

Volvo Trucks in 2004



Peter Karlsten

President & CEO,
Volvo Trucks North America

VOLVO

Q3-2004

12 months moving values

Net Sales 193,116 SEK M

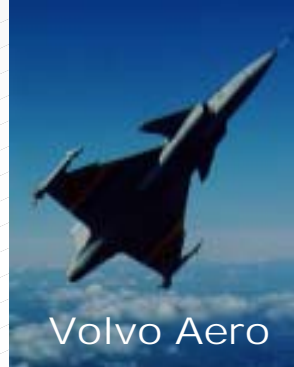
Op. Income 10,502 SEK M

Op. Margin 5.4 %

Employees 79,500



Financial



Volvo Aero



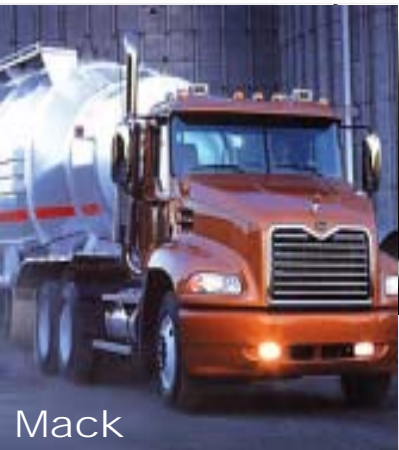
Volvo Construction Equipment



Volvo Penta



Volvo Bus



Mack



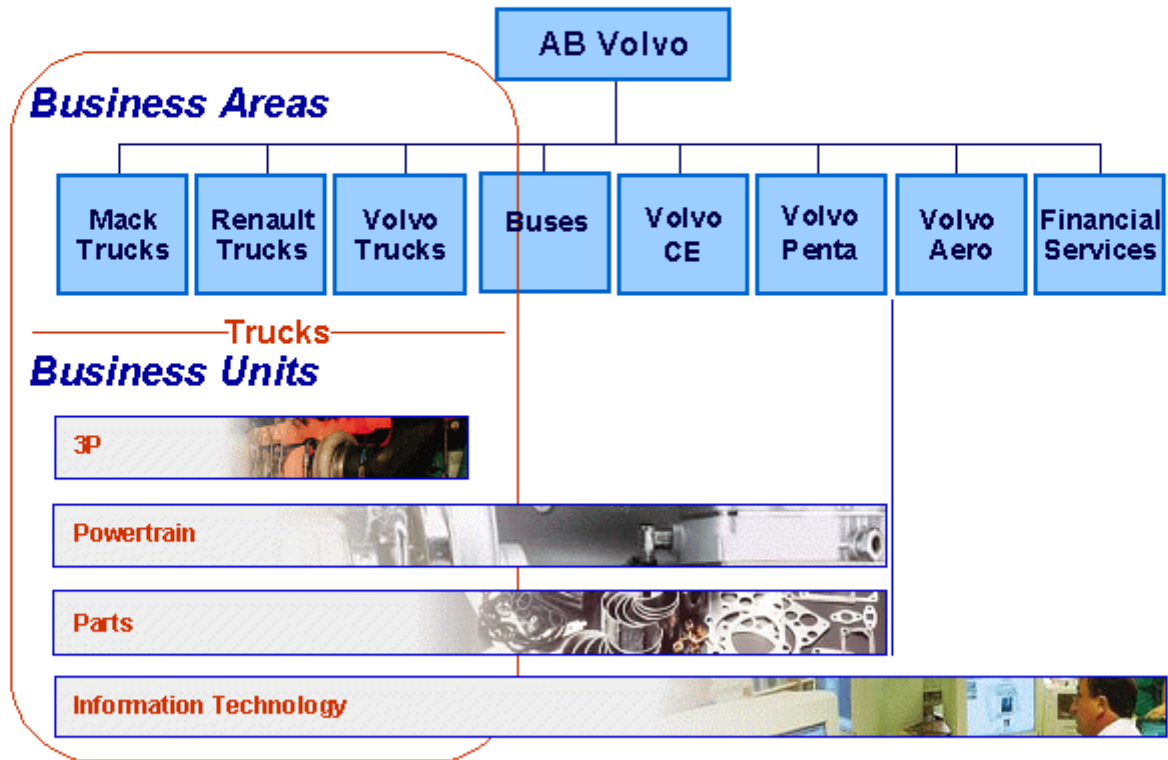
Renault Trucks



Volvo Trucks



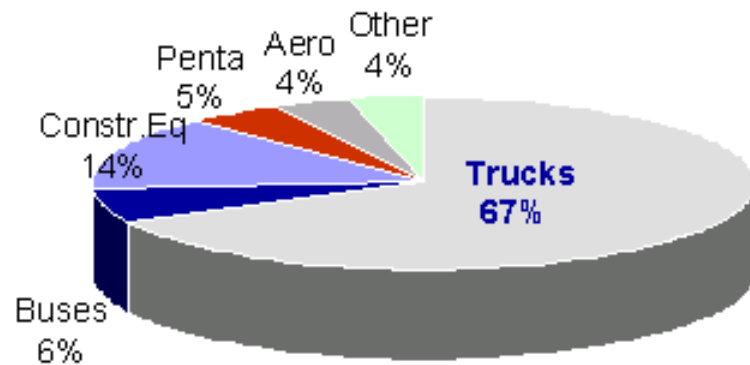
