

VOLVO

Fourth Quarter 2006
Press Conference, February 2, 2007

Highlights

Fourth Quarter

- Business environment
 - European market stronger than expected
 - North America prebuy/softer market
- Medium and heavy truck orders up 79% in Europe
- Q4 operating income impacted by new product generations and production structure
- Best year ever
 - Growth 7% (14%)
 - Operating income 22.1 bn (18.2) margin: 8.9% (7.9)
 - ROE: 19.6% (17.8)
 - Cash flow 12.6 bn (6.8) including pensions 3.3
- Board proposal:

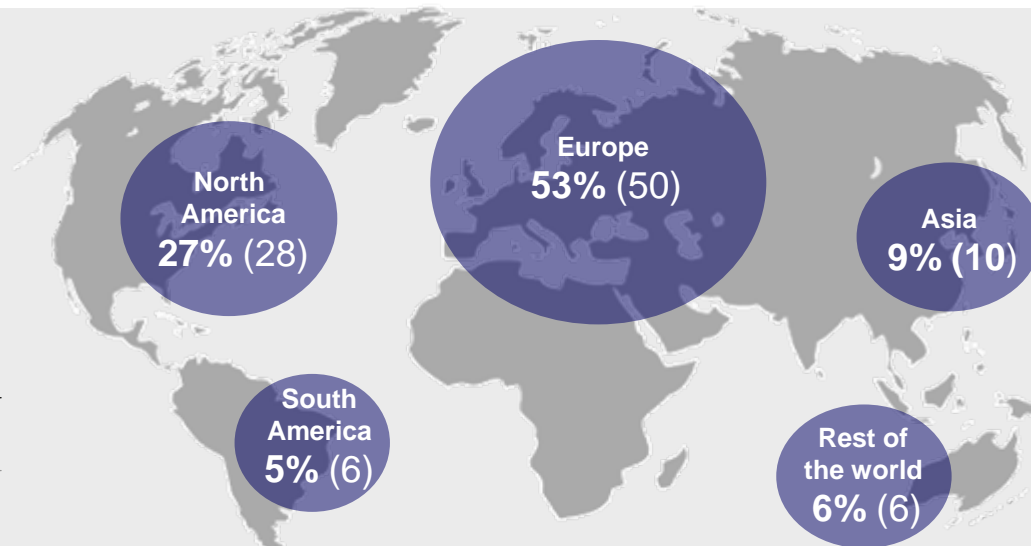
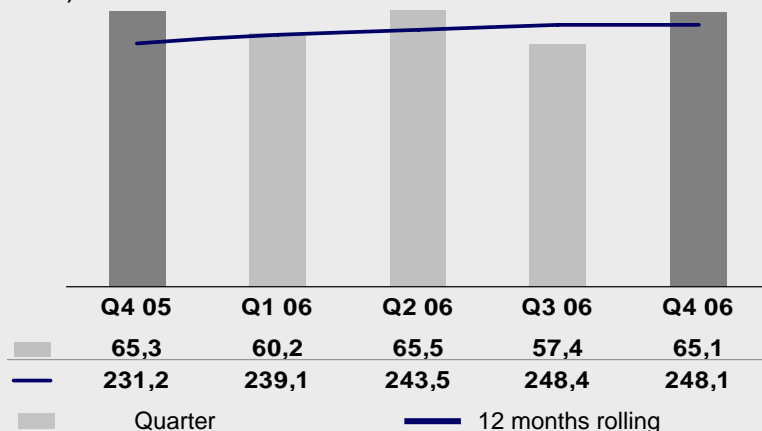
ordinary dividend:	25 SEK per share
share redemption:	25 SEK per share
total:	50 SEK per share

In Focus Going Forward

- Finalize product- and production change-over
- Capitalize on new products
- Manage downturn in US truck market
- Deepened discussions around Dongfeng

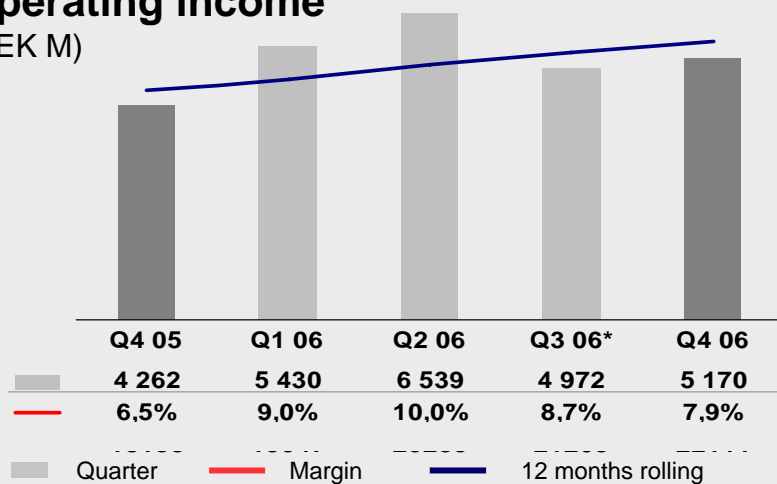
Net sales

(SEK bn)



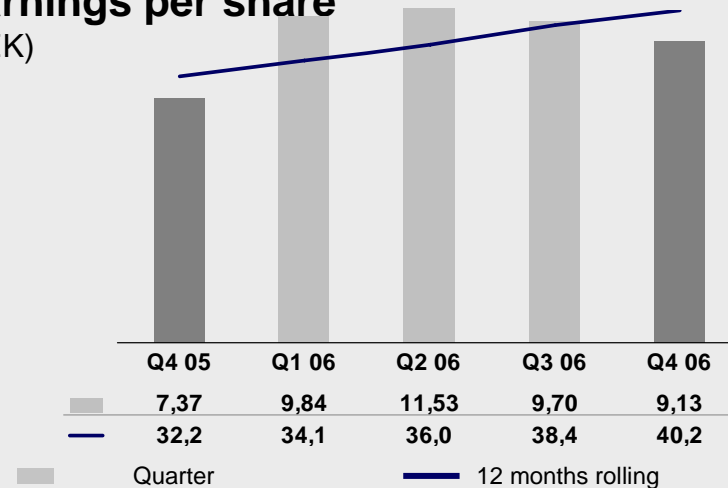
Operating income

(SEK M)



Earnings per share

(SEK)



