

VOLVO

Capital Market Day

16 September, 2004

Jorma Halonen
President and CEO Volvo Trucks

Transport Development



World trade is increasing

Raw materials are replaced by highly refined products

Europe

- 2-3% growth per year up till 2010
- Transport distance and transport volumes increase
- Trucks account for 95% of the value

USA

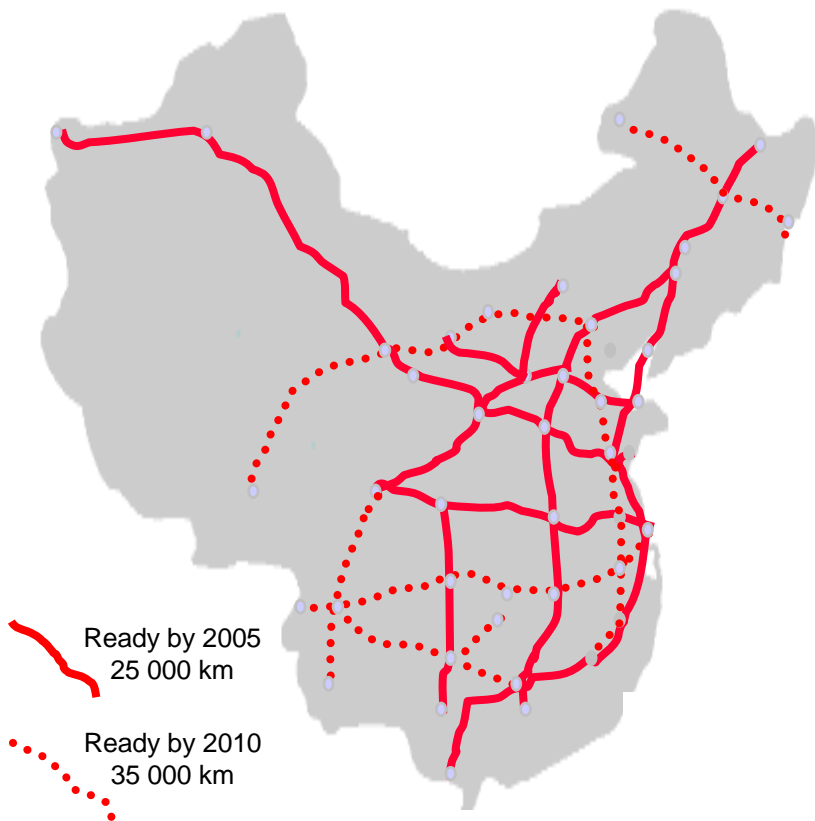
- Increased demand for transportation
- Services and information increasing

Outside the OECD

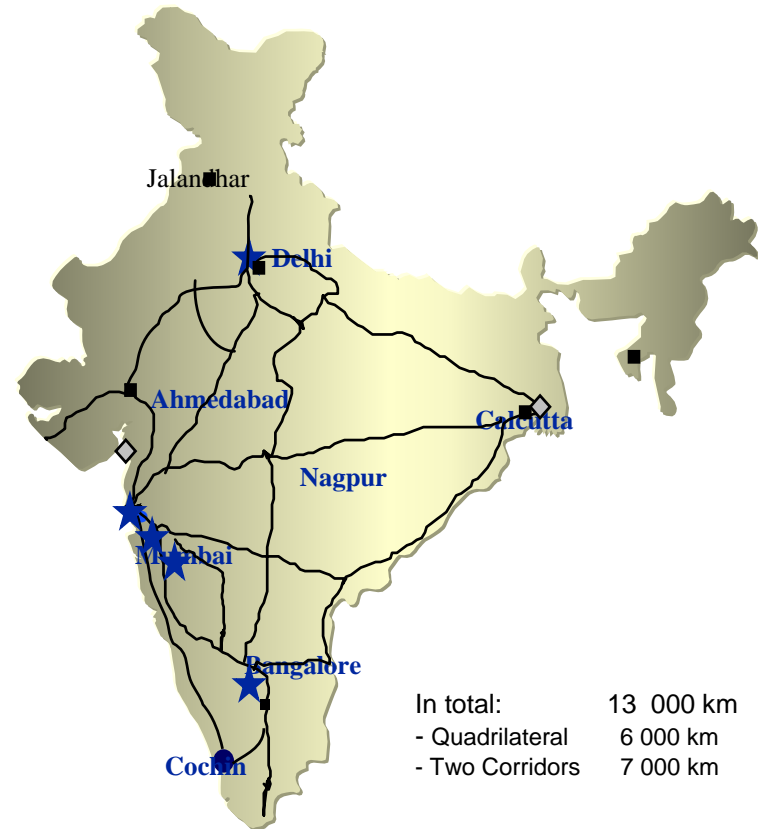
- Transport is growing far faster than OECD
- Improved economy for trade blocks
- New infrastructure along with industries and roads under construction

