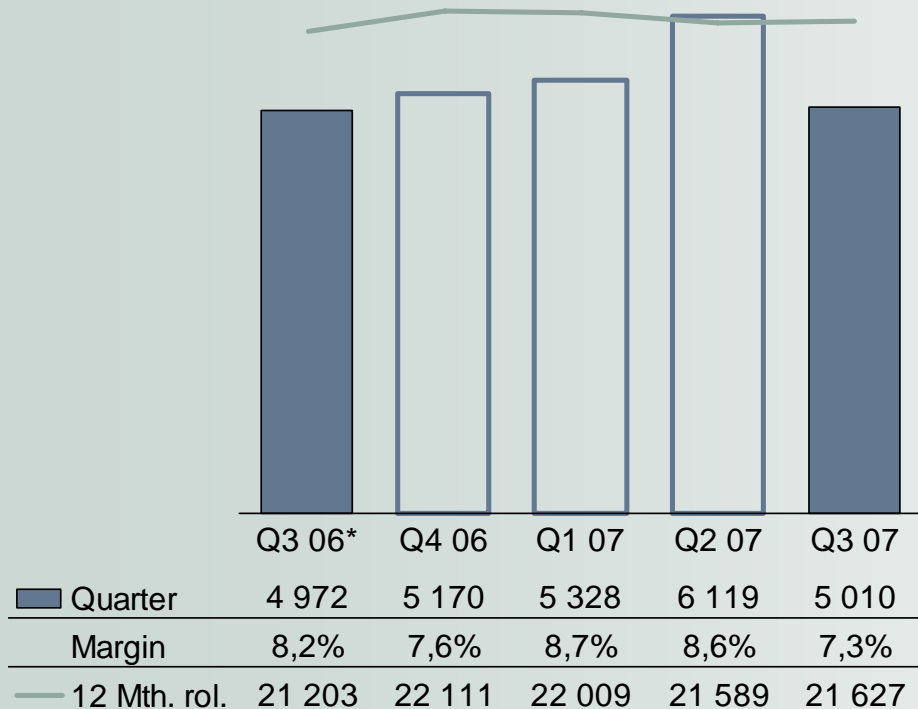
Net sales
SEK bn



- Net sales up 13%
 - Growth in Asia and Europe
- Adjusted for FX and acquired and divested units, net sales down 1%
- Strong organic growth
 - Volvo CE +22%
 - Volvo Penta +12%
 - Volvo Aero +7%

Operating income

Operating income SEK M



- + Product and market mix
 - Strong Europe and International
 - + Price realization
 - + Aftermarket and retail business
 - + Nissan Diesel (seasonally strong Q3)
 - + Renault Trucks
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- US trucks
 - Volvo Buses
 - Currency impact (SEK -700 M)

