

VOLVO

Fourth Quarter 2003

Press Conference, February 3, 2004

1 Highlights

Fourth Quarter and Full Year

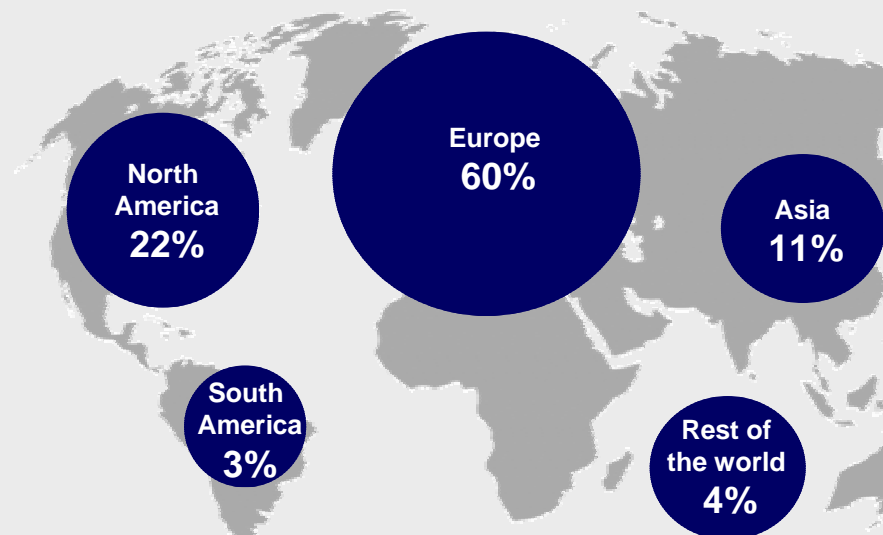
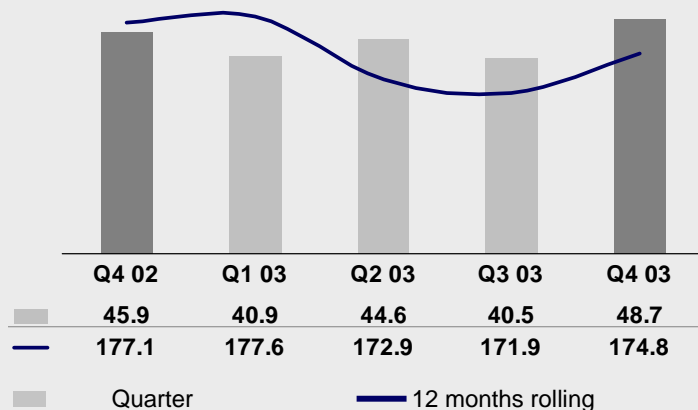
- Business environment improving
- Strong organic growth in Q4, driven by a new product portfolio
- Strategic alliance on axles
 - MoU with ArvinMeritor
- Significantly EPS improvement in 2003:
SEK 10.30 (SEK 3.30)
- Strong cash flow
- Proposed dividend per share:
SEK 8.00 (SEK 8.00)

In Focus Going Forward

- Develop the industrial and commercial structure in China
- Continue efforts to strengthen distribution channels
- Cash flow

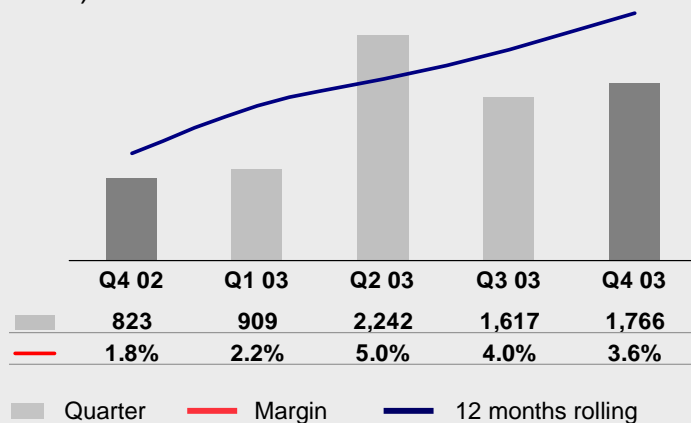
Net sales

(SEK bn)



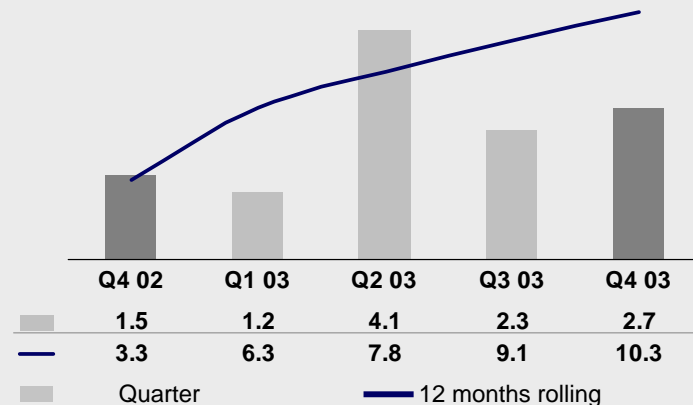
Operating income

(SEK M)



