YVONNE WANG, wire-cut operator, Sandvik China, talks about the company’s core values, page 12.

“The first half of this anniversary year has been intensive and very successful.”

Olof Faxander, President and CEO, Sandvik.
Read more on page 2.

WHAT A CELEBRATION – Sandvik’s 150th anniversary • NEW MAJOR ORDERS in Latin America and Australia • WORLD’S LARGEST tube mill
EVENTFUL anniversary year

SANDVIK IS in the midst of a process of change. We adopted the new business strategy in the New Year, and in this issue of Meet Sandvik you will find an article about our progress. I am more than pleased with the rate of change. All employees have quickly adapted to the new working formats, which allow quicker decision-making as well as greater transparency and cost savings.

Our combined efforts to introduce the new strategy have produced a convincing result much faster than we imagined. We have celebrated Sandvik’s first 150 years at our plants around the world. It has been inspirational to meet so many employees who show genuine pride in being part of Sandvik.

In Sandviken we took over the tremendous Goransson Arena for a whole anniversary month with a total of 40,000 visitors. The exhibition was an exciting experience for the many groups invited to see the breadth of what Sandvik does.

Olof Faxander
President and CEO, Sandvik AB

ORDER INTAKE: +26.1 %, MSEK, Q2 2012 INVOICED SALES: +22.9 %, MSEK, Q2 2012 OPERATING PROFIT: +4.2 %, MSEK, Q2 2012 PROFIT AFTER FINANCIAL ITEMS: +18.9 %, MSEK, Q2 2012 PROFIT FOR THE PERIOD: +2.7 %, MSEK, Q2 2012 EARNINGS PER SHARE: +24.5 %, SEK CASH FLOW FROM OPERATIONS: +2.3 %, MSEK, Q2 2012
(*) Change from the previous year at fixed exchange rates for comparable units.
(**) Calculated on the basis of the shareholders’ share of profit for the period. No dilutive impact during the period.

Three questions to:
Jan Lissåker, Sandvik’s new Executive Vice President Group Communications, is the first head of communications to become a member of Sandvik Group Executive Management.

WHAT THIS NEW POSITION? “It is a topical subject. When a company grows globally, the importance of communications grows too. Communication is an important tool in profiling Sandvik externally and internally and ensuring that the organization acts as one Sandvik. We can enhance interaction and cooperation among our co-workers across our global organization through good communication.”

HOW WILL YOU MAKE A DIFFERENCE? “Together with my organization, my job is to make sure that Sandvik’s brand is visible and well known. In doing this, I work with communications professionals in our nine business areas and in all our markets. We will develop a joint vision for Sandvik’s identity and plan for the overall brand communication and then execute the plan.”

ISN’T SANDVIK’S IDENTITY ALREADY LOUD AND CLEAR? “I think Sandvik is relatively anonymous in many markets, especially outside the businesses where we operate. A lot needs to be achieved to promote Sandvik’s strong brand and show what an attractive employer Sandvik is in, for example, fast-growing countries like China and India.”

FACTS JAN LISSÅKER

JAN LISSÅKER has been with Sandvik for 28 years in various positions. After obtaining a master’s degree in economics, he started as a financial controller at Sandvik in Gothenburg, and for 10 years, until March 2012, he was Vice President Investor Relations. LISSÅKER lists his passions as his three children and his grandchildren, followed by sports cars, downhill skiing and his country house.

“I think Sandvik is relatively anonymous in many markets, especially outside the businesses where we operate. A lot needs to be achieved to promote Sandvik’s strong brand and show what an attractive employer Sandvik is in, for example, fast-growing countries like China and India.”

Second quarter 2012 in figures

INVOICED SALES BY BUSINESS AREA

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Q2 2012</th>
<th>Q1 2012</th>
<th>Change %</th>
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<tbody>
<tr>
<td>Sandvik Mining</td>
<td>9,528</td>
<td>7,379</td>
<td>+29 +26</td>
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<tr>
<td>Sandvik Machining Solutions</td>
<td>1,800</td>
<td>1,310</td>
<td>+37 +28</td>
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<tr>
<td>Sandvik Materials Technology</td>
<td>1,277</td>
<td>1,184</td>
<td>+8 +7</td>
</tr>
<tr>
<td>Sandvik Construction</td>
<td>2,532</td>
<td>2,273</td>
<td>+11 +5</td>
</tr>
<tr>
<td>Sandvik Venture</td>
<td>1,084</td>
<td>1,084</td>
<td>+0 +0</td>
</tr>
<tr>
<td>Group total</td>
<td>20,854</td>
<td>18,636</td>
<td>+12 +6</td>
</tr>
</tbody>
</table>