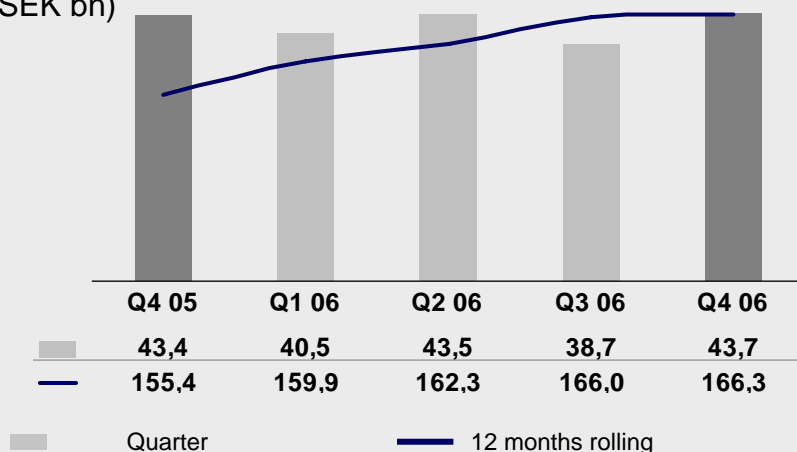
* Excluding goodwill adjustment of SEK 1,712 due to release of valuation reserves for taxes

Trucks

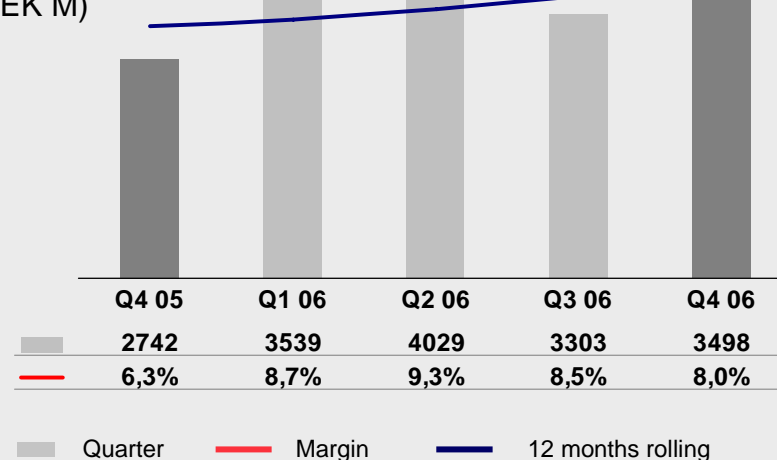
Fourth Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Strong growth in Europe
 - Total orders up 58% in Europe, 118% in Eastern Europe
 - Increased production capacity
- Product and production changeover costs
- New products well received

In Focus

- The 2007 US truck market
- Ramp-up and productivity

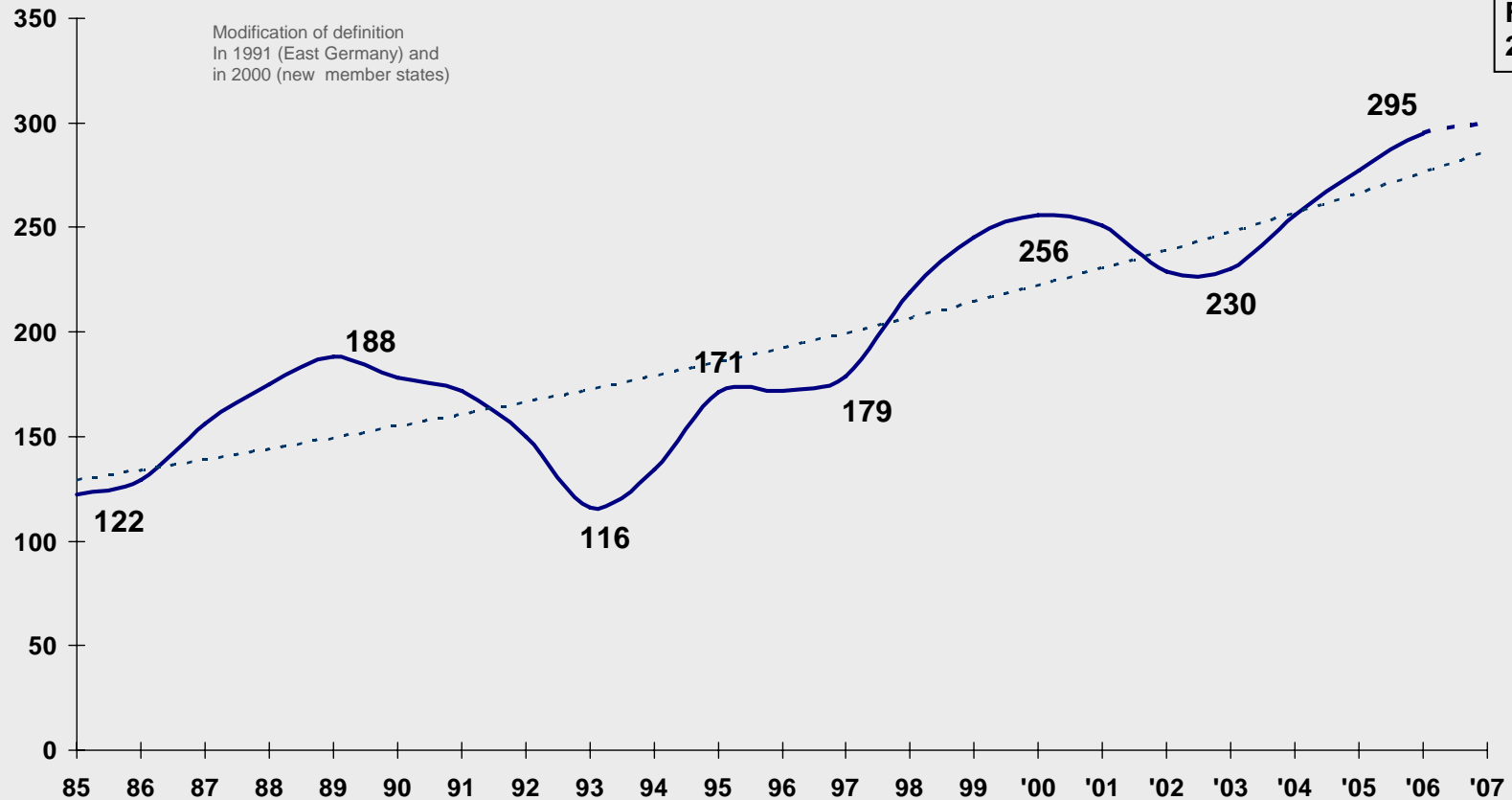
Heavy Duty Truck Market

Europe

(EU members + Switzerland and Norway)



Units, Thousands (heavy trucks)

