

**VOLVO**

First Quarter 2004  
Conference Call, April 23, 2004

# Highlights

## First Quarter

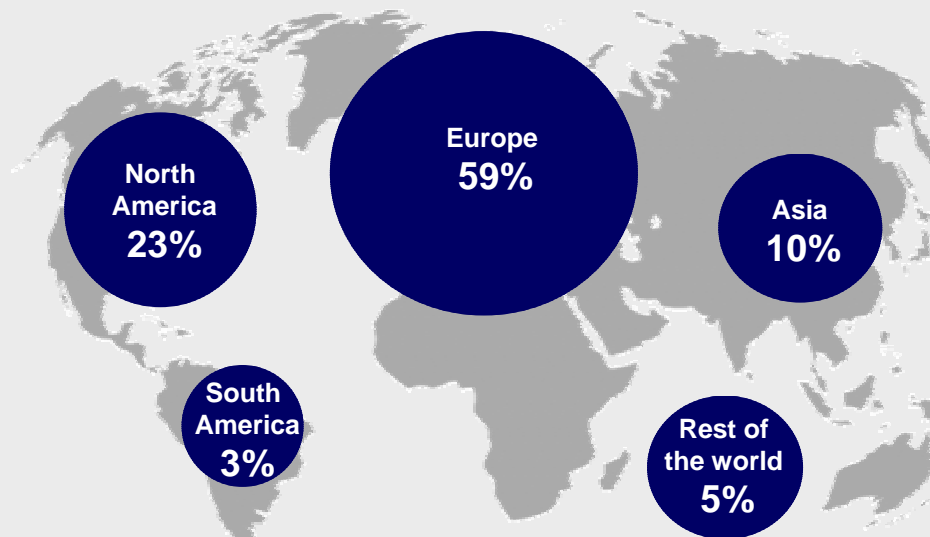
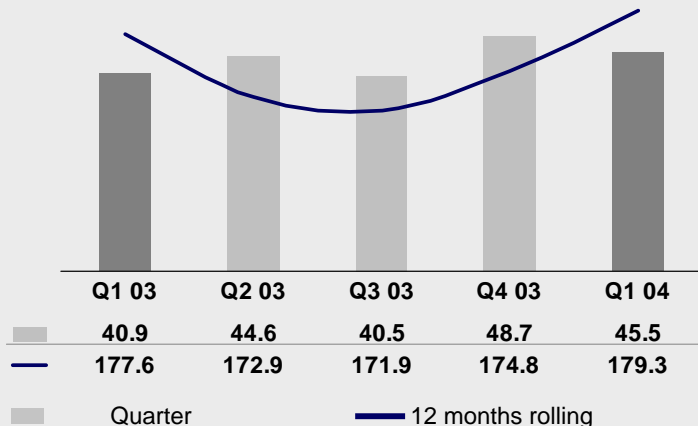
- Business environment improving globally:
  - Strong recovery in North America
  - Increasing demand in Western Europe
  - Strong development in growth markets
- Continued top-line growth
- Expansion in China
  - Engine production
- Operating income more than doubled
- The Scania issue resolved
- Approx. SEK 14.0 bln transfer to shareholders
  - Cash dividend: 8.00 SEK/share
  - Ainax distribution: ~15.00 SEK/share
  - Share repurchase: ~10.30 SEK/share

## In Focus Going Forward

- Develop the industrial and commercial structure in China
- Buses
- Up-turn management
- Cash flow

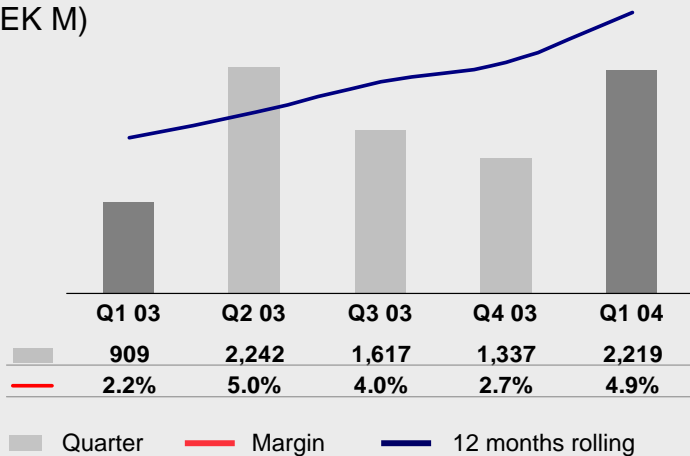
### Net sales

(SEK bn)



