

SANDVIK MATERIALS TECHNOLOGY

CAPITAL MARKETS DAY 2016



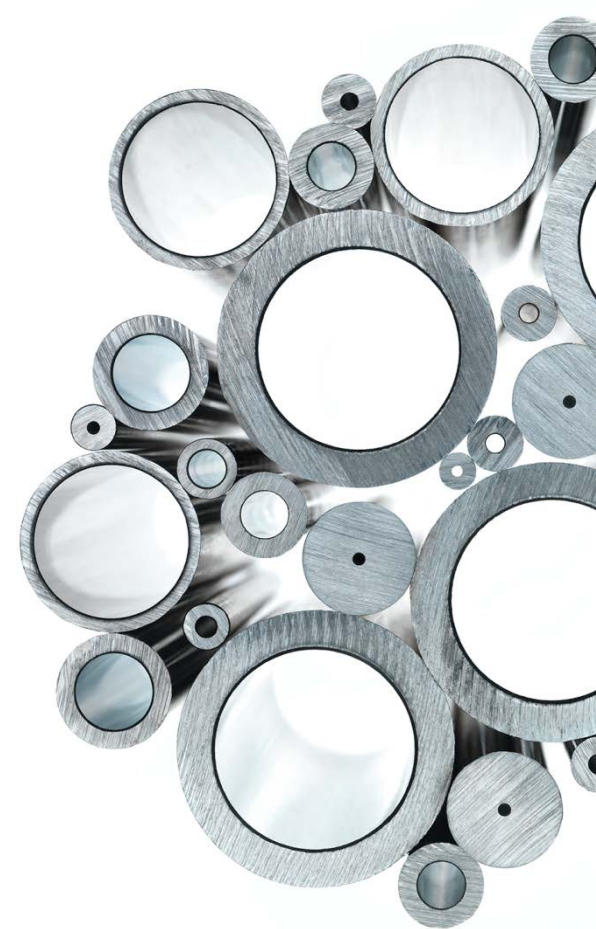
AGENDA

SANDVIK MATERIALS TECHNOLOGY

THIS IS SANDVIK MATERIALS TECHNOLOGY

MANAGING WEAK DEMAND

OPPORTUNITIES



SANDVIK MATERIALS TECHNOLOGY

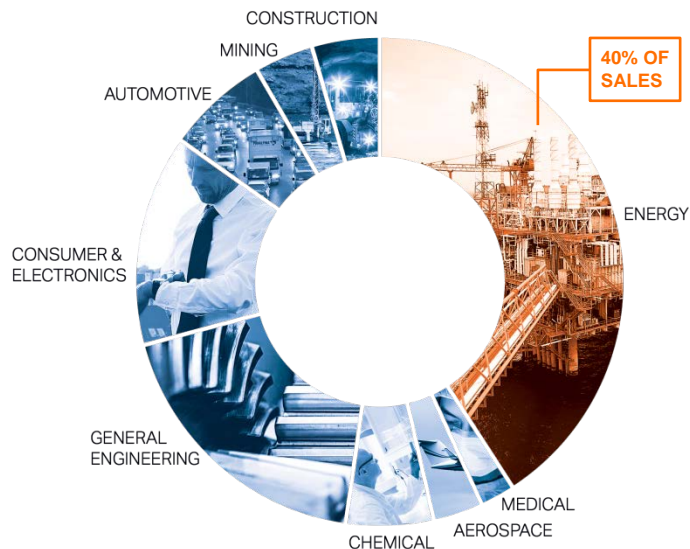
ADVANCED MATERIALS FOR THE MOST DEMANDING INDUSTRIES

CAPABILITIES



- World-leading developer and manufacturer of high-value added products in advanced stainless steels and special alloys.
- Setting the industry standard in the most demanding industries, such as energy, chemical and aerospace.

