

# SANDVIK MINING AND ROCK TECHNOLOGY



## CAPITAL MARKETS DAY

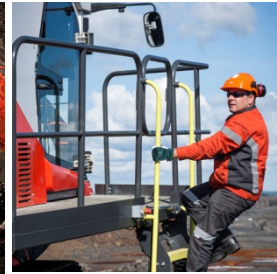
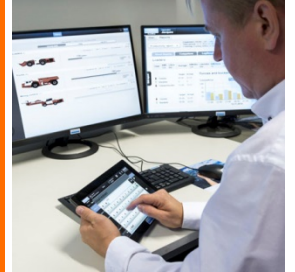
LARS ENGSTRÖM, PRESIDENT

HENRIK AGER, PRESIDENT PRODUCT AREA ROCK TOOLS



# TOPICS FOR TODAY

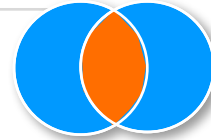
- Business Area Sandvik Mining and Rock Technology overview
- Market outlook and strategy
- Aftermarket and data driven productivity
- Automation and innovation
- Profitability roadmap and summary



# SANDVIK MINING AND ROCK TECHNOLOGY

## OPERATING PRINCIPLES

MERGER OF TWO BUSINESS AREAS sharing common products, technology, infrastructure



DECENTRALIZED BUSINESS MODEL with eight application-focused product areas



GLOBAL SALES ORGANIZATION



SMALL BUSINESS AREA COMMON TEAM





# SANDVIK MINING AND ROCK TECHNOLOGY

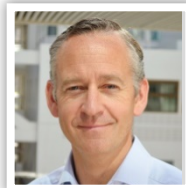
## MANAGEMENT TEAM AND PRODUCT AREAS



*Fredrik  
Westin*  
CFO



*Jan Petzold*  
UNDER-  
GROUND  
DRILLING



*Henrik Ager*  
ROCK TOOLS  
(Including Drilling  
& Completion)



