

VOLVO

Second Quarter 2004

Press Conference, July 21, 2004

Highlights

Second Quarter

- Good business environment in all markets
- Continued sales growth +19%
- Strong improvement in operating income in all Business Areas:
 - High capacity utilization
 - New products
 - Continued cost rationalization
- Distribution of Ainax
- Improved cash flow
- Strong EPS improvement: SEK 6.20 (4.10)

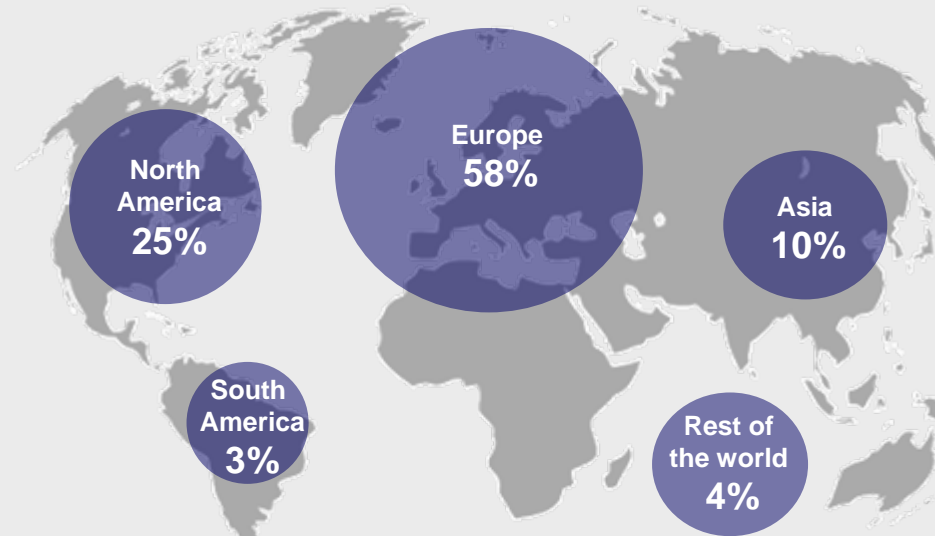
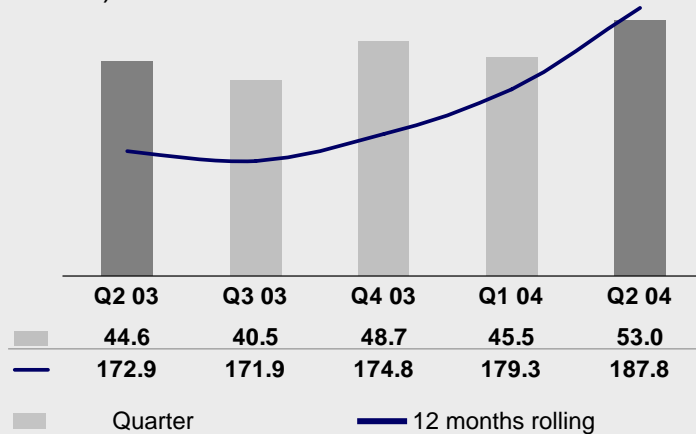
In Focus Going Forward

- Henlys Group
- Upturn management
- Continued focus on capital management
- Repurchase of own shares
- Product renewal

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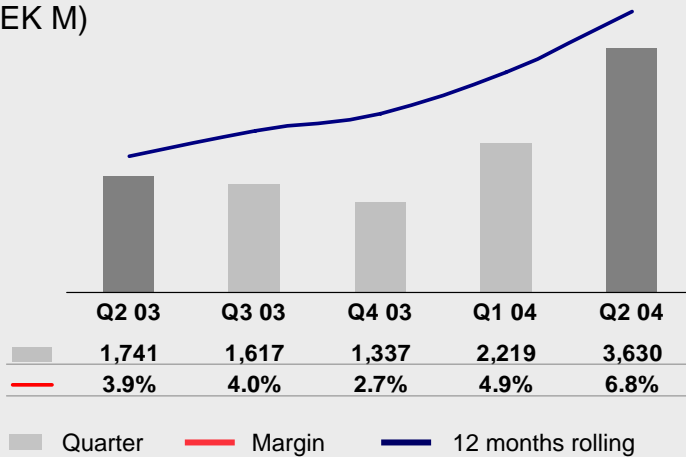
Net sales

(SEK bn)