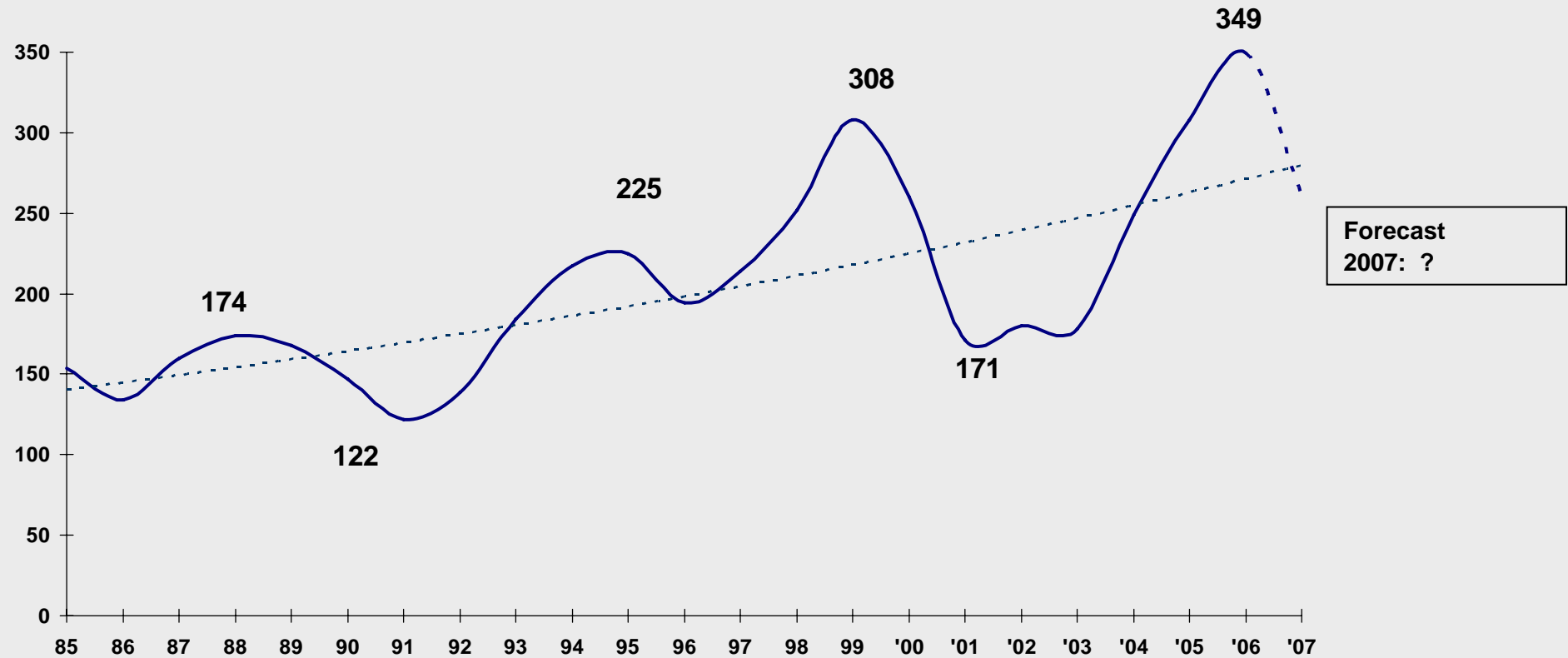


Forecast
2007: ~300 000

Heavy Duty Truck Market North America

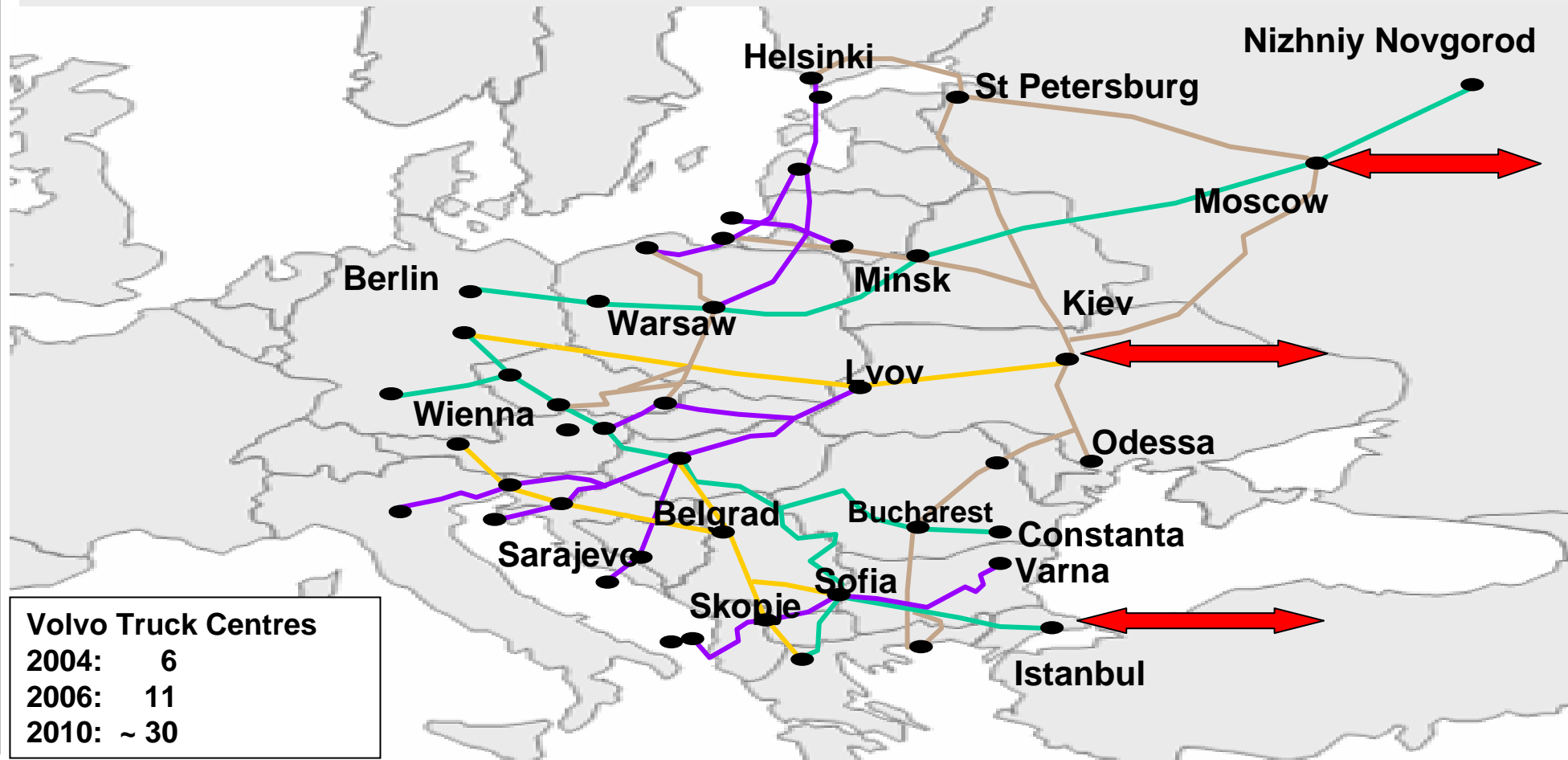


Units, Thousands (heavy trucks)



