

VOLVO

First Quarter 2002

Press Conference

April 22, 2002

Highlights

First Quarter

- Business conditions:
 - Recession in North America continues
 - Downward trend in Europe
- New products introduced
 - Volvo FH/FM
 - Wheel loaders E series
 - Excavators B series
- Changeover in production
- Strong order intake in Q1

In Focus Going Forward

Short Term

- Ramp-up of newly introduced products
- Manage the cyclical by Business Area

Long Term

- Capitalize on the strong product portfolio
- Build a competitive position
 - Powertrain and 3P
 - Integration of truck operations

Sales by Market Area

First Quarter 2002

SEK M	Split	First Quarter		
		2002	2001	Change
Western Europe	52%	21,097	23,697	-11%
Eastern Europe	3%	1,318	1,199	10%
North America	29%	11,738	13,441	-13%
South America	3%	1,211	1,379	-12%
Asia	7%	2,650	1,941	37%
Others	6%	2,371	2,093	13%
Total	100%	40,385	43,750	-8%

- Sales 11% lower when adjusted for currency effects and changes in the group structure
- Lower deliveries of trucks and construction equipment in Western Europe
- Recession in North America continues
- Strong demand in Asia and Eastern Europe

Sales by Business Area

First Quarter 2002

SEK M	Split	First Quarter		
		2002	2001	Change
Trucks	66%	26,558	29,121	-9%
Buses	8%	3,165	3,715	-15%
Construction Equipm.	11%	4,476	4,688	-5%
Penta	5%	1,962	1,736	13%
Aero	6%	2,485	2,607	-5%
Others & Eliminations	4%	1,739	1,883	-8%
Volvo Group	100%	40,385	43,750	-8%

- Trucks - Deliveries down both in Europe and North America
- Bus - Lower coach sales and North American bus J/V now consolidated with proportional method
- Construction Equipment - Continued soft market conditions (North America -9% and Western Europe -6%)
- Penta - Continued strong sales increase
- Aero - Still high volumes within Aerospace Components

Operating Income by Business Area

First Quarter 2002

SEK M	First Quarter	
	2002	2001
Trucks	(474)	150
Buses	(94)	(83)
Construction Equipm.	(131)	81
Penta	146	167
Aero	78	160
Financial Services	115	113
Others & Eliminations	(2)	(86)
Restructuring costs	-	(1,319)
Volvo Group	(362)	(817)

- Trucks - Volvo FH/FM ramp-up in Europe and continued losses in North America
- Construction Equipment - unfavourable geographic mix combined with vendor supply and ramp-up issues
- Bus - Progress in turn around activities offset by negative development in South America and Mexico
- Penta - Continued strong performance
- Aero - Engine maintenance and spare parts sales suffering from market downturn
- Financial Services - Stable improvements in US

Trucks

First Quarter

SEK M	First Quarter		
	2002	2001	Change
Volume (units)	33,322	42,139	-21%
Sales	26,558	29,121	-9%
Operating income	(474)	150	n.a.
Operating margin %	-1.8%	0.5%	(2.3)

Highlights

- Business Environment
 - North America showing signs of bottoming out
 - Europe coming down
- Improved order intake in all regions in Q1
- Production changeover Volvo FH/FM

In Focus

- Secure ramp-up
- Manage US '02 implementation
 - Demand pattern
 - Engine certification
- Cash-flow

