

VOLVO

Second Quarter 2003
Press Conference, July 23

Highlights

Second Quarter

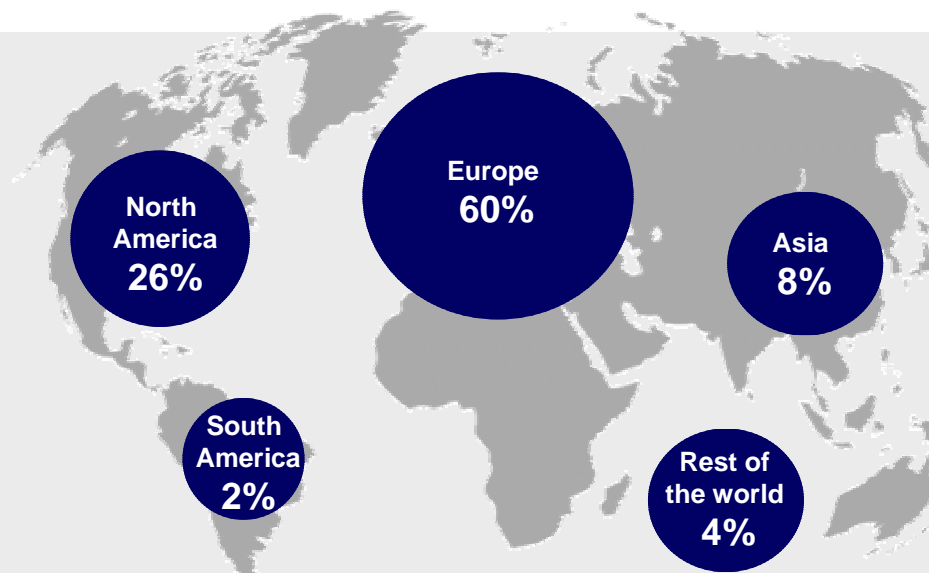
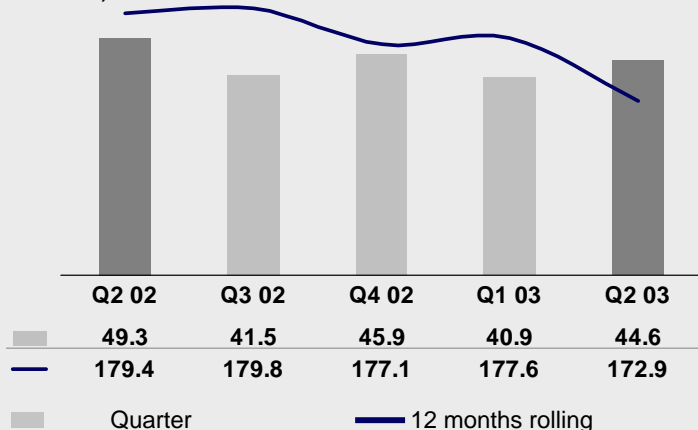
- Business cycle bottoming out
- Earnings improvement through Truck synergies
 - Significantly improved result in N. America for both Mack and Volvo Trucks
 - Strong improvement in Renault Trucks
- Strong quarter in Volvo CE
- Continued product renewal
- Strengthening of dealer networks
 - Public offer for Bilia commercial division accepted
 - Mack / Volvo optimization in N. America
 - LB Smith acquisition
- Positive cash flow
- Strong EPS development SEK 4.10 (SEK 2.60)

In Focus Going Forward

- Adapt to changes in demand
- Development in Buses
- Integration and optimization of dealer networks

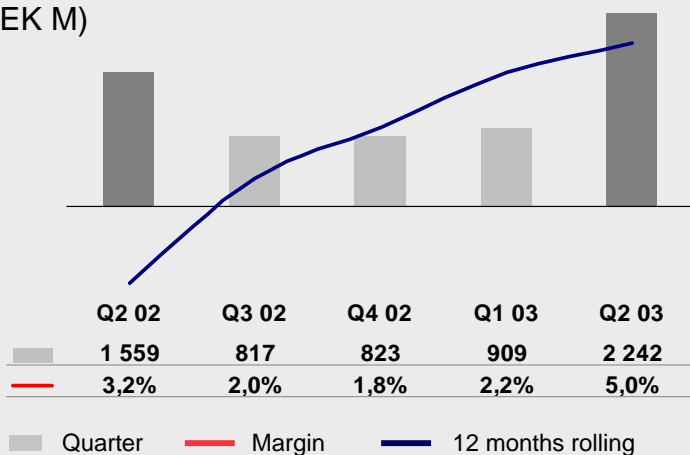
Net sales

(SEK bn)



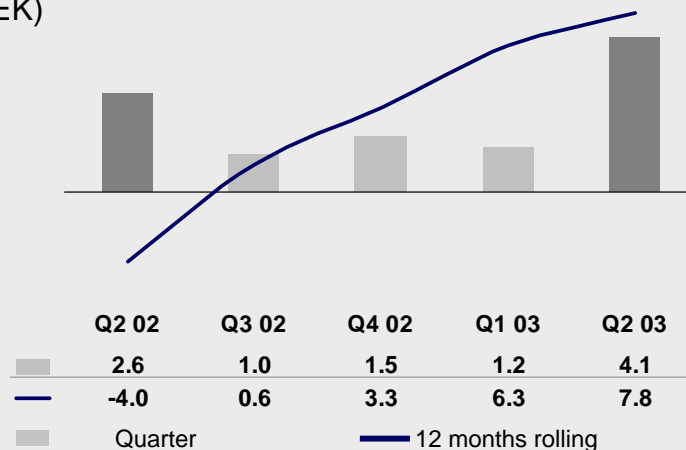
Operating income

(SEK M)



Earnings per share

(SEK)

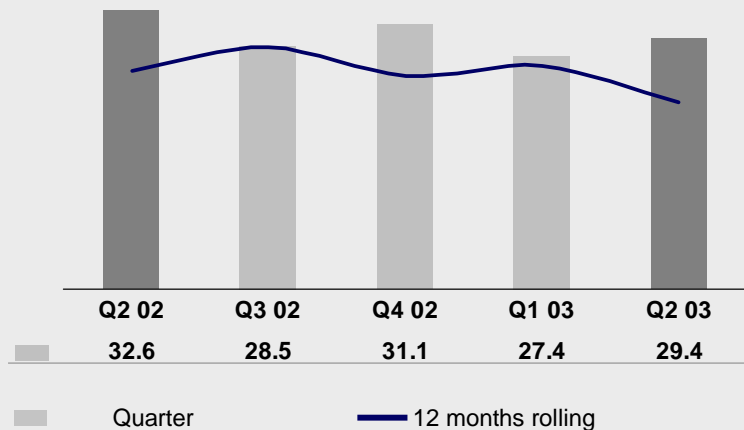


Trucks

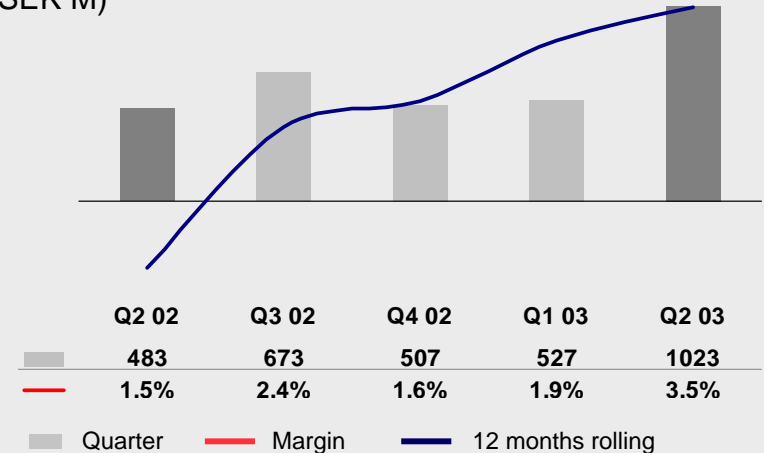
Second Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Earnings improvement through synergies
 - Significantly improved result in North America for Mack and Volvo Trucks
 - Continued improvements in Renault Trucks
- New Volvo FH16 launched
- Joint venture agreement with CNHT

