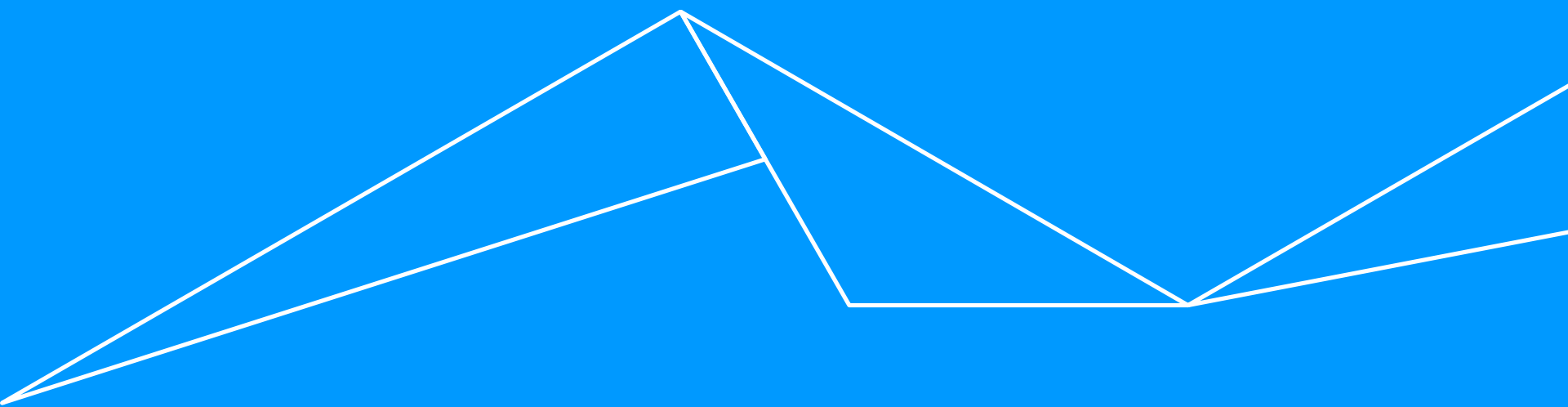


SANDVIK MACHINING SOLUTIONS

CAPITAL MARKETS DAY 2019





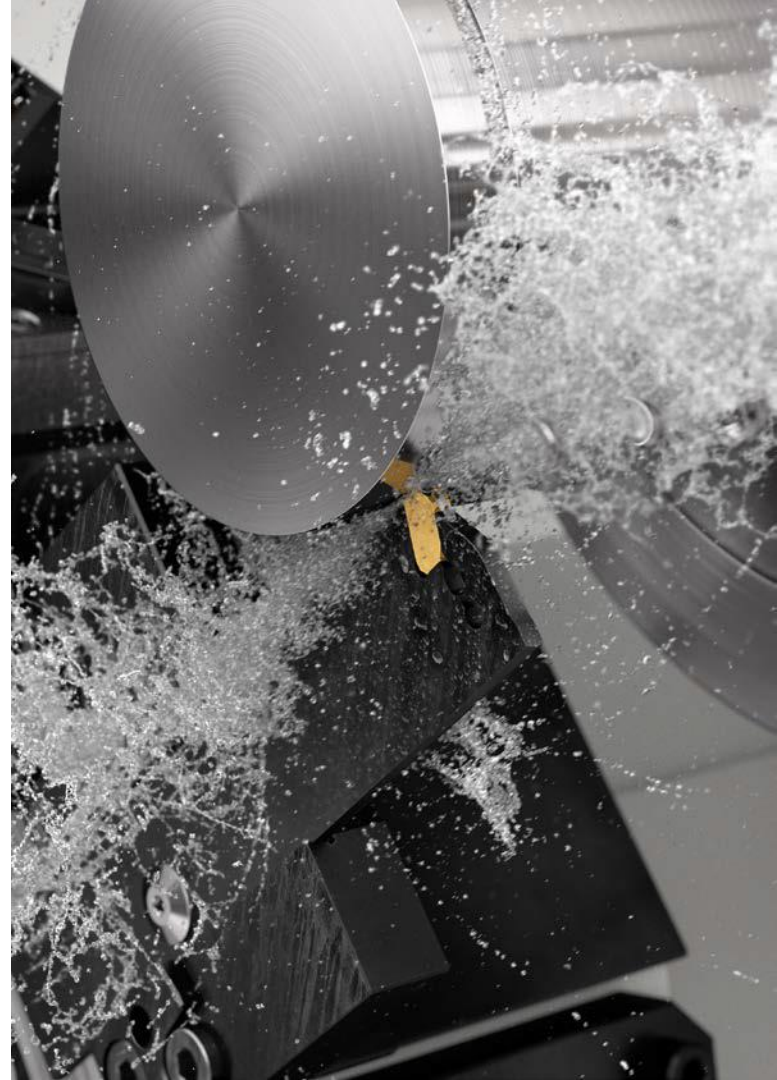
COMPANY & BUSINESS PROFILE



COMPANY PROFILE

SANDVIK MACHINING SOLUTIONS 2018

Geographic location	Worldwide
Headquarters	Sandviken, Sweden
President	Klas Forsström / Lars Bergström
Revenues	40,757 MSEK
Adjusted operating profit	10,366 MSEK
Adjusted operating margin	25.4%
Return on capital employed	34.9%
Employees	~ 19,000
Gender balance	Men ~ 80%, Women ~ 20%
Estimated market size:	200 BSEK



OUR DIVISIONS

We are operating a multi company setup with different brands competing in the market place. At the same time, we take advantage of being a group.



ADDITIVE
MANUFACTURING

SMS SUPPLY

APPLIED
MANUFACTURING
TECHNOLOGIES



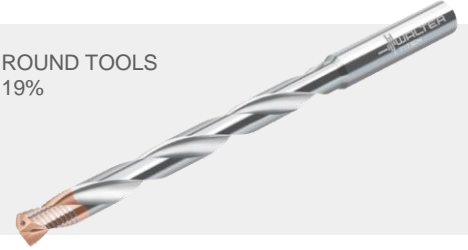
PRODUCT OFFERINGS

Our tools, tooling systems and digital technology for metal cutting as well as advanced materials and components are used in engineering industries worldwide, improving productivity, profitability, quality, output, safety and environment.

