



Volvo Construction Equipment

## Press Information

### **VOLVO PLANS TO CLOSE IT'S OPERATION IN ESLÖV**

**Today the board of Volvo Excavators announced plans to close down the manufacturing of excavators at the Eslöv plant. A total of 500 employees will be affected by the decision. The customary right of employee participation in the decision-making process will start immediately.**

The decision taken by the board is due to the fact that Volvo Excavator's in Eslöv has been losing money for many years because of high costs at the Eslöv plant. At the same time the acquisition of Samsung's business for construction equipment has been a part of the decision.

The decision to close the plant has been accelerated by the economic situation in Asia. The total capacity utilization in the excavator business is extremely low. Exports to Europe have increased resulting in even stronger competition in the European market. A radical change of the operations in Eslöv is considered necessary, irrespective of Volvo's purchase of the Samsung excavator plant in South Korea.

The acquisition in South Korea gives Volvo direct access to a complete range of excavators, an effective production facility and a new commercial platform in Asia. The domestic market in Korea is normally one of the worlds largest.

The manufacturing of crawled excavators will be concentrated to Korea while the base for the wheeled excavators will be at the plant in Konz in Germany. Germany is the main market for wheeled excavators in Europe. A few employees in Eslöv will be offered work in Korea respectively Konz.

In order to enhance Volvo Construction Equipment's long-term earnings a thorough cost cutting program has been launched throughout the company. The closing in Eslöv is a result of a comprehensive examination of our personnel requirements in the current market and the industrial structure in all of Volvo Construction Equipment's business activities.

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