

VOLVO

Third Quarter 2006
Conference Call, October 24, 2006

Highlights

Third Quarter

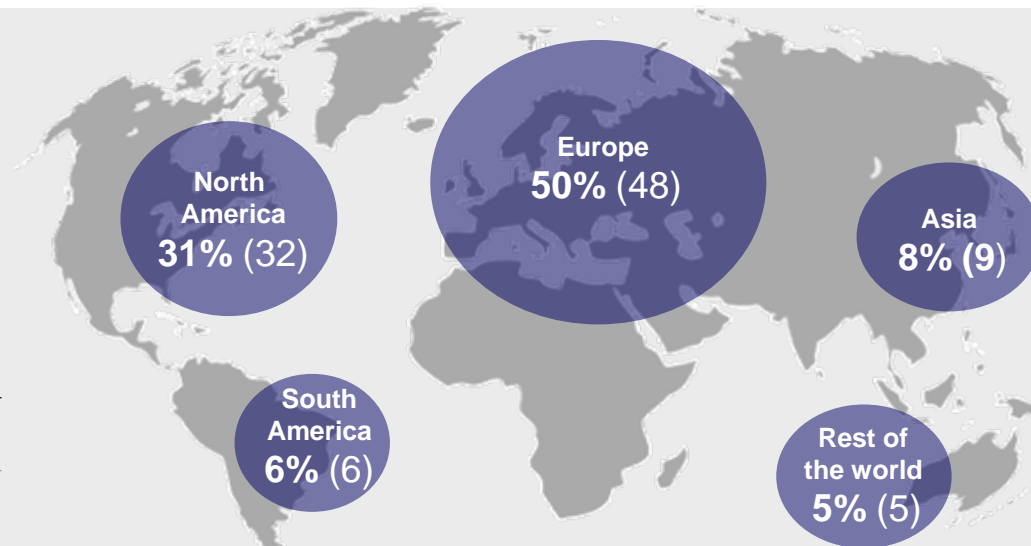
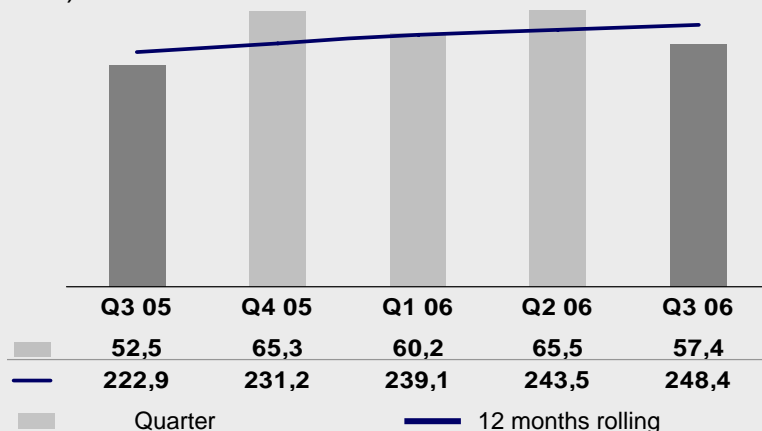
- Business environment
 - European market stronger than expected
 - Prebuy effect in North America
- Sales increased by 9%
- Another quarter with strong profitability
 - Adjusted operating income up 24% to SEK 4,972
 - Adjusted operating margin at 8.7%
 - Return on equity at 19.3%
- EPS up 34% to SEK 9.70
- Increased ownership in Nissan Diesel and a 70% equity investment in Lingong
- New financial targets

In Focus Going Forward

- Manage product- and production change-over
- Capitalize on new products
- Manage downturn in US truck market