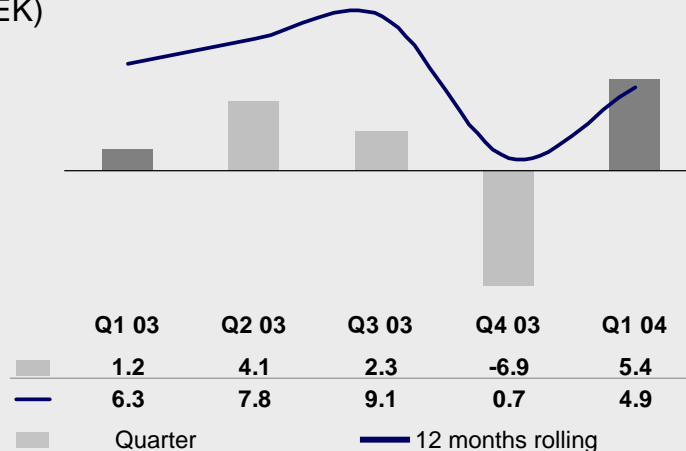
### Operating income\*

(SEK M)



### Earnings per share

(SEK)



\* Excluding revaluation of shares in Scania AB

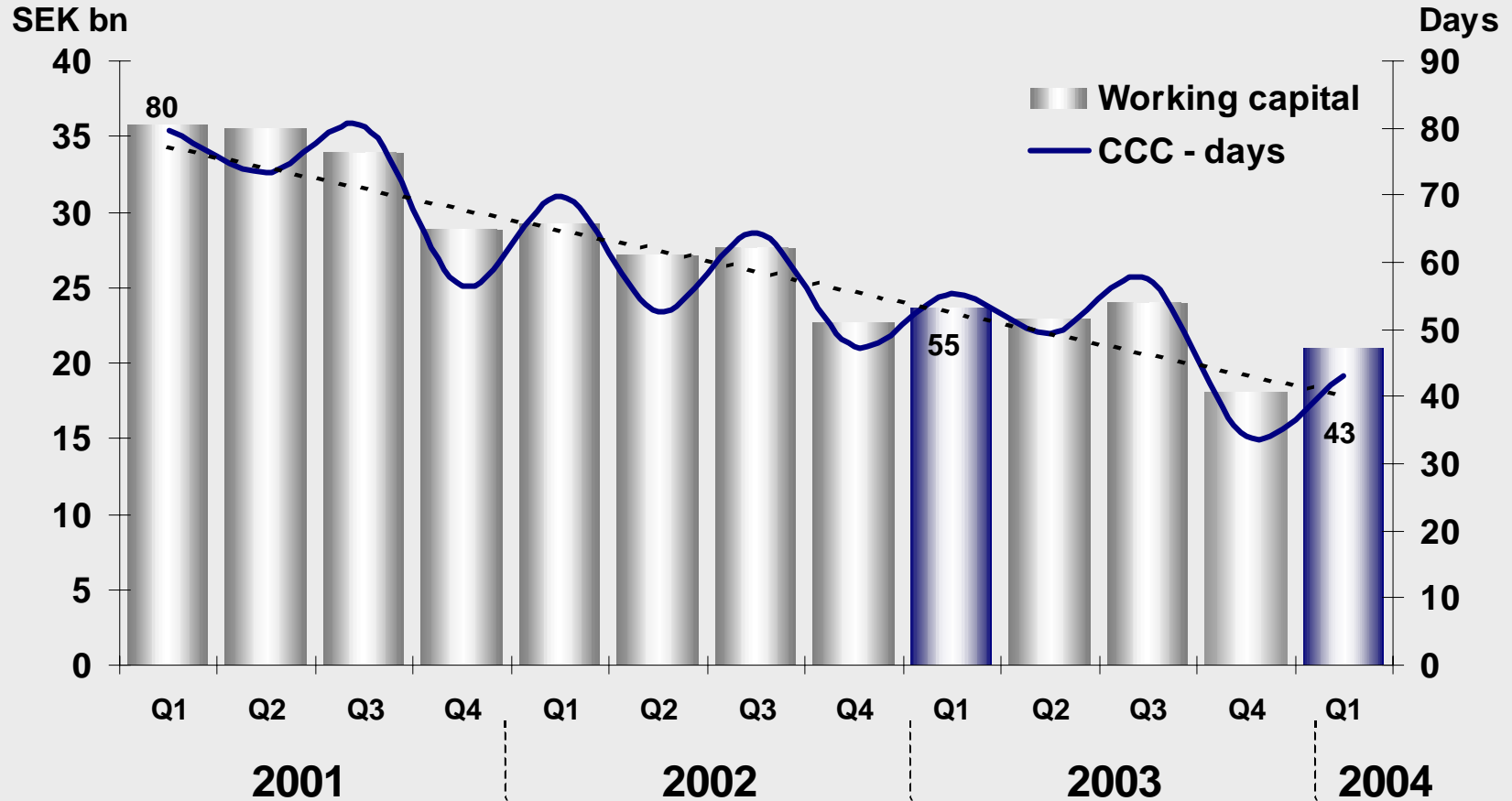
# Consolidated Results

## First Quarter 2004

SEK M	2004	2003	
<b>Net Sales</b>	<b>45,489</b>	<b>40,931</b>	<i>Adjusted for currency +16%</i>
<b>Gross income</b>	<b>9,447</b>	<b>7,617</b>	
	<b>20.8%</b>	<b>18.6%</b>	
<b>R&amp;D expenses</b>	<b>(1,779)</b>	<b>(1,769)</b>	
Selling expenses	(4,248)	(3,597)	
Administrative expenses	(1,318)	(1,304)	
<b>Other op. Income &amp; expenses</b>	<b>(154)</b>	<b>(258)</b>	
Inc. from Financial Services	281	212	
Inc. from investments in associated companies	(6)	2	
Inc. from other investments	693	6	
