



P R E S S R E L E A S E

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KMT adapts cost base in KMT Precision Grinding business area

KMT has initiated codetermination talks regarding a reduction of the workforce by 80 persons, out of a total of 380 employees, in the KMT Precision Grinding business area, which will mainly affect employees of the subsidiaries KMT Lidköping and KMT UVA. The aim is for the codetermination talks to be concluded during the first half of 2007.

The earnings trend for the KMT Precision Grinding business area was unsatisfactory in 2006. Order bookings declined by 25 percent, while sales remained largely unchanged. Operating profit declined by 76 percent. KMT earlier announced that measures would be implemented to address the inadequate profitability within the business area and to adapt the workforce to the prevailing market situation.

The net effect on net profit for the year will be reported at a later date.

Lars Bergström, President and CEO, comments: "For a long time, the situation within KMT Precision Grinding has been unsatisfactory, with both declining profitability and reduced order bookings. We are now implementing these measures to raise profitability within the business area and thereby secure KMT's future competitiveness. At the same time, I want to emphasize that we increased the workforce in the business area in both India and China in the past year and this will continue in 2007 and 2008. We also have a distinct growth strategy within KMT Precision Grinding."

The KMT Precision Grinding business area is one of the leading global players in machines, equipment and service of precision grinding for the bearing and automotive industries. Five units at KMT work with precision grinding and related activities. KMT Lidköping and KMT UVA are the largest operations.

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KMT is a leading producer of advanced production solutions in Waterjet Cutting, Robotic Solutions, Precision Grinding, and Sheet Metal Working for engineered products. KMT solutions are found primarily in the automotive, electronics, and household appliance industries. KMT creates value through precision – from design and delivery to the customer's end product. KMT is traded on the OMX Nordic SmallCap list in Denmark, Finland and Sweden.