CUSTOMERS



KEY FIGURES 2015



- Revenues: 14 BSEK
- EBIT margin*: 8%
- Cash-Flow: 1.9 BSEK
- NWC: 25%
- 6,500 employees

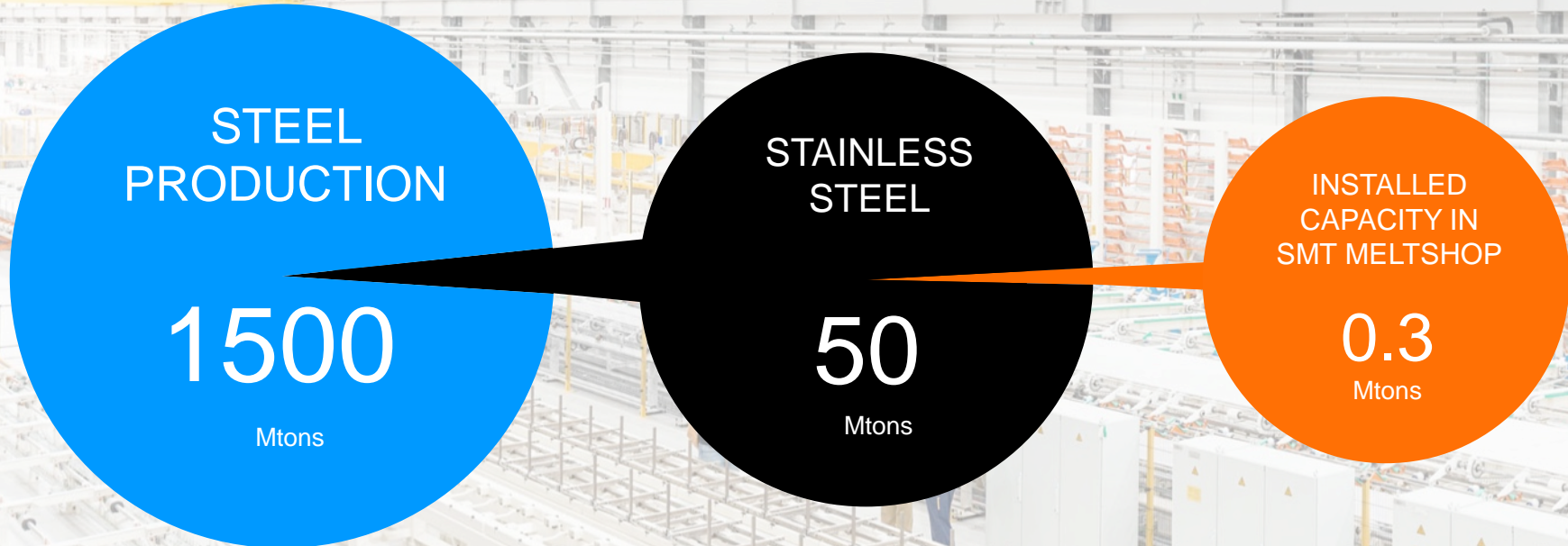


*) Excluding effects from changed metal prices and nonrecurring charges



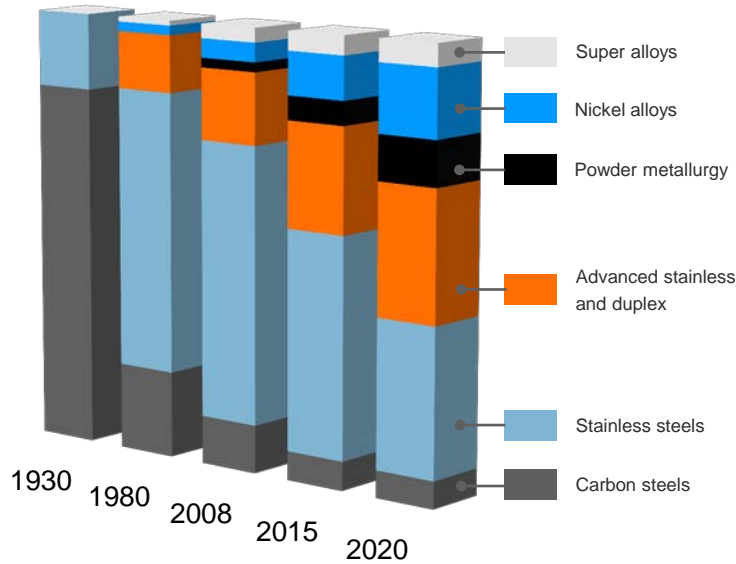
NICHE PLAYER

CAPACITY LIMITED TO 0.02% OF WORLD STEEL MARKET









SETTING THE INDUSTRY STANDARD

IN >50% OF THE SMT BUSINESS



EXAMPLES OF LEADING AND NEXT GENERATION OF MATERIALS:

OIL & GAS UMBILICAL TUBING	Sandvik SAF 2507™ Sandvik SAF 3207™ (new) ↑	
OIL & GAS WIRELINES	Sandvik SAF 2507™ Sanicro 56Mo™ (new) ↑	
NUCLEAR WELDING	Sandvik 19.9.L™ Sandvik 24.13.LHF™ (new) ↑	
HEATING SYSTEMS	Kanthal APM™ etc. Kanthal APMT™ (new) ↑	
AEROSPACE TUBING	Ti Grade 9 (Boeing 787 Dreamliner) Ti Grade 5 (new) ↑	
FERTILIZER MATERIALS	Sandvik Safurex™ Sandvik Safurex™+ (new) ↑	
ENERGY/FUEL EFFICIENCY	Sandvik Hiflex™ flapper valve steel Pressurfect™ GDI-tubing	



