

VOLVO

Second Quarter 2006
Press Conference, July 21, 2006

Highlights

Second Quarter

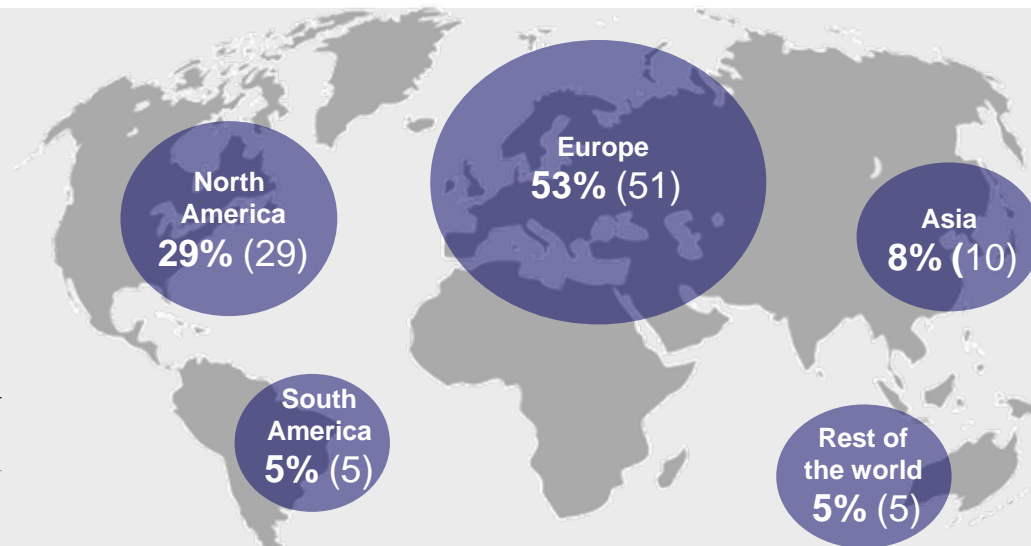
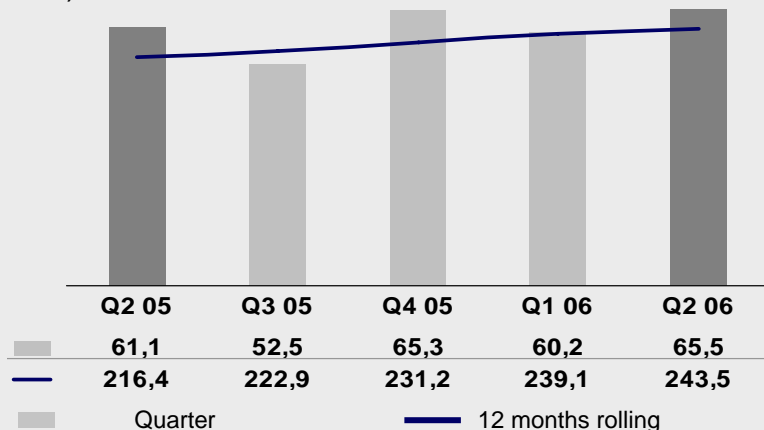
- Business environment
 - European market continues to improve
 - Continued high levels in North America
- Sales growth in all Business Areas
- Profitability at all-time high
 - Operating income up 22% to SEK 6,539
 - Operating margin at 10.0%
 - Return on Equity at 18.6%
- Doubled operating cash flow (excl.VFS)
- EPS up 19% to SEK 11.53

In Focus Going Forward

- Manage product- and production change-over
- Capitalize on new products

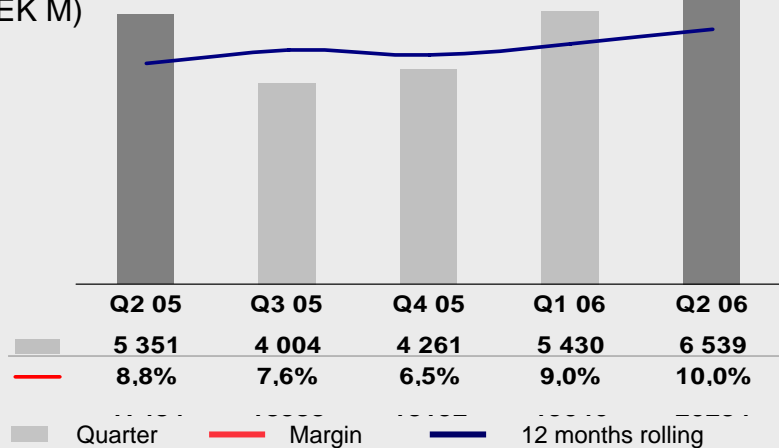
Net sales

(SEK bn)



