VOLVO

Capital Market Day

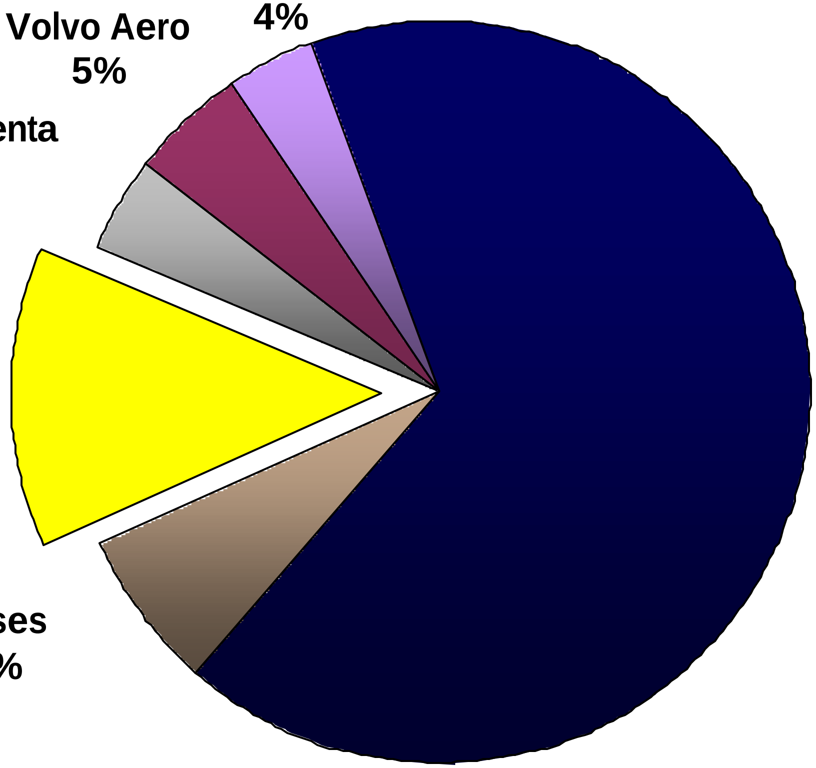
16 September, 2004

Tony Helsham

President Volvo Construction Equipment

Volvo Group, 2003

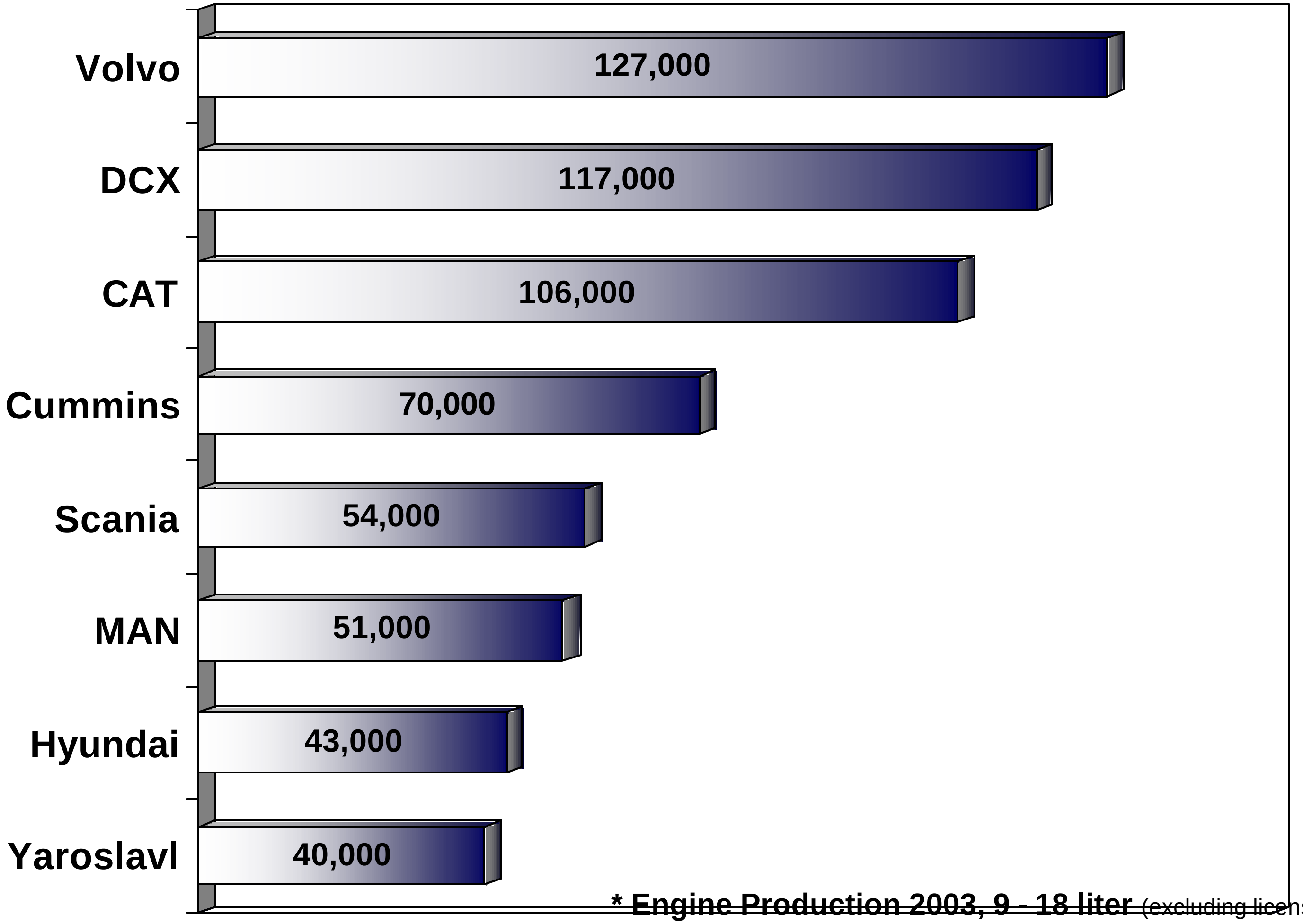
Sales per Business Area



Total: SEK 175 bln

Volvo Group – Strong Relative Position

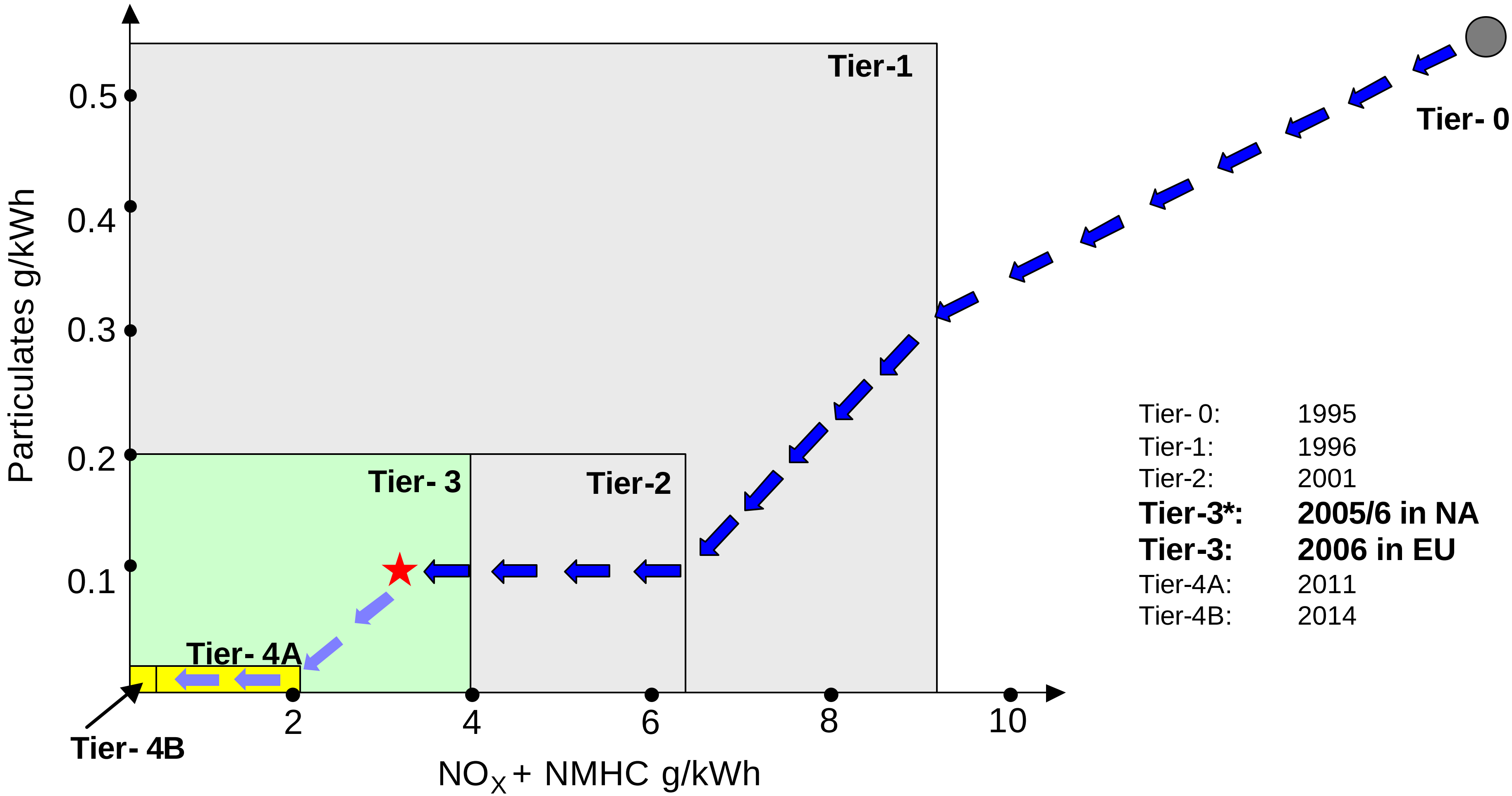
Heavy Duty Diesel Engines 2003*



*** Engine Production 2003, 9 - 18 liter** (excluding licensees / JV's)
Source, Competitors: Power Systems Research (PSR) April 2003 update. Volvo Powertrain: Actual production figures.

Off-road Emission Regulations

(130-560 kW Engine)



Tier- 0:	1995
Tier-1:	1996
Tier-2:	2001
Tier-3*:	**2005/6 in NA**
Tier-3:	**2006 in EU**
Tier-4A:	2011
Tier-4B:	2014