HIGHLY INTEGRATED PRODUCTION

UP TO 30 VALUE ADDING PROCESS STEPS

RAW
MATERIALS



MELTING AND
HOT ROLLING



COMMON
FINISHING



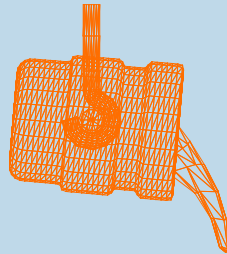
SPECIFIC
FINISHING



CUSTOMER
SEGMENTS



Recycled steel
Alloying elements



TUBE

Steam
generator tubes
Coiled tubes

Finned tubes
Umbilical tubes
Composite tubes

STRIP

Coated strip steel
Compressor valve steel
Razor blade steel

WIRE

Wire
Welding products

Heating elements
and systems

Bar, billets,
rock drill steel

ENERGY

CHEMICAL

AEROSPACE

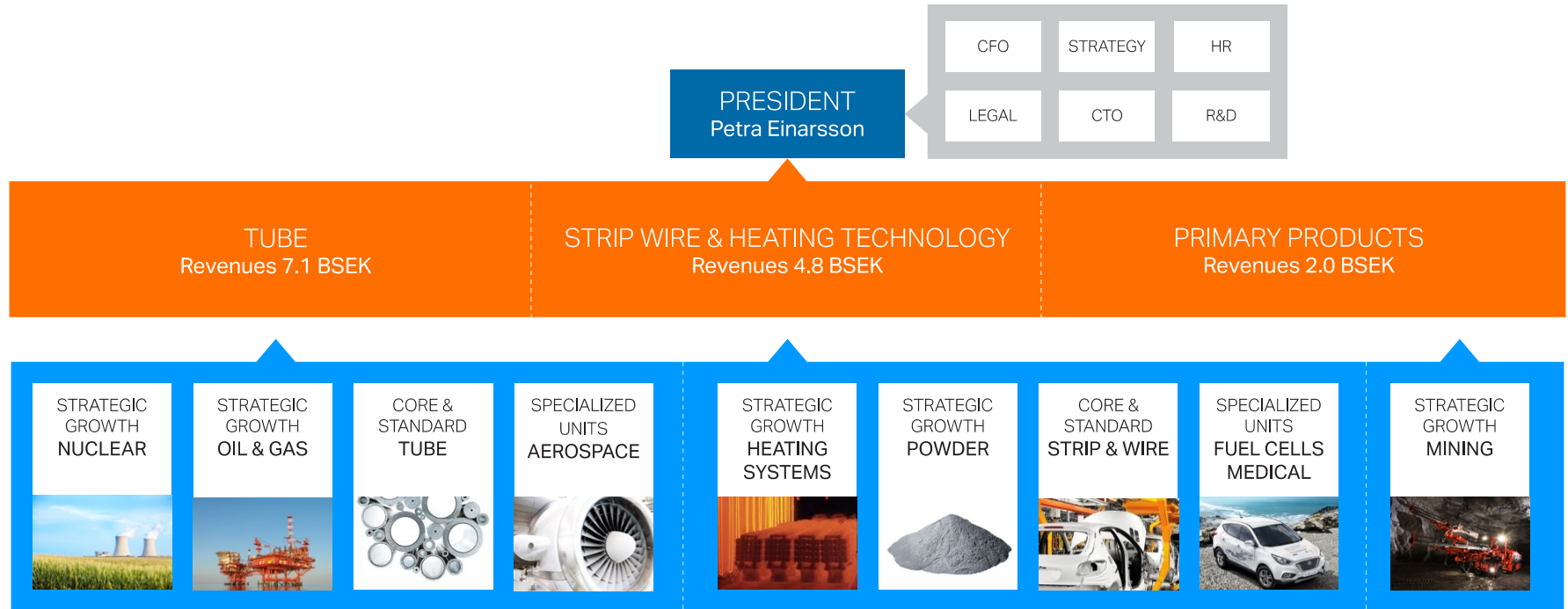
AUTOMOTIVE

MINING

CONSTRUCTION

MEDICAL

ORGANIZATION AND GOVERNANCE



 Product areas  Operational business units



PORTFOLIO MANAGEMENT MODEL

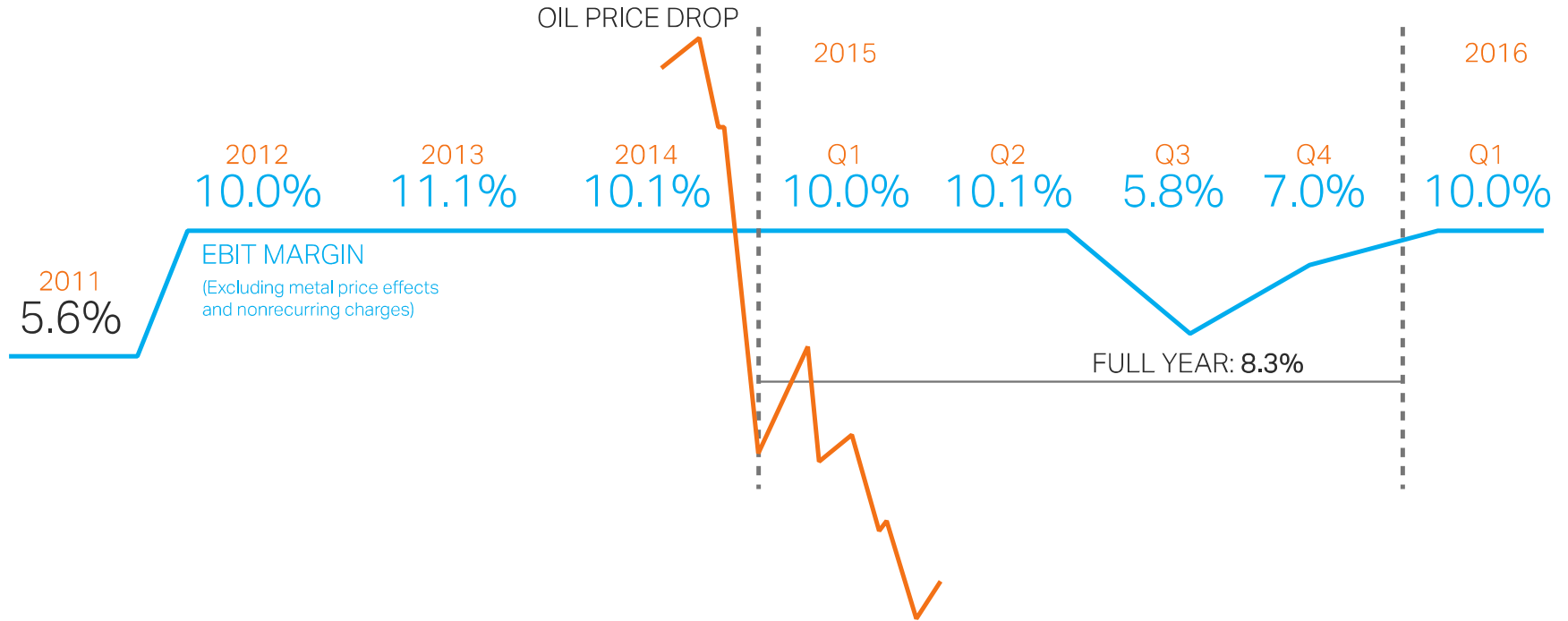
DIFFERENT BUSINESSES – WITH DIFFERENT CHALLENGES AND AGENDAS



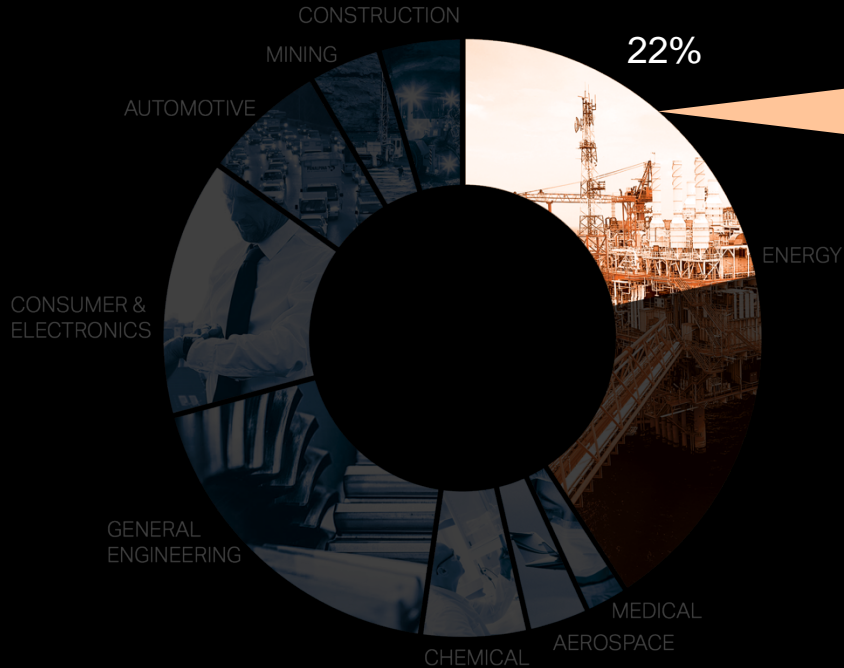
	SHARE OF TONS*:	SHARE OF REVENUES*:	SHARE OF EBIT*:	EXAMPLE OF PRODUCTS:	AGENDA
strategic growth				→ Strategic businesses like oil/gas, nuclear products, heating systems, powder and rock drill steel.	Safeguard strong position in future growth areas, e.g. energy and energy efficiency.
core and standard				→ More standardized products, e.g. standard tube, bars and billets, strip and wire. IMPORTANT FOR SCALE AT PRIMARY	Lean business model, capacity and supply chain adjustments, operational excellence, selective exits.
specialized units				→ Specialized product units with limited linkage to the Primary system, e.g. titanium tubing for aerospace, medical wire and fuel cell material.	Leverage no 1 or no 2 market position.