*Patrick Murphy*  
ROCK DRILLS &  
TECHNOLOGIES



*Johan  
Hedlund*  
HR



*Riku  
Kesäläinen*  
LOAD & HAUL



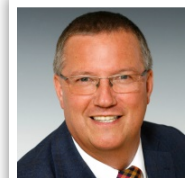
*Joanne  
Cooke*  
SURFACE  
DRILLING



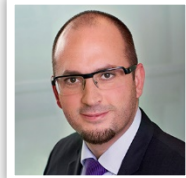
*Ed  
Santamaria*  
PARTS &  
SERVICES



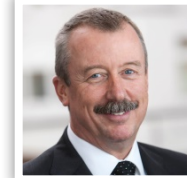
*Snejana  
Koleva*  
STRATEGY



*Reinhard  
Reinartz*  
MECHANICAL  
CUTTING



*Anders  
Svensson*  
CRUSHING &  
SCREENING



*Gary  
Huges*  
GLOBAL  
SALES

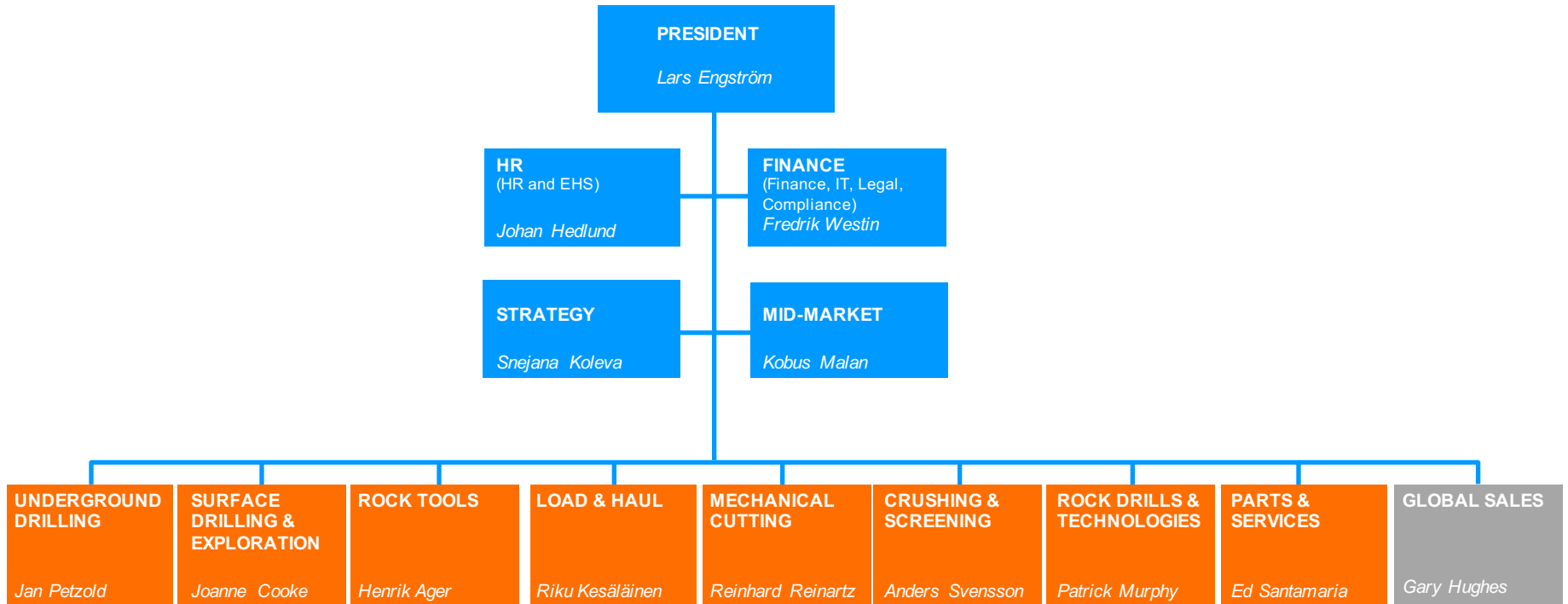


*Kobus  
Malan*  
MID  
MARKET



# SANDVIK MINING AND ROCK TECHNOLOGY

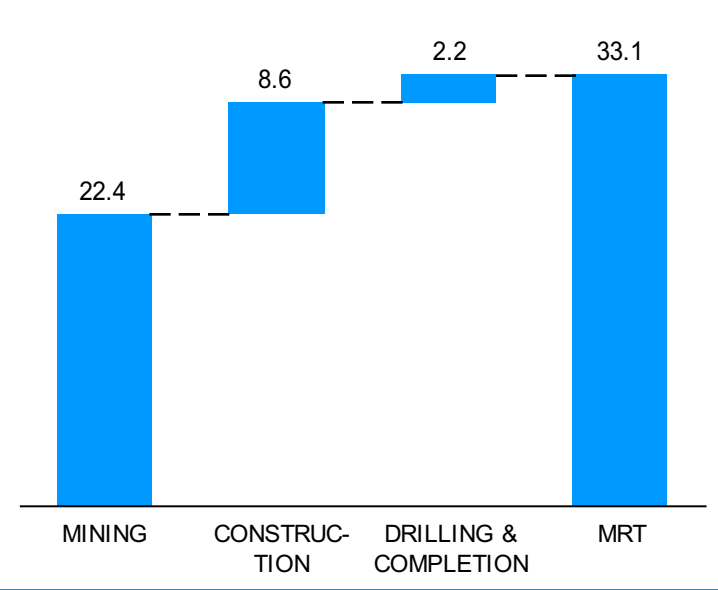
## ORGANIZATION



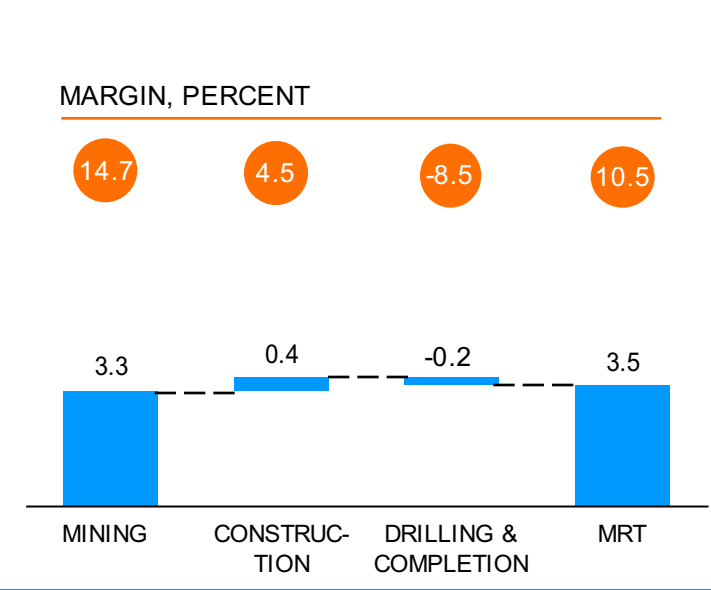
# SANDVIK MINING AND ROCK TECHNOLOGY

FY 2015

## EXTERNAL INVOICING, BSEK



## OPERATING PROFIT\*, BSEK



\* ADJUSTED FOR ONE-OFF ITEMS

# SANDVIK MINING AND ROCK TECHNOLOGY

## APPLICATIONS OFFERING

UNDERGROUND  