The Volvo Group Organization



Sales and Income by Business Area

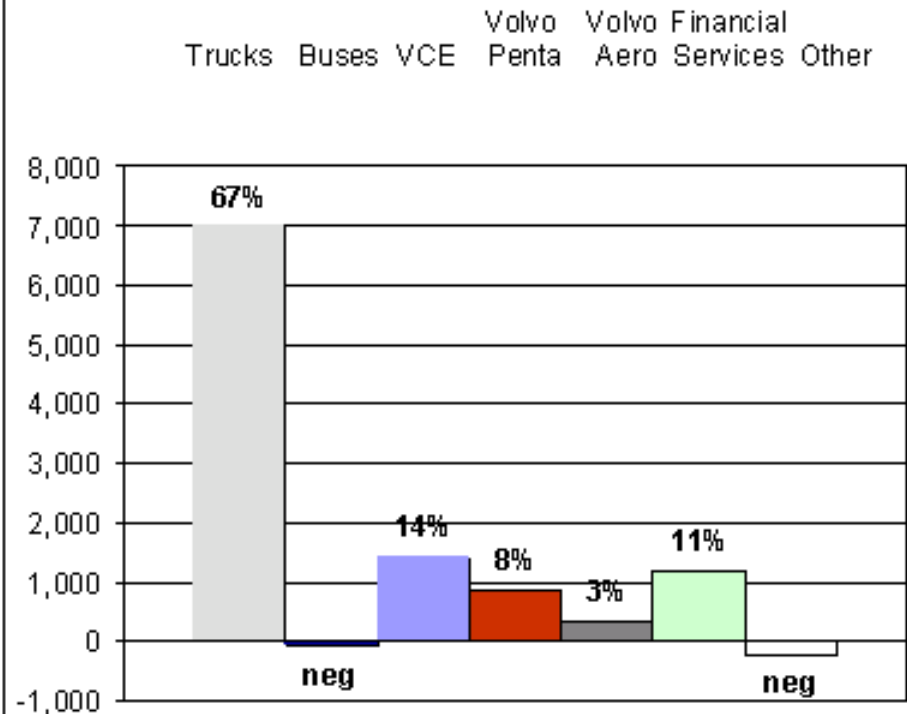
Volvo Group Q3-2004

Sales



Total: SEK 193.1 billion

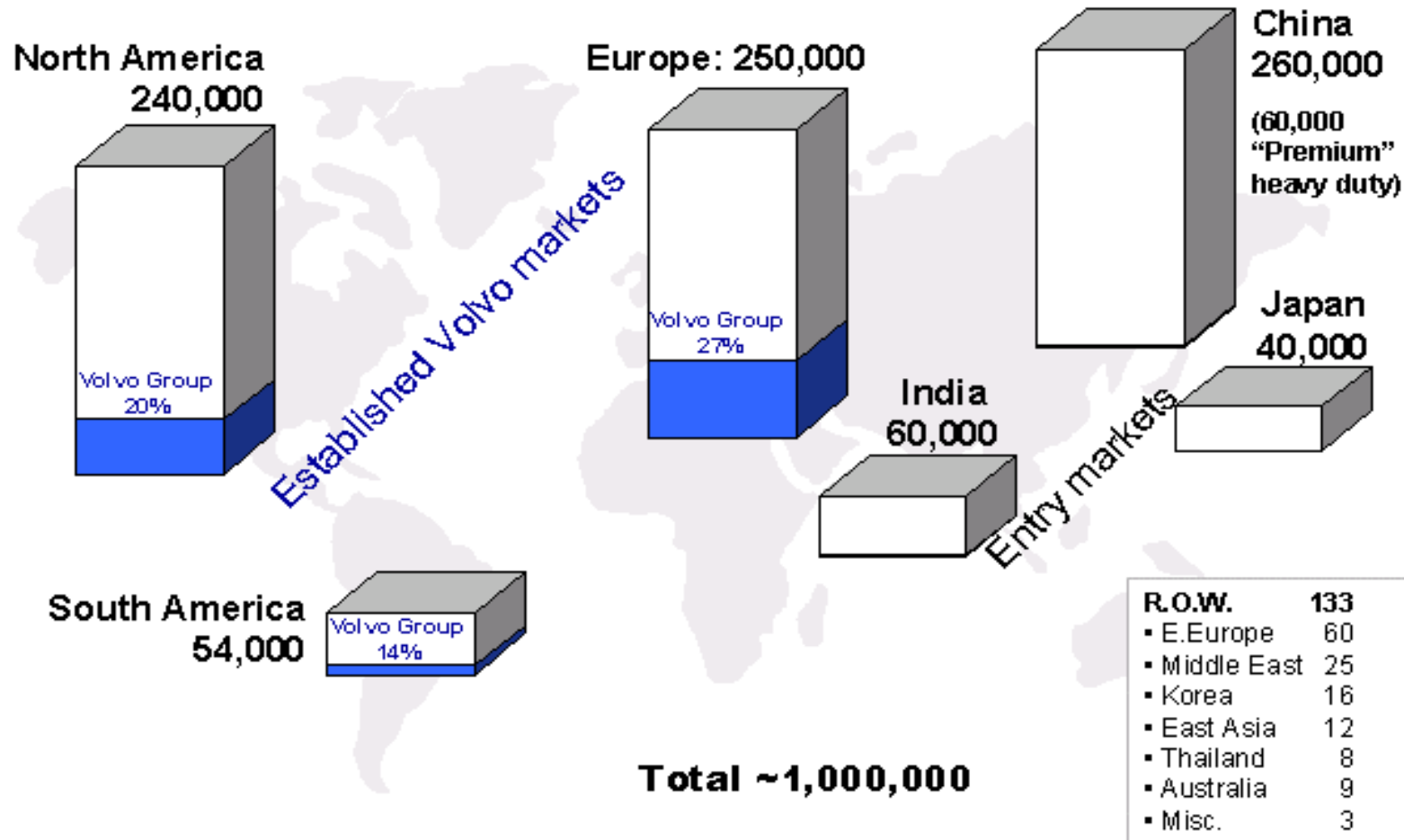
Operating Income



Total: SEK 10.5 billion

Heavy Duty Truck Market

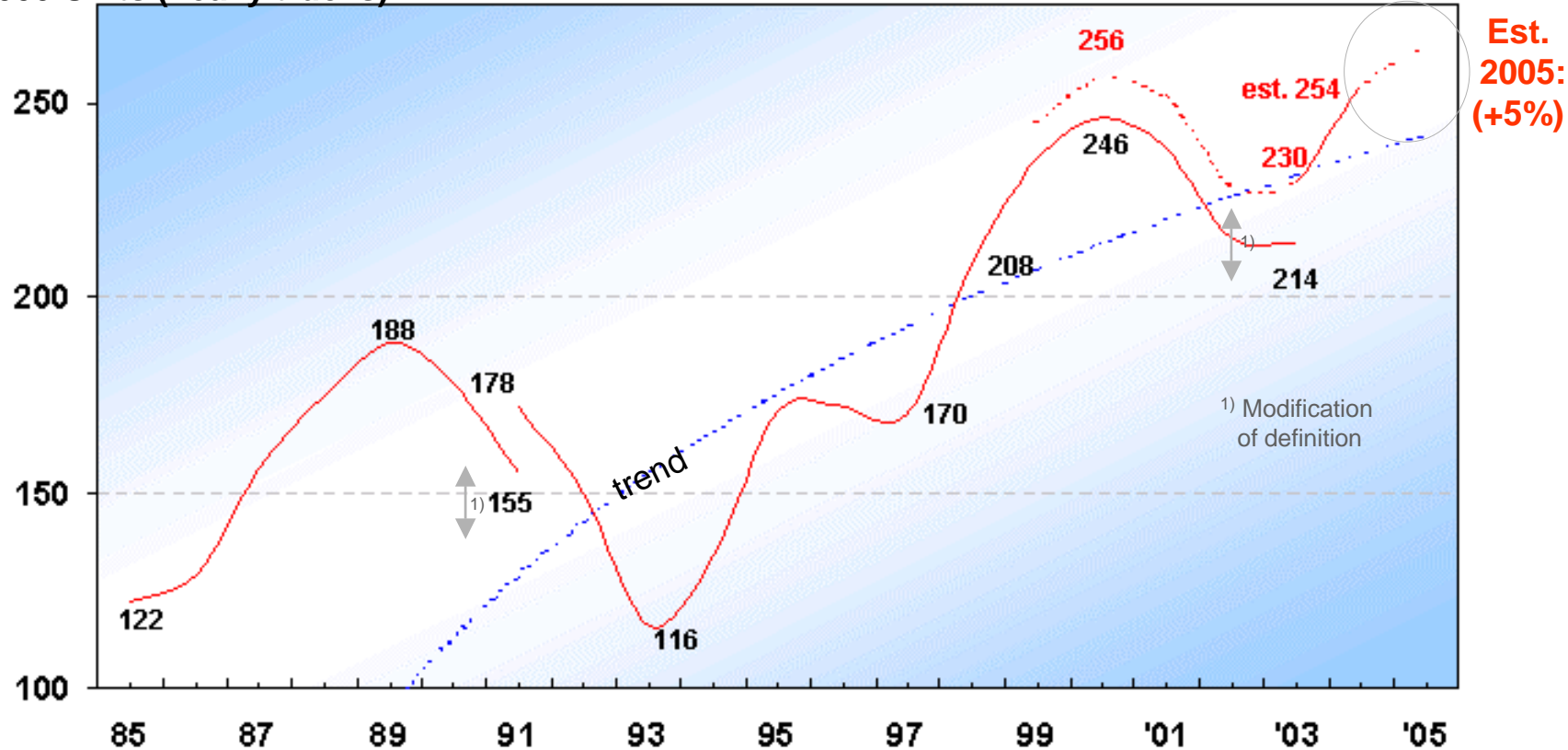
divided into three categories



European Market

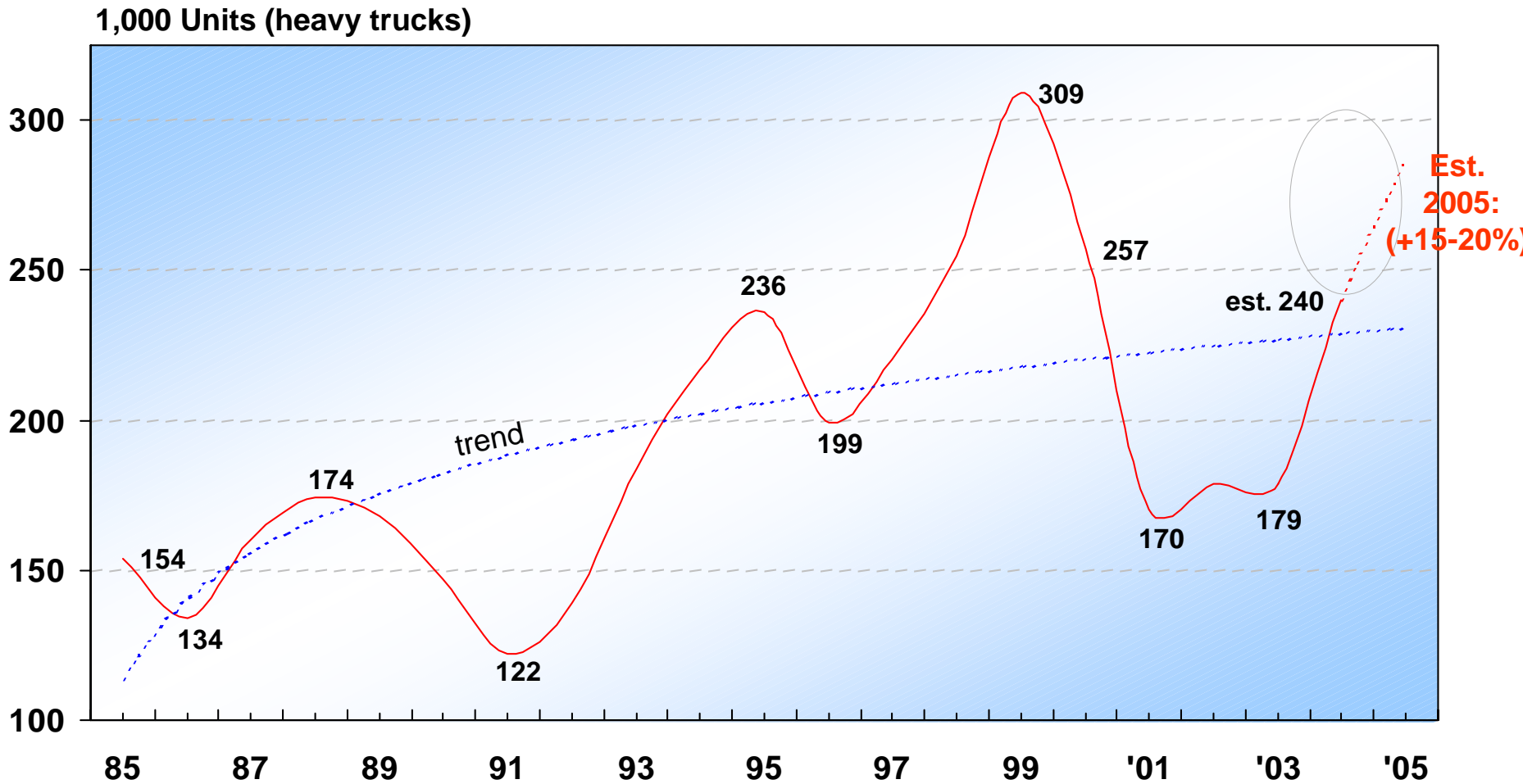
EU markets + Norway and Switzerland

1,000 Units (heavy trucks)



