

VOLVO

Third Quarter 2004

Conference Call, October 22, 2004

Highlights

Third Quarter

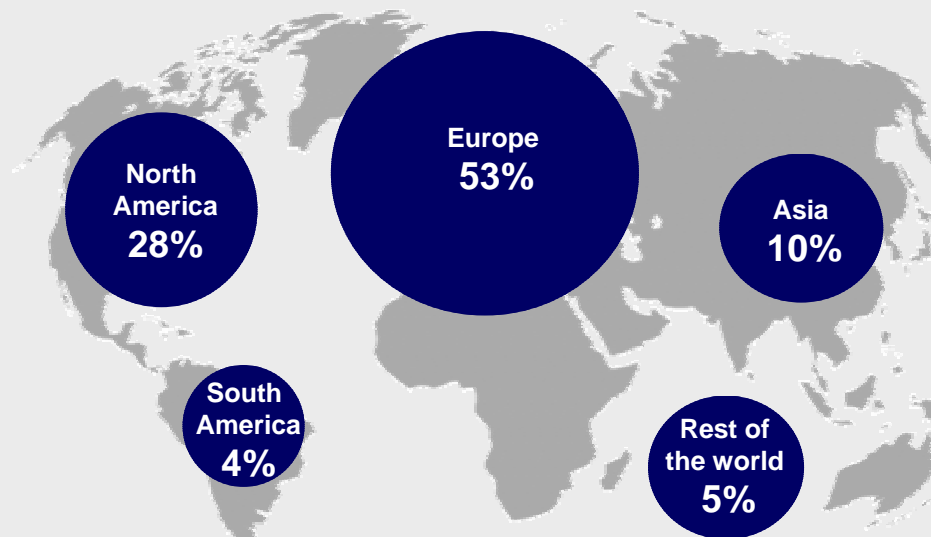
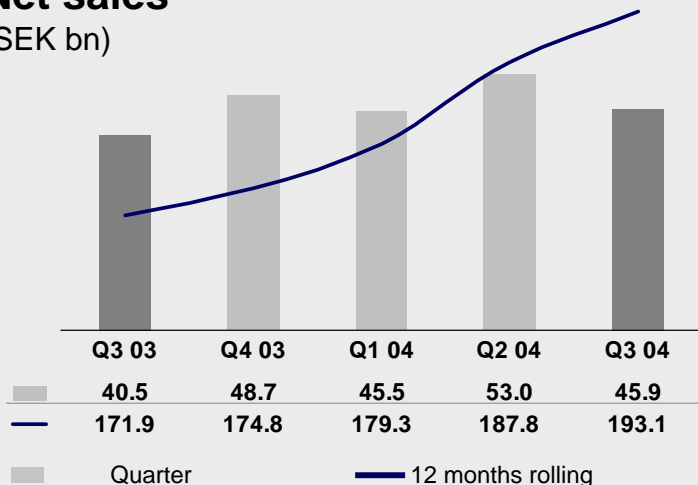
- Strong sales growth 16%
 - High capacity utilization
 - Good order intake
- Henlys resolution:
 - Acquisition of Prevost/Nova
 - Holding in Blue Bird
 - Write-down of SEK 1.3 bn
- Finalizing truck restructuring:
 - Industrial relocation in Renault Trucks
 - Outsourcing of axles
- Strong improvement of operating income (+73%)

In Focus Going Forward

- Manage high levels of production and supply chain
- Price management
- Product renewal
- Cash flow
- Repurchase of own shares

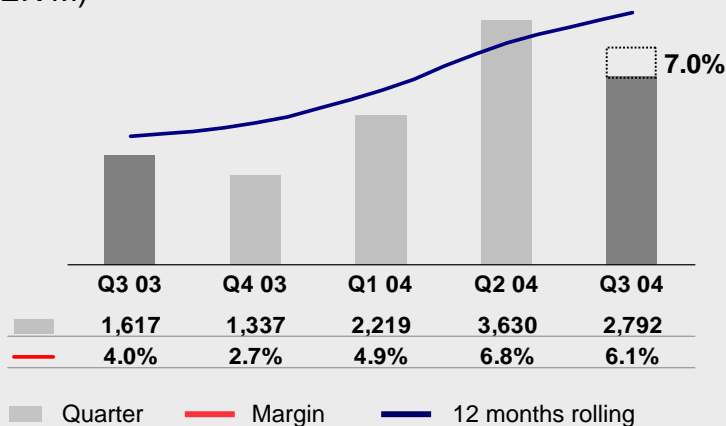
Net sales

(SEK bn)