HARD ROCK  
MINING

SURFACE  
DRILLING

COMMI-  
NUTION

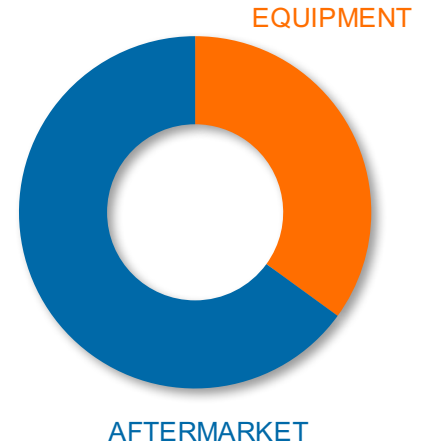
DEMOLITION &  
RECYCLING

OIL & GAS

SOFT ROCK  
MINING

TUNNELING

MINING  
EXPLORA-  
TION



↑ STRONG MOMENTUM

→ STABLE MOMENTUM

↓ WEAK MOMENTUM



# PRODUCT AREAS

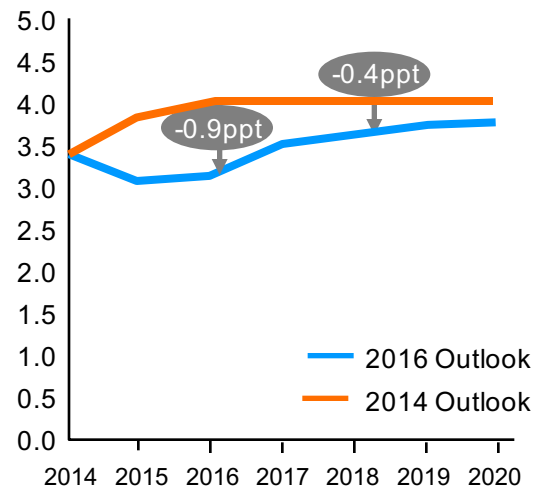
## CHALLENGES AND OPPORTUNITIES



# MARKET OUTLOOK

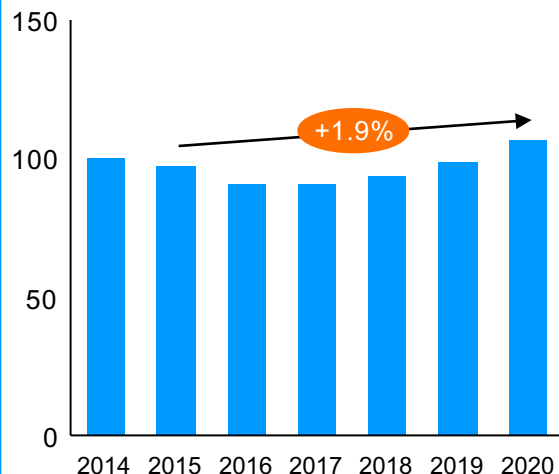
## GDP DEVELOPMENT

GDP GROWTH YEAR-ON-YEAR  
2014 & 2016 OUTLOOK



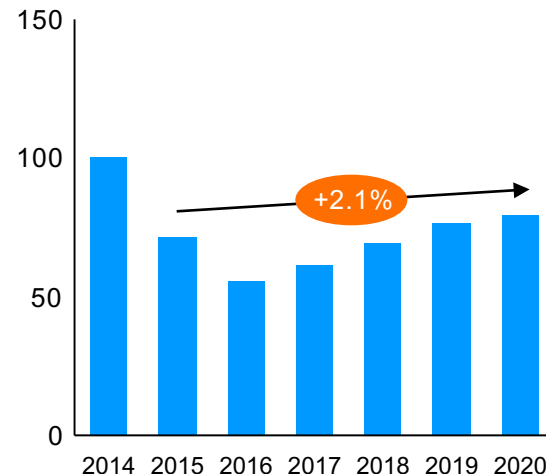
## METALS & MINERALS

CAPITAL EXPENDITURE  
EXCL. EXPLORATION  
INDEX (2014=100)



## OIL & GAS

DRILLING ACTIVITY-RIG COUNT<sup>1</sup>  
INDEX (2014=100)



 CAGR 2015-2020

<sup>1</sup> Excluding Russia and Central Asia

SOURCE: Baker Hughes, U.S. Energy Information Administration (EIA), Spears & Associates, IHS Global Insight