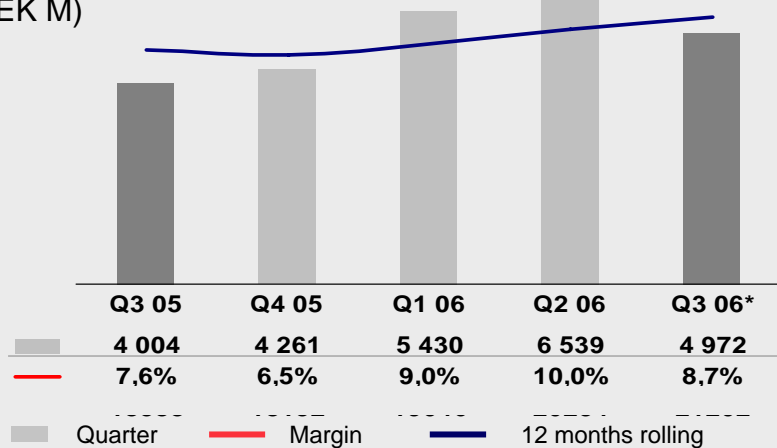
Net sales

(SEK bn)



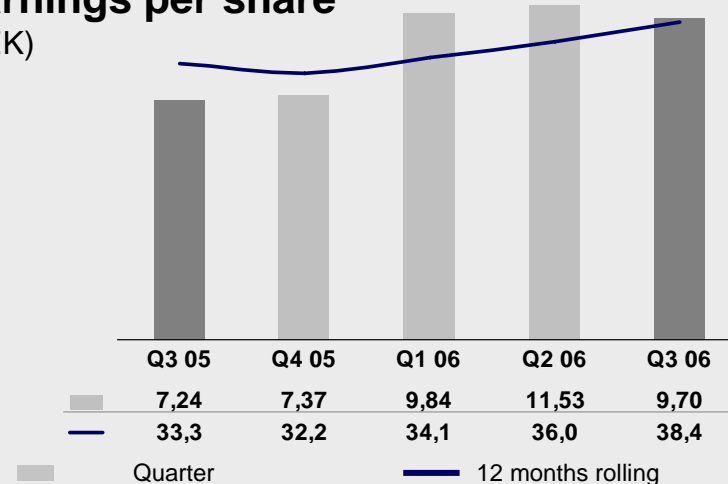
Operating income

(SEK M)



Earnings per share

(SEK)



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

Volvo Group – Financial Summary

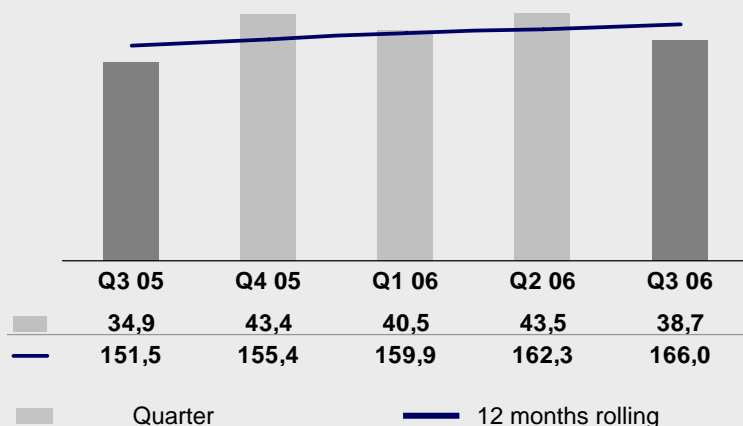
SEK M	Q3-2006	Q3-2006 <i>ex. goodwill</i>	Q3-2005	
Net Sales	57 426	57 426	52 532	<i>Up 12% adjusted for currency and acq./div.</i>
Gross income	12 766	12 766	11 927	
	<i>22,2%</i>	<i>22,2%</i>	<i>22,7%</i>	
R&D expenses	(1 989)	(1 989)	(1 791)	
Selling and administrative expenses	(6 266)	(6 266)	(6 037)	
Other op. Income & expenses	(1 817)	(105)	(543)	<i>Including adjusted goodwill of -1.712</i>
Inc. from Financial Services	580	580	484	
Inc. from investments in ass. companies and other	(13)	(13)	(36)	
Operating income	3 260	4 972	4 004	<i>Currency impact vs. last year approx. -200</i>
	<i>5,7%</i>	<i>8,7%</i>	<i>7,6%</i>	
Interest net	67	67	(88)	
Other financial income and expenses	(183)	(183)	99	
Income after fin. Items	3 144	4 856	4 015	
Taxes	795	(1 253)	(1 080)	<i>Reversal of valuation reserve by 2,000</i>
Income for the period	3 939	3 603	2 935	
	<i>6,9%</i>	<i>6,3%</i>	<i>5,6%</i>	
ROE	19,3%		19,0%	
EPS, SEK	9,70		7,24	
Operating cash flow, excl. Financial Services (SEK bn)	(0,4)		(0,7)	