<b>Operating income</b>	<b>2,916</b>	<b>909</b>	<i>Total currency impact approx. -400</i>
Financial Net	(40)	(152)	
<b>Income after fin. Items</b>	<b>2,876</b>	<b>757</b>	
Taxes	(612)	(244)	
Minority interest	(16)	(7)	
<b>Net income</b>	<b>2,248</b>	<b>506</b>	
EPS, SEK	5.40	1.20	
Operating margin	6.4%	2.2%	
Operating cash flow, excl. acq. & divest.	(200)	(2,400)	

# Volvo Group

## Development of cash conversion cycle

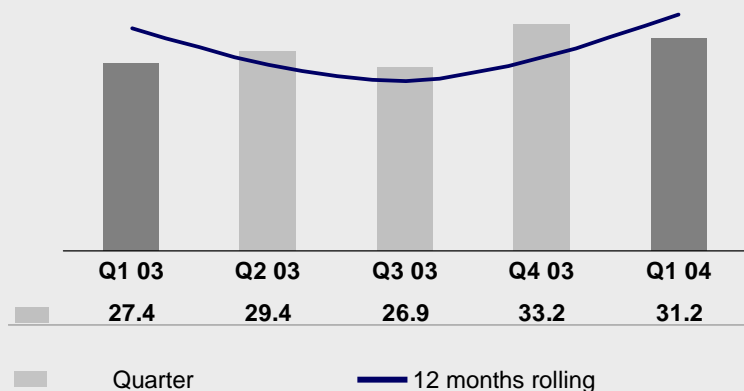


# Trucks

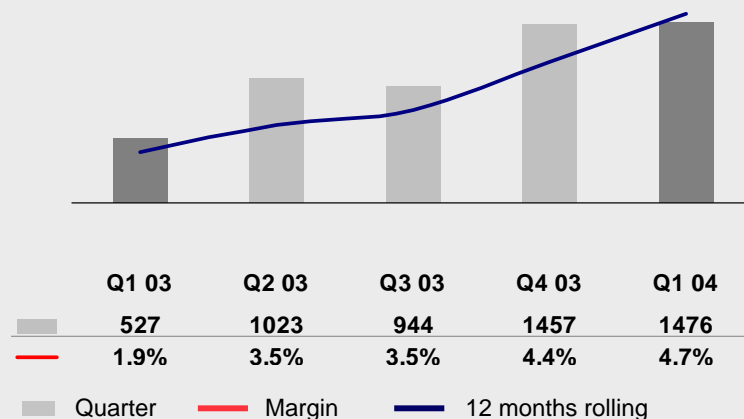
## First Quarter



### Net sales (SEK bn)



### Operating income (SEK M)



### Highlights

- Strong order intake
  - Strong recovery in N. America
  - Increase in W.Europe
  - Further improvement in Growth Markets
  
