

# Capital Market Day

## June 2005



**VOLVO**

Capital Market Day

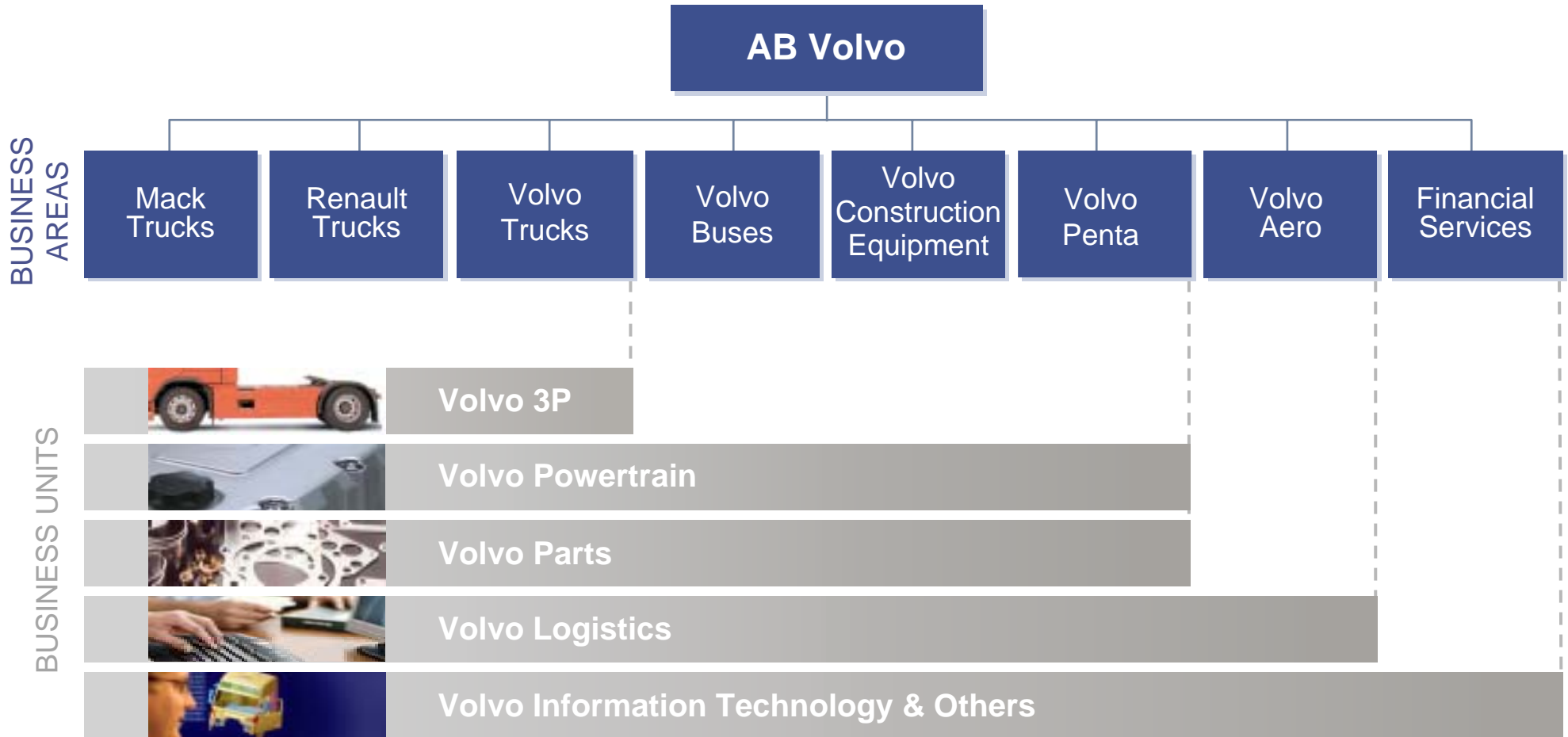
June 21, 2005

**Leif Johansson**

President and CEO



# Organized for Customer value/Brand building and capturing synergies



# The Business Development remains strong



## Highlights from Q1 2005

- ▶ **Business Environment**  
North America remains strong. Europe at high levels

