

VOLVO

First Nine Months 2001

Telephone conference

October 24, 2001

Highlights

Third Quarter

- Weak earnings - positive Cash Flow
 - Positive Cash Flow in all Business Areas
- Exciting new products
 - New Renault Magnum Truck
 - Marine Engine KAD 300
 - Luxury Coach Volvo 9900
- Business conditions
 - Continued recession in North America
 - Downturn in Europe
 - Sharp decline in air traffic
- Cyclical adjustments and structural changes
 - Global Trucks stop days and decision on plant closure in North America
 - Buses in Mexico and North America
 - CE in North America
 - Aero in North America

In Focus Going Forward

Short Term

- Adapting to changing market conditions
 - Continuous adjustment of capacity
 - Focus on generating positive cash flow

Long Term

- Building a competitive position
 - Renault V.I. and Mack integration
 - Powertrain
- Capitalize on introduced TX platform

Sales by Market Area

First Nine Months 2001

SEK M	Percent of Total	Third Quarter			Change %	First Nine Months	
		2001	2000			2001	Change %
Western Europe	49	20,124	13,565	48	67,445	53	
Eastern Europe	3	1,328	744	78	3,954	68	
North America	33	13,381	9,234	45	42,176	46	
South America	4	1,439	1,414	2	4,545	28	
Asia	6	2,533	1,862	36	7,230	24	
Others	6	2,329	1,092	113	6,632	170	
Total	100	41,134	27,911	47	131,982	51	

- Q3 2001 sales excl. Renault V.I. and Mack increased by 3% mainly driven by currency
- Q3 2001 net sales excl. Renault V.I. and Mack;
 - Western Europe increased by 3%
 - Asia, E.Europe and S.America increased by 16%
 - North America decreased by 2%

Sales by Business Area

First Nine Months 2001

SEK M	Percent of Total %	Third Quarter			Change %	First Nine Months	
		2001	2000			2001	Change %
Global Trucks	64	26,354	13,635	93	86,444	94	
Buses	10	4,001	3,883	3	12,631	3	
Construction Equipm.	13	5,388	4,804	12	16,143	8	
Marine & Ind. Power Sys.	4	1,774	1,610	10	5,486	12	
Aero	7	2,994	2,814	6	8,661	11	
Other & Eliminations	2	623	1,165		2,617		
Volvo Group	100	41,134	27,911	47	131,982	51	

- Global Trucks - Strong development in Southern and Eastern Europe
- Buses - Weaker market in North America and Europe
- Construction Equipment - Strong quarter mainly driven by currency effects and increased market shares
- Marine and Industrial Power Systems - Continued expansion of sales
- Aero - Strong sales improvement in Aerospace Components and sharp decline in Aero Services

Operating Income by Business Area

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SEK M	Third Quarter		Change	First Nine Months		Change
	2001	2000	%	2001		%
Global Trucks	(340)	53	na	449		(38)
Buses	(185)	65	na	(293)		na
Construction Equipm.	266	282	(6)	755		(43)
Marine & Ind. Power Sys.	141	121	17	530		26
Aero	118	72	64	564		23
Financial Services	69	220	(69)	245		(82)
Other & Eliminations	(281)	(122)		163		
Volvo Group	(212)¹	691	na	2,413²		(52)

- Provision for Swedish pensions (ITP plan) affected all business areas - total SEK 472M
- Global Trucks - Weak earnings but strong cash flow
- Buses - Lower sales volumes and manufacturing capacity utilisation.
- Volvo CE - Compact Equipment declines more than General Purpose
- Marine and Industrial Power Systems - Record high operating income
- Aero - Continued strong performance within Aerospace Components.
- Financial Services - Continued stabilization of US truck portfolio

1) Incl SEK 517M capitalisation of developm. costs , Sek 472M provision for pensions and excl.restructuring costs

2) Incl SEK 1,458M capitalisation of developm. costs, SEK 472M provision for pensions and excl. restructuring costs

Renault V.I. And Mack Integration

Restructuring Costs Q3 - 2001

- Winnsboro closure
- Consolidate support functions
- Strengthening customer support system and product offering

