



Meet
Sandvik 3/00

Management Conference: An important platform

A three-day Groupwide management conference, "Sandvik Leadership 2000," with approximately 300 participants from all parts of the world, was held in the beginning of September this year. It marked the first time since the acquisition of Tamrock and Kanthal, among other companies, that managers from the three business areas and all major markets had come together for discussions of common issues. The Conference was held in factory space in Sandviken that was specially designed for the meeting.

The comprehensive program dealt with the expectations and demands that customers, the financial community and other important target groups are imposing on the Group. Important matters considered also included the Group's new, higher growth objectives and current leader-

ship issues. Much of the time was devoted to seminars and work groups, where a great deal of experience was exchanged within and between companies and markets.

Various companies arranged their own meetings in connection with the

Groupwide Conference. The conclusions reached and experience shared at "Sandvik Leadership 2000" will now be distributed throughout the organization and will serve as an important platform for the Group's continuing expansion ●



Sandvik's new Group Executive Management

Effective 1 November, certain changes were made in Sandvik's Group Executive Management.

Lars Pettersson, Executive Vice President of Sandvik AB and President of Sandvik Steel, was appointed President of the Sandvik Specialty

Steels business area, which also includes Kanthal and Sandvik Process Systems.

Anders Thelin, President of Sandvik Coromant, was appointed President of the Sandvik Tooling business area, which also includes Sandvik CTT and Sandvik Hard Materials,

and appointed a member of Group Executive Management.

Rune Nyberg, Group Vice President Human Resources at Sandvik AB, was appointed a member of Group Executive Management ●



Sandvik's Group Executive Management currently includes (from left) Anders Ilstam, Peter Larson, Lars Pettersson, Clas Åke Hedström, Anders Thelin and Rune Nyberg.

Cover:

Aldeci Santos, Sandvik Coromant, Brazil



Brazil, with its 160 million inhabitants, is the fifth largest nation on the planet and an important, expanding market for the Group. Sandvik has operations in a number of locations throughout the country, but its principal plants are in São Paulo, one of the world's largest cities. Cemented-carbide tools and rock-drilling products, among other items, are produced there, and the head office of Sandvik do Brasil S.A. is also located there. Aldeci Santos is one of the employees. (See cover.) He is 37 years old, a technical instructor with an academic background in communications and administration, and he is involved with training in Sandvik Coromant. "I joined Sandvik in 1988 and I have had my present job since 1996. It suits me perfectly, since I can combine technical development with close cooperation with customers," says Aldeci, who has one main interest—soccer—in his free time. Surprised? ●

Sandvik Coromant in worldwide expansion

Increased production in Gimo

Sandvik Coromant's main plants are located in Gimo, Sweden. Cemented-carbide tools and tooling systems for metalworking are produced there. Plant capacity will now be increased substantially. The production of ready-to-press cemented-carbide powder is to be doubled and construction of a new unit for the production of tungsten carbide is under way. Construction has been started and is scheduled to be completed in the spring of 2001. Parallel with these projects, the production capacity for solid-carbide products such as drills is being expanded. Growth in this market is substantial and the investments being made in Gimo will offer great opportunities for continued expansion.

Investments in the United States

Sandvik Coromant is investing approximately SEK 100 M to expand tool production in the plant in Mebane, North Carolina, in the United States, which will result in doubling capacity and strengthening the company's market position. The Mebane plant produces holders for cemented-carbide tools that are used in the American market and Sandvik Coromant's complete program of holding tools is being produced there today. When the expansion is completed, the plant will also become a global supplier to the central warehouses throughout the world. A Training Center with advanced technical equipment to be used in training customers, employees and distributors will also be built; the objective will be to increase productivity within the engineering industry. The investment being made in Mebane will further strengthen the company's presence in the U.S. and represents an important step in the expansion within the NAFTA region.

Increased focus on R&D

A purposeful and comprehensive investment in research and development in selected product areas is one

of the most important reasons for Sandvik's position as a world leader, and is the foundation for continuing growth. The Group's R&D spans a broad field, with a focus on materials technology. The program is being carried out in many locations throughout the world – in Europe, North America and Asia. Sandvik Coromant's laboratory for cemented carbide – the only one of its kind – is located in Västberga, Stockholm. Sandvik's Board of Directors has now approved



a comprehensive rebuilding of the research resources in Västberga. The objective is to create a unified materials-and-process laboratory as a means of strengthening the Group's leading position when it comes to developing new, advanced cutting materials. Construction is scheduled to start during the first quarter of 2001 and to be completed during the first half of 2002.