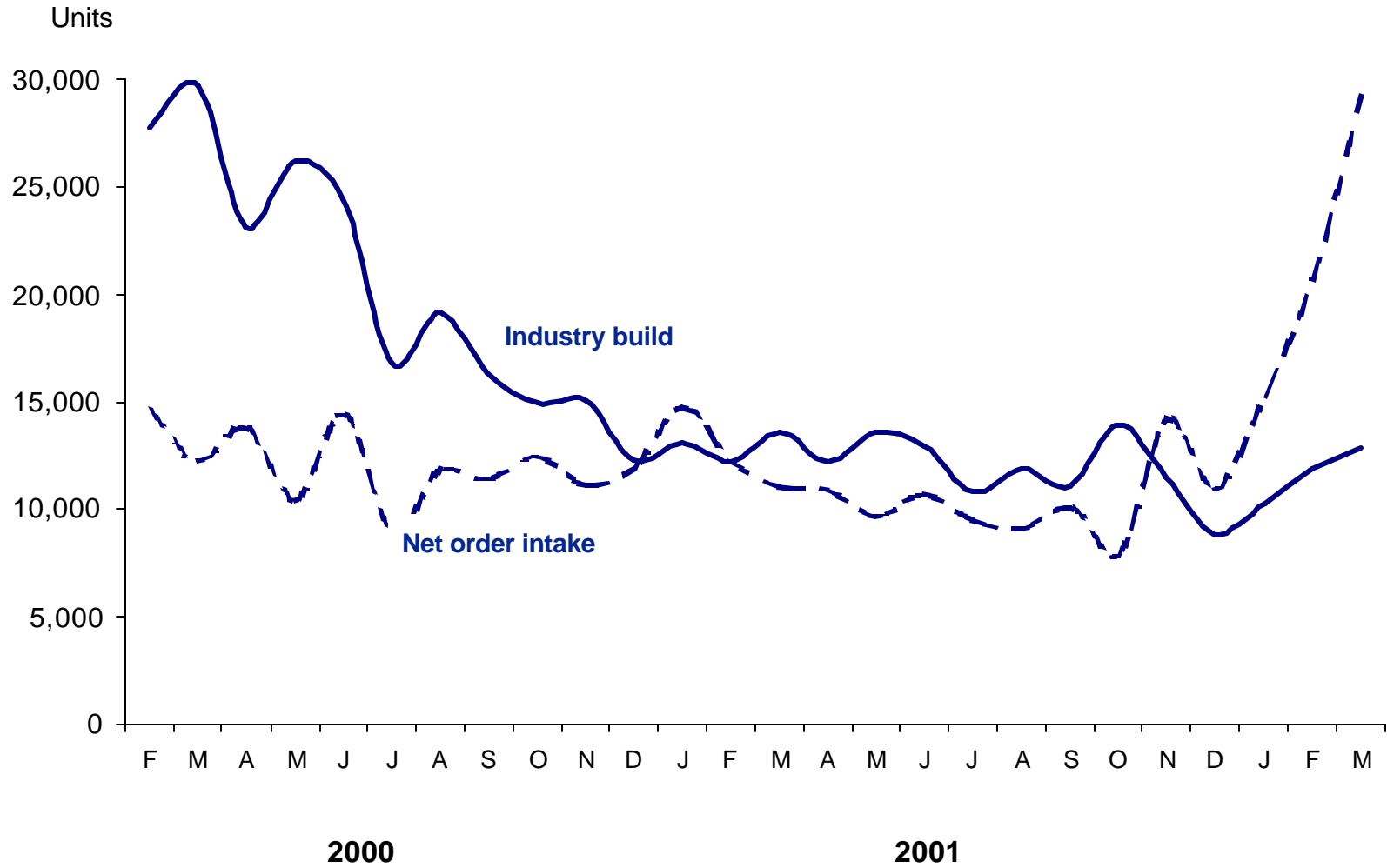
Note: Excluding restructuring costs

Truck Deliveries

First Quarter

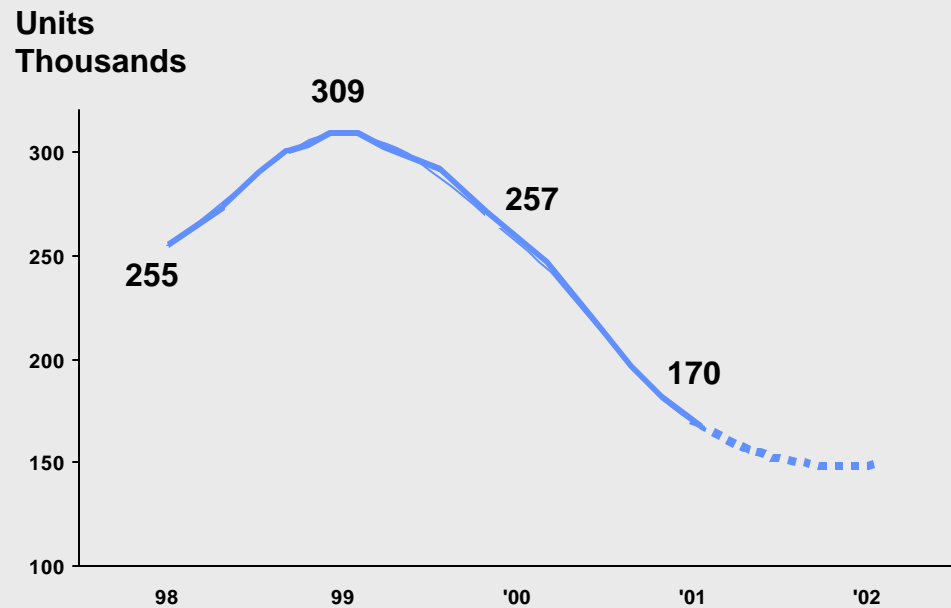
First Quarter			
	2002	2001	Change
Total Europe	20 821	27 517	-24%
Western Europe	19 341	25 883	-25%
Eastern Europe	1 480	1 634	-9%
North America	7 442	10 150	-27%
South America	1 163	1 283	-9%
Asia	1 718	1 132	52%
Rest of the world	2 178	2 057	6%
Total	33 322	42 139	-21%