INSERTS
54%



ROUND TOOLS
19%



TOOLS
13%



TOOLING SYSTEMS
7%



POWDER
& BLANKS



ADDITIVE
MANUFACTURING

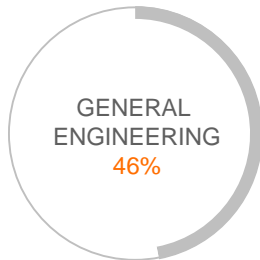
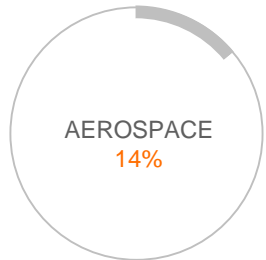
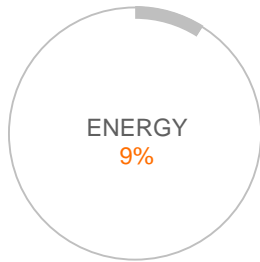
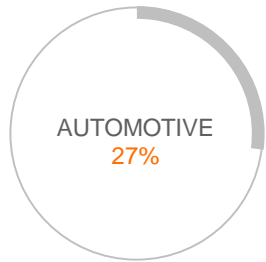


MANUFACTURING
TECHNOLOGIES



GEOGRAPHY & SEGMENTS

Sandvik Machining Solutions has more than 100,000 customers around the world. They are mainly in the engineering segment followed by the automotive segment. We also have customers in the aerospace and energy sectors.



NORTH AMERICA



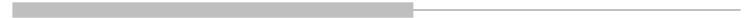
21%



EUROPE



55%

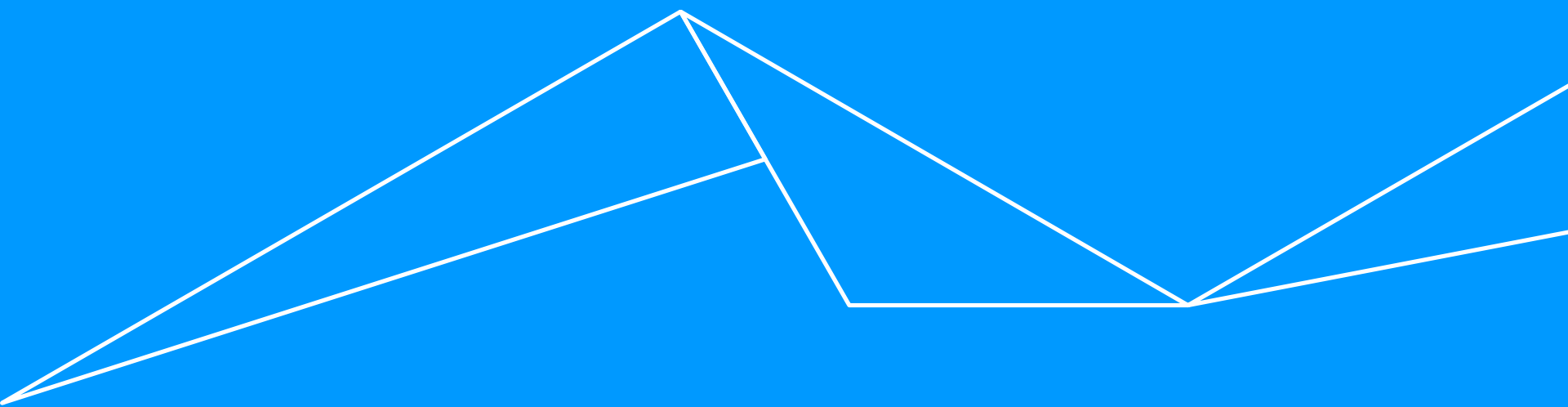


ASIA

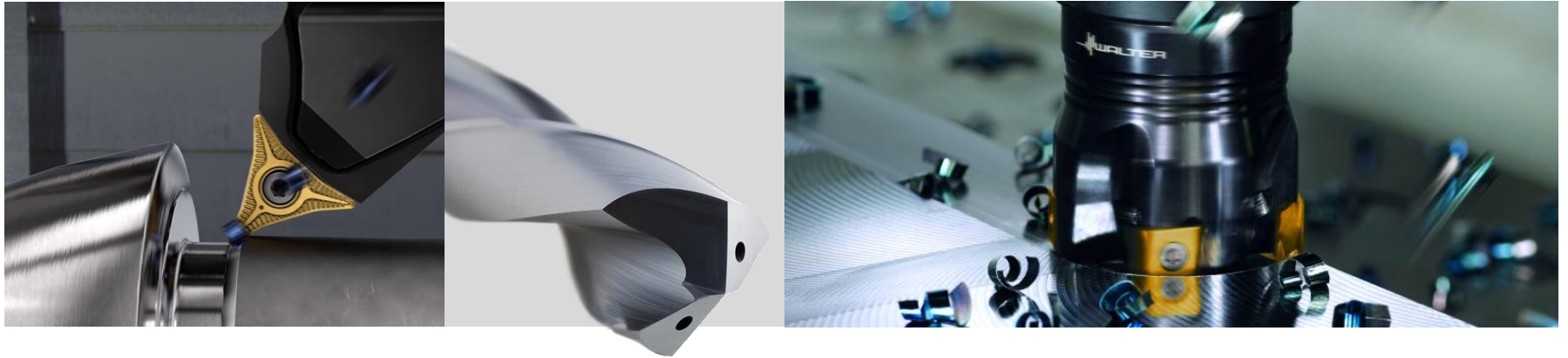


20%





RECAP CMD 2017



CMD 2017

OUR FOCUS

TECHNOLOGY

New product launches
Expanding SMS digital solutions
Develop an additive manufacturing offering

CUSTOMERS

Increased service and customized offerings

M&A

Expanding in round tools and metrology

OPERATIONAL EXCELLENCE



SANDVIK MACHINING SOLUTIONS

SHARE OF REVENUES 2018
41%

ORDERS ON RECORD-HIGH LEVEL

- Tungsten powder business impacted orders/revenues negatively by -1%
- Cutting tools stable demand
- Working day impact -1%

EARNINGS SUPPORTED BY FX, OFF-SET BY TUNGSTEN POWDER BUSINESS

- Favorable FX by ~80 bps
- Adverse contribution by ~150 bps related to lower performance in Tungsten powder business