# SMRT EXPOSURE

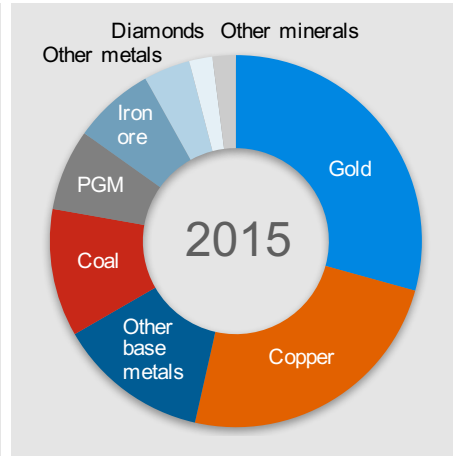
## MINING COMMODITY EXPOSURE

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### INVOICING with Mining Systems



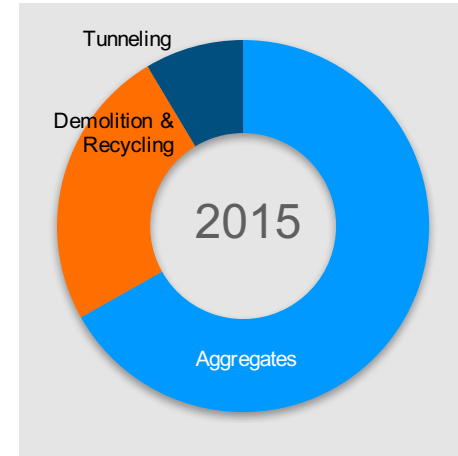
### INVOICING without Mining Systems



## CONSTRUCTION INDUSTRY EXPOSURE

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### INVOICING





# STRATEGIC FOCUS NEAR TERM

2014-15

*Increase pace  
Deliver fundamentals*

2016-18

*Strengthen leadership and  
adjust portfolio*

## SAFETY

SAFETY CULTURE

WORLD CLASS SAFETY – ZERO HARM

## SALES

Sales heat map

Account management, Value selling

## COST/CAPITAL EFFICIENCY

Sourcing  
Headcount

Decentralization and  
end-to-end responsibility

## AFTERMARKET

Installed base infrastructure,  
Customer service center

Advanced services,  
Data driven productivity

## OFFERING

Automated equipment

'Game changer'  
New products & features

## SUPPLY CHAIN

Product transfers and site closures

Lean transformation  
Finalize footprint program

## SALES

# CHINA IN FOCUS

- Focus on improved development and manufacturing of **competitive local premium and mid-market products** – both through Sandvik and through partners
- Build on breakthrough deals in **Surface drilling**
- Capture market share through updated **soft-rock rock tools** offering

