



PRESS RELEASE

Personnel reduction in the Höganäs Group

In order to meet the declining demand on the world market, Höganäs will adapt its production capacity and its organization.

As a result of the capacity adaptations, the Group starts consultations with relevant trade unions concerning personnel reductions affecting approximately 160 employees in Sweden, Belgium, USA, Brazil and China.

The downturn in the automotive market, which has been prevailing in North America over the last couple of years, could be seen also in Europe during spring 2008 and has grown worse during the autumn.

The business slowdown that became apparent after the summer has grown more serious due to the recent financial turbulence and credit restrictions. The demand at the customers of the company has declined. Unfortunately, there are at present no indications of an improvement in the short term. For that reason, the Höganäs Group needs to adapt the manning of its plants to the current market outlook.

From the total number of approximately 160 employees affected, somewhat more than 100 are employed in Sweden. Approximately one third of those are white collar employees, the remainder being blue collar.

This action is estimated to reduce operational expenses by 70 MSEK yearly as from April 2009. The one-time cost of the action is estimated at 50 MSEK and will be booked to operational expenses in the fourth quarter of 2008.

Alrik Danielson, CEO of Höganäs, commented: "After a weak finish to the third quarter we now take action to adapt the production capacity to the declining demand and in order to ensure that we come out stronger from the business slowdown."

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This is information that Höganäs AB (publ) shall 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 13.00 on 11 November 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