

VOLVO

Fourth Quarter 2005

Conference Call, February 3, 2006

Highlights

Fourth Quarter and Full Year

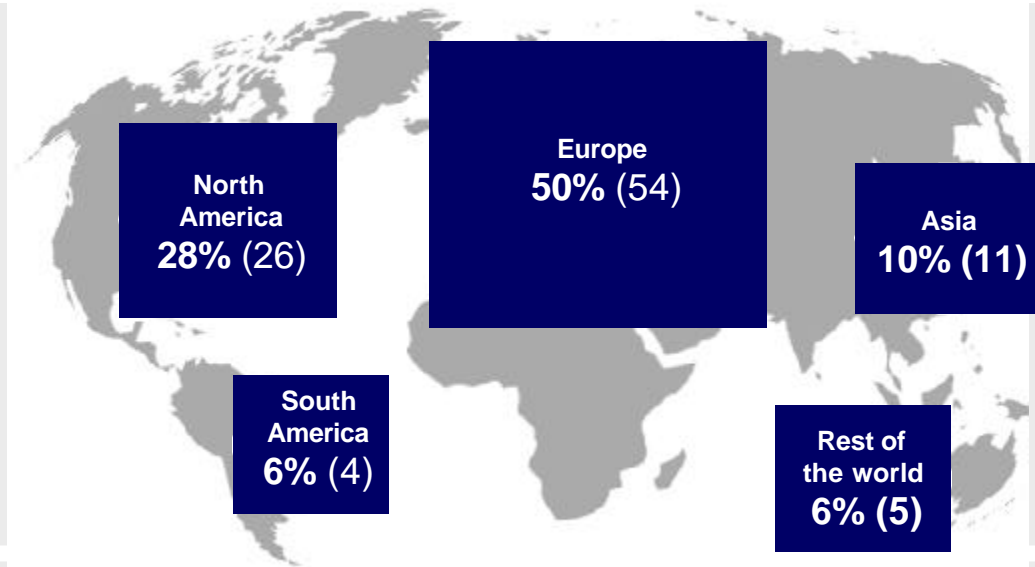
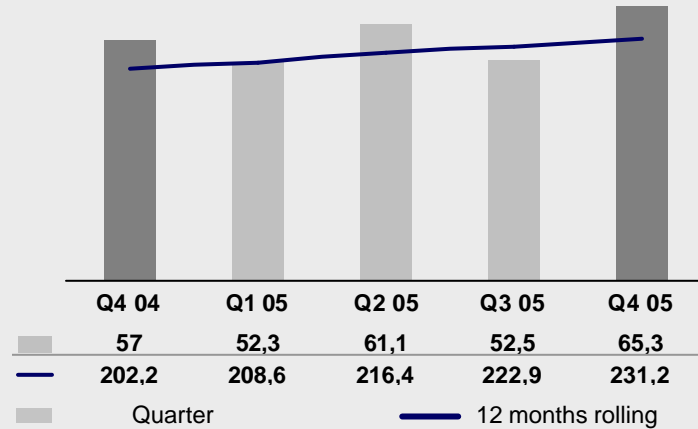
- Business environment
 - Continued strong demand in North America
 - European market – stronger than expected
- Best year ever
 - Growth 14%
 - Operating margin: 7.9% (7.3)
 - ROE: 17.8% (13.9)
 - Cash flow 6.8 billion (11.4) after pensions 4.4
- Q4 operating income impacted by new product generations 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

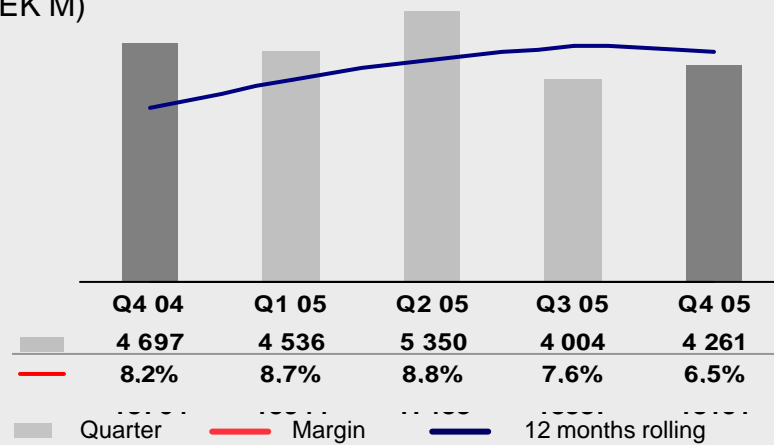
Net sales

(SEK bn)



