

SANDVIK MACHINING SOLUTIONS

CAPITAL MARKETS DAY, MAY 24, 2016



JONAS GUSTAVSSON
PRESIDENT



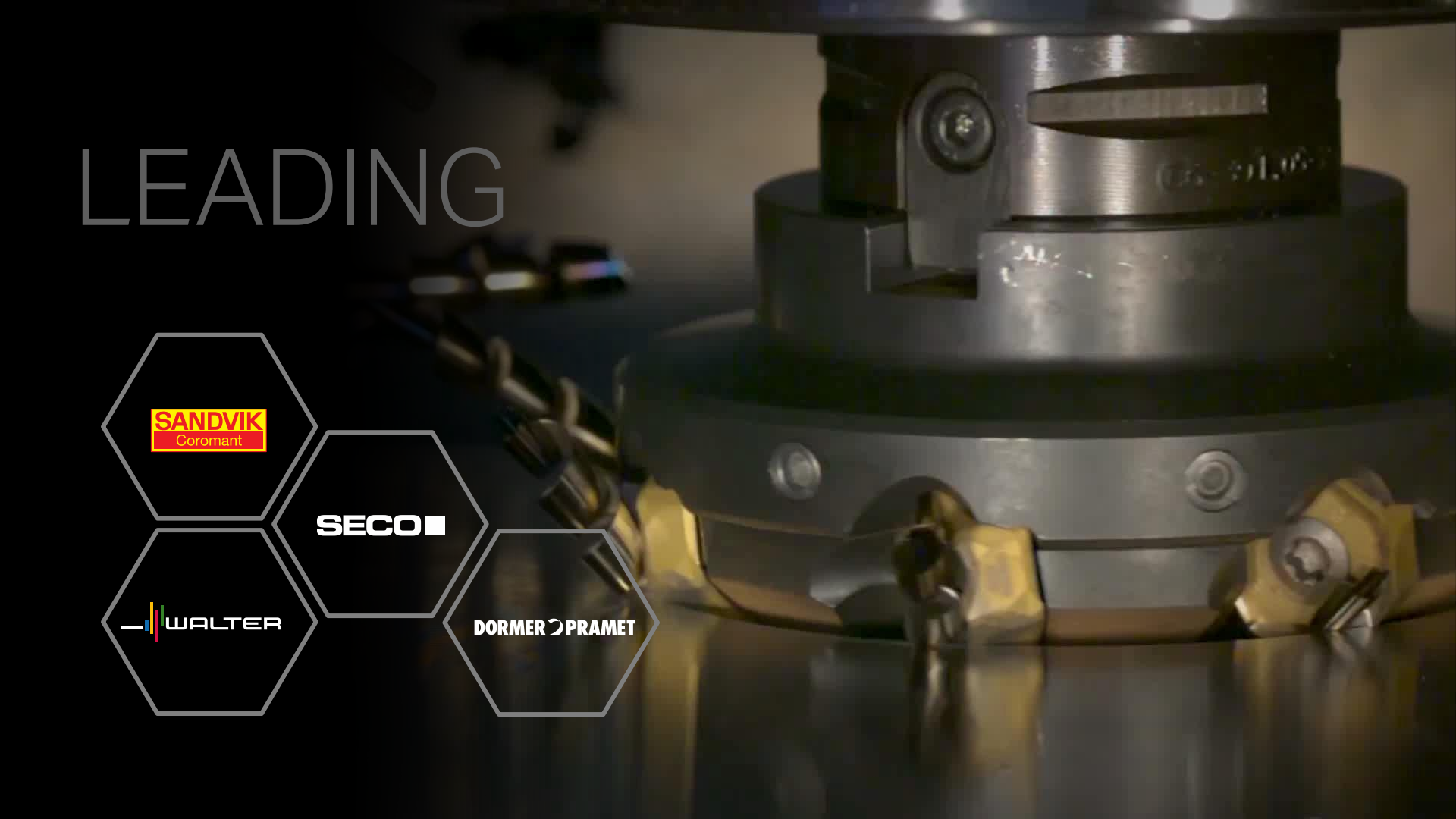
LEADING

SANDVIK
Coromant

SECO ■

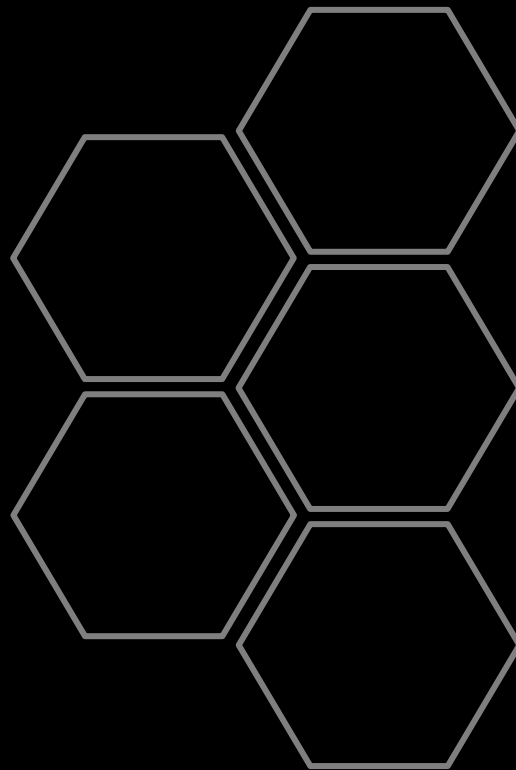
— ||| **WALTER**

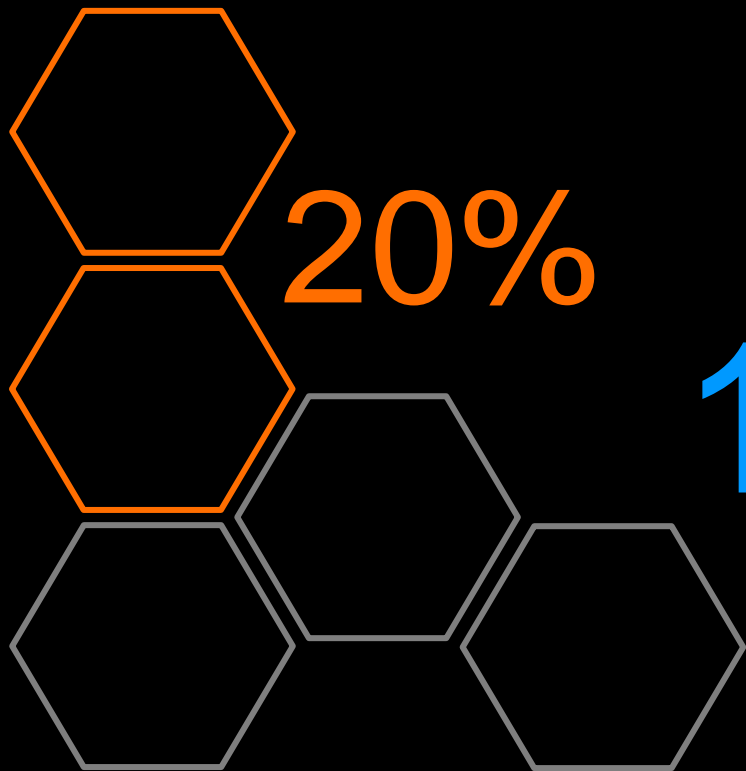
DORMER ◁ **PRAMET**