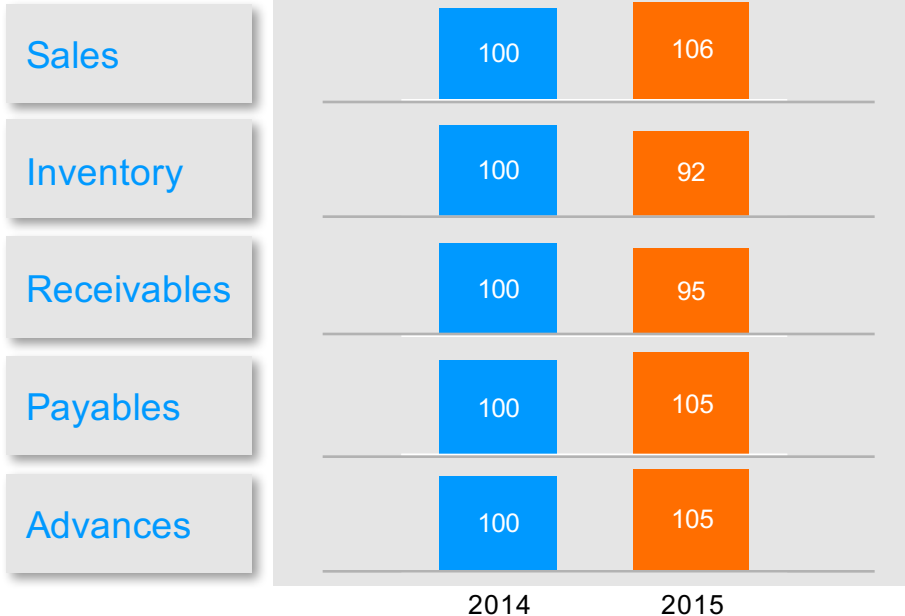


# COST/CAPITAL EFFICIENCY

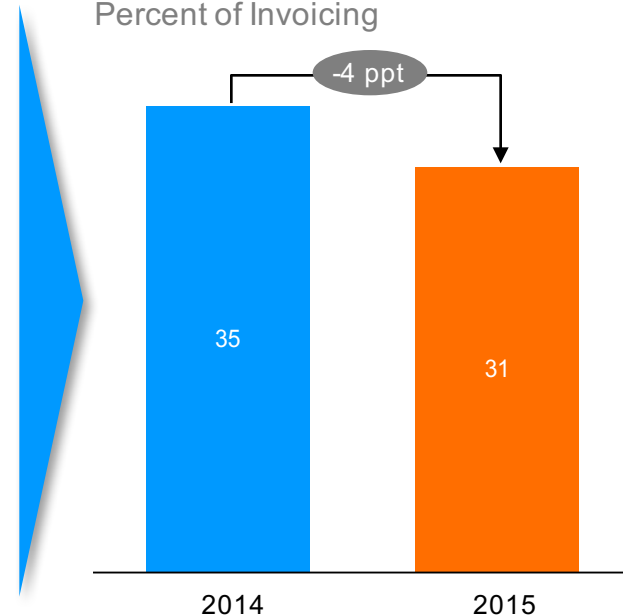
# CONTINUED FOCUS ON REDUCING NET WORKING CAPITAL

Indexed\*

NET WORKING CAPITAL DEVELOPMENT



NET WORKING CAPITAL DEVELOPMENT, Percent of Invoicing



\* Sales: 2014 vs 2015, Inventory, Receivables, Payables, Advances closing numbers for 2014 vs 2015



# PRO-ACTIVE IN A CHALLENGING MARKET

Enable effective market share growth

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Prioritize targeted customer activities

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Tailor customer offering

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Fit portfolio development to active fleet

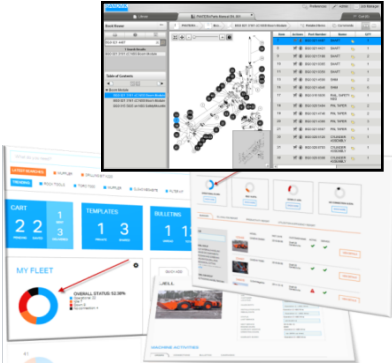
>90%

accuracy  
of active  
fleet

# AFTERMARKET

# LIFTING CUSTOMER EXPERIENCE

## NEW CUSTOMER E-SOLUTIONS



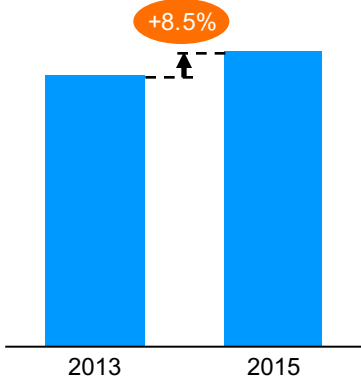
## GLOBAL ROLL-OUT CUSTOMER SERVICE CENTERS



## REMOTE MONITORING



## CAPTURE PARTS POTENTIAL

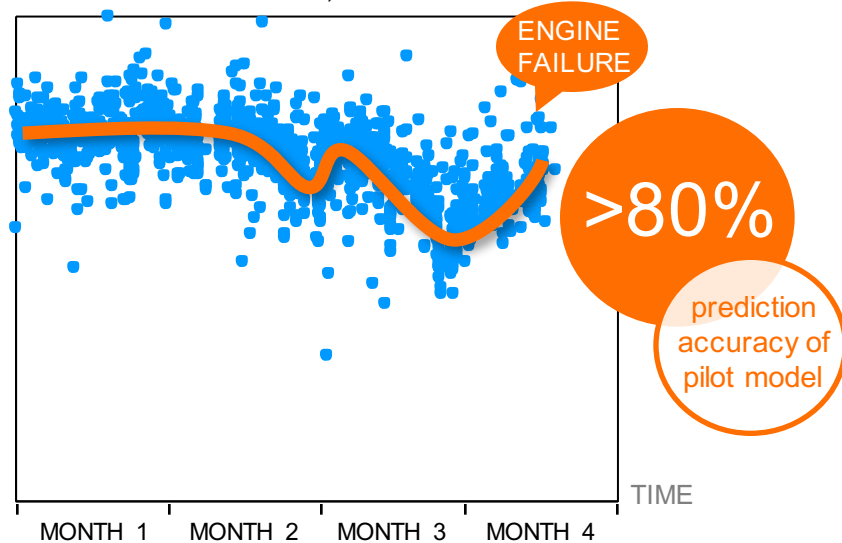


# AFTERMARKET

## DATA-DRIVEN PRODUCTIVITY: PREDICTIVE MAINTENANCE

### DATA-DRIVEN PRODUCTIVITY IN LOAD & HAUL

ENGINE OIL PRESSURE, BAR



### DATA-DRIVEN PRODUCTIVITY IN CRUSHING & SCREENING



- Real-time access to key crusher information
- Parts and service planning
- Reduced down-time



