



AB Volvo

Press Information

Ten years of strategic streamlining:

Sales up 45%, exports rise 20%, workforce expands

Ten years after Volvo began to streamline its operations around its automotive operations and five years after the sale of Volvo Cars to Ford, the Volvo Group is now a considerably larger and stronger company. Both sales and exports have risen substantially since 1993. Even the workforce is larger. At the same time, Volvo Cars has developed well and has increased its sales markedly.

Since 1993, the Volvo Group's sales have risen from SEK 111.155 billion to SEK 183.291 billion, adjusted for inflation, an increase of SEK 49.6 billion or 45%. During the same period, the Group's exports from Sweden increased from SEK 36.13 billion to SEK 49.3 billion, adjusted for inflation, an increase of SEK 7.1 billion or 20%. In 1993, the Volvo Group sold 51,000 trucks – in 2003, 156,000. In 1993, 5,500 buses and bus chassis were sold – in 2003, the corresponding figure was slightly less than 8,000. Even the number of employees has risen by slightly more than 2,000 to nearly 76,000. Volvo Cars, today owned by Ford, has witnessed a similar trend and has increased its sales from slightly more than 300,000 cars in 1993 to 415,000 in 2003.

In 1993, Volvo was in many respects a different kind of company than it is today. In addition to its automotive operations, with cars, trucks and buses, Volvo also had, at that time, considerable commitments in both the food industry and pharmaceuticals. Since the end of the 1990s, Volvo has streamlined its operations to products and services for commercial transport, a development that primarily gathered pace with the acquisition of Samsung's excavator production in 1998, the sale of the car operations to Ford in 1999 and the acquisition of truck manufacturers Renault VI and Mack in 2001.

“Five years have now passed since we sold Volvo Cars to focus on commercial transports and today we are a leading player in most of our segments,” says Leif Johansson, CEO of Volvo. “At the same time, it is extremely satisfying to be able to affirm that Volvo Cars has also developed exceptionally well within the Ford Group.”

The integration of the three truck companies, Volvo Trucks, Renault VI and Mack, has brought considerable synergies and made the Volvo Group one of Europe's largest and

the world's second-largest manufacturer of heavy trucks. The Volvo Group is now also the world's largest manufacturer of heavy diesel engines.

At the same time, Volvo's other business areas have captured leading positions in their respective segments. Volvo Buses is now the world's second-largest manufacturer of heavy busses; Volvo Construction Equipment is the world's fourth-largest manufacturer of construction machinery; Volvo Penta is the world's second-largest manufacturer of engines for leisure boats, and engine components from Volvo Aero are now found in 80% of all larger new aircraft.

Development 1993 to 2003 in figures

(Figures for 1993 include Volvo Cars; figures for 2003 exclude Volvo Cars)

Sales

1993: SEK 111.155 billion

2003: SEK 183.291 billion

Change (adjusted for inflation): +44.6% (SEK 49.6 billion)

Exports from Sweden

1993: SEK 36.130 billion

2003: SEK 49.3 billion

Change (adjusted for inflation): +19.7% (SEK 7.12 billion)

Number of employees

1993: 73,640

2003: 75,740

Change: +2,100 employees

Vehicles invoiced

	Trucks	Buses/bus chassis	Cars
1993	51,230	5,450	302,110
2003	155,990	7,817	415,000
<u>Change:</u>	<u>+204 %</u>	<u>+43%</u>	<u>+37%</u>

Dollar rate (average rates)

1993: SEK 7.80

2003: SEK 8.08

Change: +3.6%

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The Volvo Group is one of the world's leading manufacturers of trucks, buses and construction equipment, drive systems for marine and industrial applications, aerospace components and services. The Group also provides complete solutions for financing and service. The Volvo Group, which employs about 76,000 people, has production facilities in 25 countries and sells their products in more than 185 markets. Annual sales of the Volvo Group amount to 18 billion euro. The Volvo Group is a publicly-held company headquartered in Göteborg, Sweden. Volvo shares are listed on the stock exchanges in Stockholm, London and Frankfurt and on NASDAQ in the US.