Tailor-made tools

A large part of Sandvik Coromant's

comprehensive range of products has traditionally consisted of standard items. Now there is growing demand from customers for specially adapted tools. Accordingly, investments have been made in completely new production resources for tailor-made tools – including step and chamber drills – in the plant for special tools in Sandviken. Products can now be produced directly to a customer's order, and without warehousing. Via the net, customers can design their own drill and then place an order. After that, production in the new plant in Sandviken starts completely automatically. Talk about an IT company!

Modernization in India

At Sandvik Coromant's plant in Pune, outside Bombay, India, the production facilities for cemented-carbide inserts has been completely modernized. Productivity has thereby improved substantially. Each section of the plant, from raw-materials-handling to the final coating has been updated and the plant now meets the very strict international quality demands that apply within Coromant. Sandvik is well-positioned in the growing Indian market ●



Sandvik makes wheels roll faster in Russia

Business is now looking up in Russia, after a number of difficult years. Life is a little better for people and they have begun to shop. This is good news for industry in the country – not only in the consumer sector but in the investment-related segment as well. It is also good news for Sandvik, which has recently noted a sharp increase in demand. And the potential in Russia is substantial.

Large investments in cemented carbide

The MKTC cemented-carbide plant in Moscow acquired in 1994 is the hub of the Group's operations in Russia. Following a comprehensive rationalization program during a three-year period, this unit is now profitable. The company produces cemented-carbide tools for the railway industry, the automotive industry and the engineering industry, among others, for the domestic market as well as for export. As a result of investments in the range of SEK 500 M in fully modern machinery and a better work environment, the level of quality in the plant is the same as in other Sandvik Coromant units throughout the world. Incidentally, MKTC was certified in accordance with the ISO 9001 standard in 1999. Plant facilities include a Training Center that plays an important role in the development of the skills of customers and employees.

Approximately 700 persons per year are trained in productive metalworking. Thanks to this training, to Sandvik's quality products and to a well-developed service program, Russian companies can increase their productivity quickly. This is a positive-spiral trend that offers new sales opportunities.

Focus on infrastructure

The positive trend in Russia is also reflected in Sandvik Mining and Construction, which is affected by investments in large infrastructure projects. One example is Sandvik Tamrock's large order for drilling rigs and loaders from the operator of Norilsk, Russia's largest nickel mine, in Siberia. Service technicians from Sandvik Tamrock will be "on location" to quickly and efficiently meet needs for tools, spare parts and service. Local spare-parts stocks are also being built up at the mines, and major investments are being made to train customers.

Modernization of Russian industry

Sandvik Steel has built a reputation for quality, based on its niche products and its close cooperation with customers. The emphasis is on problem-solving. Important product and customer areas include steam-generator tubes used in the modernization of



Cemented-carbide tools from Sandvik Coromant are used for machining of railway wheels and rail in Russia.

Russian nuclear power plants, for example, and high-alloy tube used in the fertilizer industry.

Sandvik Process Systems is also operating successfully in Russia. This year it has received an order for five Rotoform plants for the production of sulphur for the Gazprom gas and oil company. This is one of the largest plants of its type that Sandvik has produced – and the largest ever delivered to Russia.

Priority program

Sandvik's Russian market organization comprises six offices throughout the country – from the St. Petersburg area to Siberia. Sandvik has a total of approximately 300 employees in Russia, most of whom are working at MKTC. The operations in Russia should be viewed as a long-term investment.

Eastern Europe, including Russia, is also one of the three priority markets according to the Group's new growth strategy. The focus on beneficial and durable relations with Russian customers is now beginning to bear fruit. Earlier, wheels were produced for the railways. Now the Group is making sure that the wheels turn faster. The circle has been closed ●

MKTC in Moscow produces advanced cemented-carbide tools that boost productivity in Russian industry.





