

VOLVO

Fourth Quarter 2003
Conference Call, February 3, 2004

Highlights

Fourth Quarter and Full Year

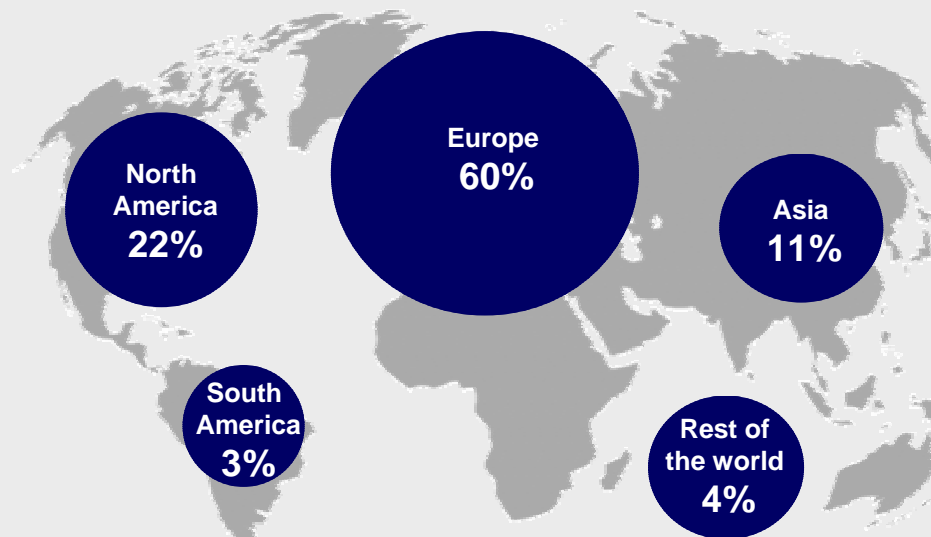
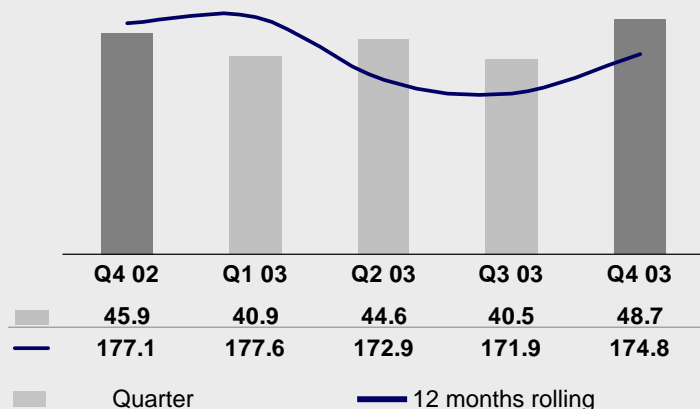
- Business environment improving
- Strong organic growth in Q4, driven by a new product portfolio
- Strategic alliance on axles
 - MoU with Arwin Meritor
- Significantly EPS improvement in 2003: SEK 10.30 (SEK 3.30)
- Strong cash flow
- Proposed dividend per share: SEK 8.00 (SEK 8.00)

In Focus Going Forward

- Develop the industrial and commercial structure in China
- Continue efforts to strengthen distribution channels
- Cash flow

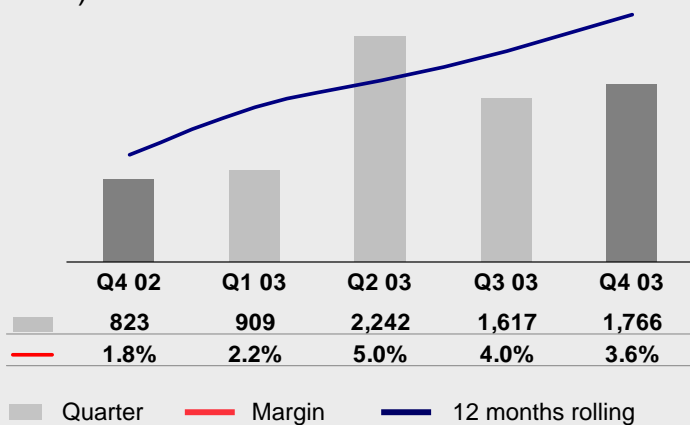
Net sales

(SEK bn)



