



Meet
Sandvik I/00

Wilhelm Haglund medallist and Product Developer of the Year

D. Eng. Anna Hultin Stigenberg received the Wilhelm Haglund Medal for 1999. In addition to Anna, Professor Jan-Olof Nilsson was named Product Developer of the Year



within the Group. Both work at Sandvik Steel. The medal jury honored them for their work on developing a stainless steel with unique properties for demanding applications, such as surgical needles. The steel combines corrosion resistance with extremely high strength.

Anna Hultin Stigenberg, who has been the head of wire and tube strip research, is now the head of the thin strip product area within Sandvik Steel. Jan-Olof Nilsson is currently head of Sandvik Steel's metal physics research as well as an Adjunct Professor of physics at Chalmers Institute of Technology in Gothenburg, Sweden. That is as good a proof as any that the materials technology expertise within the Group is of the highest conceivable level ●

Percy Barnevik: We are all in the new economy

Sandvik Board Chairman Percy Barnevik commented on IT developments and the Group's strong position in the information technology field in a closing statement at the Annual General Meeting held in Sandviken on 4 May. His comments are excerpted below:

Sandvik is at the leading edge of the third industrial revolution – the IT revolution – the topic about which the president spoke extensively in his address. The first revolution was the steam engine, then came electricity and the combustion engine 100 years ago, and now the IT revolution. In the financial community, the concepts of the “new economy” and “old economy” have been coined, whereby Sandvik would be included in the “old.” This is a ridiculous division, which demonstrates a lack of understanding about what the IT breakthrough means. That there is a group of partly new companies on the exchange that deliver infrastructure and consulting services does not mean that just these companies are the “new economy” – we are all in the new economy. Beyond all the hype, all the speculation and short-sighted fixation on market value, we are nevertheless in the IT revolution. Market analysts and journalists write column miles, for example, about small IT consulting firms that perhaps will not exist several years from now, but very little about the totally predominant portion of the industry, which will undergo dramatic changes.

I follow a number of companies in Sweden and a number of other

countries very well from the inside. I can assure you that Sandvik is among the leaders in practical application in its own and related industries. I believe that there are three reasons for the company's strong position:

- An early involvement within IT, in addition to traditional administrative routines, in the control of material flows, connecting to customers, and in design and special production applications.
- Corporate culture with a traditional positive view of new technologies as a driving force in the company.
- Management's personal commitment and conviction ●



Sights on the future

Research and development is one of the driving forces behind the Sandvik Group's successes. A total of 1,200 highly qualified specialists around the world work within R&D. One of them is Malin Mårtensson (cover photo) who was hired recently by Sandvik. She works with more than 100 colleagues in materials research and product development at Sandvik Coromant in Stockholm. The objective is to develop existing cutting materials to make it possible for customers to achieve even higher levels of productivity, and to develop completely new processes for manufacturing insert materials.

Malin holds a Ph.D. in inorganic chemistry and chose to continue her research work outside of the realm of academia. “It's fascinating to always be able to see the goals of one's research. In this area we're taking an interdisciplinary approach, working in teams in order to achieve results – physicists, materials researchers and chemists – all working side by side. That's very exciting,” says Malin Mårtensson ●



Sandvik's Annual General Meeting 2000

In his address to the shareholders at Sandvik AB's Annual General Meeting in Sandviken, Sweden on 4 May 2000, President and Chief Executive Officer Clas Åke Hedström commented on the 1999 fiscal year, the strong development in the first quarter of this year and Sandvik's leading position in the IT field.

"Sandvik has employed a very high level of IT competence for many years and has a well-developed infrastructure and organization within the area," Clas Åke Hedström said.

"The products and services we offer to our customers are based on advanced IT competence for use in such areas as product development, production technology, process control, logistics and particularly sales, service and customer contact. Trading via the Internet and e-business is rapidly gaining importance within the Group."

