

- Order intake amounted to SEK 426M (348) – an increase of 22 per cent
- Net sales amounted to SEK 426M (337) – an increase of 26 per cent
- Operating profit amounted to SEK 33M (25)
- Profit for the period after tax amounted to SEK 19M (12)
- Earnings per share amounted to SEK 1.94 (1.20)

Financial review	Jan-Mar		Twelve months	
	2007	2006	Four quarters	2006
SEK M (unless otherwise stated)				
Order intake	426	348	1 574	1 496
Net sales	426	337	1 675	1 586
Operating profit	33	25	76	67
Operating margin, %	7.6	7.4	4.5	4.2
Profit for the period	19	12	32	25
Earnings per share, SEK	1.94	1.20	3.27	2.53

KMT is a leading manufacturer with advanced product solutions within Waterjet Cutting, Robotic Solutions, Precision Grinding and Sheet Metal Working. KMT's solutions are mainly found within the automotive, electronic and white goods industries. KMT creates value through precision – from design and delivery to the customer's end product. KMT is quoted on the Small Cap list of the OM Stockholm Exchange in Sweden, Denmark and Finland.

Market

The uncertainty in the market for precision grinding machines remains as a result of the significant overcapacity that prevails within the American-owned automotive industry. The ongoing restructuring in the sector, with increased competition from the Chinese subcontractors and also from the Chinese machinery builders, make the the market review worse.

We are of the opinion that the market trend for waterjet cutting and robotised waterjet cutting systems will be relatively favourable during 2007, with some differences between different geographic regions.

Group development

Consolidated order intake amounted to SEK 426M (348), an increase of 22 per cent. When adjusted for acquisitions and divestments, it was a decrease of three per cent. The acquired units reported an order intake of SEK 106M.

Net sales amounted to SEK 426M (337), an increase of 11 per cent after adjustment for acquisitions and divestments. Acquired companies contributed net sales of SEK 82M.

Operating profit before depreciations amount to SEK 43M (35) and the operating profit after depreciation amount to SEK 33M (25). The profit improvement was mainly attributable to acquisitions and KMT Ursviken.

Profit after tax amounted to SEK 19M (12), equivalent to SEK 1.94 (1.20) per share.

The cash flow from current operations was SEK 7M (31).

The 27th of March, an American customer cancelled an order of Nano Grinder. Negotiations are conducted concerning compensation for the cancellation. The profit and order backlog have not been adjusted.

Business areas

Order intake for the KMT Waterjet and KMT Robotic Solutions business areas amounted to SEK 262M (161). When adjusted for the acquisitions of Aqua-Dyne, H2O and KMT Robotic Solutions Inc. (formerly KMT RPT), it was a decrease of three per cent compared with the corresponding period in the previous year.

Net sales for the business area amounted to SEK 253M (166), an increase of 52 per cent. When adjusted for acquisitions, the increase was three per cent. Operating profit amounted to SEK 34M (36).

Order intake for the KMT Precision Grindings business area fell by eight per cent to SEK 134M (145). The willingness to invest within the important customer segment, fuel injection, is characterised by a 'wait-and-see' approach and the decision-making processes have become longer. Investments are mainly made in the Asian markets.

Net sales for the business area amounted to SEK 117M (115), an increase of two per cent compared with the corresponding period in the previous year. The operating result amounted to SEK -8 M (-5), mainly due to low volumes and reconstruction projects with low margins.

Order intake within the KMT Sheet Metal Working business area amounted to SEK 40M (51). When adjusted for the divestment of Pullmax Machine and Herber, order intake increased by 29 per cent.

Net sales amounted to SEK 57M (57). When adjusted for Pullmax Machine and Herber, it was an increase of 70 per cent. This reflects the large order intake during 2006 and the delivery of a large project.

Operating profit amounted to SEK 7M (-2). The improvement is primary assignable to KMT Ursviken and its increased volumes.

Liquidity and financing

Consolidated liquid funds amounted to SEK 11M (28) at the end of March compared with SEK 18M at the start of the year. To this are added unutilised credit facilities of SEK 121M.

Consolidated gross investments, excluding acquisitions, amounted to SEK 19M (14) and consisted mainly of development projects.

Net indebtedness amounted to SEK 699M (320) at the end of March 2007 compared with SEK 685M at the start of the year. The increase from last year is assignable to the loan financed acquisitions.

The net financial income and expenses amount to SEK -2M (-5) and is primary assignable to interest costs of SEK 7M (4).

The period's tax expense amounted to SEK 11M (8) at a tax rate of 36 percent (40). The tax rate reflects a mixture of Swedish and foreign taxes. The major part of the taxable result emanated from the companies in Germany and the USA.

Shareholder's equity amounted to SEK 591M (610), equivalent to SEK 59.14 (60.97) per share.

The consolidated equity ratio was 33 per cent (43) at the end of March 2007. This is an improvement of two percentage points since the 2006 year end.

Acquisitions

On 1 January 2007, KMT acquired 100 per cent of the shares in the French company, AquaForce. AquaForce offers service contracts, reconstructions, spare parts and maintenance, especially in the French market. The company has five employees and reported sales for 2006 of approximately EUR 1.5M after elimination of its trading with KMT.