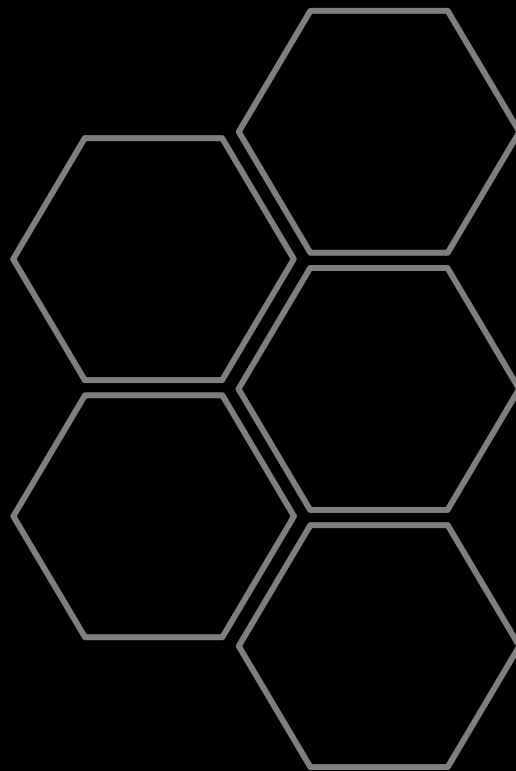
160
BSEK

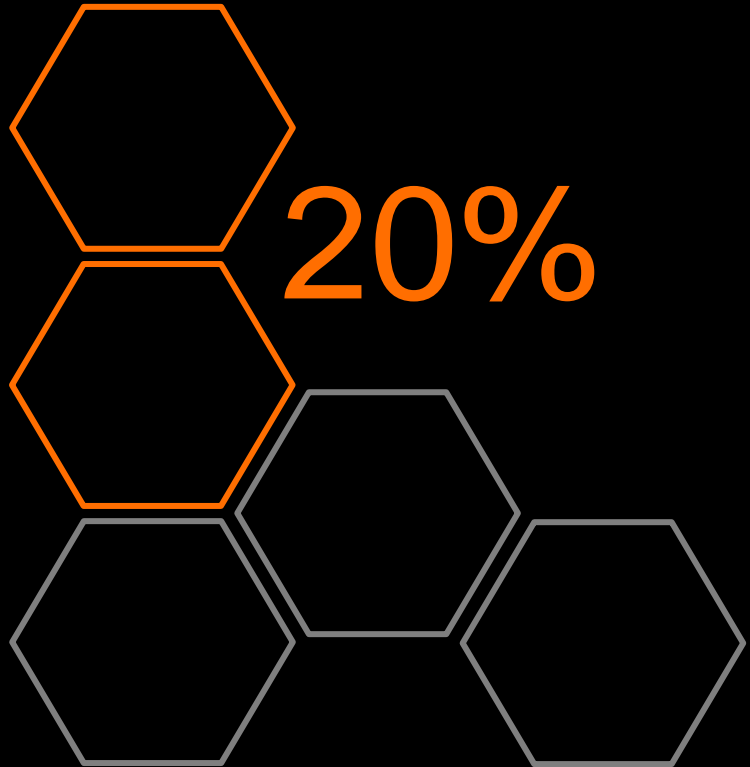




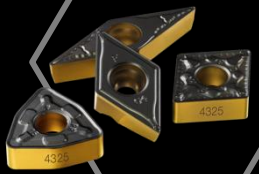
20%

160
BSEK





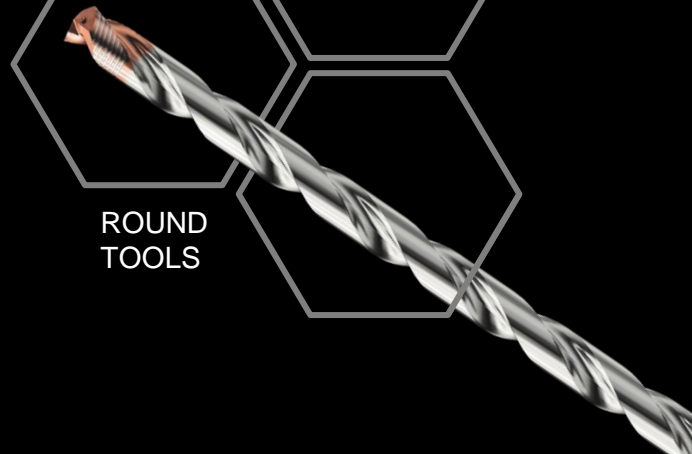
INSERTS

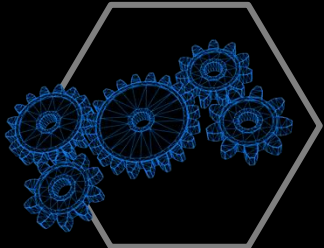


TOOLS



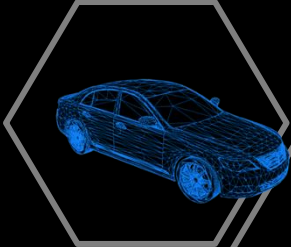
