

VOLVO

Third Quarter 2003
Conference Call, October 23

Highlights

Third Quarter

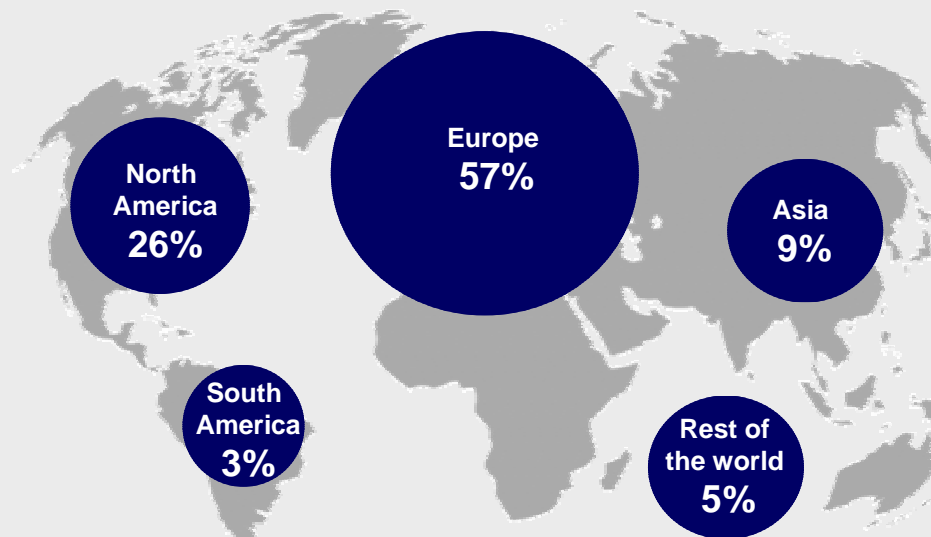
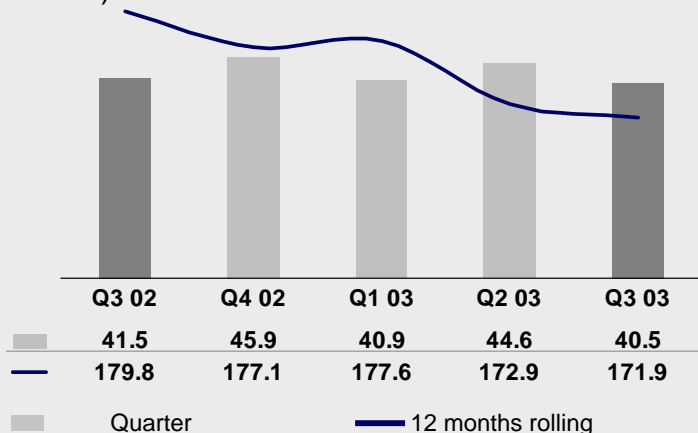
- Business environment improving slightly
- Performance improvement across the Group
 - Productivity and cost efficiency
 - Gross margin improvement
 - Stable earnings growth in Financial Services
- Product renewal
 - New range of Marine Diesels
 - Volvo NH
 - Volvo VM
 - Renault Master
- Strong EPS development SEK 2.30 (SEK 1.00)

In Focus Going Forward

- Adapt to changes in demand
- Integration and optimization of dealer networks

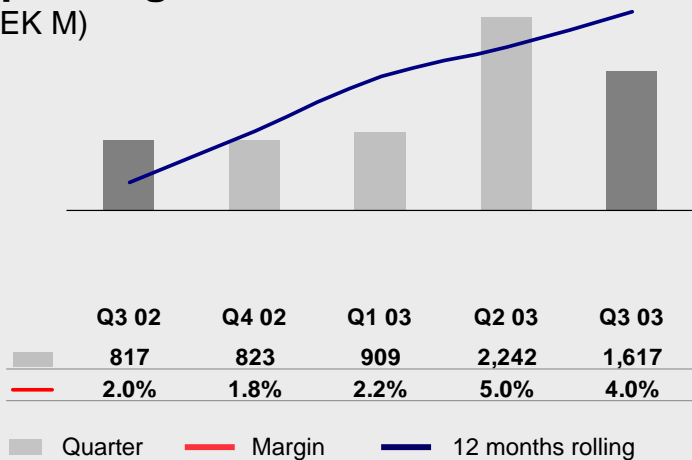
Net sales

(SEK bn)



