

VOLVO

Fourth Quarter 2004

Press Conference, February 10, 2005

Highlights

Fourth Quarter

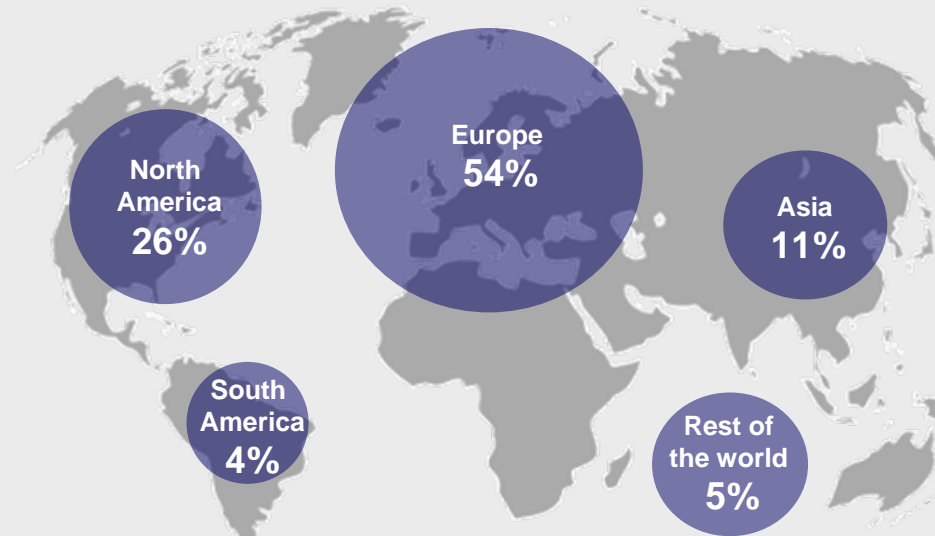
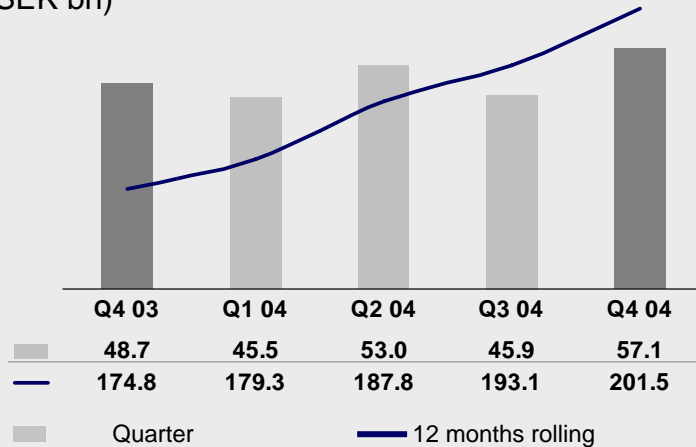
- Strong sales growth 17%
 - High capacity utilization
 - Record deliveries in Trucks and Penta
- Improvement in operating income
 - Strong development in Trucks, Penta, VFS
 - Buses contributes
- Good control of operating capital
 - Operating cash flow 9,2bn
- EPS Q4: SEK 8.40 (loss 6.88) FY: SEK 22.35 (0.71)
RoE 13,2% (0,4%)
- Board proposals to AGM
 - Ordinary dividend of SEK 12.50 per share
 - Cancellation of treasury stocks above 5% of company shares
 - Renewed mandate for a buy-back program up to 10%

In Focus Going Forward

- New product launches
 - Renault Magnum
 - Volvo VT 880
 - Volvo Penta IPS
 - and more
- Supply management
- Price management
- Cash flow

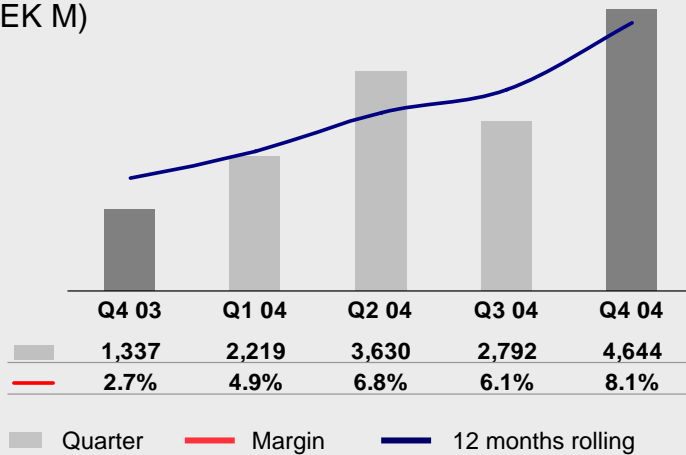
Net sales

(SEK bn)



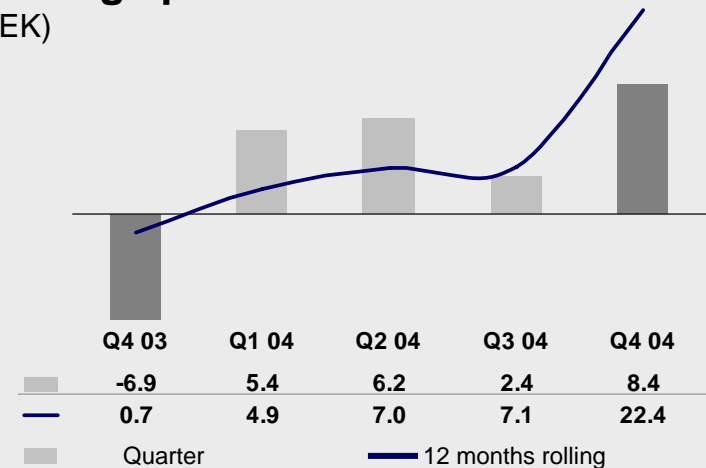
Operating income*

(SEK M)



Earnings per share

(SEK)



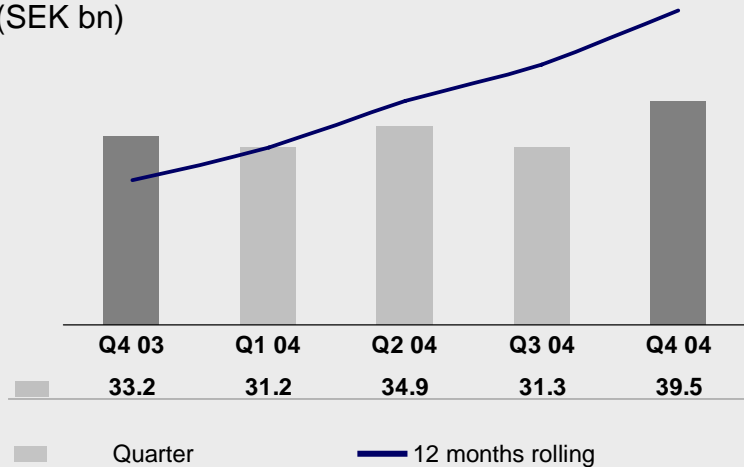
* Excluding effects from the holding in Scania AB

