2014 a year of growth for Volvo Cars

Volvo Car Group (Volvo Cars) will in 2014 introduce new technologies, a series of industry-leading innovations as well as launch the much-anticipated all new XC90 as the full effects of a EUR 11 billion, four-year transformation plan start to bear fruit.

2014 will be a year of growth, said Håkan Samuelsson, President & CEO of Volvo Cars, at the 2014 Detroit Motor Show. He said the company was “back in the black” and that 2014 would be characterised by a continued strong performance in China and a recovery and growth in volume in the US, its two largest markets globally.

Much of the work that has been undertaken at Volvo Cars since the Swedish company was acquired by China’s Zhejiang Geely Holding in 2010 has been leading up to this year.

The all-new XC90 will be the first car to be built on the company’s brand new, in-house developed SPA vehicle architecture and the first Volvo production model to carry the company’s new design language, successfully showcased in the critically-acclaimed Volvo Concept Coupé and the Volvo Concept XC Coupé.

Powered by Volvo’s Drive-E powertrains and prepared for electrification technologies, the all-new XC90 will be replete with user-friendly safety and driver support systems that underline Volvo Cars’ safety leadership and human-centric approach.
Its many new features include Pedestrian Detection in Darkness, which enhances the detection of other vehicles, pedestrians and cyclists when driving in dusk or at night, and Adaptive Cruise Control with Steer Assist, a technology that helps the driver stay in the right lane and follow the rhythm of the traffic by automatically following the vehicle ahead.

“The all-new XC90 is the first car to be developed by an independent Volvo Cars and is emblematic of the company’s transformation,” says Håkan Samuelsson, President and CEO of Volvo Cars. “With the all-new XC90 we will deliver like never before on all the promises embedded in our Designed Around You brand strategy.”

Global sales forecast to increase
A key focus for Volvo Cars in 2014 will be to improve its sales performance in the United States, the company’s largest market, with the company aiming to grow sales faster than projected total market growth.

Volvo Cars will have an improved customer offer in the US in 2014, with a line of fully refreshed S60, XC60, XC70 and S80 models and the sales start of the V60 sports wagon. Together with the roll-out of the new Drive-E powertrains into the American market, along with new connectivity solutions, this is expected to support a recovery in the American market in 2014.

“The United States is one of our two largest markets and we have a long history in the US,” says Håkan Samuelsson. “We are committed to improving our sales performance in the market this year and bring the Volvo brand back to its former glory in the US.”

In China, Volvo Cars will build on a highly successful sales performance in 2013 and aim to continue its growth
momentum in the market. The first full year of local production in the new Chengdu manufacturing plant, new models like the S60L and a refreshed S80L as well as a further expansion of the dealer network around the country should support Volvo Cars' continued growth in China.

“We delivered a very strong performance in China in 2013, and we intend to continue that trend this year and the prospects are good,” comments Håkan Samuelsson. “All in all, I look forward to 2014 with confidence.”

2013 REVIEW

The groundwork for the important year 2014 was laid in 2013, an eventful year for Volvo Cars in which the company continued its transformation journey and improved its global sales performance. Global sales increased 1.4 per cent compared to 2012, as Volvo Cars recorded strong growth in China and improved its market share in several key European markets not in the least due to a major refresh of Volvo S60, V60, XC60, V70, XC70 and S80. The Chinese operations were further developed, with the establishment of a Volvo manufacturing footprint in the country a major highlight.

Retail sales
The year 2013 started under challenging circumstances for Volvo Cars, especially in the European and US markets. As the year progressed, Volvo Cars saw an improving momentum in several key European markets. China however was the star performer among Volvo’s markets, reporting a year-on-year growth of 45.6 per cent. The best sold model globally in 2013 was the Volvo XC60, with an increase of 7.4 per cent to 114,010 vehicles, compared to 2012. The Volvo V40 (78,307 cars, +252.7 per cent) was the second most sold model, followed by the Volvo S60 (61,579 cars, -4.9 per cent) and V60 (54,666 cars, +3.1 per cent).

The launch of the refreshed Volvo S60, V60, XC60, V70, XC70 and S80 supported a positive sales development in Europe, which also builds on the ongoing success of the Volvo V40. Helped by a favourable tax environment and strong demand for the V40, overall sales in the Netherlands increased by 40.8 per cent year-on-year, and the Netherlands is now Volvo’s sixth largest market. Other growth markets in Europe included the United Kingdom (+2.9 per cent), Spain (+2.2 per cent), Norway (+2.3 per cent) and Denmark (+7.2 per cent).

In Sweden, the company’s home country and third-largest market, Volvo Cars posted a small year-on-year increase of 0.8 per cent to 52,260 cars. The Volvo V70 once again ended the year as Sweden’s most-sold car, while the Volvo S60, V60, V40 and XC60 were other top sellers in the country.