ROUND TOOLS





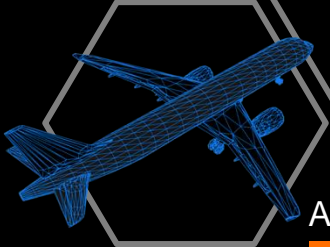
ENGINEERING

50%



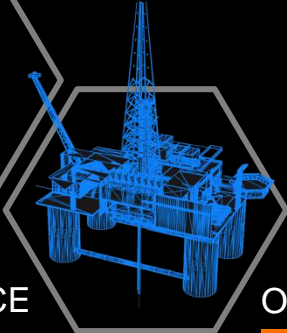
AUTOMOTIVE

27%



AEROSPACE

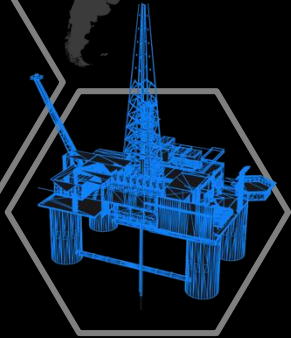
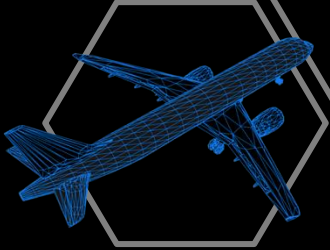
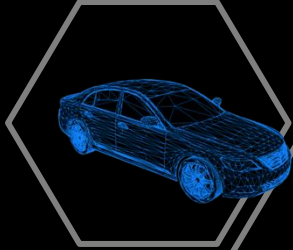
12%