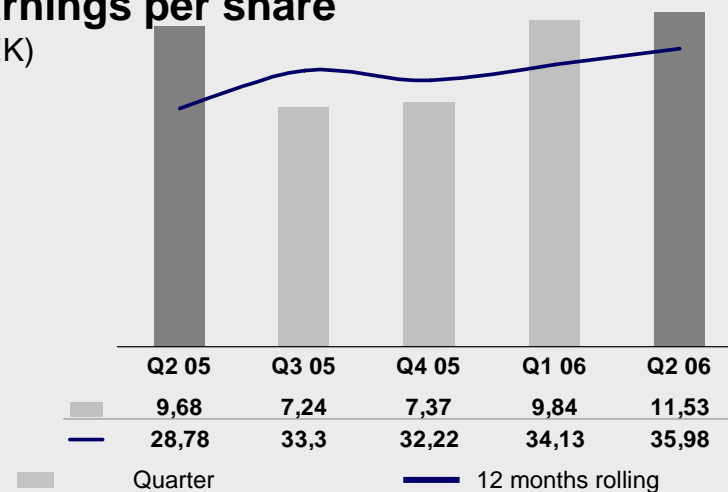
Operating income

(SEK M)



Earnings per share

(SEK)

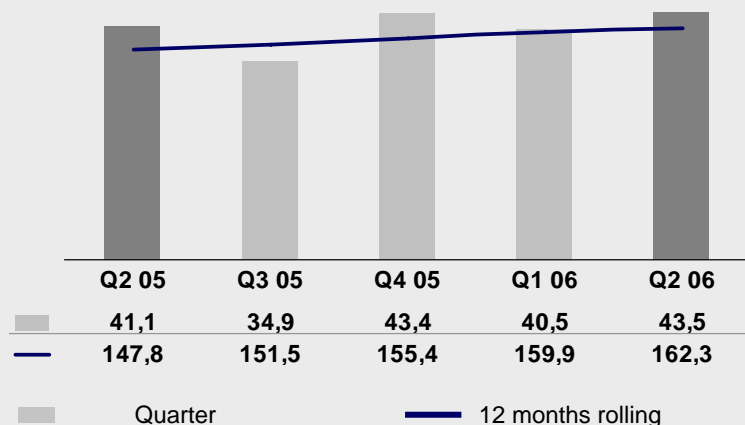


Trucks

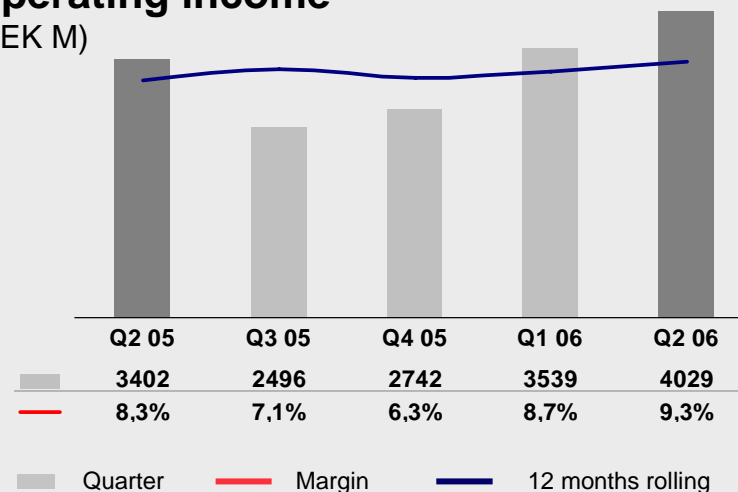
Second Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Strong sales in Europe
- Operating margin at 9.3%
- Renewal and broadened product range – distribution trucks for Europe
- SCR in Europe