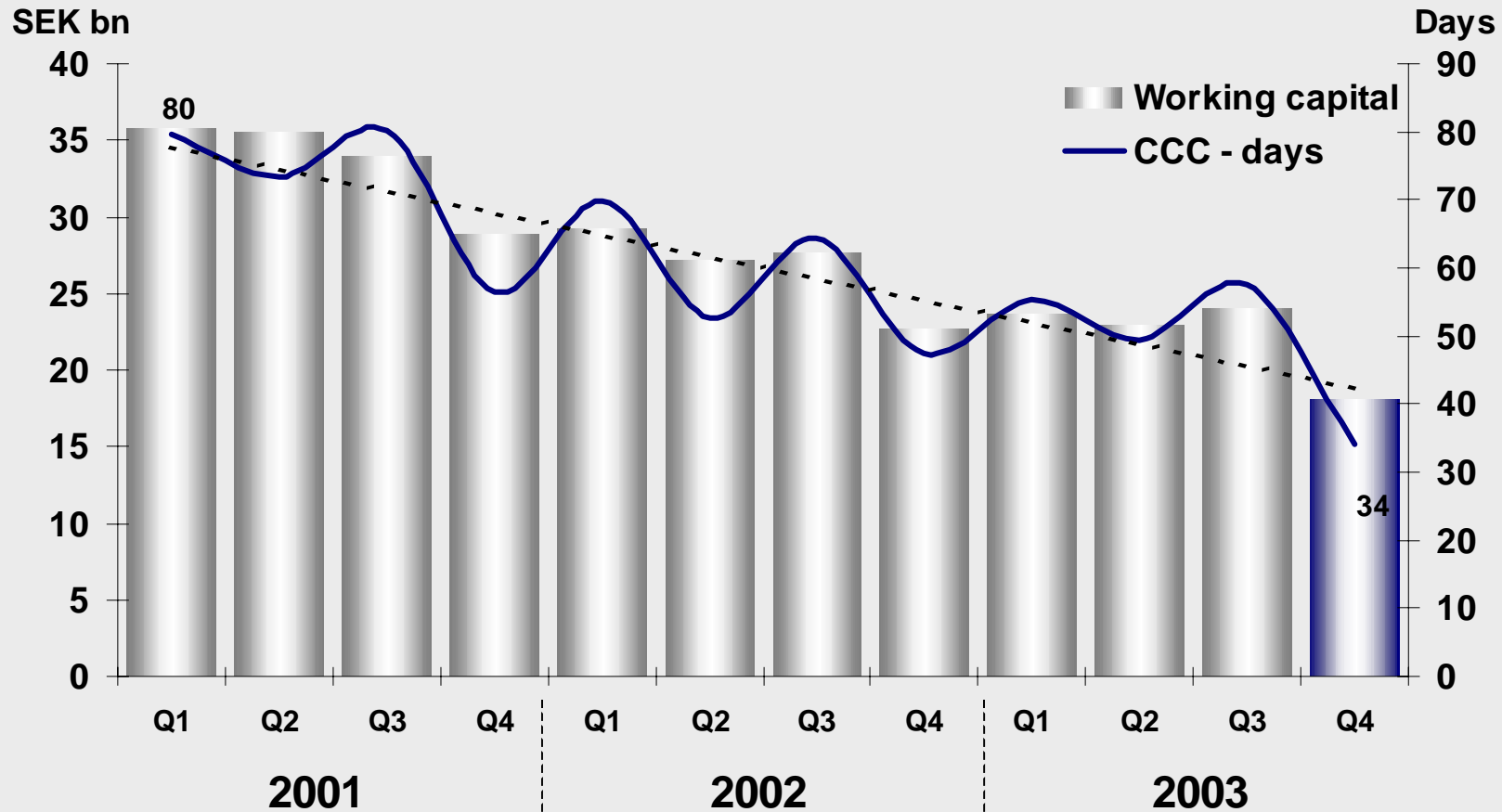
Earnings per share

(SEK)



