

VOLVO

Third Quarter 2002

Conference Call

October 24, 2002

Highlights

Third Quarter

- Business Environment
 - Low demand in N. America,
 - Delivery peak of pre-EPA'02 trucks
 - Continued downward trend in Europe
- Increased Truck earnings
- The new Volvo VN successfully launched:
 - First truck designed to meet EPA'02 demands
 - Superior fuel efficiency
 - More than 3,000 orders
- Volvo Aero hit by the aviation crisis
- Strengthened positions in Asia
 - Truck deliveries +53%
 - 1,000 buses to Shanghai
 - Saudi Arabian order for 900 engines

In Focus Going Forward

Short Term

- Finalize production transfer to New River Valley
- Production changeover for Volvo VN
- Volvo Aero profitability
- Cash flow

Long Term

- Capitalize on the strong product portfolio
- Build a competitive position
 - Powertrain and 3P
 - Integration of truck operations
 - Synergies on track

Sales by Market Area

Third Quarter 2002

SEK M	Third Quarter				First Nine Months		
	Split	2002	2001	Change	2002	2001	Change
Western Europe	49%	20,292	20,124	1%	67,059	67,445	-1%
Eastern Europe	4%	1,791	1,328	35%	5,055	3,954	28%
North America	32%	13,177	13,381	-2%	39,406	42,176	-7%
South America	3%	1,059	1,439	-26%	3,509	4,545	-23%
Asia	7%	2,940	2,533	16%	8,932	7,230	24%
Others	5%	2,265	2,329	-3%	7,242	6,632	9%
Total	100%	41,524	41,134	1%	131,203	131,982	-1%

- Sales increased with 9% when adjusted for changes in exchange rates and group structure
- Substantial growth in Asia and Eastern Europe

Sales by Business Area

Third Quarter 2002

SEK M	Third Quarter				First Nine Months		
	Split	2002	2001	Change	2002	2001	Change
Trucks	69%	28,507	25,611	11%	87,619	83,988	4%
Buses	7%	2,876	4,001	-28%	10,183	12,631	-19%
Construction Equipm.	12%	5,061	5,388	-6%	15,725	16,143	-3%
Volvo Penta	4%	1,735	1,774	-2%	5,946	5,486	8%
Volvo Aero	5%	1,961	2,994	-35%	6,784	8,661	-22%
Others	3%	1,384	1,366	1%	4,946	5,073	-3%
Volvo Group	100%	41,524	41,134	1%	131,203	131,982	-1%

- Trucks - Increased deliveries in all regions
- Buses - Low coach sales in Mexico and Europe
- Construction Equipment - Continued downturn in most markets
- Volvo Penta - Gained market shares in declining markets
- Volvo Aero - Strong impact of the aviation crisis

Operating Income by Business Area

Third Quarter 2002

SEK M	Third Quarter			First Nine Months		
	2002	2001	Change	2002	2001	Change
Trucks	673	(340)	n.a.	682	449 ¹⁾	52%
Buses	(84)	(185)	n.a.	(127)	(293)	n.a.
Construction Equipm.	120	266	-55%	453	755	-40%
Volvo Penta	117	141	n.a.	488	530	n.a.
Volvo Aero	(72)	118	n.a.	46	564	-92%
Financial Services	126	69	83%	361	245	47%
Others	(63)	(281)	n.a.	111	163 ²⁾	-32%
Restructuring costs		(1,406)			(2,725)	
Volvo Group	817	(1,618)	n.a.	2,014	(312)	n.a.