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

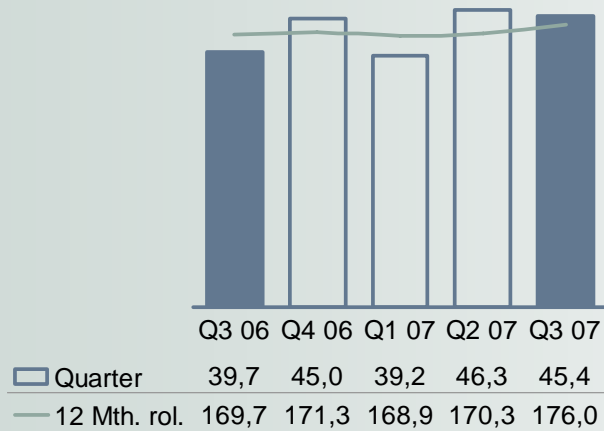
Volvo Group financial summary

SEK M	Q3-2007	Q3-2006	
Net Sales	68 367	60 479	<i>Down 1% adjusted for currency and Group structure</i>
Operating income Industrial Operations	4 555	2 834	
Gross income	14 874	12 943	
R&D expenses	-2 603	-1 989	<i>Acquired companies</i>
Selling and administrative expenses	-7 855	-6 290	<i>Acquired companies</i>
Other op. Income & expenses	82	-1 817	<i>2006: Adjustment of goodwill -1712</i>
Inc. from investments in ass. companies and other	57	-13	
Operating income Customer Finance	454	426	
Operating income Volvo Group	5 010	3 260	<i>Currency impact -700</i>
% of sales	7,3%	5,4%	
Income after financial items	4 571	3 144	
Taxes	-1 421	795	<i>2006: Release of valuation allowance for tax assets +2048</i>
Income for the period	3 149	3 939	
% of sales	4,6%	6,5%	
ROE	17,3%	19,3%	
EPS, SEK	1,54	1,94	
Operating cash flow Industrial Operations (SEK bn)	-0,4	-0,4	<i>Working capital incr. of 4.4</i>

Trucks



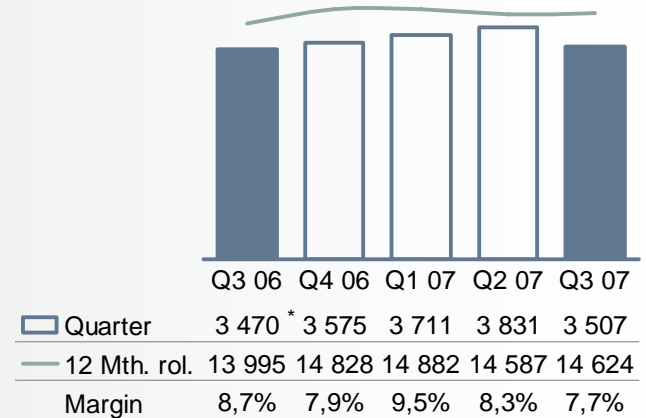
Net sales – SEK bn



Highlights

- Very strong demand in Europe and “Int.”
- North America
 - Slow demand/gradually improved productivity
- Normalized HD market share in Nissan Diesel
- Operating margin - comparable units at 8.4% (8.7)

Operating income – SEK M



In Focus

- Meet high demand outside US and Japan
 - capacity investments in Europe
 - secure efficient production increase
- Integration projects with Nissan Diesel

