First Quarter 2001

Telephone conference

May 2, 2001

Highlights

First Quarter

- Continued downturn in North America
  - Cyclical adjustments / Personnel reduction
  - Beginning to affect Europe
- Renault V.I. and Mack acquisition completed
  - Integration proceeding positively
- Additional 10% shares repurchased
  - 5% delivered to Renault
- Divestment of Volvia

In Focus Going Forward

- Continuous adaptation to changing market conditions
- Renault and Mack integration
  - Restructuring activities to capture synergies
- Medium Duty Truck program to be developed internally
  - Mitsubishi alliance dissolved
- Product Cycle Management

Sales by Market Area

2001

SEK M	Percent of Total	First Quarter 2001	First Quarter 2000
Europe	57	24,896	15,828
North America	31	13,441	9,131
South America	3	1,379	964
Asia	4	1,941	1,748
Others	5	2,093	603
Total	**100**	**43,750**	**28,274**

- Increased size of the Volvo Group
- Sales in North America decreased with 11% excl. Mack

Sales by Business Area

2001

SEK M	Percent of Total	First Quarter 2001	2000	Change %
Global Trucks	68	29,962	15,129[1]	98
Buses	8	3,715	3,838	(3)
Construction Equipm.	11	4,688	4,649	1
Marine & Ind. Power Sys.	4	1,736	1,585	10
Aero	6	2,607	2,286	14
Other&Elimination	3	1,042	787	
Volvo Group[2]	**100**	**43,750**	**28,274**	**55**

- Global trucks - Increased deliveries in almost all markets except N.America
- Buses - Reduced sales volume mainly related to UK and the Nordic area
- Construction Equipment - Stable retail sales
- Marine and Industrial Power Systems - Strong sales development in a softening market
- Aero - Strong development by Aerospace components

1) Volvo Trucks 2) Financial Services according to equity method

Operating Income by Business Area

2001

SEK M	First Quarter 2001	2000
Global Trucks	150	645[1]
Buses	(83)	33
Construction Equipment	81	311
Marine & Ind. Power Systems	167	103
Aero	160	110
Financial Services	113	450
Other & Eliminations[2]	(86)	148
Operating Income excl. Restruc. Costs[3]	**502**	**1,800**
Restructuring Costs	(1,319)	-
Volvo Group	**(817)**	**1,800**

- Global Trucks - Downturn in N.America
- Buses - Operating losses mainly referable to reduced sales volume and lower production volume
- Volvo CE - Product- & Geographical mix change, Price pressure
- Marine and Industrial Power Systems - Positive development in all segments
- Aero - Strong development in Aerospace Components and slight improving the Aftermarket
- Financial Services - Increased credit losses from US truck financing

1) Volvo Trucks 2) Including Income from shares in non-group companies 3) R&D Capitalisation due to IAS accounting principle SEK 490M

Renault V.I. and Mack Integration

Restructuring Costs and Goodwill

SEK Bln	Q1-2001	2001-2003	2003-
Adaptation to market	0.5		
Structural changes	0.8	3.0 ⇨	Synergies 3.5 /year
	1.3		
Goodwill	7.3		**Yearly amortisation** 0.36

Operating Income

Adjustments

SEK M	First Quarter 2001	First Quarter 2000	Adjustments 2001	Adjustments 2000	Normalised 2001	Normalised 2000
Sales	43,750	28,274[0]			43,750	28,274
Operating Income	(817)	1,800	829[1]	(551)[2]	12	1,249
Income after fin. items	(1,251)	1,888			(422)	1,337
Net Income	(801)	1,267			(221)[3]	779[3]

0) Financial Services according to Equity method (previously reported 30,546)
1) Restructuring costs Renault V.I. and Mack integration (1319), R&D capitalisation 490
2) Scania 341. Gain on the sale of Volvia´s securities portfolio 210
3) Assuming tax rate 30%

