



Sandvik

Capital Markets Day

2010

Prepared for the future

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The Sandvik Group

Sandvik Tooling



Sandvik Mining and Construction



Sandvik Materials Technology



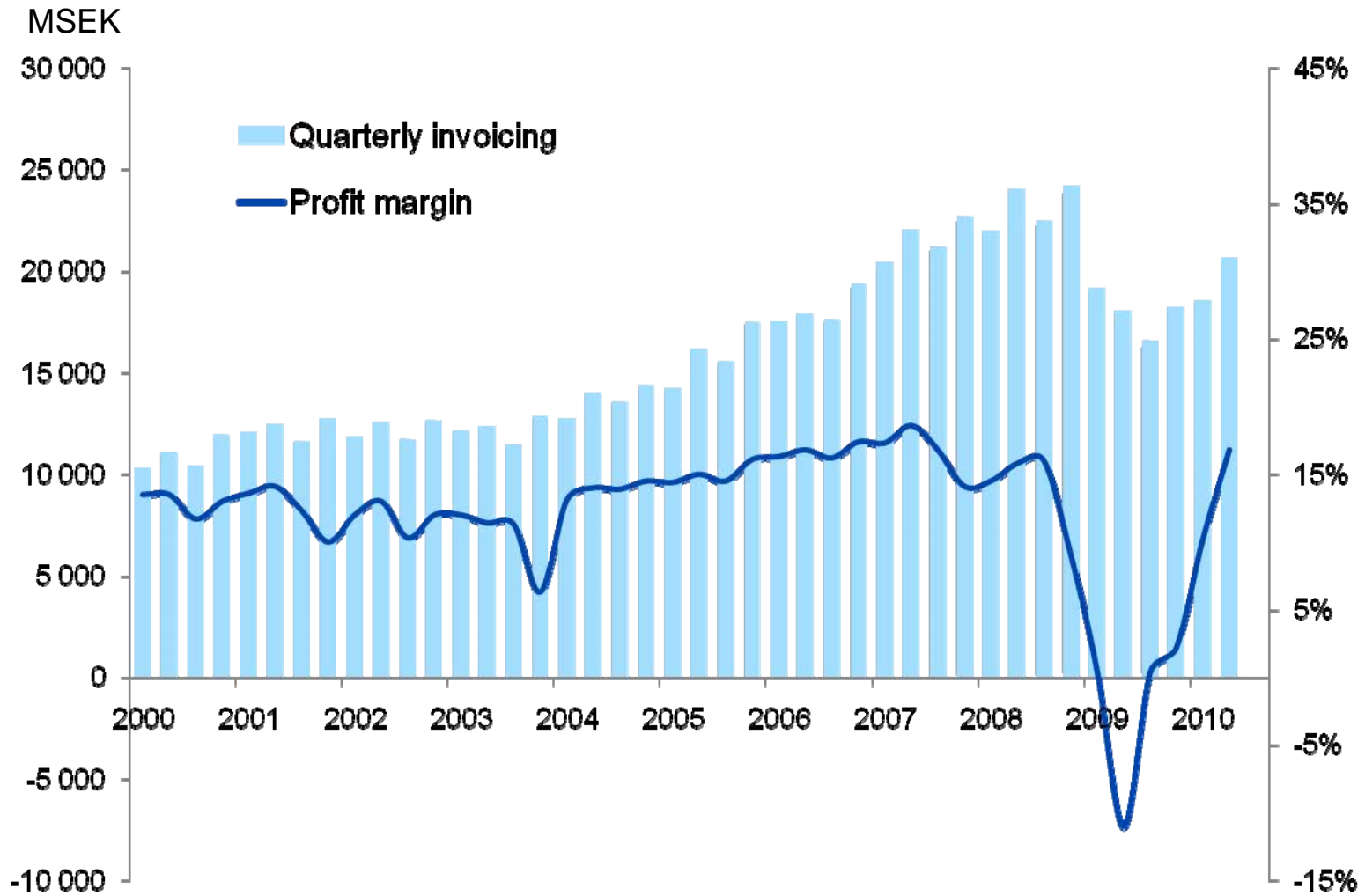
2010 Q1-2:

Sales, SEK M	11,673	15,963	8,638
Margin, %	18.1	11.9	11.7
ROCE, %	7.7	13.3	-3.9

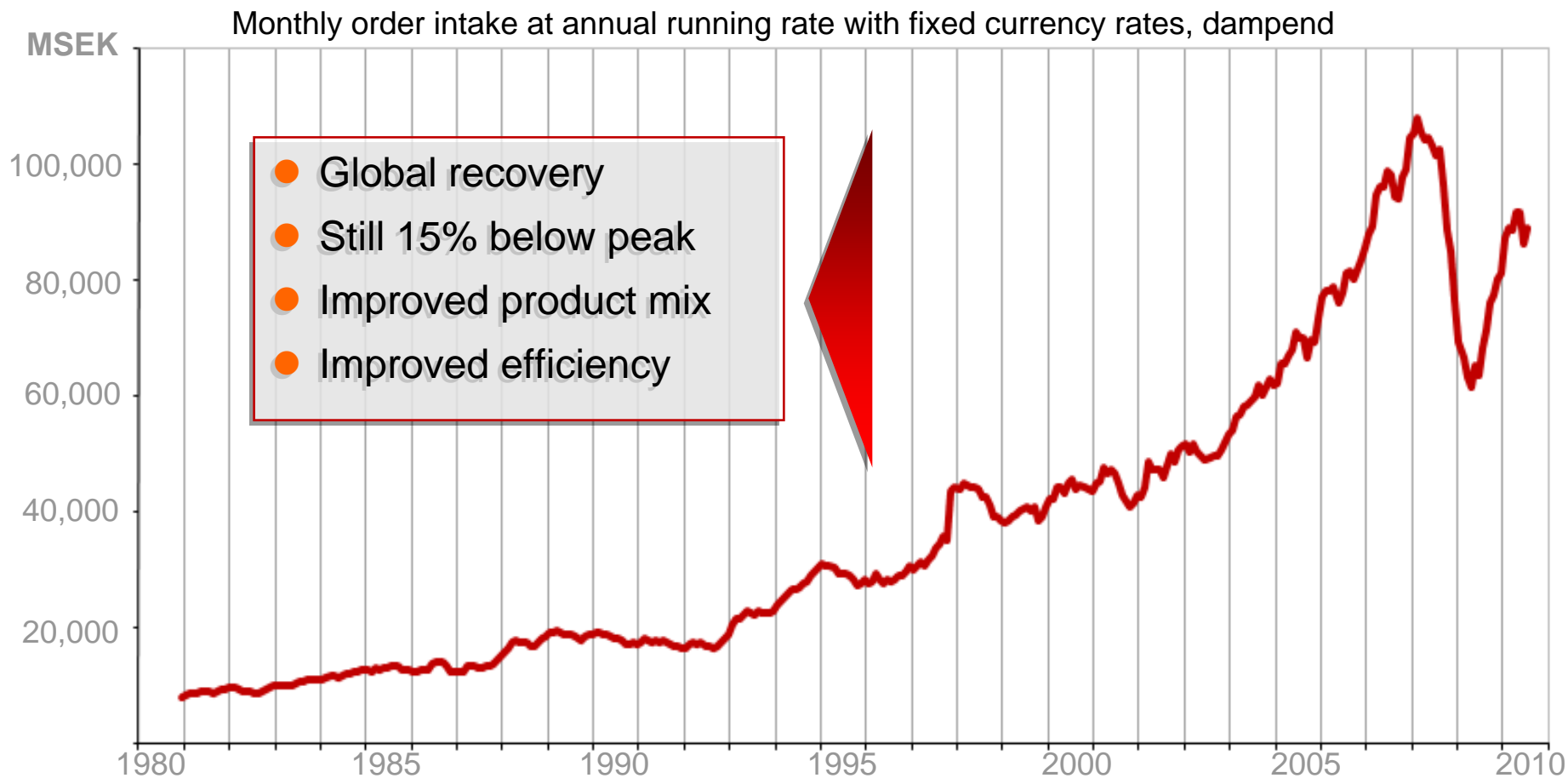
Quarterly highlights

- Continued market recovery
 - ✓ Increased order intake in all markets
 - ✓ Energy, automotive and mining strong drivers
 - ✓ Weak project market
- Operating profit 3,471 MSEK, 16.8%
 - ✓ Lower cost level
 - ✓ Increased invoicing and production volumes
 - ✓ Favorable product mix
 - ✓ Positive metal price and currency effects
- Operating cash flow 2,626 MSEK
 - ✓ Cash flow after investments and acquisitions, 1,770 MSEK