Business Environment North America



Total Market Heavy Trucks

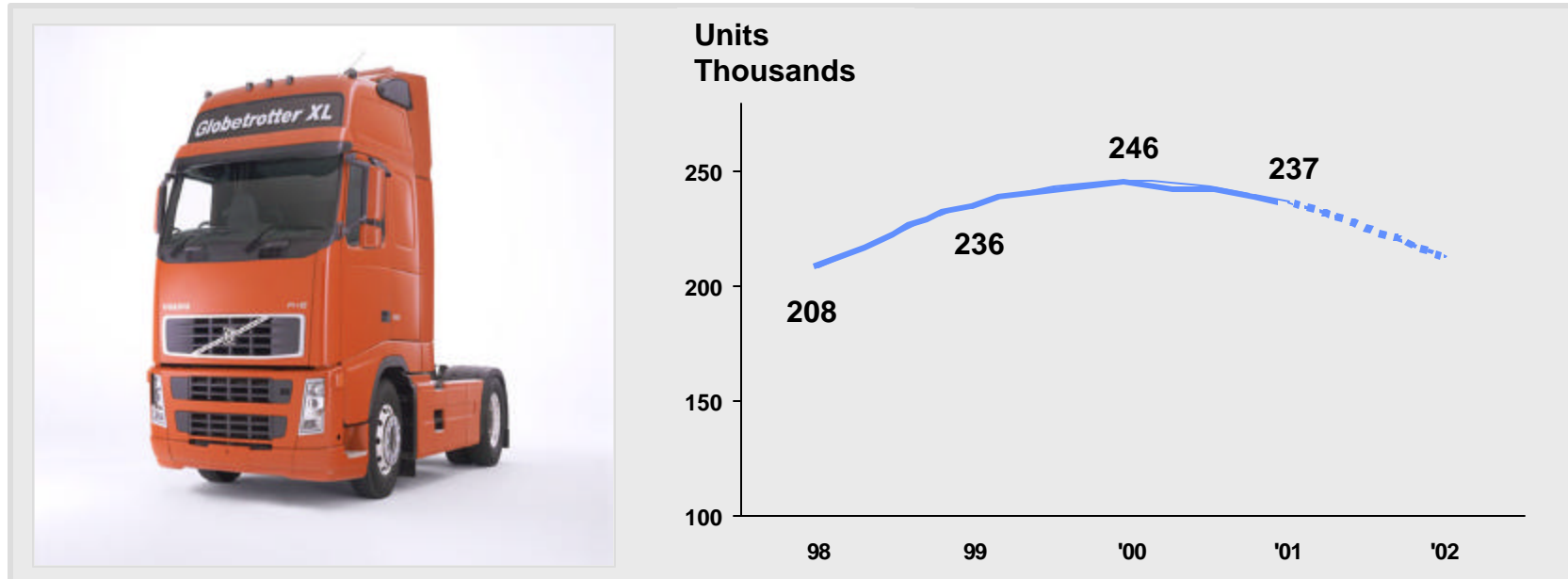
NAFTA Retail Sales Forecast



Source: Volvo Trucks; EUD, April 2, 2002

Total Market Heavy Trucks

W. Europe Registration Forecast



Source: Volvo Trucks; EUD, April 2, 2002