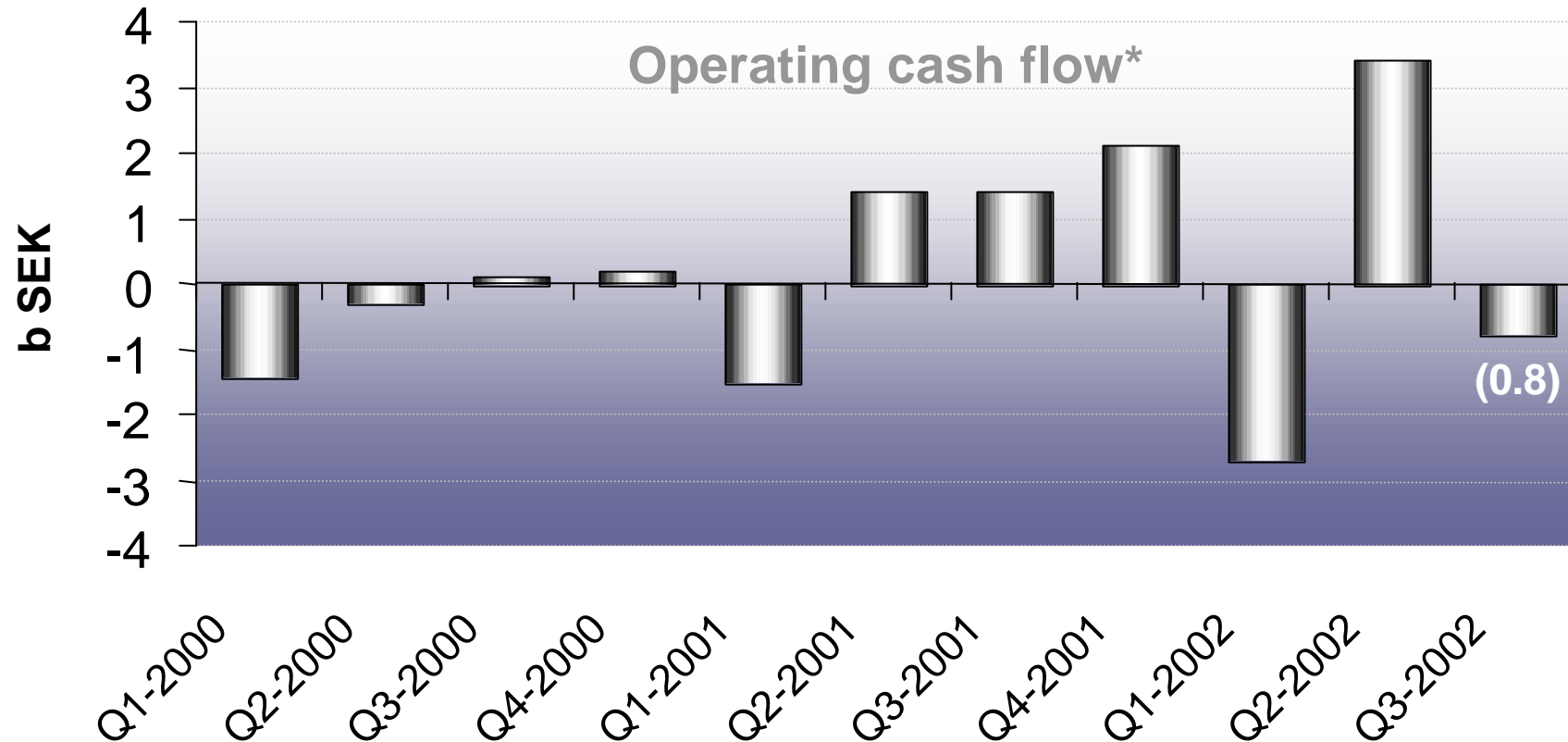
- Trucks - Increased deliveries, price realization and synergies
- Buses - Significant reduced operating loss due to turn-around activities
- Construction Equipment - Lower volumes and continued price pressure in North America
- Volvo Penta - Continued strong performance
- Volvo Aero - Downturn now affecting major business units: components, parts & maintenance
- Financial Services - Stable growth and steady returns

1) Including a capital gain of SEK 574 M from the divestiture of Mitsubishi holding

2) Scania dividend halved: 2001 SEK 637 M and 2002 SEK 318 M

Cash Flow Development

Third Quarter 2002



* Cash-flow after net investments excluding: Investments in shares, acquired & divested operations and Financial Services