In Focus

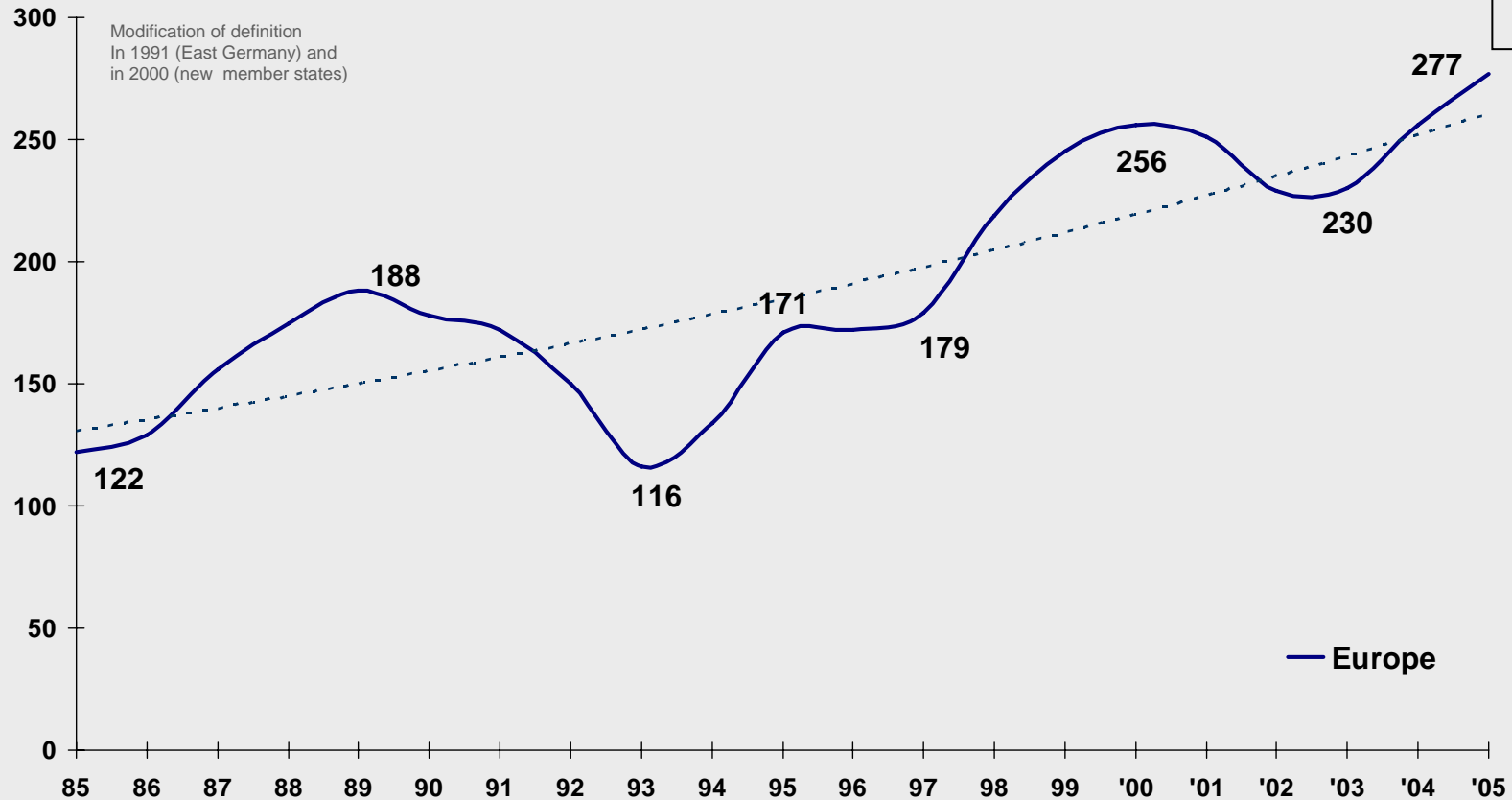
- Product launches and changes in the industrial footprint.
- Capitalize on new products
- SCR in North America

