

VOLVO

**Fourth Quarter and Full Year 2002
Press Conference, February 7, 2003**

Highlights

Fourth Quarter and Full Year

- Business environment
 - Low demand in N. America
 - Continued downward trend in Europe
- Strengthening the N. American Truck business
 - Successful Mack production transfer
 - Stop days at Mack / Macungie
 - Dealer optimization
- Successful Volvo VN launch – 6000 orders
- Provisions in Volvo CE for dealer restructuring in North America
- Positive trend in Volvo Buses
- Strong positive Cash Flow – Proposed dividend, SEK 8.00
- Positive EPS development in a difficult year SEK 3.30 (SEK -3.50)

In Focus Going Forward

- Business Cycle Management
- Cash flow
- Continued truck integration
- Capitalize on the strong product portfolio

Sales by Market Area

Fourth Quarter 2002

| SEK M | Fourth Quarter | | | | Full Year | | |
|----------------|----------------|---------------|---------------|------------|----------------|----------------|------------|
| | Split | 2002 | 2001 | Change | 2002 | 2001 | Change |
| Western Europe | 55% | 25,272 | 25,702 | -2% | 92,331 | 93,147 | -1% |
| Eastern Europe | 5% | 2,382 | 2,429 | -2% | 7,437 | 6,383 | 17% |
| North America | 24% | 10,800 | 12,454 | -13% | 50,206 | 54,630 | -8% |
| South America | 3% | 1,158 | 1,473 | -21% | 4,667 | 6,018 | -22% |
| Asia | 8% | 3,712 | 3,632 | 2% | 12,644 | 10,862 | 16% |
| Others | 6% | 2,553 | 2,943 | -13% | 9,795 | 9,575 | 2% |
| Total | 100% | 45,877 | 48,633 | -6% | 177,080 | 180,615 | -2% |

- Sales increased with 1,5% when adjusted for changes in exchange rates and group structure

Sales by Business Area

Fourth Quarter 2002

| SEK M | Fourth Quarter | | | | Full Year | | |
|----------------------|----------------|---------------|---------------|------------|----------------|----------------|------------|
| | Split | 2002 | 2001 | Change | 2002 | 2001 | Change |
| Trucks | 68% | 31,133 | 32,580 | -4% | 118,752 | 116,568 | 2% |
| Buses | 8% | 3,852 | 4,044 | -5% | 14,035 | 16,675 | -16% |
| Construction Equipm. | 12% | 5,287 | 4,992 | 6% | 21,012 | 21,135 | -1% |
| Volvo Penta | 4% | 1,723 | 1,894 | -9% | 7,669 | 7,380 | 4% |
| Volvo Aero | 4% | 2,053 | 3,123 | -34% | 8,837 | 11,784 | -25% |
| Others | 4% | 1,829 | 2,000 | -9% | 6,775 | 7,073 | -4% |
| Volvo Group | 100% | 45,877 | 48,633 | -6% | 177,080 | 180,615 | -2% |

- Trucks - Deliveries on a high level in Europe
- Buses - Lower volumes in North America and Area International
- Construction Equipment - Sales up 6% due to increased market shares
- Volvo Penta - Launched products continued to generate good sales
- Volvo Aero - Sharp decline in sales for engine components and the after market

Operating Income by Business Area

Fourth Quarter 2002

| SEK M | Fourth Quarter | | Full Year | |
|----------------------|----------------|--------------|--------------|---------------------|
| | 2002 | 2001 | 2002 | 2001 |
| Trucks | 507 | 591 | 1,189 | 1,040 ¹⁾ |
| Buses | 33 | (231) | (94) | (524) |
| Construction Equipm. | (47) | 136 | 406 | 891 |
| Volvo Penta | 159 | 128 | 647 | 658 |
| Volvo Aero | (41) | 89 | 5 | 653 |
| Financial Services | 129 | 80 | 490 | 325 |
| Others | 83 | (20) | 194 | 143 ²⁾ |
| Restructuring costs | | (1,137) | | (3,862) |
| Volvo Group | 823 | (364) | 2,837 | (676) |

