

Nine months ended September 30, 2002

VOLVO 1927-2002



Q3



	2002	2001
Net sales, SEK M	131,203	131,982
Operating income excluding restructuring costs, SEK M	2,014	2,413
Operating income, SEK M	2,014	(312)
Income after financial items, SEK M	1,276	(1,319)
Net income, SEK M	755	(980)
Sales growth, %	(1)	51
Income per share during most recent 12 months period, SEK	0.60	0.70
Return on shareholders' equity, %	0.3	2.4

- Improved earnings within Trucks in the third quarter as a result of increased deliveries in all markets and to a positive contribution from synergies.
- Operating income in the third quarter of 2002 was SEK 817 M, compared with an operating loss of SEK 1,618 M in the year-earlier period.
- Cash flow in the third quarter was a negative of SEK 0.9 billion.
- Volvo Aero was affected in full by the general downturn in the aviation industry.
- Asian markets continue to develop favorably across all business areas, primarily driven by high momentum in China.
- Lower operating income in Volvo CE due to weak markets and price pressure.

Comments by the Chief Executive Officer

Despite the difficult business climate, the Group's third - and usually weakest quarter - contained a number of positive trends. Most important is the increased contribution from the truck operations, where we now see clear effects of synergies.

In Western Europe, the demand for the new Volvo and Renault models continued to be strong. Both brands gained market shares and showed improved profitability.

We have also noted underlying improvements in North America, even though the sales increase primarily was a result of the peak linked to the implementation of the new emission standard.

I am also pleased to see that Volvo Penta continues to gain market shares and deliver strong financial results. Another positive trend is our strong growth in Eastern Europe and Asia, particularly China and South Korea that now represents healthy business and a considerable portion of the Group's sales.

On the negative side, the deep downturn in the aviation industry seriously affected our aerospace operations in the third quarter, which is reflected in the on-going adjustments of capacity.

Shrinking tourism also impacted Volvo Buses' profitability and demand in the important coach segment declined.

Volvo CE's major markets continued to decline, in North America for the thirteenth consecutive quarter. Combined with introduction costs related to the broadening of the compact segment and a very competitive North American market, this resulted in weaker earnings.

As a whole, however, the financial results show significant improvements compared with the corresponding period last year.

Looking ahead, I see both areas of concern and areas of opportunities.



The concern consists mainly of the uncertainty of how the world economy will develop. World political tensions and fear of new terrorist attacks has increased uncertainty about the timing of a general economic recovery. With this uncertain outlook, business cycle management will remain in focus.

The opportunities lie in structural improvements that are well under way and our strong product renewal.

In North America, the industrial restructuring continues according to plan. The Winnsboro plant will be closed in November and the operations transferred to the New River Valley facility. The production ramp-up of the new and well-received Volvo VN series will be accomplished simultaneously, which is good timing since capacity utilization will be low in the

quarters ahead. The on-going strengthening of the dealer network in North America is in full progress.

The exit from the US city bus market is now concluded following closure of the Schenectady plant in the third quarter and the last bus from the Roswell plant was completed in October. Combined with large Mexico and Canada orders and a positive profitability trend in Prévost, the North American bus operations are well on the way toward stability.

Our product renewal program is also proceeding as planned. We have made several successful product introductions during the year, including EPA02 certified engines that we believe provide the best performance in the market and a minimum of environmental impact.

Leif Johansson

Significant events during the third quarter of 2002

Volvo and Mack received engine approvals from the US Environmental Protection Agency (EPA)

On September 30, Volvo received a conditional approval from the EPA in the US to manufacture and sell trucks with its EPA02-compliant VED12 diesel engine after October 1, 2002. Mack's ASET Highway (C-EGR) engine family was certified to the EPA02 standard by EPA in July and Mack's ASET Vocational (I-EGR) engine family received conditional EPA02 certification in September.

Volvo Trucks introduced the new Volvo VN in the US

On August 21, Volvo Trucks introduced an entirely new truck range for the North American market. Volvo is the only manufacturer to have developed an all-new truck to meet the tougher EPA 02 demands that came into force in the US on October 1. The new VN truck models equipped with the new EPA-compliant engines will deliver a competitive fuel economy. The project has been three years in the development and the new truck is based on the same platform as the recently introduced Volvo FH and Volvo FM trucks. The total investment for the Volvo VN amounts to SEK 1.8 billion (USD 190 M). To date, more than 3,000 orders have been placed for the new Volvo VN, customers include Knight Transportation, US Xpress and Tyson Food.

New large order from Iran for 1,300 Volvo trucks

In September, Volvo Trucks secured an order for a total of 1,300 Volvo FH12 trucks to Iran. The order is valued at a total of about SEK 600 M. The new order is part of a co-operation agreement with Saipa Diesel of Iran. The vehicles are assembled with a certain local content and earlier this year more than 1,000 orders were signed.

New Volvo compact wheel loaders

In September, Volvo CE launched the new L20B and L25B compact wheel loaders;



featuring new powertrains, new cabs and a distinct Volvo design.

Production start at Volvo CE's new factory in Poland

On September 13, Volvo CE officially opened its new factory in Wroclaw, Poland. The factory will serve as a global center for production of the new backhoe loader launched at ConExpo, in Las Vegas, earlier this year.

Large order of Volvo city buses to Shanghai

On August 15, Volvo Buses' Joint Venture for city buses in China - Shanghai Sunwin Bus Corporation - marked a major breakthrough with the signing of an order for 500 Volvo city buses with one of the leading Shanghai Operators, the Shanghai Ba-shi (Group) Industrial Co.Ltd. The order is valued at approximately SEK 500 M. The agreement includes an option for an additional 500 Volvo buses, with deliveries scheduled during the second half of 2003 and 2004.

Volvo Buses received an order for 340 coaches in Mexico

On July 8, Volvo Buses de Mexico received an order for 340 first-class and luxury

coaches in Mexico from one of the leading operators of intercity traffic, the ADO Group. The value of the order amounts to approximately USD 70 M and the deliveries will take place during a fourteen-month period, beginning in October 2002.

Volvo Penta received an order for 900 industrial engines

On August 13, Volvo Penta secured an order from Saudi Arabia for a total of 900 diesel engines, mainly for use in irrigation. The total value of the order is approximately SEK 200 M.

Volvo Penta introduced telematics
During the third quarter, Volvo Penta introduced the first ever telematic solution for the boating industry. This satellite-based communications network improves security, safety and enjoyment of any size of boat. When installed onboard, the system connects the boat and its crew to Volvo Action Service, which will allow constant communications with mainland. In a first stage, Volvo Penta has introduced telematics in the U.S, but the service will gradually be available also in other parts of the world.

Significant events earlier in 2002

New structure for Volvo's truck operations

Since Volvo's acquisition of Renault V.I. (now named Renault Trucks) and Mack Trucks, a large part of the operations has been focused on immediate integration programs and the development of a strategy for future product plans for both trucks and engines. Most of this work is now completed and the years immediately ahead will be characterized by implementation of approved strategies and product plans. As of January 7, 2002, Volvo, Mack and Renault Trucks are separate business areas.