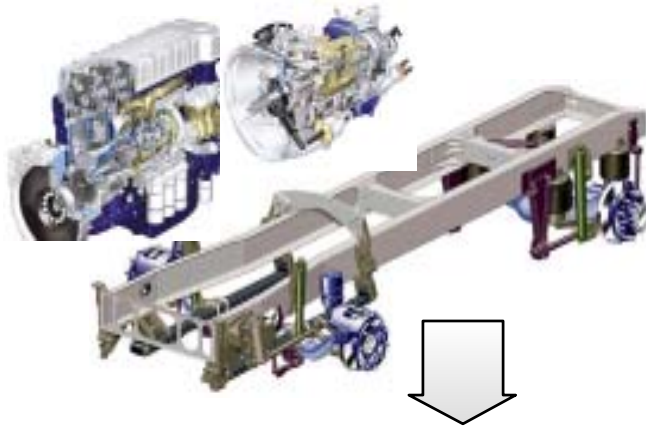
North American Market

USA, Canada, Mexico



Organization Structure

Pre-Customer Interface



Powertrain

- Development, Purchasing; Manufacturing, Quality

3P

- Product Planning
Product Development,
Purchasing

Focus on Products and features;
Synergies; Economy of scale; Cost

Towards the Customer

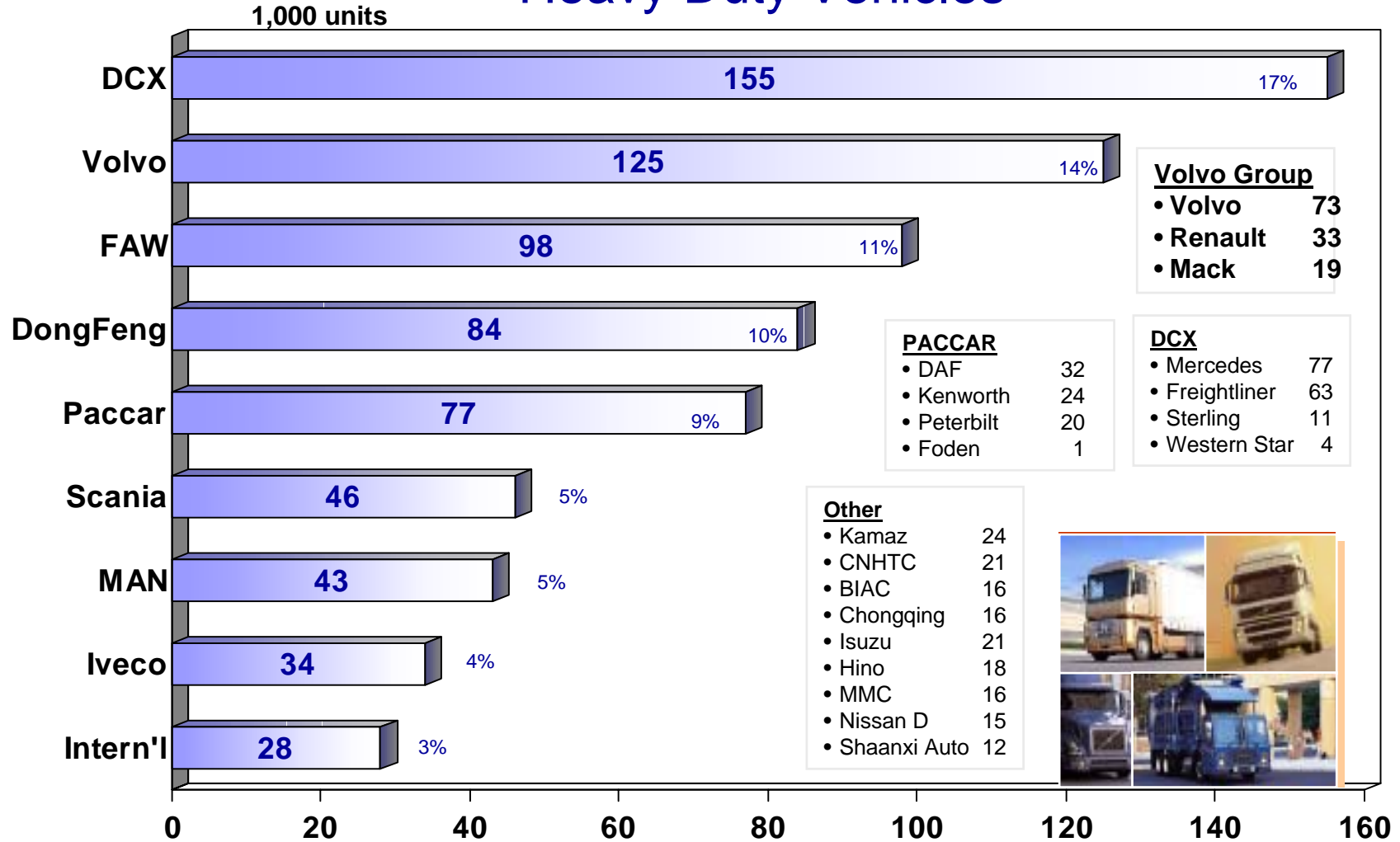


- Sales
- Marketing
- Distribution
- Aftermarket
- Final assembly
- Customer offer

