

VOLVO

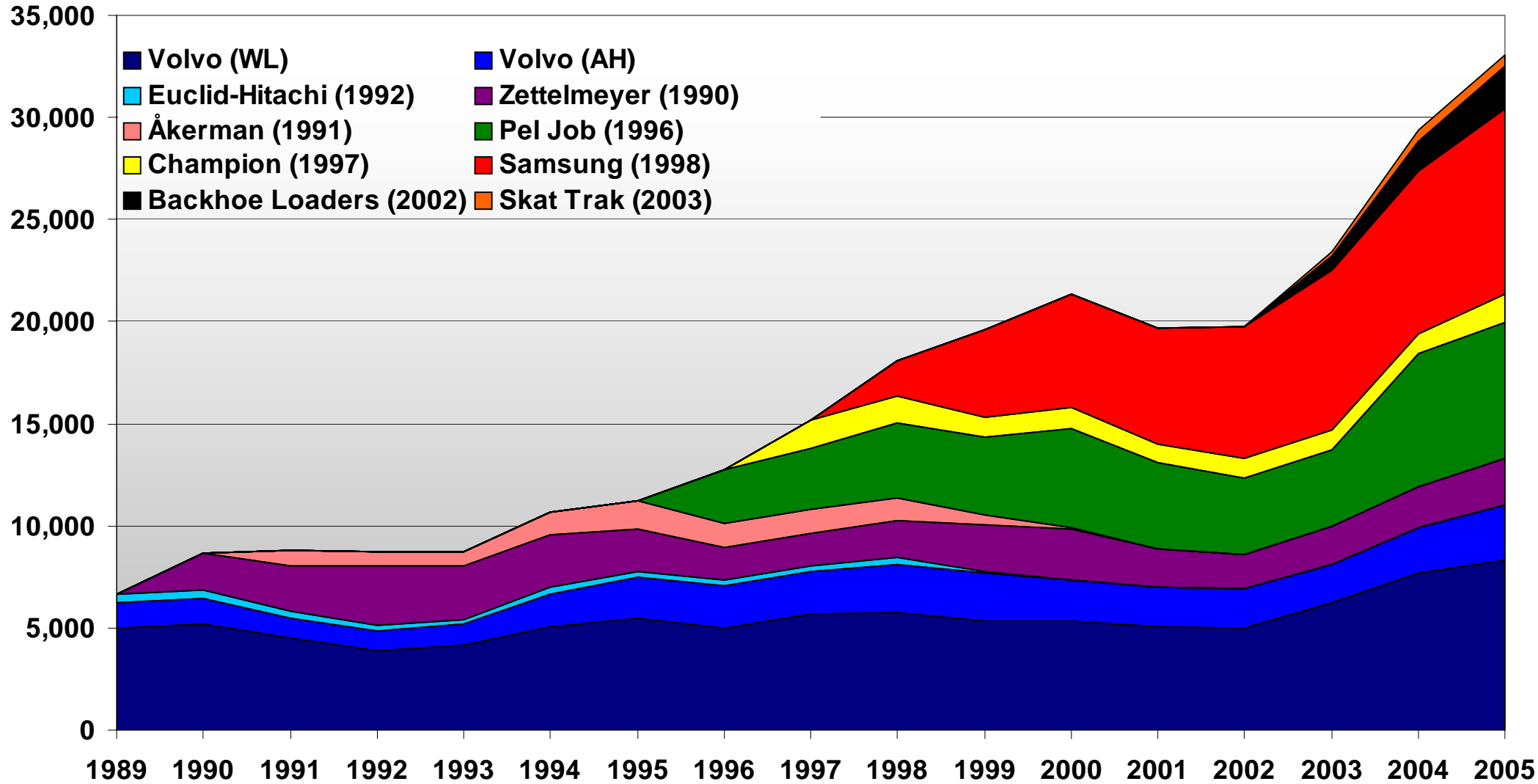
Capital Market Day

June 21, 2006

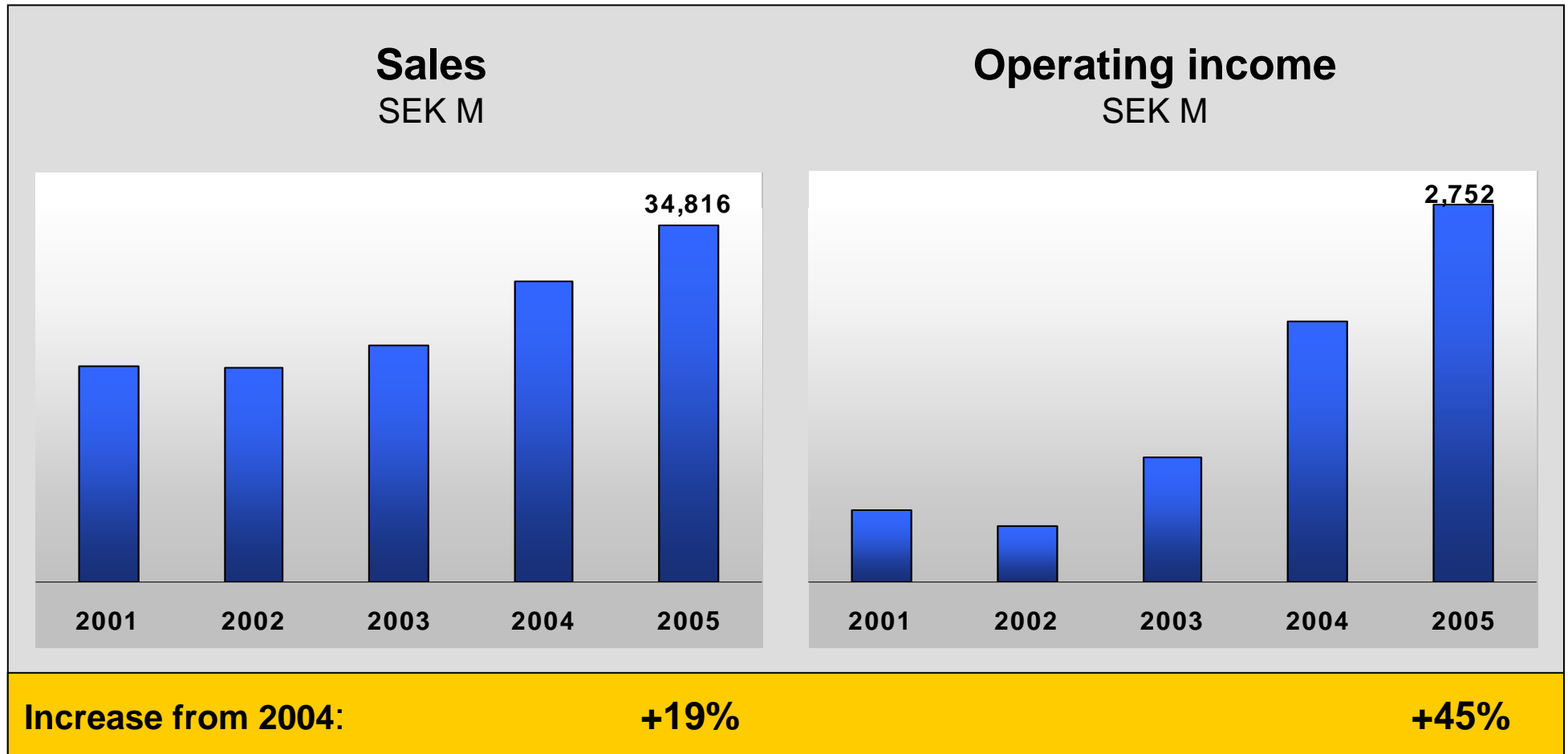
Tony Helsham
President Volvo Construction Equipment

