

## Communiqués

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# Volvo Cars And Geely Auto To Deepen Collaboration

Volvo Cars and Geely Auto have agreed on a wide-ranging collaboration that will maximise the strengths of the Swedish and Chinese automotive groups, delivering synergies in powertrains, sharing of electric vehicle architecture, joint procurement, autonomous drive technologies and aftersales.

- Powertrain operations to be combined in new company focused on next-generation hybrid systems and internal combustion engines
- Expanded use of shared modular architectures for electric vehicles (EVs)
- Enhanced collaboration in autonomous and electric drive technologies
- Joint procurement to cut purchasing costs
- Lynk & Co to expand globally by utilising Volvo distribution and service network
- Companies to retain independent corporate structures

Following a detailed review of combination options, Volvo Cars and Geely Auto have concluded they can secure new growth opportunities in their respective markets and meet evolving industry challenges through deeper cooperation, while preserving their existing separate corporate structures.

The deeper collaboration will enable existing stakeholders and potential new investors in Volvo Cars and Geely Auto to value their respective standalone strategies, performance, financial exposure and returns. We will also have the opportunity to explore capital market options.

The collaboration will be overseen by a new governance model, supported by Geely Holding, the lead shareholder in both companies.

Volvo Cars and Geely Auto confirmed the combination of their existing powertrain operations into a new standalone company. The company, expected to become operational this year, will provide internal combustion engines, transmissions, and next-generation dual-motor hybrid systems for use by both companies as well as other automobile manufacturers.

Through the collaboration, the two companies will focus on the development and sourcing of next-generation technologies, from connectivity and autonomous drive to car sharing and electrification. They are planning to share and jointly source batteries, electric motors and connectivity solutions that will generate valuable synergies. This will include the joint development of a world-leading autonomous driving (AD) solution under the lead of Zenseact, Volvo Cars AD software development company.

The two companies, which are planning to share the new SEA and SPA2 electric architectures among their brands, have launched combined efforts to drive speed and efficiencies in the development of hardware and software for the next-generation world-leading modular EV architectures. Intended sharing of platforms and architectures between the companies will drive additional synergies and allow for an expansion of product portfolios across the Volvo Cars, Geely, Lynk & Co and Polestar brands, and external partners.

Leveraging Volvo Cars' existing distribution and service network, the two companies will also collaborate on the global expansion of the jointly owned Lynk & Co brand.

Håkan Samuelsson, President and CEO of Volvo Cars, said: "Having evaluated different options to

realise value, we concluded jointly that a collaboration model between two standalone companies is the best way to secure continued growth and at the same time achieve technological synergies in many areas. We welcome the opportunity of further and deeper collaboration with Geely Auto.”

An Conghui, President and CEO of Geely Auto, said: "Geely Auto looks forward to partnering more closely with Volvo Cars, achieving significant synergies for our respective businesses. This will enable Geely Auto to accelerate its global expansion, to capitalise on our strengths in China and develop a new generation of world-class new energy vehicles and associated mobility services."

The collaboration agreement has been welcomed by Li Shufu, Chairman of Geely Holding, the parent company of Volvo Cars and the largest shareholder in Geely Auto.

“As shareholders and portfolio-managers of both wholly-owned and listed companies, Geely Holding sees significant benefits from deeper partnerships and alliances whilst maintaining independence,” said Li Shufu. “We are encouraged by the potential synergies and growth opportunities created by this collaboration, which will create two even stronger globally competitive companies in the rapidly changing world of automotive technology and new mobility services.”

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### **Volvo Car Group in 2020**

*For the 2020 financial year, Volvo Car Group recorded an operating profit of 8.5 BSEK (14.3 BSEK in 2019). Revenue over the period amounted to 262.8 BSEK (274.1 BSEK). For the full year of 2020, global sales reached 661,713 cars (705,452), a decline of 6.2 per cent compared to 2019.*

### **About Volvo Car Group**

*Volvo Cars was founded in 1927. Today, it is one of the most well-known and respected car brands in the world with sales of 661,713 cars in 2020 in about 100 countries. Volvo Cars has been under the ownership of the Zhejiang Geely Holding since 2010.*

*As of December 2020, Volvo Cars employed approximately 40,000 (41,500) full-time employees. Volvo Cars head office, product development, marketing and administration functions are mainly located in Gothenburg, Sweden. Volvo Cars head office for APAC is located in Shanghai. The company's main car production plants are located in Gothenburg (Sweden), Ghent (Belgium), South Carolina (US), Chengdu and Daqing (China), while engines are manufactured in Skövde (Sweden) and Zhangjiakou (China) and body components in Olofström (Sweden).*

*Under its new company purpose, Volvo Cars aims to provide customers with the Freedom to Move in a personal, sustainable and safe way. This purpose is reflected into a number of business ambitions: for example, by the middle of this decade it aims for half of its global sales to be fully electric cars and to establish five million direct consumer relationships. Volvo Cars is also committed to an ongoing reduction of its carbon footprint, with the ambition to be a climate-neutral company by 2040.*

### **About Geely Auto Group**

*Geely Auto Group is a leading automobile manufacturer based in Hangzhou, China and was founded in 1997 as a subsidiary unit of Zhejiang Geely Holding Group (ZGH). The group manages several leading brands including Geely Auto, Lynk & Co, Proton Cars, and Geometry.*

*In 2020, the brands under Geely Auto Group management sold over 1.43 million units, with Geely Auto retaining its position as the best-selling Chinese brand for four consecutive years, Lynk & Co setting a new sales record for six consecutive months, a revitalized PROTON growing 8.8% in spite of a global pandemic, and iconic British brand Lotus seeing retail sales rising 4% globally. For more information please refer to <http://global.geely.com>*

### **About Zhejiang Geely Holding Group**

*Zhejiang Geely Holding Group (Geely Holding) is a global automotive group that owns several well-known international automotive brands, with operations spanning the automotive value chain, from research, development and design to production, sales and servicing.*

*Founded in 1986 by Li Shufu, the company's Chairman, in the city of Taizhou in China's Zhejiang province, Geely Holding launched its automotive business in 1997 and is now headquartered in Hangzhou, China. The Group is comprised of five main businesses: Geely Auto Group, Volvo Car*

*Group and Geely New Energy Commercial Vehicle Group, Geely Technology Group, Mitime Group. Its brands include Geely Auto, LYNK & CO, Geometry, Volvo Cars, Polestar, London Electric Vehicle Company (LEVC), Farizon Auto, PROTON, and Lotus.*

*Geely Holding sold over 2.1 million vehicles in 2020, with Volvo Cars sales reaching 661,713 units globally and Geely Auto Group's Hong Kong listed entity reporting sales reaching 1,320,217 units.*

*Geely Holding employs over 120,000 people globally, and has been listed in the Fortune Global 500 for the past nine years. For more information regarding Zhejiang Geely Holding Group please refer to the official website at [www.zgh.com](http://www.zgh.com)*

## Mots clés:

Corporate, Press Releases

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La description et les faits repris dans le matériel de presse concernent la gamme de voitures internationale de Volvo Cars. Les équipements peuvent être optionnels. Les spécifications peuvent varier en fonction du pays et peuvent être modifiées sans préavis.

## Images liées



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