Volvo Group

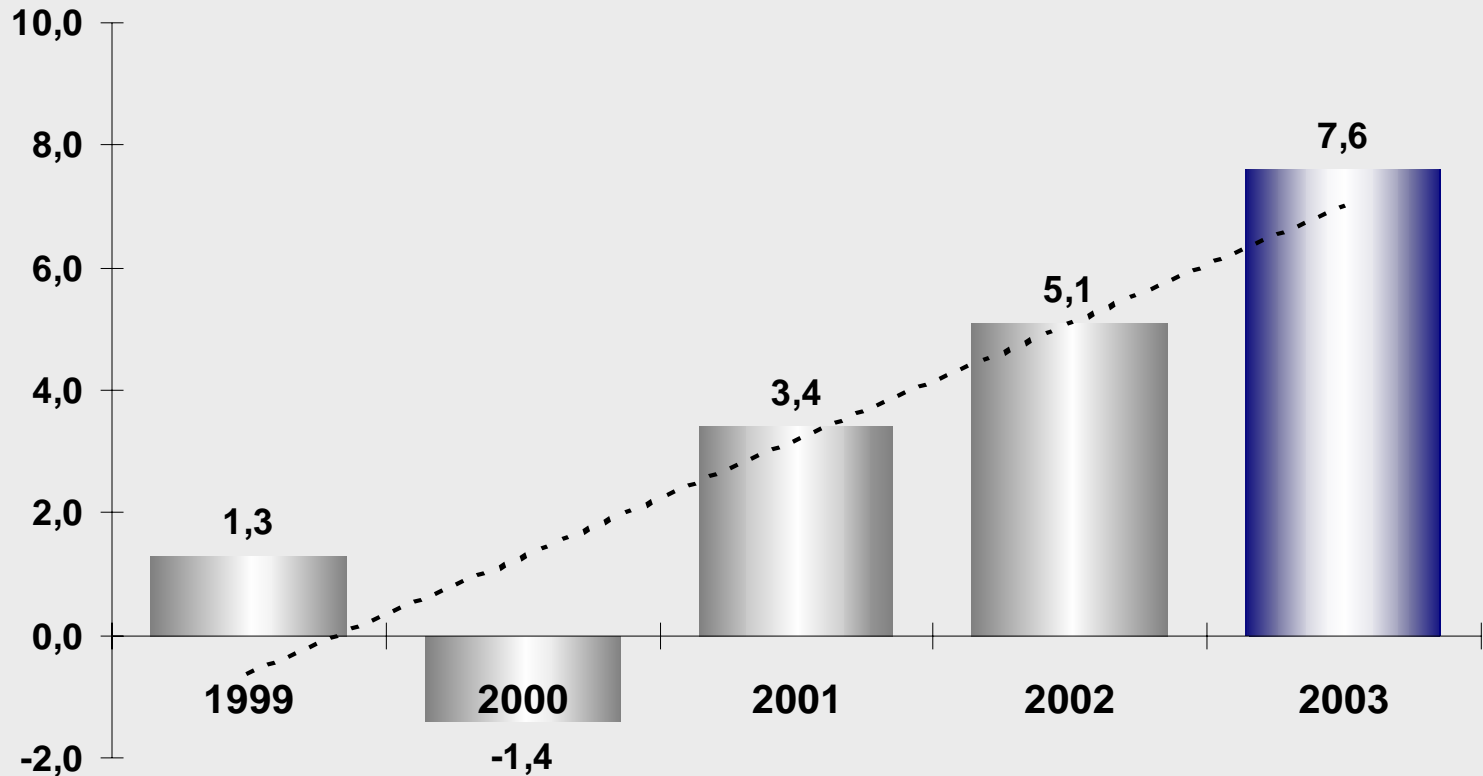
Development of cash conversion cycle



Volvo Group

Development of operating cash flow

SEK bn



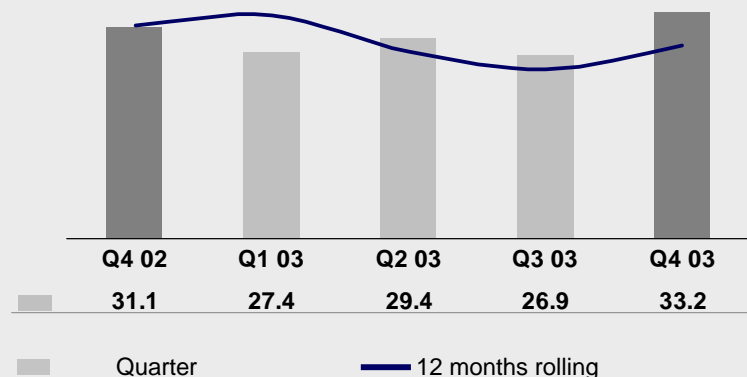
Cash flow after net investments excl. Financial Services, investments in shares and acquired and divested operations.

Trucks

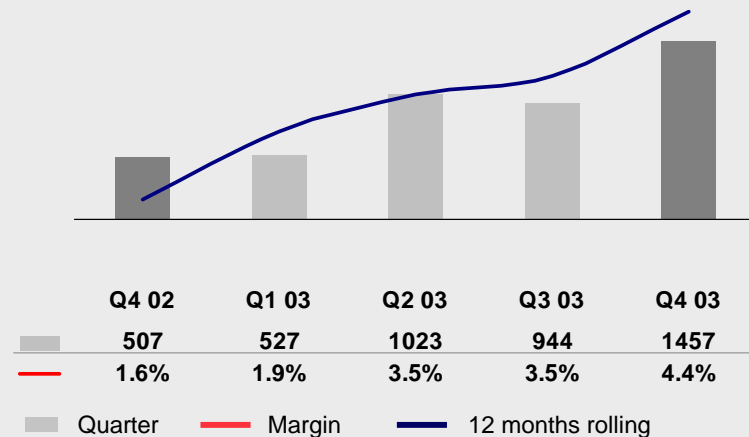
Fourth Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Europe:
 - Volvo Trucks continued good performance
 - Renault Trucks continued improvement
- North America:
 - Good improvement in Volvo Trucks and Mack
- Renault Trucks agreement with Dong Feng

In Focus

- China expansion
- Develop distribution networks
- Cash Flow

Renault Trucks

Highlights 2003

- New Renault Master launched
- Well managed volume decline in France
- Continued implementation of new Business Model
- Improved financial performance



Mack

Highlights 2003



- Continued success of the Granite
- Maintained leadership in core segments: Construction and Refuse
- Successful transition and ramp-up at New River Valley
- Strong order performance in the vocational segment at the end on 2003