Consolidated Results

Third Quarter 2002

SEK M	Third Quarter			First Nine Months		
	2002	2001	Change	2002	2001	Change
Net Sales	41,524	41,134	1%	131,203	131,982	-1%
Gross income	7,434	7,101	5%	23,348	22,826	2%
R&D expenses	(1,335)	(1,279)		(4,213)	(4,030)	
Selling expenses	(3,612)	(3,444)		(11,196)	(10,421)	
Administrative expenses	(1,474)	(1,525)		(4,206)	(4,960)	
Other op. Income & expenses	(378)	(1,063)		(2,430)	(2,574)	
Inc. from Financial Services	126	69		361	245	
Inc. from investments in associated companies	59	(44)		28	(98)	
Inc. from other investments	(3)	(27)		322	1,425	
Items affecting comparability	-	(1,406)		-	(2,725)	
Operating income	817	(1,618)		2,014	(312)	
Financial Net	(233)	(262)		(738)	(1,007)	
Income after fin. Items	584	(1,880)		1,276	(1,319)	
Taxes	(158)	316		(488)	273	
Minority interest	(5)	29		(33)	66	
Net income	421	(1,535)		755	(980)	
EPS, SEK	1.00	(3.60)		1.80	(2.30)	
Operating margin	2.0%	-3.9%		1.5%	-0.2%	
Operating cash flow, excl. acq. & divest.	(800)	1,400		(100)	1,300	

Reconciliation of Profit and Loss statement

Third Quarter 2002

Third Quarter SEK M	Reported		Adjustments		Normalized		Change
	2002	2001	2002	2001	2002	2001	
Sales	41,524	41,134			41,524	41,134	1%
Operating income	817	(1,618)	302¹⁾	1,878²⁾	1,119	260	330%
Financial net	(233)	(262)			(233)	(262)	
Income after financial iten	584	(1,880)			886	(2)	
Taxes	(158)	316		(526)	(158)	(210)	
Minority interest	(5)	29			(5)	29	
Net income	421	(1,535)			723	(183)	
EPS	1.00	(3.60)			1.72	(0.44)	
Operating margin, %	2.0%	-3.9%			2.7%	0.6%	2.1

1) Deficit in Volvo's Swedish pension fund of SEK (302) M

2) Deficit in Volvo's Swedish pension fund of SEK (472)M and restructuring charges of SEK (1,406)M

Trucks

Third Quarter

SEK M	Third Quarter			First Nine Months	
	2002	2001	Change	2002	Change
Volume (units)	37,515	31,142	20%	114,618	1%
Sales	28,507	25,611	11%	87,619	4%
Operating income	673	(340)	n.a.	682	52% ¹⁾
Operating margin %	2.4%	-1.3%	3.7	0.8%	0.3

Highlights

- Increased deliveries in all markets
- High production levels for Renault Trucks and Volvo Trucks in Europe
- Positive effects from price realization and synergies
- New Volvo VN truck range launched
- Both Mack and Volvo engines compliant with EPA'02 legislation