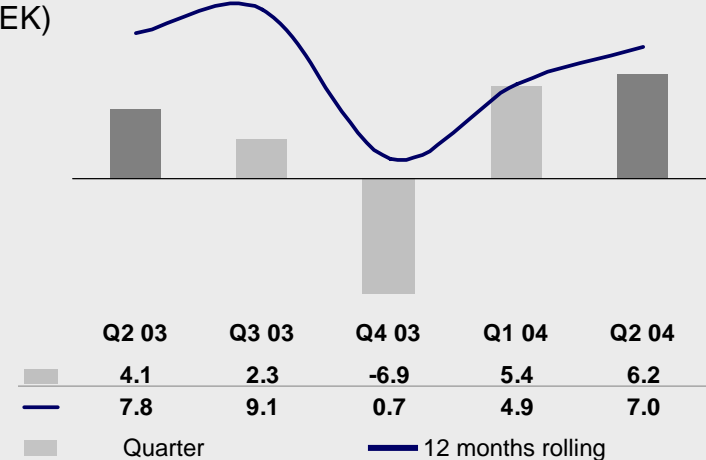
Operating income*

(SEK M)



Earnings per share

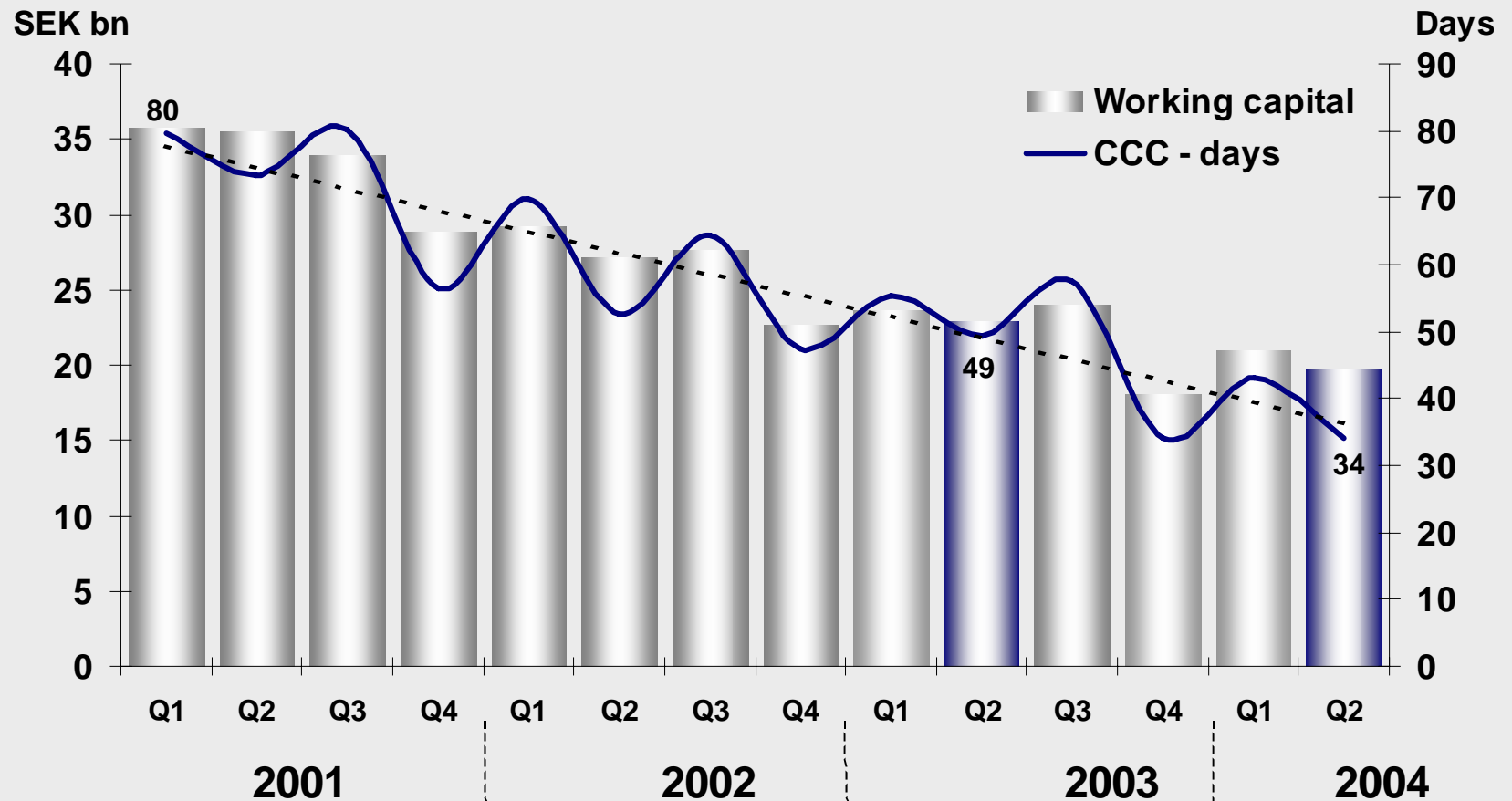
(SEK)



