Lars Josefsson
President
Sandvik Mining and Construction
Safety first everywhere our equipment is in use and in our own organization.

Our aim is to achieve zero work related injuries and illness.
Sandvik Mining and Construction

Equipment, tools and services for the mining and construction industries

2007

- Sales SEK 33,100 M
- EBIT SEK 4,979 M, 15.1%
- ROCE 31.2%
- 15,200 employees
Financial objectives

Sandvik Tooling

- Growth: 7%
- ROCE: 30%

Sandvik Mining and Construction

- Growth: 9%
- ROCE: 25%

Sandvik Materials Technology

- Growth: 8%
- ROCE: 20%
Sandvik Mining and Construction Q2

- **Order intake +/- 0% (p/v)**
  - Excl project business, + 16%

- **Invoiced sales + 19% (p/v)**

- **EBIT 14.0% of sales**
  - SEK 1,370 M, + 8%
  - Strategic expansion
  - Currency effect SEK -180 M

- **ROCE 27.9% (32.2)**

- **NWC improvements**
Making our business more efficient

Building a strong platform for the future
Growth and a healthy margin increase

![Graph showing growth and EBIT over time](image-url)
Sales by region

Good market mix - More than 50% in Southern Hemisphere
Securing the demand in supply

- New equipment assembly capacity being built
- Rapid increase of capacity in both new and existing production facilities
- Sourcing teams focused on addressing critical component supply
- The new roller factory in Schöppenstedt is one example of high productivity solutions
Copper

Copper Mt ore/10 x Mt metal

- Lower grade
- More excavated material/ton ore
- More equipment needed

Source: Raw Materials Group
Mineral exposure

- COAL 26%
- DIAMOND 4%
- BASE METALS 25%
- IRON 15%
- GOLD 17%
- PLATINUM GRP 13%
Opening business opportunities by closing the productivity gap

- Maximizing the value generation of the solution
- Minimizing total cost of production

Source: BCG 2001-2006
Opening business opportunities by closing the productivity gap

- Maximizing the value generation of the solution
- Minimizing total cost of production

Source: BCG
"CapEx drives OpEx"
we can really influence customer productivity

Mobile mining equipment capex account for < 3% of total mining cost but influences 40% of the total mining cost.
Main trends and business drivers

MARTKET
- Continued high demand
- Increased exploration activities
- New infrastructure investments
- Lack of skilled people

TECHNOLOGY
- Safety and productivity drives mechanization and automation
- Surface to underground
- From drill and blast to continuous processes
- Mobile and flexible units
- Focus on productivity

CUSTOMERS
- Consolidation through mergers and acquisitions
- Globalization, search for synergies
- Towards solutions applications and performance contracts
- Sustainability is an issue
Sandvik International Mining School
Post-graduate Program for Engineers

Joint project of
Sandvik and University of Leoben, Austria

University of New South Wales, Australia
University of Witwatersrand, South Africa
Technical University of Helsinki, Finland
Camborne School of Mines, England
Colorado School of Mines, USA
Safety first everywhere our equipment is in use and in our own organization.

Our aim is to achieve zero work related injuries and illness.
The choice of the planet

Mining and construction are sensitive working areas.

We develop new solutions that will minimize the environmental impact of the operational processes.

In the end we help our customers to operate in a more sustainable way.
Sustainability in Mining
New methods economically viable alternative

- Resource efficiency
  - Mine only what is used
  - State-of-the-art methods required –
    - Precision Mining
    - Automine

- Energy efficiency
  - Mechanised Mining up to 40% more energy efficient than Un-Mechanized
  - More R&D required to lower total energy consumption for mining equipment – Coordination required with other initiatives
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Customer Segments

Sales by customer industries
- Construction
- UG Soft Rock Mining
- Surface mining
- UG Hard Rock Mining
- Exploration

Sales by product type
- Aftermarket parts, tools, consumables and services
- Equipment
- Project sales
Underground
Hard Rock Mining

Key end products
- Gold
- Iron ore
- Platinum
- Copper
- Nickel
- Diamonds

Key competitors
- Atlas Copco
- Boart Longyear
- Caterpillar
- Furukawa
- Metso Minerals

UG Hard Rock Mining
## Underground Soft Rock Mining

**Key end products**
- Coal
- Potash
- Gypsum
- Salt

**Key competitors**
- DBT
- Eickhoff
- Joy Global
- Kennametal
- Oldenburg

![Image of underground mining equipment]
# Surface Mining

## Key end products
- Gold
- Iron ore
- Copper
- Coal

## Key competitors
- Atlas Copco
- Bycyrus
- Joy Global
- Krupp
- Metso Minerals
- Terex

![Surface Mining](image)
Construction

Key target niches

- Quarrying
- Surface civil engineering
- Underground civil engineering / Tunneling
- Demolition & recycling

Key competitors

- Atlas Copco
- Metso Minerals
- Terex
Sandvik Mining and Construction

Exploration

Key end products
- Gold
- Copper
- Nickel

Key competitors
- Atlas Copco
- Boart Longyear
- Fordia
- Schramm
- Terex Halco

Sandvik is the only supplier of a complete offering of tools, consumables, drill rigs and related equipment for all types of exploration.
Solid base
for the future

- People
- Safety and Environment
- Successful re-organization
- Strategic sourcing
- Capacity expansion
- Focus in Asia
- Widest product offering
- Focus on strategic acquisitions
- Continuous improvements
We are a winning team
Cautionary Statement

“Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially effected by other factors like for example, the effect of economic conditions, exchange-rate and interest-rate movements, political risks, impact of competing products and their pricing, product development, commercialisation and technological difficulties, supply disturbances, and the major customer credit losses.”