



# Press Release

## Sandvik in strategic cooperation with Zhuzhou Group

Sandvik AB ("Sandvik") today signed a letter of intent with Zhuzhou Cemented Carbide Group Co., Ltd. ("Zhuzhou Group") to form a joint venture for strategic cooperation.

The Zhuzhou Group is the largest domestic manufacturer in China of cemented carbide and its compatible tools. It also offers smelting services for tungsten, molybdenum, tantalum, niobium and cobalt. The company is based in Zhuzhou, China, and the number of employees encompassed by the strategic cooperation is approximately 2,000. Annual sales for the part of the business concerned amount to about 1.3 billion RMB (1.4 billion SEK).

Sandvik and Zhuzhou Group intend to establish a joint venture based on the existing manufacturing facilities of Zhuzhou Group in China. The products will be sold and marketed in and outside China. Based on the strength of Sandvik Machining Solutions and the position of Zhuzhou Group, the ambition is to drive profitable growth and capture market shares in the fast-growing mid-market segment.

"The cooperation with Zhuzhou Group strengthens our position in one of our largest markets, China. It is also in line with our current strategy to become a key player in the mid-market segment, which has been growing in size and importance in recent years," says Jonas Gustavsson, President of Sandvik Machining Solutions.

"Expanding beyond the premium segment in the metal-cutting tool industry is an important part of Sandvik's growth ambitions. This preliminary agreement is a significant step in that direction," says Olof Faxander, Sandvik's President and CEO.

The letter of intent between Sandvik and the Zhuzhou Group expresses the parties' preliminary intention to negotiate a strategic cooperation. It does not impose any binding obligation on either party to enter into final and definitive agreements relating to the strategic cooperation.

Apart from this press release we cannot give any other information or comments at this stage.

Stockholm 17 June 2014

Sandvik AB

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### **Sandvik Group**

*Sandvik is a high-technology and global industrial Group offering products and services that enhance customer productivity, profitability and safety. In 2013, the Group had about 47,000 employees and sales of just over 87 billion SEK in more than 130 countries.*

### **Sandvik Machining Solutions**

*Sandvik Machining Solutions is a market leader for tools and tooling systems for advanced industrial metal cutting. Products are manufactured in cemented carbide and other hard materials such as diamond, cubic boron nitride and special ceramics. In 2013, Sandvik Machining Solutions had about 19,100 employees and sales of 28.5 billion SEK.*

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