

VOLVO

Breakfast Meeting, New York

**Leif Johansson
President and CEO
AB Volvo**

Strong Positions



Europe #1 Global #2



Global #1



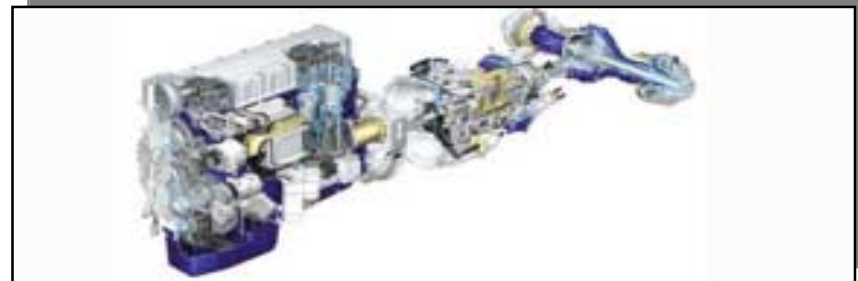
Global #2



World leading



Global #3



Global #1

Volvo Group Transformation

1998

- Sales ~SEK 200 bn
- Net cash SEK 12 bn
- Limited commonality (cars & trucks)
- Volatile car business earnings

Ordinary dividends

SEK 22 bn