- Expansion in China

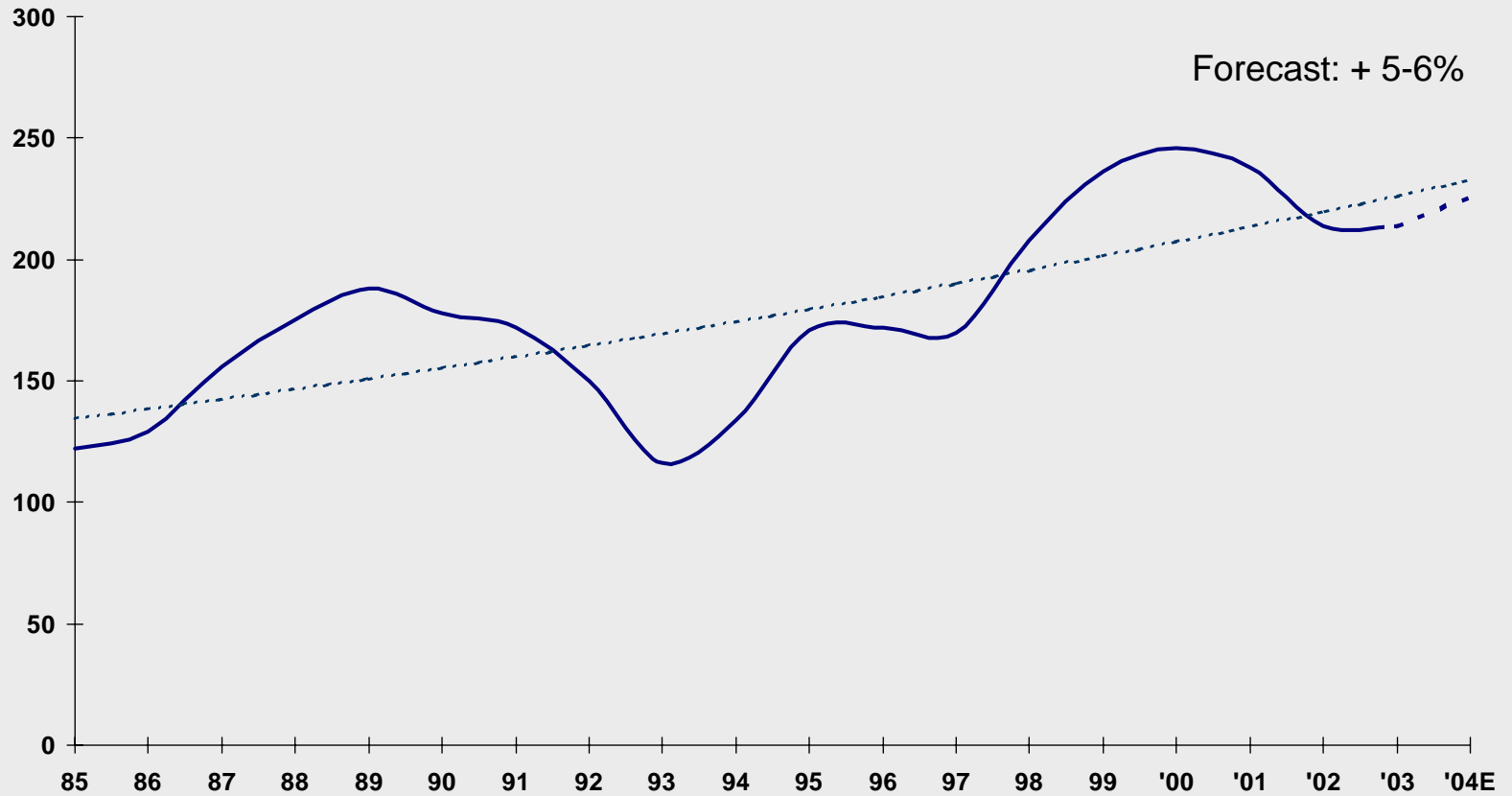
### In Focus

- Up-turn management
- Develop distribution network