Volvo Trucks

Investing in strategic Volvo Truck Centres in Eastern Europe



Renault Trucks

Renault Maxity – broadening the light truck segment in Renault Trucks

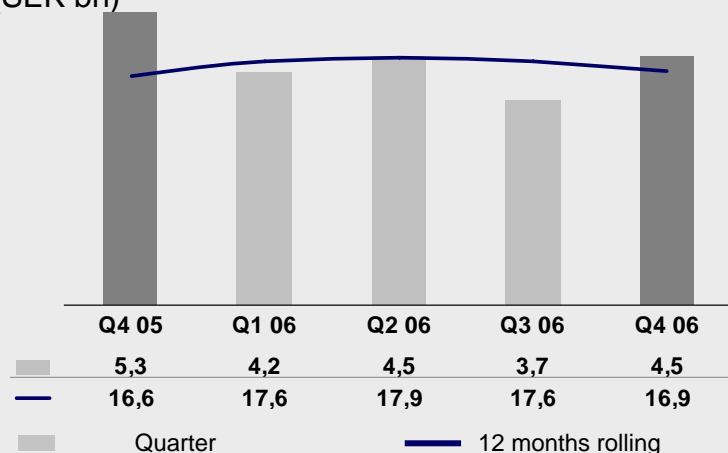


Volvo Buses

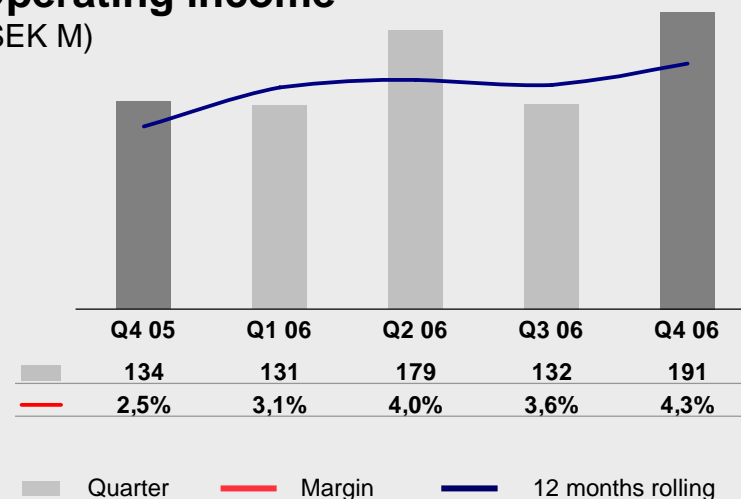
Fourth Quarter



Net sales
(SEK bn)



Operating income
(SEK M)



Highlights

- Lower deliveries
- Higher order intake in Europe, US and Canada, lower in other regions
- Improved result

In Focus

- Improve profitability
- Efficiency program
- New product introductions

Volvo Buses

Product launches 2006



Europe

Complete Buses

New 9900 coach
 New 8500 intercity bus
 Face-lift 9700 coach
 Face-lift 7700, 7500 city buses

Chassis

Six new or upgraded chassis
 for city, intercity and coach

Drivelines

New 7-, 9-, 12-litre diesel engines
 New 9-litre gas engine
 New version of I-shift gearbox

N & S America

New Nova articulated city bus
 New Nova hybrid city bus
 New articulated city bus, Mexico
 New Prevost slide-out chassis
 Face-lift 9700, 8300 coaches, Mexico
 Face-lift Prevost H coach

Four new or upgraded chassis
 for city, intercity and coach

International

New city bus, India
 New Silverbus coach, China
 Face-lift Volvo 9300 coach, China
 Face-lift Sunwin city bus, China
 Face-lift Sunwin midi bus, China

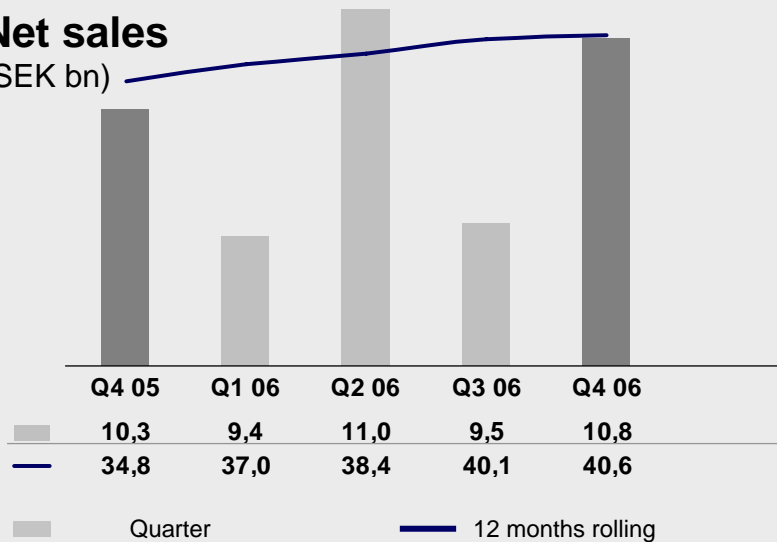
New midi bus chassis, China

Volvo Construction Equipment Fourth Quarter



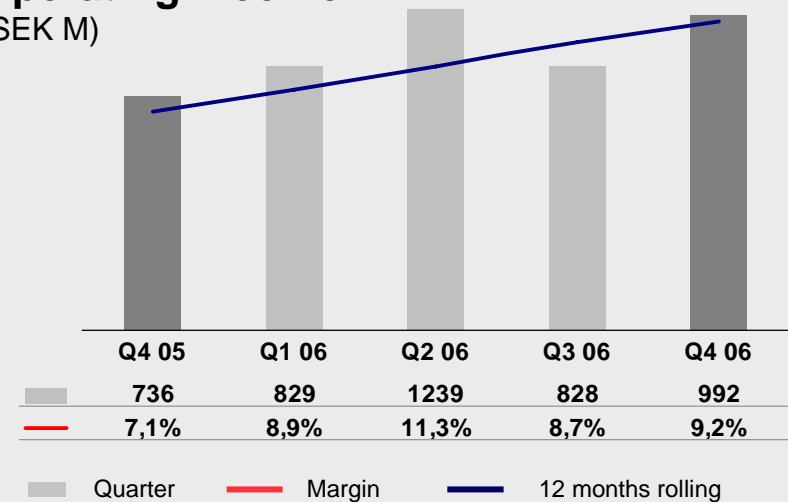
Net sales

(SEK bn)



