

SANDVIK MACHINING SOLUTIONS

CAPITAL MARKETS DAY 2017





KLAS FORSSTRÖM

PRESIDENT SANDVIK MACHINING SOLUTIONS

Master of Science in Materials Physics and a MBA in international business from Uppsala University, Sweden.

President Sandvik Coromant 2011-2017

President Sandvik Hard Materials 2009-2011

President Precision Twist Drills and Dormer NA 2007-2009

Sr positions in Sales, R&D, Marketing and Business Development



FREDRIK VEJGÅRDEN

HEAD OF STRATEGY & BUSINESS DEVELOPMENT

Master of Science in Industrial Management and Engineering
from the Institute of Technology at Linköping University, Sweden.

McKinsey & Company

10 years at Luvata

- Sr VP Operational Excellence (London, UK)
- Head of Luvata HTS Asia (Shanghai, China)
- Head of Luvata HTS Americas (Memphis, USA)





POWDER & BLANKS
TECHNOLOGY

ADDITIVE
MANUFACTURING

CENTER OF DIGITAL
EXCELLENCE



55%

INSERTS



18%

ROUND TOOLS



12%

TOOLS



7%

TOOLING SYSTEMS



POWDER & BLANKS

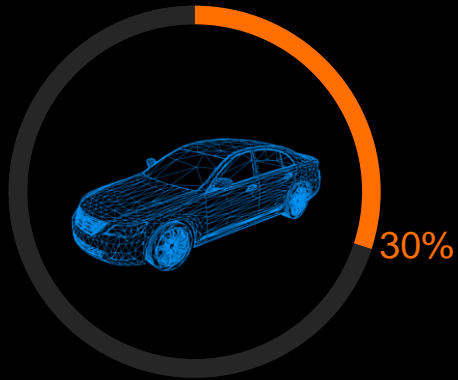