*Special dividends &
Share repurchase*

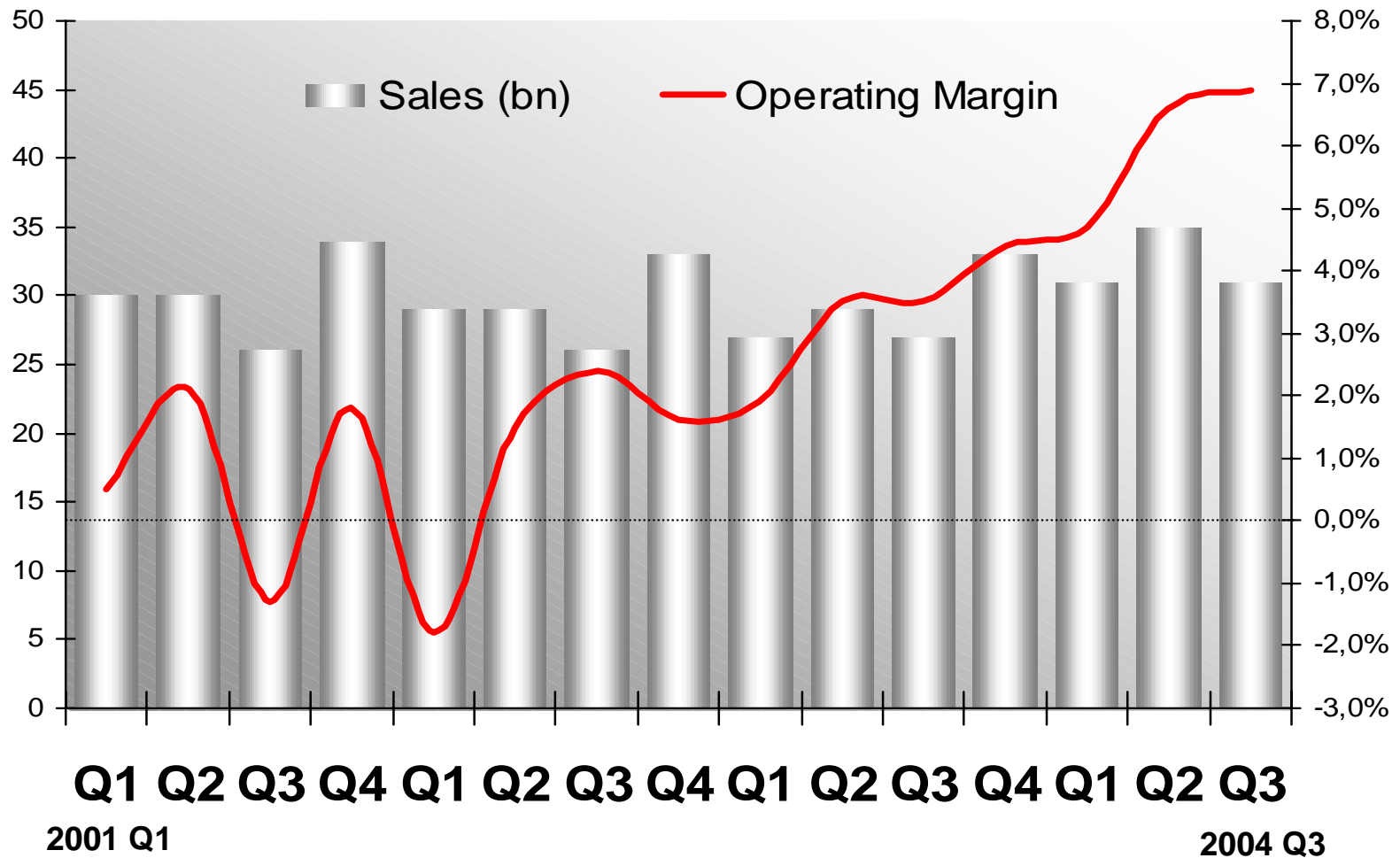
SEK 17 bn

To shareholders: SEK 39 bn

2004

- Sales ~ SEK 200 bn
- Net cash SEK 15 bn
- Shared architecture (engines & trucks)
- Structurally higher margins

Improved Profitability in Trucks*



* Adjusted for restructuring in Renault Trucks SEK 400M in Q3-04

Shifting Mode

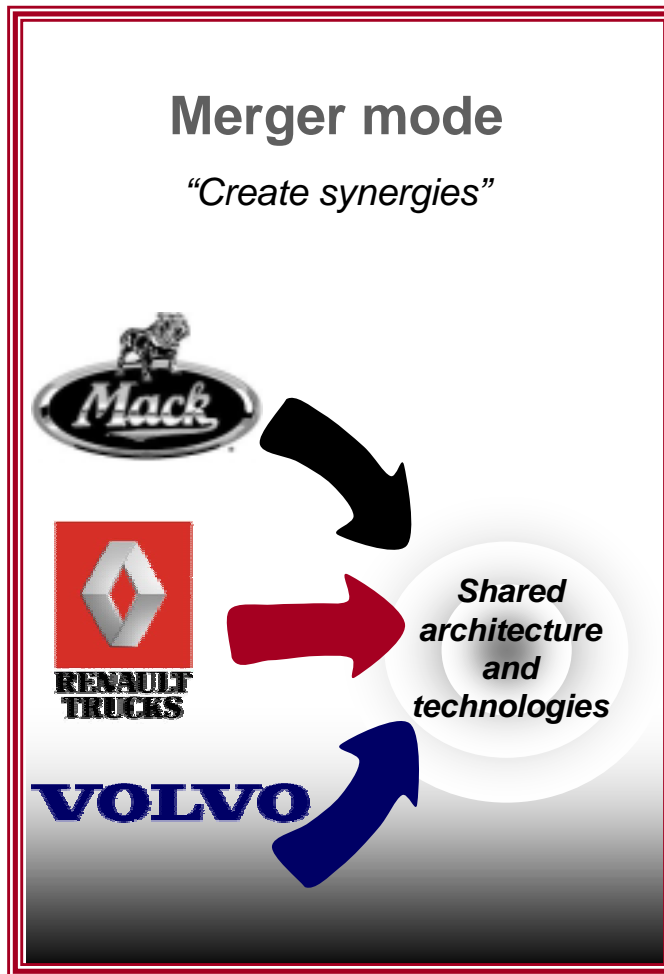
- from Merger Mode....