Volvo CE launched new products

In the first quarter Volvo CE launched its B-series of excavators and the new Volvo E-series of wheel loaders. In the second quarter Volvo CE launched the new Volvo B-series of motor graders.

Volvo Aero Engine Services lands major overhaul order from Aeroflot

Volvo Aero signed an agreement with the Russian airline Aeroflot, whereby Volvo Aero will overhaul Aeroflot's JT9D-59A engines, powering its DC 10-40 aircraft. The initial value of the contract is about USD 60 M, making it the largest overhaul contract signed by Volvo Aero since 1998. There is also a potential for a total order value of USD 120 M if Aeroflot decides to add more DC 10-40's to its fleet.

Volvo Buses chosen as preferred supplier

In June 2002, Volvo Buses was chosen as preferred supplier by two of the leading bus operator groups in Mexico. The contract gives Volvo Buses a leading position within the upper segments in the Mexican market. The deliveries involve 1,800 buses and are now starting up. Deliveries will continue until mid-2005. The total framework agreement amounts to approximately SEK 3 billion. This agreement follows an earlier order for 900 units of Volvo 7550, most of which were delivered in 2000 and 2001.

Volvo CE establishes production facility in China

Volvo CE has decided to establish a wholly owned subsidiary and production facility, for the manufacture of construction equipment in Shanghai, China. The new facility is scheduled to be taken into operation by spring 2003 and will be used for the assembly of crawler excavators. The company will initially have 150 employees.

AB Volvo celebrated its 75th anniversary

On April 14, 2002, Volvo celebrated its 75th anniversary. On that day, it was exactly 75 years since the first produced Volvo car, the Volvo ÖV4, rolled off the assembly line on the island of Hisingen, Gothenburg. Since then, Volvo has developed from a small local company to one of the world's leading manufacturers of heavy trucks, buses and construction equipment, with more than 70,000 employees worldwide and a presence in over 125 countries.

The Volvo Group – 2002

Net sales

Net sales of the Volvo Group for the third quarter of 2002 amounted to SEK 41,524 M, compared with SEK 41,134 M in 2001, an increase of 9% adjusted for changes in currency rates and group structure. The increase in net sales is largely related to increased truck deliveries in most markets.

Net sales of Trucks amounted to SEK 28,507 M, an increase of 18% adjusted for currency effects compared with the year-earlier period. Deliveries in Europe increased by 7% following the introduction of the new Volvo FH and Volvo FM trucks in combination with high deliveries of Renault trucks in Southern and Eastern Europe. Deliveries improved in North America to 11,043 vehicles, up 56% compared with the year-earlier period as a result of high demand for pre EPA02 vehicles.

Net sales of Buses for the third quarter of 2002 amounted to SEK 2,876 M, a decrease of 10% adjusted for currency effects and the effect of consolidating Prévost/Nova Bus using the proportional method as of the fourth quarter 2001. Excluding currency effects, net sales for Volvo CE was unchanged. Sales of marine engines remained strong and Volvo Penta's sales in the third quarter increased by 4%, excluding currency effects. As a result of the downturn in the airline industry, Volvo Aero's net sales declined by 27%, excluding currency effects.

The Group's net sales in Western Europe increased slightly in the third quarter mainly due to successful launches of new products. Net sales in North America were down by 2% due to lower USD rates and

Net sales by market area						
SEK M	Third quarter		First nine months		Change in %	% of total
	2002	2001	2002	2001		
Western Europe	20,292	20,124	67,059	67,445	(1)	51
Eastern Europe	1,791	1,328	5,055	3,954	+28	4
North America	13,177	13,381	39,406	42,176	(7)	30
South America	1,059	1,439	3,509	4,545	(23)	3
Asia	2,940	2,533	8,932	7,230	+24	7
Other markets	2,265	2,329	7,242	6,632	+9	6
Total	41,524	41,134	131,203	131,982	(1)	100

Consolidated income statements ¹⁾				
SEK M	Third quarter		First nine months	
	2002	2001	2002	2001
Net sales	41,524	41,134	131,203	131,982
Cost of sales	(34,090)	(34,033)	(107,855)	(109,156)
Gross income	7,434	7,101	23,348	22,826
Research and development 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 operating income and expenses	(378)	(1,063)	(2,430)	(2,574)
Income from Financial Services	126	69	361	245
Income from investments in associated companies	59	(44)	28	(98)
Income from other investments	(3)	(27)	322	1,425
Restructuring costs	–	(1,406)	–	(2,725)
Operating income	817	(1,618)	2,014	(312)
Interest income and similar credits	308	466	887	1,265
Interest expenses and similar charges	(428)	(690)	(1,442)	(2,024)
Other financial income and expenses	(113)	(38)	(183)	(248)
Income after financial items	584	(1,880)	1,276	(1,319)
Taxes	(158)	316	(488)	273
Minority interests in net (income) loss	(5)	29	(33)	66
Net income	421	(1,535)	755	(980)
Income per share, SEK	1.00	(3.60)	1.80	(2.30)

1) Financial Services reported in accordance with the equity method.

Number of Volvo shares	Sept 30 2002	Dec 31 2001
Number of shares outstanding, millions	419.4	419.4
Average number of shares outstanding during the period, millions	419.4	422.4
Company shares held by AB Volvo, millions	22.1	22.1



the proportional consolidation of Nova Bus. Sales in South America declined 26%, while significant growth was noted in Eastern Europe and Asia.

The distribution of net sales by market is further specified in the table on page 5.

Operating income

Operating income for the third quarter of 2002, amounted to SEK 817 M, compared with an operating loss, excluding restructuring costs, of SEK 212 M in the corresponding period a year earlier.

Trucks' operating income for the third quarter of 2002 was SEK 673 M compared with an operating loss of SEK 340 M, excluding restructuring costs, in the year-earlier period. Improvements were made in all markets as a result of increased deliveries and higher margins.

Buses operating loss declined to SEK 84 M compared with a loss of SEK 185 M in the year-earlier period, mainly as a result of positive effects from turn-around activities in Europe and in North America. As a result of the weak markets in Europe and North America, Volvo CE's operating income declined to SEK 120 M compared with SEK 266 M in the year-earlier period. Earnings for Volvo Penta continued to be favorable with an operating margin of 6.7% in the third quarter of 2002. Volvo Aero's operating income declined significantly due to weaker demand and as a result of a weaker USD. Financial Services operating income increased to SEK 126 M (69). Operating loss for other companies declined to SEK 63 M in the third quarter of 2002 (loss: 281).

Group operating income for the third quarter of 2002 included a less positive effect from capitalization of development costs of SEK 228 M, compared with the corresponding period in 2001. These effects are related to new accounting standards, which were applied as of 2001. The total effect from capitalization of development costs, net of amortization, was SEK 289 M for the third quarter of

Key operating ratios, Volvo Group				
%	Third quarter		First nine months	
	2002	2001	2002	2001
Gross margin	17.9	17.3	17.8	17.3
Research and development expenses in % of net sales	3.2	3.1	3.2	3.1
Selling expenses in % of net sales	8.7	8.4	8.5	7.9
Administrative expenses in % of net sales	3.5	3.7	3.2	3.8
Operating margin ¹⁾	2.0	(0.5)	1.5	1.8
Operating margin	2.0	(3.9)	1.5	(0.2)

1) Excluding restructuring costs.