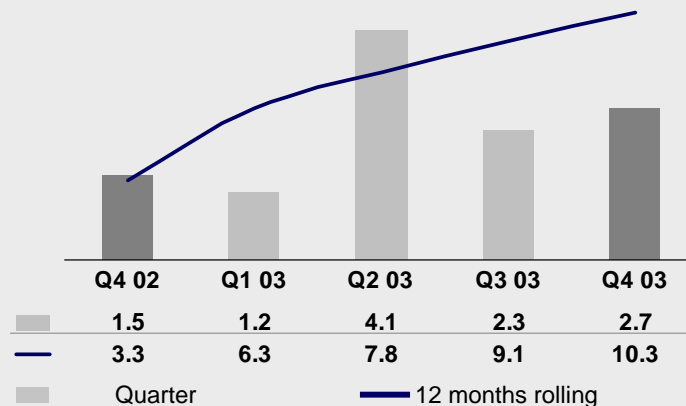
Operating income

(SEK M)



Earnings per share

(SEK)



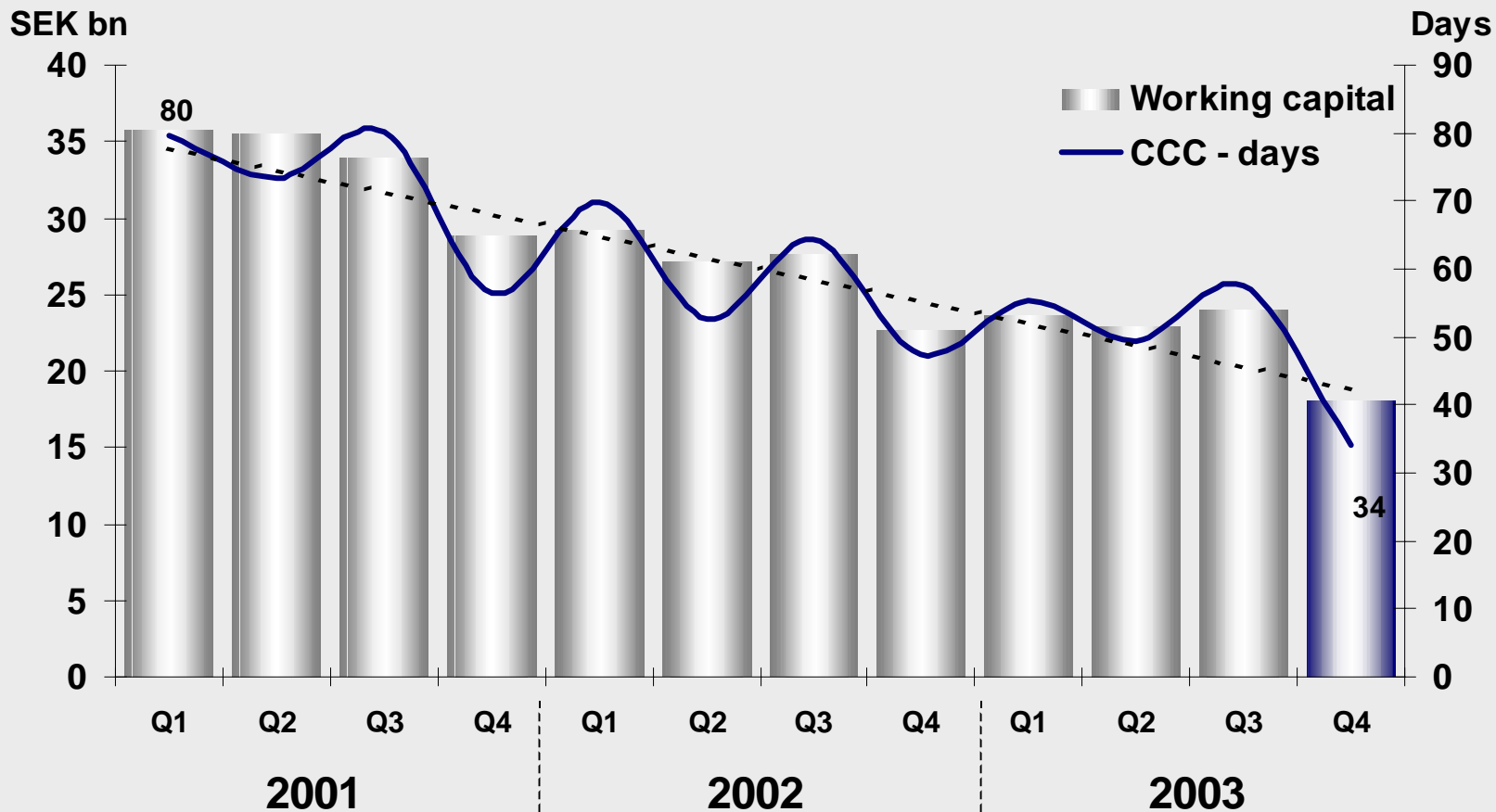
Consolidated Results

Fourth Quarter 2003

SEK M	2003	2002	
Net Sales	48,733	45,877	<i>Currency impact, SEK bn -2.6</i>
Gross income	9,317	8,279	
	19.1%	18.0%	
R&D expenses	(1,713)	(1,656)	<i>Lower capitalization -139</i>
Selling expenses	(4,545)	(4,197)	
Administrative expenses	(1,388)	(1,258)	
Other op. Income & expenses	(142)	(559)	<i>Forward contracts approx. +400</i>
Inc. from Financial Services	251	129	
