



Press information

Volvo Buses consolidates manufacture of complete buses in Europe

Following weak market developments and tough competition in Europe, Volvo Buses is now planning to concentrate its European production of complete buses in the company's main plant in Wroclaw, Poland.

This planned restructure means that production at the Volvo Buses plant in Säffle, Sweden, will be terminated at end June 2013, provided that the necessary union negotiations have been completed by then. All told about 330 permanent employees and about 60 consultants are affected by the closure. Volvo Buses will retain its aftermarket function and technical support in Säffle to secure continued good support for the company's Nordic customers and in order to offer local employment. The aim is to develop this operation so it encompasses about 50 jobs.

"The demand for new buses in Europe has dropped steadily over the past few years, paralleled by considerable pressure on prices, particularly in the Nordic markets. By concentrating the production of complete buses in one single plant, we can reduce our costs and thus reverse our negative profitability trend," explains Håkan Karlsson, President Volvo Bus Corporation.

Volvo Buses has considerable excess capacity in its European complete-bus plants, even though its market position has improved over the past year. The company assesses that volume growth in Europe will remain low in the coming years and that price pressure will continue. By focusing all production on the much larger plant in Poland, Volvo Buses expects to achieve the economies of scale that are essential in order to tackle the increasingly tough competition on the market. The plant in Poland has four times the capacity of the one in Säffle.

"Together with the staff in Säffle and Poland we have invested in new city bus models and improved efficiency, but unfortunately the negative development of the European market nonetheless forces us to take this decision regarding our employees in Säffle," says Håkan Karlsson.

Volvo Buses in Säffle will now commence trade union negotiations on the relocation of production.



“At the same time we will examine opportunities for finding similar employment within the Volvo Group,” says Håkan Karlsson.

If production is relocated, it is expected that this will negatively impact the Volvo Group’s operating profit in the fourth quarter of 2012 to the tune of about 100 million kronor.

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