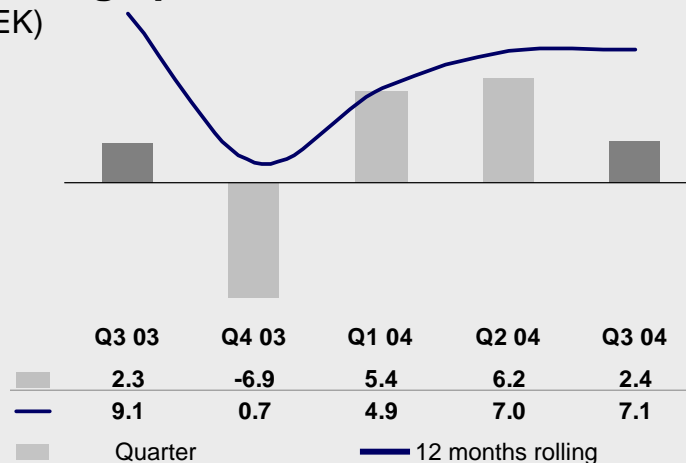
Operating income*

(SEK M)



Earnings per share

(SEK)



* Excluding effects from the holding in Scania AB

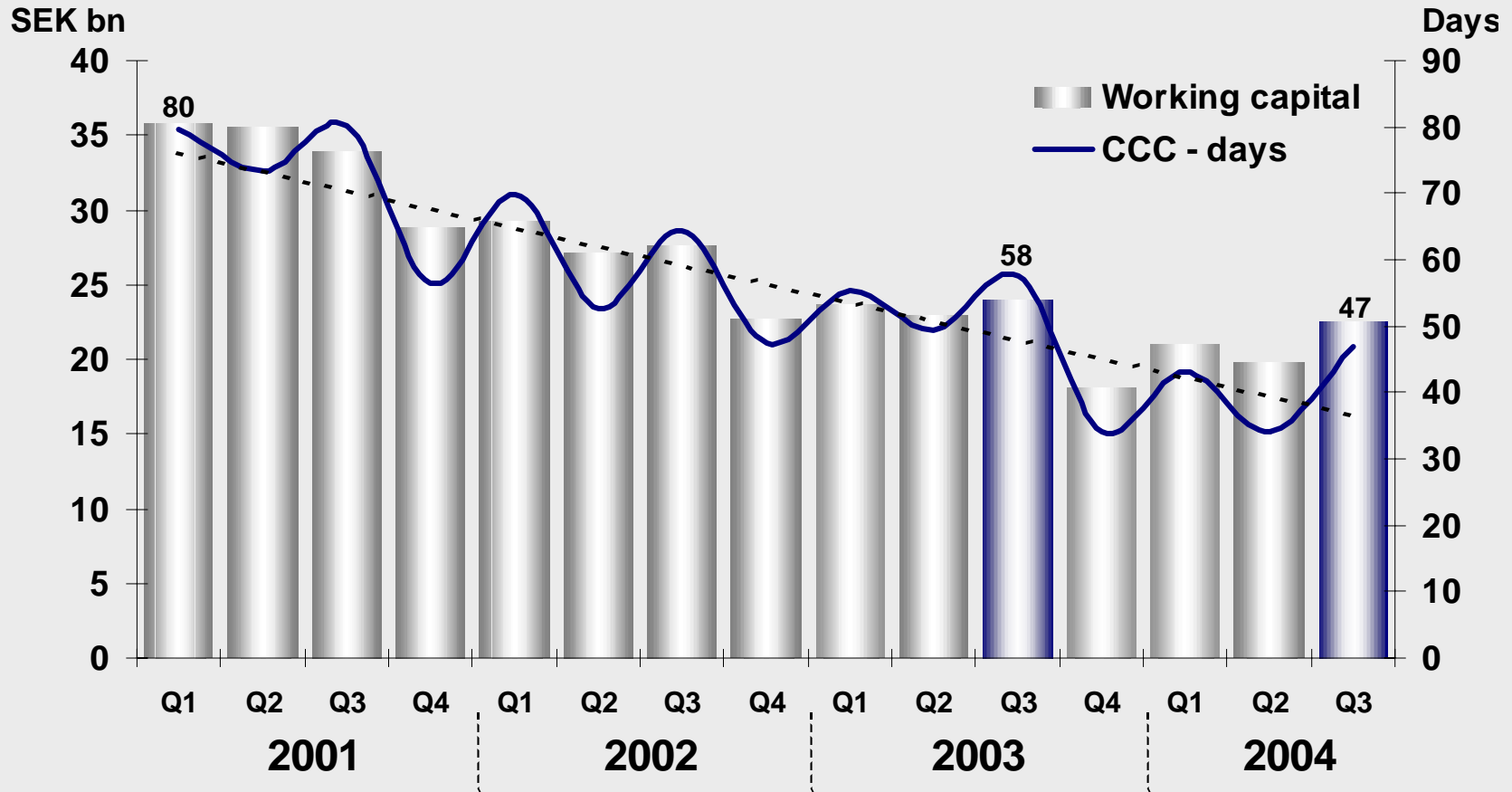
Consolidated Results

Third Quarter 2004

SEK M	2004	2003	
Net Sales	45,870	40,511	<i>Adjusted for currency +16%</i>
Gross income	10,291	7,983	
	22.4%	19.7%	
R&D expenses	(1,737)	(1,683)	
Selling expenses	(4,320)	(3,960)	
Administrative expenses	(1,212)	(1,285)	
Other op. Income & expenses	(576)	185	<i>Industrial relocation in Renault Trucks -400</i>
Inc. from Financial Services	343	242	
Inc. from investments in associated companies	(3)	163	<i>Capital gain on Bilva divestiture in 2003: +188</i>
Inc. from other investments	6	(28)	
Operating income	2,792	1,617	<i>Total currency impact approx. -300</i>
Interest income and similar credits	153	255	<i>Write-down of accrued interest -114</i>
Interest expenses and similar charges	(318)	(517)	
Other financial income and expenses	(1,215)	(57)	<i>Write down of convertible loan -1,196</i>
Financial Net	(1,380)	(319)	
Income after fin. Items	1,412	1,298	
Taxes	(398)	(327)	<i>Positive impact related to write-downs +367</i>
Minority interest	(12)	(15)	
Net income	1,002	956	
EPS, SEK	2.40	2.30	<i>EPS adjusted for Henlys & restructuring: 5.30</i>
Operating margin	6.1%	4.0%	
Operating cash flow, excl. acq. & divest.	(2,900)	(700)	

