



PRESS RELEASE

Höganäs' third quarter 2008:

Growth and earnings gains despite weak business cycle

Höganäs' sales grew by 5.8%, and operating income by 17% in the third quarter 2008, despite weaker demand on several markets. This was due to expanded volumes and higher pricing. Höganäs' take-over of the business acquired from Kobelco in North America is ahead of plan.

Höganäs AB is publishing its Interim Report for January-September 2008 today. The company's net sales in the third quarter increased from MSEK 1 489 to MSEK 1 575, or by 5.8%. This was due partly to volume growth of 2.7%, of which 2.4% was sourced from the business acquired from Kobelco in North America in August, and partly from price increases and currency effects. Volume growth remained brisk in Asia and South America. Progress in Europe and North America was slower as a result of reduced demand, mainly from the automotive industry. The company won further market shares in North America.

Operating income for the third quarter was MSEK 131 (112), up 17% year on year. Lower costs for nickel and a weaker exchange rate for the Swedish krona exerted a positive earnings effect. This was partially offset by higher costs for steel scrap and input goods, plus lower earnings from metal and currency hedges.

In the first nine months of the year, net sales were MSEK 4 750 (4 420), up 7.5%, with 5% of this consisting of volume growth. Excluding sales to Kobelco's customers, the increase was 6.8%, of which volume growth was 4.2%. Operating income for the nine-month period was MSEK 559 (475) up 18%.

Höganäs' president Alrik Danielson commented:

"Against the background of the significant slowdown on our markets, I'm pleased that we could post continued growth of our sales, earnings and cash flow. Looking ahead, we take a positive view that raw materials prices have reduced, and that the US dollar has appreciated. We're also very happy with the work we have done transferring Kobelco Metal Powders' customers in North America. In terms of starting production for these customers at our facility in Pennsylvania, we're somewhat ahead of schedule."

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This is information that Höganäs AB (publ) is obligated to make public according to the Swedish Securities Exchange and Clearing Operations Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 09.00 on 23 October 2008.

Höganäs was founded in 1797 and is today a leader within the iron and metal powder industry. End products are mainly used by the automotive industry and home appliances, lawn and garden and hand-tools. In 2007 the turnover was MSEK 5 838 (5 123) and income before tax MSEK 562 (525).

Höganäs is listed on the OMX Nordic Exchange Stockholm's Mid Cap list.

For further information please visit our website www.hoganas.com