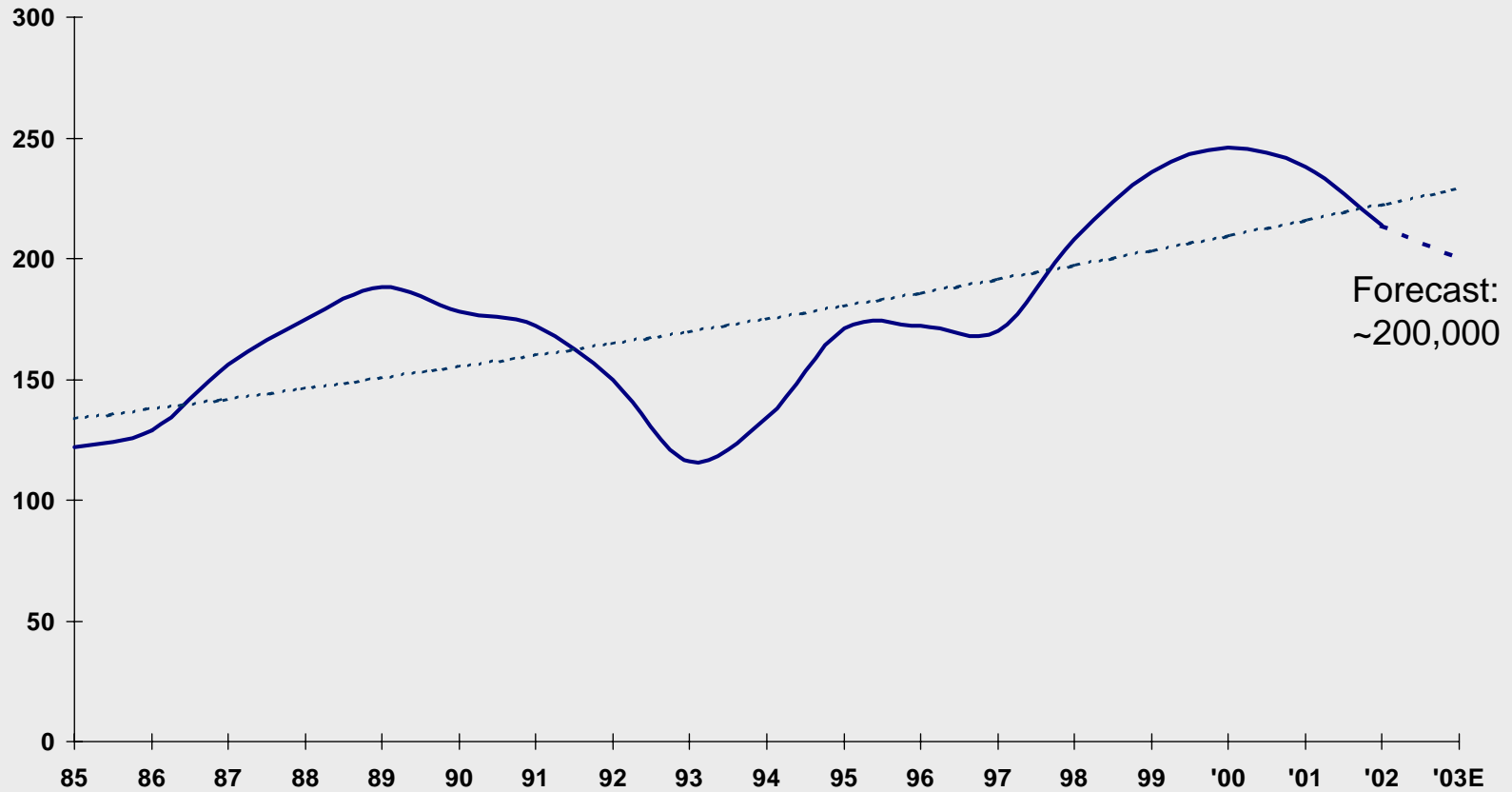
In Focus

- Distribution network
 - KFAB integration Europe
 - North American optimization
- Cash flow

Heavy Duty Truck Market Western Europe



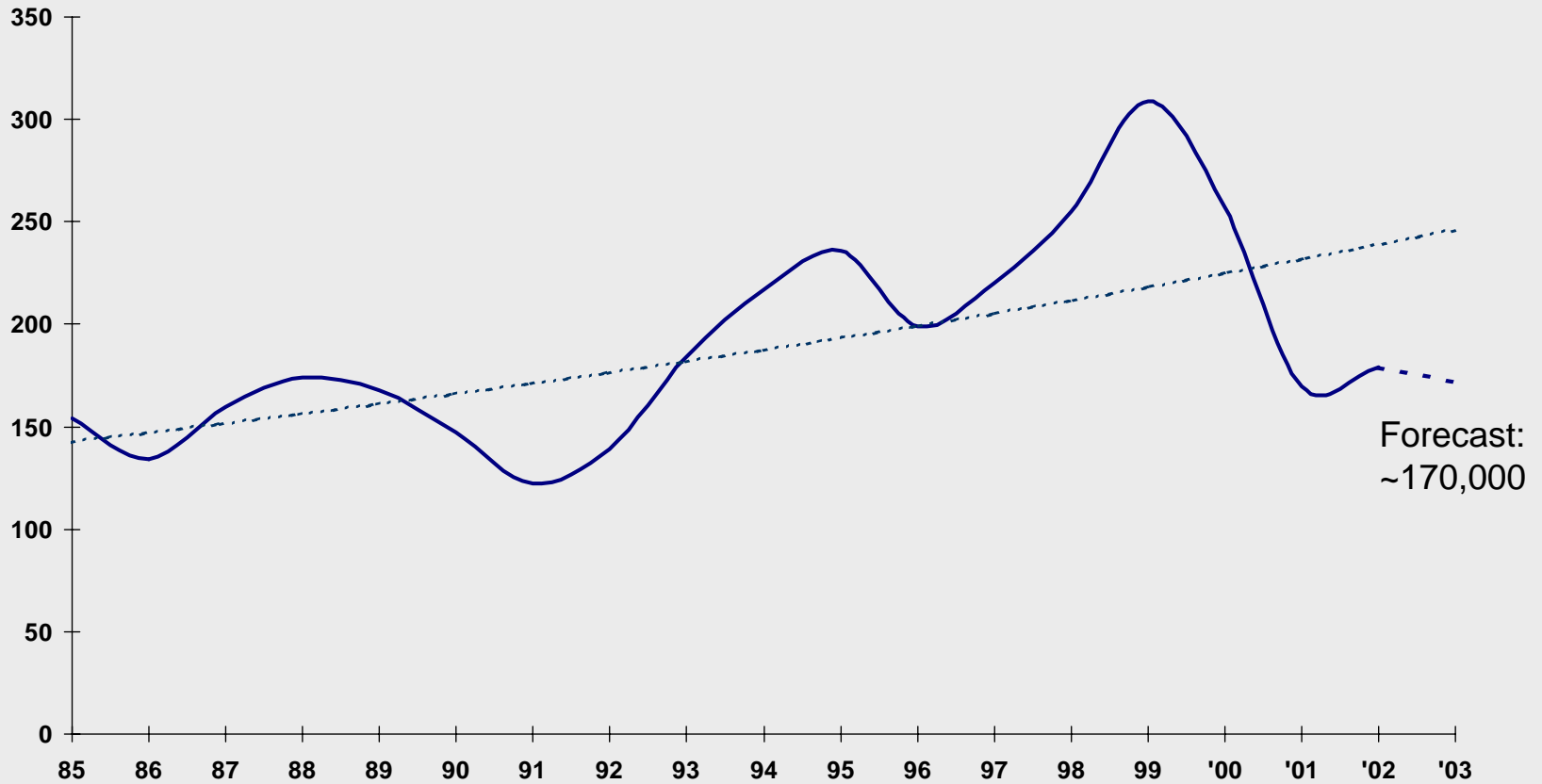
Units, Thousands (heavy trucks)



