

Volvo Group is confident the heavy duty truck market to recover

Volvo Group is confident the heavy duty truck market to recover

- The Government's mega projects pushed the market to grow in 2016
- The construction segment has contributed the growth year to heavy duty truck market since last year

Volvo Group (Thailand) Company Limited, the sole distributor of Swedish-made Volvo Trucks and the Japanese heritage UD Trucks in Thailand, has been confident on the heavy duty trucks market will continue to grow this year and the growth this year will be the 2nd consecutive growing year after the market plunge since 2014.

Mr. Kamlarp Sirikittiwatn, President of Volvo Group (Thailand) Company Limited, said the heavy duty trucks market in last year grew by around 7% compared to 2015 when the market plunged by more than 20%. The growing market in last year was because the Government had gone ahead the mega projects and the El Nino effect, which caused dry weather for many years, was released in last year encouraging the farmers to be able to improve their agricultural production. Moreover, the price of some commodities, including latex, was better than the previous year as a result of the higher oil price as well as the implementation of AEC starting by early last year. These changes in last year had promoted the heavy duty trucks market to be better than the previous year.

At the same time, the Government had tried to stimulate the economy by injecting money of 250,000 baht each to 74,655 nationwide villages and 100 billion baht to nationwide village funds as part of the Government's plan to enhance the local economic situation with an expectation of increasing GDP growth from 3% to 4% this year.

- 2 -

"We are realize many things done by the Government especially in mega projects which promoting our confident on the Thai economy that will be growing and the heavy duty trucks market will also enjoy the growth pushed by the Government," said Mr. Kamlarp.

He said the construction segment would continue to contribute the growth to the trucks market and the growth would be carried on to this year. Moreover, the demand of dangerous materials and petroleum transportations is also growing in this year and Volvo Trucks as well as UD Trucks will be able to serve this market as well.

However, the concern in this year, said Mr. Kamlarp, the politic situation that the Government strongly confirmed the roadmap to general election in 2017. If the election is executed, the economy should be driven smoothly.

Moreover, the new president of the USA is another factor that has to be kept an eye closely because the new president may change or create new trade policy which off course will affect to many countries, including Thailand which has bilateral trade value of 10% with the USA.

"The oil price is another factor that we will have to keep our eye closely because the economy will definitely be affected by the oil price," he said.

Mr. Kamlarp said about the product research and development of Volvo Group was now on pipe line to comply with the need of the customers and this would strengthen the competitiveness of Volvo Group in the market.

- 3 -

Last year, Volvo Group sold 1,191 trucks, increased by 17% against the previous year, 800 of which

was from UD Trucks, jumped by 56% from 512 units in 2015. The growth of Volvo Trucks was from the construction segment and the higher traffic of logistics which was promoted by the AEC scheme.

In the previous years, Volvo Group had invested around 3 billion baht in expanding nationwide dealer network. The investment had done completely one year before the implementation of AEC scheme to serve the growing land transportation.