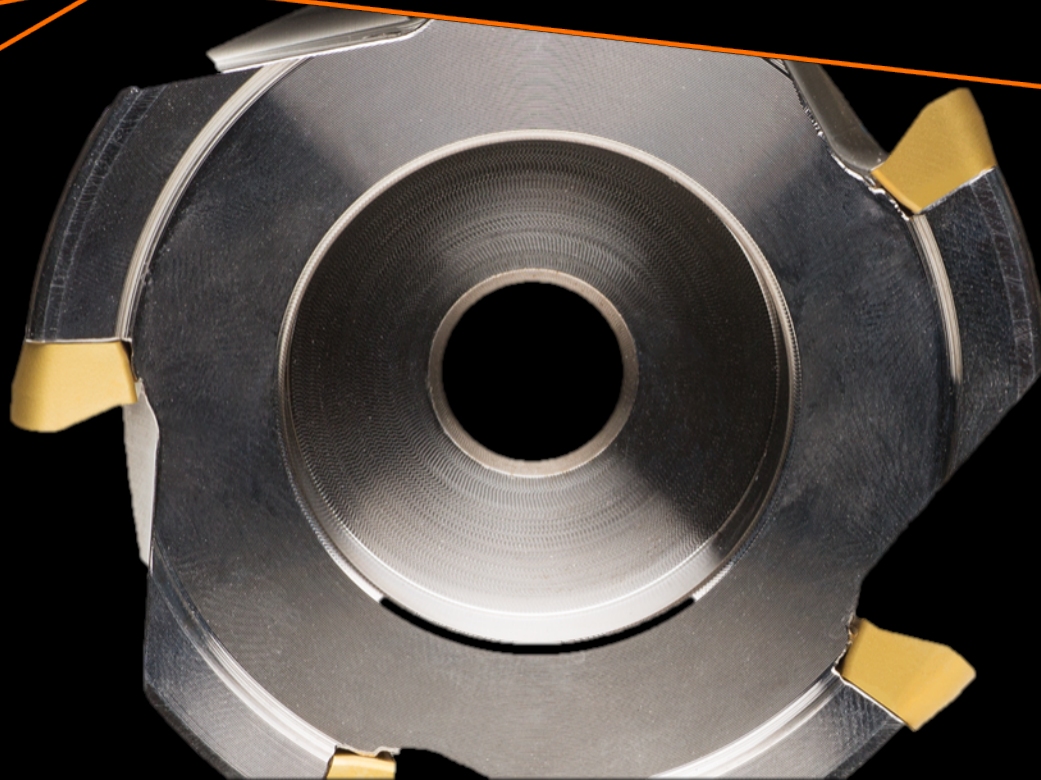
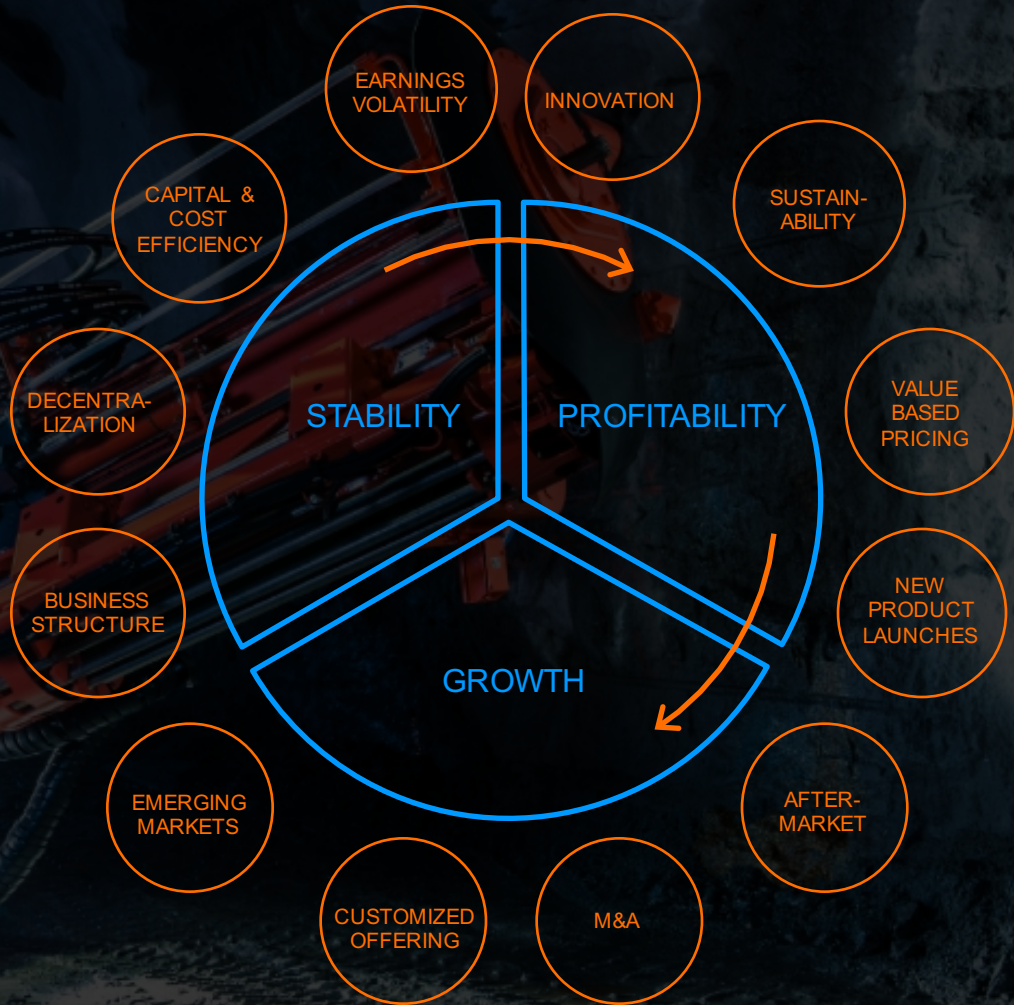