*2005,Tier-3 applies to 225-450 kW

Volvo is ready for Tier-3 with V-ACT

Wheel Loaders

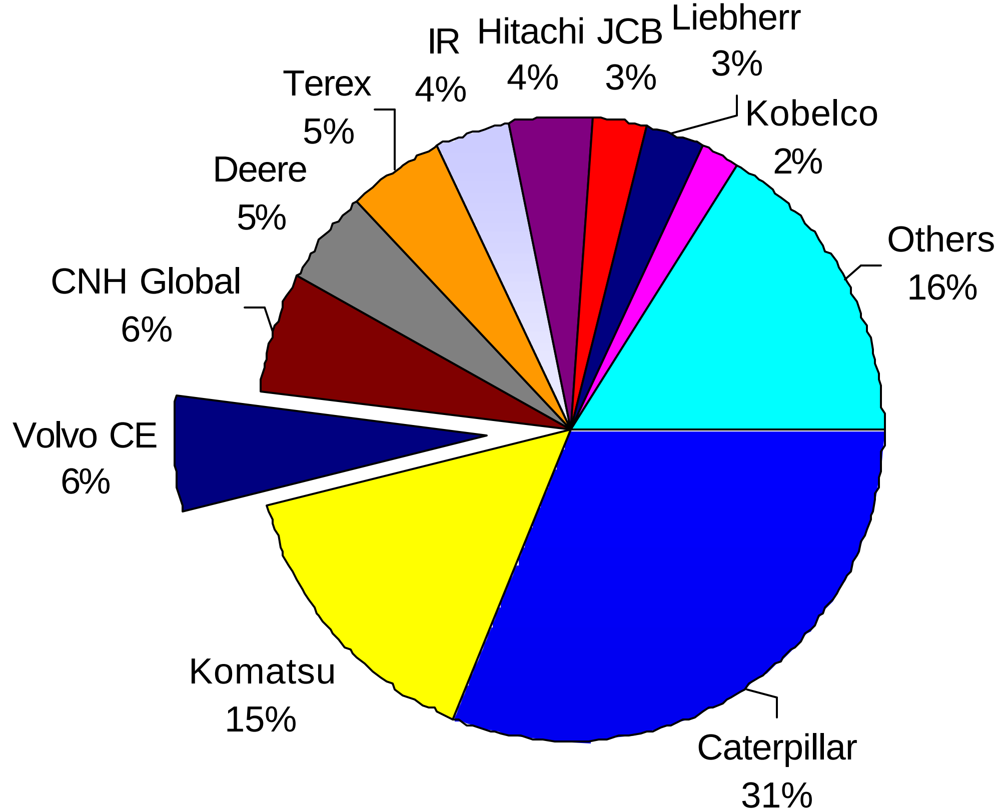
Articulated Haulers

Crawler Excavators

Production start 12 liter engine - Jan. 2005

Construction Equipment Industry