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- ▶ **Strong sales growth +14%**  
Good development in all Business Areas

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- ▶ **Improved operating income in all Business Areas**  
Higher volumes. Better margins  
Structurally higher margins

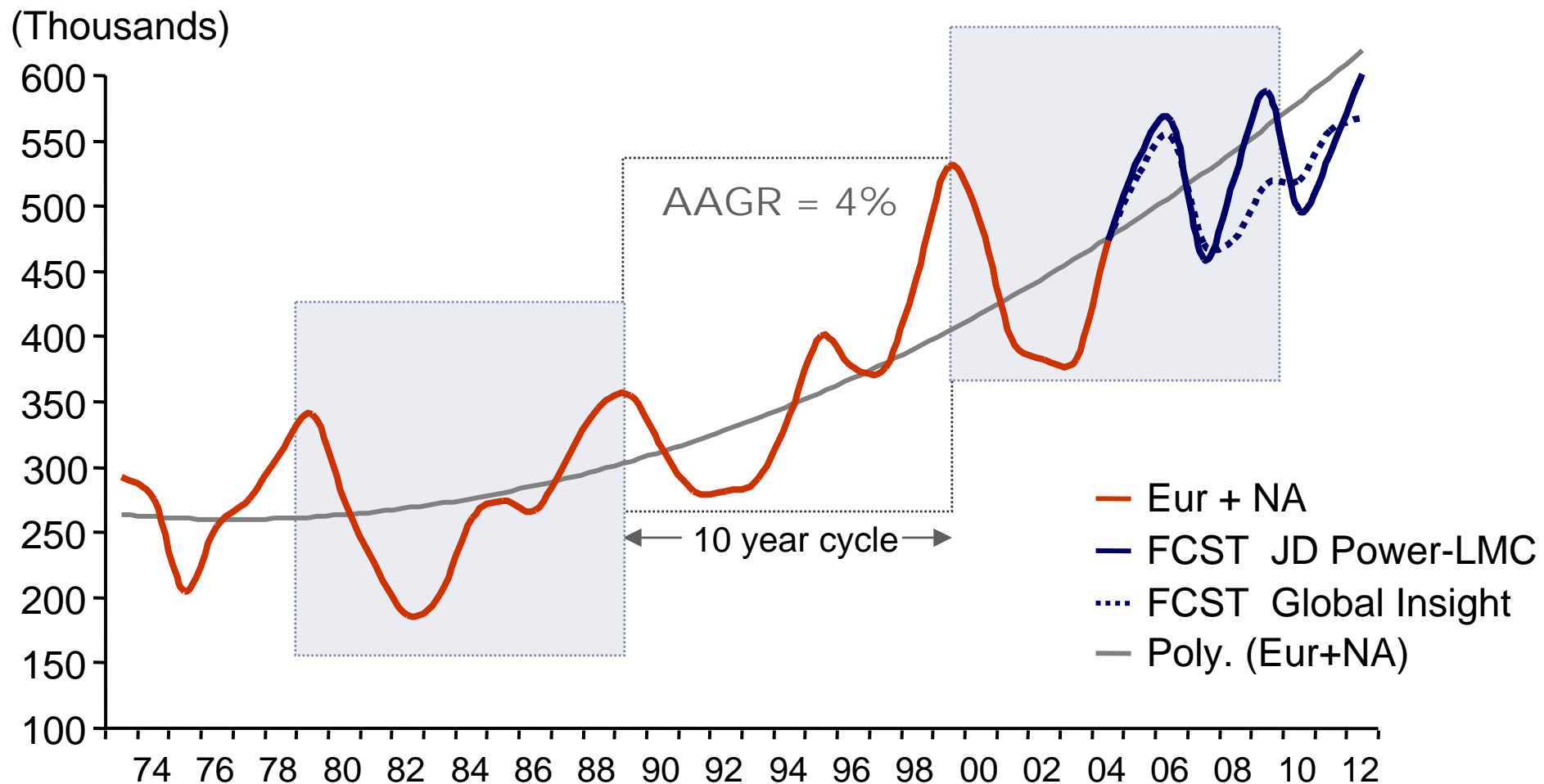
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- ▶ **EPS Q1: SEK 7.93 (5.75)**  
RoE: 15.2%