Standalone mode



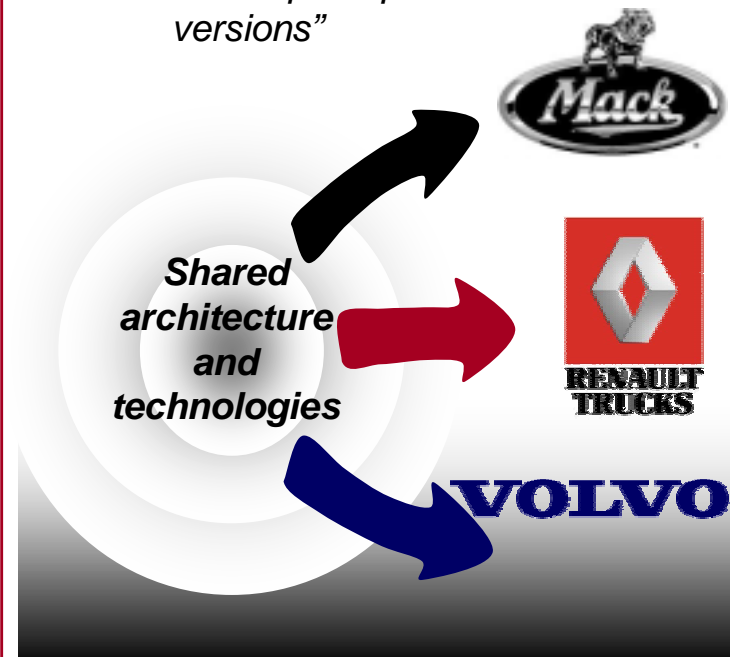
Merger mode

"Create synergies"



Vision mode

"New architecture and shared technologies. Develop unique brand versions"



Shifting Mode

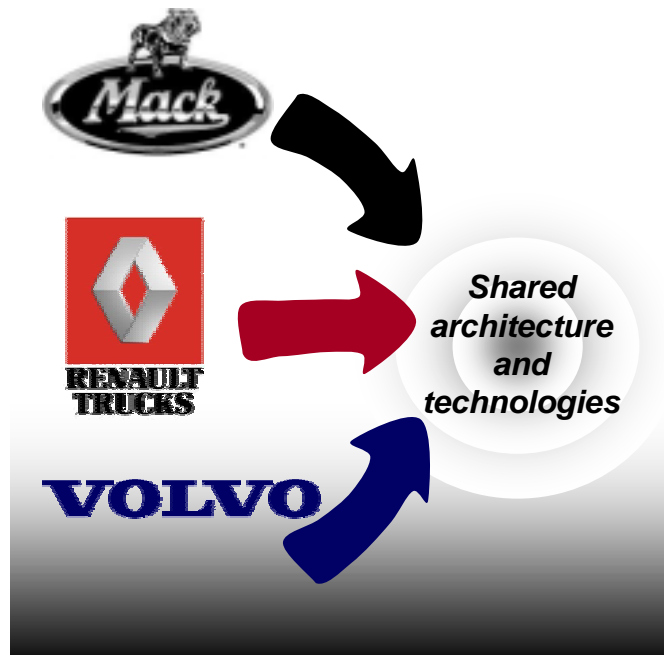
- to Vision Mode

Standalone mode



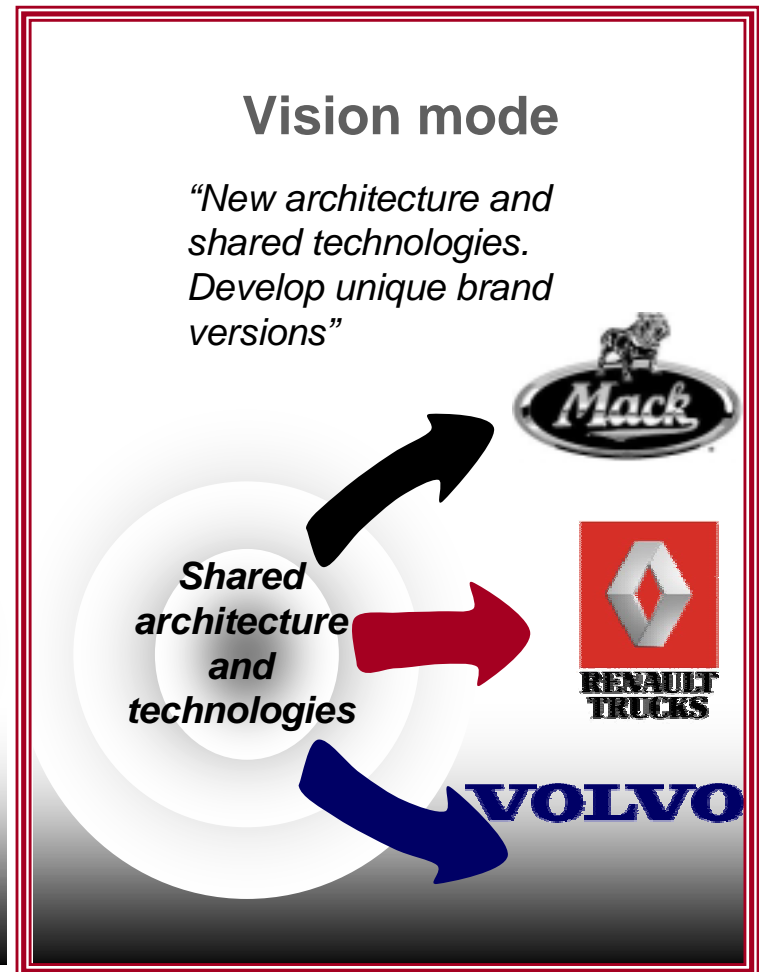
Merger mode

"Create synergies"