"E-business makes it possible for us to easily and effectively reach a greater number of customers, and thereby increase our sales. The Internet also makes it possible for us to reach small customers with the same amount of in-depth information that was previously only possible to provide to larger customers," related Clas Åke Hedström in his address to the AGM.

The Meeting approved the Board's proposal of a dividend of

SEK 8.00 per share for the 1999 fiscal year. This represents a payout ratio of 57%. The Meeting approved 9 May as the record date, which means that the distribution of dividends is expected to occur on 12 May 2000.

The Meeting also approved the Board's proposal regarding a change in the Articles of Association whereby the company will only have a single share class. The last trading day for A and B shares was 10 May 2000.

The following were elected members of the Board:

Percy Barnevik, Georg Ehrnrooth, Per-Olof Eriksson, Clas Åke Hedström, Arne Mårtensson, Lars Nyberg, Clas Reuterskiöld and Mauritz Sahlin (all re-elected).

The auditors are:

Authorized Public Accountants
Lars Svantemark and Bernhard Öhrn.

Deputy auditors:

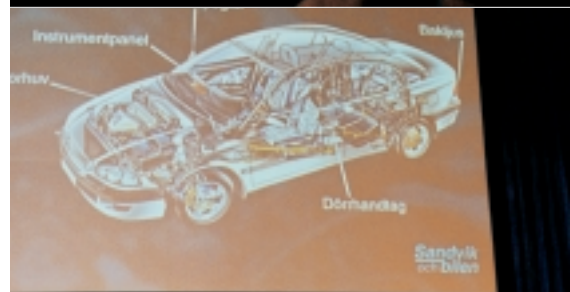
Authorized Public Accountants
Peter Markborn and Åke Näsman.

The employee representatives appointed to the Board are:

Bo Boström (member),
Göran Lindstedt (member),
Birgitta Karlsson (deputy)
and Bo Westin (deputy). ●



About 1,000 persons attended the Sandvik Annual General Meeting. "Sandvik and the Car" was the theme of the program prior to the Meeting.



Sandvik and IT



Cemented-carbide tools sold on the Net

Cemented-carbide tools from Sandvik Coromant are ideally suited to sales via the Internet. Using this service, customers can order the products of their choice from an electronic catalog containing product photos and data. This system, which has been used in Sweden and Denmark since mid-1999, already accounts for more than 20% of total sales, and Internet purchases are increasing sharply. An upgraded system is currently being introduced in the US and will successively be launched in other countries. By enabling Sandvik to reach more customers in a simple and cost-effective manner, the use of e-commerce increases sales. With the help of the Internet, small customers can receive the type of information and service that could previously only be provided to large customers ●

“eRocknet”

Sandvik Mining and Construction offers its customers an “eRocknet” for 24-hour order and inventory information, among other features. The system was developed by a Canadian subsidiary and will also be available in the US and South Africa. An additional function – a system that encompasses the entire process from design, production planning and production to pricing and delivery – will be offered to customers later this year. As a result, customers will be provided with products of high and uniform performance, high delivery reliability and fast delivery ●



Tailor-made Web pages for customers

Sandvik Steel has developed an Extranet solution involving tailor-made web-sites for key customers. Inventory and order information, combined with product and technical information as well as an open discussion forum, ensures efficient and high-quality cooperation for all parties. Sandvik Steel currently has about 50 Extranet sites and the aim is to quadruple the total within a year. The Group’s e-commerce strategy is to make it easy for customers to do business with Sandvik. The ultimate goal is to boost the productivity and profitability of our customers ●