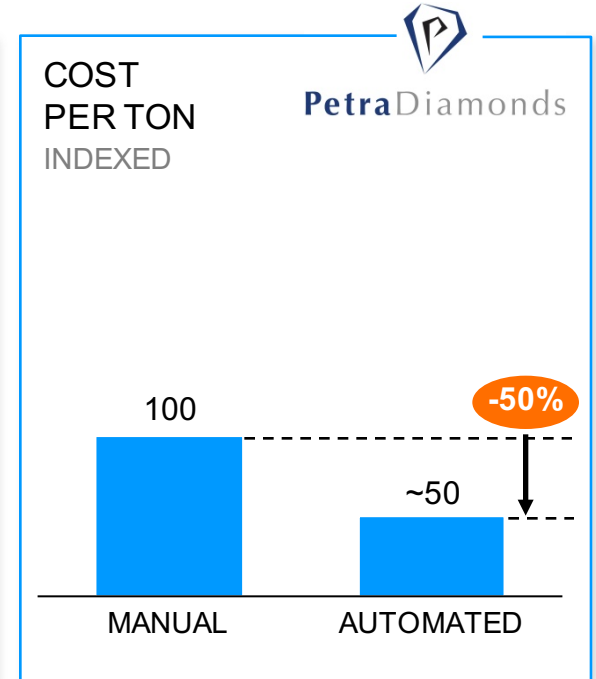
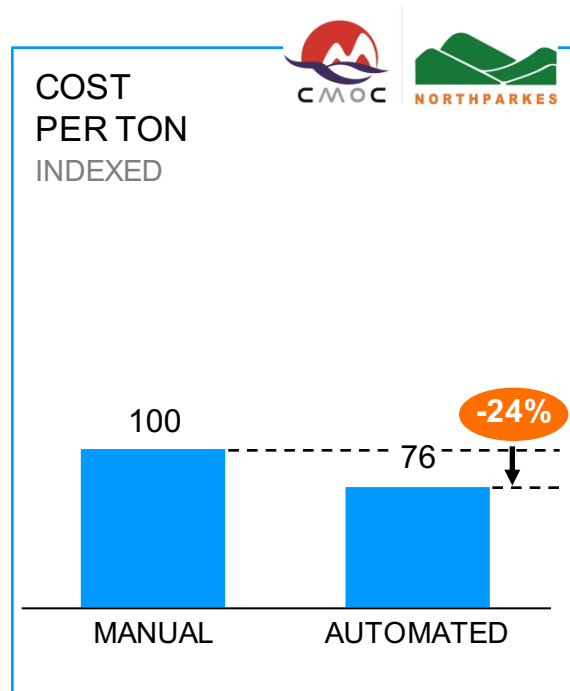
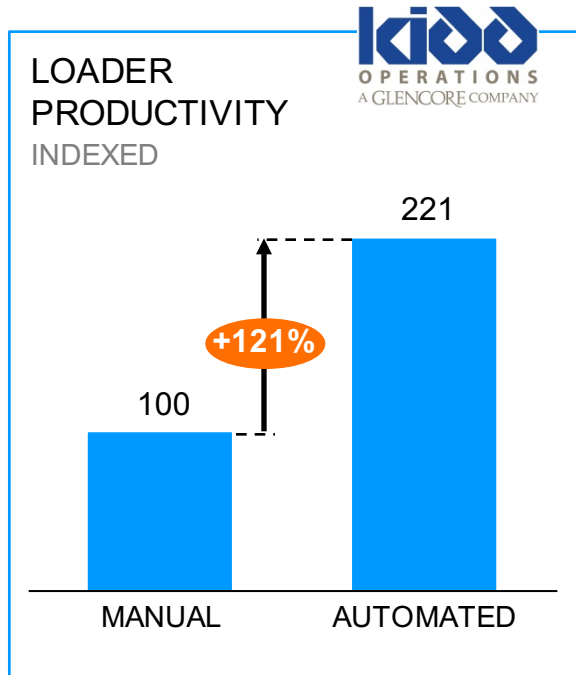
# OFFERING