Focus on Customer satisfaction; Brand image;
Profitability and Cash flow

Global Market Position

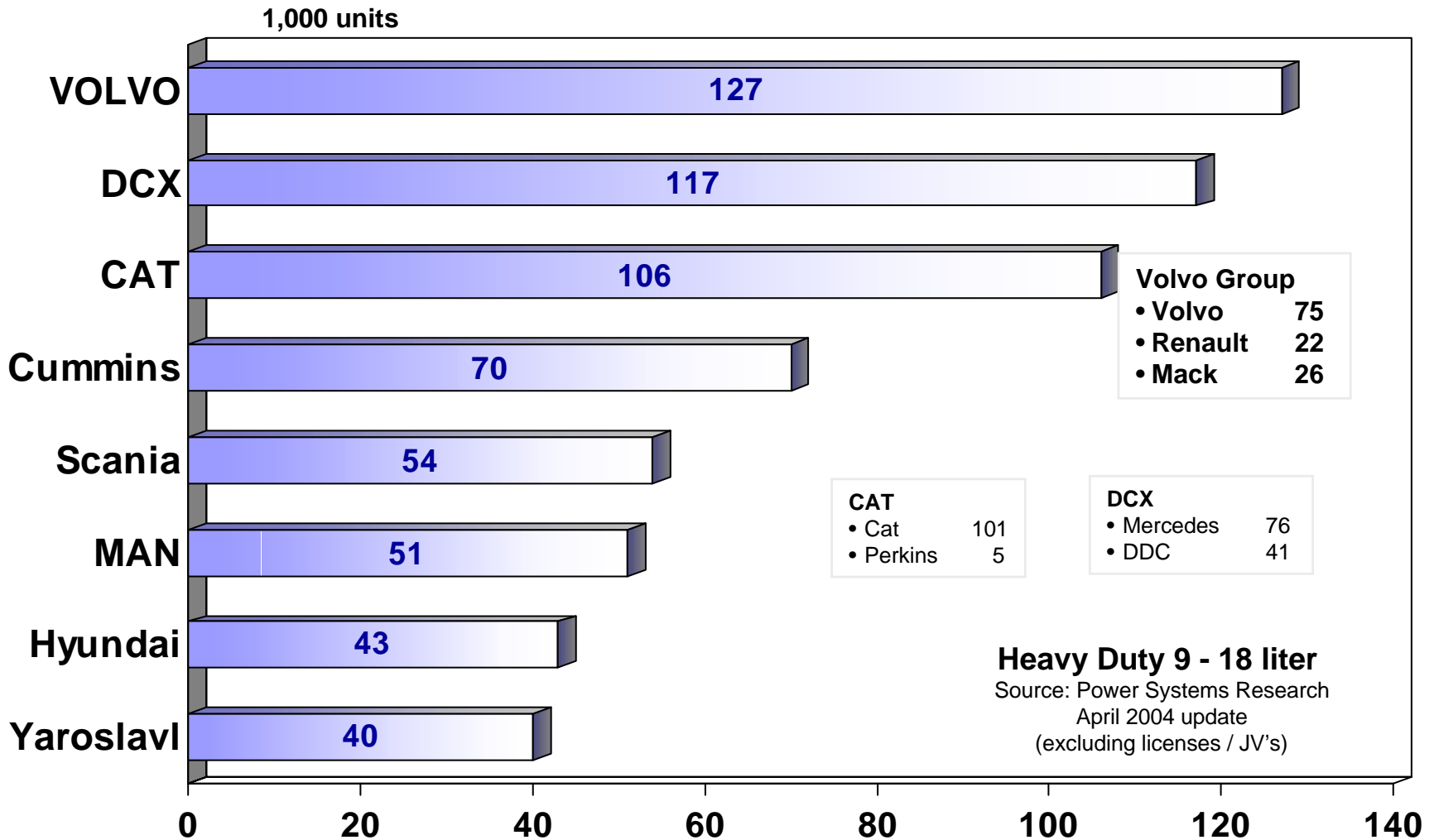
Heavy Duty Vehicles



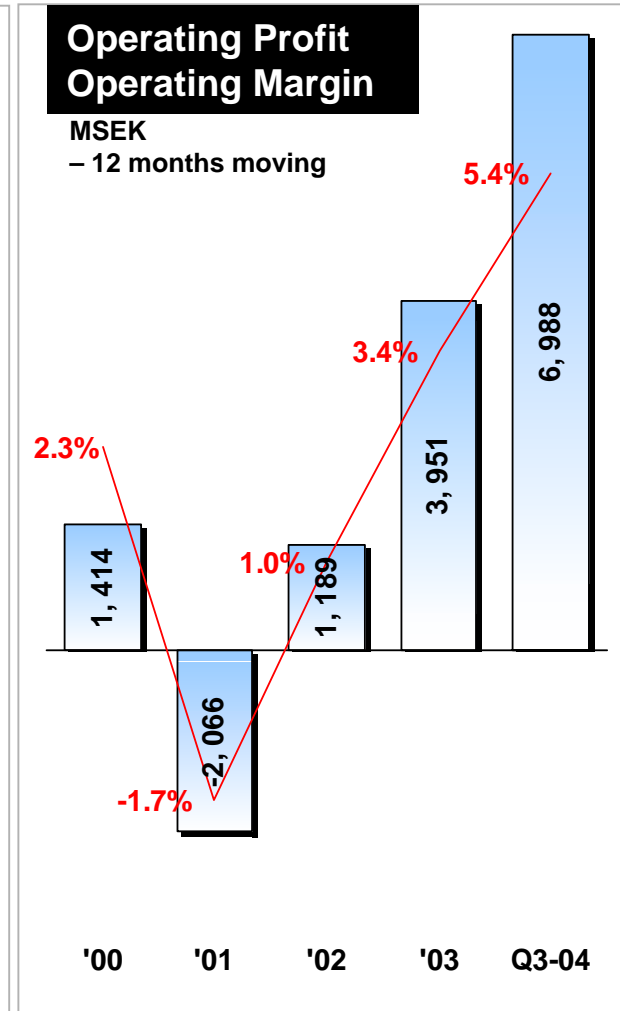
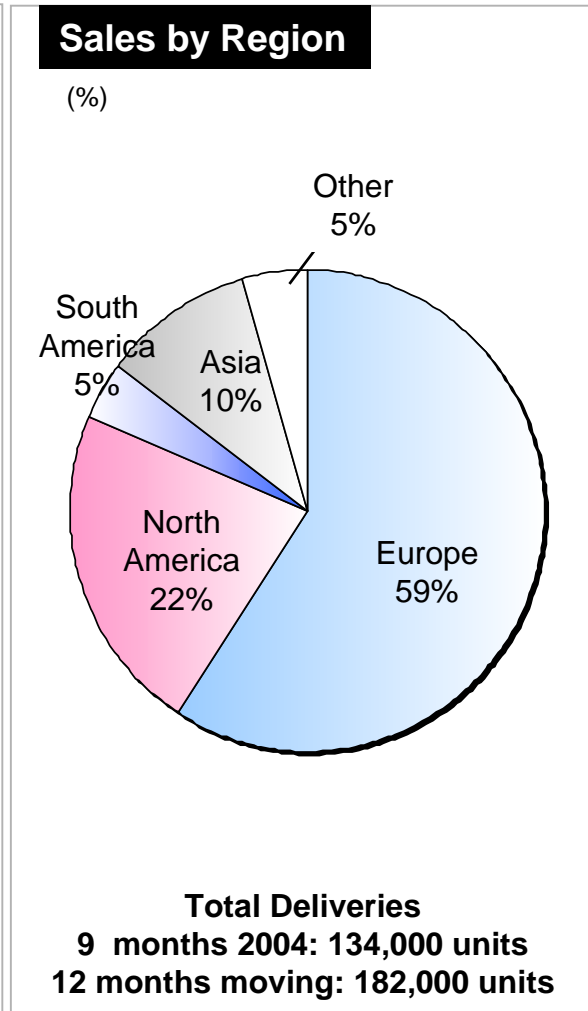
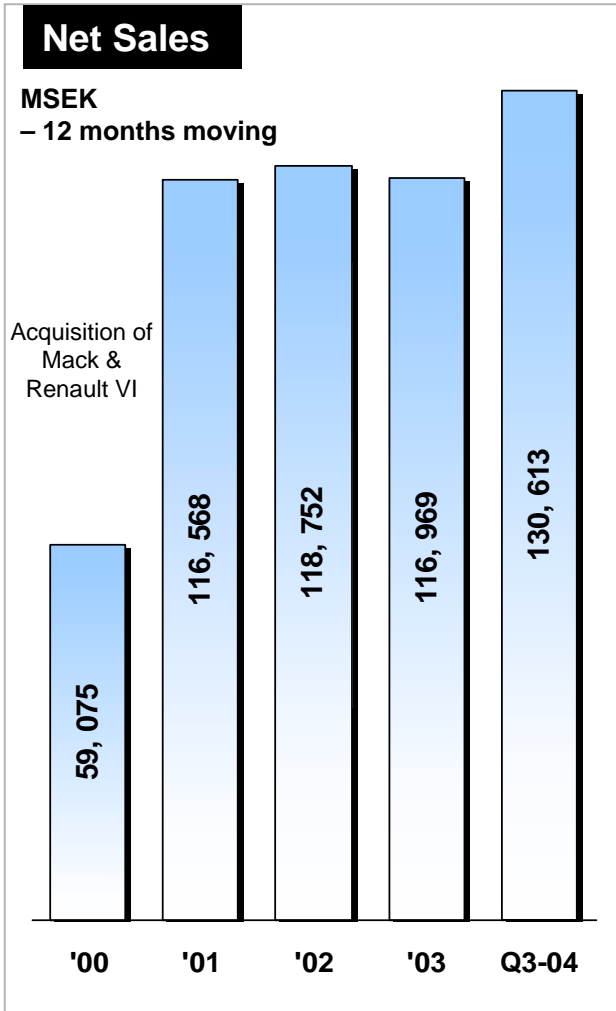
¹⁾ Updated 2003-03-03

Global Market Position

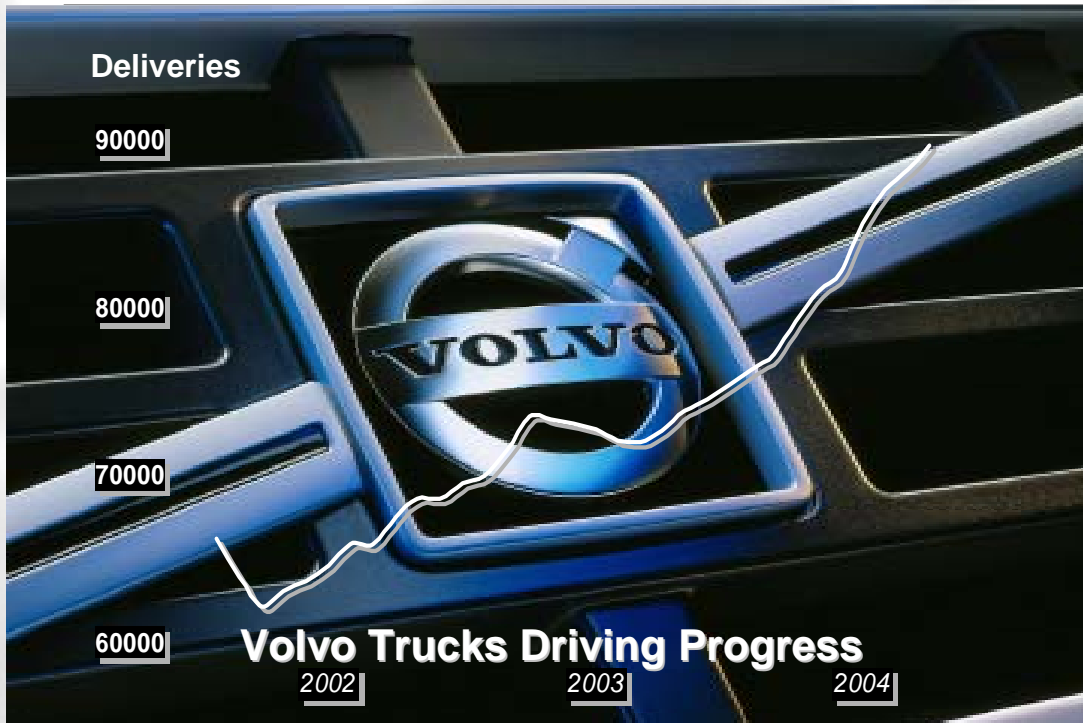
Heavy Duty Engines



Financial Highlights - Trucks



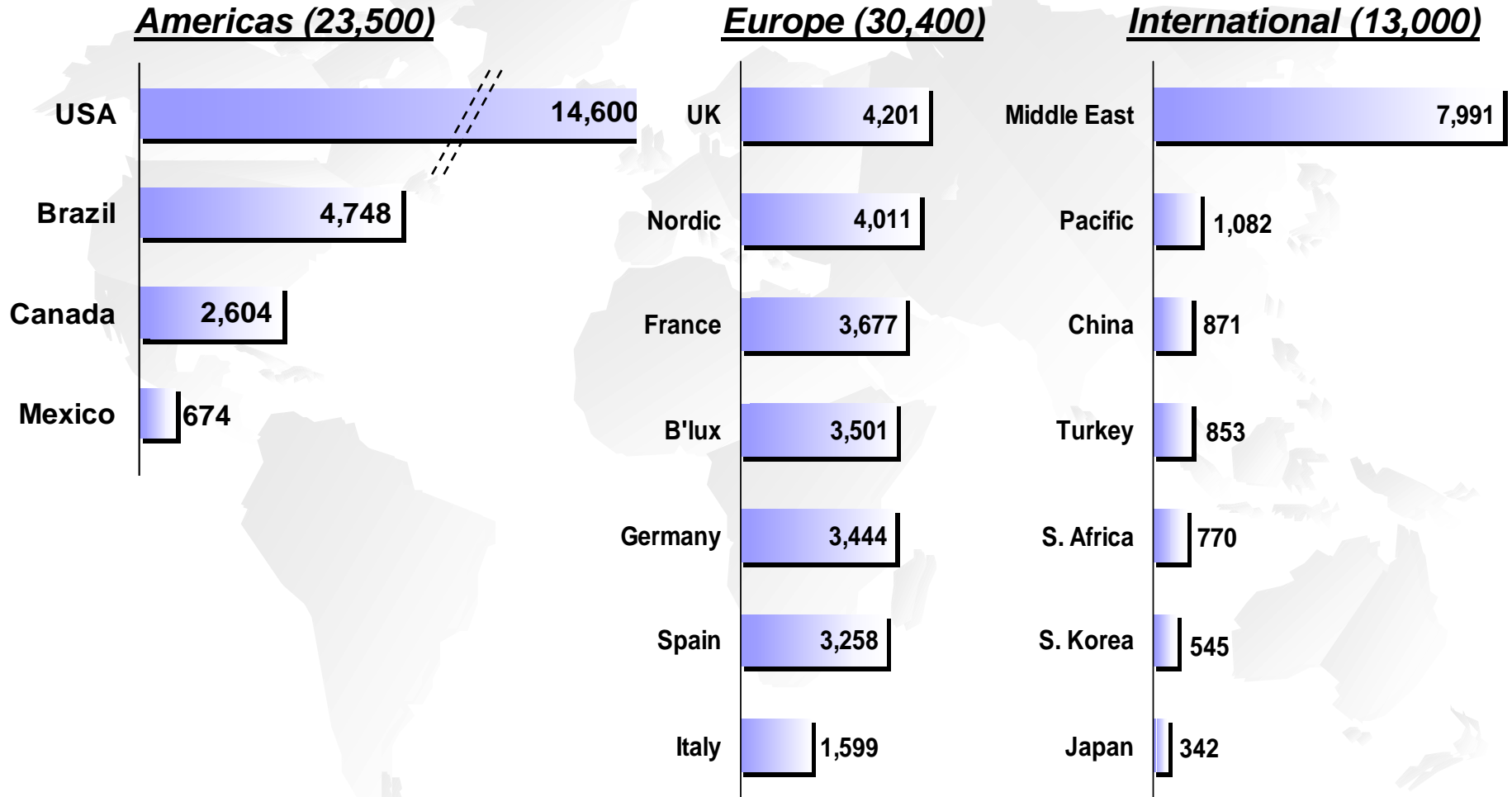
In Focus – Volvo Trucks



1. Customer Satisfaction with product and after market support, and parts availability
2. Capacity planning and price management in an upturn market
3. Investments to secure long term sustainability