Trucks

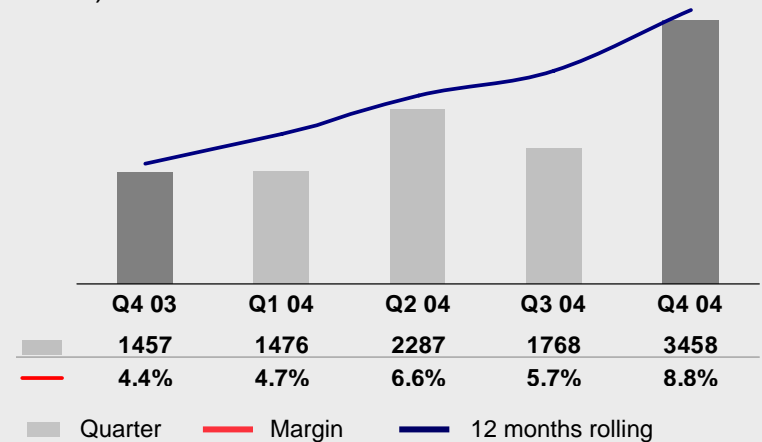
Fourth Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- High deliveries and capacity utilization
- Significant improvement in operating income
 - North America
 - Improvements in all three brands

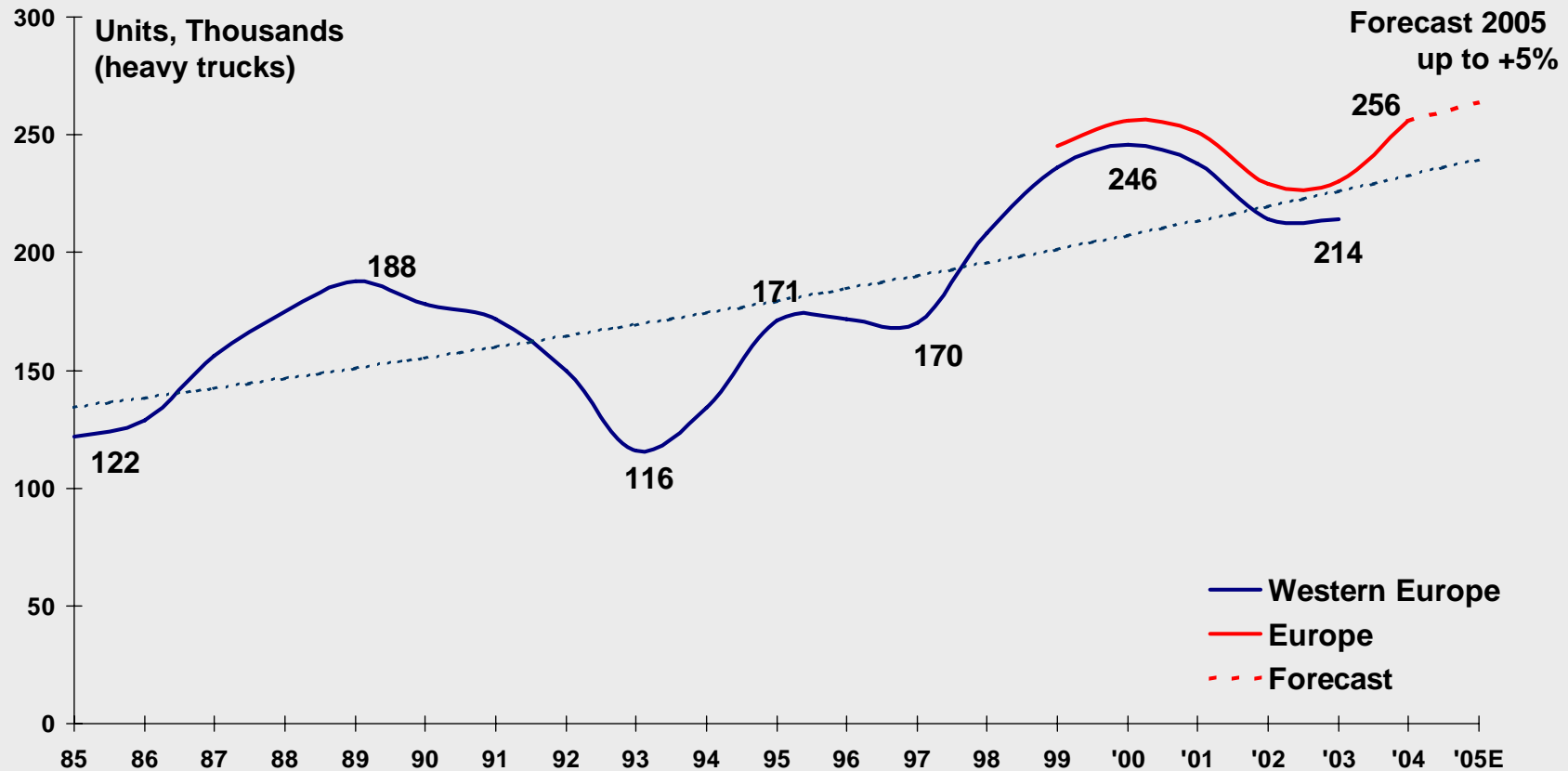
In Focus

- Product launches
- Supply management
- Price management
- Cash flow

Heavy Duty Truck Market

Europe

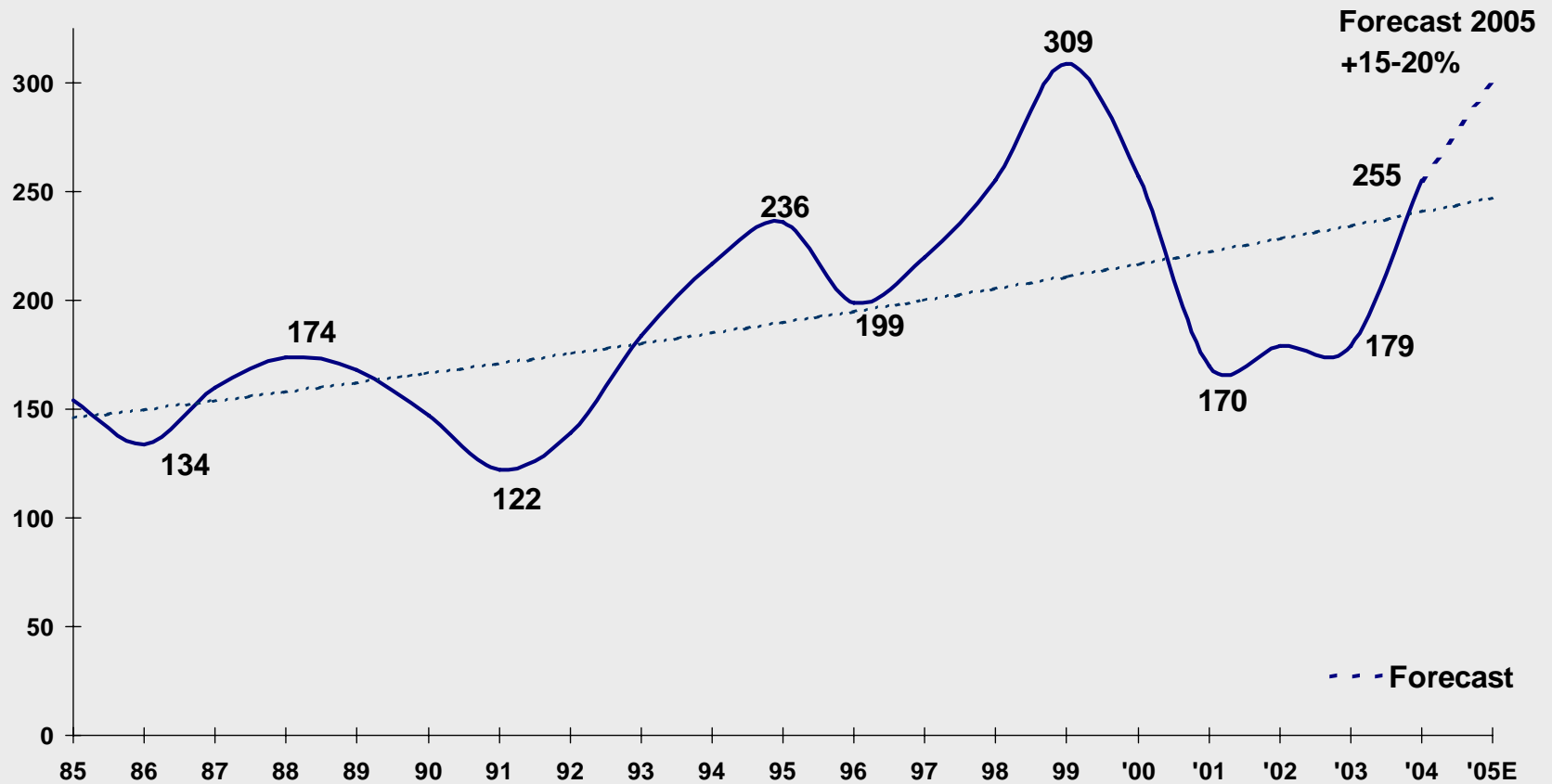
(EU members + Switzerland and Norway)



Heavy Duty Truck Market North America



Units, Thousands (heavy trucks)



