

VOLVO

Fourth Quarter 2005

Press Conference, February 3, 2006

Highlights

Fourth Quarter and Full Year

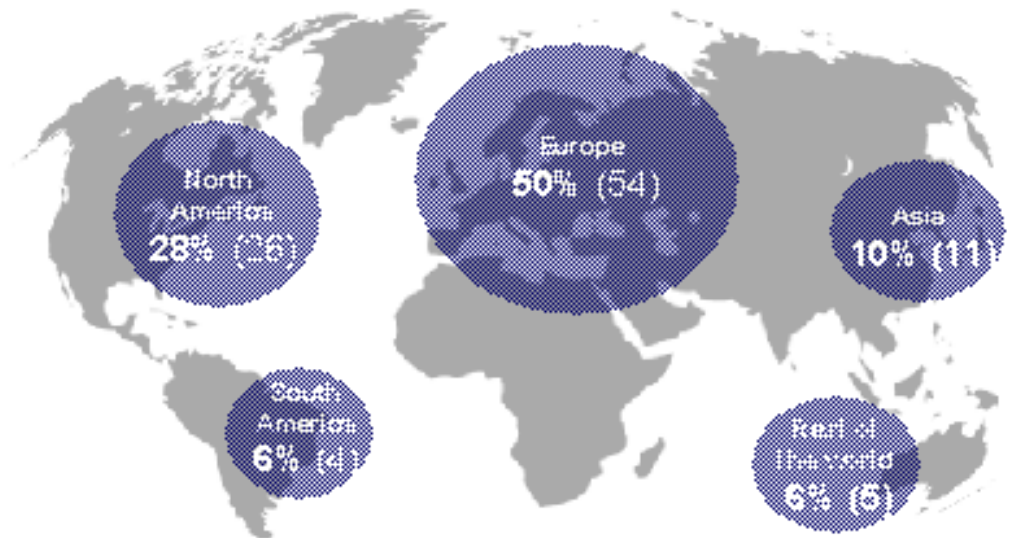
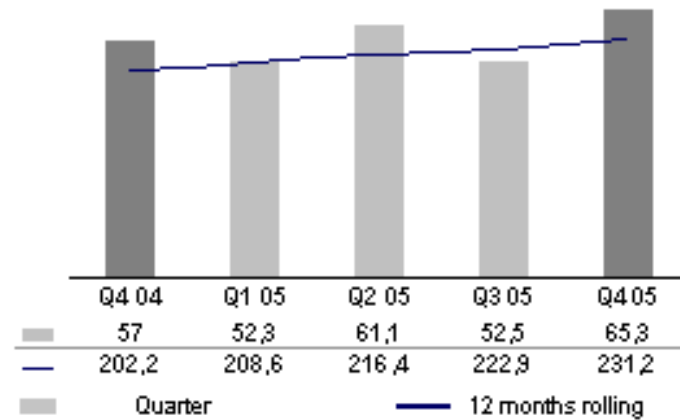
- Business environment
 - Continued strong demand in North America
 - European market – stronger than expected
- Best year ever
 - Growth 14%
 - Operating margin: 7.9% (7.3)
 - ROE: 17.8% (13.9)
 - Cash flow 6.8 billion (11.4) after pensions 4.4
- Q4 operating income impacted by new product generations and production structure
- Good performance in Volvo CE, Volvo Aero, Volvo Penta and Financial Services
- EPS SEK 32.21 (23.58), Q4 SEK 7.37 (8.45)
- Board proposal - dividend of SEK 16.75 per share (12.50)

In Focus Going Forward

- Manage product- and production change-over
- Capitalize on new products
- Continued focus on S&A cost development

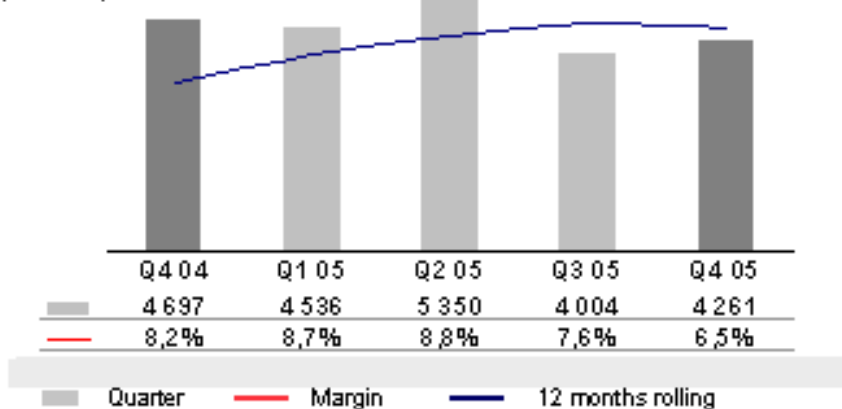
Net sales

(SEK bn)



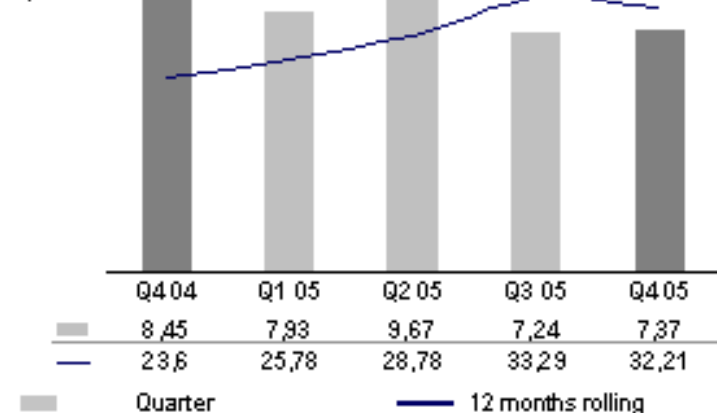
Operating income*

(SEK M)



Earnings per share

(SEK)



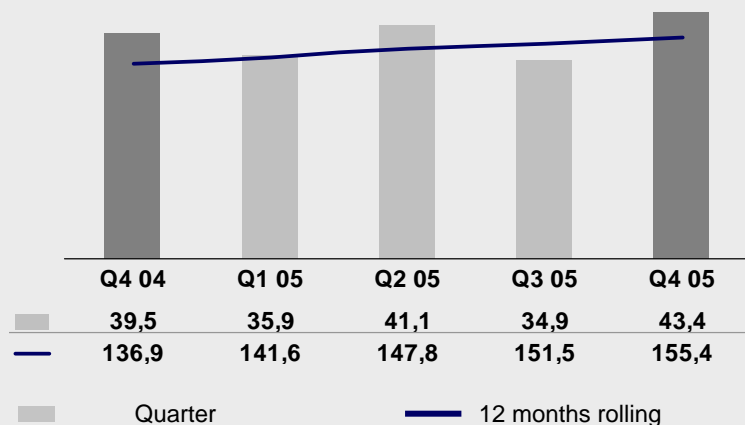
* Excluding effects from the holding in Scania AB

Trucks

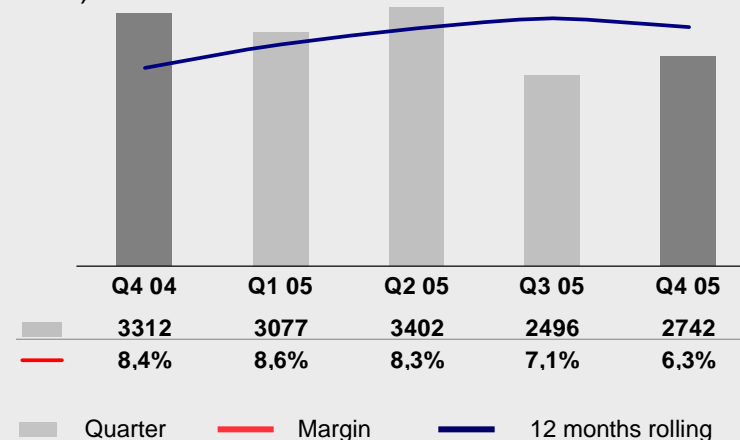
Fourth Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Demand at continued high level
- Increased cost for new product introductions and production start-up
- New products well received in the market
- Good order intake in Europe