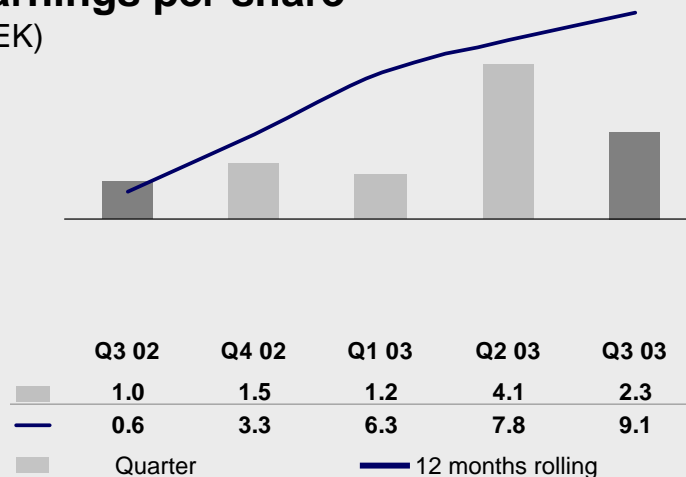
Operating income

(SEK M)



Earnings per share

(SEK)



Volvo Group

Hedging policy

Month	Hedging ratio of projected net flows:
< 6	50% - 80%
7-12	30% - 60%
> 12	firm flows

Consolidated Results

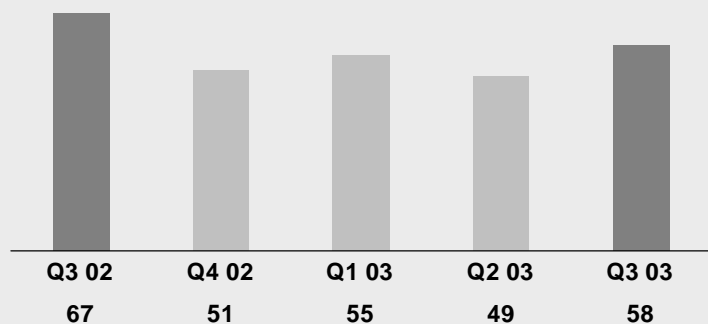
Third Quarter 2003

SEK M	2002	2003	
Net Sales	41,524	40,511	<i>Currency impact, SEK bn 2.2</i>
Gross income	7,434	7,983	
	17.9%	19.7%	
R&D expenses	(1,335)	(1,683)	<i>Lower capitalization, 272</i>
Selling expenses	(3,612)	(3,960)	
Administrative expenses	(1,474)	(1,285)	
Other op. Income & expenses	(378)	185	<i>Forward contracts approx. +300</i>
Inc. from Financial Services	126	242	
Inc. from investments in associated companies	59	163	
Inc. from other investments	(3)	(28)	
Operating income	817	1,617	<i>Total currency impact approx. -300</i>
Financial Net	(233)	(319)	
Income after fin. Items	584	1,298	
Taxes	(158)	(327)	
Minority interest	(5)	(15)	
Net income	421	956	
EPS, SEK	1.00	2.30	
Operating margin	2.0%	4.0%	
Operating cash flow, excl. acq. & divest.	(800)	(700)	