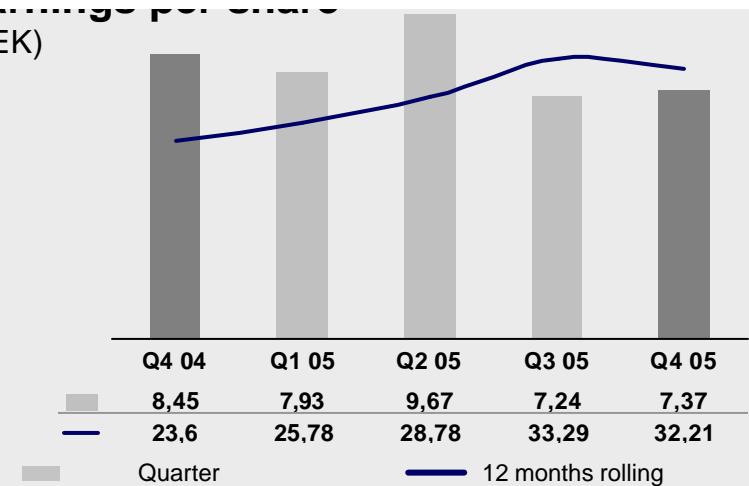
Operating income*

(SEK M)



Earnings per share

(SEK)



* Excluding effects from the holding in Scania AB

Volvo Group - Profit and Loss Statement*

SEK M	Q4-2005	Q4-2004	
Net Sales	65 287	56 977	<i>Up 5% adjusted for currency and acq./div.</i>
Gross income	13 610	12 135	<i>2005: Product renewal and dual production, about - 500</i>
R&D expenses	(1 972)	(1 938)	
Selling expenses	(5 687)	(4 944)	
Administrative expenses	(1 614)	(1 361)	
Other op. Income & expenses	(30)	392	<i>2005: Celero +430 and forward fx-contracts</i>
Inc. from Financial Services	479	434	
Inc. from investments in ass. companies	(517)	1	<i>2005: Write-down of Blue Bird holding -550</i>
Inc. from other investments	(8)	(22)	
Operating income	4 261	4 697	<i>Currency impact vs. last year approx. +400</i>
	6,5%	8,2%	
Interest income and similar credits	155	266	
Interest expenses and similar charges	(296)	(332)	
Other financial income and expenses	23	(27)	<i>2005: Derivative contracts +110</i>
Financial Net	(118)	(93)	
Income after fin. Items	4 143	4 604	
Taxes	(1 149)	(1 100)	
Income for the period*	2 994	3 504	
*Attributable to:			
Equity holders of the parent company	2 980	3 512	
Minority interest	14	(8)	
EPS, SEK	7,37	8,45	
Operating cash flow, excl. Financial Services	5 800	9 200	<i>Pension funding 800</i>

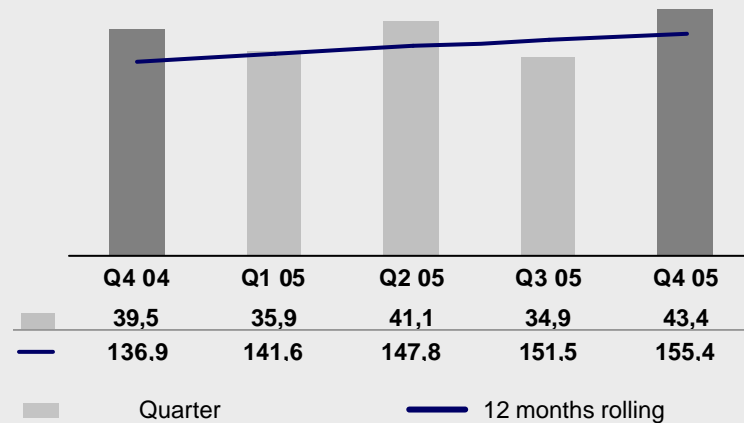
* Financial Services reported in accordance with the equity method