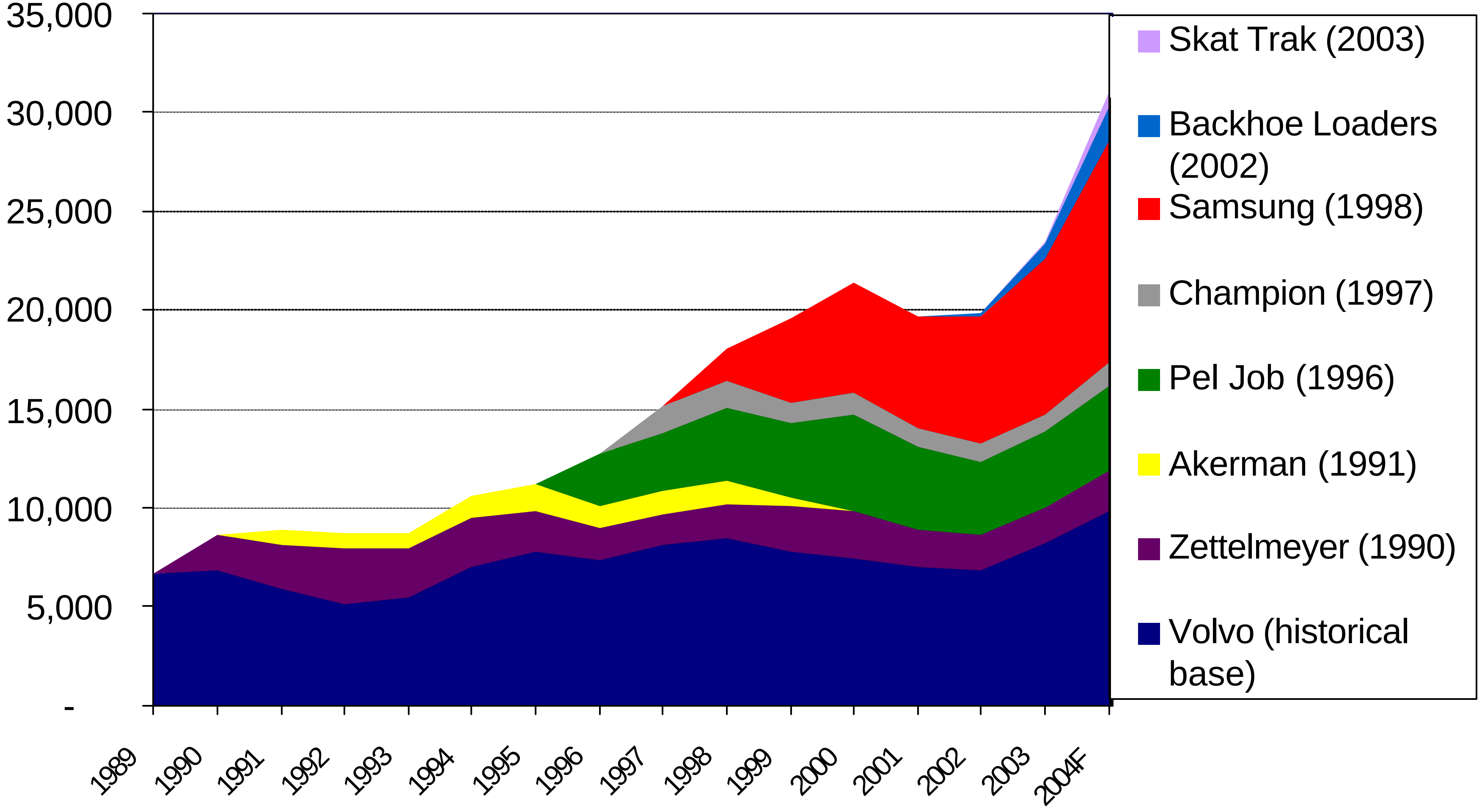
48 BUSD



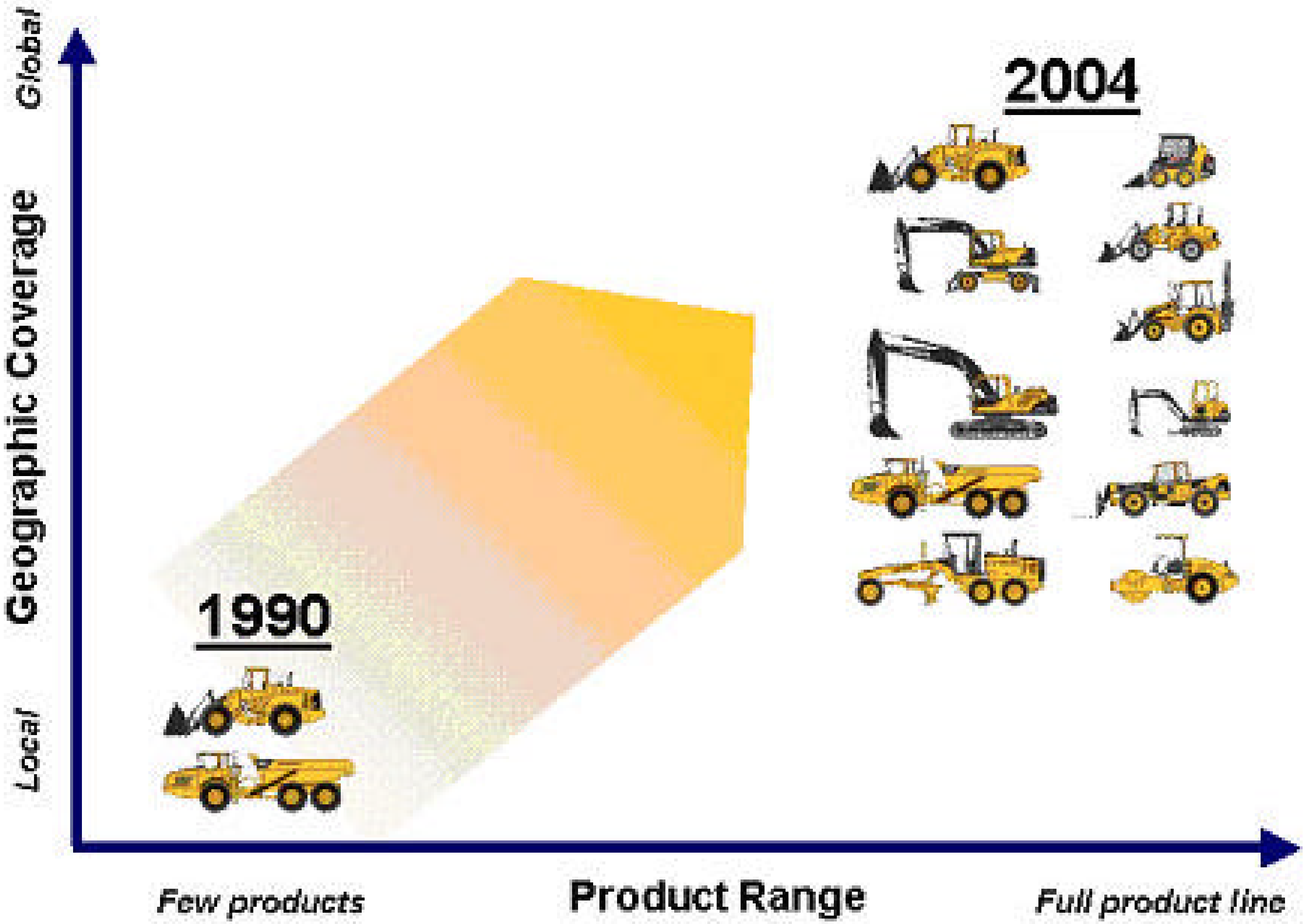
- Few global players
- Several international specialist companies
- Smaller companies - often single product, regionally focused