Heavy Duty Truck Market North America



Units, Thousands (heavy trucks)



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Volvo Trucks

New Volvo FH 16 introduced



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Volvo Group

New Volvo MD16

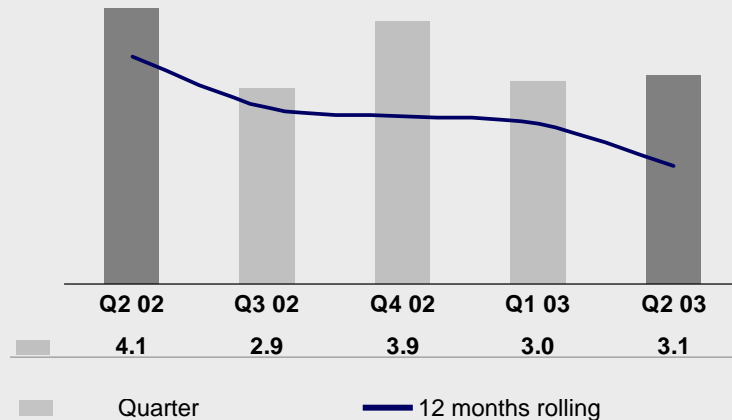


Volvo Buses

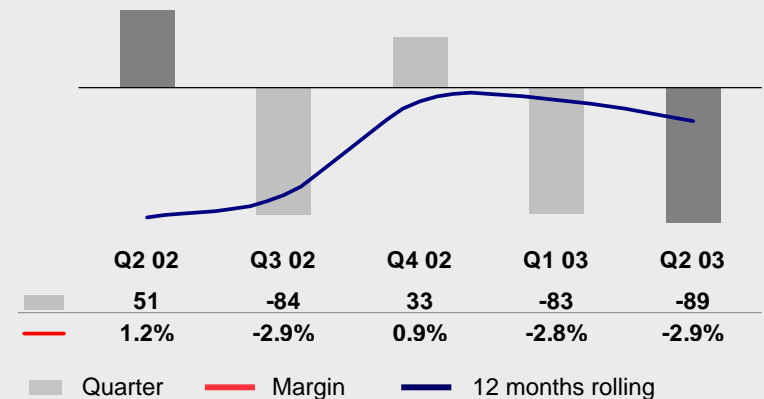
Second Quarter



Net sales
(SEK bn)



Operating income
(SEK M)



Highlights

- Continued low global coach market
- Significant SARS effect in Asia
- Strong price competition in Europe
- Good deliveries in UK and Nordic

In Focus

- Cash flow and profitability
- Key customers
- Capacity adjustment
- New European organization
- Product cost rationalization

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Volvo Buses

Volvo 8700

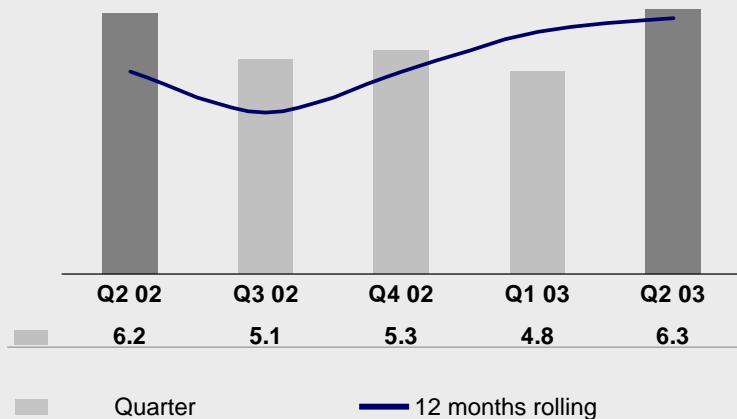


Volvo Construction Equipment Second Quarter



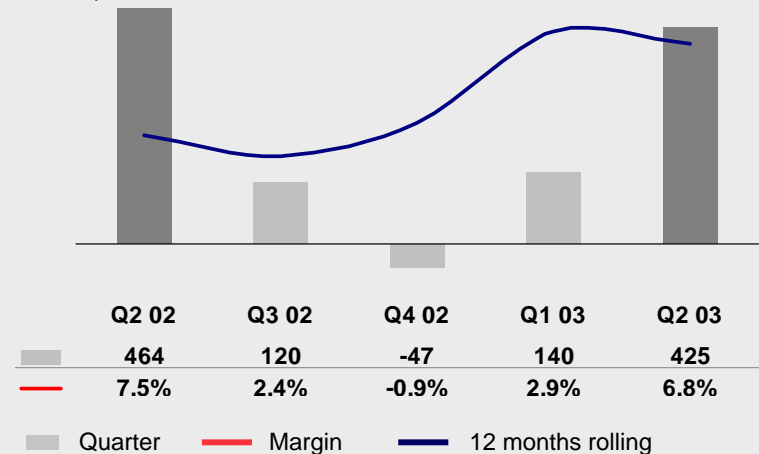
Net sales

(SEK bn)



Operating income

(SEK M)



Highlights

- Sales up 11% adjusted for currency
- Good result in a tough market
- Field testing of Tier 3 engines commenced

In Focus

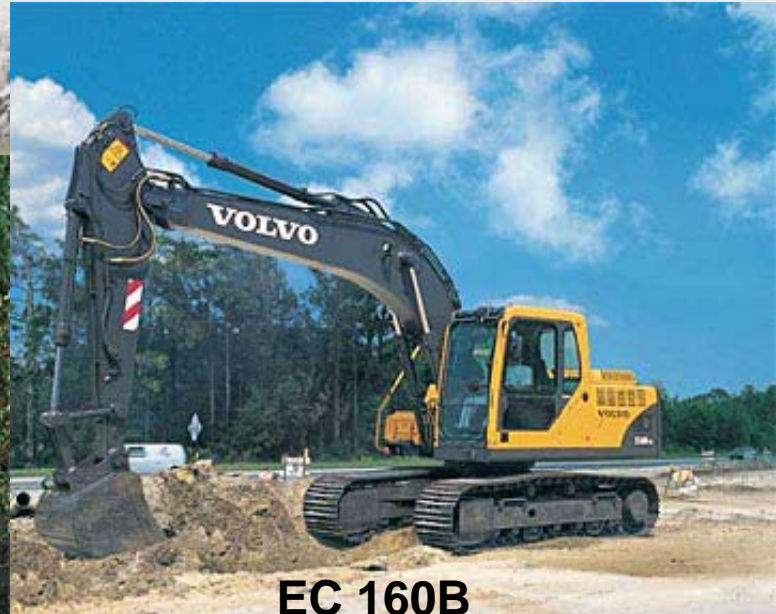
- Dealer development
 - LB Smith optimization
 - Bilia integration
- Capitalize on new products
- Cash flow