Restructuring Cost SEK 1280M

First Nine Months 2001 Consolidated Results

SEK M	Third Quarter		Change %	First Nine Months		Change %
	2001	2000		2001	2000	
Net sales	41,134	27,911	47	131,982	87,155	51
Gross income	7,101	5,086	40	22,826	16,596	37
R&D expenses	(1,279) ¹	(1,122)		(4,030) ²	(3,585)	
Selling expenses	(3,444)	(2,303)		(10,421)	(6,674)	
Administrative expenses	(1,525)	(1,180)		(4,960)	(3,430)	
Other op. income & expenses	(1,063)	0		(2,574)	289	
Income from Financial Services	69	220		245	1,348	
Income from investments in shares	(71)	(10)		1,327	454	
Items affecting comparability	(1,406)	0		(2,725)	0	
Operating income	(1,618)	691	na	(312)	4,998	na
Financial Net	(262)	(150)		(1007)	(139)	
Income after fin. items	(1,880)	541	na	(1,319)	4,859	na
Taxes	316	(166)		273	(1,316)	
Minority interest	29	(6)		66	(21)	
Net income	(1,535)	369	na	(980)	3,522	na
EPS, SEK	(3.60) ³	1.10		(2.30) ⁴	8.20	
Operating margin, %	(3.9)	2.5		(0,2)	5.7	
Operating cash flow, excl. acq. & divest.	1,400	100		1,300	(1,600)	

1) SEK 517 M capitalisation of development costs 2) SEK 1458 M cap. costs 3) Average number of shares 419.4 M 4) Average number of shares 423.4 M

First nine months 2001 Consolidated Results

SEK M	First nine months		Adjustments		Normalized		Change
	2001	2000	2001	2000	2001	2000	%
Sales	131,982	87,155			131,982	87,155	51
Operating income	(312)	4,998	636 ¹	(1619) ²	324	3,379	
Financial Net	(1,007)	(139)			(1,007)	(139)	
Income after fin. items	(1,319)	4,859			(683)	3,240	
Taxes	273	(1,316)	(356) ¹	453 ²	(83)	(863)	
Minority interest	66	(21)			66	(21)	
Net income	(980)	3,522			(700)	2,356	
EPS	(2.30) ³	8.20			(1,65)	5,60	
Operating margin %	(0.2)	5.7			0.2	3.9	

1) Provision for Swedish Pension Foundation SEK 472M
 Financial Services credit losses US SEK 670M
 Restructuring cost RVI/Mack integration SEK 2599M.
 Restructuring costs at Buses SEK 42M and VCE SEK 84M
 Positive effect of capitalization of development costs SEK 1458M.
 Capital gain on Volvia SEK 562M and MMC SEK 574M.
 Scania dividend SEK 637M

2) Including repaid pension contribution from SPP with SEK 683 M
 Capital gains Volvia of SEK 610M
 Adjustments of the gain from the sale of Volvo Cars of SEK 145 M
 Provisions in Trucks of SEK 160 M.
 Scania equity method income SEK 341

3) Weighted number of shares outstanding 423,4 million

Volvo Global Trucks

First Nine Months 2001

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SEK M	Third Quarter			First Nine Months	
	2001	2000 ¹⁾	Change	2001	Change
Volume (units)	31 142	39 008	(20%)	113 226	(16%)
Sales	26 354	25 661	3%	86 444	1%
Operating income	(340) ²⁾	36	n/a	449	(68%)
Operating margin	(1.3%)	0.1%	-1.4	0.5%	(0.3)
ROC, 12M	(5.2%)	n/a	n/a	2.3%	n/a

Highlights

- Decreased deliveries in North America and Western Europe
- Continued recession in North America
- Europe holding up
- Weak earnings/strong cash flow
- Personnel
 - reduced by 4,520 employees
 - 83 “down days” at Mack (incl. Powertrain) and 30 “downdays” at VTNA
 - decision on Winnsboro close down
- New Renault Magnum truck launched