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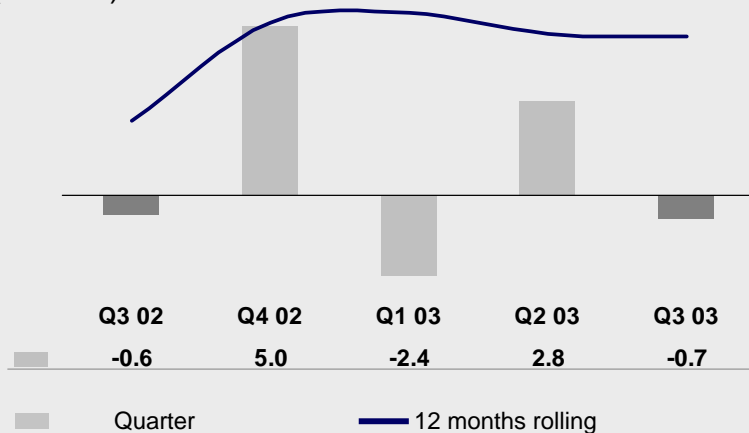
Development of cash conversion cycle

(Days)



Cash flow development

(SEK bn)



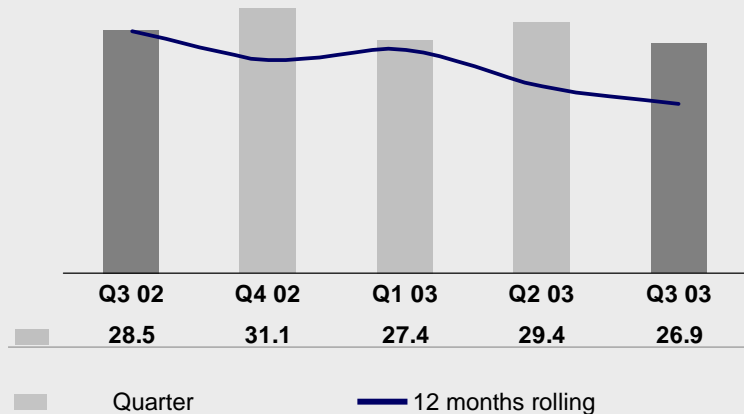
* Cash-flow after net investments excluding: investments in shares, acquired & divested operations and Financial Services

Trucks

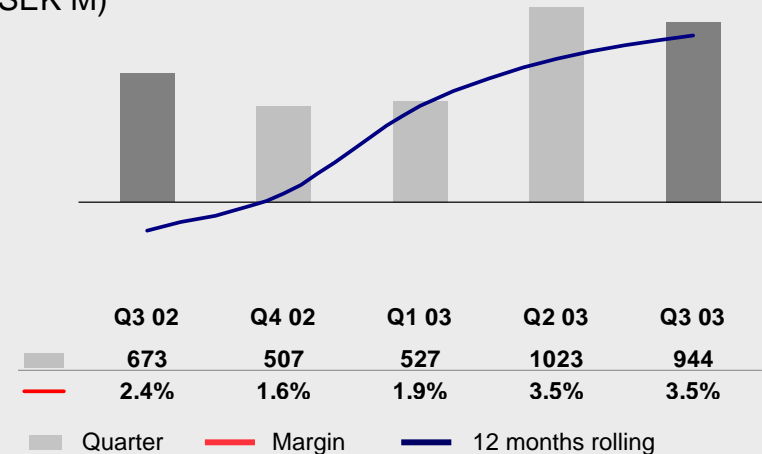
Third Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Strong earnings improvement
 - Improved result in North America, Mack and Volvo
 - Productivity and cost efficiency
 - Gross margin improvement
- Product renewal
- Improved dealer satisfaction in North America