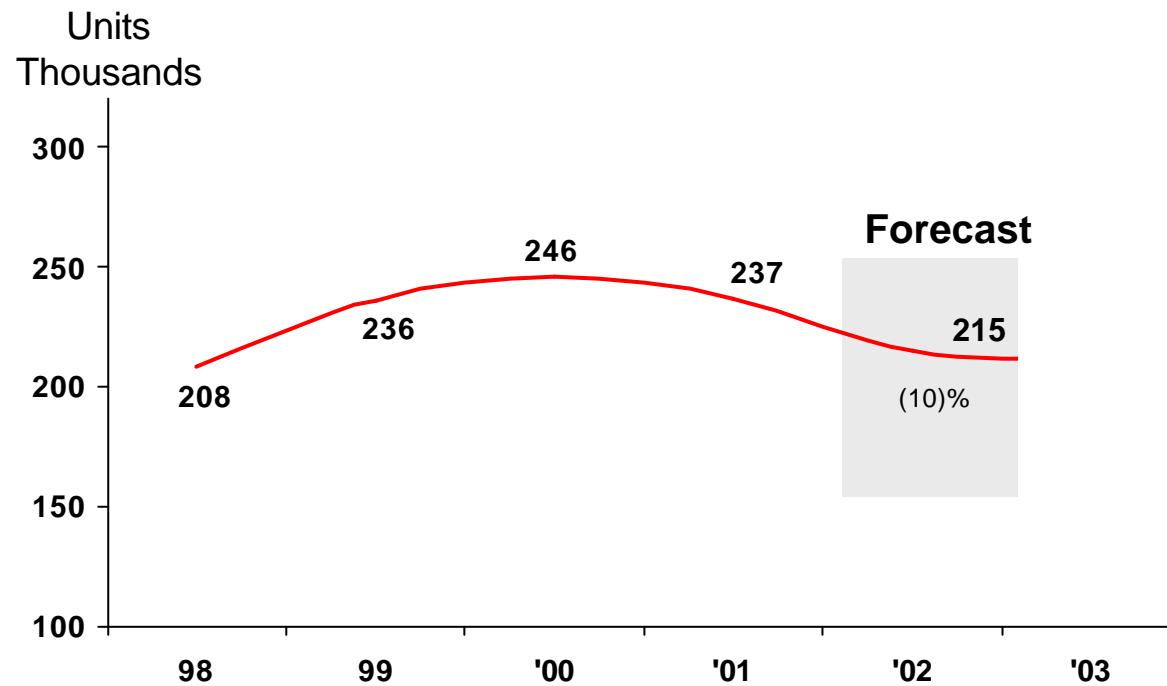
In Focus

- Production changeover for Volvo VN
- Secure gradual ramp-up of Mack trucks in New River Valley
- Continued strengthening of dealers in North America
- Cash flow

1) Including a gain of SEK 574 M from divestiture of the Mitsubishi holding in 2001 Note: Excluding restructuring costs in 2001