* Excluding effects from the holding in Scania AB

Volvo Group

Development of cash conversion cycle

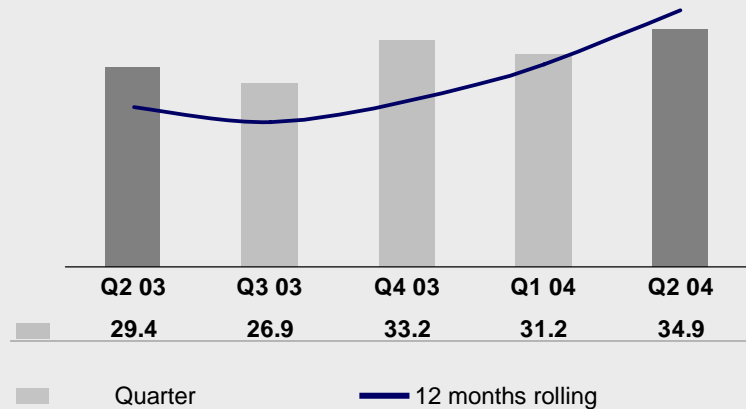


Trucks

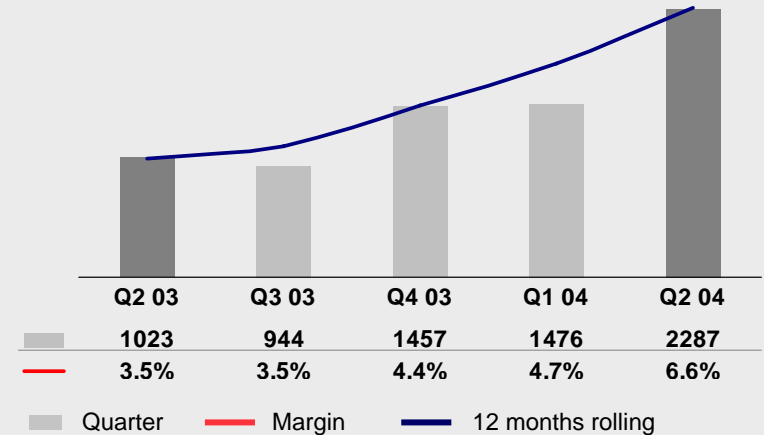
Second Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Strong performance in Volvo Trucks
- High capacity utilization
 - Production increase in NA
- Continued product renewal
 - New Advantage™ highway chassis for MACK
 - New Renault Mascott

