Your Productivity Partner™
Key Company Objectives

- Sales, market share and profitability
- Satisfied customers
- Continuous improvement / Zero defects
- Satisfied employees
Global Success Factors

- High quality products and services
- Productivity
- Partner-oriented
- One voice
NAFTA Success Factors

- Direct, close contact with customers
- Best-in-class sales force and distributor network
- Productivity Teams
- Key Account Management
- Customer Service Value Files
- OEM leverage
- E-business
- Star and Key Product focus
- Continuous process improvement
- Leverage parent company resources
- Satisfied employees
Coromant NAFTA

Vision/St. Plan Meeting - 1
(3 - 4 Year View)

Vision/St. Plan Meeting - 2
(1 Year View)

AB Coromant Marketing

Product intro planning & international marketing meeting

Marketing Plan MP 200x

Outcome

Strategic Plan 3 - 4 years Road Map 200x

Strategic Plan 1 year Road Map 4/200x

KCOs

Obj

Local Marketing Plan MP 200x

• Success Sharing
• Education Plan
• Succession Plan

Monitoring

• Performance Measurement Report
• Financial, Departmental Reports

• Obj Reviews
• Road Map 4

• Staff Updates

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

Sandvik Capital Markets Days NAFTA May 2001
Speaking with One Voice

- NAFTA launch in January
- Sales management
- Distributor management
- Sales force
- Distributor sales force
- Internal organization
$500,000 investment

$10 insert
Machine Tool Utilization

100% = 8736 hours a year (168 h x 52 weeks)
Productivity
Creating the Potential

Machining economy – cost, tool life or productivity
Cutting tools represent 2-4% of a customer’s total product cost

- **Decreased cost:**
  30% decrease in price only reduces total cost per component by 1%

- **Increased tool life:**
  50% increase in tool life only reduces total cost per component by 1%

- **Increased cutting speed:**
  20% increase in cutting speed reduces total cost per component by 15%
Taylor’s Formula
Creating the potential

- Going faster, uses more inserts
- Delivers more value to the customers

Tool life, $T_c$

Log

20 Min

4 Min

600

1200

Cutting speed, $v_c$
Properties of an Insert and Cutting Edge

- **Grade** (speed/toughness)
  - Substrate
  - Powder
  - Pressing
  - Sintering
    - With gradient
    - Without gradient
  - Grinding

- **Coating process**
  - PVD
    - TiN
    - TiCN
    - TiAlN
  - CVD
    - TiC
    - TiCN
    - TiN
    - Al$_2$O$_3$

- **Geometry** (cutting forces/chip flow)
  - Macro
    - Feed range
    - D.O.C. range
    - Strength
    - Cutting forces
    - Workpiece finish
    - Wiper
    - Size control
  - Micro
    - Grinding/honing
    - Cutting forces
    - Workpiece finish
    - Size control
Improving Productivity with Wipers

$R_a = \text{roughness average}$
$f_n = \text{feed/revolution}$
$r_\varepsilon (W) = \text{patented corner configuration}$

**Traditional insert**

Half $R_a$, same feed

**Wiper insert**

Twice the feed, same $R_a$
CoroPak Team

- **Sales force**
- **Distributors**
- **Customers**

**CoroPak 0x.1**
Road show style

**CoroPak 0x.2**
Live broadcast

Products and presentation materials per time plan

Logistics arrangements made by field force

CoroTurn 107

- Dedicated geometries and grades for ISO P, ISO M and ISO K material
- 7 degree clearance angle for reduced cutting forces
- External machining of small, long or slender components
- Internal machining in small and medium hole dimensions (0.25" - 3.000") and in case of long overhangs
- CoroTurn 107 holders also fit T-Max U inserts
CoroTurn 107

- Dedicated geometries and grades for ISO P, ISO M and ISO K material
- 7 degree clearance angle for reduced cutting forces
- External machining of small, long or slender components
- Internal machining in small and medium hole dimensions (0.625" - 3.000") and in case of long overhangs
- CoroTurn 107 holders also fit T-Max U inserts
Putting the Customer First

Listen to the customer

To achieve, keep or reinforce a market leadership position, companies must adapt to external as well as internal changes.

