

VOLVO

First Quarter 2003
Conference Call, April 28, 2003

Highlights

First Quarter

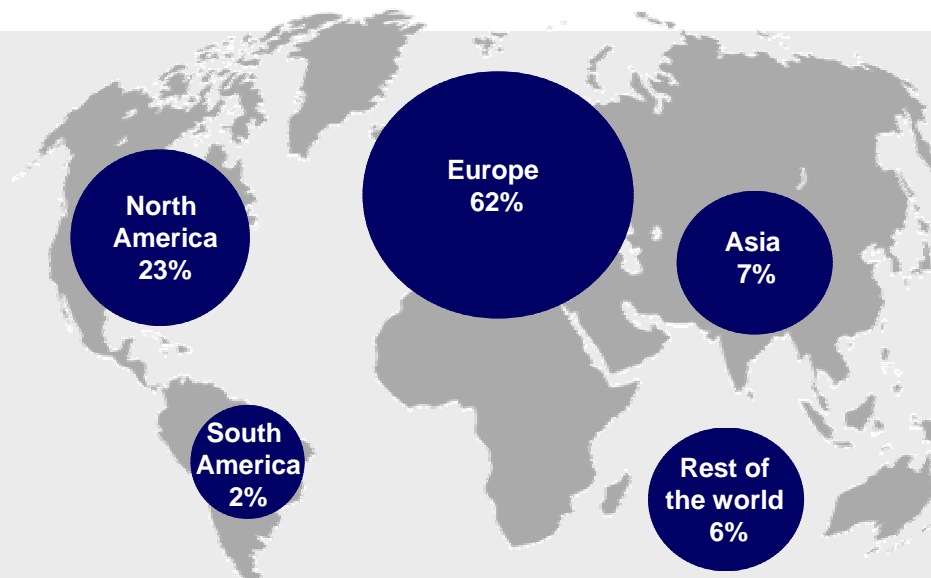
- Uncertain business climate
- Strong earnings improvement
 - Improved Truck result in Europe
 - Reduced losses in N. America
 - Volvo CE
- Continued crisis in the travel industry affecting Aero and Buses negatively
- Production changes in N. America successfully completed
- Strengthening of dealer networks
 - Public offer for Bilia commercial division in Europe
 - Mack / Volvo optimization in N. America
- Negative cash flow

In Focus Going Forward

- Readiness to adapt to demand changes
- Continued truck integration
- Cash flow

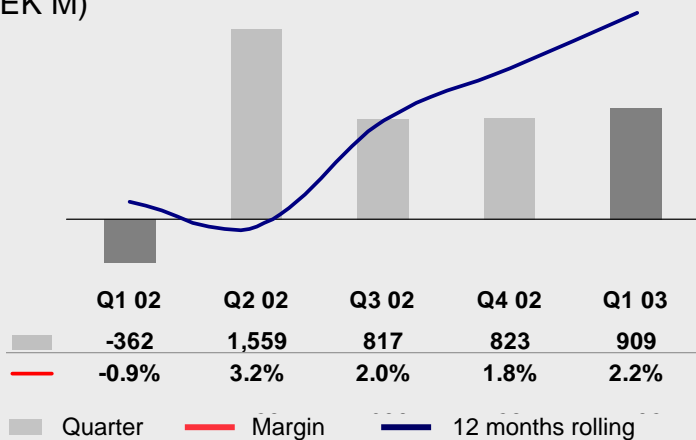
Net sales

(SEK bn)



