



Sandvik focuses on core business to fuel future growth

Sandvik's headquarters in Sandviken, Sweden.

Many companies claim to be global yet few can boast the Sandvik Group's international pedigree with sales units in 130 countries, more than 50,000 employees and a turnover of over EUR 8.6 billion. Still, the business area Sandvik Materials Technology – a world-leading manufacturer of cutting edge, high performance engineered materials and innovative solutions – is asking its customers to 'challenge their expectations' of Sandvik. *Stainless Steel World* travelled to the company's Swedish headquarters in Sandviken to find out just what's behind this 'challenge', hear how Sandvik is helping its customers in these tough economic times, and discover the markets it's expanding into.

By John Butterfield & Joanne McIntyre

Mr. Lars-Petter Bergmark, Marketing and Sales Manager for tubular products at Sandvik Materials Technology is in no doubt as to what makes the company stand out from others. "Our truly global presence makes us unique," he explains. "With a local presence in all of the world's major markets we can quickly identify our customers' requirements and if needed, develop tailor-made solutions for them. After a period of extremely high activity

and limited spare production capacity, Sandvik is now geared up to be highly responsive to customer requirements across all of its customer segments. During the years 2006–2008 there was an extremely good market for seamless stainless products and it was also a time when many end-users turned to source products from low cost countries, particularly the Far East. Today that focus has shifted again with customers once more specifically looking for European

suppliers. "It's extremely rewarding to welcome back customers who have taken a look at the global market and have recognised the true value of working with Sandvik as a supplier. They know that Sandvik is reliable, takes good care of its customers, supplies a consistent high-quality product and offers a complete range – all under one global brand. They are also reassured by the knowledge that they will receive exactly what they order, on time, with sound after-sales service,"



Mr. Lars-Petter Bergmark, Marketing & Sales Manager for tubular products at Sandvik Materials Technology.



Mr. Mattias Eriksson, Global Product Manager for tube & pipe and hollow bar.

says Mattias Eriksson, Global Product Manager for tube & pipe and hollow bar. Increasingly, Sandvik is also being approached by end-users directly to purchase standard products, rather than working through distributors. "This is largely due to growing concern among end-users as to the source of products. Equally, we know that distributors approach us in response to increasing demand for high quality, strongly branded products offering full traceability. There is a bright future for Sandvik in supplying standard products, and servicing this market is one cornerstone of our future policy. The market appreciates our engineered materials and is actively seeking us out around the globe.

Outstanding service and R&D

"Maintaining high levels of service across the business is paramount to Sandvik's philosophy especially in today's challenging economic climate," continues Mr. Bergmark. "Customer service is key to our success, along with the ability to deliver service levels better than any of our

competitors. We maintain a presence in every market to ensure that we can provide local contacts for all of our customers around the world. It's important to have people who not only speak the language, but also understand what's happening in a country to help maintain the very best customer service levels. Moreover, we will continue expanding our presence in growing markets such as China, India, Brazil and Russia and all of Asia. China is still experiencing 7-8% growth so it's a very important market for us. One of our long-standing ambitions is to make Asia our second home market." Sandvik always places a strong emphasis on Research & Development (R&D) and this remains unchanged, investing about 4 percent of its turnover every year. "We focus on innovation and research aimed at niche and highly refined products utilising the knowledge we gain from customers about their applications to develop engineered material solutions and products for them. This has been a well documented Sandvik strategy as far back as 1862 and we will continue to invest in R&D, even in tough market conditions." Illustrating this commitment a new, purpose-built R&D centre was recently inaugurated in Pune, India. "More than 400 people in the company are involved in R&D and it continues to be a very important part of both our history and our future. More broadly focused research trials are carried out to develop new materials; in some cases end-users may not even be aware that they will need these new materials in the near future." At the moment the company's R&D efforts are mostly concentrated on the chemical and petrochemical industry, oil & gas and all energy related sectors, as well as nuclear and thermal power production. "We are currently also investing heavily in R&D in the powder technology area – as well as

within the medical technology segment. One of Sandvik's highly effective strategies is to enter into joint development with customers to research an application or development," explains Mr. Bergmark. "For instance when we developed the duplex urea grade Sandvik Safurex™ we worked in partnership with Stamicarbon and took out a joint patent. It was the perfect synergy: their application knowledge and our materials expertise. We currently have several similarly structured projects ongoing."

Growing energy market

"There are a lot of interesting development activities in almost all kinds of energy production; oil & gas, thermal, nuclear, solar, wind, other renewable sources and it is important for us to be a possible partner in these areas," explains Mr Bergmark. "Nuclear power generation is a high level of interest although growth has to some extent been restricted by capacity constraints in the industry, and very large investments are needed to cope with the overall increasing demand. As a direct result Sandvik recently decided to invest in increased capacity for high-alloy steam generator tubing, and we've already secured orders for a large number of future nuclear power generation projects all over the world."

