

VOLVO

Third Quarter 2004

Press Conference, October 22, 2004

Highlights

Third Quarter

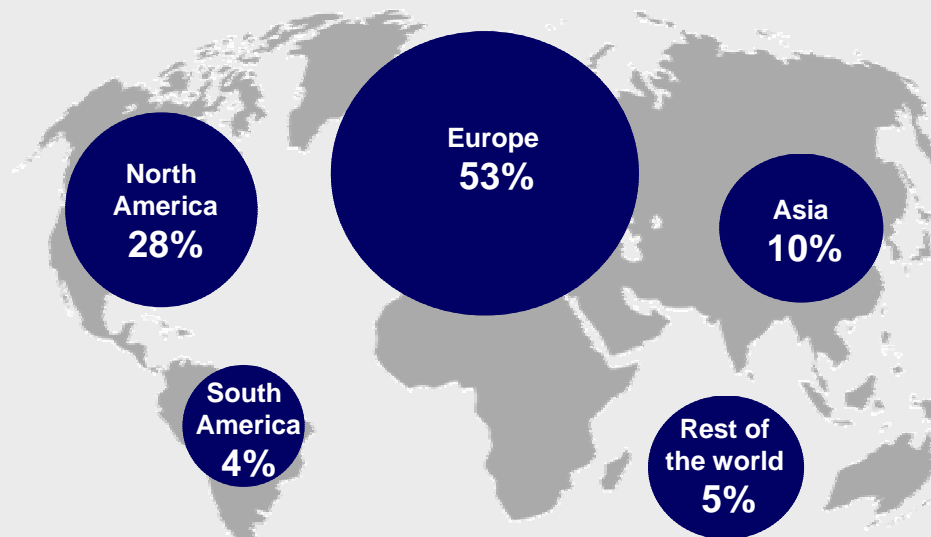
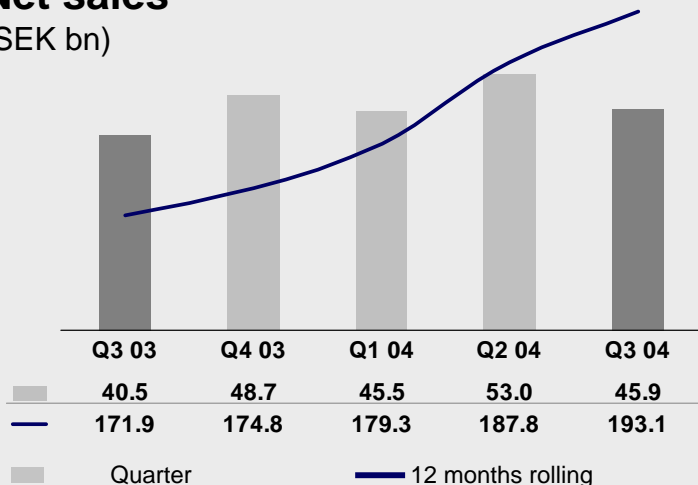
- Strong sales growth 16%
 - High capacity utilization
 - Good order intake
- Henlys resolution:
 - Acquisition of Prevost/Nova
 - Holding in Blue Bird
 - Write-down of SEK 1.3 bn
- Finalizing truck restructuring:
 - Industrial relocation in Renault Trucks
 - Outsourcing of axles
- Strong improvement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

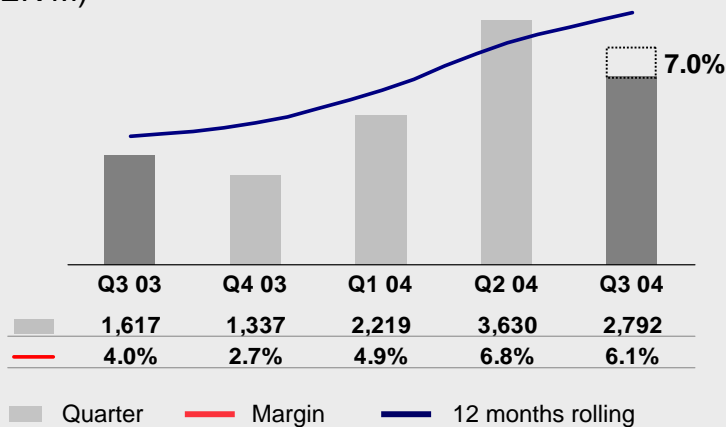
Net sales

(SEK bn)



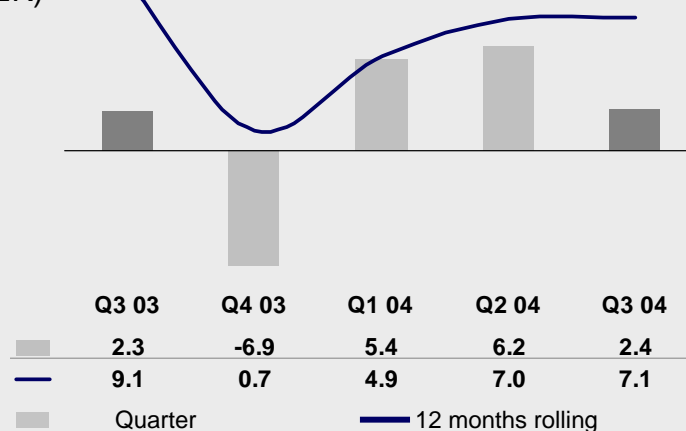
Operating income*

(SEK M)



Earnings per share

(SEK)



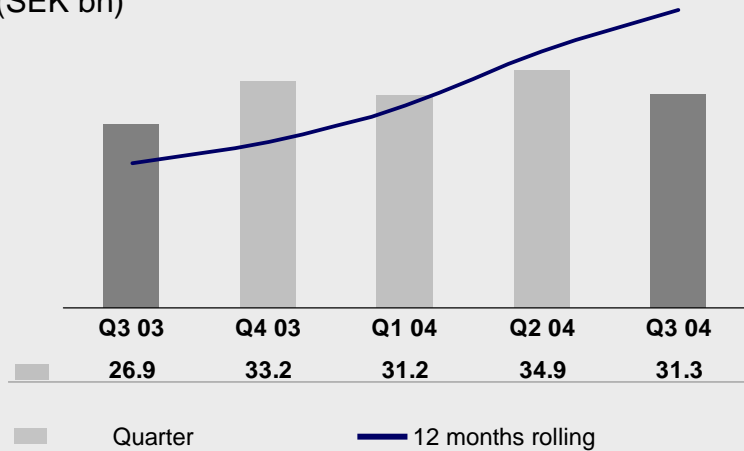
* Excluding effects from the holding in Scania AB