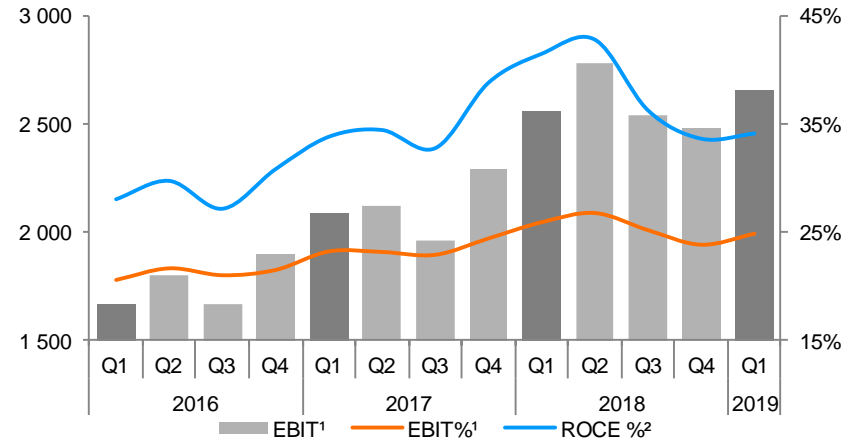
ACQUISITION OF WETMORE ROUND TOOLS

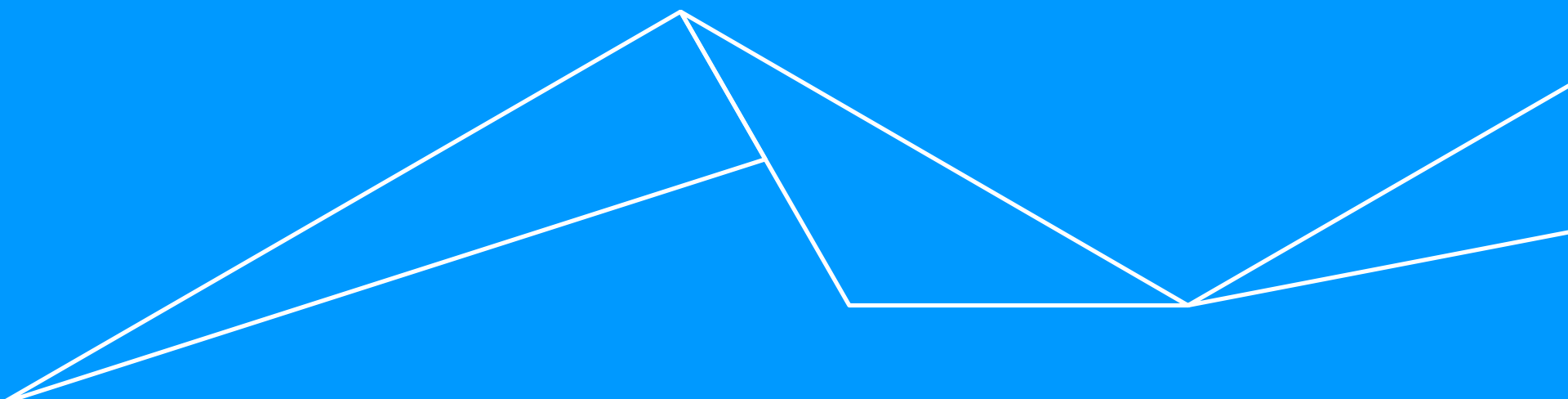
AFTER Q1: KLAS FORSSTRÖM TO BE REPLACED BY LARS BERGSTRÖM

MSEK	Q1 2018	Q1 2019	CHANGE
ORDER INTAKE	10 287	11 105	-1%*
REVENUES	9 859	10 679	-1%*
ADJ. OP. PROFIT	2 555	2 654	+4%
% OF REVENUES	25.9%	24.9%	

*At fixed exchange rates for comparable units

EBIT & ROCE DEVELOPMENT

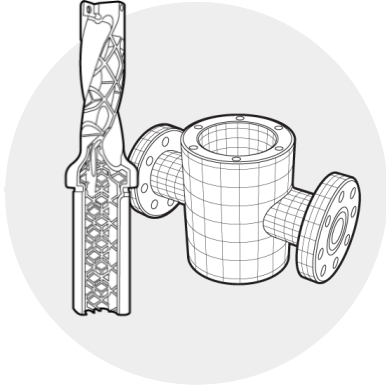




STRATEGY EXECUTION

The SMS vision is to become the world leading solutions provider to the wider component manufacturing industry.

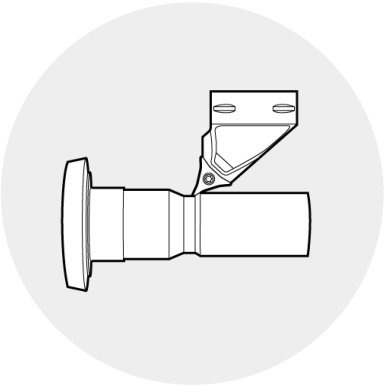
THE COMPONENT MANUFACTURING VALUE CHAIN



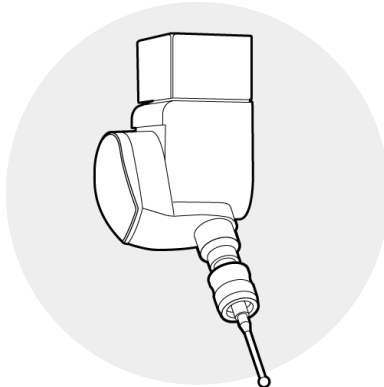
COMPONENT DESIGN



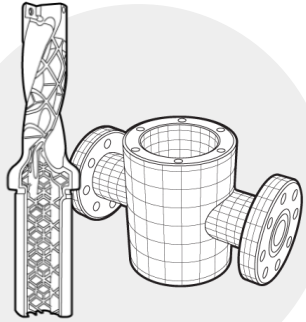
PRODUCTION PREPARATION



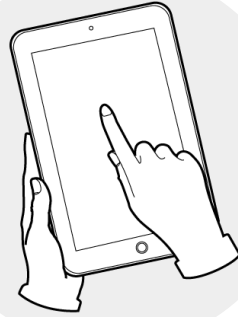
MACHINING



VERIFICATION



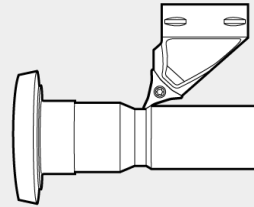
COMPONENT DESIGN



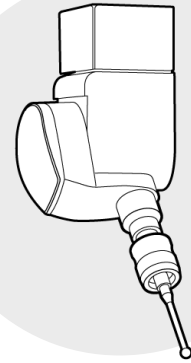
PRODUCTION PREPARATION

EXECUTE

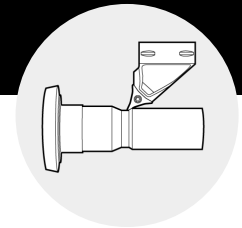
Component manufacturing in the machine equipped with innovative metal cutting tools, tool holders and solutions that improve customer productivity. Traditionally our core business.



