

VOLVO

Fourth Quarter and Full Year 2001

Telephone conference
February 8, 2002

Highlights

Fourth Quarter

- Business conditions
 - Recession in North America continues
 - Downturn in Europe
 - Slow recovery in air traffic
- Cyclical adjustments and structural changes
 - Stop days and personnel reductions
 - Buses decision on restructuring in N. America
- The result was positively affected by synergies but remained weak within Buses
- Extensive product renewal
 - FH/ FM
 - Compact equipment range extended
- Strong cash flow in Q4 - Cash flow positive for the year

In Focus Going Forward

Short Term

- Production start of FH/ FM
 - deliveries from end of Q1
- Adapting to the business cycle
 - Personnel and inventory reductions
 - Continued focus on operating cash flow

Long Term

- Capitalize on the strong product portfolio
 - Internally developed
 - Acquired
- Building a competitive position
 - Integration of truck operations
 - Powertrain and 3P

Sales by Market Area

Fourth Quarter and Full Year 2001

SEK M	Percent of Total	Fourth Quarter			Full Year	
		2001	2000	Change %	2001	Change %
Western Europe	53	25,702	17,927	43	93,147	50
Eastern Europe	5	2,429	1,321	84	6,383	74
North America	26	12,454	9,091	37	54,630	44
South America	3	1,473	1,171	26	6,018	27
Asia	7	3,632	2,932	24	10,862	24
Others	6	2,943	795	270	9,575	195
Total	100	48,633	33,237	46	180,615	50

- Q4 2001 net sales excl. Renault Trucks and Mack;
 - Western Europe decreased by 4%
 - North America decreased by 16%
 - Asia, E.Europe and S.America increased by 21%

Sales by Business Area

Fourth Quarter and Full Year 2001

SEK M	Percent of Total %	Fourth Quarter			Full Year	
		2001	2000	Change %	2001	Change %
Global Trucks	69	33,696	17,651	91	120,140	93
Buses	8	4,044	4,910	(18)	16,675	(3)
Construction Equipm.	10	4,992	5,102	(2)	21,135	6
Penta	4	1,894	1,679	13	7,380	12
Aero	7	3,123	2,882	8	11,784	10
Other & Eliminations	2	884	1,013	(13)	3,501	(5)
Volvo Group	100	48,633	33,237	46	180,615	50

- Global Trucks - Deliveries down in Europe and North America. Strong development on International markets.
- Buses - Lower coach sales in Europe, North America and Mexico.
- Construction Equipment - Flat sales in Q4, but increased market shares.
- Penta - Renewal of product programme contributed to strong sales increase.
- Aero - Downturn in aftermarket sales balanced by strong sales in Aerospace Components.

Operating Income by Business Area

SEK M	Fourth Quarter		Change	Full Year	
	2001	2000	%	2001	%
Global Trucks	591	685	(14)	1040	(26)
Buses	(231)	162	na	(524)	na
Construction Equipm.	136	261	(48)	891	(44)
Penta	128	63	103	658	36
Aero	89	161	(45)	653	5
Financial Services	80	151	(47)	325	(78)
Other & Eliminations	(20)	187		143	
Volvo Group	773¹	1670	(54)	3,186²	(52)

- Global Trucks -Synergies are contributing positively.
- Buses - Lower coach volumes and high costs in the industrial system hampers the result
- Construction Equipment - Result affected by negative product and market mix
- Penta - All time high operating income and operating margin
- Aero - Q4 affected by industry slowdown
- Volvo Financial Services: Stable situation since second quarter

1) Incl. SEK 580M capitalisation of development costs, excl restructuring cost SEK 1,137M

2) Incl. SEK 2,038M capitalisation of development costs, excl restruct. SEK 3,86

Restructuring Costs Q4 - 2001

Building a competitive position and adapting to market conditions

Global Trucks

- Early retirements in Renault Trucks **SEK 507M**
- Peru Plant closure
- Dealer restructuring (US)