Volvo Group

Development of cash conversion cycle

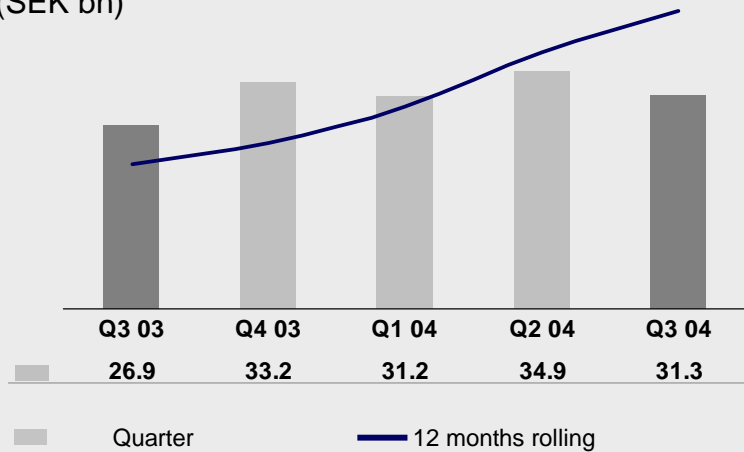


Trucks

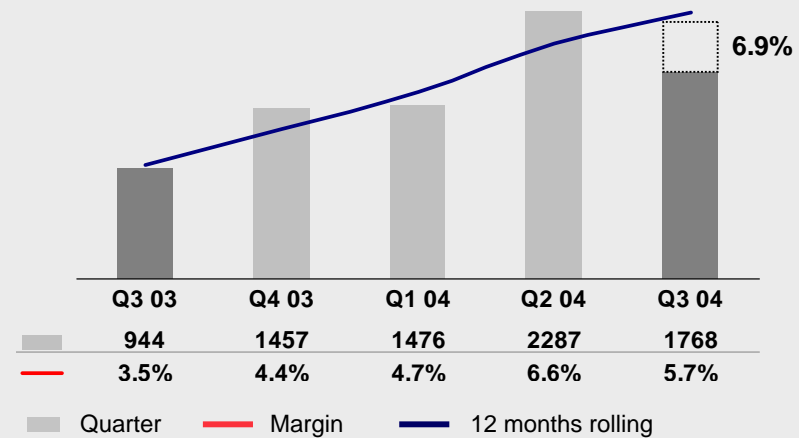
Third Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- High deliveries – sales growth of 19%
- Earnings improvement in North America
- Industrial restructuring in Renault Trucks

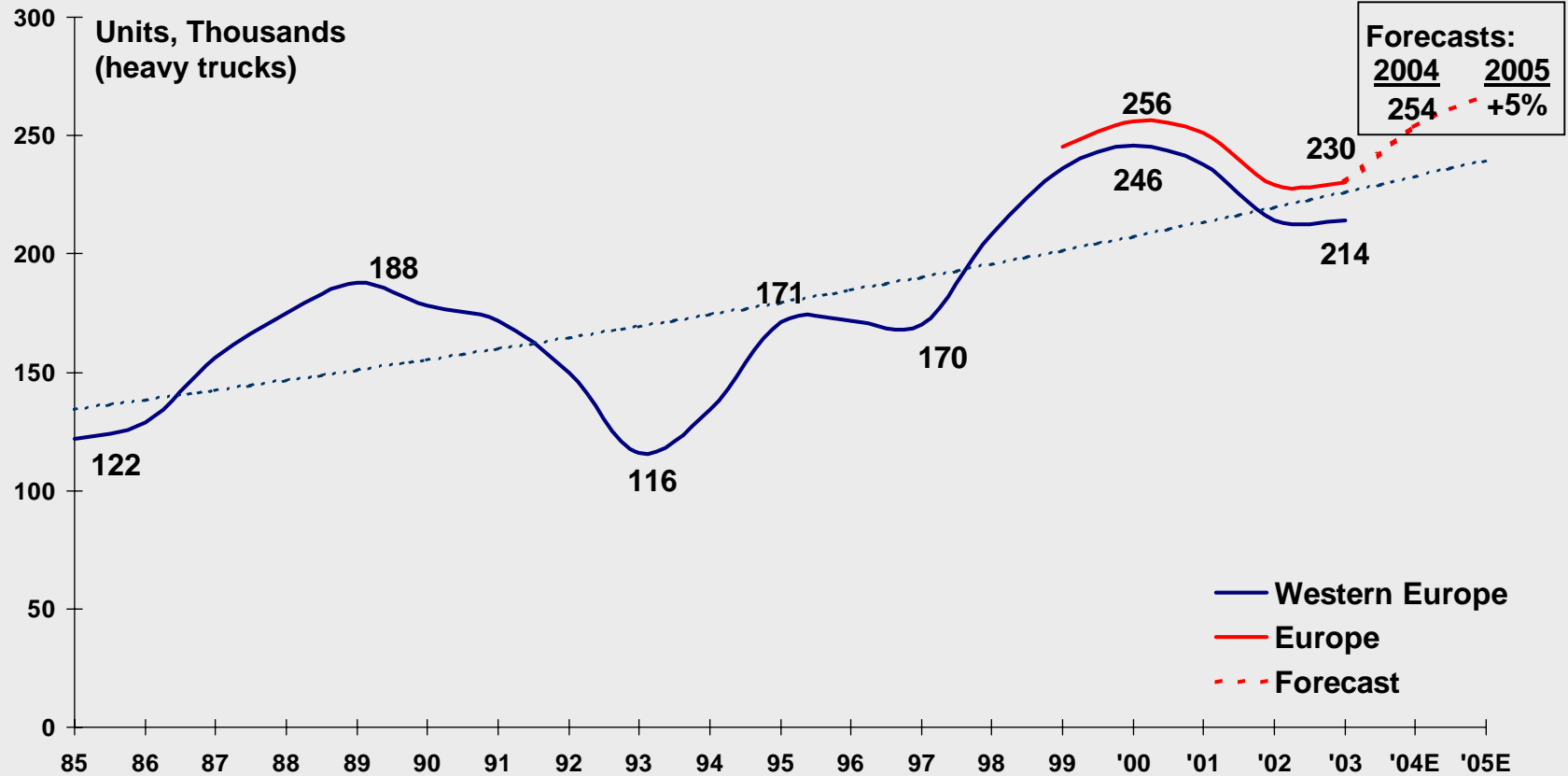
In Focus

- Manage high capacity utilization
- Price management
- Product renewal
- Cash flow