SANDVIK CAPITAL MARKETS DAY

24 MAY 2016

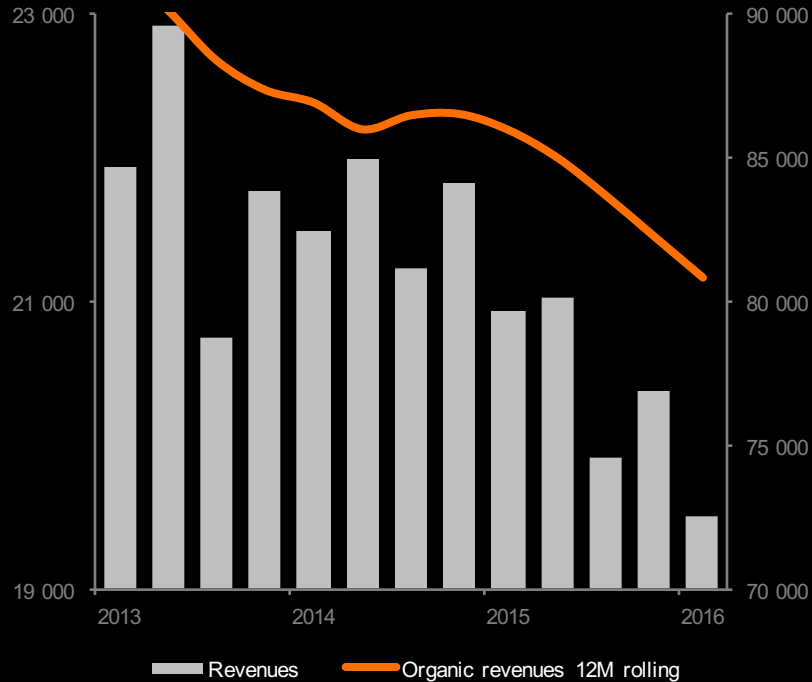


FINANCIALS

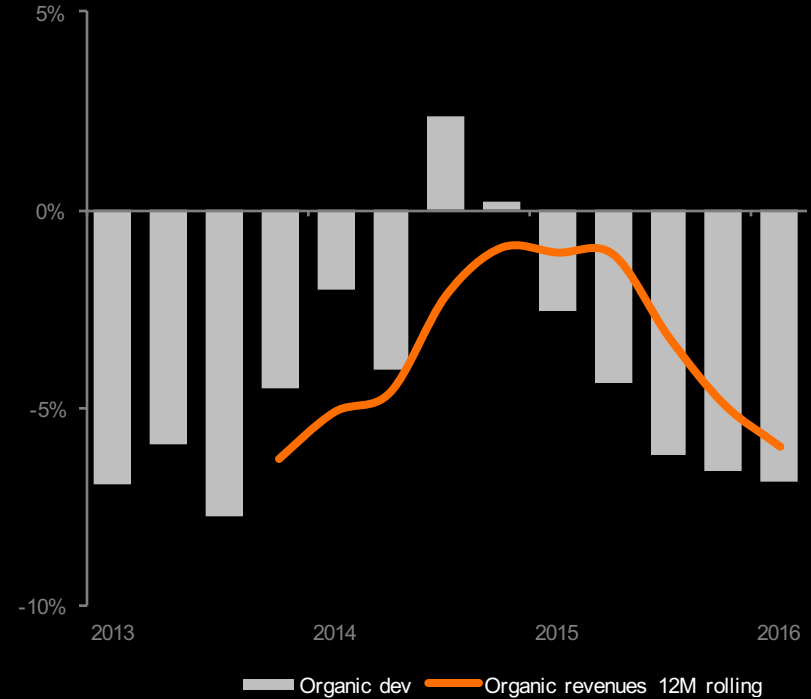


TOUGHER MARKET CONDITIONS...