First Quarter 2001 Consolidated Results

SEK M	First Quarter 2001	First Quarter 2000
Sales	43,750	28,274
Operating Income excl. items affecting comparability[1]	502[2]	1,800
Operating Income[1]	(817)	1,800
Interest Net	(273)	111
Other Financial Items	(161)	(23)
Income after Financial Items	(1,251)	1,888
Taxes	422	(629)
Minority Interest	28	8
Net Income	(801)	1,267
EPS	(1.90)[3]	2.90
Operating Margin excl. items affecting comparability	1.1%	6.4%
Operating Margin	(1.9)%	6.4%

1) Including Income from shares in non-group companies 2) R&D capitalisation = SEK 490M 3) Average no. shares Q1 2001 = 431.4M

Volvo Global Trucks

First Quarter 2001

	First Quarter			
SEK M	2001	2000[1]	Change	2000[3]
Volume (units)	42,139	47,189	(11%)	20,226
Sales	29,962	30,015	(0%)	15,129
Operating income	150[2]	1,326	(89%)	645
Operating margin	0.5%	4.4%	(3.9)	4.3%

Highlights

- Increased deliveries in almost all markets except N. America
- Downturn in North America
  - resulting in industry inventories and price pressure
- Slowdown in Europe
- Personnel
  - reduced by 1,800 in US/Europe
  - another 1,400 lay-offs announced
  - 33 downdays at Mack and 20 at VTNA
- Launch of Mack Granite Bridge Formula

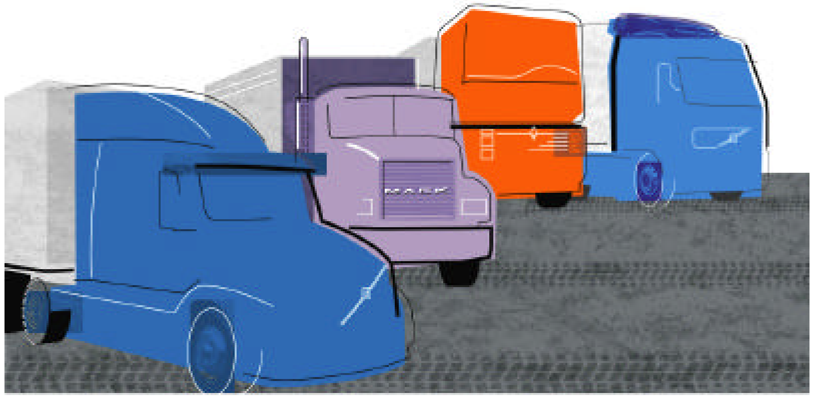
In Focus

- Managing North American downturn
- Slowdown in Europe
- Decisive Profit improvement program
- Renault V.I./Mack/Volvo Trucks integration, restructuring and synergies

1) Proforma 2) R&D capitalization SEK 387M. Goodwill amortization approx. SEK 90M 3) Volvo Trucks

