



## PRESS RELEASE

# The Volvo Group takes measures to reduce cost and accelerate transformation

The COVID-19 crisis is expected to have a negative effect on economic activity in many of the Volvo Group's major markets in the short and medium term. Volvo has continuously adjusted its operations to lower demand from record levels in the first half of 2019 by utilizing the installed flexibility, while at the same time accelerating the transformation towards sustainable transport solutions. As the next step, the Volvo Group plans to further reduce the white-collar workforce globally by approximately 4,100 positions during the second half of 2020.

"The Corona epidemic and the global measures taken to fight it has led to a market situation impacting our industry severely. The effects are expected to be lower demand going forward and we need to continue to adjust our organization accordingly. In parallel, we will accelerate the competence shift needed for new technologies and business models," says Martin Lundstedt, President and CEO of the Volvo Group.

Since mid-2019, the Volvo Group has adjusted its activity levels by using the installed flexibility, terminating temporary and consultant contracts. During the second half of this year, the Group plans to further decrease the white-collar workforce with approximately 4,100 positions whereof around 15% are consultants. Approximately 1,250 of these positions are in Sweden.

The need for staff reductions would have been higher without various governmental support packages enabling short-term layoffs and other similar measures.

The staff reductions will be carried out in different ways across the Group, depending on the local business situation, country legislation and labor market practices. In some countries, including Sweden, the planned measures include notices of redundancy.

"The Volvo culture will continue to be our guiding star in this work, where we will work as one team together with the unions to make this adjustment in a responsible way," says Martin Lundstedt. "With these changes the Volvo Group will maintain a position of strength, be adapted to the new market situation and continue to be a leader in the transformation towards sustainable transport and infrastructure solutions."

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The Volvo Group drives prosperity through transport solutions, offering trucks, buses, construction equipment, power solutions for marine and industrial applications, financing and services that increase our customers' uptime and productivity. Founded in 1927, the Volvo Group is committed to shaping the future landscape of sustainable transport and infrastructure solutions. The Volvo Group is headquartered in Gothenburg, Sweden, employs 104.000 people and serves customers in more than 190 markets. In 2019, net sales amounted to about SEK 432 billion (EUR 40.5 billion). Volvo shares are listed on Nasdaq Stockholm.