

VOLVO

First Quarter 2006

Conference Call, April 25, 2006

Highlights

First Quarter

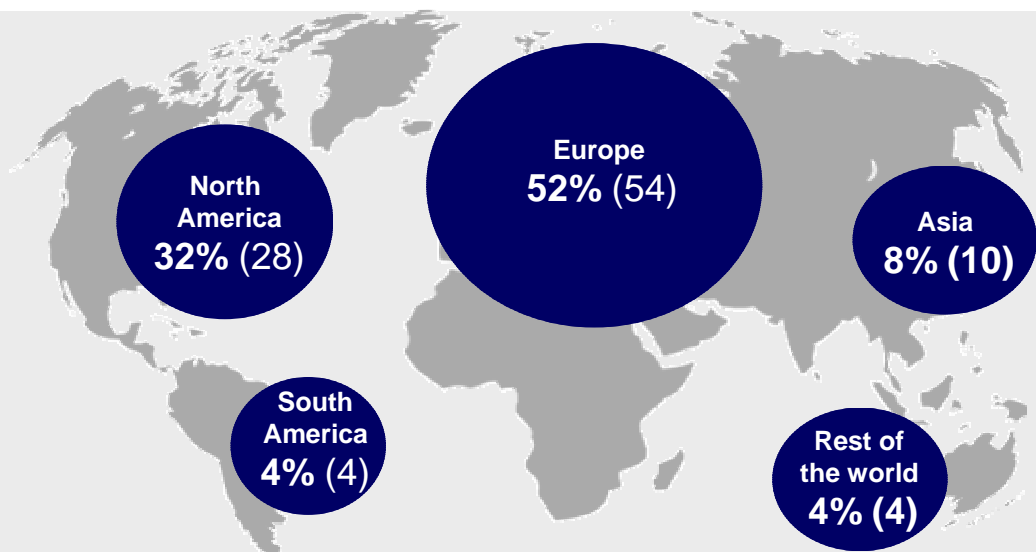
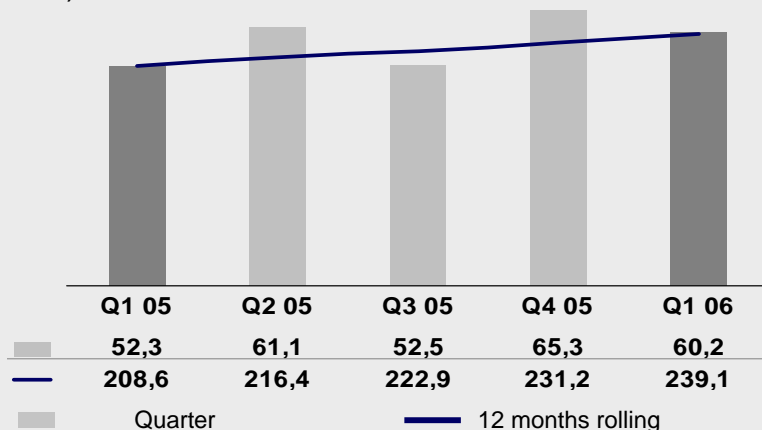
- Business environment
 - Continued strong demand in North America
 - European market – stronger than expected
- Continued sales growth +15%
 - Volvo Aero +31%, Buses +31% and Volvo CE +30%
- Good operating performance
 - Operating income SEK 5,430 M up 20%
 - Return on Operating Capital, excl.VFS, 34,6%
- Significant improvement in operating performance in:
 - Buses, Volvo CE, Financial Services
- Acquisition of 13% in Nissan Diesel, with an option for another 6%
- EPS Q1 SEK 9.84 (7.93)