INVOICED PERCENTAGE CHANGE COMPARISON WITH YEAR-EARLIER PERIOD (*)

<table>
<thead>
<tr>
<th>Business Area</th>
<th>Q2 2012</th>
<th>Q1 2012</th>
<th>Change %</th>
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The app “The Sandvik Journey” was published in connection with the company’s 150th anniversary and is available free as an iPad version at the iTunes App Store.

Check out Sandvik’s amazing “A Journey through the Centuries” at www.sandvik.com and read more about the worldwide celebration on page 10.

The facility will enable Sandvik to service its customers and provide opportunities for the essential practical experience required by students at educational institutions in the area. “The Sandvik facility in Ghana is the visible beginning of a new era of Sandvik’s mining operations in West Africa,” says James Oosthuizen, Managing Director and Sales Area Manager, West Africa.

World’s largest tube mill opened

In Sandvik, Sandvik has opened the world’s largest dedicated mill for the advanced manufacture of stainless steel and high nickel alloy tubes for use in nuclear power stations and power generation.

“For many years Sandvik has been a world-leading manufacturer of steam generator tubes for the nuclear industry,” says Jonas Gustavsson, President of Sandvik Materials Technology. “Through this investment we are significantly increasing capacity and thereby further strengthening our position in this market.”

Major new orders

Sandvik has signed three major materials handling contracts with customers in Latin America and Australia. The combined value of the contracts exceeds 1,600 million Swedish kronor (190 million euros). The orders include design and supply of continuous mining equipment for a fully truckless in-pit crushing and conveying system and two waste lines for a surface mine in Latin America.

For Australia the order includes design, supply and installation of materials handling equipment for iron ore stacking and reclaiming for a surface mine. A major contract has also been signed with a customer in Asia. The order includes design and supply of continuous mining equipment for overburden removal and coal handling, with a value exceeding SEK 1,100 million (130 million euros).

Divestment of Sandvik Medical Solutions complete

Sandvik has completed the divestment of Sandvik Medical Solutions to US-based Ortho Clinical. However, Sandvik Medical Solutions’ competence and equipment development and sales and marketing activities in the area of medical implant and instrument are not included in the divestment.

The transaction is in line with Sandvik’s strategy to exit operations outside of its defined core businesses.

Pär Altan is the new head of external communications at Sandvik. He started his new position in September 2012 and reports to Jan Lissåker, executive vice president and head of corporate communications. Altan formerly worked at SCA.

A new Diversity and Inclusion Manager is appointed at Sandvik.

Head of R&D Professor at Shanghai University

Olle Wijk, Executive Vice President and Head of R&D for Sandvik Materials Technology and Chairman of Sandvik Group’s R&D Board, has been appointed visiting professor at Shanghai University in China. In connection with his appointment Sandvik Group has established a scholarship for about 100,000 Swedish kronor (12,000 euros) per year at the university. The scholarship will be awarded to top students.

“I’m much honoured,” says Wijk. “The position will be a door opener for Sandvik, an international arena for research, and a means to attract, develop and retain talent.”
Sandvik's new strategy with One Sandvik is off to a good start, according to the heads of the five business areas. They say their work on increasing focus on core businesses and flattening their organizations is quickly making a difference.

“We now have an organization that is much flatter, faster and more focused,” says Gary Hughes, Business Area President for Sandvik Mining. Andreas Evertz, Head of Sandvik Machining Solutions, says staff are communicating more, looking for synergies and smarter ways of working as well as other ways to improve. In addition to these positive signals, results were up. For the first half of 2012 billings rose 8 percent to 25.9 billion Swedish kronor (3.13 billion euros). Sandvik is historically a successful company. Chief Executive Officer and President of Sandvik Olof Faxander and the board initiated the reorganization, saying a new order was needed to make a great company even better and to hold pole positions in core businesses in the face of increased global competition. The Group’s three business areas were replaced with five to reduce costs, simplify decision-making and improve the focus on core businesses. The Business Area Presidents were instructed to speed up development of new products and time to market. More emphasis was to be put on globalization and specifically on growth in emerging markets. The new strategy is driven by the four value words: Ambition, Speed, Focus and Globalize.