The Growth of Volvo CE

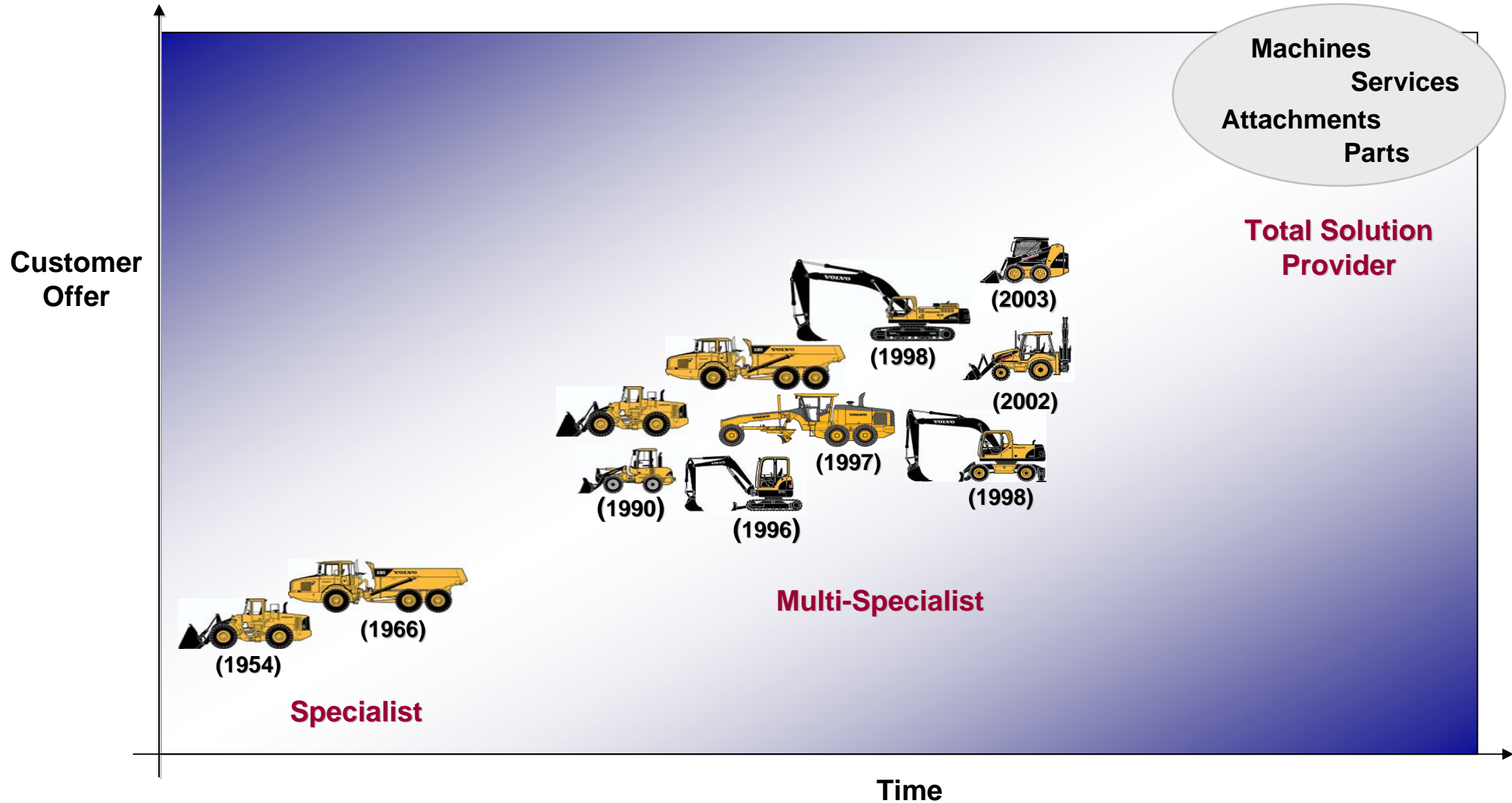
Machine Volumes



The Growth of Volvo CE

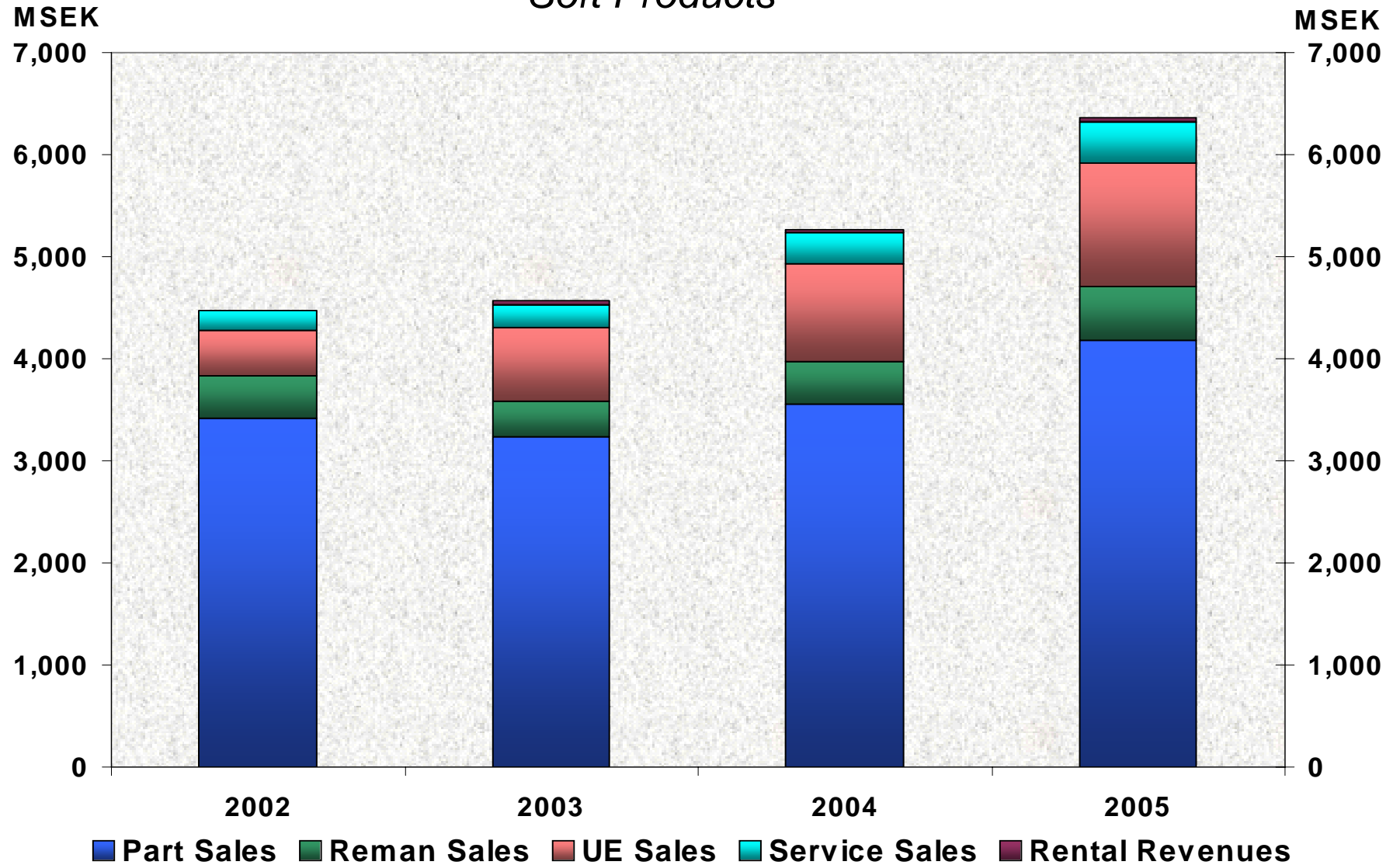


The Evolution of Volvo CE



The Growth of Volvo CE

Soft Products



Full Solution Provider in Selected Segments

Excavator Example

Developed/Under development

1. Heavy Duty Forestry
2. Demolition
3. Short Swing Radius