- Cash Flow

# Heavy Duty Truck Market Western Europe



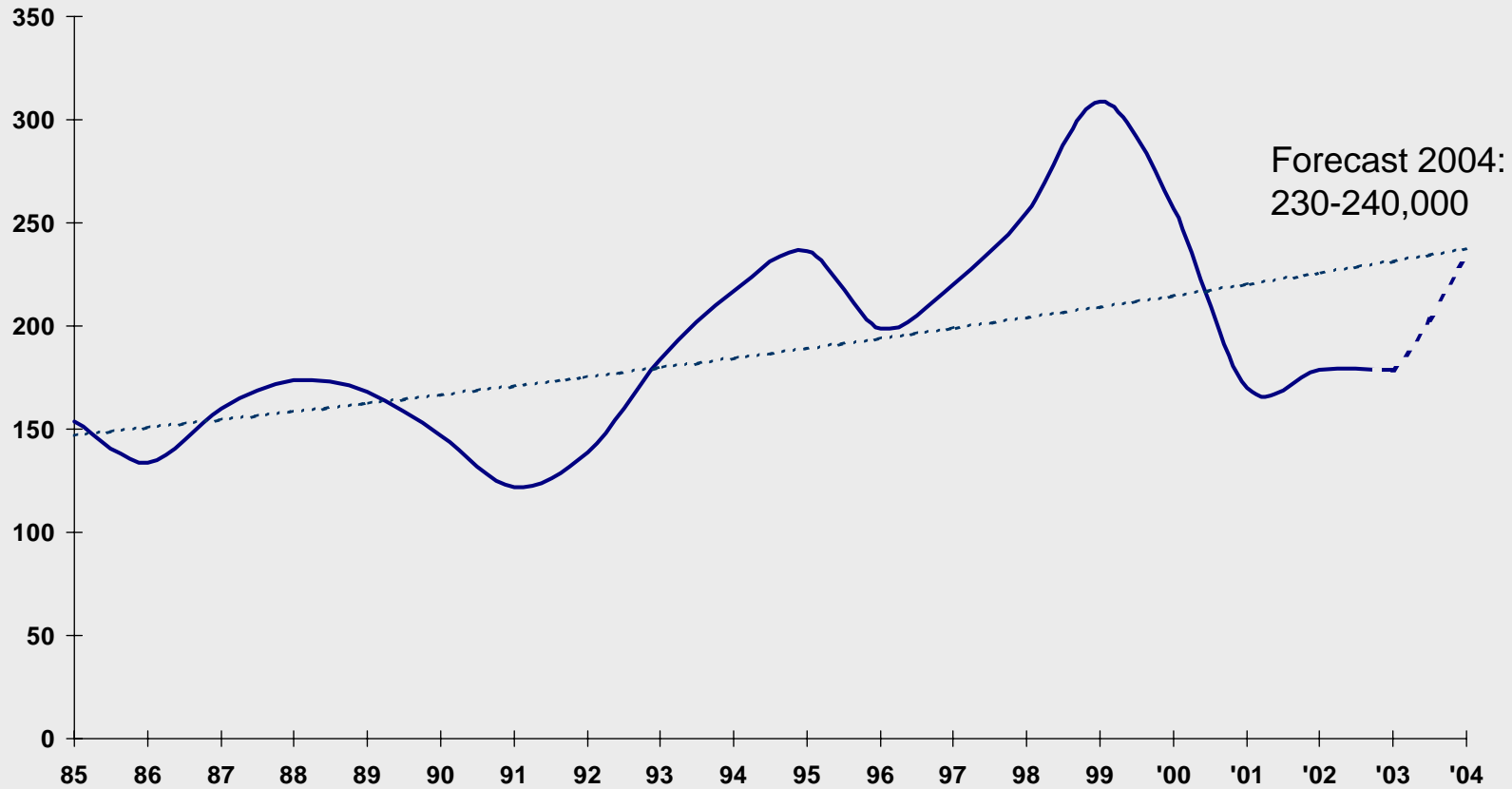
Units, Thousands (heavy trucks)