MACHINING



VERIFICATION



The key focus for Sandvik Machining Solutions is to be leading in operational excellence, technology and customer interactions.

With our strong market position and our stable and profitable business we will increase the pace in finding suitable mergers and acquisitions.

20%
MARKET SHARE

>150,000
HIGH PERFORMANCE PRODUCTS

19,000
EMPLOYEES GLOBALLY



With thousands of sales representatives and advisors on the shop floor, we are close to our customers, adding value and delivering productivity improvements.

38,000

VISITORS /
YEAR

93%

BRAND
RECOGNITION

5,000

SALES
ENGINEERS

100,000

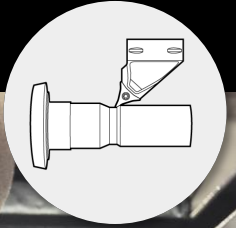
DIRECT
CUSTOMERS

30

PRODUCTIVITY
CENTERS

44%

NO-TOUCH
SALES





TECHNOLOGY

Continuous improvements of products, solutions and services are part of our DNA. Our persistent innovation work keeps on delivering productivity gains for our customers.



SECO TOOLS
DOUBLE QUATROMILL 14

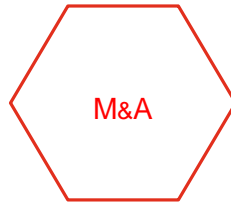
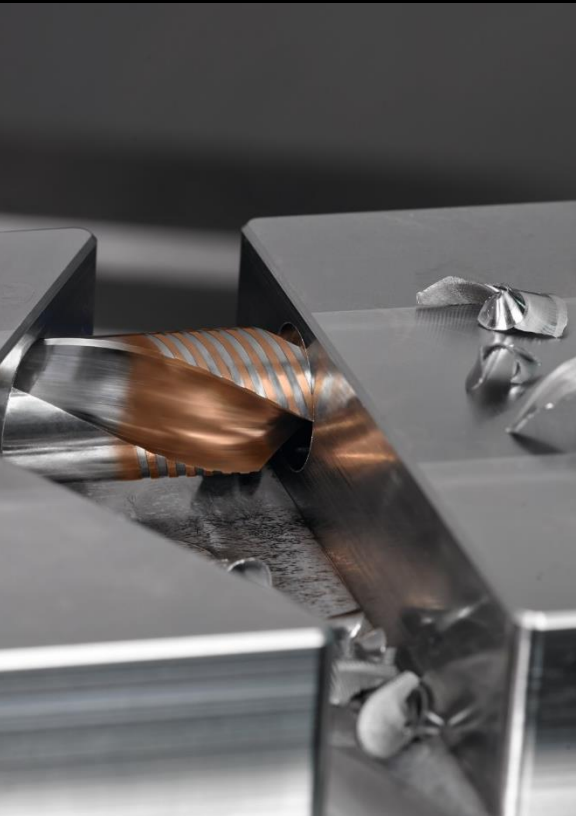


SANDVIK COROMANT
COROPLUS®, PRIME TURNING™

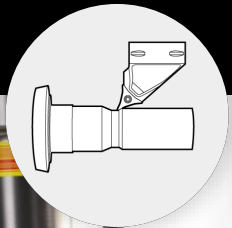
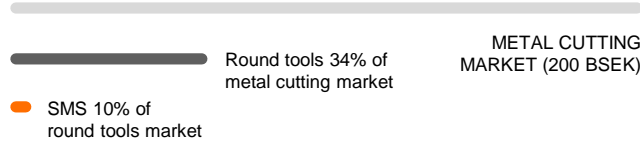


WALTER
DC160 ADVANCE





Complementary acquisitions and co-operations strengthen us in selected niche areas that reinforce our tooling business.





OPERATIONAL
EXCELLENCE

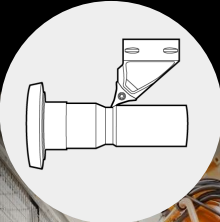
We are a part of the industry we serve. In every process, we can always be a bit better.

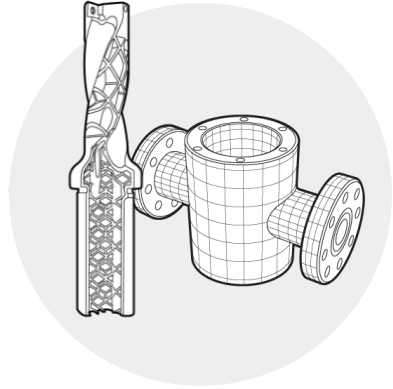
~50% recycled cemented carbide in our production

4
SITE CLOSURES
SINCE 2017

<22%
NET WORKING
CAPITAL

>3%
PRODUCTIVITY

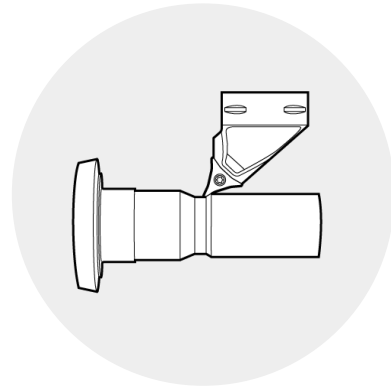




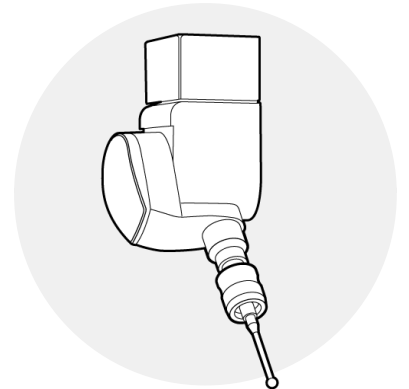
COMPONENT DESIGN



PRODUCTION PREPARATION



MACHINING



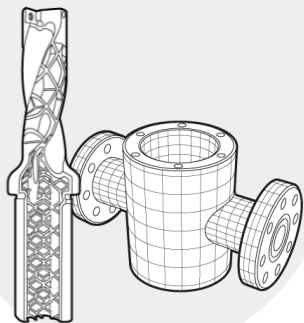
VERIFICATION



SELECT

Selection of production method and material to fulfill specifications and function of the component design