ADDITIVE MANUFACTURING

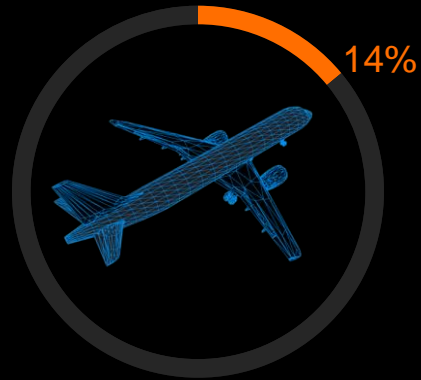


DIGITAL

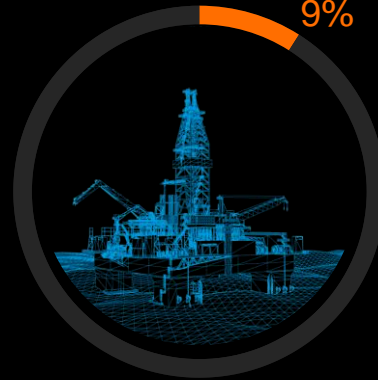
AUTOMOTIVE



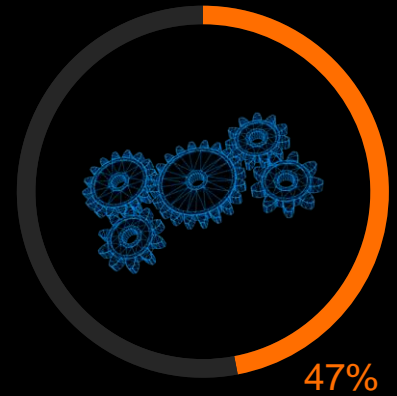
AEROSPACE



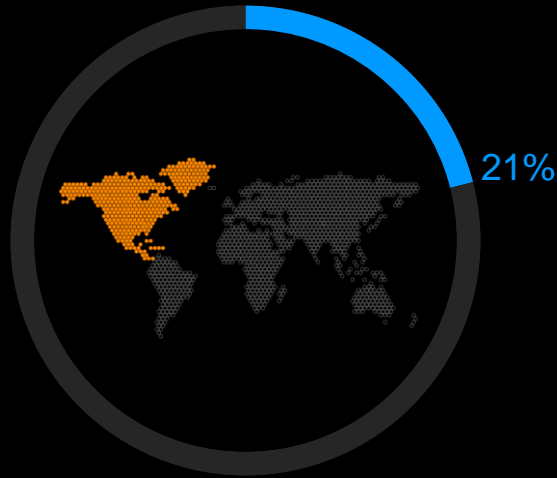
OIL & GAS



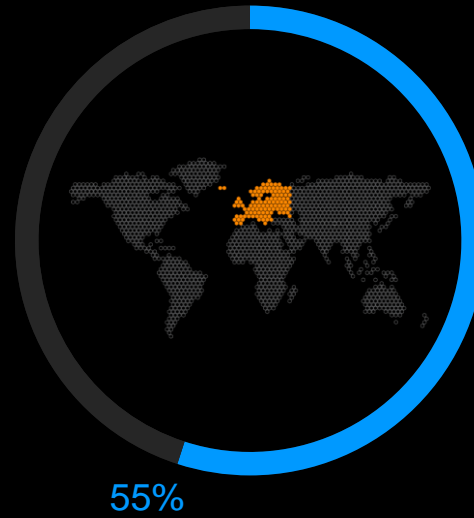
GENERAL ENGINEERING



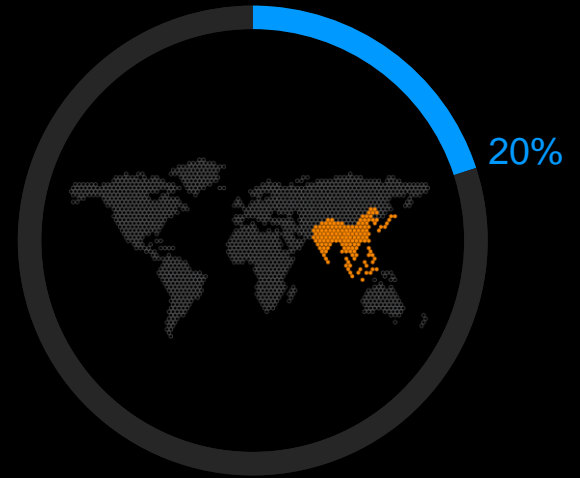
NORTH AMERICA



EUROPE



ASIA



100.000

DIRECT CUSTOMERS

85% | 15%

STANDARD VS. SPECIAL

60% | 40%

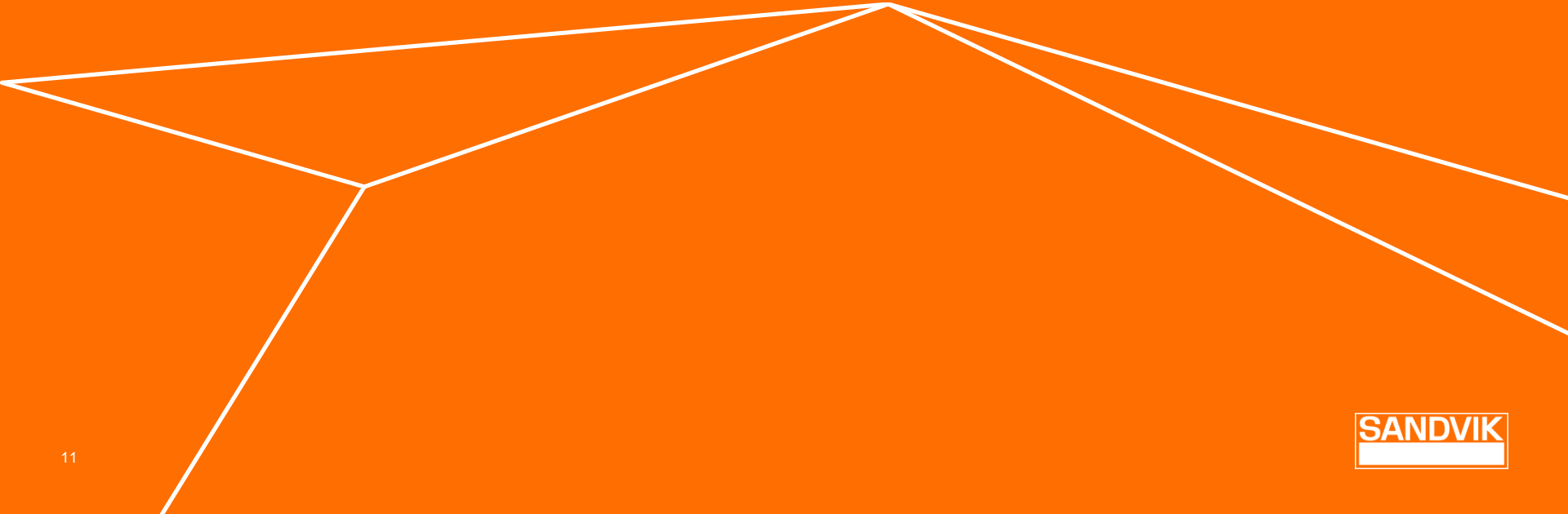
DIRECT VS. DISTRIBUTION

30% | 70%

MANUAL VS. WEB ORDER



CURRENT PERFORMANCE



SANDVIK MACHINING SOLUTIONS Q3

STRONG UNDERLYING GROWTH

EARNINGS AND MARGIN IMPROVEMENT

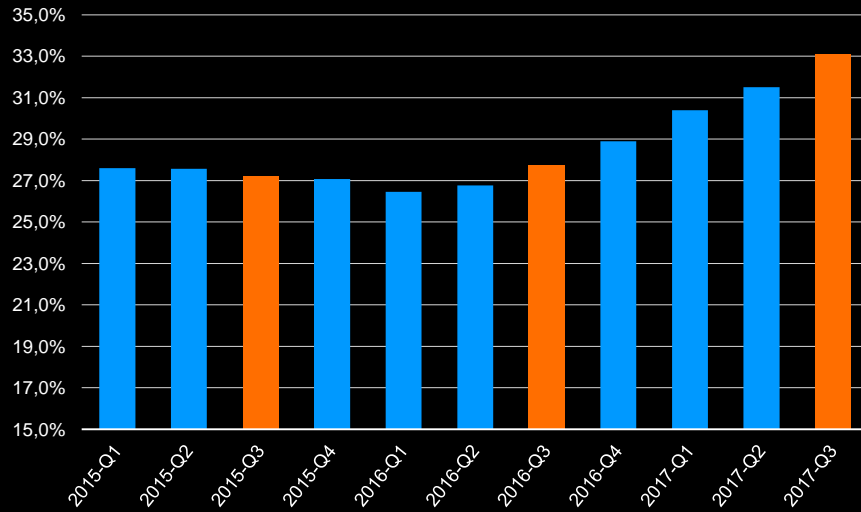
MSEK	Q3 2016	Q3 2017	CHANGE
ORDER INTAKE	7 776	8 450	+11%*
REVENUES	7 859	8 488	+10%*
OPERATING PROFIT	1 650	1 949	+18%
% OF REVENUES	21.0%	23.0%	

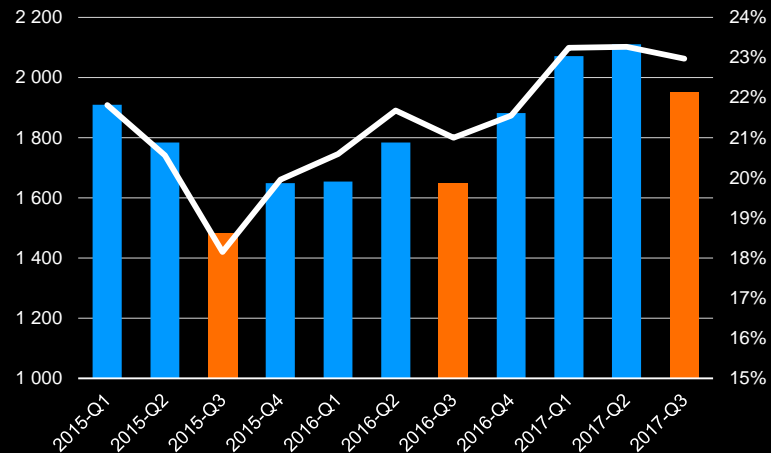
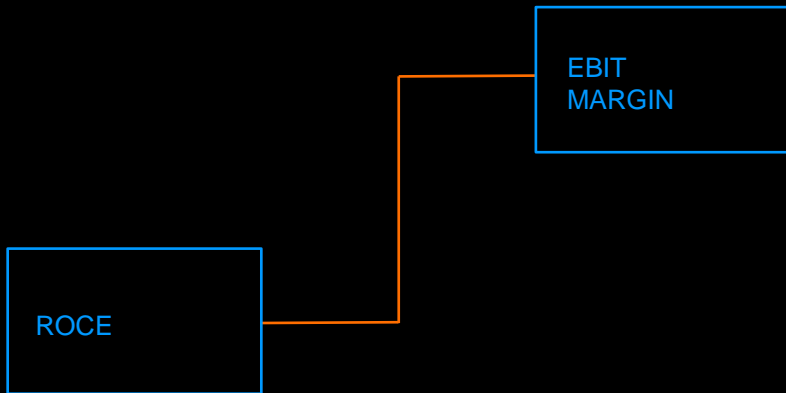
*At fixed exchange rates for comparable units