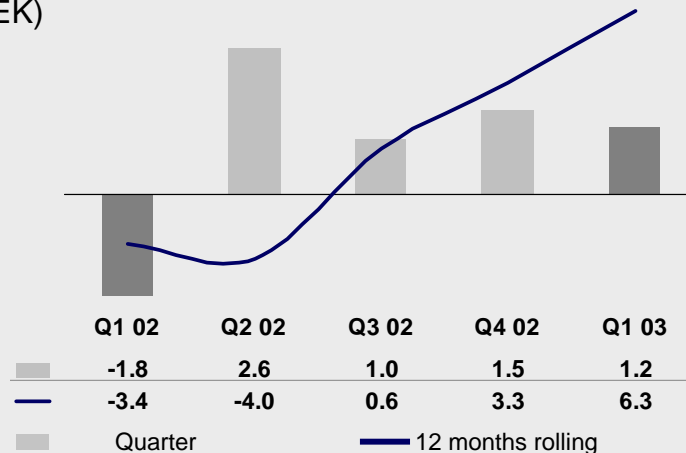
Operating income

(SEK M)



Earnings per share

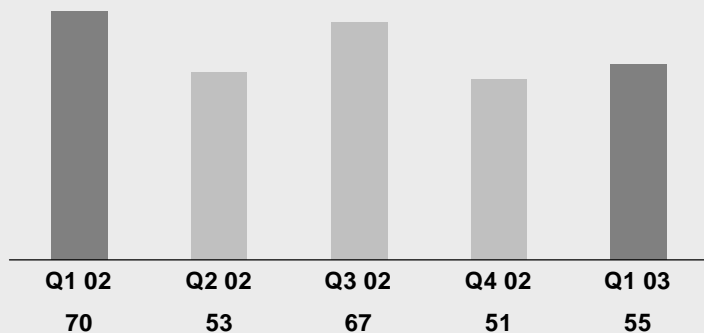
(SEK)



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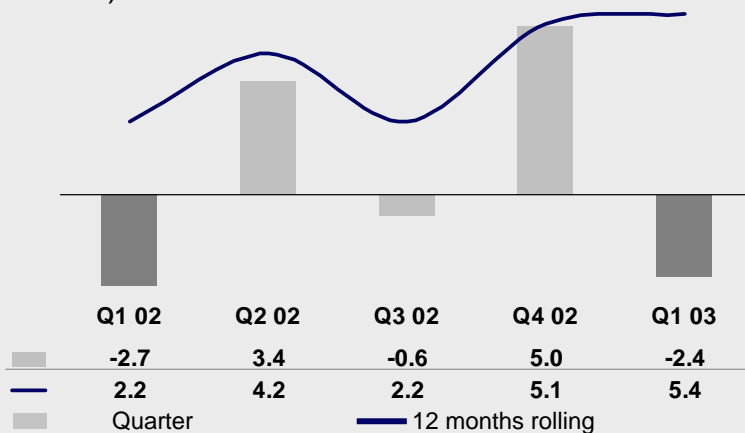
Development of cash conversion cycle

(Days)



Cash flow development

(SEK bn)



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

Consolidated Results

First Quarter 2003

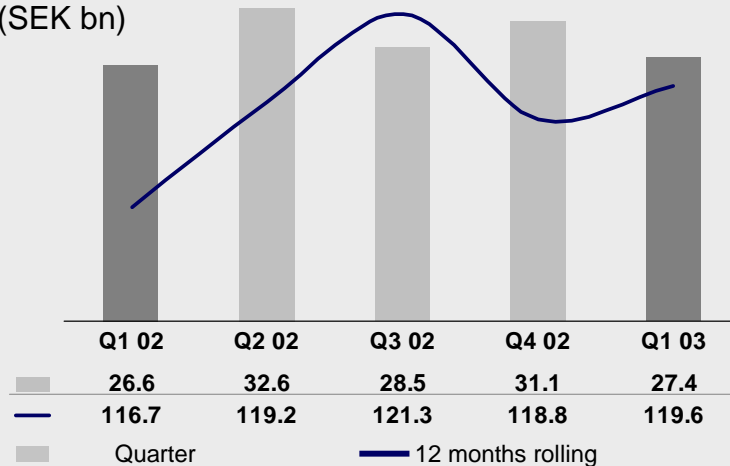
SEK M	First Quarter	
	2003	2002
Net Sales	40,931	40,385
Gross income	7,617	7,180
R&D expenses	(1,769)	(1,505)
Selling expenses	(3,597)	(3,797)
Administrative expenses	(1,304)	(1,277)
Other op. Income & expenses	(258)	(1,094)
Inc. from Financial Services	212	115
Inc. from investments in associated companies	2	16
Inc. from other investments	6	-
Operating income	909	(362)
Financial Net	(152)	(256)
Income after fin. Items	757	(618)
Taxes	(244)	(118)
Minority interest	(7)	(10)
Net income	506	(746)
EPS, SEK	1.20	(1.80)
Operating margin	2.2%	-0.9%
Operating cash flow, excl. acq. & divest.	(2,400)	(2,700)