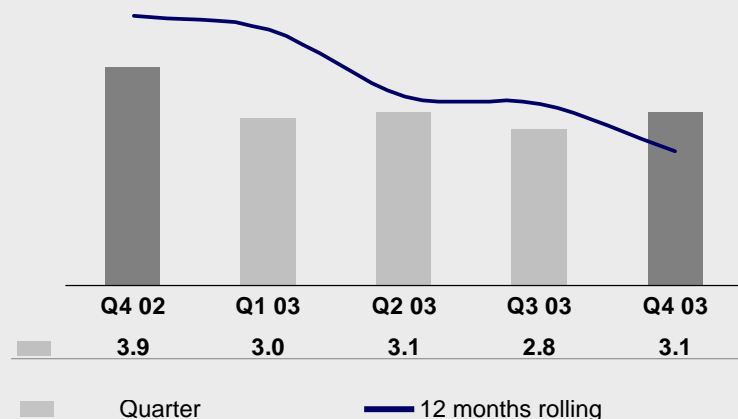


Volvo Buses

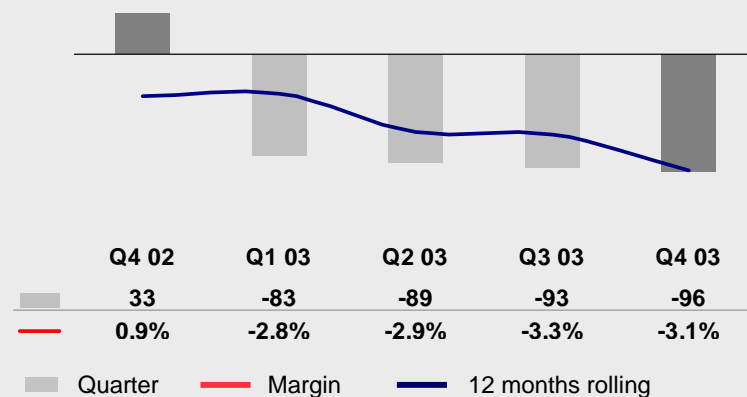
Fourth Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Continued low sales
- Strong price competition
- Closure of Aabenraa body plant in Denmark
- Slightly improved order intake
- Positive cash flow

In Focus

- Key customers
- Profitability and cash flow
- New structure in Europe
- Break-even management
- Product commonality

Volvo Buses

Volvo 9300 in Mexico

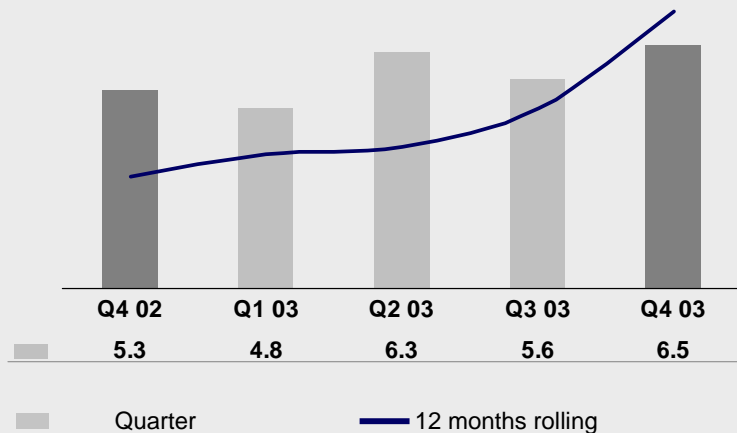


Volvo Construction Equipment Fourth Quarter



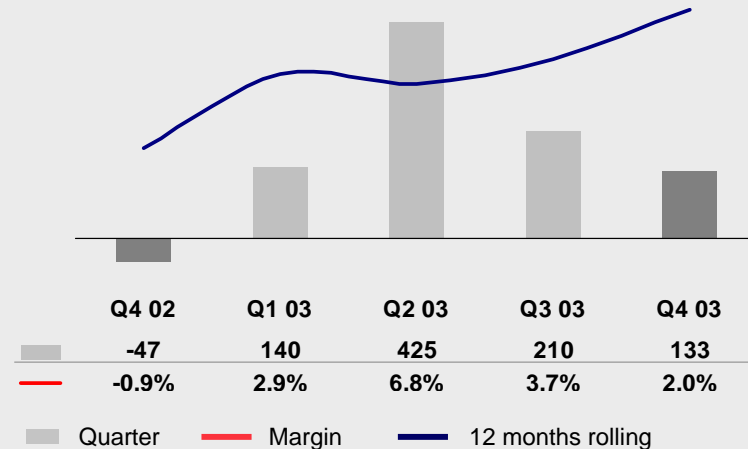
Net sales

(SEK bn)



Operating income

(SEK M)



Highlights

- Heavy Construction Equipment market
 - North America up 28%
 - Europe down 3%
- Continued organic sales growth (+23%)
- Op. income improvement, despite major USD impact
- FY 2003 volumes at all-time-high: 24,400 units (+23%)

In Focus

- Continued sales channel development: North America, Europe and Rental
- Implementation of Tier-3 engines for US'05
- Continued expansion in China
 - 6 new dealers
 - Production ramped-up

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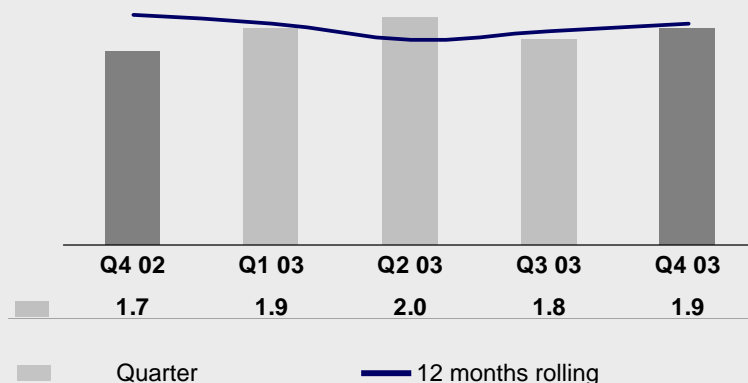
Volvo Construction Equipment Building a commercial structure in China