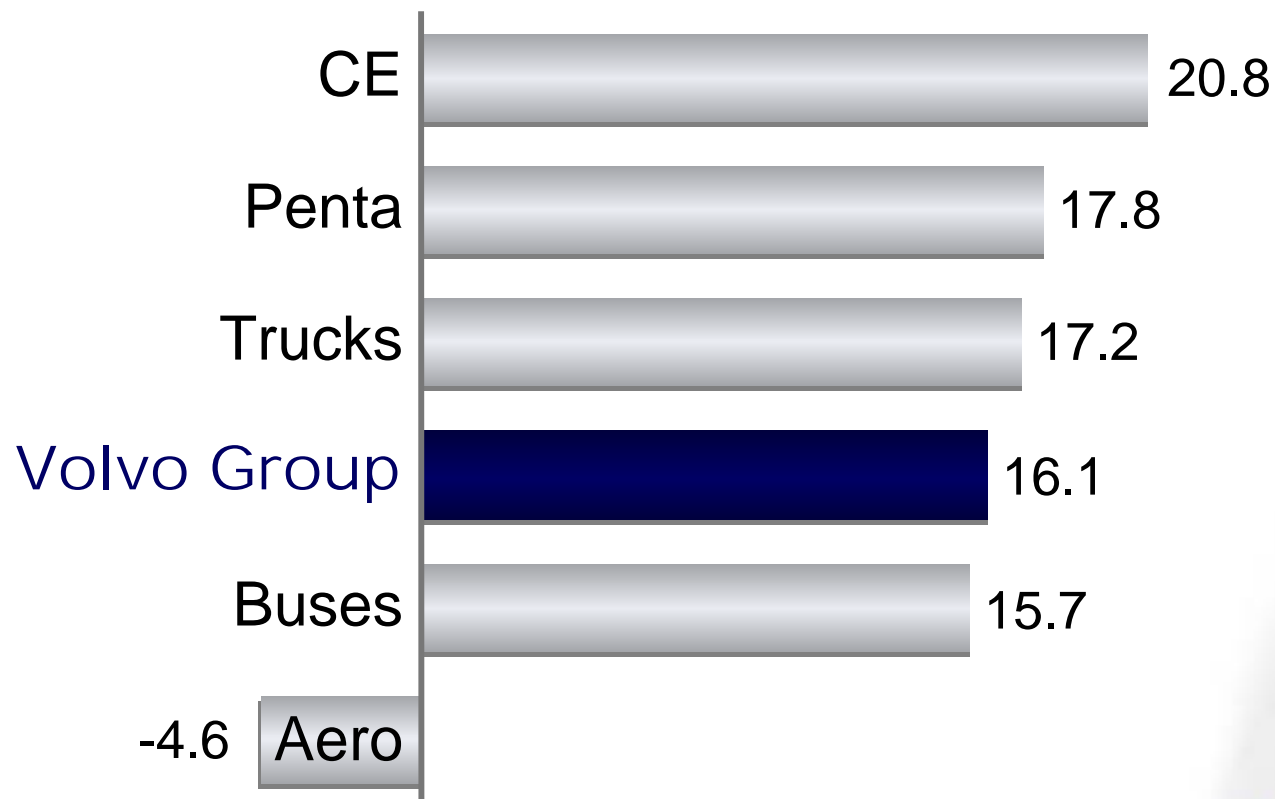
# Volvo operates in Cyclical Industries

Example: HD Truck registrations in W. Europe and N. America



# Strong Organic Growth in the up Cycle

## Y-on-Y 12 month moving sales Q1 2005 (%)

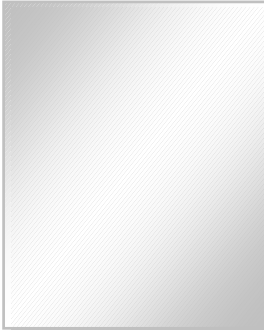
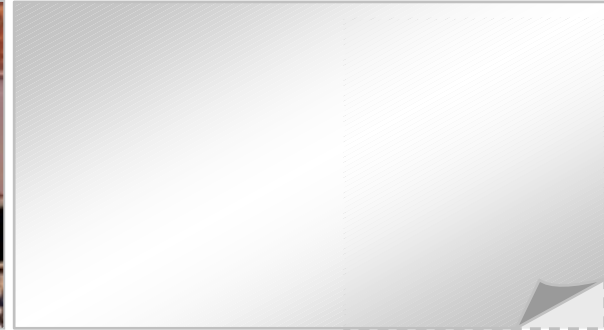


# ... Supported by Product Renewal

RENAULT MAGNUM



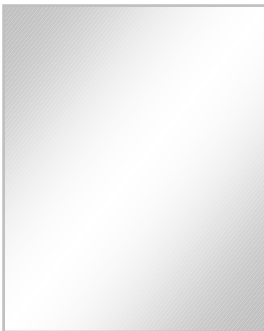