In Focus

- Manage product change-over
- Capitalize on new products

Transition to world class

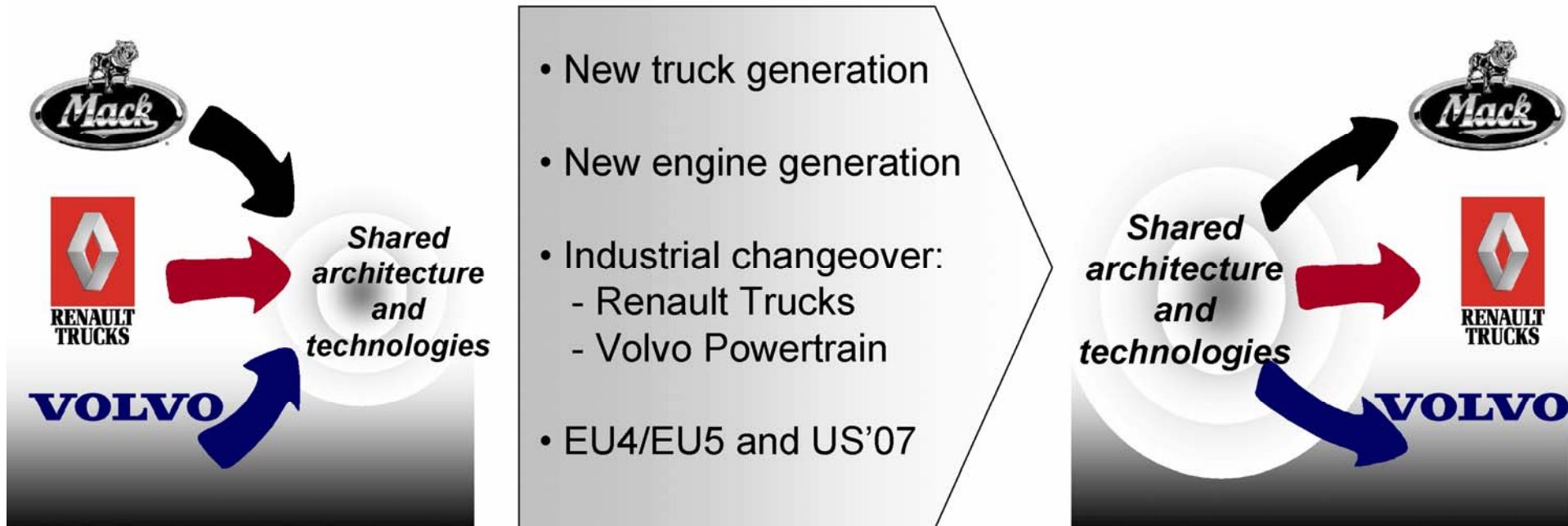
Merger mode

“Create synergies”

Transition period

Vision mode

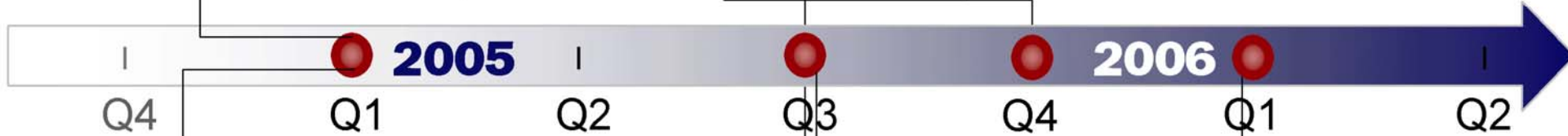
“New architecture and shared technologies. Develop unique brand versions”



Transition to new generation of trucks

Renault Magnum

Renault Premium Route Mack Granite Mack Pinnacle



Volvo VT880

Volvo VT800 Volvo FH & Volvo FM

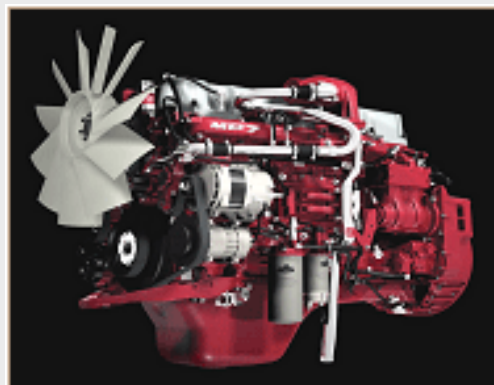
Volvo FH16



Transition to new generation of engines



Buses, G9 Euro 4 / Incentive 5



Mack MP7, US04, 11 litre

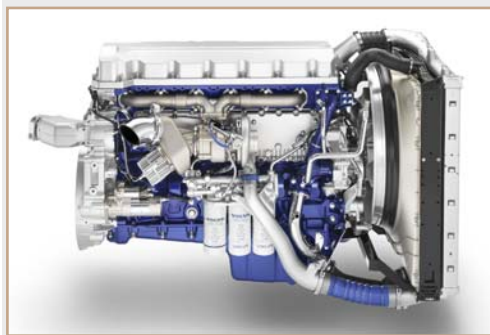


Volvo Penta, TAD 1640, 16 litre

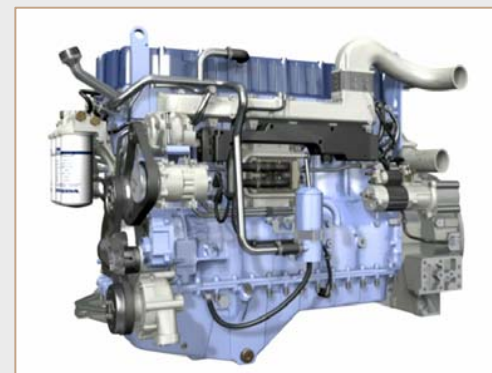
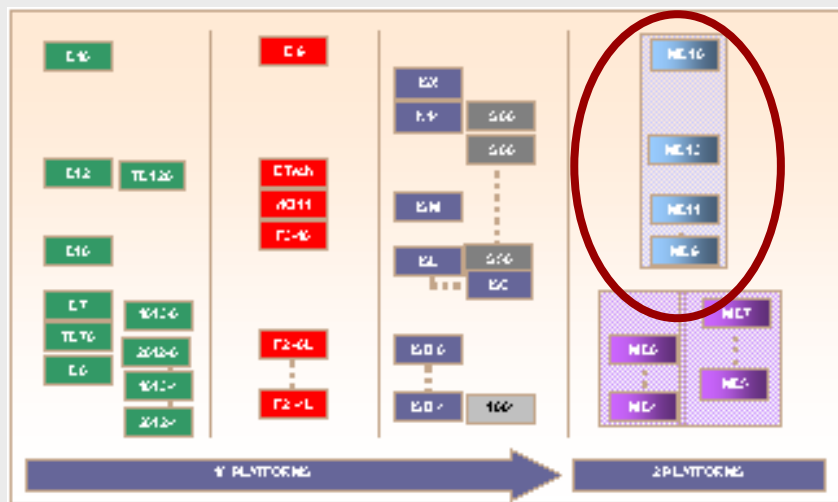


Renault Trucks DXI11

Optidriver II



Volvo Trucks, D13 Euro 3/4/5 13 litre



Volvo CE D12D Tier 3, 12 litre

Volvo Trucks

New Volvo FH16



- Stronger powertrain
 - Improved 16 L engine
 - Increased power
 - 610 hp → 660 hp
 - I-shift for 60t and over
 - New engine brake
- Euro 4 emission std
- Up to 4% reduced fuel consumption