One key element never changes - the importance of customer satisfaction.

Therefore...

- Sandvik regularly surveys our customers
- Sandvik integrates customer needs and survey results into our processes and practices
Putting the Customer First

- Sandvik surveys over 25,000 customers in 25 countries around the world.
- The results are an integral part of our R&D efforts and logistical processes.
- We benchmark against customer needs and best industry practices.
Customer First
Listening to the voice of the customer

What is most important to customers

- Quality products
- Deliveries
- Accessible
- Responsive
- Practical user info.
- Technical support
- Price to value
Customer First
Listening to the voice of the customer

Where we received top ratings
- Quality products
- Deliveries
- Accessible
- Practical user information
- Trustworthy, reliable
- Technical support
Customer First
Listening to the voice of the customer

Specific areas for improvement

- Productivity message
- Programs for productivity and cost savings
- Proactive, especially to suggest training
- Partnerships
Customer First
Productivity Selling

- Parting, Grooving and Threading Team
  - Proprietary products
  - Q-Cut and CoroCut
  - Top-Lok
  - U Lock
- Drilling and Endmilling Team
  - Solid carbide
  - CoroDrill
  - CoroMill
- OEM Team
  - Standard tooling packages
  - Engineered solutions
Customer First
Productivity Selling

- Productivity Team
  - Productivity Improvement Programs
  - Insert Rationalization Programs
- Key Accounts
  - Management team
  - 50+ new territories
  - Double coverage
  - Double sales result
NAFTA Case Study

Results

- 1997: 33%
- 1998: 30%
- 1999: 33%
- 2000: 33%

Matrix
- 2 Countries
- 3 Sales regions
- 2 Key Account managers
- 5 Sales reps
Customer Profile

Potential

- Extra Large
- Large
- Medium
- Small
- Extra Small

Channels and Trends

Direct face to face customer contact

- Direct
- Integrators
- B2B

Authorized distributors

- +

Mail order

- +/-

Internet

- +

Customer Profile

- Potential
  - 80%
  - 20%
Sandvik Coromant in NAFTA
I.T. and E-business

Presented by Bob Roth, Vice President, Operations
Customer Relationship Management

Field Sales Support

- Field Sales / Customer Relationship Management:
  - Provides information
  - Administrative help
  - Sales process management
  - Develops customer contacts
  - Identifies preferences
  - Follow-up mailings (e-mails, etc.).
  - Current mailing lists, lead follow-up, target opportunities
  - Customer Value File creation and presentation
# Customer Relationship Management

## Market Segmentation and Targeting

<table>
<thead>
<tr>
<th>Account</th>
<th>ABC Machine Shop</th>
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<tr>
<td>Location</td>
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<tr>
<td>Business Unit</td>
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</tr>
<tr>
<td>Sales Rep</td>
<td>1W</td>
</tr>
<tr>
<td>Screen</td>
<td>Customer</td>
</tr>
<tr>
<td>Sales Rep</td>
<td>JOHN SMITH</td>
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</tbody>
</table>

### General Information

- **Automotive**
  - Wheels
  -Trans/Powertrain
  - Brakes
  - Axels
  - Engines
  - Chasis
  - Tier 1
  - Tier 2

- **General Engineering**
  - Steel Mill/Railway/Wheel Mfg.
  - Fluid Power/Pumps/Valves
  - Bearings
  - Medical
  - Heavy Equipment/Off Road
  - Machine Tool Builder
  - Job Shop
  - Computer
  - Other

- **Aerospace**
  - Gas Turbines
  - Frames
  - Landing Gear
  - Hydraulics/Controls
  - Engines
  - Sub Contractor

- **Pwr. Generation**
  - Oil and Gas
  - Steam and Nuclear
  - Gas Turbines
  - Hydro Electric
  - Engines
  - Other

- **Die/Mold**
  - Casting
  - Forging
  - Injection
  - Stamping
IT for Fast Delivery
Sandvik Coromant

Direct delivery

24 hours

Sandvik Capital Markets Days NAFTA May 2001
Integrated IT
Elimination of administration time

