



Press Release

Sandvik reduces production capacity and costs

In conjunction with the presentation of third-quarter earnings, Sandvik provided information concerning a weaker trend in several market segments. The negative trend has accelerated during the beginning of the fourth quarter. Consequently, the Group has decided to implement a number of measures. The objective is to adapt production capacity and costs to the prevailing demand trend.

For Sandvik Materials Technology, a global overcapacity corresponding to 1500 persons has been identified, of whom about 1000 persons in Sweden. Accordingly, the company today gave notice of a personnel reduction totaling 900 employees in Sandviken and 140 in Hallstahammar. In conjunction with the interim report for the second quarter of 2008, Sandvik announced a reduction in the workforce with the aim of raising productivity. Within the framework of this cutback, staff levels have since been reduced by about 380 employees. The surplus capacity of 1500 persons that has now been identified is due to weaker demand and constitutes an adaptation of capacity, which is in addition to these 380 persons. The process is expected to be completed during the first six months of 2009.

Within Sandvik Mining and Construction, temporary contracts with approximately 600 persons globally have been terminated. Furthermore, an agreement has been reached regarding the possible temporary layoff of up to 200 persons in Tampere for up to 90 days from 1 December. A decision has also been taken to close the production unit in Perth, Australia, a manufacturer of surface drill rigs used in exploration drilling. Manufacturing will be relocated to corresponding units in Brisbane, Australia, and Santiago, Chile. The closure of the Perth unit, with approximately 50 employees, is anticipated to be completed not later than 31 January 2009.

Sandvik Tooling will reduce production in the fourth quarter by utilizing existing agreements for flexible working hours and similar solutions at plants in Sweden and in other countries. Some units will close for 2-3 weeks, while others will temporarily introduce 4-day work weeks. In addition, temporary contracts with nearly 300 persons will be discontinued.

"The global market trend is currently very weak. The decline described in conjunction with the report for the third quarter has deteriorated significantly in several segments, primarily relating to the automotive and engineering industries. Consequently, these measures have been deemed necessary, while we cannot rule out the need for additional measures at a later stage," says Lars Pettersson, President and CEO of Sandvik AB.

Sandviken, 20 November 2008

Sandvik AB; (publ)

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Sandvik is a global industrial group with advanced products and world-leading positions in selected areas – tools for metal cutting, machinery and tools for rock excavation, stainless materials, special alloys, metallic and ceramic resistance materials as well as process systems. The Group had at the end of 2007 about 47,000 employees and representation in 130 countries, with annual sales of more than SEK 86,000 M.

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