

VOLVO

Capital Market Day

June 21, 2005

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Volvo Bus Global Range

COACHES



INTERCITY BUSES



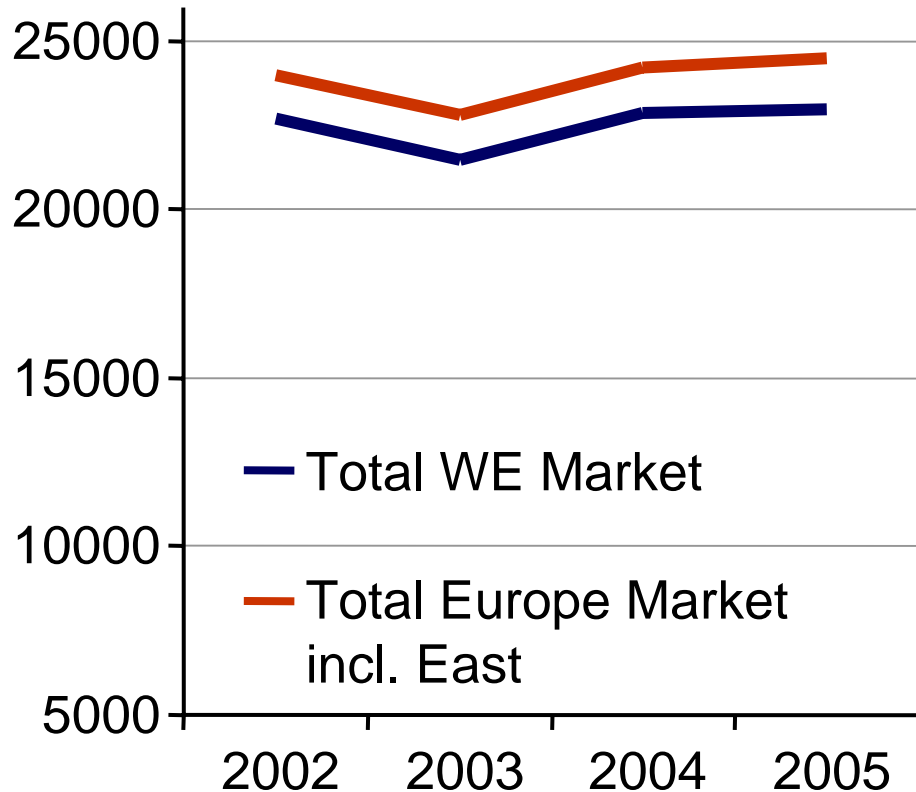
CITY BUSES



Business Environment

- Improved profitability in the bus industry
- Customers buying behaviour affected by introduction of Euro 4 in Europe, Singapore and Hong Kong
- More standardization follows the new bus directive
- Producers in Asia and Eastern Europe aims for exports to Western Europe
- Production of complete buses become more industrialized and move to high volume factories

Europe

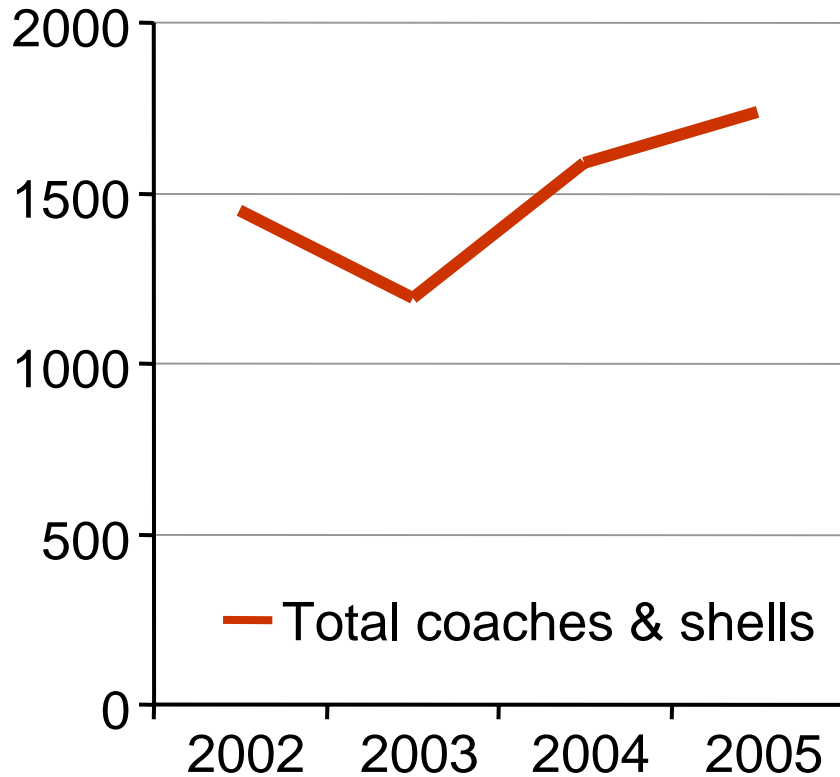


- EU market registrations indicates same level 2005 as 2004
- No major increase in sales in former Eastern countries yet
- Very tough demands on reduced emission levels in city traffic
- The change to Euro 4 & 5 will affect the market
- Competition increase from low cost manufacturers