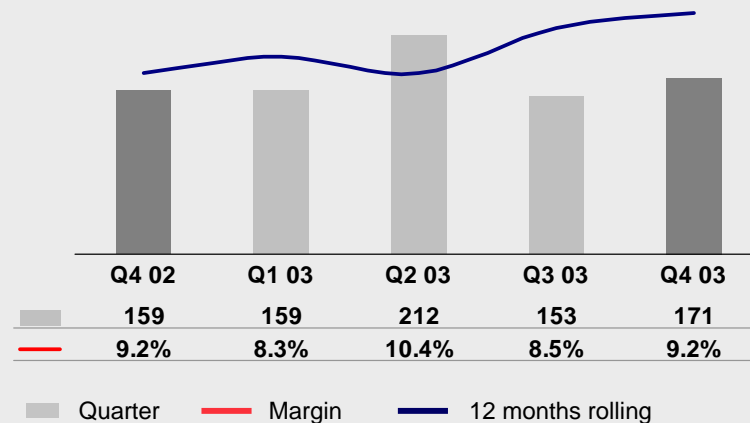
Volvo Penta Fourth Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- New products well received
- Continued strong sales development
- Improved operating income

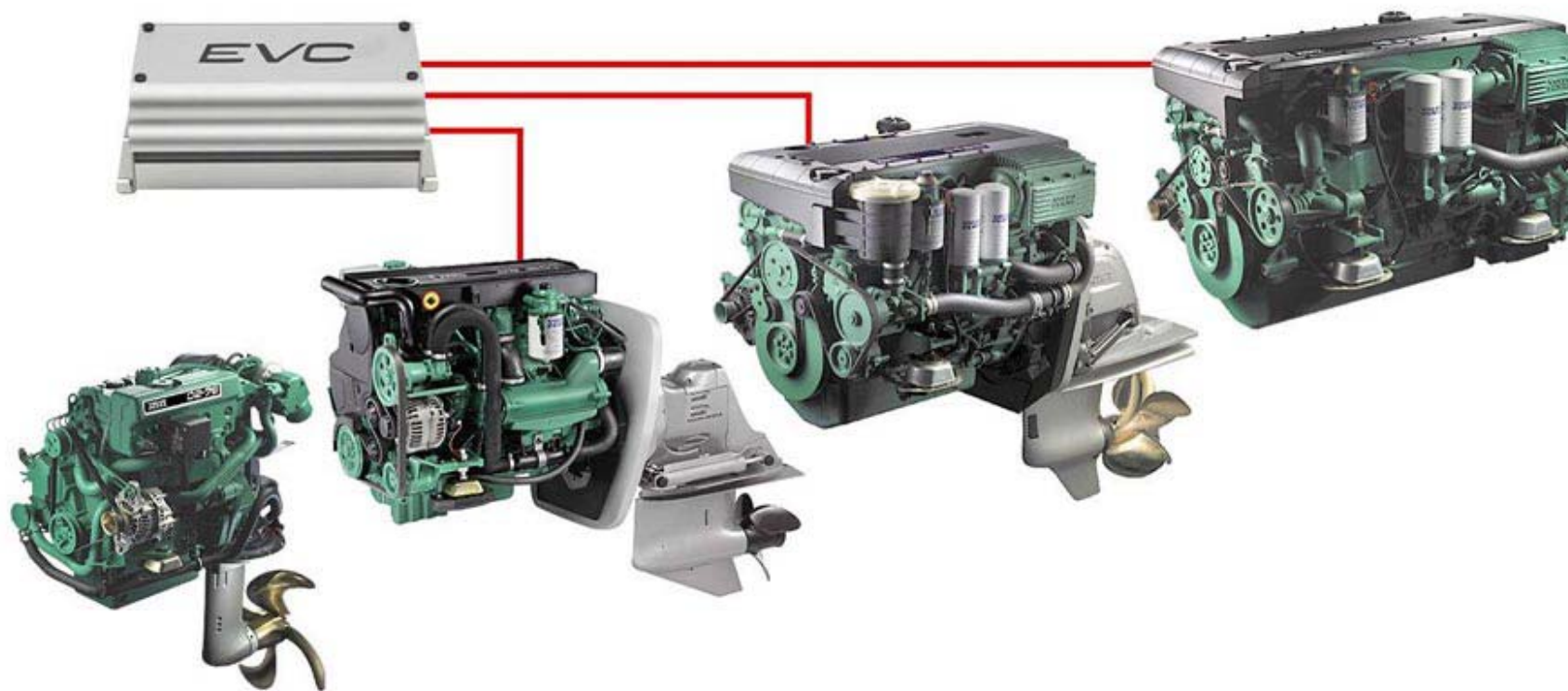
In Focus

- Customer support for new products
- Cost control
- Cash flow

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Volvo Penta

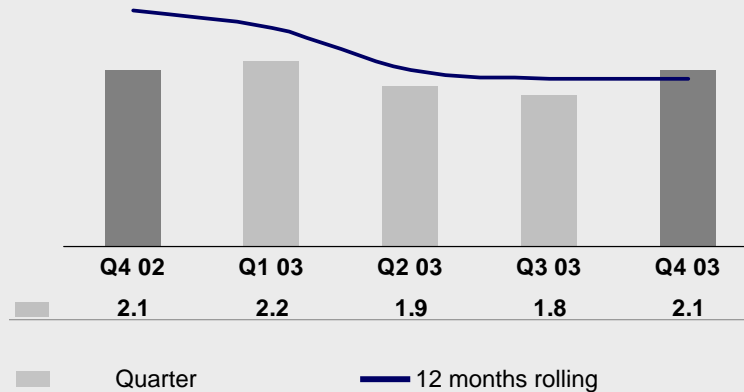
New Marine Diesel program well received



