



Volvo Construction Equipment

Press Information

VOLVO CE INCREASES PRODUCTION CAPACITY IN THE U.S. BY 50 PERCENT

Volvo Construction Equipment has announced an increased yearly production capacity at the company's plant in Asheville, North Carolina. The yearly production capacity will increase by around 50 percent from 2,000 to 3,000 units.

The increase follows a 23 MUSD investment plan, which has just been completed. The investment will not only result in increased capacity but also includes two new state of the art paintshops and higher production flexibility within the plant thanks to a higher level of mechanisation.

The Asheville plant has been Volvo Construction Equipment's industrial hub in North America since the mid 80's, producing wheel loaders and articulated haulers mainly for the NAFTA markets.

"This investment is a logical part in our growth strategy and also shows our commitment to the U.S market where we currently have one third of our revenues and where we have recently moved to a new head office, says Tryggve Sthen, President of Volvo CE.

Volvo CE has industrial hubs on four continents, and apart from Asheville they are located in Europe, South America and in South Korea where the company last year acquired the construction equipment business of Samsung Heavy Industries at a price of just below 500 MUSD.

1999 has so far been a successful year for Volvo CE. World wide sales in the first six months increased by 12 percent. The second quarter earnings were the best in the company's history with an operating income of more than 90 MUSD and an operating margin of 13.1 percent which was one of the highest in the industry.

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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