Trucks

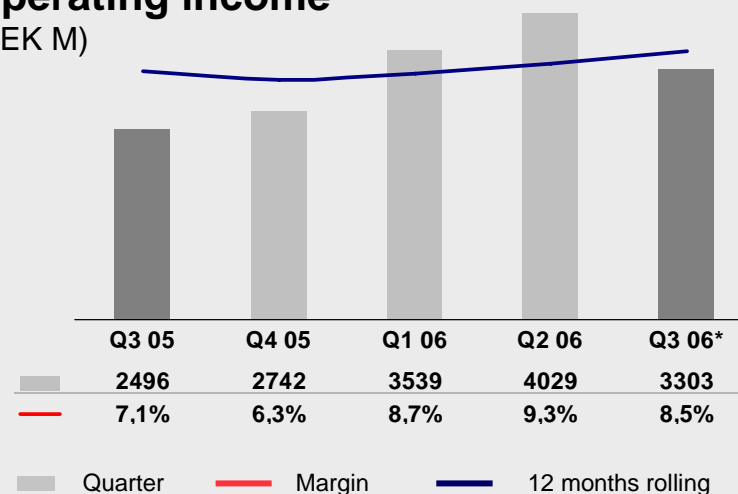
Third Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Truck deliveries in Europe up 17%
- Order intake in Europe:
 - Medium and heavy trucks on par with Q3 2005
 - Light trucks down
- Operating margin at 8.5%*
- Increased ownership in Nissan Diesel

In Focus

- Product launches and changes in the industrial footprint.
- Capitalize on new products
- The 2007 US truck market