Road Infrastructure in Progress

China's Highway System by 2010
... linked to major economic centers

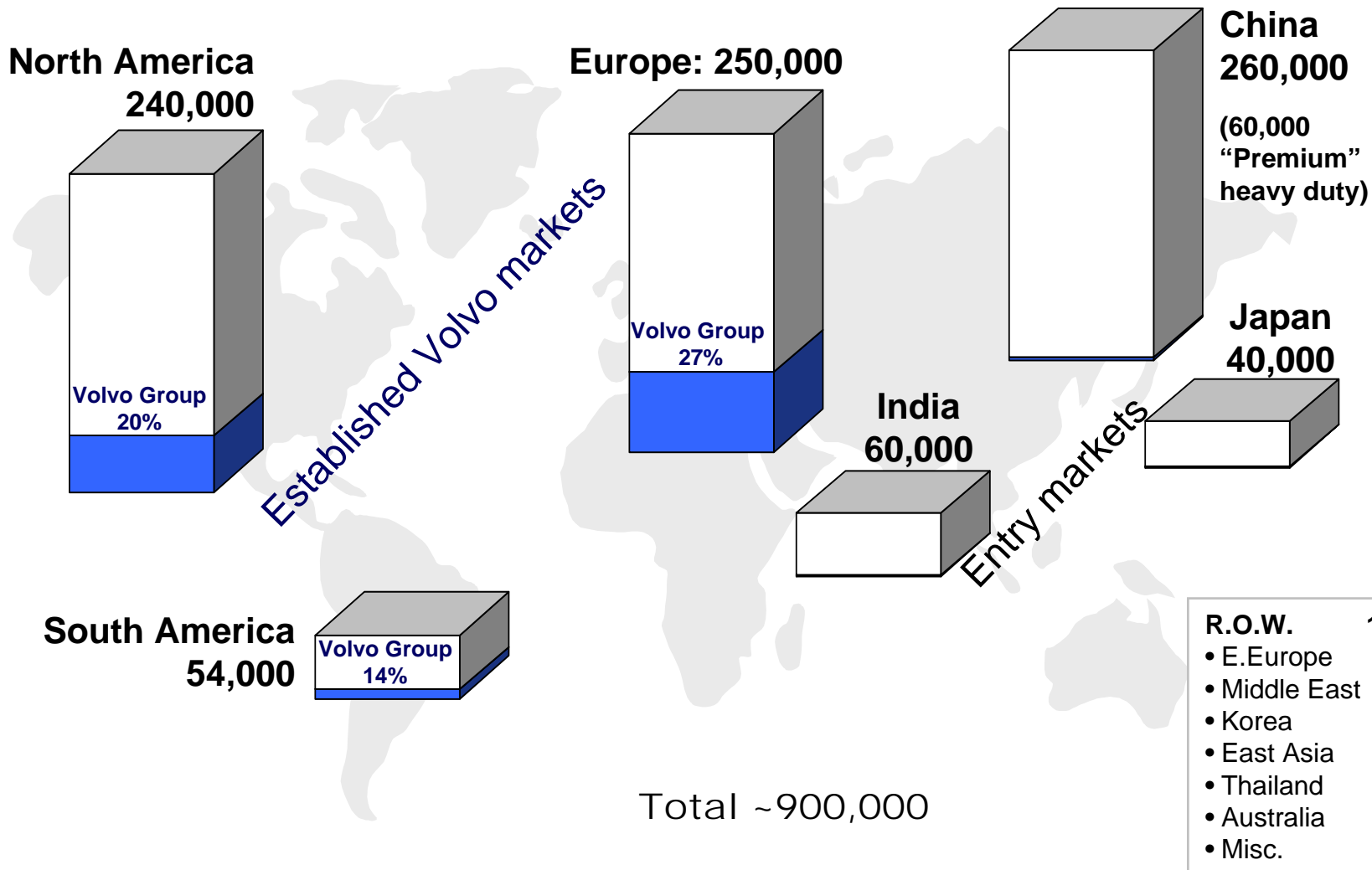