Trucks

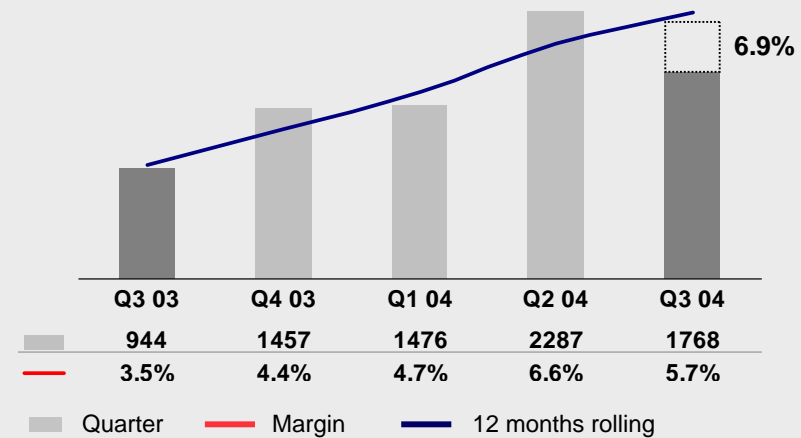
Third Quarter



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

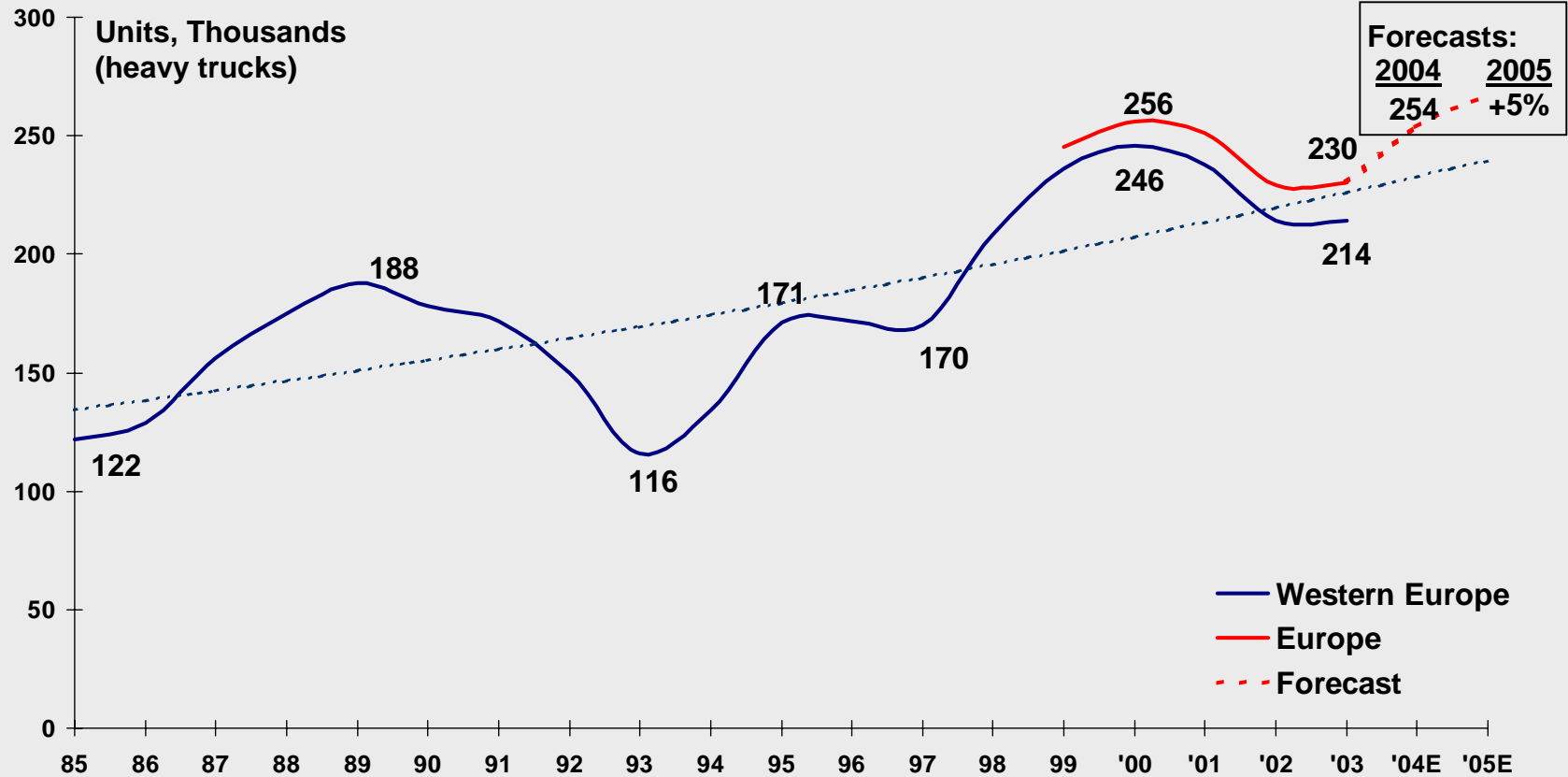
In Focus

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

Heavy Duty Truck Market

Europe

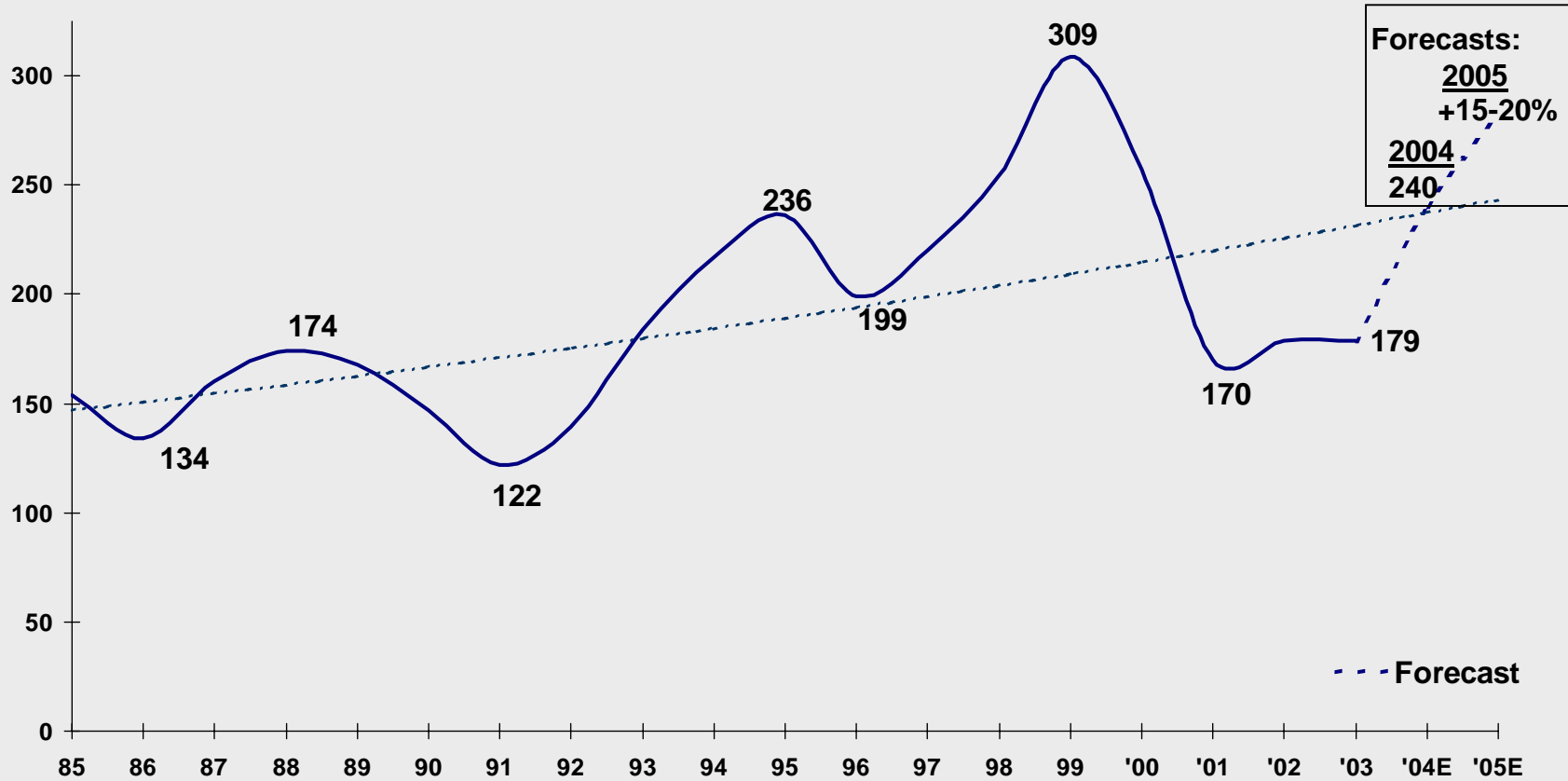
(EU members + Switzerland and Norway)



Heavy Duty Truck Market North America



Units, Thousands (heavy trucks)



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Volvo Trucks

