

Press release

SKF restructures automotive business in the Americas

The SKF Group has decided to cease production of taper roller bearings in the U.S. and substantially reduce production capacity at its Brazilian plant. The measures are intended to re-establish the profitability of the Group's automotive business in the Americas.

Production of taper roller bearings in the U.S. is carried out entirely at the plant in Glasgow, Kentucky and has been unprofitable for a number of years. SKF's market share for taper roller bearings in the U.S. is small and the plant has been unable to achieve the critical volume required to achieve profitable production. Accordingly, SKF will supply its customers with taper roller bearings manufactured at other plants.

Some 280 persons in Glasgow are affected by the decision. The closure will be carried out by the third quarter of 1999.

SKF also manufactures hub units in Glasgow for the American automotive industry. This production is not affected and will continue together with the operations in the new plant in Aiken, South Carolina. Today, production at the Aiken plant is carried out in two channels, one for cars and the other for trucks. As already planned, an additional two channels for production of hub units will be started up during the second half of 1999.

Due to the lower market demand, production capacity at the plant in Cajamar, outside Sao Paulo, Brazil will be reduced by about one third, with both the production of taper roller bearings and hub units being reduced. The reduction in personnel initiated in 1998 will continue. In total, the number of employees will decline by some 170. When demand in the Brazilian market begins to accelerate again, SKF will supply the market with products manufactured in other Group plants.

The costs for these measures amount to approximately MSEK 300 and will be charged against earnings of the SKF Automotive Division in 1998.

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