Inc. from investments in associated companies	(2)	98	
Inc. from other investments	(12)	(13)	
Operating income	1,766	823	<i>Total currency impact approx. -400</i>
Financial Net	(177)	(86)	
Income after fin. Items	1,589	737	
Taxes	(442)	(102)	
Minority interest	(3)	3	
Net income	1,144	638	
EPS, SEK	2.70	1.50	
Operating margin	3.6%	1.8%	
Operating cash flow, excl. acq. & divest.	7,900	5,000	

Volvo Group

Development of cash conversion cycle

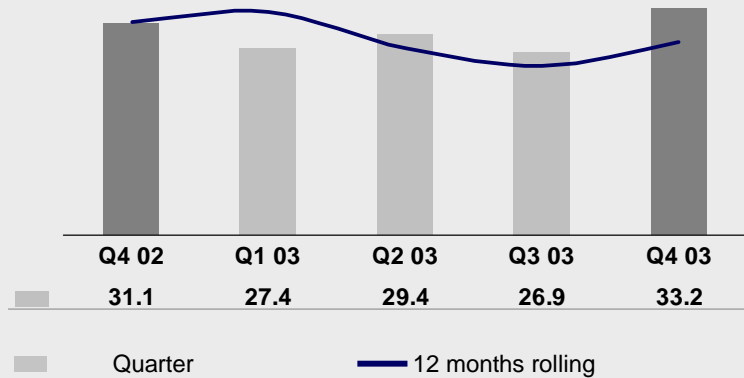


Trucks

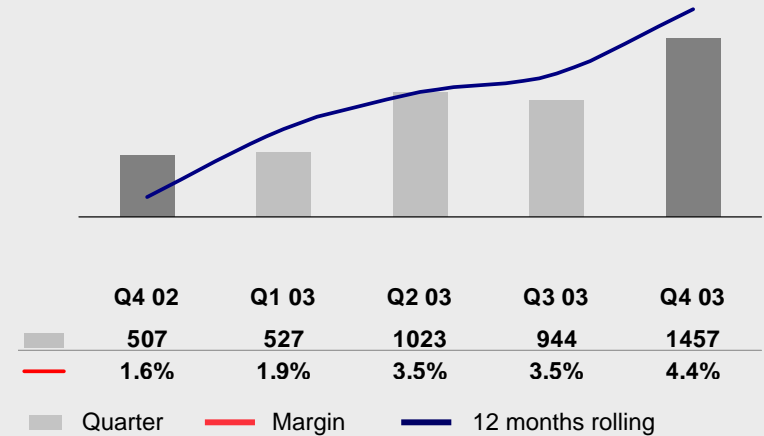
Fourth Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