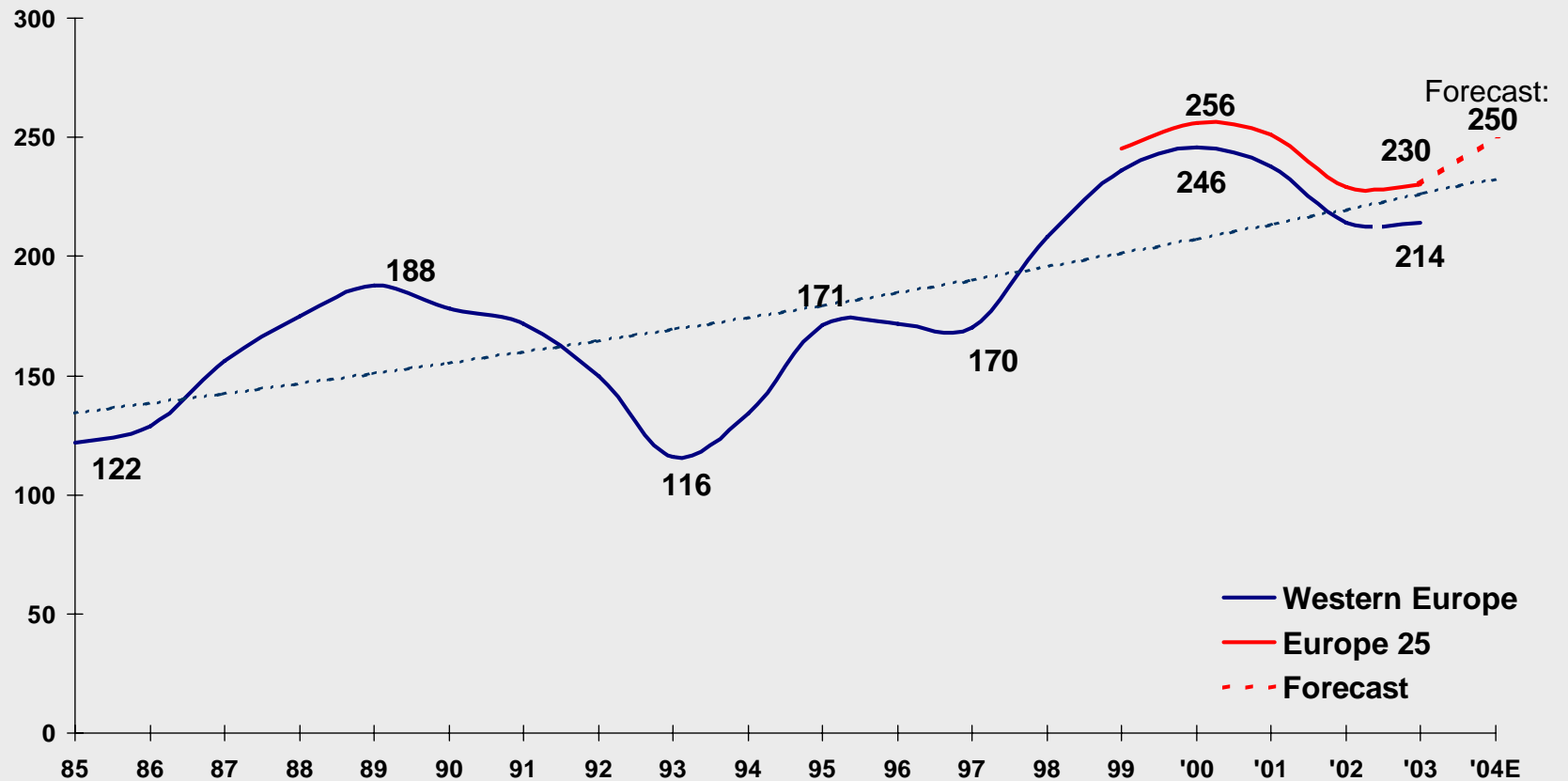
In Focus

- Upturn management
- Product renewal
- Cash flow

Heavy Duty Truck Market Europe 25



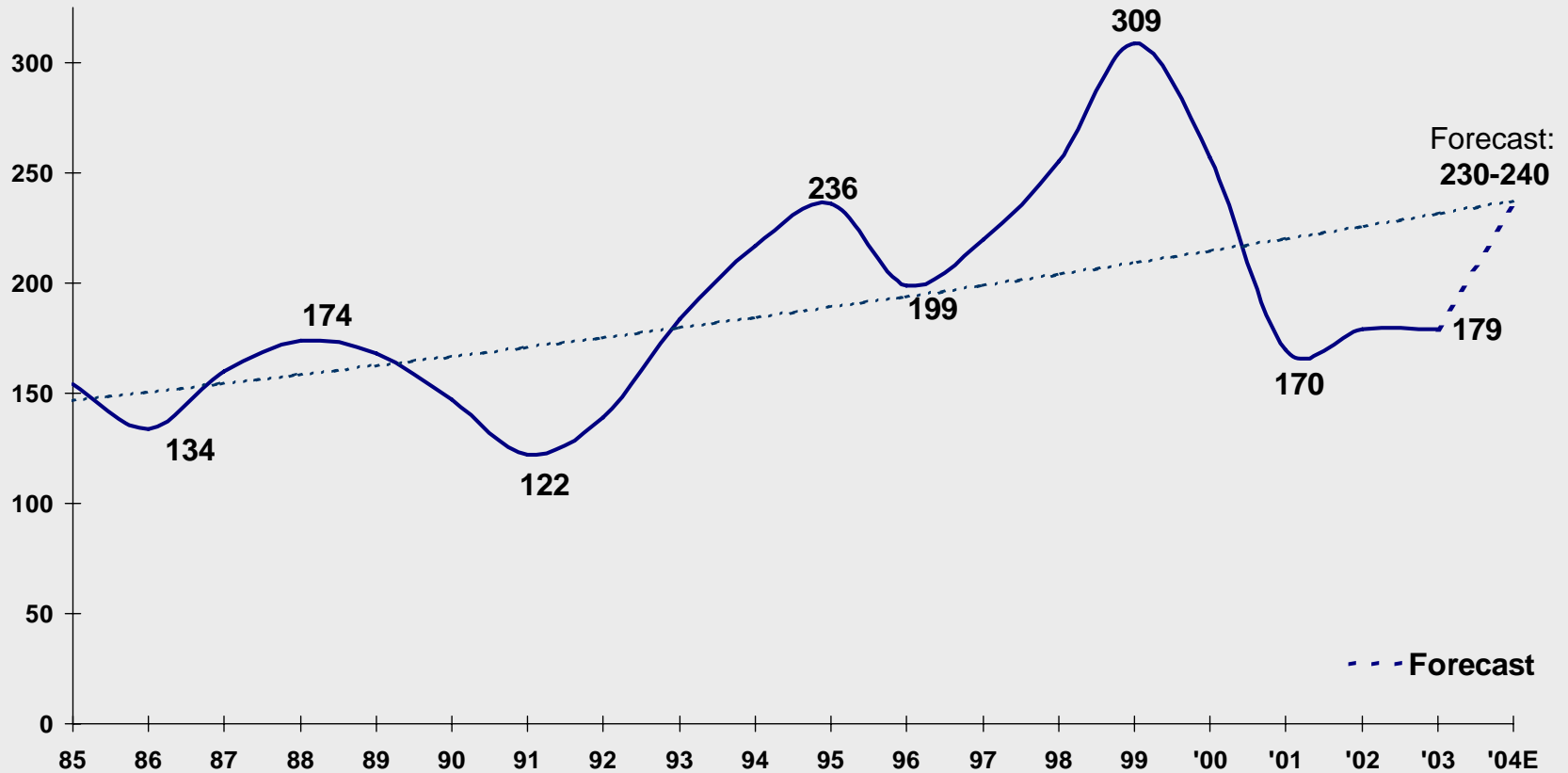
Units, Thousands (heavy trucks)