4. Waste Handling
5. Railroad
6. Attachment

Under review

1. Material Handling
2. Pipe Layer
3. Extreme Duty
4. Extended Range

**Segment specific machines key to profitable expansion
of the Excavator business**



EC210BF



Volvo CE Engine Technology

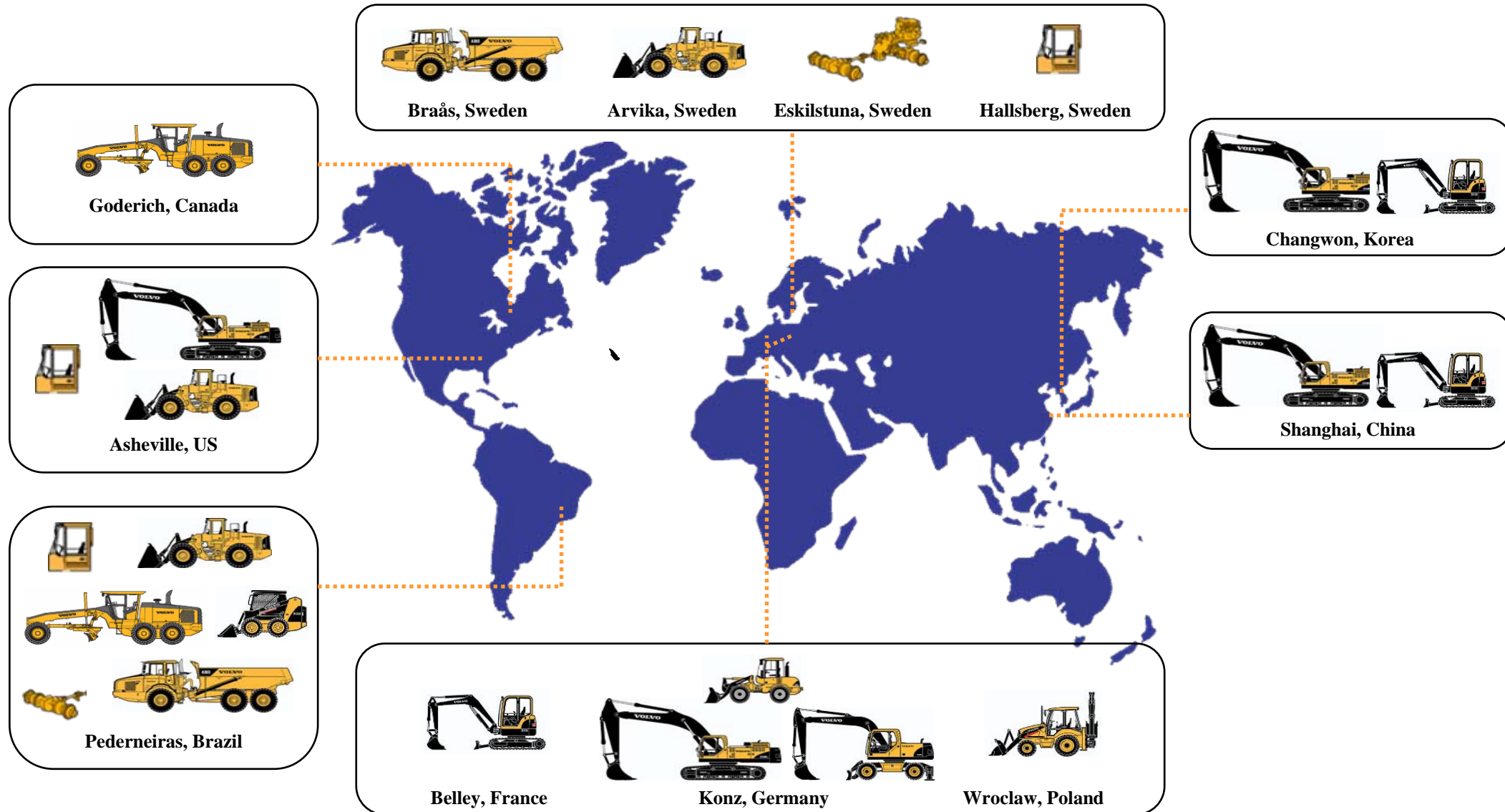
- Engines are a strategic competitive advantage for Volvo CE.
- The advantages of being able to integrate the whole drive train.
- V-ACT is an uncomplicated system that reduces NOx using an innovative *internal* recirculation of exhaust gases.
- The system does not need additional equipment or after treatment of exhaust gases.
- Positive customer feedback.
- Hybrid initiative for heavy diesel engines launched. Potential fuel saving of 50%.