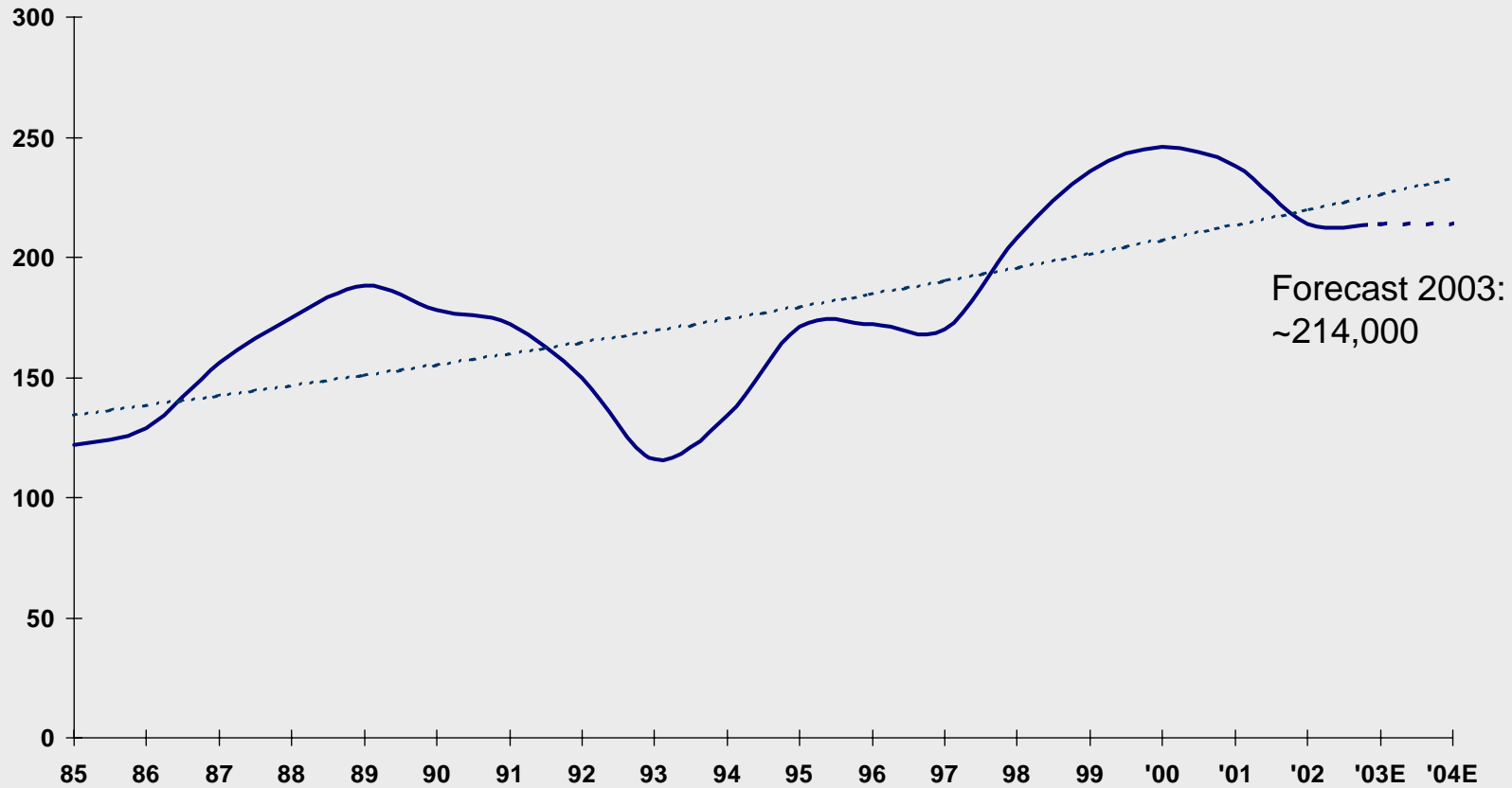
In Focus

- Optimize distribution network
 - Europe / Bilia
 - North America / Mack & Volvo
- Adapt to changes in demand
- Cash Flow

