

Volvo, Electrolux slash total of 4,000 jobs

STOCKHOLM, SWEDEN: Swedish industrial heavyweights Volvo trucks and Electrolux announced a total of 4,000 job cuts around the world on Friday when they published disappointing figures for the third quarter.



Volvo is to cut 2,000 jobs in its truck division. Image: Volvoapedia.

The two companies, major players in the vehicle and home appliance industries, will each axe 2,000 jobs, they said in separate statements.

Volvo's net profit was far below analysts' expectations, and profit at Electrolux slumped by nearly 30%.

Volvo, a leading manufacturer in the global truck industry, said: "As part of the previously announced Group-wide efficiency programme, a directional decision has been made to rationalise white collar staff and support functions by about 2,000 employees and consultants."

The firm said that third-quarter net sales fell to 64.9bn kronor, a drop of five percent compared with the same period last year. Net profits were also down one percent, to 1.4bn kronor, sharply below analysts' expectations of about two billion kronor.

Volvo chief executive Olof Persson said: "The third quarter was characterised by the ongoing comprehensive product renewal in the group's truck programme and the fact that we entered a new phase of the group's development focused on taking actions to streamline and enhance the efficiency of our operations."

Volvo employs 112,000 worldwide, including 16,000 consultants and temporary workers.

Home appliance manufacturer Electrolux also announced a cost-reduction programme that would kick in during the fourth quarter of this year and mainly affect operations in Europe, the Middle East and Africa.

"About 2,000 employees will be affected by these actions," the company said in a statement.

The company unveiled the programme as it released figures for the third quarter, showing net sales rising by just 0.3% from the level a year earlier to 27.1bn kronor.

The company reported net profits of 655m kronor during the quarter, a drop of 28.9% from the same period last year.

"Demand in several of Electrolux core markets in Europe continued to decline," the company said, saying sales in western Europe dropped one percent during the quarter from a year earlier.

Electrolux currently employs 60,200 people globally.

Source: AFP via I-Net Bridge

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