Trucks

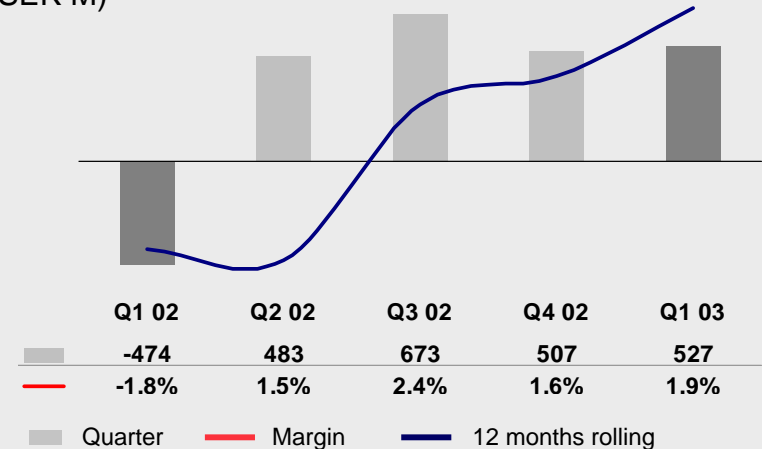
First Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Higher deliveries and improved result
 - Strong earnings within Volvo in Europe
 - Improved margins for Renault
 - Reduced losses in N. America
- Transition of the Mack production completed
- Improved market share for Volvo in US