Heavy Duty Truck Market North America



Units, Thousands (heavy trucks)



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Renault Trucks

New Renault Mascott



8

Mack

New chassis – Advantage™



Mack Vision 60 Midrise Tanker



Mack Vision 60 Midrise Van



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Volvo Trucks

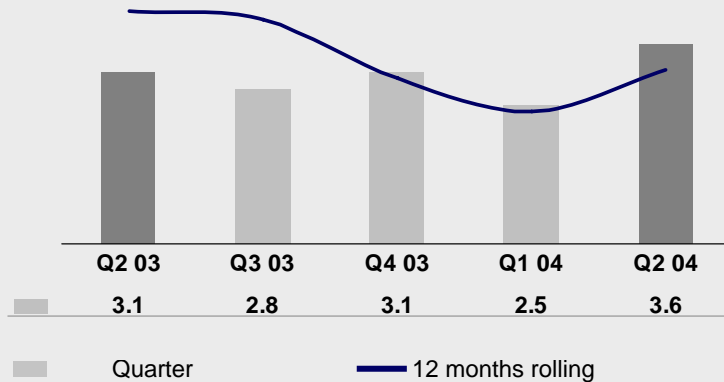
All-time-high deliveries



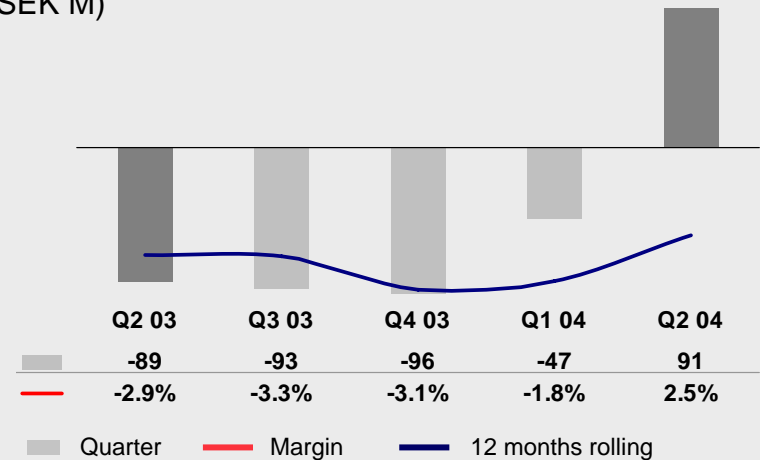
Volvo Buses Second Quarter



Net sales (SEK bn)



Operating income* (SEK M)



Highlights

- Break-even management
- Better capacity utilization
- City buses delivered to Hungary

In Focus

- Profitability and cash flow
- Mexico performance
- China development

* Excluding revaluation of shares in Henlys Group.

