## The Sandvik Group

<table>
<thead>
<tr>
<th></th>
<th>Sandvik Tooling</th>
<th>Sandvik Mining and Construction</th>
<th>Sandvik Materials Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2010 Q1-2:</strong></td>
<td></td>
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<tr>
<td>Sales, SEK M</td>
<td>11,673</td>
<td>15,963</td>
<td>8,638</td>
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<tr>
<td>Margin, %</td>
<td>18.1</td>
<td>11.9</td>
<td>11.7</td>
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<tr>
<td>ROCE, %</td>
<td>7.7</td>
<td>13.3</td>
<td>-3.9</td>
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</tbody>
</table>

The Sandvik Group
Quarterly highlights

- Continued market recovery
  - Increased order intake in all markets
  - Energy, automotive and mining strong drivers
  - Weak project market

- Operating profit 3,471 MSEK, 16.8%
  - Lower cost level
  - Increased invoicing and production volumes
  - Favorable product mix
  - Positive metal price and currency effects

- Operating cash flow 2,626 MSEK
  - Cash flow after investments and acquisitions, 1,770 MSEK

- Net Working Capital reduced to 27% of invoicing
Global recovery

MSEK

-15% -10% -5% 0 5% 10% 15% 25% 35% 45%

Quarterly invoicing
Profit margin

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010

Sandvik Capital Markets Day September 2010

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Long-term market development

Monthly order intake at annual running rate with fixed currency rates, dampend

- Global recovery
- Still 15% below peak
- Improved product mix
- Improved efficiency

Graph showing monthly order intake from 1980 to 2010 with milestones and key factors.
Downturn management

- Cash flow in focus
- Reduced cost base, peaked at 8 BSEK annual rate
- Expansion in emerging markets
- Retained R&D and sales organization
- Closure of 18 production sites
- Reduced debt
Sandvik Group Business model

SANDVIK TOOLING
- Vertical integration
- In-house manufacturing
- Direct sales
- Own central warehouses
- Short lead times

SANDVIK MINING AND CONSTRUCTION
- Extensive supplier network
- Strategic manufacturing
- Direct sales
- Own central warehouses
- Long lead times

SANDVIK MATERIALS TECHNOLOGY
- Vertical integration
- In-house manufacturing
- Direct sales
- Own central warehouses
- Long lead times
## Business model

### Characteristics
- Vertical integration
- High automation
- Strong R&D
- High fixed cost
- In-house manufacturing
- Direct sales

### Effects
- Unique products
- Pricing power
- Strong customer relations
- Strong market position
- High financial leverage
- Sensitive to volume drops
Long-term value creator

Annualized total shareholder return:

- 19.9%
- 9.7% (18.3% until mid 2007)
- 14.4%
Well positioned for the future

- Increased presence in emerging markets
- Reduced cost base
- Consolidated production
- Improved capital efficiency
- Introduction of new products
Cautionary Statement

“Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially effected by other factors like for example, the effect of economic conditions, exchange-rate and interest-rate movements, political risks, impact of competing products and their pricing, product development, commercialisation and technological difficulties, supply disturbances, and the major customer credit losses.”