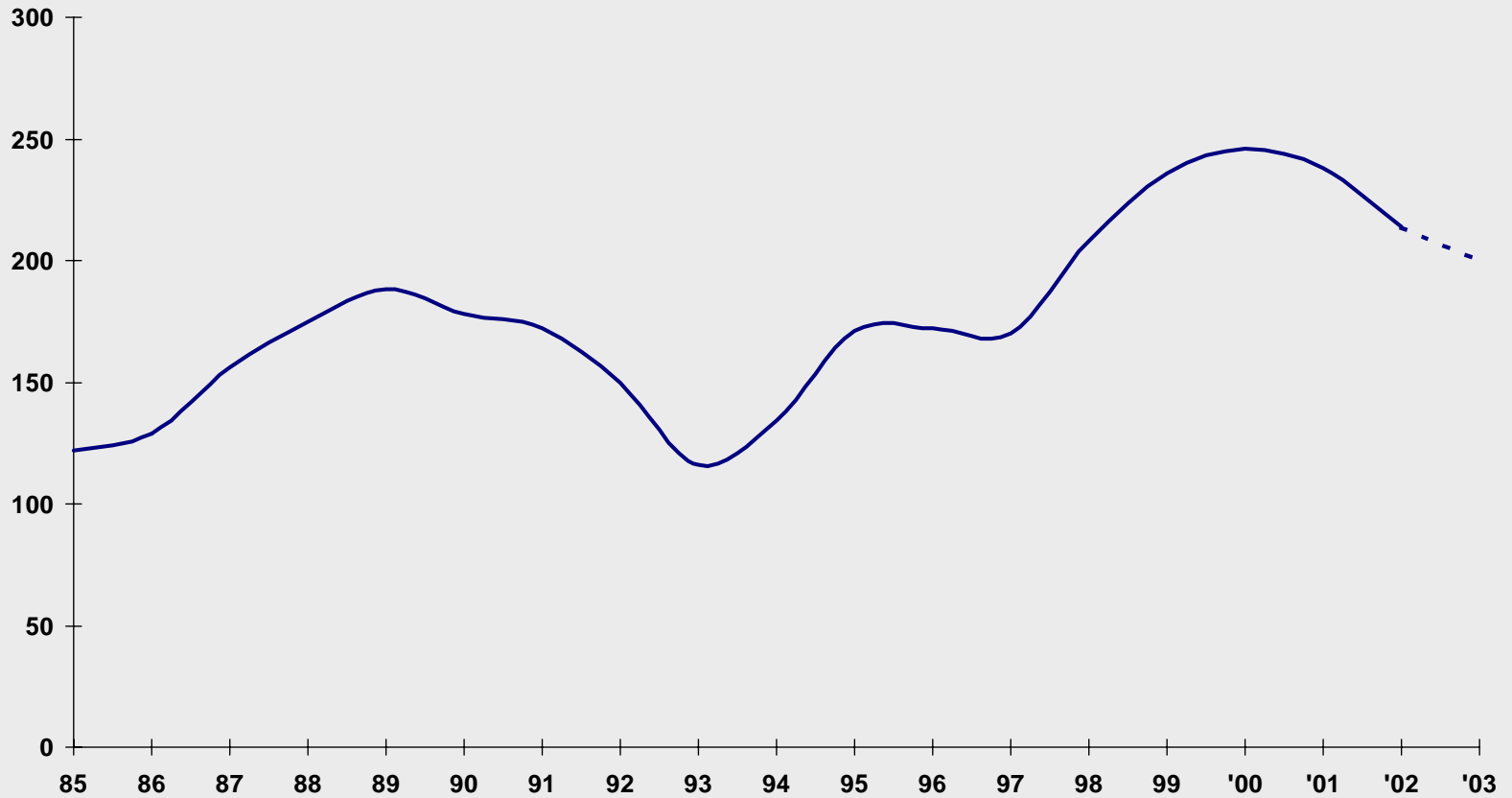
In Focus

- Optimization of the N. Am. distribution network
- Adapt to changes in demand
- Cash flow

