

Sandvik raises growth objectives

At an international capital markets day held in Sandviken, Sweden, on 17 August 2000, Sandvik's President and CEO Clas Åke Hedström presented new, higher growth objectives for the period 2000-2003.

Participants from the financial community and the media also learned how Sandvik adds value to its products and intensifies and broadens customer contacts within its business areas through applying advanced IT.

Goals for the period 2000-2003

- ÷ Organic sales growth shall average 6% annually, compared with the earlier goal of 4%. In addition, there is the volume growth from acquisitions. Prioritized markets are Asia, Eastern Europe and NAFTA.
- ÷ Return on net assets shall be 20% annually.
- ÷ Sustained high dividend payout: at least 50% of earnings per share.
- ÷ Changed capital structure: Net debt/equity ratio to be increased from 0.3 to the interval 0.6–0.8 not later than year-end 2003.
- ÷ A program for purchasing own shares will be proposed to the Annual General Meeting in 2001.

“The new goals are considerably more aggressive compared with earlier. We are well-positioned for increased expansion in our selected niches. We will focus increasingly more of operations on products and customer areas with greater growth potential than average and we will continue to increase our geographical presence in the prioritized markets,” says Clas Åke Hedström.

“We are now also establishing a goal for the capital structure with the aim of achieving a better balance between shareholders' equity and debt. Our high profitability and the strong cash flow enables both organic growth and acquisitions as well as an offensive payout policy in the form of dividends and buyback of own shares,” states Clas Åke Hedström.

Sandviken, 17 August 2000

Sandvik AB; (publ)

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Sandvik receives another major order from mining industry

Sandvik's Mining and Construction business area, through its companies Voest Alpine Materials Handling in Austria and Roxon in Finland, has received a major order for materials handling equipment from a mining company in Australia. The total order value is approximately SEK 300 M.

The customer is North Limited, Australia, which is part of the RTZ mining company. The order comprises equipment for materials handling at an iron mine in northwestern Australia to increase capacity at the company's shipping terminal.

"This is the largest single order to date within Sandvik Mining and Construction, and we view the business trend in Australia, which is our most important market, as very positive," says Anders Ilstam, President of Sandvik Mining and Construction. "In a short period, we have landed orders in Australia amounting to about SEK 500 M as a result of our competitive product program, which illustrates the favorable trend for us."

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Sandvik is a high-technology engineering group with advanced products and a world-leading position in selected niches – tools for metalworking, machinery and tools for rock excavation, products in stainless steel, special alloys and high-temperature materials. The Group has 34,000 employees at 300 companies in 130 countries and annual sales of about SEK 40 billion.

Sandvik Mining and Construction is a business area within the Sandvik Group specializing in machinery and tools for rock excavation. Annual sales amount to about SEK 9,000 M, with slightly more than 6,000 employees. Voest Alpine Materials Handling and Roxon, two companies within the business area, supply a large number of products and services for mechanical rock excavation, respectively, conveyors, systems and service for handling of bulk materials in mines, harbors, terminals and solid-fuel power plants.