We use a two-color headline system to highlight our rational and emotional side alike. The first line appears in blue (the rational side), the second line in orange (the emotional side) and the duality principle is reflected in the wording of the headline.

This system refers to the first page title only, all other headlines are blue. Learn more about our verbal identity in the Sandvik Brand Identity Directives, which you can download at the Intranet > home.sandvik.com/brand
INSERTS

ROUND TOOLS

TOOLS

20%
- **Americas**: 25%
- **Europe**: 53%
- **Asia**: 20%
INDUSTRY DYNAMICS
CHANGED CUSTOMER BEHAVIOR
SLOW GROWTH ENVIRONMENT
DIGITAL MANUFACTURING
DISTRIBUTION CHANNELS
SUPER-CYCLE
2002-2007

FINANCIAL CRISIS
AND REBOUND
2008-2014

CURRENT MARKET
ENVIRONMENT
2015-2018
SANDVIK COROMANT
HQ: Sandviken, Sweden
8,300 employees
Represented in 150 countries
Local offices in 50 countries
PASSION FOR EXCELLENCE

MAKING IT EASIER

SIMPLY RELIABLE

WALTER

HQ: Tübingen, Germany
3,600 employees
Represented in 80 countries
Local offices in 33 countries
<table>
<thead>
<tr>
<th><strong>DORMER PRAMET</strong></th>
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</thead>
<tbody>
<tr>
<td>HQ: Milan, Italy</td>
</tr>
<tr>
<td>1,500 employees</td>
</tr>
<tr>
<td>Represented in 100 countries</td>
</tr>
<tr>
<td>Local offices in 30 countries</td>
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</tbody>
</table>
PASSION FOR EXCELLENCE

MAKING IT EASIER

ENGINEERING KOMPETENZ

SIMPLY RELIABLE

POWDER AND BLANKS TECHNOLOGY

Locations: Austria, UK, China

App. 600 employees
LEADING IN

CUSTOMER

TECHNOLOGY

OPERATIONAL EXCELLENCE
Achievements

Activities

Supply Chain Optimization
Implementation of LEAN, i.e. SMS Production System
White collar productivity
Sales & Operational Planning

2014-2015

- Reduction FTE’s: > 1,000
- Production unit closures: 13*
- NWC stability: < 25%
- Cost reduction: > 1 BSEK*

*whereof 480 MSEK and 7 units from announced programs
OPERATIONAL
EXCELLENCE

CUSTOMER

TECHNOLOGY

OPERATIONAL
EXCELLENCE

ACHIEVEMENTS

15,000 new products in 2015

Strengthened product portfolio in core product segments

Regained position in key customer segments e.g. Automotive

Center of Excellence Digital Manufacturing
ACHIEVEMENTS

15,000 new products in 2015
Strengthened product portfolio in core product segments
Regained position in key customer segments e.g. Automotive
Center of Excellence Digital Manufacturing

CUSTOMER IN NORTHERN UK, ABOUT COROMILL® 390-07

"Using this cutter has completely changed how I program the machine. It has more than doubled the metal removal rate we got with solid carbide and the inserts seem to last forever"

CUSTOMER IN USA ABOUT THE NEW ICON DRILL FROM WALTER

By using the new ICON-drill from Walter, with 65 times diameter ratio, we have changed the way we make our deep holes with just an amazing cost saving for us"

CUSTOMER IN CHINA ABOUT THE NEW DURATOMIC GRADS

“The new Duratomic grades give more stable and longer tool life. The operators were not used to the change at first, but now it is totally no problem for them”

TECHNOLOGY

+55% METAL REMOVAL

+87% METAL REMOVAL

5,5 x SPEED
Maintained our global market share with positive net price changes

Global partnerships with machine tool manufacturers

Closer collaboration with OEM’s, e.g. Automotive, Aerospace, 3C:s

Strengthened indirect sales strategy

Digital solutions offer
GOING FORWARD

CUSTOMER

TECHNOLOGY

OPERATIONAL EXCELLENCE
• Continued Supply Chain Optimization
• SMS Production System, i.e. LEAN
• Leverage from ASIA production footprint
• White collar productivity
• Increased flexibility and agility
• 11,000 new products to be launched in 2016
• Focus on core products based on new technology platforms
• Strengthening round tools portfolio
• Launch of first intelligent tool
• Integrated offering
• Intelligent tools – Tool Data Management – Tool Selection, i.e. Adveon, TDM
• Combining system platforms with unique brand offering
TECHNOLOGY
OPERATIONAL
EXCELLENCE
CUSTOMER
SOLUTIONS PROVIDER
DIGITAL MANUFACTURING
MUST-WIN-MARKETS
GO-TO-MARKET STRATEGY
TECHNOLOGY
OPERATIONAL EXCELLENCE
CUSTOMER
SOLUTIONS PROVIDER
DIGITAL MANUFACTURING
MUST-WIN-MARKETS
GO-TO-MARKET STRATEGY
CHINA

Segment focus, e.g. 3C, Automotive, Aerospace, Railroad

Development of distribution network

Targeting new customers with focused offers, e.g. round tools, low premium
Continued strong new product introductions in core
Refining of sales model and increased cooperation with OEM's
Implementation of new business models, e.g. Solutions and Digital
USA

- Sales channel expansion through new distributor partnerships
- Growth in Aerospace and Automotive segment through new product & technology offerings, e.g. round tools
- Further strengthen cooperation with Machine tool manufacturers
CUSTOMER

TECHNOLOGY

OPERATIONAL EXCELLENCE

M&A
- Go-to-market strategy
- Solutions provider
- Digital manufacturing
- Solutions and digital
- Core and niche
- Supply chain efficiency
- Sales and R&D efficiency
- Operational excellence
- M&A
- Customer
- Technology
- Core offer
- Niche
- Must-win-markets
CUSTOMER

TECHNOLOGY

OPERATIONAL EXCELLENCE

M&A
1. OPERATIONAL EXCELLENCE
Continued supply chain efficiency and implementation of LEAN in production
White collar productivity

2. PRICING
Strong product launches
Refining value based selling model, i.e. services, logistics, solutions

3. MARKET SHARE GAIN
Strong product launches in core and increased focus on round tools
Strengthened offer in Digital Manufacturing and as a solutions supplier
Increased focus on go-to-market model including distribution
M&A:s in core and adjacent to drive growth and protect current position