Heavy Duty Truck Market Western Europe



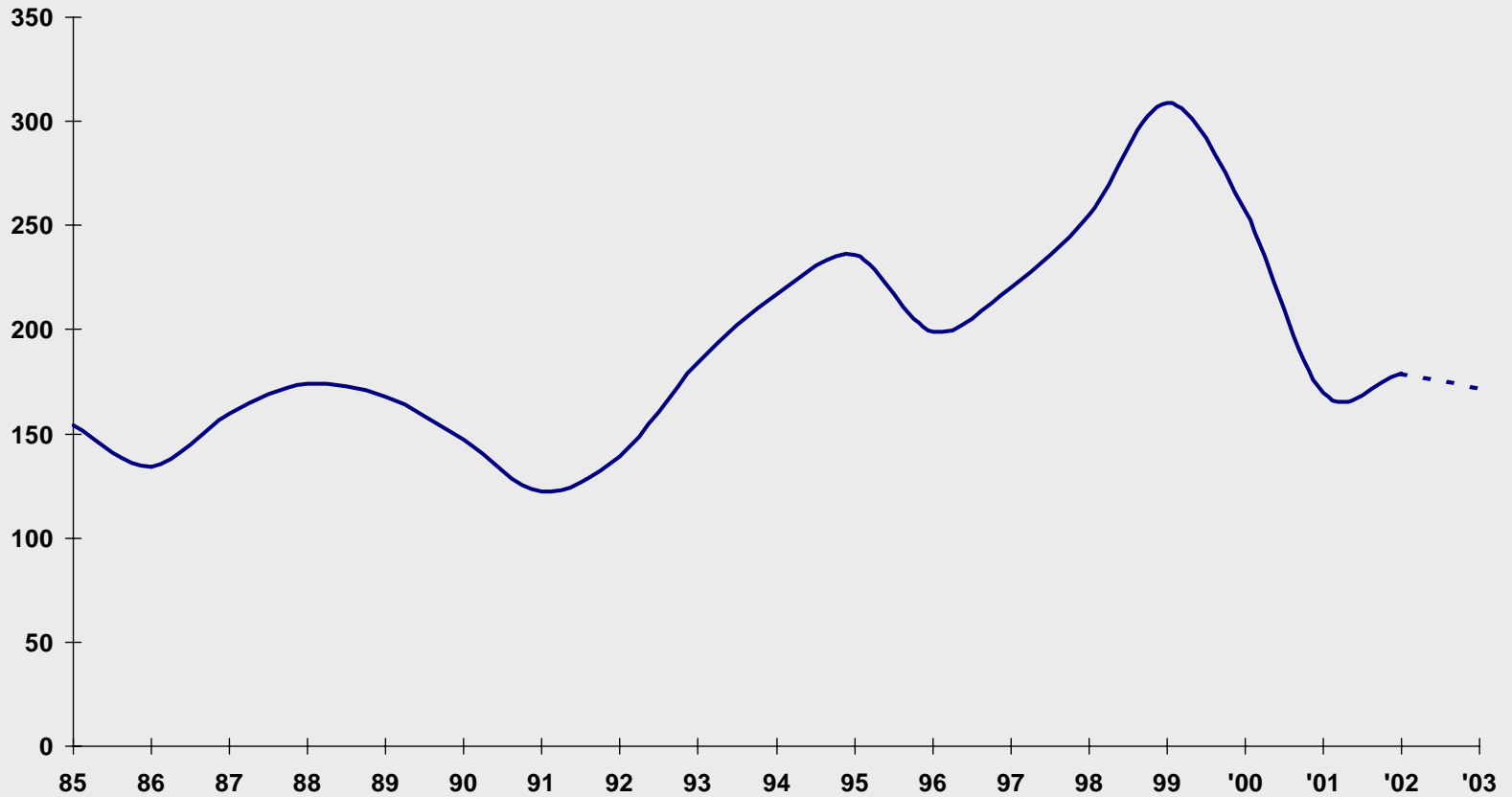
Units, Thousands (heavy trucks)



Heavy Duty Truck Market North America



Units, Thousands (heavy trucks)