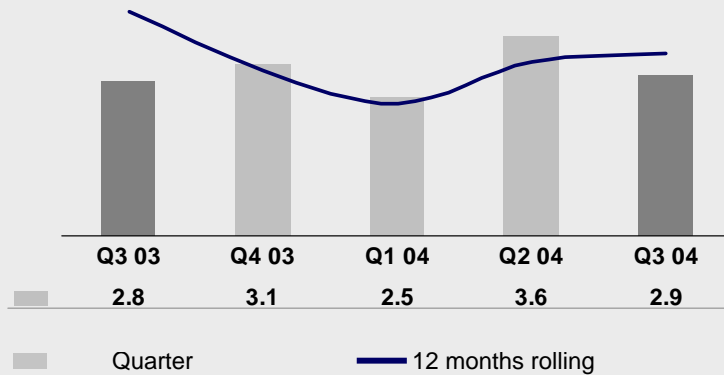
Strong performance



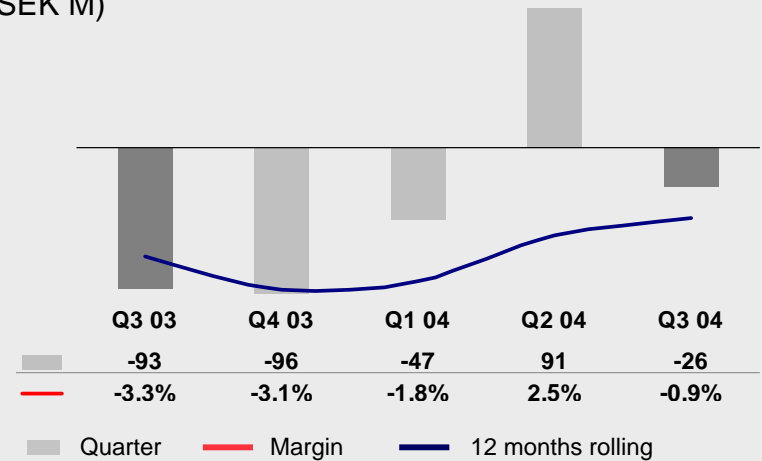
Volvo Buses Third Quarter



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 Buses

Facelift Volvo 9700 Europe

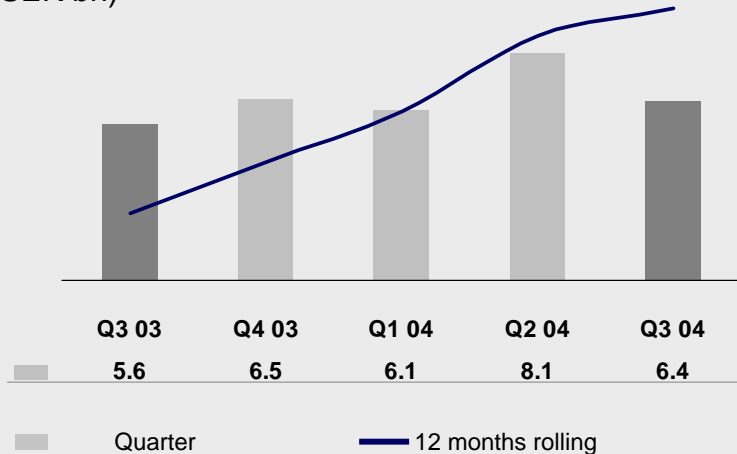


- **Strong customer offer:**
 - Financing
 - Repair & Maintenance
 - Dynafleet online
- **Product improvements:**
 - New interior
 - New drivers workplace
 - New safety features

