Direct return

Dividend divided by the quoted share price at year-end


Recession 1:st World War Depression 2:nd World War Oil crisis Financial crisis
One year with Sandvik
My reflections

• Strong market position
• High competence
• High innovativeness, strong will to improve
• Strong corporate culture
• Great pride and strong commitment
• 150 years with dynamic changes

➢ A fantastic potential
Challenges

• Underperformers
• Emerging Markets
• Succession planning
• Management diversity
• Increasing competition and new competitors
New organization

EBIT-margin

0% 10% 20% 30% 40% 50%

Machining Solutions
Mining
Construction
Materials Technology
Venture

ROCE

Full year 2011
Excluding one-off items

Sandvik Capital Markets Day 29 May 2012
Different targets

EBIT-margin

0% 10% 20% 30% 40% 50%

0% 5% 10% 15% 20% 25% 30%

Materials Technology
Construction
Venture
Individual

Machining Solutions
Mining

Full year 2011
Excluding one-off items
Changes

- Launch of new strategy
- New organization
- International Group Executive Management
- New targets per business area
- Acquisition of Seco Tools
- Divestment of Sandvik Medical Solutions
New strategic direction
Organization and business model

- 5 business areas, enhanced business focus
- Flat organization, 13 → 7 levels
- Easier to influence
- Increased diversity

➢ Create the right environment for employees to succeed
Increased diversity with a new organization

- Focus on diversity and leadership development
- The new business area management teams:
  - 16% women (9%)
  - 43% Swedes (58%)
  - Lowered average age
- New leadership development model
- Move of head office
World leading R&D
A prerequisite for success

- 3 billion SEK each year
- 2,700 employees within R&D
- 5,500 active patent rights

Example of successful products:
- CH890 and CH895, new effective cone crushers
- CoroDrill® 860, leading within steel drilling
- Nanoflex, with connection to the Nobel prize!
My focus now

- Establishing performance management firmly
- Identifying growth opportunities
- Leadership model and succession planning
Q1 Recap

- Record-high order intake, 28,894 MSEK
- Overall strong demand
  - Strong demand for Mining and Machining Solutions
  - Stable demand for Construction and Venture
  - Fragmented demand for Materials Technology
- EBIT 3,819 MSEK, 15.4%
  - Cost savings ahead of plan
- ROCE annualized quarter result 23.2%
  - ROCE reported rolling 12 months 16.6%
Market development

Monthly order intake at annual running rate with fixed currency rates, dampened
Guidance update

Metal price effects
Given currency rates, stock levels and metal prices in May, an EBIT effect of -50 to -100 MSEK is expected for Q2.

Currency effects
Given currency rates in May the effect on EBIT would be +200 to +300 MSEK for Q2.