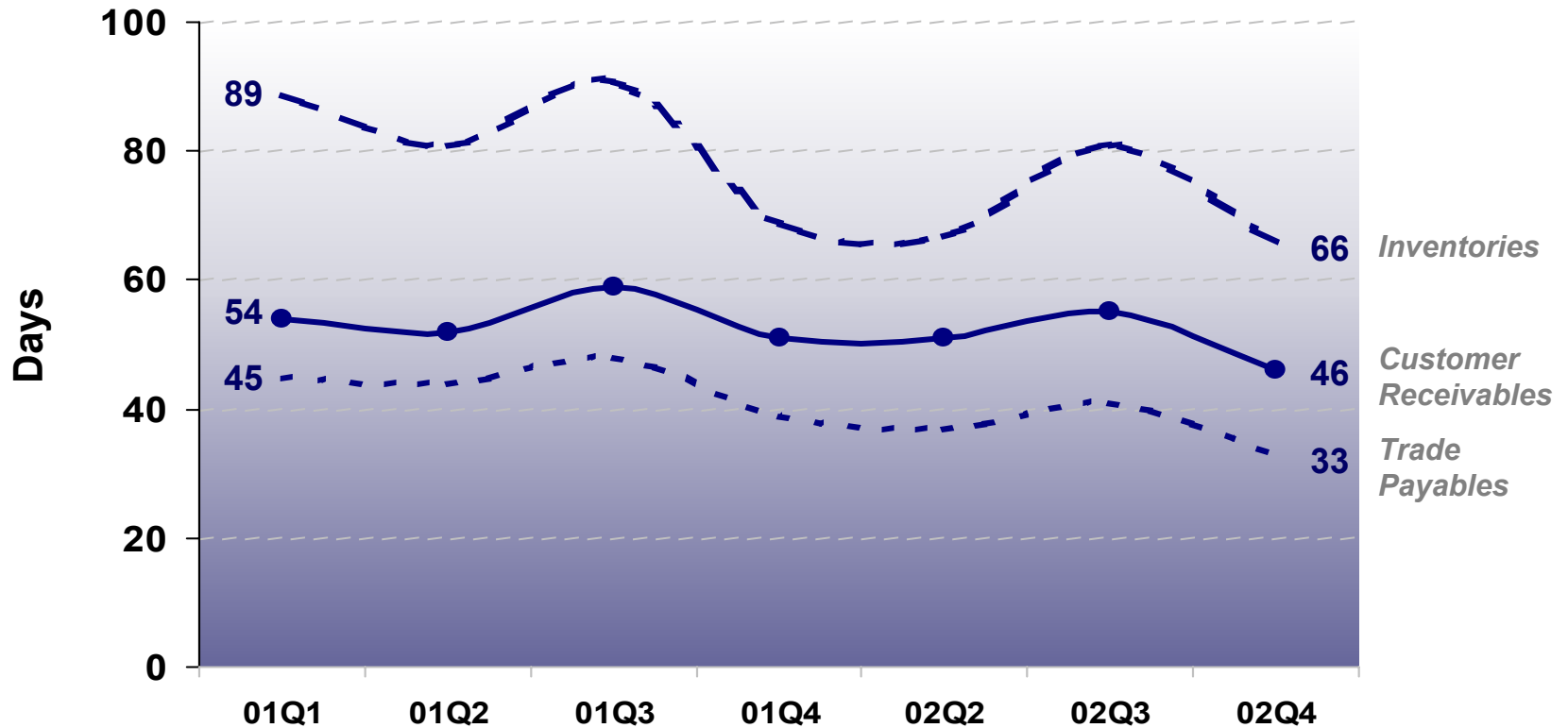
- Trucks – Good performance in Europe, production changeover in North America
- Buses - Continued improvements in a weak market
- Construction Equipment – Provisions related to dealer restructuring in N. American and wheeled excavators
- Volvo Penta – Continued strong profit and operating margin
- Volvo Aero - Downturn now affecting components, parts and maintenance
- Financial Services - Stable growth and steady returns

1) Including a capital gain of SEK 574 M from the divestiture of Mitsubishi holding