Volvo Construction Equipment Products launched in the second quarter



AH 25D 4x4

EC 13

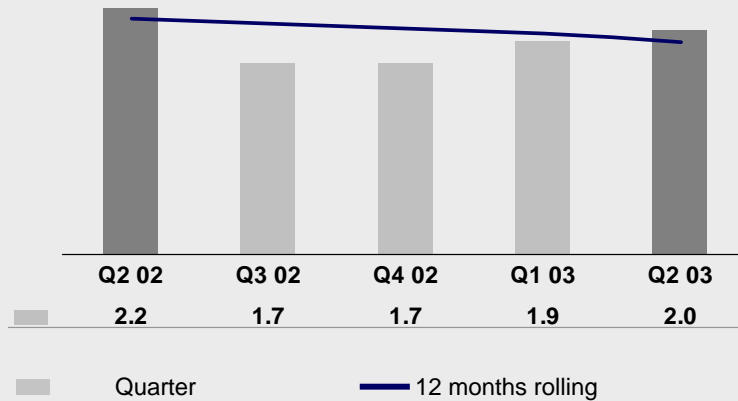


EC 160B

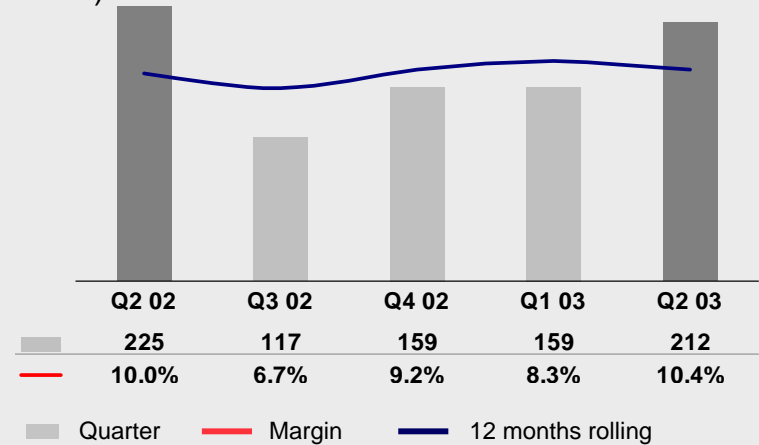
Volvo Penta Second Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

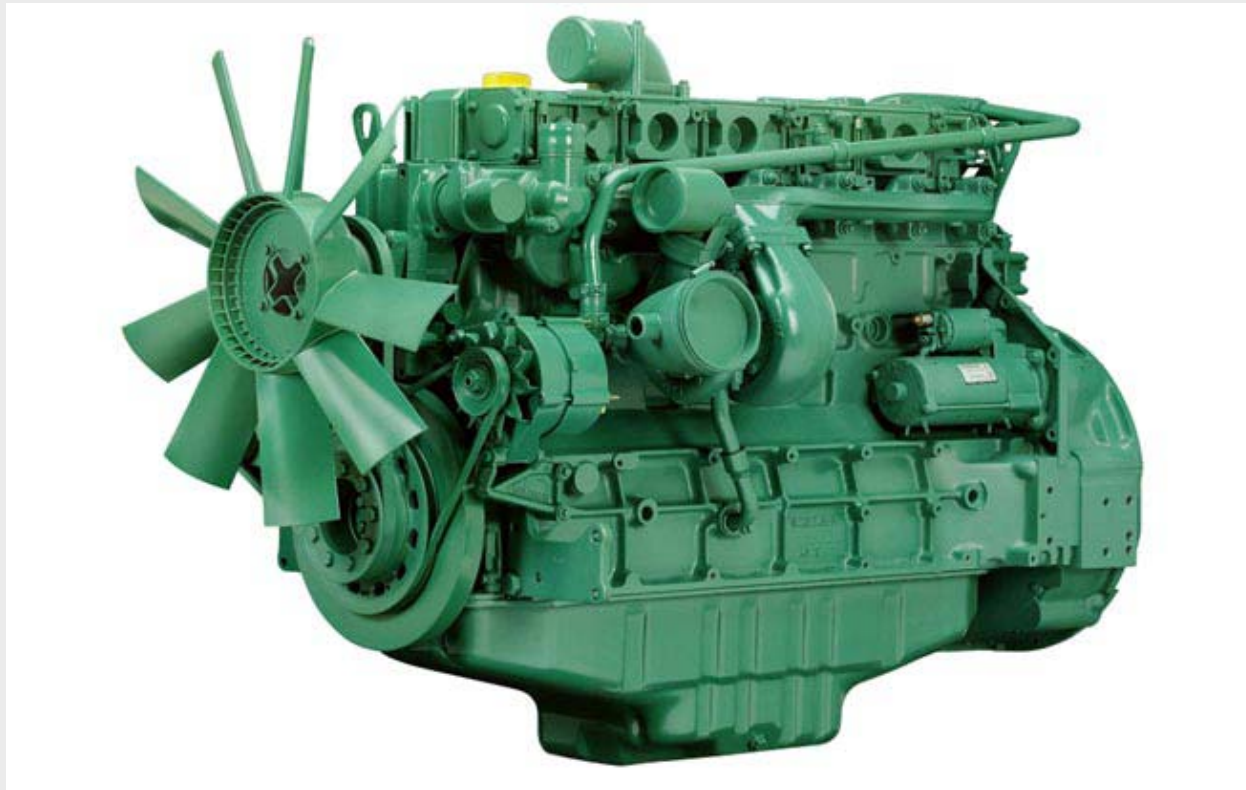
- Flat sales adjusted for currency
- Continued strong order intake
- Improved operating margin