OIL & GAS

10%

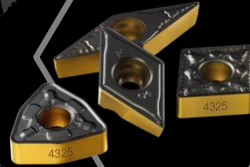




AMERICAS
25%

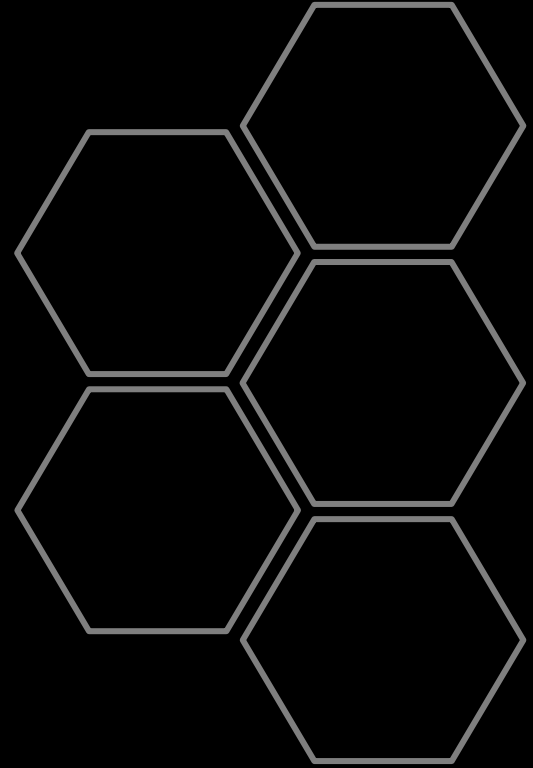
EUROPE
53%

ASIA
20%





INDUSTRY
DYNAMICS





SLOW GROWTH ENVIRONMENT



CHANGED CUSTOMER BEHAVIOR



DIGITAL MANUFACTURING



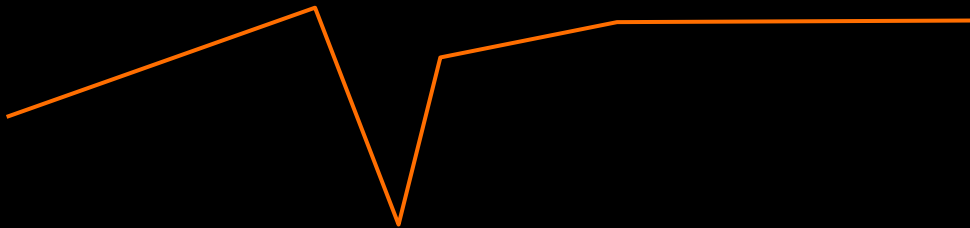
DISTRIBUTION CHANNELS

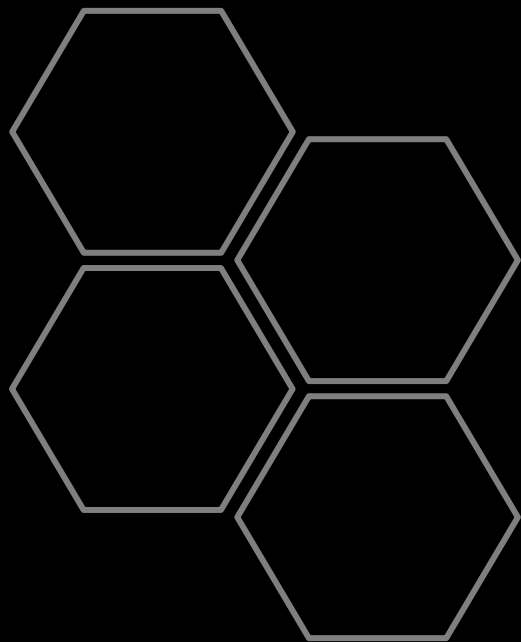


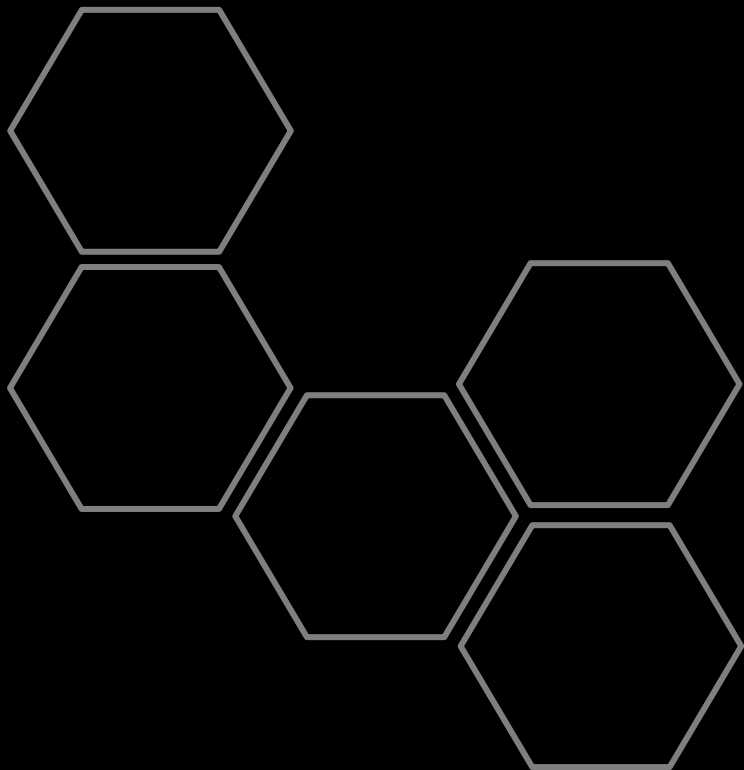
SUPER-
CYCLE
2002-2007

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

SANDVIK
Coromant

PASSION FOR
EXCELLENCE

SECO
MAKING IT EASIER

WALTER
ENGINEERING
KOMPETENZ

DORMER PRAMET
SIMPLY RELIABLE



SECO
MAKING IT EASIER