India's Highway System
... a slower process



Heavy Duty Truck Market

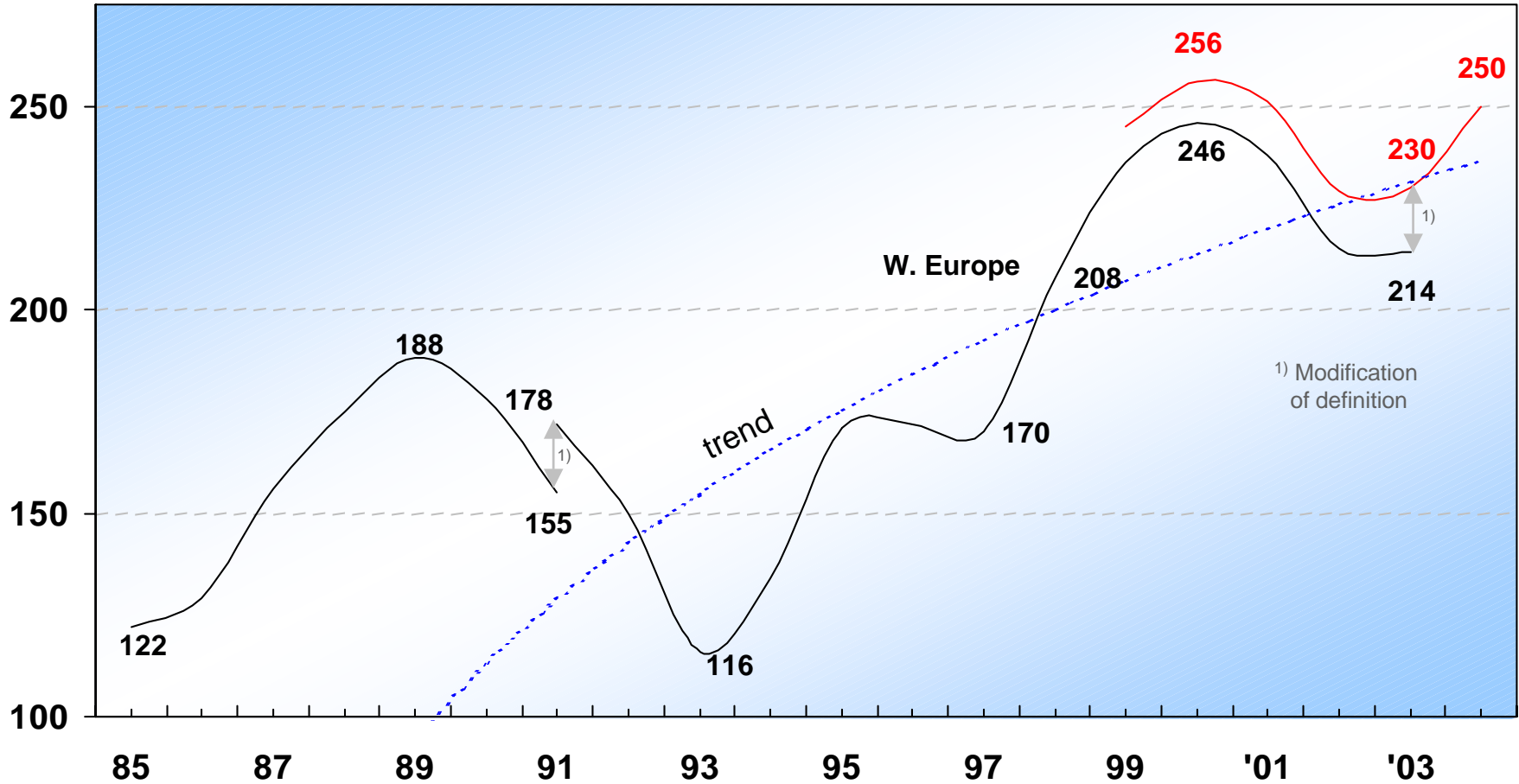
.. divided into three categories



