

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. |

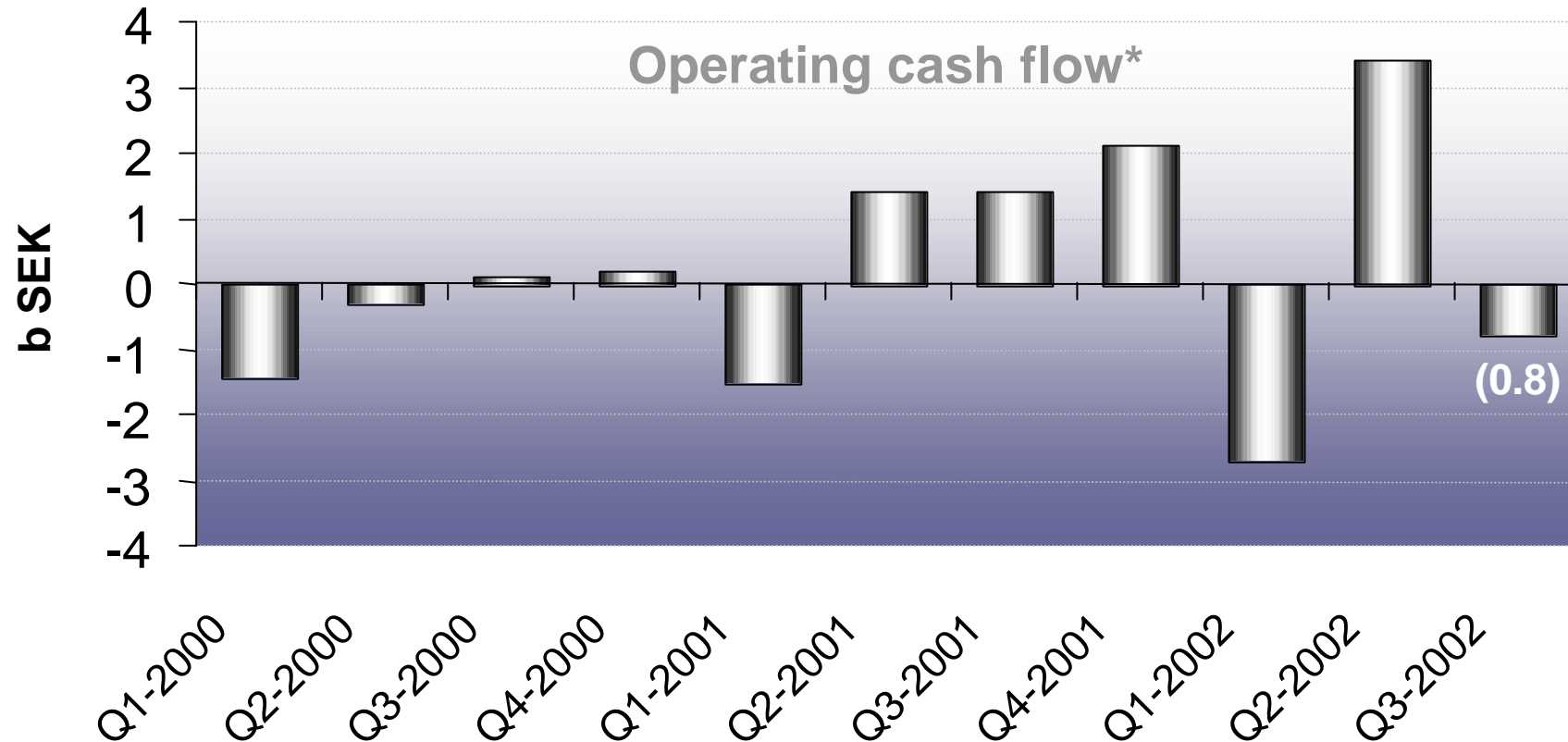
- Trucks - Increased deliveries, price realization and synergies
- Buses - Significant reduced operating loss due to turn-around activities
- Construction Equipment - Lower volumes and continued price pressure in North America
- Volvo Penta - Continued strong performance
- Volvo Aero - Downturn now affecting 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