Trucks

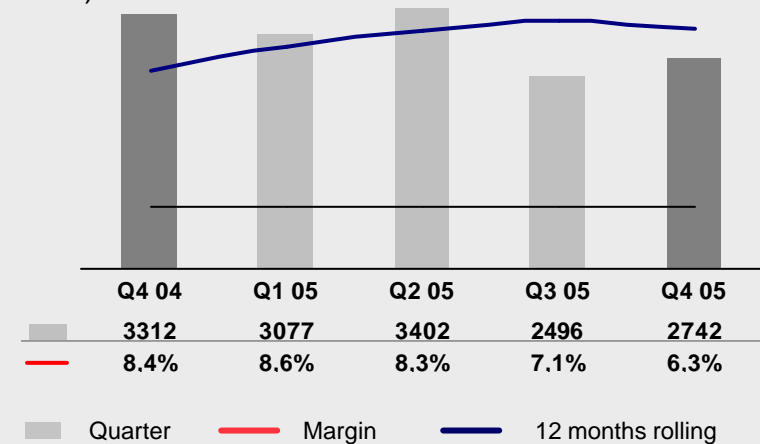
Fourth Quarter



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

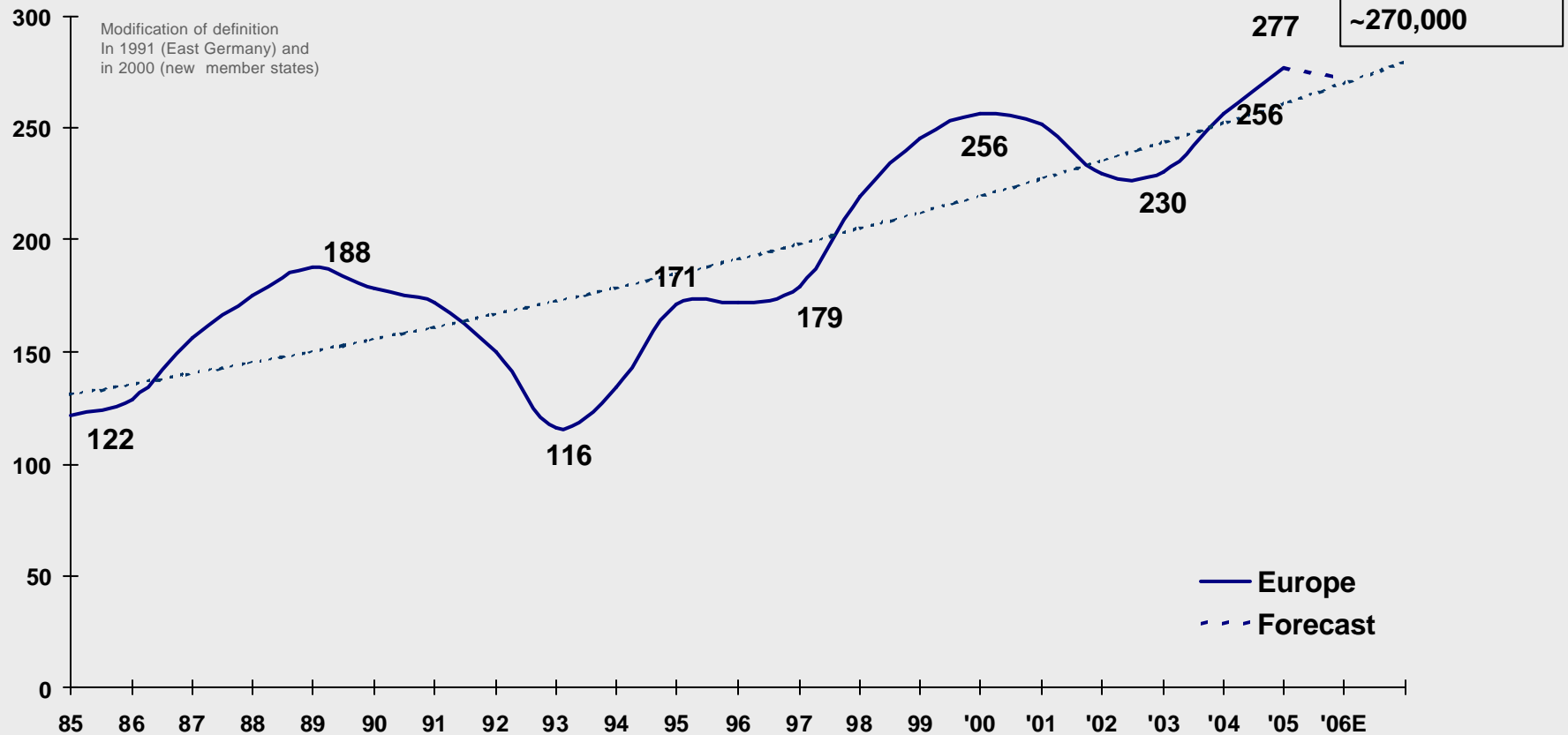