Buses

- Roswell closure or divestment **SEK 350M**

Construction Equipment

- Redundancy program **SEK 280M**
- Asheville fabrication closure

Full Year 2001 Consolidated Results

SEK M	Fourth Quarter			Full year		
	2001	2000	Change %	2001	2000	Change %
Net sales	48,633	33,237	46	180,615	120,392	50
Gross income	8,312	6,665	25	31,138	23,261	34
R&D expenses	(1,361) ¹	(1,291)		(5,391) ²	(4,876)	
Selling expenses	(4,242)	(2,611)		(14,663)	(9,285)	
Administrative expenses	(1,514)	(1,221)		(6,474)	(4,651)	
Other op. income & expenses	(497)	20		(3,071)	309	
Income from Financial Services	80	151		325	1,499	
Income from investments in shares	(5)	(43)		1,322	411	
Restructuring costs	(1,137)	0		(3,862)	0	
Operating income	(364)	1,670	na	(676)	6,668	na
Financial Net	(183)	(283)		(1,190)	(422)	
Income after fin. items	(547)	1,387	na	(1,866)	6,246	na
Taxes	53	(194)		326	(1,510)	
Minority interest	7	(6)		73	(27)	
Net income	(487)	1,187	na	(1,467)	4,709	na
EPS, SEK	(1.20) ³	3.00		(3.50) ⁴	11.20	
Operating margin, %	(0.7)	5.0		(0.4)	5.5	
Operating cash flow, excl. acq. & divest.	2,100	200		3,400	(1,400)	

1) SEK 580 M capitalisation of development costs 2) SEK 2,038 M cap. costs 3) Average number of shares 419.4 M 4) Average number of shares 422.4 M

Full Year 2001 - Consolidated Results

SEK M	Full Year		Adjustments		Normalized		Change %
	2001	2000	2001	2000	2001	2000	
Sales	180,615	120,392			180,615	120,392	50
Operating income	(676)	6,668	1,013 ¹	(1994) ²	337	4,674	
Financial Net	(1,190)	(422)			(1,190)	(422)	
Income after fin. items	(1,866)	6,246			(853)	4,252	
Taxes	326	(1,510)	(462) ¹	413 ²	(136)	(1097)	
Minority interest	73	(27)			73	(27)	
Net income	(1,467)	4,709			(916)	3,128	
EPS	(3.50) ³	11.20			(2,17)	7,42	
Operating margin %	(0.4)	5.5			0.2	3.9	

1) Provision for Swedish Pension Foundation SEK 292M
 Finical Services credit losses US SEK 670M
 Restructuring cost RVI/Mack integration SEK 3106M.
 Restructuring costs at Buses SEK 392M and VCE SEK 364M
 Positive effect of capitalization of development costs SEK 2038M.
 Capital gain on Volvia SEK 562M and MMC SEK 574M.
 Scania dividend SEK 637M

2) Including repaid pension contribution from SPP with SEK 683 M
 Capital gains Volvia of SEK 610M
 Adjustments of the gain from the sale of Volvo Cars of SEK 520M
 Provisions in Trucks of SEK 160 M.
 Scania equity method income SEK 341

3) Weighted number of shares outstanding 422,4 million

Volvo Global Trucks

Fourth Quarter and Full Year 2001

SEK M	Fourth Quarter			Full year 2001	
	2001	2000	Change	2001	Change
Volume (units)	42,085	52,511 ¹⁾	(20%)	155,311	(17%)
Sales	33,696	17,651	91%	120,140	93%
Operating income	591	685	(14%)	1,040	(26%)
Operating margin	1.8%	3.9%	(2.1)	0.9%	(1.4)
ROC, 12M	3.9%	9.7%	(5.8)	3.9%	(5.8)

Highlights

- FH/ FM launch - 11,000 orders already received
- Continued recession in North America. Europe coming down
-25 down days at Mack, 10 down days at VTNA
- Synergies are contributing positively
- Strong cash flow development
- Maintained market shares

In Focus

- Start of production FH/FM
- Lower deliveries due to ramp up in Q1
- Cash Flow development
- Implementation of strategies and product plans.