European Market

EU markets + Norway and Switzerland

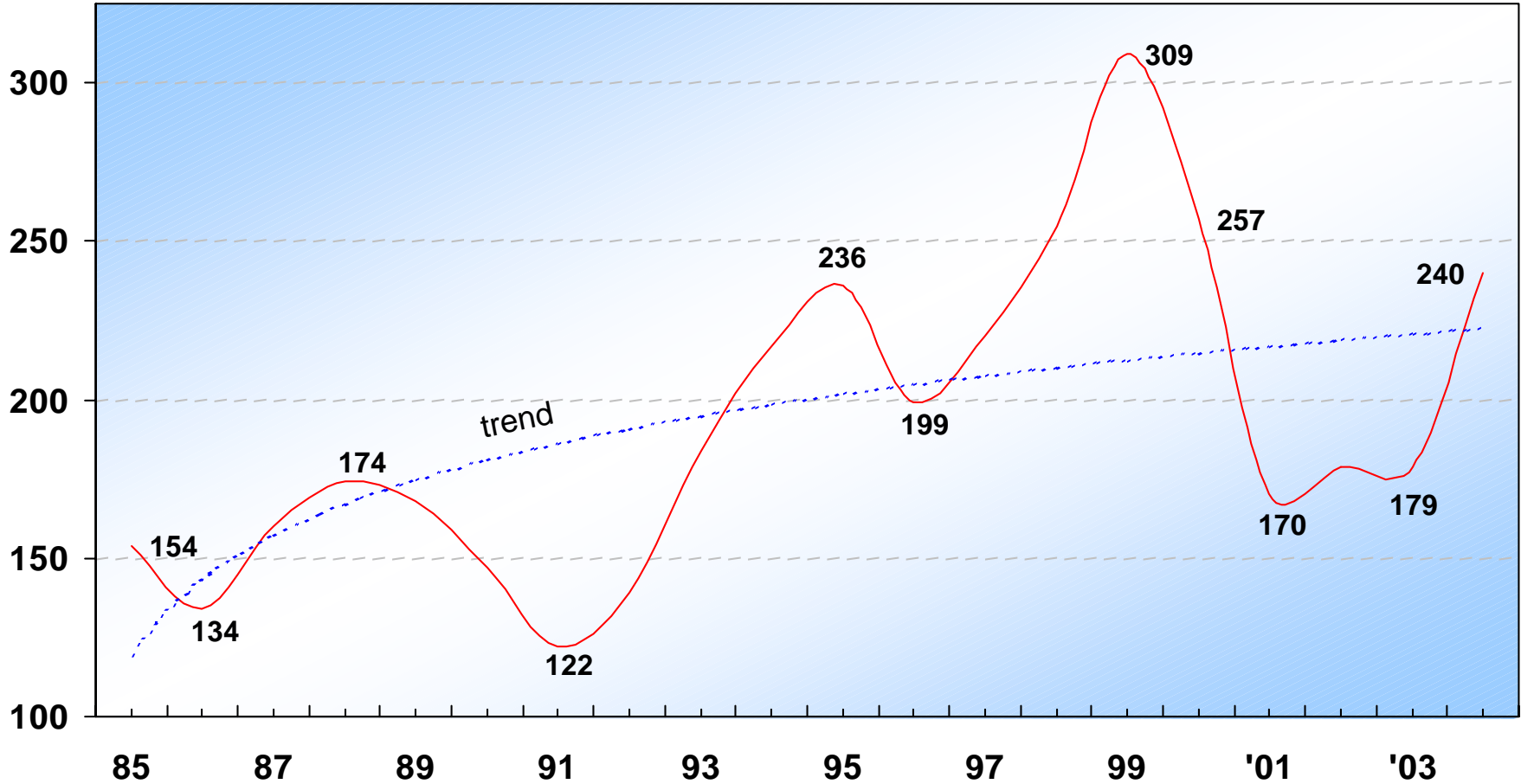
Units, Thousands (heavy trucks)