Volvo Global Trucks

Deliveries

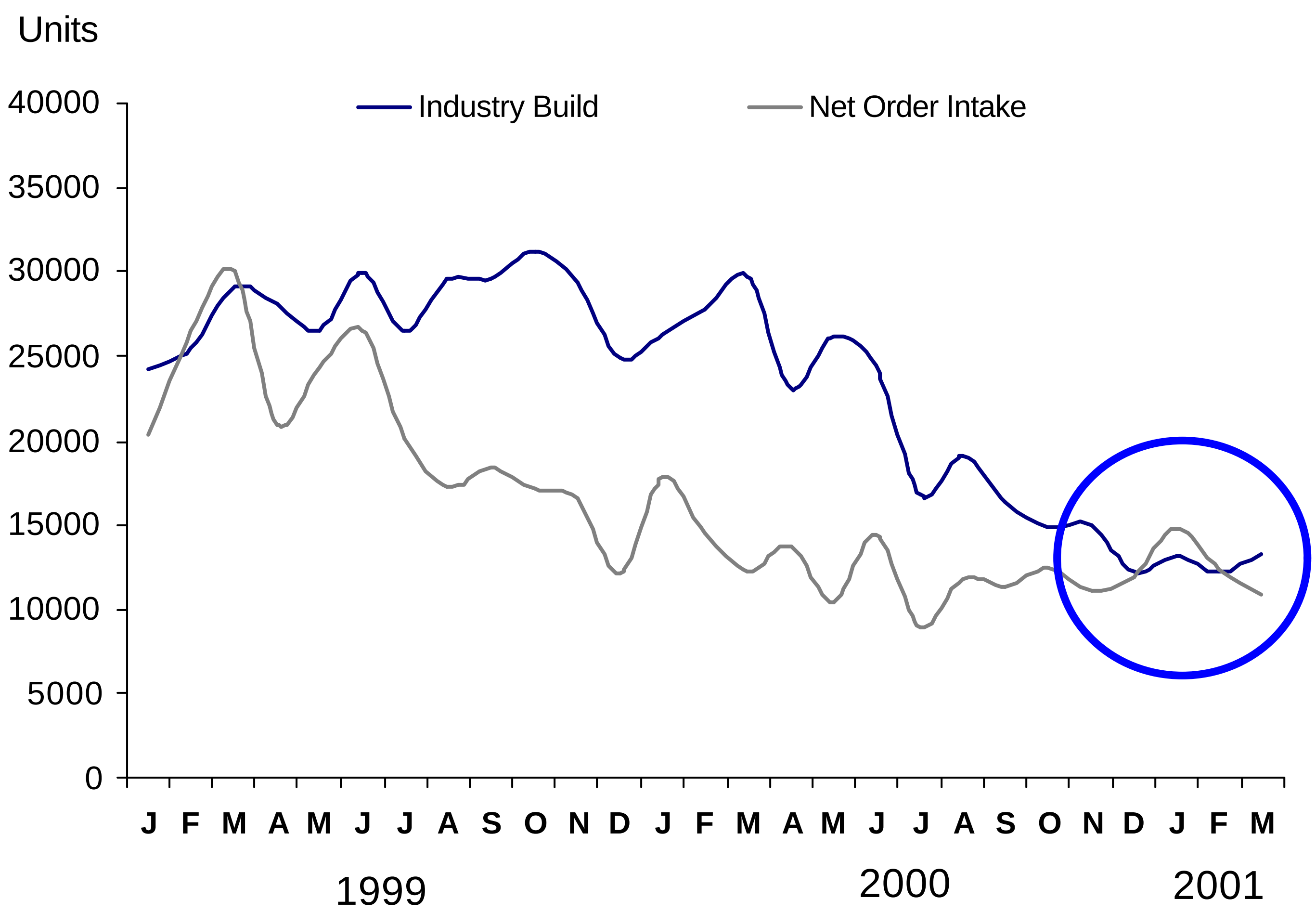


Units	January-March 2001	2000[1]	Change %
Total Europe	27 655	27 394	1
of which:			
Western Europe	26 021	25 915	0
Eastern Europe	1 634	1 479	10
North America	10 150	16 381	(38)
South America	1 283	954	34
Asia	994	1 147	(13)
Rest of the world	2 057	1 313	57
Total	**42 139**	**47 189**	**(11)**

1) Proforma

Monthly Order Intake vs. Build Rate

Heavy Trucks in North America



- Industry build rate in balance with demand in Q1
- Excess industry inventory until fourth quarter or later
- Continued price deterioration
- Tough dealer situation

Volvo Global Trucks

Profit Improvement Program

- Price management implementation
- Decisive line rate reduction and workforce reduction program
- Distribution efficiency program
- Sales & Administration cost reduction
- Product cost reduction

Activity List First 100 Days

Integration Mack / Renault V.I. / Volvo Trucks

Secure Start-up

- Financial, legal and operational control

Implement Global Organization and Processes

- Global organization of 3P and Powertrain
- Brand organization of Volvo, Renault and Mack trucks

Establish Business Plan and Budgets

- Strategic directions and growth plans
- Performance targets for each organization