VOLVO VT880



VOLVO EC700B



VOLVO PENTA IPS



## Sales on Emerging Markets ...

*... represent an opportunity*



SEK M	2001	2004	AAGR
Middle East	4 000	11 500	+42%
China	1 000	2 800	+41%
India	500	900	+22%
South America	6 000	7 000	+5%



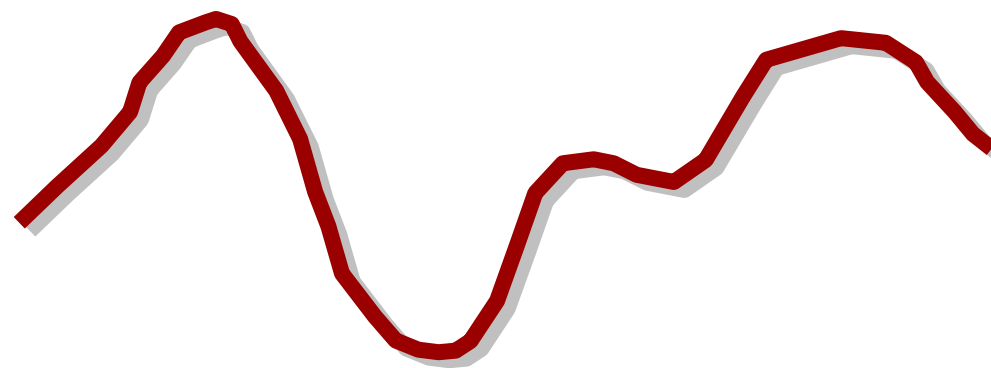
# Growth through Acquisitions...

## Acquired Growth

- Geographic expansion
- Expand product portfolio
- Developing distribution channels