In Focus Going Forward

- Manage product- and production change-over
- Asian strategy

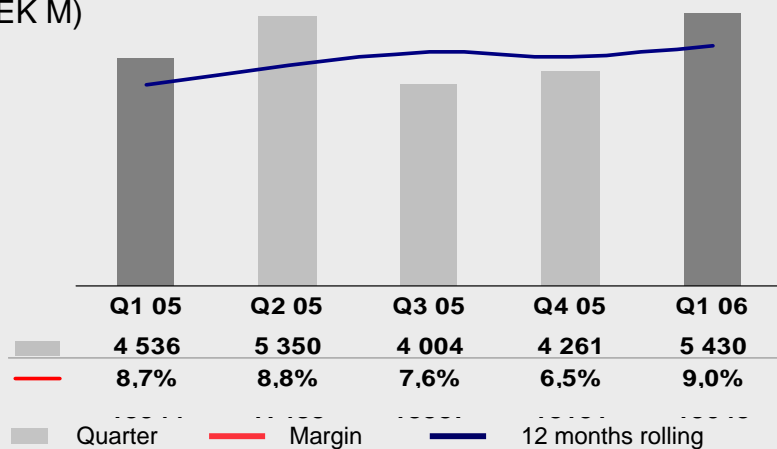
Net sales

(SEK bn)



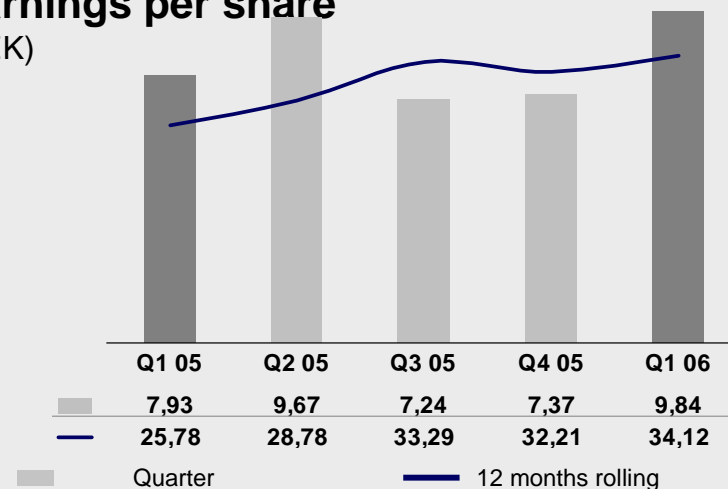
Operating income

(SEK M)



Earnings per share

(SEK)



Volvo Group – Financial Summary*

SEK M	Q1-2006	Q1-2005	
Net Sales	60 172	52 253	<i>Up 8% adjusted for currency and acq./div.</i>
Gross income	13 876	11 694	
R&D expenses	(1 951)	(1 934)	
Selling expenses	(4 940)	(4 381)	
Administrative expenses	(1 627)	(1 585)	
Other op. Income & expenses	(621)	173	<i>Capital gain of 140 from sale of truck dealers</i>
Inc. from Financial Services	571	587	<i>Capital gain in 2005 of 188 from real estate divestiture</i>
Inc. from investments in ass. companies	32	(27)	
Inc. from other investments	90	9	<i>Divestiture of shares +90</i>
Operating income	5 430	4 536	<i>Currency impact vs. last year approx. +300</i>
	9,0%	8,7%	
Interest income and similar credits	211	226	
Interest expenses and similar charges	(236)	(273)	
Other financial income and expenses	67	114	<i>IR derivative contracts +106, previous year +140</i>
Financial Net	42	67	
Income after fin. Items	5 472	4 603	
Taxes	(1 474)	(1 355)	
Income for the period*	3 998	3 248	
	6,6%	6,2%	
ROE	18,2%	15,2%	
EPS, SEK	9,84	7,93	
Operating cash flow, excl. Financial Services	(400)	(1 300)	