REVENUES DEVELOPMENT

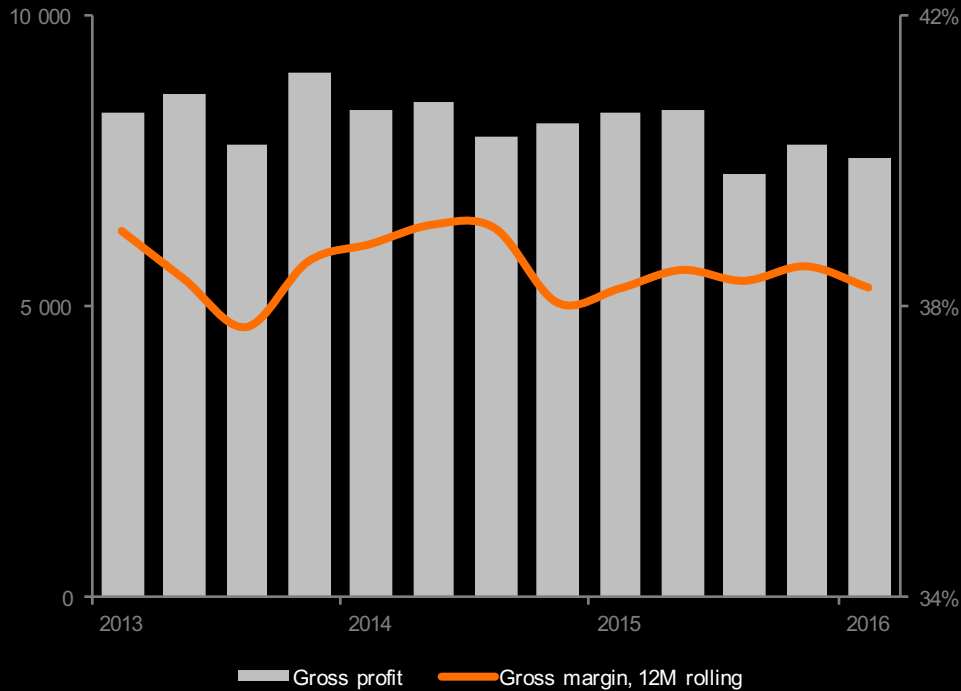


ORGANIC GROWTH



...BUT HIGH GROSS MARGIN MAINTAINED

GROSS PROFIT & GROSS MARGIN

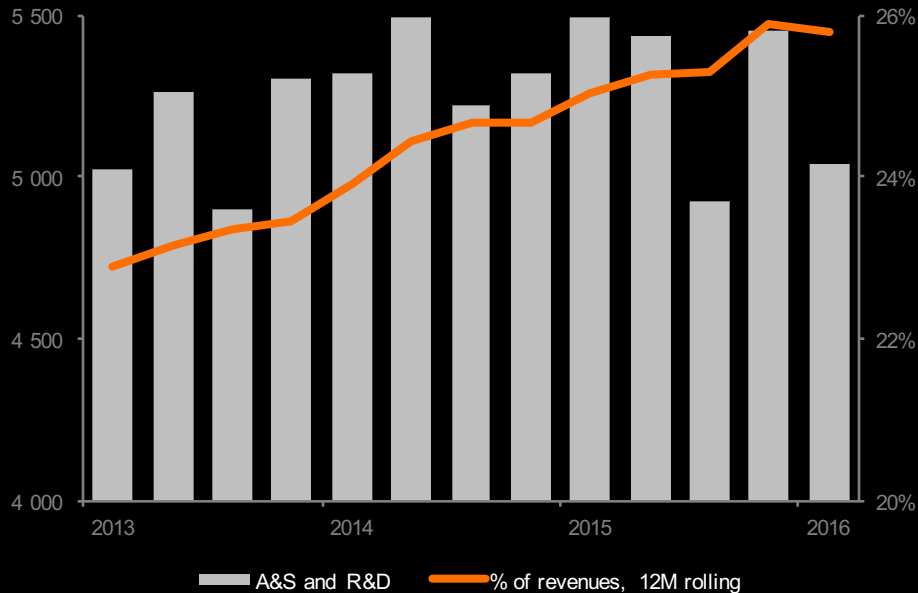


- Supply chain optimization
- Productivity increases

IMPROVEMENT POTENTIAL IN A&S COSTS

IMPROVED PACE IN ADJUSTMENT TO CHANGED DEMAND

A&S AND R&D COSTS



On-going structural programs

ADDITIONALLY

Business area consolidation synergies

Decentralization of country & group functions

High focus in business areas

BECOMING MORE AGILE AND EFFICIENT

SAVINGS MEASURES STARTING TO BITE

>1,300 MSEK

ACHIEVED TO DATE IN 2,100 MSEK
SAVINGS PROGRAMS

STRUCTURAL SAVINGS

No. of sites
closed to date

15

SALES&ADMIN SANDVIK MACHINING
SOLUTIONS

ALL GROUP FUNCTIONS (15%
REDUCTION)

