



## NEWS RELEASE

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### Overcapacity results in cancellation of Nano Grinder order

**In a letter to KMT, American Axle & Manufacturing, Inc. (AAM) has cancelled an order placed earlier for six Nano Grinders. The reason for the cancellation is that forecast volume increases for AAM did not materialize, and accordingly, its current production capacity fulfils its requirements.**

The customer has offered compensation for KMT's accrued expenses in connection with this order and negotiations concerning final settlement have been initiated. Consequently, the financial impact on KMT's accounts has not yet been established, but will be announced when negotiations have been concluded. The total order value was approximately SEK 28 M.

At an earlier date, KMT announced a delay in this customer order for a new version of the Nano Grinder as a result of fundamental technical challenges. At the end of 2006, the technical problems were solved and subsequently, the order in question was ready for delivery. However, the project was postponed by the customer who initiated a reorganisation and relocation of their production units. The customer has now announced that it intends to cancel the order as a result of excess production capacity.

The revolutionary Nano Grinder concept is based on more than ten years of development. The grinder replaces rival system solutions that are five times as large, while considerably improving productivity.

**For more information, please contact:**

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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.