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Volvo Buses

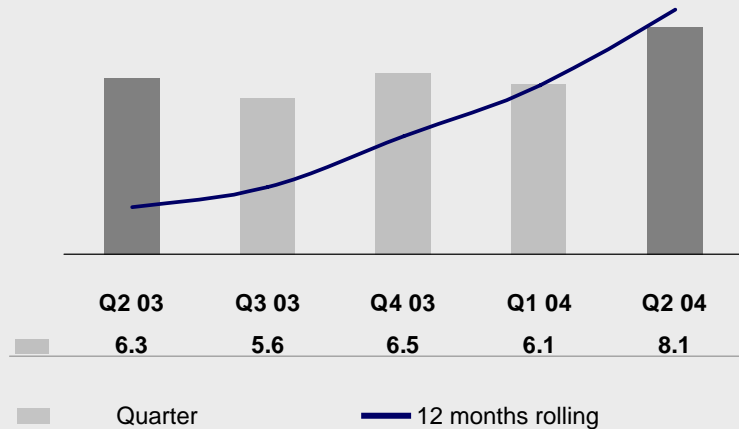
150 Volvo 7700 sold to Budapest



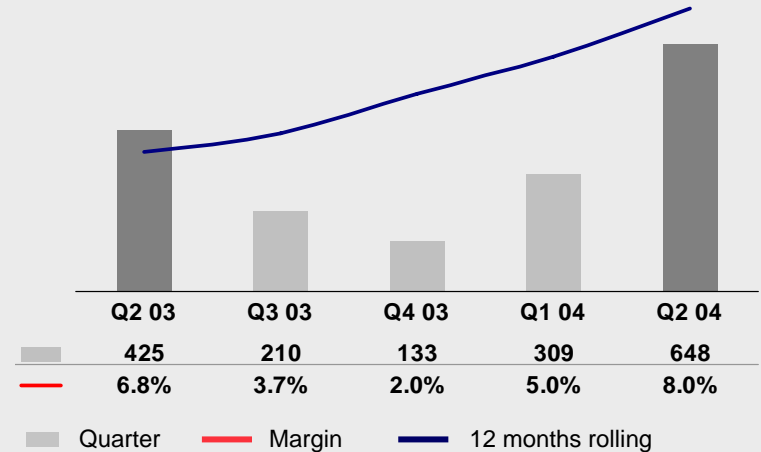
Volvo Construction Equipment Second Quarter



Net sales
(SEK bn)



Operating income
(SEK M)



Highlights

- Heavy construction equipment market up 17%
NA +37%, Eur. +6%, Int. +11%
- Volvo CE sales growth +30%
- Operating income up 50%
- Parts of LB Smith divested and US re-man business acquired

In Focus

- Improve operating margin
- Manage production capacity and material supply
- Seasonality management

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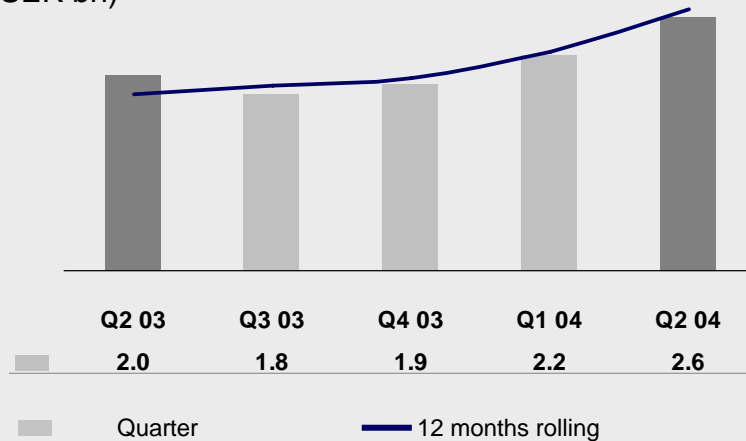
Volvo Construction Equipment Competitive products with Volvo engines



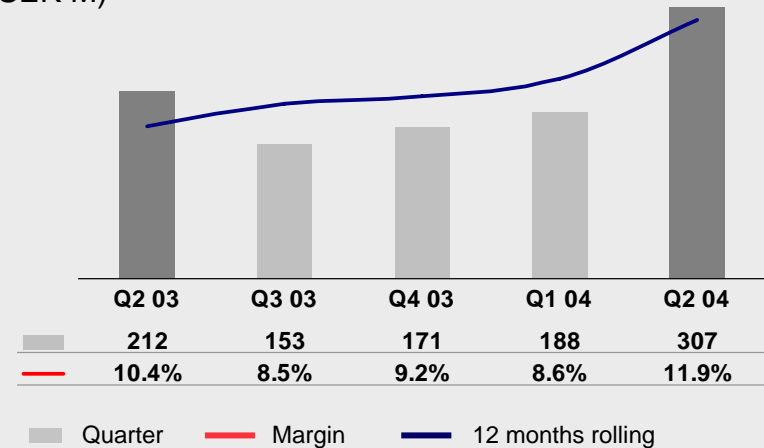
Volvo Penta Second Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- High demand on new diesel range
- Strong development in all segments
- All-time-high in sales and op. income

