



VOLVO CAR GROUP

Press Release

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Volvo Cars to produce Lynk & Co cars at Ghent, Belgium plant

Volvo Cars, the premium car maker, will produce cars for the new car brand Lynk & Co in Volvo Cars' manufacturing plant in Ghent, Belgium from late 2019.

The announcement represents a closer collaboration between the two companies, following Volvo Cars' acquisition of a 30 per cent stake in Lynk & Co last year. Lynk & Co was launched as a new volume brand by Zhejiang Geely Holding, the owner of Volvo Cars, in 2015.

By providing Lynk & Co with production capacity at its Ghent plant, Volvo Cars is backing the expansion of the new car brand in Europe and further diversifying its business.

"We see a big potential for this new brand entering the European market and we are happy to give Lynk & Co the support of Volvo's technological and industrial expertise," said Håkan Samuelsson, president and CEO of Volvo Cars.

Joint production with Lynk & Co will also have a positive effect on cost levels, employment and production volumes at the Ghent plant, while generating further economies of scale related to the Compact Modular Architecture (CMA) used by both Volvo Cars and Lynk & Co.

"Our Ghent plant is one of the most efficient car manufacturing plants in Europe with a highly skilled workforce," said Javier Varela, senior vice president for manufacturing and logistics at Volvo Cars. "Lynk & Co's decision to pick Ghent for their European production demonstrates the high levels of quality control that underpin Volvo's global manufacturing strategy."

The closer collaboration between Volvo Cars and its sister brand comes as the company is entering a phase of global growth following the complete transformation of its business in recent years.

Volvo Cars is creating a diversified, modern car company that includes an electrified performance arm, a software start-up, a car subscription business, the stake in Lynk & Co and a technology-sharing joint venture that creates synergies within the wider Volvo Car Group and the Zhejiang

Geely Holding group.

Ghent is one of two car manufacturing plants operated by Volvo Cars in Europe and has produced Volvos since 1965. At the moment it employs around 5,000 people.

The Ghent plant currently builds the XC40, Volvo's first entry in the fast-growing small SUV segment, which was named 2018 European Car of the Year last month at the Geneva Motor Show. Ghent also builds the V40 and V40 Cross Country hatchbacks as well as the S60 sedan, and will soon start producing the all-new V60 five-door, mid-size estate revealed in February this year.

Besides Volvo Cars' holding of 30 per cent of the shares in Lynk & Co, Geely Auto owns 50 per cent and Zhejiang Geely Holding 20 per cent in Lynk & Co.

Volvo Car Group in 2017

For the 2017 financial year, Volvo Car Group recorded an operating profit of 14,061 MSEK (11,014 MSEK in 2016). Revenue over the period amounted to 210,912 MSEK (180,902 MSEK). For the full year 2017, global sales reached a record 571,577 cars, an increase of 7.0 per cent versus 2016. The results underline the comprehensive transformation of Volvo Cars' finances and operations in recent years, positioning the company for its next growth phase.

About Volvo Car Group

Volvo has been in operation since 1927. Today, Volvo Cars is one of the most well-known and respected car brands in the world with sales of 571,577 cars in 2017 in about 100 countries. Volvo Cars has been under the ownership of the Zhejiang Geely Holding (Geely Holding) of China since 2010. It formed part of the Swedish Volvo Group until 1999, when the company was bought by Ford Motor Company of the US. In 2010, Volvo Cars was acquired by Geely Holding.

In 2017, Volvo Cars employed on average approximately 38,000 (30,400) full-time employees. Volvo Cars head office, product development, marketing and administration functions are mainly located in Gothenburg, Sweden. Volvo Cars head office for China is located in Shanghai. The company's main car production plants are located in Gothenburg (Sweden), Ghent (Belgium), Chengdu and Daqing (China), while engines are manufactured in Skövde (Sweden) and Zhangjiakou (China) and body components in Olofström (Sweden).