Biggest Markets

Volvo Trucks y.t.d. September 2004



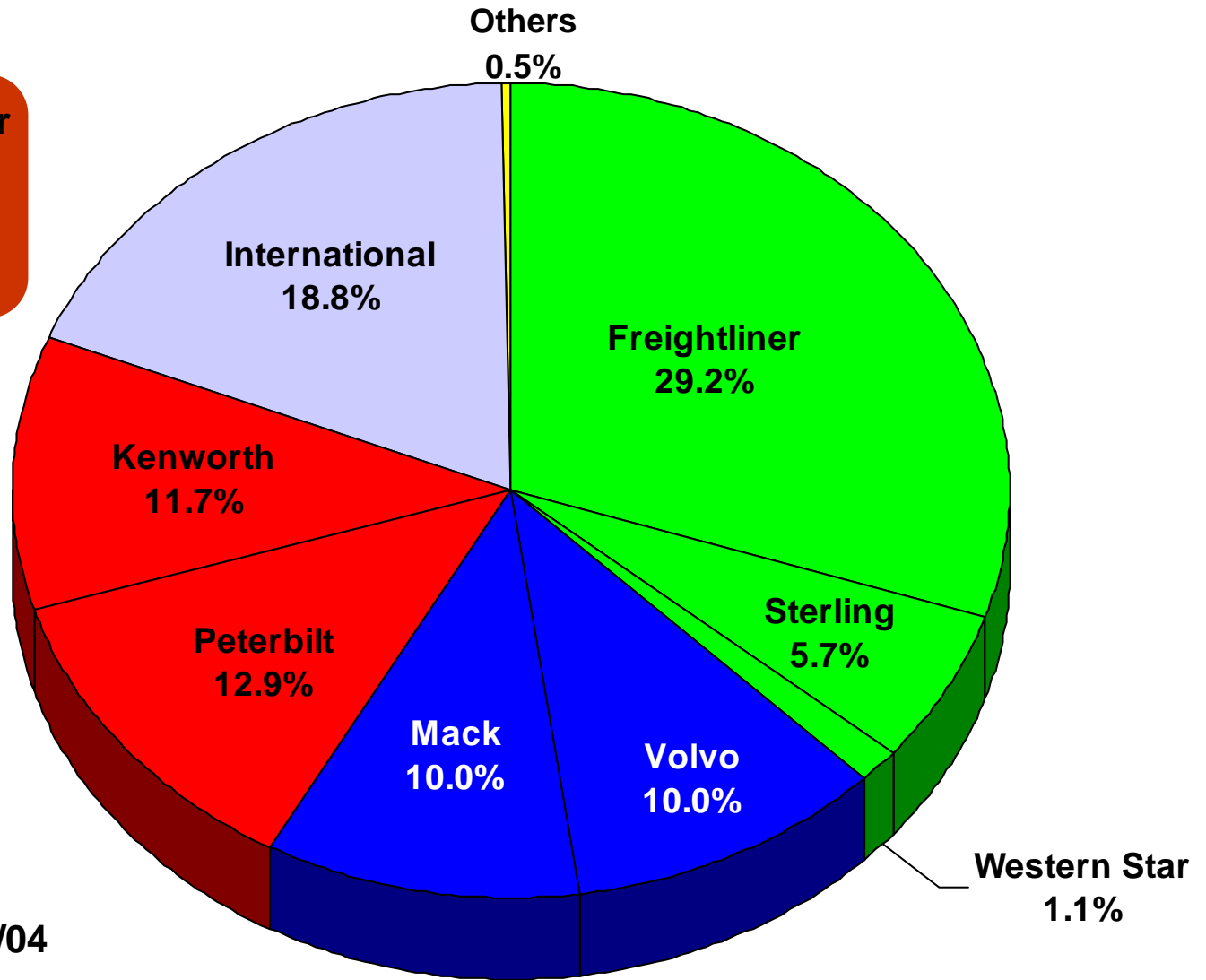
Volvo Truck Corp. Deliveries

January-September



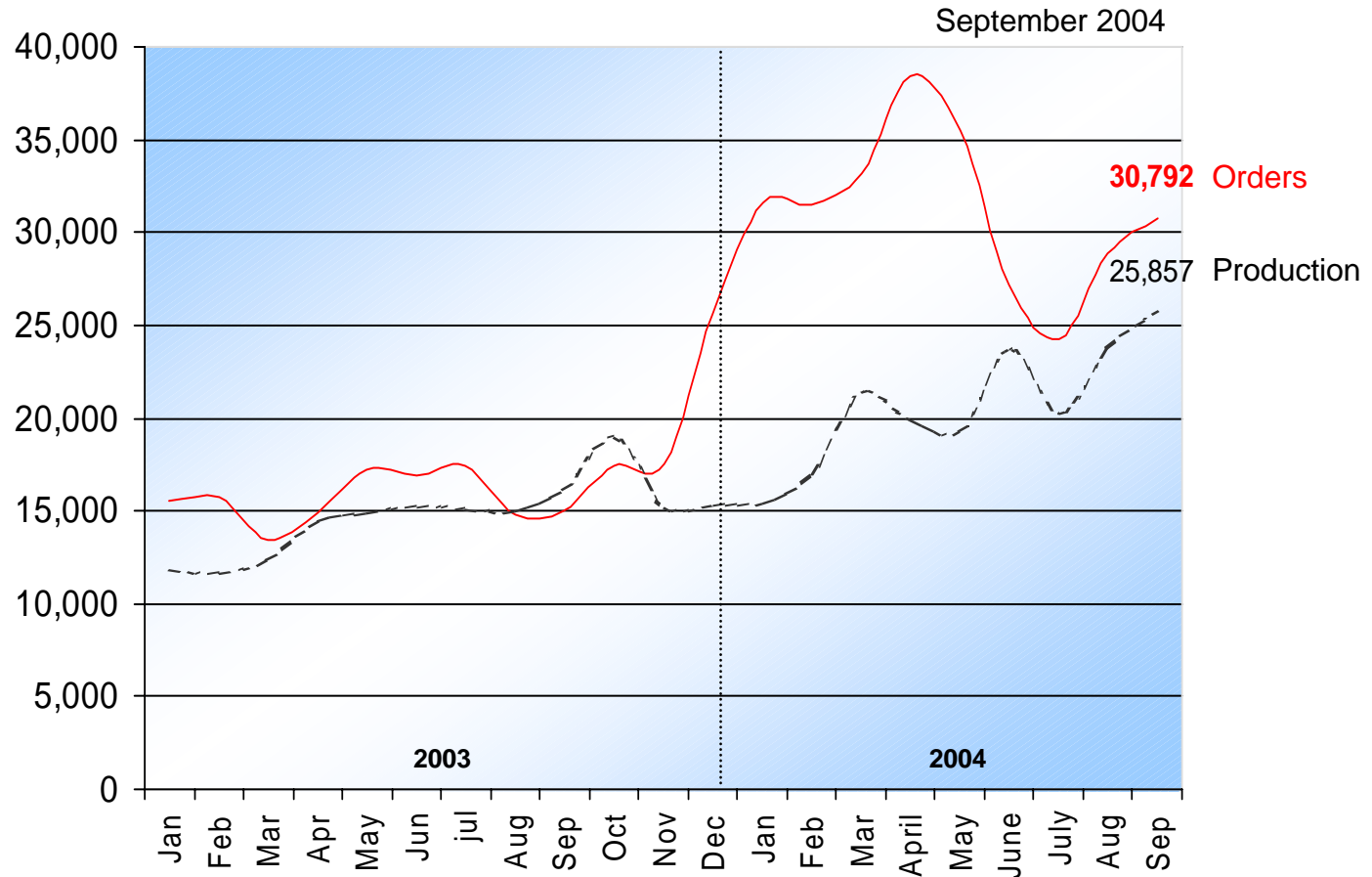
Units	January-September		Change %
	2003	2004	
Total Europe	27 137	30 371	+12
of which:			
Western Europe	23 555	25 822	+10
Eastern Europe	3 582	4 549	+27
North America	11 891	17 955	+51
South America	3 558	5 540	+56
Asia	7 715	10 665	+38
of which:			
Middle East	5 274	7 991	+52
Other Asia	2 441	2 674	+10
Other markets	2 236	2 359	+6
Total	52 537	66 890	+27