# Heavy Duty Truck Market North America



Units, Thousands (heavy trucks)



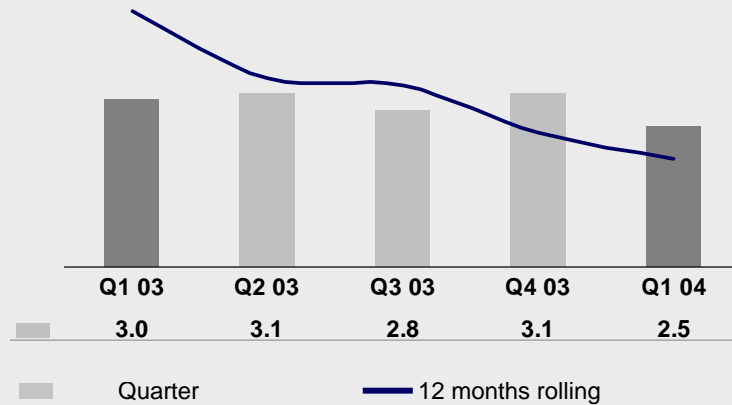


# Volvo Buses

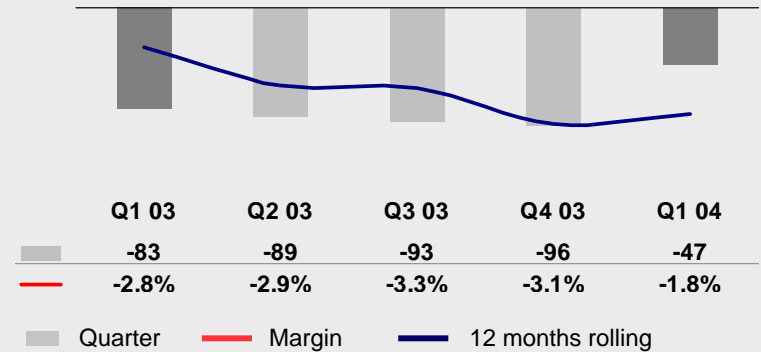
## First Quarter



**Net sales**  
(SEK bn)



**Operating income\***  
(SEK M)



### Highlights

- General low sales
- Improved break-even level
- Expansion into new coach segment in Mexico and China

### In Focus

- Profitability and cash flow
- European aftermarket structure
- China and Eastern Europe development

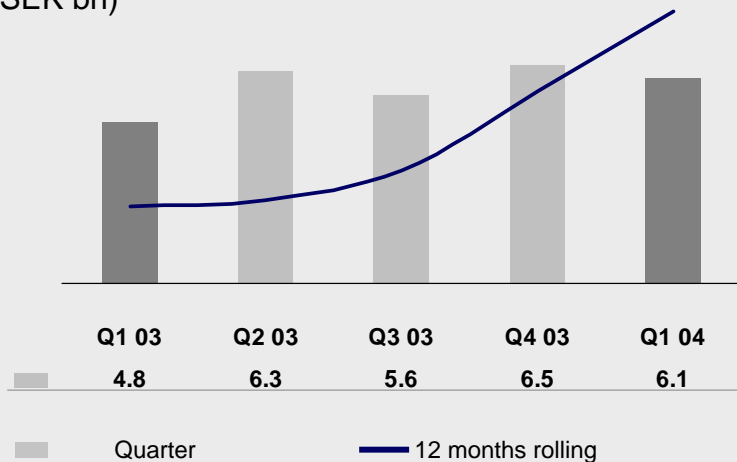
\* Excluding revaluation of shares in Henlys Group Plc.

