

Volvo Cars and owner Geely consider merger deal

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A Volvo car is parked behind the Volvo logo in the lobby of the Volvo corporate headquarters, prior to a media conference on the 2019 Full Year Financial Results, in Brussels, Thursday, Feb. 6, 2020. (AP Photo/Virginia Mayo)

Swedish automaker Volvo Cars and its owner Chinese automaker Geely Holding said Monday they are considering combining their businesses to

create a company that "would accelerate financial and technological synergies between the two companies."

A combined company would preserve the distinct identity of each of the brands Volvo, Geely, Lynk & Co and Polestar, Volvo's electric brand.

The proposal comes at a time when carmakers face huge investments to develop electric cars to meet tougher CO2 emissions limits, particularly in China and Europe, as well as technological innovation like driverless vehicles

In a joint statement, the two companies said that a combined group "would have the scale, knowledge and resources to be a leader in the ongoing transformation of the automotive industry."

It would be listed on the Hong Kong Stock Exchange "and with the intention to subsequently list in Stockholm as well."

The two will create a joint working group to prepare a proposal for their respective boards. A deal would be subject to the approval by the boards and and shareholders of Geely and Volvo Cars, as well as by regulators.

Volvo Cars is based in Goteborg, Sweden, but has been owned by Geely since 2010.

Last year, the global sales for Volvo Cars, which is a separate company from truckmaker AB Volvo, reached a record 705,452 cars across about 100 countries. It has about 41,500 (41,500) full-time employees with plants in Sweden, Belgium, South Carolina in the United States; and Chengdu, Daqing and Zhangjiakou in China.

Geely Holding is headquartered in Hangzhou. Its Geely Auto unit is is made up of the brands Geely Auto, Geometry, Lynk & Co, Proton, and

Lotus. The company also acquired British taxi maker The London Electric Vehicle Company in 2013. The group sold over 1.5 million cars in 2018.



Hakan Samuelsson, President and CEO, Volvo Car Group speaks during a media conference on the Volvo 2019 Full Year Financial Results at the Volvo headquarters in Brussels, Thursday, Feb. 6, 2020. (AP Photo/Virginia Mayo)

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