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Renault Trucks

New Renault Magnum



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Volvo Trucks

New Volvo VT 880 and 16L engine

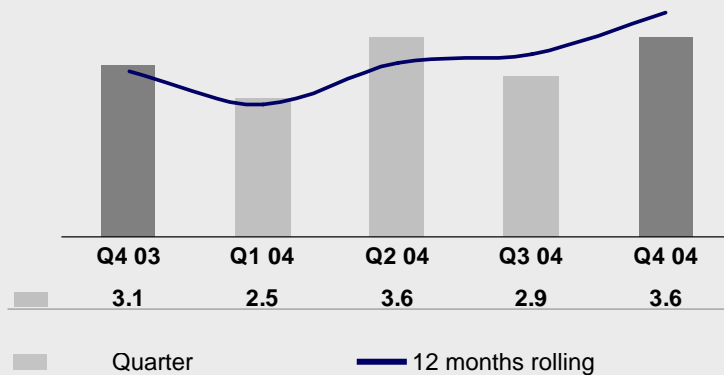


Volvo Buses

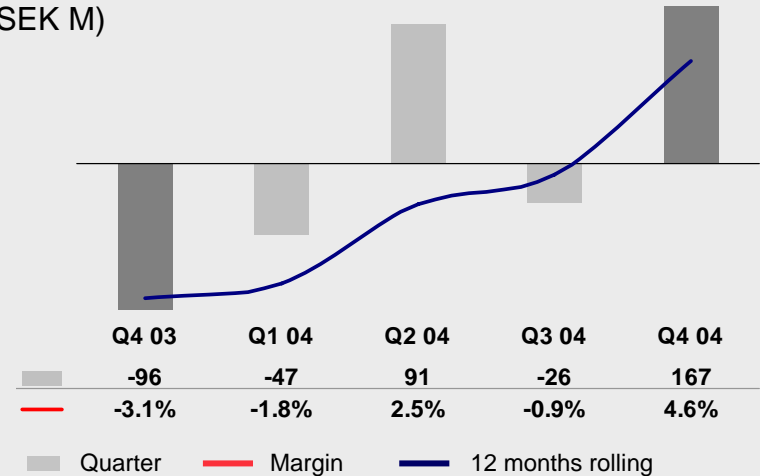
Fourth Quarter



Net sales (SEK bn)



Operating income* (SEK M)



Highlights

- Positive financial result
- Good order intake
- 180 buses to Stockholm

In Focus

- Profitability and cash flow
- Price management
- Mexico turnaround
- Order for 1,667 buses to Santiago

* Excluding revaluation of shares in Henlys Group.