2) Scania dividend halved: 2001 SEK 637 M and 2002 SEK 318 M

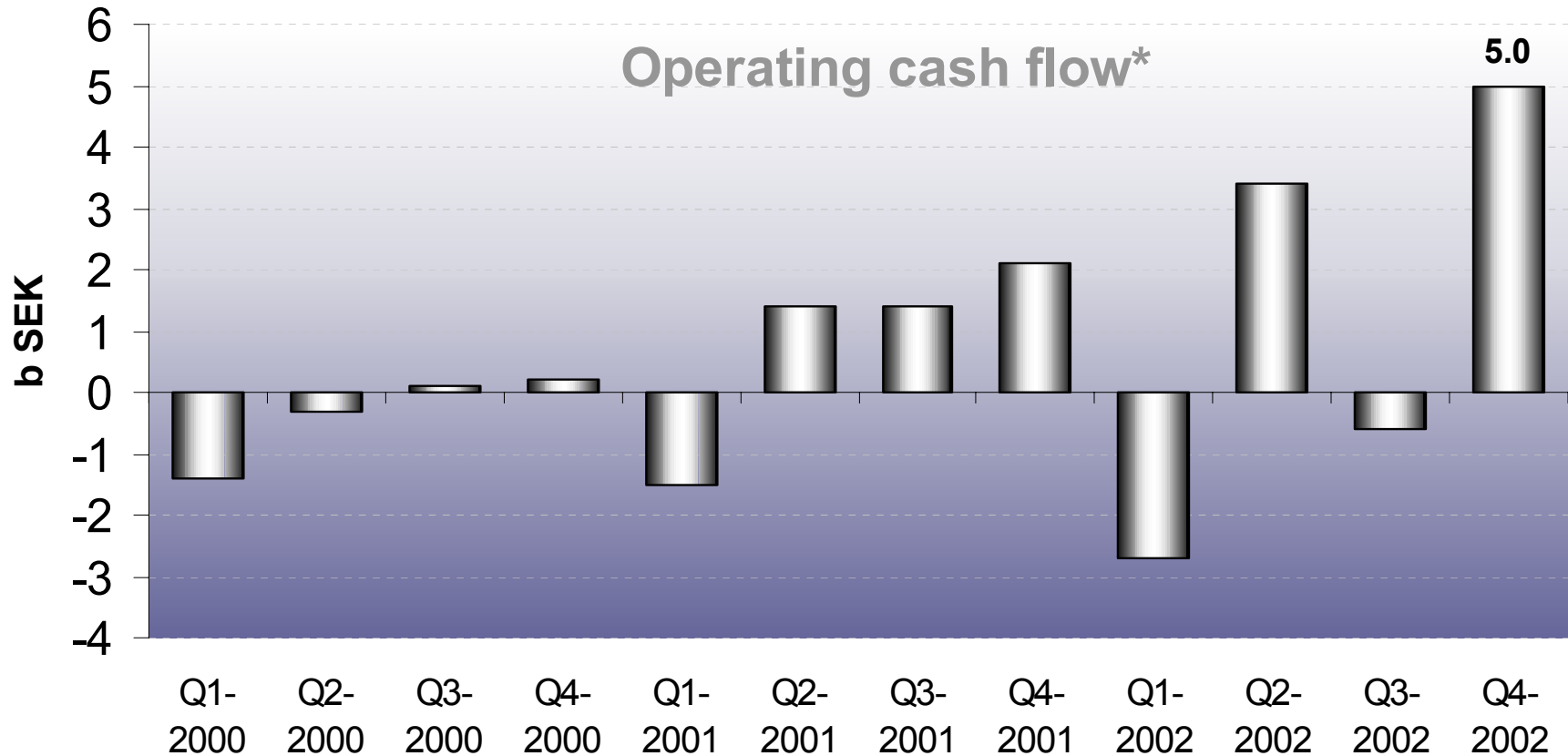
Development of Cash Conversion Cycle

2001-2002, excl. Sales Finance



Cash Flow Development

Fourth Quarter 2002



* Cash-flow after net investments excluding: Investments in shares, acquired & divested operations and Financial Services

Trucks

Fourth Quarter

| SEK M | Fourth Quarter | | | Full Year | |
|--------------------|----------------|--------|--------|-----------|-------------------|
| | 2002 | 2001 | Change | 2002 | Change |
| Volume (units) | 42,515 | 42,085 | 1% | 157,133 | 1% |
| Sales | 31,133 | 32,580 | -4% | 118,752 | 2% |
| Operating income | 507 | 591 | -14% | 1189 | 14% ¹⁾ |
| Operating margin % | 1.6% | 1.8% | (0.2) | 1.0% | 0.1 |