In Focus

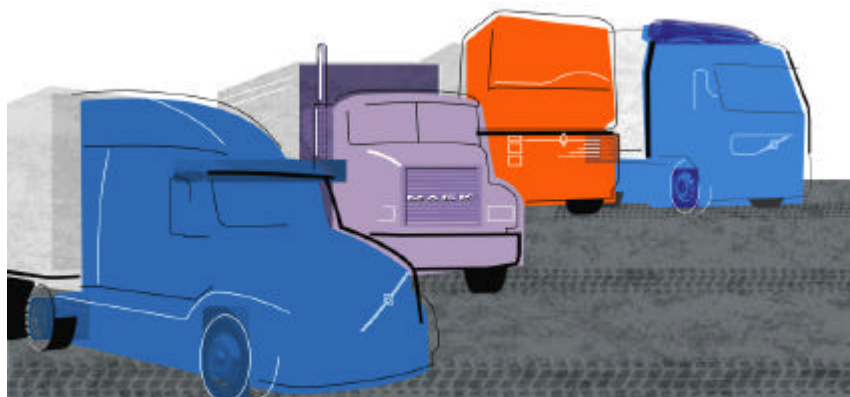
- Cash Flow
- Core project program implementation
- Managing downturn in North America and Europe

¹⁾ Proforma, incl. amortization of goodwill of 360 MSEK per year

²⁾ Incl. SEK 419 M capitalization of development cost; excl. SEK 1,280 M restructuring cost

Volvo Global Trucks

Deliveries - y.t.d.



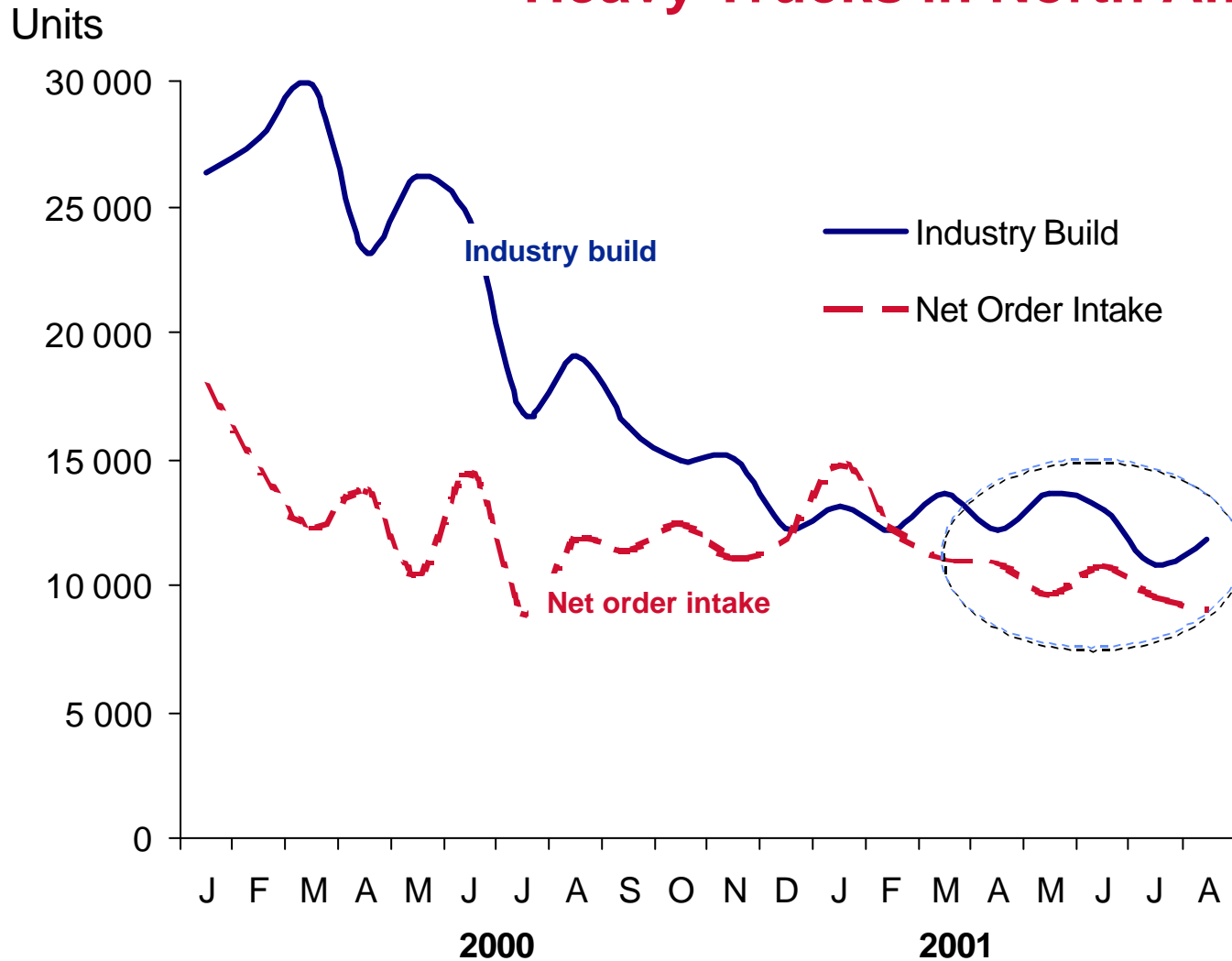
Net orders:

