

Meet Sandvik 3/99



Automotive industry accelerates economy in Eastern Europe

As the countries of Central and Eastern Europe modernize, new technology and new systems are required in industry to increase companies' productivity and profitability. This is where Sandvik enters the picture in a concrete manner with its long experience and solid reputation as a provider of quality products and reliable service. For example, the Group is an important supplier of advanced cemented-carbide tools to the region's growing automotive industry – tools used in manufacturing, for example of engines, gear boxes, brakes and drive



assemblies. Clearly, the focus on the automotive industry which is occurring in country after country, is a way of quickly getting the wheels turning.

Skoda in the Czech Republic is a typical example. With its long tradition – about 100 years – as an automotive manufacturer and its extensive technical know-how – Skoda now has German Volkswagen as majority owner. Since the VW Group took the wheel, the pace of investment has risen considerably and quality has been further enhanced. Sales success

is close behind. Western Europe now accounts for more than half of the company's sales and its growth is strong. Products are currently exported to an estimated 60 countries, for an export value corresponding to 10% of the Czech Republic's total sales to the rest of the world. The company is the largest in the country, with 22,000 employees.

This year, Skoda will produce slightly over 400,000 cars, a number

expected soon to rise to half a million. The successful, internally developed Felicia was followed by Octavia, based largely on tested VW technology. During the current autumn season, yet another model has been launched, the small car, Fabia. At the main plant at Mladá Boleslav, an hour's drive northeast of Prague, manufacturing is conducted with the most modern technology imaginable, in clean, well-lit and purpose-built premises.



Increased potential for Sandvik Coromant
A new engine plant will be opened during the autumn, further increasing capacity. This in itself represents an even greater sales potential for Sandvik Coromant, as the market-leader in cemented-carbide tools for metalworking.

It is not only Skoda and the Czech Republic. There is a distinct trend in large international automotive manufacturers starting up local production in Central and Eastern Europe, in view of the growth prospects there. Several well-known companies are active in other parts of the region – for example, Ford, Audi and Opel are represented by manufacturing units in Hungary, and Volkswagen has a plant in Slovakia. There are also several large subcontractors to the brand-name giants at several locations. In short, the automotive industry is Sandvik's most important customer group in these markets.

The Group is represented in most countries in the region. Sandvik Coromant has a common sales organization for Central Europe, based in Vienna. The area includes the Czech Republic, Slovakia, Slovenia, Hungary, Croatia and Bosnia-Herzegovina. Sales operations are conducted locally, while the regional office provides overall support, specialist expertise, coordination and data communications. Another important function is the training of company sales personnel and customers, carried out at a new Training Center for metalworking in Vienna. The company is building up its customer relationships and networks. The positions are continually being advanced, in a strategy for growth in markets currently undergoing major changes ●



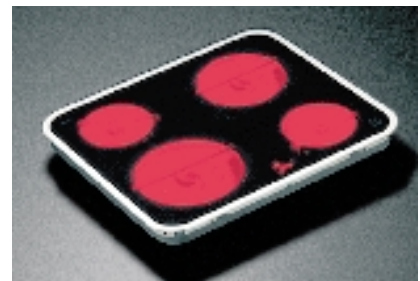


Mining for the telecommuter

The next major development phase in the mining industry is automation. The latest advances in automation, robot technology, data and telecommunications are being combined to enable much of the mining operations to be conducted from afar – for example, from a ground control center nearby, or for that matter from one located anywhere. This means more reliable, inexpensive and faster operations combined with considerable productivity enhancement. Sandvik Tamrock is well advanced in this area and the new method is intended to be launched commercially in the near future. For the past few years, Sandvik Tamrock has conducted a test project in Canada with three other companies, world leaders in their fields. Part of the technically advanced system being developed concerns electronic blasting by remote control. Fire in the hole! ●

Sandvik approaches Y2K

The Sandvik Group's Y2K-compliance work is now basically completed. Not only have a great many computer systems been modified and tested, but inventory-taking, analysis and the correction of all production equipment and other technical systems with embedded real-time clocks has been carried out. An approximate total of 7,000 man-weeks have been spent in the Group on this activity. The total cost for the millennium project amounts to about SEK 200 M. Company contingency plans were finalized during the third quarter of the current year. Activities plans for the days before and after year-end have also been drawn up. Readiness will be extensive to ensure that acute problems can be solved quickly, provided external systems for electricity, water, etc., function properly ●

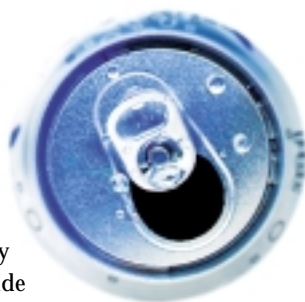


Bon appétit!

