Sandvik Capital Markets Day with new financial and sustainability targets

Today, at the Capital Markets Day in Tampere, Finland, Björn Rosengren, President and CEO of Sandvik and Tomas Eliasson, Executive Vice President and CFO of Sandvik, will present the key strategic focus areas based on Sandvik’s fundamental principle of stability and profitability before growth and introduce new financial and sustainability targets.

“In the last three years we have set the decentralized structure and improved both profitability and the financial strength of Sandvik. This enables us to increase the pace of acquisitions, not least are we looking to expand the digital offering to increase customer productivity. We will also achieve additional cost efficiencies through continuous review of the manufacturing footprint and focus on cost,” says Björn Rosengren, President and CEO of Sandvik.

New targets for Sandvik Group

Financial targets

Having achieved the financial targets for 2016-2018, Sandvik introduces new long-term targets. Targets include all three business areas currently in the Sandvik Group.

<table>
<thead>
<tr>
<th>GROWTH</th>
<th>TROUGH EBIT MARGIN</th>
<th>NET GEARING</th>
<th>DIVIDEND</th>
</tr>
</thead>
<tbody>
<tr>
<td>≥5%</td>
<td>≥16%</td>
<td>&lt;0.5</td>
<td>50% of EPS</td>
</tr>
<tr>
<td>through economic cycle organic and M&amp;A</td>
<td>rolling 12 months adjusted for items affecting comparability</td>
<td>net debt / equity</td>
<td>through economic cycle adj. for items affecting comparability</td>
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Sustainability targets

Sustainability is already an integral part of Sandvik's business and increasingly, Sandvik is becoming the true sustainable business partner for its customers. Sandvik now takes the next big step by launching four 2030 sustainability goals, addressing circularity, climate change, health and safety and fair play.

<table>
<thead>
<tr>
<th>CIRCULARITY</th>
<th>CLIMATE CHANGE</th>
<th>CHAMPION PEOPLE</th>
<th>FAIR PLAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>more than 90%</td>
<td>halve the CO₂ impact</td>
<td>zero harm to people</td>
<td>always do the right thing</td>
</tr>
<tr>
<td>resource efficiency through the whole life cycle</td>
<td>product development and focus on operations and transports</td>
<td>health and safety focus where we are active</td>
<td>compliance, diversity, community involvement</td>
</tr>
</tbody>
</table>

“I am very pleased that we have delivered strong shareholder value on the back of improved operational performance and a strong market situation. I hope our new financial targets indicates our focus on growth whilst achieving improved performance not only in times of strong demand, but through the economic cycle. In parallel, we continue to prioritize a strong financial position and dividend. Combined with our new sustainability targets I feel we have a strong foundation for creating long-term shareholder value,” says Björn Rosengren.
At the Capital Markets Day, the business area presidents will present the key focus areas for their respective operations:

**Sandvik Machining Solutions, Klas Forsström**
- Accelerated growth through development of offerings driving customer productivity by
  - maintaining a leading position in cutting tools through high focus on R&D and operational excellence
  - scale up revenues in Additive Manufacturing
  - broadening of digital solutions offerings
  - maintain high focus on Mergers & Acquisition
- Profitability supported by continuous review of the manufacturing footprint and general cost discipline

**Sandvik Mining and Rock Technology, Henrik Ager**
- Maintain leading position in underground mining
- Further growth in the aftermarket business through new or improved customer offerings such as e-solutions and increased productivity through data-driven predictive maintenance
- Maintain leading position in customer offering for automation and digital solutions for the mining and rock excavation industries
- Improve product portfolio in surface mining to gain market share
- Cost efficiency in focus

**Sandvik Materials Technology, Göran Björkman**
- Accelerate new product development to maintain a leading market position for tubular products
- Accelerate growth in industrial heating systems division Kanthal both organic and through acquisitions
- Further improve operational performance in division Strip and focus to grow the business through expanding customer portfolio and new product- and application development

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