Condensed income statement – Financial Services				
SEK M	Third quarter		First nine months	
	2002	2001	2002	2001
Net sales	2,432	2,573	7,315	7,181
Income after financial items	126	69	361	245
Taxes	(40)	9	(102)	63
Net income	86	78	259	308

Key ratios – Financial Services		
	Sept 30	Dec 31
12 months figures unless otherwise stated	2002	2001
Return on shareholders' equity, %	3.8	4.2
Equity ratio at end of period, %	10.9	10.3
Asset growth first nine months, %	(6.6)	10.5

Key ratios		
	Sept 30	Dec 31
12 month figures unless otherwise stated	2002	2001
Sales growth first nine months, %	(0.6)	50.0
Income per share, SEK	0.60	(3.50)
Income per share, excluding restructuring costs, SEK	2.60	3.10
Return on shareholders' equity, %	0.3	(1.7)
Return on shareholders' equity excluding restructuring costs, %	1.3	1.5
Net financial position at end of period, SEK billion	(8.9)	(7.0)
Net financial position at end of period as percentage of shareholders' equity and minority interests	(11.0)	(8.2)
Shareholder' equity and minority interests as percentage of total assets	32.8	32.8
Shareholders' equity and minority interests excluding Financial Services, as percentage of total assets	41.8	41.8

2002, compared with SEK 517 M in the year-earlier period.

Operating income for the third quarter was negatively affected by Swedish pension costs of SEK 302 M as a result of the weak development in the stock market.

Net interest expense

Net interest expense for the third quarter of 2002 improved to SEK 120 M compared with SEK 187 M in the second quarter. The

improvement was mainly due to lower funding costs in the US combined with slightly higher yield on financial assets in Sweden.

Taxes

During the third quarter of 2002, a tax expense of SEK 158 M was reported, mainly related to current tax expenses in subsidiaries outside Sweden.

The Volvo Group's total assets

The Volvo Group's total assets at September 30, 2002 amounted to SEK 244.7 billion, corresponding to a decrease of SEK 16.2 billion compared with year-end 2001. Approximately SEK 16.5 billion of the decrease was related to currency effects.

Shareholders' equity

Shareholders' equity amounted to SEK 80.0 billion as of September 30, 2002, corresponding to an equity ratio of 41.8%, excluding Financial Services. Net financial debt on the same date amounted to SEK 8.9 billion. Net financial debt corresponded to 11.0% of shareholders' equity and minority interest. The changes in shareholders' equity are shown in the table on page 8, and the changes in net financial position since year-end are specified in the accompanying table below.

Consolidated balance sheets SEK M	Volvo Group excl Financial Services ¹⁾		Financial Services		Volvo Group total	
	Sept 30 2002	Dec 31 2001	Sept 30 2002	Dec 31 2001	Sept 30 2002	Dec 31 2001
Assets						
Intangible assets	16,895	17,366	136	159	17,031	17,525
Property, plant and equipment	28,017	30,370	2,976	2,864	30,993	33,234
Assets under operating leases	12,135	15,020	12,705	14,060	24,317	27,101
Shares and participations	34,813	35,145	192	203	27,507	27,798
Long-term customer finance receivables	102	19	25,645	26,256	25,442	26,075
Long-term interest-bearing receivables	4,225	5,627	8	0	4,223	5,554
Other long-term receivables	8,688	9,017	72	73	8,575	8,902
Inventories	30,504	30,557	348	518	30,852	31,075
Short-term customer finance receivables	24	95	22,657	23,732	21,576	22,709
Short-term interest bearing receivables	6,471	6,799	1	82	1,282	2,525
Other short-term receivables	27,363	29,798	1,802	2,647	28,152	31,044
Marketable securities	18,342	12,997	325	517	18,667	13,514
Cash and bank	4,532	11,877	1,835	2,417	6,102	13,869
Total assets	192,111	204,687	68,702	73,528	244,719	260,925
Shareholders' equity and liabilities						
Shareholders' equity	80,014	85,185	7,498	7,550	80,014	85,185
Minority interests	247	391	0	0	247	391
Provision for post-employment benefits	13,860	14,632	22	15	13,882	14,647
Other provisions	13,527	14,085	3,742	4,342	17,269	18,427
Loans	28,570	29,710	54,248	57,956	76,165	81,568
Other liabilities	55,893	60,684	3,192	3,665	57,142	60,707
Shareholders' equity and liabilities	192,111	204,687	68,702	73,528	244,719	260,925

1) Financial Services, reported in accordance with the equity method.

Change of Net financial position SEK bn	Third quarter	First nine months
Beginning of period	(7.4)	(7.0)
Cash flow from operating activities	0.8	4.0
Investments in fixed assets, net	(1.6)	(4.1)
Investments in shares, net	(0.1)	(0.1)
Cash-flow after net investments, excluding Financial Services	(0.9)	(0.2)
Debt in acquired and divested operations	0.0	(0.2)
Dividend paid	0.0	(3.4)
Change in provision for post employment benefits	(0.3)	(0.8)
Currency effect	(0.2)	3.1
Other	(0.1)	(0.4)
Total change	(1.5)	(1.9)
Net financial position at end of period	(8.9)	(8.9)

The Volvo Group's cash flow

Cash flow after net investments, excluding Financial Services, was negative in an amount of SEK 0.9 billion during the third quarter of 2002. The negative cash flow in the quarter was mainly due to a higher level of working capital tied-up in inventories.

Cash flow after net investments within Financial Services was negative in an amount of SEK 0.4 billion in the third quarter (positive 0.1).

Net borrowing decreased during the third quarter by SEK 0.5 billion. During the same period, total liquid funds decreased by SEK 1.1 billion and amounted to SEK 24.8 billion as of September 30, 2002.

Change in shareholders' equity SEK bn	Jan–Sept	
	2002	2001
Beginning of period	85.2	88.3
Translation differences	(2.3)	1.5
Repurchase of own shares	–	(8.3)
Issue of shares to Renault SA	–	10.4
Dividend to Volvo's shareholders	(3.4)	(3.4)
Net income	0.8	(1.0)
Other changes	(0.3)	0.0
Balance at end of period	80.0	87.5