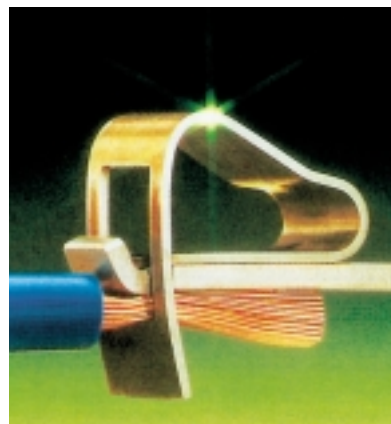
High quality is the best recipe

In modern bakeries, the baking takes place on conveyor belts. And not just any available belt. The baking often occurs on endless steel belts supplied by Sandvik Process Systems, which offer extremely high uniformity and durability. Hatting A/S, the large Danish bakery, is one example. The company is a well-known supplier of bread throughout all of Scandinavia, as well as in Germany. The company recently ordered a new steel belt to replace its old one, which Sandvik had delivered 14 years ago and which has been in continuous use since then. The new belt, which is 1.2 mm thick and nearly 2.4 meters wide, is a full 325 meters long. Quality pays over the long term ●

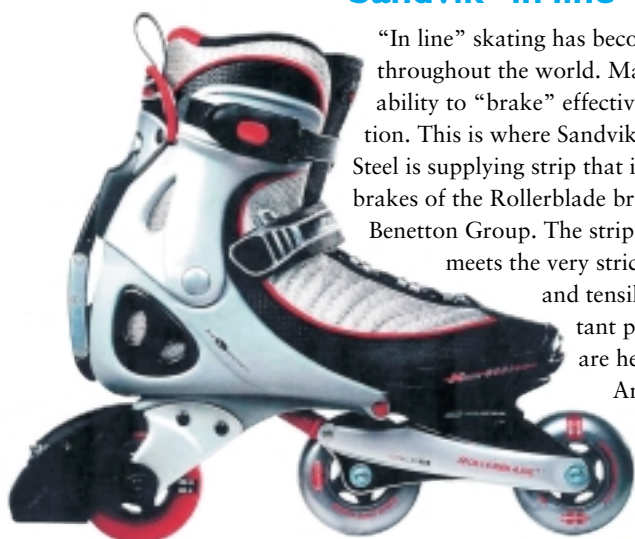
Sandvik acquires German company

Sandvik Process Systems has reached an agreement covering the acquisition of the German company Hindrichs-Auffermann Metallverarbeitungs GmbH outside Wuppertal. The company holds a strong position in the areas of textured pressing plates and pressed belts of steel used in the production of laminates and in laminat-

ing of wood-based panels, an area considered to have major growth potential. Annual sales amount about SEK 120 M, with 70 employees. The acquisition broadens Sandvik's product range to encompass more advanced products and further enhance its position as a global leader in steel belt technology ●



Sandvik "in line"



"In line" skating has become a popular pastime throughout the world. Many in-liners think that the ability to "brake" effectively is the most difficult operation. This is where Sandvik enters the picture. Sandvik Steel is supplying strip that is used as springs in the brakes of the Rollerblade brand in-line skates made by the Benetton Group. The strip is as thin as a razor blade and meets the very strict demands imposed on safety and tensile strength – extremely important properties. Safe in-line brakes are here to stay, thanks to Sandvik. And that is in line with the Group's quality concept ●

Sandvik a leader

Sandvik is the world leader in the field of flat-rolled wire – a product for which there is a strong increase in demand. The wires are used, among other applications, within industry for so-called cage clamps, a type of connecting device where current-conducting wires are distributed to many units. The market is growing in two ways for Sandvik. Present old connection systems are being replaced with a new, more reliable solution in which the flat-rolled wire is a key component and Sandvik can meet the high quality demands placed on the material for these clamps ●

Partnership yields results in Brazil

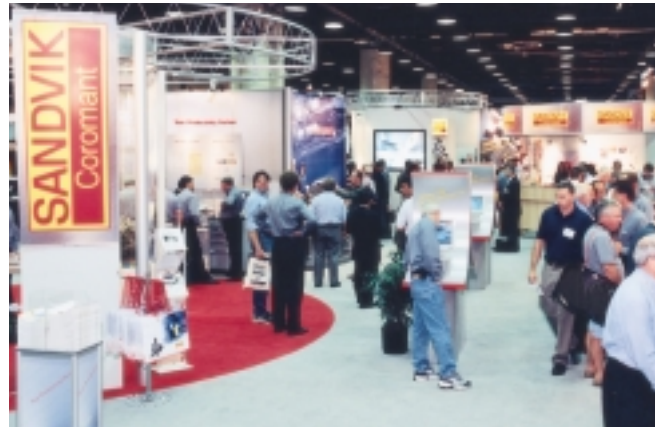
One of the factors of success underlying Sandvik's growth throughout the world is its philosophy of always being on hand, close to the customer. A good example of this is Sandvik Coromant in Brazil and its business relations with Cummins Brazil Ltda, a subsidiary of Cummins Ltd., an American group. Cummins, which is one of the world's largest manufacturers of diesel engines, has its Brazilian plant in Guarulhos, São Paulo. The domestic market has grown substantially and the company has succeeded in increasing its share of the market