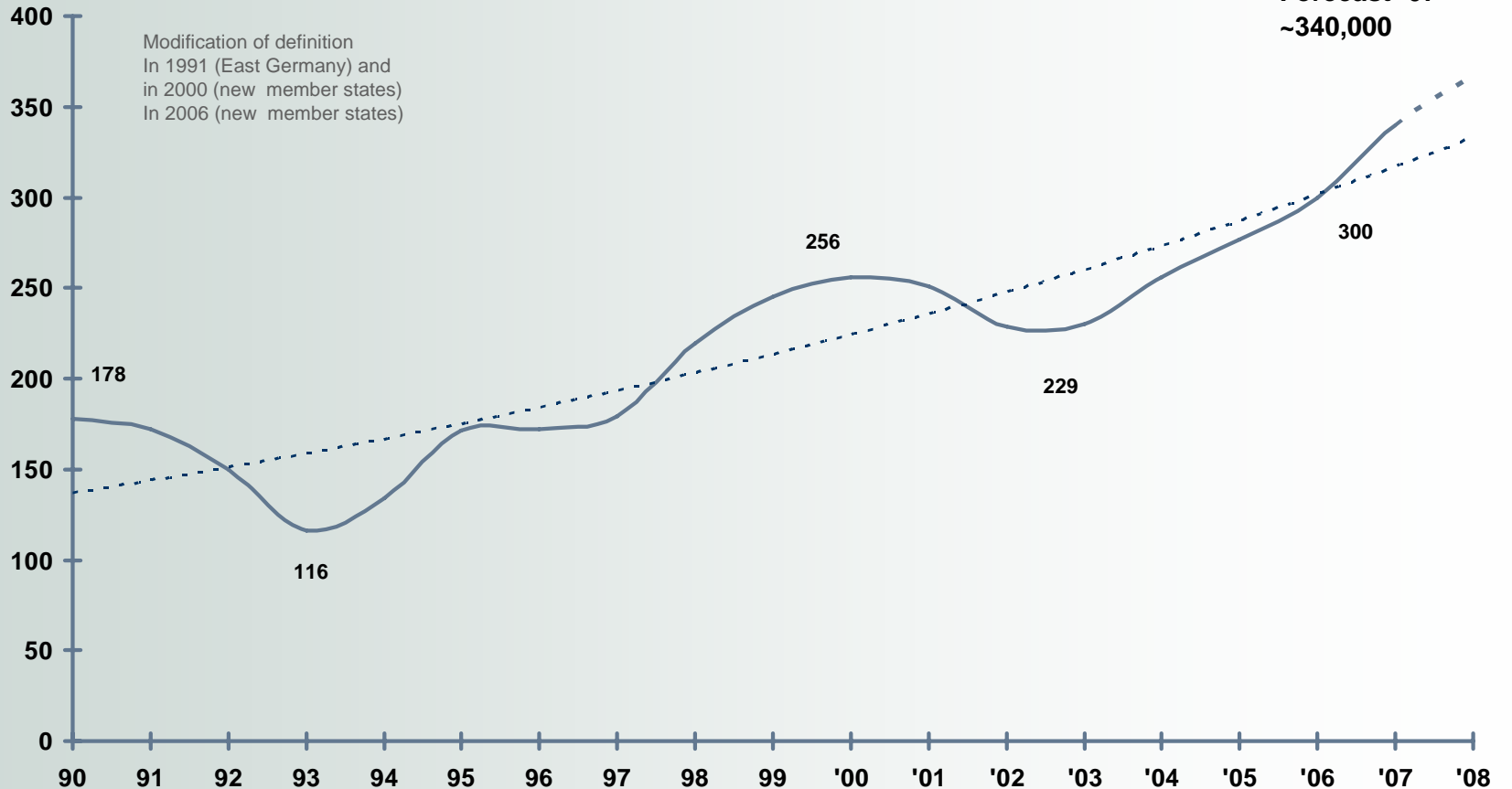
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Heavy-Duty Truck Market - Europe

(EU members + Switzerland and Norway)