Cash flow statement SEK bn	Third quarter		First nine months	
	2002	2001	2002	2001
Operating activities				
Operating income ¹⁾	0.7	(1.7)	1.7	(0.6)
Add depreciation and amortization	2.0	1.9	6.1	5.8
Other non-cash items	0.3	0.5	0.9	(0.1)
Change in working capital	(1.8)	2.9	(4.1)	3.1
Financial items and income taxes paid	(0.4)	(1.3)	(0.6)	(2.1)
Cash flow from operating activities	0.8	2.3	4.0	6.1
Investing activities				
Investments in fixed assets	(1.5)	(1.8)	(4.6)	(5.8)
Investment in leasing vehicles	(0.2)	0.0	(0.3)	(0.3)
Disposals of fixed assets and leasing vehicles	0.1	0.2	0.8	0.7
Customer Finance receivables, net	0.0	0.7	0.0	0.6
Investments in shares, net	(0.1)	(0.2)	(0.1)	2.8
Acquired and divested operations	0.0	(0.7)	0.0	14.8
Cash-flow after net investments excl Financial Services	(0.9)	0.5	(0.2)	18.9
Cash-flow after net investments, Financial Services	(0.4)	0.1	(2.6)	(4.1)
Cash-flow after net investments, Volvo Group total	(1.3)	0.6	(2.8)	14.8
Financing activities				
Change in other loans, net	(0.5)	(1.7)	2.2	2.5
Loans to external parties, net	0.6	(0.2)	1.8	(1.3)
Repurchase of own shares	0.0	0.0	0.0	(8.3)
Dividend to AB Volvo shareholders	0.0	0.0	(3.4)	(3.4)
Other	0.0	0.2	0.0	0.0
Change in liquid funds excl translation differences	(1.2)	(1.1)	(2.2)	4.3
Translation difference on liquid funds	0.1	0.0	(0.4)	0.7
Change in liquid funds	(1.1)	(1.1)	(2.6)	5.0

1) excluding Financial Services

Condensed cash-flow statement, Financial Services SEK bn	Third quarter		First nine months	
	2002	2001	2002	2001
Cash-flow from operating activities	0.9	2.0	3.5	3.0
Net investments in credit portfolio etc	(1.3)	(1.9)	(6.1)	(7.1)
Cash-flow after net investments	(0.4)	0.1	(2.6)	(4.1)

Financial review by business area

Trucks

At the beginning of 2002, the Volvo Group changed the organizational structure of its truck operations by making the three truck companies – Mack Trucks, Renault Trucks and Volvo Trucks – separate business areas. The joint organization for Product Planning, Purchasing and Product Development, Volvo 3P, has formed a separate internal business unit.

Total market

The total market for heavy trucks in Western Europe declined by 14% through August 2002 (through June – 16%). On an annualized basis, the total market is expected to decline by approximately 10% to 215,000 (237,000) units. The demand in Western Europe has improved mainly in the UK, France, Italy and Spain while some countries show significant decline: Germany (–18%) and Portugal (–30%).

In the US, the total market for class 8 vehicles through September increased by 2% to 108,581 (106,433) units. On an annualized basis, the total market is expected to reach a total of approximately 142,000 (2001: 140,000). The corresponding figures for North America, comprising the US, Canada and Mexico, are approximately 172,000 (171,000). The recently enacted legislation in the US governing exhaust emissions (EPA02) and the evaluation of the performance of the new EPA02-compliant engines has generated continued uncertainty in regard to near future demand for heavy trucks.

Deliveries

The Group's total deliveries during the third quarter of 2002 amounted to 37,515

Net sales SEK M	Third quarter		First nine months		Change in%	12 months moving values
	2002	2001	2002	2001		
Trucks	28,507	25,611	87,619	83,988	4	120,199
Buses	2,876	4,001	10,183	12,631	(19)	14,227
Construction Equipment	5,061	5,388	15,725	16,143	(3)	20,717
Volvo Penta	1,735	1,774	5,946	5,486	8	7,840
Volvo Aero	1,961	2,994	6,784	8,661	(22)	9,907
Other	1,384	1,366	4,946	5,073	(3)	6,946
Net sales	41,524	41,134	131,203	131,982	(1)	179,836

Operating income SEK M	Third quarter		First nine months		12 months moving values	Jan–Dec 2001
	2002	2001	2002	2001		
Trucks	673	(340)	682	449	1,273	1,040
Buses	(84)	(185)	(127)	(293)	(358)	(524)
Construction Equipment	120	266	453	755	589	891
Volvo Penta	117	141	488	530	616	658
Volvo Aero	(72)	118	46	564	135	653
Financial Services	126	69	361	245	441	325
Other	(63)	(281)	111	163	91	143
Operating income ¹⁾	817	(212)	2,014	2,413	2,787	3,186
Restructuring costs	–	(1,406)	–	(2,725)	(1,137)	(3,862)
Operating income	817	(1,618)	2,014	(312)	1,650	(676)

1) excl restructuring costs

Operating margin %	Third quarter		First nine months		12 months moving values	Jan–Dec 2001
	2002	2001	2002	2001		
Trucks	2.4	(1.3)	0.8	0.5	1.1	0.9
Buses	(2.9)	(4.6)	(1.2)	(2.3)	(2.5)	(3.1)
Construction Equipment	2.4	4.9	2.9	4.7	2.8	4.2
Volvo Penta	6.7	7.9	8.2	9.7	7.9	8.9
Volvo Aero	(3.7)	3.9	0.7	6.5	1.4	5.5
Operating margin ¹⁾	2.0	(0.5)	1.5	1.8	1.5	1.8
Operating margin	2.0	(3.9)	1.5	(0.2)	0.9	(0.4)

1) excl restructuring costs

vehicles, an increase of 20% compared with the year-earlier period. In Europe, 20,338 trucks were delivered in the third quarter compared with 18,993 trucks in 2001. Both Renault and Volvo managed to maintain a high level of deliveries. Deliveries in North America was positively affected by EPA02-prebuys, and reached a total of 11,043 vehicles in the third quarter, an increase of 56% compared with the year-

earlier period. Deliveries in Asia continued to develop favorably and increased by 53% to 2,210 trucks.

Compared with the preceding year, deliveries of Volvo trucks increased by 21% in the third quarter, or 16,944 (14,060) in units. Deliveries in Western Europe were unchanged, while Eastern Europe deliveries were up 29%. North America and Asia deliveries rose 51% and 60%, respectively.



Deliveries of Renault trucks in the third quarter increased by 11% compared with the same period last year. For the first nine months of 2002, 46,507 trucks have been delivered of which 32,055 in the medium and heavy range.

Mack Trucks delivered a total of 6,926 trucks in the third quarter, up 46% from the same period in 2001.

Order situation

Order bookings for the Group has remained at a high level during the third quarter. In Europe total order bookings for Renault and Volvo was stable at a high level through September. Order bookings for Volvo trucks in North America increased by 10% for the first nine months of 2002.

Several of Volvo Trucks' markets in Asia, the Middle East and the Far East continued to show a positive trend, with order bookings rising 37%, 45% and 28% for the first nine months respectively.

In North America, the order backlog for Mack and Volvo decreased by 39% and 12% respectively.

Market shares

The combined market share in Western Europe for the truck operations of the Volvo Group was 27.3% for heavy trucks, up to August compared with the year earlier period.

Volvo Trucks is second in Europe for trucks over 16 tons, behind Mercedes. For the period through August, Volvo's market share declined to 13.8% (14.7%). The decline is due to lower deliveries during the production ramp up of the Volvo FH/FM trucks in the beginning of the year. Increased deliveries during the second half of the year are expected to generate a positive effect on the market share at year-end. Renault Trucks' share of the heavy truck market in Western Europe increased to 13.5% (12.4). Renault Trucks' cumula-



Net sales by market area, Trucks

SEK M	Third quarter		First nine months		Change in%
	2002	2001	2002	2001	
Europe	15,156	14,098	48,512	47,411	+2
North America	9,181	7,632	26,551	25,107	+6
South America	789	1,003	2,526	3,021	(16)
Asia	1,438	954	4,082	2,883	+42
Other markets	1,943	1,924	5,948	5,566	+7
Total	28,507	25,611	87,619	83,988	+4

tive market share for Europe in the first eight months 2002 was 13% on vehicles over 6 tons, up 1.1%, ranking third. The gain is largely attributable to France and Spain.