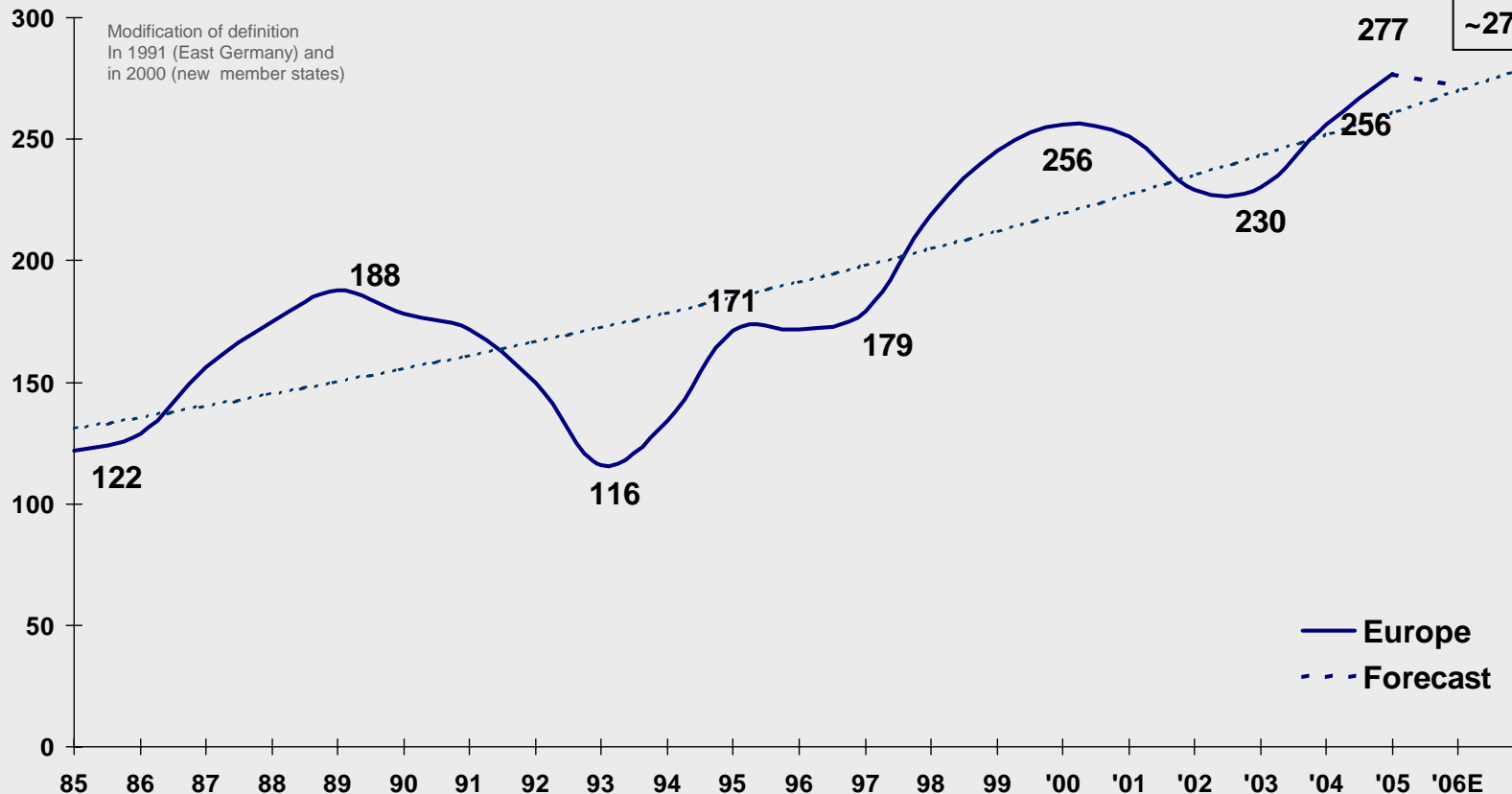
Heavy Duty Truck Market

Europe

(EU members + Switzerland and Norway)



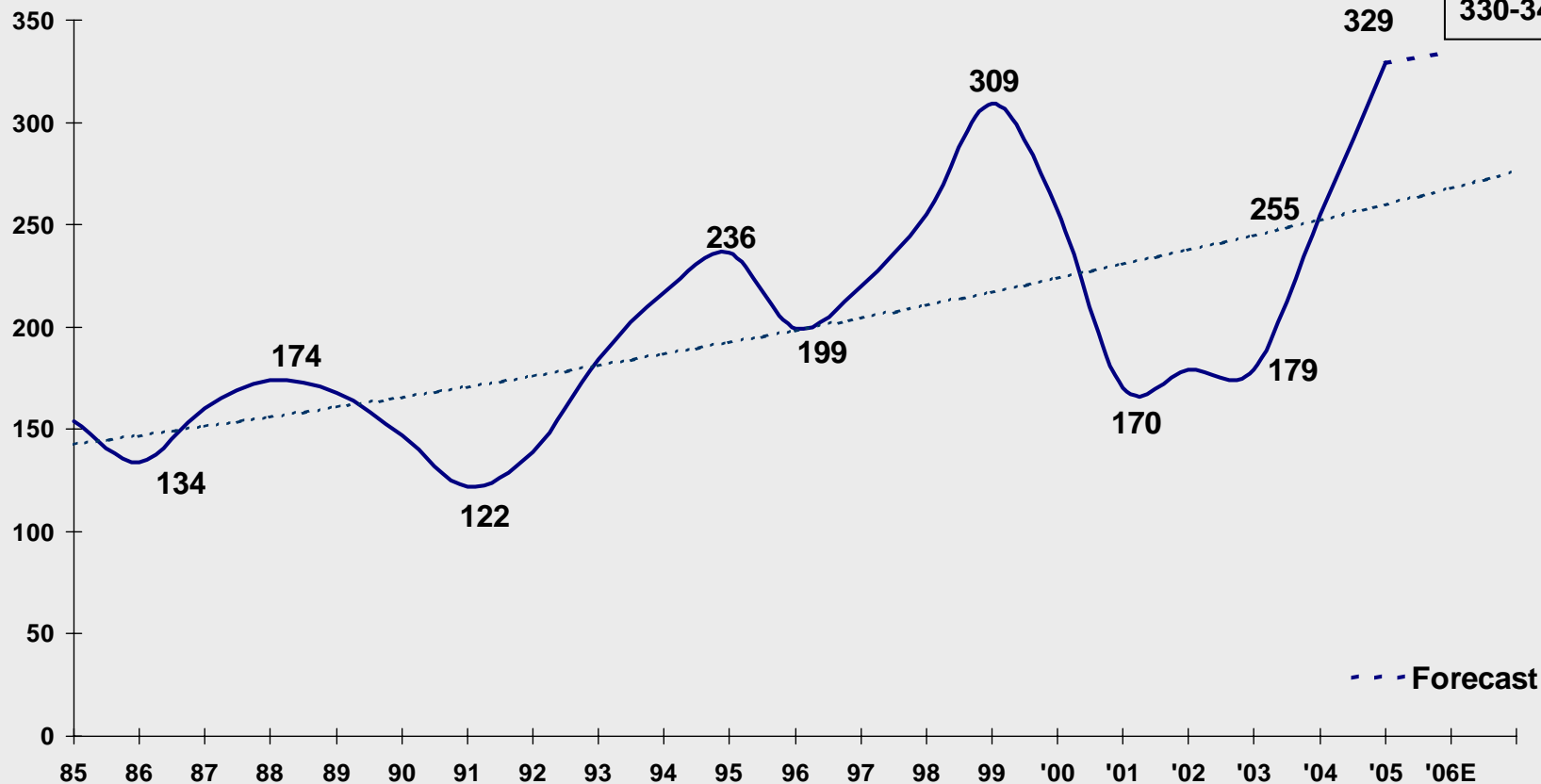
Units, Thousands (heavy trucks)



Heavy Duty Truck Market North America



Units, Thousands (heavy trucks)

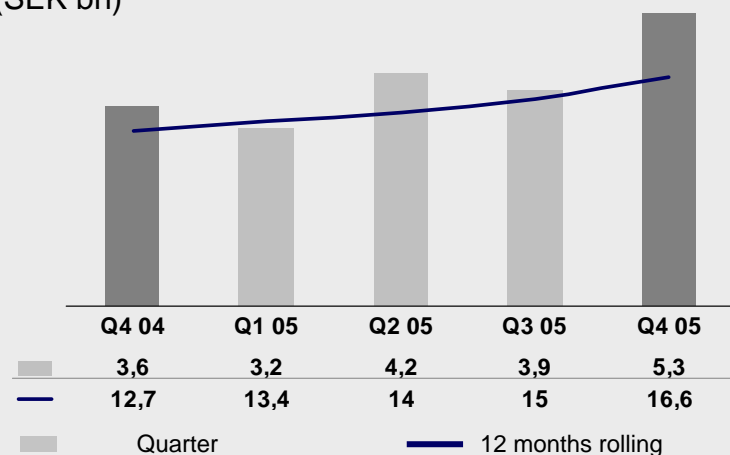


Volvo Buses

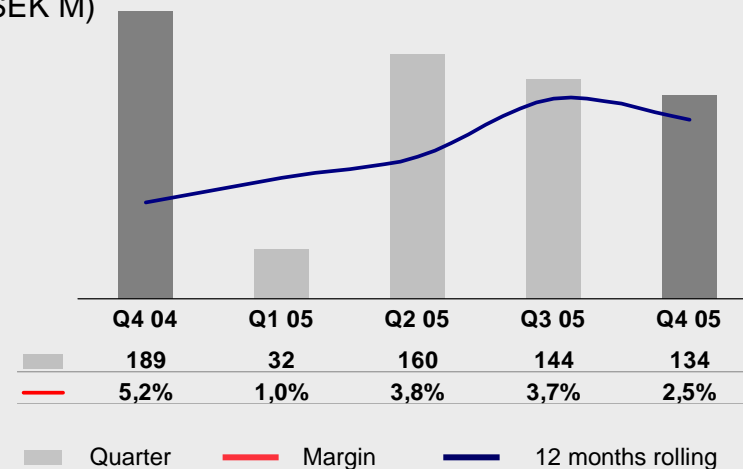
Fourth Quarter



Net sales (SEK bn)



Operating income* (SEK M)



Highlights

- Volume growth
- Improved order intake
- Change in product and market mix
- Production start Euro 4/5

In Focus

- Long-term profitability
- Operational efficiency
- China development
- Euro 4/5 introduction

* Excluding revaluation of shares in Henlys Group.