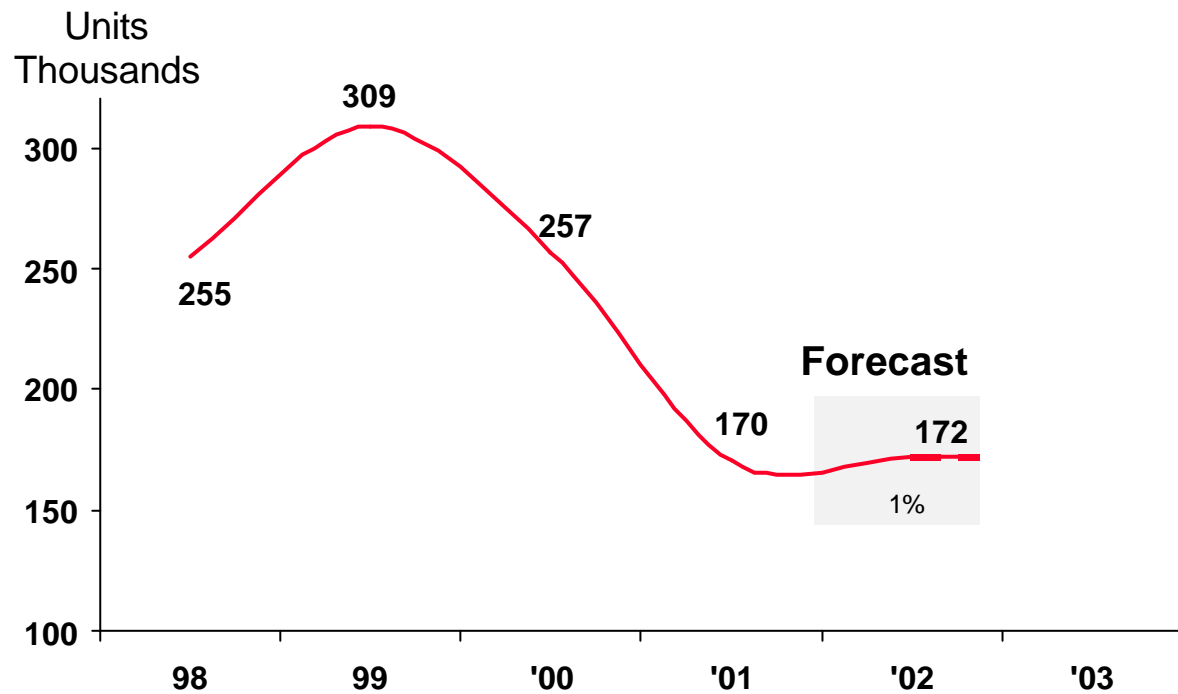
Total Market Heavy Trucks

W. Europe Registration Forecast

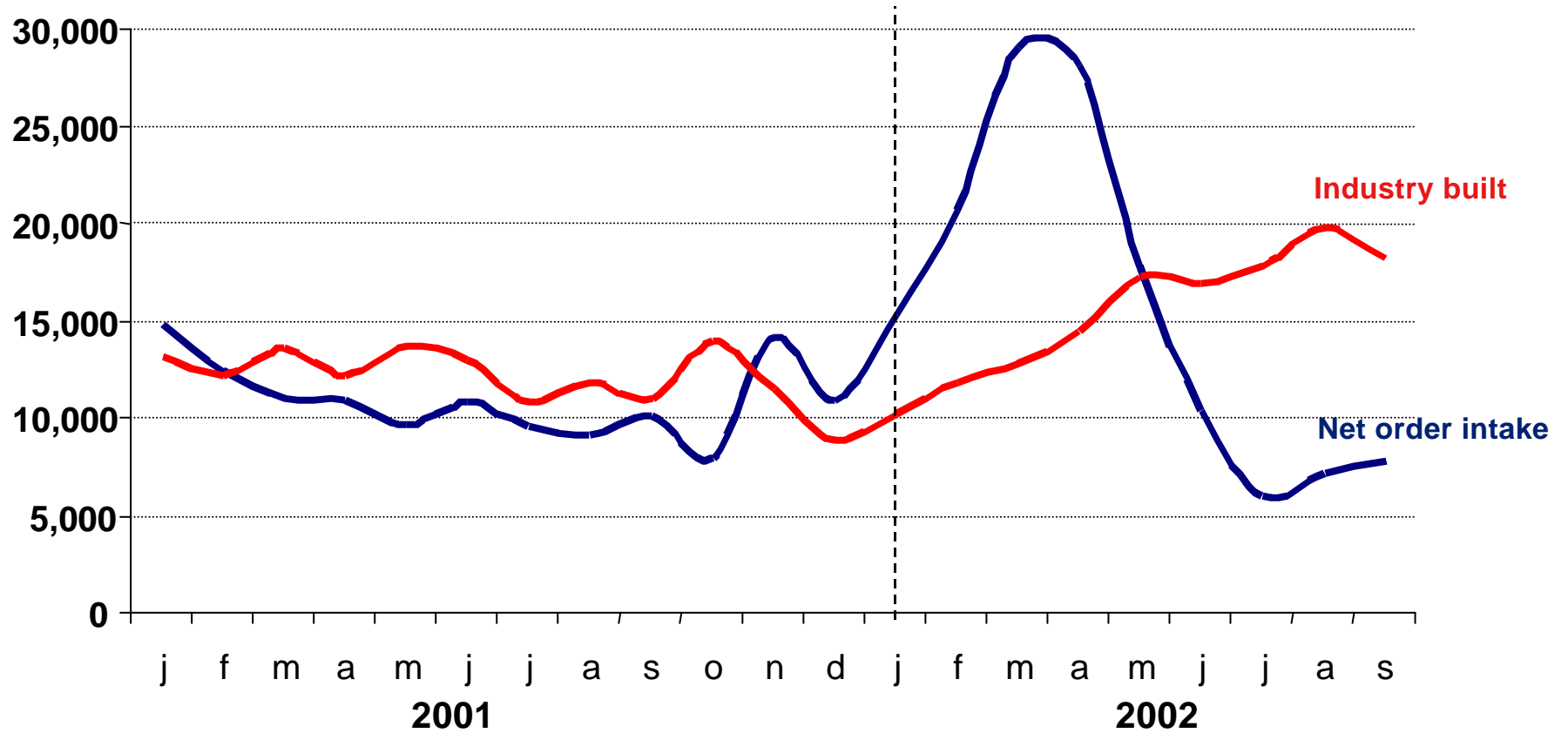


Total Market Heavy Trucks

North America Retail Sales Forecast



Business Environment North America



Source: ACT Publications

Volvo Buses

Third Quarter

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SEK M	Third Quarter			First Nine Months	
	2002	2001	Change	2002	Change
Volume (units)	1,894	2,318	-18%	6,307	-12%
Sales	2,876	4,001	-28%	10,183	-19%
Operating income	(84)	(185)	n.a.	(127)	n.a.
Operating margin %	-2.9%	-4.6%	1.7	-1.2%	1.1

Highlights

- Significant reduced operating loss
- Weak coach sales
- 500 + 500 city buses to Shanghai
- Exit of US city bus market in execution
- Global introduction of TX - Mexico

In Focus

- Turn-around activities
- Improved price realization
- Internal productivity
- Cash flow

Volvo Construction Equipment

Third Quarter

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SEK M	Third Quarter			First Nine Months	
	2002	2001	Change	2002	Change
Sales	5,061	5,388	-6%	15,725	-3%
Operating income	120	266	-55%	453	-40%
Operating margin %	2.4%	4.9%	(2.5)	2.9%	(1.8)

Highlights

- Mixed market development
 - NA: Down 13 consecutive quarters and continued price pressure
 - EU: Continued decline in most markets
 - Strong development in E. Europe and Asia (excl. JP)
- Start-up costs for new compact products and rental
- Backhoe Loader production in Poland
- Two new compact wheel loaders launched

In Focus

- Production cost reduction continues
- China development
 - factory opening spring 2003
 - dealer development, 13 appointed so far
- Cash Flow

Volvo Penta

Third Quarter

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SEK M	Third Quarter			First Nine Months	
	2002	2001	Change	2002	Change
Sales	1,735	1,774	-2%	5,946	8%
Operating income	117	141	na 1)	488	na 1)
Operating margin %	6.7%	7.9%	na 1)	8.2%	na 1)

Highlights

