

New York

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Volvo Construction Equipment NA

Dennis Slagle

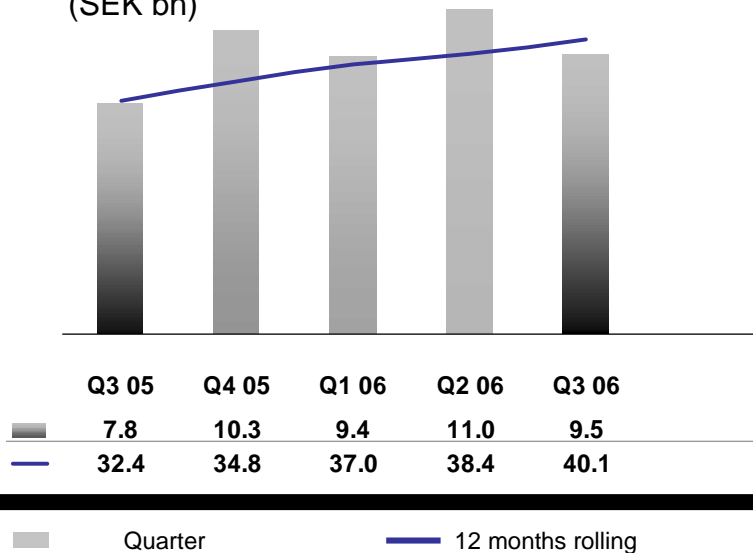
President & CEO



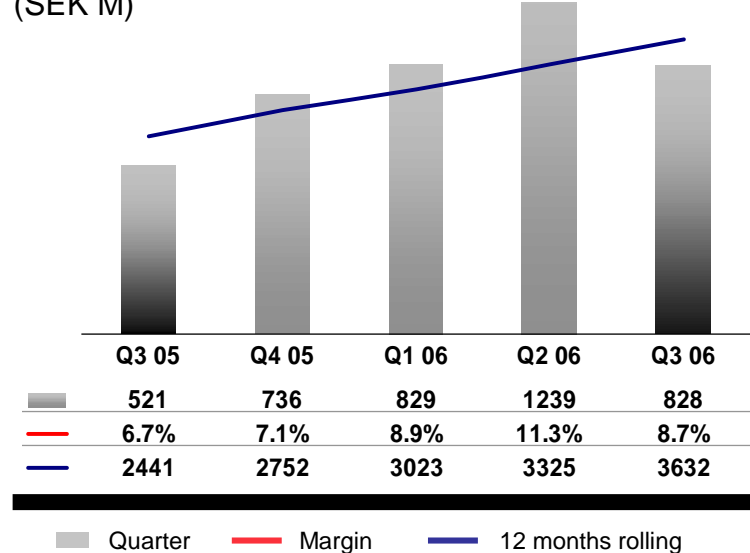
Volvo Construction Equipment Third Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