In North America, the combined market share in class 8 through August fell to 21.6% (24.5), of which Mack Trucks represented 13.5 (14.1) and Volvo Trucks represented 8.0 (10.3) respectively.

In Brazil, Volvo is the market leader in the heavy-duty vehicle class and its share of the market increased to 32.5% through September.

Financial performance

Net sales for the third quarter amounted to SEK 28,507 M, compared with SEK 25,611 M in the year-earlier period, an increase of 18% adjusted for currency effects. Operating income for the third quarter was SEK 673 M, compared with an operating loss of SEK 340 M in the year-earlier period. Earnings improved on all markets in the third quarter. The improvement was largely related to increased truck deliveries, improved capacity utilization, prize realization and to a positive contribution from synergies.



New products

The new generation Volvo VN, which is designed to meet the new and more rigorous EPA 02 emission legislation that came into force at the beginning of Q4 2002, was introduced in North America during the third quarter. The new Volvo VN was very well received by customers, dealers and the media. To date more than 3,000 orders have been placed for the new Volvo VN.

In September Renault Trucks launched its new automatic gearbox, Optidriver, at the IAA in Hanover. Renault Trucks also announced an EUR 30 M investment in the Blainville plant for a new cataphoresis. The more modern installation will help to increase the capacity of the plant.

Net sales by market area, Buses

SEK M	Third quarter		First nine months		Change in %
	2002	2001	2002	2001	
Europe	1,293	1,531	5,034	4,639	+9
North America	975	1,676	2,915	5,863	(50)
South America	56	140	252	584	(57)
Asia	431	507	1,397	1,184	+18
Other markets	121	147	585	361	+62
Total	2,876	4,001	10,183	12,631	(19)

Buses

Total market

The coach market in the US and Canada is on a very low level, enhanced by the uncertainty in the tourism industry. The traditionally strong Volvo markets in Europe, such as UK and the Nordic countries, have increased slightly this year but have been largely offset by the developments in Continental Europe, mainly in Germany, Italy and France. Germany, the leading bus and coach market in Europe, has declined nearly 30 percent. South America showed a significant drop attributable to the unstable situation in the region. The markets in Asia Pacific in which Volvo Buses is active show a more stable growth.

Order situation

In the third quarter, Volvo was awarded an order for 500 city buses to a major operator in Shanghai. Volvo has a strong order book in Mexico due to the orders received in the second quarter of luxury inter-city coaches to two of the most important operators in the Mexican market. The deliveries are now starting up. Nova in St Eustache, Canada gained already last year a major city bus order to the Province of Quebec, of which deliveries will start during 2003. The favorable developments were offset by fewer orders received in the Middle East, South America and the US.

Deliveries

Volvo delivered 6,307 (7,162) buses and coaches during the first nine months of 2002. During the third quarter the de-

liveries were 1,894 (2,318). The decline was mainly attributable to significantly lower volumes in Mexico and less coaches sold in Europe which was offset to some extent by advantageous volumes in China, Middle East and the Nordic Countries. During the first nine months, 37% of the deliveries were complete buses compared with 49% in the preceding year. The lower percentage is largely due to the North American joint ventures being consolidated by the proportional method as of October 1, 2001.

Market shares

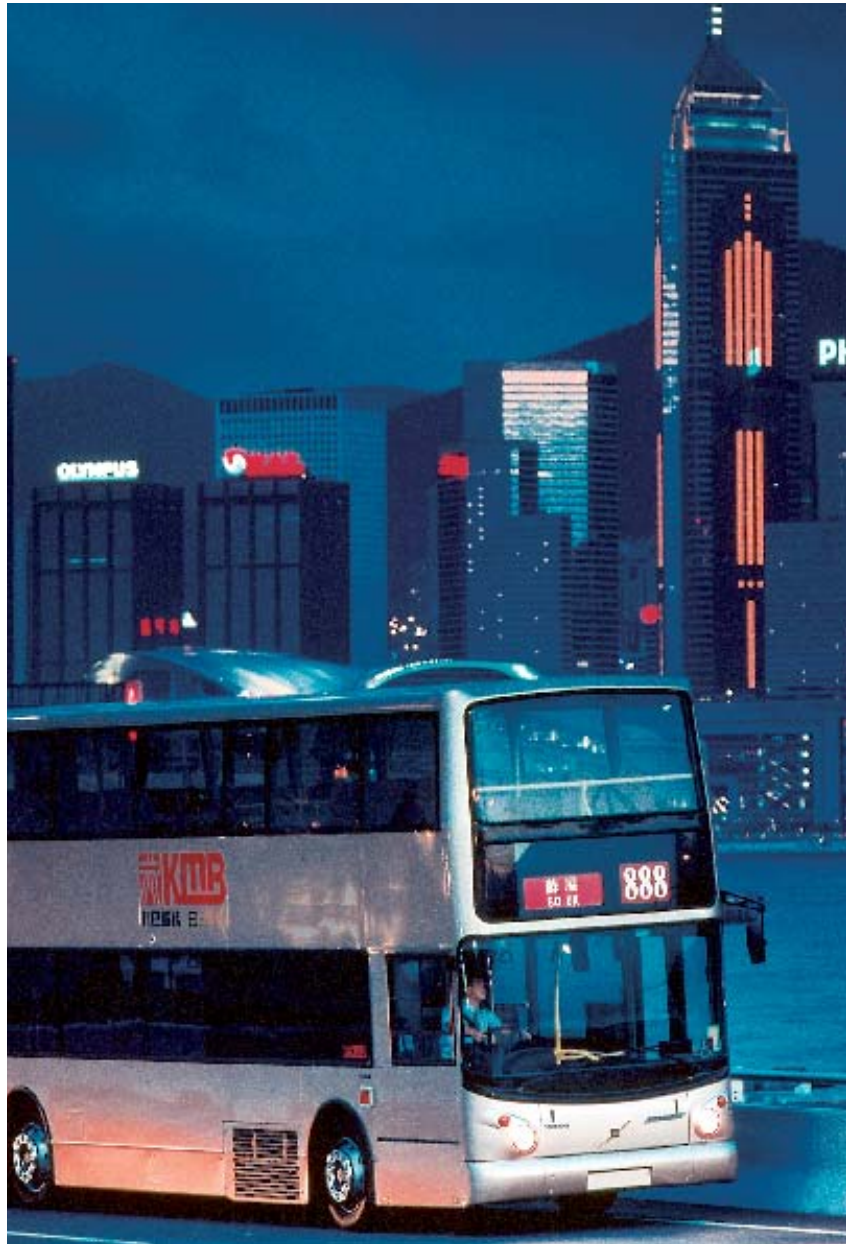
Volvo increased its market shares in Europe as a result of a favorable development in the traditionally strong Volvo markets in the Nordic countries and the UK and low volumes in the central European markets. Given the present market situation, price competition is fierce, but it is Volvo's intention to avoid unprofitable business. This affected market share negatively in the US, Continental Europe and significantly in Brazil. Positive development was noted for Volvo in China and Southeast Asia.