The expectation is that the new organization will be fully implemented and will show clear results by 2015. Businesses that do not live up to targets may be sold or reconstructed. The new organization was introduced at the beginning of 2012.

“ ’We now have an organization that is flatter, faster and more focused. Top management is much closer to the action. Decisions are taken much quicker, and there is a better spirit and pace in the organization.”

Gary Hughes, Sandvik Mining
The new organization is quite flat and more transparent, and we see trends in markets that are better than before. “It is no longer one person giving directions,” Evertz says. “Now that is done by a board with a rotating chairmanship.”

“Another big change is that we have increased accountability on a personal level,” he says. “People like to have more influence and take responsibility for what they do.”

An important aspect of the new Sandvik is the drive to develop a truly global leadership. “We need diverse leaders in our ranks,” he says. “We have also come a long way in this regard during 2012.”

“Meet Sandvik – Flatter, faster and more focused,” the new organization is quite flat and more transparent, and we see trends in markets that are better than before,” Schulz says.

“We need diverse leaders in our ranks,” he says. “We have also come a long way in this regard during 2012.”

Anders Thelin has worked at Sandvik for 39 years and now heads Sandvik Venture, which represents something entirely new in the company: an internal greenhouse for business activities that do not clearly belong to any other business area. It currently encompasses five strong operations, including Diamond Innovations and Sandvik Hard Materials.

“We see that in this setup these companies get more attention than before, and the venture model enables us to take on and develop new businesses,” Thelin says.

The first part of the year was focused on developing a workable organization, Thelin explains. “Our task is to make sure that these businesses have the best possible strategies and strong leadership,” he says. “We have close contact with all five.”

Because the venture solution of the One Sandvik reorganization was given considerable media attention, “it felt very good when we could start the year with results that exceeded expectations,” Schulz says.

Although the five presidents of the business areas have different challenges and viewpoints, they agree that the new concept One Sandvik has got off to a good start and is showing positive results.

Tomas Nordahl, member of Group Executive Management and Head of IT, Sourcing and Strategy, has been appointed the new President of Sandvik Venture effective 1 November 2012.

Anders Thelin, Sandvik Venture

Hilma Rofel, development engineer at Sandvik, with the new Coromant C902, a drill with an exchangeable tip.

A One Sandvik R&D gathering

Earlier this year, ©Sandvik specializes in computational modelling from around the world gathered to exchange ideas and experiences. It was the first time Sandvik brought together R&D specialists from all the different business areas in a joint conference. The move was in line with the company’s aim to mould One Sandvik.

“It was a very good initiative,” says participent Vahid Kalhori from Sandvik Coromant in Sandviken. “We have already pinpointed synergies in several areas.” Cecilia Ahmarnar from Machining Solutions explains, “In just 24 hours we outlined several concrete ideas and projects.”

Improved competence in computational modelling makes it easier to test new solutions, make improvements and shorten the time from idea to development and production.

“It will enable us to commercialize new products faster,” says Anna Hultin-Stigenberg, Sandvik Conference Project Manager.
**WHAT A CELEBRATION!**

Sandvik’s 150th anniversary turned into a global party in the spirit of One Sandvik — a party that’s going on around the world throughout 2012.

**IN CELEBRATION** of Sandvik’s 150th anniversary, units around the world reported an array of local activities, including charity work in Thailand and, on a purely festive note, singing in Mexico and dancing in the Czech Republic. Some activities were common for all locations, such as eating the special Sandvik anniversary cake, watching CEO Olof Faxander’s birthday message on video and learning about Sandvik’s history through the anniversary book “The Sandvik Journey”, the Group Magazine Meet Sandvik, an anniversary video.

**WHAT A CELEBRATION!** Sandvik’s 150th anniversary turned into a global party in the spirit of One Sandvik — a party that’s going on around the world throughout 2012.

**GERMANY:** Employees enjoyed anniversary cupcakes with their morning coffee.

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**SWEDEN:** An exhibition, a large party and a spectacular fireworks display delighted visitors at Sandviken, Sandvik’s birthplace.