Heavy Duty Truck Market

Europe

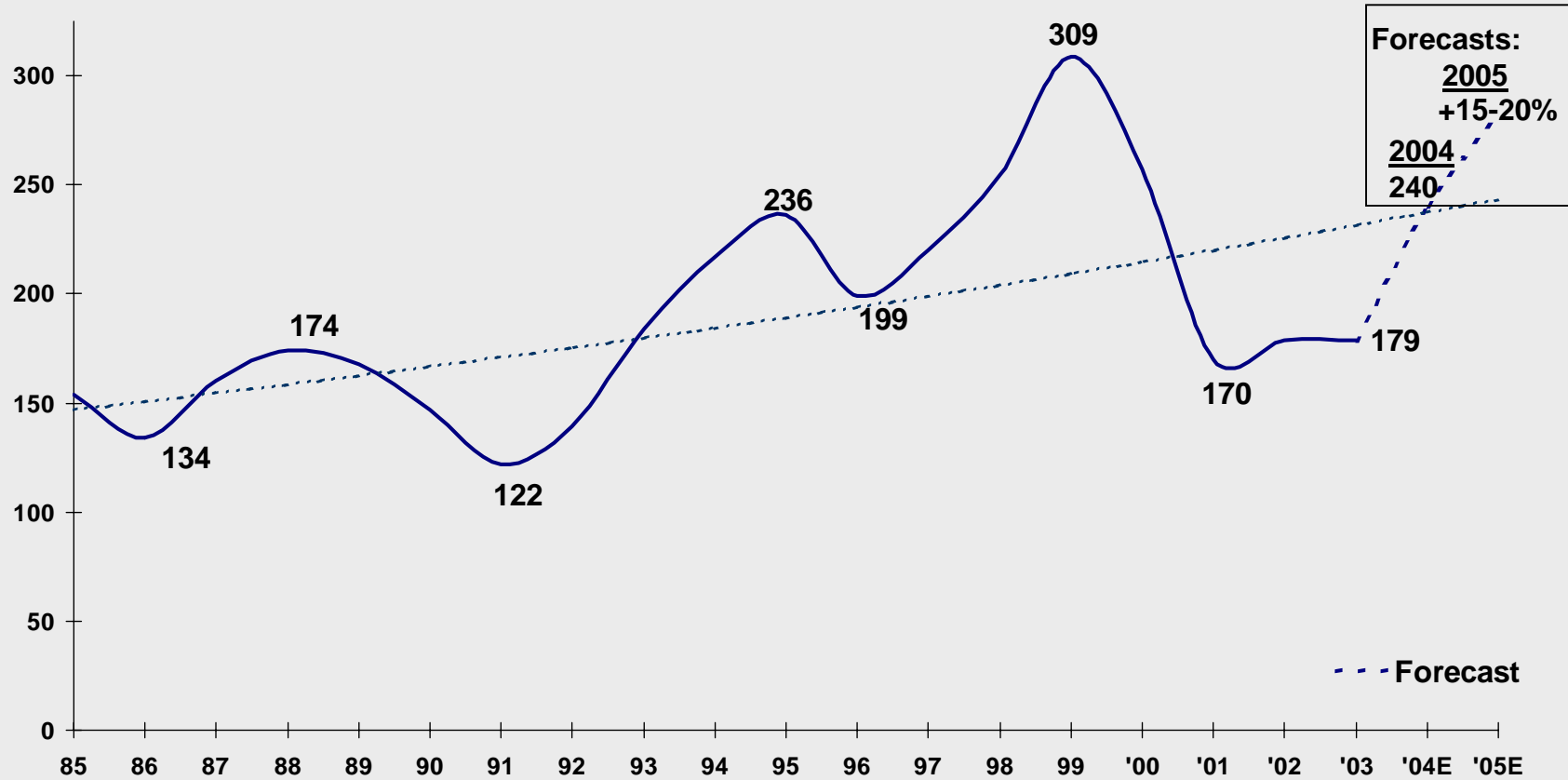
(EU members + Switzerland and Norway)