The operation will be run as a profit centre within KMT Waterjet and KMT Robotic Solutions. It will be consolidated from 1 January 2007. AquaForce accounted for approximately SEK 4M and SEK 0.5M, respectively, of consolidated sales and operating profit for the first quarter.

Acquisition analysis, SEK M	AquaForce
Purchase price paid in cash	2.7
Direct transaction costs	0.4
Total acquisition cost	3.1
Intangible assets	2.1
Tangible fixed assets	0.2
Inventories	1.6
Liquid funds	0.1
Estimated deferred taxes	-0.6
Other net assets	-0.3
Total actual value of acquired net assets	3.1

Stated values of acquired net assets are preliminary as they are based on preliminary valuations and are dependent on the confirmation of certain states of affairs. The acquisition analysis could, therefore, be adjusted.

The intangible assets will be amortised over three years.

Personnel

The average number of employees in the Group was 922 (787).

Parent company

The parent company's profit after financial items amounted to SEK 20M (-8), where the majority of the difference from the previous year is explained by dividends from subsidiaries. Gross investments amounted to SEK 0M (0) and liquid funds to SEK 0M (0) compared with SEK 0M at the start of the year.

Significant events during the period

The Annual Meeting of shareholders on 29 March 2007 resolved to approve the sale of part of KMT Herber AB's operations. The Annual Meeting elected Vesa Kainu as a new Ordinary Board Member. The Annual Meeting also elected Mats Heiman as Chairman.

In accordance with the Board of Director's proposal, the Annual Meeting resolved a dividend of SEK 2.50 per share.

KMT views service and aftermarket as a priority area for expansion. In accordance with this strategy, KMT acquired the French company, AquaForce, during the first quarter. See the previous analysis.

Seasonal variations

KMT's products are investment goods. Order intake, invoicing and profit are normally higher during the second and fourth quarters than in the first and third quarters.

Reporting principles

This interim report has been prepared in accordance IAS 34, *Interim reporting*, which is in accordance with the requirements made in the Swedish Financial Accounting Standards Council's recommendation RR 31, *Interim reports for groups*. The same reporting principles have been applied as in the latest Annual Report.

Future information dates

Interim Report January-June

28 August 2007

Interim Report January-September

25 October 2007

The Interim Report will be available at KMT's Head office and on www.kmtgroup.com from 23 April.

Board of Directors, 23 April 2007

This Interim Report has not been the subject of examination by the company's auditors.

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Group summary

Income statements	Jan-Mar		Twelve months	
	2007	2006	Four quarters	2006
SEK M				
Net sales	426	337	1 675	1 586
Cost for sold goods	-299	-228	-1 191	-1 120
Gross profit	127	109	484	466
Selling and administration costs and R&D expenditure	-91	-81	-353	-343
Other operating income	1	1	1	0
Other operating expenses	-4	-4	-56	-56
Operating profit	33	25	76	67
Financial items	-2	-5	-22	-25
Profit after financial items	31	20	53	42
Taxes	-11	-8	-20	-17
The period's result	19	12	32	25

Comments on the income statement:

Depreciation for the quarter amounted to SEK 14M (10) and is distributed on the functions in which the asset is utilised.

Share data	Jan-Mar		Twelve months	
	2007	2006	Four quarters	2006
Earnings after tax, SEK	1.94	1.20	3.27	2.53
Shareholders' equity, SEK	59.14	60.97	59.14	56.97
Cash flow, SEK	-0.56	0.55	-0.96	-0.95
Number of shares, period end (1,000)	10 000	10 000	10 000	10 000
Average number of shares (1,000)	10 000	10 000	10 000	10 000
Market price at period end, SEK	126.50	150.00	126.50	149.00

Consolidated cash flow statement, summary	Jan-Mar		Twelve months	
	2007	2006	Four quarters	2006
SEK M				
Profit after financial items	31	20	53	42
Depreciation and other non-cash flow affecting items	20	-5	74	49
Cash flow from current operations before change in working capital	51	15	127	91
Change in working capital	-34	19	-69	-16
Paid tax	-10	-3	-23	-16
Cash flow from current operations	7	31	35	59
Investments in intangible and tangible fixed assets	-19	-14	-397	-392
Cash flow from investment operations	-19	-14	-397	-392
Change in interest-bearing provisions and liabilities	6	-11	348	331
Cash flow from financial operations	6	-11	348	331
The period's cash flow	-6	6	-14	-2
Liquid funds at the start of the period	18	22	28	22
Exchange rate differences in liquid funds	-1	-1	-2	-2
Liquid funds at the period end	11	28	11	18

