# Volvo unveils £1.4bn cost-cutting plan amid plummeting EV sales and market turmoil



Swedish automotive manufacturer Volvo has announced an extensive cost-saving initiative valued at £1.4 billion aimed at counteracting a series of economic and market challenges, notably a significant decrease in electric vehicle (EV) sales. The company unveiled these plans alongside its first-quarter financial results on Tuesday.

The cost-cutting strategy includes job reductions across Volvo’s global operations, with the company confirming that redundancies will begin next year but withholding specifics on the locations and total number of positions affected. According to Volvo, the measures are designed to "protect profitability and drive structural efficiencies on direct and indirect costs."

Volvo, owned by Chinese conglomerate Geely, is navigating turbulent times as it faces multiple external pressures such as trade uncertainties linked to the policies of former US President Donald Trump, diminishing demand in the Chinese market, and a slowdown in consumer interest in EVs. In March, Volvo reported a 25 per cent year-on-year decline in electric vehicle sales, shortly after reinstating former CEO Håkan Samuelsson to lead the company through its current challenges.

Samuelsson, who returned as CEO on 30 March after the departure of Scotsman Jim Rowan, has previously led the company for a decade and is expected to steer Volvo for the next two years during a period described as "very difficult" for the automotive industry. Discussing the cost-saving plan, Samuelsson said: "The automotive industry is in the middle of a very difficult period with challenges not seen before. Over the last few weeks, I have worked with the management team and other colleagues on a plan to make the company stronger and more resilient. While our strategy is clear, we must get better at delivering results. Given the turbulence in the market, we need to further improve our cash flow generation and lower our costs."

The company reported a 6 per cent drop in global deliveries during the first quarter of 2025, totalling 172,000 vehicles, which contributed to an 11.7 per cent revenue decrease from £7.3 billion to £6.4 billion. Volvo indicated that the decline in wholesales was partly due to a "planned inventory reduction" at the end of 2024. In March alone, Volvo sold 70,737 cars worldwide, representing a 10 per cent decline compared to March 2024. Sales of fully electric vehicles fell 26 per cent, constituting 19 per cent of total deliveries, down from 21 per cent in the previous year.

Volvo has been an early adopter in the electrification of its vehicle range, with ambitions to shift focus completely to electric and plug-in hybrid models by the end of the decade. The decision to backtrack on the original 2030 EV-only target followed challenges including a slower rollout of EV charging infrastructure, reduced government incentives in some regions, and additional uncertainties such as increased tariffs. The company now aims for 90 to 100 per cent of its sales to be electric or plug-in hybrids by 2030, with plug-in hybrids serving as a transitional option for customers not yet ready to switch fully to EVs.

Earnings before interest and tax (EBIT) for the quarter fell sharply from £370 million to £120 million. Volvo has subsequently withdrawn financial guidance for 2025 and 2026, citing increasing external uncertainties. Samuelsson stated that Volvo’s future focus will be on "three areas: profitability, electrification and regionalisation."

The economic pressures affecting traditional car manufacturers extend beyond Volvo. The Volkswagen Group, which owns brands such as VW, Audi, Bentley, Porsche, and Seat, experienced a 40 per cent slump in profits over the first quarter of the year. The group attributed this decline to rising EV sales, which yield lower profit margins, alongside a volatile global economy. Despite a 1.4 per cent rise in deliveries to 2.13 million units and sales revenue of €77.6 billion (£66 billion), profit margins were squeezed. Battery electric vehicle deliveries surged by 64 per cent year-on-year, making up 10 per cent of global sales and 20 per cent in Europe.

Similarly, Stellantis, owner of Citroen, Fiat, Peugeot, and Vauxhall, posted a 14 per cent revenue drop to just under €36 billion (£30.6 billion) for the first quarter. The company cited vehicle price reductions in major markets such as the US and Europe, driven by discounting, and a fall in shipments. Like Volvo, Stellantis refrained from providing profit forecasts for the 2025-26 financial year due to ongoing uncertainties impacting market volumes and competition.

Volvo’s announcement follows a recent warning from Nissan, which forecasted a £4 billion net loss for the fiscal year amid a severe sales downturn in its largest markets—the US and China—and announced plans for significant cost reductions to stabilise its business.

The Daily Mail is reporting on these developments, highlighting the industry-wide challenges traditional car manufacturers are confronting as they navigate a complex transition towards electrification amid geopolitical and economic headwinds.

Source: [Noah Wire Services](https://www.noahwire.com)

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7. <https://www.dailymail.co.uk/money/cars/article-14663763/Major-car-maker-cut-jobs-1-4bn-cost-saving-drive-tariffs-EV-slump-weigh-heavy.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data