

V O L V O

# **BUILDING A COMPETITIVE MANUFACTURING FOOTPRINT IN EUROPE**

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Volvo CE | Swedish Manufacturing Conference

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# Agenda

- Introduction
- Strategic context
- Why Sweden?
- Overview our new facility in Eskilstuna
- Critical success factors to be competitive
- Conclusion, Q&A



## Competitiveness in EU

### Extensive survey data indicate a loss of competitiveness of European automotive component production and an increasing risk of value transfer out of Europe

#### Executive Summary (1/2)

- Amid rising trade tensions and intensifying competition from non-EU countries in the automotive components sector, CLEPA has launched a study to **assess the competitiveness of the EU as a location for the manufacturing and development of automotive components**.
- According to survey data collected by Roland Berger from over 100 respondents, **85% of the components in an internal combustion engine (ICE) vehicle produced in Europe are still assembled within the region, with a share of value created in Europe for these components in the 75% range**.
- **For battery electric vehicles (BEV), the EU value share per component is in the range of 70%**. For key components for connected and automated vehicles themselves these values are higher, but for their subcomponents the respective values are lower as significant parts of their value chain are outside of the EU.
- The survey also highlights an **important competitiveness gap between European production and that of non-European Best-Cost Countries, with cost differences ranging from 15% to 35%, depending on the component category**.
- Moreover, the data indicates **an increasing risk of partial value transfer to other regions for a majority of components**, as non-European suppliers aggressively compete on price to import into the EU and / or Tier-1 suppliers and OEMs seek cost reduction opportunities, and as non-European suppliers capture market share via low-cost imports.
- The combined effects of geographical value transfer, shifts in the powertrain mix, and changes in component value per vehicle could **threaten up to 23% of Europe's per-vehicle value creation over the next five years**. This would have significant implications for Europe's industrial base and could put between **300,000 and 350,000 jobs at risk during the same period**.

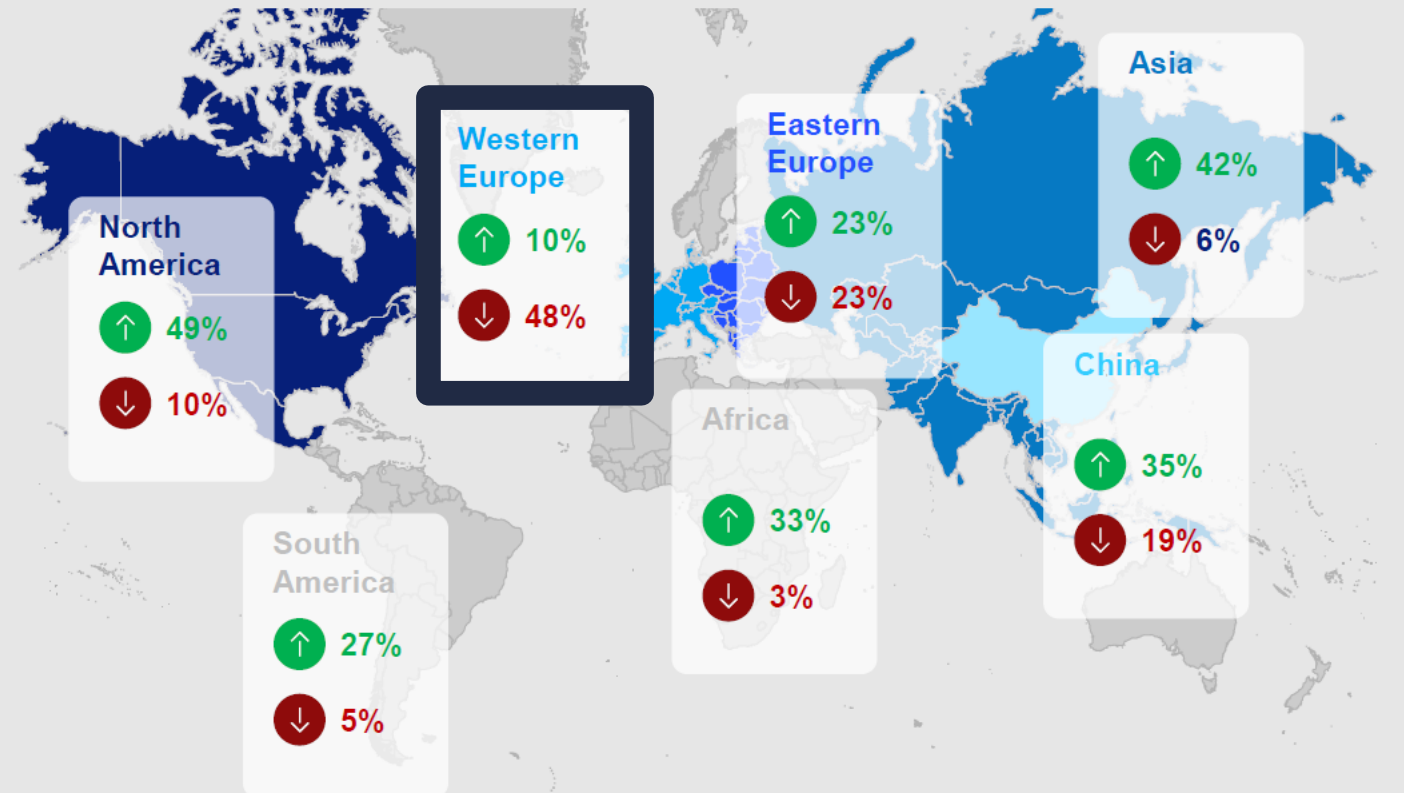
# Capacity cuts

**D**  
**Footprint | European industry about to face drastic capacity cuts in automotive production**

Survey conducted between October 13<sup>th</sup> – November 2<sup>nd</sup>, 2025

How does your company plan to adjust production capacity across regions over the next 5 years?<sup>1</sup>

↑ Increase in production capacity planned    
 ↓ Decrease in production capacity planned



1. N = 109 (October 13<sup>th</sup> – November 2<sup>nd</sup>, 2025)

Source: McKinsey CLEPA Pulse Check Survey

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# Volvo Construction Equipment

Global leader in construction equipment with a full solutions approach

- Key products: excavators, articulated and rigid haulers, wheel loaders and road equipment
- 10 R&D facilities, 12 production facilities, serving 180 markets globally, 80 BSEK company



[www.volvoce.com](http://www.volvoce.com)

# Why are we investing in a manufacturing facility in Sweden?

**Securing an industrial footprint matching our commercial footprint**



Move closer to customers and markets	Shorten delivery lead-times
Reduce exposure to geopolitical risks (tariffs)	Strengthen cost competitiveness



**Resilient  
Flexible**

Geopolitical instability

Supply chain disruptions

Trade barriers

New competition

# Business strategy

Excavators are the key growth driver for Volvo CE

## Excavators are:

- Highly flexible tools used globally across all customer segments and applications.
- The most important product by volume, with a global demand > 220K units.
- A key part of the Volvo CE total product offer to dealers and the market. Excavators bring scale and secure dealer engagement for all products.



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# New excavator factory from spring 2028

Vital strategic step to support business growth in excavators

Highlights: >70mSEK initial investment / 30,000m<sup>2</sup>



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# Critical success factors

- Leverage our existing supply chain and capabilities
- Implement best practises in our new operations
- Develop new supply partner relationships
- Customer and regional adaptation
- People & Passion



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# THANK-YOU

Question and answers

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