**FINLAND:** Families rode a “Moomin” train during a family day in Turku. Tampere had an open house and in Vantaa an Abba show was held.

**BELGIUM:** Celebrants enjoyed birthday cake along with the traditional Glühwein.

**CANADA:** Teddy Kwan, manager of engineering and a 31-year Sandvik veteran, stepped up to be honored at the birthday celebration.

**FRANCE:** The Sandvik office served a buffet lunch for employees including macaroons colored in Sandvik blue.

**FRANCE:** The Sandvik office served a buffet lunch for employees including macaroons colored in Sandvik blue.

**ITALY:** Employees feasted on a special Italian-Swedish menu as the back-ground music.

**Netherlands:** Three flags were hoisted, one for each Sandvik’s birthplace.

**Japan:** Celebrations took place at various locations. In a coordinated move, Beijing, Guangzhou, Hong Kong, Taiwan, Qing-dao and Zhejiang cut the cake at the same moment.

**INDIA:** Employees celebrated both Chap Goh Meh (the last day of the Chinese New Year) and Sandvik’s 150th anniversary.

**KOREA:** A dance performed by dancers in cheerleader costumes.

**Bulgaria:** All employees received a family cake so they could celebrate at home with their families.

**Italy:** Employees feasted on a special Italian-Swedish menu as the back-ground music.

**Brazil:** Hundreds of balloons went up to launch the festivities.

**Frankreich:** Le Sandvik office a organisé un buffet pour les employés comprenant des macarons colorés en bleu Sandvik.

**Switzerland:** La fête a été vraiment une grande fête, considérant tous les participants, activités et localités. Nous avons mis un peu le festivités autour du monde.

**Spain:** Three flags were hoisted, one for each Sandvik building in Spain.

**Czech Republic:** Sandvik anniversary festivities began with a dance performed by dancers in cheerleader costumes.

**Austria:** In addition to birthday cake, participants partook of a healthier option — apples stamped with the Sandvik 150 logo.

**Turkey:** Three locations held a joint celebration with the help of a video-conferencing system.

**Germany:** Employees enjoyed anniversary cupcakes with their morning coffee.

**Japan:** Celebrations took place at various locations. In a coordinated move, Beijing, Guangzhou, Hong Kong, Taiwan, Qing-dao and Zhejiang cut the cake at the same moment.

**Kenya:** Celebrations started with charity work, cleaning schools that were damaged by floods.

**Belgium:** Celebrants enjoyed birthday cake along with the traditional Glühwein.

**US:** The festivities 50 years ago.

**Japan:** Celebrations took place at various locations. In a coordinated move, Beijing, Guangzhou, Hong Kong, Taiwan, Qing-dao and Zhejiang cut the cake at the same moment.

**Kenya:** Celebrations started with charity work, cleaning schools that were damaged by floods.
“At Sandvik, everyone gets training opportunities, and competition is fair.”

... YVONNE, WHAT DO YOU DO EXACTLY AS A WIRE-CUT OPERATOR?
“As a matter of routine, I sketch drawings, confirm the dimensions of the drawings and input the client’s requirements into the programming software, so that the machine is able to cut products into shape correctly. I also have to coordinate with colleagues who are responsible for design and technology.”

WHAT CHANGES HAVE TAKEN PLACE AT YOUR WORKPLACE?
“A good example is introducing 5S – an organizational methodology originating in Japan – across the company. The 5S elements, translated into English, are “Sort”, “Set in Order”, “Shine”, “Standardize” and “Sustain”. With the implementation of 5S, our workplace has changed dramatically, resulting in tidiness and improved efficiency.”

WHAT DO YOU DO TO IMPROVE THE TEAM SPIRIT?
“We have regular meetings to discuss the problems we face and improvements we can make. Management provides either financial support or human resources, leading to a virtuous cycle of team management. When it comes to entertainment activities, we have a variety of clubs – such as badminton, table tennis and billiards – that also help to promote the team spirit.”

WHY HAVE YOU STAYED WITH SANDVIK FOR 15 YEARS?
“At Sandvik, everyone gets training opportunities, and competition is fair. We are provided with a platform for personal and professional development. Employees are becoming increasingly competent in terms of technical skills and individual qualities.”

HELLO there...

POSITION: Wire-cut operator  DEPARTMENT: Tools Workshop
LOCATION: Langfang, Hebei province, China