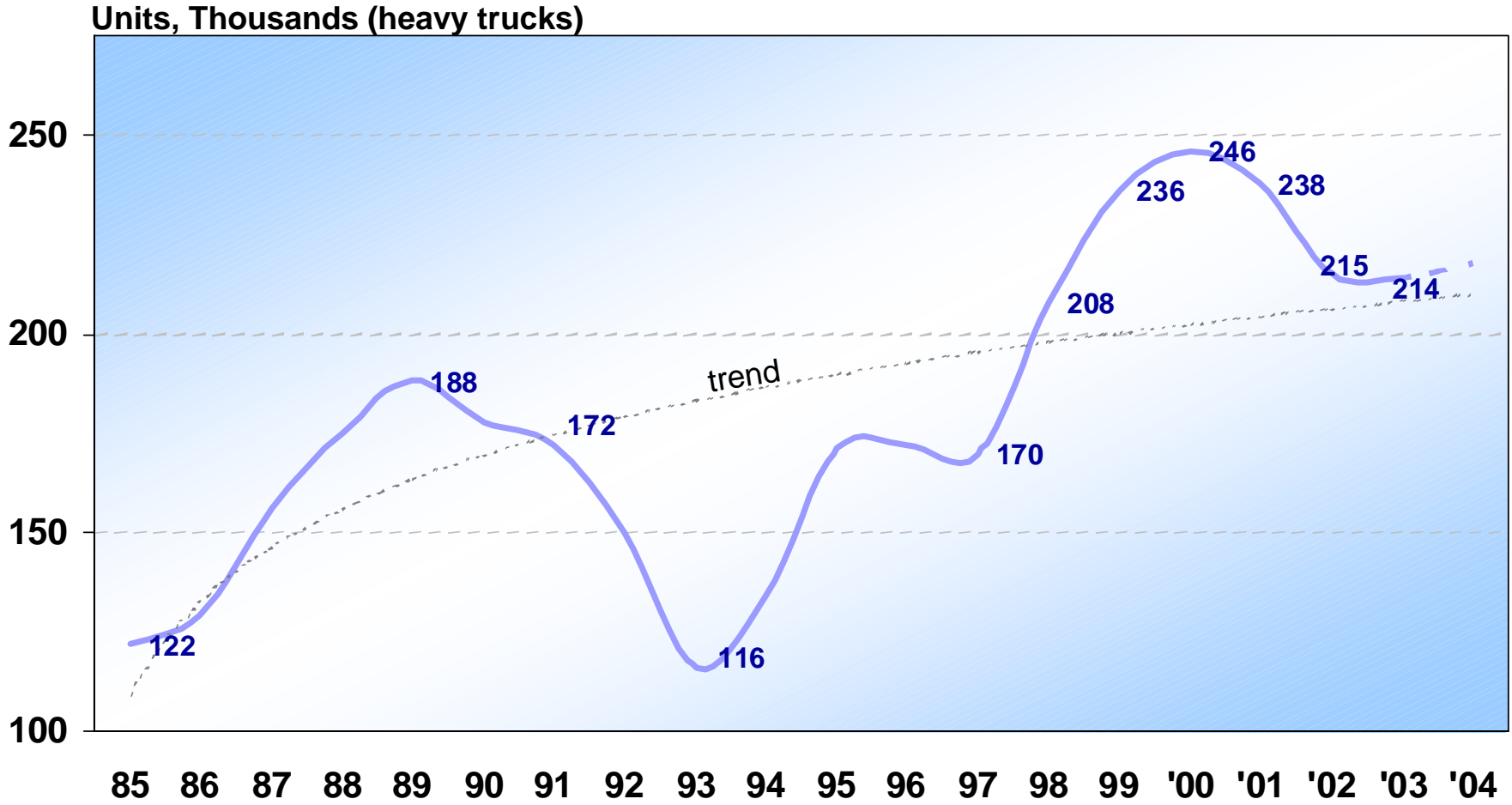
- Europe:
 - Volvo Trucks continued good performance
 - Renault Trucks continued improvement
- North America:
 - Good improvement in Volvo Trucks and Mack
- Renault Trucks agreement with Dong Feng