Heavy Duty Truck Market

Europe

(EU members + Switzerland and Norway)



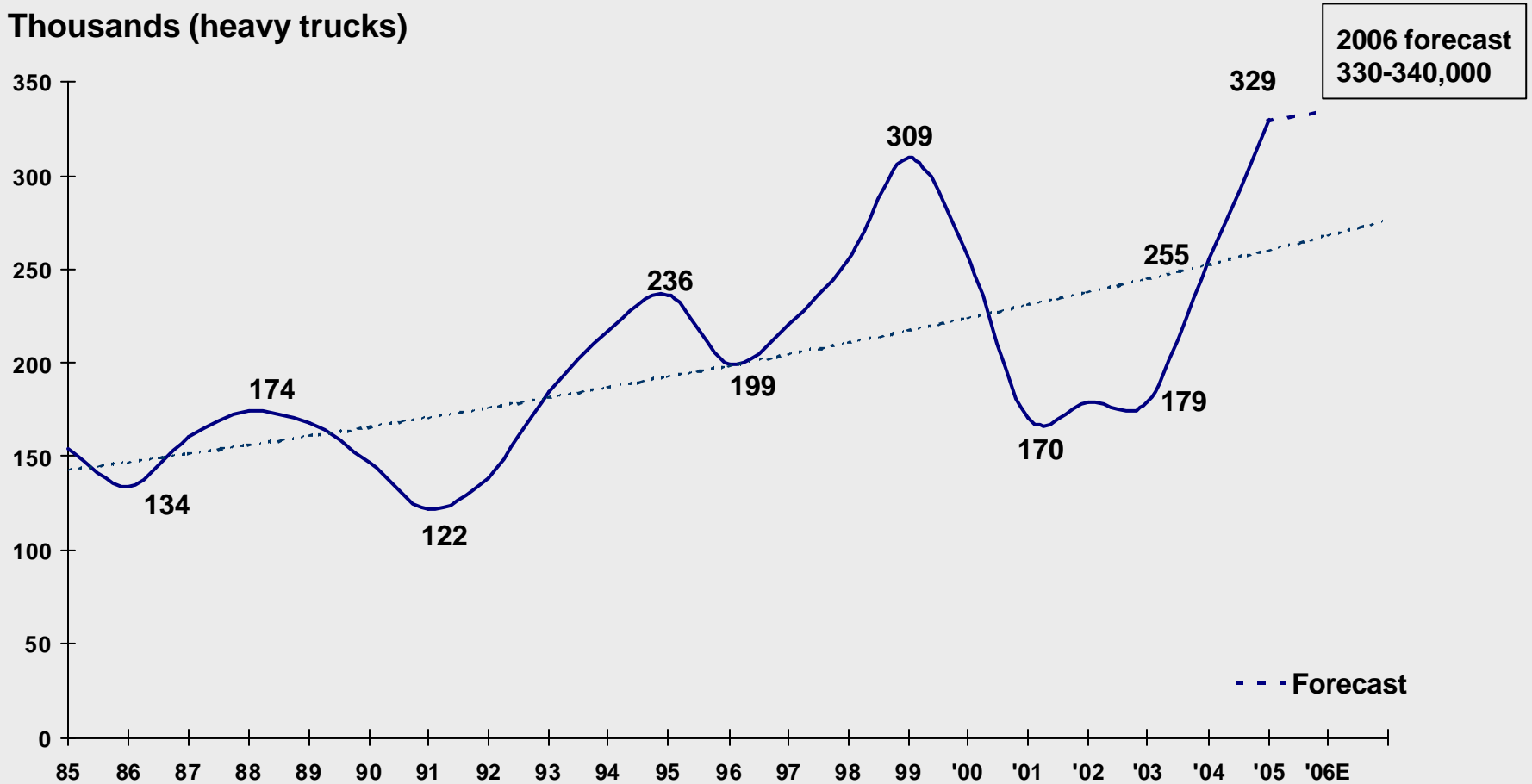
Units, Thousands (heavy trucks)



