

## Sandvik consolidates to three business areas and identifies non-strategic operations

Sandvik reorganises its operations in business area Sandvik Venture. This includes:

- moving Wolfram (Wolfram Bergbau und Hütten) and two selected production sites from Sandvik Hyperion into Sandvik Machining Solutions**  
 These businesses are internal suppliers to Sandvik Machining Solutions. Wolfram supplies raw material through virgin material from the mine, through its recycling operations as well as from third party suppliers. The selected production sites in Sandvik Hyperion supplies metal powder and develops round tool blanks.
- moving Sandvik Drilling and Completions (Varel) into Sandvik Mining and Rock Technology**  
 The product offering comprises consumables - drill bits and down-the-hole products - to the oil & gas and mining industries. Drill bit products have the equivalent business logic as the consumable offering in Sandvik Mining and Rock Technology, in being an important driver for customer productivity.
- Sandvik Process Systems and Sandvik Hyperion, excluding the two sites to be merged into Sandvik Machining Solutions, are identified as non-strategic operations and will remain in Sandvik Venture, now to be labeled other operations**  
 Over time, Sandvik has the ambition to exit from these businesses, although the process is yet to be initiated.

REORGANISATION, SANDVIK VENTURE External revenues 2015, MSEK		SANDVIK MACHINING SOLUTIONS	SANDVIK MINING AND ROCK TECHNOLOGY	OTHER OPERATIONS
<b>SANDVIK VENTURE</b>				
STRATEGIC	Wolfram	1,157		
	Drilling and Completions (Varel)		2,159	
	Hyperion, selected parts	-		
NON-STRATEGIC	Hyperion, excluding selected parts			3,222
	Process Systems			1,754

“By consolidating operations we will achieve total ownership and accountability for the respective businesses, aiming to improve the long term efficiency in Sandvik. For Sandvik Machining Solutions the structural change is driven by achieving total ownership of the supply chain and strengthening the position in the round tools segment. For Sandvik Mining and Rock Technology we consolidate the similar product offering of Rock Tools and Drilling and Completions under the same umbrella. Over time we will exit from the businesses now reported in other operations, making Sandvik even more focused on its core businesses, says Björn Rosengren, Sandvik’s President and CEO.

The new structure will be effective as of 1 July 2016. Sandvik Venture business area and management team will hence be dissolved. Björn Rosengren, Sandvik’s President and CEO will have the formal responsibility for other operations, while the responsibility for further development of the business will remain with the respective product area management teams. Jim Nixon, current President of Sandvik Venture will leave Sandvik as of 1 July 2016.

“I would like to take the opportunity to thank Jim Nixon for his dedicated work in supporting the merger of the new organization. I wish him all the best in his future career”, says Björn Rosengren.

SANDVIK OLD STRUCTURE 2015, MSEK	SANDVIK MACHINING SOLUTIONS	SANDVIK MINING AND ROCK TECHNOLOGY	SANDVIK MATERIALS TECHNOLOGY	SANDVIK VENTURE	SANDVIK GROUP
Revenues	32,652	30,971	13,909	8,292	85,845
Adjusted operating margin, %	20.1	11.9	5.9	7.0	12.3

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SANDVIK NEW STRUCTURE 2015, MSEK	SANDVIK MACHINING SOLUTIONS	SANDVIK MINING AND ROCK TECHNOLOGY	SANDVIK MATERIALS TECHNOLOGY	OTHER OPERATIONS	SANDVIK GROUP
Revenues	33,809	33,131	13,909	4,976	85,845
Operating profit	5,476	2,417	8	518	7,271
Operating margin, %	16.2	7.3	0.1	10.4	8.5
Adjusted operating profit	6,786	3,492	818	558	10,595
Adjusted operating margin, %	20.1	10.5	5.9	11.2	12.3
ROCE, %	21.7	9.7	0.1	13.3	9.5
Net Working Capital, %	26	31	25	31	27
No. of employees	18,736	14,595	6,533	2,050	44,663

For further information, please contact Ann-Sofie Nordh, Vice President Investor Relations, tel: +46 8 456 1494, Anna Vilogorac, Investor Relations, tel: +46 8 456 1194 or Carina Aspenberg, Media Relations Manager, tel. +46 8 456 1307.

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Sandvik AB

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**Sandvik Group**

*Sandvik is a high-tech and global engineering group offering advanced products and services that enhance customer productivity, profitability and safety. We hold world-leading positions in selected areas – tools for metal cutting, equipment and tools for the mining and construction industries, stainless materials, special alloys, metallic and ceramic resistance materials as well as process systems. In 2015, the Group had about 46,000 employees and sales of about 91 billion SEK in more than 150 countries.*