In Focus

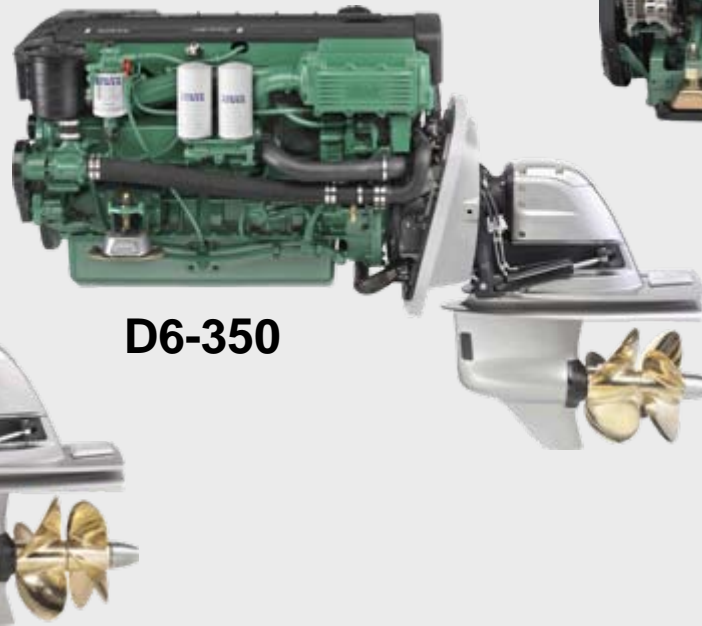
- Quality
- Bottleneck issues
- Cost control

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Volvo Penta New marine engine range



D4-260



D6-350



D9-500/575

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Volvo Aero

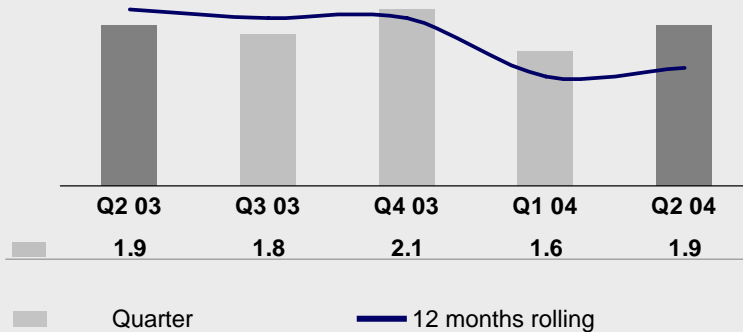
Air traffic at all-time-high



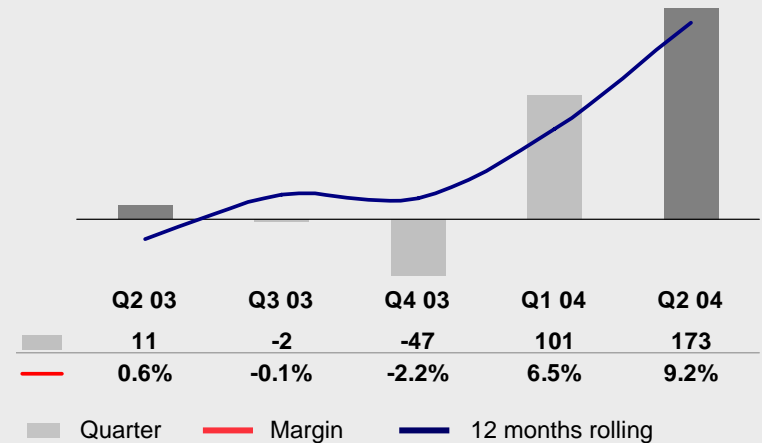
Volvo Aero Second Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Air traffic steadily growing
- Improved cost structure
- Higher volumes in component workshops
- Favorable sales mix
- Still weak aftermarket

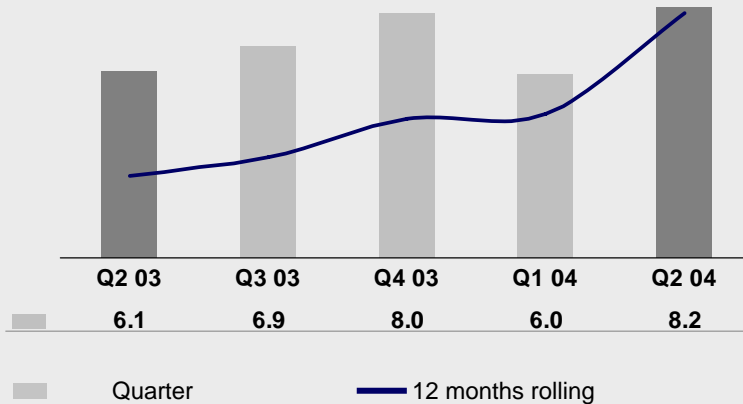
In Focus

- Decision on Swedish defense budget
- Participation in new engine programs
- Cost control in upturn
- Cash flow