Financial performance

Net sales reached SEK 10,183 M (12,631) during the first nine months. For the third quarter, net sales amounted to SEK 2,876 M (4,001), a decline of 10% adjusted for currency effects and the effect from the proportionate consolidation of Nova/Prévost. The decrease was mainly attributable to significantly lower volumes in Mexico as well as fewer coaches sold in Europe. Operating loss in the third quarter amounted to SEK 84 M (185). The year-to-date operating loss was SEK 127 M (loss: 293). The improvements compared with the year-earlier period is to a large extent due to the turn-around activities in North America and Europe which were offset by the lower volumes in Mexico and Europe.

In focus

Volvo Buses is about to conclude the exit of the US city bus market. The last buses in



the Nova operations in Roswell are completed and will be delivered within short. The operations in Schenectady for deliveries of the low-floor concept from Canada to the US were closed during the third quarter. Efforts are under way to increase productivity of Buses in Europe by improving the production efficiency, reducing the product cost and securing a high level of quality. The complete and competitive product range provides the base for this progressive development.

Volvo Buses marked a major breakthrough in Shanghai with the order for 500 buses. The operator has an option for an additional 500. The contract is a follow up of the successful 200 buses delivered during 2001 by the newly set up city bus joint venture to several operators in the city of Shanghai. The annual volume of Volvo buses and coaches to China is approximately 1,000 which equals a market share close to 10% in the segment of heavy buses.



Construction Equipment

Total market

The total combined world market for heavy and compact construction equipment, within Volvo CE's product range, was unchanged during the third quarter compared with the corresponding period in the preceding year. In North America, the total market declined 9%. In Europe, the decrease was 4%, while the international markets were up 9%.

The market for heavy construction equipment increased 3% compared with a year earlier. The North American market was down 5% and, Europe by 6%, while international markets were up 15%.

The total market for compact equipment, declined by about 2% during the quarter. The North American market was down 12%, Europe by 3%, while the international markets rose 4%.

For the first nine months the combined total market was down 5%, with a decrease in North America of 13% and in Europe 9%, while the international markets were up 4%. The positive developments in the international markets this year is led by China, up 69%, followed by the rest of Asia excluding Japan and China, an increase of 37%, Oceania up 35% and Eastern Europe a rise of 35%.

Market share

Compared with the third quarter 2001, Volvo CE was able to increase its share of the market in several important geographical and product areas, mainly due to recently launched products backed by a strong brand name.

Order situation

The value of the order book as of September 30 was approximately 40% higher than on the same date in 2001. Compared with the end of the second quarter this year, the value of the order book was 10% lower, however, still historically strong.



Net sales by market area, Construction Equipment

SEK M	Third quarter		First nine months		Change in %
	2002	2001	2002	2001	
Europe	2,634	2,624	7,917	8,163	(3)
North America	1,444	1,824	4,605	4,876	(6)
South America	161	179	508	647	(21)
Asia	689	572	2,197	1,978	+11
Other markets	133	189	498	479	+4
Total	5,061	5,388	15,725	16,143	(3)

Financial performance

Volvo CE's net sales declined to SEK 5,061 M (5,388) during the third quarter. Sales declined in most markets with the exception of Asia and Eastern Europe. Operating income during the quarter amounted to SEK 120 M (266). The decrease in sales and operating income was due to the weak markets in Western Europe and North America combined with continued price pressure in North America and to costs related to product introductions. Operating margin for the quarter was 2.4% (4.9).

New products

During the third quarter, Volvo CE launched two new compact wheel loaders, the L20B and the L25B, equipped with

new powertrains, new cabs and a distinct Volvo design. They have been engineered to be user- and maintenance friendly and they are specially targeted to rental customers.

The production of the new backhoe loader started in the factory in Wroclaw, Poland. Volvo CE has invested around USD 5 M in the new state-of-the-art production facility that has capacity to meet any foreseeable customer demands. The first backhoe loaders have already been delivered to customers.

Volvo CE's rental initiative is developing according to plan. To date, 30 stores have been opened, most of them in North America. Volvo CE will have opened some 50 rental stores before the end of the year.



Volvo Penta

Total market

The world market for marine and industrial engines continued to decline, due to the weak world economy. Nonetheless, total demand in Europe for marine engines remained relatively stable during the first nine months, although slightly lower than in the year-earlier period. The total market for industrial engines declined in Europe and in South America. The decline in the total US market for marine engines, which weakened sharply during 2001 has continued this year, although at a slower pace. The total market for industrial engines in China remained strong, while the very weak market trend in Japan remained unchanged.

Market share

New and competitive products enabled Volvo Penta to continue increasing its global market shares in the marine and industrial engine markets. For a long period of time, Volvo Penta has succeeded in offsetting the total market decline by increasing its market shares and its sales. A number of new orders for marine engines received during the period in Europe and North America enhanced Volvo Penta's position among major boat builders. A new large-scale order from Saudi Arabia for a total of 900 industrial engines confirmed Volvo Penta's strong position in this segment of the market.

Order situation

The order situation for leisure-boat and marine-commercial engines was relatively stable during the period. Volvo Penta's order bookings within these segments remained at approximately the same level as a year earlier. Although a distinct decline was noted in orders received for industrial engines, due to the downturn in the total market, Volvo Penta's combined order bookings during the first nine months remained at a historically high level.



Net sales by market area, Volvo Penta

SEK M	Third quarter		First nine months		Change in %
	2002	2001	2002	2001	
Europe	873	854	3,078	2,857	+8
North America	568	551	1,808	1,683	+7
South America	19	64	82	142	(42)
Asia	232	258	848	682	+24
Other markets	43	47	130	122	+7
Total	1,735	1,774	5,946	5,486	+8

Financial performance

Volvo Penta's total sales during the first nine months of 2002 rose 8% and amounted to SEK 5,946 M (5,486), distributed as follows by business segment: Marine Leisure: SEK 3,694 M (3,409); Marine Commercial: SEK 724 M (634) and Industrial: SEK 1,528 M (1,443). As a result of the continued downturn in the market, partly offset by increasing market shares, total net sales during the third quarter decreased from SEK 1,774 M in 2001 to SEK 1,735 M in 2002.

Volvo Penta's strong earnings trend continued during the third quarter. Unfavorable exchange rates and pension costs related to the deficit in the Swedish pension foundation had an adverse impact on earnings during the first three quarters of the year. Nonetheless, Volvo Penta's operating income during the third quarter amounted to SEK 117 M (141).

Product news

During the third quarter, Volvo Penta became the first company in the marine-engine industry to launch telematic services. While the initial stage of the launch was directed at North American boat builders, this product will also be gradually launched globally. During the first phase, the telematic services, which have already generated considerable interest in the US, are aimed primarily at services that increase the security of boat ownership, although the field of application can be broadened.