Heavy Duty Truck Market Europe

(EU members + Switzerland and Norway)



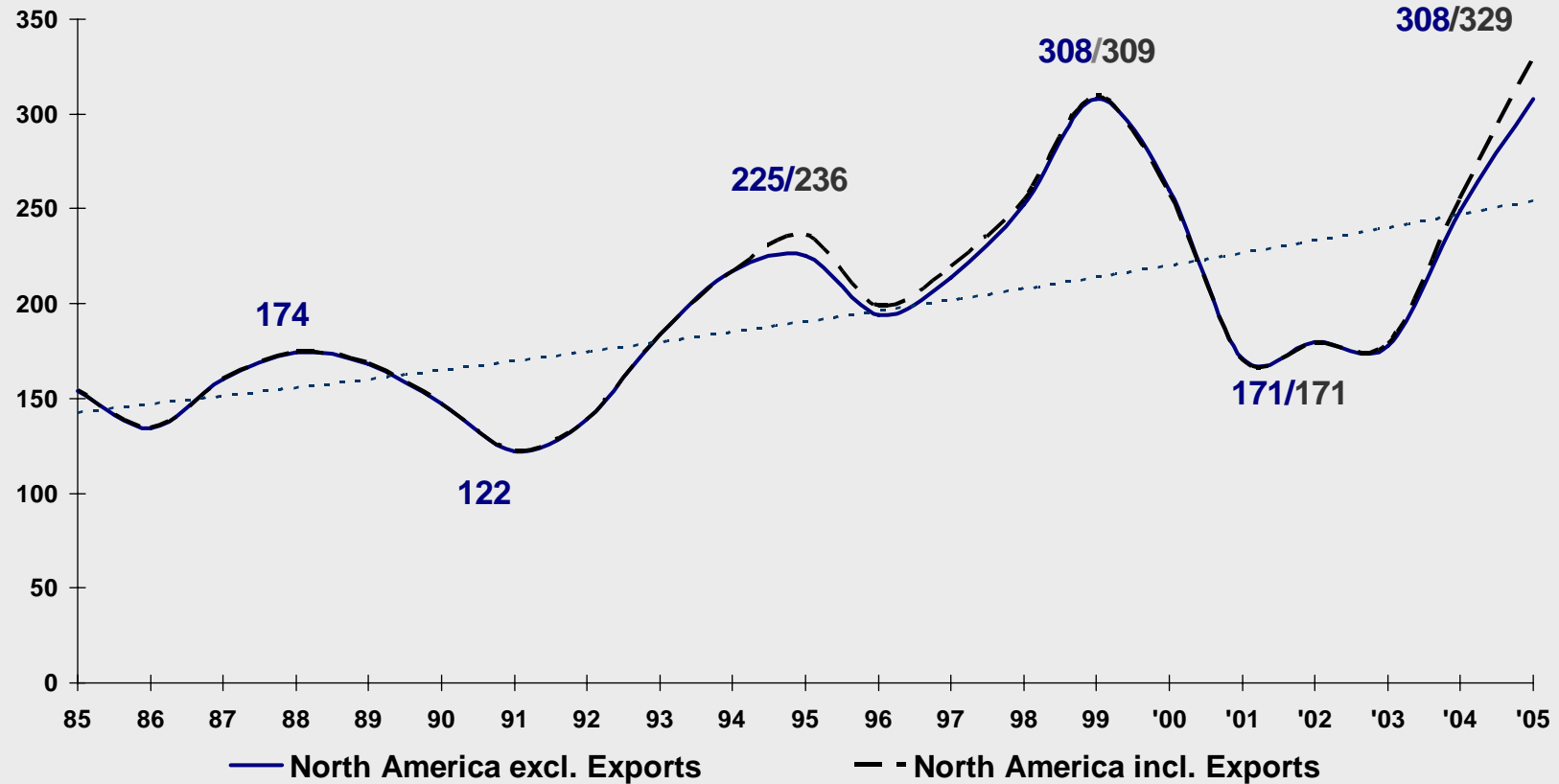
Units, Thousands (heavy trucks)



Heavy Duty Truck Market North America



Units, Thousands (heavy trucks)