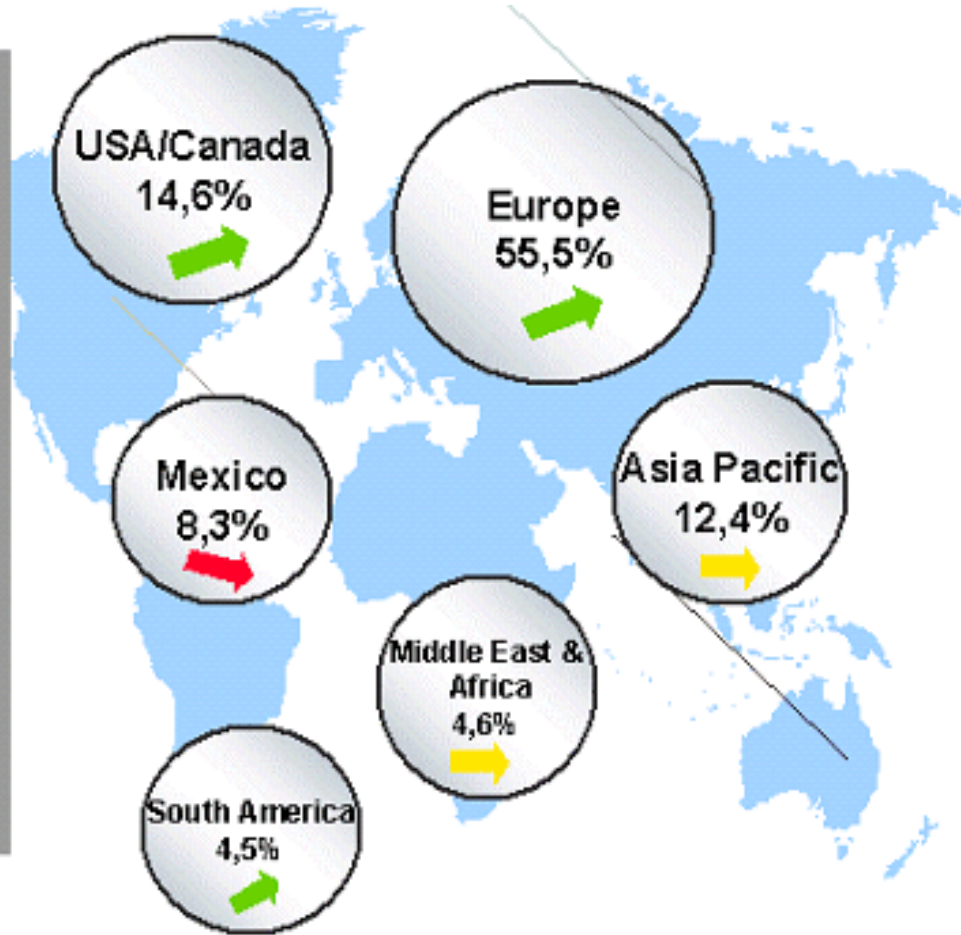
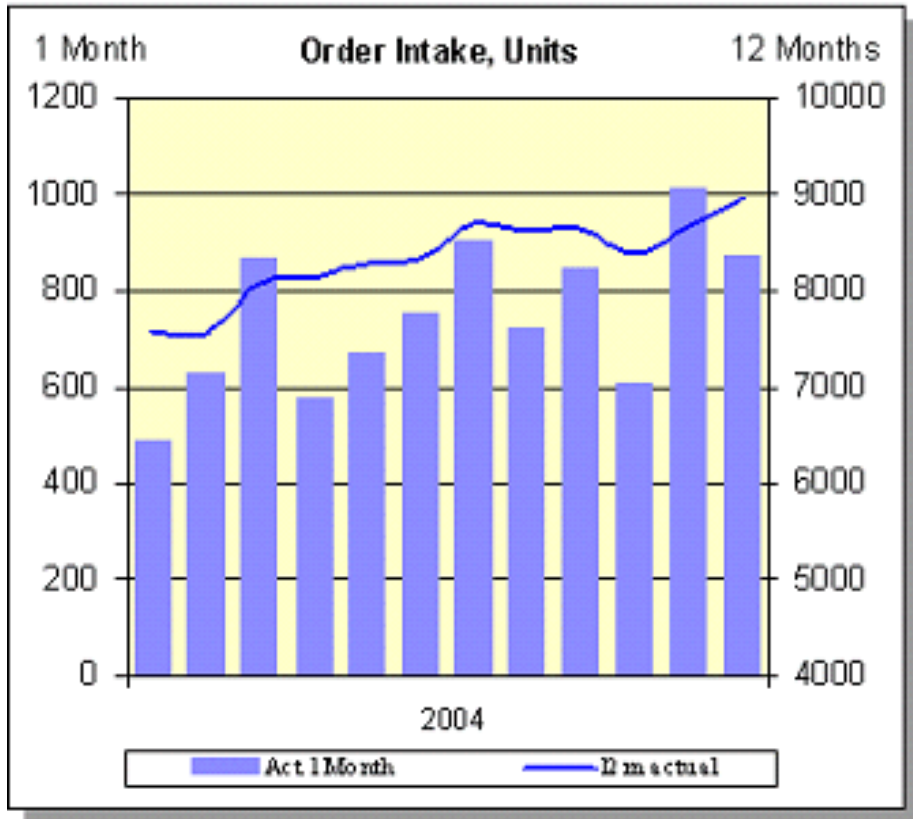
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Volvo Buses

1,667 buses to Santiago



Sales by Region 2004



Main OECD Bus Manufacturers

and their total worldwide production >12 tons GVW (excl. US schoolbuses)

1976	1980	1990	2000	2003	2004 <small>Q3 numbers</small>
Mercedes	Mercedes	Mercedes	Evobus ⁴	Evobus ⁴	Evobus ⁴
Isuzu ¹	Fiat	VOLVO	VOLVO	VOLVO	VOLVO
Hino ¹	Leyland	Scania	Irisbus ³	Irisbus ³	Neoman ²
Mitsubishi ¹	VOLVO	Mitsubishi ¹	MAN	VW Brasil	Irisbus ³
Leyland	Isuzu ¹	Iveco	Scania	Neoman ²	Hino ¹
Fiat	RVI	Isuzu ¹	Hino ¹	Scania	Scania
RVI	Hino ¹	RVI	VW Brasil	Hino ¹	VW Brasil
MAN	Scania	Hino ¹	Isuzu ¹	M-Fuso	
VOLVO	MAN	Setra	Neoplan	Isuzu ¹	
Pegaso	Mitsubishi ¹	MAN	Mitsubishi ¹		

1) Above 30 passengers

2) Neoplan & MAN

3) Incl. Irisbus, Iveco and Karos

4) Mercedes, Setra

Volvo Bus Global Range

COACHES



INTERCITY BUSES



CITY BUSES



Bus Rapid Transport solution

Volvo Bus BRT Experience

Curitiba, Brazil



Leon, Mexico



Bogotá, Colombia



Sao Paulo, Brazil



Volvo Bus Turnaround Program *Highlights*

Key strategies

- Customer Focus
- Breakeven Management
- Product Commonality

Special focus areas

- Europe Turnaround Program
- Acquisition of Nova/Prevost 100%



Volvo Bus Turnaround Program

Key Customer Focus



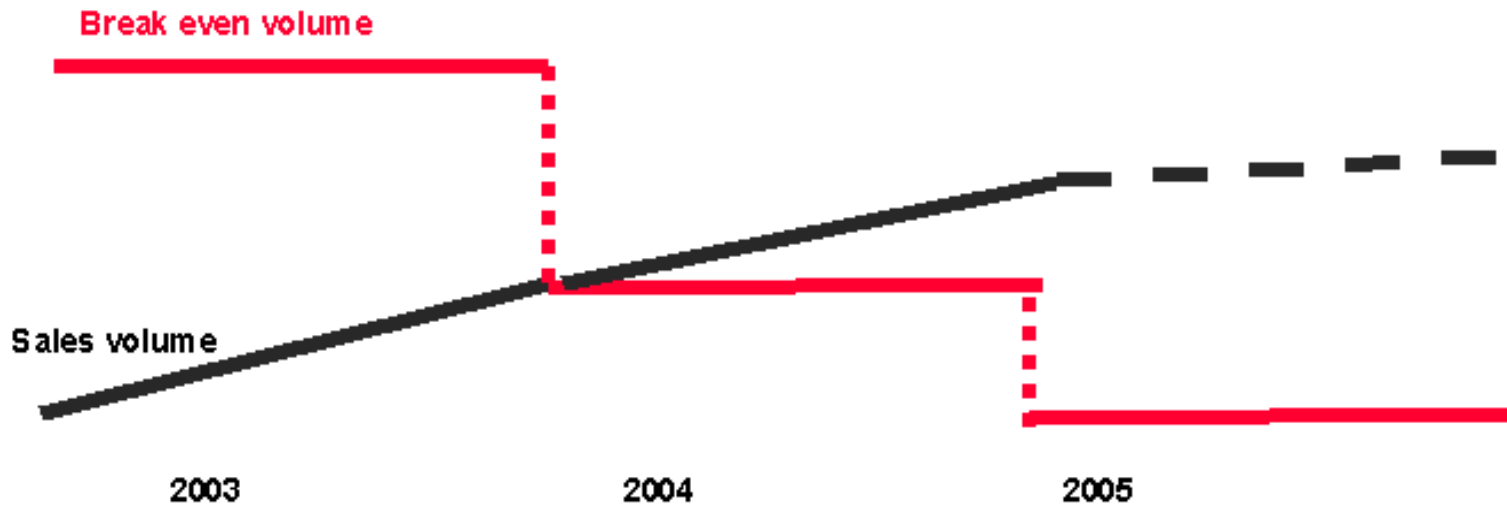
- Focus on profitable markets/segments
- New commercial structure
- Complete offer
- Bus Service Centers
- Improved product quality