## *Opportunities*

... at the bottom of the cycle



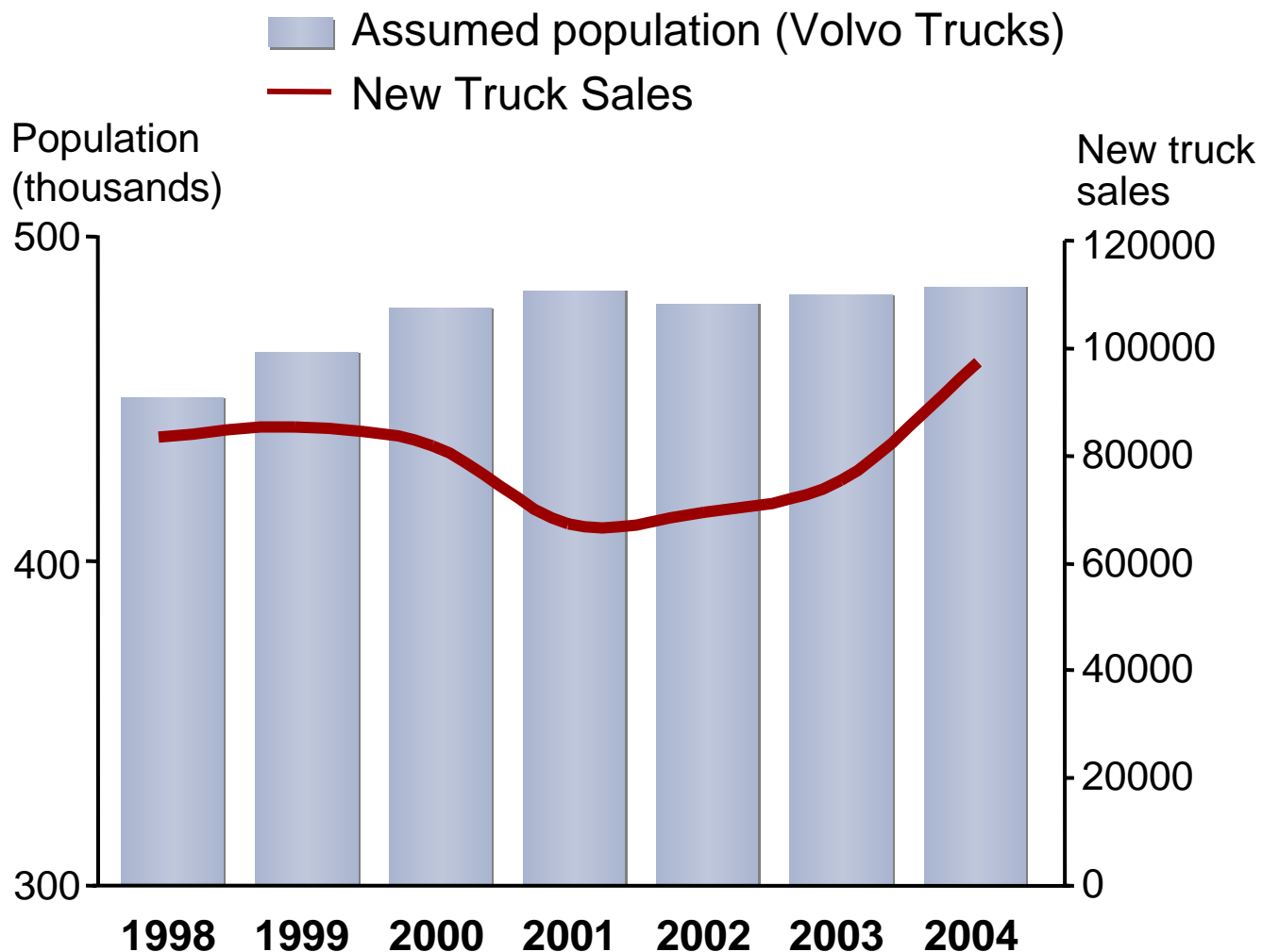
- ✓ Samsung Excavators
- ✓ Norsk Jet
- ✓ Renault Trucks / Mack Trucks
- ✓ Bilia Truck and CE
- ✓ LB Smith

## Volvo going forward

- Improved North American truck operation
- Dealer Network Trucks & CE
- Improved capital efficiency
- Stronger product portfolio
- Engine consolidation
- Customer Finance