Heavy Duty Truck Market North America



Units, Thousands (heavy trucks)

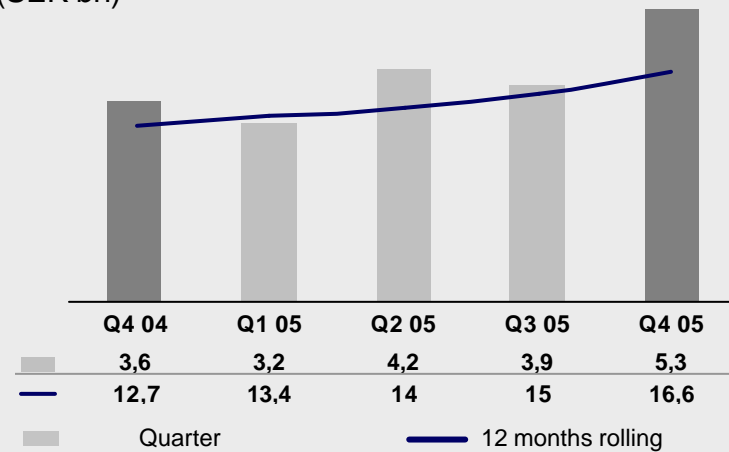


Volvo Buses

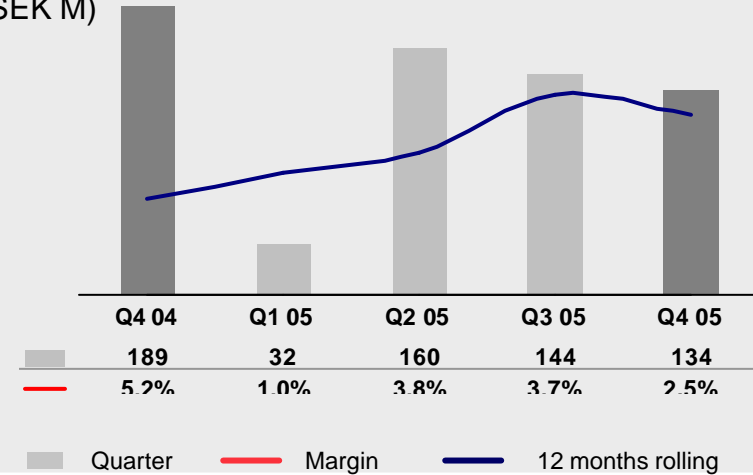
Fourth Quarter



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

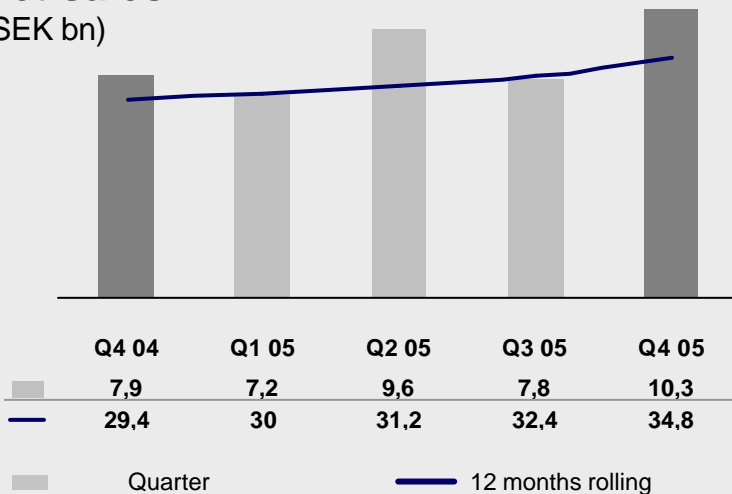
- Long-term profitability
- Operational efficiency
- China development
- Euro 4/5 introduction

* Excluding revaluation of shares in Henlys Group.