7

| 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

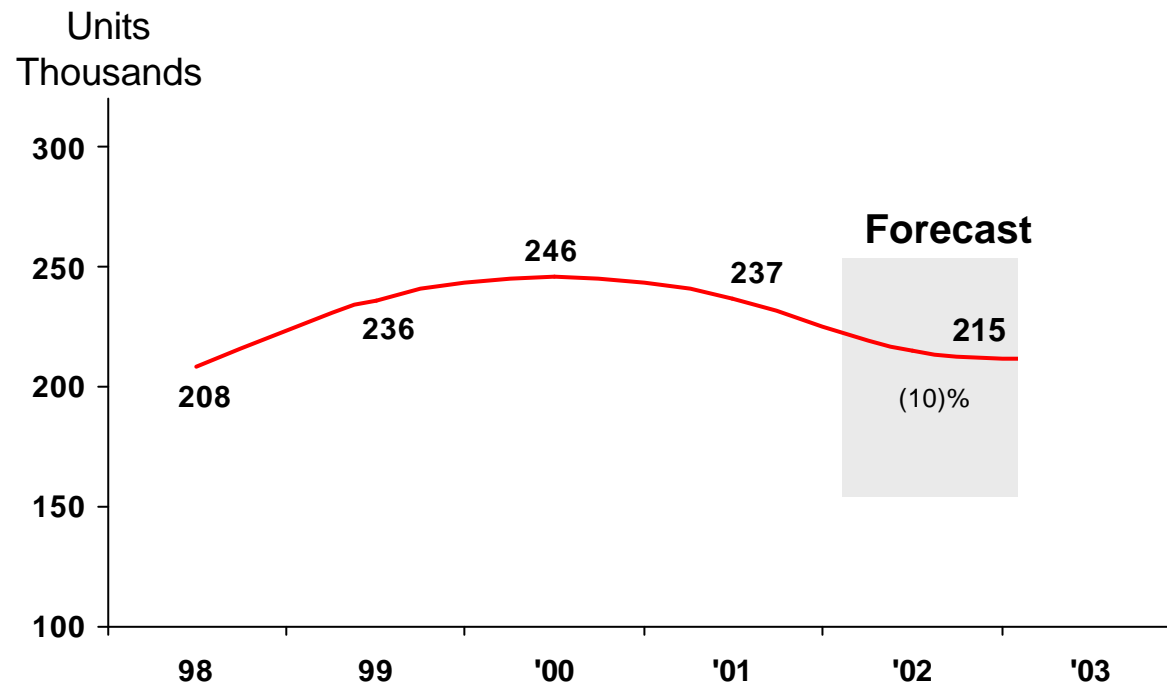
In Focus

- 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

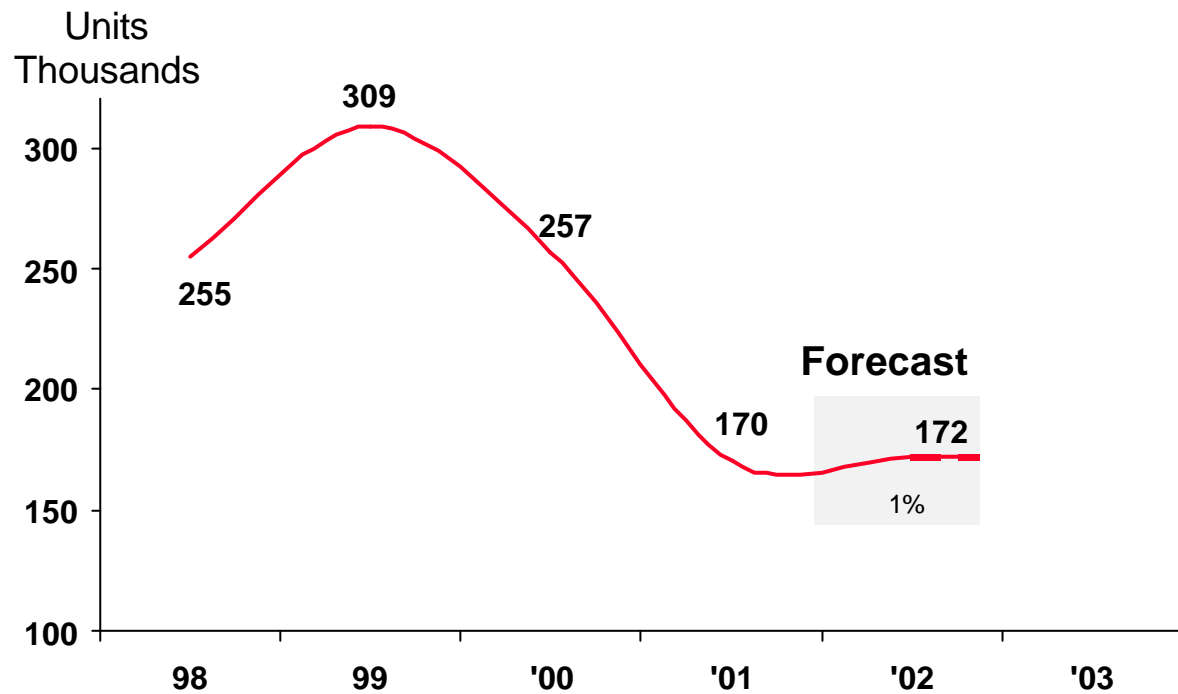
Total Market Heavy Trucks

W. Europe Registration Forecast

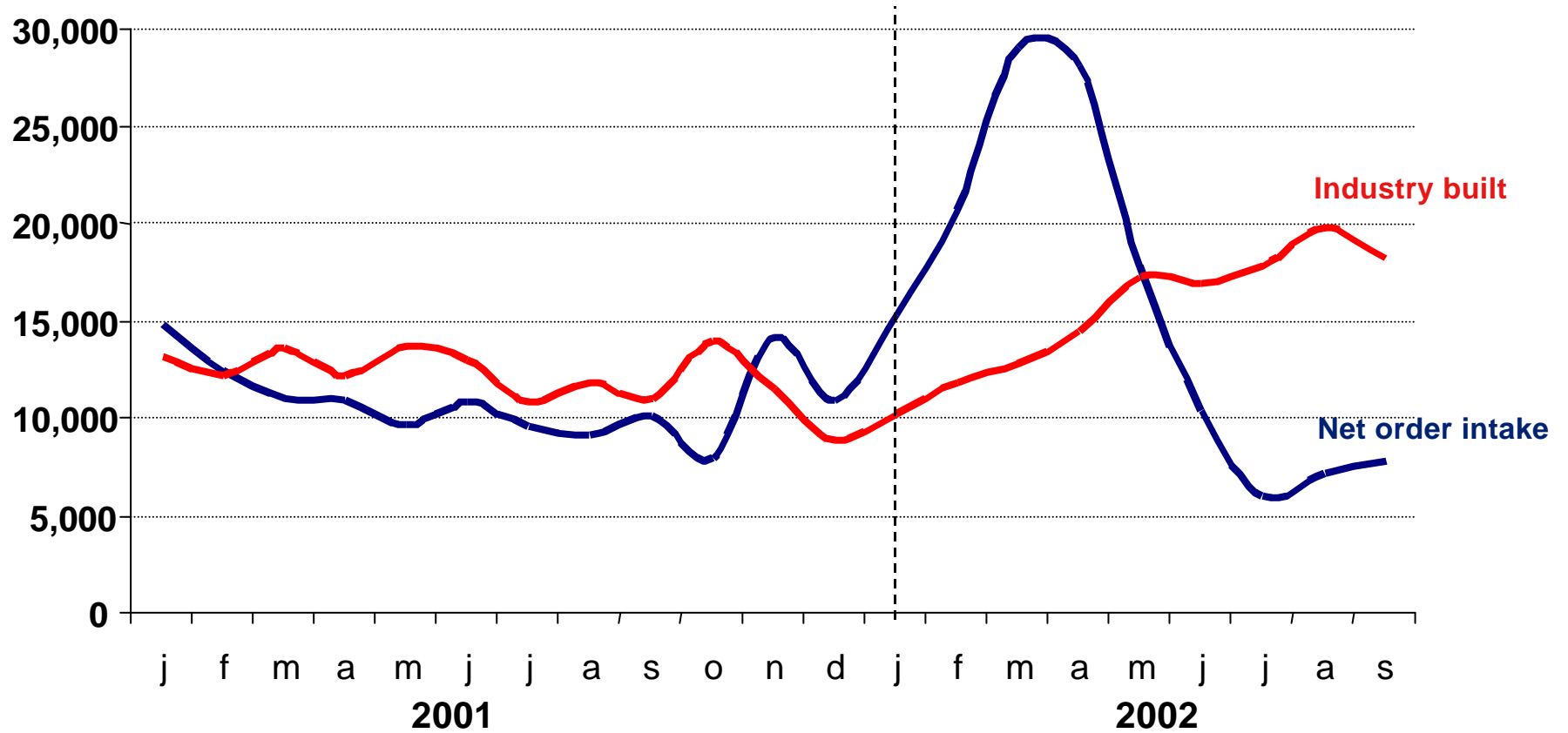


Total Market Heavy Trucks

North America Retail Sales Forecast



Business Environment North America



Source: ACT Publications

Volvo Buses

Third Quarter

12

| 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

13

| 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

14

| 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

15

| 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