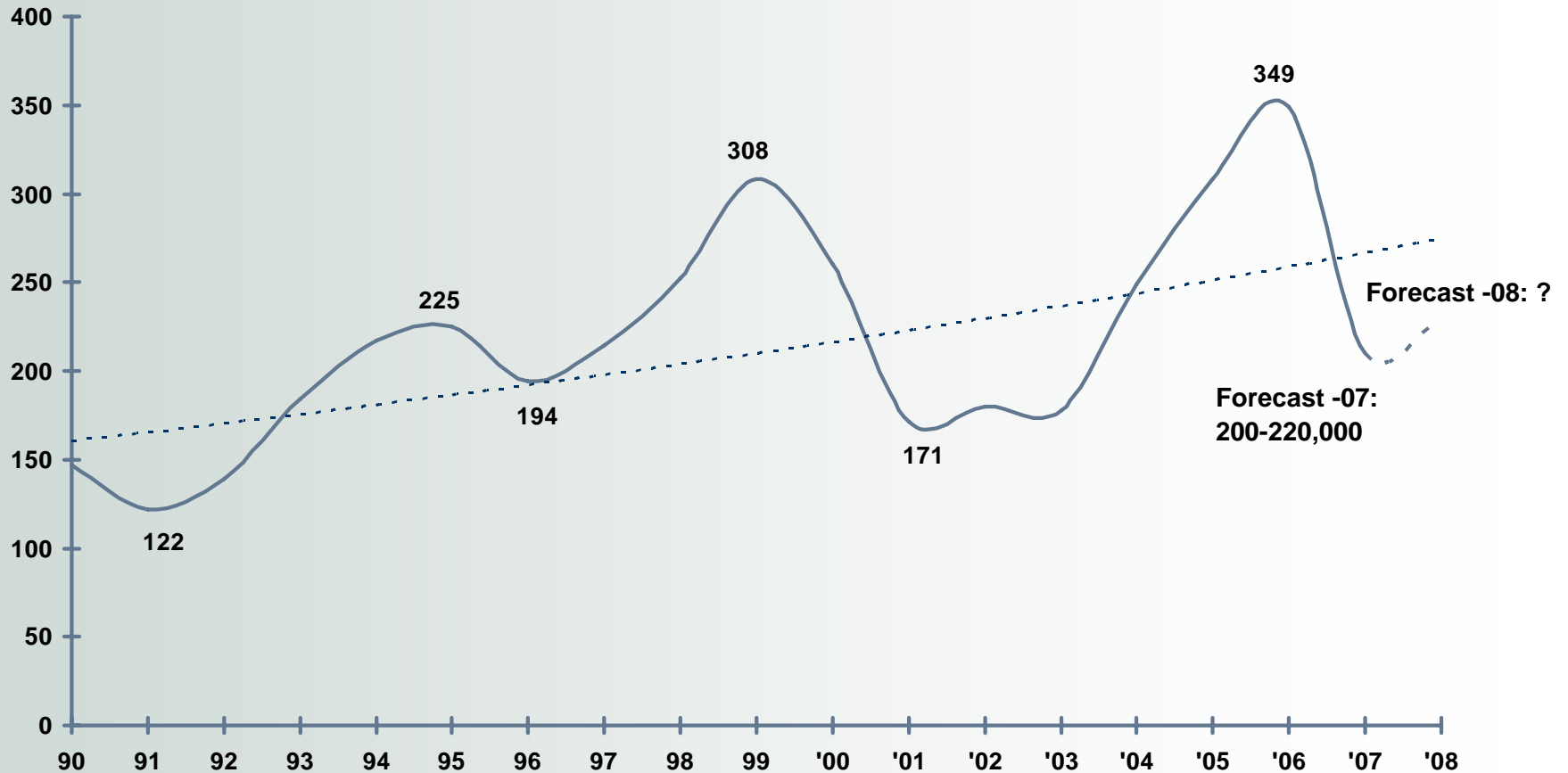
Units, Thousands (heavy trucks)



Heavy-Duty Truck Market – North America



Units, Thousands (heavy trucks)



Volvo Trucks



- Strong order intake in Europe up 83%
 - Of which Eastern Europe +161%
- Deliveries
 - Europe +19%
 - Asia +29%
 - North America -63%
- Price realization
- Supply chain challenges
- Good reception of US'07 trucks
- Field testing of US'10-engines
- Continued expansion of European dealer network

Mack Trucks

- Deliveries down 47%
- Positive customer reception of US'07 engine family
- Order intake flat
 - Soft US construction market
 - Still Industry inventories of US'04 products
- UAW-negotiations started



Nissan Diesel

- New emission regulation as of September 1
 - Market shares normalized
 - Nissan Diesel – market leader in fuel efficiency
- Deliveries in the third quarter was 14,747, down 24%
 - Lower deliveries to Nissan Motors
 - Lower Japanese market post pre-buy, partly compensated by export growth
- Operating income at SEK 511 M, excl acquisition related costs:
 - Operating margin 6.6%
 - Seasonally strong third quarter
- Integration work

Renault Trucks

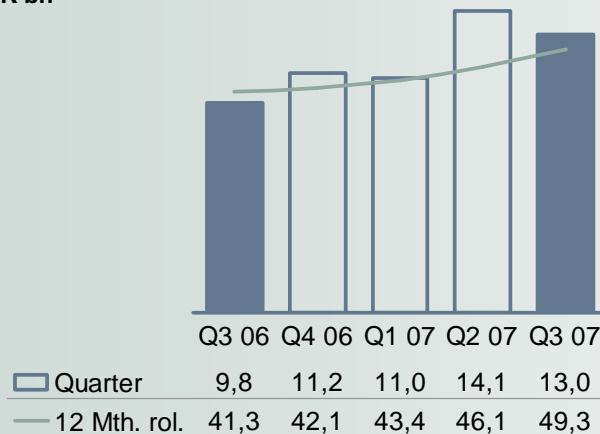


- Strong order intake – up 64% in total
 - Of which Eastern Europe +235%
- Agreement in place with Karsan for production of Renault trucks in Turkey
 - Capacity of about 5,000 units in 2009
- Good industrial productivity
- Good financial performance