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Coromant

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WALTER
ENGINEERING
KOMPETENZ

DORMER PRAMET
SIMPLY RELIABLE

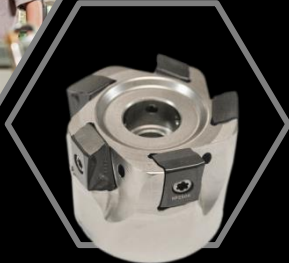
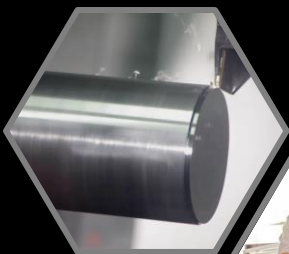
WALTER

HQ: Tübingen, Germany

3,600 employees

Represented in 80 countries

Local offices in 33 countries



SECO TOOLS

HQ: Fagersta, Sweden

4,500 employees

Represented in 75 countries

Local offices in 60 countries

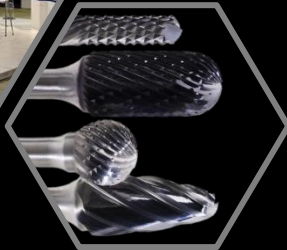
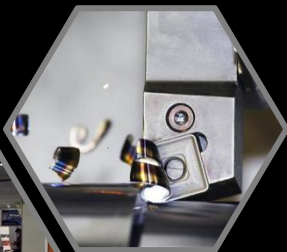
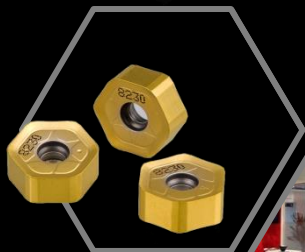
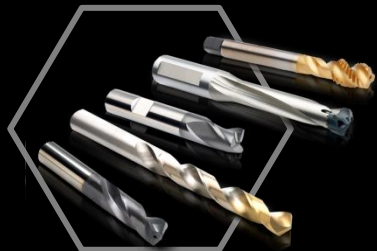
SECO ■
MAKING IT EASIER