Operating income

(SEK M)



Highlights

- Strong demand for heavy equipment, up 17%
- Operating income increased 35%
- 2006 all-time high
 - volumes, sales and earnings
- L350F launched – largest wheel loader ever

In Focus

- Integration of Lingong investment in China
- Continued expansion in emerging markets
- Continue to grow aftermarket business
 - CST sales up ~13% in 2006
- Introduce and capitalize on new products

Volvo Construction Equipment

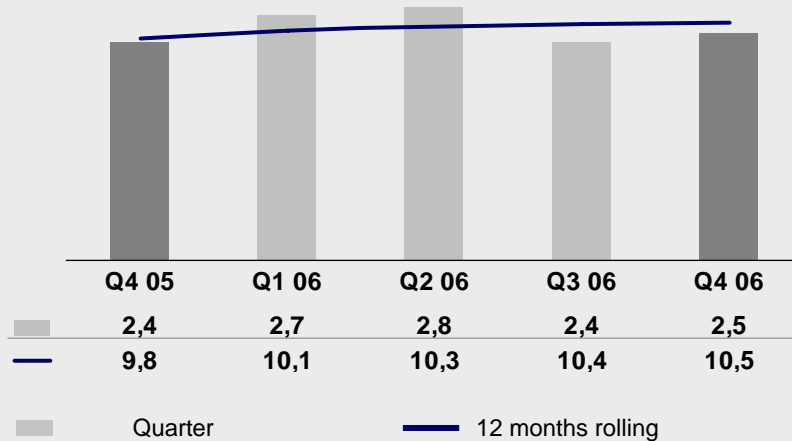
The new L350F



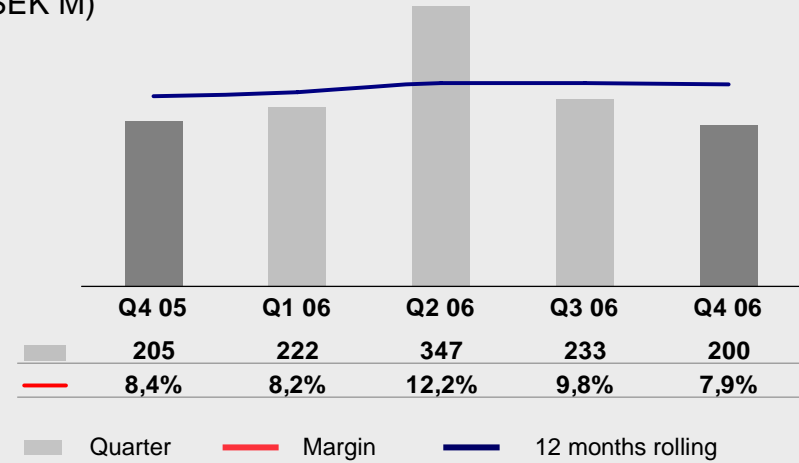
Volvo Penta Fourth Quarter



Net sales
(SEK bn)



Operating income
(SEK M)



Highlights

- Annual sales more than SEK 10bn
- Operating income for the first time above SEK 1bn
- Continued strong development in Europe

In Focus

- Supply chain management
- Increased industrial engine growth
- Product introductions

Volvo Penta

Volvo Penta 100th anniversary



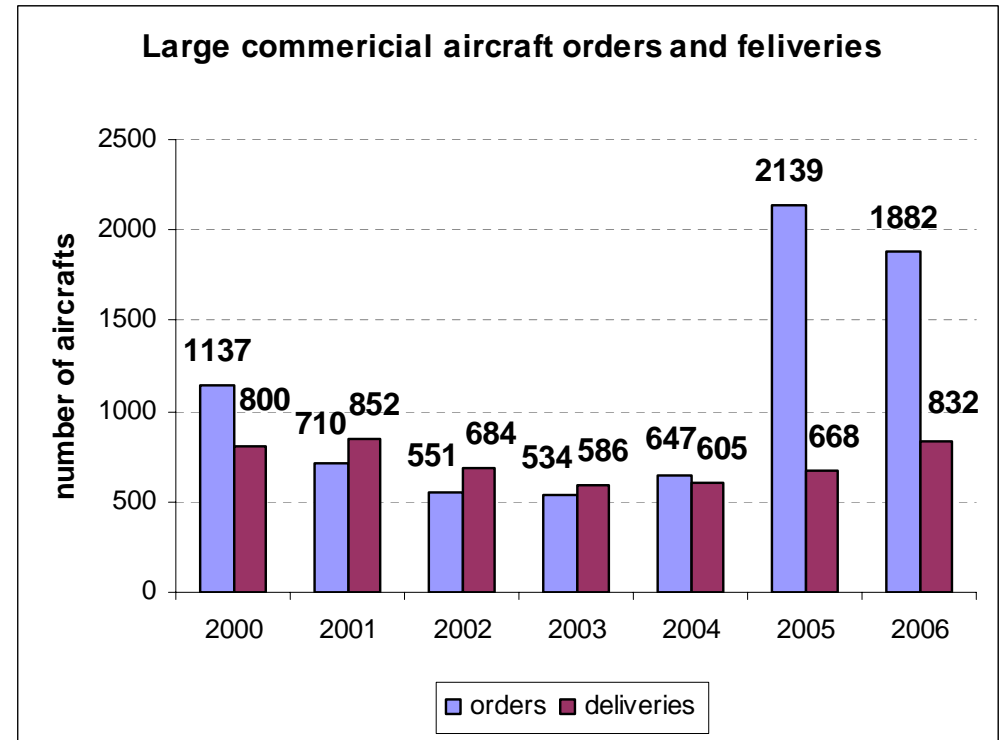
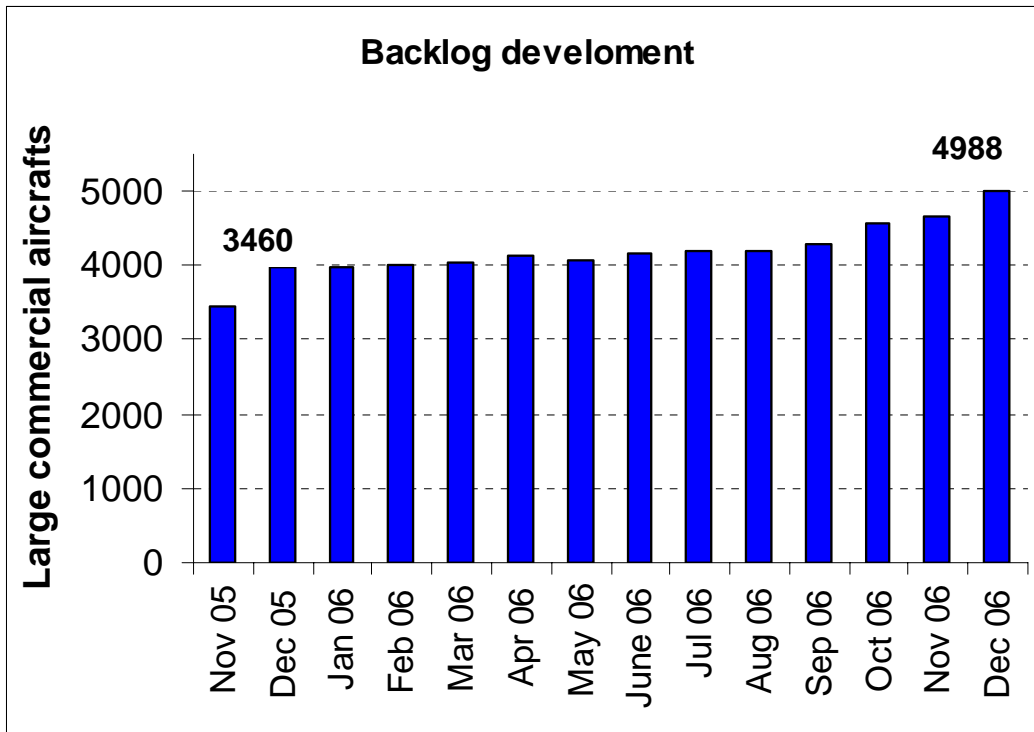
VOLVO AERO



