



Concentric announces restructuring plan in Argentina

Concentric AB ("Concentric") today announces the restructuring plan for their new facility in Chivilcoy, Argentina in line with the weak demand in the South American commercial vehicle market.

The acquisition of GKN Sinter Metals de Argentina SA ("GKN Pumps" or "Concentric Chivilcoy") was completed earlier this year and, as a result, Concentric gained an important foothold in the Mercosur trade union, thereby enabling further penetration of the South American commercial vehicle market.

This redundancy programme is a direct response to the weak demand in the South American commercial vehicle market. This programme will help bring Concentric Chivilcoy's margins in line with the rest of the group.

The programme anticipates a headcount reduction of 34 employees that were engaged at the date of acquisition. Part of the headcount reduction has already been delivered and the remaining will be delivered in July 2015 through a mix of voluntary and compulsory redundancies. The redundancy programme will result in annual savings estimated at MSEK 9.

The total one-off expenses recognised for the restructuring plan in Concentric Chivilcoy amount to MSEK 14 and have been booked in Q2 2015.

As noted in our Q1 2015 interim report, Concentric has recognised MSEK 15 of income arising from negative goodwill as the fair value of the net assets acquired with GKN Pumps exceeded the purchase price. Historically, GKN Pumps has been an unprofitable venture and, as a result, the seller approached Concentric intent upon a strategic exit from the pump manufacturing business. This, together with the apparent over manning in the Chivilcoy facility at the date of acquisition, enabled Concentric to agree a favourable purchase price.

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