



## **Statement by the Board of Directors of Seco Tools in relation to the public offer by Sandvik**

The Board of Directors of Seco Tools unanimously recommends the shareholders to accept the public offer by Sandvik.<sup>1</sup>

### ***Background***

This statement is made by the Board of Directors of Seco Tools AB (publ) ("Seco Tools" or the "Company") pursuant to section II.19 of the NASDAQ OMX Stockholm Takeover Rules.

Seco Tools' parent company, Sandvik AB ("Sandvik"), has today announced a public offer to the shareholders of Seco Tools to transfer all of their shares in Seco Tools to Sandvik (the "Offer"). Sandvik offers 1.2 newly issued Sandvik shares for each Seco Tools share. The Offer values Seco Tools to approximately SEK 15.6 billion. The Offer is conditional only upon Sandvik's shareholders adopting the resolutions necessary to issue new Sandvik shares in connection with the Offer. According to the indicative timetable set out in the press release through which the Offer was announced (the "Offer Press Release") the acceptance period is expected to commence on 1 December 2011 and end on 10 January 2012. Settlement is expected to commence on or around 20 January 2012.

According to the Offer Press Release, Alecta pensionsförsäkring and Swedbank Robur Fonder, representing 18.3 per cent of the shares and 4.9 per cent of the votes in the Company,<sup>2</sup> are positive towards the Offer.

For further information about the Offer, reference is made to Sandvik's press release which was made public earlier today.

As a part of the Board's evaluation of the Offer, the Board has engaged SEB Enskilda as financial advisor and Vinge as legal advisor.

### ***The Board's recommendation***

The Board's statement is based on an assessment of a number of factors that the Board has considered relevant to the evaluation of the Offer. These factors include, but are not limited to, the Company's present position, the expected future development of the Company and possibilities and risks related thereto.

The Board has noted that the price per share offered by Sandvik represents a premium of approximately 25.8 per cent compared to the volume weighted average share prices on NASDAQ OMX Stockholm during the last three months, up to and including 4 November 2011 (i.e., the last trading day prior to the announcement of the Offer).<sup>3</sup> Compared to the

---

<sup>1</sup> Since the board members Annika Bärems and Peter Larson are not independent of Sandvik and thus have a conflict of interest, they have not participated in the Board's handling of or resolutions regarding the Offer.

<sup>2</sup> Based on 145,467,690 shares outstanding (of which 43,500,000 series A shares and 101,967,690 series B shares), which is the total number of outstanding shares in Seco Tools.

<sup>3</sup> Based on Seco Tools' volume weighted average price during the last three months of SEK 78.08 per share and Sandvik's volume weighed average price during the last three months of SEK 81.85 per share.



closing prices on NASDAQ OMX Stockholm on 4 November 2011 (i.e., the last trading day prior to the announcement of the Offer) of SEK 81.30 per share in Seco Tools and SEK 89.45 per share in Sandvik, the Offer represents a premium of approximately 32.0 per cent.

SEB Enskilda has issued a fairness opinion to Seco Tools's Board of Directors stating that the Offer is deemed fair from a financial perspective for the shareholders in Seco Tools.

Under the Takeover Rules, the Board must also set out its views on the impact that completion of the Offer may have on Seco Tools, especially employment, and its views on Sandvik's strategic plans for Seco Tools and the impact these could be expected to have on employment and Seco Tools's business locations. In the Offer Press Release, Sandvik has stated that Sandvik's intention is that the management team of Seco Tools will continue as today, that Seco Tools will be an independently managed product area under the umbrella of Sandvik Machining Solutions, and that there is currently no intention to carry out any material changes regarding Seco Tools' employees, terms of employment or the places of business. The Board assumes that the statements in the Offer Press Release are correct and has in relevant respects no reason to have a different view.

On this basis, the Board unanimously recommends the shareholders of Seco Tools to accept the Offer.

Anders Ilstam, Seco Tools Chairman of the Board comments:

*"The Board of Directors of Seco Tools has evaluated the bid level as well as the form of consideration in Sandvik's offer. In the context of this evaluation, the Board has also noted that Seco Tools already today is a subsidiary of Sandvik and that the two largest shareholders after Sandvik have stated their intentions to accept the offer. Against this background, the Board has unanimously reached the conclusion that the best alternative for Seco Tools' shareholders is to accept the offer."*

This statement shall in all respects be governed by and construed in accordance with Swedish law. Any dispute arising out of or in connection with this statement shall be settled exclusively by Swedish courts.

Fagersta, 7 November 2011

SECO TOOLS AB (publ)

The Board of Directors

The information contained herein is made public in accordance with the Securities Market Act and was submitted for publication on 7 November 2011, 8:10 a.m. CET.

For additional information contact Board Chairman Anders Ilstam, phone +46 70-630 76 02.  
E-mail can be sent to [investor.relations@secotools.com](mailto:investor.relations@secotools.com).

Previously published information can be found under the heading "About Seco & Investor Relations" on Seco Tools' website ([www.secotools.com](http://www.secotools.com)). Seco Tools AB's corporate registration number is 556071-1060 and the company's address is Seco Tools AB, SE-737 82 Fagersta, Sweden. The telephone number to the Group head office is +46 223-400 00.