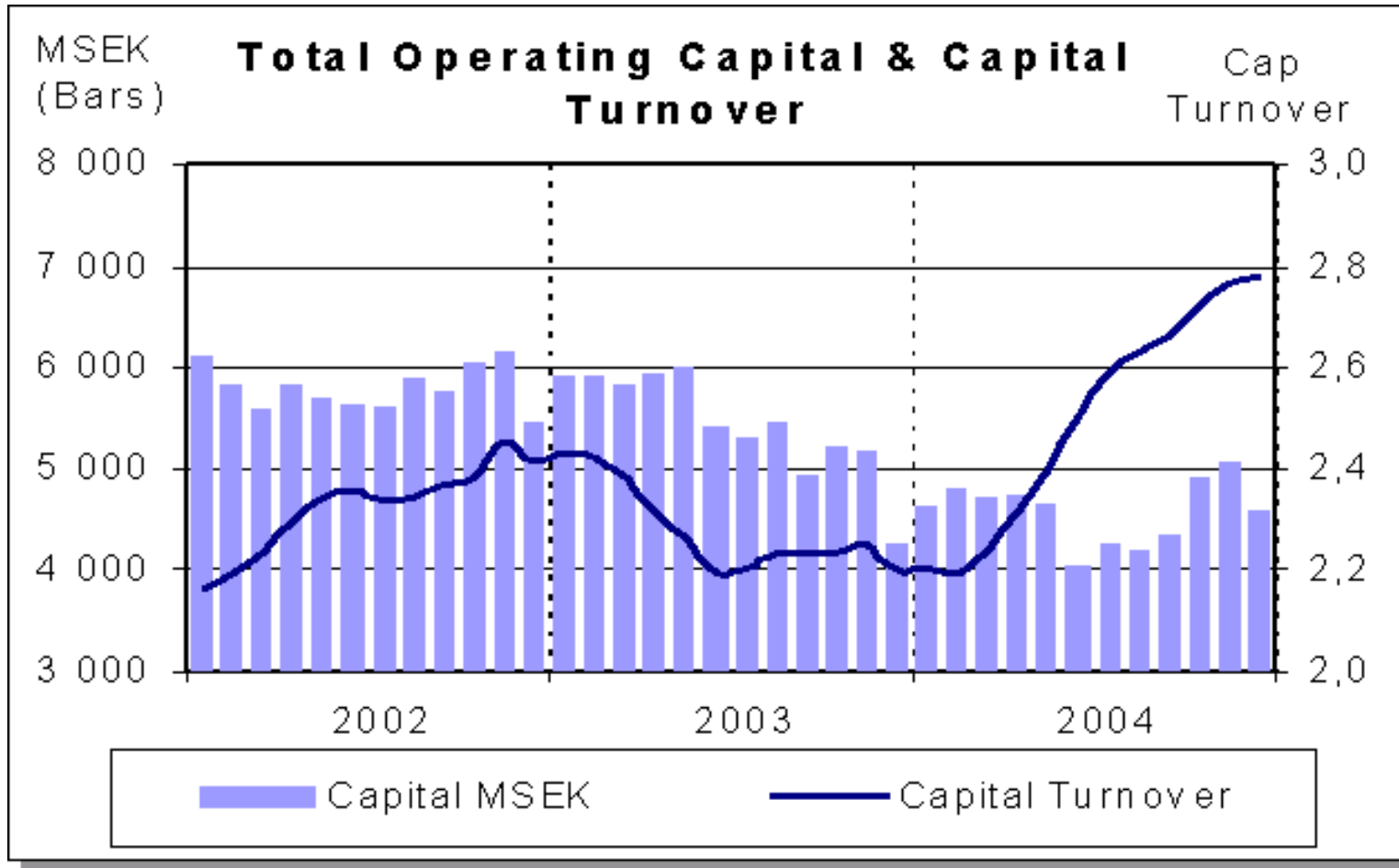
- Improved customer satisfaction
- Profitable deals

Volvo Bus Turnaround Program *Breakeven Management*

- New company structure
- One Industrial system
- Product commonality
- Capital management



Volvo Bus Turnaround Program



Volvo Bus Turnaround Program *Product Commonality*



Brake system

Electrical system

Engine system

Body
components

Chassi platform



Focus 2005

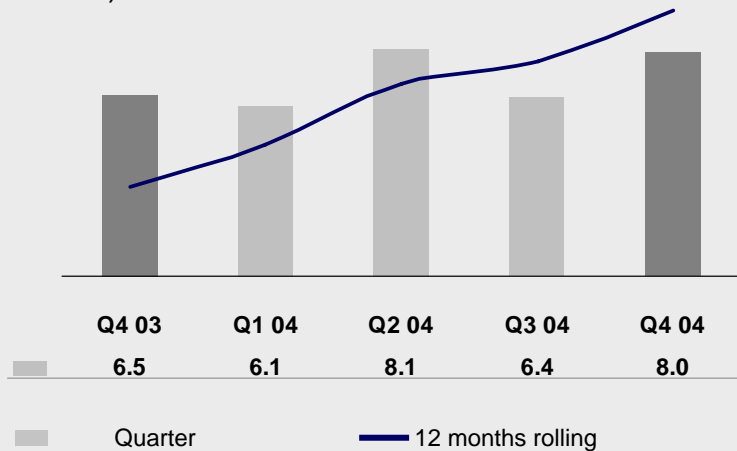
- Towards next level of profitability
- Execute key strategies
- Price management
- Mexico turnaround
- China development
- Euro IV/V development



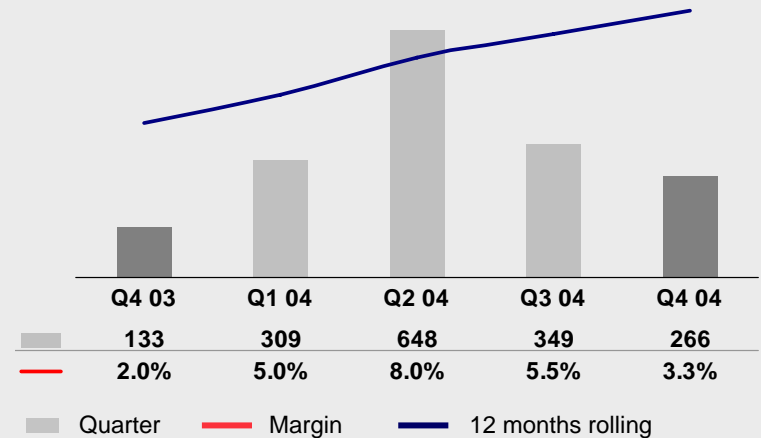
Volvo Construction Equipment Fourth Quarter