Heavy Duty Truck Market North America



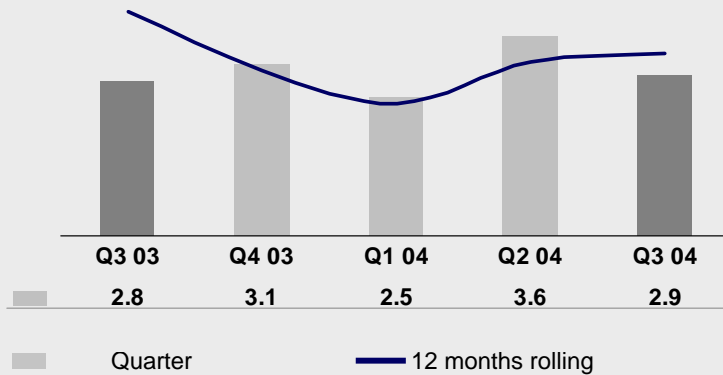
Units, Thousands (heavy trucks)



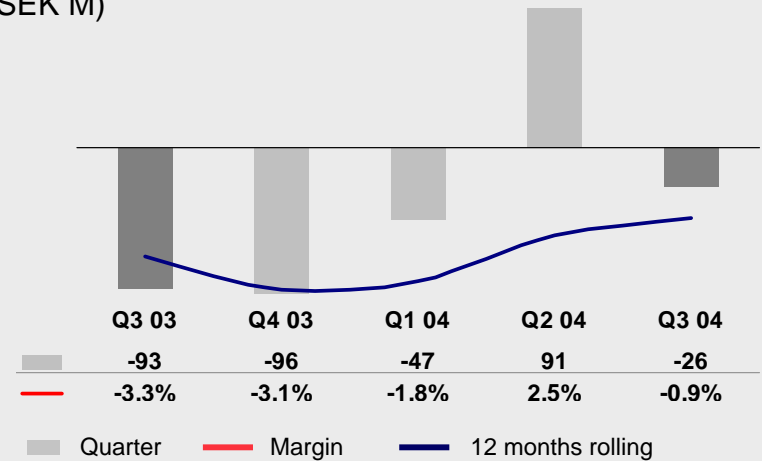
Volvo Buses Third Quarter



Net sales (SEK bn)



Operating income* (SEK M)



Highlights

- Good order intake
- Facelift 9700 for Europe
- Prevost and Nova

In Focus

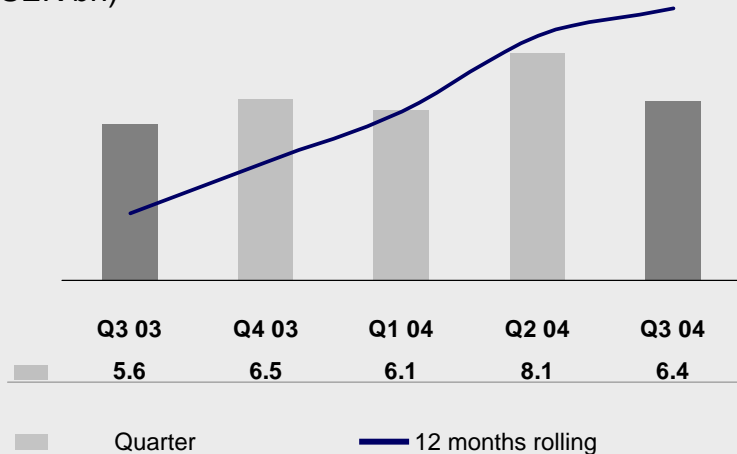
- Profitability and cash flow
- China and Mexico
- Euro IV engines

* Excluding revaluation of shares in Henlys Group.