Highlights

- High deliveries and good result in Europe
- Strengthening the North American business:
 - Winnsboro plant closed
 - Ramp-up at New River Valley
 - 5 stop weeks at Macungie
- Dong Feng engine agreement
- Strong cash flow

In Focus

- North American integration
 - Dealer optimization
- Manage demand pattern
- Cash flow

1) Including a gain of SEK 574 M from divestiture of the Mitsubishi holding in 2001 Note: Excluding restructuring costs in 2001

Two Years of Truck Integration

Synergies on Plan



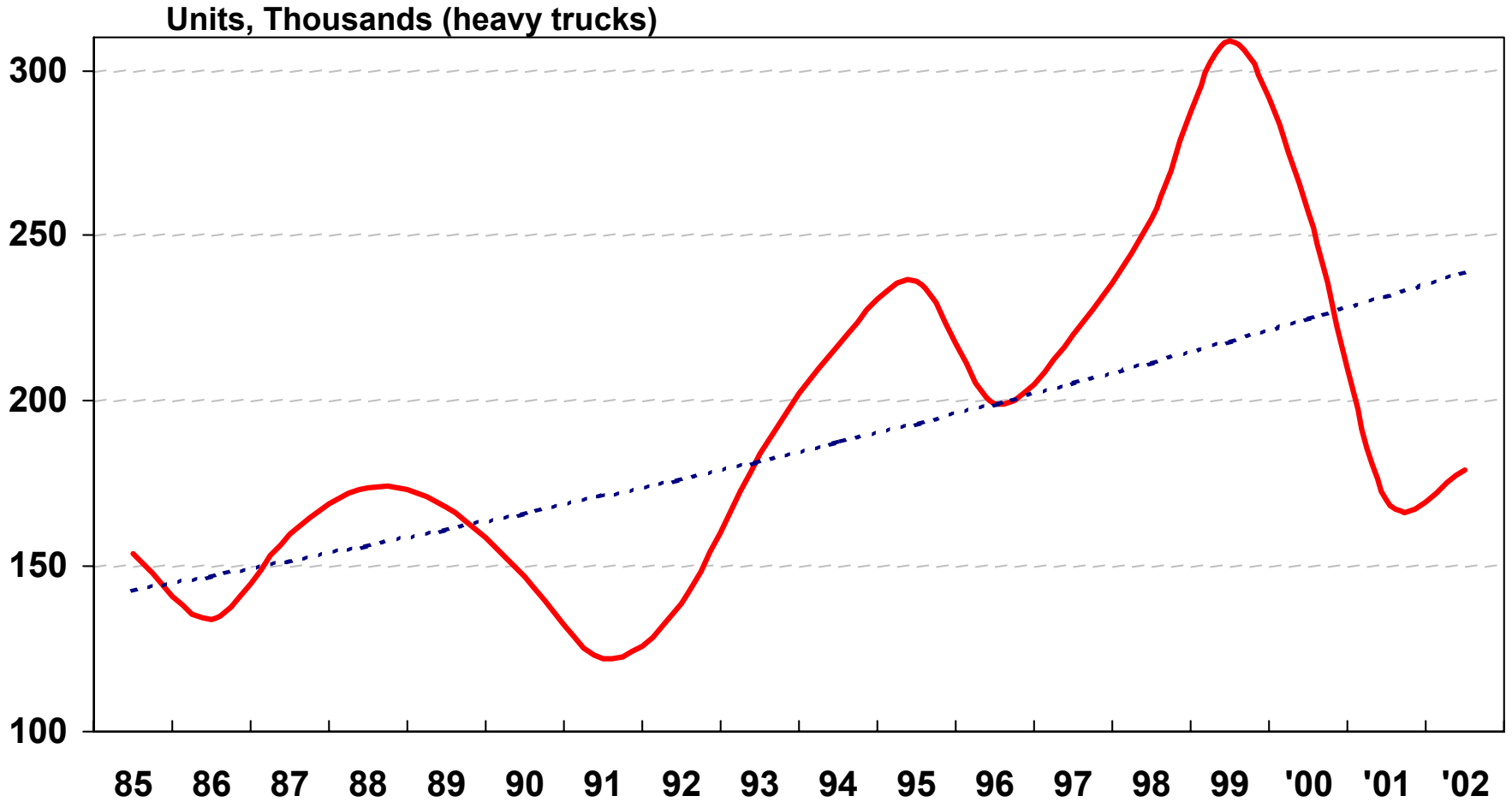
- Consolidation of diesel engine program
- Sharing of vehicle architecture
- Brand strategy in place
- Purchasing gains
- Expansion of Customer Finance
- Industrial restructuring
- Dealer optimization in North America

