



SKF's acquisition of Kaydon Corporation

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SKF[®]

Safe harbor statement

This presentation contains forward-looking statements made pursuant to the Safe Harbor provisions of the United States Private Securities Litigation Reform Act of 1995 that are based on management's beliefs and assumptions. In some cases, you can identify forward looking statements by terms such as “may,” “will,” “should,” “could,” “would,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “projects,” “predicts,” “potential,” and similar expressions. Such statements, including statements relating to SKF’s expectations for the future performance of Kaydon Corporation, the future opportunities associated with the acquisition, and the success of the SKF integrating Kaydon into its business, are not considered historical facts and are considered forward-looking statements under the federal securities laws. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Such risks and uncertainties include the possibility that SKF will not consummate a transaction with Kaydon, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors mentioned in SKF's latest annual report (available on www.skf.com) under the Administration Report; "Important factors influencing the financial results", "Financial risks" and "Sensitivity analysis", and in its full-year report under "Risks and uncertainties in the business." We undertake no obligation to revise or update publicly any forward-looking statement, except as required by law.



**Kaydon is a leading manufacturer
of bearings and other custom
engineered products**

Kaydon key facts and figures – 2012

- Headquarters in Ann Arbor, Michigan
- Established 1941
- Publicly listed on NYSE (ticker: KDN)
- USD 475 million in sales
- 2,187 employees