Volvo Buses

2,000 city buses sold to Shanghai, China



Volvo B6R

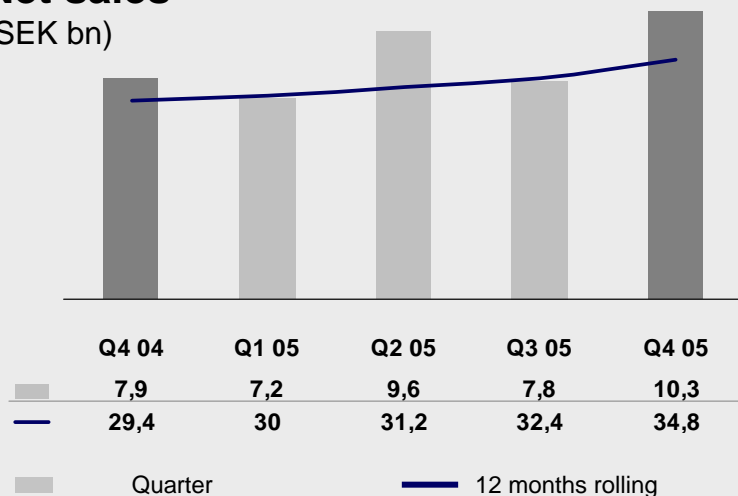
Volvo Construction Equipment

Fourth Quarter



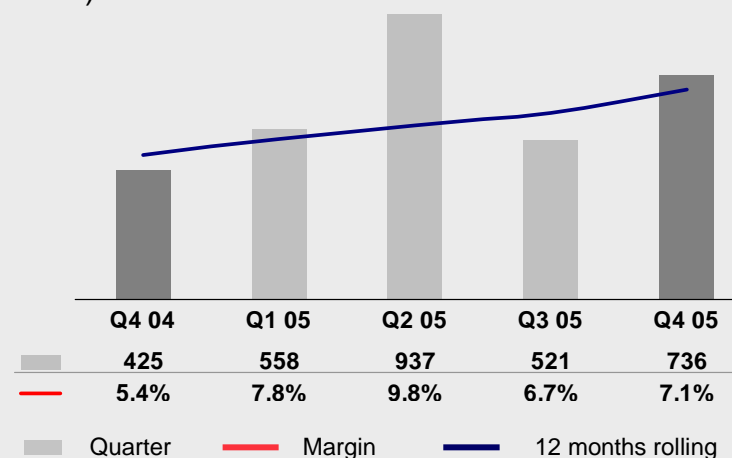
Net sales

(SEK bn)



Operating income

(SEK M)



Highlights

- Continued good demand for heavy equipment, both NA and EU up 4%
- Sales growth 30%
- Operating income increased 73%
- Good order intake – value of backlog up 35%

In Focus

- Operational efficiency
- Continue to gain profitable market shares
- Continue to expand the aftermarket business
- Roll-out of new range of Graders

Volvo Construction Equipment

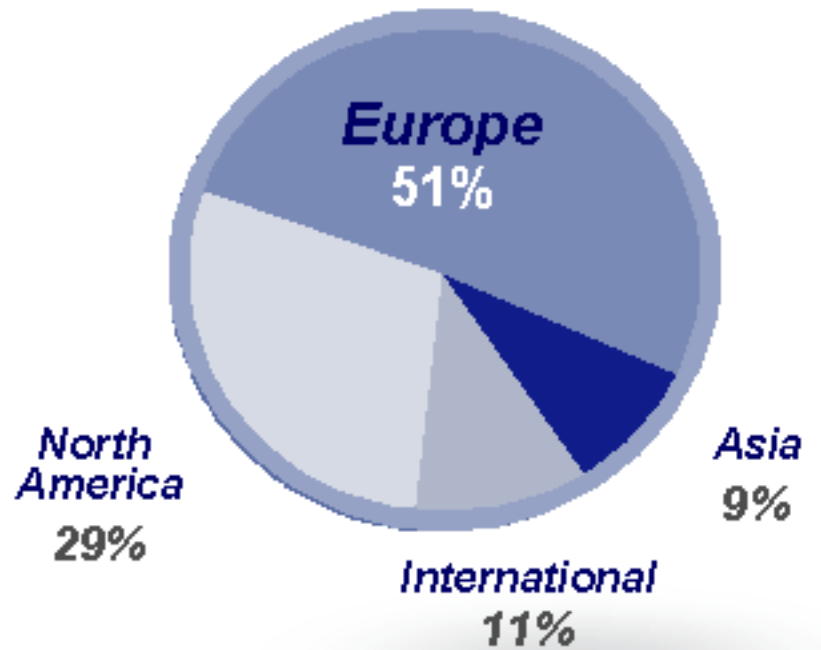
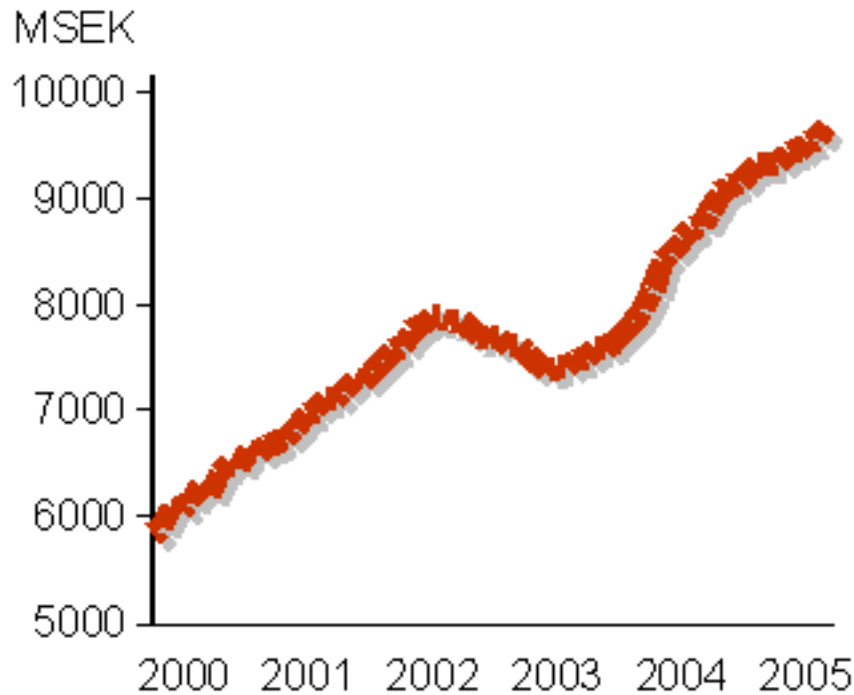
New range of Motor Graders – 7 models