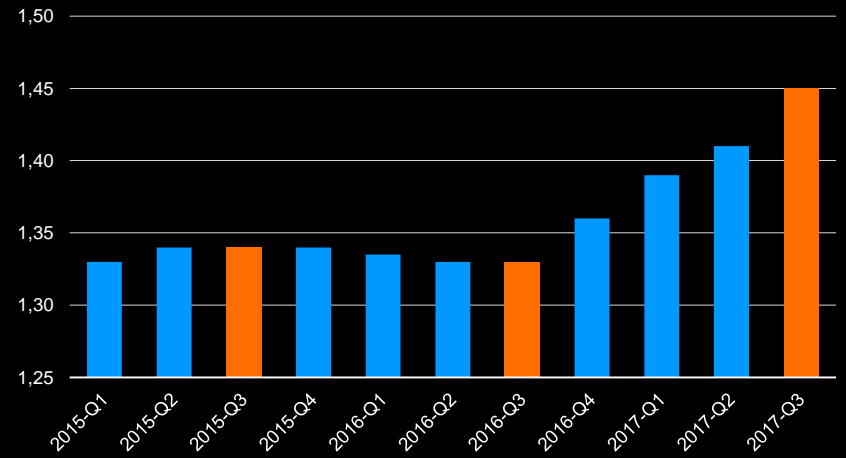
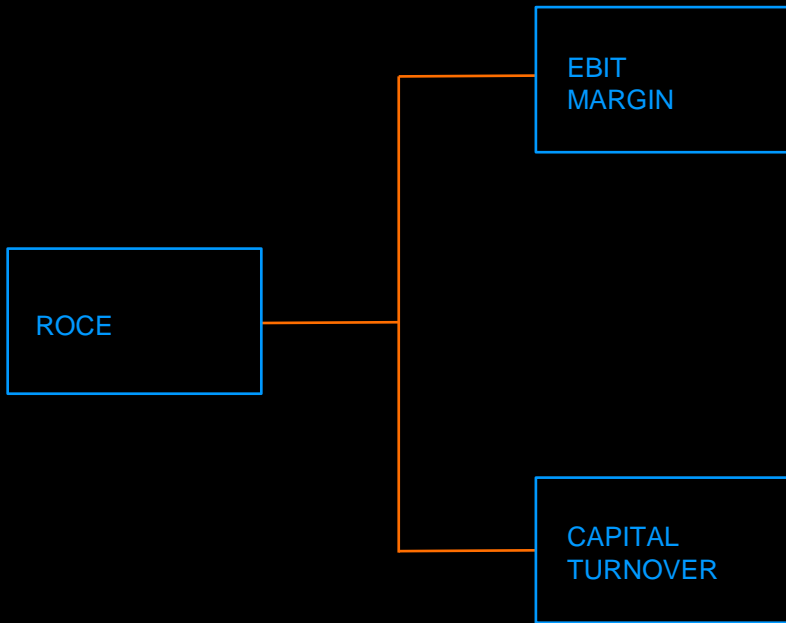
MSEK	Q1-Q3 2016	Q1-Q3 2017	CHANGE
ORDER INTAKE	24 400	27 212	+9%*
REVENUES	24 119	26 468	+7%*
OPERATING PROFIT	5 087	6 130	+20%
% OF REVENUES	21.0%	23.2%	

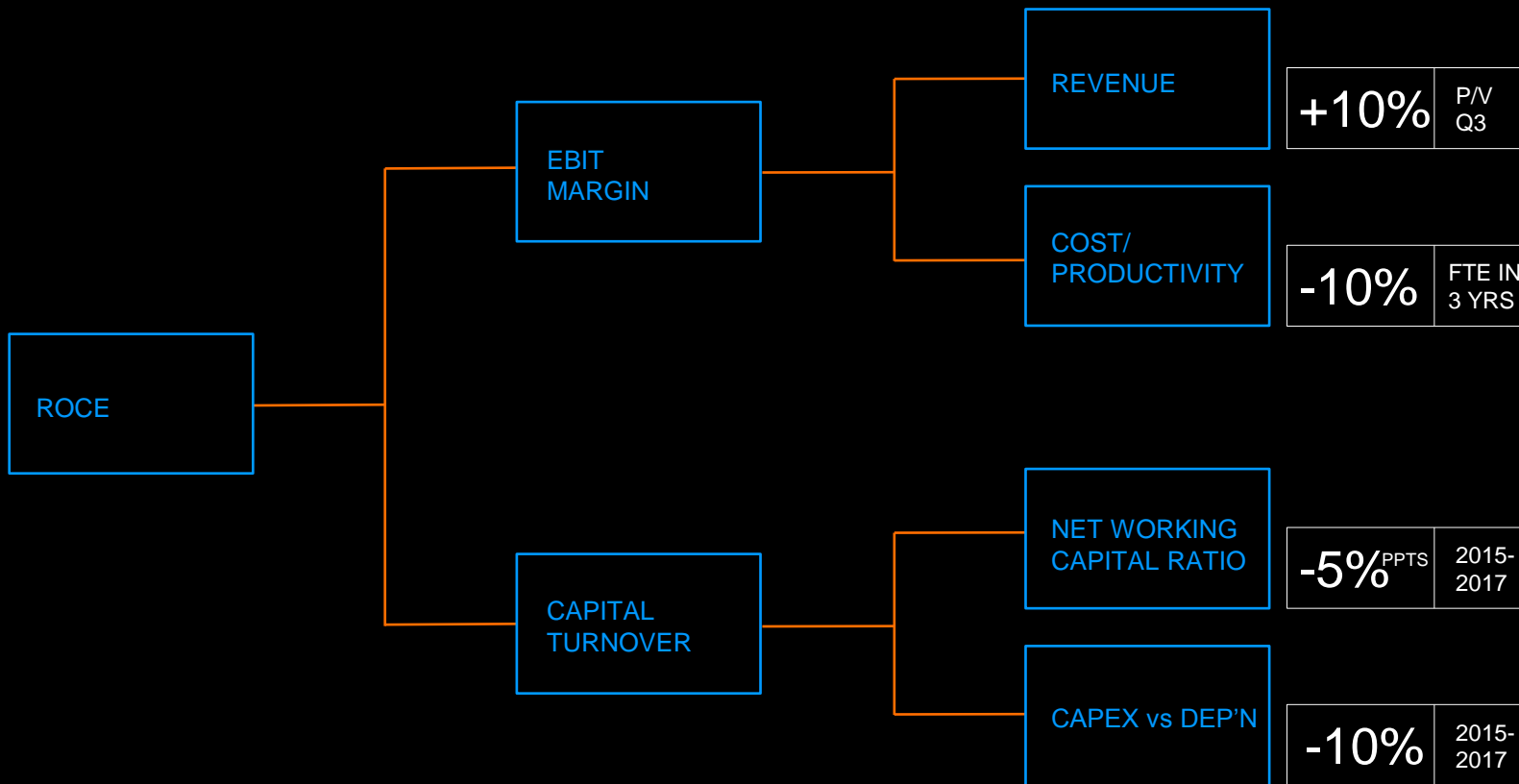
*At fixed exchange rates for comparable units