North American Market

USA, Canada, Mexico

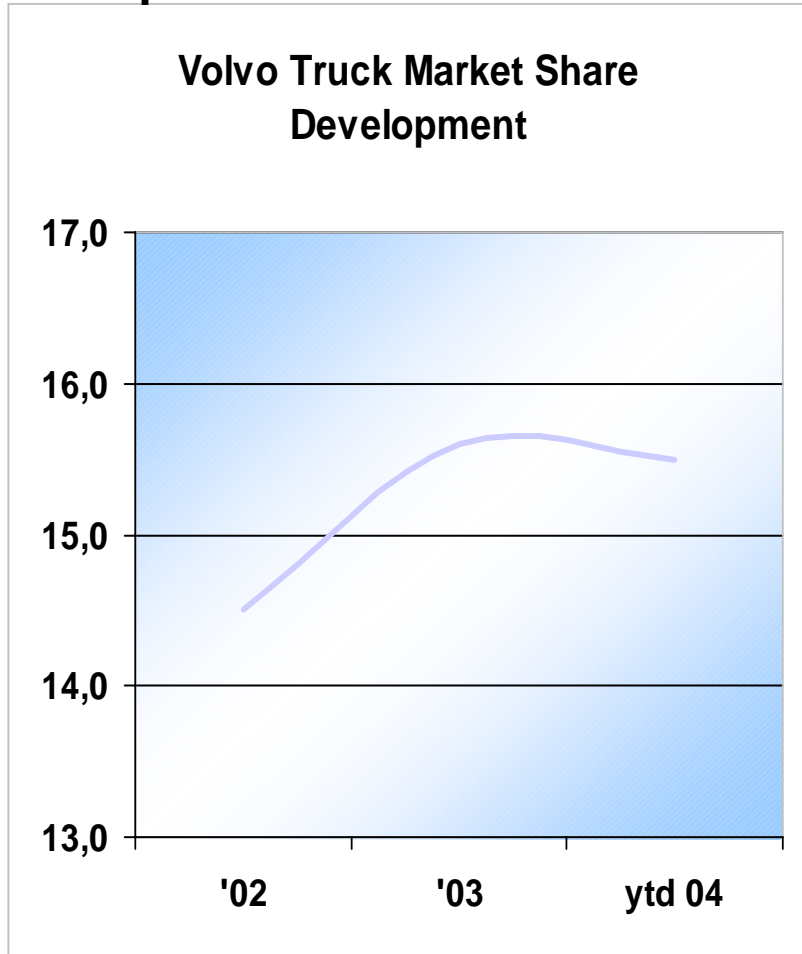
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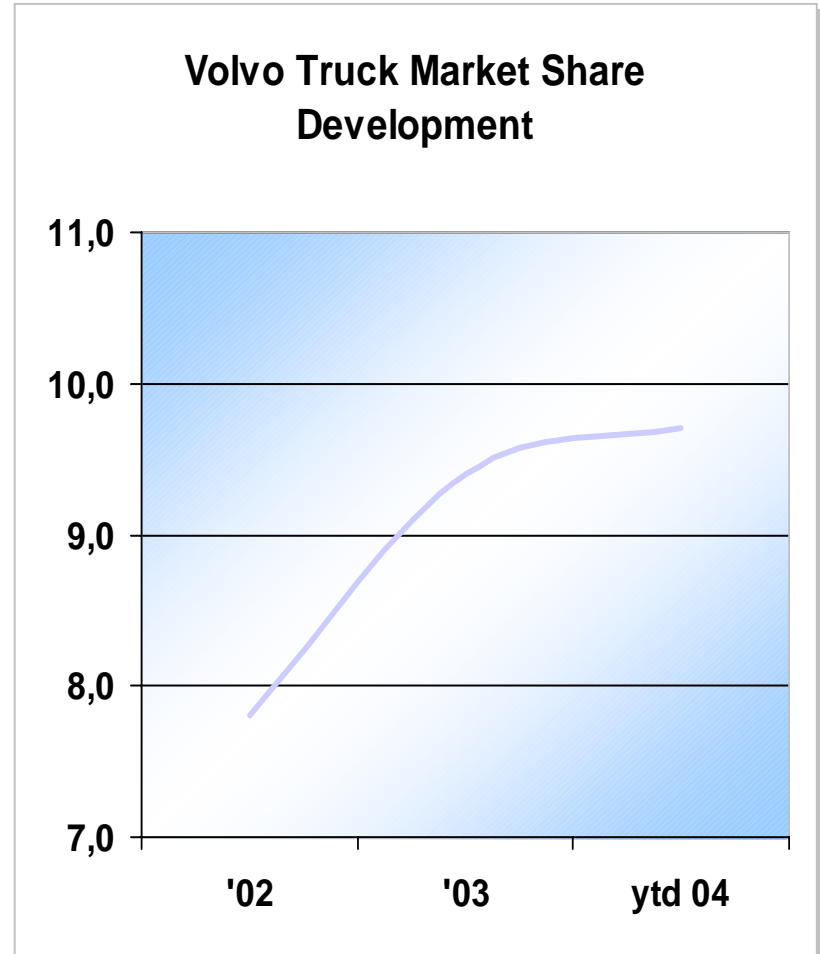
Improved Market Positions