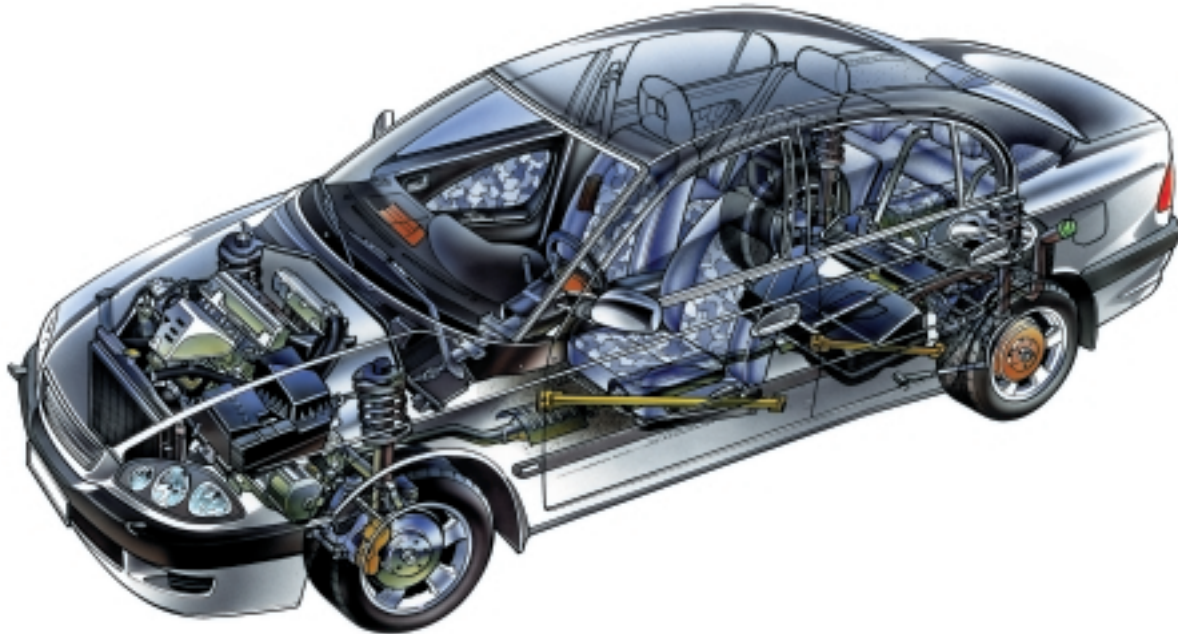
Welcome to Sandvik’s newly designed website www.sandvik.com



Design of special tools on the Internet

Today, Sandvik Coromant can offer its customers special tools, thanks to a computer link-up between sales staff and the Group’s mainframe computer. As a result, customers can receive drawings, prices and delivery times for the desired products within 15 minutes, without any form of manual input. With the help of Sandvik’s Internet, customers can design their own special tools directly from their own workplace. This is made possible by combining the Internet with our own leading-edge software. Promising trials are under way with a number of Swedish customers, and the development potential is considerable ●

What would the car be without Sandvik?



The automotive industry is an important customer category for Sandvik and accounts for approximately 15 percent of the Group's total annual sales. We supply tools that are used in the production process and also products and components that make up part of the equipment.

Through the development of new materials and new tool solutions, all in close cooperation with customers, we make it possible for the world's automotive industry to continuously increase productivity and profitability and at the same time to offer consumers better, safer, lighter, more fuel efficient, environmentally friendlier and less expensive cars.

Sandvik's tools for turning, milling and drilling of metal play a vital role for the automotive industry with regard to increasing the pace of production. Cemented carbide and high-speed steel tools from Sandvik Coromant and Sandvik CTT are vital for the manufacturing of components such as cylinder blocks, cylinder heads, crankshafts, pistons, gear wheels, wheel rims, brake disks, engine mounts, front and rear axles and camshafts, to name just a few.

In addition, our tools are used to manufacture the forms that are used for the molding and pressing of engine casings, instrument panels, door handles, rear lights, rearview mirrors, etc. Sandvik Hard Materials

supplies many vital cemented-carbide components for use in fuel injection, valve lifters, turbocharger units, shock absorbers, etc.