Heavy Duty Truck Market Western Europe



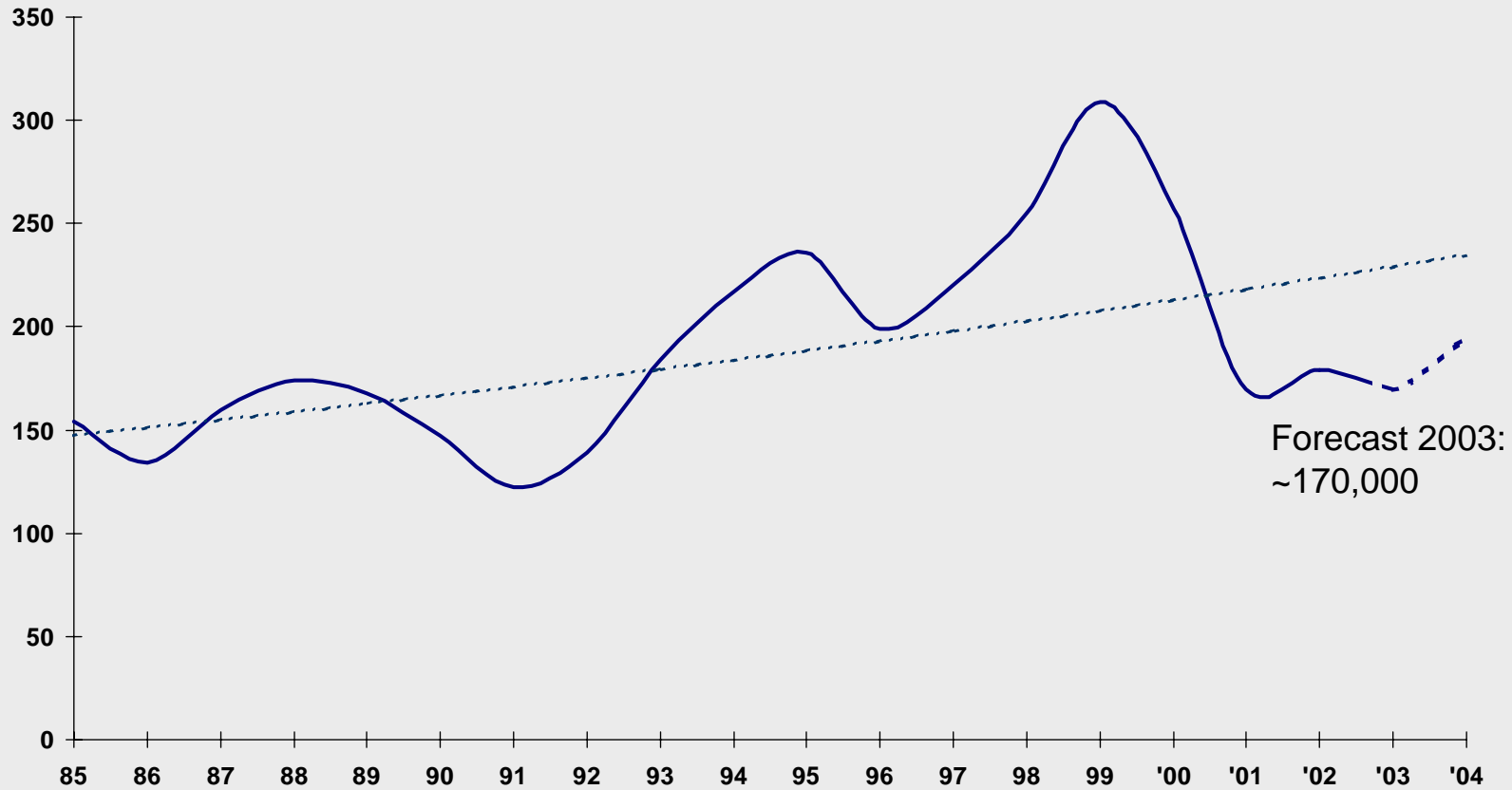
Units, Thousands (heavy trucks)