In Focus

- China expansion
- Develop distribution networks
- Cash Flow

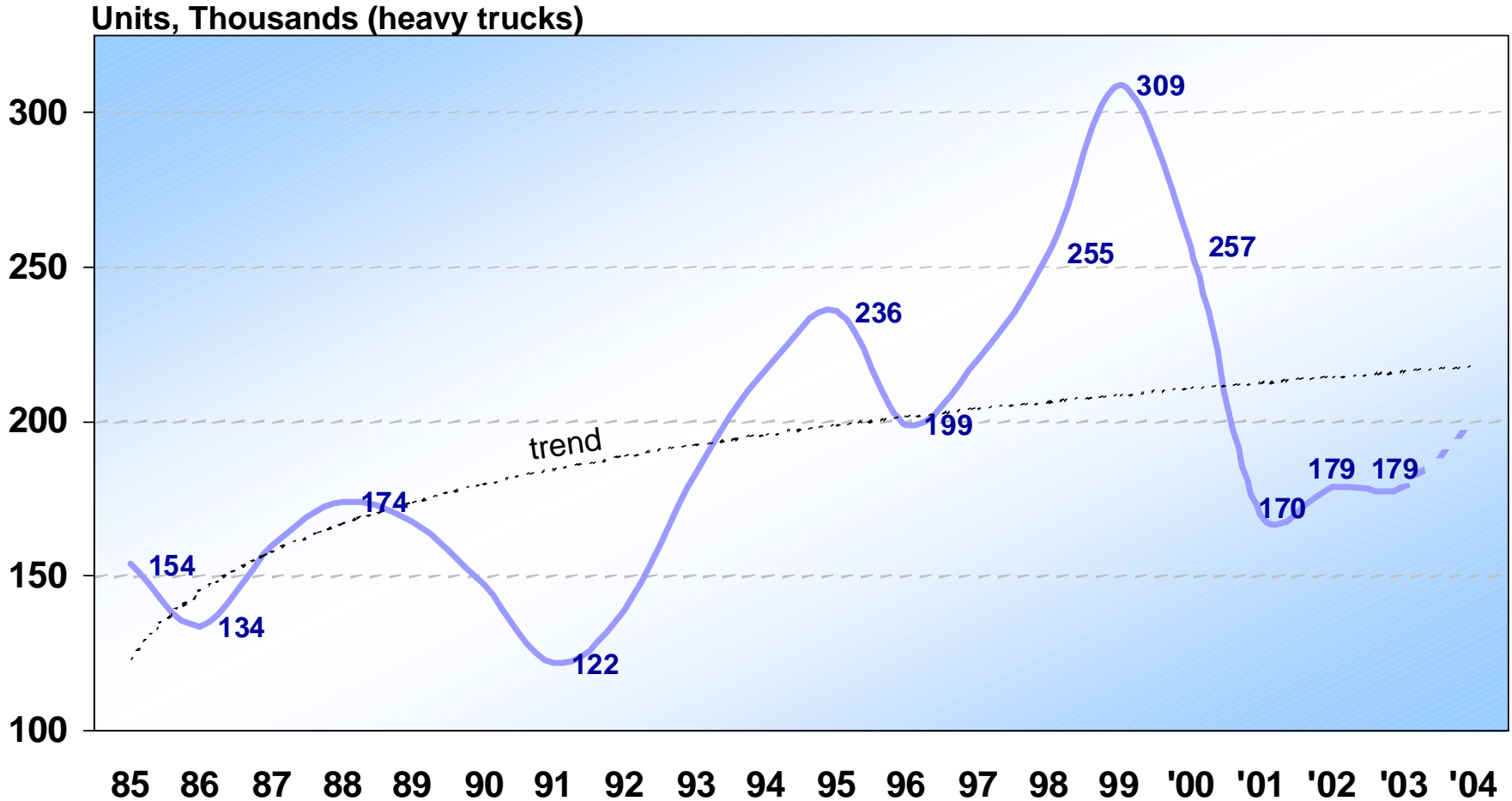
European Market

Stable development at high level



North American Market

Signs of improvement

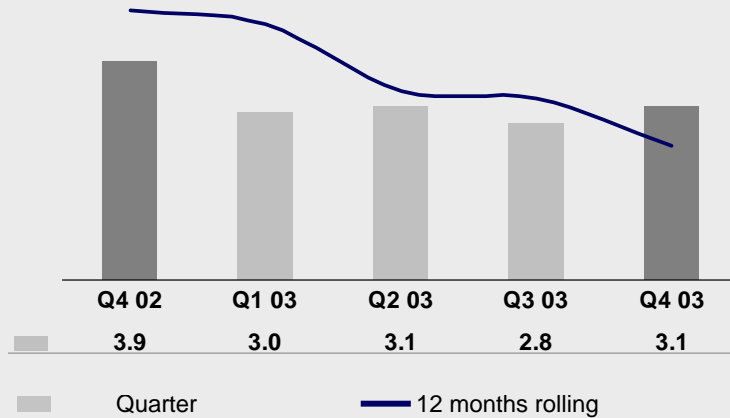


Volvo Buses

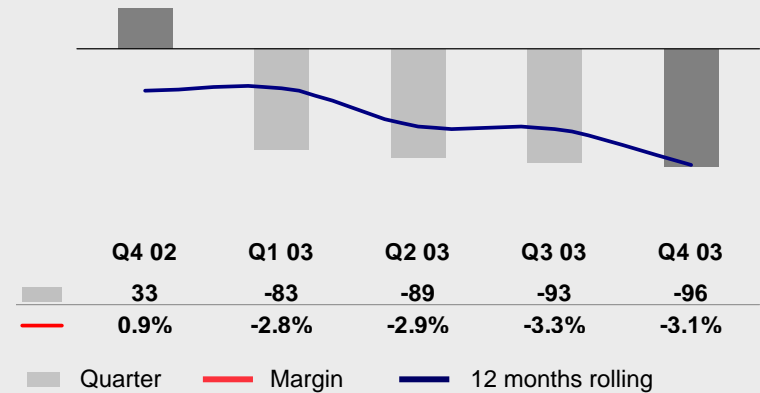
Fourth Quarter



Net sales
(SEK bn)



Operating income
(SEK M)



Highlights

- Continued low sales
- Strong price competition
- Closure of Aabenraa body plant in Denmark
- Slightly improved order intake
- Positive cash flow