Net sales

SEK bn

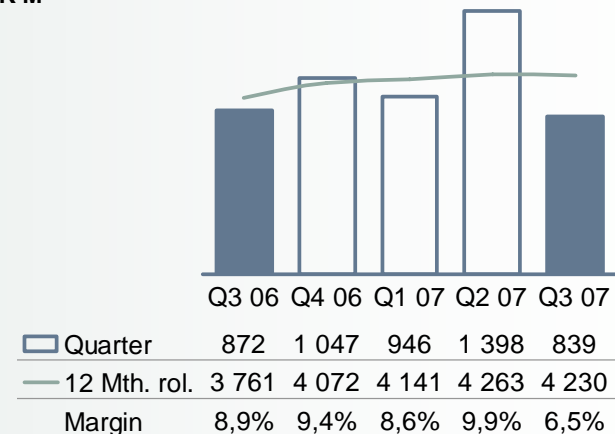


Highlights

- Global demand for heavy equipment up 12%
 - Europe up 14%, NA down 13%
- Good growth in sales – up 32%
- Result negatively effected by labor activities in South Korea, production issues and fx effects

Operating income

SEK M



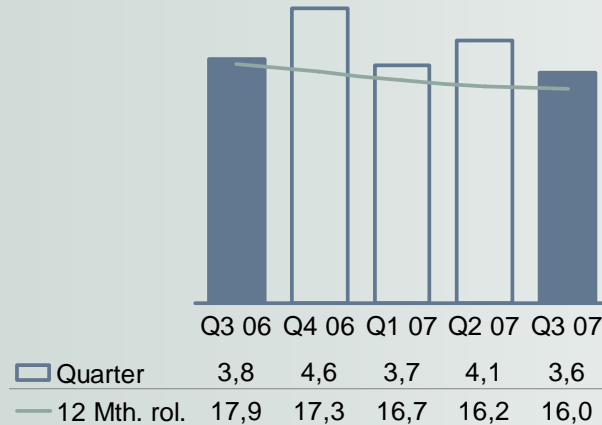
In Focus

- Regain momentum in South Korea
- Manage capacity issues
- Capitalize on strong order book, up 76%
- Continued expansion of excavator business



Net sales

SEK bn

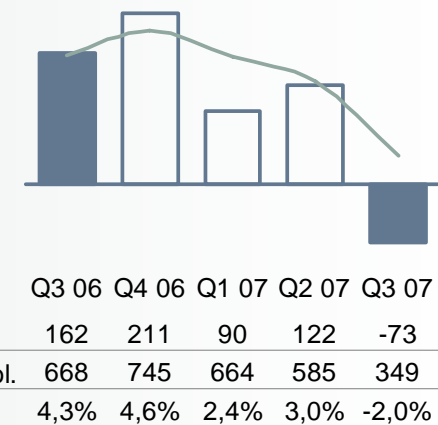


Highlights

- Lower demand on core markets
- City bus launch problem resolved
 - Technical solution in place
- Coach of the Year 2008

