



Volvo Bus Corporation

Press Information

VOLVO EXPANDING BUS PRODUCTION IN POLAND

Volvo Bus Corporation will expand and restructure its European industrial organisation and concentrate parts of its European production to the plant in Wroclaw, Poland. Volvo Bus is investing a total of SEK 400 million in the plant in Wroclaw, which will have an annual capacity of 1,100 buses and 1,400 bus chassis.

Volvo Bus is the world's second largest manufacturer of heavy buses. In recent years, the company has expanded sharply, through organic growth as well as the result of a number of acquisitions. Volvo Bus' strategic direction is continued volume growth to maintain the company's position as a leading bus manufacturer and to ensure a long-term competitive industrial structure.

As a result, Volvo Bus today decided to concentrate part of its European bus production for the markets in Central, Southern and Eastern Europe to the company's existing plant in Wroclaw, Poland. Volvo Bus is investing a total of SEK 400 million in the Wroclaw plant, which is being expanded for an annual capacity of 1,100 buses and coaches and additional 1,400 chassis.

The plant in Wroclaw will successively replace Volvo Bus' current production plants in Vienna, Austria and Heilbronn, Germany. In pace with the introduction of future bus models and the expansion in Poland, the decision will affect about 400 persons at these plants.

Future product introductions and market development will influence when and how the remaining industrial structure in Europe, and specifically the plants in Irvine, Scotland and Vanda, Finland will be affected. In conjunction with the decision today, a provision amounting to SEK 240 million covering the total restructuring is being charged to Volvo Bus' earnings in the second quarter.

“Volvo Bus has carried out a large number of acquisitions in recent year and it is natural that such a process leads to a review of the industrial structure. The decision to concentrate production to Poland is fully in line with Volvo’s strategy to increase industrial efficiency and to strengthen our presence in this part of Europe”, says Volvo CEO Leif Johansson. “The Wroclaw plant will now become the industrial hub for our activities in the region”.

In addition to buses, Volvo also manufactures heavy trucks in Wroclaw. The entire facility today has an annual capacity of about 2,000 trucks and about 300 buses. The number of persons employed in bus production, which today involves about 300, is estimated to increase to about 1,500 after the expansion. Production of buses at the new plant in Wroclaw is expected to begin in January 1999 and to reach full capacity by year 2001.

June 23, 1998