Volvo Cars starts Chinese production of XC40 small SUV in multi-brand Luqiao plant

Volvo Cars is starting production of its award-winning XC40 in Luqiao, China this week to meet ever growing demand for the company’s first small premium SUV.

The XC40 was launched in late 2017 to global acclaim and was the first ever Volvo to win the prestigious European Car of the Year award in March 2018. Until now Volvo Cars’ Ghent plant in Belgium has been the sole production site for the XC40, which has sold over 100,000 units globally already.

As of this week, XC40s for the Chinese market are built at a manufacturing plant in Luqiao, south of Shanghai, which is owned by Geely and operated by Volvo Cars. Doing so brings XC40 production closer to the Chinese market and follows earlier production increases to meet XC40 customer orders.

“Demand for the XC40 has exceeded our most optimistic expectations,” said Håkan Samuelsson, president and chief executive for Volvo Cars. “Building the XC40 in Luqiao creates extra capacity, adds flexibility to our global manufacturing network and is a clear proofpoint of our strategy to ‘build where you sell’.”

The Luqiao plant already builds the 01 SUV sold by Lynk & Co, Volvo’s sister brand which it co-owns with Geely. Separately, Polestar, the electric performance brand co-owned by Volvo Cars and Geely, announced this week it will build the fully electric Polestar 2 fastback in Luqiao as of next year.

This means that soon, the Luqiao plant will build three models of three different brands within the wider Volvo Car Group on a single production line. The Volvo XC40, Lynk & Co 01 and Polestar 2 are all based on the Compact Modular Architecture (CMA), co-developed with Geely.

As such, the Luqiao plant is an example of the collaboration between Volvo Cars and Geely, providing the necessary economies of scale to compete in today’s automotive industry.

Adding the Luqiao plant to its global manufacturing capacity further increases flexibility within Volvo Car Group’s global manufacturing footprint. The Luqiao and Ghent plants are now focused on building cars based on CMA, while the manufacturing sites in Torslanda (Sweden), Chengdu and Daqing (both China) and Ridgeville, South Carolina (USA) build larger cars based on the Scalable Product Architecture (SPA).

Lynk & Co was launched as a new brand by Geely Holding, the owner of Volvo Cars, in 2016. Volvo Cars owns a 30 per cent stake in Lynk & Co. It also owns 50 per cent of Polestar, while Geely owns the other half.

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
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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).

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