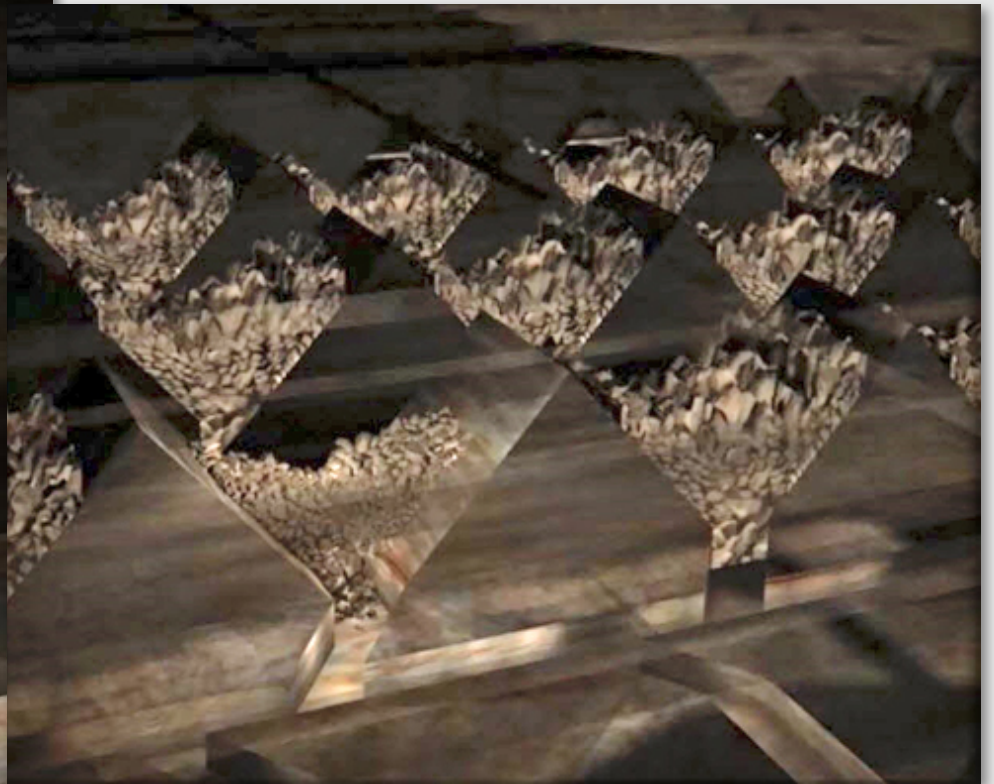
# MINING AUTOMATION: INTEGRATED APPROACH



# OFFERING

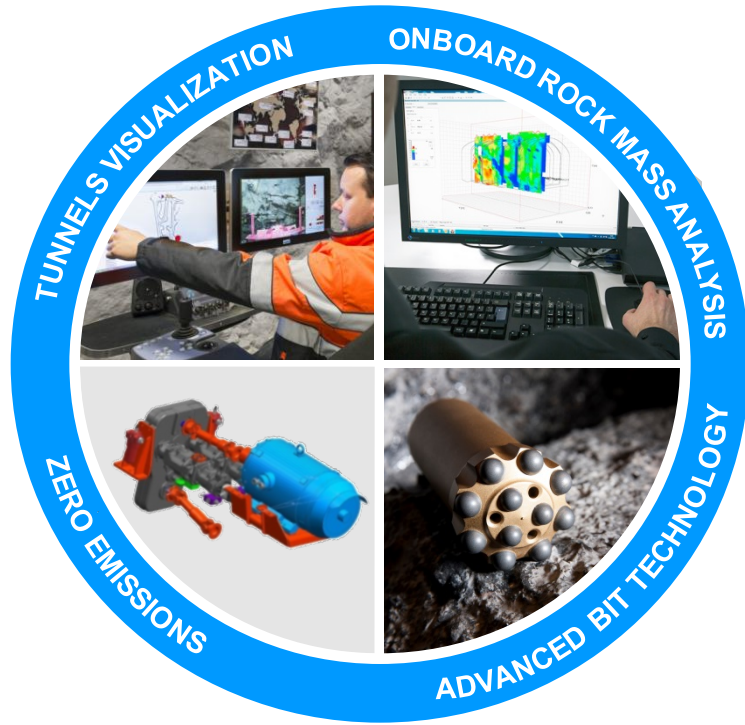
# AUTOMINE<sup>®</sup> PRODUCTIVITY IMPROVEMENTS