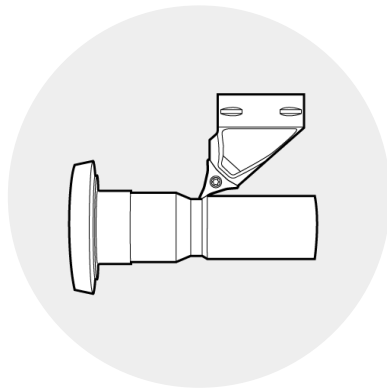
- Additive manufacturing
- Subtractive manufacturing
- Combined manufacturing



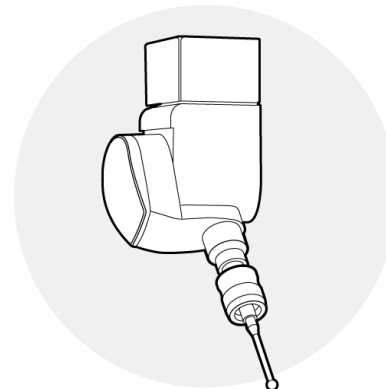
COMPONENT DESIGN



PRODUCTION PREPARATION



MACHINING



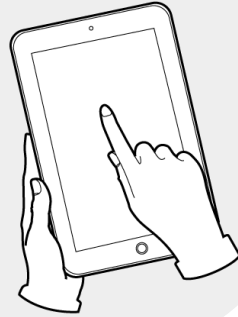
VERIFICATION



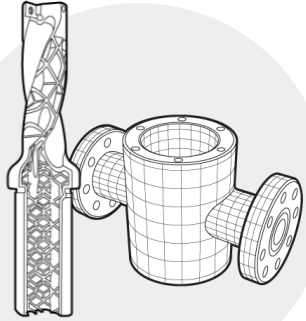
DEFINE

Define machining process. Ensure logistics of needed tools, blanks and equipment on shop floor

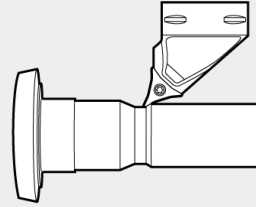
- Machining method and operation strategy
- Translate to NC code.
- Keep track of equipment, service and maintenance



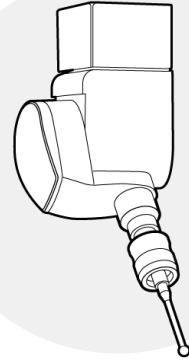
PRODUCTION PREPARATION



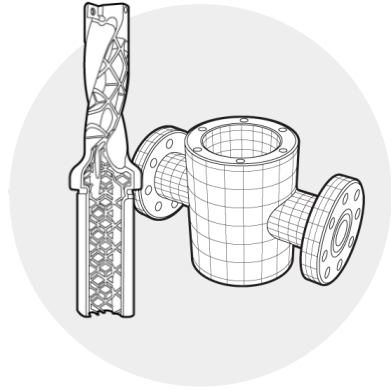
COMPONENT DESIGN



MACHINING



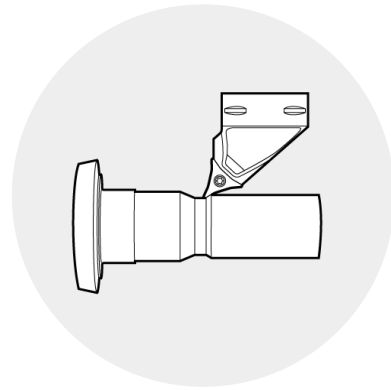
VERIFICATION



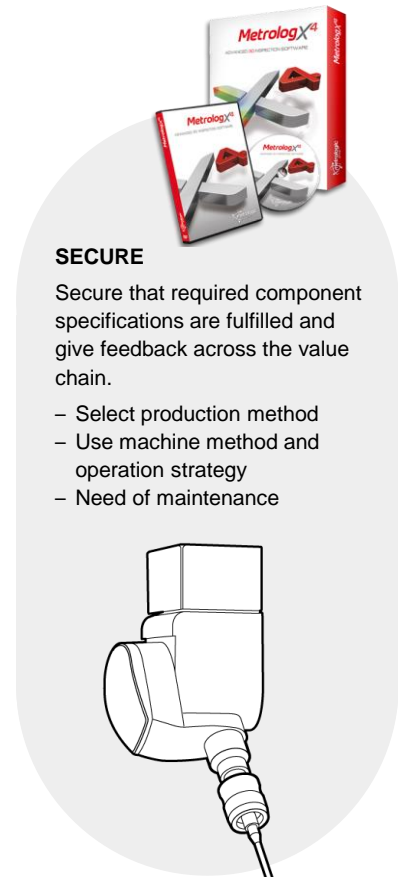
COMPONENT DESIGN



PRODUCTION PREPARATION



MACHINING

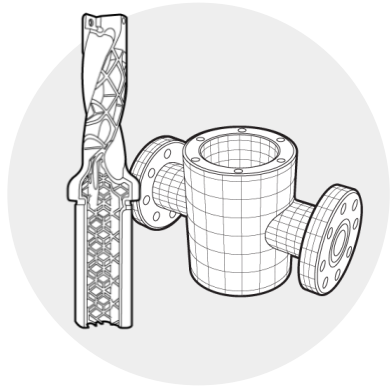


SECURE

Secure that required component specifications are fulfilled and give feedback across the value chain.

- Select production method
- Use machine method and operation strategy
- Need of maintenance