OTHER SAVINGS

No. of
temps reduced

>1,300

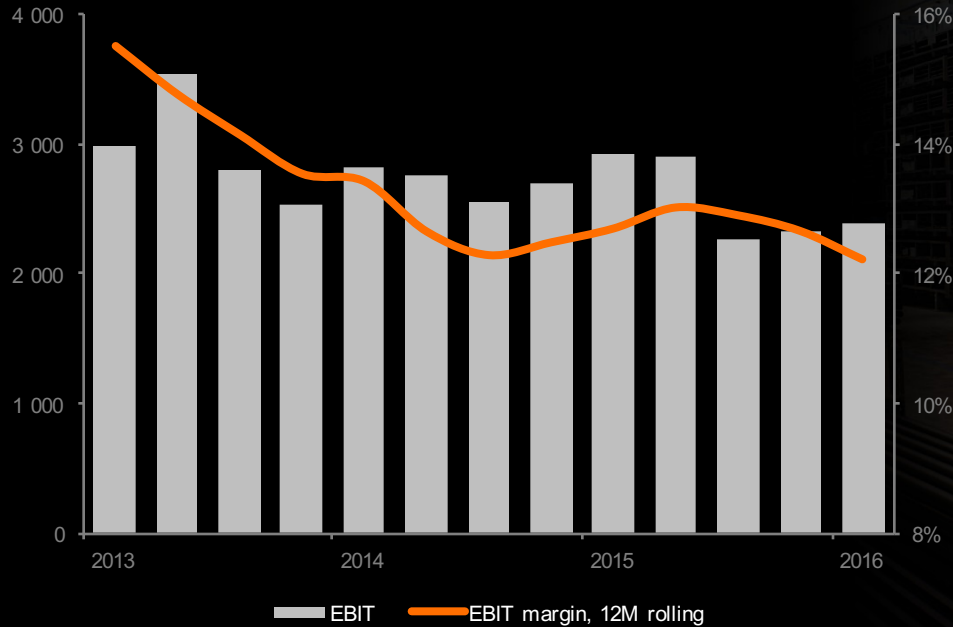
**COST
EFFICIENCY**

HEADCOUNT REDUCTION* FROM END 2013 TO Q1 2016

~7% or ~3,500 FTE:s

EBIT MARGIN STABILIZED LAST TWO YEARS

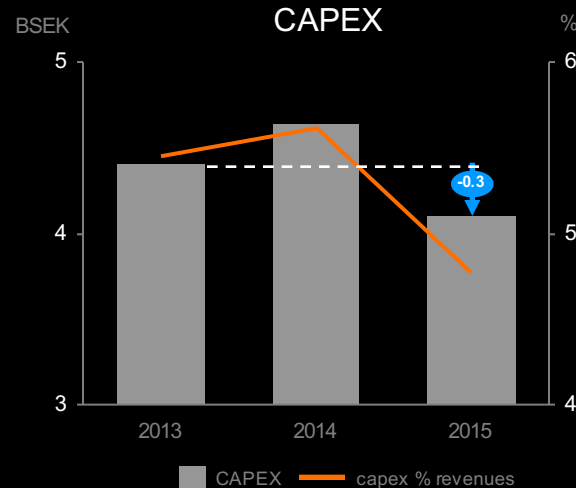
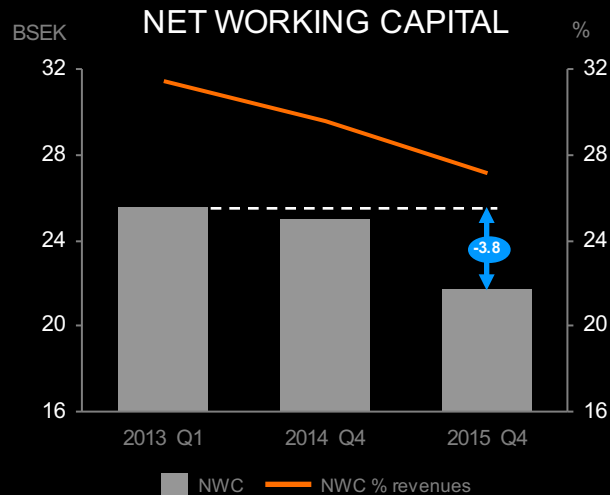
EBIT & EBIT MARGIN