Olof Persson
President Volvo Aero

Strong order intake of large commercial aircraft

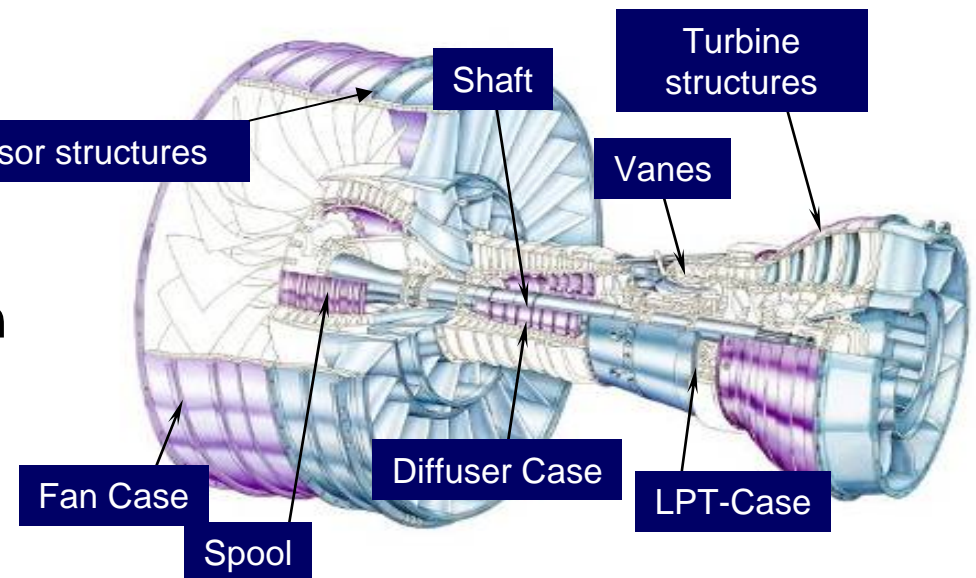
- The order backlog reached a new record high of 4,988 aircraft in December 2006.
- Deliveries increased by 25% in 2006 versus 2005
- Passenger air travel reached all time high, month by month, during 2006



Volvo Aero has a strong market position

- Independent role; Cooperation with all major players
- Strong partner; Focus on light weight design and production technology
- Strong and well balanced product portfolio
- No 2 in the world within our specialization, with up to 70% market shares
- 90% of all new large aircrafts have components from Volvo Aero

Volvo Aero component specialization



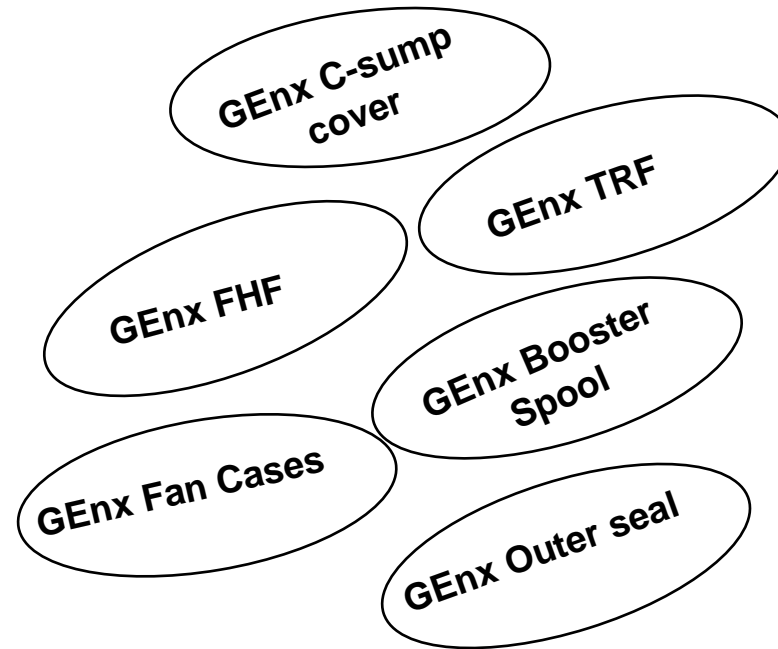
Our position and the market development enable us to expand our business

- More than 20 start ups during 2006, versus 4-5 a normal year
- Strong sales volume for the GEnx engine in 2006

GEnx - the engine for Boeing 787 ("The Dreamliner") and for Boeing 747-8

Focus 2007:

- Manage start up efficiency
- Low volume production line



Volvo Aero - After market re-position

Volvo Aero After Market Business

- Engine Services and Overhaul
- Parts Distribution and Redistribution
- Asset management
- Inventory sales
- Leasing
- Logistics

