

Press Release

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Volvo Car Group signs multi-billion dollar battery supply deals with CATL and LG Chem

Volvo Car Group has signed long-term agreements with leading battery makers CATL and LG Chem to ensure the multi-billion dollar supply of lithium ion batteries over the coming decade for next generation Volvo and Polestar models.

The agreements cover the global supply of battery modules for all models on the upcoming SPA2 and the existing CMA modular vehicle platforms and represent a major step towards realising Volvo Cars' ambitious electrification strategy.

In 2017 Volvo Cars made the industry-leading commitment that all new Volvo cars launched from 2019 would be electrified. The company has since reinforced this strategy, by stating that it aims for fully electric cars to make up 50 per cent of its global sales volume by 2025.

"The future of Volvo Cars is electric and we are firmly committed to moving beyond the internal combustion engine," said Håkan Samuelsson, president and CEO of Volvo Cars. "Today's agreements with CATL and LG Chem demonstrate how we will reach our ambitious electrification targets."

CATL of China and LG Chem of South Korea are renowned battery manufacturers, both of which have long and successful track records supplying lithium ion batteries to the global automotive industry. They fulfil Volvo Cars' strict sourcing guidelines in terms of technology leadership, responsible supply chains and competitive cost models. In China, battery supply will benefit from the scale of the wider Geely Group.

"With today's agreement we effectively secured our battery supply for the upcoming decade," said Martina Buchhauser, senior vice president for procurement at Volvo Cars. "By having two suppliers available in each region we also ensure that we have flexibility in our supply chain going forward."

Volvo Cars' first battery assembly line is currently under construction at its manufacturing plant in Ghent, Belgium. It will be finalised by the end of this year and the first fully electric Volvo to be built in Ghent is the award-winning XC40 small SUV. Already now, plug-in hybrid variants of the XC40 are manufactured there.

The Compact Modular Architecture (CMA) currently underpins the XC40, as well as the fully electric Polestar 2 fastback and several models sold by LYNK & CO, Volvo's sister brand which it co-owns with Geely. As of this year, all three models will be built on a single production line at a Volvo-operated manufacturing plant in Luqiao, China.

The upcoming SPA2 architecture is the next generation of Volvo's in-house developed Scalable Product Architecture (SPA) and will be launched early next decade. SPA is one of the most advanced vehicle platforms in the car industry and currently underpins all Volvo models in the 90 and 60 Series. The first Volvo to be launched on SPA2 will be the next generation of the XC90 large SUV.

Earlier this year, Volvo Cars revealed a number of upgraded and newly-developed electrified

powertrain options, to be made available across its entire model range going forward. It has upgraded its existing T8 and T6 Twin Engine plug-in hybrid powertrains, with plug-in options now available on every model it produces.

Note to editors

- CATL and LG Chem were listed in alphabetical order in this press release

Volvo Car Group in 2018

For the 2018 financial year, Volvo Car Group recorded an operating profit of 14,185 MSEK (14,061 MSEK in 2017). Revenue over the period amounted to 252,653 MSEK (208,646 MSEK). For the full year 2018, global sales reached a record 642,253 (571,577) cars, an increase of 12.4 per cent versus 2017. The results underline the comprehensive transformation of Volvo Cars' finances and operations in recent years, positioning the company for its next growth phase.

About Volvo Car Group

Volvo has been in operation since 1927. Today, Volvo Cars is one of the most well-known and respected car brands in the world with sales of 642,253 cars in 2018 in about 100 countries. Volvo Cars has been under the ownership of the Zhejiang Geely Holding (Geely Holding) of China since 2010. It formed part of the Swedish Volvo Group until 1999, when the company was bought by Ford Motor Company of the US. In 2010, Volvo Cars was acquired by Geely Holding.

In 2018, Volvo Cars employed on average approximately 43,000 (39,500) full-time employees. Volvo Cars head office, product development, marketing and administration functions are mainly located in Gothenburg, Sweden. Volvo Cars head office for China 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).

About Contemporary Amperex Technology Ltd. (CATL)

Founded in 2011, Contemporary Amperex Technology Ltd. (CATL) develops and manufactures Lithium-Ion batteries for e-mobility as well as energy storage solutions. Main business also includes materials, battery management systems, battery recycling and reuse. The annual sales volume of CATL in 2018 is 21.31 GWh. According to SNE Research, CATL was listed NO.1 in the global electric vehicle battery industry with the annual shipment in 2018.

Headquartered in Ningde, China, CATL has more than 24,000 employees around the world and branch offices in Shanghai, Jiangsu, Qinghai, and Beijing in China as well as in Munich, Paris, Detroit, Yokohama, etc. The company's main battery production plants are located in Fujian, Jiangsu and Qinghai in China, and the Europe plant located in Erfurt, Germany is under construction. In June 2018, CATL was publicly listed in Shenzhen Stock Exchange (300750).

For further information, please visit: <http://www.catlbattery.com/>.

About LG Chem

LG Chem, Ltd. is Korea's largest diversified chemical company which operates three main business units: Petrochemicals, Advanced Materials and Energy Solution. The company was founded in 1947 and now employs over 34,000 staff globally. The chemical business manufactures a wide range of products, from petrochemical goods to high-value added plastics. It also extends its chemical expertise into high-tech areas such as electronic materials and lithium ion batteries.

With over 20 years' experience of development and production of these batteries LG Chem has established themselves as one of the world's leading Lithium-ion manufacturers. The company is a primary supplier of lithium batteries throughout the world for the mobile phone and hybrid/electric vehicle industries & Energy Storage System (ESS).

For further information about LG Chem, visit <http://www.lgchem.com/global/main>

Keywords:

Descriptions and facts in this press material relate to Volvo Cars' international car range. Described features might be optional. Vehicle specifications may vary from one country to another and may be altered without prior notification.

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