Net sales
(SEK bn)



Operating income
(SEK M)



Highlights

- Heavy construction equipment market up 14%
NA +41%, Eur. +11%, Int.+3%
- Volvo CE sales growth +24%
- Operating income affected by currency and material cost
- LB Smith divestiture substantially completed

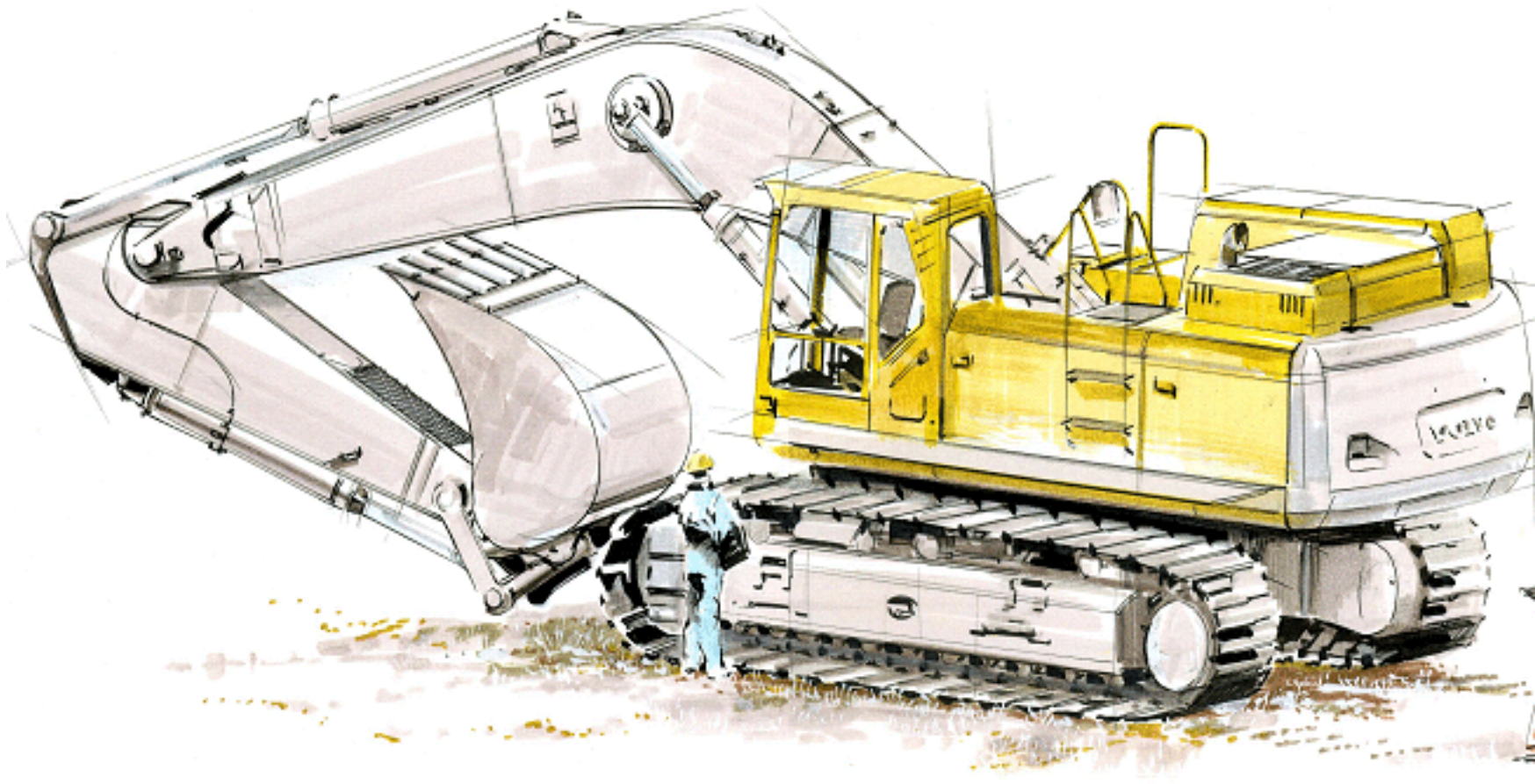
In Focus

- Reduce operating costs
- Price management
- ConExpo

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Volvo Construction Equipment

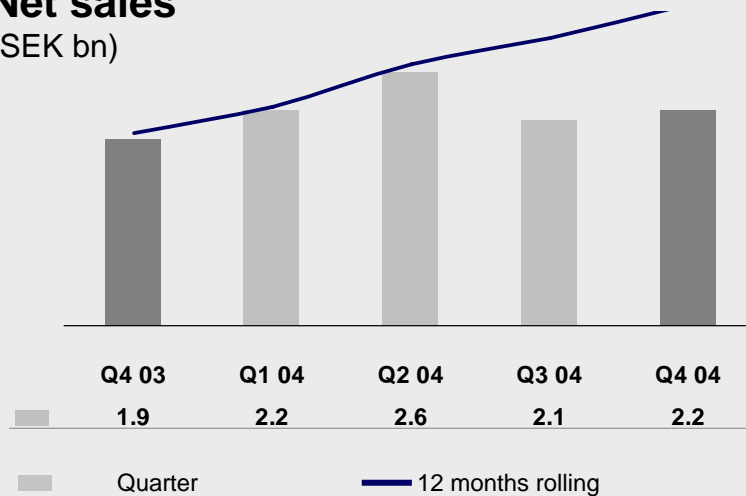
New 70 ton excavator presented



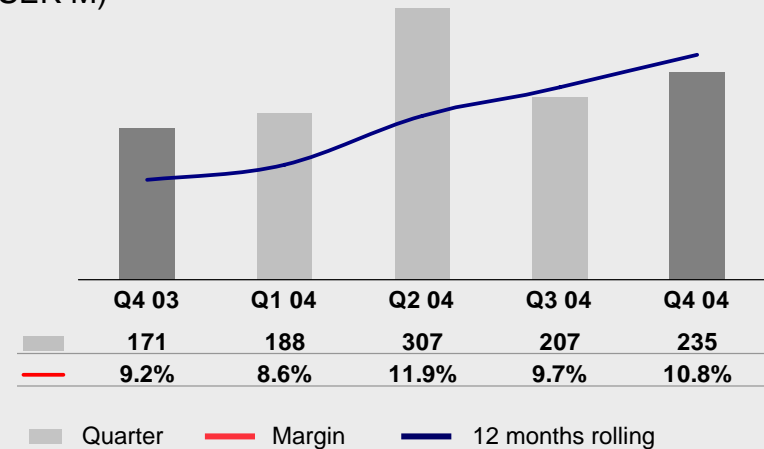
Volvo Penta Fourth Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Continued sales increase
- Full year operating margin exceeds 10%
- Launch of IPS drive system