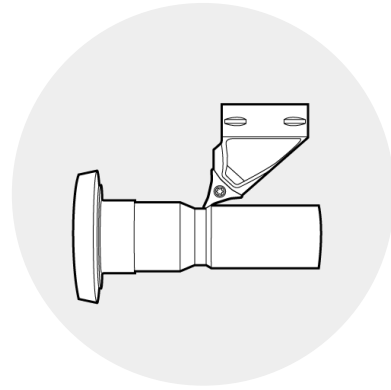
VERIFICATION



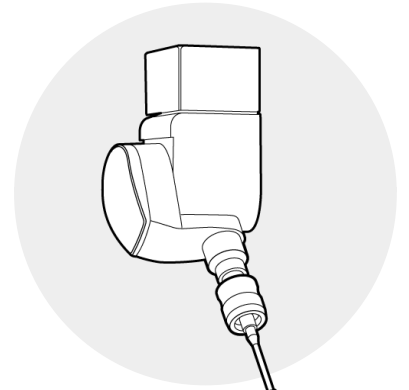
COMPONENT DESIGN



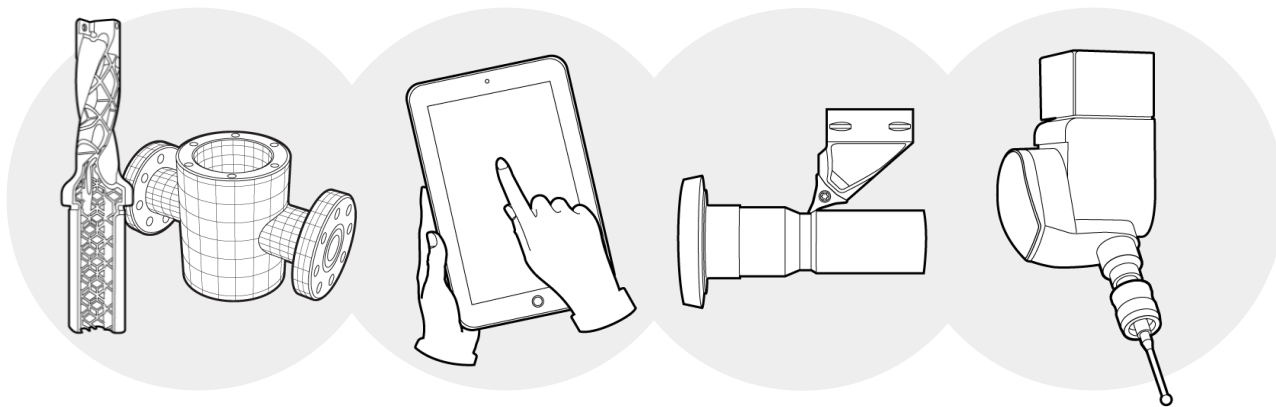
PRODUCTION PREPARATION



MACHINING



VERIFICATION



COMPONENT DESIGN

PRODUCTION PREPARATION

MACHINING

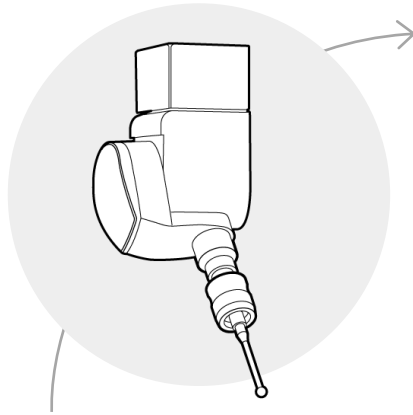
VERIFICATION

OUR OWN SOLUTIONS

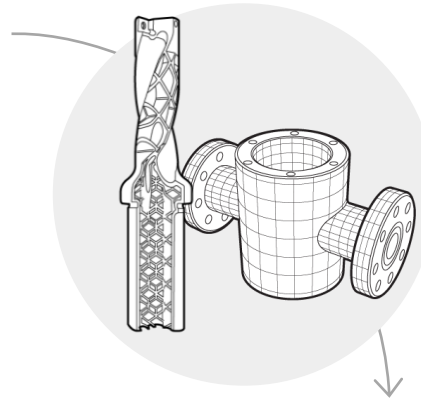
| ACQUISITIONS

| PARTNERSHIPS

VERIFICATION

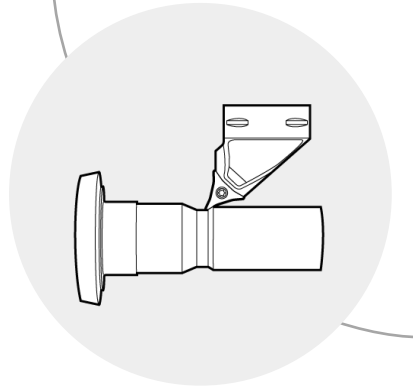


COMPONENT DESIGN

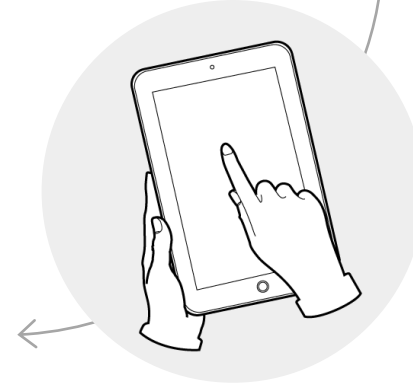


Digitalization throughout
the value chain

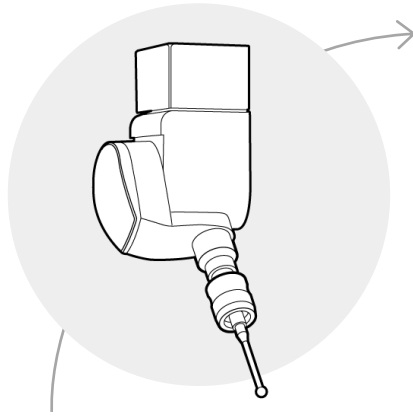
MACHINING



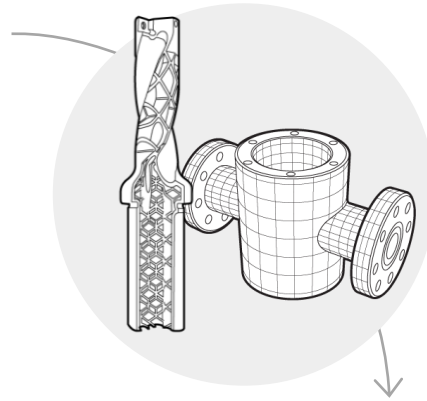
PRODUCTION PREPARATION



VERIFICATION

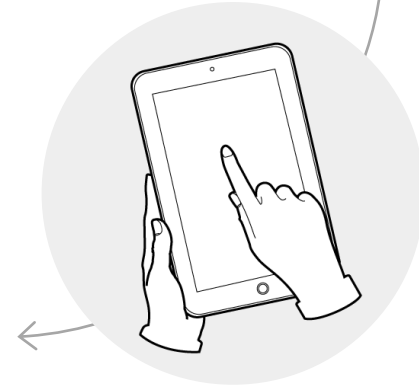


COMPONENT DESIGN

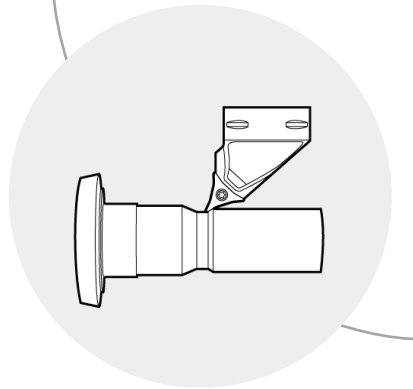


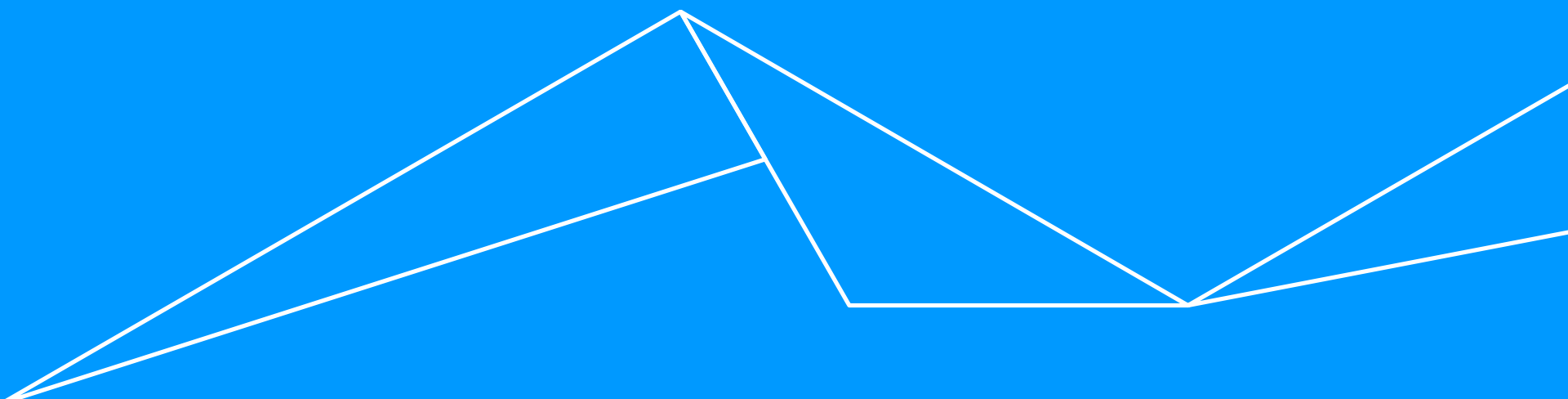
Digitalization throughout
the value chain