Volvo Trucks

Europe

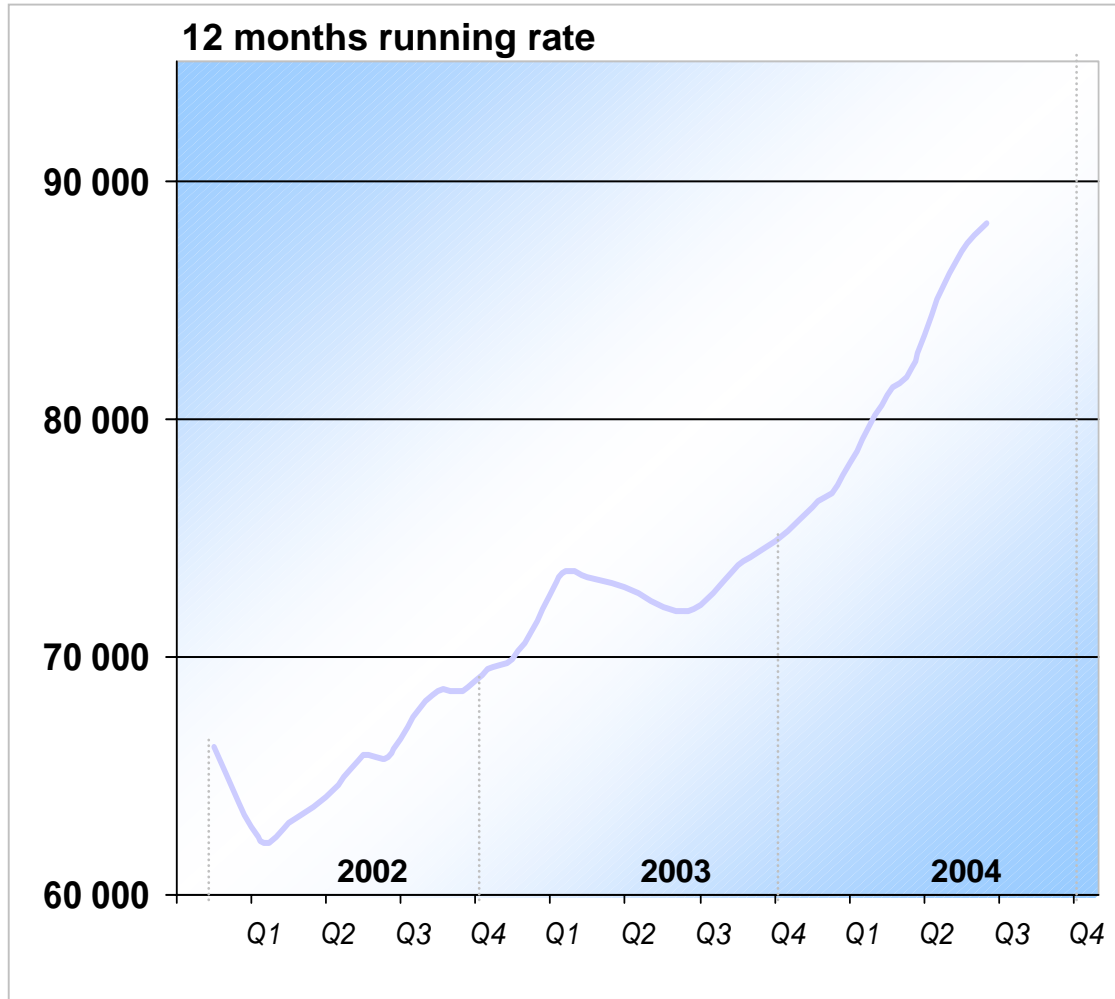


North America



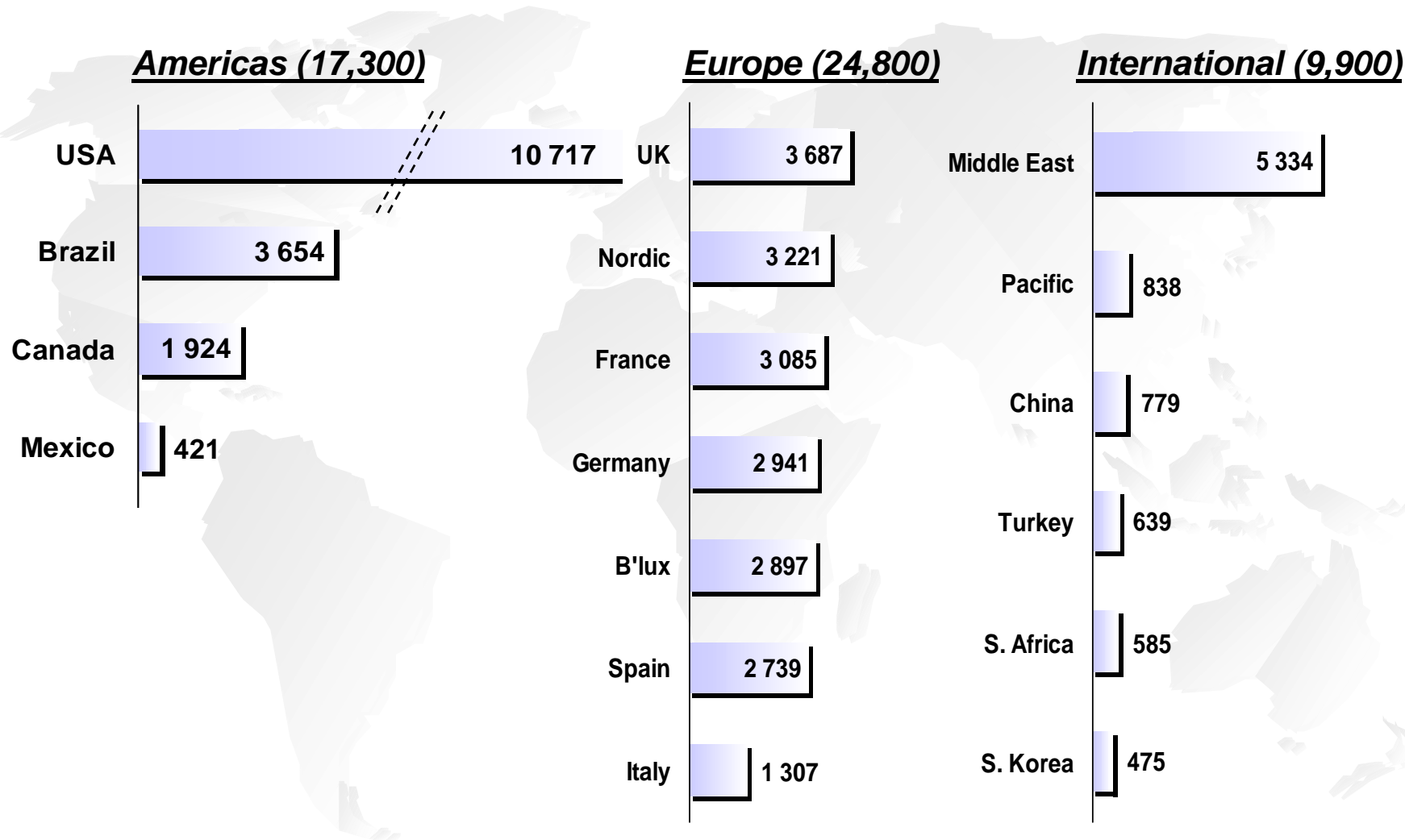
Fast Increase in Deliveries

Volvo Trucks



Largest Markets

Volvo Trucks y.t.d. July 2004



“New” Market - Russia

Volvo Truck Objectives



What to Achieve

- Expand and enhance position in Russia for Volvo Brands

Guiding Principles

- establish an industrial base
- control of the commercial system
- control of the after market parts business

“New” Market - China

Volvo Truck Objectives



What to Achieve