# Volvo Construction Equipment First Quarter



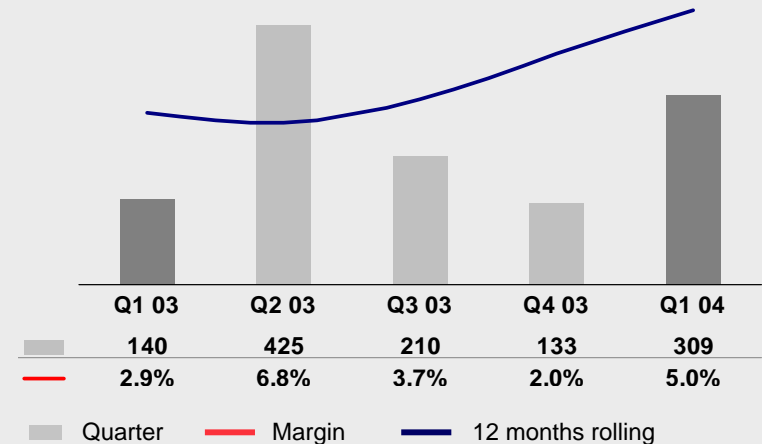
## Net sales

(SEK bn)



## Operating income

(SEK M)



## Highlights

- Heavy Construction Equipment market up 24%  
- NA +19%, Eur +4%, Int. +33%
- Strong sales growth, +28%
- More than doubled operating income

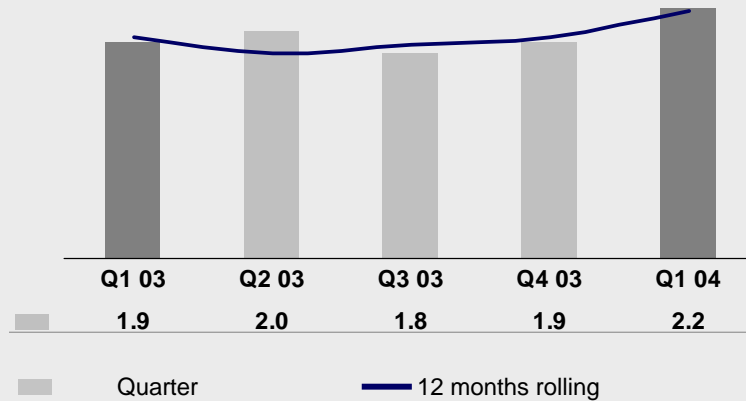
## In Focus

- Improve operating margin
- Tier-3 engine technology launched at Bauma
- Manage production capacity and material supply
- Price management 2-3% increase, 1 June, offsetting cost increases

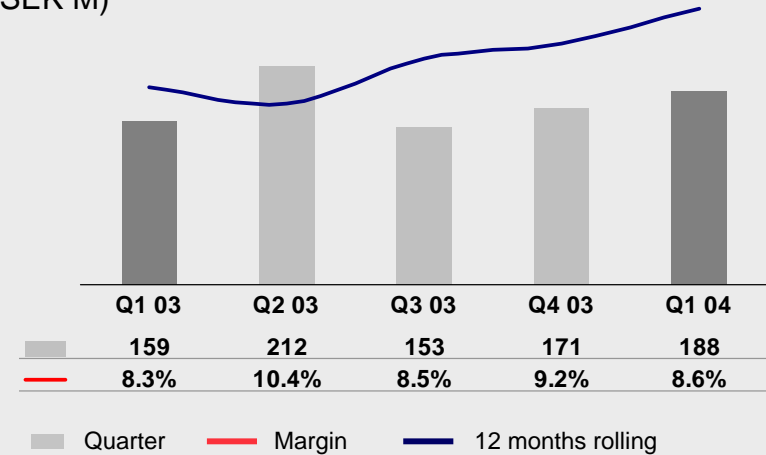
# Volvo Penta First Quarter



## Net sales (SEK bn)



## Operating income (SEK M)



## Highlights

- New products well received
- Dramatic increase in China
- Strengthened operating margin

## In Focus

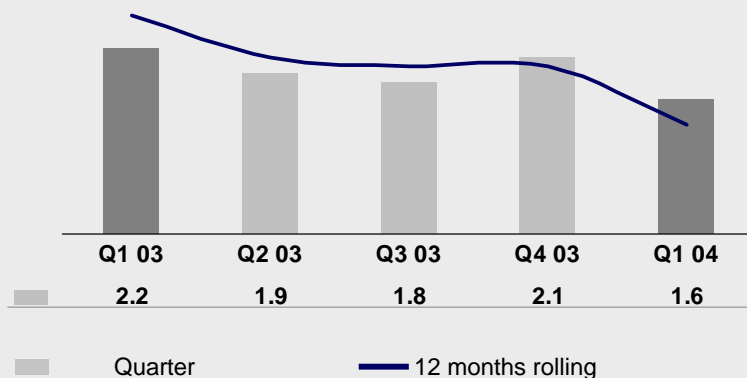
- Bottle neck management
- Market support for new products
- Cash flow