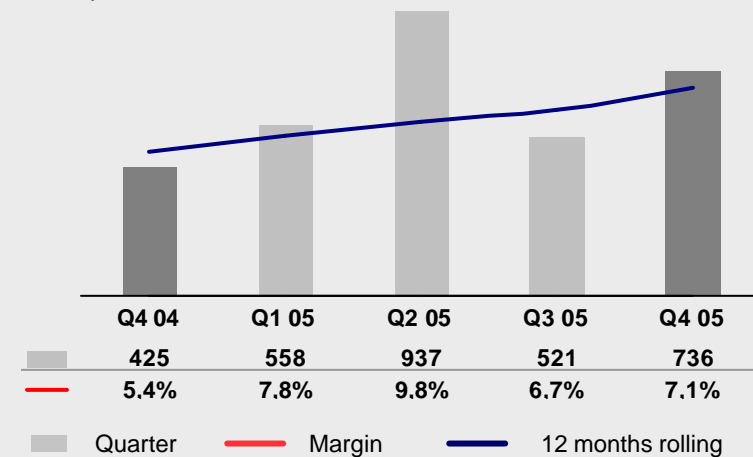
Volvo Construction Equipment Fourth Quarter



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

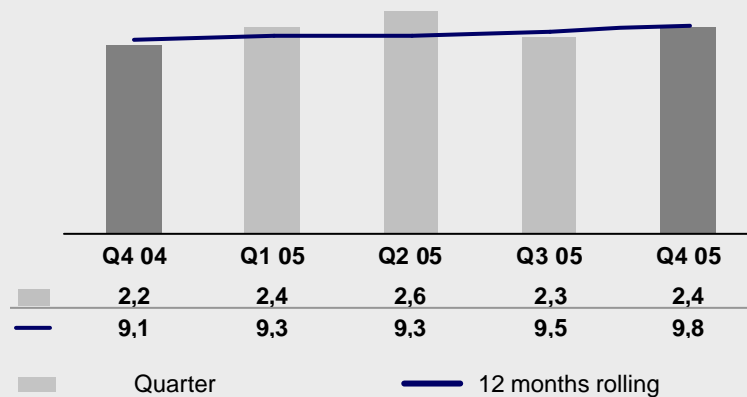
- Operational efficiency
- Continue to gain profitable market shares
- Continue to expand the aftermarket business
- Roll-out of new range of Graders

Volvo Penta

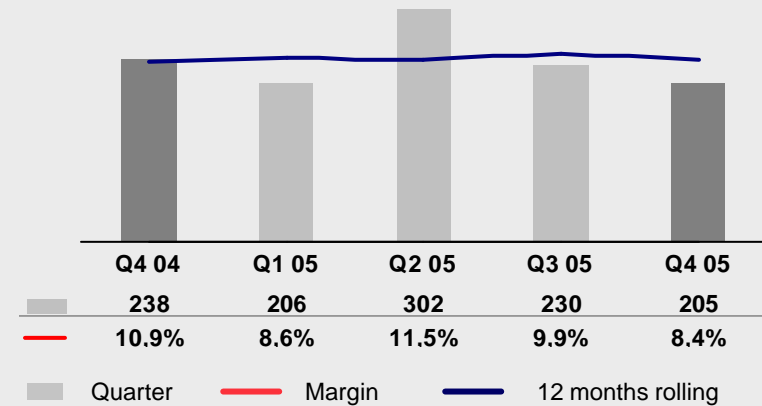
Fourth Quarter



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

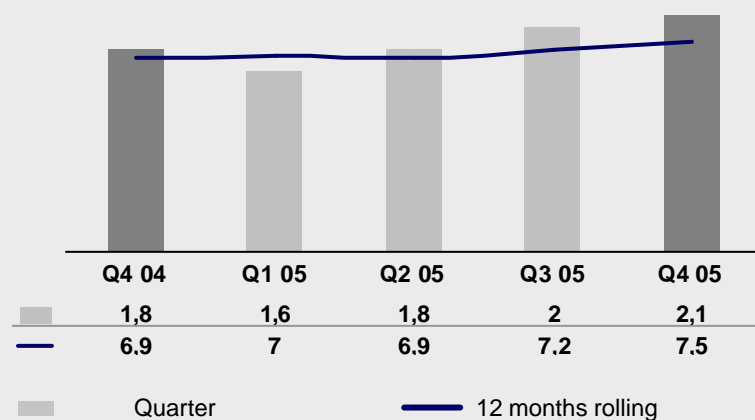
- Production and logistics
- Cost control
- Product launches