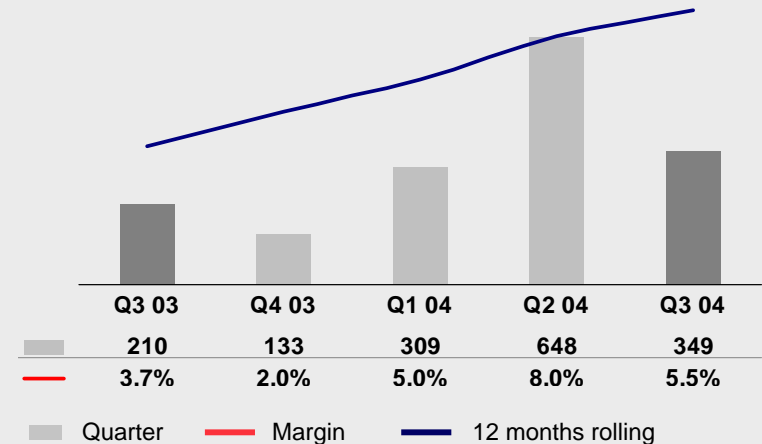
Volvo Construction Equipment Third Quarter



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 Construction Equipment

New range of short swing radius compact excavators



ECR 28



ECR 38



ECR 58

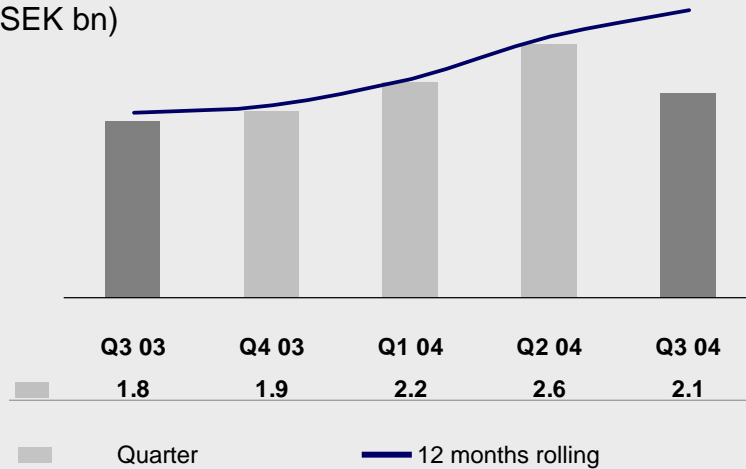


ECR 88

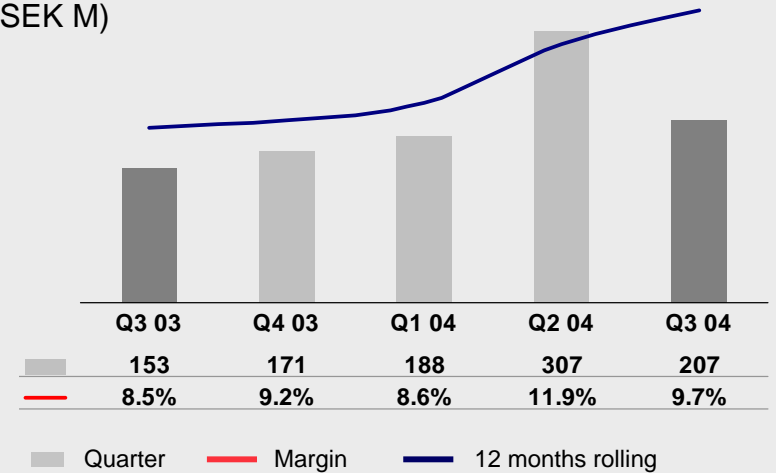
Volvo Penta Third Quarter



Net sales (SEK bn)



Operating income (SEK M)



