Sandvik Mining

CAPITAL MARKETS DAY 2011

Gary Hughes
President as of January 1 2012
Environment, Health & Safety First

Our EHS Vision is to achieve Zero Harm to our people, the environment we work in, our customers and our suppliers.
Gary Hughes

- 53 years old
- Married, 2 children
- Dip. Mining Engineering, 1979
  - Camborne School of Mines, UK
- Mining Industry Career
  - Mining Companies in Central Africa
  - Sales and Service companies in South Africa
  - Sandvik in Africa, Latin America and Finland
- Now in Amsterdam having lived in Chile for 8 years
My impressions

- Great company, products and passionate people
- Cyclical but sound long term growth opportunities
- Wide reaching footprint and close customer contact
- More focus needed in some areas, less in others
- Energy and value to be released by simplifying the organization
Sandvik Mining

Sales distribution 2010

Full year 2010 (pro forma)
- Sales MSEK 27,200
- EBIT Margin 15%
- ROCE 32%
- Employees 12,800
Target market areas

- **North America**: Coal and minerals
- **Europe**: Coal and minerals
- **CIS**: Gold, Coal and minerals
- **East Asia**: UG Coal, Gold
- **Australia**: Coal, Iron ore, Gold
- **South America**: Copper, Iron ore, Gold, Silver
- **Africa**: Mechanization of PGM and gold, Copper
- **West Asia**: Coal, Iron ore

GDP Growth 10-15
- High
- Medium
- Low

Source: IMF
The fundamental drivers of our industry continue to be strong

**Global trends**
- Growing population
- Urbanization
- Increased prosperity

**Resource trends**
- Lower ore grades
- Deeper resources

**Increased demand for mining and equipment and services**

- Metal and minerals demand
- Rising energy demand and environmental issues
Market and objectives

Market Size
- Accessible Market 120 BSEK

Market Share
- Market Share around 20%

Objectives
- Maintain the strong growth rate
- Maintain and strengthen a leading market position
- Increase profitability relative to key peers

Competition
- Atlas Copco
- Metso Minerals
- Caterpillar/Bucyrus
- Joy Global
- Boart Longyear
- Sany
- Tiandi
Major industry trends

- Environment Health and Safety
- Asia for growth and Southern Hemisphere
- Increased competition from Asian players
- Remote locations
- Semi to full automation
- Energy efficiency
- Mobile solutions and flexibility
- Growing importance of services
Ambition statement

We are the recognized leader in improving profitability for the mining industry
Competitive advantages

We meet our customers’ needs through
- Our serving attitude
- Our knowledge of our customers’ businesses
- Our reliable and competitive products and services
Focus on target businesses

Complementary businesses
- Business that supports our target business
- Investments are only made here if it strengthens our target business

Businesses handled individually
- Businesses without a link to our target
- This should be managed individually
Our target businesses to remain competitive long-term

Customer groups
- Metal mines
- Coal and mineral mines
- Drill and blast contractors
- Engineering houses

Offering areas
- Rock drilling
- Rock cutting
- Rock crushing
- Load and haul
- Materials handling

Value adding services
Challenges and opportunities

- Set new organization and limit loss of customer focus
- Manage global skills shortage
- Supply capacity including suppliers
- Excel in Asia
- Become world-class
Success Factors

- Removing organizational complexity
- Well defined sales and product line organizations
- Strong front line mandate
- Improved offering in Coal and Surface Mining
- Asia and other Best Cost Country sourcing a priority

Graduates from the Sandvik school for international mining engineers