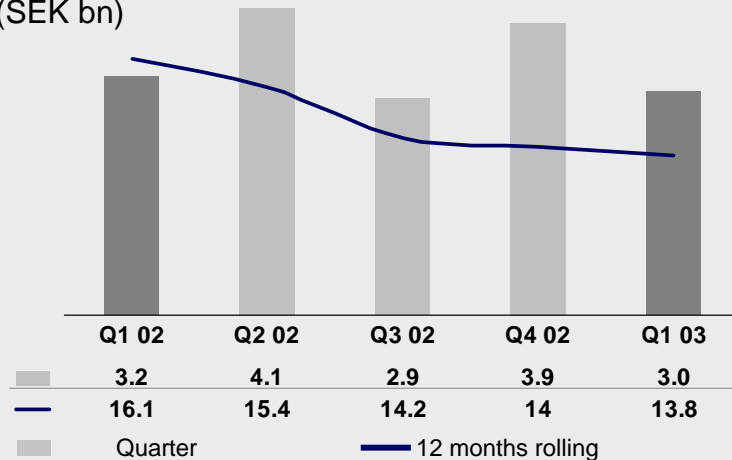


Volvo Buses

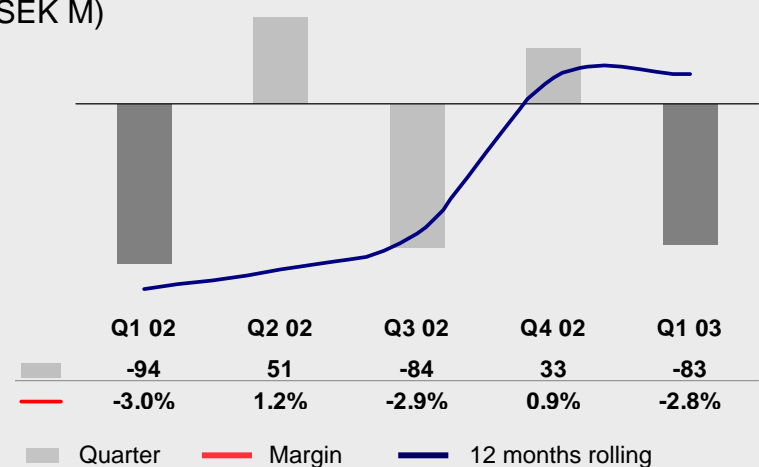
First Quarter



Net sales
(SEK bn)



Operating income
(SEK M)



Highlights

- Further improvement in North America
- Good delivery volumes in Nordic and Asia areas
- A sharp volume decline in Latin America
- The tourist coach market remains weak
- Present global uncertainties reduce demand
- Continued deterioration of demand in the highly competitive Continental European market

In Focus

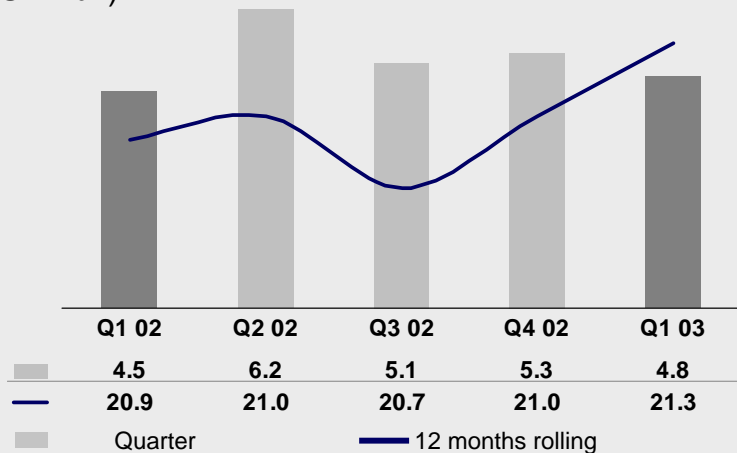
- Continue the turnaround program
- Internal productivity- and cost management
- Performance based pricing
- Cash flow

Volvo Construction Equipment First Quarter



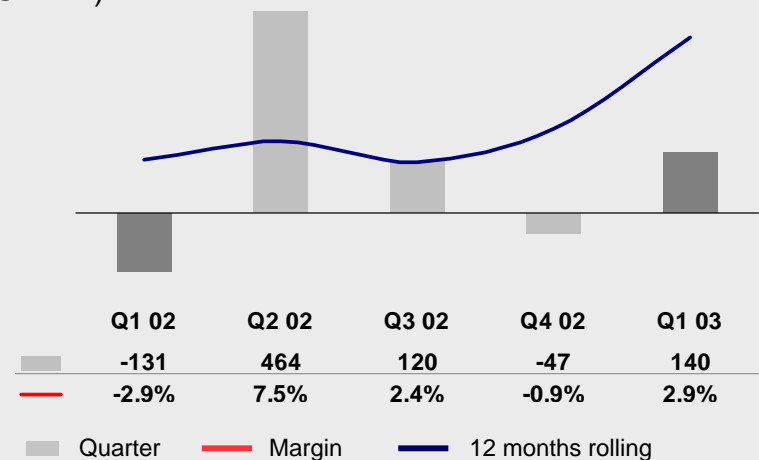
Net sales

(SEK bn)



Operating income

(SEK M)



Highlights

- Total market in N.Am. down 10%, EU down 2% and International up 11%
- Sales up 7% due to strong contribution from recently launched products
- Production start of excavators in China and skid steers in North America

