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Press release for immediate publication

Höganäs continues to invest

Business transacted at today's Board meeting in Ath, Belgium, included decisions on two major strategic investments.

A new production line for Astaloy (low-alloy) powder is to be built in Halmstad, Sweden. The market for this type of powder has grown significantly in recent years, and this strong growth is expected to continue, especially on the North American market. The investment amounts to about MSEK115 (MEUR 13.4) and includes a ladle furnace and atomizing line with associated equipment and buildings. Production is scheduled to start in January 2001.

It was further decided to proceed to a second phase of the expansion of water-atomized powder production capacity at Höganäs' subsidiary Coldstream S.A. in Belgium which started in 1998. Capacity for high-alloy powders (including stainless-steel powders) will be tripled. The extension also comprises a vacuum furnace for increased production of high-speed steel powder. Investments in Coldstream amount to a total of about MSEK 55 (MEUR 6.4), and the new facilities are expected to go on stream at the end of 2000.

Ath, 17 September 1999

Claes Lindqvist
President and Chief Executive Officer