ROCE









KEY MARKET TRENDS & STRATEGIC DIRECTION

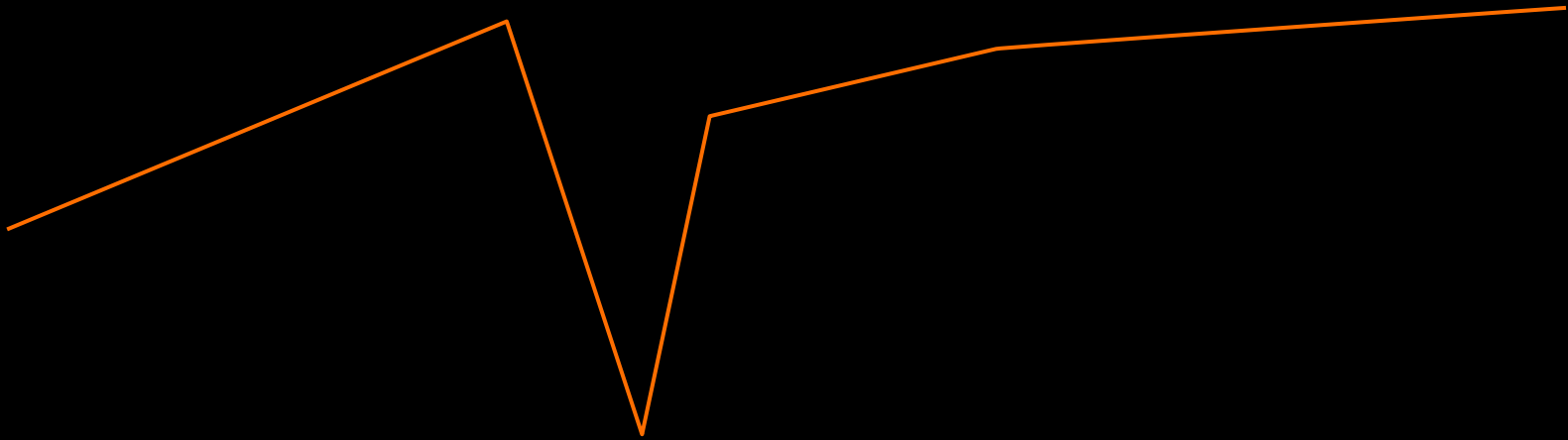


GLOBAL MANUFACTURING GROWTH

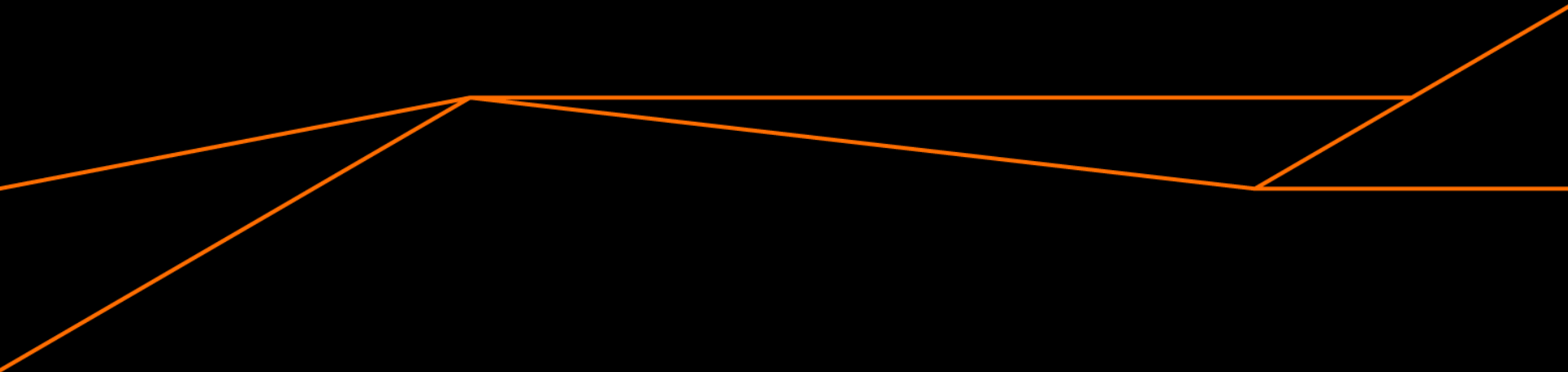
SUPER-
CYCLE
2002-2007

FINANCIAL CRISIS
AND REBOUND
2008-2012

CURRENT MARKET
ENVIRONMENT
2013 »



SANDVIK



Core

Adjacent

TRENDS

Core

Round Tools gaining share

Electrical Vehicles
– a long term trend

Increase in complex material
& components

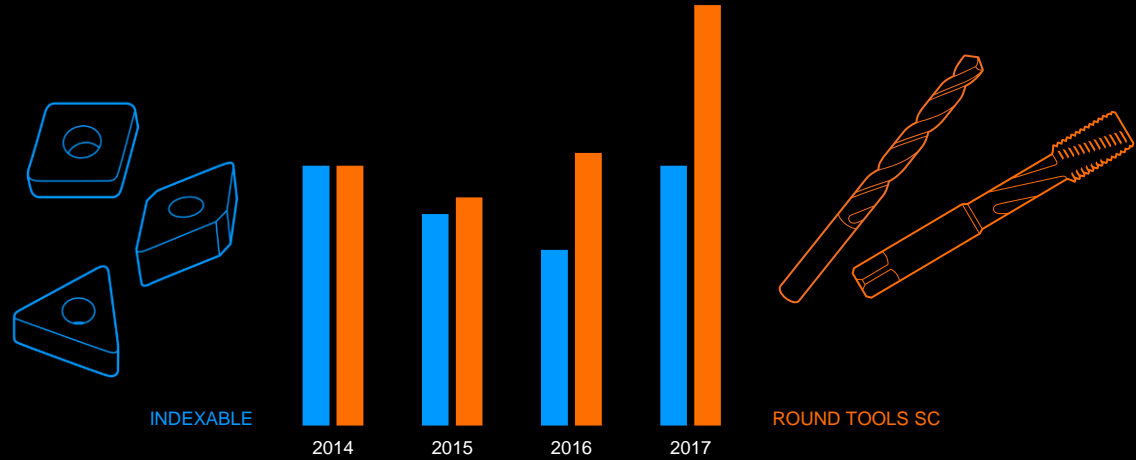
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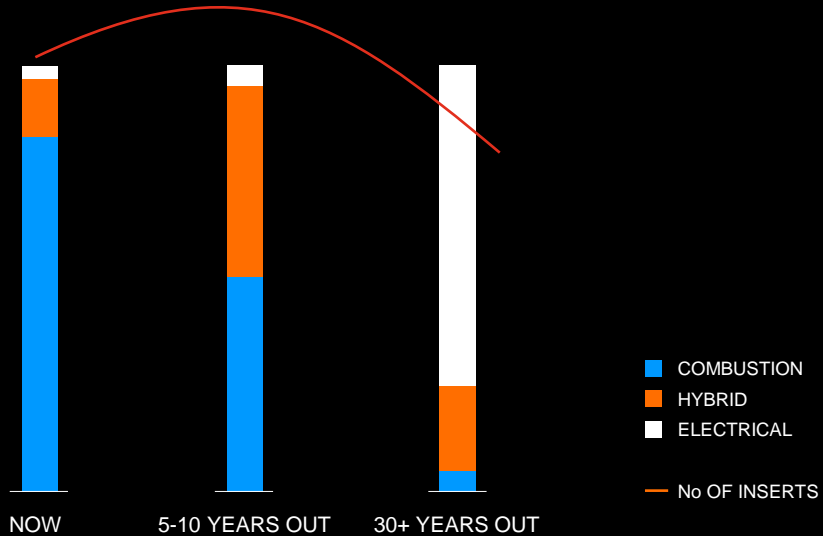
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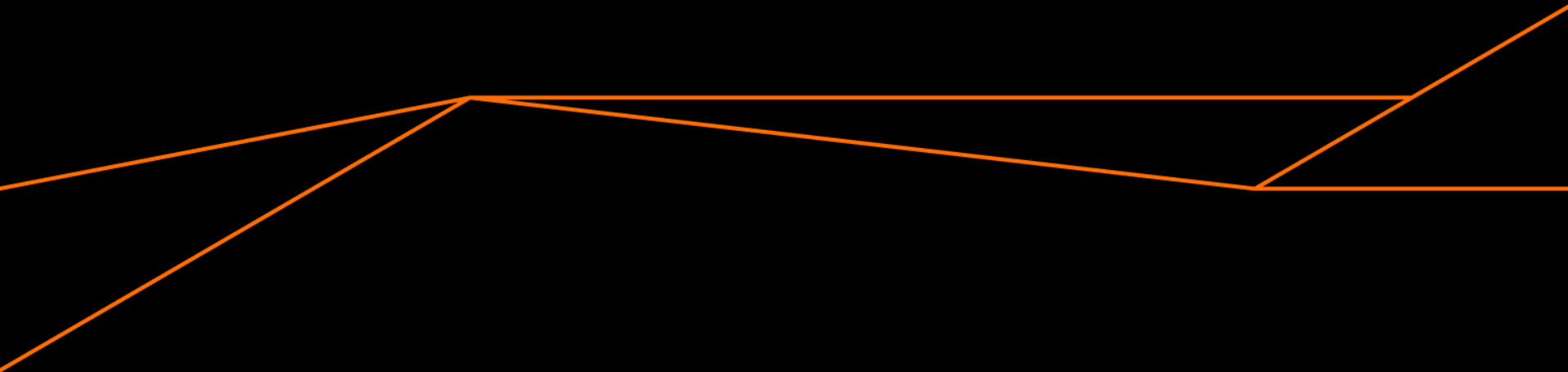
Core



