



AB Volvo

## Press Information

### **VOLVO FORMING NEW WHOLLY OWNED IMPORT COMPANY IN SOUTHERN AFRICA**

**Volvo is forming a new wholly owned import company that will be responsible for Volvo's operations in southern Africa. This is the content of an agreement in principle concluded between Volvo, the shareholders of Volvo's present import company, Scandinavian Motor Corporation, and the bankers involved.**

Under the terms of the agreement, Volvo is acquiring assets amounting to approximately USD 30 M from Scandinavian Motor Corporation and is forming a new wholly-owned import company that will be responsible for Volvo's operations in southern Africa, effective January 1, 2000.

A majority of the approximately 1,000 Scandinavian Motor Corporation employees who have been engaged in Volvo-related operations will be offered employment in the new company. Billy Rautenbach, president of Scandinavian Motor Corporation, will serve as an advisor to Volvo and the new company.

In order to guarantee an efficient transition to the new import function and to maintain a high level of service, Volvo and Scandinavian Motor Corporation will work together to ensure the supply of spare parts to Volvo's customers in the region.

In cooperation with Scandinavian Motor Corporation, Volvo has built up a business with strong positions in the markets in southern Africa. Operations also include the local assembly of trucks and buses. In accordance with the agreement in principle, the assembly plant, which is located in Botswana, will be operated by Volvo.

Volvo sells approximately 500 trucks and 200 buses annually in southern Africa. The company also has sales of construction equipment and marine and industrial engines, as well as aircraft engines, in the region.

November 1, 1999

*Volvo is a world-leading manufacturer of trucks, buses and construction equipment, marine and industrial engines and aerospace components. Volvo is strongly associated with quality, safety and concern for the environment. Volvo's head office is in Göteborg, Sweden. Annual sales in 1998 amounted to more than USD 14 billion, with about 52,000 employees.*