

# VOLVO

Leif Johansson

President and CEO

# Volvo Group

Focus on Building Leading Positions



3P

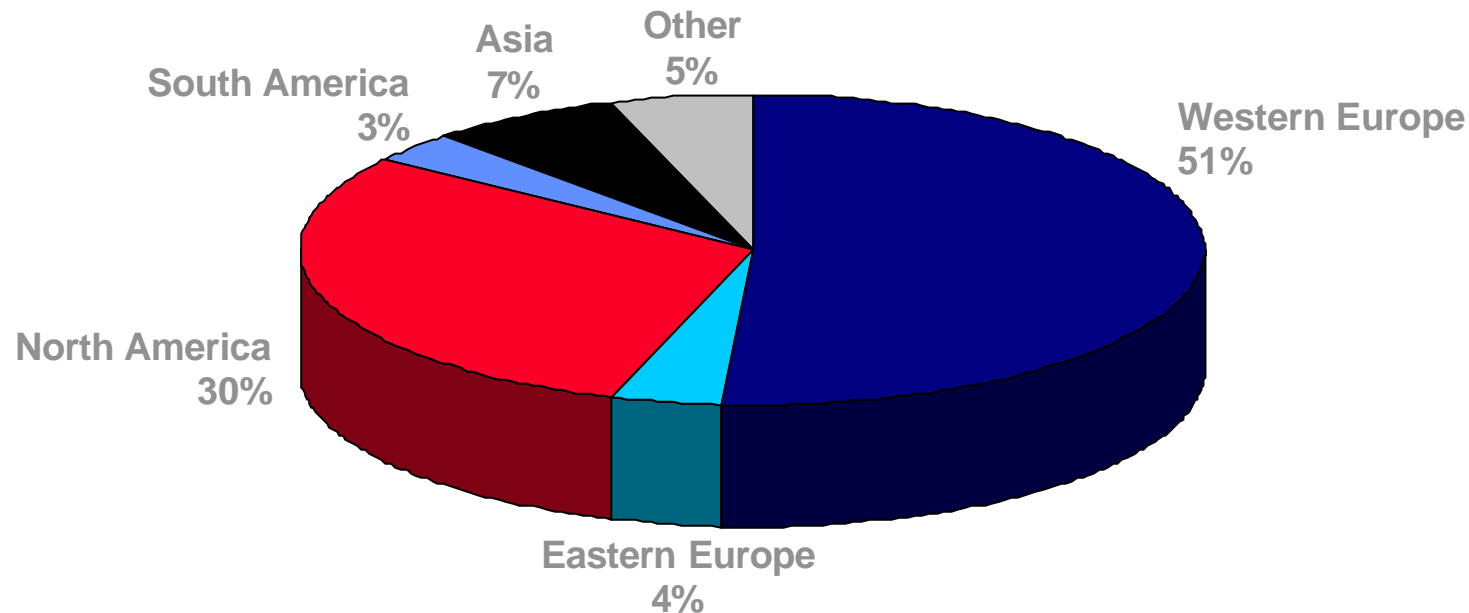
Powertrain

Parts

Information Technology

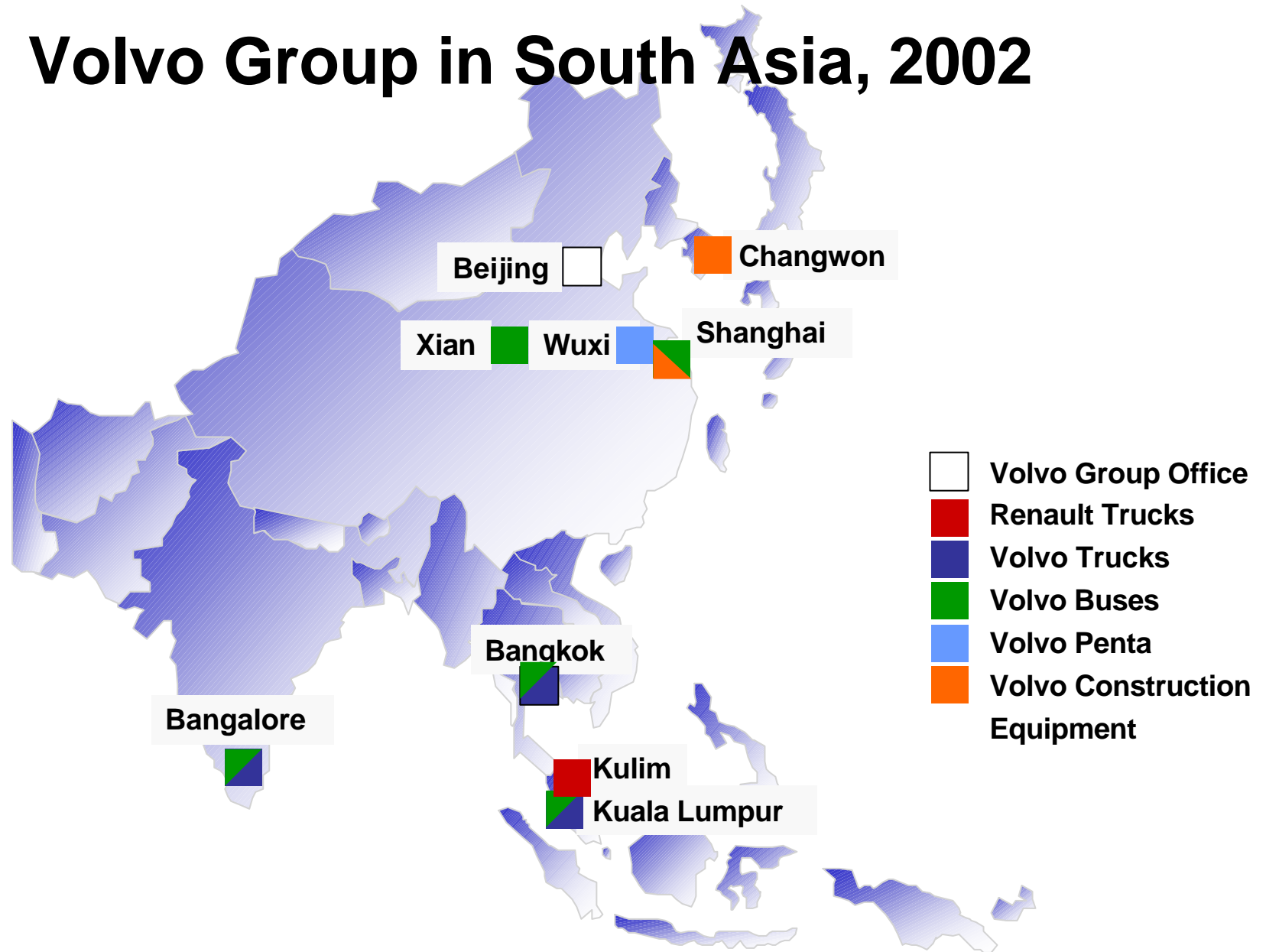
# Sales by Market Area

Total Sales SEK 131 Bln. First 9 Months 2002



- Sales increased with 2% when adjusted for changes in exchange rates and group structure
- Substantial growth in Asia and Eastern Europe

# Volvo Group in South Asia, 2002



# 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	<sup>1)</sup> 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	<sup>2)</sup> -32%
Restructuring costs		(1,406)			(2,725)	
<b>Volvo Group</b>	<b>817</b>	<b>(1,618)</b>	n.a.	<b>2,014</b>	<b>(312)</b>	n.a.