- Net Working Capital reduced to 27% of invoicing

Global recovery



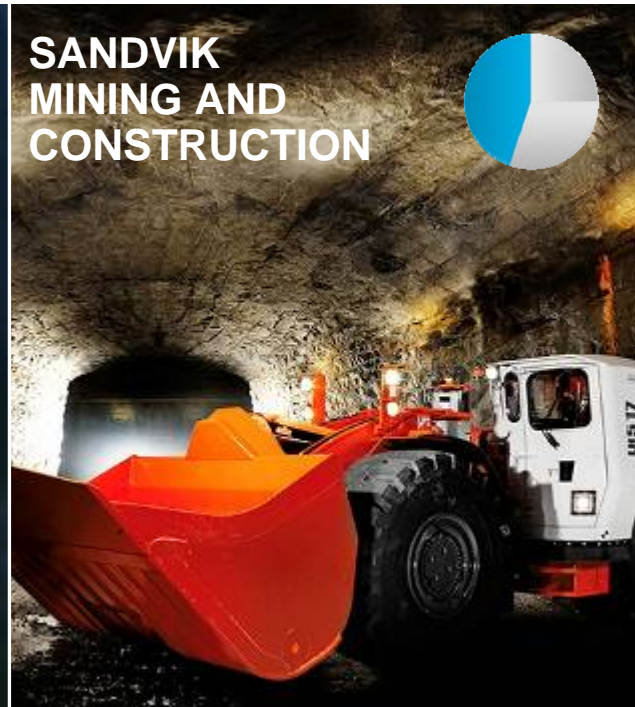
Long-term market development



Downturn management

- Cash flow in focus
- Reduced cost base, peaked at 8 BSEK annual rate
- Expansion in emerging markets
- Retained R&D and sales organization
- Closure of 18 production sites
- Reduced debt

Sandvik Group Business model



- Vertical integration
- In-house manufacturing
- Direct sales
- Own central warehouses
- Short lead times

- Extensive supplier network
- Strategic manufacturing
- Direct sales
- Own central warehouses
- Long lead times