Market shares 2003

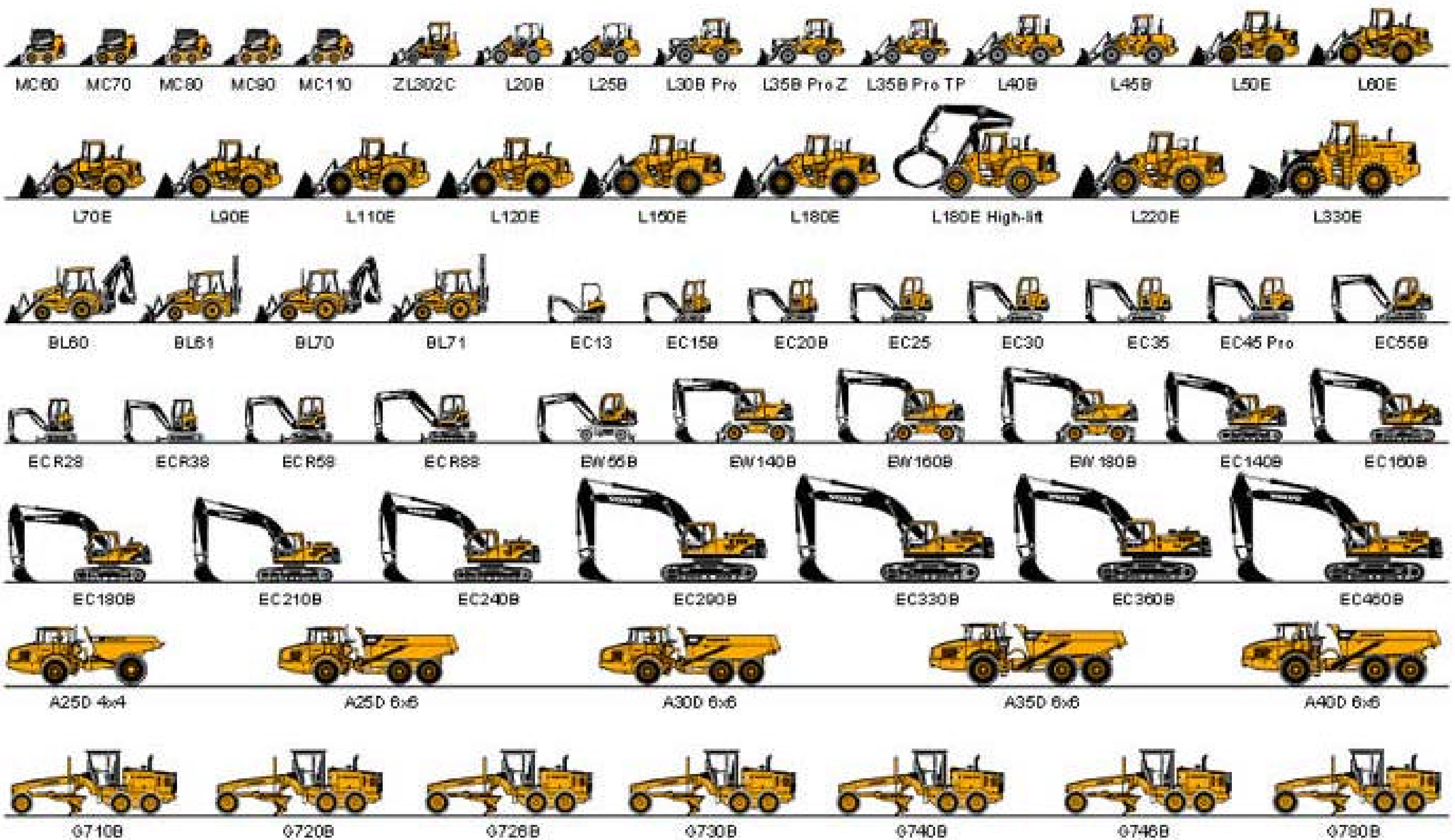
Growth in Retailed Equipment



Company Evolution

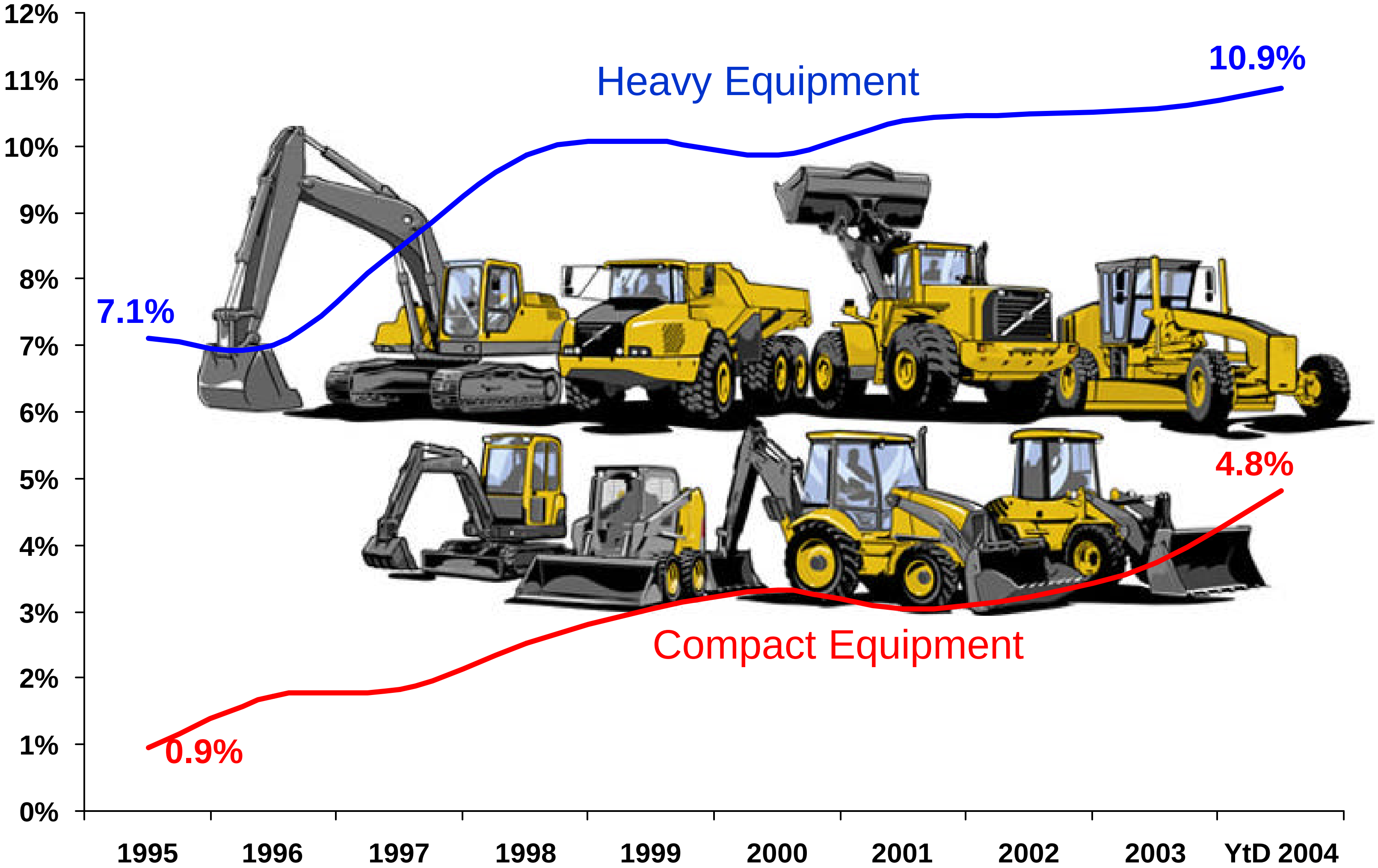