PRODUCTION PREPARATION



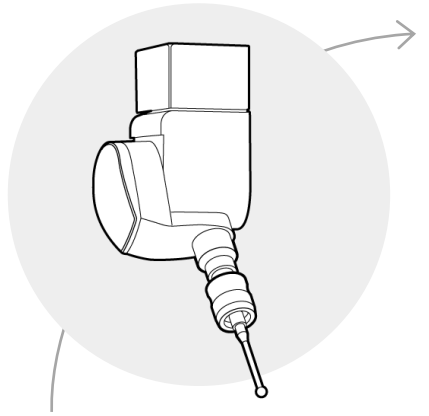
MACHINING



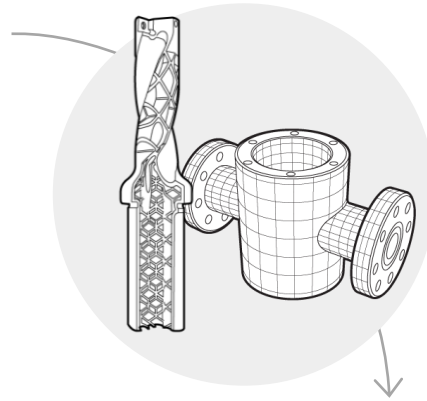


OUR JOURNEY AHEAD

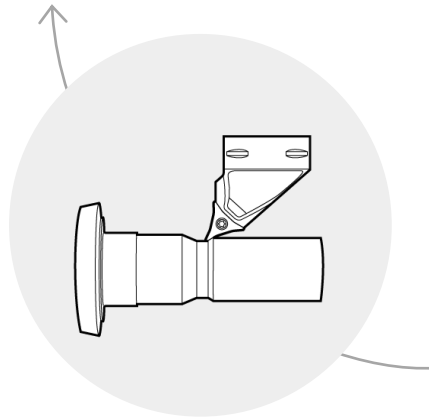
VERIFICATION



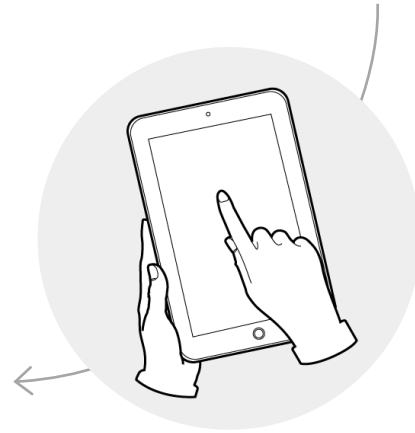
COMPONENT DESIGN



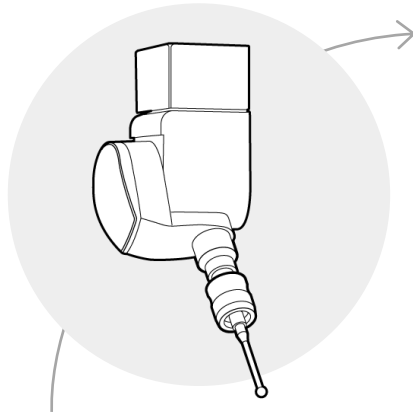
MACHINING



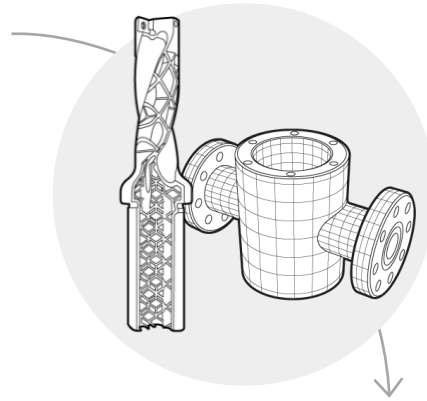
PRODUCTION PREPARATION



VERIFICATION

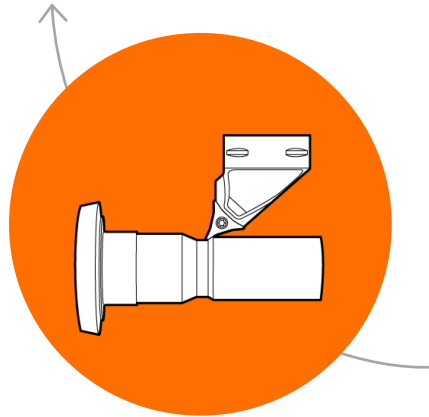


COMPONENT DESIGN

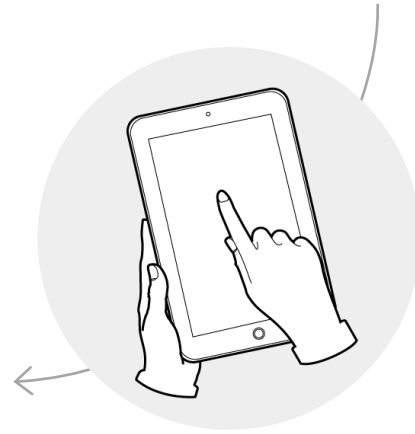


50%
OF GROWTH

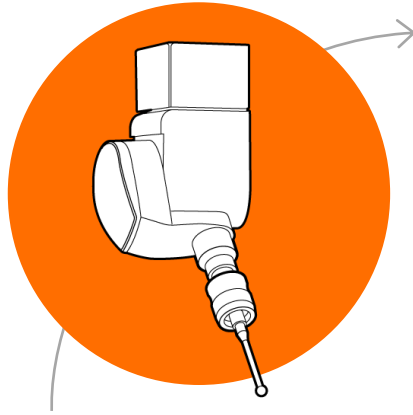
MACHINING



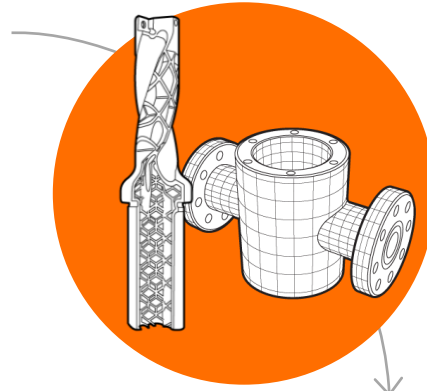
PRODUCTION PREPARATION



VERIFICATION

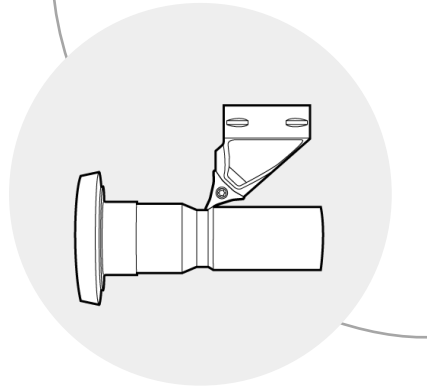


COMPONENT DESIGN

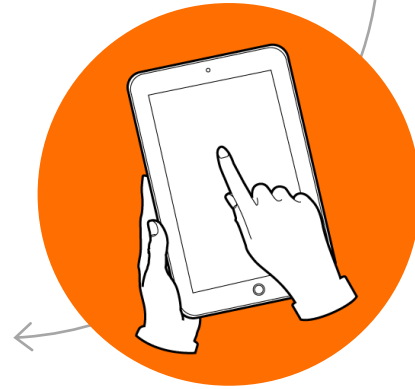