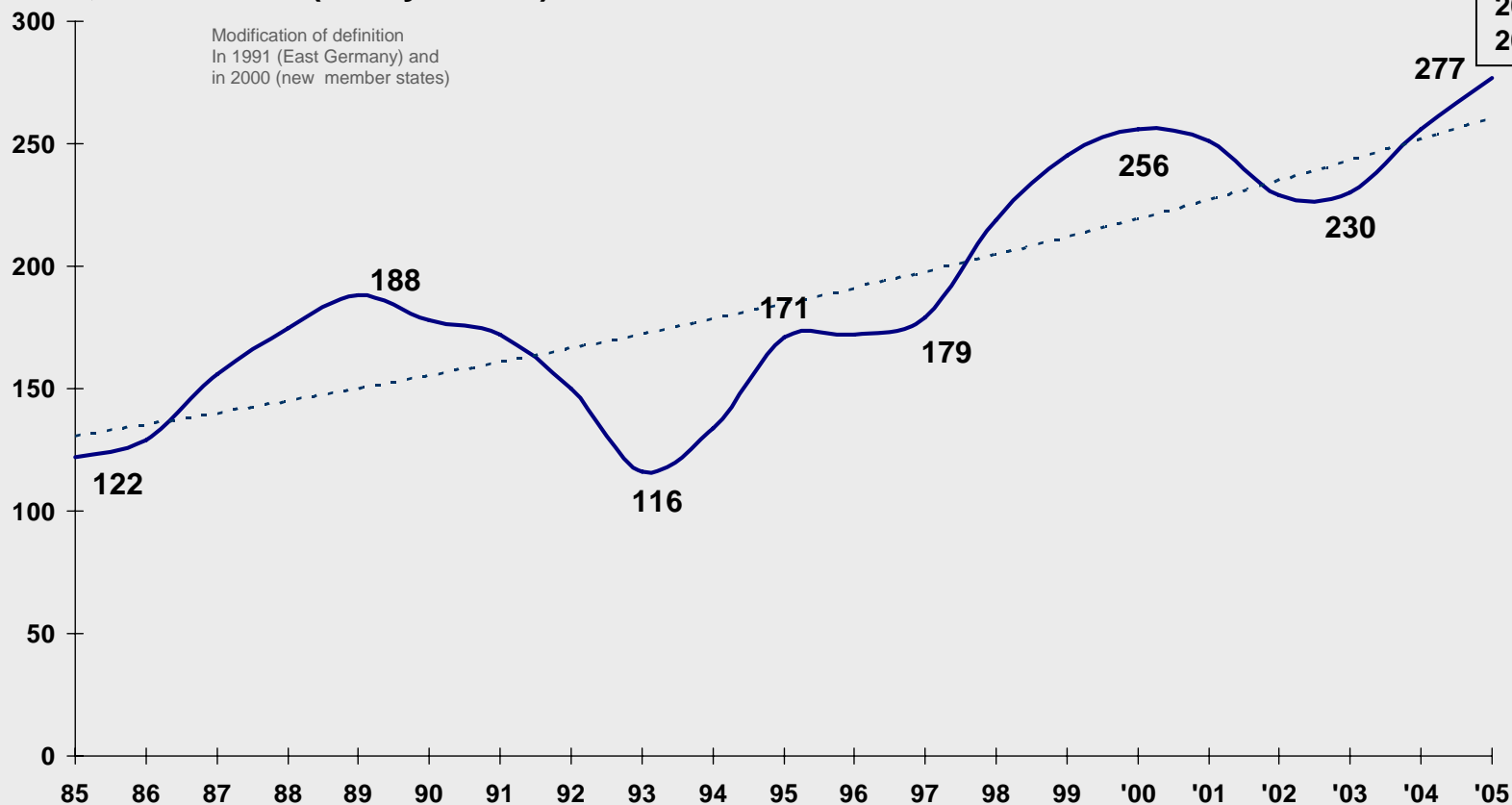
* Excluding goodwill adjustment of SEK 1,712 due to release of valuation reserves for taxes

Heavy Duty Truck Market Europe

(EU members + Switzerland and Norway)



Units, Thousands (heavy trucks)

