



Sandvik to adjust capacity and order backlog for nuclear steam generator tubing

Sandvik Materials Technology will adjust capacity and order backlog for steam generator tubing to reflect the current market conditions in the nuclear power industry. The order backlog will be written down by 1.1 billion SEK, negatively affecting the order intake in the second quarter by the corresponding amount. The overall net effect on the operating profit due to closure of related currency hedges, as well as impairment and restructuring charges as a result of the capacity adjustment, is estimated to be slightly positive.

The capacity adjustment of steam generator tubing will be implemented by phasing out the older installed steam generator tubing mill in Sandviken, Sweden, and concentrating all the production to the new steam generator tubing mill in Sandviken, which commenced commercial production in 2012. The older steam generator tubing mill will be mothballed, thus minimizing costs while creating the option to restart production if demand recovers. The capacity adjustment will take place during the second quarter of 2014, by the time all production of steam generator tubing will be transferred to the new mill.

The adjustment of steam generator tubing capacity will result in redundancies affecting around 110 full time employees in Sandviken. The redundancy is expected to be handled through reducing third party workforce, natural employee turnover and voluntary agreements. Despite this capacity adjustment, Sandvik will still be able to fulfill its present contractual obligations to its customers. While there remains continued uncertainty in the global nuclear power industry, the current assessment is that the need for further adjustments to order backlog is limited.

In conjunction with the capacity adjustment, Sandvik Materials Technology will close currency and nickel contracts relating to existing hedges of the orders that will be written down. This is estimated to generate a positive effect on the operating profit of approximately 300 million SEK, of which about 200 million SEK will impact cash flow. Impairment testing of total steam generator tubing capacity will be carried out and finalized in June 2013. The net effect on the operating profit from closed hedges, impairment charges and restructuring costs is estimated to be slightly positive and will affect the financial statements for the second quarter.

“The nuclear power industry is a key segment for Sandvik, and we will retain our strong position despite this capacity adjustment. Mothballing the older mill minimizes costs, but it also gives us the option to restart production when the market is ready,” says Petra Einarsson, President of Sandvik Materials Technology.

Stockholm, 12 June 2013

Sandvik AB

Sandvik AB discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 08.30 CET on 12 June 2013.

For further information contact: Petra Einarsson, President, Sandvik Materials Technology +46 26 26 36 36 or Magnus Larsson, Vice President Investor Relations, Sandvik AB, tel +46 8 456 12 40.

Postal address

Public Company (publ)

Telephone

SANDVIK AB
Investor Relations
SE-101 30 STOCKHOLM
SWEDEN

Reg.No 556000-3468
VAT No. SE663000060901
SE-101 30 STOCKHOLM

+46 8 456 12 39

Sandvik Group

Sandvik is a global industrial group with advanced products and world-leading positions in selected areas – tools for metal cutting, equipment and tools for the mining and construction industries, stainless materials, special alloys, metallic and ceramic resistance materials as well as process systems. In 2012 the Group had about 49,000 employees and representation in 130 countries, with annual sales of about 99,000 MSEK.

Sandvik Materials Technology

Sandvik Materials Technology is a business area within the Sandvik Group and a world-leading manufacturer of high value-added products in advanced stainless steels, special alloys, as well as metallic and ceramic resistance materials for the most demanding industries. Its cutting-edge expertise is based on an integrated production platform and world-leading metallurgy and R&D. Operations are divided into four product areas: Tube, Strip, Wire and Heating Technology - and Primary Products. In 2012 sales were about SEK 15,400 M with 7,300 employees.