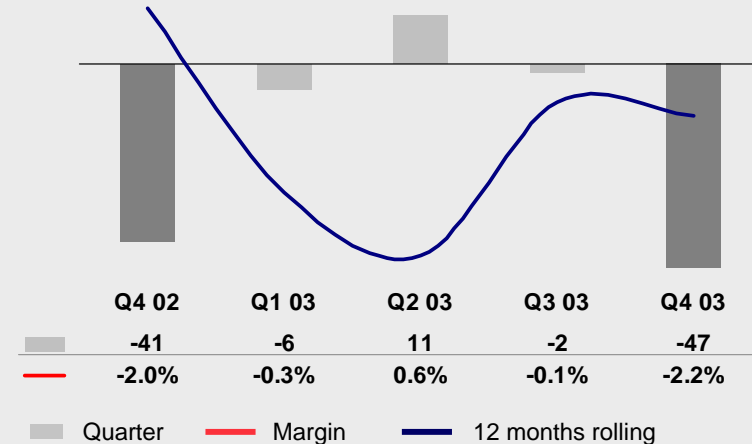
Volvo Aero Fourth Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Air traffic growing, from a low level
- Aerospace business downturn flatten out
- Strong performance for new engines and components
- Still very weak aftermarket
- Write-off of assets and contracts

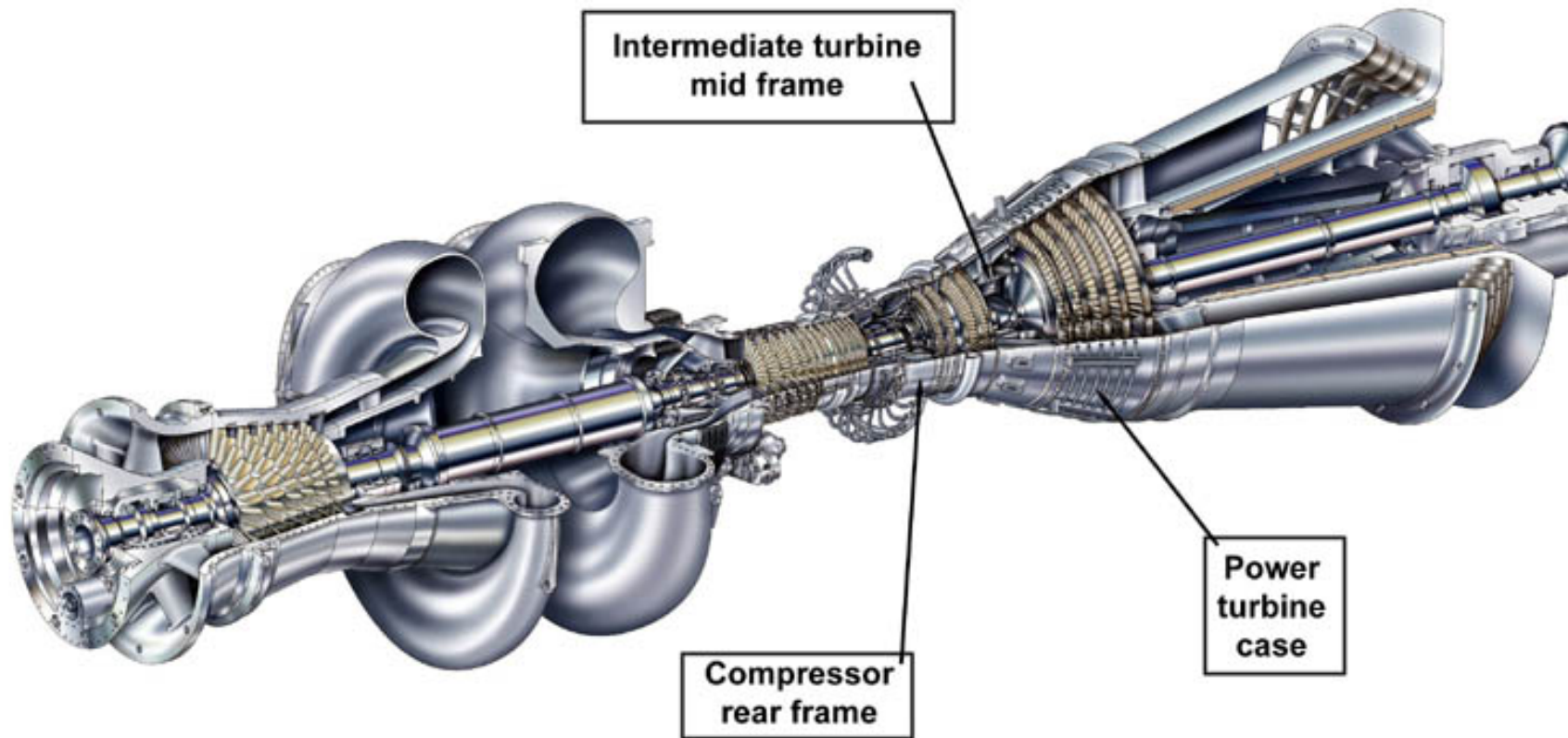
In Focus

- Continued adaptation to a changing market
- Cost control in upturn
- Decision on Swedish defense budget (Försvarsbeslut 2004)
- Cash flow

