CAPITAL MARKETS DAY
2008

Anders Thelin
President
Sandvik Tooling
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.”
Sandvik Tooling

Tools and tooling systems for metalworking
Wear parts and superabrasive components

Solutions using products in cemented carbide, high-speed steel, synthetic diamond, cubic boron nitride and special ceramics

2007

- Sales SEK 24,700 M
- EBIT SEK 5,989 M, 24.2%
- ROCE 33.5%
- 16,400 employees
Multi-brand strategy

Customers want alternatives & appreciate differences

More than one offer & differentiation to increase market share
Financial objectives

Growth at continued high profitability
Sandvik Tooling
Q2 2008

- Order intake +10%
  - Continued strong demand
  - More working days +3%
- Invoiced sales +12%
- EBIT 24.2% of sales
  - SEK 1,626 M, +4%
  - More working days +1%
  - Currency effect SEK -130 M
- ROCE 33.0% (33.8)
  - Excluding Diamond Innovations 35.9% (35.2%)
  - Exceeding target since 2005
Growth exceeding target

SEK M

25,000
20,000
15,000
10,000
5,000
0

25%
20%
15%
10%
5%
0%

2003 2004 2005 2006 2007 2008

Invoicing, Sandvik Tooling
Invoicing, half-year results
Organic growth, Sandvik Tooling
Growth target, 7%

Sandvik Tooling
Sandvik Tooling in continuous development

- Successful market strategy
- Employee empowerment
- Sustainable development
- Growth in new & existing segments
- Productivity
- Improved geographical presence
Improved geographical presence
2007 vs 2001

Sales 2007

- Western Europe
- NAFTA
- South America
- Africa, Middle East
- Asia
- Australia and New Zealand

- Western Europe: MSEK 3,000 (2007 vs 2001 +37%)
- NAFTA: MSEK 5,000 (2007 vs 2001 +17%)
- South America: MSEK 4,000 (2007 vs 2001 +271%)
- Africa & Middle East: MSEK 1,100 (2007 vs 2001 +66%)
- Eastern Europe: MSEK 4,000 (2007 vs 2001 +85%)
- Asia: MSEK 400 (2007 vs 2001 +63%)
- Australia and New Zealand: MSEK 400 (2007 vs 2001 +44%)

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Productivity

- **Improving capital efficiency**
  - Stock turnover rate
  - Lead-times in production, product development etc.
  - Credit times to customers and suppliers

- **Continuous consolidation of production**
  - +32% volume*
  - -30 units*

* 2007 vs 2002

Semine, Japan

Pune, India

Münsingen, Germany
Productivity

Efficient use of man-hours & machine time

- Variable working-hours
- Automation, 168 hours/week
- Shifting resources from administration to sales
Growth in new & existing segments

New Sales Ratio
Indexables, 2007
50%

Sandvik Tooling
Sustainable development

Environmental business drivers

- Lighter, stronger components
  - Increased tool demand

- Lean on scarce resources
  - Recycling
Employee empowerment

Engaged and skilled employees – a key to success

- Want (= create engagement)
- Know (= flow of information)
- Can (= right competence)
- Should (= authority)
- May (= responsibility)
Successful market strategy

- Our customers appreciate alternatives
  - Multi-brand strategy
- Brand positioning and differentiation

Your success in focus

Sandvik Tooling
Customer Impressions
– Multi-Brand Strategy Approach
Beating competition

Growth, % (year-on-year)

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<th>Period</th>
<th>Sandvik Tooling</th>
<th>Main competitor</th>
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EBIT, %*

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*Corporate costs have been distributed to business areas in proportion to share of sales.
Sandvik Tooling in continuous development

- Successful market strategy
- Employee empowerment
- Sustainable development
- Growth in new & existing segments
- Productivity
- Improved geographical presence
Sandvik Tooling in continuous development

Q&A

Successful market strategy
Employee empowerment
Sustainable development
Growth in new & existing segments
Productivity
Improved geographical presence
Demonstrations

Precorp

Polycrystalline diamond tool solutions

David Goulbourne

Teeness

Anti-vibration tool solutions

Börje Ahnlén