*) Average 2013-2015

MANAGING VOLATILITY



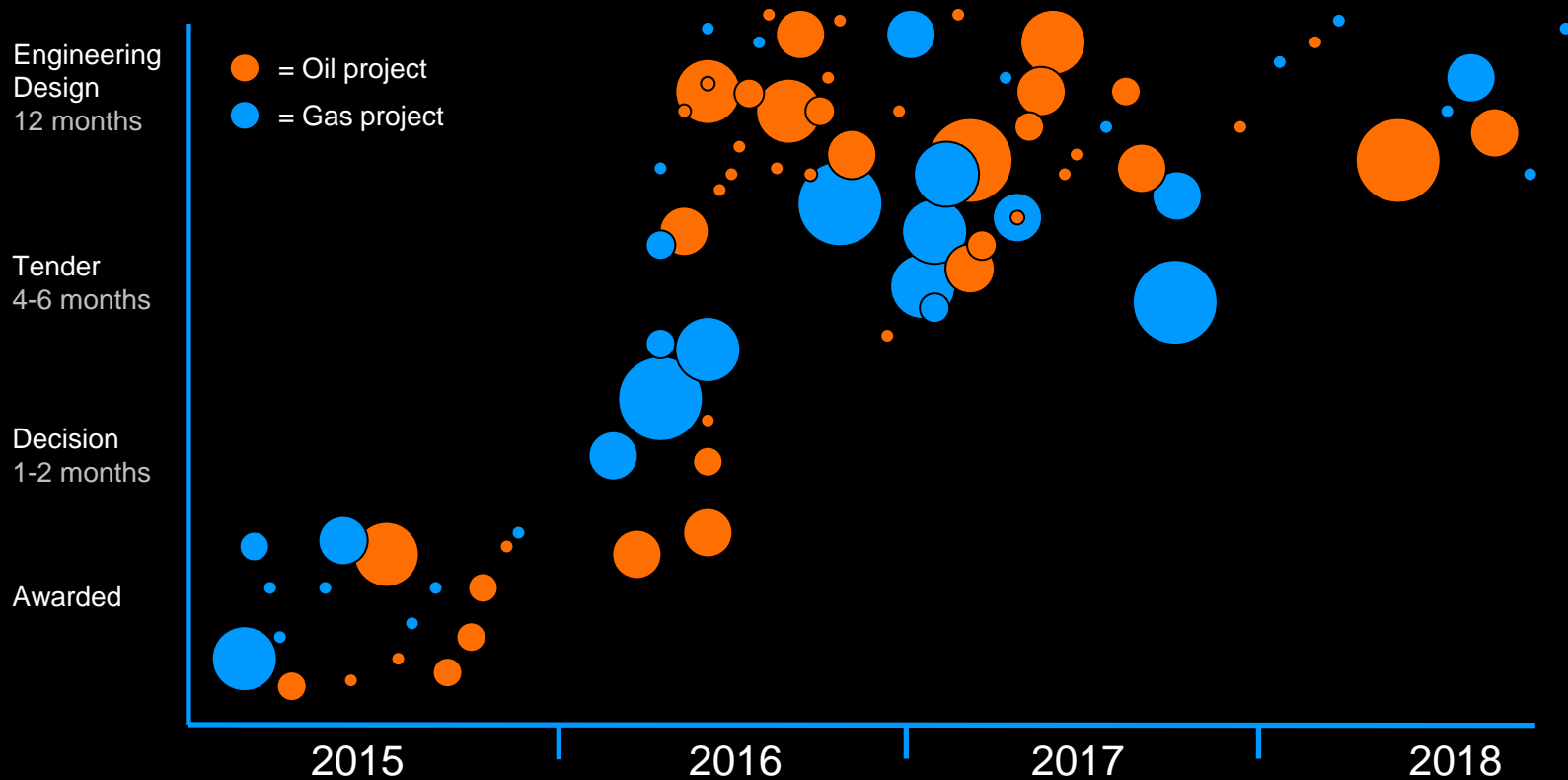
OIL & GAS EXPOSURE



	OPEX DRIVEN	CAPEX DRIVEN
ONSHORE	0%	3%
OFFSHORE	2%	17%

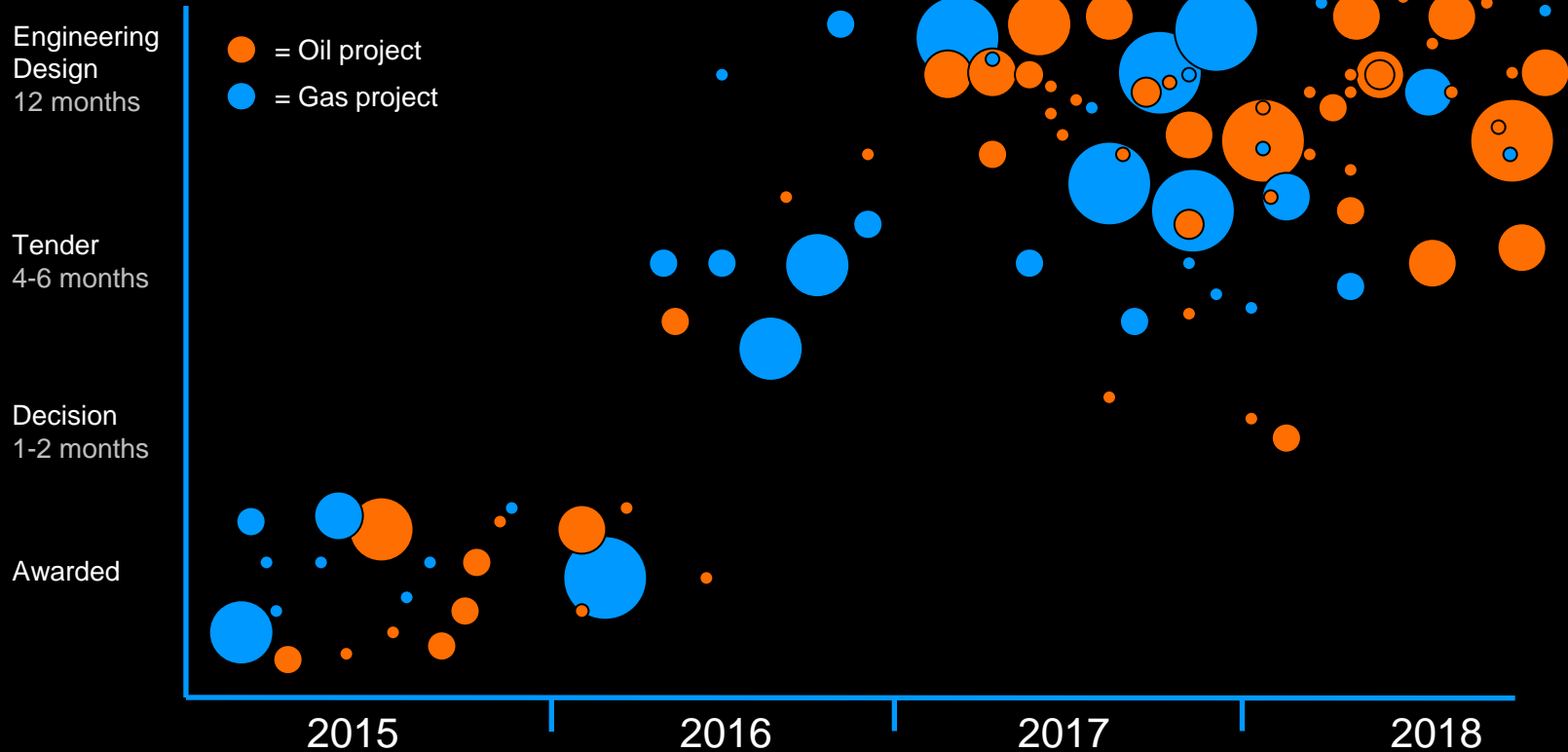
SUBSEA PROJECTS OVERVIEW

JANUARY 2016



SUBSEA PROJECTS OVERVIEW

MAY 2016



OPPORTUNITIES



IRAN

- Oil production to almost double by 2021
- Capex requirements offshore
- Potential largely untapped