Competitive View of the U.S. Class 8 Market



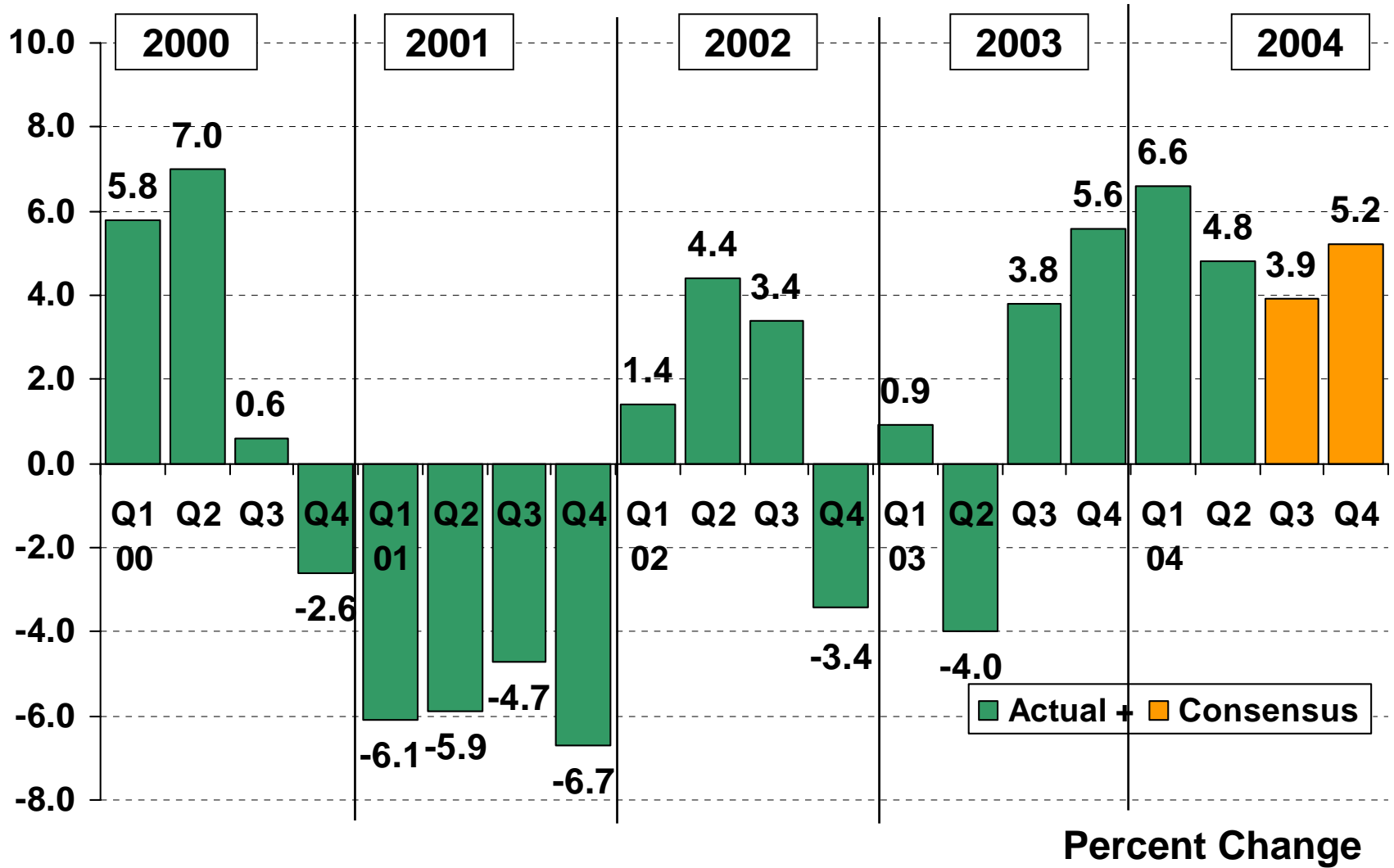
Market share YTD 9/30/04

Industry Net Order Intake North America

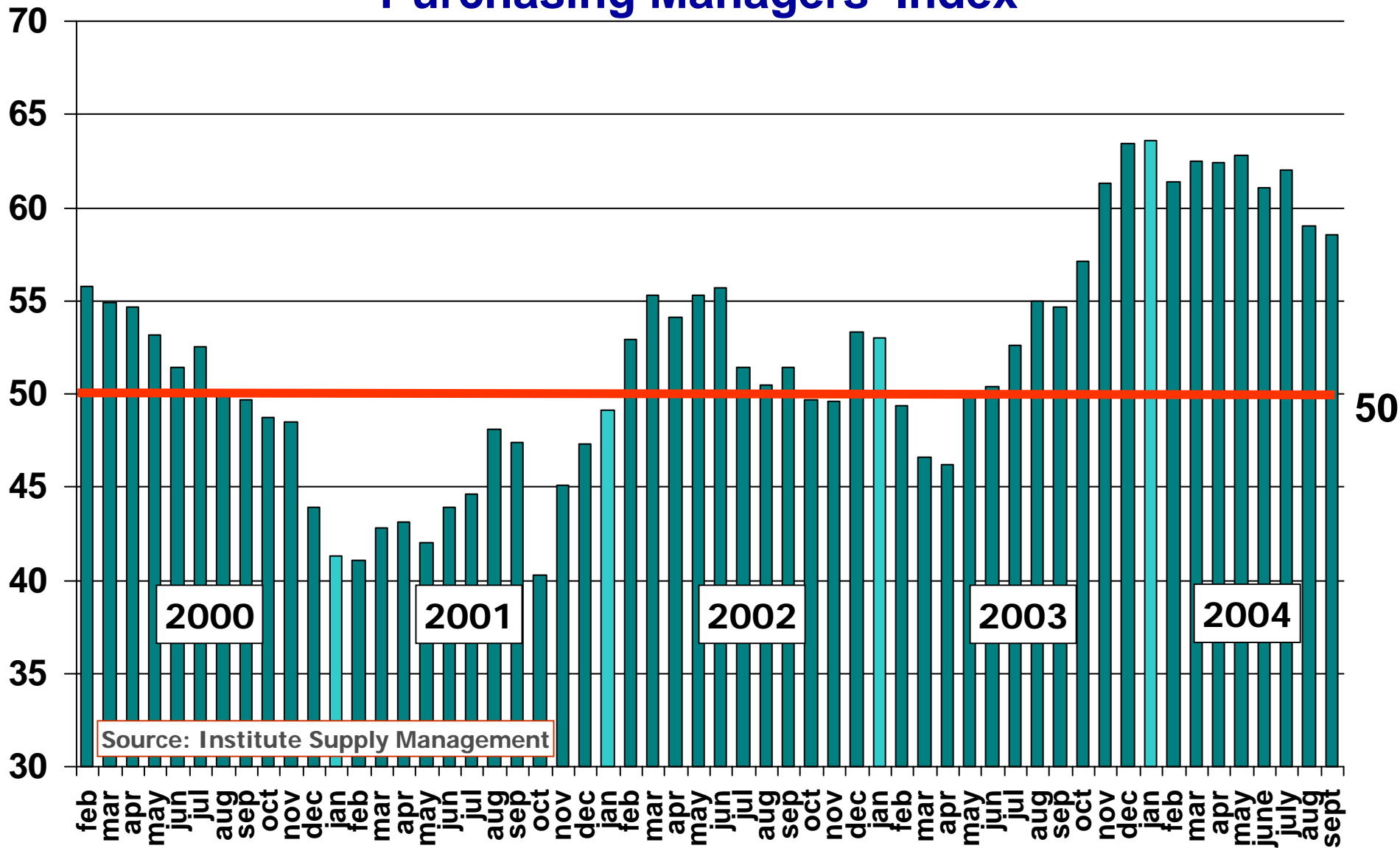


Blue Chip Economic Indicators

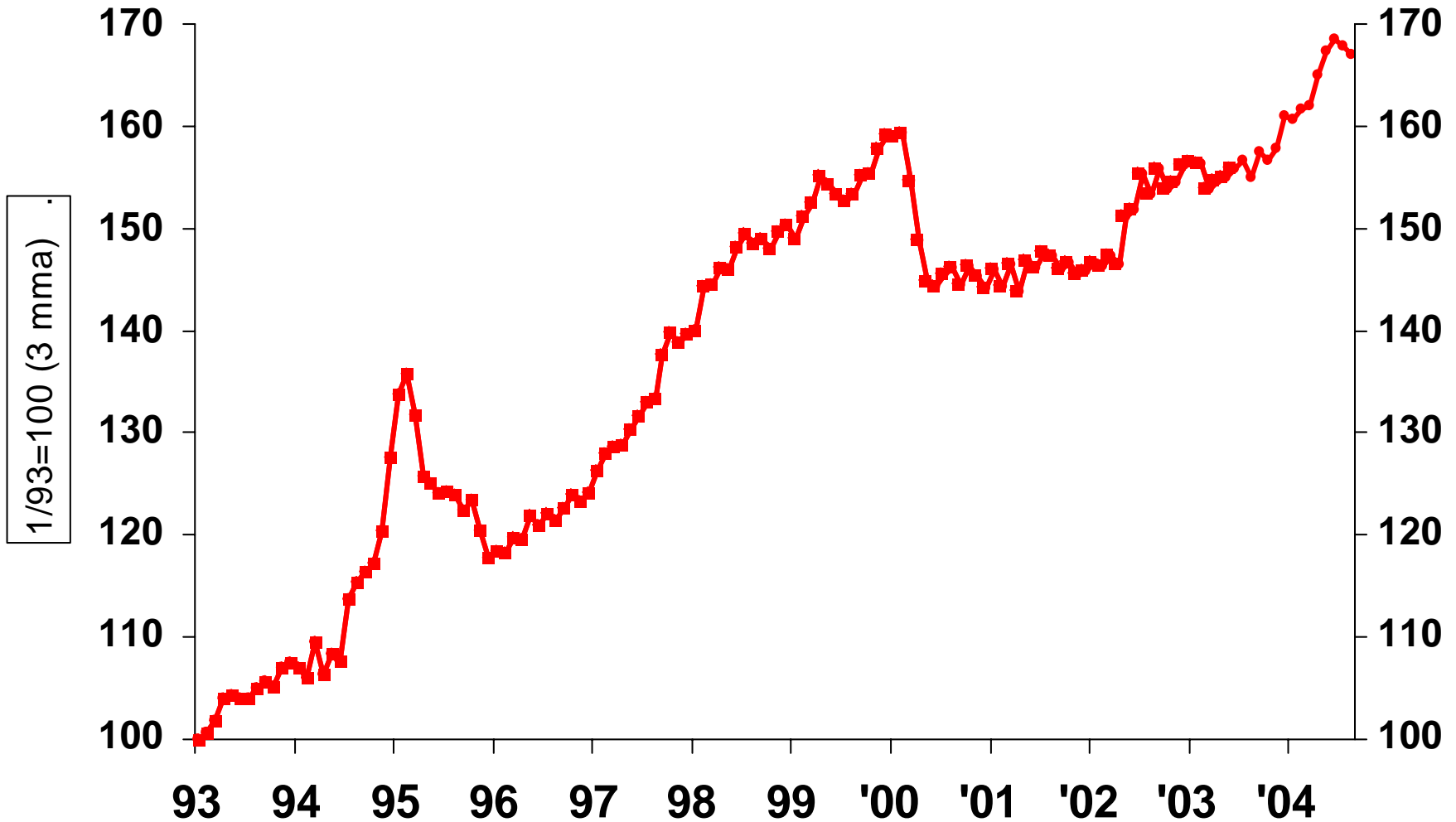
Industrial Production



Purchasing Managers' Index

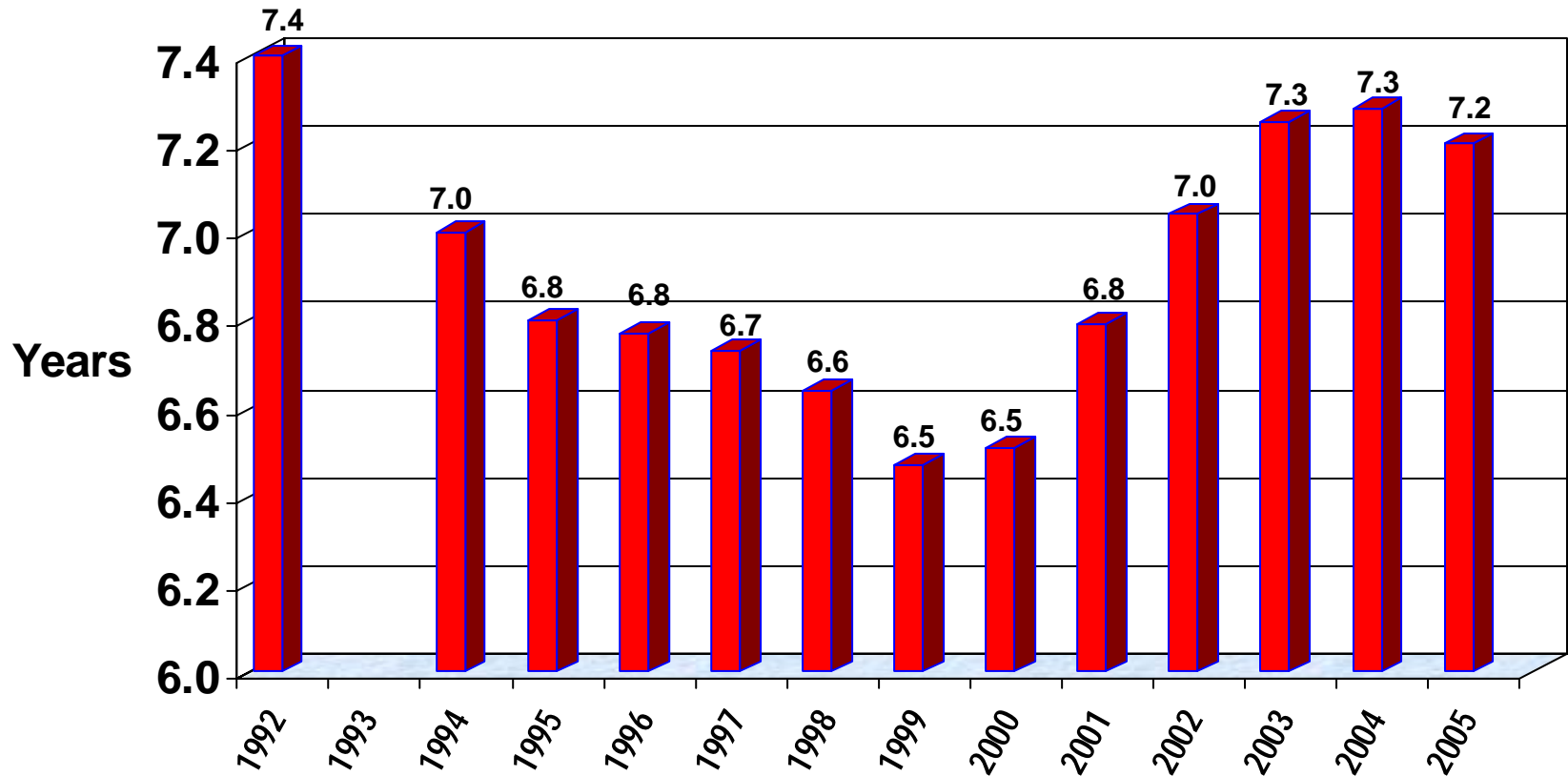


ATA Truck Tonnage Index



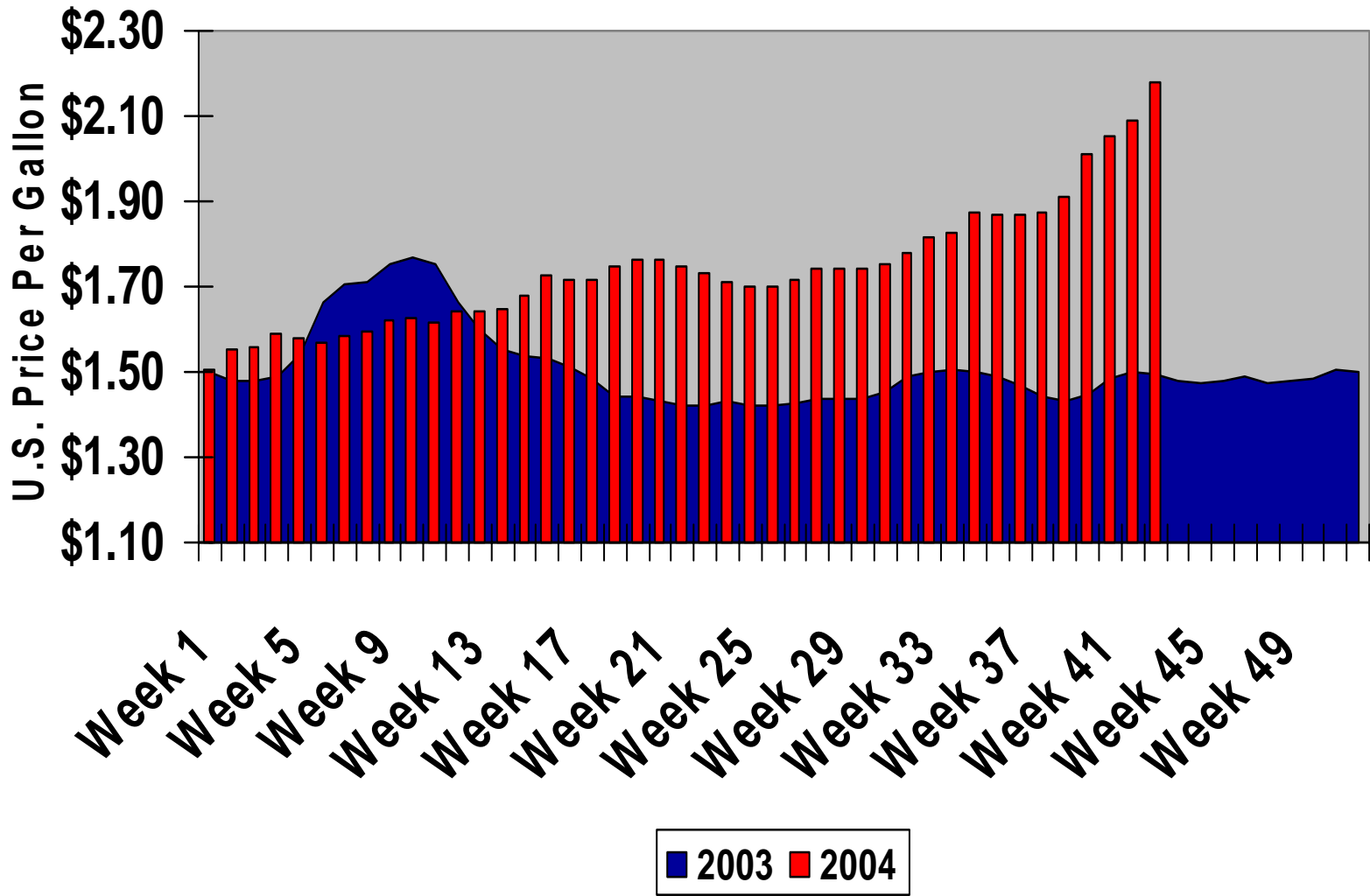
Note - Data thru August, 2004

Average Age of a Class 8 Truck In the U.S. Population



Source: Commercial Motor Vehicle Consulting, CMVC

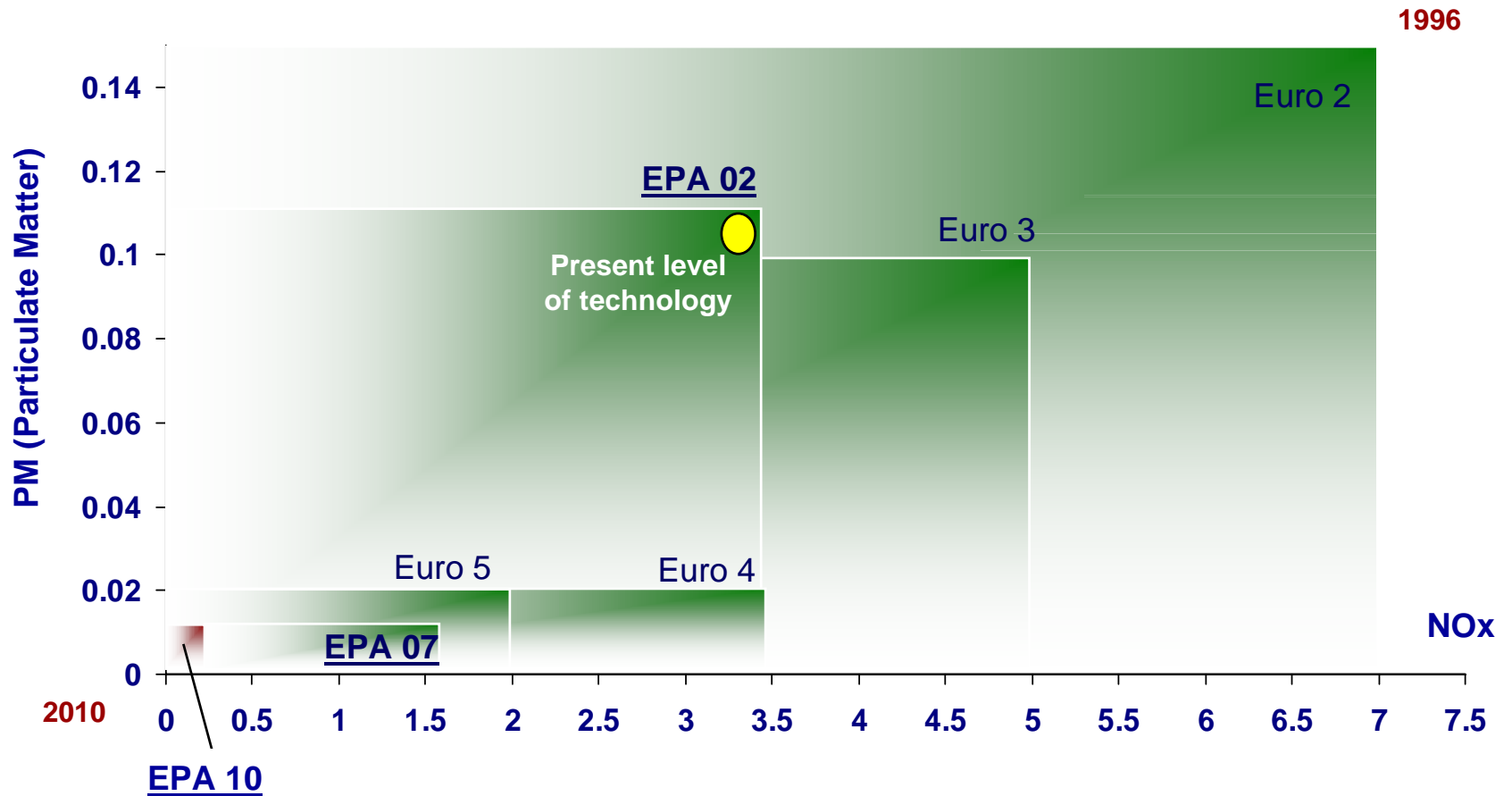
National Average Diesel Fuel Price



Source: American Trucking Associations

Environment

Emissions Standards Continue to Tighten



Volvo Technology Path For U.S. 2007 Emissions Standards

- Particulate matter (PM) control via catalyzed diesel particulate filter
- NOx control using high efficiency cooled exhaust gas recirculation (EGR)
– same technology used to meet current NOx standard