Volvo Penta

Sales Development

Sales by Region



Volvo Penta Business



Industrial

25%



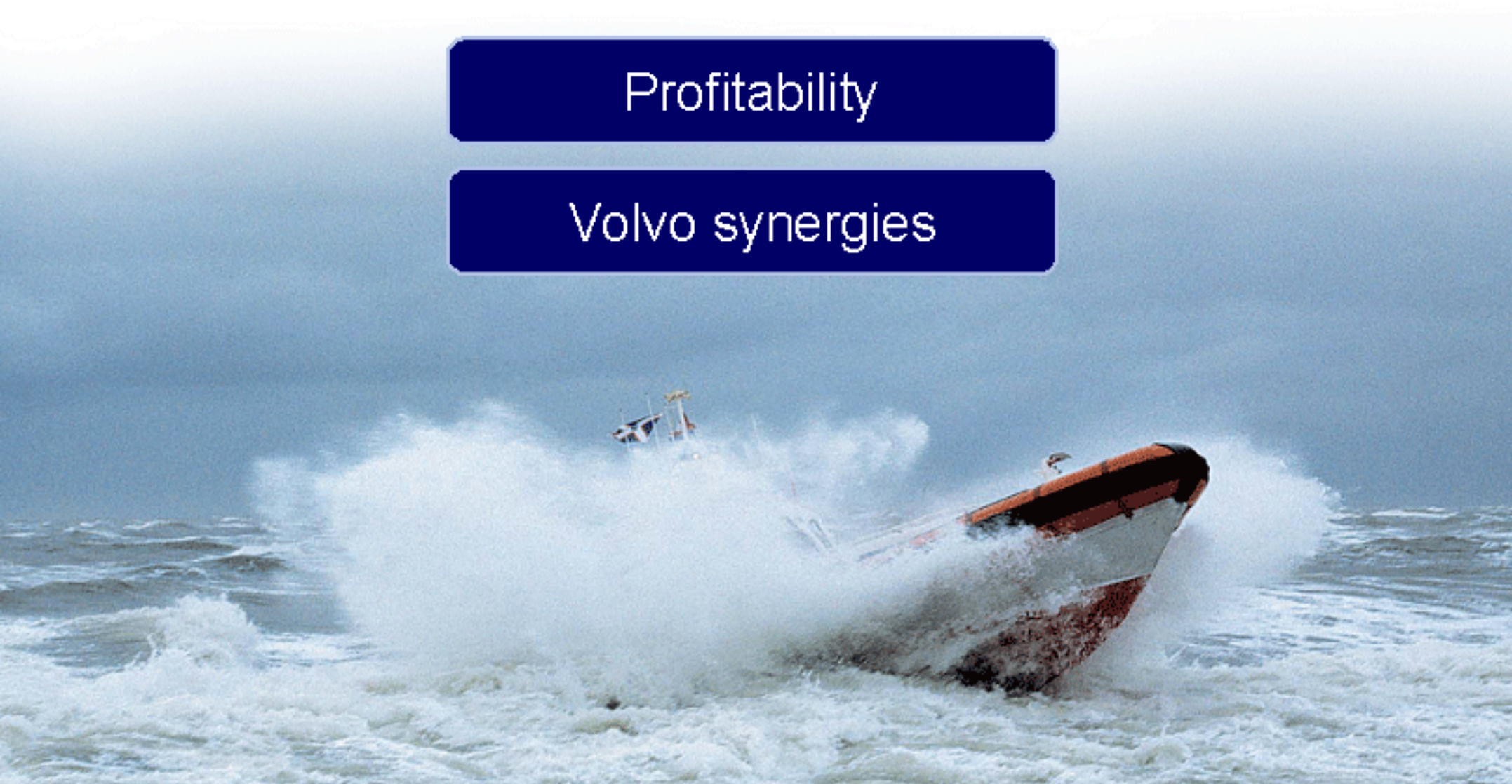
Marine

75%

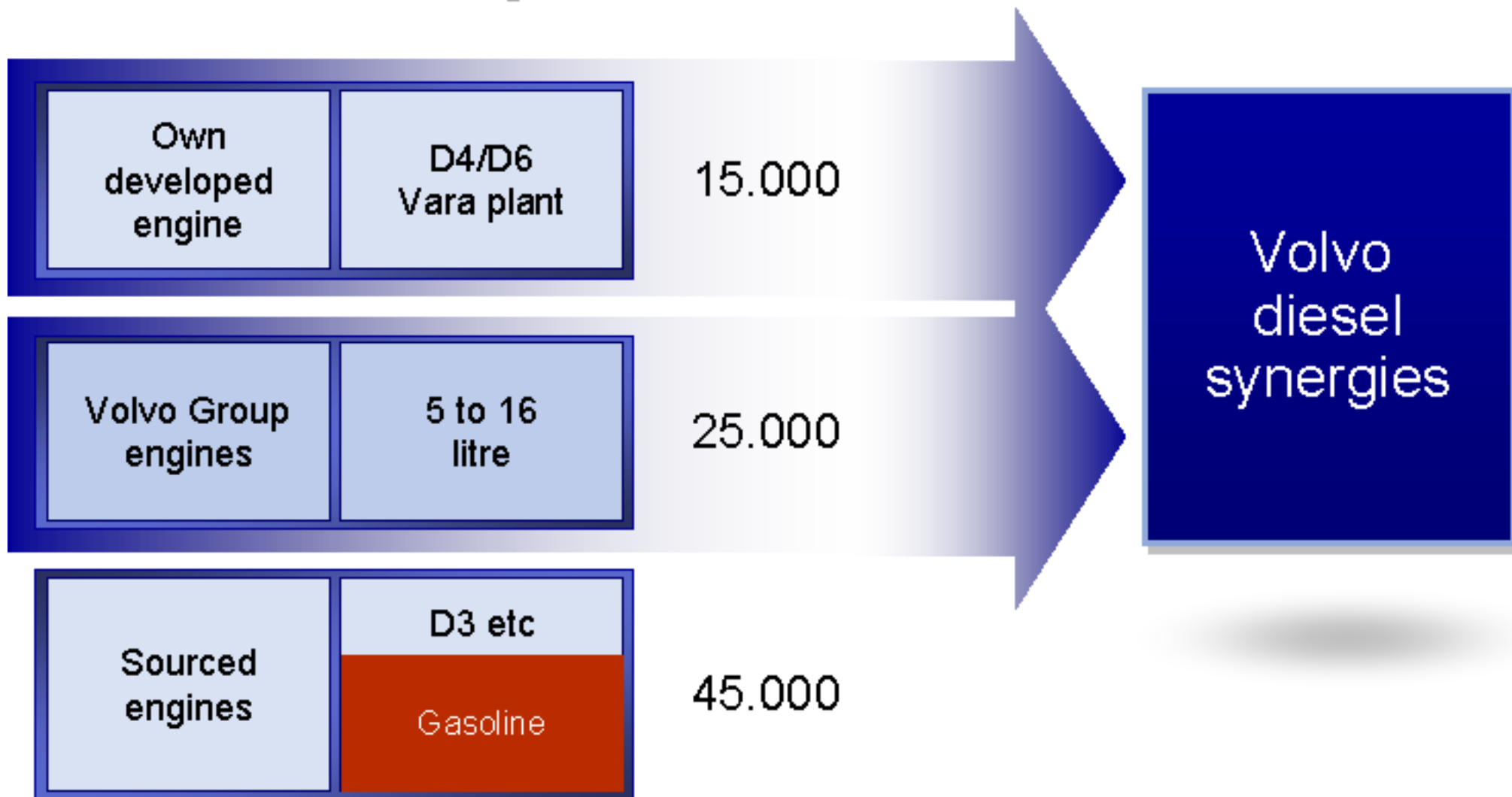
Business Demands

Profitability

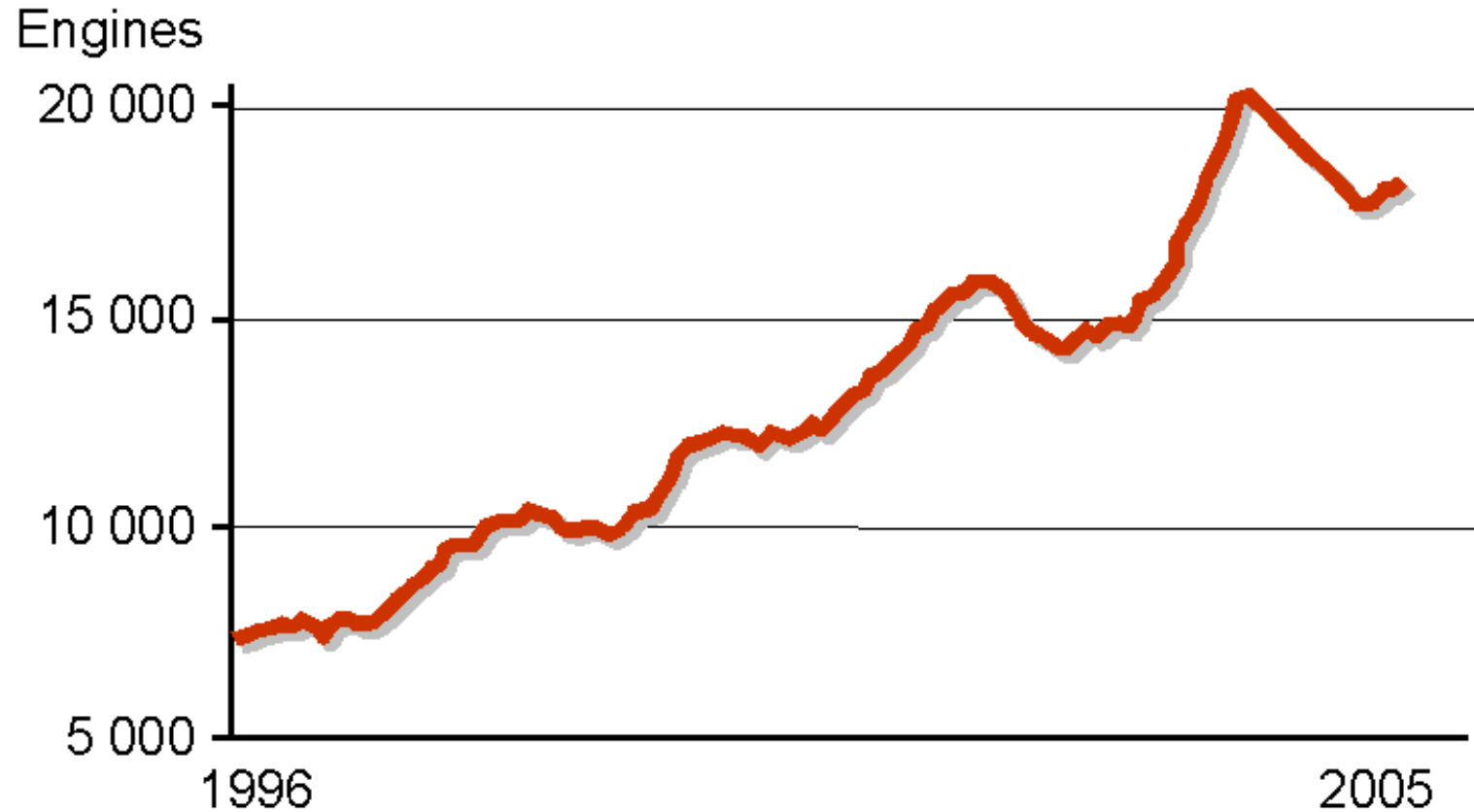
Volvo synergies



Volvo Penta Engine Structure



Industrial Power Systems



Industrial Power Systems

Power Generation



Total market

~120,000 units/year

Volvo Penta Sales

~15,000 units/year

Industrial Power Systems

Versatile engines



Total market

~185,000 units/year

Volvo Penta Sales

~5,000 units/year

Industrial Power Systems Versatile engines



Container handling



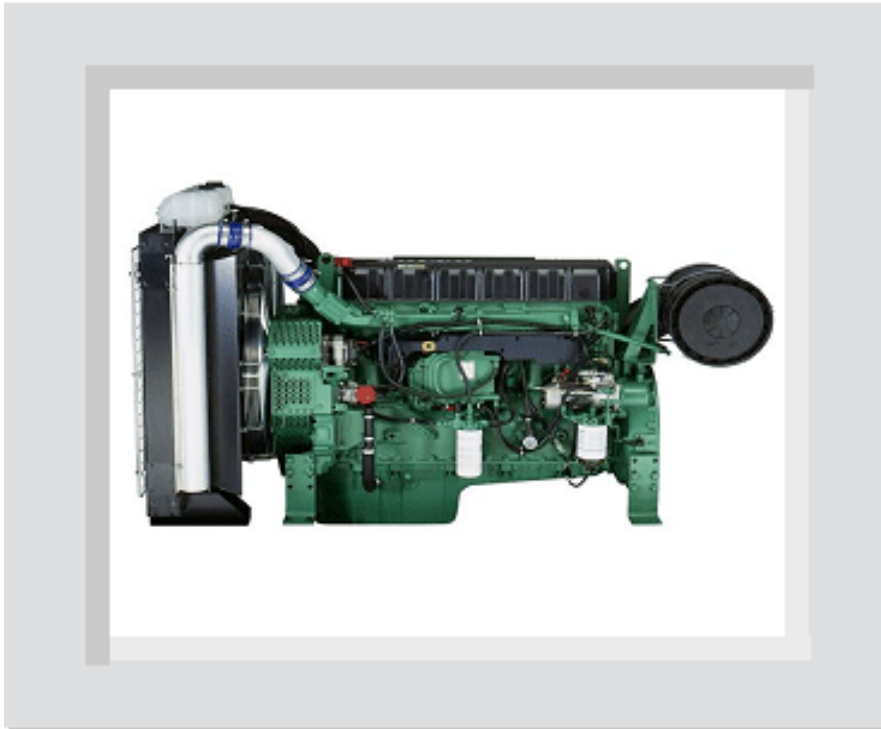
Pumps



Compressors

Industrial Power Systems

Business outlook

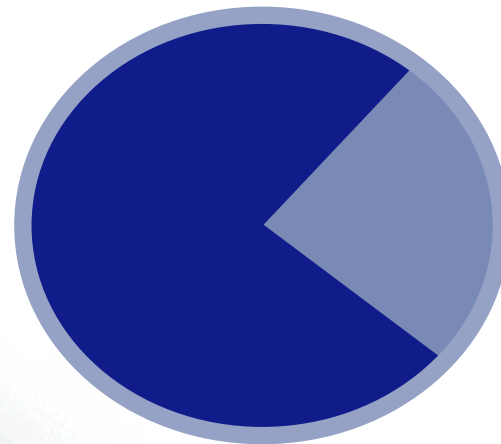


- Continued growth
- Increased need for back-up power