Our qualified steel is found in a many different car components. Sandvik Steel's super thin precision strip is used for catalytic converters, precision wire for ABS-valves, seamless tubing for shock absorbers, flat wire for spark plugs, piston rings and windshield wipers, springband steel for safety belts, and springwire for headlight attachment, brake cylinders, pedals, door locks, gas tank locks, control valve springs, airbags and fuel injection.

Advanced Sandvik steel is also used by many car manufacturers in

fuel, cooling and heating systems, in brake lines, and for power steering and air-conditioning. Kanthal is also a large supplier to the automotive industry. Metallic resistance materials and bimetal are included in such key components as thermostats, heat controls, ignition cables, chokes, sparkplugs and heaters.

Many components for the automotive industry are made in processing plants using steel belts from Sandvik Process Systems including door sidings, ceilings, tires and rubber hoses as well as a large number of different plastic items.

Our third business area, Sandvik Mining and Construction, also plays a very important role in this connection. All metals, such as iron, copper, lead, aluminum, zinc, chrome, nickel and magnesium, that are used in automotive manufacturing are obtained from minerals. They are excavated, loaded and transported with our equipment. Then cars travel on roads and bridges and through tunnels that were constructed with the help of Sandvik products ●

Bits & Pieces



Major Czech order to Kanthal

Kanthal's focus on products for the furnace industry has been very successful. The company recently received its single largest order for Tubothal heating elements and radiating tubes, from the Czech furnace manufacturer Skoda – the same Group that makes the increasingly popular cars. The furnaces will be used for electric heating of steel. By using Kanthal's elements, the furnaces will be more reliable and have longer operating times, which will contribute to considerably higher productivity ●



Ranked first in heavy competition

Sandvik Steel has received American razor-blade manufacturer Gillette's 1999 quality award, in the face of sharp international competition. The award is proof that Sandvik's razor-blade strip steel is of the highest international quality. However, simply maintaining very high product quality is not enough. Deliveries also have to meet customers' exacting demands for reliability and exactness. Sandvik's strategy of developing products and services in close cooperation with customers results in new successes – time and again ●

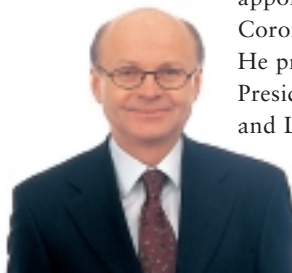
A new steel every week

Extensive product development continues on an ongoing basis at Sandvik Steel. Last year, 47 totally new grades of steel were developed, or almost one per week. Combined, the chemical compositions of no fewer than 340 of the 840 active steel grades were changed – or 40%! All in order to meet new demands from customers. Talk about tailor-made materials ●



New president for Sandvik Coromant

Anders Thelin, age 49, has been appointed President of Sandvik Coromant, succeeding Lars Pettersson. He previously held the position of Vice President and Manager of Production and Logistics at Sandvik Coromant ●



Russian success for Sandvik Tamrock

Sandvik Tamrock has landed a large order, valued at more than SEK 80 million, for drilling rigs and loaders from Russia's largest producer of nickel, with mines in Norilsk in northern Siberia. Prior to the deliveries, which will begin this year, a comprehensive training program for operating the new equipment will be conducted. Later on, the customer will require service, spare parts and tools, and Sandvik Tamrock will be on hand at the mines to provide the best conceivable support. This is a strategy that wins ground on all fronts ●

New Sandvik company in Africa

Sandvik Tamrock has expanded its representation in Africa, through the opening of a new sales company in Dar es Salaam, Tanzania, during the autumn. This company will serve customers in



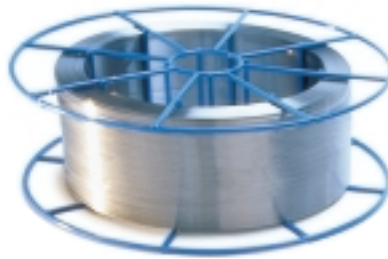
the mining district in the northwestern part of the country. Several large mines – both above and below ground – for which Sandvik Tamrock is a

major equipment supplier have been opened in this region in the past few years. The equipment ranges from drilling rigs, trucks and loaders to rock-drilling tools. Using the new location as a base, the company's operations in Tanzania are expected to expand sharply as new mining projects are started ●

In-depth steel expertise

Did you know that precision wire from Sandvik is used for deep drilling holes for oil and gas exploration that can be up to several kilometers in length? The wire is used to hold tools and instruments that are sent down into holes to measure pressure at the source, to conduct blasting and other tasks.