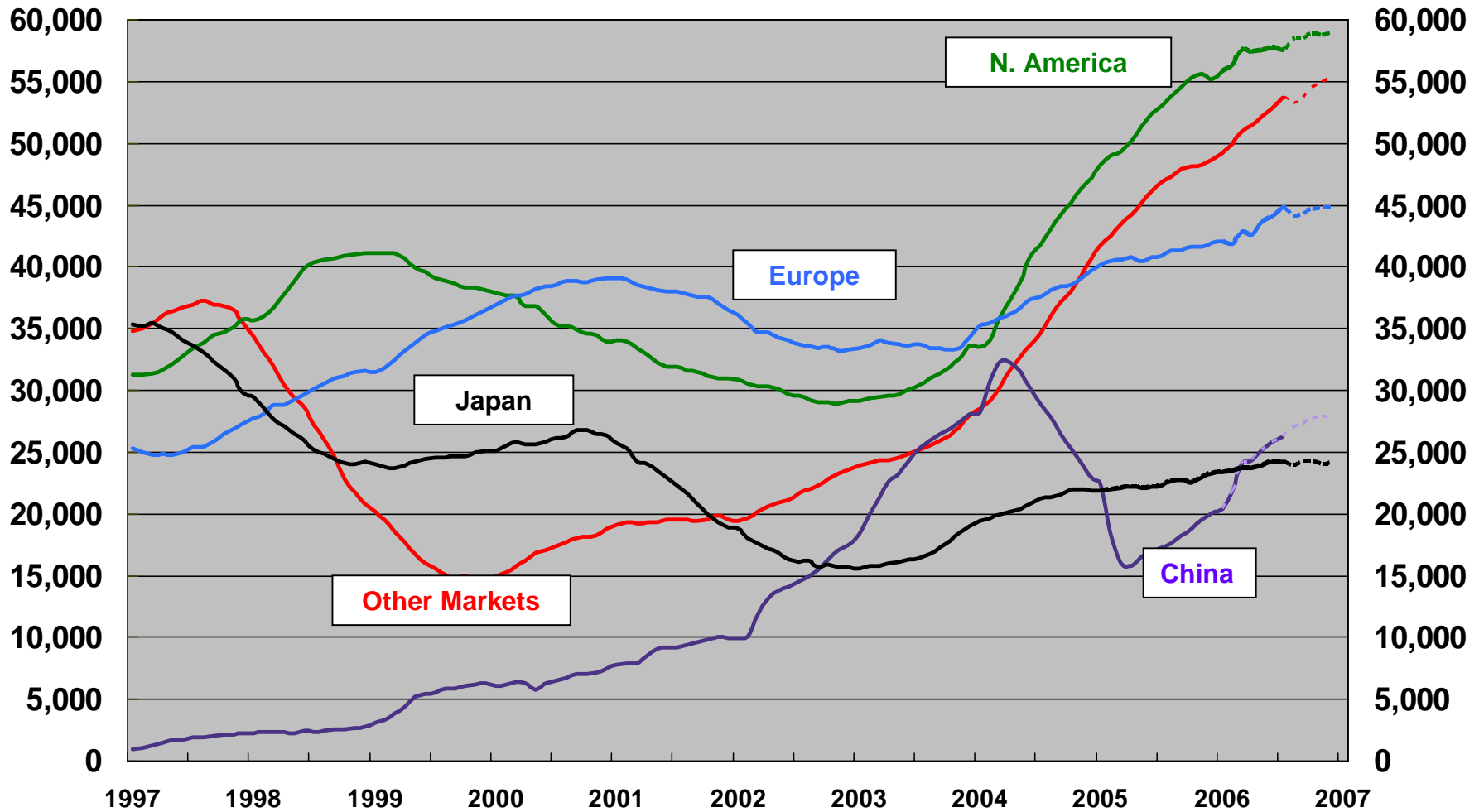
- Total world market for heavy equipment up 8%, NA down 1% and EU up 12%
- Sales growth 22%
- Operating income increased 59%

