

CONSOLIDATION OF STAINLESS STEEL TUBES AND FITTINGS BUSINESSES

The Board of AvestaPolarit Stainless Tube (AST) proposes that the company acquires all stocks and shares in the fittings and flanges businesses AvestaPolarit ABE Group (ABE) from Outokumpu Stainless through a non-cash issue. AvestaPolarit, now Outokumpu Stainless, has conducted an investigation into the potential synergies of merging its tube and fittings businesses. As the customers and distributors for the businesses are more or less the same, clear synergies were identified. The merger would also enable the optimization and rationalization of both production and logistics. The Board's proposal will be put to vote at an EGM held by AST.

Sandvik, which currently has a 17% stake in AST, will be invited to subscribe to stocks and shares in AST through a directed share issue. This will enable the company to retain its current level of ownership.

The new company will in the future be marketed under the corporate Outokumpu brand and the marketing functions of the respective business units will merge to form a single sales organization.

It is proposed that Bengt Blomberg be appointed as President of the new company and that the Head Office be based in the Stockholm area. Christer Bäck, currently president of AST, will take up a position as Senior Advisor within the Outokumpu Group, with responsibility for specific rationalization and restructuring projects. In this new position Christer Bäck will report to the President for the Outokumpu Stainless business area Pekka Erkkilä.

For further information, please contact:

Olof Faxander, President - Special Products Division, phone: +358 9 421 5567 or cellular +358 40 564 1127.

Bengt Blomberg, President - AvestaPolarit ABE AB, phone: +46 660 577 11 or cellular +46 70 621 7752.