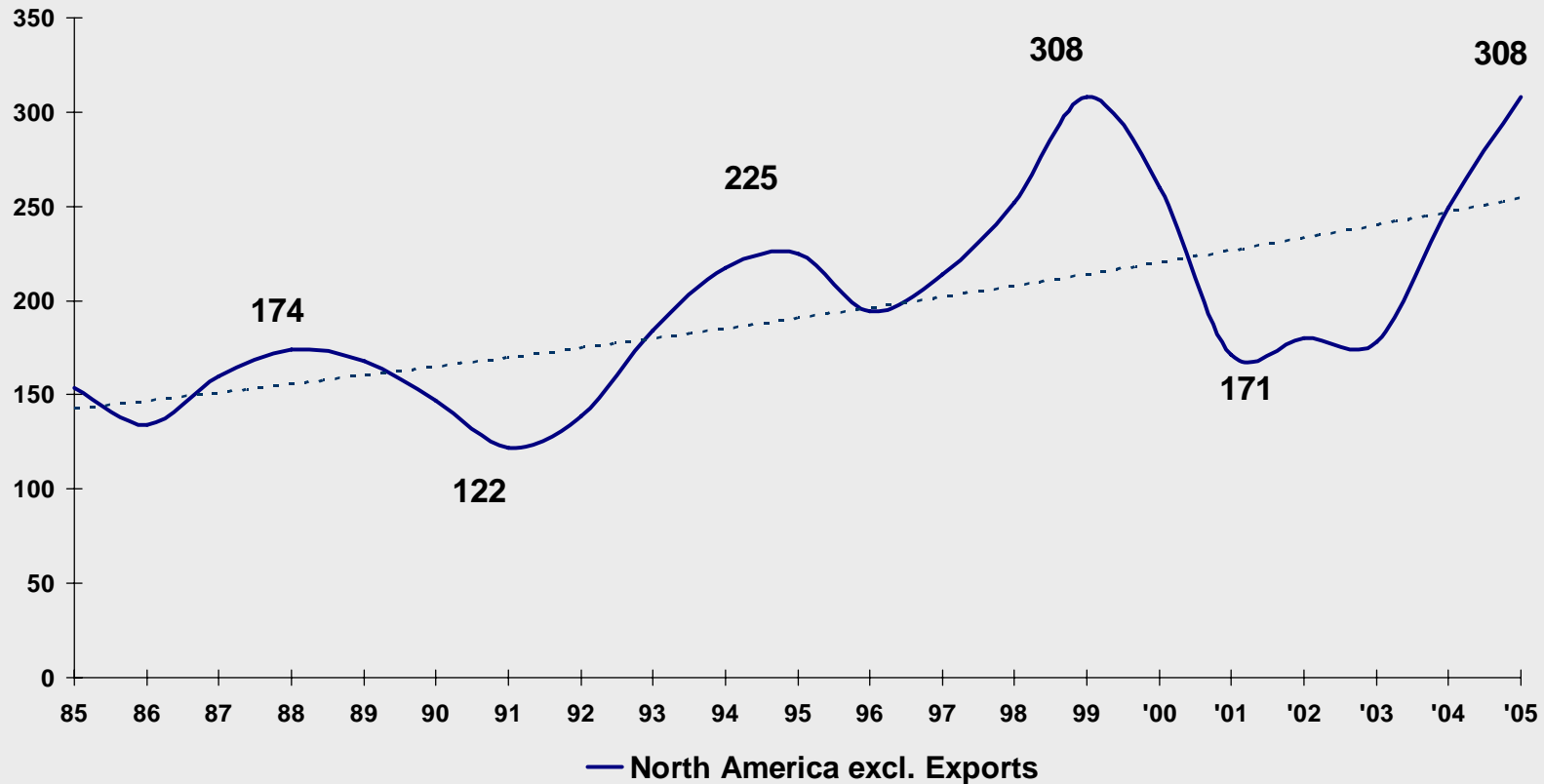


Forecast
2006: ~290,000
2007: in line with 2006

Heavy Duty Truck Market North America



Units, Thousands (heavy trucks)



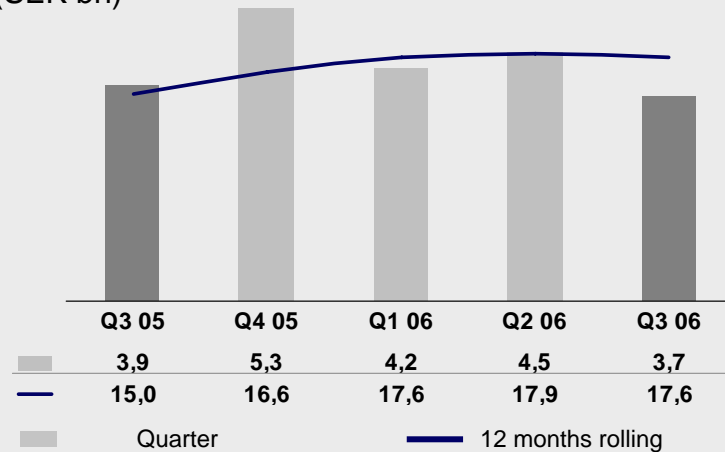
Forecast
2006: ~340 000
2007: ?