The phasing-in of Volvo Penta's new product program in the Marine Commercial business segment – which has been broadened downwards in power classes through the launch of new five and seven-liter diesel engines – continued during the quarter. The new engines operate at low revolutions and are particularly suitable for various types of non-planing boats used for marine commercial purposes.

Volvo Aero

Total market

The recovery in air traffic noted at the beginning of the year has stagnated. Traffic development remains negative in the US and Europe. In July, traffic in the US fell 8.4% and in Europe by 11.3%. Moreover, this was the eleventh consecutive month with declining passenger figures in these markets.

Worldwide, the total decline in air traffic was 7.1% during the January–July period, compared with the year-earlier period.

Many of the large American airlines are in very difficult positions, with major losses. The large European carriers are also affected. The so-called discount carriers are capturing market share and capitalizing on the possibility to purchase new aircraft at low prices. A weak improvement was noted in the airfreight segment, which accounts for a relatively small portion of air traffic.

As expected, the number of deliveries as well as the volume of orders declined compared with last year. The number of orders for large commercial jets declined 38% during the first eight months of the year and the delivery level by 17%. The order backlog amounted to 2,742 aircraft in August, corresponding to a decline of 190 since year-end 2001. The general opinion is a continued decline in deliveries of new aircraft for several years.

The industrial capacity in the aviation industry is aligned to an average annual growth rate in air traffic of about 5%. The imbalance between supply and demand is creating the worst crisis in the history of the aviation industry and there is still no sign of growth, compared with the levels that prevailed prior to September 11, 2001.

Order situation

As an effect of the aviation industry crisis, the orders for components for new aircraft engines declined sharply compared with the corresponding period a year earlier. During the third quarter, the decline



Net sales by market area, Volvo Aero

SEK M	Third quarter		First nine months		Change in %
	2002	2001	2002	2001	
Europe	781	975	2,730	3,387	(19)
North America	987	1,695	3,447	4,536	(24)
South America	34	48	129	136	(5)
Asia	145	252	396	500	(21)
Other markets	14	24	82	102	(20)
Total	1,961	2,994	6,784	8,661	(22)

impacted on production with full force for the first time, with personnel reductions being carried out at the plants in Trollhättan and Kongsberg. An upturn for component production is not expected until some time during the second half of 2004 or beginning of 2005. Reduced air travel has also affected the spare parts market substantially as well as engine overhaul requirements. It is expected that the spare parts market for Volvo Aero will turn weakly upward at the end of the year, while order bookings for engine overhauls are forecasted to increase during 2003.

Financial performance

As a result of the decline in the aviation industry, net sales in the third quarter fell to SEK 1,961 M (2,994), with all business units in Volvo Aero noting a decline.

The aftersales market with engine overhauls and spare parts sales is still heavily burdened by the decline, although a certain recovery was noted for spare parts sales in the third quarter for Volvo Aero Services.

The profits reported within Aerospace Components and Military Engines were insufficient to offset the decline in the other operations of Volvo Aero.

Operating income declined during the period to a loss of SEK 72 M (income: 118) and the operating margin was a negative 3.7% (positive: 3.9). A contributing factor to the lower result is costs related to the deficit in the Swedish pension foundation, due to the decline on the stock market.

New orders

In the overhaul segment, the company is working intensively to secure orders in a continued weakening market. During the period, Volvo Aero Engine Services in Bromma (Sweden) has signed two new overhaul contracts for JT9D engines with the Centurion Air Cargo freight carrier and Sabena Technics. Both contracts are one-year agreements with a rolling extension of one year at a time.



Financial Services

New financing

Retail volume during the first nine months was SEK 19.1 billion, which was SEK 4.0 billion higher than in the corresponding period last year. Renault Trucks and Mack Trucks financing added SEK 4.2 billion. Financing related to Construction Equipment, Buses and Volvo Aero increased by SEK 0.5 billion while Volvo Trucks related financing decreased by SEK 0.7 billion. In the markets where financial services are offered, the average year-to-date penetration was 29% for Volvo Trucks, 26% for Volvo Buses, 21% for Construction Equipment, 11% for Renault Trucks and 11% for Mack Trucks. Expressed as an average, VFS financed approximately 19% of the units sold in the markets where financing is offered.

Total assets

Total assets as of September 30, 2002 amounted to SEK 69 billion, of which SEK 61 billion was in the credit portfolio. Adjusted for the effects of year-to-date foreign exchange movements, the credit portfolio increased by 5%. Financing in the credit portfolio was related to Volvo Trucks (59%), Construction Equipment (16%), Buses (14%), Renault Trucks (5%) and Mack Trucks (4%). The remaining 2% are mainly related to Volvo Aero and Volvo Penta.

Financial performance

Year to date operating income amounts to SEK 361 M (245). Operating income for the third quarter amounted to SEK 126 M (69) compared with SEK 120 M (63) for the second quarter and 115 (113) for the first quarter 2002.

Write-offs during the first nine months amounted to SEK 616 M (627), which included 146 (0) of write-offs related to the liquidation of the judicial portfolio in Latin America that was fully provided for in prior periods. The write-off ratio during the first nine months was 1.28% (1.28). Excluding write-offs on the old Latin American judicial portfolio, the write-off ratio was 0.98% for the first nine months, which is showing an improving trend. At the end of September, total credit reserves amounted to 2.7% of the credit portfolio compared with 2.9% at the end of 2001.

During the third quarter, VFS continued to develop the financial product offering for the Volvo Group, including establishing a financial operation in Austria and also through developing a financial offering for Volvo Construction Equipment in Germany. The increased volume and strengthening relationship with the two new business areas Renault and Mack Trucks continues to be a positive development for VFS, contributing 23% of the retail volume during the first nine months of 2002. The benefits are both development toward a more diversified portfolio and the potential synergies that can be achieved through the utilization of a common back-office while keeping a focus on separate branding and sales channel development as Volvo Financial Services, Renault Trucks Finance and Mack Commercial Finance.

Number of employees

As of September 30, 2002, the Volvo Group had 71,768 employees, compared with 70,921 at the end of 2001. The increase is mainly due to increased production within Volvo Trucks.

Göteborg, October 24, 2002

AB Volvo (publ)

Leif Johansson

This report has not been reviewed by AB Volvo's auditors.

Quarterly figures

Accounting principles

In preparing this report, Volvo has applied the accounting principles presented in Note 1, page 57, of the Volvo 2001 Annual Report.