Note: Excluding restructuring cost ¹⁾ Proforma

Volvo, Renault and Mack Trucks

Deliveries

Units	Jan - Dec		Change %
	2001	2000	
Total Europe	98 041	108 143	(9)
of which:			
Western Europe	90 460	101 098	(11)
Eastern Europe	7 581	7 045	8
North America	34 645	57 933	(40)
South America	5 789	5 104	13
Asia	6 603	6 732	(2)
Rest of the world	10 233	8 657	18
Total	155 311	186 569	(17)

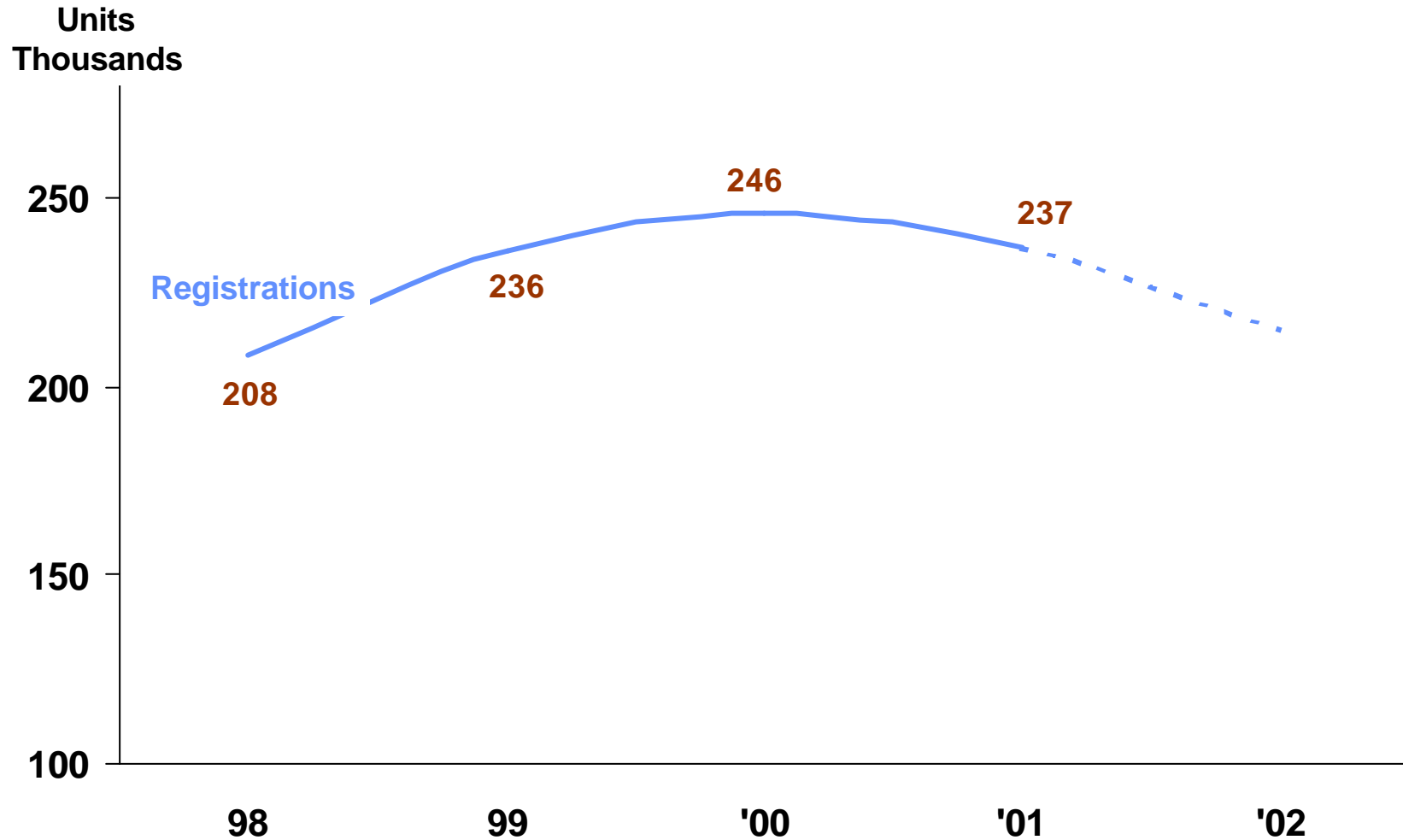


Net orders: -12%

- Europe -4%
- N. America -35%

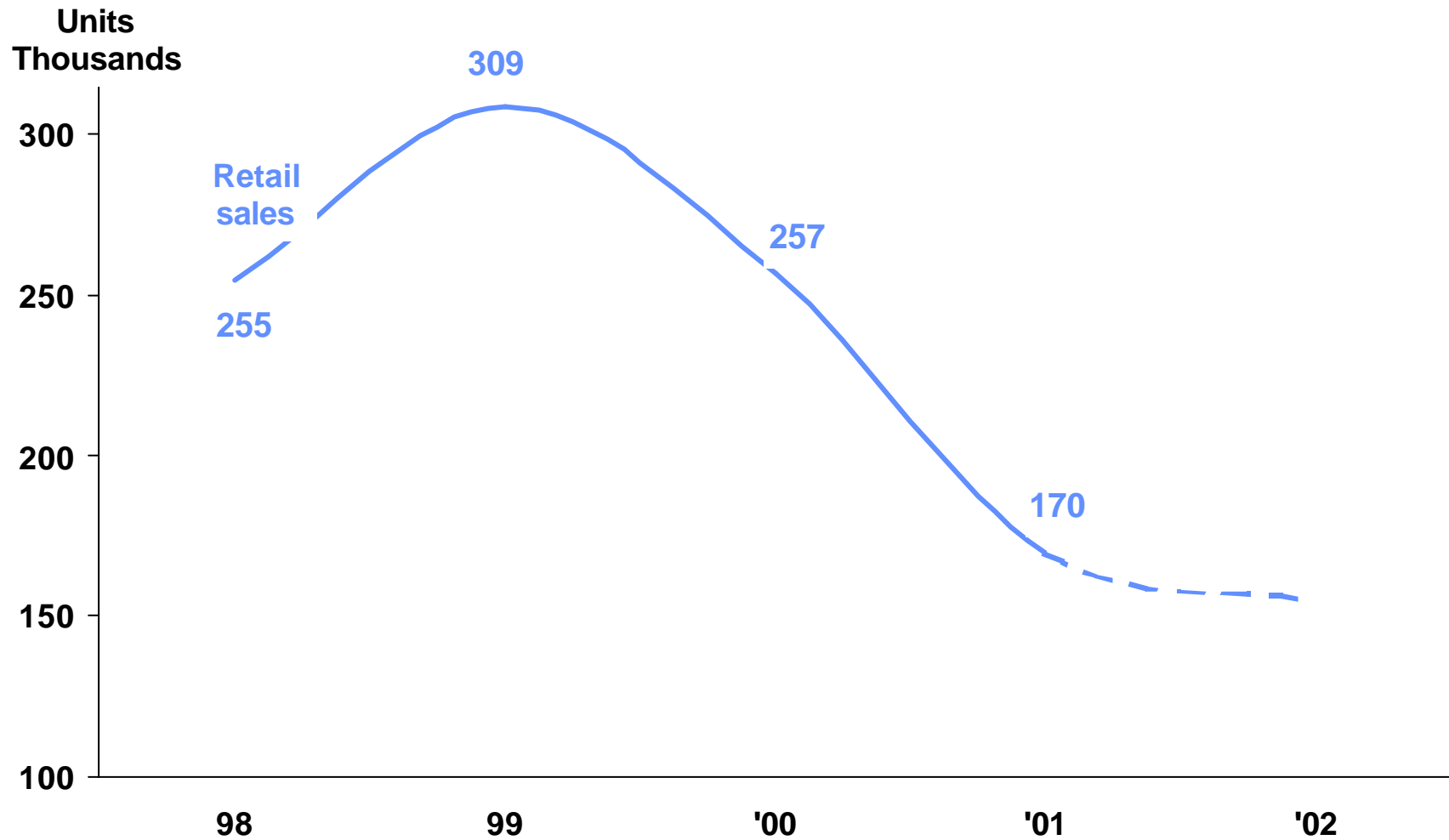
Market Development - Heavy Trucks

Western Europe



Market Development - Class 8

NAFTA



Integration Volvo Trucks / Renault V.I. / Mack

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First Year

- Key decisions:
 - Vehicle / Engine Plans
 - Industrial restructuring in North America
- First years synergies - on track and contributing positively