Volvo Buses

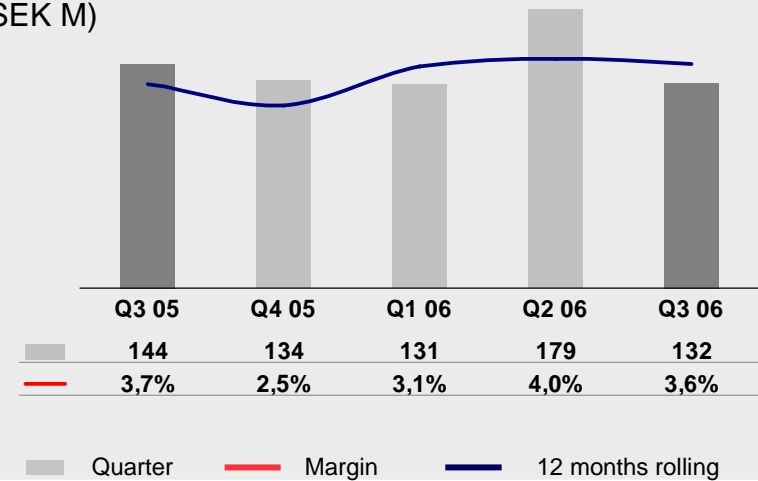
Third Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Lower deliveries
- New coach range
- New body J/V India

In Focus

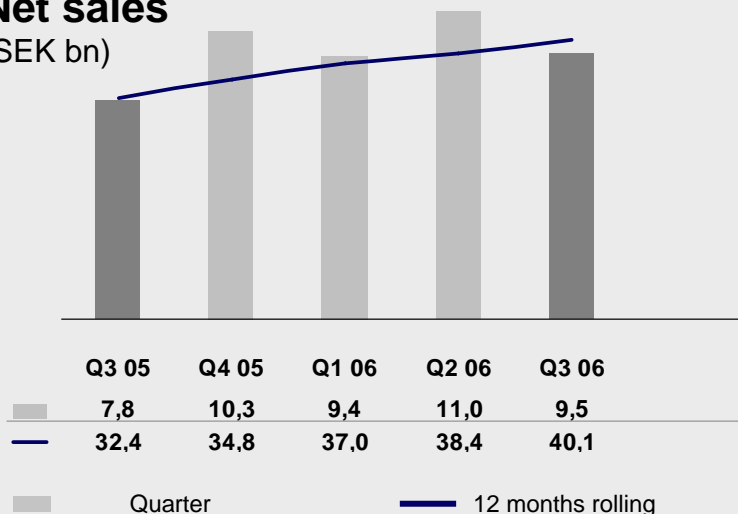
- Profitability and cash flow
- Product launches EU 3,4,5
- Efficiency program