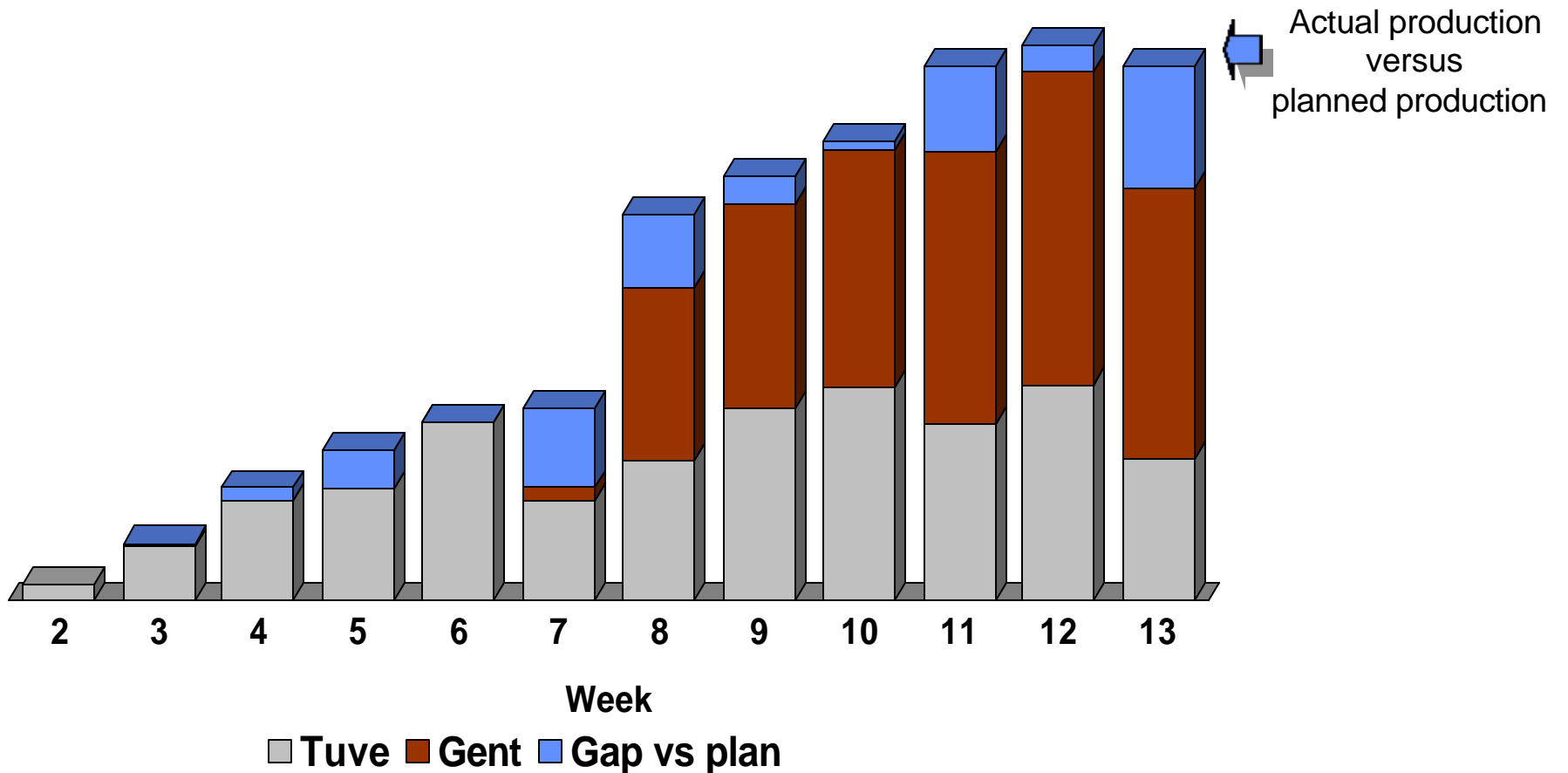
Introduction of the New Volvo FM and FH



- Very positive response from customers, dealers and press
- Strong order intake (~20,000)
- Price realization
- First quarter volume drop due to changeover in production