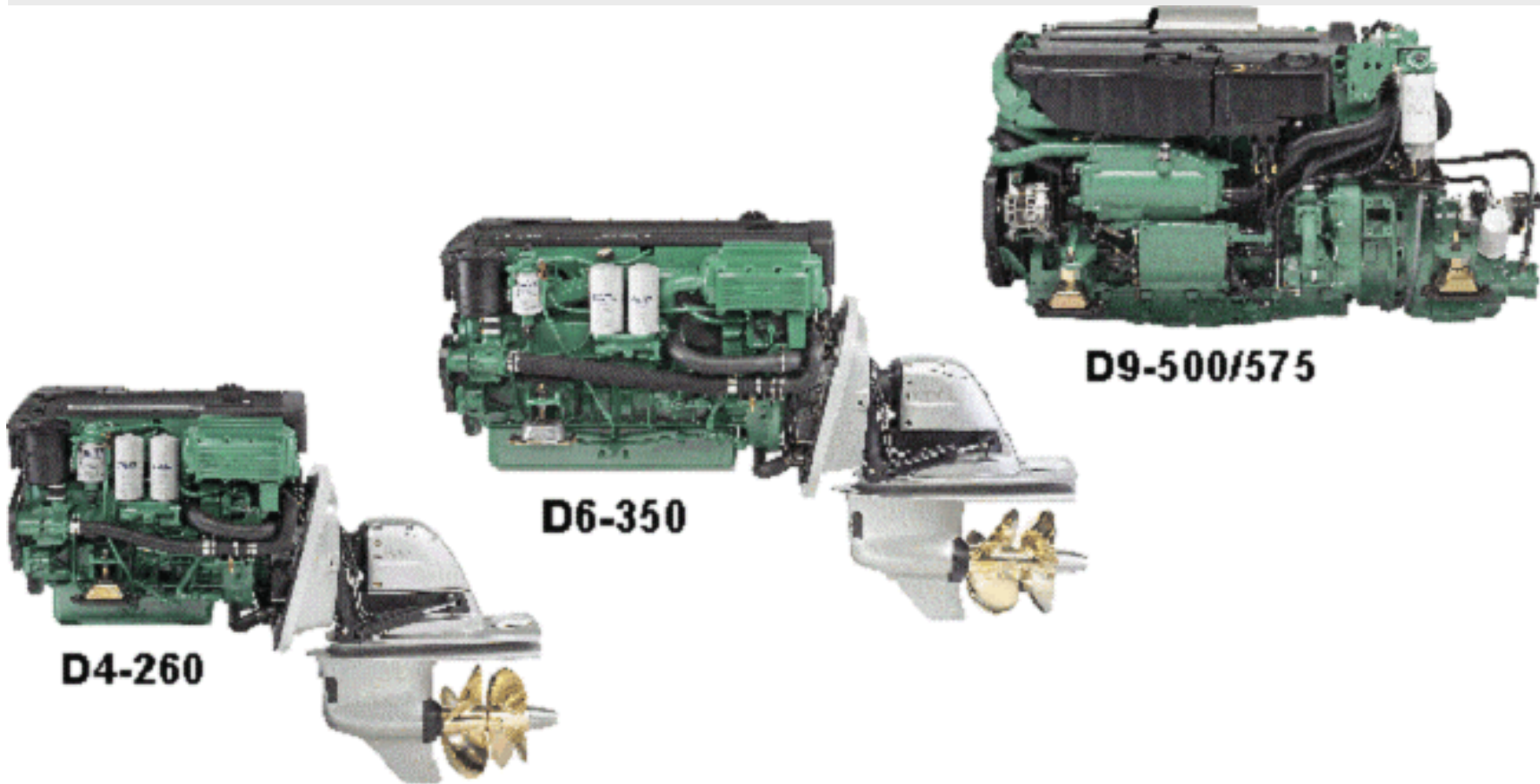
Highlights

- 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

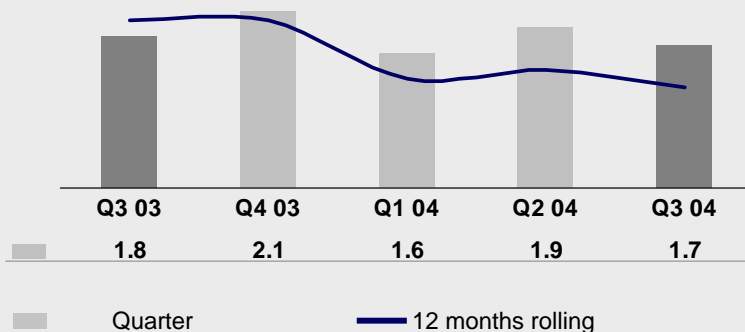
Volvo Penta New marine engine range



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

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Volvo Aero

Strategic acquisition of Aero-Craft



Volvo Aero growth by entering Fan Case market

Volvo Financial Services

Sal Mauro

President Volvo Financial Services

Volvo Financial Services

A global service organization

Customer Finance



Treasury



Real Estate



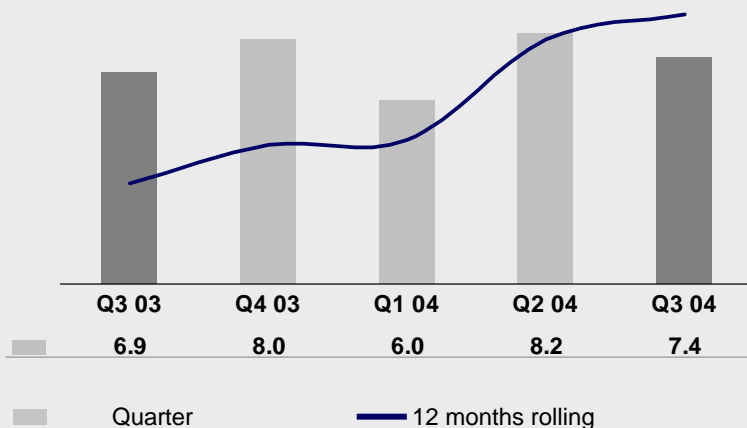
Insurance



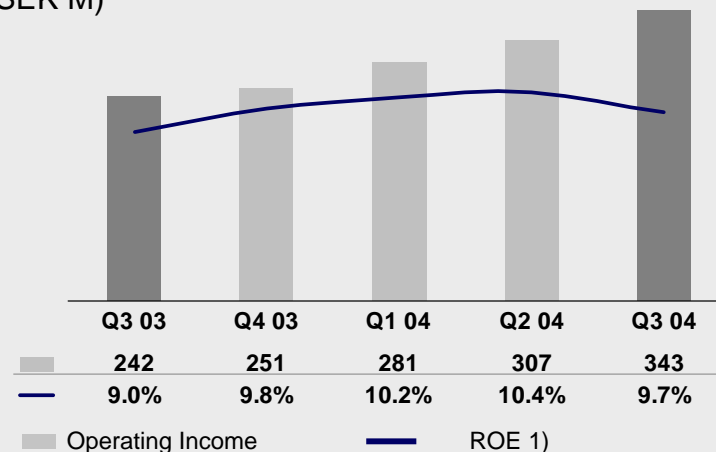
Volvo Financial Services Third Quarter



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

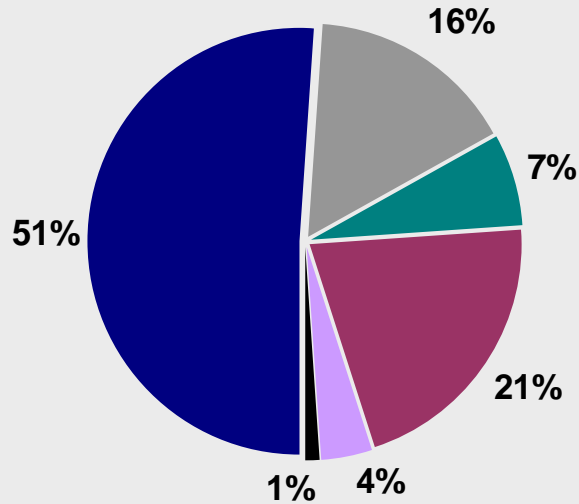
- Unique proposition/differentiation
- Up-cycle management
- Volvo Financial Services International

1) Calculated as a 12 month rolling average

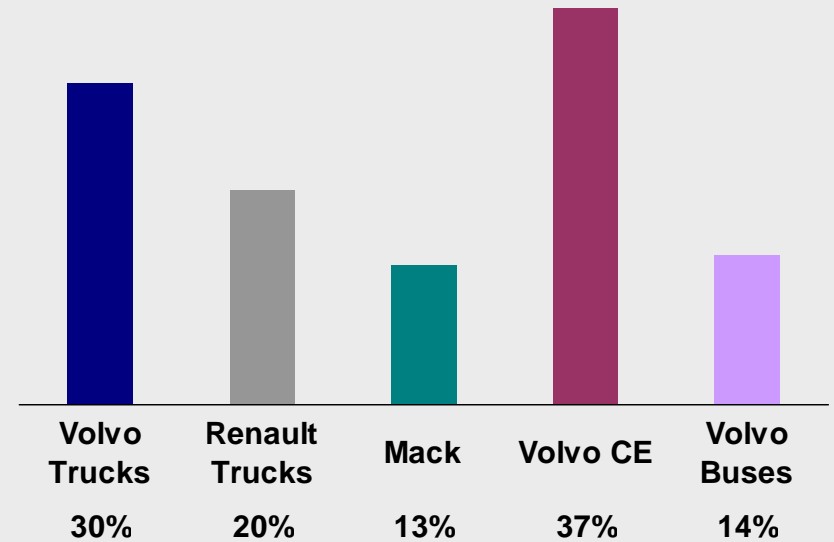
Volvo Financial Services Third Quarter - isolated