- Ultra-low sulfur diesel fuel

**An evolution of proven technologies with
years of Volvo experience and reliability**

North American Industry Outlook

- Truckers' profits substantially improved
- Shippers accepting rate increases
- Controlled growth business model
 - Replacement – not growth
- Driver shortage limits fleet expansion
- High and rising fuel prices are a major uncertainty
- Customer concern about impact of 2007 emissions regulations
- 2005 looks to be a strong year for truck sales

Core Values

VTNA's Distinct Promises to the Marketplace

- **Truck uptime**
- **Safety**
- **Driver Productivity**



Corporate Values: Quality, Safety, Environmental Care

Complete Transport Solutions

Buying advice

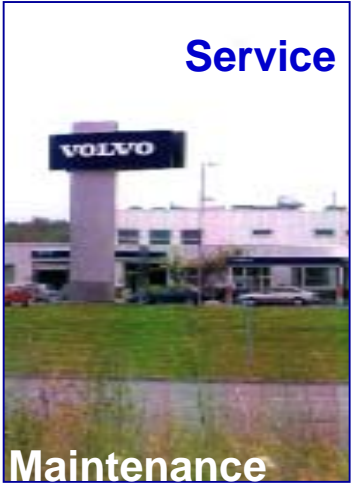
Driver training

Telematics

Call center services



Parts



Service

Maintenance

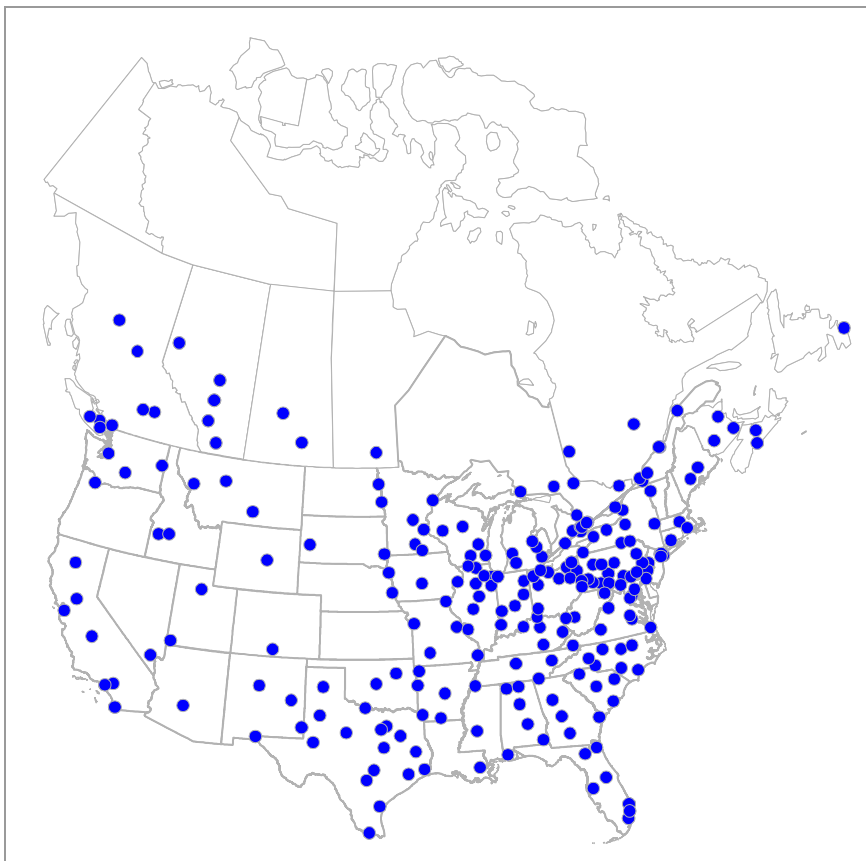
Customer Services

Financing Insurance Service contract



Volvo Trucks North America

expanded dealer network