In Focus

- High capacity utilization
- Manage strong order book
- Lingong

Total Market Development by Key Market Areas

General Purpose Equipment 1997 - 2006

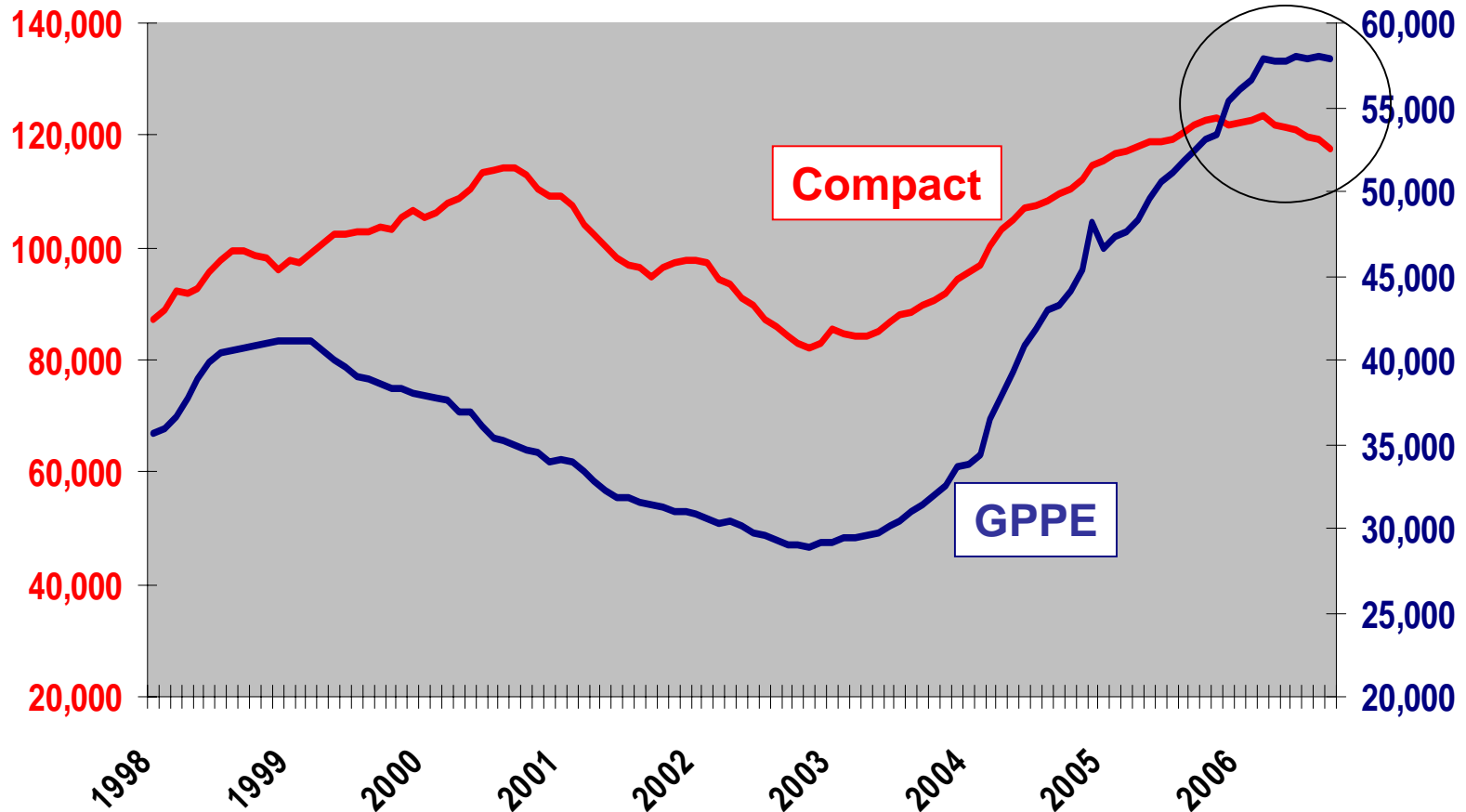


12 month moving rates July 2006

North American Construction Equipment *Market Trends*

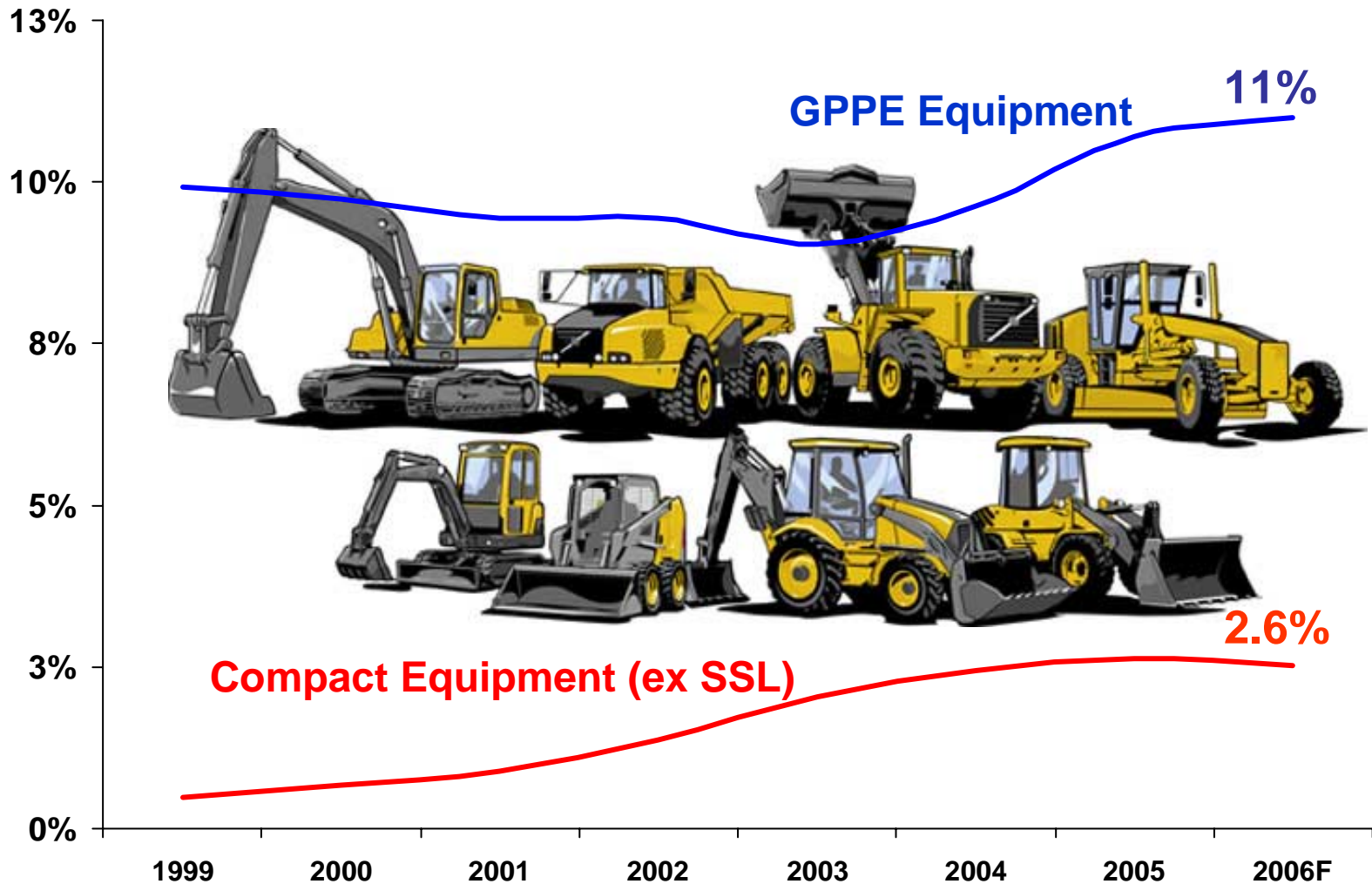
- Markets peaking at historic highs. Cooling is much more pronounced in areas that have benefited from extraordinary housing “bubble.
- Non-residential and extraction segments remain generally strong.
- Order banks soften as dealers recalibrate market demand.
- Price realization holding gains for most products
- Compact trends have been more heavily impacted by housing. Demand for compact excavators and Loaders are holding steady.
- Rental fleet purchases are slowing but utilization remains good
- World demand continues to lift used equipment
- “Soft landing’ scenario appears likely for 2007.