- Europe -3%
- N. America -29%

Units	Jan - Sep		Change %
	2001	2000	
Total Europe	70 979	76 013	(7)
of which:			
Western Europe	66 057	71 506	(8)
Eastern Europe	4 922	4 507	9
North America	26 982	44 144	(39)
South America	4 406	3 797	16
Asia	3 955	4 694	(16)
Rest of the world	6 904	5 410	28
Total	113 226	134 058	(16)

Volvo Global Trucks

Heavy Trucks in North America



Market situation first 9 months

- Industry build rate above order intake
- Continued price pressure
- Tough dealer situation
- Major restructuring in the industry
- No signs of recovery

Cash Flow Activities - Cash² Grow Program



- Education and training - *on going*
- Communication - *on going*
- Activity plans and task forces - *on going*
- Bonus system
- Internal benchmarking - *ongoing*
- Strict Investment policy
- Strict Credit Limit Management

Activity List First 300 Days

Integration Volvo Trucks / Renault V.I. / Mack

First 100 days

- ✓ Secure start-up capturing
- ✓ Implement global organization and processes
- ✓ Establish business plan and budgets
- ✓ Decide on product plan
- ✓ Communication
- ✓ Capture synergy potentials

Second 100 days

- ✓ Developed a Core Project program
- ✓ Further developed product plans
- ✓ Established multi-brand management platform
- ✓ Began Cultural Integration Project
- ✓ Captured additional synergies
- ✓ Strengthened the Management

Third 100 days

- ✓ Core Project program rollout
 - North American and European Optimization
 - Purchasing & Product Development
 - Warranty Cost Reduction & Capital Efficiency
- ✓ North American Optimization decisions
 - Winnsboro closure
 - Common back office functions
 - Strengthening customer support & product offering
- ✓ Cash 2 Grow program launched
 - Positive Cash Flow in Q3 despite the depressed North American market
- ✓ Refuse truck (LCOE) divested
- ✓ Captured additional synergies - on track

Renault Magnum

- New cab exterior
- New interior
- Improved vehicle safety
- Euro 3 engines



Volvo Global Trucks Summary

- European markets holding up
- North American market not improving
- Core Project Program rolled out
- Major restructuring program in North American initiated.
- Continued focus on cash flow

Volvo Buses

First Nine Months 2001

SEK M	Third Quarter			First Nine Months	
	2001	2000	Change, %	2001	Change, %
Volume (units)	2,318	2,636	(12)	7,162	(11)
Sales	4,001	3,883	3	12,631	3
Operating income	(185) ¹	65	na	(293)	na
Operating margin	(4.6)%	1.7%	(6.3)	(2.3)%	(4.6)
ROC, 12M	(3.1)%	6.5%	(9.6)	(3.1)%	(9.6)

Highlights

- Downturn in world economy affects bus industry, mainly coach segments in North America and Europe
- Work force - and cost structure reductions to meet changed market conditions
- Positive development of order backlog based on good development in Asia and International markets
- Elected Bus Builder of the year - thanks to the new product program

In Focus

- Profit improvement
 - continued change of industrial structure in North America and Europe
 - cost rationalisations
 - expense reductions
- Capitalize on introduced TX platform

