Sandvik Construction
Capital Markets Day 2013

Anders Kjellberg
VP Business Development

Joanne Cooke
VP Finance
Safety first
Safety is our top priority

026-261000 or 112
Emergency Number

Alarm

Emergency Exit

Assembly Point

Protective Equipment
Anders Kjellberg

- Sandvik 7 years
  - VP Business Development
  - Construction Business Area
  - SMC, Construction Segment
- Bain & Company 10 years
  - Management Consultant
  - London, Stockholm and Shanghai
- MBA, MA and M.Sc. in Civil Engineering
EHS commitment

CNS LTIFR* per year

Our EHS vision is to achieve zero harm to our people, the environment we work in, our customers and our suppliers.

* Lost Time Injury Frequency Rate

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Our business

- SEK 9.7 B sales and 13% ROCE 2012
- Core applications competencies: Breaking, Drilling & Crushing
- 25000 Customers: construction contractors and quarry operators
- Global footprint with local service
- Synergies: customers, distribution & supply
- Lifecycle focus: direct, distributors & OEMs
Achievements

- 1000 headcount reductions
- >500 supplier contract negotiations
- 47 new products and improved time to market
- 65 new distributor agreements
- From 1 to 4 brands
- Shanbao integration
- 80 000 m² of land purchased in India

*Foundation in place for future profitable growth*
Six management appointments

Dinggui Gao: President

- MBA and B.Sc. Mechanical Engineering
- MAN Group, Sinotruk Hong Kong Ltd.
- Honeywell Automotive Parts, Shanghai China
- Eagle Ottawa China Ltd. Shanghai China
- Robert Bosch GmbH, Germany and China
- Tractor Research Institute, Luoyang China
Market development

Construction Equipment Market (Units)

CAGR 2013-2017
- World: 3.7%
- China + India: 3.8%
- ROW: 3.5%
- North America + Europe: 4.0%

Time of forecast:
- March 2012
- April 2013
- August 2013

* Forecast; Source: Off Highway Research August 2013; April 2013; March 2012

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Joanne Cooke

- Sandvik 14 years
  - VP Finance, Sandvik Construction
  - Hard Materials, BU manager
  - Tooling, Finance and PA manager
  - UK, USA and France
- House Building PLC, UK
  - Finance
- ACMA, CGMA
Order intake and invoicing

- Total order intake, external customers
- Total invoicing, external customers

|------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
Order intake 2013 Q2 vs. 2012 Q2

Share of Construction Total

16% +10%
8% -17%
40% +13%
21% -5%
11% +29%
4% -50%

Order intake change (p/v), 2013 Q2 compared with 2012 Q2

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Q2 2013 results

• 2,384 MSEK Order Intake
  -4% vs. Q2 2012; +2% p/v

• 2,326 MSEK Invoicing
  -10% vs. Q2 2012; -4% p/v

• 141 MSEK EBIT
  -36% vs. Q2 2012

• 10% ROCE
  vs. 5% in Q2 2012; rolling 12 months
Performance improvement

EBIT Bridge MSEK
EBIT 2012-2013

Bridge MSEK

<table>
<thead>
<tr>
<th>2012 First half</th>
<th>Volume</th>
<th>One-offs</th>
<th>Currency</th>
<th>Net Productivity</th>
<th>2013 First half</th>
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<td>EBIT</td>
<td>7%</td>
<td></td>
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<tr>
<td>NWC</td>
<td>27%</td>
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<td>ROCE</td>
<td>5%</td>
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<td>10%</td>
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Eight Turnaround building blocks

1. A&S cost efficiency
2. Equipment assembly cost efficiency
3. Tools & consumables profit boost
4. NWC optimization
5. Sourcing cost reduction
6. Offering pruning & introductions
7. Profitable sales boost
8. Shanbao
Organizational restructuring & development

Construction Headcount

- 1000 FTE reduction realized
- Additional FTE reductions ongoing
- Restructured market areas
- 25 new level 3 appointments
- 10 new key manager external hires
Efficiency and cost competitiveness

- A&S: Achieved cost reduction target
- Equipment: ~30% BCC Supply
- TOCS: +8% GP 1H 2013 vs. 1H 2011
- NWC: Reduced NWC by 2% points
- Sourcing: Achieved cost reduction target
- Adjust and leverage growth
- Further increase BCC %
- Grow
- Reduce and leverage growth
- Accelerate and leverage growth
47 new product launches

- Rammer breakers
- Bretec breakers
- QJ341 mobile jaw crusher
- QI441 Prisec™ mobile impact crusher
- Soft rock drill bits
- RH460 down the hole drill hammer
- DH350 down the hole drill rig
- DC125R top hammer drill rig
Profitable Sales Boost

• 24 Sales Areas
• Product Line results accountability
• Differentiated go-to-market
• Multi-brand
• Service
Shanbao

Achievements

• Improved EHS performance
• Improved product quality
• New management team
• 7 new stationary crushing and screening products

Priorities

• Sales and service growth
• Distributor development
• Mobile crushing and screening
• Low cost operations
Global leader in selected niches

- Industry benchmark for EHS
- Premium and mid-market solutions leader
- Local service and distribution leader
- Attractive returns on capital employed
Five strategic priorities

- Cost Efficiency
- Competitive Footprint
- Service as a business
- Sales Boost
- M&A and Partnerships
Q&A
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