- New organization structure for trucks
 - Based on distinct and powerful brand names
 - Synergies through 3P and Powertrain
 - Geared towards implementation of strategies and product plans

Product Launches 2001

Volvo



FH/FM

The new Volvo FH with

- New exterior & interior design
- Cab exterior
 - Bumper with safety under-run protection
 - Better aerodynamics
- Powertrain
 - New 9 liter engine
 - Euro 3 with improved fuel efficiency
 - I-shift transmissions
- Chassis
 - wider chassis offerings

Renault V.I.



Magnum

The new Magnum with:

- New standard cab and interior layouts
- New exterior design
- Improved vehicle security and handling

Mack



Granite

The new construction truck with:

- Conventional chassis
- Front axle forward
- 6-wheel drive truck
- ABS (Anti-lock Brake System)

Volvo Construction Equipment

Fourth Quarter and Full Year 2001

SEK M	Fourth Quarter			Full Year	
	2001	2000	Change, %	2001	Change, %
Sales	4,992	5,102	(2)	21,135	6
Operating income	136	261	(48)	891	(44)
Operating margin	2.7%	5.1%	(2.4)	4.2%	(3.8)
ROC, 12M	8.6%	16.2%	(7.6)	8.6%	(7.6)

Highlights

- Continued slowdown in N. America and Europe
- Co-operation with Komatsu
- Range of Backhoe loader developed
- Acquisition of Skidsteer range
- Acquisition of Telehandler range

In Focus

- Successful launch of the Backhoe loader
- Integration of acquired product ranges
- Conclude the redundancy program
- Continued restructuring of distribution
- Cash flow development

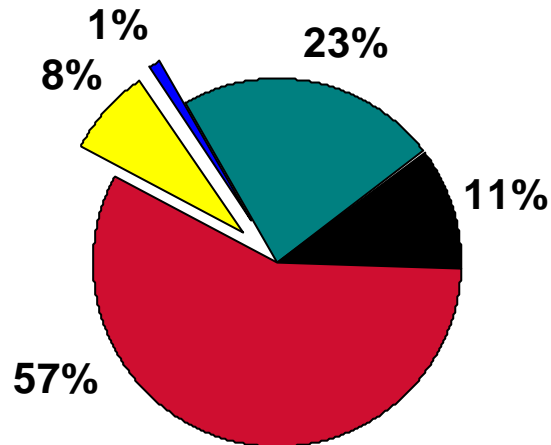
Note: Excluding restructuring cost

Volvo Compact Line-Up

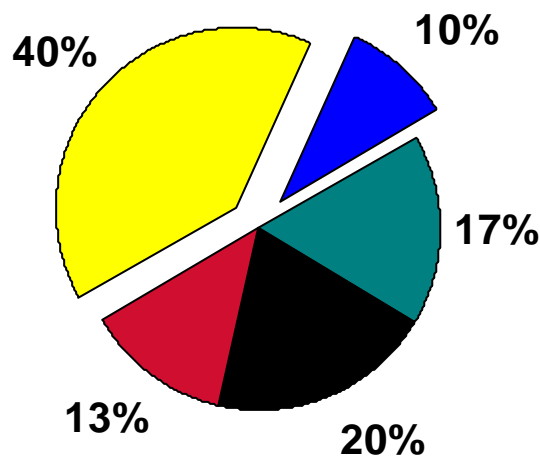


Compact Equipment Markets (%, Units 2000)