2006 forecast
350-360 000
330-340 000

Volvo Trucks

New distribution range for Europe



Volvo FE



Volvo FL

Renault Trucks

New distribution range



Renault Midlum



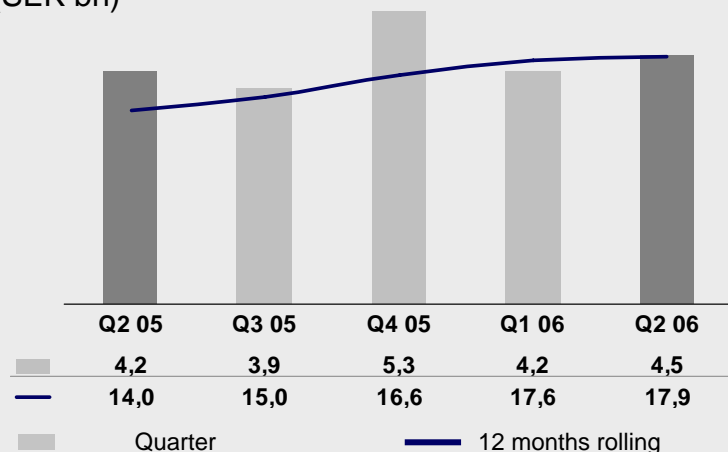
Renault Premium Distribution

Volvo Buses

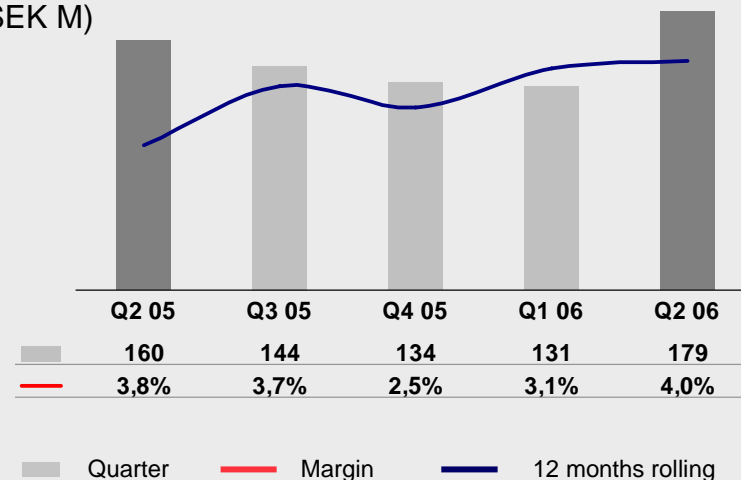
Second Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Increased sales
- Euro4/5 change over
- New 7700 launched in June
- 730 Nova buses to Quebec

In Focus

- Profitable growth
- Efficiency improvement
- Euro 4/5 introduction
- Launch 9700, 9900