Friction control



54% of total consolidated sales

Velocity control



23% of total consolidated sales

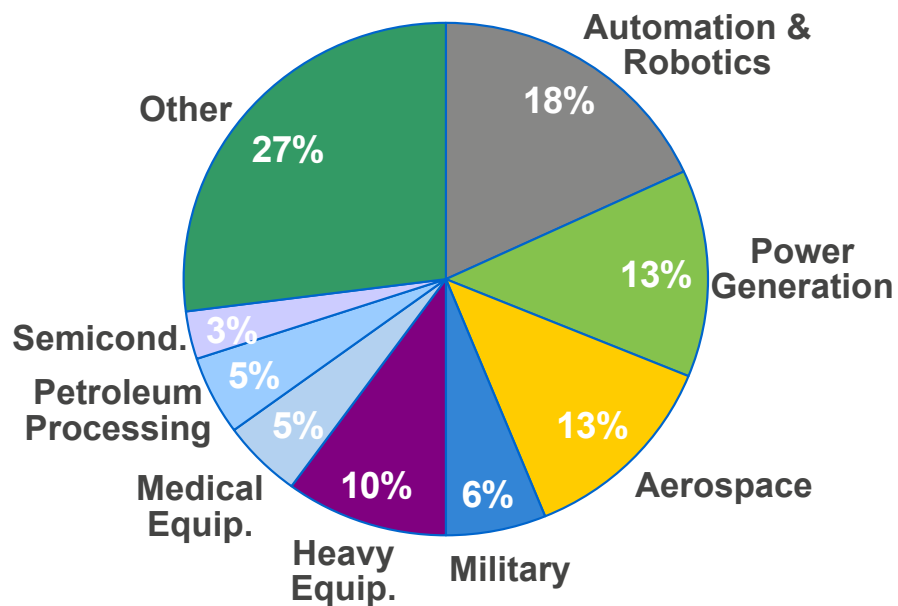
Specialty products



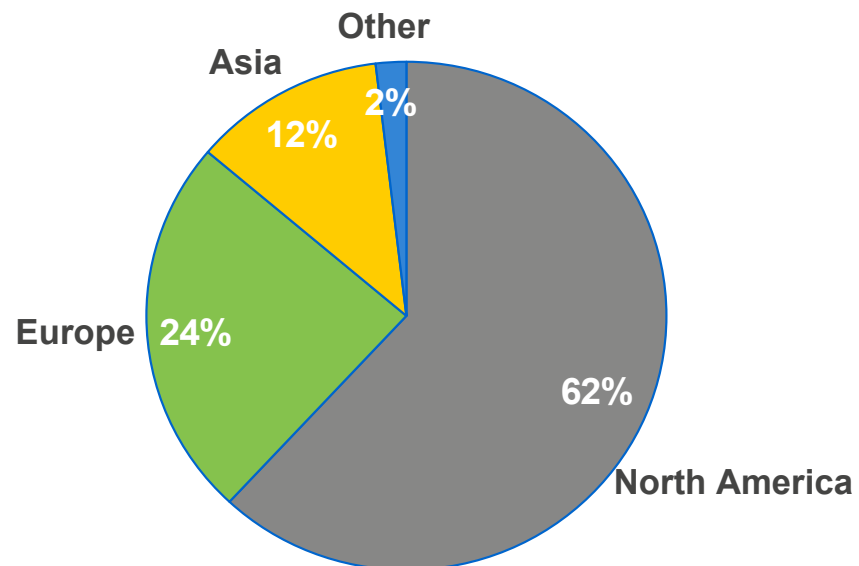
23% of total consolidated sales

Kaydon net sales – 2012










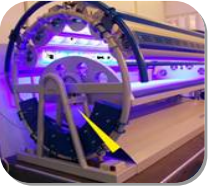




Industries



Geographies



Kaydon – leading market position, strong brands, attractive end markets

	Friction control	Velocity control	Specialty products
Products			
Brands	 	  	 
Primary End Markets	   	 	  

Kaydon global manufacturing footprint



19 Manufacturing units

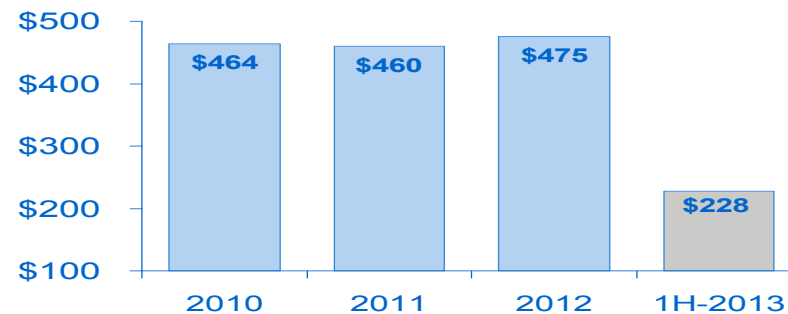
13 in the US, 1 in the UK, 1 in Mexico, 2 in China, 2 in Germany

- Friction control products
- Velocity control products
- Specialty products

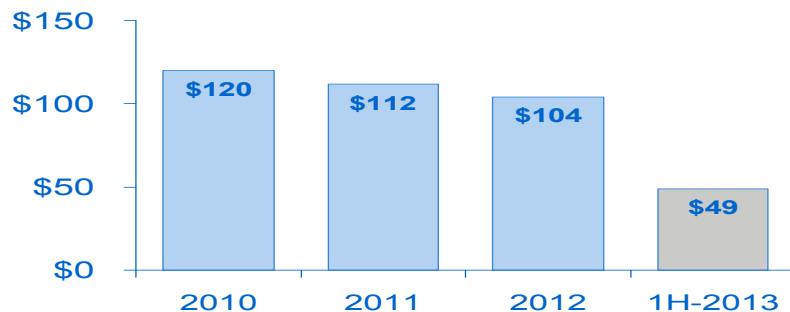
Kaydon has a solid financial track record

- Steady sales development
- Good margins
- Robust cash flow

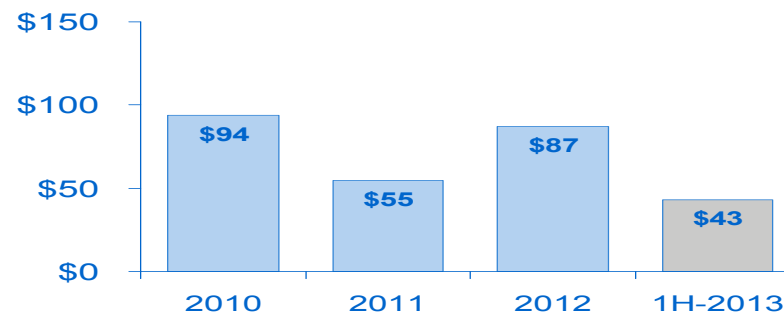
Sales (USD millions)



Adjusted EBITDA (USD millions)¹



Cash flow from operations (USD millions)



¹ Adjusted EBITDA is defined as net income plus (i) depreciation and amortization, (ii) interest expense, (iii) income tax expense, (iv) stock-based compensation (v) recapitalization costs and (vi) other extraordinary or non-recurring costs as described in Kaydon's historical earnings press releases. Adjusted EBITDA is a Non-GAAP measure and reconciliations to the GAAP measure are included in Kaydon's historical earnings press releases.