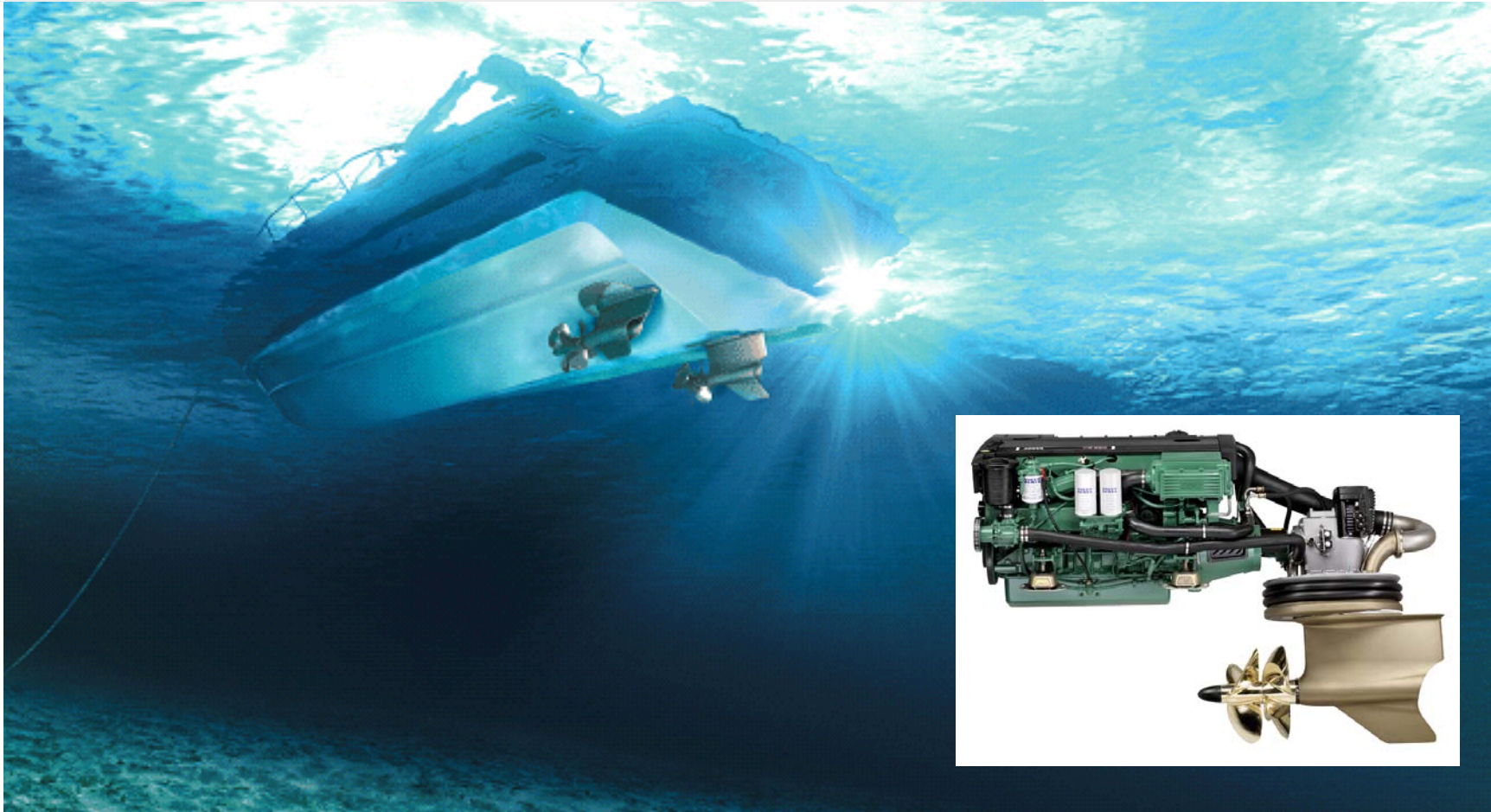
In Focus

- Logistic and delivery quality
- Cost control
- Cash flow

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Volvo Penta

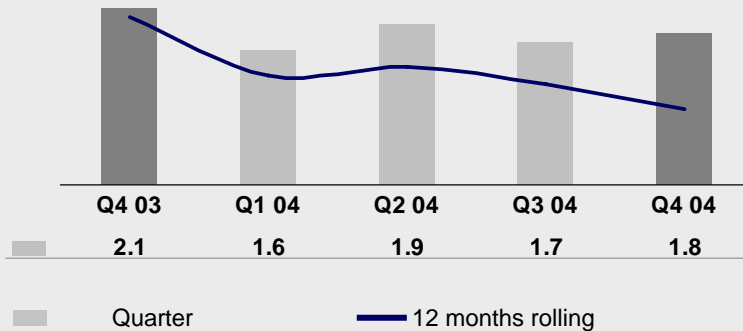
Volvo Penta IPS – new drive system



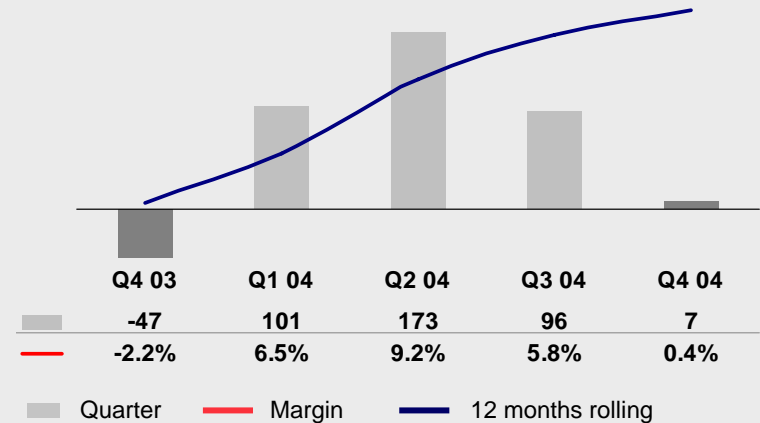
Volvo Aero Fourth Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