- New segments

Volvo Penta Marine Power Systems



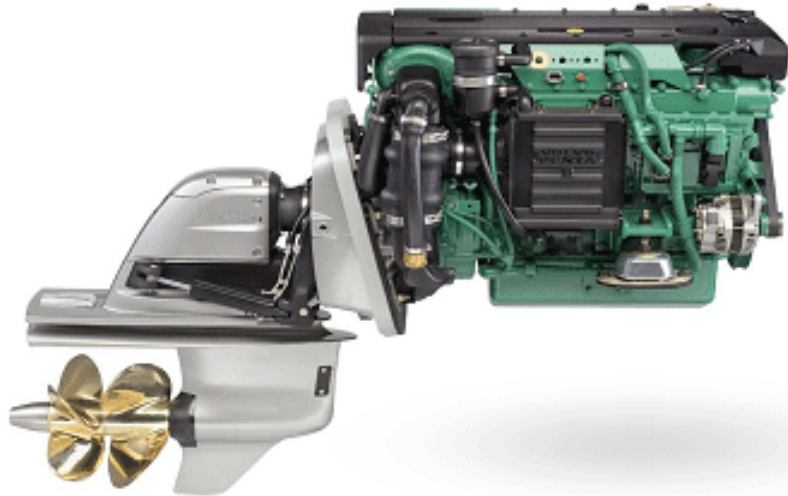
**Stern
drive**
75%



Shaft
25%

Volvo Penta Innovations

Stern drive



New segment
created by
Volvo Penta

Volvo Penta Innovations

IPS - Inboard Performance System



New segment
created by
Volvo Penta

Total shaft world market

~100,000 units

Volvo Penta IPS Marine Leisure trendsetters



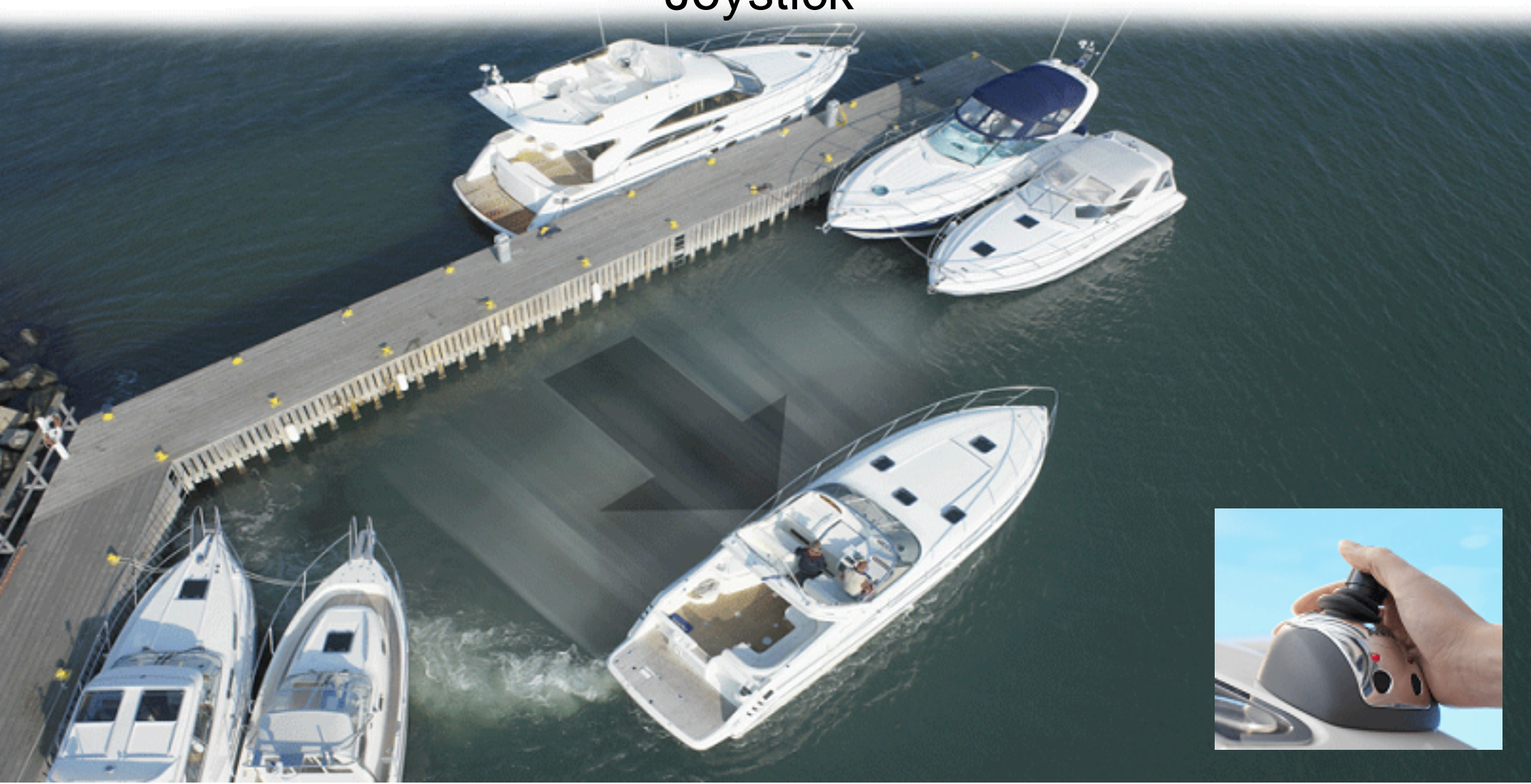
Azimut Yachts, Italy



Tiara Yachts, US

Volvo Penta Innovations

Joystick



New Boating Experience

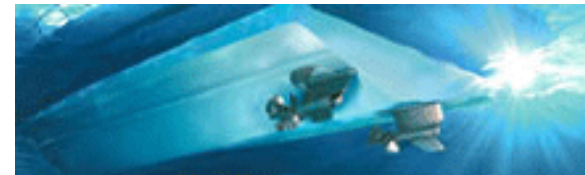


Marine Business

- New segments - new technology
- Demography
 - wealth
 - age
 - health
 - leisure time
- Larger boats
- Strong future growth

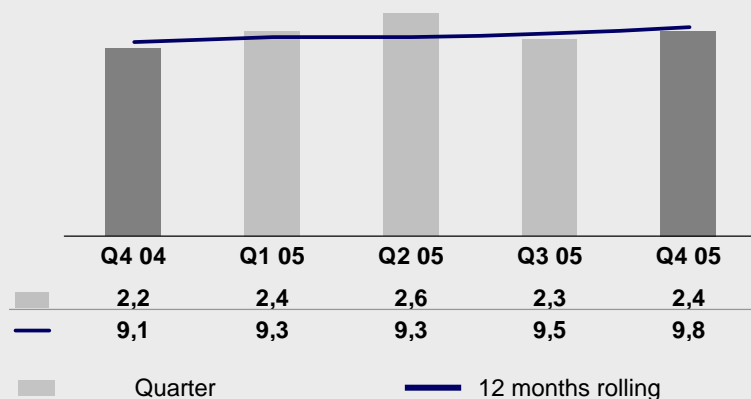
Volvo Penta

Fourth Quarter



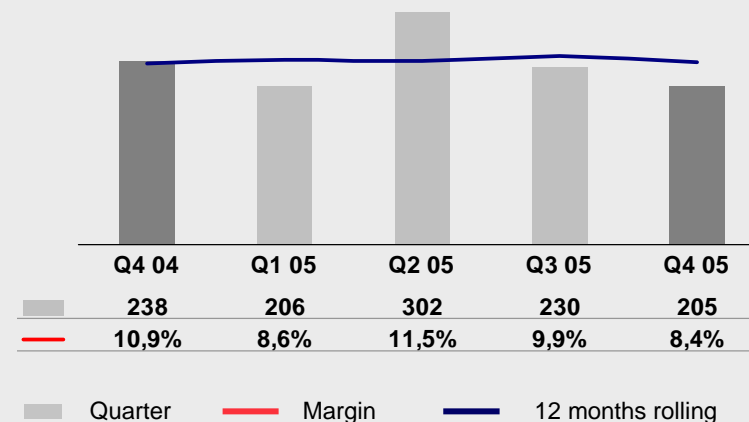
Net sales

(SEK bn)



Operating income