Sandvik has historically been a strong player in the nuclear steam generator tube market and has to date delivered more than 300,000 tubes in materials such as Sandvik Sanicro 69™ and Sandvik Sanicro 30™. Over 100 reactor units worldwide rely on Sandvik nuclear fuel cladding tubes covering all fuel types. "Sandvik has many products for the secondary nuclear circuits and we are constantly investigating other high quality products we can develop to serve the industry," says Mikael Blazquez, Global Product Manager for steam



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generator tubing and nuclear tube and pipe.

The company is able to maintain its market position by engaging in extensive cooperation with the major players. "We work closely with all of the main participants such as Westinghouse, Areva and Shanghai Electric Nuclear Power Equipment Co. Ltd., to ensure that we remain deeply involved in any developments in the nuclear power sector as a preferred supply partner. However, it's important to remember that while nuclear power will play a very significant role in satisfying future energy needs, it will never be a complete solution in itself and today it accounts for just above 10% of energy generated. All energy sources will remain important to meet future demands."

The oil and gas industry has long been a core market for Sandvik and the company focus is to continue strengthening its position in the years ahead, says Mr. Bergmark. "While we will develop in areas where we have identified potential for future growth, we also intend to work more closely with end-users in order to become a premier supplier to the industry. In terms of developments for oil & gas we have a sound reputation producing umbilical tubing, manufactured in the Czech Republic on coils measuring up to 25,000 meters in length. We're also further developing our production tubing portfolio, and tubing and casing in this application will be very important products for us in the future."

As the oil & gas industry begins working in

more challenging environments and at greater depths the material requirements become increasingly demanding. "Sandvik recently increased the Duplex family with newly developed hyper-duplex grades known as Sandvik SAF 3207 HD[®]. These are specifically tailored for the oil & gas industry, and will soon be released commercially. The recently launched Sandvik SAF 2707 HD[®] hyper-duplex grade has already proven to be a successful commercial breakthrough."

Thriving in challenging times

The team at Sandvik has perceived a dramatic change in the business environment as the global recession continues, explained Mr. Bergmark, and have accordingly adapted costs to its current business situation. "We are seeing quite large variances in the business environment," he continues. "Some areas are experiencing very positive growth while in others growth is weak and some projects have been delayed or even put on hold. Nevertheless, the majority of Sandvik's tubular products are supplied directly to end-users and that area of business has not been as affected by the recession as the business conducted through distributors. Although the overall annual amount of products sold has decreased, we are still seeing areas where order activity is increasing. For example, the oil & gas industry has not been as severely affected as many others," explains Mr. Bergmark. The inherent strength and widespread nature of its business means that Sandvik is still fulfilling its aim of expanding into all markets, in all regions, he explains. "In fact we are actually increasing our efforts in marketing and sales."



Sandvik is developing its production tubing portfolio for the oil & gas industry.



Research Engineer Magnus Boström at the Sandvik R&D center in Sandviken operating a FIB-SEM instrument analyzing the microstructure of high performance stainless steel.

“Today, more than ever, demand from the industry and trends in the global market are driving plant owners to pursue higher capacities and increased levels of efficiency in their operations. These factors along with increasingly rigorous environmental requirements and higher operating pressures and temperatures are driving the demand for more advanced materials.”

“In the long term there will be strong growth in the seamless stainless tube market” continues Mr. Bergmark. “From an historical point of view, 2002–2003 saw a significant change in global demand. Previously we had seen a fairly static market with an annual growth of 1–2%, whereas post-2003 average growth grew to 6–8%. This growth was the result of

increased sales and demand for energy, and there is no reason to surmise that this will not continue.”

Saving the environment

Environmental concerns are very important to Sandvik and the company is constantly striving to improve its own and its customers environmental performance, explains Mr. Bergmark.

“As such environmental awareness and health and safety are integral parts of our business and are at the forefront of all activities within our operations worldwide.” The company holds the international standards for environmental management, ISO 14001, and OHSAS 18001 – the occupational health and safety management system specification.

“In our own production of seamless tubes we have been very successful in improving our environmental performance by reducing emissions and energy consumption; as an example we are today far below the industry standard when it come to emissions of carbon dioxide. “By helping our customers to improve the impact that their operation has on the environment is also very important for us. It’s an increasingly important concern for many of our customers who want to achieve better efficiency and reduce pollution. That’s why we are asking all our customers to ‘Challenge your expectations of Sandvik’, as we are ideally positioned to help them achieve their goals,” concluded Lars-Petter Bergmark.



Mr. Mikael Blasquez, Nuclear Segment Manager at Sandvik.

Facts & Figures

Name:	Sandvik Materials Technology
Founded:	1862
Headquarters:	Sandviken, Sweden
Key markets:	Energy, medical, chemical, automotive, aerospace, mining, construction, consumer related, electronics, general engineering

Company description: Sandvik Materials Technology is a business area within the Sandvik Group and a world-leading manufacturer of high value-added products in advanced stainless materials, special alloys, metallic and ceramic resistance materials, as well as process systems. Annual sales 2008 were about SEK 21,500 M with 9,300 employees. The product areas comprise: Tube, Strip, Wire, Kanthal, Process Systems and MedTech.

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 2008 the Group had about 50,000 employees and representation in 130 countries, with annual sales of nearly SEK 93,000 M