In the United States, Volvo Cars experienced a challenging year but the market remained Volvo Cars’ largest. Overall sales fell by 10.1 per cent to 61,233 cars compared to 2012 due to the phase-out of the S40, V50, C30 and C70 models and a later introduction of the refreshed model programme, but demand for the Volvo XC60 and S60 was strong and both models sold better than in 2012.

China was just edged out by the United States as Volvo Cars’ largest market in 2013 with 61,146 cars sold. This was an increase of 45.6 per cent compared to 2012 and driven by new product launches, increased marketing spending and expansion of the Chinese dealer network. Demand for the Volvo S60 and XC60 grew strongly, while the first full year of Volvo V60 sales also underlined the popularity of the sports wagon. The Volvo V40 was launched in China in the first quarter of 2013 and was the fourth best-selling Volvo model in China.

Among markets elsewhere around the world, Japan was another highlight: sales here grew by 22 per cent to 16,897 cars, a level not seen since the late 1990s. Other well-performing markets in Asia were Taiwan (up 4.6 per cent) and South Korea (up 11.5 per cent).

Product and technological highlights

- At the Geneva Motor Show in March, Volvo Cars showed no less than six new cars to the world: a major refresh of the S60, V60, XC60, V70, XC70 and S80 made their world debut in Geneva. The new model range constituted the most extensive development of existing models in Volvo Cars’ history, and all enhancements were made with the needs of customers in focus. In Geneva, Volvo Cars also announced a manual D2 version (115 hp) of the Volvo V40. This car records CO2 emissions of only 88 g/km, which translates into fuel consumption of 3.4 l/100 km.
- In Geneva, Volvo Cars also launched another Volvo world-first in automotive safety: a technology that detects and automatically brakes for cyclists swerving in front of the car. The new functionality was an enhancement of the existing detection and auto brake technology, and the package was called Pedestrian and Cyclist Detection with full auto brake. The package became available on the Volvo V40, S60, V60, XC60, V70, XC70 and S80 models as of May 2013.
- Another feature launched in Geneva was the innovative permanent high beam functionality called Active High Beam Control. The system makes driving in the dark safer and more comfortable by enabling drivers to use the high beam continuously, thanks to an ingenious mechanism that prevents dazzling of oncoming drivers by shading out only as much of the beam as necessary. The Active High Beam Control is available for the Volvo S60, V60 and XC60.
- Volvo’s brand new, super-efficient, four-cylinder engine family Drive-E was showcased during the Frankfurt Motor Show in September. The Drive-E engines, which come in petrol and diesel variations, are currently available in six Volvo models and will eventually replace all other engine families currently available in Volvo models. The Drive-E engines are a range of smaller, more
intelligent engines with power curves that give exciting driveability compared with engines with more cylinders, while at the same time continuing to reduce fuel consumption and CO2 emissions. The engines are also from the start prepared for future electrification.

- Also making its world debut in Frankfurt was the Volvo Concept Coupé, the first of three concept cars to showcase Volvo Cars’ new design direction and to demonstrate the capabilities of the company’s in-house developed Scalable Product Architecture (SPA). The Concept Coupé has a face characterised by a new topography on the bonnet and the ‘floating’ grille, flanked by headlights featuring new T-shaped DRL light guides. Just like the rear light signature, the DRL lights are distinctive elements in the new design direction of Volvo Cars. The blue-grey exterior of the car is echoed on the inside of the Concept Coupé: refined, handcrafted elements such as the leather instrument panel, inlays made of naturally aged wood and the dark blue woven carpets are blended with beautifully machined metal details. The concept car also includes a totally new approach to Volvo Cars’ human-centric user experience. A large portrait touch-screen in the centre console interacts with an adaptive digital display and head-up display in front of the driver.

- In 2013, Volvo Cars also launched its new Sensus Connect infotainment and connectivity system. The existing user interface called Sensus was extended with the option to add intuitive all-new technology that enables connectivity and Internet in the car. Drivers go online either via a car-mounted 3G/4G dongle or a personal mobile phone. The system also has a voice-activation system, while it is also possible to share a WiFi network with everyone in the car.

- In early 2013, Volvo and Polestar together developed a limited production run of the Volvo S60 Polestar. The car was a 350hp high-performance version of the Volvo S60, based on the 508hp S60 Polestar Concept from 2012, and was at first developed exclusively for the Australian market as a pilot project. Following the car’s outstanding reception, Volvo and Polestar decided to develop a V60 Polestar as well and make the two cars available in more markets. In 2014, the S60 and V60 Polestar will be available in countries like Canada, the Netherlands, Japan, Sweden, Switzerland, United Kingdom and the USA, with further markets and final production numbers to be revealed later on in 2014.