Capacity Investments for Future Growth

- > 400 MSEK during 2006 and 2007
- Excavator production in existing facilities Asheville, US.
 - Natural step following Korea, China and Germany.
 - Closer to an expanding customer base.
- Articulated Haulers
 - Total market still growing e.g. China and Russia.
 - Capacity increase by 25%.
- Complementary investments in Component and Cab capacity.
 - Cabs in Asheville, US and Hallsberg, Sweden.
 - Axles and transmissions in Eskilstuna, Sweden.

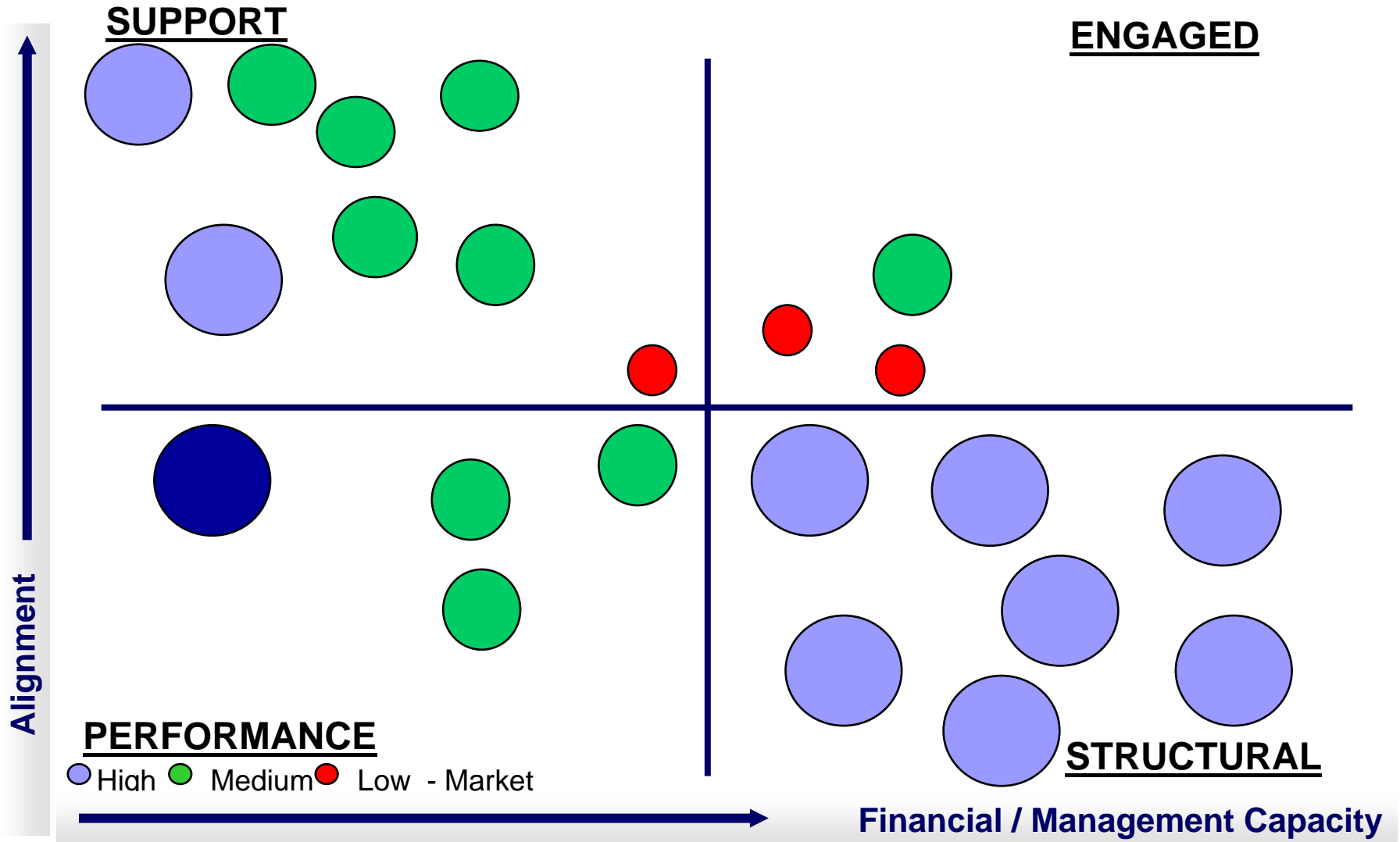
Volvo CE Industrial System



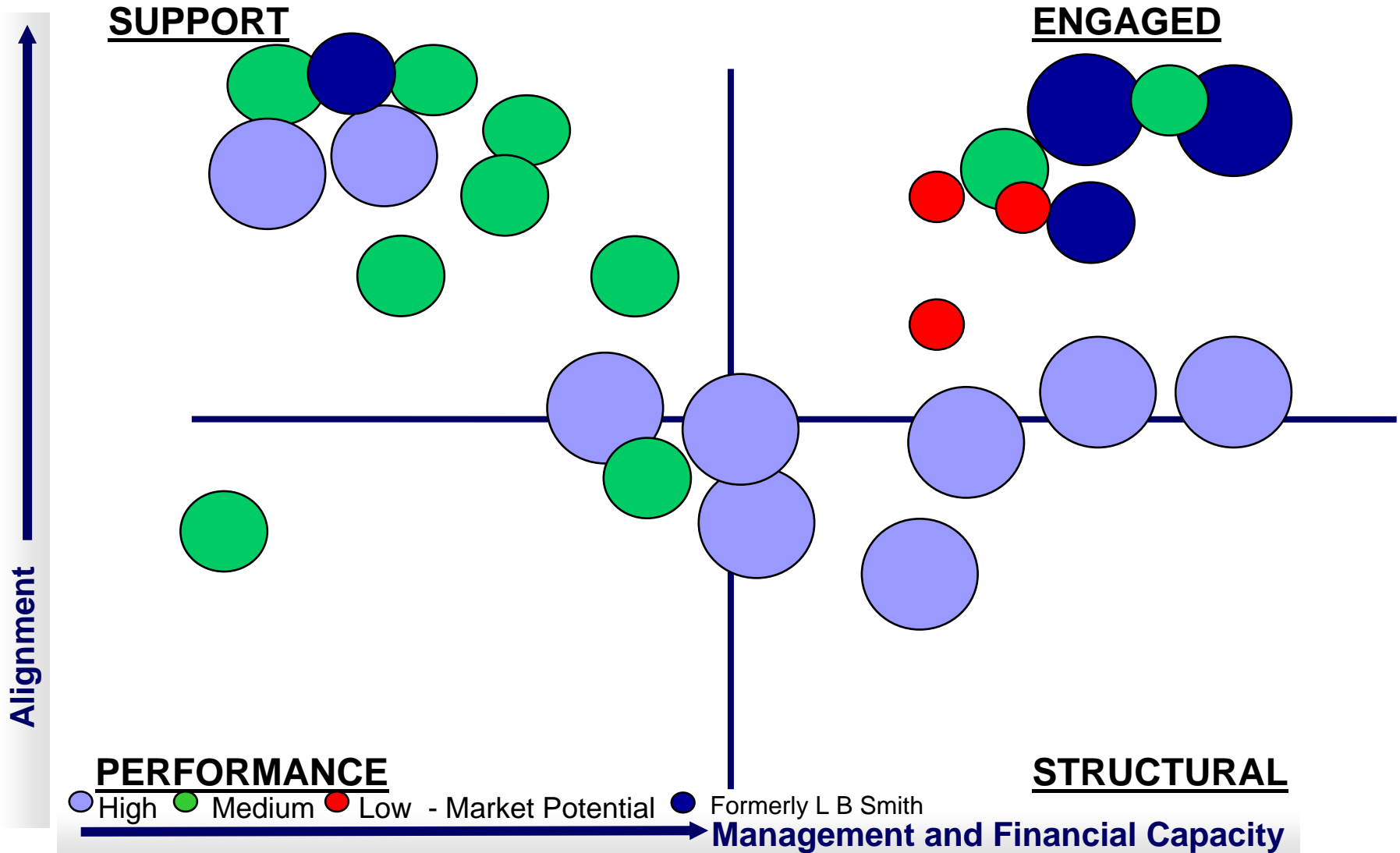
Volvo CE Global Distribution Strategy

- Provide a compelling business case for distribution of Volvo CE product - product breadth / single dealer channel / single brand.
- Deploy the “toolkit” through the partnership development process to allow the dealers to capture and retain business by providing total solutions to the end customer.
- Develop a rents channel to compliment the dealer channel and to ensure compact growth - country by country approach.
- Own, develop and divest dealers when circumstances dictate.
- Diversify geographically and financially through global coverage.