Volvo Buses

The new 7700

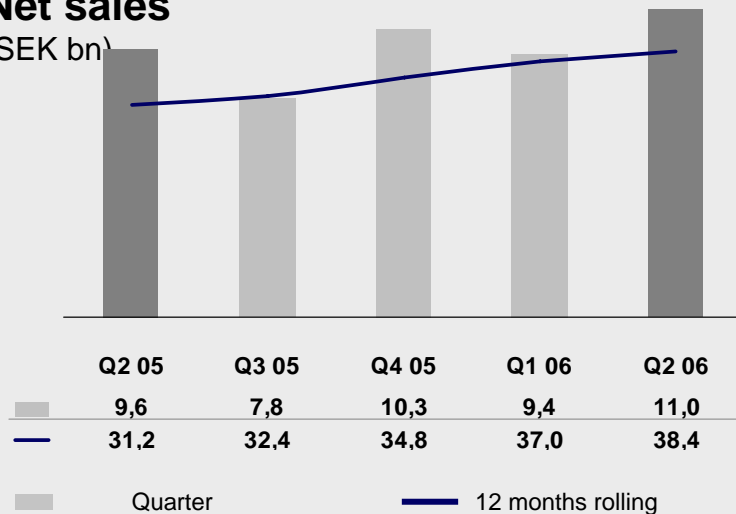


Volvo Construction Equipment Second Quarter



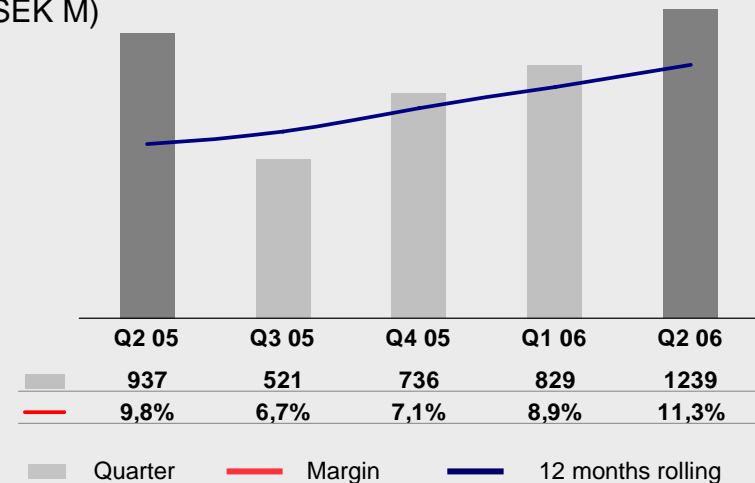
Net sales

(SEK bn)



Operating income

(SEK M)



Highlights

- Total world market up 2%, NA down 7% and EU up 1%
- Sales growth 15%
- Operating income increased 32%, margin 11.3%
- High capacity utilization

In Focus

- Continue to grow excavator and Articulated Haulers business
- Manage strong order book
- Closely monitor market development

Volvo Construction Equipment

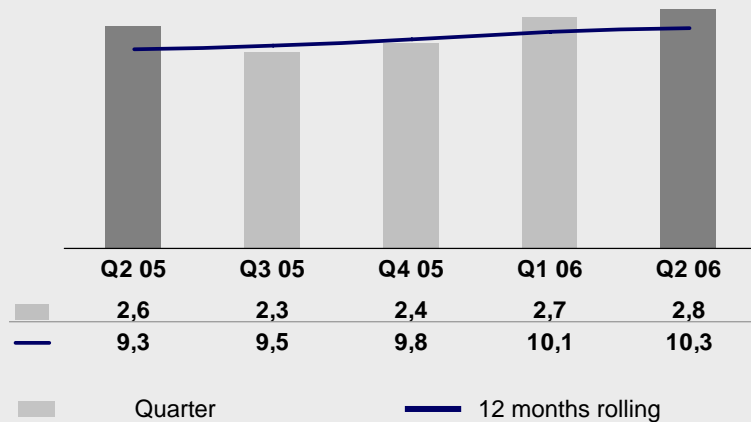
The 50,000th unit rolls off the Volvo CE production line



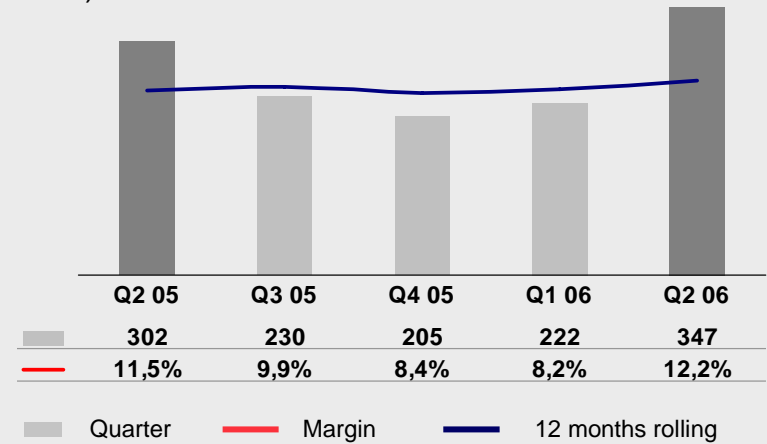
Volvo Penta Second Quarter



Net sales
(SEK bn)



Operating income
(SEK M)



Highlights

- Strong sales development
- Continuously high order intake
- Increased operating income
- Volvo Penta IPS in more boats

In Focus

- Production and delivery lead times
- Increased growth
- Cost control
- Product introductions