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Business model

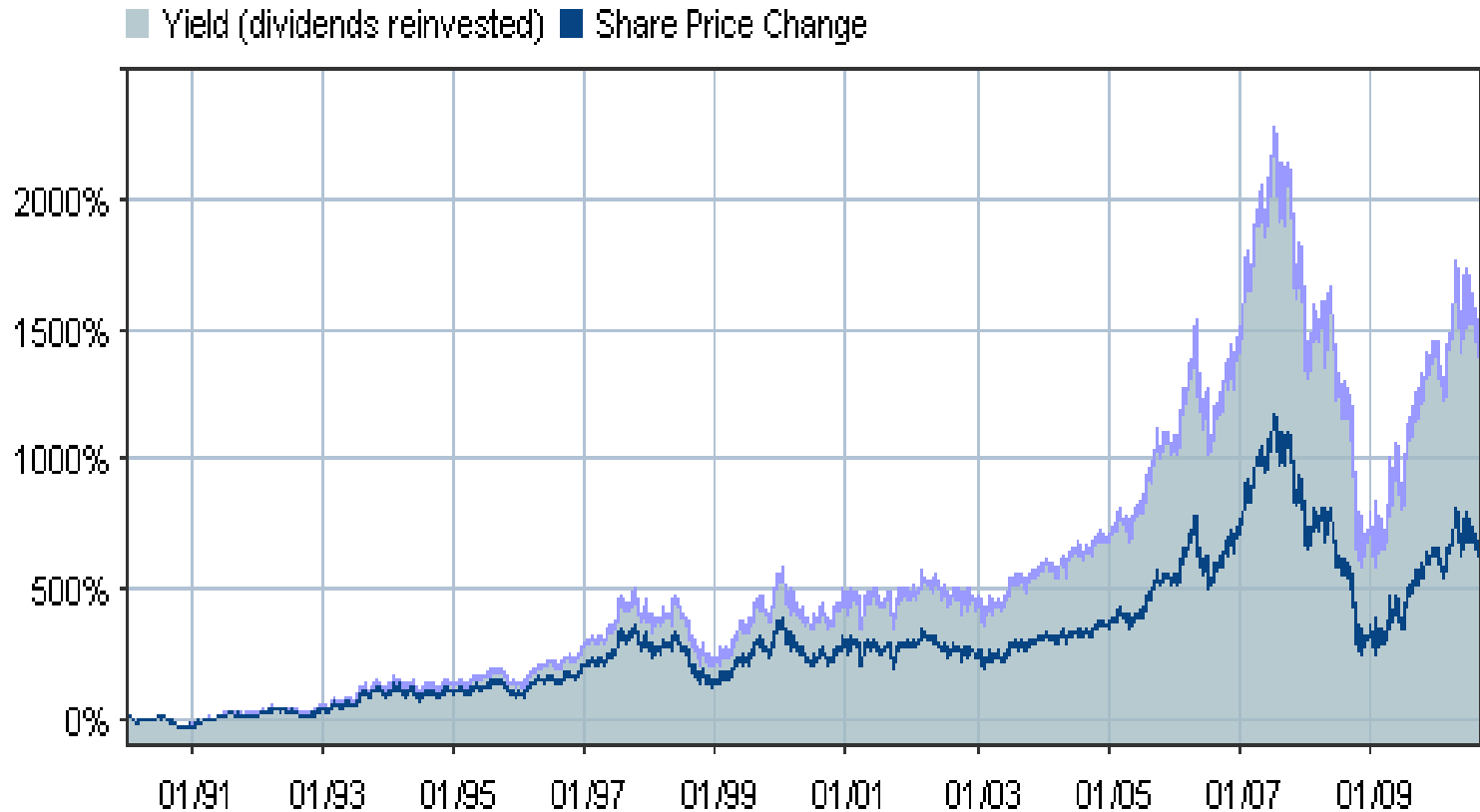
Characteristics

- Vertical integration
- High automation
- Strong R&D
- High fixed cost
- In-house manufacturing
- Direct sales

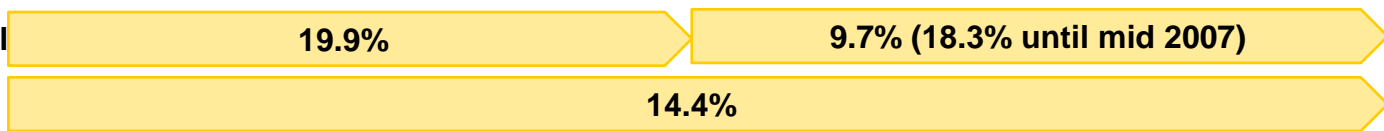
Effects

- Unique products
- Pricing power
- Strong customer relations
- Strong market position
- High financial leverage
- Sensitive to volume drops

Long-term value creator



**Annualized total
shareholder
return:**



Well positioned for the future

- Increased presence in emerging markets
- Reduced cost base
- Consolidated production
- Improved capital efficiency
- Introduction of new products

www.sandvik.com



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.”