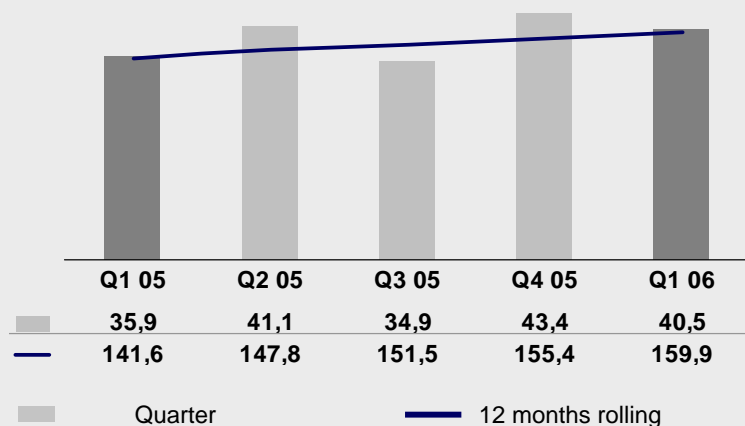
* Financial Services reported in accordance with the equity method

Trucks

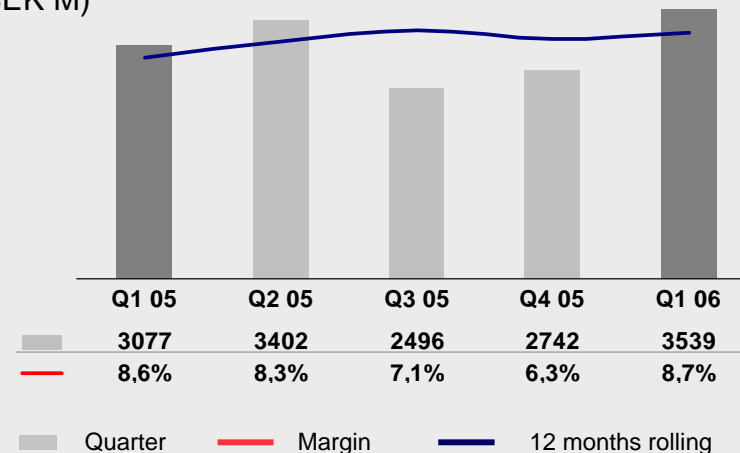
First Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- New product generation well received
- Good order intake
- Improved operating income
- Broadening the product range

In Focus

- Product launches and changes in the industrial footprint.
- Capitalize on new products