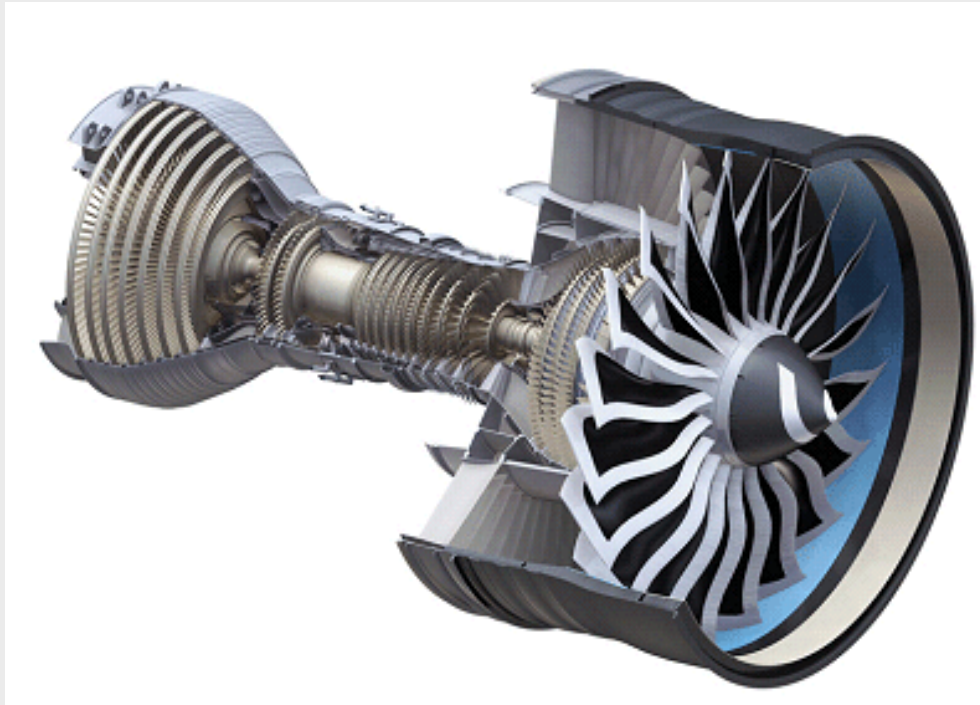
- Air traffic steadily growing
- Aircraft ordering picking up
- Still weak after market for Volvo Aero
- Participation in GENx engine

In Focus

- Upturn management in components
- Profitable growth
- The aftermarket business
- Cash flow

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Volvo Aero Participation in GEnx engine



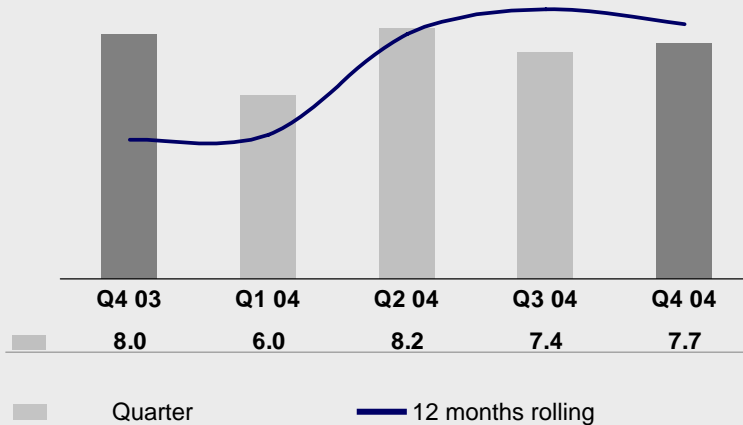
GEnx to power:

- Airbus A350
- Boeing 787

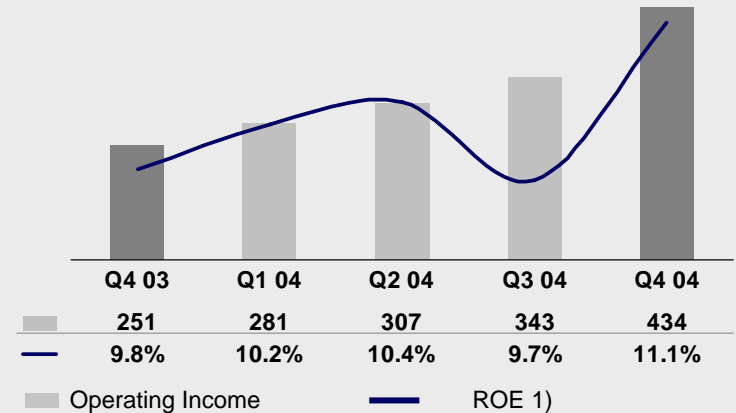
Volvo Financial Services Fourth Quarter



New retail financing (SEK bn)



Operating income and return on equity (SEK M)



Highlights

- Strong profitability in all sectors
- Portfolio performing well
- Steady controlled asset growth

In Focus

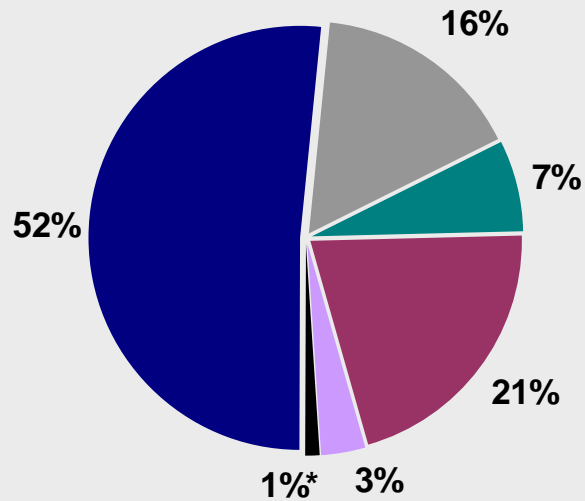
- Continued business cycle management
- Customer focus
- Developing markets

1) Calculated as a 12 month rolling average

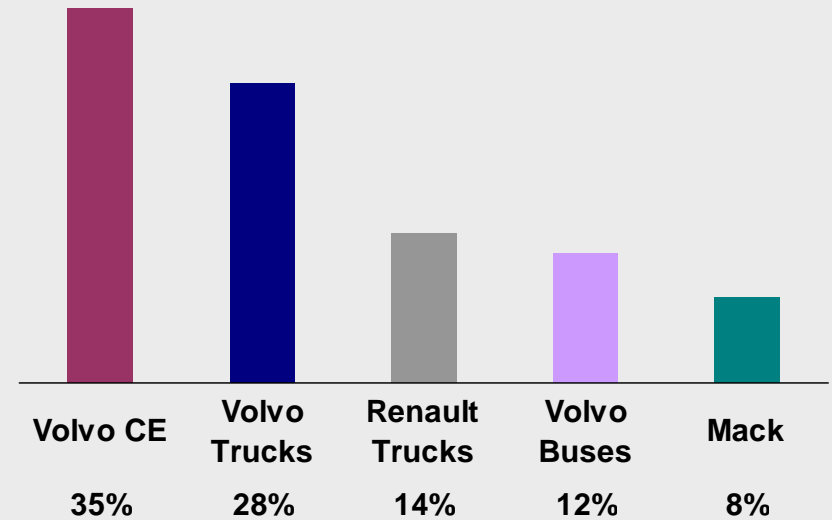
Volvo Financial Services Fourth Quarter - isolated



New financing



Penetration on new financing



Volvo Group

Summary

- Strong sales development
- Continued profitability improvement
- New product launches
- Board proposal
 - Ordinary dividend of SEK 12.50 per share
 - Cancellation of treasury stocks above 5% of company shares
 - Renewed mandate for a buy-back program up to 10%
- 1.8bn remaining from ongoing buy-back program

VOLVO