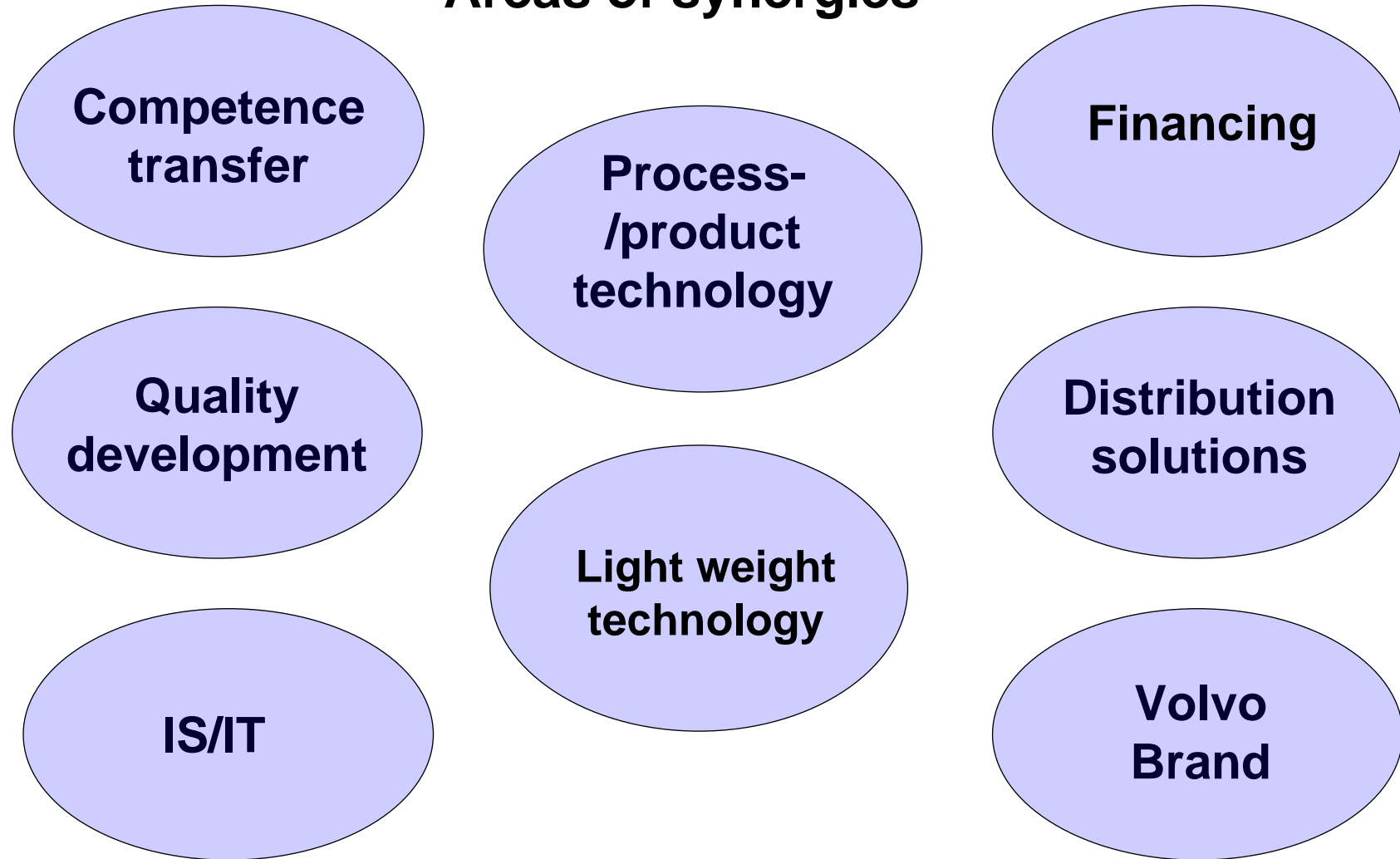


Focus 2007:

- Exit large engine overhaul – Strategic decision to close down Bromma plant
- Execute on profitability improvement program within the other after market segments

Volvo Aero in the Volvo Group

Areas of synergies

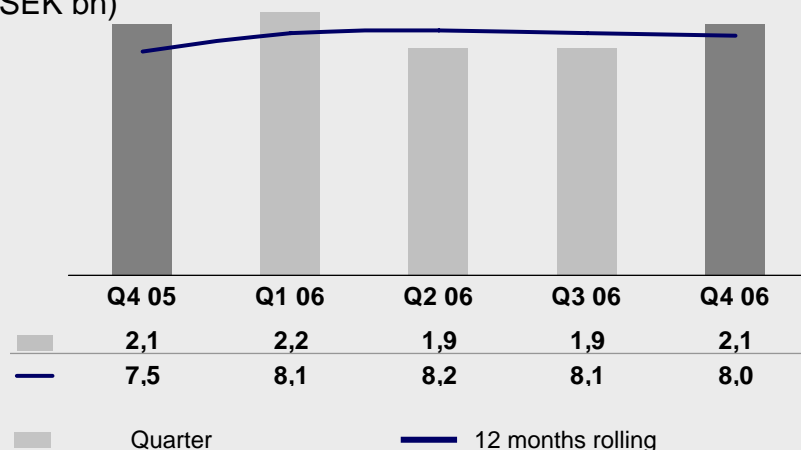


Volvo Aero Fourth Quarter



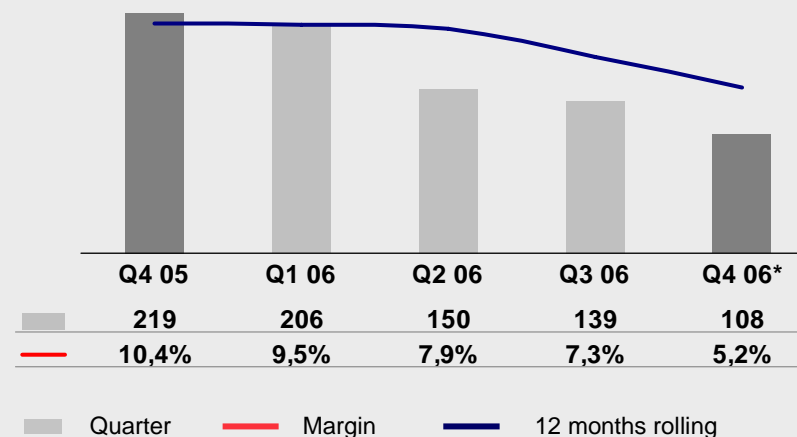
Net sales

(SEK bn)



Operating income

(SEK M)



Highlights

- World air travel continues to grow
- Negative P&L impact of 258 MSEK from closing Bromma
- Record number of start ups of new components