Production Ramp-up of New Volvo FM and FH

First quarter 2002



Customer Value of Decreased Fuel Consumption

5 years ownership

Euro	Distribution FM9	Long distance FH12
Fuel consumption improvement	 60,000 km/year	 180,000 km/year
1%	~ 500	~ 1,800
2%	~ 1,000	~ 3,600
3%	~ 1,500	~ 5,400

Customer Benefits

- Driver productivity
- Fuel efficiency
- Safety
- Increased up-time
- Customer adopted chassis solutions



Volvo Buses

First Quarter

SEK M	First Quarter		
	2002	2001	Change
Volume (units)	1,842	2,117	-13%
Sales	3,165	3,715	-15%
Operating income	(94)	(83)	n.a.
Operating margin %	-3.0%	-2.2%	(0.7)

Highlights

- Coach sales low due to unfavourable development of the tourism business
- Significant decline in South America and Mexico
- Progress in turn around activities
- High utilization in the Nordic body builders

In Focus

- Increase productivity in Europe
- Secure an improved price realization
- Manage the exit of the US transit market

Volvo Construction Equipment

First Quarter

SEK M	First Quarter		
	2002	2001	Change
Sales	4,476	4,688	-5%
Operating income	(131)	81	n.a.
Operating margin %	-2.9%	1.7%	(4.7)

Highlights

- Continued soft market conditions
- Ramp-up and vendor supply issues
- Acquisition of Compaction Equipment
- New Backhoe Loader introduced
- B-series Excavator and E-series Wheel Loader launched
- Agreement to produce cabs for Komatsu
- Establishment of production in China

In Focus

- Return to profitability
- Secure vendor supply and ramp-up
- Strong order book - make sure to deliver

New Heavy Construction Equipment



Excavators B - series

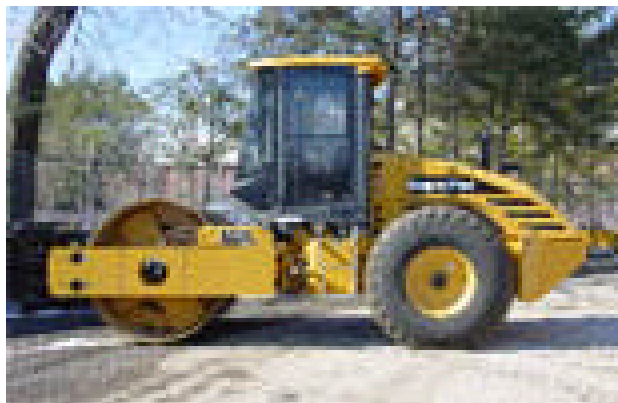


Articulated Haulers D - series



Wheel Loaders E - series

Product Range Extension



Volvo Penta

First Quarter

SEK M	First Quarter		
	2002	2001	Change
Sales	1,962	1,736	13%
Operating income	146	167	n.a. 1)
Operating margin %	7.4%	9.6%	(2.2)

