

P R E S S R E L E A S E

Volvo Construction Equipment refocuses its presence in China – divests its shares in SDLG

Volvo Construction Equipment (Volvo CE) has signed a contract to sell its ownership in China-based SDLG (Shandong Lingong Construction Machinery Co) to a fund predominantly owned by the Lingong Group (LGG). Going forward Volvo CE will be targeting focused customer segments in China and enhance its utilization of the Chinese supplier ecosystem.



This means Volvo CE will:

- Sell its entire stake of 70% of the shares in SDLG to a fund predominantly owned by the SDLG minority owner LGG
- Focus on offering Volvo branded premium products and services to focused customer segments in China
- Utilize its system in China as a production center serving both the domestic and export markets
- Continue to strengthen the Jinan Technology Center (JTC) into the Global Technology System to maximize the product development opportunities in China for the rest of the world.

In 2006, Volvo CE acquired a majority stake in SDLG, with LGG as a minority shareholder. The strategic investment gave Volvo CE access to the important domestic Chinese construction equipment market. The SDLG collaboration has been successful, but for strategic reasons, Volvo and LGG now believe it would be mutually beneficial to pursue independent business strategies. Therefore, the parties have agreed that a fund predominantly owned by the LGG will take ownership of Volvo's SDLG shares.

Melker Jernberg, Head of Volvo CE, says: "SDLG has served us well since 2006. However, with increasing competition, and the need to transform to new technologies as well as strengthen interaction with customers, we need to re-focus. China remains an important market for us, and we aim to capitalize

on our opportunities by focusing on sustainable solutions in targeted segments. We also plan to leverage the excellent industrial system in China.”

Premium products and services for specific targeted segments

Volvo CE will maintain its strategic focus on leading the development of sustainable solutions in the Chinese construction industry, targeting key segments such as mining, quarry & aggregates, and heavy infrastructure. The emphasis will be on providing tailored and comprehensive solutions that address specific customer needs while developing a sustainable distribution roadmap suited to the highly competitive landscape.

Utilize the industrial system in China as a production center serving both the domestic and export markets

The operations in China serve as a globally competitive production center, catering to both domestic and export markets. To leverage the quality and cost advantages present in the competitive industrial environment, Volvo CE has operated an excavator production facility in Shanghai since 2002 and has recently announced the establishment of new production lines. Moving forward, China will remain a crucial component of our value chain and a base for numerous suppliers, both domestic and international.

Continue to strengthen the Jinan Technology Center to maximize the product development opportunities in China for the rest of the world

A key component of Volvo CE China strategy is to continue to strengthen the Jinan Technology Center (JTC) into the extensive Global Technology System of Volvo CE, which aims to foster innovation and collaboration on a global scale. This involves ownership of products and establishing a common architecture to be utilized worldwide. Volvo CE remains dedicated to innovation and collaboration globally, ensuring that our solutions not only meet the needs of today, but also pave the way for a sustainable future.

Volvo Group will sell its shares in SDLG for 8 billion SEK. Closing is expected to occur in the second half of 2025, subject to regulatory approvals and other conditions.

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Volvo Construction Equipment (Volvo CE) is a global leader in construction solutions, delivering premium products and services that combine power and performance with a more sustainable way of working. We are a company driven by people

V O L V O

and together we have a purpose: To build the world we want to live in. Founded in 1832 and with a distribution network across every major market, our many dedicated experts around the world are fulfilling our shared purpose through a focus on sustainability, electromobility and services. As well as our expanding range of electric machines and charging solutions, Volvo CE provides industry-leading haulers, loaders, excavators and much more, all built to suit the demands of our customers' varied construction and infrastructure needs. Volvo CE benefits from being connected to the Volvo Group, which also offers trucks, buses, power solutions for marine and industrial applications, financing and services that increase our customers' uptime and productivity. Through its holistic perspective, Volvo Group is committed to shaping the future landscape of sustainable transport and infrastructure solutions. For further company information and to explore our values further please visit www.volvoce.com