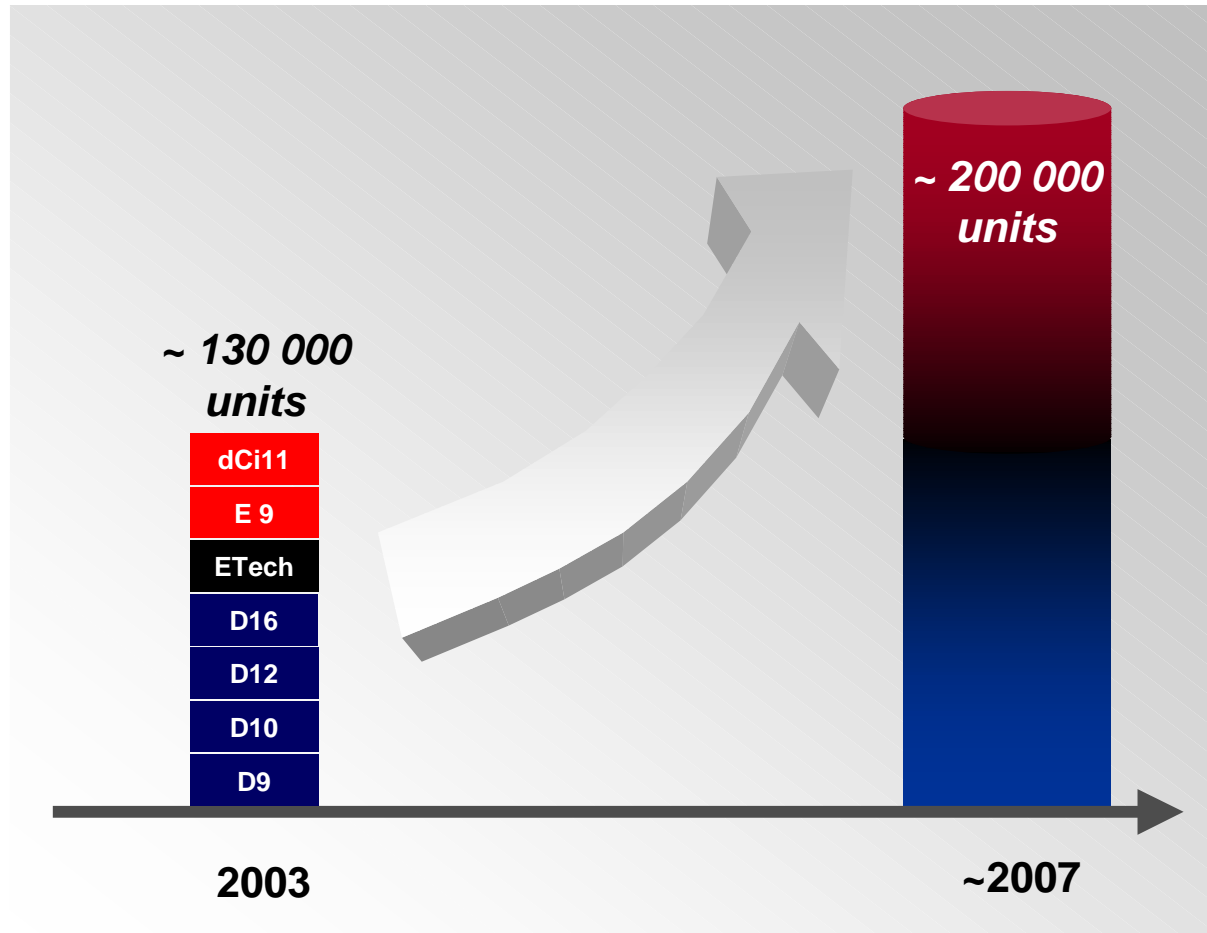
Vision mode

"New architecture and shared technologies. Develop unique brand versions"



