



Sandvik provides an update on effects from the coronavirus, announces cost measures and a new proposal for the dividend

The business development during January and February 2020 has in most markets been in line with Sandvik's expectations, with the exception of China where the coronavirus situation led to one week of prolonged closing of our operations around the Chinese New Year. Our Chinese operations are now up and running and approaching normal capacity.

During March the uncertainty around the coronavirus situation has gradually increased in many other parts of the world. Most production units in the Sandvik Group have been able to continue operating, however due to government restrictions the production is currently on hold in Italy, India and partially in other regions.

Although Sandvik currently believes that the direct impact on its financial performance during the first quarter will be limited, Sandvik has identified a need to mitigate future effects on our businesses from the rapid spread of the coronavirus.

Sandvik has therefore initiated measures that will be taken across the group and include activities that support savings both short-term and long-term. The initial focus is on short-term activities with quick impact such as reduced worktime, reduction of temporary employees and consultants, and reduced discretionary spend. Structural changes and reductions in work force to adopt to changed market conditions also in the longer term are in addition being reviewed.

"The coronavirus situation has escalated around the world and we have to adapt to this dramatic change in global business conditions. Divisions within all three business areas are taking prompt action in order to secure our long-term market leading positions and protect our company," says Stefan Widing, President and CEO of Sandvik.

Temporary short-term actions primarily related to reduced working hours, will generate savings of about 1.5 billion SEK in 2020. We also initiate long-term structural measures which imply costs of about 1.4 billion SEK reported as items affecting comparability in the operating profit in the second quarter of 2020, with the majority impacting cash flow. Savings of about 0.9 billion SEK from these long-term structural measures, will reach full annual run-rate by the end of 2021.

Actions to reduce worktime will mean a temporary negative effect on the compensation for many employees. The members of the Sandvik Group Executive Management have therefore also decided to reduce their salary by 10 percent during this period.

Due to the current instability in the market and as a precautionary measure the Board of Directors of Sandvik proposes that the Annual General Meeting resolve on a dividend of SEK 3.00 per share, which differs from the previous proposal of 4.50 SEK per share. It is the Board of Directors' intention to convene an Extraordinary General Meeting before the end of October this year to resolve on an extra dividend of SEK 1.50, assuming that the market has stabilized and the financial position of the company so permits.

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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 2019, the Group had approximately 40,000 employees and revenues of about 100 billion SEK in more than 160 countries within continuing operations.