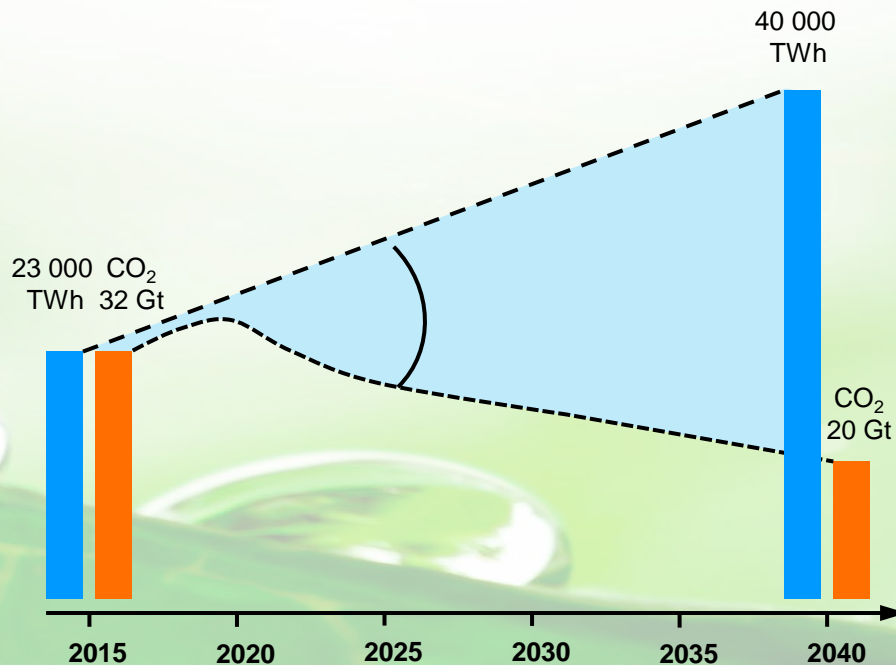
INDIA

- Power generation capacity to increase by >30% by 2020
- Nuclear capacity to double by 2020
- Sales, production and R&D presence today

CHINA

- Power generation capacity to increase by 50% by 2035
- Focus on nuclear and coal
- Sales, production and R&D presence today

THE ENERGY AND CLIMATE CHALLENGE



References: IEA – World Energy Outlook 2015 & Energy and Climate Change 2015 & Key World Energy Statistics, IPCC – Climate change 2014

→ WE ARE PART OF THE SOLUTION

- **SANDVIK SANICRO 25™** reducing CO₂ emissions by 24% in coal-fired power plants.
- **KANTHAL APMT™** for increasing safety and efficiency in next generation nuclear power plants.
- **SANDVIK SANERGY™** for fuel cell technology, reducing CO₂ emissions.
- **SANDVIK HIFLEX™** compressor valve steel for improved energy efficiency in refrigerators and air conditioners.
- **SANDVIK SAF 3207HD™** next generation material for ultra-deepwater oil exploration.
- **SANDVIK SAFUREX™+** next generation fertilizer material, also for powder-based components.



SUMMARY

SANDVIK MATERIALS TECHNOLOGY

- **WORLD-LEADING** developer and manufacturer in advanced stainless steels and special alloys for selected market niches.
- **CHALLENGING MARKET** expected to continue and contingency plans are in place to manage different scenarios.
- **LONG-TERM MARKET FUNDAMENTALS** remain solid as world faces the energy and climate challenge.



QUESTIONS