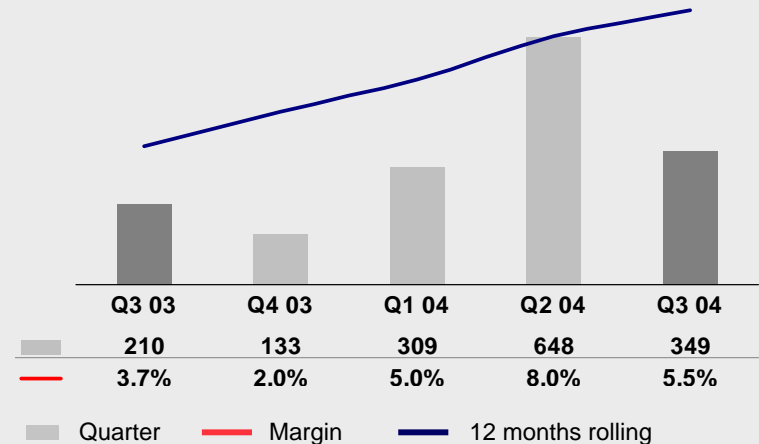
Volvo Construction Equipment Third Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Heavy construction equipment market up 6%
NA +28%, Eur. +6%, Int.: flat
- Volvo CE sales growth +17%
- Operating income up
- Entry into new compact excavator segment with short swing radius range

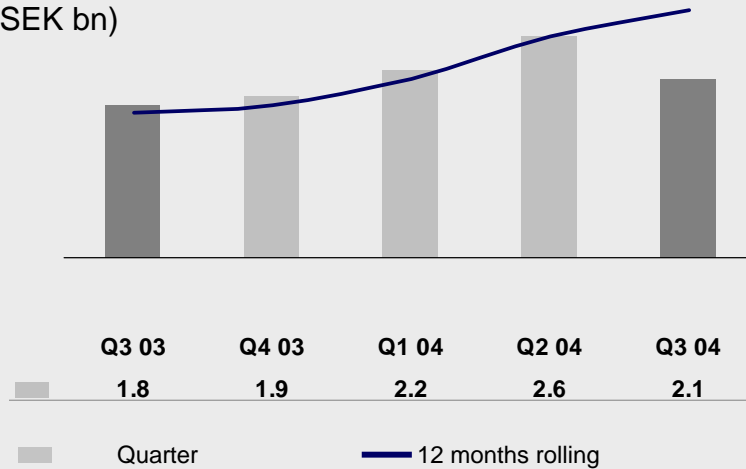
In Focus

- Improve operating margin
- Manage production capacity and material supply
- Add production of crawler excavators in existing German plant
- Price management
- Cash flow

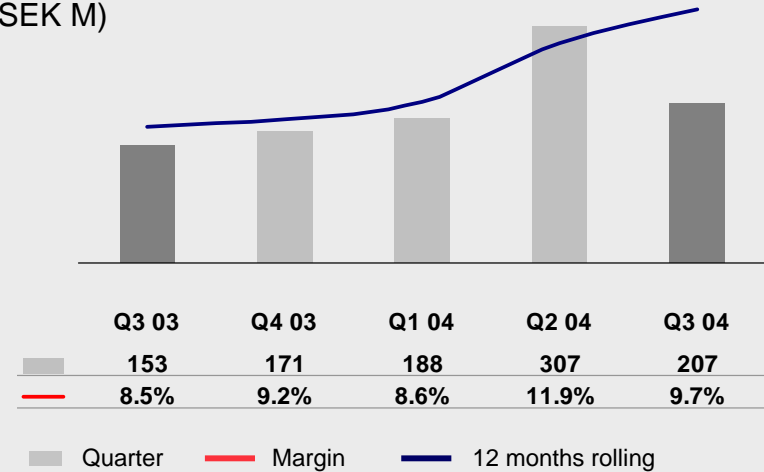
Volvo Penta Third Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- New products well received
- Strong sales in all segments
- 12 months rolling operating margin on 10 %