Source: Morgan Stanley



SANDVIK



Core

TRENDS

Round Tools gaining share

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& components

STRATEGIC DIRECTION

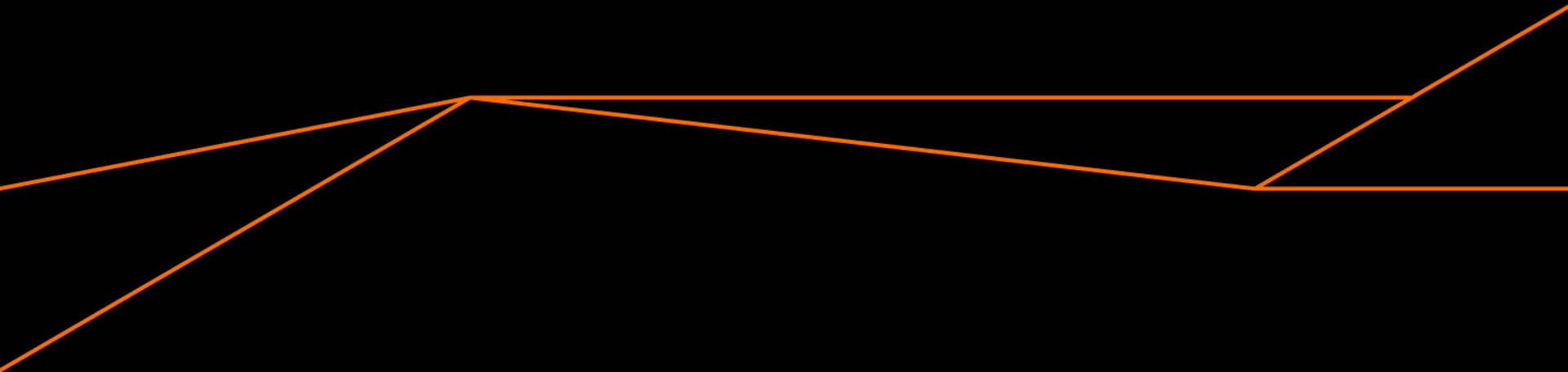
New product launches

Increased service and
customized offerings

Round tools

Operational excellence

SANDVIK



Core

TRENDS

Round Tools gaining share
Electrical Vehicles
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Increase in complex material
& components

STRATEGIC DIRECTION

New product launches
Increased service and
customized offerings
Round tools
Operational excellence



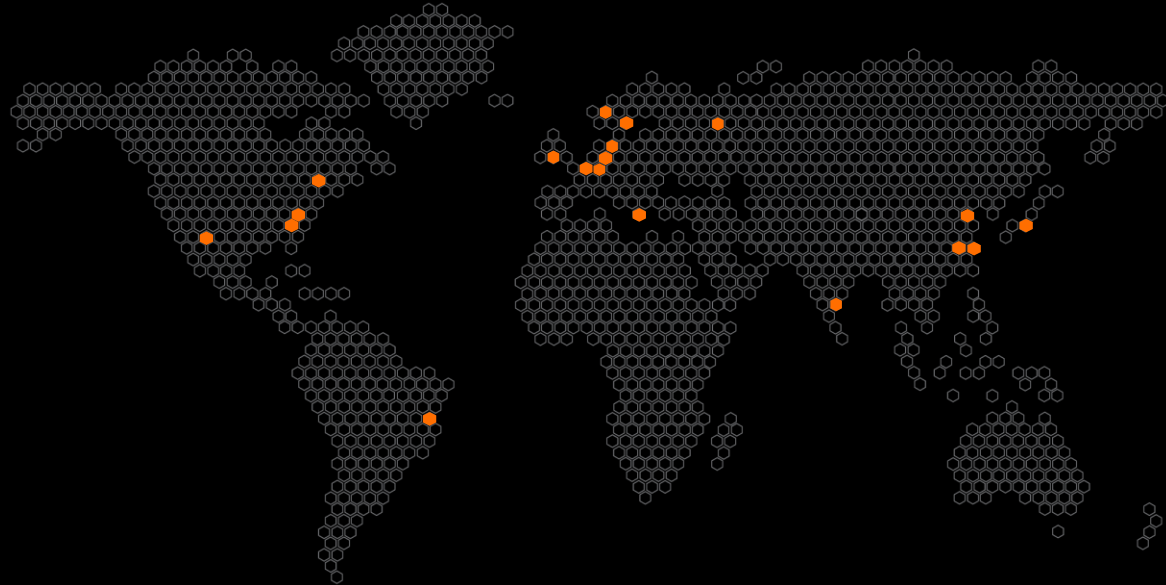
Core

TRENDS

- Round Tools gaining share
- Electrical Vehicles
– a long term trend
- Increase in complex material
& components

STRATEGIC DIRECTION

- New product launches
- Increased service and
customized offerings
- Round tools
- Operational excellence