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Volvo Aero

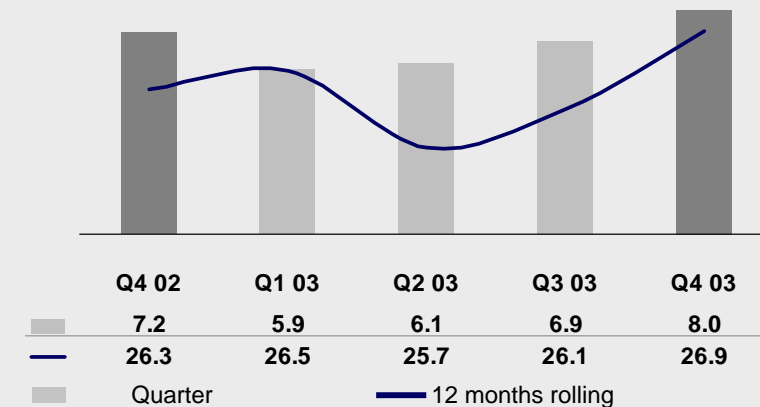
Contracts with GE on components to gas turbine LMS100



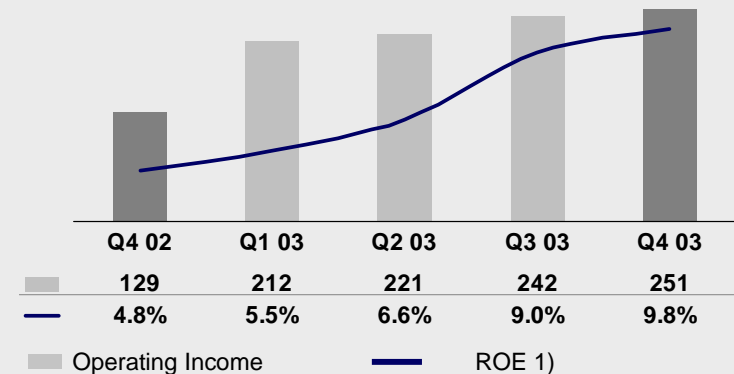
Volvo Financial Services Fourth Quarter



New retail financing (SEK bn)



Operating income and Return on equity (SEK M)



Highlights

- Higher Q4 volumes
- Continued profitable growth in Europe and International
- Good funding management

In Focus

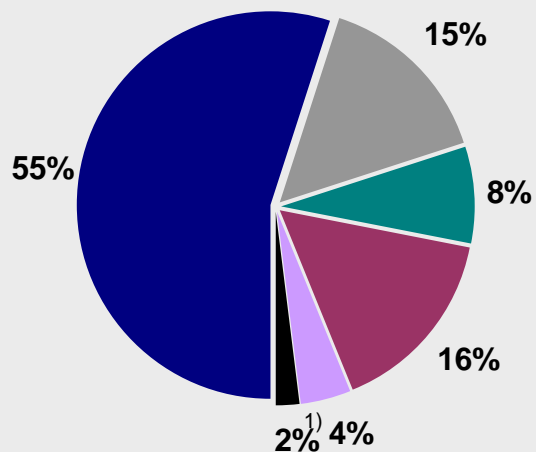
- Syndication and asset servicing
- Price management in upturn
- Emerging markets

1) Calculated as a 12 month rolling average

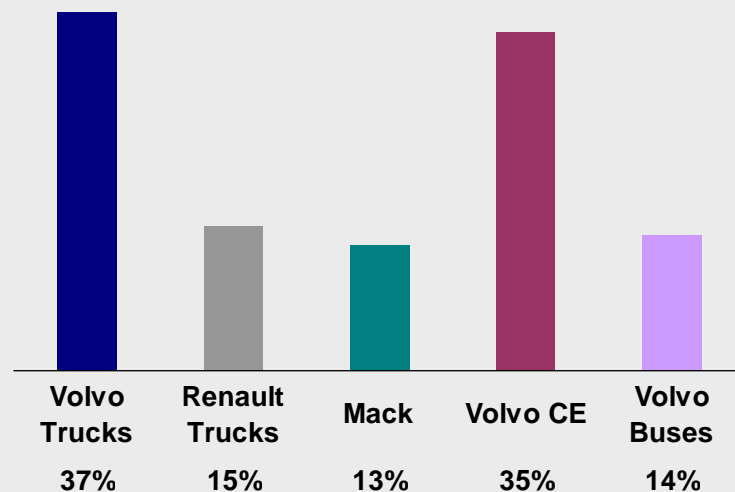
Volvo Financial Services Fourth Quarter - isolated