SANDVIK
Coromant

PASSION FOR
EXCELLENCE

— **WALTER**
ENGINEERING
KOMPETENZ

DORMER PRAMET
SIMPLY RELIABLE



DORMER PRAMET

HQ: Milan, Italy

1,500 employees

Represented in 100 countries

Local offices in 30 countries

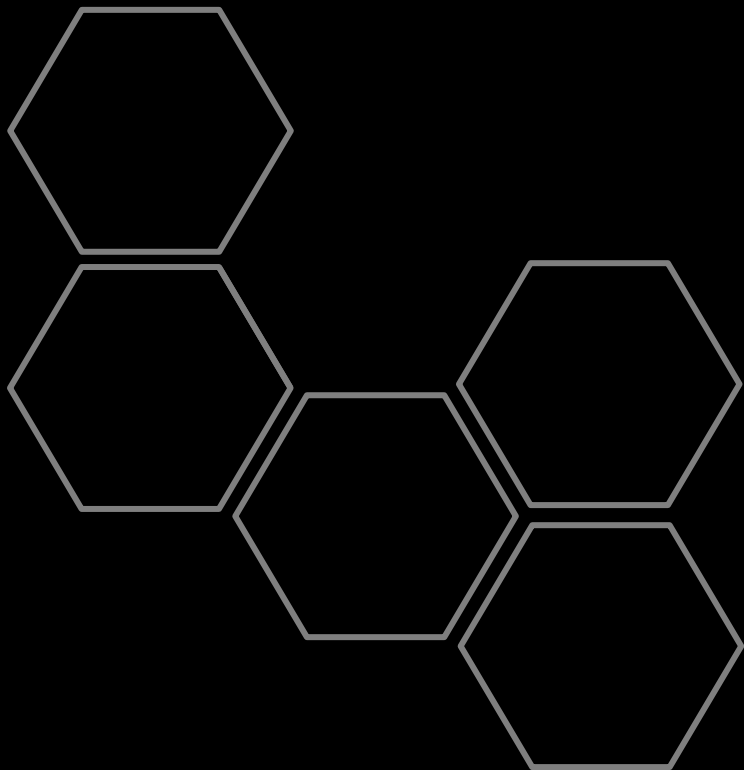
SECO
MAKING IT EASIER

SANDVIK
Coromant

PASSION FOR
EXCELLENCE

WALTER
ENGINEERING
KOMPETENZ

DORMER PRAMET
SIMPLY RELIABLE



SANDVIK
Coromant

PASSION FOR
EXCELLENCE

SECO
MAKING IT EASIER

WALTER
ENGINEERING
KOMPETENZ

DORMER PRAMET
SIMPLY RELIABLE



POWDER AND BLANKS TECHNOLOGY

Locations: Austria, UK, China

App. 600 employees



SECO
MAKING IT EASIER

SANDVIK
Coromant

PASSION FOR
EXCELLENCE

WALTER
ENGINEERING
KOMPETENZ

DORMER PRAMET
SIMPLY RELIABLE



DISTRIBUTION CENTERS

IT PLATFORMS

PRODUCTION FOOTPRINT

TECHNOLOGY PLATFORMS

SOURCING

LEADING IN



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

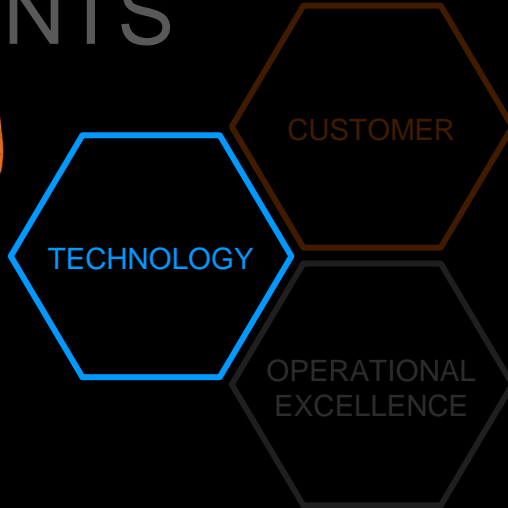
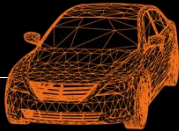
ACHIEVEMENTS

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



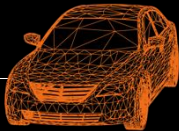
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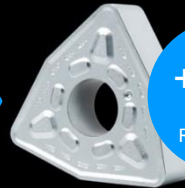


TECHNOLOGY

"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 NORTHERN UK, ABOUT COROMILL® 390-07