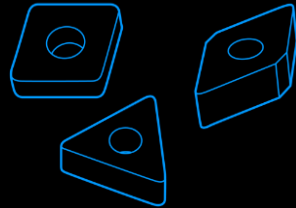
Core

TRENDS

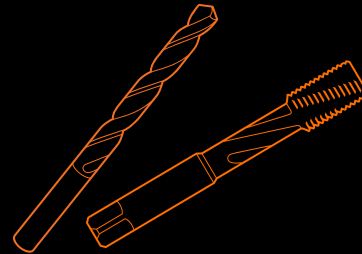
Round Tools gaining share
Electrical Vehicles
– a long term trend
Increase in complex material
& components

STRATEGIC DIRECTION

New product launches
Increased service and
customized offerings
| Round tools
Operational excellence



INSERTS 38%



ROUND TOOLS 34%



METAL CUTTING
MARKET (160 BSEK)

SMS MARKET SHARE



Core

TRENDS

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Electrical Vehicles
– a long term trend
Increase in complex material
& components

STRATEGIC DIRECTION

New product launches
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| Round tools
Operational excellence



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Increase in complex material
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STRATEGIC DIRECTION

New product launches

Increased service and
customized offerings

Round tools

Operational excellence



Core

Adjacent

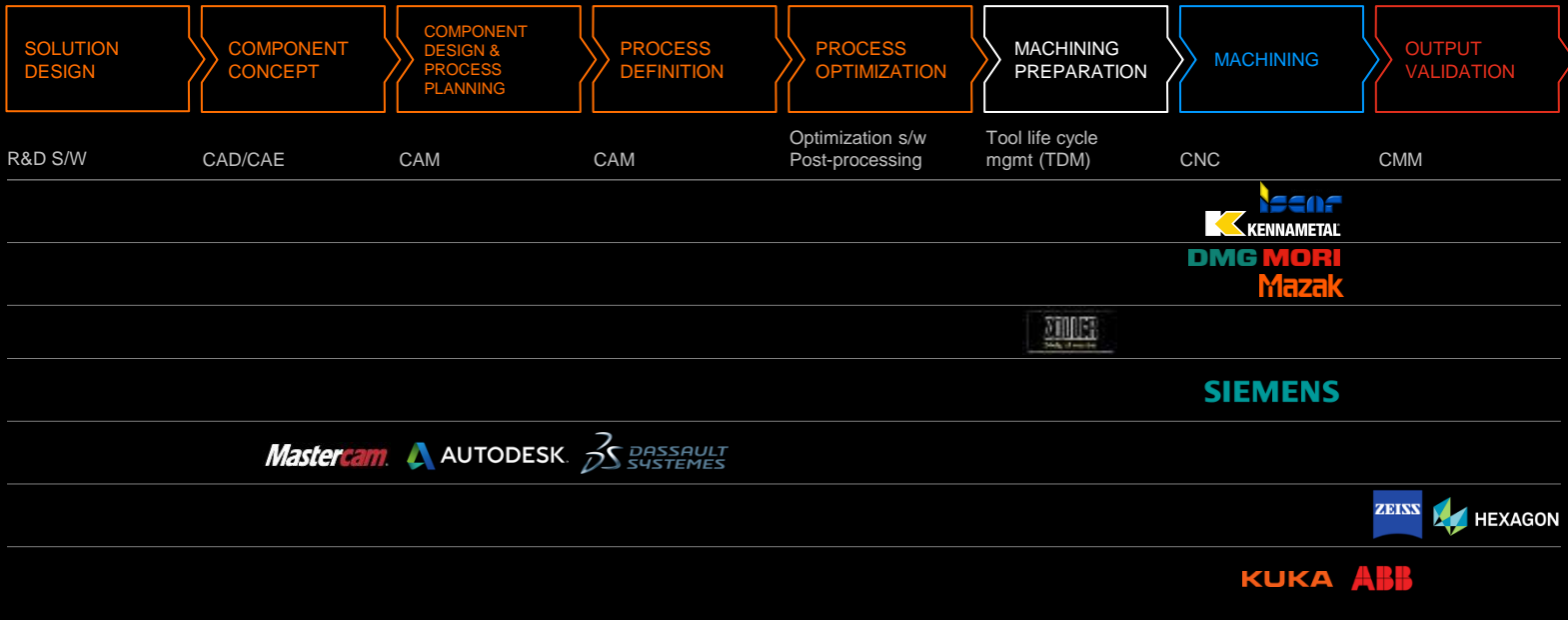
Adjacent

Digital solutions making
manufacturing chain
integration possible

Emerging technologies –
Additive Manufacturing

TRENDS





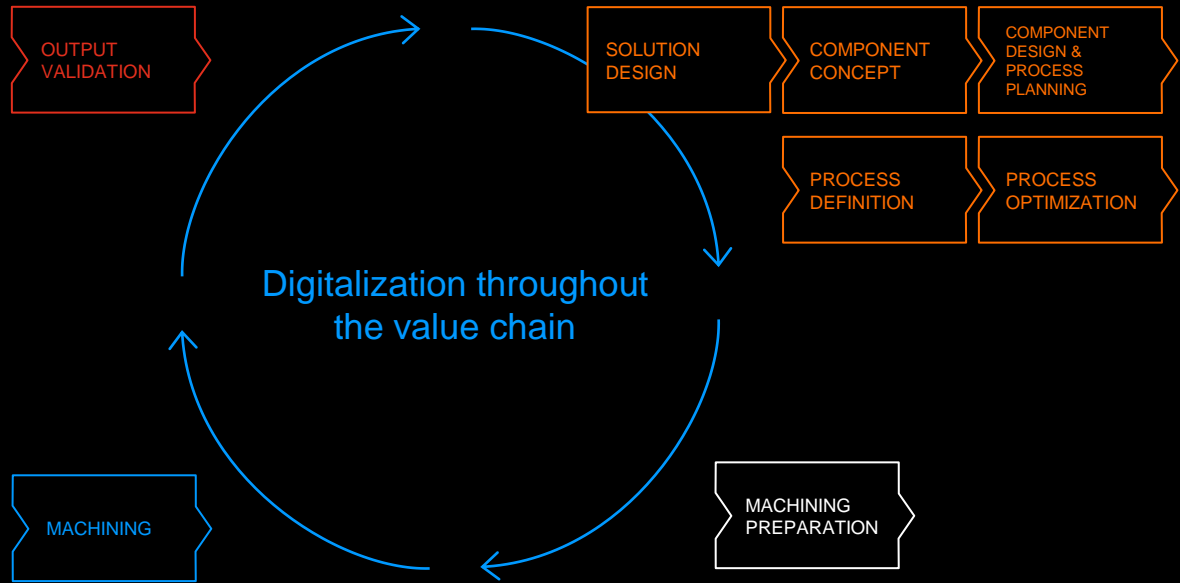
Adjacent

Digital solutions making manufacturing chain integration possible

Emerging technologies – Additive Manufacturing

TRENDS

SANDVIK

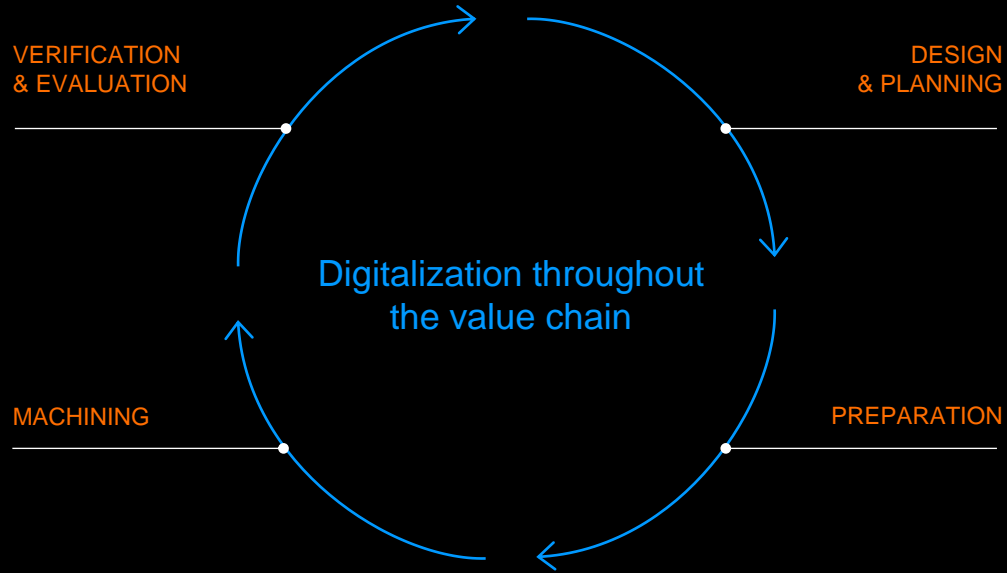


Adjacent

Digital solutions making manufacturing chain integration possible

Emerging technologies – Additive Manufacturing

TRENDS



Adjacent

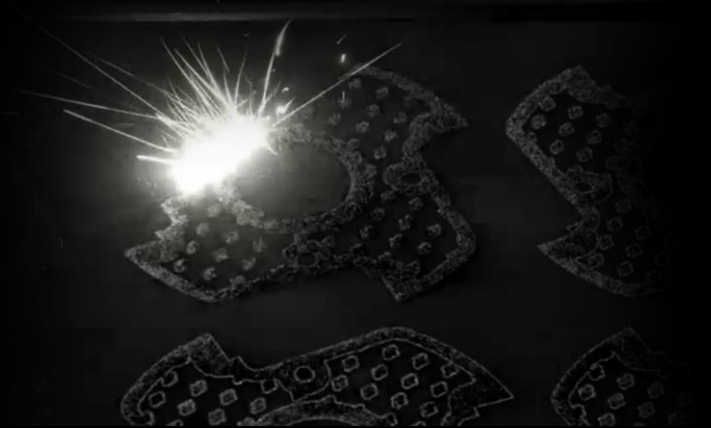