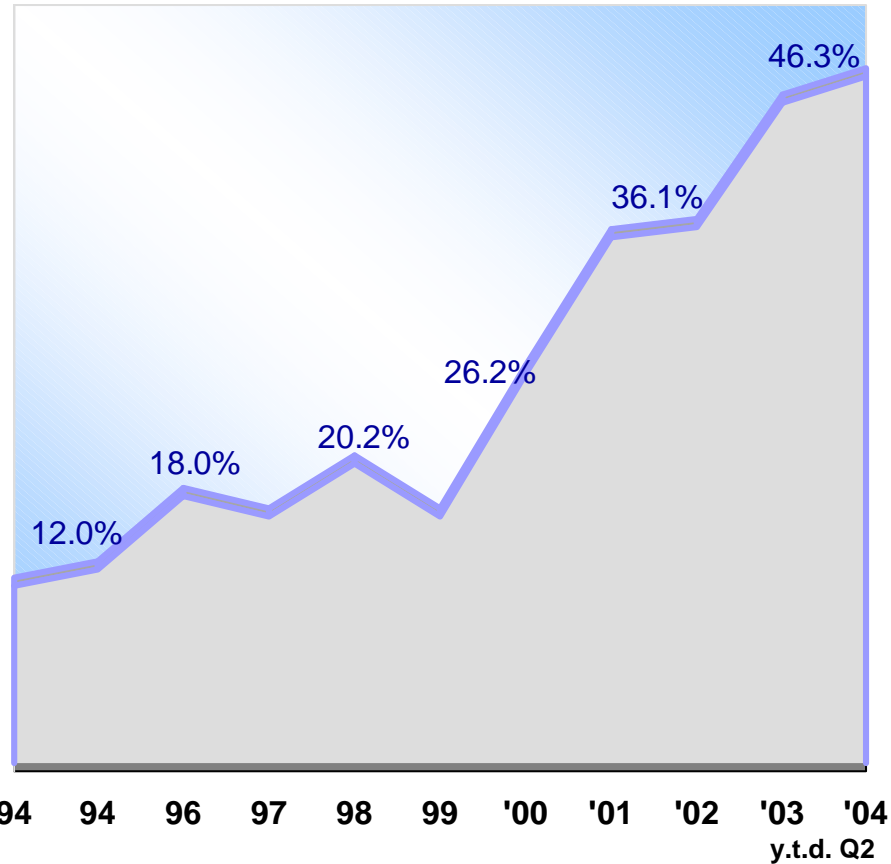
Volvo dealer network

- 250 full line dealers
- 104 parts & service points
- 354 total locations
(increase from 275 in 12/01)

Combined Volvo – Mack dealers

- 133 common owners
- Accounts for 65% of total Volvo and Mack volume in North America

North America: Increased Penetration for Volvo Engines



**\$150 million investment in
Hagerstown, MD Powertrain Operation**

Volvo's Performance Meets the Challenge



- Significantly improved profitability
- More than two-point market share increase in flat 2003 market
- Sales up 50 percent in 2004
- Very successful launch of new VN and new EPA'02 engine
- 800 people hired in NRV to support increased production
- \$150 million invested in Hagerstown to bring Volvo engine production to North America
- Significantly improved results in latest J.D. Power survey
- Nearly 80 new dealer outlets, and much stronger network
- Strong ATD Dealer Attitude Survey results - #1 in service contact helpfulness