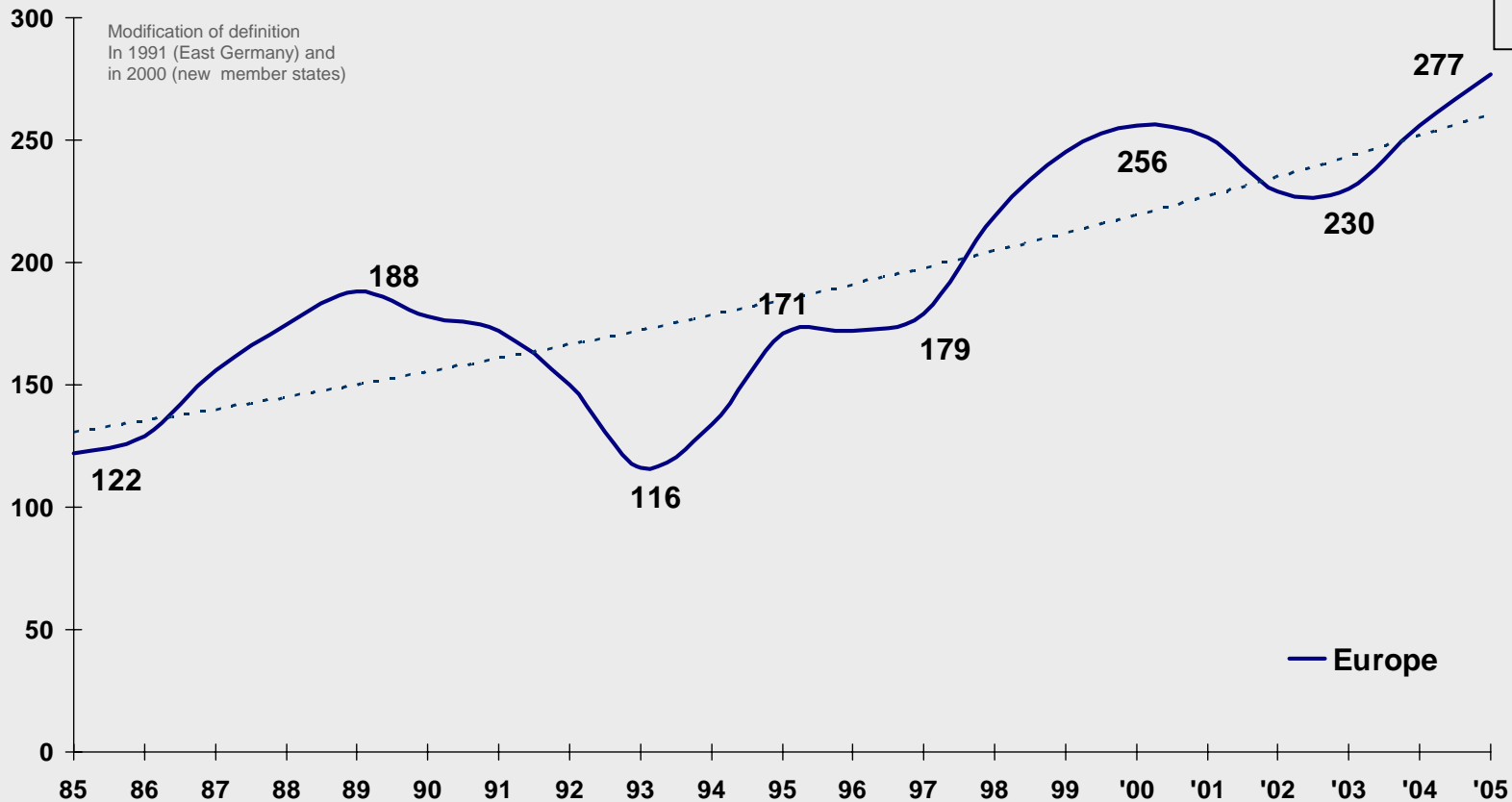
Heavy Duty Truck Market

Europe

(EU members + Switzerland and Norway)