North American Construction Equipment Trends – R12

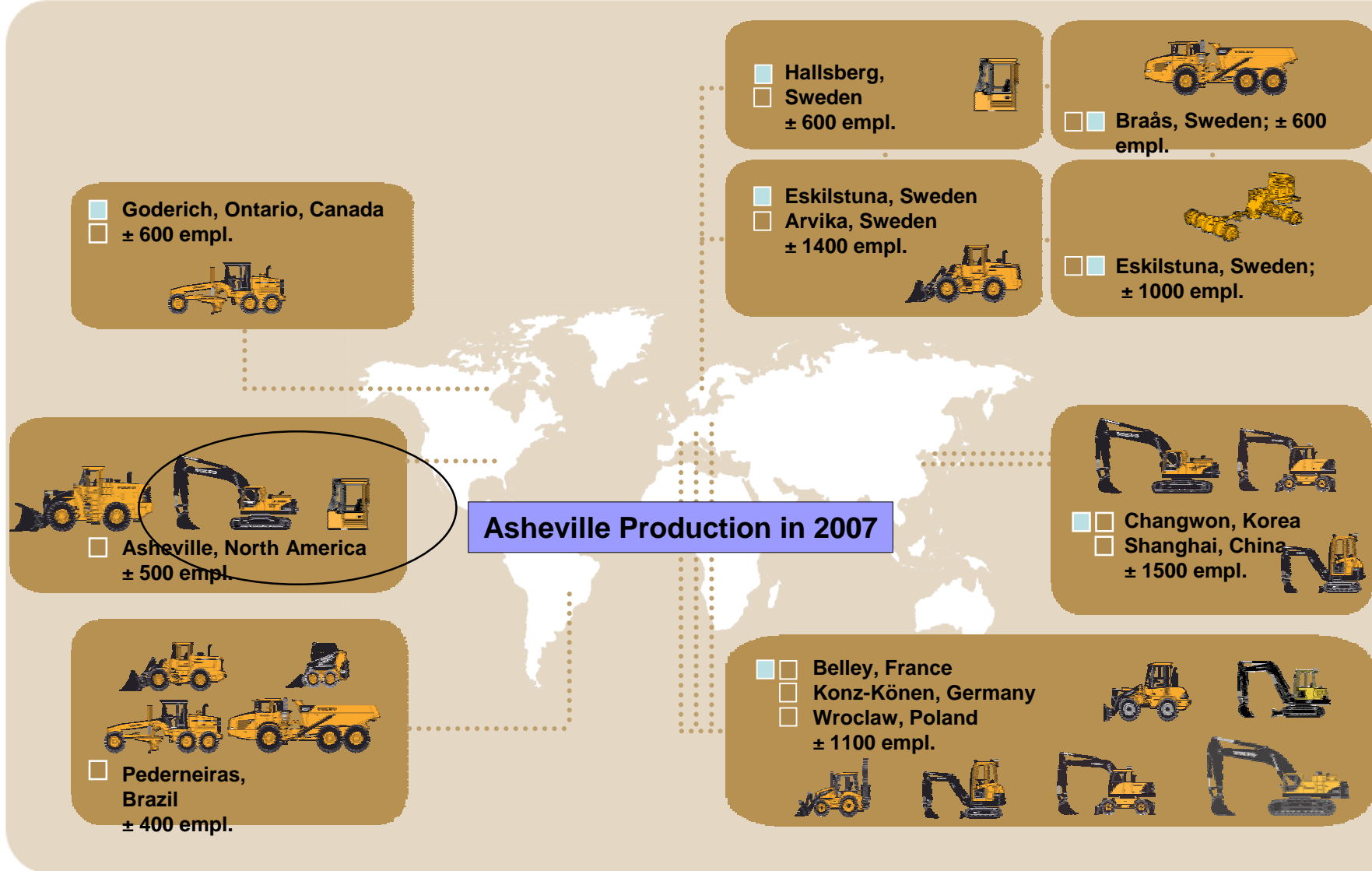


GPPE market is peaking at historic highs
Cooling housing market impacting compact demand

VCE North America Market Share Trends



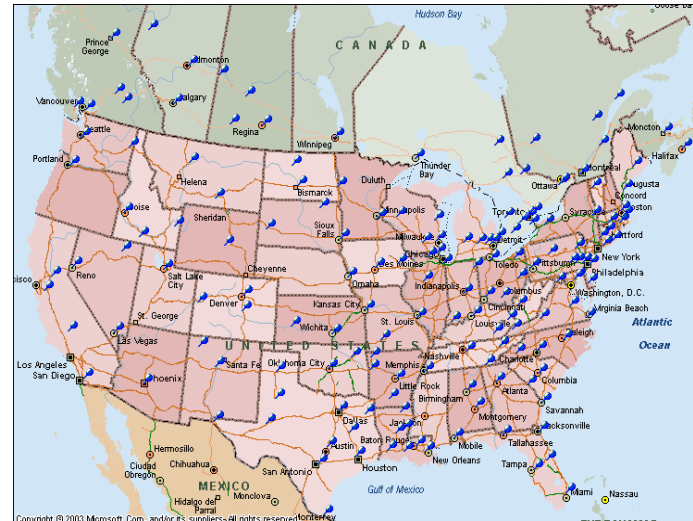
VCE Global Industrial Structure



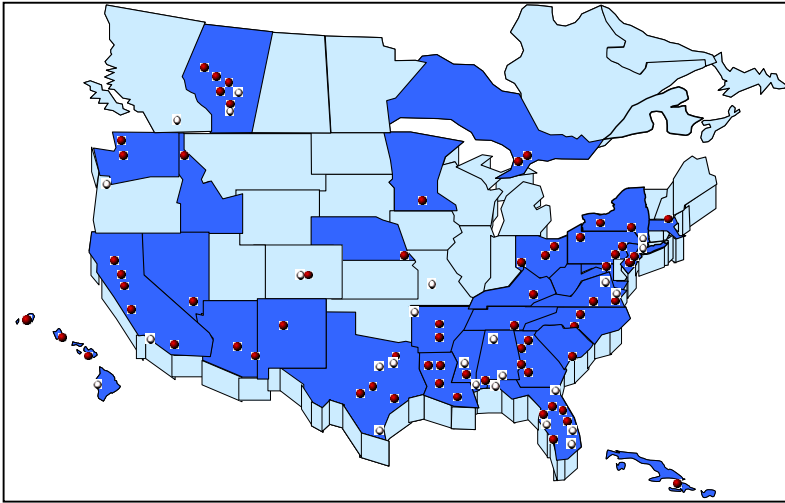
■ R&D ■ Plant

Distribution development

- **Strategic alignment by providing a compelling business case for distribution of Volvo CE products**
- **Continue to grow aftermarket business and customer retention**
- **Partner with VFS to optimize dealer strength and competitive position**
- **Continuous improvement of sales and support infrastructure**
- **Volvo Rents Development**



VOLVO RENTS – North America



- *Started in 2001*
- *68 Franchise locations in North America, 19 new franchise locations signed, 36 more future development agreements in place*
- *Over \$300M in Fleet*
- *25% of VCE Compact Sales, \$10M in GPPE purchases*
- *More than 100,000 customers, many new to Volvo*
- *#19 on RER Top 100 rental business*