# OFFERING INNOVATION IN DRILLING

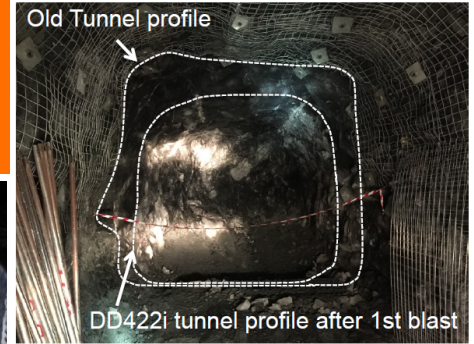


INCREASED  
PRODUCTIVITY



~15%

increased  
productivity



*"With the current autodrilling performance Byrnegut, Australia achieves an extra 40m of lateral advance per month."*



# OFFERING HARD ROCK CUTTING

**Environment, health and safety** benefits

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Speed and **reduced time to full production**

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**Improved tunnel quality** reducing support and rehabilitation costs

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**Reduced operating costs** – lower manpower requirements



2-4x

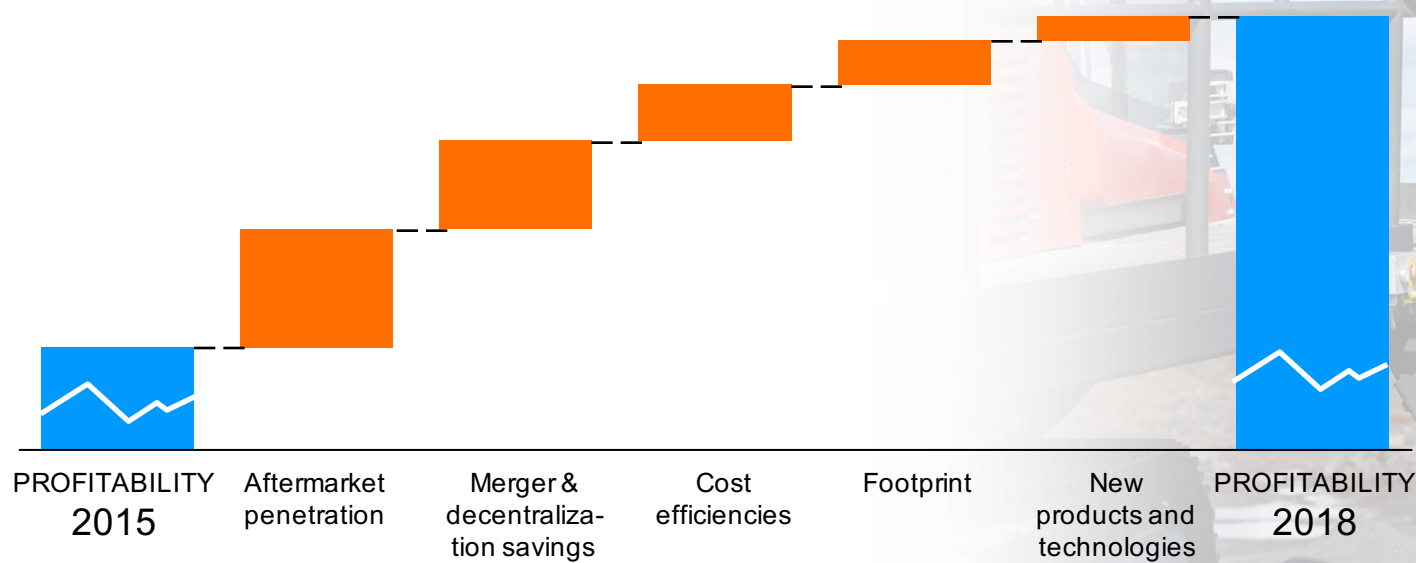


Faster  
time to  
production





# SANDVIK MINING AND ROCK TECHNOLOGY EBIT IMPROVEMENT



# SUMMARY

- ✓ **Market** continues to be **challenging** across Mining, Construction and Oil&Gas
- ✓ **Decentralized organization** to drive speed and efficiencies
- ✓ **Aftermarket with solid foundation** to drive parts sales/unit
  - >90% transparency on installed fleet
  - **Closeness to customer** through e-solutions, customer service centers
  - **Data analytics**
- ✓ **Automation & innovation** delivering productivity gains to our customers
- ✓ **Execute** profitability and net working capital reduction **through Product Areas**



**SANDVIK**

The Sandvik logo consists of the word "SANDVIK" in a bold, blue, sans-serif font. The text is contained within a white rectangular box with a thin blue border. Below the text, there is a solid blue horizontal bar that spans the width of the box.