Towards a Stronger Product Portfolio

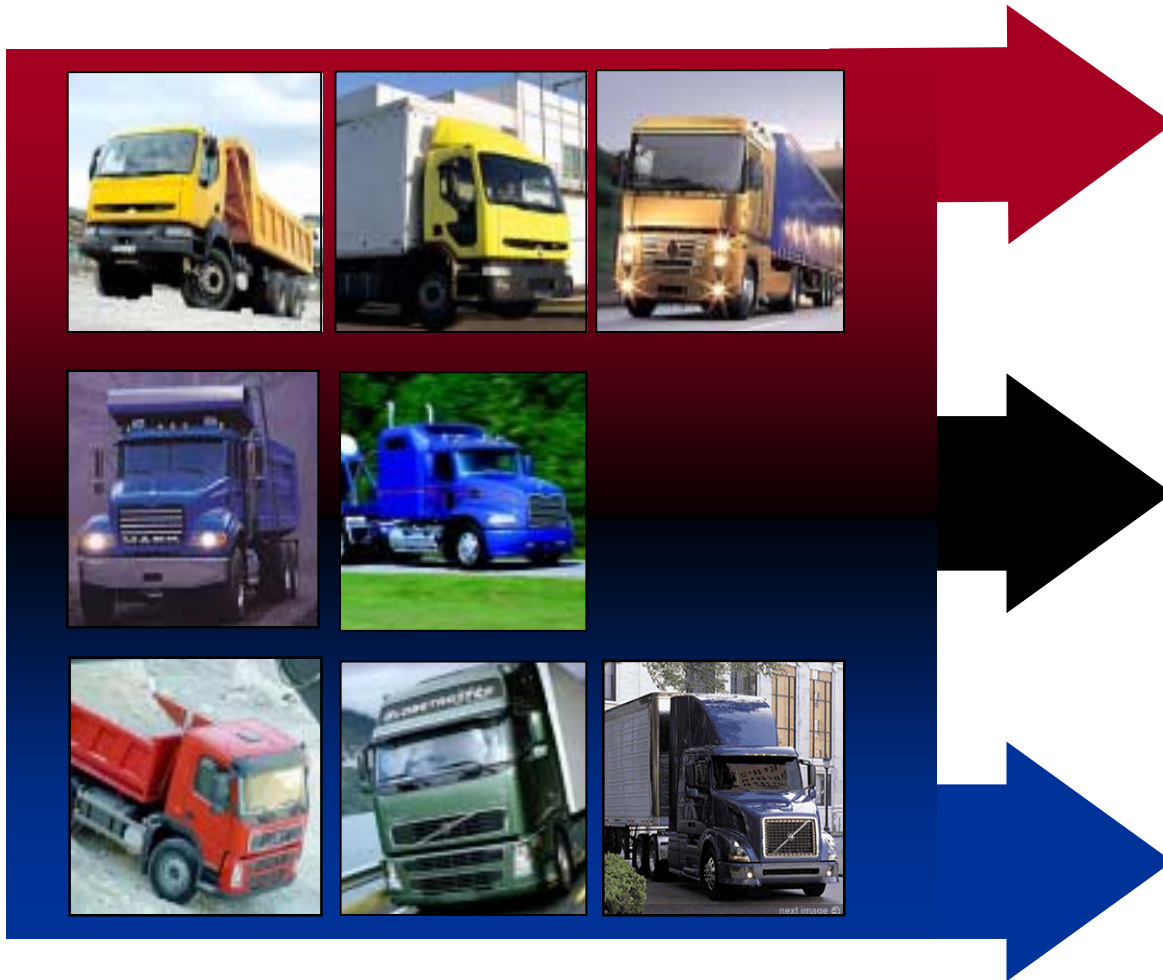
New generation Heavy Duty Engines



- ***Common architecture***
- ***Shared technology***
- ***One industrial system***
- ***One supplier base***
- ***Unique brand and product specifications and characteristics***