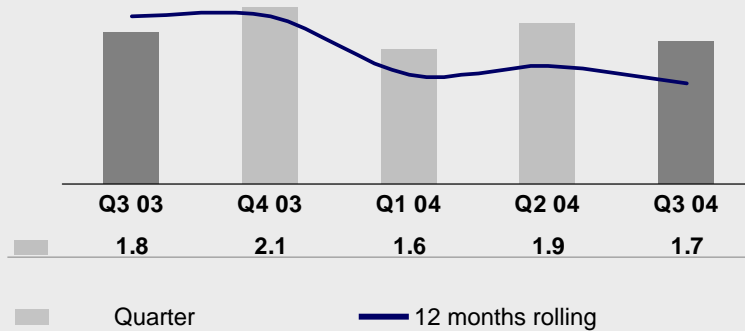
In Focus

- Quality
- Development in China
- Cost control
- Cash flow

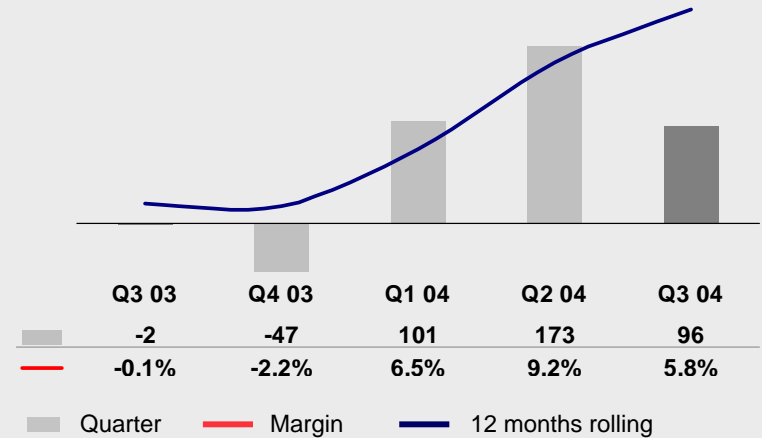
Volvo Aero Third Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Air traffic steadily growing, but fuel prices delay airline recovery
- Favorable sales mix
- Still weak aftermarket
- New segment – fan cases

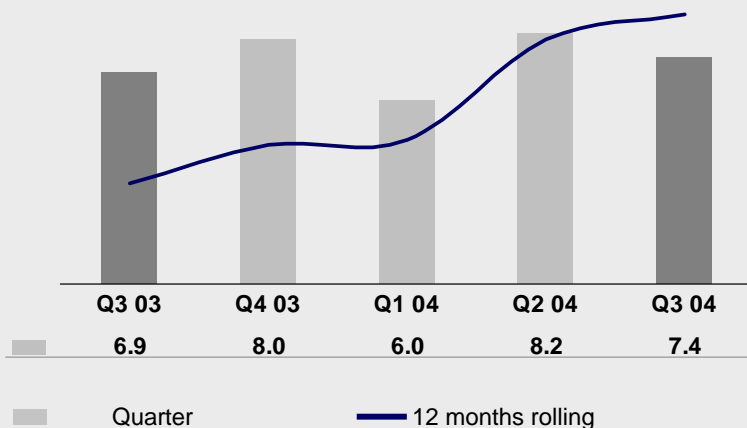
In Focus

- Decision on Swedish defense budget
- Participation in new engine programs
- Cost control in upturn
- Cash flow

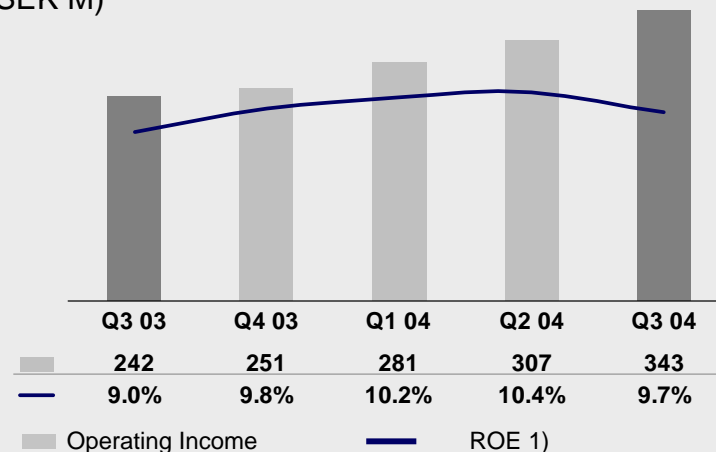
Volvo Financial Services Third Quarter



New retail financing (SEK bn)



Operating income and return on equity (SEK M)



Highlights

- Continued strong profitability
- Stable portfolio performance
- Lower write-offs

In Focus

- Unique proposition/differentiation
- Up-cycle management
- Volvo Financial Services International

1) Calculated as a 12 month rolling average

Volvo Group Summary

- Strong sales development
- Finalizing merger phase in Trucks
- Henlys resolution
- Significant profitability improvement

VOLVO