Volvo Construction Equipment Third Quarter



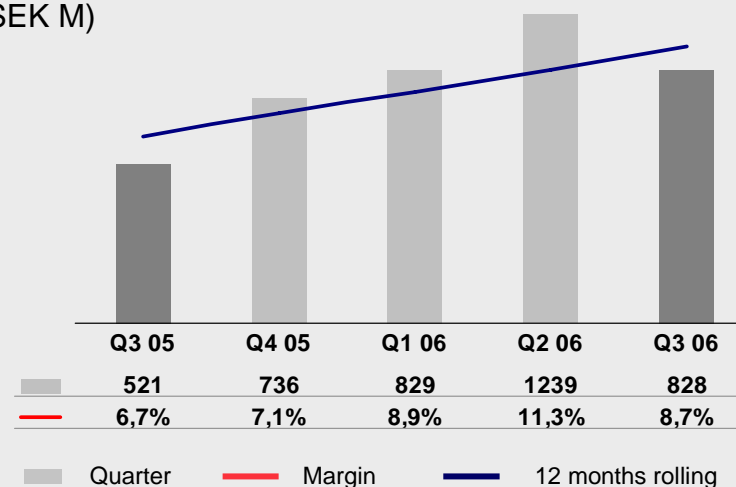
Net sales

(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%

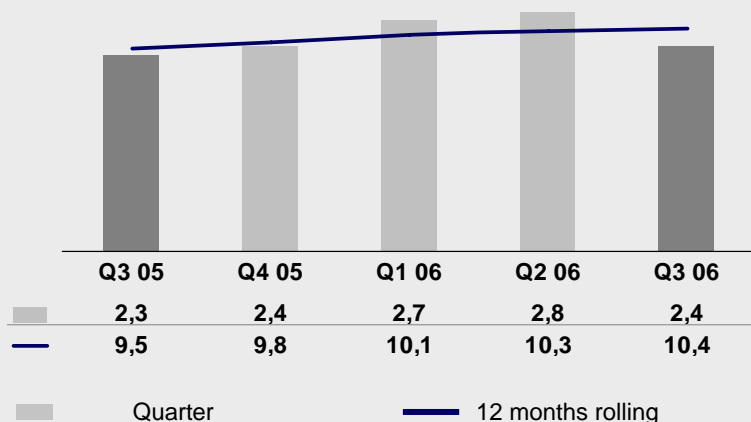
In Focus

- High capacity utilization
- Manage strong order book
- Lingong

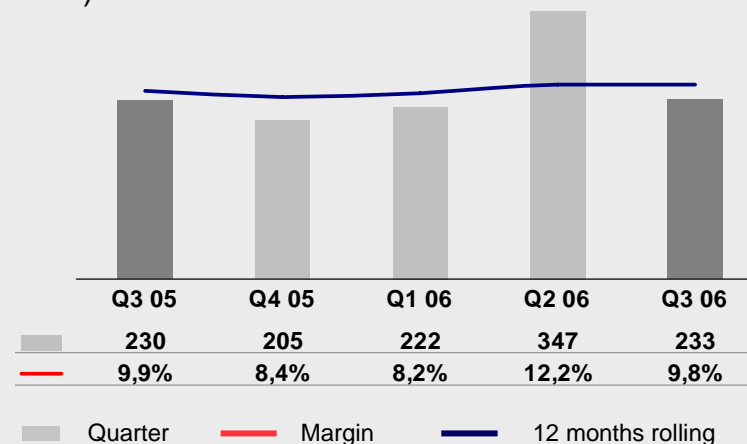
Volvo Penta Third Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Sales improvement with continued high margin
- Strong order book
- Increased market shares with Volvo Penta IPS

In Focus

- Supply chain management
- Capitalize on new products
- Product introductions

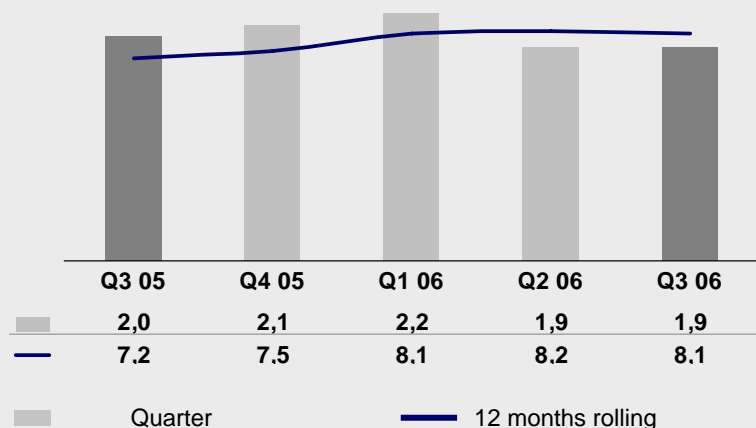
Volvo Aero

Third Quarter



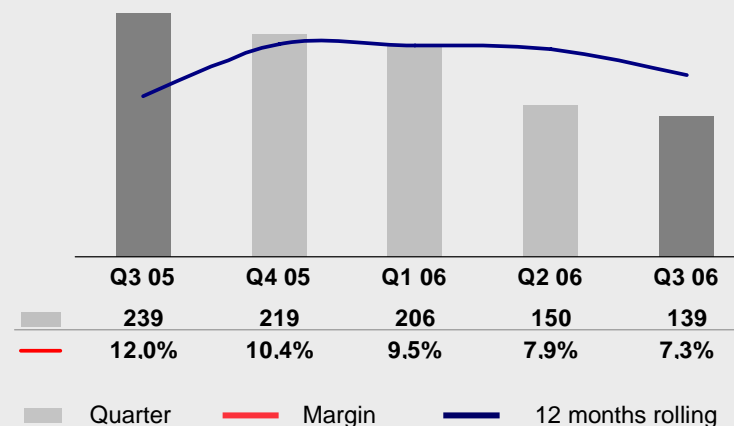
Net sales

(SEK bn)