# Volvo Aero

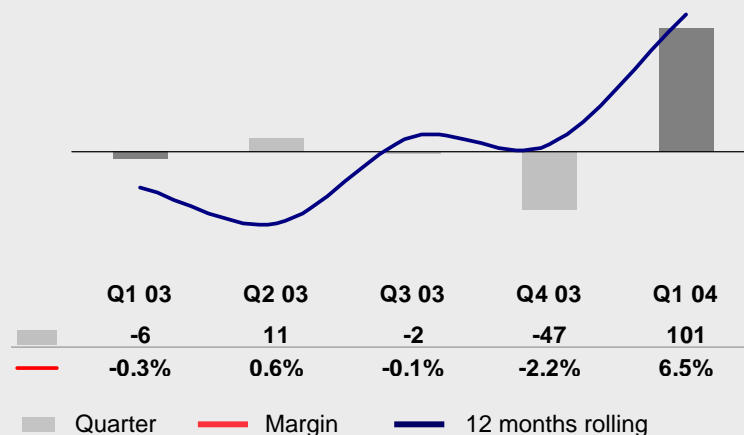
## First Quarter



### Net sales (SEK bn)



### Operating income (SEK M)



### Highlights

- Air traffic growth
- Higher volumes in component workshops
- Still very weak aftermarket
- Return to profit

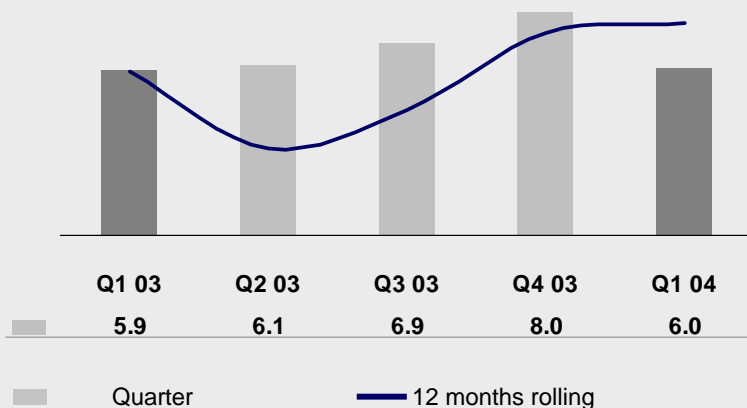
### In Focus

- Continued adaptation to a changing market
- Cost control
- Decision on Swedish defense budget
- Cash flow

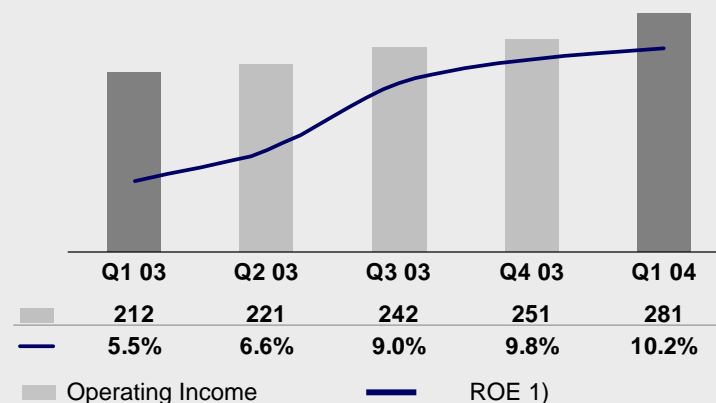
# Volvo Financial Services First Quarter



## New retail financing (SEK bn)



## Operating income and return on equity (SEK M)



### Highlights

- Increased income in all regions and all business segments
- Stable portfolio performance
- Confirmed rating by Moody's

### In Focus

- Customer satisfaction and retention
- China
- Mack and Renault Truck financing growth

1) Calculated as a 12 month rolling average

# Volvo Group

## Summary

- **Business environment improving globally**
- **Continued top-line growth**
- **Expansion in China**
- **Up-turn management**

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