Operating income

SEK M



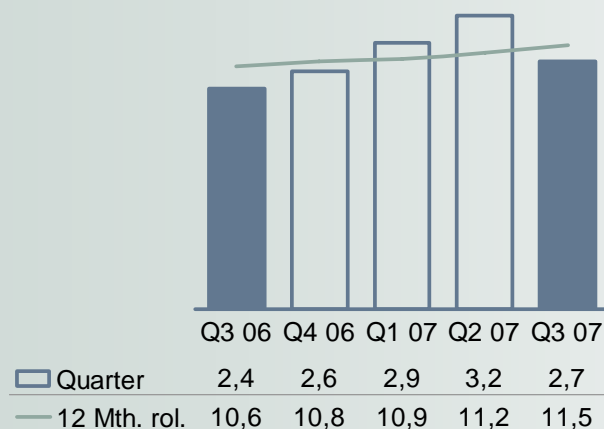
In Focus

- Profitability program Europe & Mexico
- Product cost reduction program
- Intensified Hybrid development



Net sales

SEK bn

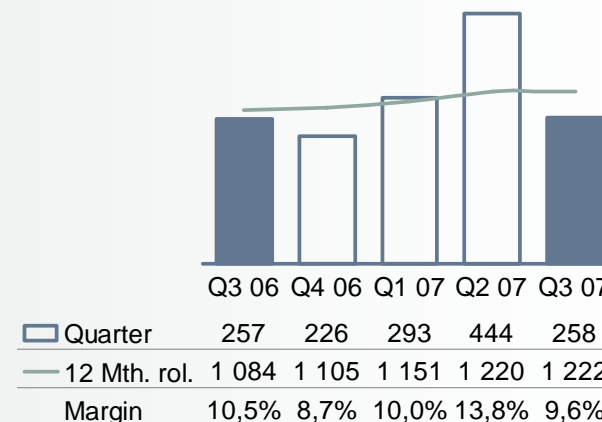


Highlights

- Continuous strong sales development + 12%
- Industrial engines fastest growing segment
- Operating margin negatively effected by higher product costs and R&D

Operating income

SEK M



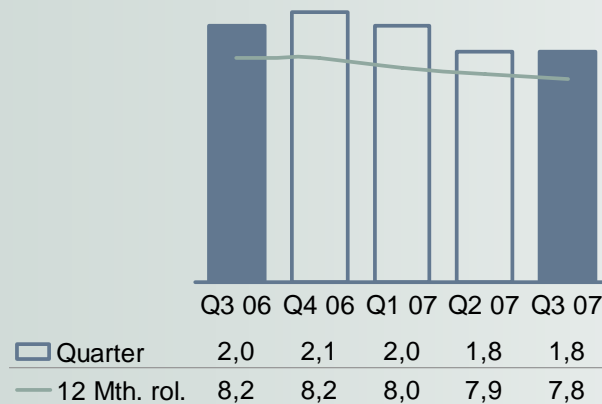
In Focus

- Capitalize on current IPS momentum
- World market development
- Drive world class market support



Net sales

SEK bn

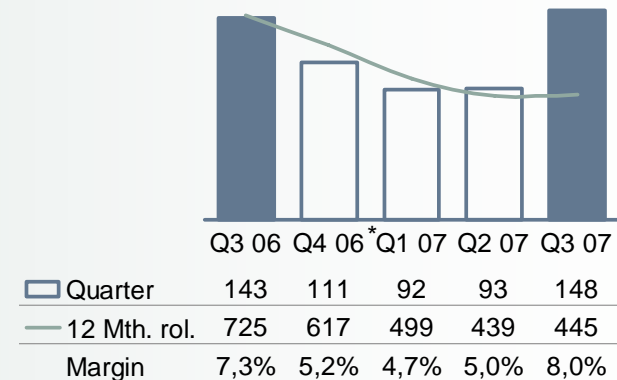


Highlights

- Improved profitability within the aftermarket business
- Important break through for Volvo Aero's light weight technologies
- Order book in component business increased by 47%