- a strong position in China for Volvo Brands
- sourcing of components for the global system

Guiding Principles

- establish an industrial base
- control of the commercial system
- control of the after market parts business

New Market - China

..establish Dealer Network

Volvo Trucks China



Major expansion of dealer network

- 18 service locations during 2004
- ~200 needed long term

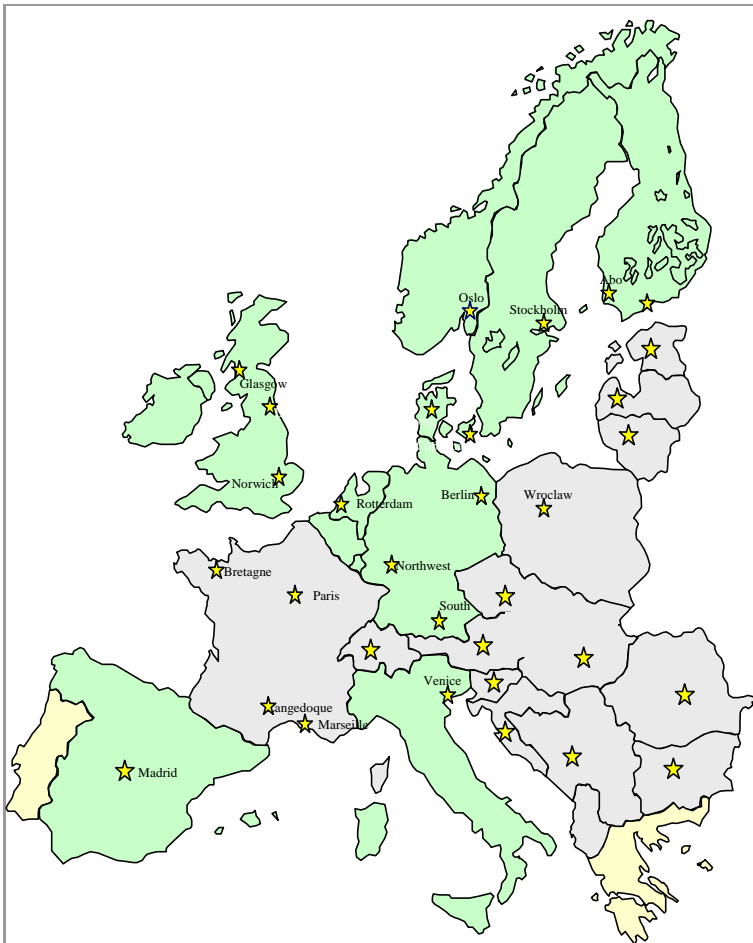
Concept

- Volvo dealer and after market concept to be used (hub & spoke)
- Volvo controlled customer interface