+55%
METAL
REMOVAL



+87%
METAL
REMOVAL

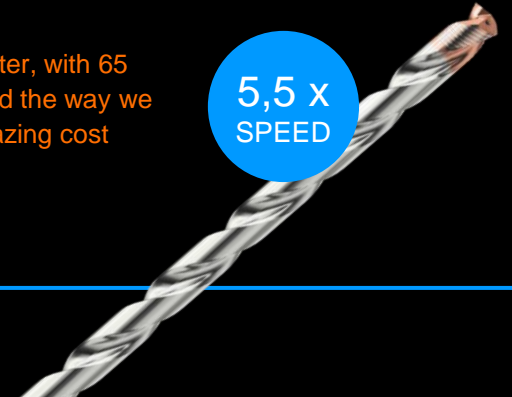
"The new Duratomic grades give more stable and longer tool life. The operators were not used to the change at first, but now it is totally no problem for them"

CUSTOMER IN CHINA ABOUT THE NEW DURATOMIC GRADES

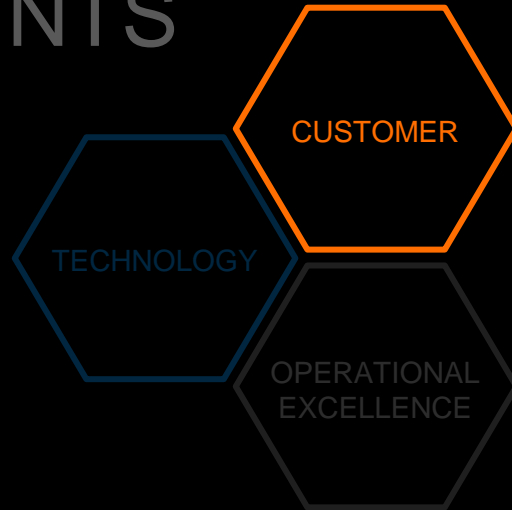
By using the new ICON-drill from Walter, with 65 times diameter ratio, we have changed the way we make our deep holes with just an amazing cost saving for us "