Heavy Duty Truck Market North America



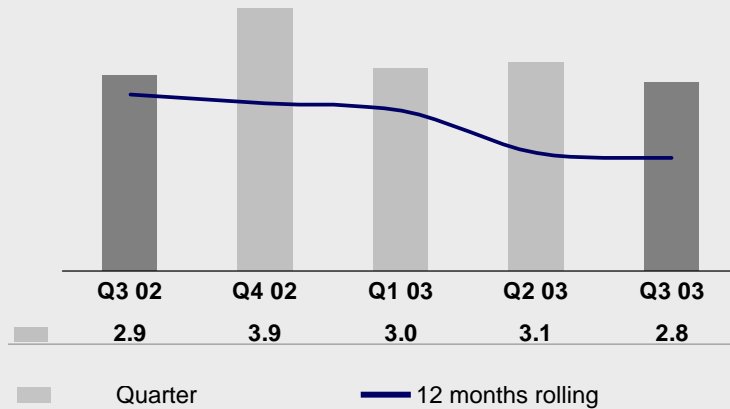
Units, Thousands (heavy trucks)



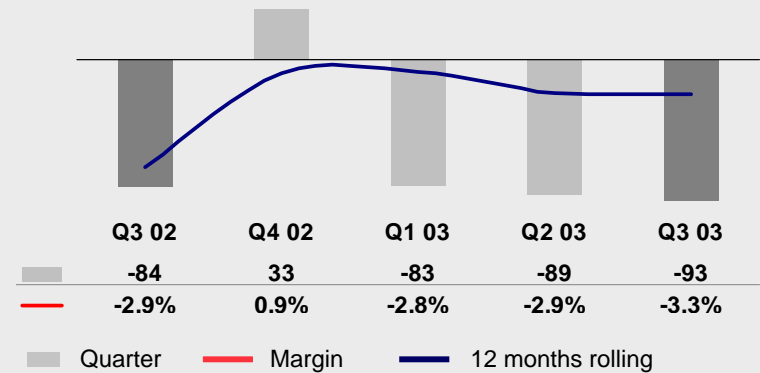
Volvo Buses Third Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Continued low coach market
- Strong price competition in Europe
- Capacity adjustments in European plants
- Renault Trucks to sell Volvo buses in France

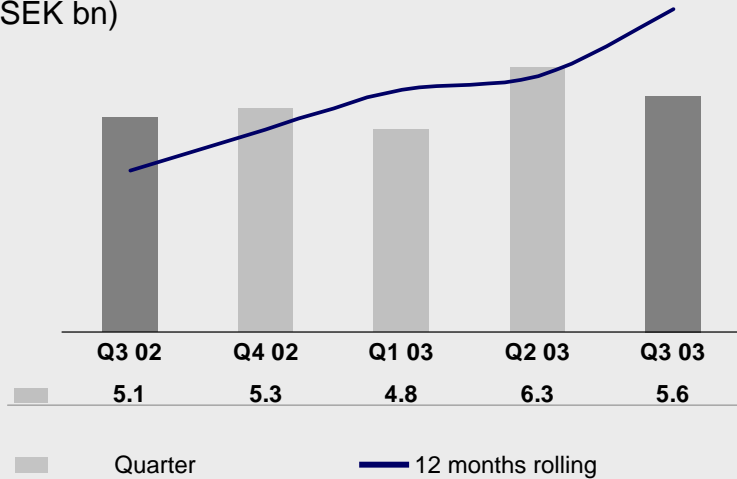
In Focus

- Cash flow and profitability
- Key customers
- Introduction of TX platform globally

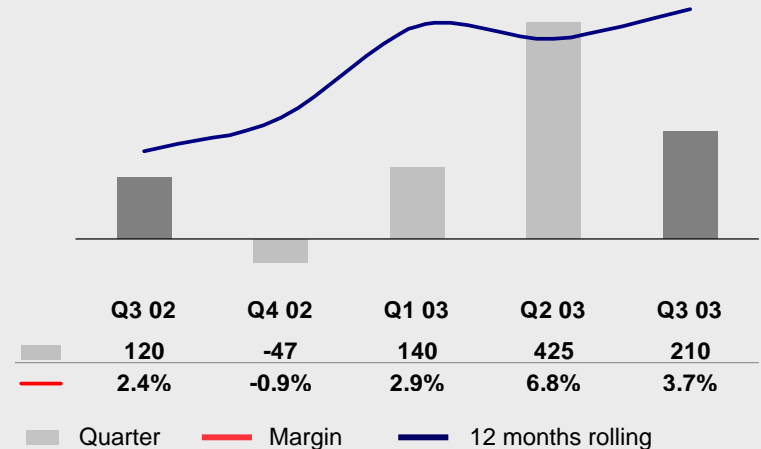
Volvo Construction Equipment Third Quarter