Volvo Penta

Product news



IPS600



D3-190

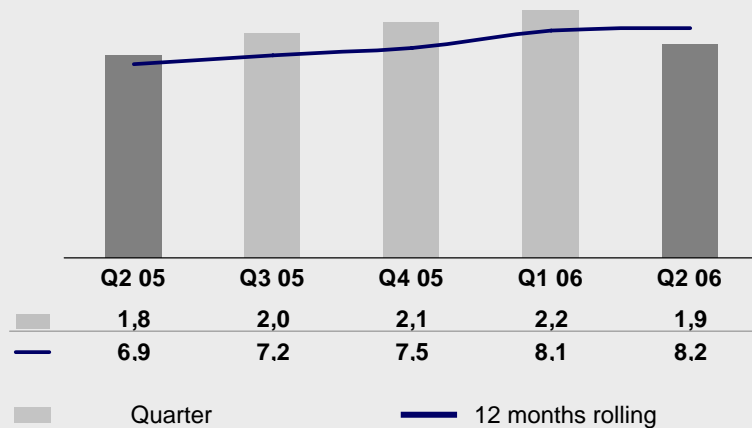


D6-435

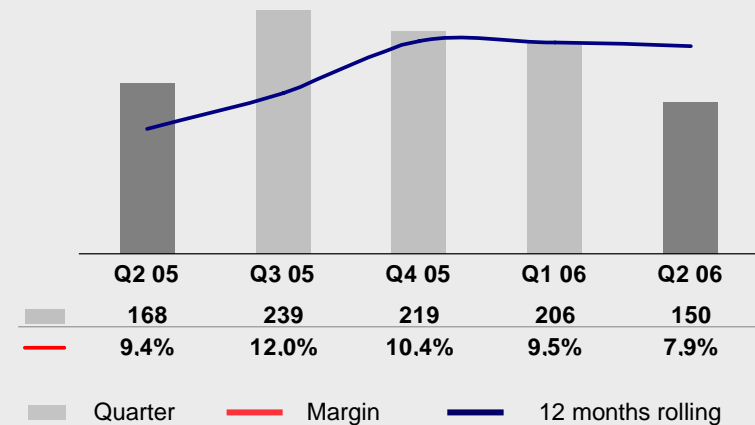
Volvo Aero Second Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- World air travel continues to grow
- Order book improved significantly
- Continued strong performance in the component business
- Production start ups of new engine programs

In Focus

- Supply chain management
- After market business
- Cash flow

Volvo Aero

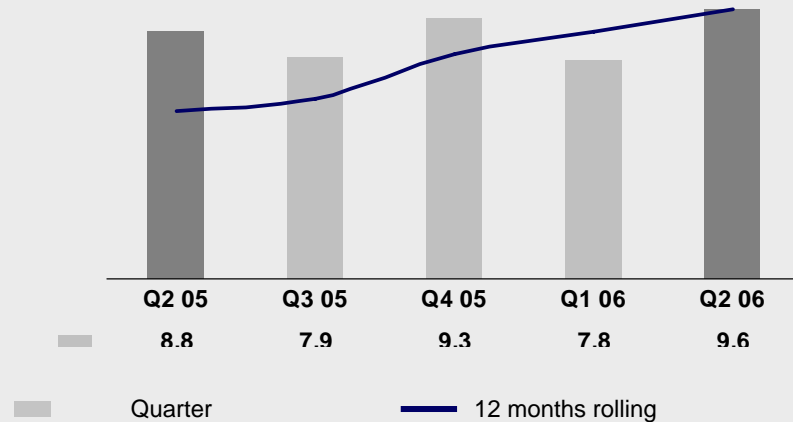
Thanks to the new Ariane 5 ECA rocket, Arianespace's order bookings have never been larger



