



Sandvik has signed an agreement to divest the majority of Sandvik Drilling and Completions

Sandvik has signed an agreement to divest the majority of Drilling and Completions (Varel), meaning the operations relating to the oil and gas industry to the private equity firm Blue Water Energy and its co-investor, the privately owned Nixon Energy Investments. Sandvik will remain a minority owner of 30% of the company and hold a position on the board.

“In line with our strategy, we continue to focus Sandvik’s business portfolio to core areas. While Sandvik keeps the mining related part of Drilling and Completions, the oil and gas related operations will now receive full attention from its new owners to support profitable growth,” says Björn Rosengren, President and CEO of Sandvik.

In the oil and gas industry, Sandvik Drilling and Completions is a global supplier of drilling solutions focusing on drill bits and downhole products for well construction and well completion.

The contribution to Sandvik’s earnings per share from the envisaged minority ownership, reported in associated companies, would have been limited based on the 12 month period ending September 2019.

The purchase price for the 70% share of Sandvik Drilling and Completions related to the oil- and gas industry now divested by Sandvik is 900 million SEK (USDM 90), on a cash and debt free basis, implying an enterprise value of 1,250 million SEK (USDM 130) for the total business. Upon closing, the divestment will generate a positive cash flow impact of an estimated 700 million SEK (USDM 70), net of expected transaction costs. Sandvik Drilling and Completions will remain consolidated in the financial statements of Sandvik Mining and Rock Technology until closing of the transaction, which is expected during the first quarter of 2020, and is subject to the approval of relevant authorities. The transaction triggers a write-down of goodwill and other intangible assets in the estimated amount of 3,900 million SEK (USDM 400), to be reported in Sandvik’s financial statements in the fourth quarter.

Sandvik Mining and Rock Technology’s actuals and proforma numbers based on the last twelve month period ending September 2019:

	SMRT after deal	SMRT before deal
Order intake, MSEK	44 682	46 677
Revenues, MSEK	43 834	45 829
Adjusted operating profit, MSEK	8 540	8 478
Adjusted operating margin, %	19.5	18.5

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Sandvik AB

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Sandvik Group

Sandvik is a high-tech and global engineering group offering products and services that enhance customer productivity, profitability and safety. We hold world-leading positions in selected areas – tools and tooling systems for metal cutting; equipment and tools, service and technical solutions for the mining industry and rock excavation within the construction industry; products in advanced stainless steels and special alloys as well as products for industrial heating. In 2018, the Group had approximately 42,000 employees and revenues of about 100 billion SEK in more than 160 countries within continuing operations.