A new kind of steel has been developed for this purpose. It is a high-alloy grade that combines outstanding mechanical properties with high anti-corrosion resistance. The product has excellent sales potential in Canada, the US and the UK. A two-year contract was recently signed with a customer in Saudi Arabia ●



New Sandvik management

The former head of Sandvik Coromant, Lars Pettersson, age 45, has been appointed Executive Vice President in Sandvik AB. Since 24 March of this year, he has also served as the new President of Sandvik Steel.

Peter Larson, age 50, was appointed Executive Vice President and Chief Financial Officer. Previously, he was Executive Vice President of the

Kanthal company. He succeeds Leif Sunnermalm who exercised his right to take early retirement.

Also part of the new Group executive management lineup are Anders Ilstam, President of the Sandvik Mining and Construction business area, and, until 30 September, Executive Vice President Gunnar Björklund ●



As of 1 October 2000, Sandvik's Group executive management will include, from left: Anders Ilstam, Peter Larson, Lars Pettersson and Clas Åke Hedström.

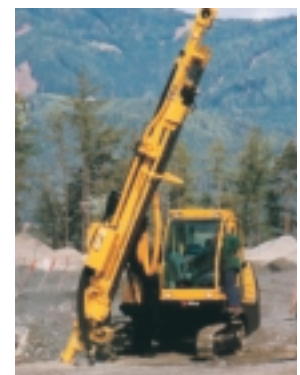


In the service of medical technology

Advanced tools from the German company Prototyp, within Sandvik CTT, are increasingly being used for modern medical technology applications, often in combination with computer and robot-assisted operations. Examples include mills used to make holes in hipbones for artificial hip joints. Reamers and screws for surgical operations in joints and ligaments are other examples, as well as a large assortment of titanium screws for implants. Prototyps' quality certified tools fulfill the very demanding requirements placed by users ●

Austrian drilling rig manufacturer acquired

Sandvik, through its Sandvik Mining and Construction business area, has reached an agreement for the acquisition of drilling rig manufacturing operations of the Austrian company BPI, which is part of the Neuson Group. BPI's compact rigs represent an important complement to the company's current offerings in the field of down-the-hole and rotary drilling. The sales potential is significant. The purchase is conditional upon the approval of the requisite authorities ●



Did you know that the ecocycle concept has the right of way at Sandvik?

Sandvik's environmental policy is about so much more than simply caring for the environment. A key issue involves stewardship of increasingly scarcer resources. Recycling is therefore a key concept for us.

Eighty-five percent of our steel production is based on scrap metal. In our state-of-the-art filter plants, emissions to air are purified to the degree of 99 percent and the metal content of the filter dust is recovered.

The entire Sandvik industrial area in Sandviken, Sweden is connected by a separate closed system for the recirculation of cooling water. The water is continually cleaned and efficiently recycled.

Last year, the entire Sandvik Steel



operations in Sandviken achieved ISO 14001 environmental certification, proving that our environmental policy exists not only on paper but in reality as well.

The influence of our environmental work extends beyond our industrial sites: many of our products help customers achieve environmental improvements.

Our extremely thin strip steel is a big seller. It is used in automobile catalytic converters, which radically reduce emissions. And our robust, stainless heat-exchanger tubes are an essential component of efficient waste incineration systems involving recovery.

So you could say that our ecocycle concept extends the full distance.