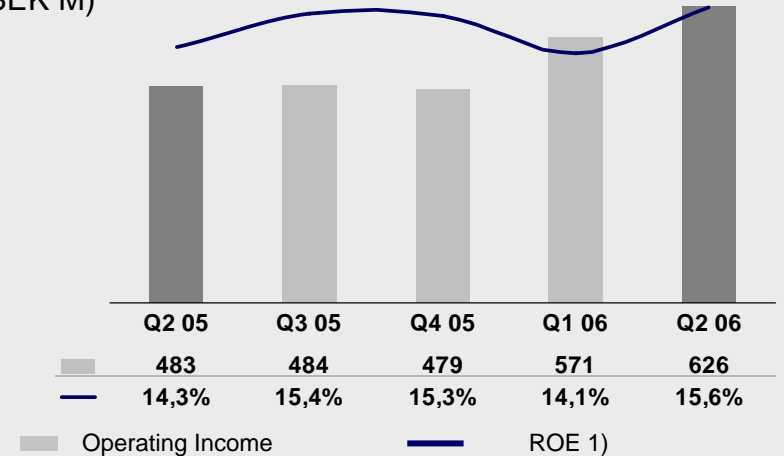
Volvo Financial Services Second Quarter



New retail financing (SEK bn)



Operating income and return on equity (SEK M)



Highlights

- Improved returns and profitability
- Record volume
- Portfolio performing well

In Focus

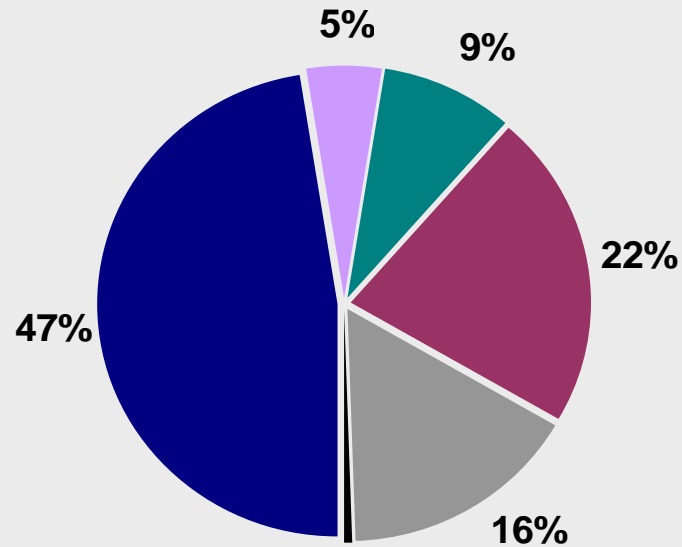
- Commercial focus
- China license approval
- Business cycle management

1) Calculated as a 12 month rolling average

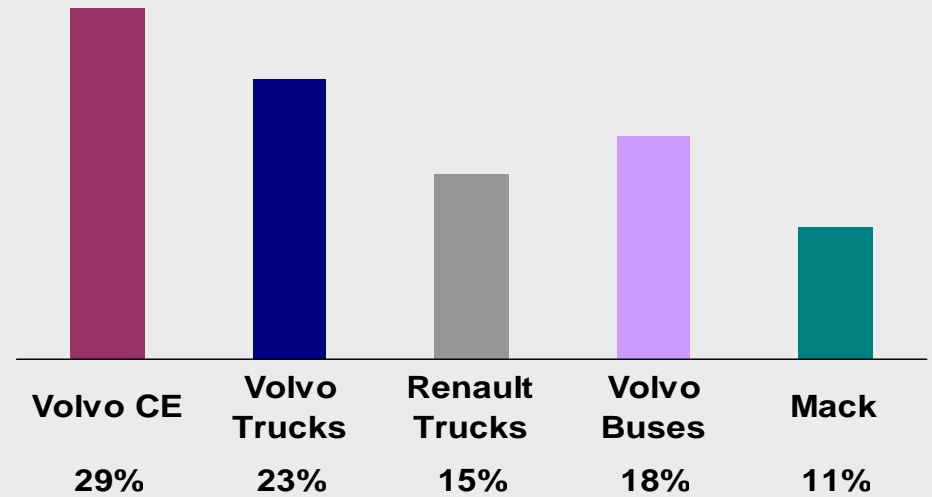
Volvo Financial Services Second Quarter - isolated



New financing



Penetration on new financing



Volvo Group

Summary

- Growth in all Business Areas
- Operating margin at all-time high 10.0%
- In focus:
 - Finalize transition into a more efficient industrial and product structure
 - Capitalize on a new generation of competitive products