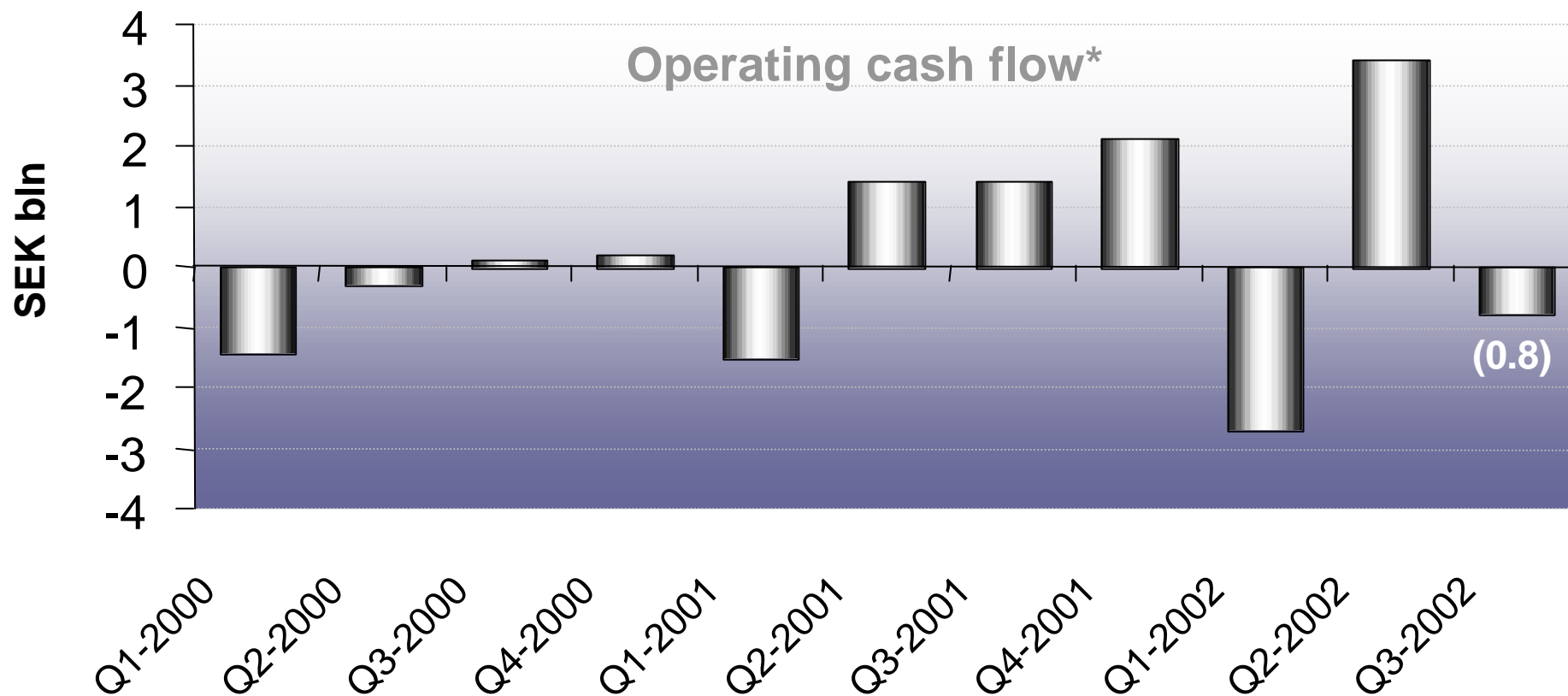
- Trucks - Increased deliveries, price realization and synergies
- Buses - Significant reduced operating loss due to turn-around activities
- Construction Equipment - Lower volumes and continued price pressure in North America
- Volvo Penta - Continued strong performance
- Volvo Aero - Downturn now affecting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