In Focus

- Product launches
- Production capacity
- Cost control
- Cash flow

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Volvo Penta TAD722VE



14

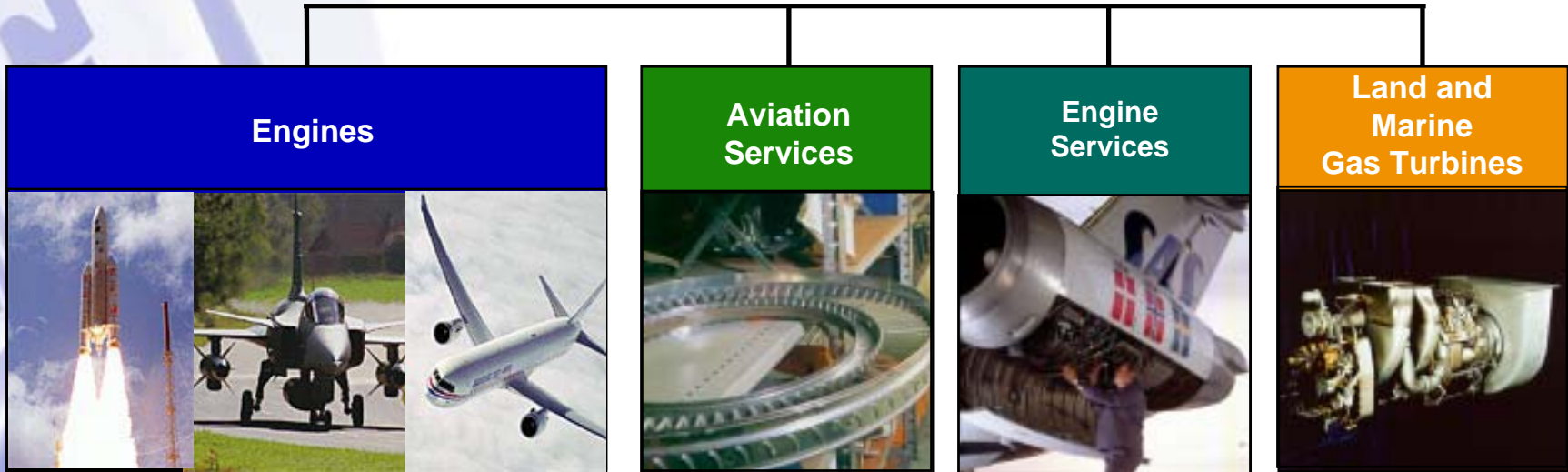
Volvo Penta

Increased capacity in the Vara plant



VOLVO AERO

Volvo Aero Group

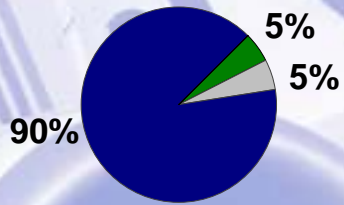


Development and Expansion

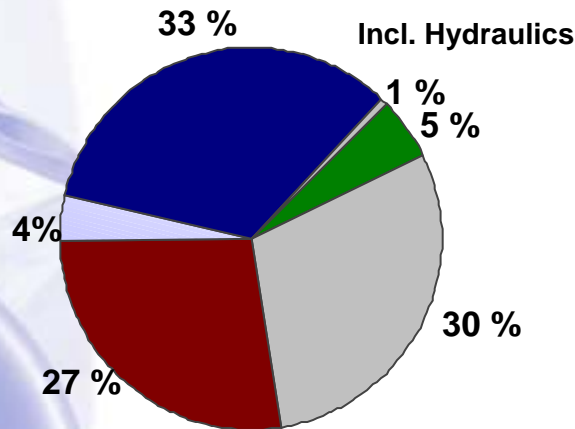
1970

1993

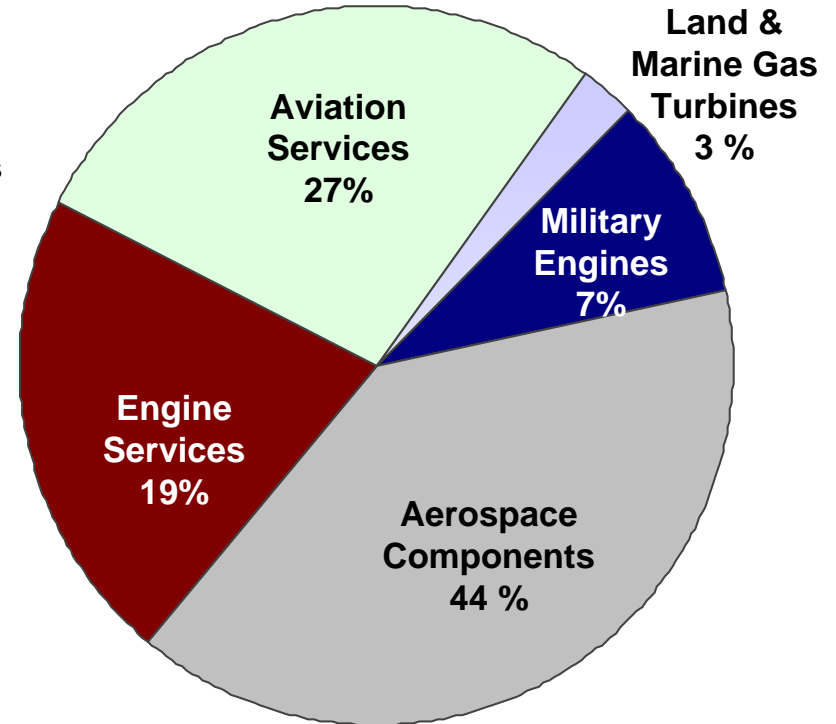
2002



137 MSEK

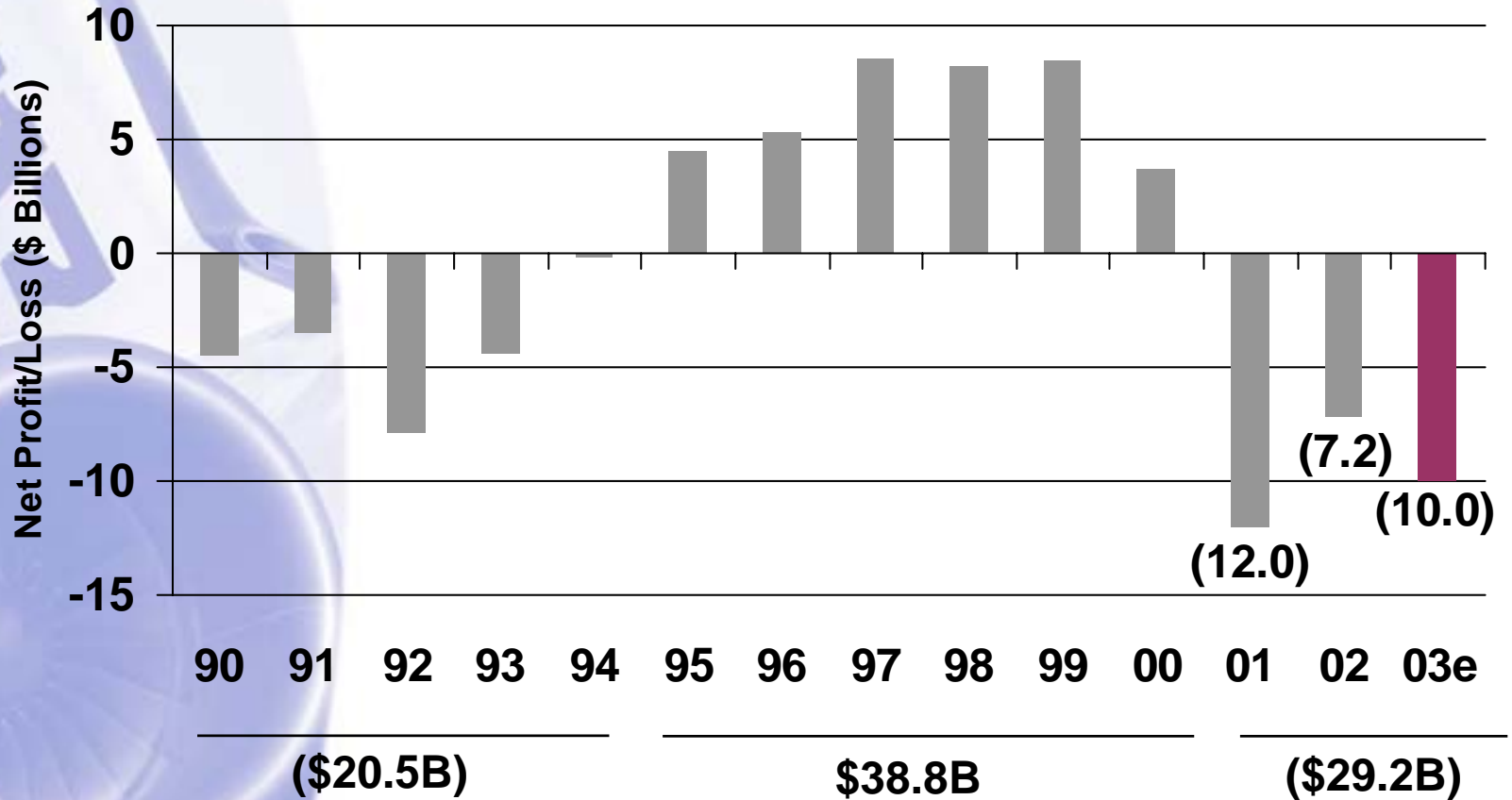


3,627 MSEK



8,837 MSEK

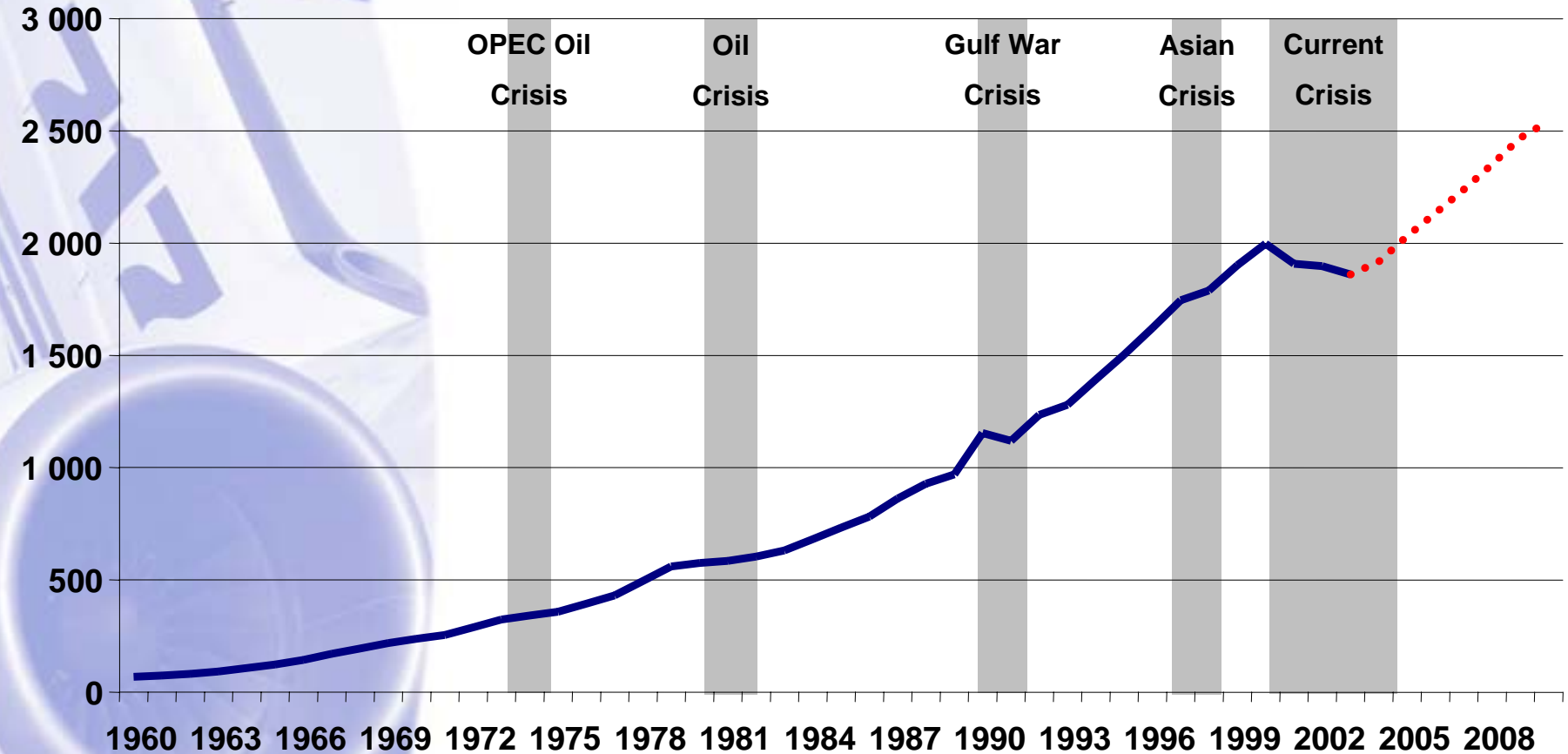
World Scheduled Airlines Net Results



Source: ICAO and Volvo Aero estimates

World RPM Development

Billion RPM