Strategic merits of Kaydon – why it's a good fit

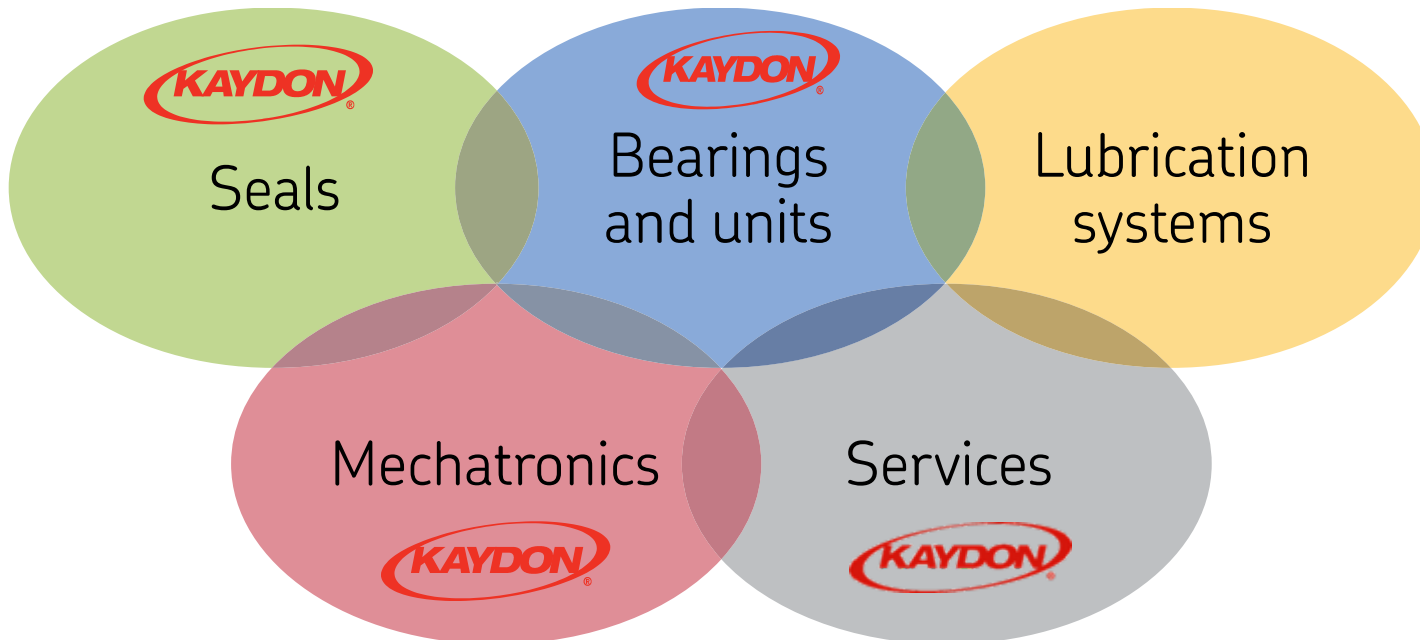
A strong addition to the SKF Group

- Kaydon is a leader in its product categories, such as split bearings, thin section bearings, and other highly engineered products
- Kaydon's industry recognized brands and leading technologies serve high value, global market segments
- Kaydon's product offering is highly complementary with SKF's product portfolio and will enhance SKF's offering to its customers and distributors worldwide
- Kaydon serves a number of segments that are less represented in SKF's current customer base

