



Sandvik reduces workforce in Mining and Construction

Actions to achieve the goals in Sandvik's new Group strategy for the Sandvik Mining and Sandvik Construction business areas have now been identified and approved. This will result in the workforce being reduced by 400 employees and a non-recurring cost of about SEK 500 M, which will be recognized in the fourth quarter of 2011.

In most cases, the global workforce reduction of 400 employees in Sandvik Mining and Sandvik Construction will only affect a small number of people per country and per production unit. Local negotiations will be concluded in the first and second quarters of 2012. The total includes already implemented, ongoing and planned restructuring activities, such as the workforce reduction announced on 3 November 2011 in Sandvik Mining and Construction's operations in Sandviken, Sweden, as a result of the separation of the business area and the relocation of the head offices of the new business areas.

As part of the review, the two business areas have decided to focus more on the core operations, and for some smaller products in certain geographical areas, the sales channels will be adjusted, resulting in more sales via distributors to achieve better coverage of the regions where market penetration was previously weaker.

In addition, Sandvik's legal entity in Algeria will be closed and, as of 2012, sales will be conducted via distributors in line with the updated strategy.

At the same time, production and sales will be discontinued for a small number of products that will not form part of the company's offering in the long term. Sales of these products represented less than 5% of the joint sales of the two new business areas in 2011. An adjustment of the inventory value related to products to be discontinued for the recently acquired Shanghai Jianshi Luqiao and an adaptation to Sandvik's stricter depreciation policy for slow-moving inventory is also included in the review.

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The Sandvik Group

Sandvik is a global industrial group with advanced products and world-leading positions in selected areas – tools for metal cutting, equipment and tools for the mining and construction industries, stainless materials, special alloys, metallic and ceramic resistance materials as well as process systems. In 2010, the Group had about 47,000 employees and representation in 130 countries, with annual sales of nearly SEK 83,000 M.

Sandvik Mining and Construction is a business area within the Sandvik Group and a leading global supplier of equipment, cemented-carbide tools, service and technical solutions for the excavation and sizing of rock and minerals in the mining and construction industries. Annual sales in 2010 amounted to about SEK 35,200 M, with approximately 15,500 employees.