significantly in recent years. Sandvik's cooperation with Cummins has gradually developed into a partnership. Since 1998 Sandvik has been responsible for supplying all of this customer's tools and Coromant's representative participates in a work group that is constantly seeking to increase productivity and to radically reduce the costs of machining. The objective set for the current year has been met by a wide margin. "Sandvik is really a partner, in the true sense of the word," says Waldomiro Modena (photo), operating director of Cummins in Brazil ●



Successes at IMTS in Chicago

The big IMTS trade show in Chicago in the US in September proved to be a major success for Sandvik Coromant. The event, formally known as the International Manufacturing Technology Show, reflects developments and trends in the overall production process. Coromant's stand displayed examples of new solutions and products designed to increase customers' productivity. The theme for Coromant's participation was, in fact, "Speed up your productivity!" ●



Protection for sandy beaches

Erosion of beaches constitutes a growing problem in all parts of the world. Waves against the beach create currents that carry sand out to sea. Now there is a patented protective device against erosion that is being tested successfully. The invention, a Swedish one, is known as "coastal vanes" and resembles – in both appearance and function – the wing of an aircraft. The vanes, which are secured with the aid of so-called earth anchors at a certain distance from the shoreline and channel the wave energy, so that the transport of sand is slowed. In addition, the movable vanes can also guide the currents so that the sand is transported to the place where it is wanted. To obtain vanes that are strong enough and long-lasting, they are made of stainless steel produced by Sandvik – a wizard where niche products are concerned ●



Sandvik Steel receives major tube orders

Sandvik Steel recently received several large orders for so-called composite tubes for black liquor recovery boilers in pulp and paper plants amounting to a total value of about SEK 40 M.

The customers are among the world's largest manufacturers of black liquor recovery boilers, including Kvaerner Pulping. The boilers will be delivered to plants in the US, Brazil, Spain and Belgium. Sandvik Steel is the world leader in composite tube for black liquor recovery boilers and has focused intensively on research and development of this type of tube for many years. They must function in a highly corrosive environment that places heavy demands on material properties. As the name suggests, composite tube is based on a combination of two materials. To ensure that the tubes will have a long lifetime, they are given a protective outer layer of a highly corrosion-resistant alloy. As a result of the advanced design, the lifetime is 3-5 times longer than with conventional carbon steel tubes ●

New distribution center in Asia

Sandvik Coromant's new distribution center for Asia was placed in service in October. The facility is strategically located – near the Changi Airport in Singapore. Sandvik is now able to offer efficient access to a complete line of cemented-carbide tools and thereby meet customers' increased demands for more rapid deliveries and smaller in-house inventories. Most products ordered by end-customers in China, Korea, Japan, India, Singapore, Malaysia, Thailand, the Philippines, Indonesia, Australia and New Zealand will be delivered the next day. The investment in logistics and improved customer service means a considerable increase in Sandvik Coromant's competitiveness in this part of the world ●



Powerful processing

Three Gorges, on China's largest river, the Yangtze, is the world's largest power-station project. It comprises a dam that is nearly two kilometers long and 185 meters high, as well as 26 different power stations. Sandvik Coromant is supplying cemented-carbide tools to one of the subcontractors involved in the project, Kvaerner IMGB's plant in Rumania. The tools are being used in both rough and fine processing of the gigantic turbine blades – the largest ever made. Each blade weighs approximately 20 tons and has a surface of about 17 square meters after processing. A real test of power ●



New President for Sandvik Hard Materials

Lars Wahlqvist, President of Sandvik Hard Materials is exercising his right to early retirement and will be succeeded on 1 February 2001 by Sven Flodmark, currently Regional Manager of the company Sandvik South East Asia, with head office in Singapore ●

Sandvik's smallest and largest product

Sandvik's smallest product is made of an extremely fine-grained, corrosion-resistant cemented carbide, weighs about 2 milligrams and has a diameter measuring 0.5 mm and higher. We are talking about the balls used in ball-point pens. Sandvik is a world-leading manufacturer of these small precision products. The factory is situated in Mexico City, and its products are exported throughout the world. The market is growing rapidly, despite the gains made by electronic media. More than one out of four ballpoint pens produced with a cemented-carbide tip has a ball made by Sandvik. This includes exclusive, high-quality pens as well as disposable pens. The rate of production is high: 10,000 balls per minute. An interesting fact: One million balls would fit into a 33-cl beverage can, which would weigh two kilograms (about 2.4 pounds). In other words, a heavy argument for Sandvik. You can write than down! ●