Volvo Aero

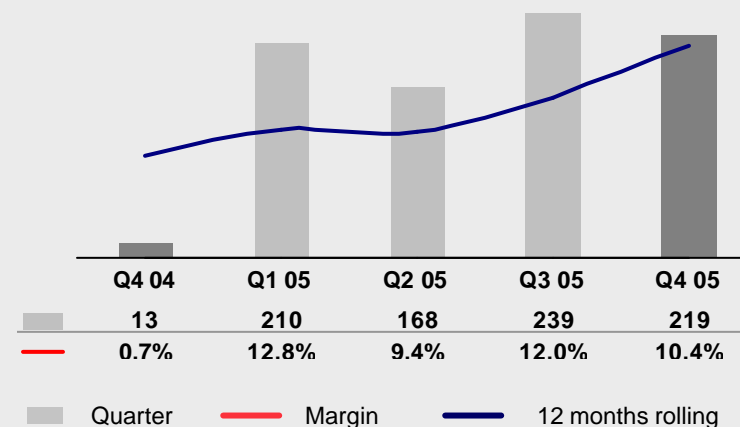
Fourth Quarter



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

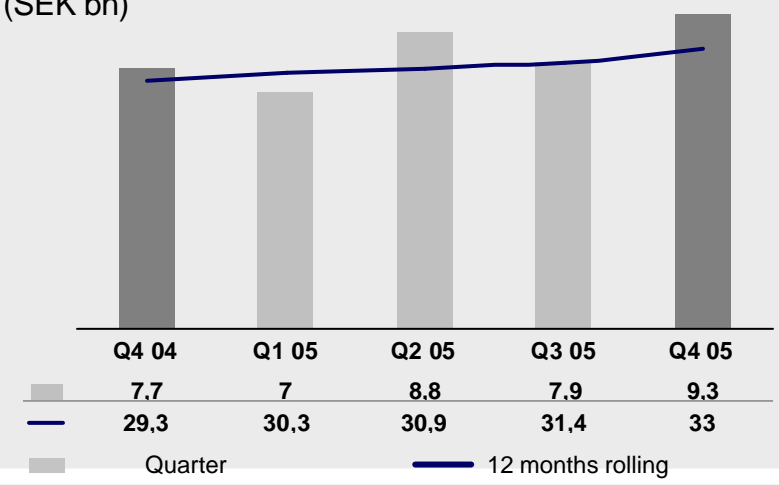
In Focus

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

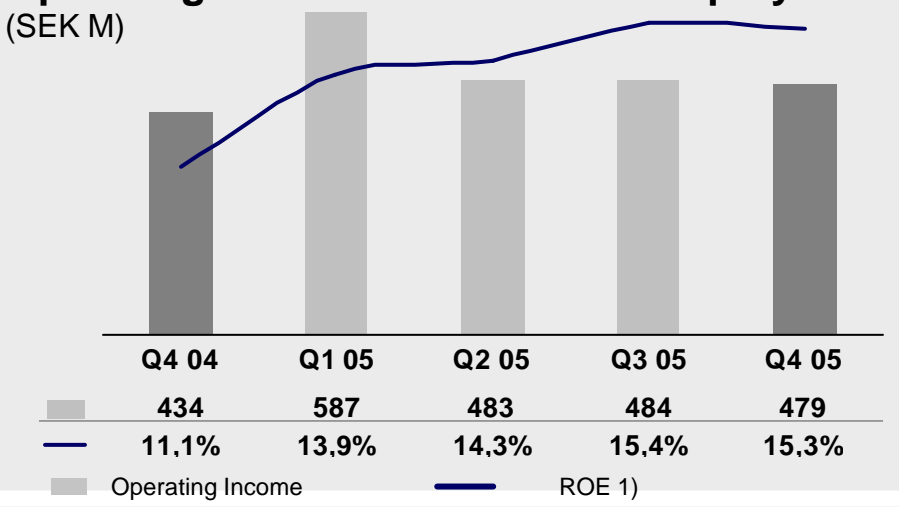
Volvo Financial Services Fourth Quarter



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 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

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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.

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