Net sales
(SEK bn)



Operating income
(SEK M)



Highlights

- Heavy Construction Equipment market
 - North America up 12%
 - Europe down 6%
- Strong organic growth
- Significant operating income improvement

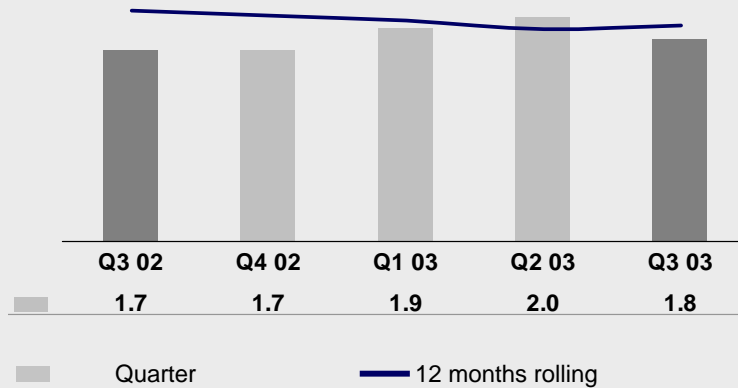
In Focus

- Dealer development: LB Smith & Bilia
- Manage negative currency development
- Drive cash flow and operating income through more than 40 new products

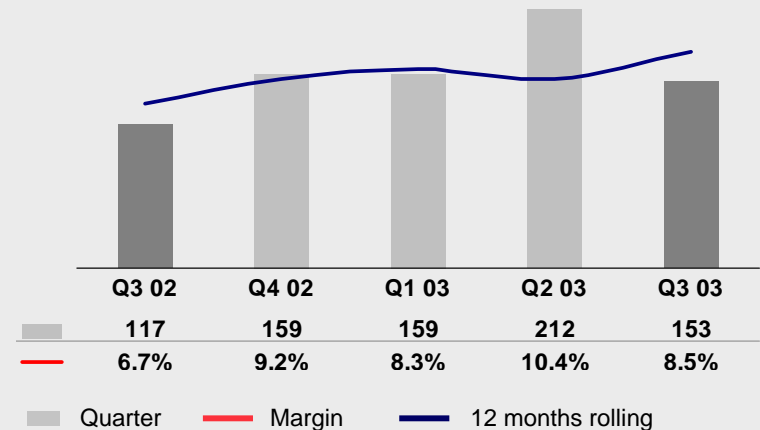
Volvo Penta Third Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Extensive product launches
- Continued strong sales development
- Improved operating income (+30%)

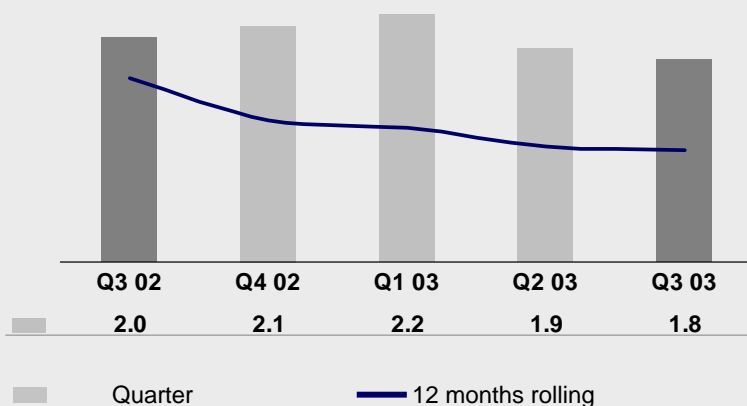
In Focus

- Customer support for new products
- Growth of the Industrial and Marine Commercial segments
- Cost control and cash flow

