SANDVIK VENTURE CAPITAL MARKETS DAY 2014
TOMAS NORDAHL, PRESIDENT - 2014
JIM NIXON, PRESIDENT 2015 -
SANDVIK VENTURE

• ACCELERATOR

• STRATEGIC AND ATTRACTIVE GROWTH

• ENABLER FOR OTHER SANDVIK BUSINESS AREAS

• PORTFOLIO OF ~8.5 BSEK* AND 4100 EMPLOYEES

* 4 times Q3
SANDVIK VENTURE – THE ACCELERATOR

SANDVIK VENTURE MANAGEMENT

BUSINESS AREA
- Active and challenging
- Strategy, performance and talent management
- Light structure

PRODUCT AREAS
- Develop business
- Deliver results
- Strategic value

SANDVIK CAPABILITIES
- Materials R&D
- Customer application expertise
- Global presence

SANDVIK CONTRIBUTION

HARD & SUPERHARD MATERIALS
NICHE PROCESS EQUIPMENT
STRATEGIC RAW MATERIALS
OIL & GAS UPSTREAM

SANDVIK HYPERION
SANDVIK PROCESS SYSTEMS
WOLFRAM BERGBAU UND HÜTTEN
VAREL INTERNATIONAL ENERGY SERVICES
SANDVIK VENTURE PORTFOLIO

MARKET POSITION

DORMER
Transferred to Sandvik Machining Solutions in 2013

DIAMOND INNOVATIONS
Merged with Sandvik Hard Materials 2013, forming Sandvik Hyperion

SANDVIK HARD MATERIALS
Merged with Diamond Innovations 2013, forming Sandvik Hyperion

WOLFRAM

VAREL

VAREL INTERNATIONAL ENERGY SERVICES
Acquired in 2014

SANDVIK MEDICAL SOLUTIONS
Divested in 2012

SANDVIK MARKET ATTRACTIVENESS

SANDVIK PROCESS SYSTEMS

SANDVIK VENTURE
CAPITAL MARKETS DAY RECAP
2013 WE SAID

- GROWTH IN KEY FOCUS SEGMENTS
- IDENTIFY, ASSESS AND COMMERCIALIZE NEW OPPORTUNITIES
- CONTINUED EFFICIENCY MEASURES
Sandvik Process Systems is a leading global manufacturer of processing equipment based on steel belt technology.

Key application areas are sulphur granulation, chemicals, composite manufacturing and wood based panel production.
NICHE PROCESS EQUIPMENT

COMPETITIVE ADVANTAGE
- Global sales and services
- Engineering and production capabilities
- High entry barriers

PRIORITIES
- Drive commercial excellence
- Cost reduction
- Continue to scout for small bolt-on acquisitions in high growth application areas
Sandvik Hyperion has a leading position in Super-Hard and Hard materials and applications.

Sandvik Hyperion contribute to customers’ productivity through products, applications and technologies within Diamond and Carbide materials.
WORLD CLASS SOLUTIONS FOR DEMANDING CUSTOMER APPLICATIONS

COMPETITIVE ADVANTAGE
• Solutions provider
• Strong R&D
• Global and highly technical sales team
• Strong control of supply chain

PRIORITIES
• Portfolio management
• Growth in oil & gas, metal cutting and electronics
• Operational efficiency
• Enable Sandvik growth
WOLFRAM – WORLD LEADING TUNGSTEN CARBIDE SUPPLIER

VIRGIN MATERIALS

INTERMEDIATES

RECYCLING

PRODUCTS
Tungsten and Tungsten Carbide Powders
LEADING SUPPLIER OF TUNGSTEN CARBIDE POWDER

COMPETITIVE ADVANTAGE
• Close customer collaboration
• Flexibility throughout entire value chain
• Recycling capability

PRIORITIES
• Secure Sandvik’s raw material base and independence
• Increase recycling capacity
• Operational efficiency
VAREL INTERNATIONAL ENERGY SERVICES

Varel International Energy Services is a global supplier of oil and gas drilling solutions; drill bits, down-hole products for well construction and well completion.

Varel International Energy Services operational areas are; Oil & Gas Drill Bits, Downhole Products and Mining & Industrial.
UPSTREAM OIL & GAS

COMPETITIVE ADVANTAGE
• Close to customers – direct sales
• Rapid product development
• Flexibility and agility

PRIORITIES
• Ensure smooth transition into Sandvik to grow the Oil & Gas platform
• Continue geographic expansion
• Growth from newly introduced products
• Evaluate additional acquisition opportunities
VAREL PORTFOLIO
TARGETING THE OILFIELD SERVICE MARKET

OIL & GAS DRILLBITS
- High quality roller-cone and fixed cutter drill bits
- Proprietary design capabilities & efficient manufacturing

DOWNHOLE PRODUCTS
- Tools for well construction & well completion
- Utilized in highly-complex directional & horizontal wells

MINING & INDUSTRIAL
- Target higher value metals and mining market
- Price and performance-leading products
BENEFITS FOR SANDVIK AND VAREL

VAREL INTERNATIONAL ENERGY SERVICES

- Business model – products small part of total cost, selling on productivity
- Close to customers – direct sales
- Strong commercial positions in attractive segments
- International presence

SANDVIK

- Business model – based on productivity
- Access to extensive knowledge in materials science, metal cutting and drilling
- Large scale R&D capabilities
- Strong global presence

EXAMPLES OF OPPORTUNITIES

- Diamond cutter development between Varel and Sandvik Hyperion
- Sourcing of RTP powder through Sandvik Hyperion
- Increased machining efficiency with support from Sandvik Machining Solutions
BUILDING A OIL & GAS DRILLING SOLUTIONS PLATFORM

• Growing Oil & Gas Drill bits and Downhole products over the next 3 years via;
  • Product and geographic share growth
  • Technology License and Purchasing
  • Greenfield Development

• Using the Varel network in conjunction with Sandvik core materials science and metal cutting expertise to access key segments of the 420 BUSD Oil & Gas services market

• Evaluate additional acquisition opportunities
EXPANSION OF OIL & GAS PORTFOLIO
POTENTIAL BUSINESS SEGMENTS

DOWNHOLE DRILLING TOOLS 4 BUSD MARKET
BHA components which in conjunction with the drill bit direct and steer the well bore during well construction

COMPLETION EQUIPMENT AND SERVICE 15 BUSD MARKET
Specialty tools and engineered equipment inserted down a well bore to facilitate sealing, production and control of the well over its life

ARTIFICIAL LIFT 15 BUSD MARKET
Reciprocating and rotating equipment used to facilitate production of Oil and Gas over the well life

RIG EQUIPMENT 9 BUSD MARKET
High value equipment used to facilitate well construction

Source: Spears
SUMMARY & PRIORITIES
CAPITAL MARKETS DAY RECAP

ACHIEVEMENTS

GROWTH IN KEY FOCUS SEGMENTS

• Oil & Gas
• Metal cutting
• Electronics

IDENTIFY, ASSESS AND COMMERCIALIZATION NEW OPPORTUNITIES

• Composite processing
• High capacity sulphur granulation
• Hyperion diamond slurry
• SlipStream Rollercone Oil & Gas Drillbit

CONTINUED EFFICIENCY MEASURES

• Commercial excellence
• Rapid innovation
• Supply chain excellence
PRIORITIES MOVING FORWARD

ACCELERATE GROWTH

- Identify customer needs
- Retain, enhance and support people
- Drive technology/innovation
- Deliver new products and solutions

OPERATIONAL EXCELLENCE

FOCUS ON EXECUTION

VALUE CREATION