



# Press Release

## Sandvik Materials Technology launches comprehensive improvement program

As communicated by the Sandvik Group, 2 September 2011, the ambition for Business Area Sandvik Materials Technology is

- to within 2-3 years turn around the Business Area to a significantly higher and sustainable profitability
- subsequently evaluate alternatives for growth and expansion

To increase profitability to a significantly higher and sustainable level and to strengthen the leading position in key segments, Sandvik Materials Technology launches a comprehensive improvement program ("The Step-Change-program"). The cornerstones of the program are the following

- A step-change within the safety area
- A simplified and more cost efficient organizational structure
- Significantly reduced cost structure
- Improved productivity and increased flexibility
- A more aggressive approach to shift the product mix towards more advanced and profitable products
- Selective growth to ensure leadership in profitable key segments

One of the objectives is to sustainably reduce the overall cost structure by approximately 500 MSEK over a two year period. Key areas in focus are

- Reduction of staff- and administration costs
- Cost optimization of the sales organization
- Increased cost efficiency in production support and purchasing

"I see this program as a great opportunity to significantly improve profitability, to grow selectively in attractive and profitable niches and to further strengthen our position in strategic segments and markets. To reduce the cost base and increase profitability it will be essential that we motivate and get the full commitment from the organization. We will face tough challenges and will need to take some hard decisions but I'm fully convinced that we will create a really strong and attractive Sandvik Materials Technology for the future." says Jonas Gustavsson, President of Sandvik Materials Technology.

The magnitude of the actions taken might have to consider a possible deterioration of the business climate but the overall ambition is to establish Sandvik Materials Technology as a world class performer. In total the program is expected to increase Return On Capital Employed (ROCE) by at least 10 percentage points. One off costs as a consequence of the program are estimated to 800-900 MSEK of which 300-400 MSEK affecting cash flow.

Sandviken, 13 September 2011

Sandvik Aktiebolag (publ)

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### **Sandvik Materials Technology**

*Sandvik Materials Technology is a business area within the Sandvik Group and a world-leading manufacturer of high value-added products in advanced stainless steels, special alloys, metallic and ceramic resistance materials, as well as process systems. Annual sales 2010 were about SEK 17,700 M with 9,100 employees. The product areas comprises Tube, Strip, Wire and Heating Technology, Process Systems and MedTech.*

### **Sandvik Group**

*Sandvik is a global industrial group with advanced products and world-leading positions in selected areas – tools for metal cutting, equipment and tools for the mining and construction industries, stainless materials, special alloys, metallic and ceramic resistance materials as well as process systems. In 2010 the Group had about 47,000 employees and representation in 130 countries, with nearly 83,000 MSEK in annual sales.*

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