Sandvik Tamrock goes for the gold

The Pantera 1500 surface drilling rig and Sandvik Tamrock's rugged Sandvik Sixty tool system constitute a unique, hard-hitting combination that results in straighter holes and greater drilling efficiency without a need for costly special tools. This mix of advanced rock-drilling tools and highly productive drilling rigs is currently celebrating major triumphs in civil engineering projects and major mining projects in all parts of the world. One example is the Damang gold mine in the southwest region of Ghana. Operating around the clock seven days a week, the equipment has been put to extremely severe tests in difficult rock conditions. The results have been very positive. Sandvik's cemented-carbide-tipped bits have proved to last nearly three times as long as other competitive tools, and the drilling rig works much faster than other machines. This has helped make it possible for the customer to reduce drilling costs significantly. A golden way to establish continuing relations with a customer! ●



Did you know that Sandvik is at the top of the patent peak

Year after year, Sandvik distinguishes itself by being among the leading companies at the patent peak in Sweden. Today, we have no fewer than **3,100 valid patents**.

This is a logical consequence of our goal-oriented investment in research, development and quality assurance.

Sandvik currently invests **SEK 1.6 billion** annually in this area, which corresponds to 4% of our total sales of around SEK 40 billion.

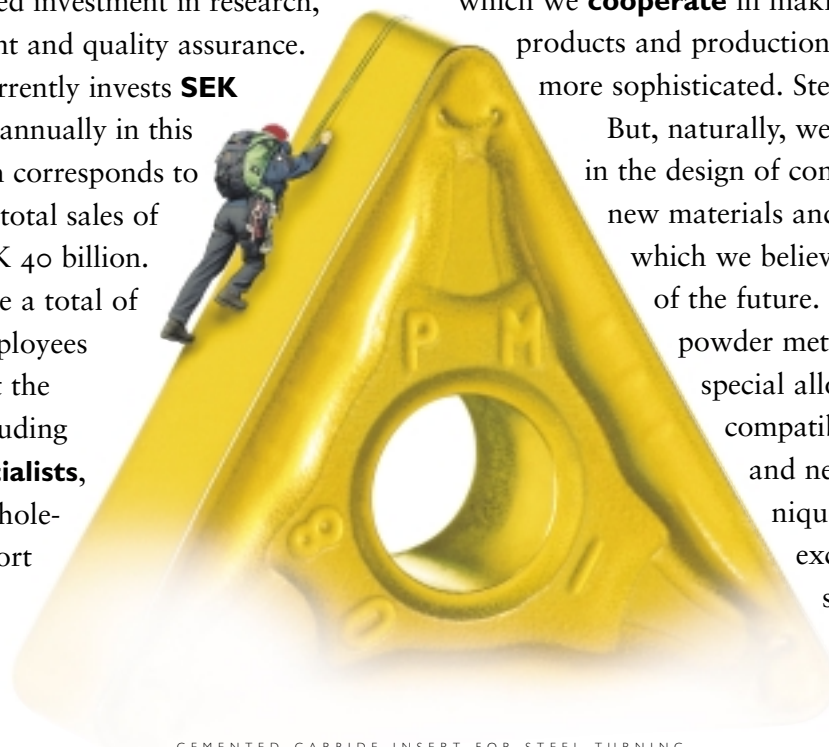
We have a total of 34,000 employees throughout the world, including **1,200 specialists**, who put whole-hearted effort into our R&D operations.

They are of widely differing nationalities and are highly qualified. Many of them hold doctorates in engineering. So it is true to say that

Sandvik is a **knowledge company**. Our R&D is carried out in close cooperation with the users. It is often not a matter of giant technological leaps forward, but more a continuously ongoing process, in which we **cooperate** in making existing products and production methods more sophisticated. Step by step.

But, naturally, we also invest in the design of completely new materials and processes, which we believe are part of the future. Advanced powder metallurgy, special alloys, bio-compatible materials and new techniques for rock excavation are some examples of **areas of future significance**.

Stated pointedly, this work is the base that enables us to maintain our peak position ●



CEMENTED-CARBIDE INSERT FOR STEEL TURNING
PATENT NO. SE 9301132-8