CUSTOMER IN USA ABOUT THE NEW ICON DRILL FROM WALTER

5,5 x
SPEED



ACHIEVEMENTS



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

SANDVIK
Coromant

SECO

WALTER

DORMER PRAMET

Adveon
Tool Library

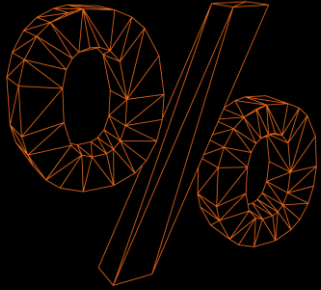
tdmsystems

PRO ETEC

GOING



FORWARD

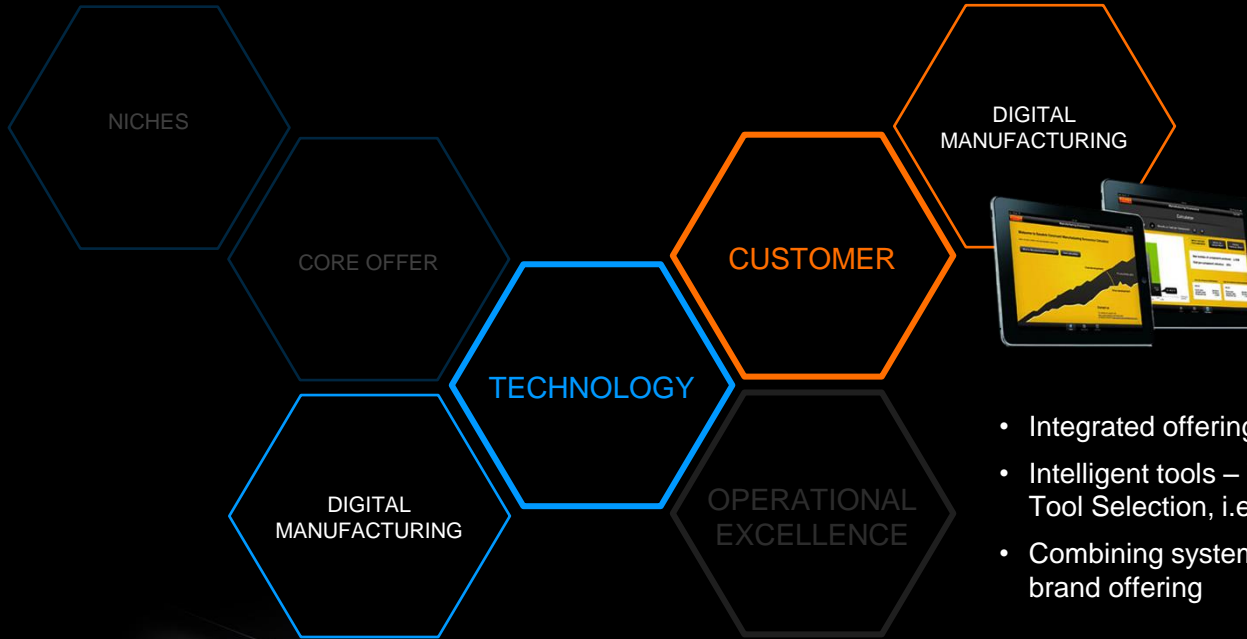


- Continued Supply Chain Optimization
- SMS Production System, i.e. LEAN
- Leverage from ASIA production footprint
- White collar productivity
- Increased flexibility and agility





- 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





DORMER PRAMET

SECO



GO-TO-MARKET
STRATEGY

SOLUTIONS
PROVIDER

MUST-WIN-
MARKETS



CHINA

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

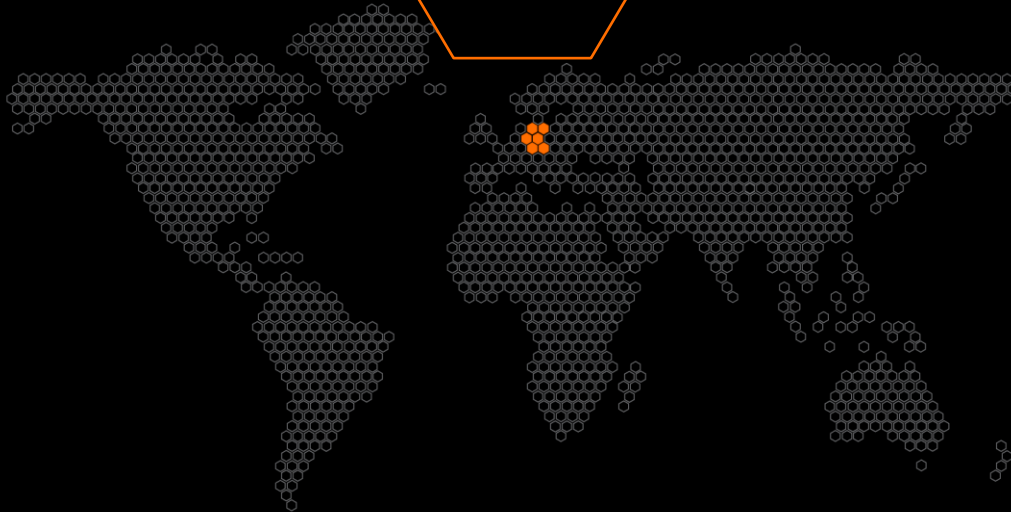
Development of distribution
network

Targeting new customers with
focused offers, e.g. round tools,
low premium

GO-TO-MARKET
STRATEGY

SOLUTIONS
PROVIDER

MUST-WIN-
MARKETS



GERMANY

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

GO-TO-MARKET
STRATEGY

SOLUTIONS
PROVIDER

MUST-WIN-
MARKETS



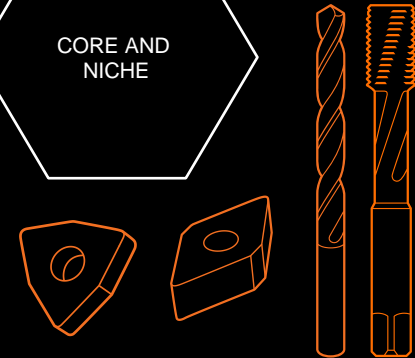
USA

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







NICHES

CORE OFFER

MUST-WIN-MARKETS

GO-TO-MARKET STRATEGY

DIGITAL MANUFACTURING

SOLUTIONS PROVIDER

CUSTOMER

SOLUTIONS AND DIGITAL

TECHNOLOGY

M&A

OPERATIONAL EXCELLENCE

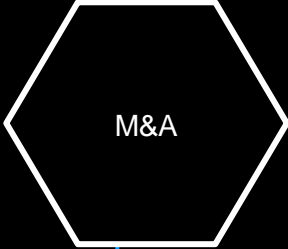
CORE AND NICHE

DIGITAL MANUFACTURING

SALES AND R&D EFFICIENCY

SUPPLY CHAIN EFFICIENCY





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



SANDVIK

The logo consists of the word "SANDVIK" in a bold, blue, sans-serif font. Below the text is a solid blue horizontal bar. The entire logo is enclosed within a thin blue rectangular border.