- The Volvo V60 Plug-in Hybrid, the world’s first diesel plug-in hybrid, continued its success journey in 2013. After selling out the first batch of model year 2013 V60 Plug-in Hybrid’s before they even reached the showroom in 2012, Volvo Cars initially planned to build 150 units per week in 2013. However, demand for the car far outstripped planned production volumes and Volvo Cars decided in May to increase the production rate by 90 per cent to 282 cars per week. In the end, almost 7,500 V60 Plug-in Hybrids were sold in 2013, with especially strong demand in the Netherlands. The planned production volume for 2014 is 10,000 cars.

Safety achievements and recognition in 2013

- Several Volvo models were recognized for their top safety levels in 2013. In September, the American Insurance Institute for Highway Safety (IIHS) introduced a new test programme that rates the performance of front crash prevention systems. Both the Volvo S60 and XC60 received the highest possible rating – ‘Superior’ – and Volvo Cars’ City Safety was the only standard fitment low-speed crash prevention system in the test, which included 74 vehicles.

- IIHS also recognized the lasting quality of the Volvo XC90, which was launched already back in 2002. More than a decade later, IIHS still ranked the XC90 as one of the safest cars on the market by awarding it a 2013 Top Safety Pick+. The Volvo S60, XC60 and S80 received the prestigious 2014 Top Safety Pick+ ranking since IIHS extended its scope by integrating the small overlap test in 2012.

- Volvo Car Group’s pioneering work on pedestrian protection was rewarded with the 2013 Global NCAP Innovation Award in May. The award recognized a number of ground-breaking pedestrian protection systems developed by Volvo Cars in recent years, such as Pedestrian Detection with full auto brake and the world-first Pedestrian Airbag Technology on the Volvo V40.

- Volvo Cars’ leadership in safety was further supported by a safety report by Swedish insurance company Folkets. The report put four Volvo models – the S60, V60, V70 and S80 – on top of its ranking with a 12 per cent margin to the next car on the list. The Volvo S60, V60, V70 and S80 were almost 60 per cent safer than the average car in the report. As a result all models in Volvo’s current range received a top safety pick recommendation by Folkets, a recommendation for cars at least 40 per cent safer than the average car.

- In July, Volvo reached another safety milestone as the sales number of Volvo cars equipped with systems for automatic braking passed the one million mark.

Corporate and operational highlights

- In 2013, Volvo Cars continued to strengthen its capital structure and reached agreements with a
number of new financial partners. In November, Volvo Cars agreed a second loan agreement with China Development Bank, worth USD 800 million. This agreement followed on the EUR 922 million loan agreement that Volvo Cars and China Development Bank signed in 2012.

- In November, Volvo Cars started series production at the company’s first Chinese manufacturing plant, in the city of Chengdu. The first car to be built in Chengdu is the Volvo S60L, a long wheel base version of the Volvo S60 specifically aimed at the Chinese market.
- At the Swedish operations in Torslanda and Olofström, work continued to make the plants ready for the production of cars built on the SPA architecture. As part of the significant investments in the new SPA and Drive-E projects, construction of a new body shop in the Torslanda vehicle plant was completed during the second half of 2013. In May, Volvo Cars’ engine plant in Skövde, Sweden started the production of the company’s new Drive-E powertrain family.

Future technologies

- Throughout 2013, Volvo Cars continued its work on autonomous driving technologies, connected car technologies and research in this field. In October, Volvo Cars conducted the first ever demonstration in the US of Adaptive Cruise Control with steer assist in real traffic conditions, a technology that paves the way for full autonomous driving.
- In early December, Volvo Cars and Swedish government authorities announced another world-first in autonomous driving. The parties announced that in 2017, 100 self-driving Volvo cars will use public roads in everyday driving conditions around the Swedish city of Gothenburg, in what will be the world’s first large-scale autonomous driving pilot project. The aim with the pilot project is to acquire a deep and broad understanding of the requirements of autonomous driving in relation to infrastructure, driver interaction and how other drivers react on autonomous cars. This unique collaboration between authorities and industry positions Sweden and Volvo Cars as leaders in the development of future mobility.
- Also part of the Gothenburg pilot project is the ingenious concept for autonomous parking that Volvo Cars demonstrated in the summer of 2013. The concept car equipped with the autonomous parking technology finds and parks in a vacant space by itself, without the driver inside, while safely and smoothly interacting with other cars and pedestrians in the car park.
- In 2013, Volvo Cars worked with a number of experiments in the field of electrification, as part of the company’s constant drive to further develop its electrification technologies. The company successfully participated in a research project into inductive, cordless charging for electric vehicles. A Volvo C30 Electric test car could be fully charged in around 2.5 hours, by placing the car on top of an electromagnetic field in a charging base station.
- In another promising project, Volvo engineers developed a revolutionary concept for lightweight structural energy storage components that could improve the energy usage of future electrified vehicles. The material, consisting of carbon fibres, nanostructured batteries and super capacitors, offers lighter energy storage that requires less space in the car, cost effective structure options and is eco-friendly.

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