Volvo Trucks



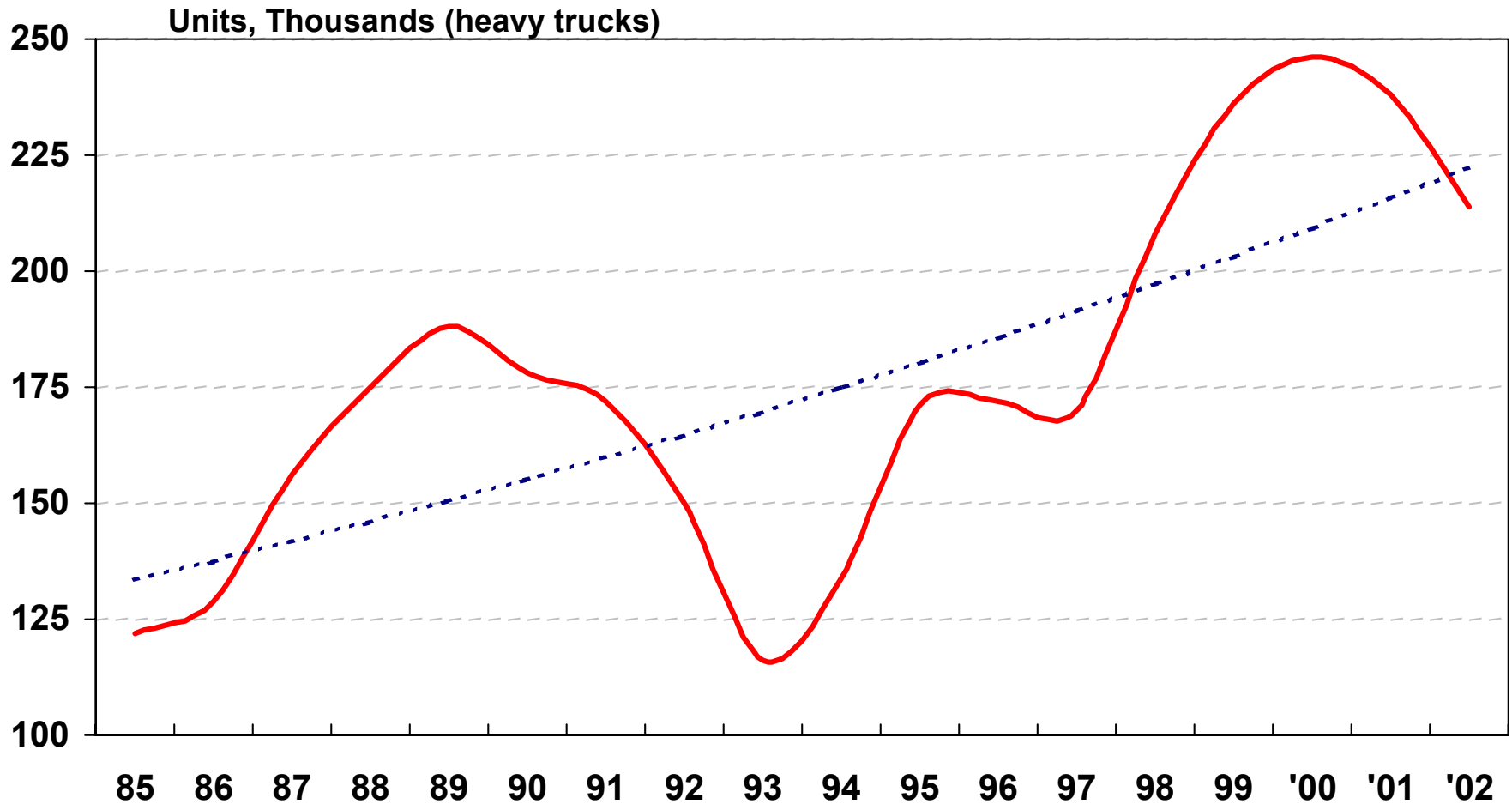
Heavy Duty Truck Market

North America



Heavy Duty Truck Market

Western Europe



Volvo Buses

Fourth Quarter

| SEK M | Fourth Quarter | | | Full Year | |
|--------------------|----------------|-------|--------|-----------|--------|
| | 2002 | 2001 | Change | 2002 | Change |
| Volume (units) | 2,752 | 2,791 | -1% | 9,059 | -9% |
| Sales | 3,852 | 4,044 | -5% | 14,035 | -16% |
| Operating income | 33 | (231) | n.a. | (94) | n.a. |
| Operating margin % | 0.9% | -5.7% | 6.6 | -0.7% | 2.4 |

Highlights

- Continued improvement of the operating result
- Restructuring in North America concluded
- The tourist coach market remains weak
- High delivery volumes in Nordic and Asia areas
- Improved performance in Mexico and China
- Continued deterioration of demand in the highly competitive Continental European markets

In Focus

- Continue the Turnaround program
- Cash flow
- Internal productivity- and cost management
- Performance based pricing

Volvo Buses

Preferred supplier for two of the major
intercity coach operators in Mexico



Volvo Construction Equipment

Fourth Quarter

| SEK M | Fourth Quarter | | | Full Year | |
|--------------------|----------------|-------|--------|-----------|--------|
| | 2002 | 2001 | Change | 2002 | Change |
| Sales | 5,287 | 4,992 | 6% | 21,012 | -1% |
| Operating income | (47) | 136 | n.a | 406 | -54% |
| Operating margin % | -0.9% | 2.7% | (3.6) | 1.9% | (2.3) |

Highlights

- Sales up 6% due to increased market shares
- Mixed market development
 - NA: Down 14 consecutive quarters and continued price pressure
 - EU: Continued decline in most markets
- Start-up costs for new compact products
- Operating income affected by provisions for:
 - Dealer restructuring in North America