Digital solutions making manufacturing chain integration possible

Emerging technologies – Additive Manufacturing

TRENDS



Manufacturers today ask for strong, lightweight materials in complex designs, along with minimized waste and reduced carbon footprint



Adjacent

Digital solutions making
manufacturing chain
integration possible

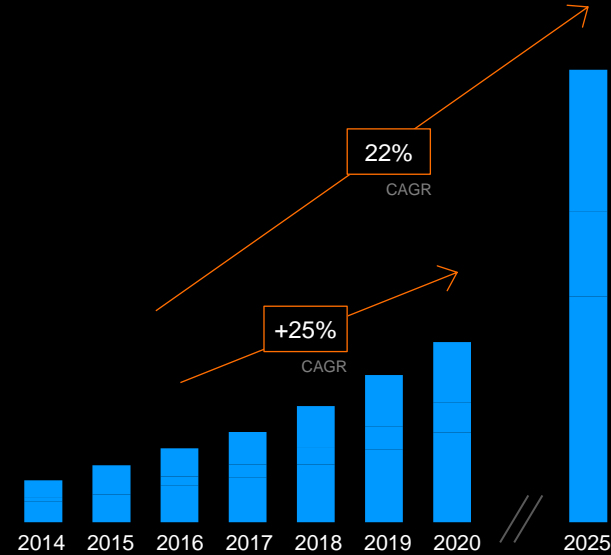
Emerging technologies –
Additive Manufacturing

TRENDS



SELECTION CRITERIAS

- ✓ Complex shapes
- ✓ Expensive materials
- ✓ Smaller series
- ✓ Low weight is essential
- ✓ Revolutionary designs
- ✓ Individual variations (tailored)
- ✓ Spare-parts (to reduce lead-times and NWC)
- ✓ Potential to merge sub-parts into one component



Graph: total AM market size
Source: Smart Tech 2017

Adjacent

Digital solutions making manufacturing chain integration possible

Emerging technologies – Additive Manufacturing

TRENDS



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Additive Manufacturing

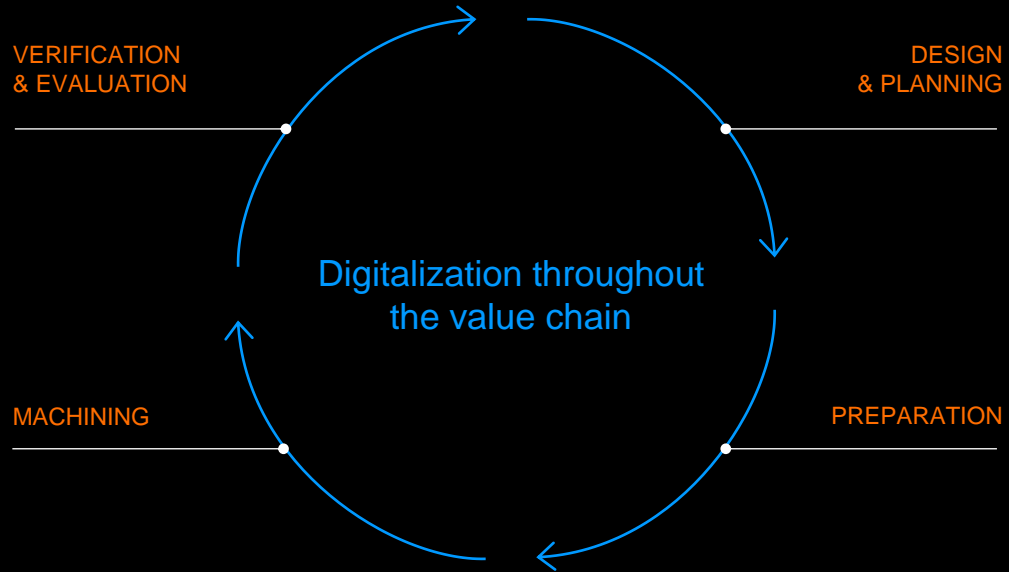
TRENDS

Expanding SMS
digital solutions

Develop an additive
manufacturing offering

STRATEGIC DIRECTION





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TRENDS

STRATEGIC DIRECTION



VERIFICATION
& EVALUATION

DESIGN
& PLANNING



Digitalization throughout
the value chain

MACHINING

PREPARATION

CoroPlus®

Adjacent

Digital solutions making
manufacturing chain
integration possible

Emerging technologies –
Additive Manufacturing

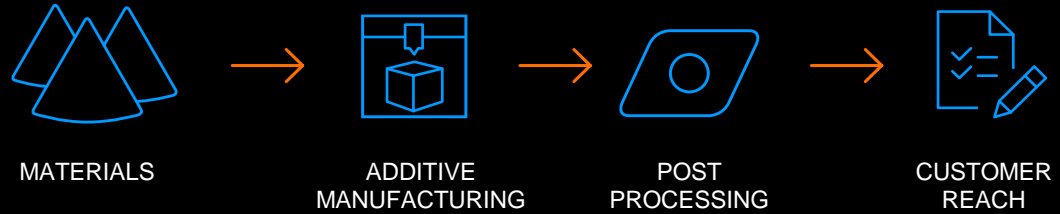
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SANDVIK