(SEK M)



Highlights

- Continued strong sales and profit
- High order intake for marine and industrial engines
- New joystick for boats introduced
- Product and market investments

In Focus

- Production and logistics
- Cost control
- Product launches

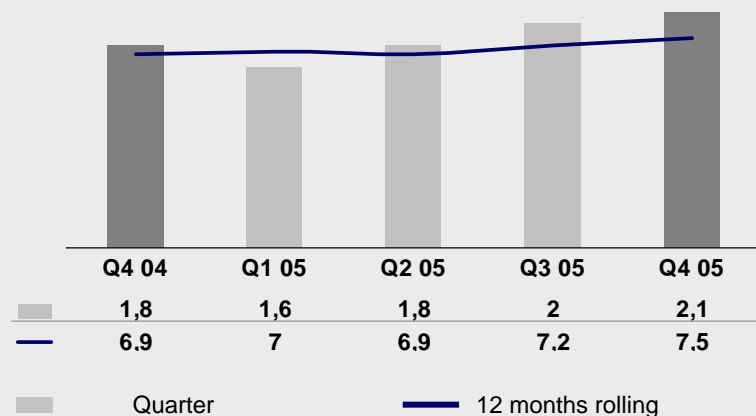
Volvo Aero

Fourth Quarter



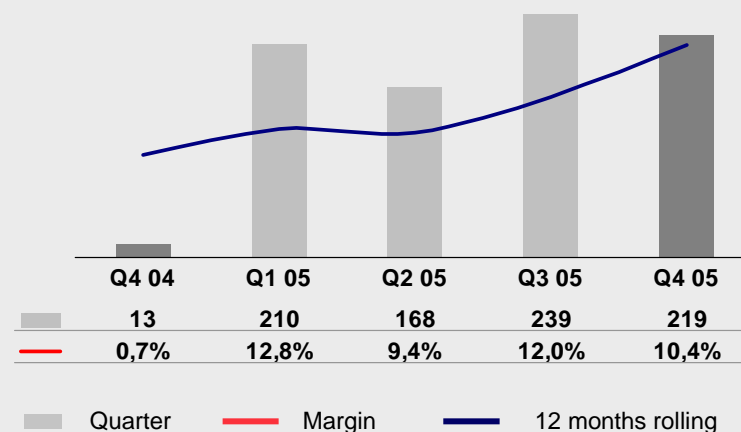
Net sales

(SEK bn)



Operating income

(SEK M)



Highlights

- Strong demand for components and spare parts
- Important long-term contracts signed
- Continued strong operating income

In Focus

- Supply chain management
- Engine Services profitability
- New engine programs

Volvo Aero

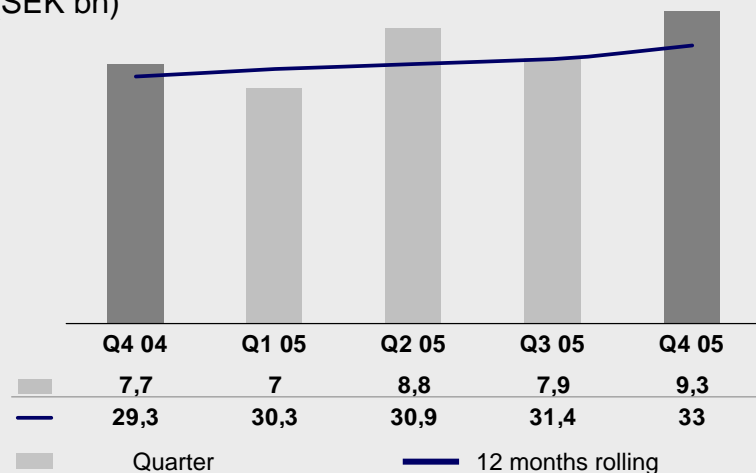
Increased share in the GEnx engine



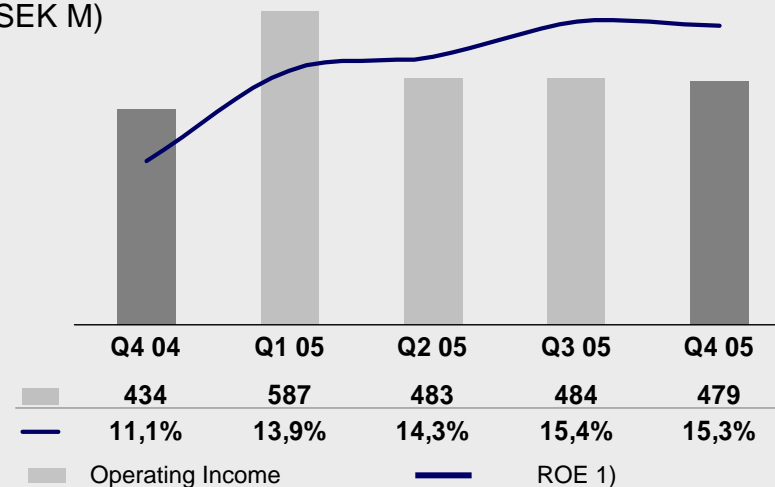
Volvo Financial Services Fourth Quarter



New retail financing (SEK bn)



