



## Sandvik implements further structural measures and adjusts capacity and costs

The new Sandvik strategy presented in September 2011 laid out the path toward a strengthened market leadership position based on four cornerstones: AMBITION, SPEED, FOCUS and GLOBAL/LOCAL. The strategy has subsequently been implemented successfully and according to plan. Recent strategic reviews have revealed additional potential for structural improvements in several business areas. At the same time, a number of measures are being proactively implemented to adjust costs due to the weaker market demand that was experienced during the third quarter and that has persisted thus far into the fourth quarter.

In addition to the ongoing improvement efforts at **Sandvik Mining**, a reduction of 650 employees globally has been deemed necessary, including the closure of the units in North Bay, Canada, and Rocklea, Australia. Third-party contracts with more than 350 individuals will be terminated. Charges of a nonrecurring nature are estimated at 175 million SEK and will be recognized in the fourth quarter 2012, with a further 175 million SEK recognized in 2013.

At **Sandvik Machining Solutions**, opportunities to generate economies of scale have been identified. The distribution center in Kentucky, US, will incorporate Seco Tools products. Consequently, the Seco Tools US distribution center in Troy will be closed. Combined with other initiatives across the business area, including a headcount reduction in Fagersta, Sweden, this is expected to result in a structural reduction in costs of 150 million SEK. The nonrecurring charges associated with these initiatives are expected to impact earnings by just under 100 million SEK in the fourth quarter 2012 and by 200 million SEK in 2013.

As communicated earlier, the Step Change turnaround program is being expanded with the aim of further strengthening **Sandvik Materials Technology** as a long-term value-creating business area. The primary focus is on consolidations and sustainable cost savings of more than 300 million SEK. As part of the ongoing review of the wire business, Sandvik Materials Technology will restructure the wire operations at Sandvik Española in Barcelona, Spain. Parts of the product program will be transferred to other units. The work to simplify the organization will continue to support the ongoing strategic shift of the product mix toward more advanced products. In total, the changes will lead to a further structural redundancy of approximately 220 positions globally. The fourth quarter 2012 will be impacted by nonrecurring charges estimated at 650 million SEK, of which 400 million SEK relates to impairments and write-downs of predominately fixed assets.

**Sandvik Construction** has implemented further actions aimed at optimizing the overall cost structure at the business area and addressing the continued subdued market activity. The number of employees is being reduced by 80, in addition to a further 180 employed by third parties. This will lead to minor nonrecurring charges in the fourth quarter 2012. It is estimated that total costs will be reduced by more than 100 million SEK by year-end 2013.

On the basis of these adjustments, targeted cost savings will amount to more than 1 billion SEK by the end of 2013. Charges of a nonrecurring nature amounting to approximately 1,300 million SEK are estimated to impact earnings, of which 900 million SEK will be recognized in the fourth quarter 2012. The total cash flow impact of the charges is estimated to amount to approximately 750 million SEK, mostly impacting 2013.

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Million SEK	Sandvik Mining	Sandvik Machining Solutions	Sandvik Materials Technology	Sandvik Construction	Sandvik Venture	Sandvik Group
Nonrecurring charges Q4, 2012	175	<100	650	>0	-	~900
Nonrecurring charges 2013	175	200	-	-	-	375
<b>Total nonrecurring charges</b>	<b>350</b>	<b>&lt;300</b>	<b>650</b>	<b>&gt;0</b>	<b>-</b>	<b>~1,300</b>
<i>of which, impacting cash flow</i>						750
Estimated cost savings	>500	150	>300	>100	-	>1,000

“A year has soon passed since we began the implementation of the new strategy. A great deal of hard work has been done and much has been achieved. In our drive to continuously improve our company, we have identified several additional opportunities. Consequently, decisions have been taken on a number of actions to adjust costs and capacity. None of these measures affect our ability to grow our business in the long term,” says Olof Faxander, President and CEO of Sandvik.

A conference call with Sandvik’s CEO Olof Faxander will be held on 28 November at 15:30 CET for media and the financial market. To participate in the conference, call please call +46 8 505 629 59 and enter PIN CODE 198671#.

Stockholm, 28 November 2012

Sandvik Aktiebolag

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 14:00 CET on 28 November 2012.

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### **The 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 2011, the Group had about 50,000 employees and representation in 130 countries, with annual sales of more than 94,000 million SEK.*