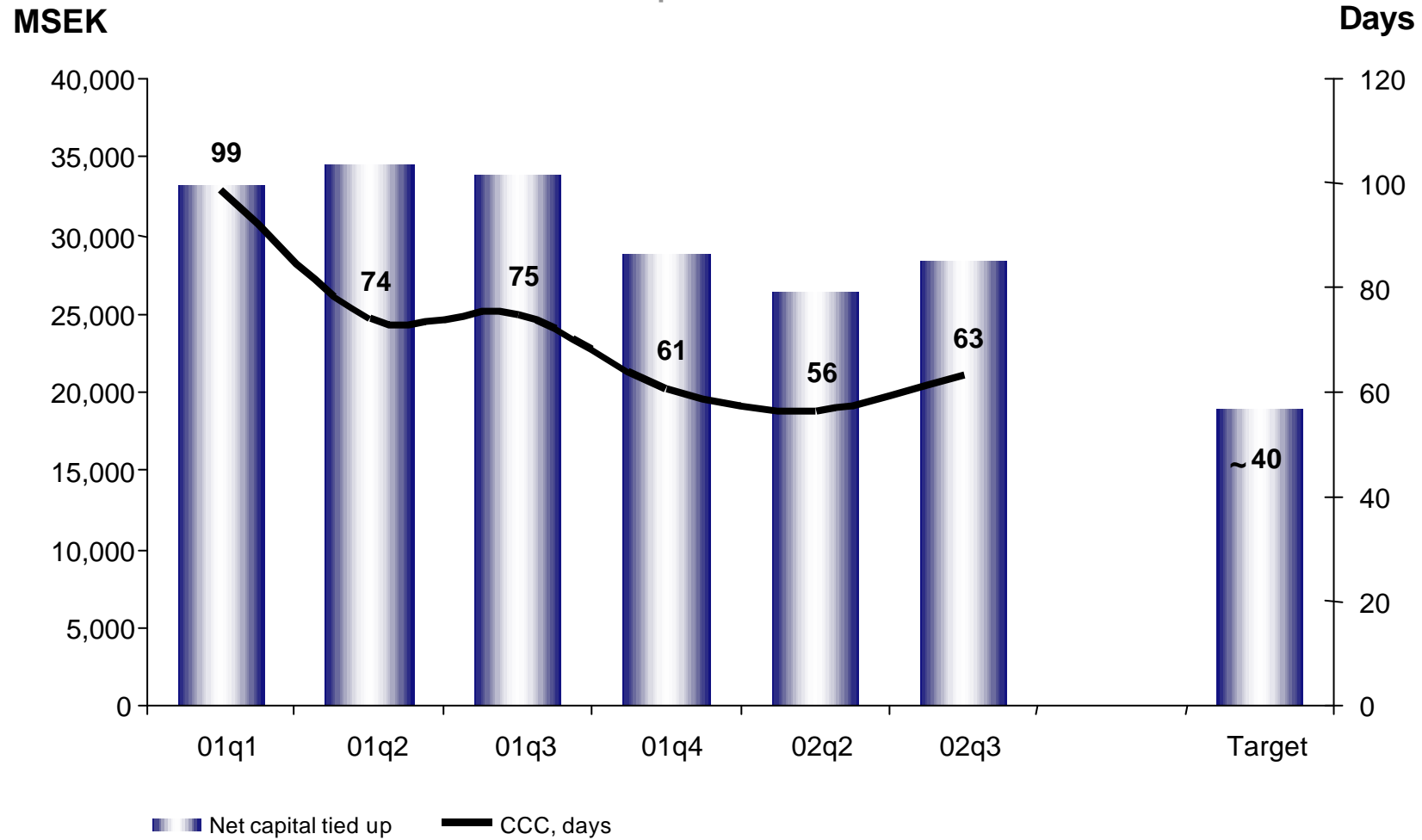
Third Quarter 2002



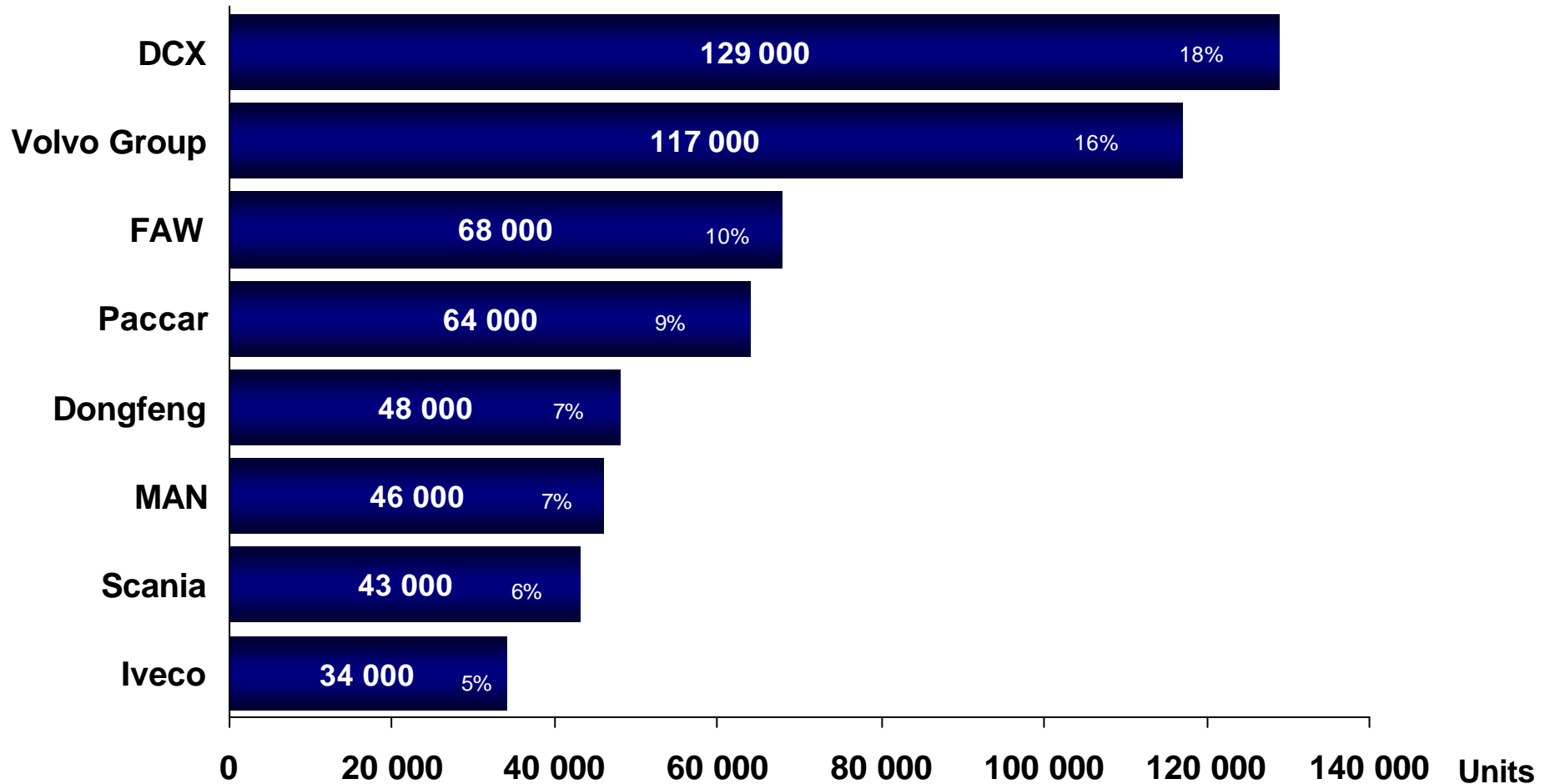
\* Cash-flow after net investments excluding: Investments in shares, acquired & divested operations and Financial Services