Towards a Stronger Product Portfolio

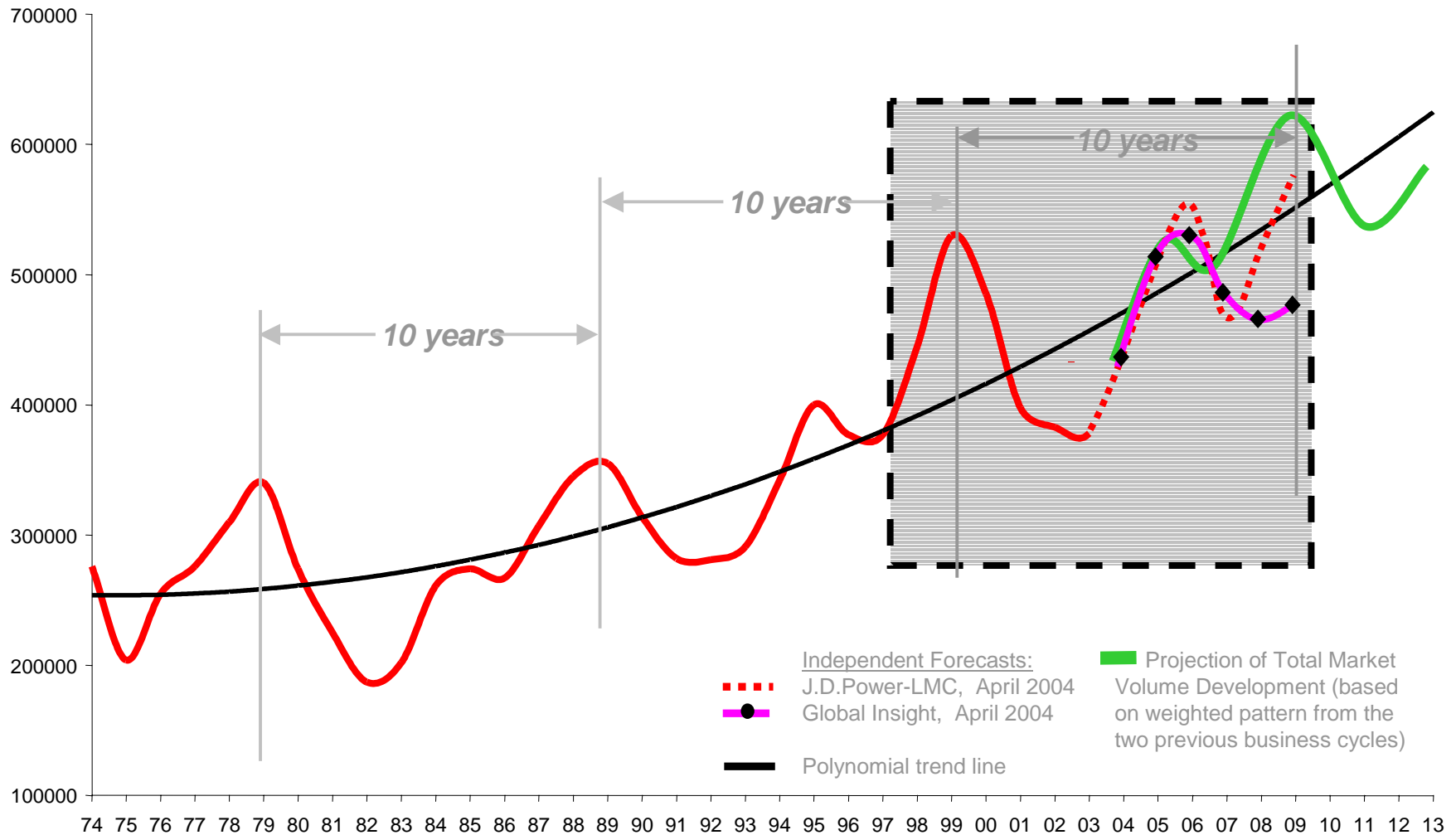
New generation Heavy Duty Trucks



- *Shared architecture*
- *Unique brand specifications and characteristics*
- *Even more attractive customer offerings*
- *Several product launches ahead*

Business Cycle Management

W Eur + N America HD Truck Registrations



Upturn Management

Capacity

Investments
Flexibility with present workforce

Capital management

CCC days

Margin management

Variances in product cost
Material and component inflation
Manufacturing variances
Fixed cost absorption
Direct Labor
Selling and Administrative cost
Price strategy with long order books

Volvo Financial Services

Longevity in the market place

Number and mix of employees

Two tier agreements in the US
Temporary workforce in Europe