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STRATEGIC DIRECTION



01. ACCELERATE SANDVIK
AM-POWDER SALES



02. MANUFACTURING
SERVICES



03. ADVISORY
SERVICES



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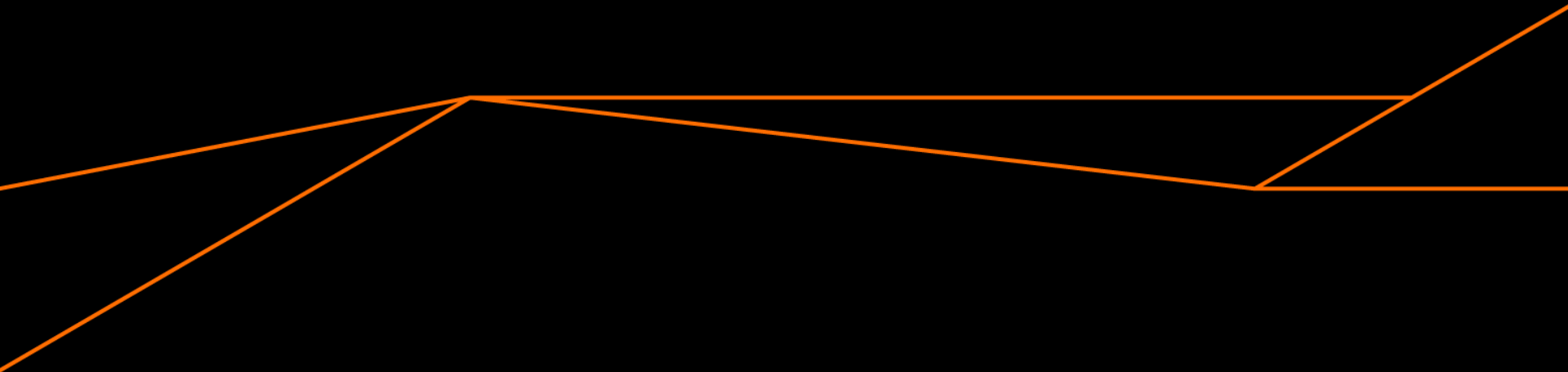
Develop an additive
manufacturing offering

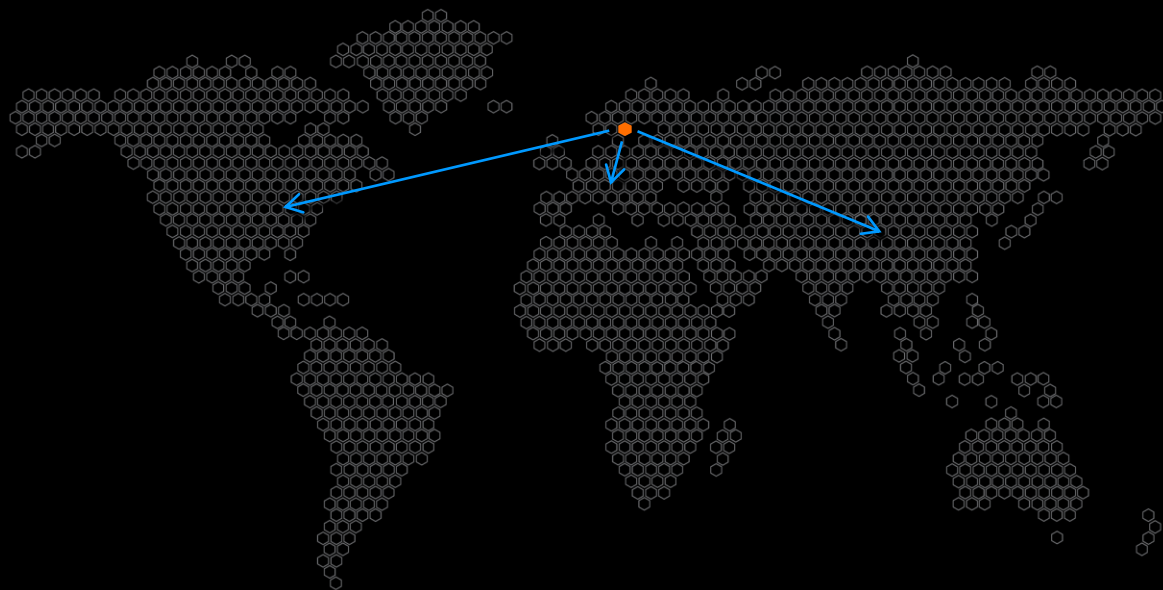
TRENDS

STRATEGIC DIRECTION



SANDVIK





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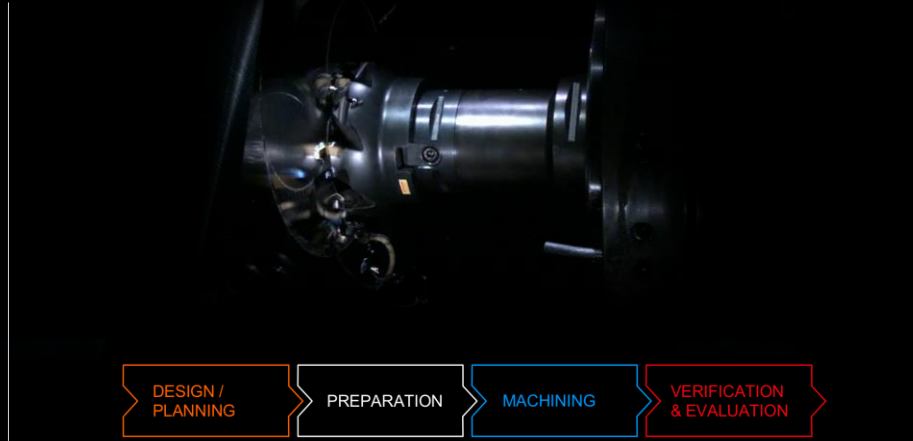
Develop an additive manufacturing offering

STRATEGIC DIRECTION





SUMMARY



Core

Adjacent

From a world leading player in the “niche” industry of metal cutting, to a leading solutions provider to the wider manufacturing industry delivering accelerated growth with maintained high profitability and returns