- SIGNIFICANT DECLINE IN TOPLINE
- MAINTAINED GROSS MARGIN
- UNDERABSORPTION IN A&S

ADDRESSING THE CAPITAL

>4,000 MSEK IN RELEASED CAPITAL



CAPITAL EFFICIENCY

25% TARGET LEVEL

<4.1 BSEK IN 2016

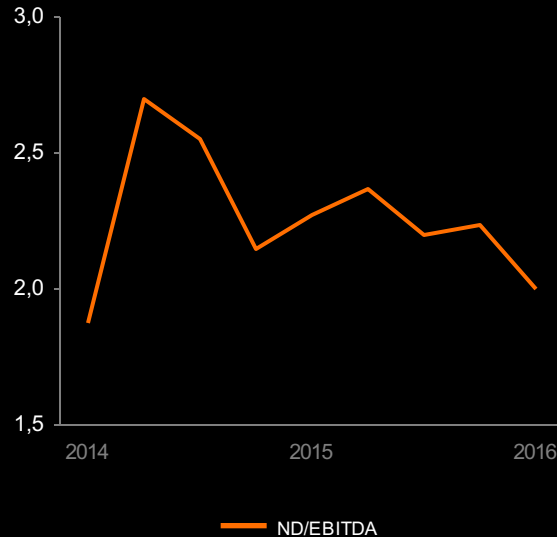
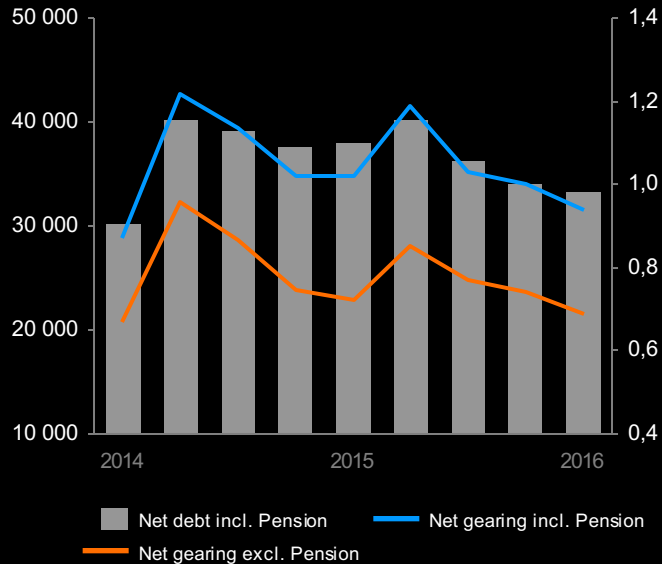
~5% OF REVENUES LONG-TERM