Extensive Product Renewal



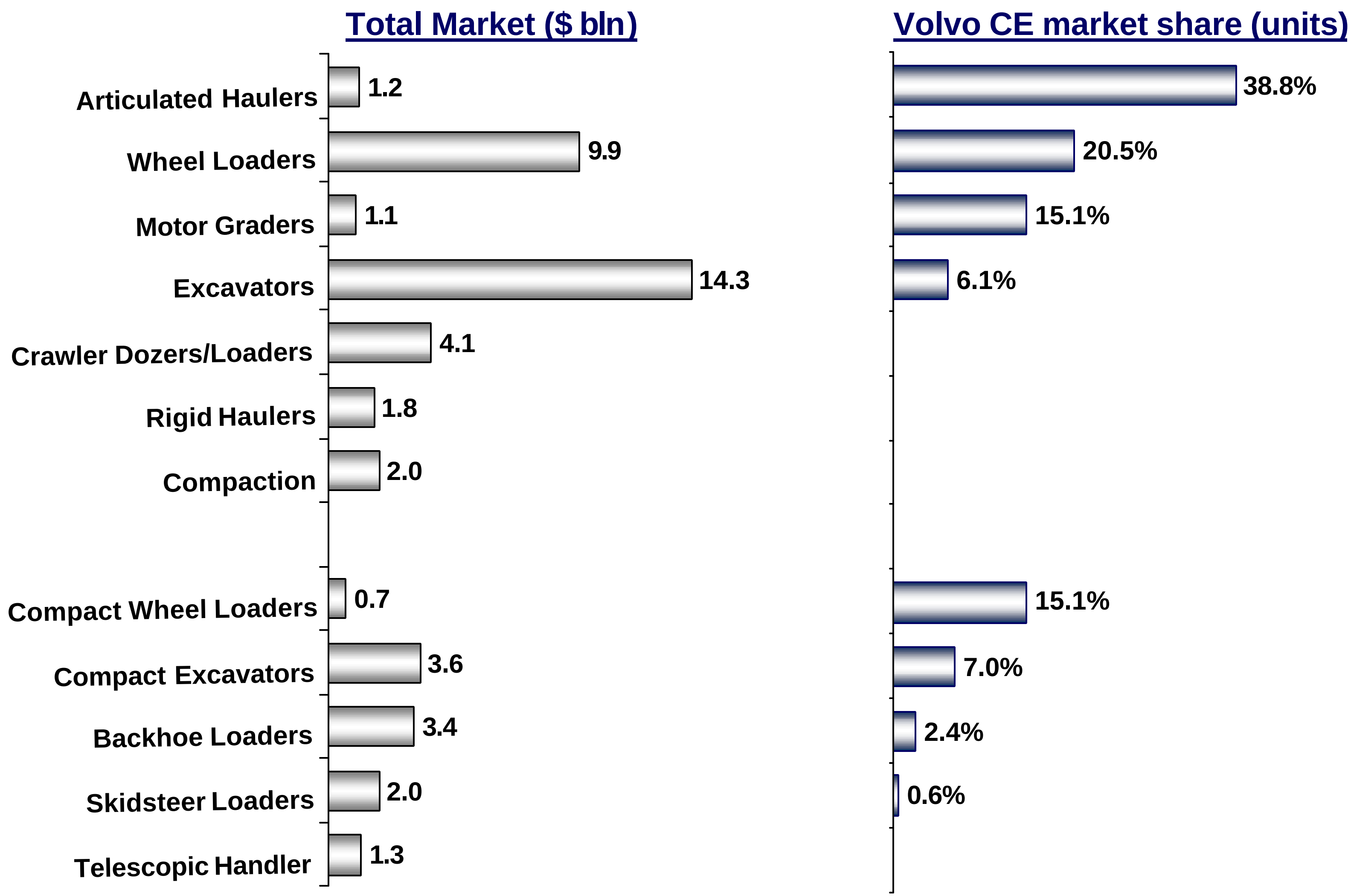
Source: Off Highway Research, London/own estimates