# Cash2Grow

First Step Achieved



# Heavy Truck Market Positions 2001



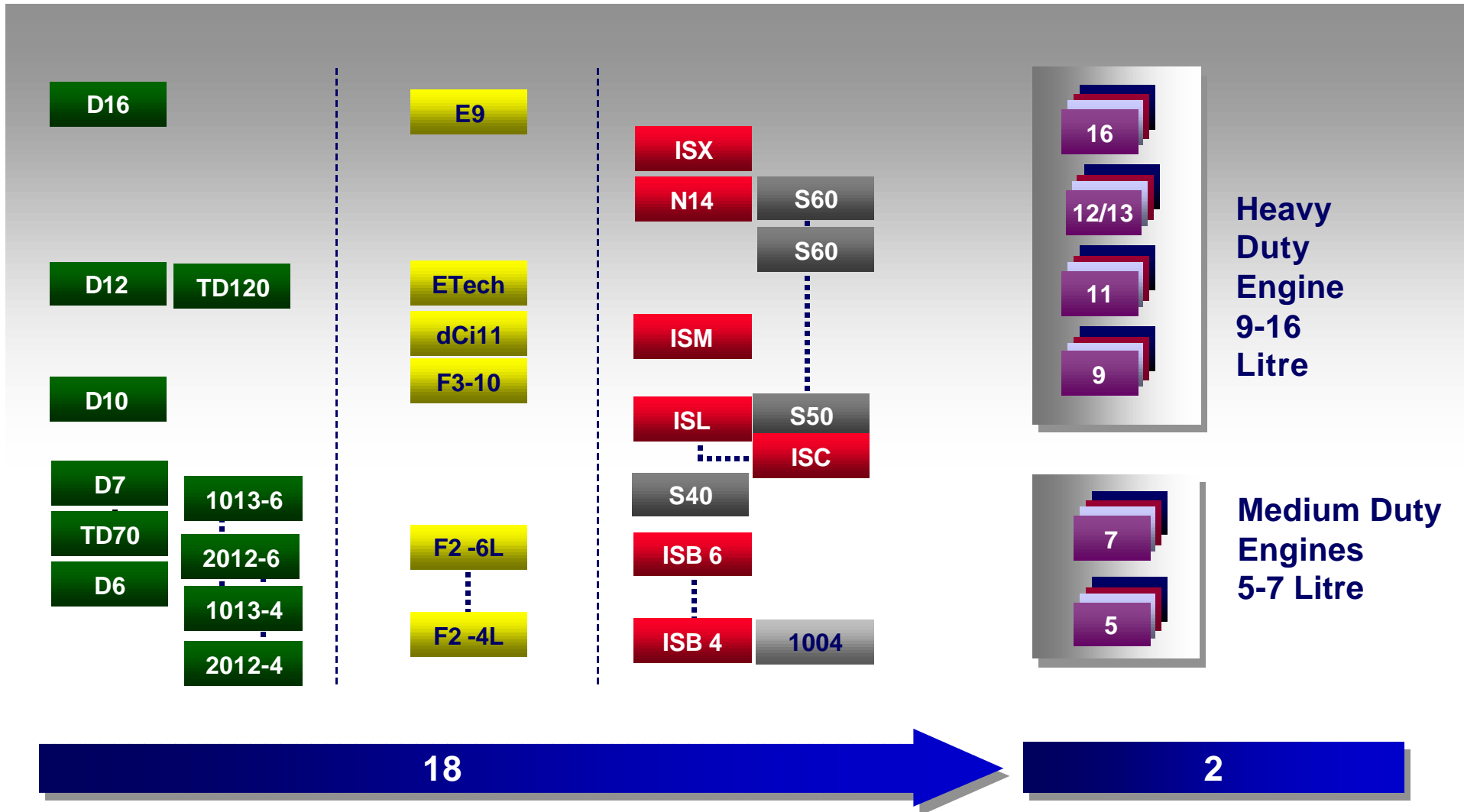


# Two Years of Truck Integration



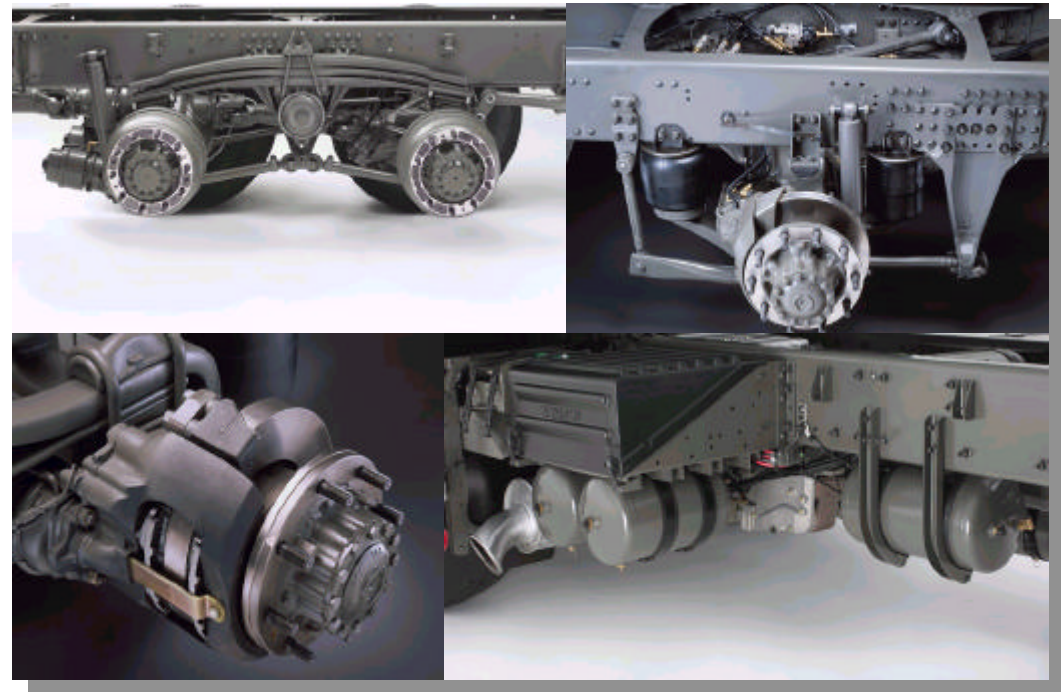
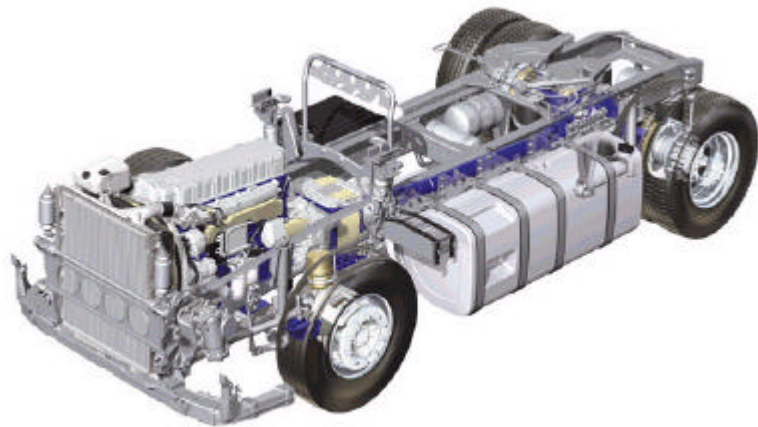
- Consolidated diesel engine program
- Shared vehicle architecture
- Brand strategy in place
- Purchasing gains
- Expansion of Customer Finance
- Industrial restructuring
- Dealer optimization in North America