¹ Incl. SEK 25 M capitalisation of development costs excl. restructuring costs SEK 42 M



Volvo awarded:

Bus Builder of the year 2002

for the new product range

and

Grand Prix Daniël Parmentier

for the best and safest coach
exhibit on Busworld 2001 show

Volvo Construction Equipment

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First Nine Months 2001

SEK M	Third Quarter			First Nine Months	
	2001	2000	Change, %	2001	Change, %
Sales	5,388	4,804	12	16,143	8
Operating income	266 ¹	282	(6)	755	(43)
Operating margin	4.9%	5.9%	(1.0)	4,7%	(4.3)
ROC, 12M	8.4%	17.6%	(9.2)	8.4%	(9.2)

Highlights

- N American and European markets continues to slow down
- Strong quarter in terms of sales mainly driven by currency
- Increased market shares in certain areas
- Operating Income almost flat
- Continued positive cash flow
- Decision taken to close fabrication in Asheville
- Compact segment declines more than General Purpose

In Focus

- Management of redundancy program in progress
- Price management
- Continue to gain market shares

1) incl. SEK 61 M capitalisation of development costs and excl. restructuring cost SEK 84M

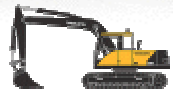
Crawler Excavators



Volvo EC140



Volvo EC150



Volvo EC160



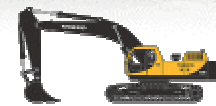
Volvo EC210



Volvo EC240



Volvo EC290



Volvo EC360



Volvo EC460

Articulated Haulers



Volvo A20C 6x6



Volvo A25C 4x4



Volvo A25C 6x6



Volvo A25C 6x6
Container



Volvo A25C 6x6
Light Material



Volvo A30C 6x6



Volvo A35D 6x6



Volvo A40D 6x6

Volvo Penta

First Nine Months 2001

SEK M	Third Quarter			First Nine Months	
	2001	2000	Change, %	2001	Change, %
Sales	1,774	1,610	10	5,486	12
Operating income	141 ¹	121	17	530	26
Operating margin	7.9%	7.5%	0.4	9.7%	1.1
ROC, 12M	48,4%	42,0%	6.4	48,4%	6,4

Highlights

- Strong sales development and order intake
- New products positively received
- Continued diesel growth