- Gained market shares in declining markets
- Strong operating income
- Good customer satisfaction
- Saudi Arabian order for 900 industrial engines
- First company in the industry to launch telematic services

In Focus

- Key customer development
- Product launches
- Cost control
- Cash flow

1) Not applicable due to changes in cost allocations

Volvo Aero

Third Quarter

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SEK M	Third Quarter			First Nine Months	
	2002	2001	Change	2002	Change
Sales	1,961	2,994	-35%	6,784	-22%
Operating income	(72)	118	n.a.	46	-92%
Operating margin %	-3.7%	3.9%	(7.6)	0.7%	(5.8)

Highlights

- Still no recovery in air traffic. Overcapacity leads to competition and lower yield
- Airlines in deep financial difficulties
- Engine maintenance and spare part sales still suffering from the market downturn
- Sharply decreased volumes in Aerospace Components

In Focus

- Continued adaptation to a declining market
- Cash flow

Volvo Financial Services

Third Quarter

SEK M	Third Quarter			First Nine Months	
	2002	2001	Change	2002	Change
Operating income	126	69	83%	361	47%
ROE % 1)				3.8%	(1.4)
Assets, MSEK	68,702	72,614	-5.4%	68,702	-5.4%
Equity ratio	10.9%	11.0%	(0.1)	10.9%	(0.1)

Highlights

- Continued growth in Renault and Mack Trucks, representing 23% of retail volume YTD
- US Truck portfolio continues to stabilize
- Fifth quarter in a row with improving operating income

In Focus

- Controlled portfolio and profitability growth
- Operational excellence
 - Customer satisfaction
 - Operational efficiency
 - Stability and control

1) Calculated as a 12 month rolling average

Volvo Group Summary

- Business Environment
 - Low demand in N. America,
 - Delivery peak of pre-EPA'02 trucks
 - Continued downward trend in Europe
- Increased Truck earnings
- Strengthened positions in Asia
- Focus on
 - Production transfer to New River Valley
 - Manage US demand pattern
 - Cash flow