In Focus

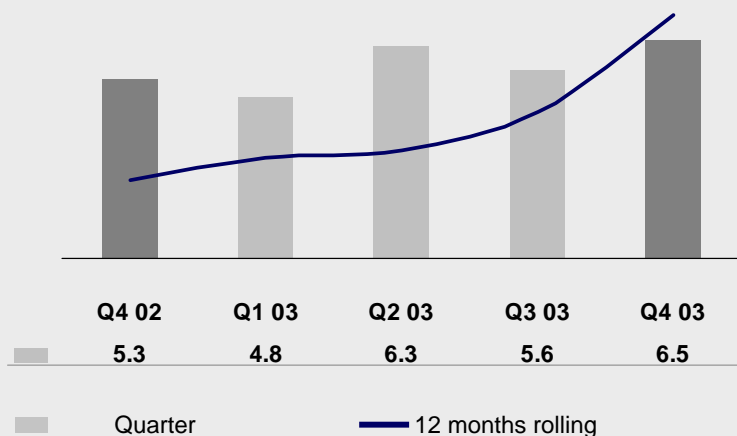
- Key customers
- Profitability and cash flow
- New structure in Europe
- Break-even management
- Product commonality

Volvo Construction Equipment Fourth Quarter



Net sales

(SEK bn)



Operating income

(SEK M)



Highlights

- Heavy Construction Equipment market
 - North America up 28%
 - Europe down 3%
- Continued organic sales growth (+23%)
- Op. income improvement, despite major USD impact
- FY 2003 volumes at all-time-high: 24,400 units (+23%)

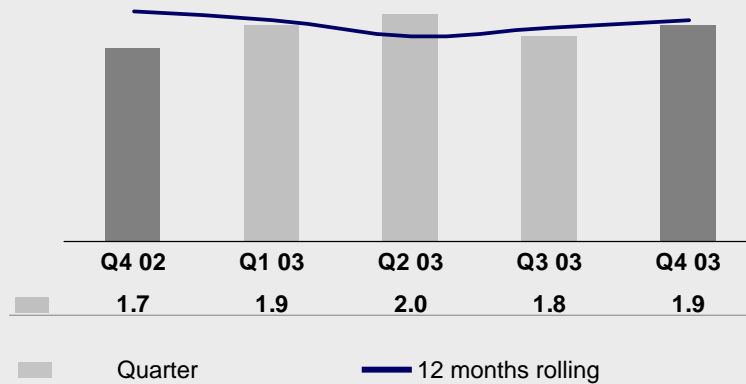
In Focus

- Continued sales channel development: North America, Europe and Rental
- Implementation of Tier-3 engines for US'05
- Continued expansion in China
 - 6 new dealers
 - Production ramped-up

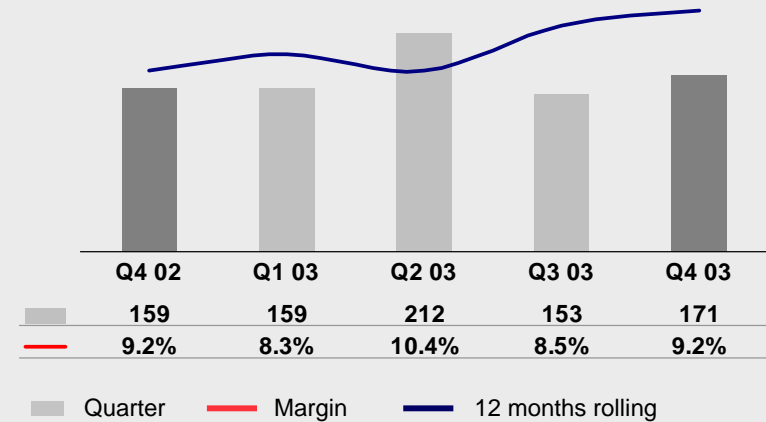
Volvo Penta Fourth Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- New products well received
- Continued strong sales development
- Improved operating income