Commercial System - Europe

..retail organization in place

Volvo Trucks Europe



Volvo dealer network

- 960 work shops

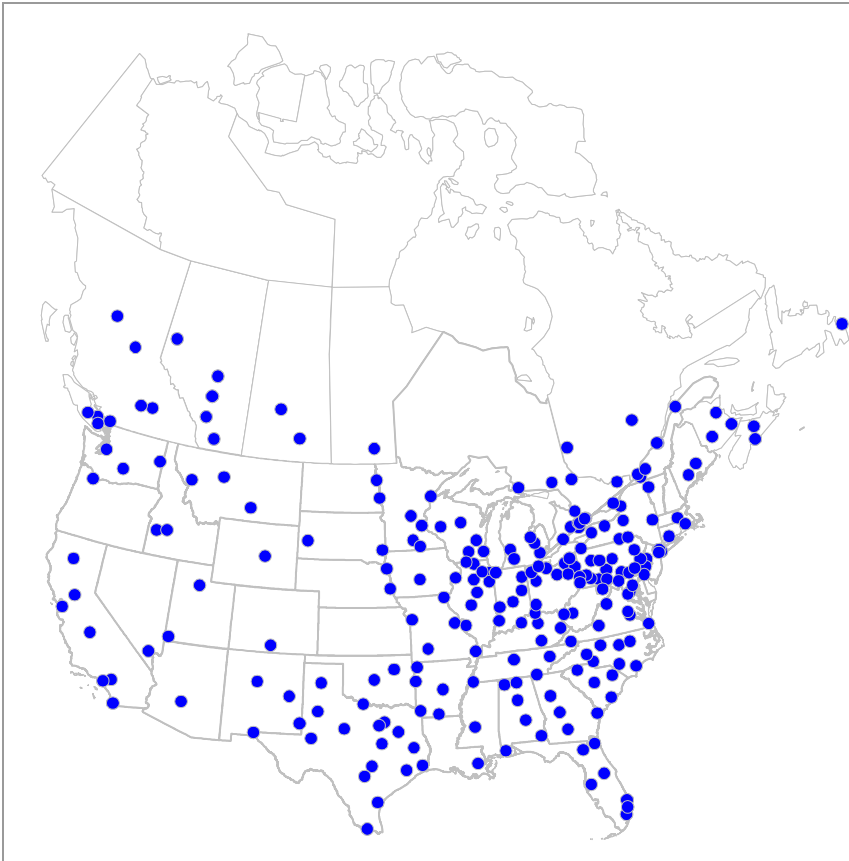
Volvo Truck Center – company owned dealers (Bilia fully integrated)

- 42 Truck Centers
- 220 workshops
- 3.1 million service hours
- 5,500 employees
- Accounts for 40% of new truck sales (100% in the “gray” area)
- Accounts for 33% of after sales services

Commercial System – North America

..status of dealer network

Volvo Trucks North America



Volvo dealer network

- 251 full line dealers
- 356 parts & service points

Combined Volvo – Mack dealers

- 133 common owners
- Accounts for 61% of total Volvo/Mack volume

Volvo Product Offering



FL series

Medium Distribution



FM series

Heavy Distribution

Construction



FH12 series



FH16 series

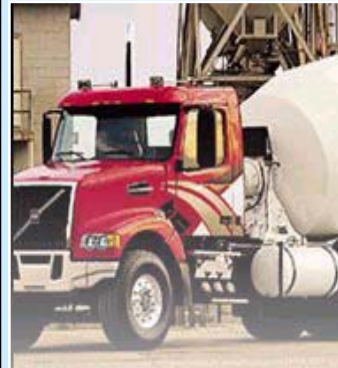
Long haul



Brazil - VM series



FM



VHD series - USA



VN series - USA

Complete Transport Solutions

Buying advice

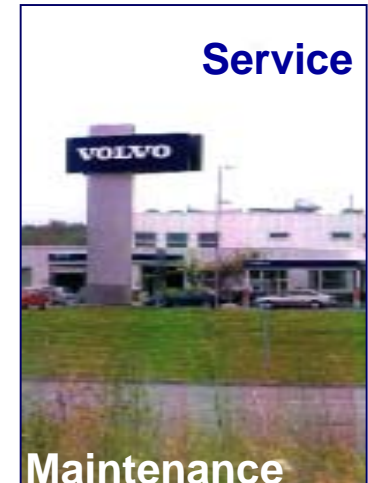
Driver training

Telematics

Call centre services



Parts



Service

Maintenance

Customer Services

Financing

Insurance

Service contract



VOLVO