



## PRESS INFORMATION

## Volvo invests SEK 1.1 billion in Eskilstuna, Sweden

**Over the next three years, Volvo Construction Equipment (Volvo CE) will invest nearly SEK 1.1 billion in its Component Division in Eskilstuna, Sweden. Work will begin in the spring. The money will be spent in extending the factory, new machine equipment, a production and assembly concept and cross-functional working methods.**

“The investment will make us more competitive and will secure jobs. I see this as a sign that we are doing a good job”, says Jörgen Svenningsson, President of the Component Division, which has around 1,200 employees in Eskilstuna.

The current area of 53,000 square metres will be extended to 63,000 and the entire layout of the factory will be adapted to flow-orientated production methods similar to those in the car industry. Money will also be invested in a second furnace in the new hardening plant. The Component Division factory will be a model installation in the industry.

The Component Division develops and manufactures power trains – i.e. axles and transmissions – for Volvo construction equipment. Volvo CE’s success in both old and new markets has meant that the Component Division’s Eskilstuna factory has reached full capacity and is therefore unable to meet future growth targets set by Volvo CE, despite operating with five daily shifts.

“Nowadays it’s a question of such large volumes that we are forced to change from work-cell based assembly to line assembly”, says Jörgen Svenningsson, and relates how the investment will make it possible in the long run to downsize to three shifts on the processing line and two shifts on the assembly line. “It’ll also mean more flexibility while at the same time reducing vulnerability”.



The production capacity of the Component Division has almost doubled since 2002. The investment will mean a further doubling of that capacity in stages, without requiring additional employees to be recruited.

“When the transformation is completed, we will be more efficient and make more components of a higher quality with approximately the same workforce as today, although we may possibly need additional employees during the running-in period”, says Jörgen Svenningsson.

The new factory was designed during the autumn and involved people from many parts of the organisation, from the factory floor to the development division. The trade-union organisations also took part and will also be involved in the transformation.

“People who live with an issue on a daily basis are often in the best position to find solutions. It’s therefore important to involve as many people as possible,” Jörgen Svenningsson adds.

Volvo has a total of 2,300 employees in Eskilstuna, of which 1,800 work with Volvo Construction Equipment. In 2006, Volvo CE invested a total of SEK 500 million in the plants in Eskilstuna, Braås, Hallsberg and Arvika.

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Volvo Construction Equipment (Volvo CE) is a major international company developing, manufacturing and marketing equipment for construction and related industries. Its products, leaders in many world markets, include a comprehensive range of wheel loaders, hydraulic excavators, articulated haulers, motor graders and compact equipment. Volvo CE is part of the Volvo Group, the world's largest manufacturer of diesel engines in the 9 to 18 liter category. The Volvo Group is one of the world's leading manufacturers of trucks, buses and construction equipment, drive systems for marine and industrial applications, aerospace components and services. The Group also provides complete solutions for financing and related services.

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