Some ten years ago, the first glass-top stoves began to appear on the market. These increasingly popular stoves are heated with electric elements made of wire from the Sandvik company Kanthal. A new stove model is now being launched, for example in the US and Germany, with much faster elements. These elements become red-hot in seconds, due to the 5-millimeter-wide, extremely thin (0.07 millimeters) foil strips that are folded and mounted inside fiber and placed directly under the glass range, to give the fastest possible heat-up time ●

Cool costing

Increasingly, manufacturers of beverage cans the world over are discovering the advantages of Sandvik. Using specially developed cemented-carbide tools from Sandvik Hard Materials in can production increases tool life by at least 20%. This results in considerably fewer production stoppages and improves quality simultaneously – a costing analysis that keeps customers refreshed ●



New President of Sandvik Steel

Ola Rollén has been appointed President of Sandvik Steel succeeding Per Ericson, who is leaving the Sandvik Group. Ola Rollén joins Sandvik from Avesta Sheffield where he served most recently as Executive Vice President. Previously, he was head of Kanthal, a Sandvik company. Ola Rollén will assume his new position from year end 1999 ●



Up and coming: the women of steel

Sandvik Steel in Sandviken, Sweden, is actively focusing on hiring women for traditionally male-dominated jobs. Various measures are aimed at stimulating interest in technical occupations, particularly among women. Education is the key to the jobs of the future.

There are already many well-educated women at various Sandvik workplaces – for example in research and development, production, administration, finance and market communications. Moreover, the number is growing. The new generation of women in the Group is represented by women such as Susan Holmberg (30), Stina Storm (26) and Ann Sundström (29) at Sandvik Steel in

Sandviken – shown in the photograph here in that order, left to right.

Susan Holmberg began working at Sandvik directly after having completed a four-year technical program at high school. Her first job was in the bar warehouse, and she has advanced to the position of production foreman at the Tube Mill 98 and works in two shifts. “A personal challenge for me,” she says about her ten years with the company.

Stina Storm holds a degree in engineering and industrial economics and works with marketing and information processing at the Metallurgy and Long Products Division. “It offers variety and the chance to develop,” is her comment

about her duties after four years with the company.

Ann Sundström, who studied engineering physics and materials technology at the College of Engineering at Uppsala University, has now been a research engineer at the Sandvik Steel R&D center for several years. She is working on the development of high-temperature steel in the tube area and likes working with products that create added value for the customer. “The breadth of the company and the opportunity to develop,” she names as the most positive aspects of her work.

In other words, the man of steel is alone no more: the women of steel are here ●

Bits & Pieces



New well-known brand joins Sandvik family

Sandvik Tamrock has signed an agreement with Norway's Brøyt covering the acquisition of the company's hydraulic face loaders, which are specially adapted for tunnels and quarries. Production is being relocated to the Sandvik Tamrock loader plant in Turku, Finland. The addition of Brøyt's products and brand name substantially strengthens the range offered by Sandvik Tamrock to quarries and contractors in the industry ●



Sandvik broadens horizons

At this moment, the Panama Canal – one of the world's most well-known traffic routes – is undergoing considerable change. An important part of the enormous infrastructural project is broadening the canal to permit traffic from both directions to meet. Most of the drilling rigs used in the extensive blasting operations on land are supplied by Sandvik Tamrock and Drilltech Mission. The machinery is being used to reduce the height of a hill along the canal by nearly 100 meters. Talk about moving mountains! ●