Operating income

(SEK M)



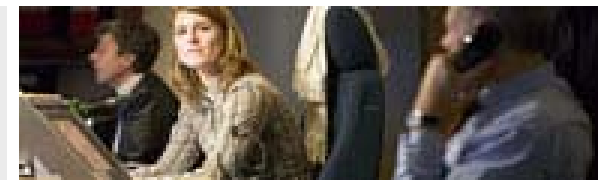
Highlights

- World air travel continues to grow - Airbus and Boeing order books corresponds to five years production
- Continued strong performance in the component business
- Important agreement with Pratt & Whitney

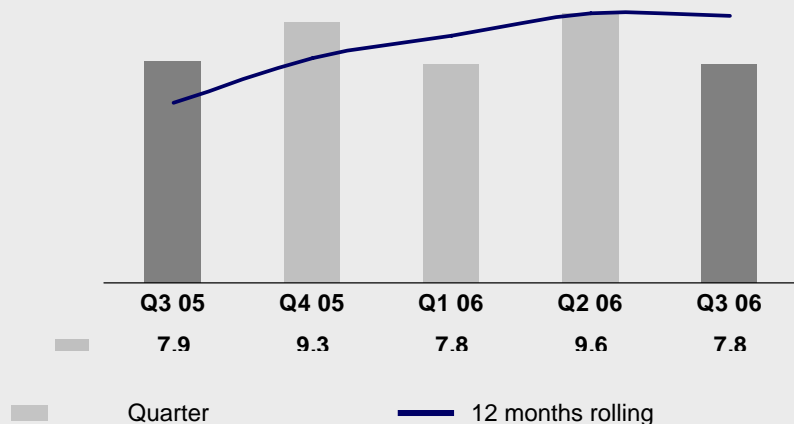
In Focus

- Production start ups of new engine programs
- After market business
- New business opportunities
- Cash flow

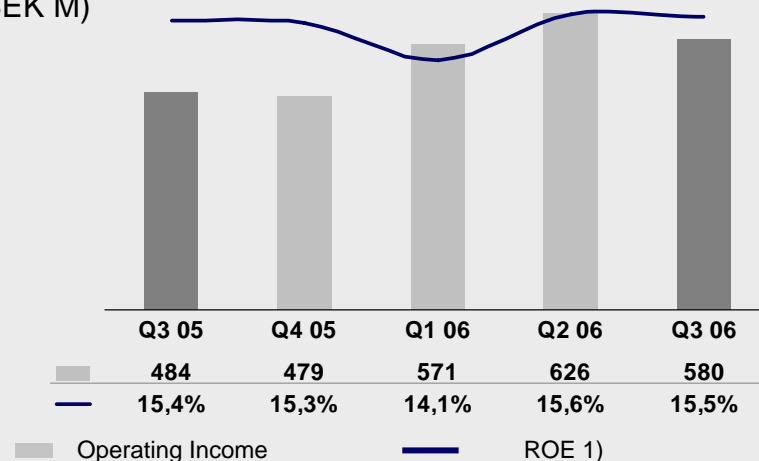
Volvo Financial Services Third Quarter



New retail financing (SEK bn)



Operating income and return on equity (SEK M)



Highlights

- Solid returns
- Continued increased market liquidity and competition
- China - retail financing commenced

In Focus

- Business cycle management
- Portfolio growth
- Operational excellence

1) Calculated as a 12 month rolling average

Volvo Group Summary

- Manage prebuy effect in the US truck market
- Finalize product renewal for Renault Trucks in Europe and for Volvo Trucks and Mack in North America
- Strengthened positions in Asia
 - Increased ownership in Nissan Diesel
 - Awaiting approval for acquiring 70% in Lingong
- Continued growth in sales and profitability in Q3

VOLVO