Operating income and return on equity (SEK M)



Highlights

- Good returns and profitability
- Stable credit risks
- Strong portfolio growth and good volumes

In Focus

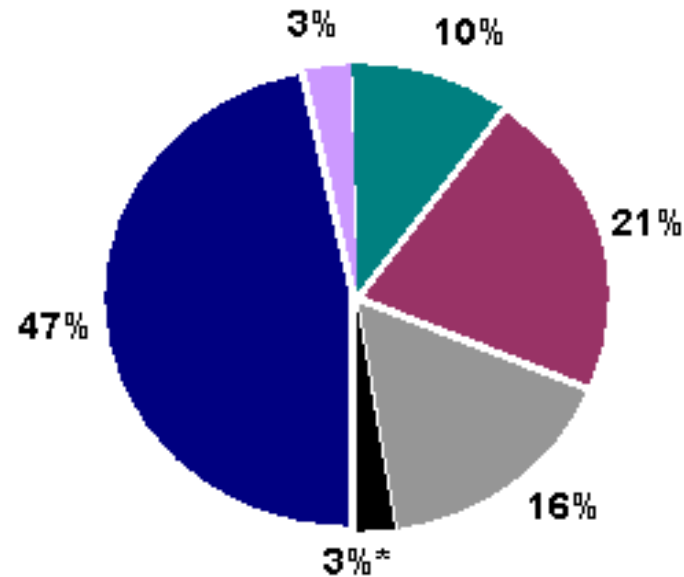
- Commercial focus
- Emerging markets growth
- Business cycle management

1) Calculated as a 12 month rolling average

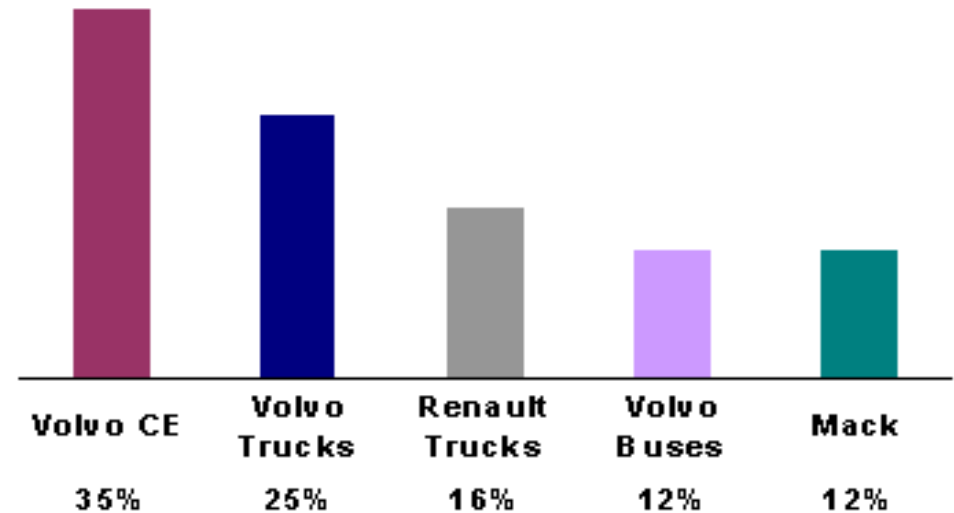
Volvo Financial Services Fourth Quarter - isolated



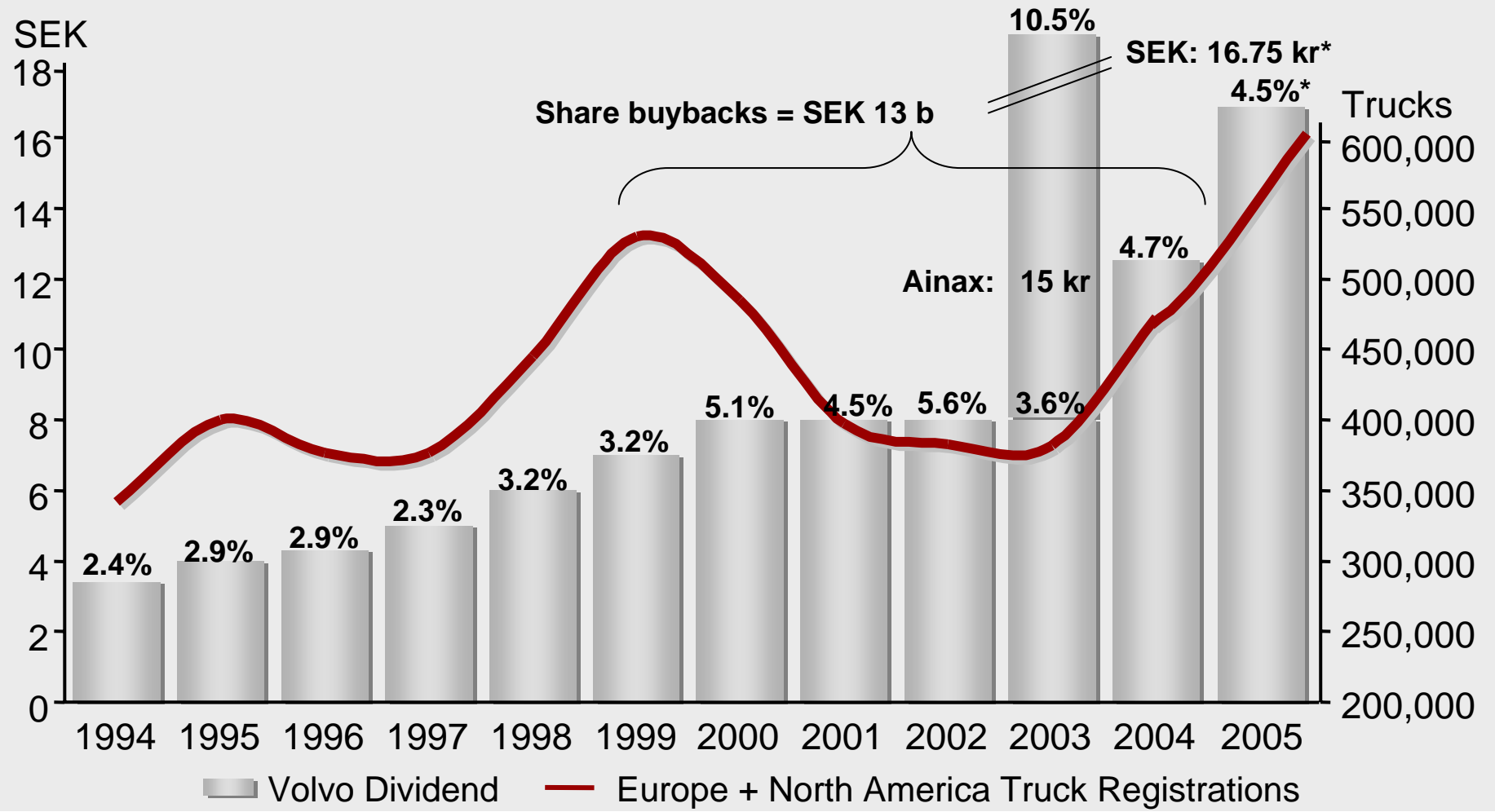
New financing



Penetration on new financing



Stable Dividend History over the Cycle



* Proposed dividend. Yield is based on share price of Volvo B at year end.

Volvo Group

Summary

- 2005 - Strongest year ever
 - Sales growth: 14%
 - Operating margin: 7.9%
 - Cash flow: 6.8 billion
 - ROE: 17.8%
 - Proposed dividend: 16.75 SEK per share
- 2006 - In focus:
 - Transition into a more efficient industrial and product structure
 - Capitalize on strong product portfolio
 - Manage product introductions

VOLVO

Safe Harbor Statement

This presentation contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although the Company believes that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward looking statements as a result of, among other factors, (i) changes in economic, market and competitive conditions, (ii) success of business and operating initiatives, (iii) changes in the regulatory environment and other government actions, (iv) fluctuations in exchange rates and (v) business risk management.

This presentation does not imply that the company has undertaken to revise these forward-looking statements, beyond what is required under the company's registration contract with the Stockholm Stock Exchange if and when circumstances arise that will lead to changes compared to the date when these statements were provided.