In Focus

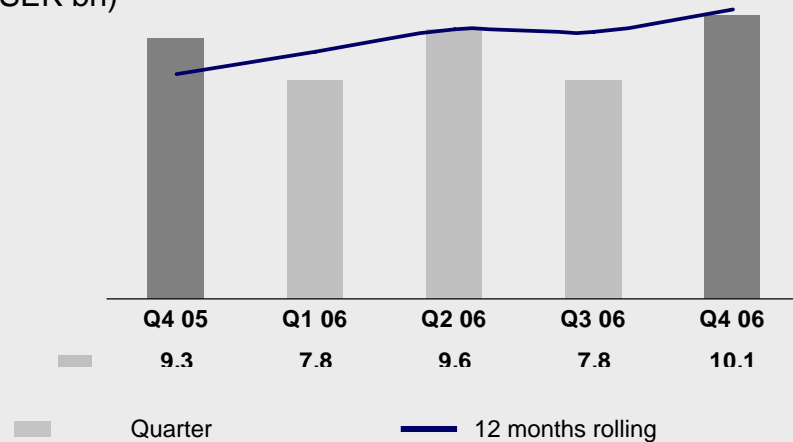
- Production start ups of new engine programs
- After market business
- Material cost
- New business opportunities

* Excluding costs of SEK 258 from closing the Bromma plant

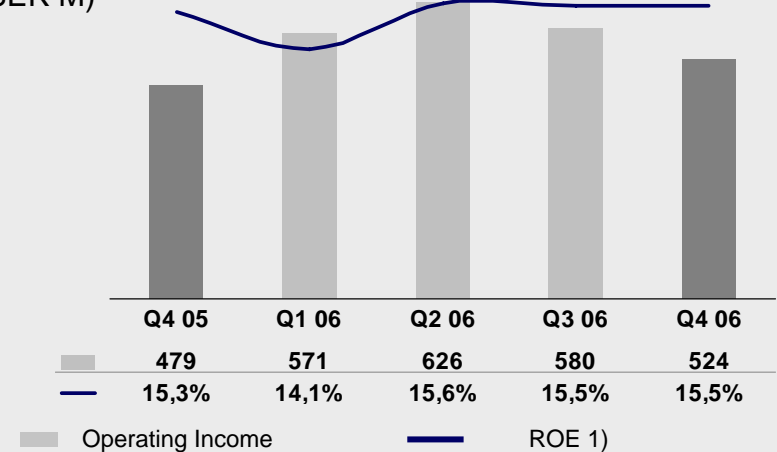
Volvo Financial Services Fourth Quarter



New retail financing (SEK bn)



Operating income and return on equity (SEK M)



Highlights

- Strong performance in all businesses
- Stable delinquencies and risk parameters
- Good growth in Eastern Europe

In Focus

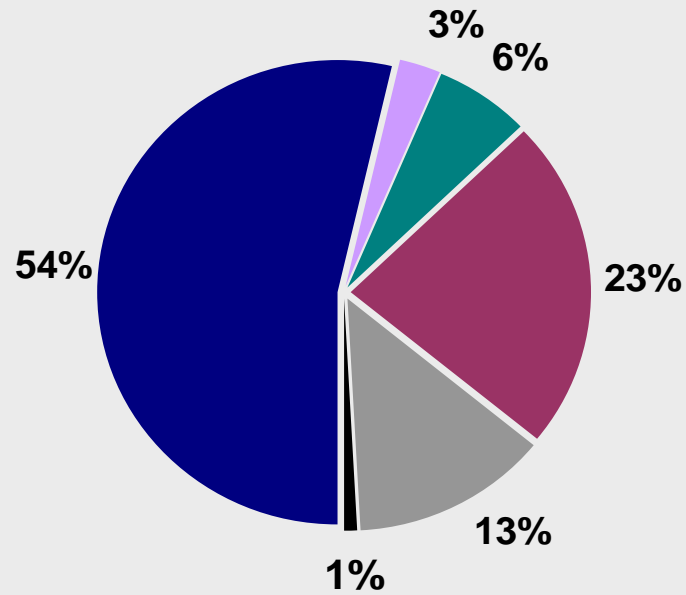
- Customer satisfaction
- Risk management
- Growth opportunities

1) Calculated as a 12 month rolling average

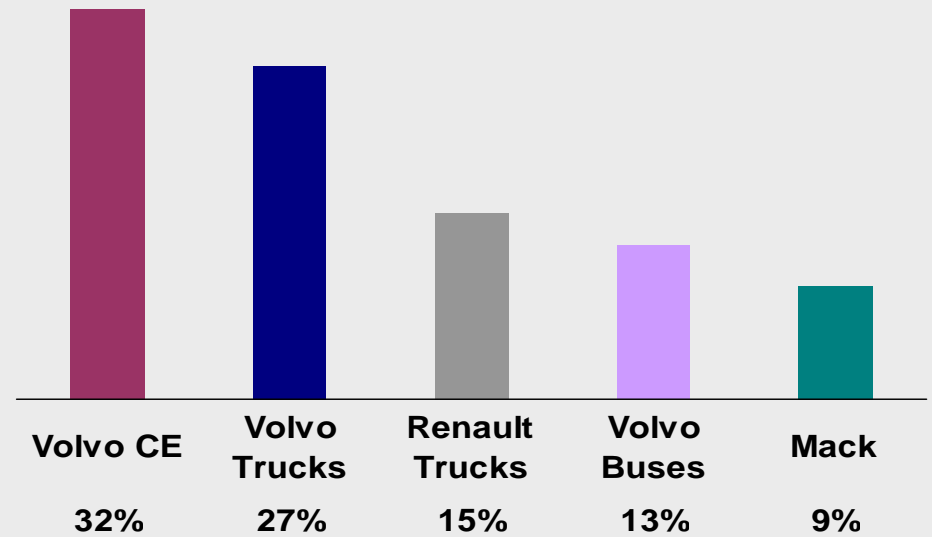
Volvo Financial Services Fourth Quarter - isolated



New financing



Penetration on new financing



Proposed dividend

- | | <u>Per share</u> |
|--|------------------|
| • Ordinary dividend | SEK 25 |
| • Share split | 6:1 |
| - 5 ordinary shares | |
| - 1 redemption share | SEK 25 |
| • Redemption share listed and traded on Stockholm Stock Exchange | |
| • Total | SEK 50 |

Volvo Group Summary

- 2006 – Difficult but the strongest year ever
 - Sales growth: 7%
 - Operating income 22.1 billion
 - Operating margin: 8.9%
 - Cash flow: 12.6 billion
 - ROE: 19.6%
- Finalize product renewal in North America
- Expansion in Eastern Europe and Asia

VOLVO