New financing



Penetration on new financing



1. Volvo Aero, Volvo Penta and other

Volvo Group

Summary

2003 – A year of improvement

- Significantly improved profitability
- Benefit from a strong product portfolio
- Building stronger dealer network
- China expansion
- Strong cash flow

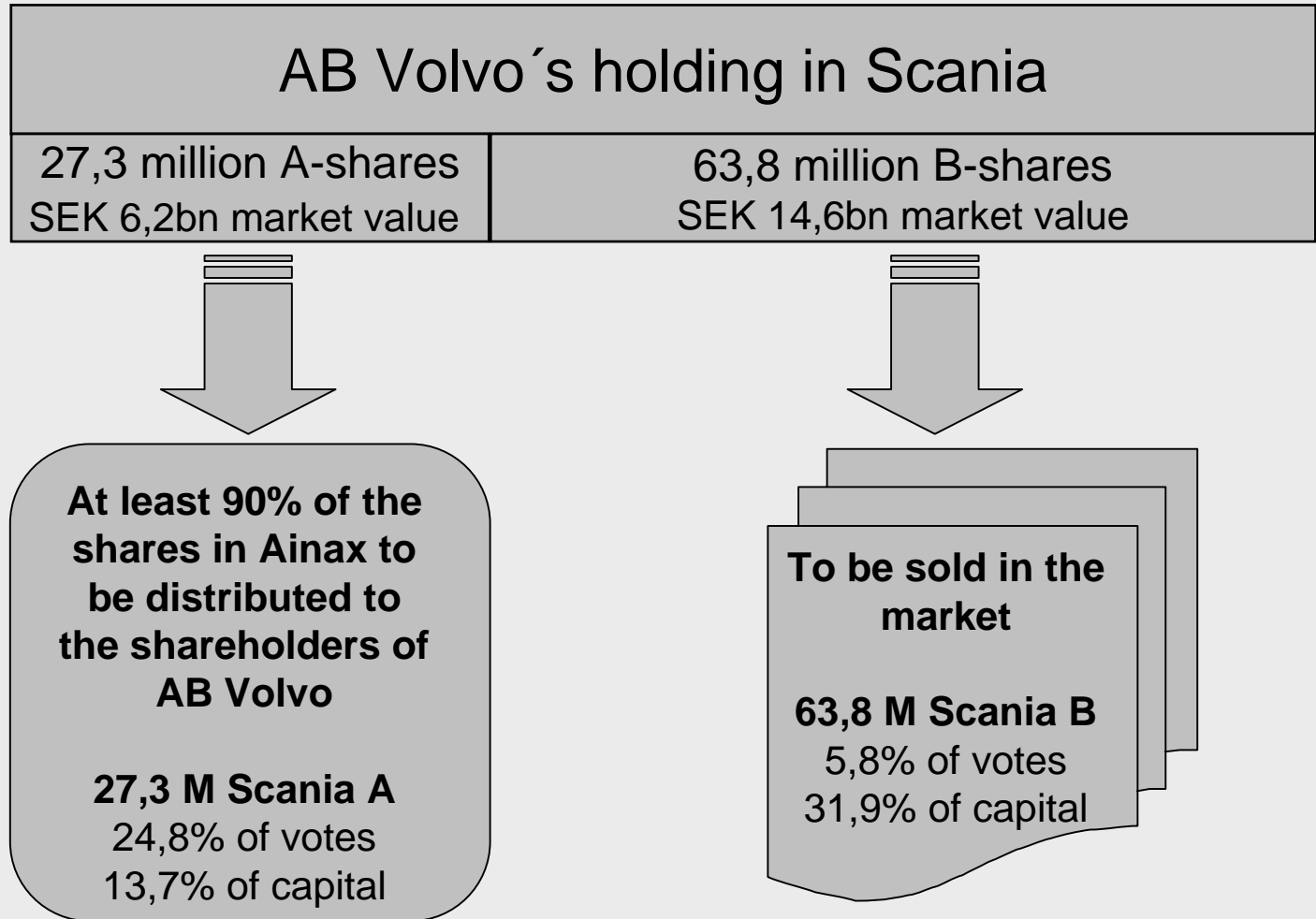
VOLVO

The Scania Holding

Volvo's intention

- Volvo is involved in discussions with potential buyers of the Scania shares
- Still awaiting the decision on the request for an extension of the deadline
- Alternatively Volvo will transfer the Scania A-shares to a separate newly formed company, Ainax. At least 90% of the shares in Ainax will be distributed to the shareholders of AB Volvo.
It is the intention that the Scania B-shares will be sold in the market
- About half of the total value from the Scania stake will be distributed to the shareholders over time

The Scania Holding



Ainax

Newly formed company

- The assets of Ainax consist of Scania A-shares and cash. Ainax has no debt
- Tuve Johannesson, chairman, and Shemaya Lévy board member. Other board member(s) to be decided.
- The board of directors are authorised to decide on the sale of the Scania shares
- No lock-in or redemption mechanisms
- Low cost focus and very lean administration

Ainax

Financial data

- Ainax plan to issue 27,3 m shares corresponding to the number of Scania A-shares held
- High transparency through 1:1 ratio
- Shareholders of Volvo will receive 1 Ainax share per 16 Volvo shares if all shares are distributed
- One class of shares in Ainax
- Intention to list Ainax on the O-list of the Stockholm Stock Exchange
- Market making in Ainax will be organized until listed