North American Market 2000:
125,000 Units



West European Market 2000:
100,000 Units



■ Backhoe Loaders
 ■ Telehandlers
 ■ Skidsteer Loaders
 ■ Compact Excavators
 ■ Compact Loaders

- Volvo CE has through recent acquisitions and internal development anchored the compact equipment business
- Full product range key for dealer commitment and profitability
- Significant growth opportunity

Volvo Buses

Fourth Quarter and Full Year 2001

SEK M	Fourth Quarter			Full Year	
	2001	2000	Change, %	2001	Change, %
Volume (units)	2,791	2,975	(6)	9,953	(10)
Sales	4,044	4,910	(18)	16,675	(3)
Operating income	(231)	162	na	(524)	na
Operating margin	(5.7)%	3.3%	(9.0)	(3.1)%	(5.7)
ROC, 12M	(7.6)%	6,3%	(13.9)	(7.6)%	(13.9)

Highlights

- Lower coach sales in Europe and North America
- Mexican production severely reduced
- Stronger sales in Asia and International markets
- High cost in the Industrial system in connection to introductions of new products and to low capacity utilization
- Restructuring of the Nova Bus operation
- Positive cash flow

Note: Excluding restructuring cost

In Focus

- The new product program
- A quick turnaround
- Productivity improvements
- Cash flow development

Volvo Penta

Fourth Quarter and Full Year 2001

SEK M	Fourth Quarter			Full Year	
	2001	2000	Change, %	2001	Change, %
Sales	1,894	1,679	13	7,380	12
Operating income	128	63	103	658	36
Operating margin	6.8%	3.8%	3.0	8.9%	1.6
ROC, 12M	57.9%	43.3%	14.6	57.9%	14.6

Highlights

- Increased market shares in all business segments
- Continuous strong sales development with unchanged operating costs and operating capital control
- Strong order intake for diesel engines
- US downturn offset by gained market shares with improved profitability

In Focus

- Market development
- Product renewal
- Marine and Industrial growth
- Maintained strong cash flow

Note: Excluding restructuring cost

Volvo Aero

Fourth Quarter and Full Year 2001

SEK M	Fourth Quarter			Full Year	
	2001	2000	Change, %	2001	Change, %
Sales	3,123	2,882	8	11,784	10
Operating income	89	161	(45)	653	5
Operating margin	2,8%	5,6%	(2.8)	5.5%	(0.3)
ROC, 12M excl. Aero Serv.	20,5%	25,2%	(4.7)	20,5%	(4.7)

Highlights

- Slow recovery after September 11 decline in air traffic
- Excess capacity in airline industry
- Severe losses in US airlines
- Cancellations and deferrals of aircraft deliveries
- Strong sales within Aerospace Components
- New orders within Engine Overhaul

In Focus

- Adaptation to a declining market
- Cash flow development

Note: Excluding restructuring cost

Volvo Financial Services

Fourth Quarter and Full Year 2001

SEK M	Fourth Quarter			Full Year	
	2001	2000	Change, %	2001	Change, %
Operating income	80	151	(47)	325	(78)
ROE	4.2%	14.1%	(9.9)	4.2%	(9.9)
Assets, MSEK	73,528	66,522	11	73,528	11
Equity ratio	10.3	11.5	(1.2)	10.3%	(1.2)

Highlights

- Continued stabilization and quality improvement of US Truck portfolio
- Increased volume through RVI, MACK and other Business Areas
=> improved diversification

In Focus

- Organizational development and strengthening
- Further growth prospects through:
 - integrated offer for all Business Areas
 - development of insurance

Summary

- Business conditions
 - Continued recession in North America
 - Downturn in Europe
- Adaptation to the business cycle
 - Employees reduced by 5,700
 - Temporaries and consultants reduced by 1,400
- Positive effect from synergies
- Strong cash flow in Q4
- Extensive product renewal
 - FH/ FM launch
 - Compact equipment range extended