



Press Release

Sandvik outlines positive development for the years ahead at its Capital Markets Day

Growth and operational excellence were key themes at Sandvik's Capital Markets Day on Tuesday. CEO Olof Faxander outlined his plan for the next three to four years, including the company's shift toward fast-growing markets, higher returns and reduced earnings volatility. People, products and innovation with a strong customer focus are leading to a better Sandvik being built.

Sandvik, a world-leading, high-technology engineering group, held its fully booked Capital Markets Day in Sandviken, Sweden, on Tuesday, September 24. The company's customer base is active in the mining, construction, automotive, energy and general engineering sectors.

"Implementation of the new strategy has been carried out with speed and determination since its launch in 2011. This has resulted in a more customer-centric organization, operational excellence, restructuring and a turnaround for the company – all of which are crucial to our growth ambitions," said Olof Faxander in his speech, and gave several examples from all areas. In focus going forward, he underlined leading innovation, leading through attracting the best talents and further emphasize on sustainable business as key competitive factors.

However, Sandvik faces various types of challenges on a continuous basis. Production levels are being adjusted in the Sandvik Mining business area in response to the market slowdown observed during the first half of the year. Further cost reductions of 500-700 million SEK are planned as part of the adjustment to these market conditions. These measures will be implemented by mid-year 2014, resulting in nonrecurring charges of 300-400 million SEK.

To enhance supply-chain efficiency, Sandvik intends to reduce the number of its sites from the current 150 to approximately 125 within the next three to four years.

"These actions will result in increased capital efficiency, improved delivery performance, reduced complexity and simplified ways of working, thereby enabling us to improve service to our customers from the current level," said Olof Faxander, explaining that the supply-chain measures will be carried out during the next three to four years at a cost of approximately 3-4 billion SEK. Because of the multi-year time frame, it is currently not possible to be more specific regarding the units that will be affected.

In terms of investments, Sandvik will base its allocation of capital to its business areas on their size, growth and return. Sandvik believes that growth will mainly take place in the developing markets and in North America, whereas Europe is likely to play a less prominent role the years to come.

At the Capital Market Day, Sandvik emphasized acquisitions as an integral part of its growth strategy. The target for return on capital employed (ROCE) is set at 25% long-term. In an updated guidance, Sandvik stated that, given currency rates at the end of August, it is estimated that operating profit for the third quarter of 2013 will be negatively affected by about 300 million SEK. The guidance for net financial items (below 2.0 billion SEK for 2013), capex (below 5 billion SEK for 2013), tax rate (about 25-27% for 2013) and metal price effects (about -125 million SEK for the third quarter) remains valid.

"The short-term challenges are well under control. They are not diverting focus from our positive approach in the longer perspective, and I am convinced that we are building an even stronger Sandvik for the years ahead," said Olof Faxander.

Stockholm, 24 September 2013

Sandvik AB

Postal address

SANDVIK AB
Box 510
SE-101 30 STOCKHOLM
SWEDEN

Public Company (publ)

Reg.No 556000-3468
VAT No. SE663000060901
www.sandvik.com

Telephone

+46 8 456 11 00

Telefax

Sandvik AB discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 10:20 CET on 24 September, 2013.

For further information, contact Pär Altan, Head of External Communication +46 8 456 12 37 or Magnus Larsson, VP Investor Relations, +46 26 456 12 40.

The 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 2012 the Group had about 49,000 employees and representation in 130 countries with annual sales of about 99,000 Million SEK.