# Capitalize on the Vehicle Population



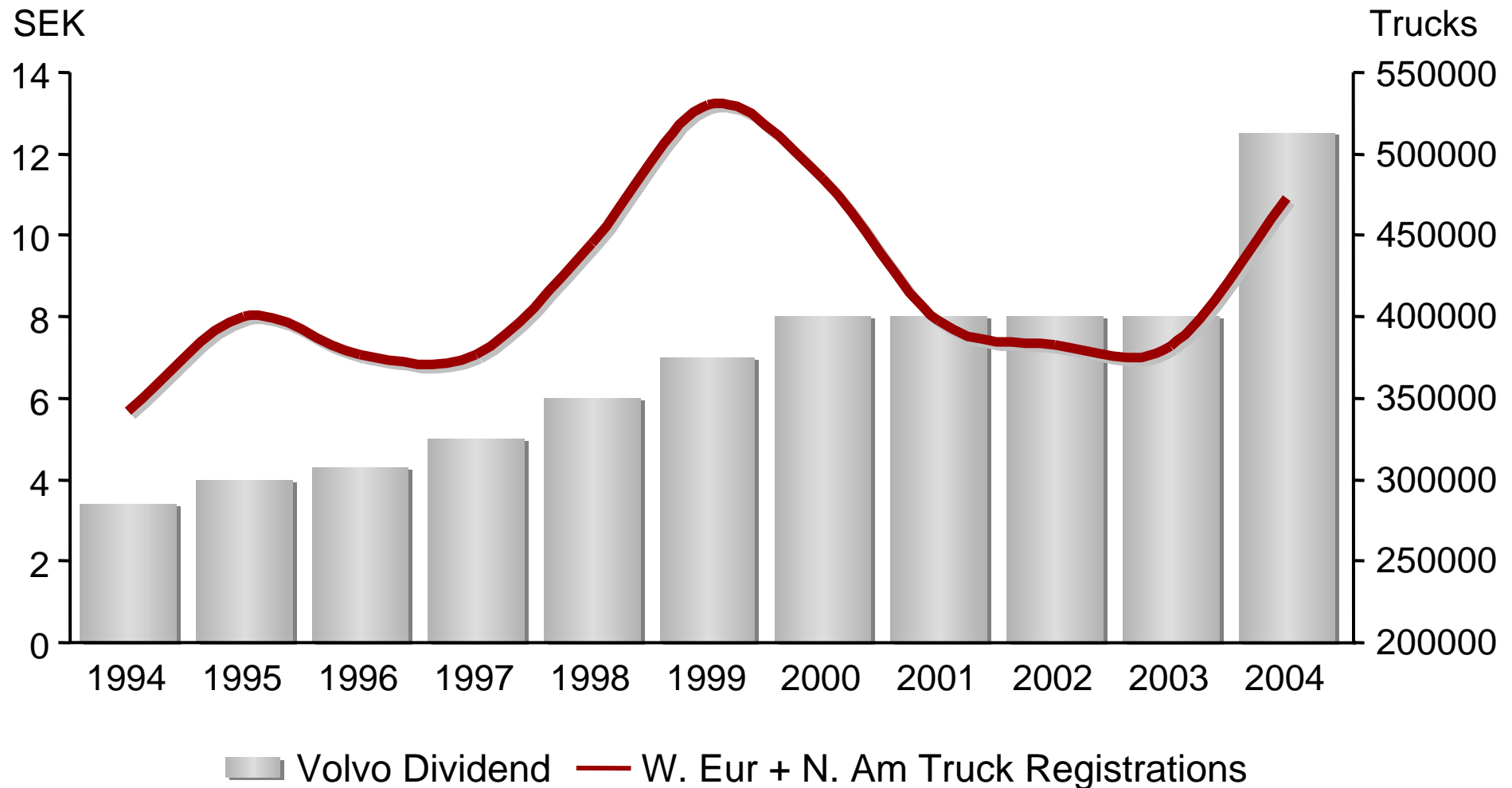
**Higher population of vehicles**

- Not as cyclical

**Stronger dealer network**

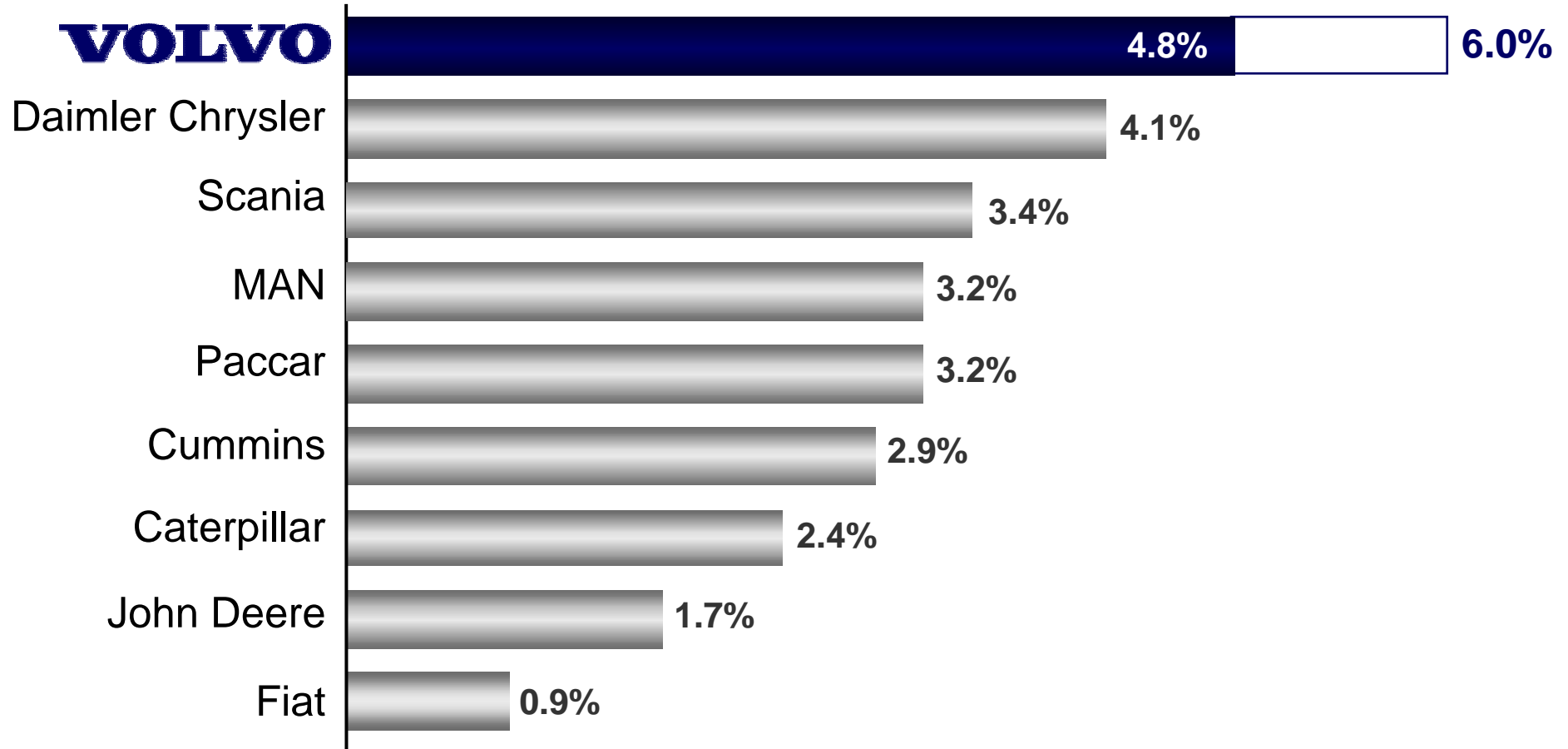
- Significantly higher part sales
- Service contract portfolio (+40% in Europe)

# Stable Dividend History over the Cycle



# The Volvo Share - High Dividend Yield

## Ordinary dividend yield, average 2000-2004





## Summary

- The business development remains good
- High growth on both mature and emerging markets
- Stronger Volvo Group throughout the business cycle