Customer need for special tool → Delivery
Feed into computer system
Order → Quotation

Lead time reduction:
- Quotations from three weeks to ten minutes
- Orders from eight weeks to two weeks
Delivery

• Direct Delivery:
  - Same day shipment, next day delivery
  - Orders received electronically -- 85%
  - Direct delivery to end customer
  - Value to distributors and end users
    • reliable delivery
    • improved inventory turns in the channel
    • low administrative costs
    • speeds our product introduction
  - 1.5 million order lines annually, 98%+ fulfillment of orders

• Tailor Made /Special Products
  - Tailor Made speeds quotations, speeds orders, lowers lead times
  - Quote the same day, product in less than 2 weeks
Our E-Business Objectives

- Provide a
  - transaction and electronic service channel to existing customers
  - sales channel to new customers

- Facilitate a lean process chain enabling improved cost efficiency for our customers and for us

- Reinforce our customer relations by improved reach, richness and personalization

- Attract and retain distributors
Basic Components of Our E-Business Offer

1. Public information
   Personalization

2. Product configuration

3. e-commerce

4. e-service

5. New Global WEB standard
   CoroGuide WEB
   Tailor Made

Buy-side
Collaborative Environment
Public Information

New global WEB standard

Welcome to our
New Global Internet Site

Faster Steel Turning
A complete family with all possibilities to increase productivity in steel turning!

- GC4815 - a totally redesigned grade for high cutting temperatures in P15 area.
- GC4825 - a tough and secure grade for general purpose machining.
- GC4835 - a completely new grade for tough conditions with maximum security.
- Wiper - double feed or twice as good surface finish with our Wiper geometries.

Read more about Faster Steel Turning -

Solid Carbide Tools
The Sandvik Coromant tools for precision machining are:

- Delta-C drills, solid carbide drills with unique Twin Grade technology.
- Solid carbide endmills for superior surface finish and high productivity.
- CoroCrimp - Precision Power chucks with damping force superior to any other chuck on the market.

Read more about tools for precision machining -
Sandvik Coromant E-Business

- applications
- country sites
- main news
- On-line shopping
- Printed matters ordering
- Communication of major news
- Various support functions

Port to local sites with local language and local content
Our E-Service Offer

- Your own homepage
- Your consolidated purchases
- Your shopping solution
- Your service offer
- Your contact person
- Your productivity results
- Your calendar/events
E-Business Basis

- E-business basis:
  - Provides information
    • Communication means
    • Electronic catalog
    • Electronic ordering
    • Credit cards
    • Stock and order status
    • Active links to delivery information (United Parcel Service, Federal Express)
  - Provides a base for electronic transactions, a base for Extranet, a base for Business-to-Business (B2B)
E-Business Progression

- E-business progression:
  - Web site for information
  - Web site for transactions
    - Full integration to business systems and processes
  - Extranet for distributors to conduct electronic business, obtain commercial information, obtain company information
  - Convert present electronic business to the Internet
  - Business-to-Business (B2B)
    - Catalog information, transaction exchange, XML future
  - Personalization, service offering
Web Activities

- **Web page hits:**
  - 225,000 per month

- **Registered users:**
  - 600 Distributor users - expect 1,000 to 1,500
  - 100 Direct users
  - 1,200 Endusers

- **Distributor Extranet:**
  - 100% converted to Web by August of 2001
  - Expect 50,000 order lines monthly

- **Business-to-Business (B2B):**
  - 4 Active customers
  - 3 Ariba
  - 1 Commerce One
  - Expectations vary but all involve catalog information and commercial transactions
Business to Business
B2B
E-Business Summary

- Established information site
- Established commercial site
- Established distributor extranet
- Integrated to business systems
- Established content management and maintenance
- B2B
Sandvik Coromant

Summary

- Doing very well in NAFTA
- Experienced high energy management team
- Consistently gaining market share
- Making strategic investments in people and capacity
- Following the proven plan of putting “Feet on the Street”
- Delivering maximum value to the customers’ chosen channel
- Consistently introducing new products to our customers
- Enhancing the customer relationship through partnership and value-added selling
- Capitalizing on our lead in IT