

VOLVO COMMERCIAL VEHICLES AUSTRALIA - A NEW STRUCTURE IN AUSTRALIA

Volvo today announced major restructuring plans for its two truck operations in Australia, Mack Trucks Australia and Volvo Truck Australia. These plans include a new organisation designed to maximize the operating efficiency of Mack and Volvo in Australia.

The new organisation will be called Volvo Commercial Vehicles Australia and will have one President and CEO, Mr Peter Hertinge. It will include two strong commercial brand organisations each incorporating all of the functions necessary to deliver brand-specific, premium products and services to the respective brand's core markets. Alongside these two functions, there will be a number of common support functions, each led by a manager who will report directly to the new President and CEO and to provide support to both commercial organisations.

This new umbrella organisation will be based in Brisbane, with the two commercial brand organisations to be situated in Brisbane (Mack) and Sydney (Volvo) respectively.

The synergy effects to be generated by this new organisation will follow on from the integration implementation that has already taken place: joint operations at the assembly plant in Wacol, the National Distribution Centre in Minto and VMR in Wacol.

Implementation of the new structure will be the responsibility of the new President and CEO, Mr Peter Hertinge when he arrives in Australia in mid January. Peter is currently General Manager for Volvo Truck's cab plant in Umeå. He joined Volvo in 1997.

Prior to joining Volvo, Mr Hertinge had eleven years with the ABB (Asea Brown Boveri) organisation in a variety of managerial roles. With a strong background in Human Resources and his previous experience with the company, Peter brings to his new position a unique perspective focussed on organisational development and project management. Mr Hertinge will report to the Board of Directors of Volvo Commercial Vehicles Australia.

"We are convinced that the long term benefits of the new Australian organisation will be substantial – two strong, premium commercial truck organisations, offering premium products and customer support, whose combined strengths will help the Mack and Volvo brands become even more customer focussed and committed to the Australian transport industry," said Claes Svedberg, Chairman, Volvo Commercial Vehicles Australia.

Colin Partington will continue to lead the Mack Trucks commercial operation in Australia.

John Condos has chosen to leave his position at Volvo Truck Australia at the end of November 2003 and we thank him for his contribution.

Further appointments within the new Volvo Commercial Vehicles Australia structure will be announced shortly.

Founded in 1927, Volvo is one of the world's largest producers of trucks, buses and construction equipment and holds a leading position in the fields of marine and industrial power systems and aircraft engine components. Operating on more than 185 markets with production in 25 countries, the Volvo Group employs over 74,000 people worldwide. Mack Trucks became a business area of AB Volvo in January 2001.

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