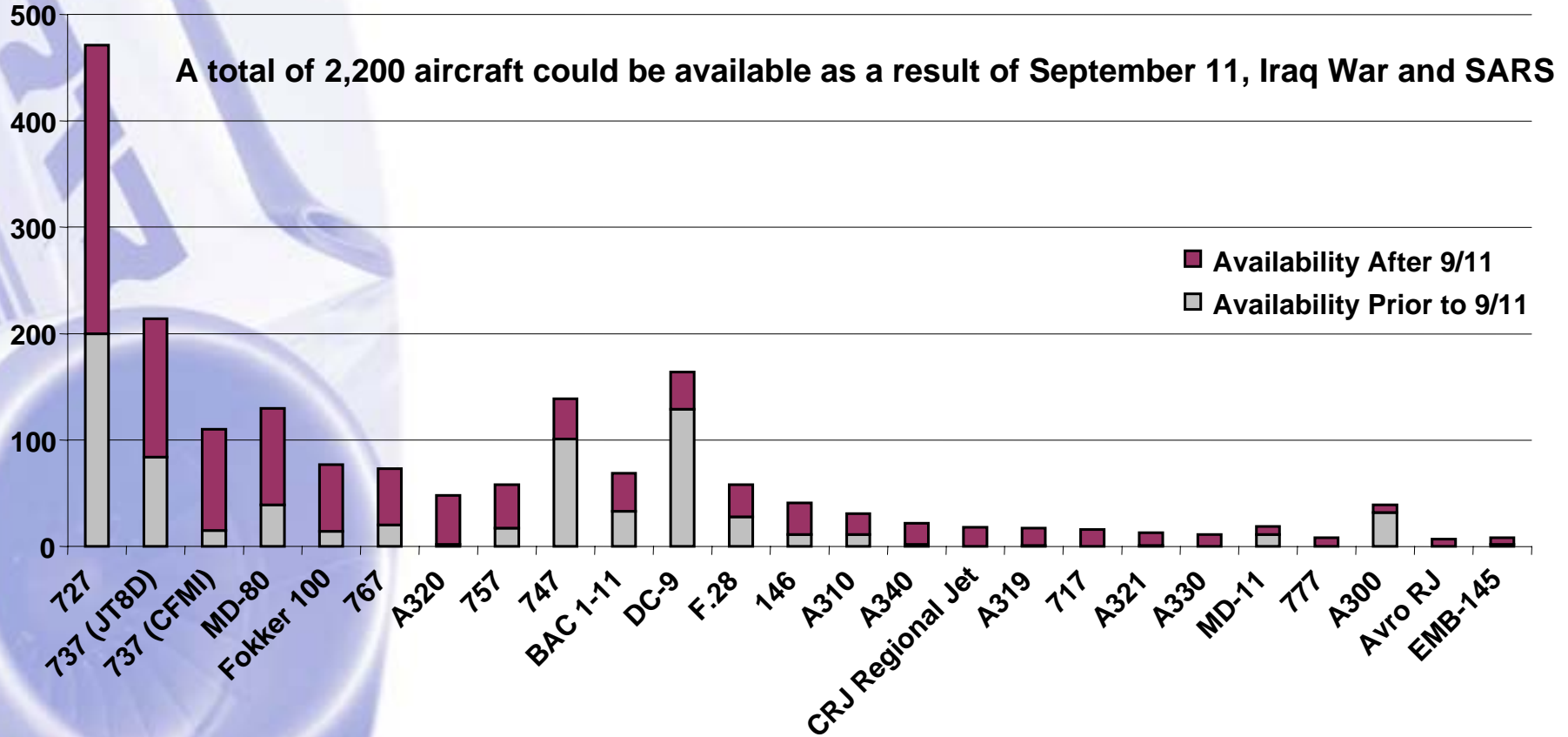


Source: Volvo Aero estimate

Parked Aircraft

13% of total fleet

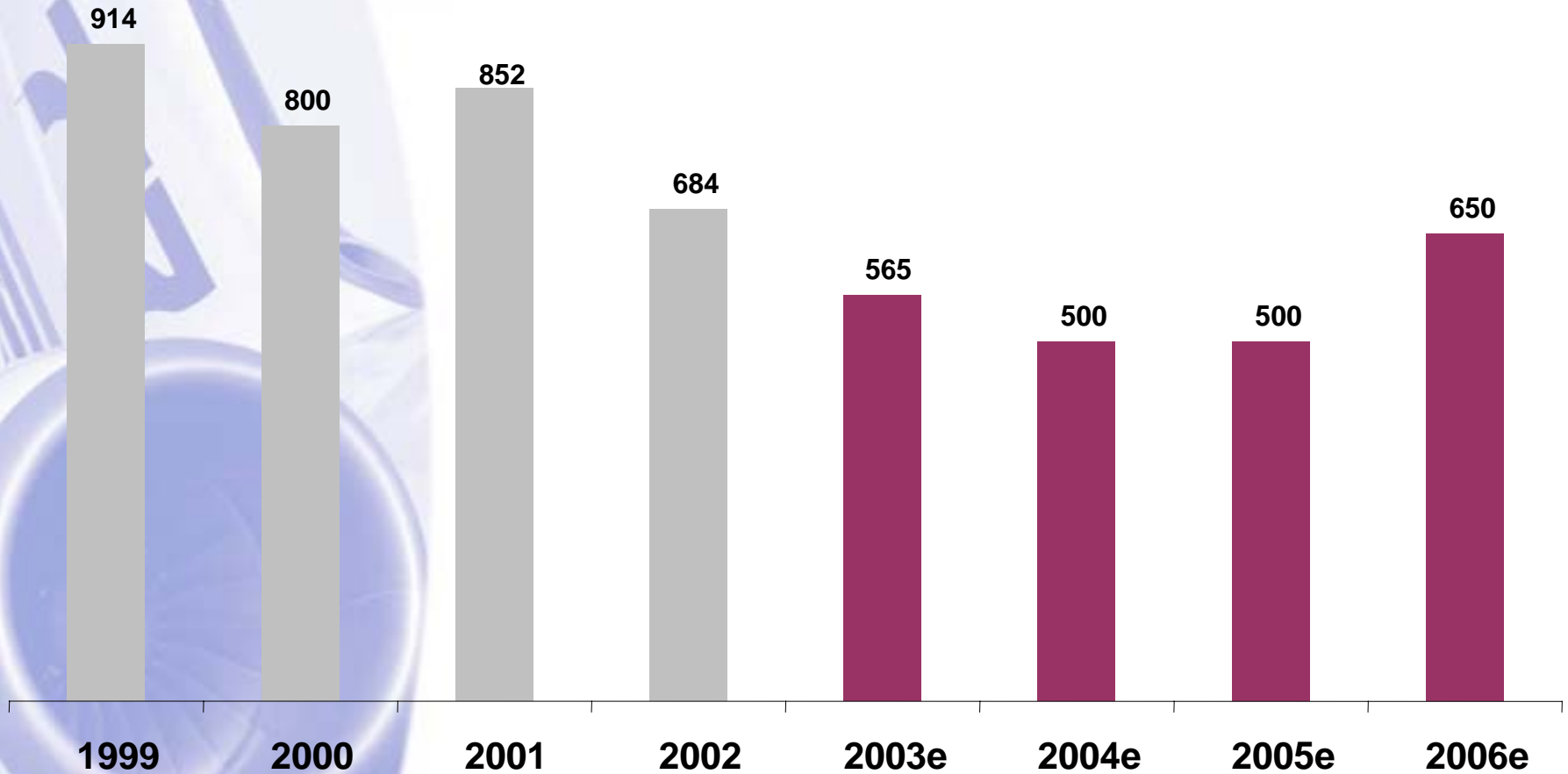
Aircraft



Source: Airclaims

May 2003

Large Aircraft Delivery Forecast



Source: Volvo Aero

Adjustment to Market Condition

Realized

Reduction in personnel ~ 18%

Concentration on marketing and sales

Cost cutting in all areas

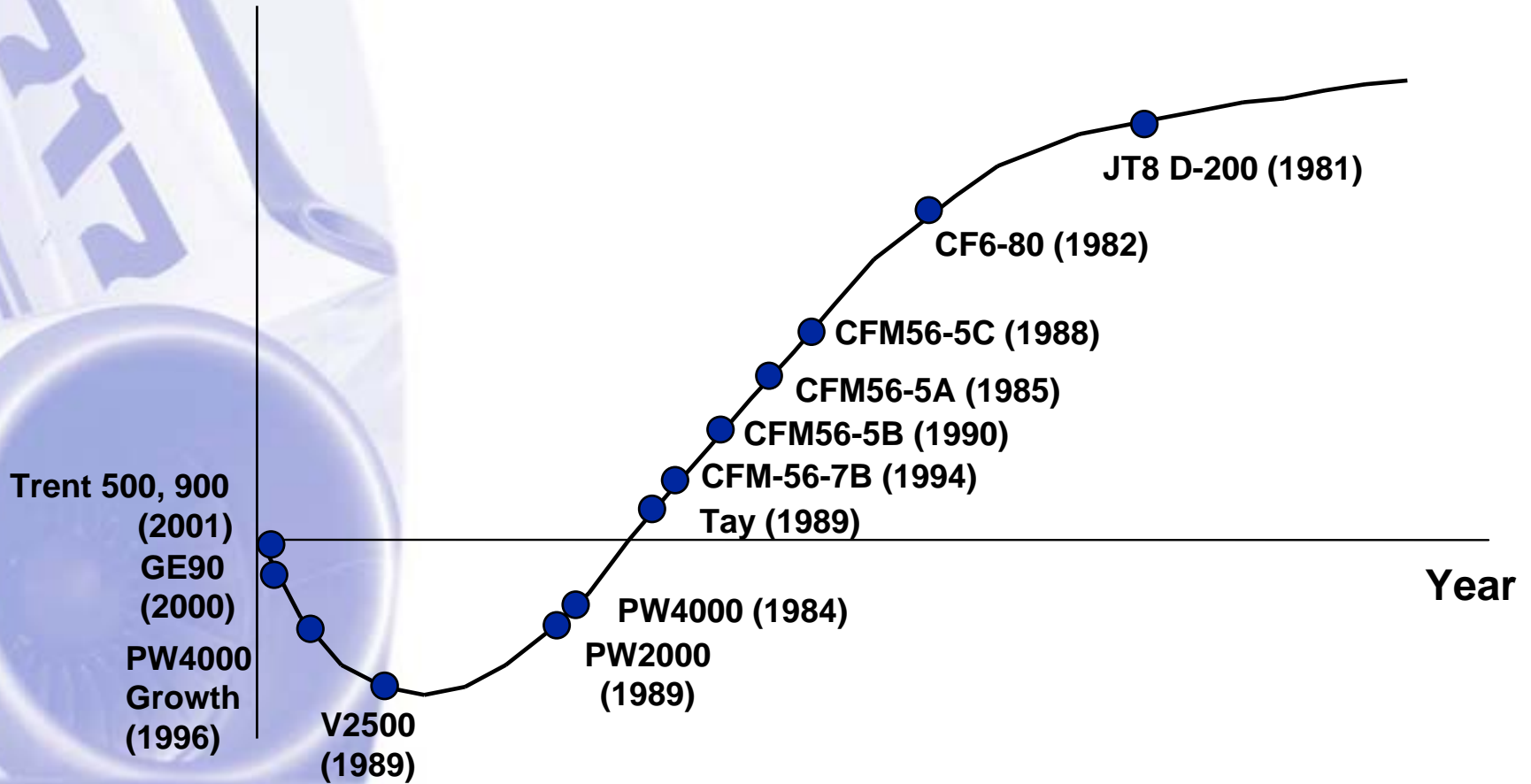
Cash flow focus

Needed

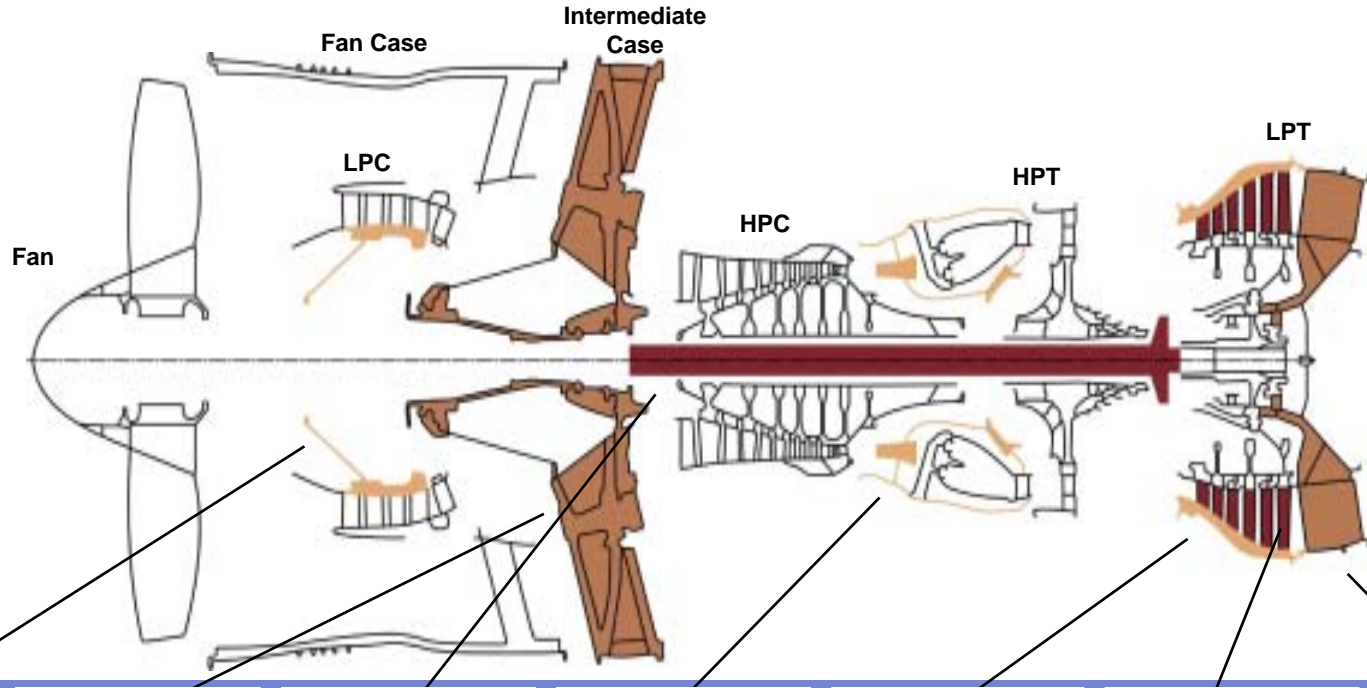
Further adjustment

Commercial Program Portfolio

Accumulated
Cash Flow



Engines - Product Specialization



LPC Spool/Drum

Intermediate Case

Shaft

Diffuser Case

LPT Case

Vanes

Turbine Exhaust Case

Aircraft of the future