# Engine Consolidation



# Shared Vehicle Architecture

Standardized Chassis & Components



# Volvo Buses



*Profit improvement  
by focus on:*

- Quality and reliability
- Price management
- Product cost
- Cash Flow



# Volvo Penta

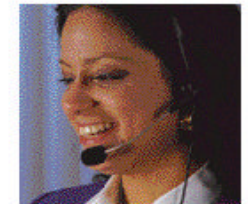
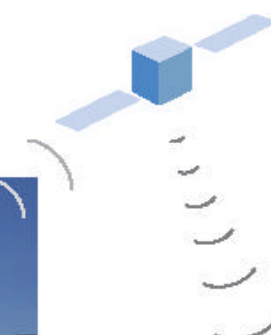


KAD300



TAD1032GE

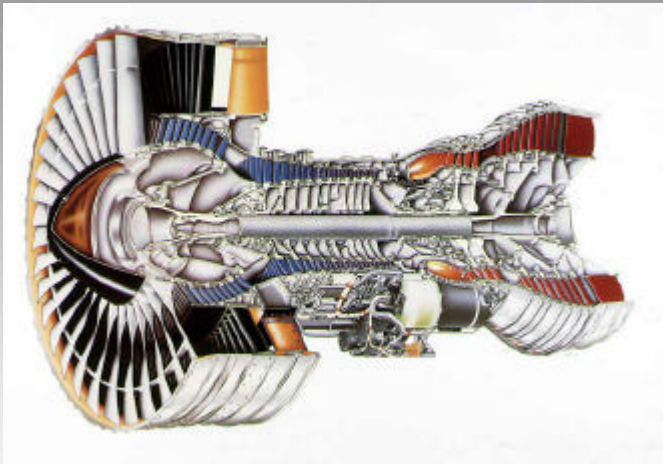
Safety  
Service  
Alarm



Sea-Key

# Volvo Aero

## Manufacturing of Engine Component



Aerospace  
Components

Land and  
Marine  
Gas Turbines

42%

## After Market



Engine  
Services

Aviation  
Services

49%

## Military Segment



9%

Percentage  
of sales 2001

# Volvo Financial Services



- Continued growth in Mack, Renault Trucks, Construction Equipment and Buses
- US Truck portfolio continues to stabilize
- Q3 2002: Fifth quarter in a row with improving operating income

***In Focus: Controlled portfolio and profitability growth***

# Volvo Group

## Summary

- Truck integration according to plan
- Strong focus on Cash Flow
- Renewal of product line – attractive customer offer in all Business Areas