New financing

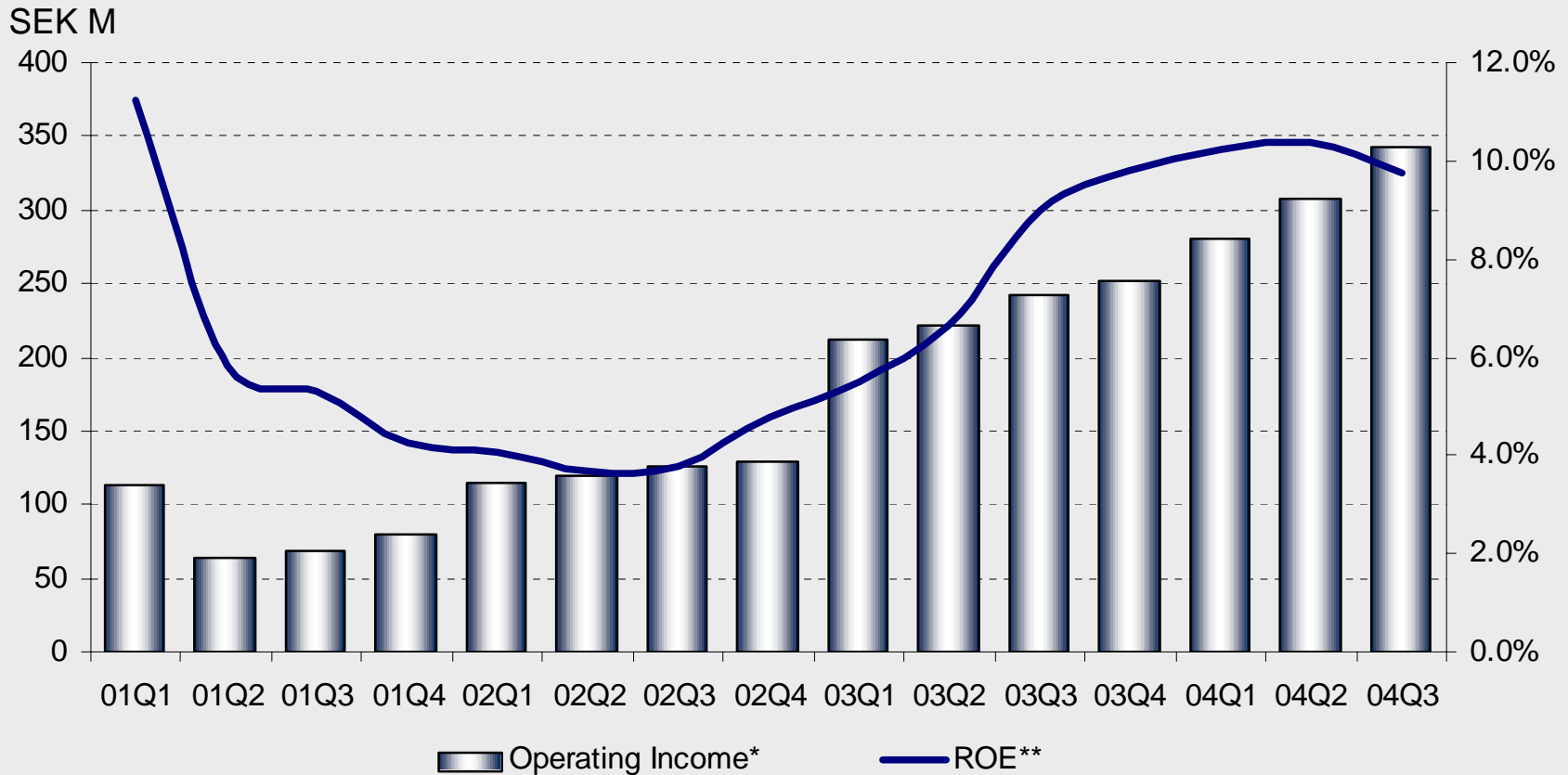


Penetration on new financing



Volvo Financial Services

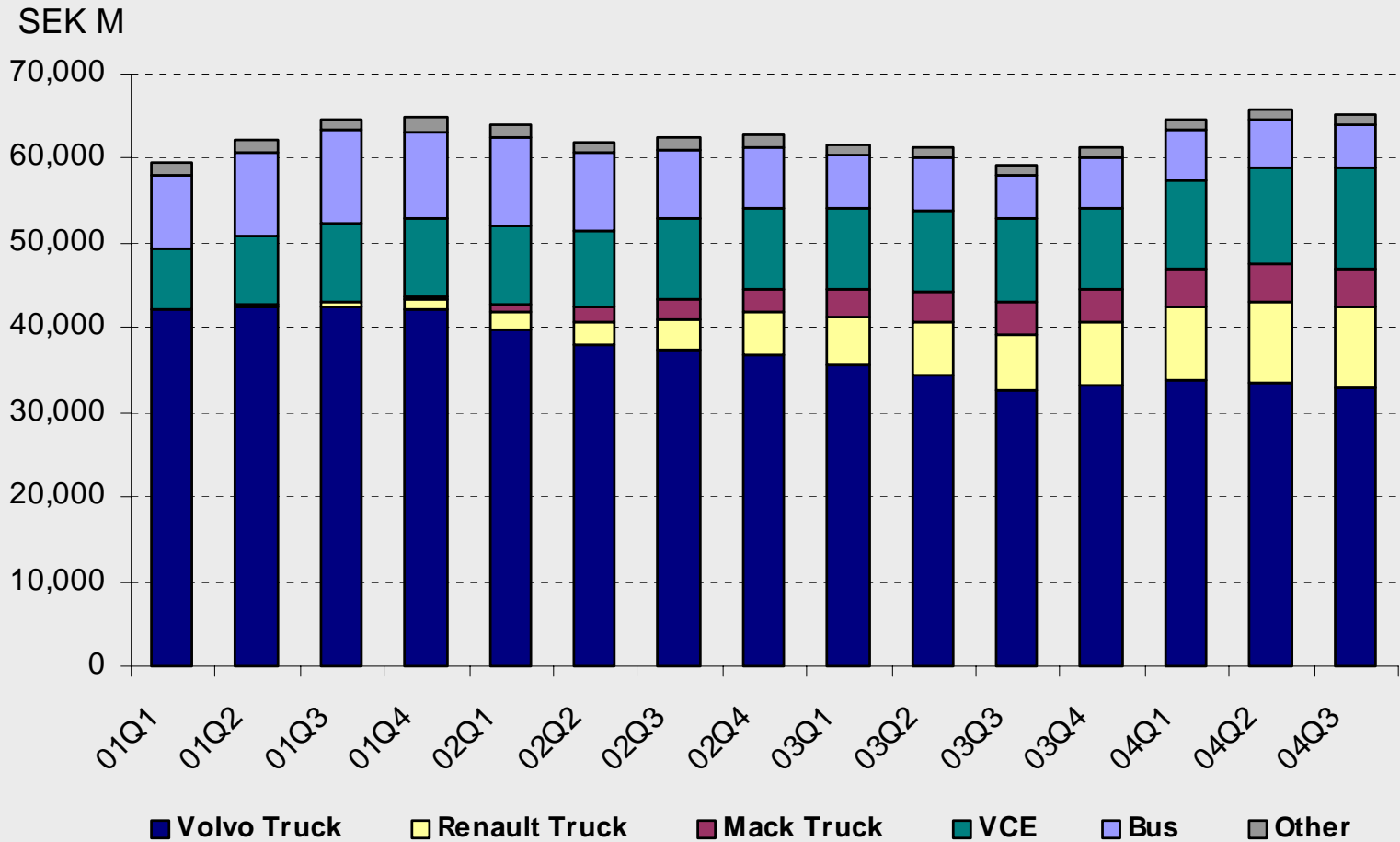
Operating income and ROE



*Isolated Quarters **12-month Rolling Average

Volvo Financial Services

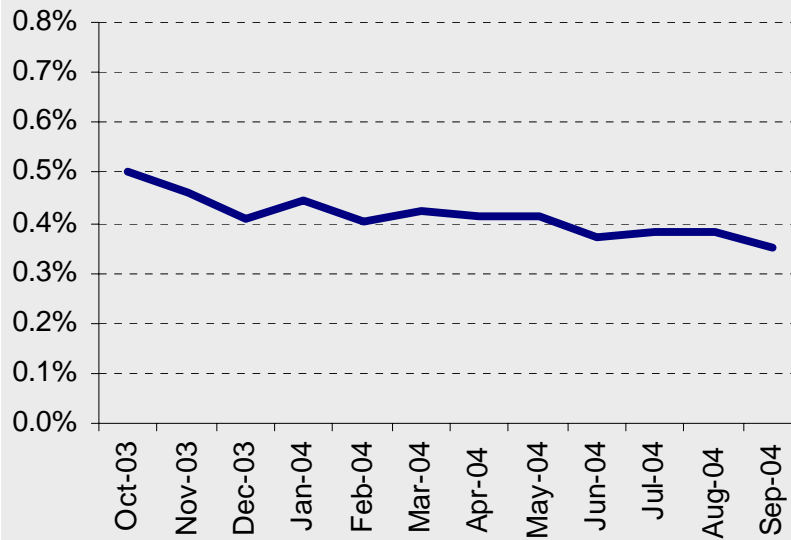
Gross credit portfolio



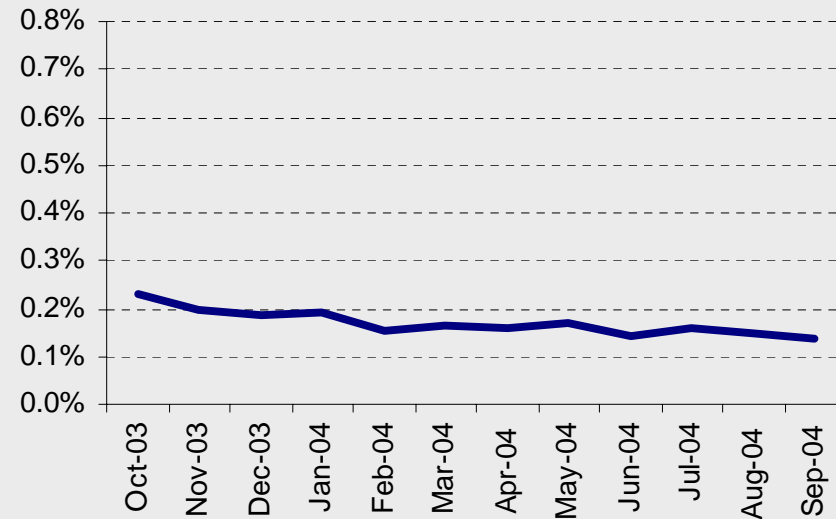
Volvo Financial Services