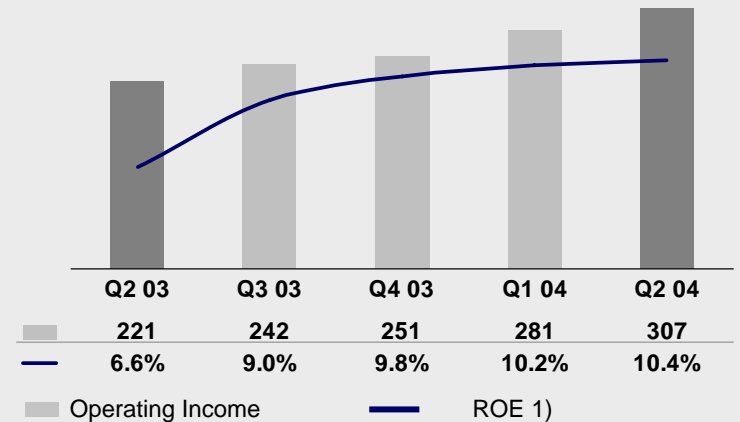
Volvo Financial Services Second Quarter



New retail financing (SEK bn)



Operating income and return on equity (SEK M)



Highlights

- Increasing financing volumes
- Strong profitability
- Stable market share

In Focus

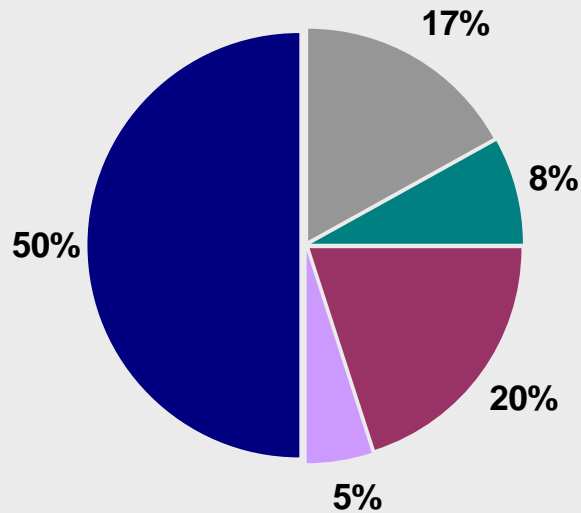
- Customer satisfaction and retention
- Up-cycle management
- Price vs. risk and volume vs. market share

1) Calculated as a 12 month rolling average

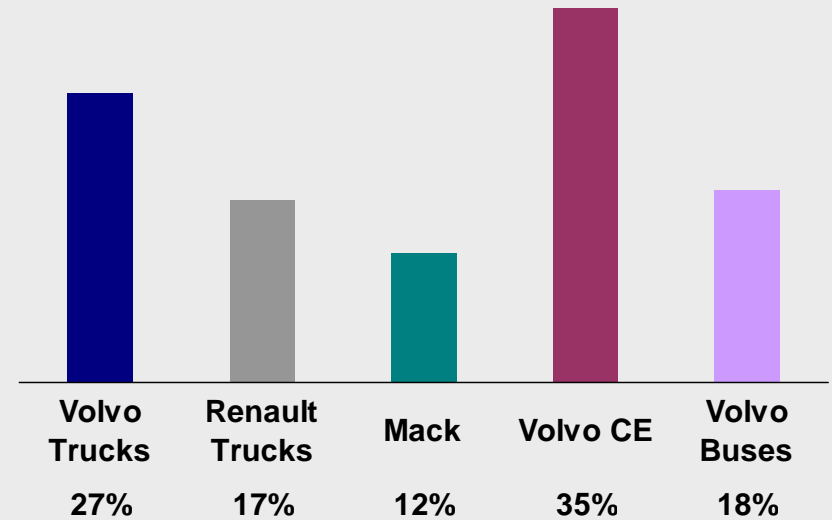
Volvo Financial Services Second Quarter - isolated



New financing



Penetration on new financing



Volvo Group

Summary

- **Efficiency, new products and scale pays off**
- **Improved cash flow**
- **Strong EPS development**
- **Good business environment in all markets**
- **Upturn management**

VOLVO