In Focus

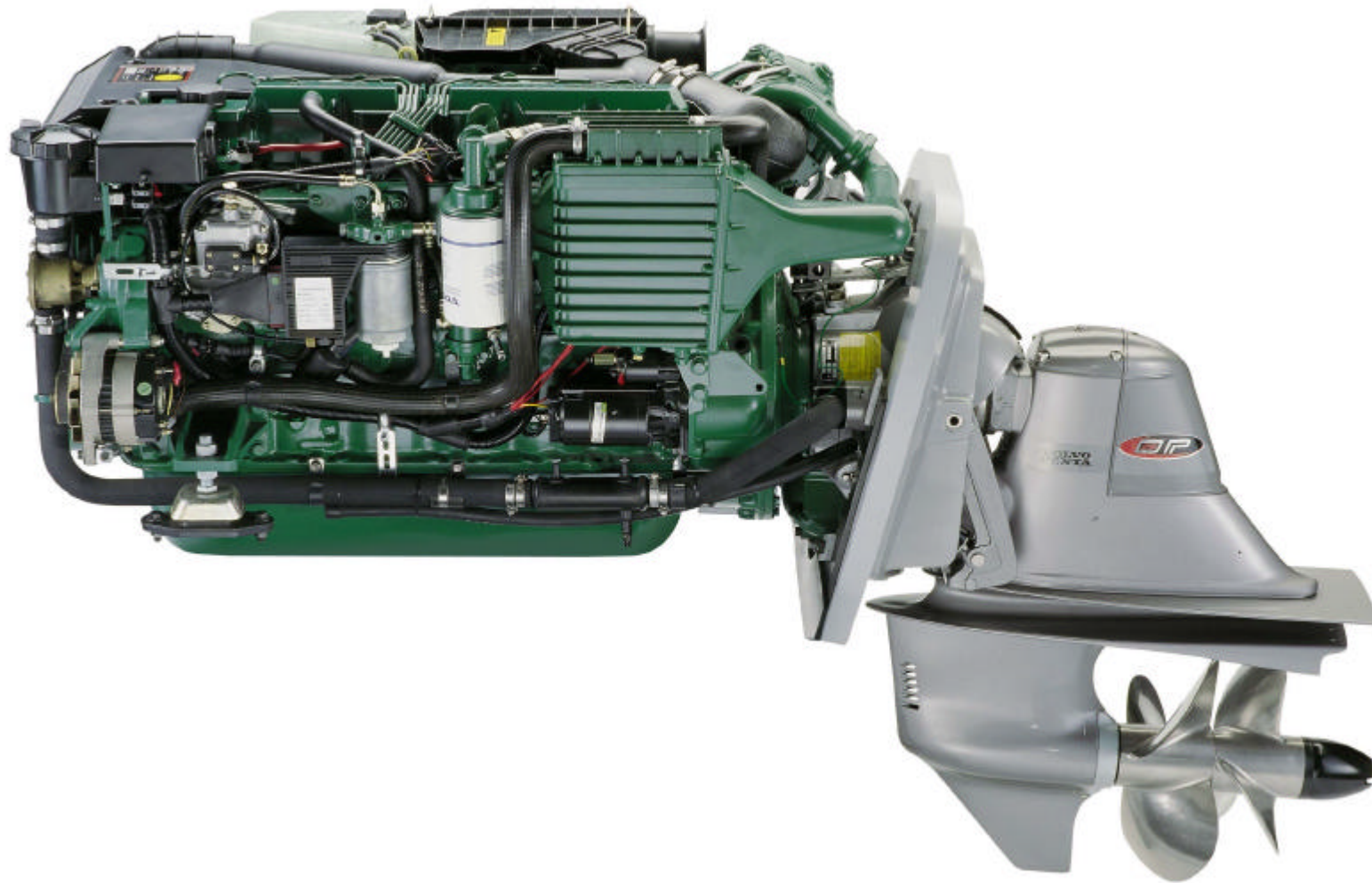
- World market development
- Strong cost control
- Balanced product plan
- Industrial and marine diesel development

1) incl. SEK 12 M capitalisation of development costs

Volvo Penta D2-55



Volvo Penta KAD300/DP



Volvo Aero

First Nine Months 2001

SEK M	Third Quarter			First Nine Months	
	2001	2000	Change, %	2001	Change, %
Sales	2,994	2,814	6	8,661	11
Operating income	118 ¹	72	64	564	23
Operating margin	3.9%	2.6%	1.3	6.5%	0.6
ROC, 12M excl. Aero Serv.	22,2%	28,3%	(6.1)	22,2%	(6.1)

Highlights

- Sharp decline in air traffic after terrorist attack
- Boeing / Airbus cut down prognosis
- Volvo Aero Services downsizes
- Need for further reduction

In Focus

- Cash management
- Continued adaptation to a new market situation
- Monitoring of new business opportunities

1) incl. SEK 0 M capitalisation of development costs

Volvo Financial Services

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First Nine Months 2001

SEK M	Third quarter			Nine months	
	2001	2000	Change, %	2001	Change, %
Operating income	69	220	(69)	245	(82)
ROE	5.2%	17.0%	(11.8)	5.2%	(11.8)
Assets, MSEK	72,614	63,144	15	72,614	15
Equity ratio	11,0%	11,7%	(0,7)	11,0%	(0,7)

Highlights

- Continued stabilisation of US Truck portfolio
- Europe showing signs of slowdown
 - softness in UK market
- Insurance, Real Estate and Treasury positive development

In Focus

- Operational efficiency
- RVI and Mack financial services
 - full integration Q4
- Further growth prospects
 - integrated offer for all BA's
 - development of insurance

Summary

- Business conditions
 - Continued recession in North America
 - Downturn in Europe
- Cyclical adjustments and structural changes
- Focus on generating positive cash flow
- Global Trucks
 - Integration proceeding on schedule
 - Major restructuring program in North America
- Exciting new products launched
 - New Renault Magnum Truck
 - Marine Engine KAD 300
 - Luxury Coach Volvo 9900