Effective Risk Management = Stability and Control

Overdue > 30 Ratio

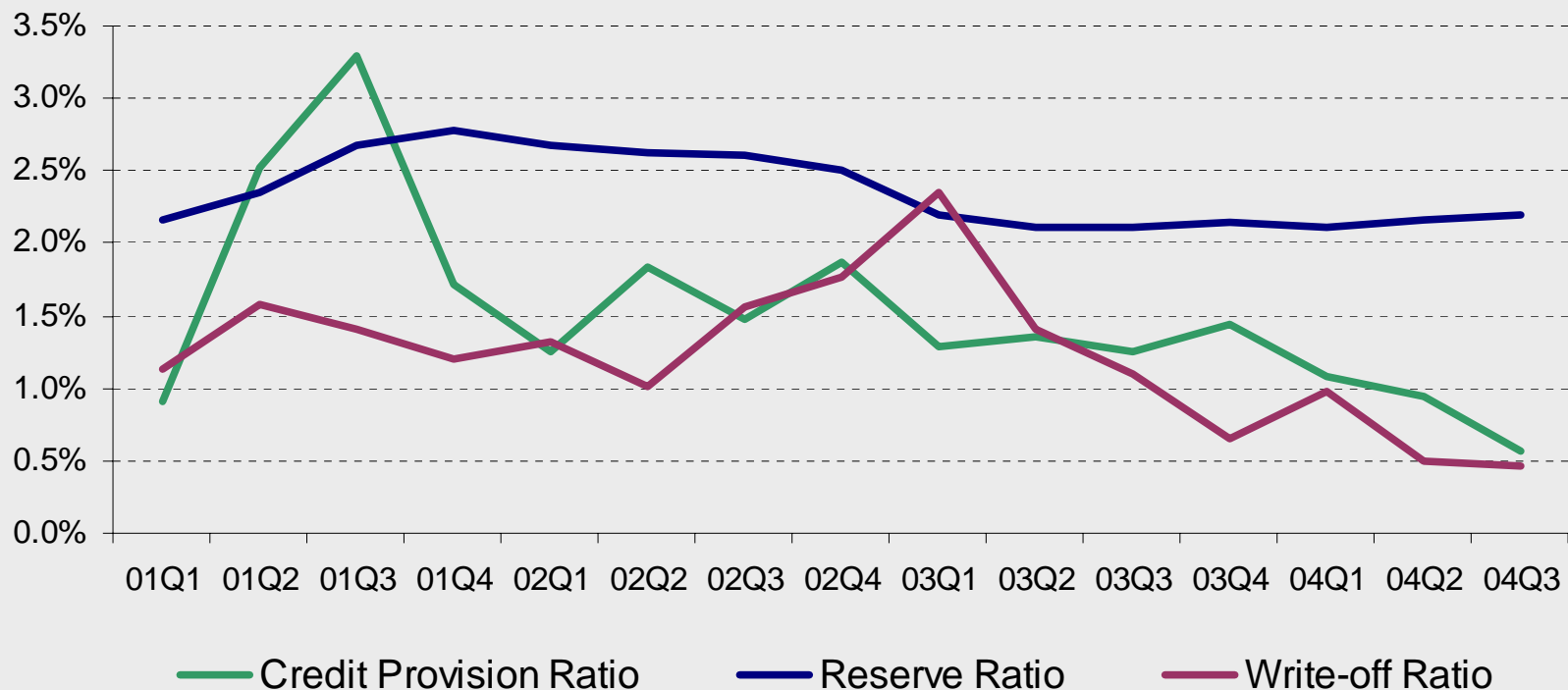


Overdue > 90 Ratio



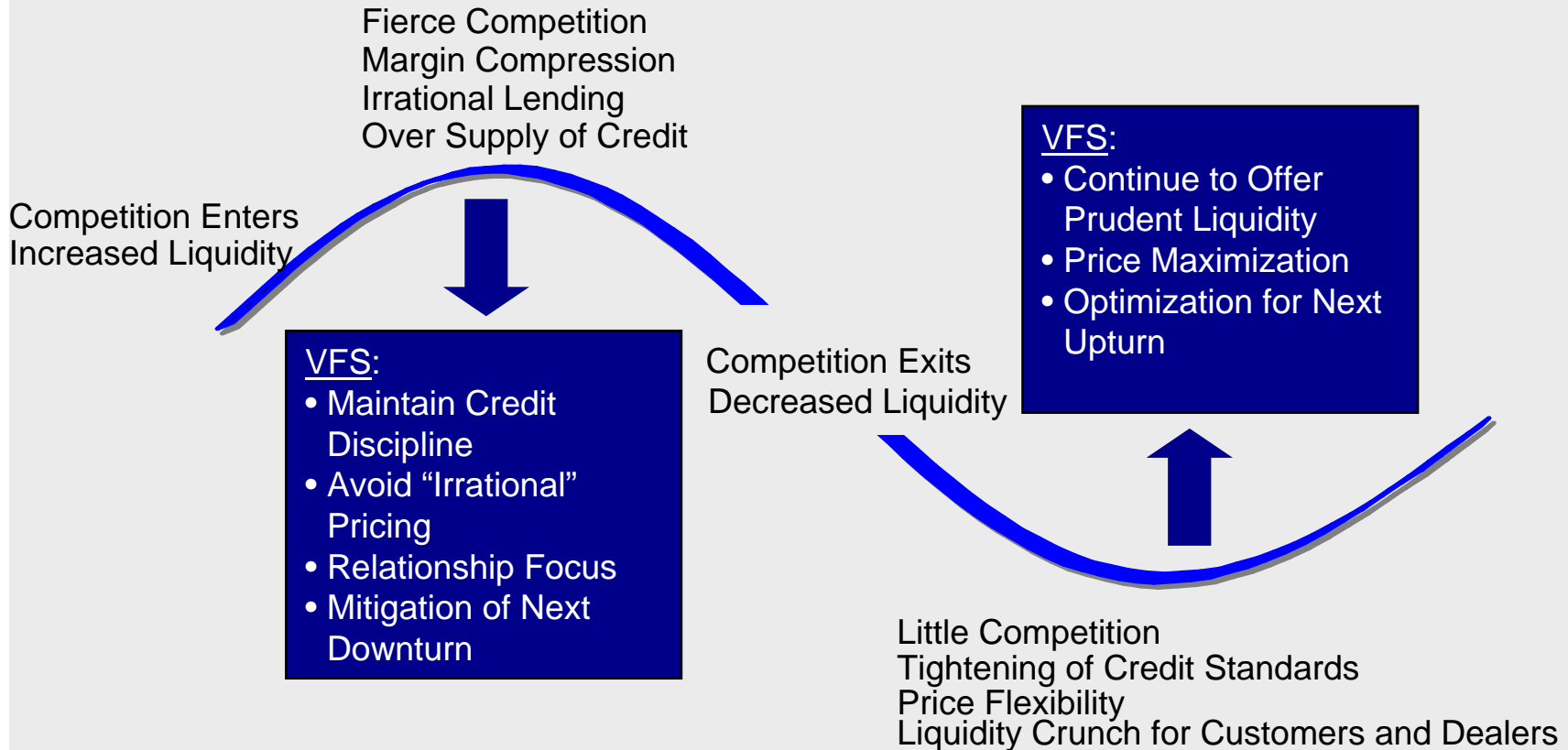
Volvo Financial Services

Customer finance reserve ratios



Volvo Financial Services

The “Customer finance business cycle”



Objective: Build strong relationships that promote group sales while providing steady profitability to enhance shareholder value

Volvo Financial Services

Key objectives

- 1 **Stability in earnings** over a business cycle
- 2 **Profitability** in all business segments
- 3 Controlled and profitable **asset growth**
- 4 Sound **portfolio structure** / asset diversification
- 5 Support Business Areas & maximize **customer satisfaction**

Volvo Group

Summary

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