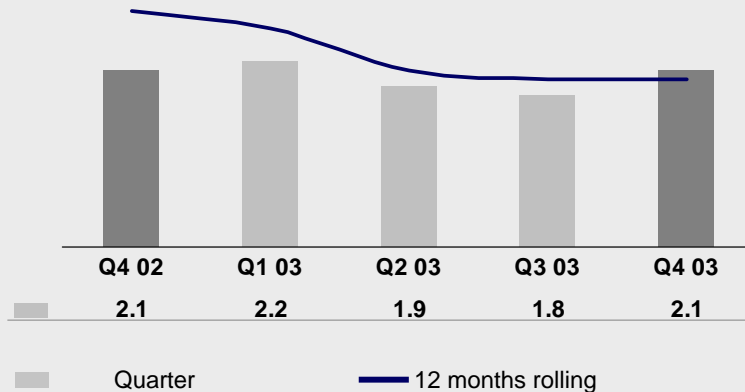
In Focus

- Customer support for new products
- Cost control
- Cash flow

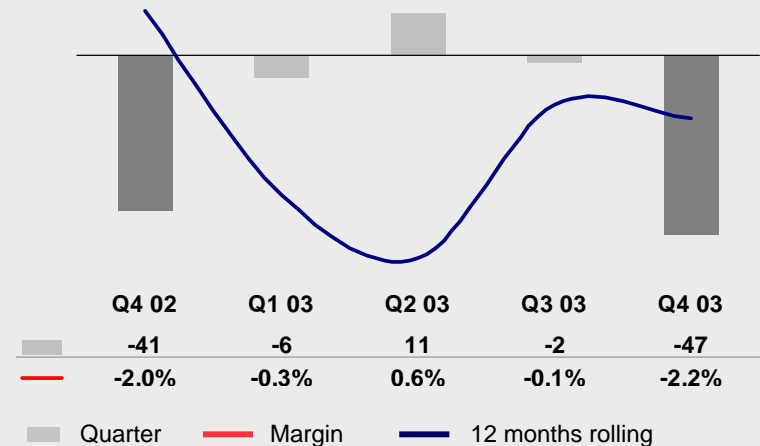
Volvo Aero Fourth Quarter



Net sales (SEK bn)



Operating income (SEK M)



Highlights

- Air traffic growing, from a low level
- Aerospace business downturn flatten out
- Strong performance for new engines and components
- Still very weak aftermarket
- Write-off of assets and contracts

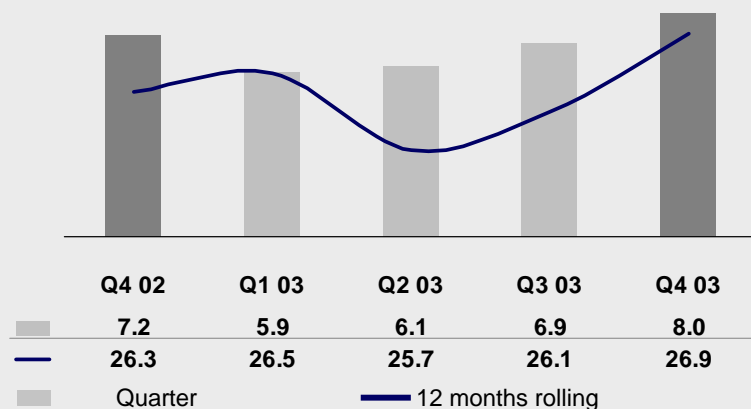
In Focus

- Continued adaptation to a changing market
- Cost control in upturn
- Decision on Swedish defense budget (Försvarsbeslut 2004)
- Cash flow

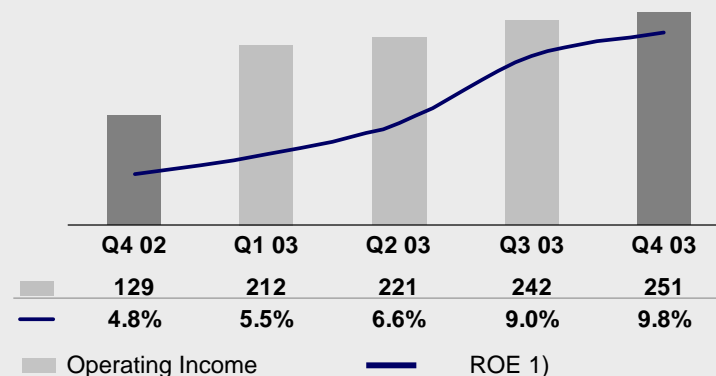
Volvo Financial Services Fourth Quarter



New retail financing (SEK bn)



Operating income and Return on equity (SEK M)



Highlights

- Higher Q4 volumes
- Continued profitable growth in Europe and International
- Good funding management

In Focus

- Syndication and asset servicing
- Price management in upturn
- Emerging markets