Airbus A380



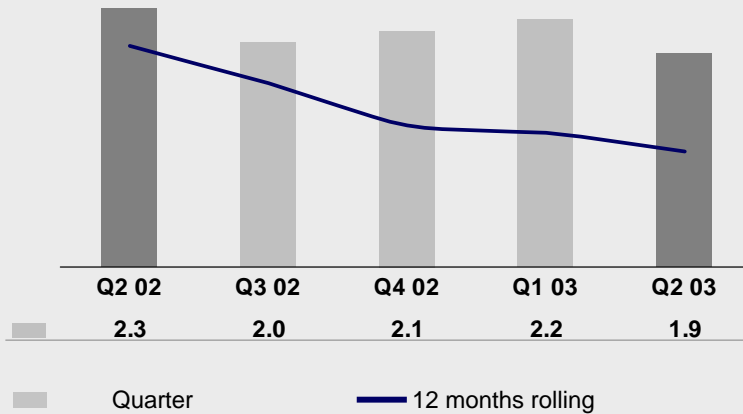
Boeing 7E7



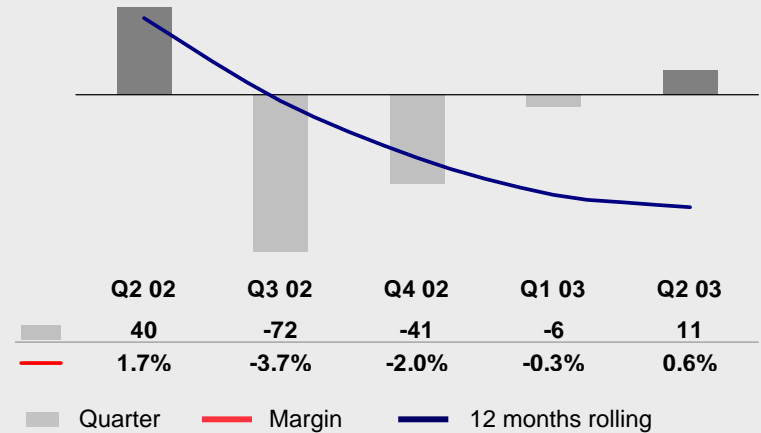
Volvo Aero Second Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Continued weak air traffic
 - Significant impact of SARS in Q2
 - Airline profitability still very poor
- Lower volumes on new aircraft engines
- New important contracts on the depressed after market

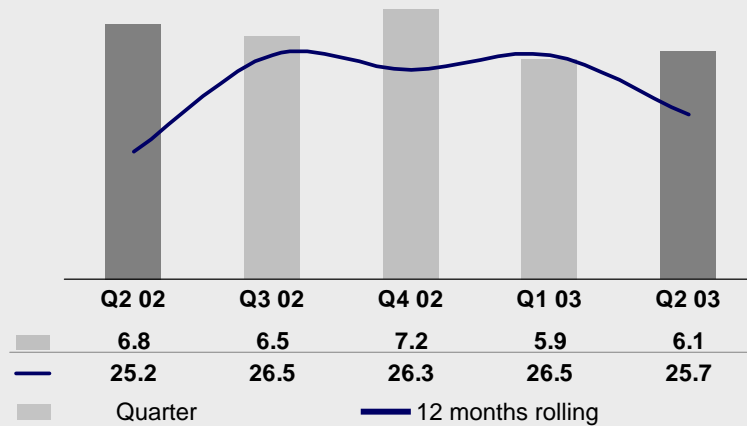
In Focus

- Continued capacity adjustments
- Increased sales activities
- Cash flow

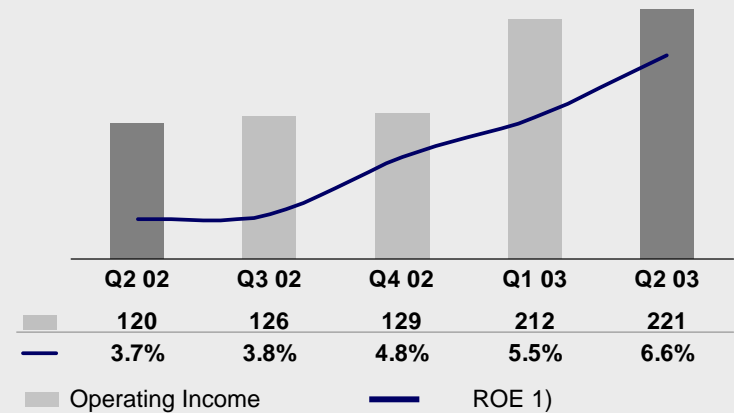
Volvo Financial Services Second Quarter



New retail financing (SEK bn)



Operating income and Return on equity (SEK M)



Highlights