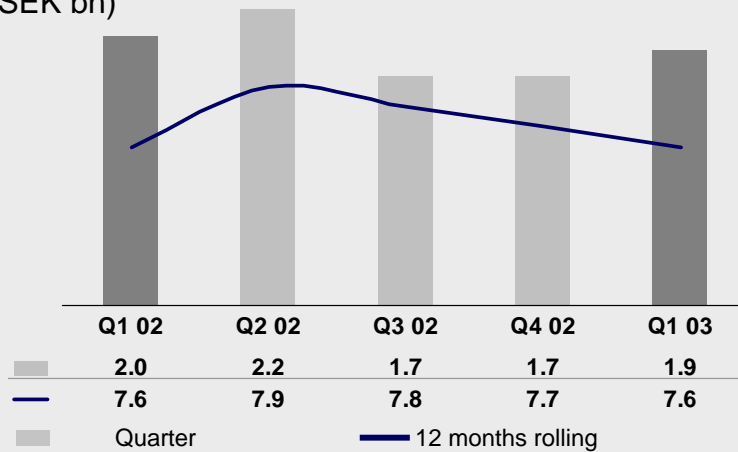
In Focus

- Continued successful roll out of new equipment
- Cost control
- Dealer development
- Cash flow

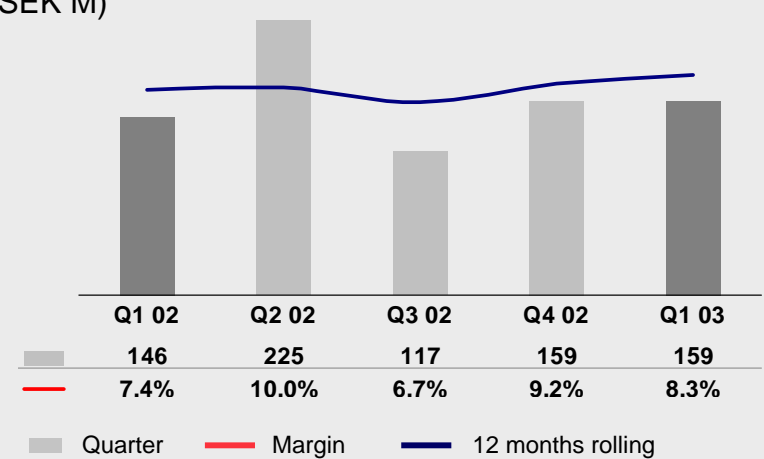
Volvo Penta First Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Strengthened market shares
- Strong order intake
- All time high Q1 operating income

In Focus

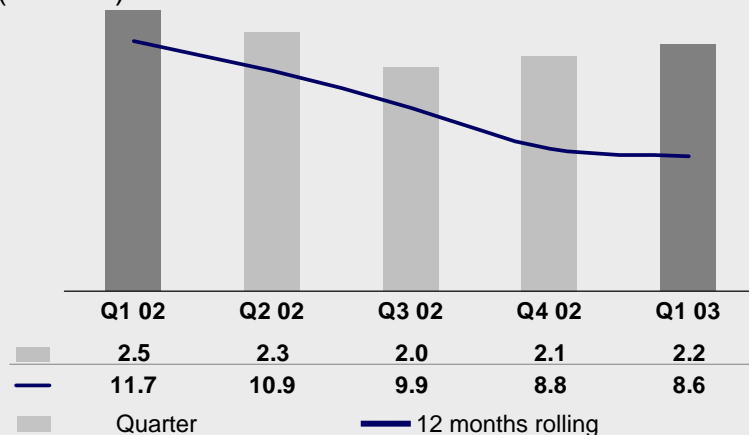
- Product renewal
- Cost control
- Cash flow

