Capital Markets Day 2012

Anders Thelin
President of Sandvik Venture
Agenda

Sandvik Venture
Product Areas
Business update
Sandvik Venture – The Greenhouse

Strategic Focus
Product Area rather than Business Area

Year 2011
Sales: 8,100 BSEK
Employees: 4,100
Sandvik Venture

• “Greenhouse” to new and existing businesses with more growth potential

• Home of Product Areas too small to be separate Business Areas and that benefit from management attention

• Enabler for other Sandvik Business Areas
Sandvik Venture - Governing Principles

• Venture Management, active and challenging interaction with Product Area management
  • Strategy
  • Performance
  • Organization, succession planning and talent management

• Light structure

• Product Areas
  • Develop the business
  • Deliver results
  • Strategic value
Agenda

Sandvik Venture

Product Areas

Business update
Leading player in High Speed Steel metal cutting
Leading player in High Speed Steel metal cutting

**Top 3 Market Players**
- Guhring
- OSG
- Dormer

**Competitive advantage**
- Strong brand
- Easy to deal with – global distribution
- Product program that meets customer needs
- Technical and marketing support – customer service

**Priorities**
- Profitability
- Growth

**33%**

**44%**

**6%**

**11%**

**4%**

**2%**
Sandvik Hard Materials
Leading player in wear demanding cemented carbide applications

Engineered Components

Can Tooling

Rotary Cutters

Diverse Application Expertise

Metal Forming

Oil & Gas Applications

Rings & Bushings

Rolls for Hot Rolling

Sawing Applications

Rotary Tool Blanks

Wear Parts

Powder
Leading player in wear demanding Cemented Carbide applications

Sandvik Hard Materials

Top 3 Market Players
- Ceratizit
- Sandvik
- Kennametal

Competitive advantage
- Global reach and presence
- Customer and application know-how
- Reliable and competitive products and solutions
- Cemented carbide materials knowledge
- Full control of supply chain

Priorities
- Balance geographical foot print
- Portfolio Management
- Enable Sandvik growth using cemented carbide

Sandvik Capital Markets Day 29 May 2012, Business Area Venture
Diamond & CBN Polycrystalline

Diamond Innovations

Automotive
Aerospace
Oil & Gas
Electronics
General Industrial

High Pressure
High Temperature
World class solutions for industries using superabradives

Top 3 Market Players
- Element Six
- Diamond Innovations
- US Synthetic

Competitive advantage
- Solution provider
- Strong R&D - product innovations
- Global and highly technical sales team

Priorities
- Enable Sandvik growth using superabradives
- Growth in Oil and Gas
- Operational efficiency
Wolfram Bergbau und Hütten AG

- MITTERSILL
  Mine and Ore dressing

- RECYCLING
  Cemented Carbide

- PRODUCTS
  Tungsten and Tungsten Carbide Powders

- CUSTOMERS
  Industrial applications
Leading supplier of tungsten carbide powder

Top 3 Market Players
- Wolfram
- HC Starck
- GTP

Competitive advantage
- Flexibility throughout the whole value chain
- Recycling capability
- Mining capabilities
- Close customer co-operation

Priorities
- Secure Sandvik’s raw material base and independence
- Increase recycling capacity
- Maintain position as a first class supplier of tungsten carbide

European customers serving world market
Material flow - tungsten

- Wolfram Secondary raw material
- Concentrate from Mittersill
- APT
- W-Oxide
- W-Powder
- WC-Powder
- Customer
Leading supplier of Steel Belt-based process equipment

Steel belts up to 8 meters width

Process equipment for specific areas
- Oil & Gas
- Chemicals
- Fertilizer
- Food

Key Customers
Process Systems value chain

Belts

Complete Process Equipment

External Equipment Manufacturers

Aftermarket sales

Customers

DIEFFENBACHER
BR PETROBRAS metso

kronospan Siempelkamp

Sandvik Capital Markets Day 29 May 2012, Business Area Venture
Leading supplier of Steel Belt-based process equipment

Sandvik Process Systems

Top 3 Players

Belts
- Sandvik
- Berndorf
- Contibelt

Process Equipment
- Sandvik
- Enersul
- SBS

Competitive advantage

- Global sales and services
- Engineering and production capabilities
- Strong brand
- High barriers to entry

Priorities

- Capture growth in BRIC countries
- Expand after market
- Acquisitions within core business
- Capacity

8% 43% 38%
3% 7% 1%
Agenda

Sandvik Venture
Product Areas
Business update
Q1 2012

- Order Intake 2,432 MSEK
- Invoicing 2,015 MSEK
- EBIT 355 MSEK (17.6%)
- ROCE 1.3%, annualized quarter result 19.0%
Venture portfolio

- Medical Solutions
- Wolfram
- Process Systems
- Hard Materials
- Diamond Innovations
- Dormer

Sandvik Market attractiveness

Market position
Sandvik to divest Sandvik Medical Solutions

Sandvik has reached an agreement with Orchid Orthopedic Solutions (Orchid), owned by Altior Fund III, to divest Sandvik Medical Solutions, a unit within the Sandvik Venture business area with contract manufacturing of medical implants and instruments for orthopedic and dental applications. In 2011 the operation had sales of approximately 600 MSEK (90 MUSD) and comprised production units in US and UK with about 550 employees.

"The divestment of Sandvik Medical Solutions is in line with our strategy to exit operations outside of the defined core businesses. There is a strong industrial logic in combining Orchid and Sandvik Medical Solutions and we are convinced that Sandvik Medical Solutions will have a positive development with its new owners," says Anders Thelin, president of Sandvik Venture.

"The combination of Orchid and Sandvik Medical Solutions will have a unique offering to its customers and become the leading orthopedic implant supplier globally. The acquisition also demonstrates Orchid’s commitment to be a leader in a consolidating industry”, says Claes Ekstrom, Board Member in Orchid and Partner at Altior Equity Partners.

The divestment is expected to be concluded in March 2012.

Sandviken, 24 February 2012
Priorities

• High level attention and ambition
• Crisp strategies for each Product Area
• Growth
• Value Creation

Execution!!