CREATING BALANCE SHEET FLEXIBILITY

LOWEST NET GEARING LEVEL IN EIGHT QUARTERS

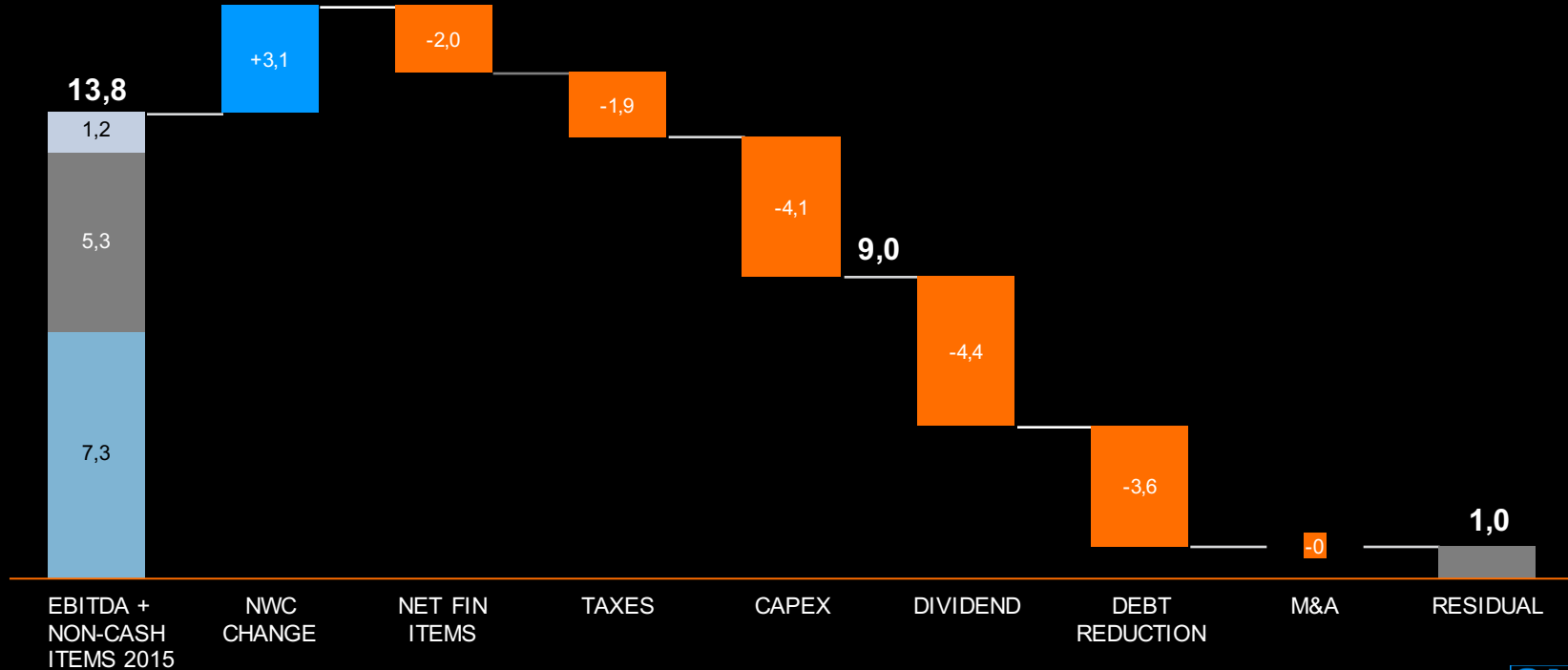
~7,000 MSEK

SINCE Q2 2014 IN REDUCED
NET DEBT INCL. PENSION



DEBT
REDUCTION

CASH FLOW AND ALLOCATION OF CAPITAL



WHAT WE WILL ACHIEVE





DISCLAIMER STATEMENT

“Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially affected by other factors for example, the effect of economic conditions, exchange-rate and interest-rate movements, political risks, impact of competing products and their pricing, product development, commercialisation and technological difficulties, supply disturbances, and the major customer credit losses.”