The acquisition supports SKF becoming the knowledge engineering company

- Expands SKF's manufacturing footprint and supports SKF's growth strategy for North America
- Enables SKF to better serve customers in many key industries globally with a more complete product portfolio
- Adds improved solutions and services through the combination of Kaydon and SKF complementary technologies
- Enables distribution of Kaydon products through the SKF distribution network worldwide
- Brings a highly professional and competent management and workforce

Kaydon strengthens SKF's technology platforms



Synergy potential

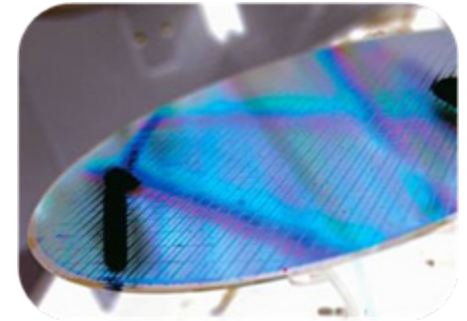
Expected sales synergies

- USD 50 million annually within 5 years
- Improved product offering to existing customers
- Increased sales through SKF distribution



Expected cost synergies

- USD 30 million per annum within 2-3 years
- Sourcing benefits
- Public company, listing and regulatory savings
- General corporate overhead savings



SKF



Transaction highlights

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- Tender offer = USD 35.50 per Kaydon share in cash
 - 22% premium to closing stock price on 4 September, 2013
 - 21% premium to the 30-day volume weighted average price
- The transaction represents a multiple of 12.7 times Kaydon's LTM Adjusted EBITDA (USD 98 million as of 29 June, 2013) and will be accretive to SKF earnings in year one
- Transaction is valued at approximately USD 1.25 billion, including USD 95 million in net debt
- All cash tender offer for 100% of outstanding Kaydon shares will be made on 16 September, 2013
- Friendly transaction recommended by and approved by Kaydon's Board of Directors
- The tender offer is subject to customary terms and conditions, regulatory clearances, including the tender of at least a majority of the outstanding shares of Kaydon common stock. Upon completion of the tender offer, SKF will acquire all remaining shares through a short form merger.
- Closing expected in Q4, 2013

Acquisition financing

- Kaydon firm value is USD 1.25 billion at offered price
- The acquisition of Kaydon will be paid in cash through existing funds and credit lines
- SKF will arrange long term debt financing following closing of the deal
- Meets SKF's financial criteria for acquisitions

Kaydon is a positive addition to the SKF Group

- Strengthens and complements existing product and service portfolio
- Industry leading brands
- Provides complementary geographical coverage
- Strengthens SKF's North American manufacturing base
- Supports SKF's growth strategy for North America
- Significant sales, distribution and cost synergies
- Financial performance supports SKF's long-term financial targets
- Good return for shareholders of both companies
- Strong management team
- Offers development and mobility opportunities for SKF and Kaydon employees



Offer Not Commenced

The tender offer described in this communication (the "Offer") has not yet commenced, and this communication is neither an offer to purchase nor a solicitation of an offer to sell any shares of the capital stock of Kaydon Corporation ("Kaydon") or any other securities. On the commencement date of the Offer, a tender offer statement on Schedule TO, including an offer to purchase, a letter of transmittal and related documents, will be filed with the United States Securities and Exchange Commission (the "SEC"). The offer to purchase shares of Kaydon stock will only be made pursuant to the offer to purchase, the letter of transmittal and related documents filed with such Schedule TO. The tender offer statement will be filed with the SEC by Atlas Management, Inc. ("Atlas") a wholly owned subsidiary of AB SKF, and Dublin Acquisition Sub Inc., and Kaydon is obligated to file a solicitation/recommendation statement with the SEC. **INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE TENDER OFFER STATEMENT, AS IT MAY BE AMENDED FROM TIME TO TIME, WHEN IT BECOMES AVAILABLE BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION.** Investors and security holders may obtain a free copy of these statements (when available) and other documents filed with the SEC at the website maintained by the SEC at www.sec.gov or by directing such requests to **MACKENZIE PARTNERS INC. AT (212) 929-5500 or Toll Free at (800) 322-2885.**

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