Market share 2004 = 14%

% of sales = 55%

USA / Canada Coaches & Shells

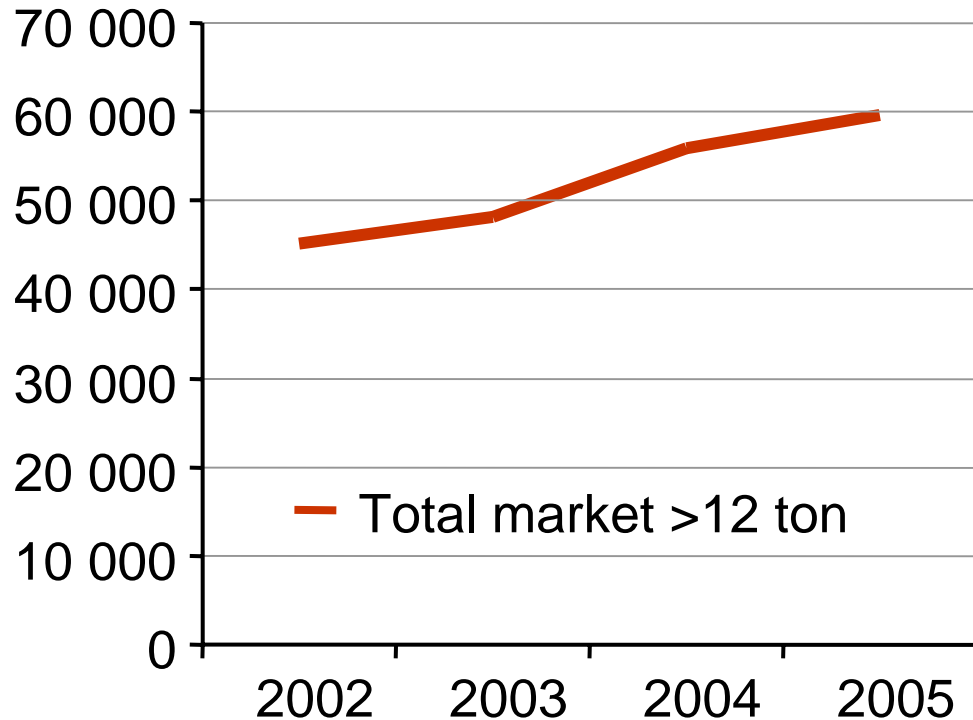


- Coach: Increased orders. BAA market increased slightly but not at past levels
- Improvements in tourism and travel
- Shells: Good Q4 and growth is anticipated in 2005, especially in the Entertainer market

Market share 2004 = 35%

% of sales (incl Mexico) = 23%

Business Region International



- Bus market in Asia and other International markets expects a positive growth in 2005
- India and South Africa will grow at a constant basis in the coming years in the intercity and luxury coach segments
- Bus market >10m in China, up 39% 2004
- New Import Administration of Automotive Parts and components in China, effective as of April 1, 2005

Market share 2004 = 4%

% of sales = 18%

Restructuring Program Europe in progress

Key Customer Focus

- New commercial organisation
- Truck & Bus center development
- Complete offer 9700
- Price management

Break Even Management

- One industrial system
- Closure of Aabenraa plant
- Closure of Heilbronn plant
- Main factory in Poland towards 1000 units

Product Commonality

- New platform strategy
- Commonality within bus platforms
- Chassie commonality with Volvo Trucks 70%

Operational Excellence

- Direct OK concept
- Lead time reduction 15%
- Reduction of hours/bus 15%

Mexico - Restructuring Program is running well

- Lower break even level
- From 7 to 3 production lines
- 2 chassis platforms, 2 bodies
 - only Volvo brand
- Widened customer base – less dependence on large customers
- Aftermarket development
- New dealer structure
- Cooperation with Volvo Trucks



Development of China Business



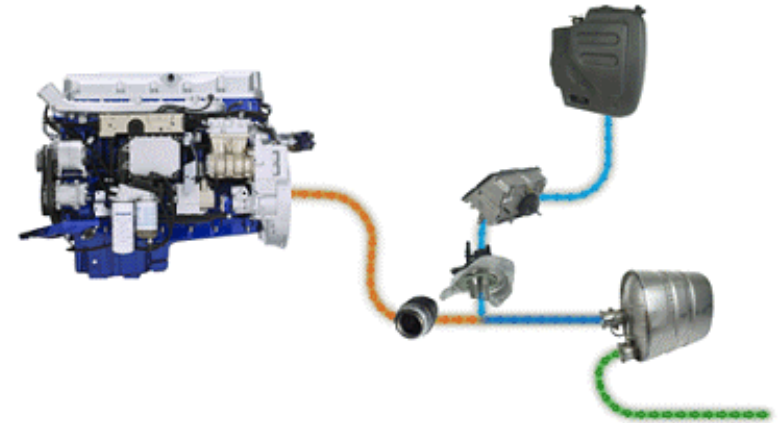
- Good position in premium segments
- Expand bus sales to more cities
- Develop the BRT-offer
- Synergies with Volvo Group companies
- Fulfilment of Automotive Policy (local sourcing)
- New products for the growing segments
- Exports from China

Increased Environmental Focus

- Better overall engine performance
- SCR to reach Euro 4/Euro 5
- Reliable technology, lower fuel consumption
- Euro 5 possible to deliver from start
- All buses and coaches with SCR will be launched during 2006

New engine program

- Introduction of new 9 litre CNG engine
- Introduction of new 7, 9 and 12 litre engine - diesel



Market leader in Bus Rapid Transit (BRT)



- Separate bus lanes
- High capacity articulated buses
- High frequency
- High capacity bus stops
- Efficient ticketing systems
- 5% of subway investment cost
- Short lead time to running system



Volvo Bus Rapid Transit

- Biggest order ever – 1 779 buses to Santiago, Chile
- Market leader BRT deliveries in South America with 80-90 %
- Growing market worldwide
Around 50 cities in China, India, USA, Thailand, South Africa etc discussing BRT
- BRT also in the western world
 - Trunk line in Göteborg
 - Streetcar in UK with Volvo chassis



In focus going forward

Customer satisfaction

Profitable growth

Restructuring programs

Euro 4/5

China development