 - Rationalization of the production of Wheeled Excavators
- Good cash flow

In Focus

- Execute Articulated Hauler restructuring
- Capitalize on new products
- Distribution channel development

Volvo Construction Equipment Product Range



Articulated Hauler



Wheel Loader



Excavator



Motor Grader



Compact Wheel Loader



Skidsteer Loader



Compaction



Compact Excavator



Backhoe Loader



Telescopic Handler

The Volvo Skidsteer Loader



Volvo Penta

Fourth Quarter

| SEK M | Fourth Quarter | | | Full Year | |
|--------------------|----------------|-------|--------|-----------|--------|
| | 2002 | 2001 | Change | 2002 | Change |
| Sales | 1,723 | 1,894 | -9% | 7,669 | 4% |
| Operating income | 159 | 128 | na 1) | 647 | na 1) |
| Operating margin % | 9.2% | 6.8% | na 1) | 8.4% | na 1) |

Highlights

- Strengthened market shares
- Good operating margins
- Strong cash flow
- Good customer satisfaction in marine leisure confirmed by JD powers

In Focus

- Product renewal
- World market development
- Cost control
- Cash flow

1) Not applicable due to changes in cost allocations

Four-blade Folding Propeller



Volvo Aero

Fourth Quarter

| SEK M | Fourth Quarter | | | Full Year | |
|--------------------|----------------|-------|--------|-----------|--------|
| | 2002 | 2001 | Change | 2002 | Change |
| Sales | 2,053 | 3,123 | -34% | 8,837 | -25% |
| Operating income | (41) | 89 | n.a. | 5 | -99% |
| Operating margin % | -2.0% | 2.8% | (4.8) | 0.1% | (5.4) |

Highlights

- Air traffic lower than 2000. No recovery in sight
- The threat of war in Iraq delays the recovery
- US airlines in deep financial difficulties
- Continued decrease in deliveries of new aircraft
- Still no upturn in engine maintenance and spare parts
- Full year breakeven and strong cash flow