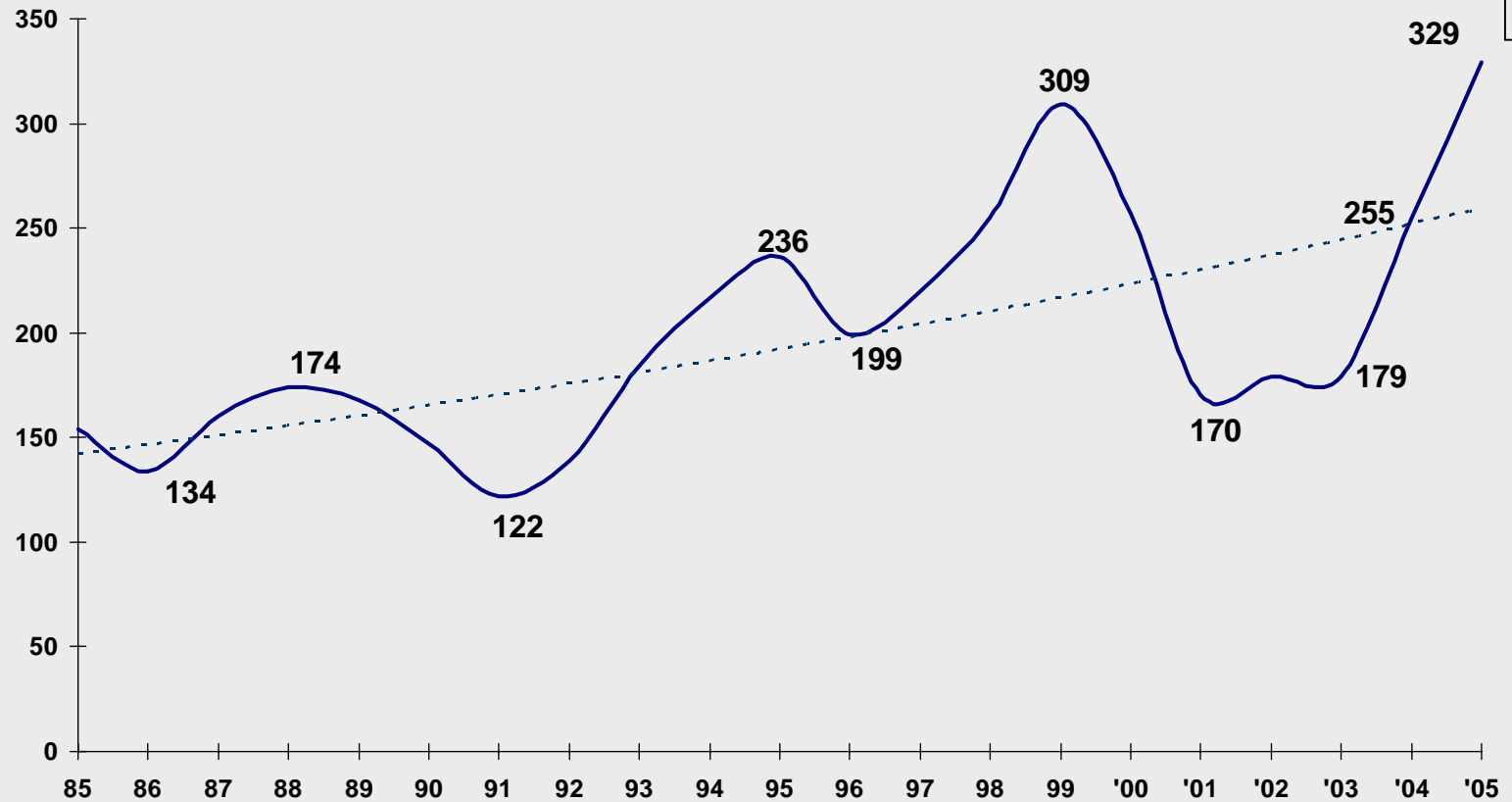
Units, Thousands (heavy trucks)



Heavy Duty Truck Market North America



Units, Thousands (heavy trucks)