50%
OF GROWTH

MACHINING



PRODUCTION PREPARATION



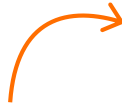
3 STEPS TOWARD OUR VISION

BUILD BASE

Digitalize offering – throughout the value chain

Build additive manufacturing platform

Agility to handle shifts in the market



ACCELERATE

Round tools expansion

Footprint optimization

Digital sales channels

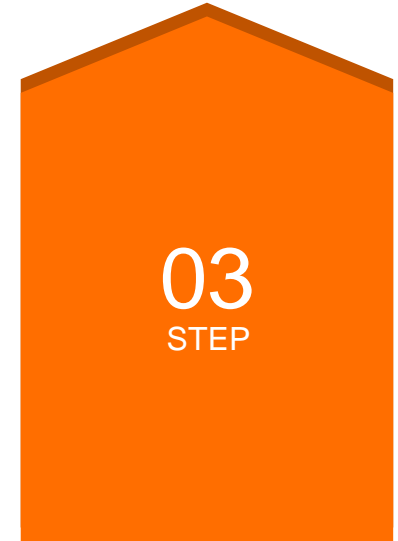
Business partner in the additive transformation journey

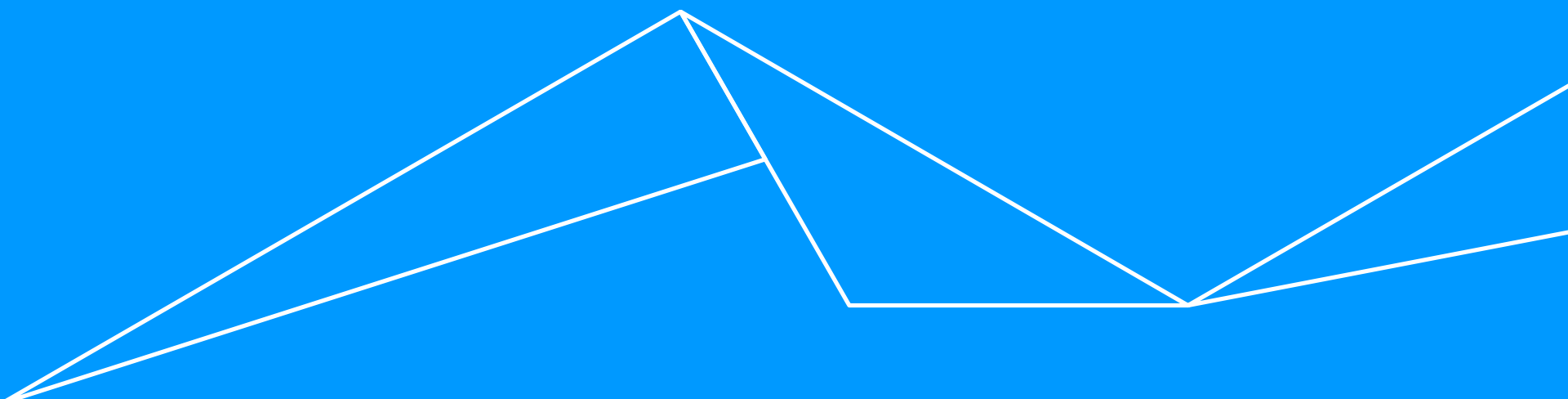
Growth in the areas of design, preparation and verification with strong synergies to the tooling business



VISION

The SMS vision is to become the world leading solutions provider to the wider component manufacturing industry.





Q&A