1) Calculated as a 12 month rolling average

Volvo Group

Summary

2003 – A year of improvement

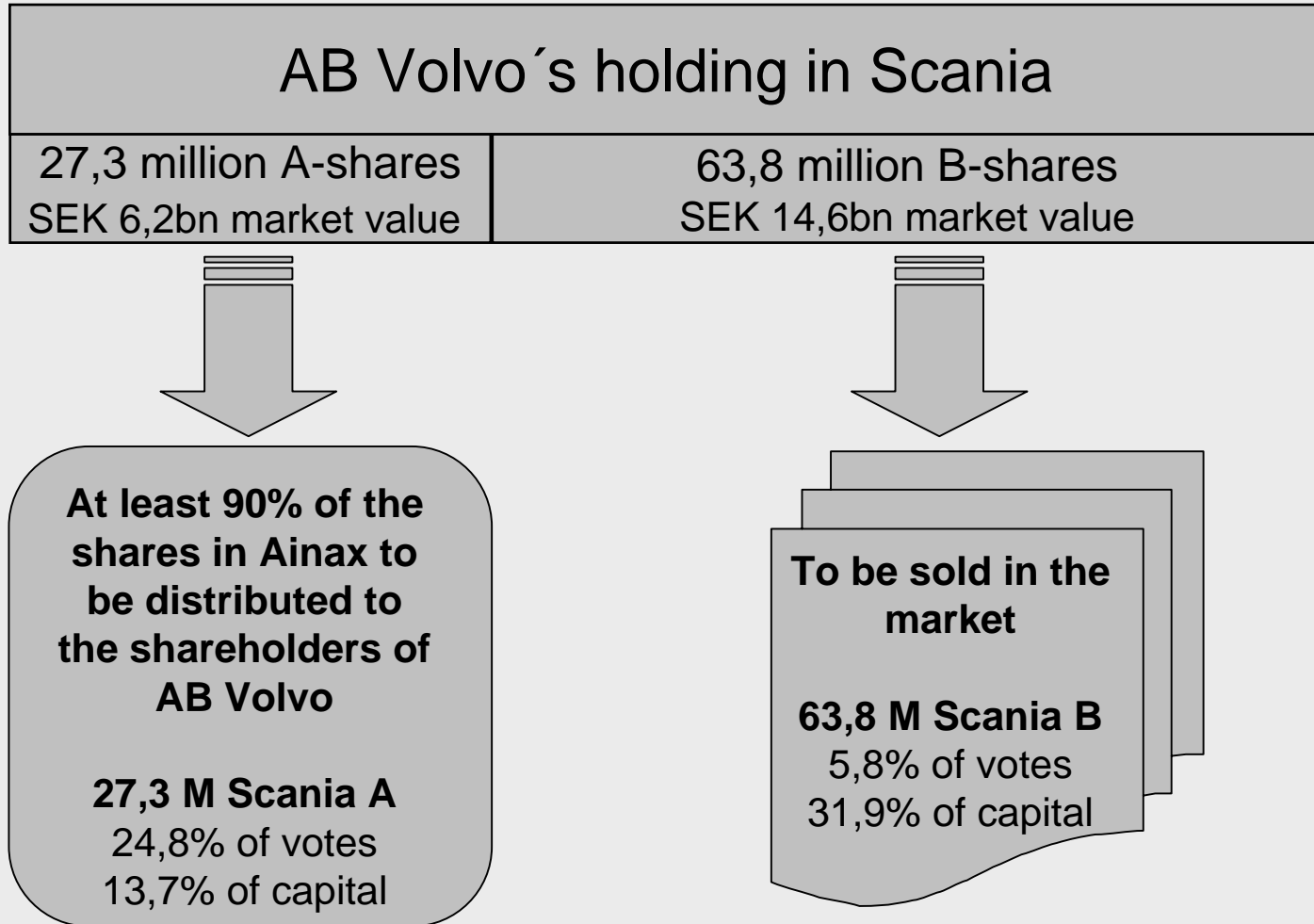
- Significantly improved profitability
- Benefit from a strong product portfolio
- Building stronger dealer network
- China expansion
- Strong cash flow

The Scania Holding

Volvo's intention

- Volvo is involved in discussions with potential buyers of the Scania shares
- Still awaiting the decision on the request for an extension of the deadline
- Alternatively Volvo will transfer the Scania A-shares to a separate newly formed company, Ainax. At least 90% of the shares in Ainax will be distributed to the shareholders of AB Volvo.
It is the intention that the Scania B-shares will be sold in the market
- About half of the total value from the Scania stake will be distributed to the shareholders over time

The Scania Holding



Ainax

Newly formed company

- The assets of Ainax consist of Scania A-shares and cash. Ainax has no debt
- Tuve Johannesson, chairman, and Shemaya Lévy board member. Other board member(s) to be decided.
- The board of directors are authorised to decide on the sale of the Scania shares
- No lock-in or redemption mechanisms
- Low cost focus and very lean administration

Ainax

Financial data

- Ainax plan to issue 27,3 m shares corresponding to the number of Scania A-shares held
- High transparency through 1:1 ratio
- Shareholders of Volvo will receive 1 Ainax share per 16 Volvo shares if all shares are distributed
- One class of shares in Ainax
- Intention to list Ainax on the O-list of the Stockholm Stock Exchange
- Market making in Ainax will be organized until listed

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