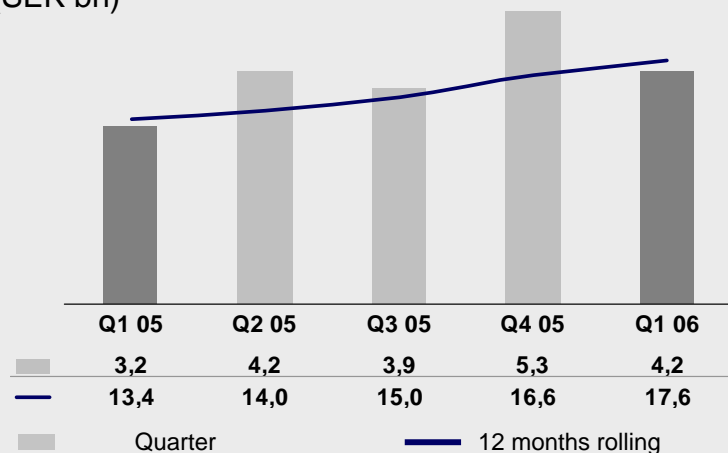
2006 forecast
340-350,000

Volvo Buses

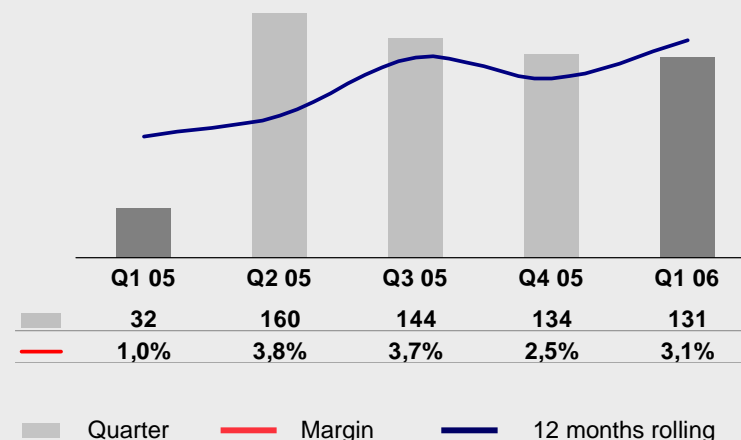
First Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Improved deliveries
- Deliveries completed to Transantiago
- Mexico in profit
- City bus launch in India

In Focus

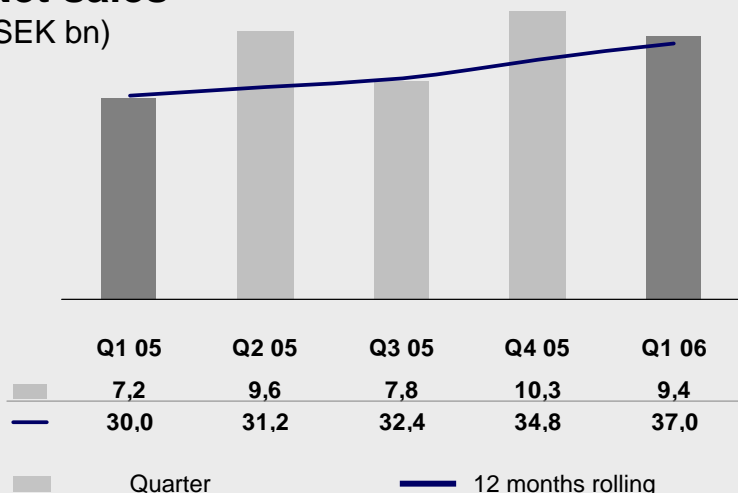
- Profitability
- Euro 4/5 introduction
- China development

Volvo Construction Equipment First Quarter



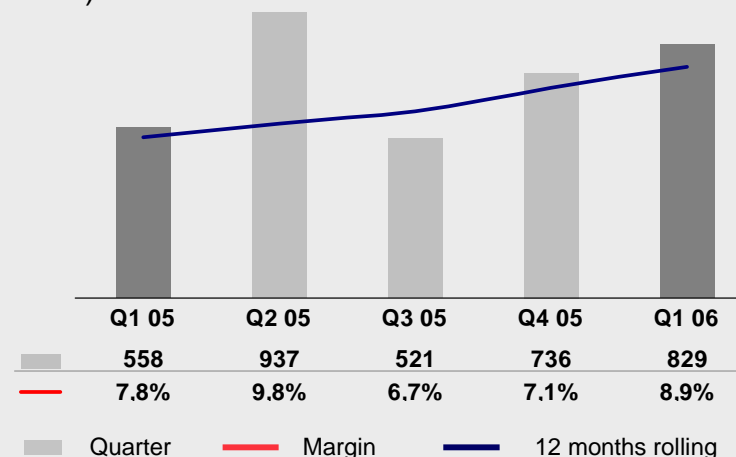
Net sales

(SEK bn)



Operating income

(SEK M)



Highlights

- Continued good demand for heavy equipment, NA up 10% and EU up 1%
- Sales growth 30%
- Operating income increased 49%
- Good order intake – value of backlog up 58%