Business areas	Jan-Mar				Twelve months			
	2007		2006		Four quarters		2006	
SEK M								
KMT Waterjet & KMT Robotic Solutions	253		166		771		684	
KMT Precision Grinding	117		115		634		632	
KMT Sheet Metal Working	57		57		271		271	
Group adjustments and parent company	-1		-1		-1		-1	
Net sales	426		337		1 675		1 586	
KMT Waterjet & KMT Robotic Solutions	87	34,4%	64	38,6%	278	36,1%	255	37,2%
KMT Precision Grinding	25	21,4%	30	26,1%	132	20,8%	137	21,7%
KMT Sheet Metal Working	16	28,0%	16	28,1%	77	28,4%	77	28,4%
Group adjustments and parent company	-1		-1		-3		-3	
Gross profit and gross margin	127	29,8%	109	32,3%	484	28,9%	466	29,4%
KMT Waterjet & KMT Robotic Solutions	34	13,4%	36	21,7%	114	14,8%	116	17,0%
KMT Precision Grinding	-8	-6,8%	-5	-4,3%	7	1,1%	10	1,6%
KMT Sheet Metal Working	7	12,3%	-2	-3,5%	-33	-12,2%	-39	-14,4%
Group adjustments and parent company	-		-5		-12		-20	
Operating profit and operating margin	33	7,6%	25	7,4%	76	4,5%	67	4,2%
KMT Waterjet & KMT Robotic Solutions	569		434				491	
KMT Precision Grinding	301		321				274	
KMT Sheet Metal Working	96		151				90	
Group adjustments and parent company	323		52				419	
Capital employed	1 289		958				1 274	
KMT Waterjet & KMT Robotic Solutions	434		257				326	
KMT Precision Grinding	364		366				373	
KMT Sheet Metal Working	118		158				119	
Group adjustments and parent company	6		6				6	
Average number of employees	922		787				824	

Percentage figures in the table relate to gross margin and operating margin respectively.

Balance sheets	31 Mar		Full-year
SEK M	2007	2006	2006
<i>Assets</i>			
<i>Fixed assets</i>			
Intangible assets	721	435	703
Tangible fixed assets	167	154	172
Financial fixed assets	5	1	12
Total fixed assets	893	590	887
<i>Current assets</i>			
Inventories	469	495	509
Current receivables	415	292	411
Liquid funds	11	28	18
Total current assets	895	815	938
Total assets	1 789	1 405	1 824
<i>Equity, provisions and liabilities</i>			
Shareholders' equity	591	610	570
Long-term liabilities	707	319	429
Current liabilities	490	476	826
Total equity, provisions and liabilities	1 789	1 405	1 824
Interest-bearing/ non-interest-bearing liabilities	31 Mar		Full-year
SEK M	2007	2006	2006
Interest-bearing liabilities	710	348	705
Non-interest-bearing liabilities	487	447	550
Total liabilities and provisions	1 197	795	1 255

Comments:

Of interest-bearing liabilities/provisions, pension provisions represent SEK 93M (93) and are included in the calculation of the net debt.

Change in equity	31 Mar		Twelve months	
	2007	2006	Four quarters	2006
SEK M				
Opening balance	570	601	610	601
Translation differences	8	-5	-23	-36
Revaluation reserve – cash flow hedging	-6	2	-	4
Dividend	-	-	-25	-25
Net result for the period	19	12	22	25
Closing balance	591	610	584	570

Key figures	Jan-Mar		Twelve months	
	2007	2006	Four quarters	2006
Gross margin, %	29.8	32.3	28.9	29.4
Operating margin, %	7.6	7.4	7.5	4.2
Profit margin before tax, %	7.3	5.9	3.2	2.6
Return on:				
- Capital employed	4.7	15.1	4.7	5.5
- Equity	5.7	13.9	5.7	4.3
Capital turnover rate	0.93	1.03	0.93	0.99
Equity ratio, %	33	43	33	31
Debt/equity ratio	1.20	0.57	1.20	1.24
Input/output ratio	1.76	1.95	1.76	1.62
Average number of employees	922	787	959	824
Net profit for the period after tax, SEK M	19	12	32	25

Comments on key figures:

Capital turnover rate, input/output ratio and return on equity and capital employed have been calculated on sales and results achieved over 12 months (R12) for all the periods stated. Robotic Production Technology and H2O Jet are consolidated from January 1, 2006. Total assets are included but only one month profit from 2006, in above key figures.

Quarterly data	2007		2006		
	Q1	Q4	Q3	Q2	Q1
SEK M					
Order intake* ,	426	413	358	377	348
- KMT Waterjet & KMT Robotic Solutions	262	224	184	141	161
- KMT Precision Grinding	134	102	142	157	145
- KMT Sheet Metal Working	40	98	41	87	51
Backlog,	556	568	599	573	623
Net sales* ,	426	491	320	438	337
- KMT Waterjet & KMT Robotic Solutions	253	202	153	163	166
- KMT Precision Grinding	117	190	131	196	115
- KMT Sheet Metal Working	57	101	38	75	57
Gross profit,	127	132	89	136	109
Gross margin, %	29.8	26.9	27.9	31.1	32.3
Operating profit,	33	4	12	26	25
Operating margin, %	7.6	0.8	3.8	6.0	7.4
Profit after tax,	19	0	-3	15	12
Cash flow from current operations	17	23	45	-39	31
Capital employed	1 289	1 274	1 091	1 093	957
Return on capital employed, %	4.7	5.5	15.5	15.1	15.1

* After the business area's internal eliminations