Highlights

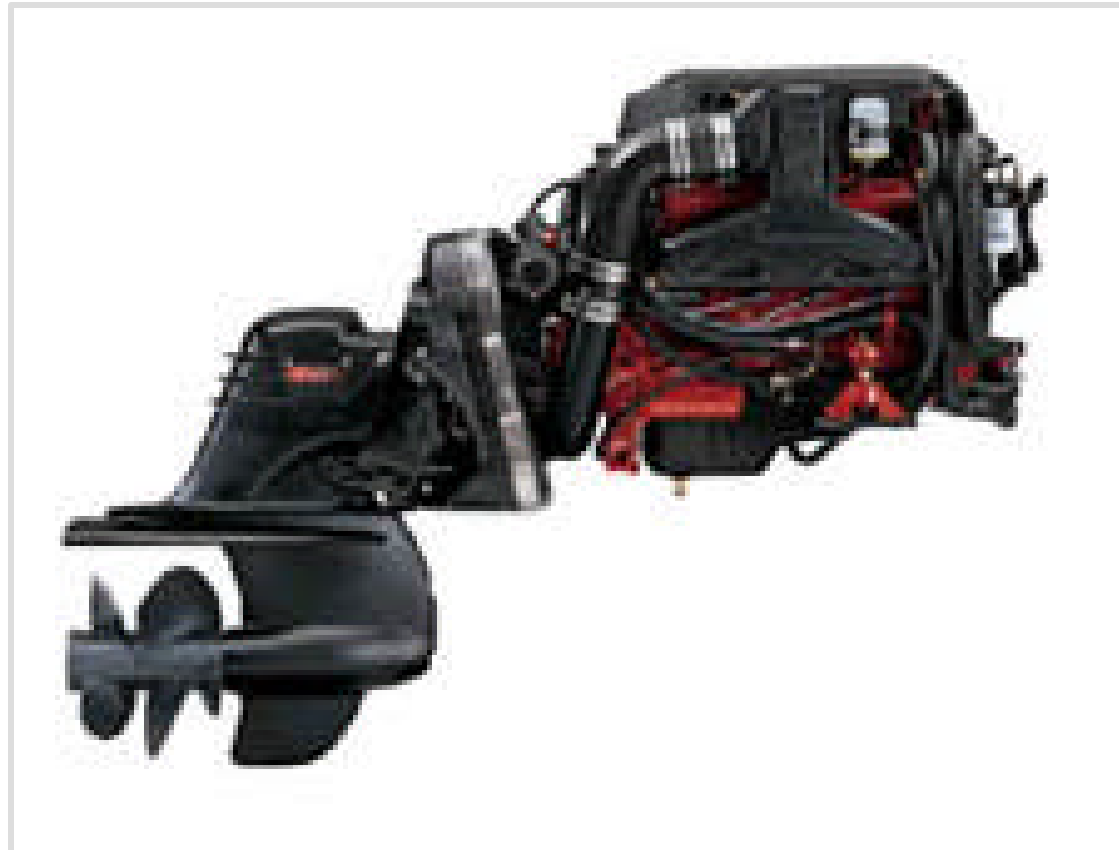
- Continued strong sales and operating income
- Signs of recovery in the U.S.
- Positive cash-flow
- Business in order

In Focus

- Cash-flow
- Cost control
- Growth in Marine Commercial
- World market trends

1) changes in cost allocations

Ocean Series



Volvo Aero

First Quarter

First Quarter				
SEK M	2002	2001	Change	
Sales	2,485	2,607	-5%	
Operating income	78	160	-51%	
Operating margin %	3.1%	6.1%	(3.0)	

Highlights

- Slow recovery in air traffic, but lower yield
- Aircraft excess situation stabilized on a high level
- Engine maintenance and spare part sales suffering from the market downturn
- Still high volumes in Aerospace Components

In Focus

- Adaptation to a declining new engine market
- Cash-flow
- Increase marketing activities within after market service

Major overhaul order received from Aeroflot



Volvo Financial Services

First Quarter

SEK M	First Quarter		
	2002	2001	Change
Operating income	115	113	1.8%
ROE %	4.1%	5.3%	-1.2%
Assets, MSEK	71,323	71,588	-0.4%
Equity ratio	10.3%	12.0%	(1.7)

Highlights

- Slower growth and improved diversification
- Stable improvements in US
 - Lower frequency of repossessions, but severity continues to remain high

In Focus

- Competitive alignment, pro forma pricing and portfolio control
- Higher volume through Mack Trucks, Renault Trucks and other Business Areas

Volvo Group Summary

- Business conditions
 - Recession in North America continues. Upturn?
 - Downward trend in Europe
- Product renewal in Construction Equipment
- Focus on ramp-up of new products
- Focus on Cash Flow