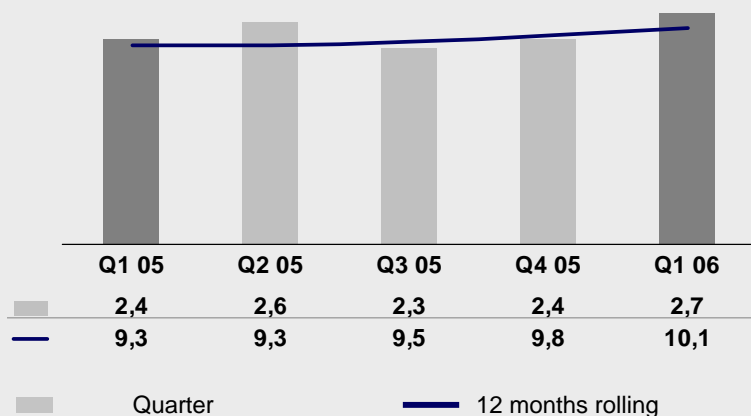
In Focus

- Intermat
 - Launch new graders and 70 ton excavator
 - Core value communication
 - Volvo Group Hybrid Technology
- Manage strong order book
- Operational efficiency

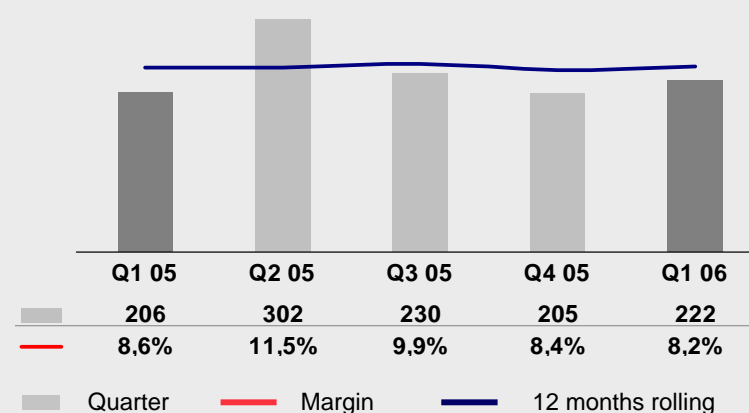
Volvo Penta First Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- First time an annualized net sales above SEK 10 bn
- Growth in all segments
- 100 boat models with IPS

In Focus

- Profitable growth
- Logistics and delivery precision
- Cost control
- Product introduction

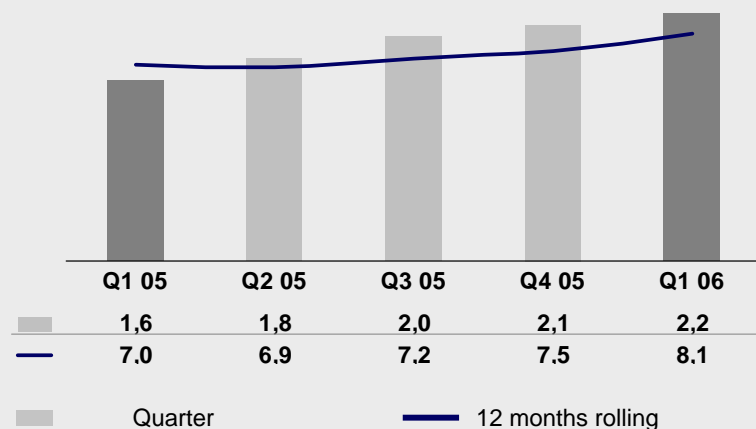
Volvo Aero

First Quarter



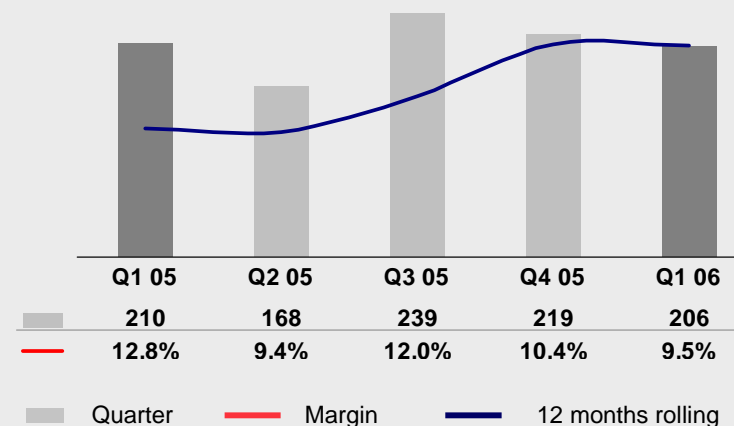
Net sales

(SEK bn)