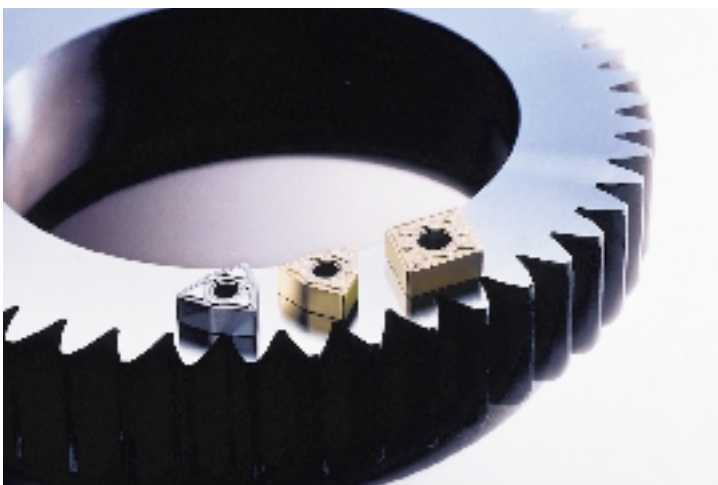


A shear necessity

You find them in the home, at the office, at the hairdresser's – yes, just about everywhere. The question is, how would you manage without them? We're talking about scissors – one of our most common useful objects. Did you know that Sandvik Steel is a major supplier of strip steel, which is used by scissors manufacturers worldwide – for example, the Finnish Fiskars company. Customers demand a steel with high corrosion resistance that maintains its sharpness. Clearly, a job cut out for Sandvik. Our cold-rolled chromium steel can withstand pretty well any treatment – dishwasher included ●

Environmentally friendly insert material

Sandvik Coromant is currently launching a new insert material in the form of a cermet for processing of steel, among other applications. The new material has excellent strength, combining the properties of traditional cermet and cemented carbide. The tools are particularly suitable for production of components in large series. They can be recycled and used both in dry and wet processes. The winning insert for the environment, in other words ●



Chinese partnership

Tamrock Luoyang Machinery is a joint venture in China that has specialized in the repair, reconditioning and upgrading of older rigs as well as the assembly of new Tamrock equipment. The plant has high capacity and is one of the largest of its type in the world within Sandvik Tamrock. The potential of the Chinese market for excavating equipment, tools and service for the mining and construction industry is substantial ●



Top-level expertise

Prototyp, a company within Sandvik CTT, is a well-known name in the aerospace industry. For more than 25 years, the company has supplied taps and end mills in high-speed steel and solid carbide to the leading manufacturers in the industry. The American STADCO company is one of its customers. To find out which of the tool suppliers was the best, the customer carried out extensive special testing. Prototyp outdistanced competitors. Advanced tools from Prototyp are now being used in the manufacture of rocket engines in space capsules and stations. The company is continuing to develop new tools for even more cost-effective processes in cooperation with the customer ●



Saws and Tools deal closed

On 30 September, Sandvik finalized its sale of the Sandvik Saws and Tools business area to the American company Snap-on Incorporated. The transaction was first announced on 22 April 1999. Net sales of the business area in 1998 amounted to approximately SEK 2,700 million. The sale price for the operations, cash and debt-free, is approximately SEK 3,300 M. The capital gain is estimated at about SEK 1,600 M. The divested operations have been renamed Bahco Group AB. The final deal was signed by, from left: Leif Sunnermalm, Executive Vice President, Sandvik AB; Robert A. Cornog, President and CEO, Snap-on Incorporated, and Clas Åke Hedström, President and CEO of Sandvik AB ●

BMW shows its colors

Steel conveyor belts from Sandvik Process Systems are now used by the well-known BMW automotive manufacturer in connection with car painting at the company's plant in Dingolfing in Germany. Body components are transported by steel belts into a painting tunnel where they are spray-painted. The new system, which uses high-quality, extremely reliable steel belts, also permits the reuse of paint, which was previously not possible. That means a great deal: with the previous procedure, up to 25% of the paint was wasted. Consequently, BMW can reduce its costs considerably ●



Did you know that Sandvik's identity is based on unique brands

Sandvik's objective is to be a world leader in selected niches. Which we are. The foundation for this, of course, is absolutely top-class products. Which we have.

But more is required to make an impression and an impact in today's tough competitive climate: a solid reputation and strong brands. Sandvik is among the truly goal-oriented builders in this respect. This is reflected in a number of well-known brands, appreciated by the true professionals.

The company name Sandvik itself has been a world-renowned brand for years. It is synonymous with specialty steels, cemented carbide and other top-class products.

For cemented-carbide tools used in

chipforming metalworking, Sandvik Coromant is a well-known combination among the specialists. Ranked No. 1 in the world, of course. We are also ranked

first in high-speed steel tools, with such strong brands, for example, as Dormer and Titex. The

Group has a number of highly regarded brands in mining and construction worldwide. Tamrock is the best known. The brand name Kanthal, a world leader in heating materials, also fits this description well. This long-term brand building has contributed strongly to Sandvik being a global group today, with 34,000

employees at 300 companies in 130 countries and annual sales of about SEK 40 billion.

These are figures that clearly point to the strength inherent in our brand names.