Decide on Product Plans

- Establish and decide upon common product plans

Communication

- Business fit/ rationale
- Intranet site - Volvo Global Trucks

Capture Synergy Potentials

- Share and transfer best practices
- Identify and capture immediate synergies

Volvo Global Trucks

Summary

- 100 days integration work concluded according to plan
- Focus on North America, the business climate worse than expected
- Downturn in North America begins to affect Europe
- Decisive Profit Improvement Program
  - Personnel reduction

Volvo Construction Equipment

First Quarter 2001

SEK M	First Quarter 2001	2000	Change
Sales	4,688	4,649	1%
Operating income	81[1]	311	(74%)
Operating margin	1.7%	6.7%	(5.0)
ROC, 12M	11.3%	19.8%	(8.5)

Highlights

- World market down 4%
- General purpose down 8% in NAFTA
- Increased price pressure in all markets
- Temporary shutdowns / inventory corrections at some production sites to adjust to market
- Geographical mix
  - Further decline in N.America
- Product mix

1) R&D capitalisation SEK 31M

In Focus

- Balance weaker demand with strict cost control
- Capitalize on new products e.g. the new haulers, wheel loader L220E, and compact excavator EC55
- Gain market shares

Volvo Buses

First Quarter 2001

SEK M	First Quarter 2001	2000	Change
Volume (units)	2,117	2,626	(19%)
Sales	3,715	3,838	(3%)
Operating income	(83)[1]	33	
Operating margin	(2,2)%	0.9%	(3.1)
ROC, 12M	4.5%	6.3%	(1.8)

Highlights

- Market situation in Europe and North America turned down
- Continued positive development in Mexico and South America
- Positive development in China
- Reduced volume mainly in Europe partly due to shift to new products
- Low capacity utilisation both in European and US manufacturing facilities

In Focus

- TX platform introduction program continued
- Adapting to reduced orderintake in Europe and North America
- Integration progress

1) R&D capitalisation SEK 37M

Volvo Penta

First Quarter 2001

SEK M	First Quarter 2001	2000	Change
Sales	1,736	1,585	10%
Operating income	167[1]	103	62%
Operating margin	9.6%	6.5%	3.1
ROC, 12M	48.0%	32.2%	15.8

Highlights

- Continued strong sales development in a softening market
- Major sales increase in China and continued positive development in Europe
- Production and supplier disruptions due to major US customer/supplier bankruptcy December 2000

In Focus

- Continue to increase sales and gain market shares with new and existing products

1) R&D capitalisation SEK 23M

Volvo Aero

First Quarter 2001

SEK M	First Quarter 2001	2000	Change
Sales	2,607	2,286	14%
Operating income	160[1]	110	45%
Operating margin	6.1%	4.8%	1.3
ROC, 12M, excl. AGES	25.1%	19.7%	5.4

Highlights

- Strong performance in Aerospace components
- Still growth in world air traffic
- Slight improvement in the aftermarket
- Industry aftermarket still soft

In Focus

- Improving profitability in aftermarket services
- Delivery performance
- Supply chain management

1) R&D capitalisation SEK 12M

Volvo Financial Services

First Quarter 2001

	First Quarter		
SEK M	2001	2000	Change
Operating income	113	450*	(75%)
Op. Income (excl. non-rec.)	113	240	(53%)
ROE	5.3%	18.4%	(13.1)
Assets, MSEK	71,588	56,938	26%
Equity ratio	12.0%	12.3%	(0.3)

Highlights

- Asset Growth 14% year-on-year adjusted for currency effects
- Increased credit losses from US Truck financing
  - no near-term improvement expected

In Focus

- Action program US initiated
  => operational efficiencies
  => considerable increase of spreads since last year
- Developing a captive finance offer for Renault and Mack customers

* Including capital gain on sale of Volvia´s equity investments

Summary

- Continued downturn in North America across the whole group
  - Cyclical adjustments
  - Avoid inventory build-up
  - Starting to affect Europe
- Renault V.I. and Mack acquisition completed
  - Integration proceeding positively
  - Restructuring activities
- Medium Duty Truck program to be developed internally
- Continued strong development for Penta and Aero
- Share repurchase program