

SKF's acquisition of leading magnetic bearing company now closed

SKF acquisition of S2M, a leading company in magnetic bearings, has now been closed. SKF had already earlier 12% of the share capital in S2M.

S2M has annual sales of around EUR 40 million and 200 employees. The company is headquartered in Vernon, France, where it also has its manufacturing facilities. SKF pays around EUR 55 million for the shares.

- We are now into the technologies of tomorrow and that is very exciting, says Tom Johnstone, President and CEO of SKF. We already have a smaller company in Canada dedicated to the manufacture of magnetic bearings, SKF Magnetic Bearings. This new company is very complementary both geographically and from a product range point of view for SKF. With this acquisition the range of magnetic bearings is substantially broadened. It is also important to remember that the magnetic bearing business is complementary to the SKF rolling bearing product range.

Magnetic bearings can replace hydrodynamic bearings which are bearings used in large and heavy applications that are energy intensive. The magnetic bearings will substantially reduce the energy consumption in those applications and thus contribute to the Group's sustainability efforts and focus.

- This new technology is a very interesting and fast developing technology that during the last years has grown out of its development phase, continues Mr Johnstone. Magnetic bearings are now considered a reliable alternative for a number of growing application areas. Main end customer segments are vacuum pumps, small air and gas compressors, turboexpanders, and compressors mainly for oil and gas industry.

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- With this acquisition we clearly strengthen our position in the bearing world and are able to offer our customers a broader product range in a fast growing market, Mr Johnstone says.

S2M will be part of SKF's Industrial Division and will be included as from 2008 in the Group's consolidated income statement.

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AB SKF may be required to disclose the information provided herein according to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 10.30 am on 21 December 2007.

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