- Improved market share in all Truck brands as well as in Construction Equipment
- Lower retail volume relative to last year due to currency effects

In Focus

Continued Profitability and Portfolio Growth
With emphasis on:

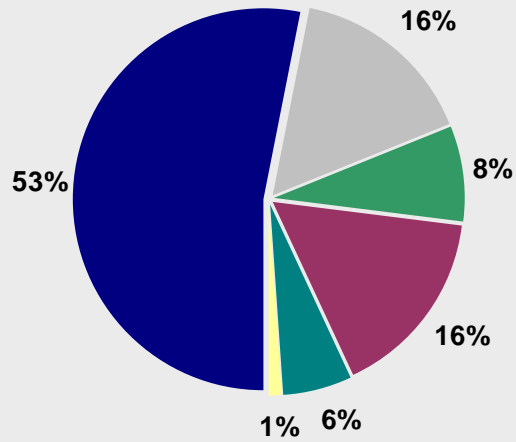
- Customer Satisfaction
- Operational Efficiency

1) Calculated as a 12 month rolling average

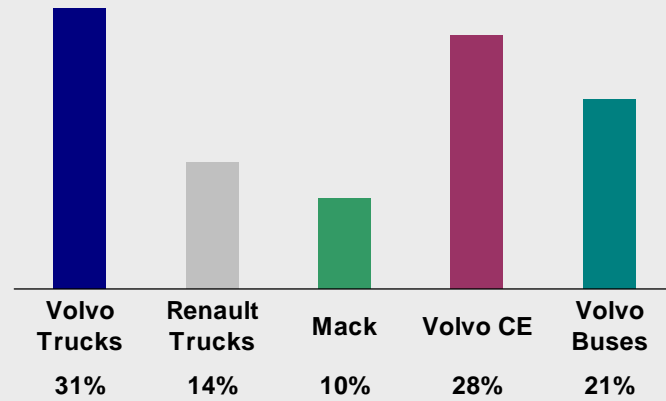
Volvo Financial Services First six months



New financing



Penetration on new financing



Volvo Group

Summary

- Business cycle bottoming out
- Strong earnings improvement in Trucks
 - Mack and Volvo in North America
 - Renault Trucks
- Continued product renewal
- Integration and optimization of dealer networks