Historical North American Distribution Profile

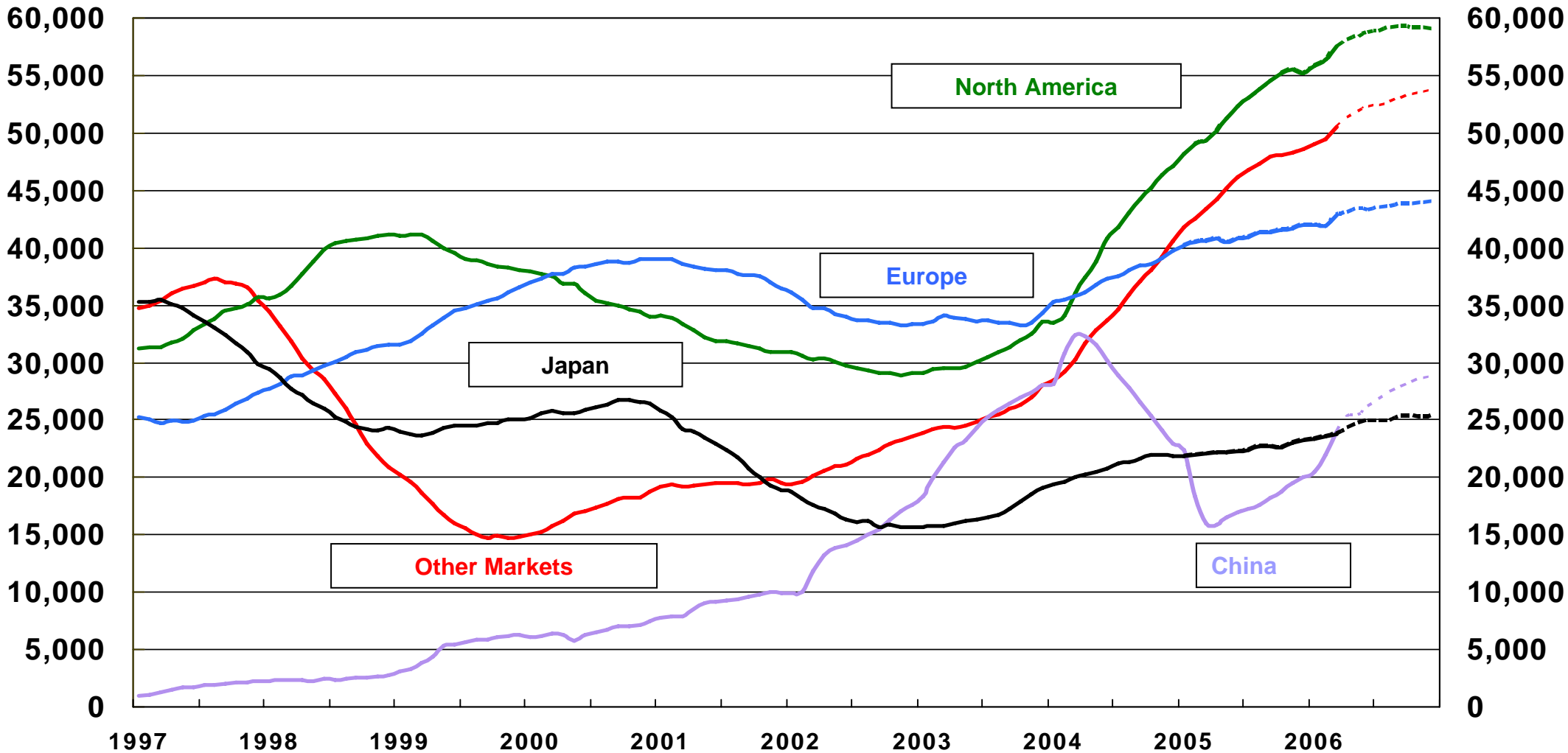


Present North American Distribution Profile



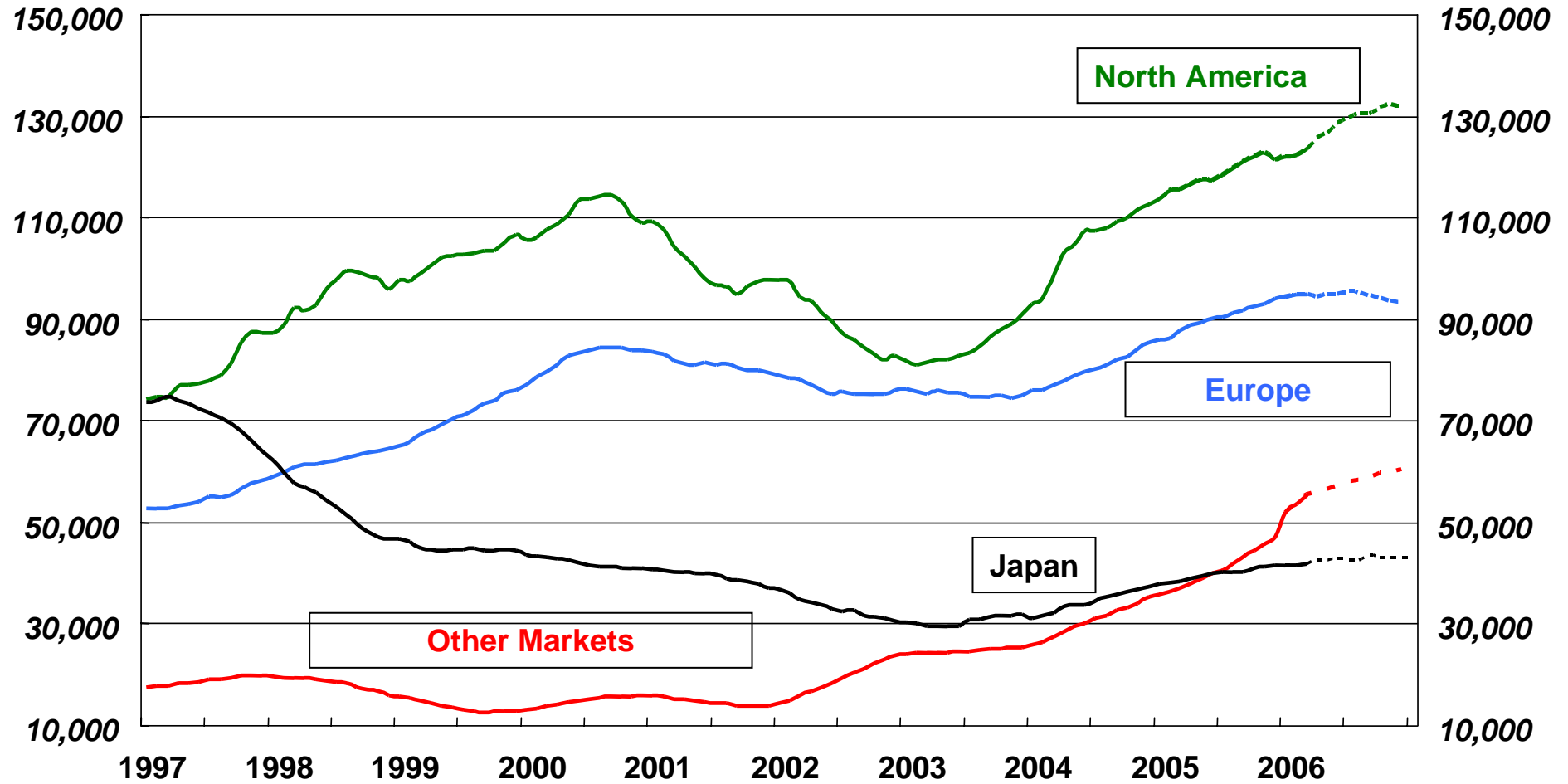
Total Market Development by Key Market Areas

General Purpose Equipment 1997 - 2006



Market Construction Equipment by Region

Compact Equipment 1997 - 2006



Summary and going forward

- Capitalize on new investments in capacity
- Continue to develop distribution channels globally
- Growth in Soft Products
- Capitalize on Volvo Group engine technology, including hybrids