Volvo Group					
SEK M unless otherwise specified	3/2001	4/2001	1/2002	2/2002	3/2002
Net sales	41,134	48,633	40,385	49,294	41,524
Cost of sales	(34,033)	(40,321)	(33,205)	(40,560)	(34,090)
Gross income	7,101	8,312	7,180	8,734	7,434
Research and development expenses	(1,279)	(1,361)	(1,505)	(1,373)	(1,335)
Selling expenses	(3,444)	(4,242)	(3,797)	(3,787)	(3,612)
Administrative expenses	(1,525)	(1,514)	(1,277)	(1,455)	(1,474)
Other operating income and expenses	(1,063)	(497)	(1,094)	(958)	(378)
Income from Financial Services ¹⁾	69	80	115	120	126
Income from investments in associated companies	(43)	9	16	(47)	59
Income from other investments	(28)	(14)	0	325	(3)
Restructuring costs	(1,406)	(1,137)	–	–	–
Operating income	(1,618)	(364)	(362)	1,559	817
Interest income and similar credits	466	388	266	313	308
Interest expenses and similar charges	(690)	(629)	(514)	(500)	(428)
Other financial income and expenses	(38)	58	(8)	(62)	(113)
Income after financial items	(1,880)	(547)	(618)	1,310	584
Taxes	316	53	(118)	(212)	(158)
Minority interests	29	7	(10)	(18)	(5)
Net income	(1,535)	(487)	(746)	1,080	421
Depreciation and amortization included above					
Volvo Group excl Financial Services	1,907	1,216	1,950	2,184	1,960
Financial Services	834	691	783	708	712
Total	2,741	1,907	2,733	2,892	2,672
Income per share, SEK					
Average number of shares, million	419.4	419.4	419.4	419.4	419.4
1) Financial Services reported in accordance with the equity method.					
Income per share is calculated as net income divided by the weighted average number of shares outstanding during the period.					
Key operating ratios					
%	3/2001	4/2001	1/2002	2/2002	3/2002
Gross margin	17.3	17.1	17.8	17.7	17.9
Research and development expenses in % of net sales	3.1	2.8	3.7	2.8	3.2
Selling expenses in % of net sales	8.4	8.7	9.4	7.7	8.7
Administrative expenses in % of net sales	3.7	3.1	3.2	3.0	3.5
Operating margin	(3.9)	(0.7)	(0.9)	3.2	2.0
Operating margin excl restructuring costs	(0.5)	1.6	(0.9)	3.2	2.0

This report contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although the Company believes that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward looking statements as a result of, among other factors, (i) changes in economic, market and competitive conditions, (ii) success of business and operating initiatives, (iii) changes in the regulatory environment and other government actions, (iv) fluctuations in exchange rates and (v) business risk management.

This report does not imply that the company has undertaken to revise these forward-looking statements, beyond what is required under the company's registration contract with the OM Stockholm Exchange if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

Net sales					
SEK M	3/2001	4/2001	1/2002	2/2002	3/2002
Trucks	25,611	32,580	26,558	32,554	28,507
Buses	4,001	4,044	3,165	4,142	2,876
Construction Equipment	5,388	4,992	4,476	6,188	5,061
Volvo Penta	1,774	1,894	1,962	2,249	1,735
Volvo Aero	2,994	3,123	2,485	2,338	1,961
Other	1,366	2,000	1,739	1,823	1,384
Net sales	41,134	48,633	40,385	49,294	41,524

Operating income					
SEK M	3/2001	4/2001	1/2002	2/2002	3/2002
Trucks	(340)	591	(474)	483	673
Buses	(185)	(231)	(94)	51	(84)
Construction Equipment	266	136	(131)	464	120
Volvo Penta	141	128	146	225	117
Volvo Aero	118	89	78	40	(72)
Financial Services	69	80	115	120	126
Other	(281)	(20)	(2)	176	(63)
Operating income ¹⁾	(212)	773	(362)	1,559	817
Restructuring costs	(1,406)	(1,137)	–	–	–
Operating income	(1,618)	(364)	(362)	1,559	817

1) Excluding restructuring costs.

Operating margins					
%	3/2001	4/2001	1/2002	2/2002	3/2002
Trucks	(1.3)	1.8	(1.8)	1.5	2.4
Buses	(4.6)	(5.7)	(3.0)	1.2	(2.9)
Construction Equipment	4.9	2.7	(2.9)	7.5	2.4
Volvo Penta	7.9	6.8	7.4	10.0	6.7
Volvo Aero	3.9	2.8	3.1	1.7	(3.7)
Operating margin ¹⁾	(0.5)	1.6	(0.9)	3.2	2.0
Operating margin	(3.9)	(0.7)	(0.9)	3.2	2.0

1) Excluding restructuring costs.

Operating statistics

Units invoiced Trucks					
Volvo Group	Third quarter		First nine months		Change in %
	2002	2001	2002	2001	
Europe	20,338	18,993	68,086	70,979	(4)
Western Europe	18,212	17,550	62,135	66,057	(6)
Eastern Europe	2,126	1,443	5,951	4,922	21
North America	11,043	7,084	29,077	26,982	8
South America	1,423	1,420	3,952	4,406	(10)
Asia	2,210	1,449	6,184	3,955	56
Other markets	2,501	2,196	7,319	6,904	6
Total, Trucks	37,515	31,142	114,618	113,226	1

Mack Trucks					
North America	6,513	4,091	17,543	16,625	6
South America	133	340	467	925	(50)
Asia	6	24	10	32	(69)
Other markets	274	281	715	688	4
Total	6,926	4,736	18,735	18,270	3

Renault Trucks					
Europe	11,891	10,859	41,651	40,836	2
Western Europe	11,003	10,382	39,092	39,011	0
Eastern Europe	888	477	2,559	1,825	40
Asia	134	129	272	405	(33)
Other markets	1,620	1,358	4,584	4,561	0
Total	13,645	12,346	46,507	45,802	2

Volvo Trucks					
Europe	8,446	8,131	26,434	30,140	(12)
Western Europe	7,208	7,168	23,042	27,046	(15)
Eastern Europe	1,238	963	3,392	3,094	10
North America	4,530	2,993	11,534	10,357	11
South America	1,290	1,080	3,485	3,481	0
Asia	2,070	1,296	5,902	3,518	68
Other markets	608	560	2,021	1,658	22
Total	16,944	14,060	49,376	49,154	0

Units invoiced, buses/bus chassies					
	Third quarter		First nine months		Change in %
	2002	2001	2002	2001	
Europe	560	707	2,310	2,261	2.2
Western Europe	522	638	2,122	2,141	(0.9)
Eastern Europe	38	69	188	120	56.7
North America	460	781	1,440	2,680	(46.3)
South America	138	206	348	789	(55.6)
Asia	662	532	1,750	1,147	52.6
Other markets	74	92	459	285	61.1
Total, buses/bus chassies	1,894	2,318	6,307	7,162	(11.9)

Volvo's Nominating Committee

The following persons were named members of Volvo's Nominating Committee at the 2002 Annual General Meeting:

Thomas Halvorsen	The Fourth Swedish National Pension Fund
Lars Ramqvist	Chairman of the Board of AB Volvo
Bengt Hane	Representative for shareholders with smaller holdings
Shemaya Lévy	Renault SA
Lars Otterbeck	Alecta

The Nominating Committee is responsible for submitting to the Annual General Meeting the names of candidates to serve as members of the Board of Directors and as auditors and deputy auditors.

The Committee also proposes the amount of the fees to be paid to the holders of these positions.

Publication dates

Report on 2002 operations	February 7, 2003
Annual Report	March, 2003
Report on the first three months 2003	April 28, 2003

The annual and quarterly reports are also published on www.volvo.com

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