Volvo Aero First Quarter



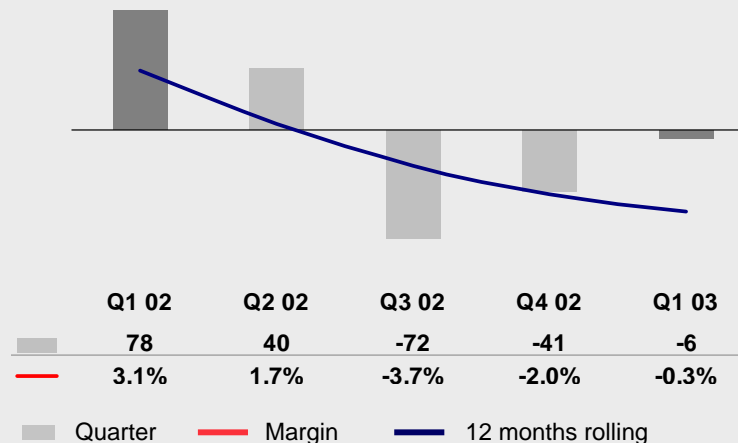
Net sales

(SEK bn)



Operating income

(SEK M)



Highlights

- Continued weak air traffic
 - War in Iraq
 - SARS is a growing threat
 - Airline profitability
- Aerospace Components and Military Engines held up
- New after market contracts

In Focus

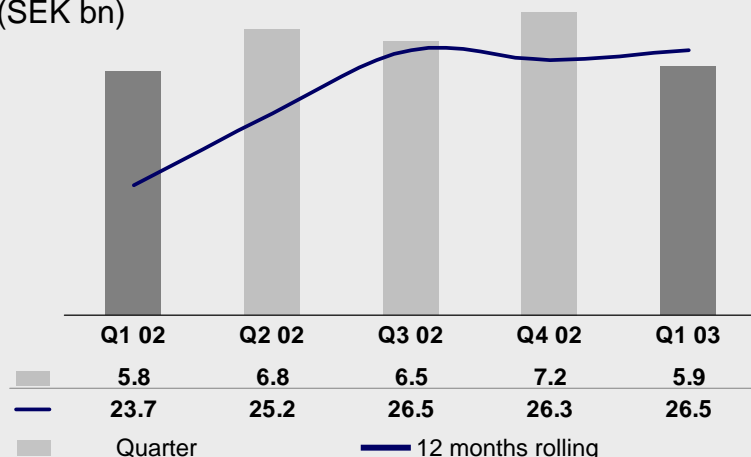
- Continued adaptation to a declining market
- Increased sales activities
- Cash flow

Volvo Financial Services First Quarter



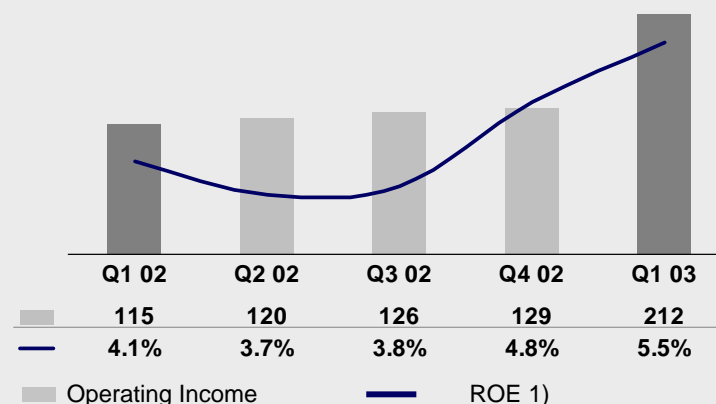
New financing

(SEK bn)



Operating income and Return on equity

(SEK M)



Highlights

- US customer finance operation returns to profitability
- Increase in average penetration, largely due to increased Volvo CE, Renault and Mack financing

In Focus

- Customer satisfaction
- Operational excellence
- Controlled portfolio growth

1) Calculated as a 12 month rolling average

Volvo Group

Summary

- Uncertain business climate
- Strong earnings improvement
 - Improved Truck result in Europe
 - Reduced losses in N. America
 - Volvo CE
- Strengthening of dealer networks
 - Public offer for Bilia commercial division in Europe
 - Mack / Volvo optimization in N. America

VOLVO