



## NEWS RELEASE

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### **KMT creates a joint-venture for production in China**

**KMT creates a joint-venture together with the Chinese company KTL (Dalian Kaitele Machinery Co. Ltd.) to produce high frequency spindles in a new factory in Wafangdian, China.**

KMT will own 60 percent of the jointly owned company, KMT Spindle Technology Co. Ltd., and it will thus be consolidated into KMT's accounts. The estimated initial investment amounts to approximately SEK 20 million. The new facility will be inaugurated in the third quarter of 2007.

The JV will primarily supply the domestic Chinese market with high frequency (HF) spindles, albeit some of the output will be used in KMT's own machines as well as be sold to Western markets. The spindles will be marketed under KMT's brand name and KMT Spindle Technology plans to set up its own sales force. The R&D function will remain in Sweden.

The Chinese market for HF spindles is characterized by high growth. The increased demand on HF spindles of high quality is presently satisfied by imports, while local manufacturers offer products in the less high-tech segments.

Lars Bergström, President and CEO of KMT, said: "The strategy behind the joint-venture is to combine the latest spindle technology and our recognized high quality with KTL's broad network with Chinese machine manufacturers. KMT Spindle Technology will be the sole producer on the Chinese market that will combine high technology with low cost production processes".

"We strive to become the leading producer of high frequency spindles in China with a particular focus on the machine manufacturing industry", said Johan Westberg, Product Area Manager of KMT Precision Grinding.

A spindle is the machine part that rotates the tool and/or the work piece. A high frequency spindle has its own motor. A machine has one to eight spindles.

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KMT is a leading producer of advanced production solutions in Waterjet Cutting, 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 Nordic Mid-cap list of the Stockholm Stock Exchange.