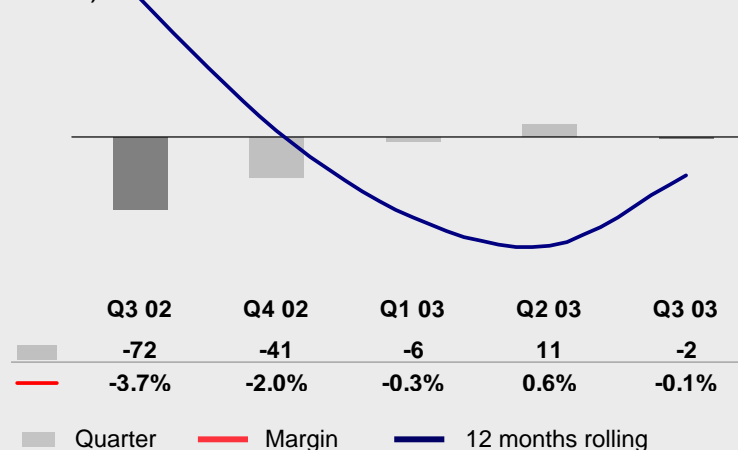
Volvo Aero Third Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- World air traffic still declining, but some signs of recovery
- Still stretched for airlines, but reduced losses
- Still no improvement on the after market
- Component deliveries down by 20% in 2003, continued decrease expected in 2004 and 2005

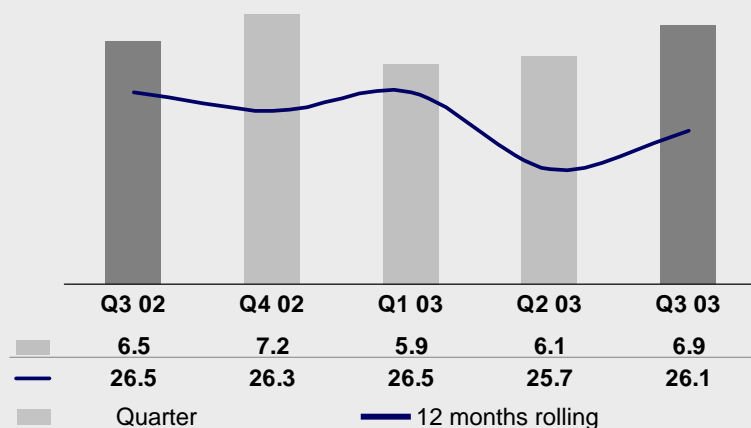
In Focus

- Continued adaptation to a weak market
- Increased sales activities
- Space program to continue
- Cash flow

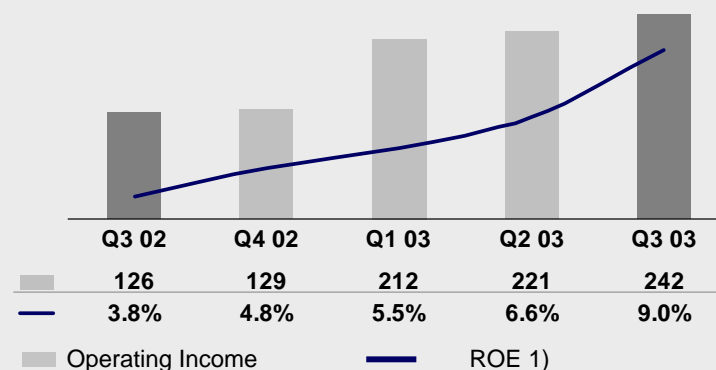
Volvo Financial Services Third Quarter



New retail financing (SEK bn)



Operating income and Return on equity (SEK M)



Highlights

- US market improving
- Europe strong and stable
- Improving retail penetration

In Focus

- Further Mack and Renault Trucks business development
- Price management
- Emerging markets

1) Calculated as a 12 month rolling average

Volvo Group

Summary

- Business environment improving slightly
- Capitalize on product renewal
- Earnings improvement across the Group

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