Operating income

SEK M



In Focus

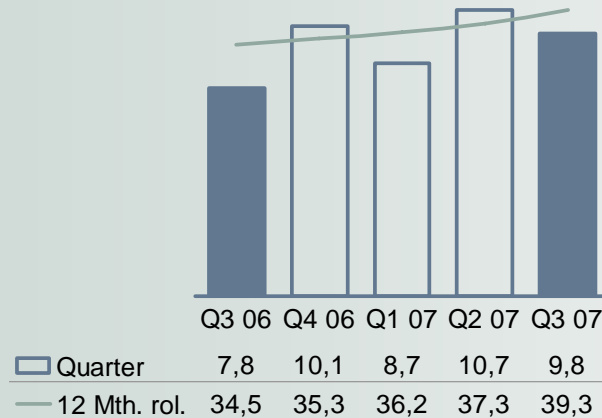
- Continue to execute aftermarket turnaround
- Manage supply chain ramp up 2008
- Continue to leverage on light weight technology

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



New retail financing

SEK bn

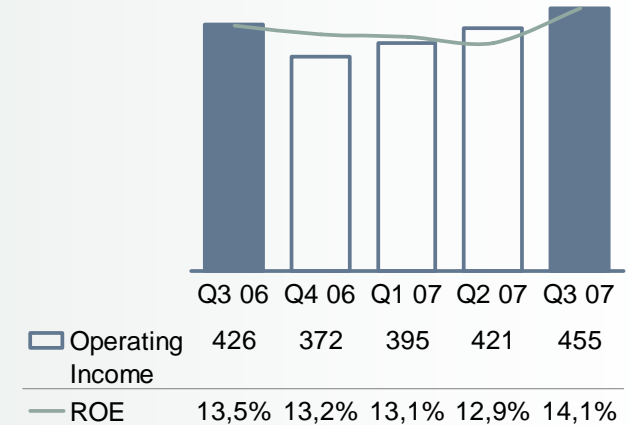


Highlights

- Good profitability continues
- Volvo road machinery retail financing
- Stable portfolio risk parameters

Operating income and return on equity

SEK M



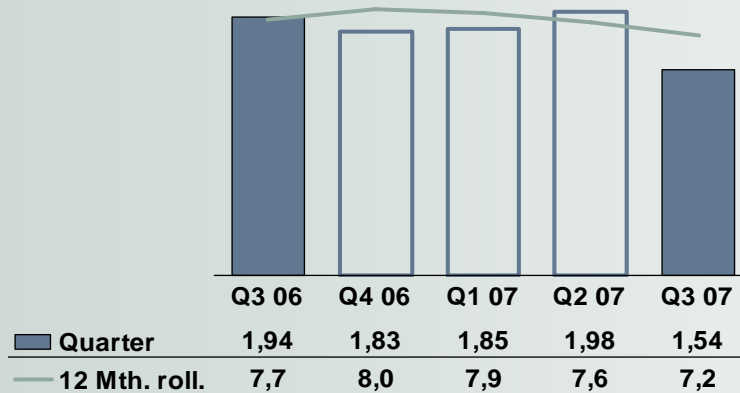
In Focus

- Enhanced risk management
- European re-alignment
- Growth opportunities

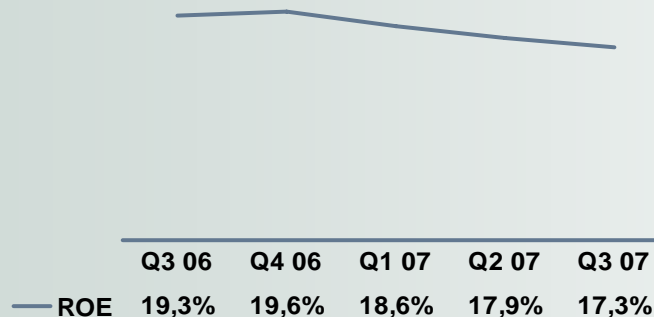
Group Summary



Earning per share SEK



Return on equity



- Good financial performance
 - Operating income SEK 5.0 bn
 - Earnings per share SEK 1.54
 - Return on equity 17.3%
 - Operating cash flow SEK neg 0.4 bn
- Integrating acquisitions
- Manage strong demand in Europe
 - Investments in capacity
 - Supply-chain challenges
- Asia – the second-largest market for the Volvo Group

VOLVO