Operating income

(SEK M)



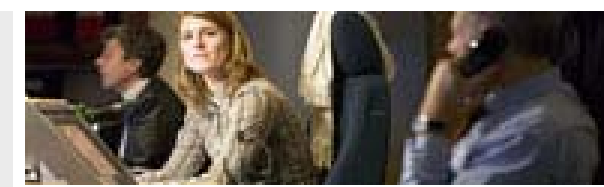
Highlights

- Continued growth in air travel
- Sales growth rate +31%
- Strong performance in the component business

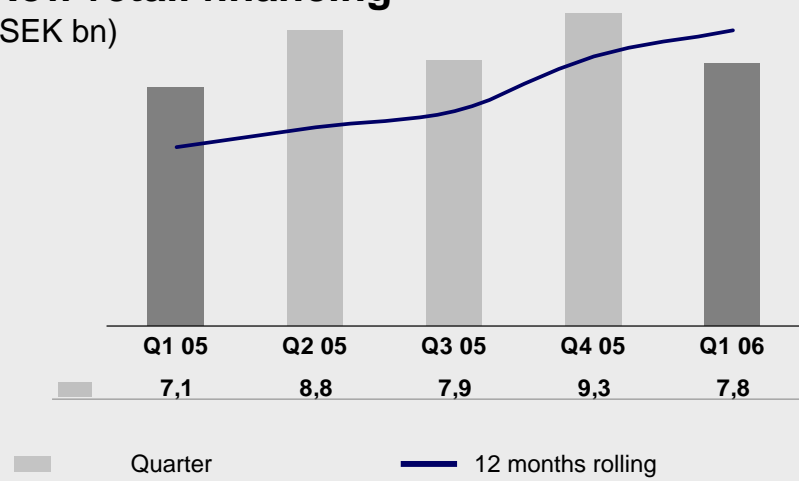
In Focus

- Supply chain management
- Delivery of GEnx components
- Cash flow

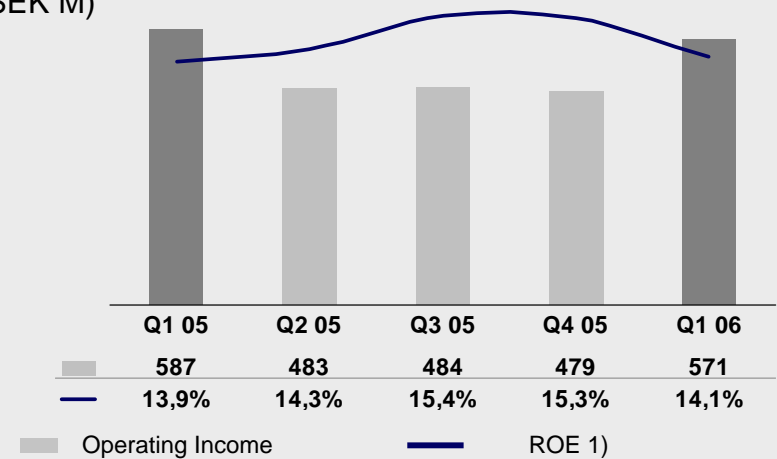
Volvo Financial Services First Quarter



New retail financing (SEK bn)



Operating income and return on equity (SEK M)



Highlights

- Strong profitability
- Good credit portfolio growth and quality
- Improved customer satisfaction

In Focus

- Operational excellence
- Asia activities
- Increasing competition and liquidity

1) Calculated as a 12 month rolling average

Volvo Group Summary

- Continued good sales growth +15%
- Operating income up 20%
- Acquisition of 13% in Nissan Diesel, with an option for another 6%
- In focus:
 - Transition into a new industrial and product structure.
 - Asian strategy

VOLVO