World Market Share Development



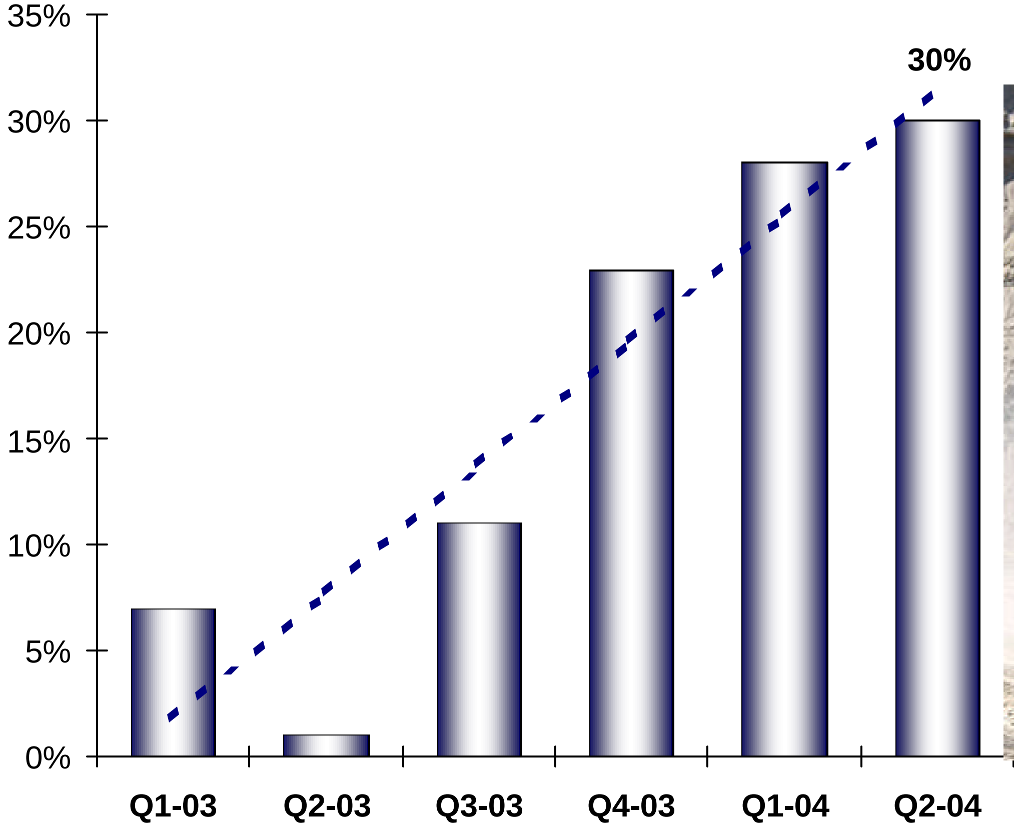
Growth Potential

Total market and Volvo CE market shares



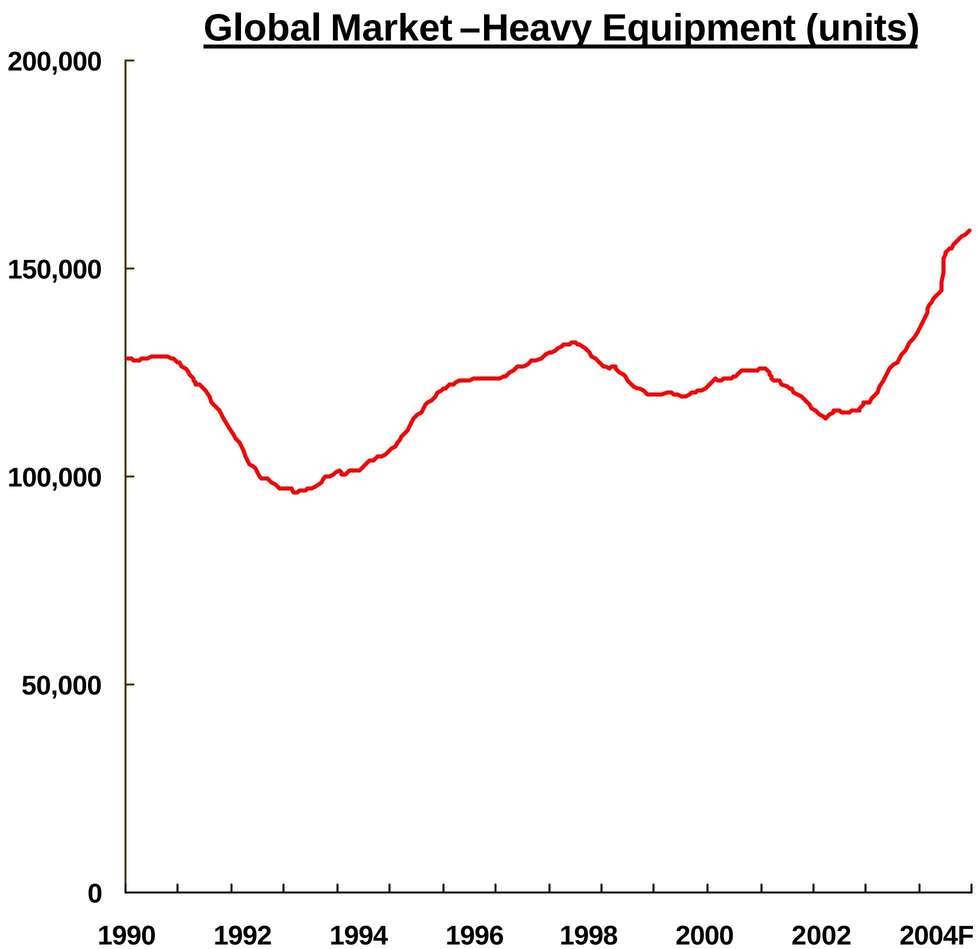
Organic Growth

Sales development quarter/quarter



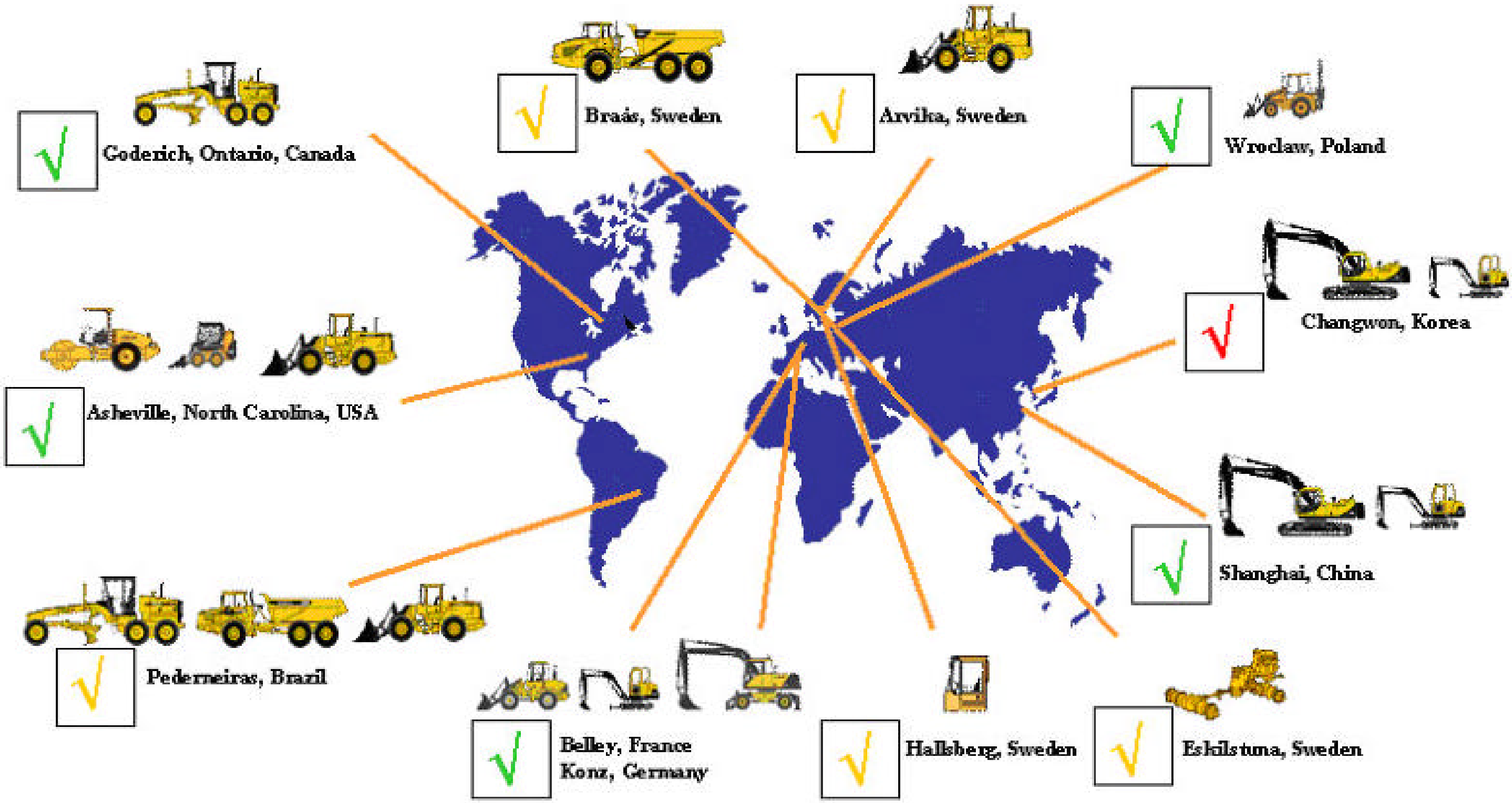
Strong Global Market Development

Volvo CE markets in upturn



- **Focus on capacity**
  - ✓ Channels to market
  - ✓ Select industrial investments
  - ✓ Supplier management
  - ✓ Renewal of global industrial “master plan”
  - ✓ Protect from “over-invest” by strict monitoring of break-even levels
- **Control SG&A and R&D levels**
- **Price Management**
- **Continue to drive Cash Conversion Cycle Improvement**

Industrial Capacity Management



Konz, Germany

Volvo CE Europe GmbH

Assembly line

Manufacturing, R&D and Customer Support

Going Forward

Product offering

- Capitalize on new product portfolio
- Extend the product range:
  - Telescopic Handler
  - Compactors
  - Internal development/acquisition of new products
- Introduce short swing compact excavators and other compact products
- Grow Excavator, Backhoe Loader and Skid Steer businesses
- Tier-3 engines

Sales and Marketing

- Grow the after market and other services
- Continue North American channel development
- Maintain leading position in Europe
- Build stronger positions in China, Russia, Eastern Europe and certain International markets
- More segmentation and key account focus

Source: Off Highway Research, London/own estimates

Wheel Loaders > 100hp
(summary 2003)

Unit sales:	Market	Volvo
Europe	31%	52%
North America	38%	23%
International	31%	25%

Product line:

D-generation 2000
E-generation 2003

Global market positions:

Cat	1
Volvo	2
Komatsu	3
CNH	4
Deere	5

Volvo market position:

Europe	1
North America	3
International	3

In focus going forward:

- Capitalize on success with E-series
- Quality and low fuel consumption
- Growth in North America
- Production ramp-up vs. shortage of steel & tires

L50E L60E L70E L90E L110E L120E L150E L180E L180E High-lift L220E L330E

Summary

- Steady growth in market shares over the last decade
- Competitive advantage due to the Volvo Group's diesel engine technology
- Production start of Tier-3 engines, V-ACT, for US in January 2005
- Youngest product portfolio in the industry
- Growth potential in several product and geographical areas