

Press release

Göteborg 2007-10-04

Automotive component manufacturer International Automotive Components Group AB (IAC) will invest in a new factory in Göteborg worth SEK 250m (€ 25 Mio.).

IAC Group AB is undertaking one of the Swedish automotive component industry's greatest investments in recent years. The new factory will be created in Göteborg. This will utilize a state-of-the-art process flow, which will result in improved efficiencies and better support to our customers. IAC Group AB is doing all this in order to continue to compete efficiently with the increasing competitiveness from low-cost countries.

The investment in a new factory in Göteborg will also result in a new production structure with changes in production at most of IAC Group AB's units in Sweden. The management intends to initiate negotiations with the union concerning its plans to move production that is now in Tanumshede to the new factory in Göteborg and to Färgelanda. A part of the production will be moved to Poland. This will be compensated by increased insourcing to other factories in Sweden.

This new strategy also proposes that all production in the current Göteborg factory be moved to the new factory. In addition, about eighty employment opportunities will be created in Färgelanda.

"This investment of a quarter of a billion kronor is an offensive strategy to ensure continued employment in our Swedish operations. We must increase our effectiveness and improve profitability if we are going to have globally competitive production in Sweden. We have now worked intensively for six months to develop a top-of-the-line production system, which means that we can face the increasingly tough demands from the market," says Marcus Nyman, head of IAC Group AB in Sweden.

The proposal is the second part of a multi-year strategic plan that is being implemented in order to meet owners' demands for profitability, and to create conditions for meeting the market's growing demands for cost reductions. The proposal means that the staffing will be reduced by about 150 of a total of 2000 positions during 2008.

"The changes we have planned affect a lot of people, and of course it is disappointing that we must propose to move operations from Tanumshede. Our ambition is that we arrive at an acceptable outcome for everyone involved, and that as many people as possible will be offered the chance to move to other units within the group," continues Marcus Nyman.

In total, about 300 positions in Tanumshede will be affected by the proposal. The company expects that it will be able to offer about half of those affected employment within other units. IAC Group's management will work closely with the unions and authorities in order to best serve the interests of everyone involved.

"By uniting two of our existing units in a new, ultra-modern factory in Göteborg, we can increase our competitiveness while also reducing the distance to the customers. We feel a strong commitment to Sweden, and to our customers and employees here. With this investment we are ensuring both our continued production as well as employment in our Swedish operations," concludes Marcus Nyman.

Marcus Nyman, Head of IAC Group AB in Sweden, will be available for questions from the media on October 4 between 15.30 and 17.00 at the phone number +46-(0)525-72 41 80.