In Focus

- Continued adaptation to a declining market
- Increased sales force and sales activities
- Cash flow

Volvo Aero

Agreement with Corsair covering
overhaul of engines, worth more than
SEK 400 M



Volvo Financial Services

Fourth Quarter

| SEK M | Fourth Quarter | | | Full Year | |
|------------------|----------------|--------|--------|-----------|--------|
| | 2002 | 2001 | Change | 2002 | Change |
| Operating income | 129 | 80 | 61% | 490 | 51% |
| ROE % 1) | 4.8% | 4.2% | 0.6% | 4.8% | 0.6 |
| Assets, MSEK | 69,364 | 73,528 | -5.7% | 69,364 | -5.7% |
| Equity ratio | 10.8% | 10.3% | 0.5 | 10.8% | 0.5 |

Highlights

- 8% portfolio growth (currency adjusted) in 2002, mainly driven by Renault and Mack financing
- 6th consecutive quarter of operating income growth
- 4% productivity improvement in 2002

In Focus

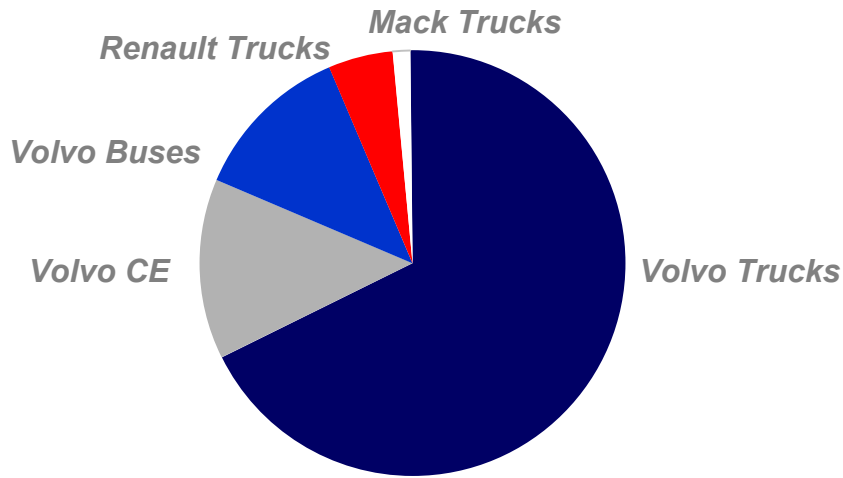
- Emphasis on prudent underwriting with competitive pricing
- Management of Concentration risk
- Customer surveys and benchmarking

1) Calculated as a 12 month rolling average

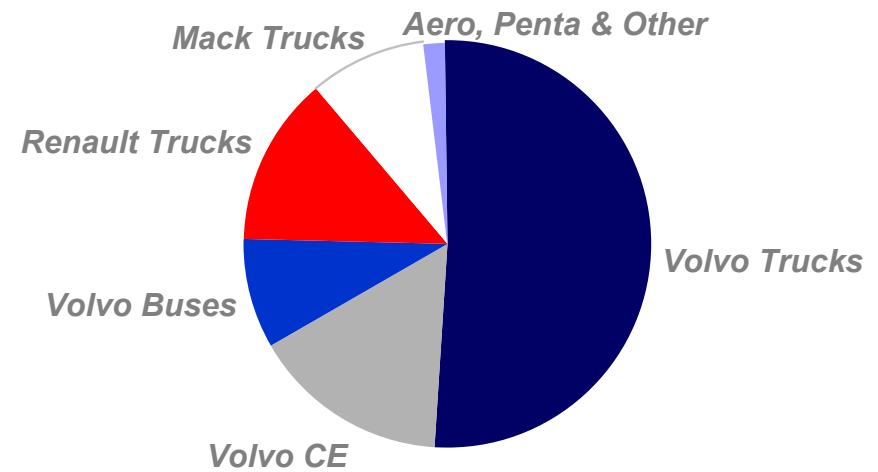
Increasing Diversification

Volvo Financial Services

Volume 2001



Volume 2002



Volvo Group

Summary

- 2002 - a challenging year
 - Difficult business climate
 - Major product launches / production changeovers
 - Structural changes
- Strong cash flow and EPS development
- Proposed dividend: SEK 8.00

VOLVO