VOLVO

AB Volvo

Press Information

VOLVO COMMITS TO INVESTMENT IN SOUTHERN AFRICA

In a public statement today, the global transportation giant Volvo announced that it was going to step up its investment in Southern Africa by acquiring the assets of its former distributor, which went into liquidation at the end of last year.

"We want to send a clear signal to our customers in the region that we are here to stay. This investment will ensure the continued support to Volvo´s customers in the truck, bus, construction equipment and industrial engines sectors", says Mr Lennart Jeansson, Executive Vice President of AB Volvo.

Volvo has an agreement with the liquidators whereby Volvo is acquiring assets for a total of approximately USD 10 million. The purchase includes certain fixed assets, including the dealerships in South Africa and the assembly plant for trucks and bus chassis in Gaborone, Botswana, as well as inventory and certain accounts receivables.

A new wholly-owned company, Volvo (Southern Africa) (Pty) Ltd, has been established to run Volvo´s operations in Southern Africa. The company´s headquarters will be in Johannesburg and it will take over all the manufacturing facilities for trucks and buses in both Germiston and Gaborone, Botswana. Volvo will offer employment to most of the former distributor´s employees.

"To show the importance the region represents, it is our intention to set up a strong local management team representing Volvo´s business areas, headed by a new Managing Director to be announced soon. The work already under way to secure a high service level for our customers in the region will be intensified", says Lennart Jeansson.

As a result of the agreement, Volvo gains a strong base for expansion and development of the existing operations in Southern Africa. During the 1990s, Volvo established a strong position as the leading supplier of commercial products. Currently, there are a total of about 3,000 Volvo trucks and 650 Volvo buses in Southern Africa and Volvo also has a strong presence in the

construction equipment and industrial engines sectors in the region. Volvo will manage a large central parts depot in Southern Africa in order to ensure world class aftermarket support for all of these products.

”The business climate in South Africa has weakened successively during the past two years, but Southern Africa has a large potential for growth and we are now creating favorable conditions to further advance our position in the region”, says Lennart Jeansson.

February 8, 2000

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Volvo Cars
Volvo Cars is not in any way involved in the agreement above. In 1999, AB Volvo sold Volvo Cars to Ford Motor Company and Volvo Cars is now a wholly-owned subsidiary of Ford. The Volvo brand name is jointly owned by AB Volvo and Volvo Cars with the right for Volvo Cars to use it for passenger cars, minivans, sport utility vehicles and light trucks. AB Volvo uses the the brand name for commercial products, such as heavy trucks and buses, construction equipment, marine and industrial engines and aircraft engines.

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