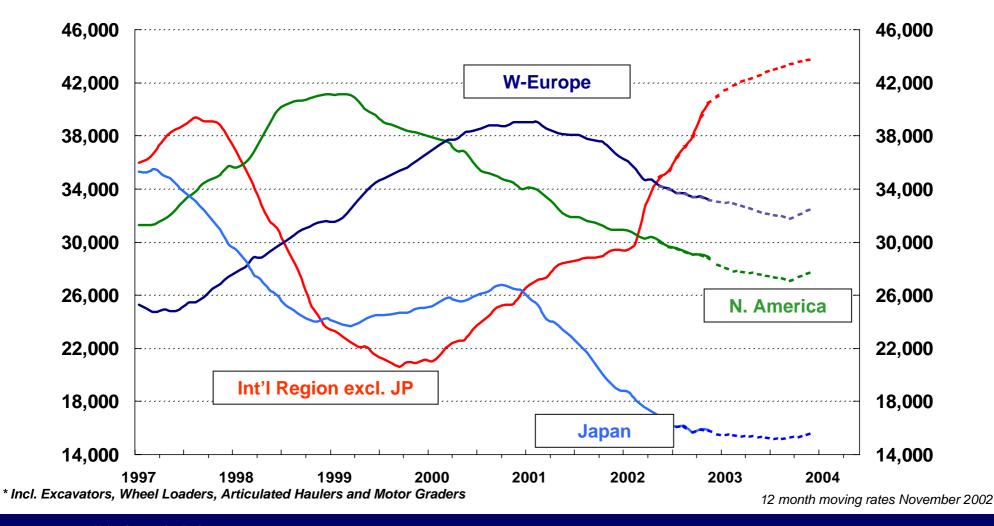


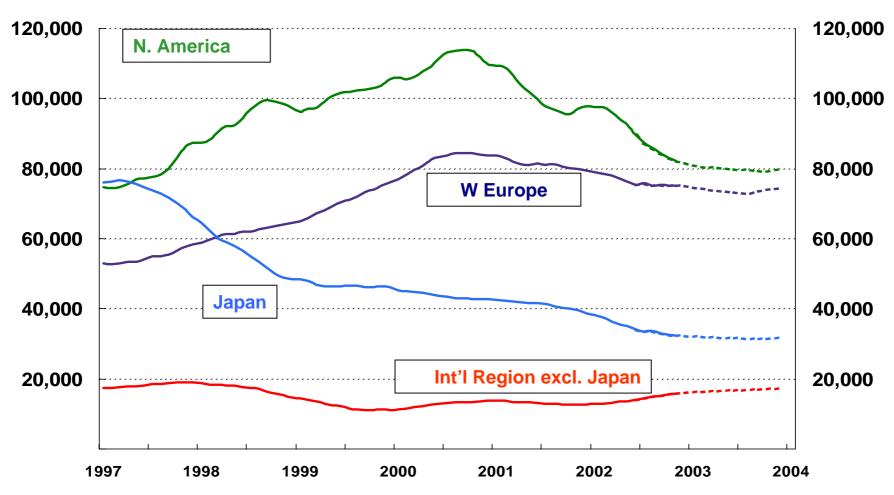
Presentation Outline

- Market Development
- Growth Strategy
- Company Evolution
- Summary

Market Construction Equipment by Region General Purpose Equipment



Market Construction Equipment by Region Compact Equipment*



^{*} Incl. Compact Excavators, Compact Wheel Loaders, Backhoe Loaders and Skid Steer Loaders

12 month moving rates November 2002

Growth Strategy



Growth Strategy

- One Brand
- 2 Channels
- Global Reach

- A Single, Distinct Brand
- Capable & Financially Stable Channels:
 - Independent Dealers
 - Rental
- Global
 - Within a competitive cost structure
- Solutions Provider
 - Comprehensive product range
 - Segment / Key Account approach
- Superior & Consistent Customer Support

Growth Strategy - Rental

Volvo Rental Partner

- Owner runs Rental Business
- Owns Fleet
- Employs staff
- Income Source:
 - Rental fees
 - Sales of used equipment

Volvo FS

- Approve financing
- Finance:
 - Fleet
 - Lease hold
 - Delivery vehicles
 - Working capital

Joint Tasks:

- Select Rental Partner
- Monitor Rental Partners

Volvo CE

- Define & implement Business Model
- Manage Brand
- Offer Fleet Management Services
- Provide obligatory Rental software
- Income Source:
 - Rental royalties
 - Margin of Volvo products
 - Spare parts, ...

Growth Strategy - Products







Wheel Loader



Excavator



Motor Grader



Compact Wheel Loader



Compact Excavator



Skidsteer Loader



Backhoe Loader



Growth Strategy - China

- **Phase 1 Starting 2002**
- Open plant start with excavators
- Open service training center
- Stock parts warehouse
- Open demo site
- Appoint dealers (13 to-date)
- Phase 2 Growing 2003-2006
- 20 dealers supported by 7 Volvo CE branches
- Local manufacture of other Volvo CE products

Growth Strategy - China



Company Evolution

Business
Cycle
Management

Profitable Growth

Consolidation & Restructuring

Profitable Growth

1990-1992

1993-1998

- Acquisitions
- ➤ Pel Job
- > Champion
- > Samsung

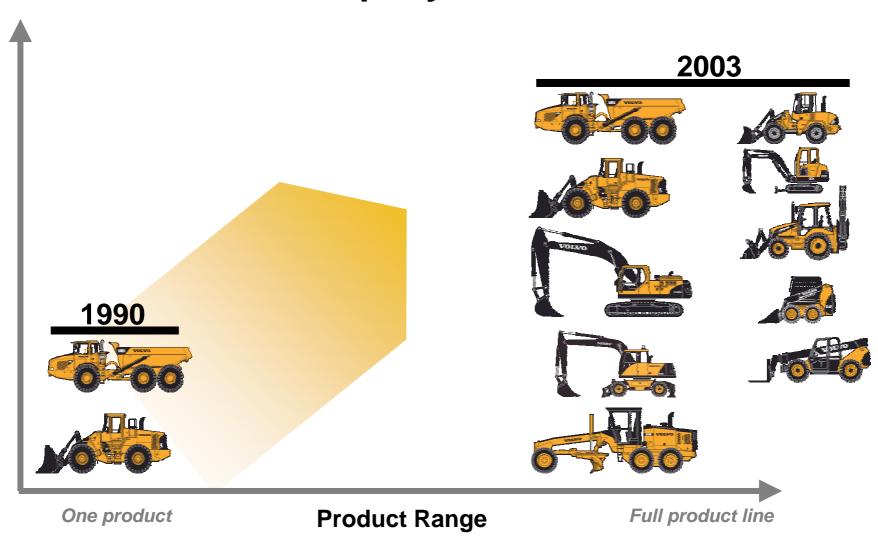
1999-2001

- Industrial restructuring
 - > Eslöv
 - > Asheville fabrication
- Product lines
 - Excavators
 - ➤ Rigid haulers
- Dealer restructuring (520 -> ~160)
- •One brand (from 5)
- One company vision

2002-

- Product range expansion
 - ➤ backhoe loader
 - > skidsteer loader
 - > telescopic handler
 - > compaction
- Extensive product renewal
- Rental channel development
- Break-even point reduction
 - profitable in downturn
 - ➤ flexible for upturn
- Industrial restructuring
 - Wheel loaders
 - Articulated haulers
- China

Company Evolution



Summary

- Tough business environment
- In focus:
- New Products / Acquisitions
- Volvo CE Rental
- Dealer development
- Cost control
- China
- Brand development
- One company vision