We use a two-color headline system to highlight our rational and emotional side alike. The first line appears in blue (the rational side), the second line in orange (the emotional side) and the duality principle is reflected in the wording of the headline.

This system refers to the first page title only, all other headlines are blue. Learn more about our verbal identity in the Sandvik Brand Identity Directives, which you can download at the Intranet > home.sandvik.com/brand.
SUMMARY

STRONG MOMENTUM
ORDER INTAKE +17%
REVENUES +9%

POSITIVE DEVELOPMENT IN ALL BUSINESS AREAS AND REGIONS

EARNINGS GROWTH AND MARGIN IMPROVEMENT

ALSO EXCLUDING POSITIVE IMPACT FROM FX

IMPORTANT STEPS TOWARDS PORTFOLIO CONSOLIDATION

• MINING SYSTEMS
• SPS
• NEW ANNOUNCEMENT: WIRE
## Market Development

<table>
<thead>
<tr>
<th>Region</th>
<th>% of Group Revenue FY16</th>
<th>Y/Y Order Intake</th>
<th>Q/Q Underlying Demand Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>40%</td>
<td>+5%</td>
<td>➔</td>
</tr>
<tr>
<td>North America</td>
<td>20%</td>
<td>+40%</td>
<td>➔</td>
</tr>
<tr>
<td>Asia</td>
<td>20%</td>
<td>+4%</td>
<td>➔</td>
</tr>
<tr>
<td>Africa/Middle East</td>
<td>9%</td>
<td>+35%</td>
<td>➔</td>
</tr>
<tr>
<td>South America</td>
<td>5%</td>
<td>+17%</td>
<td>➔</td>
</tr>
<tr>
<td>Australia</td>
<td>6%</td>
<td>+42%</td>
<td>➔</td>
</tr>
</tbody>
</table>

Comments and numbers refer to continuing operations unless otherwise stated.
ORDER INTAKE
STRONG ORDER GROWTH; 12% EXCL. MAJOR ORDERS

REPORTED   P/V
24 533 17%

REVENUES
GROWTH IN ALL BUSINESS AREAS AND MAJOR REGIONS

REPORTED   P/V
23 553 9%
EBIT DEVELOPMENT

• 30% EBIT GROWTH EXCLUDING FX AND METAL
• HIGHEST EARNINGS IN FIVE YEARS
• SUPPORTED BY SIGNIFICANT REVENUE GROWTH AND SAVINGS

ADJUSTED

3 721 MSEK

EBIT % 15.8

MSEK

EBIT reported Items affecting comparability EBIT%*

*Adjusted for items affecting comparability

Comments and numbers refer to continuing operations unless otherwise stated
SANDVIK MACHINING SOLUTIONS

STRONG UNDERLYING GROWTH
- Negative working day effect of -3%
- Larger orders PBT +1%
- Positive development in all major regions
- Increased activity in automotive, general engineering and energy

EARNINGS AND MARGIN IMPROVEMENT
- 15% earnings growth excluding positive FX
- Support from revenue growth and structural efficiency measures

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Q2 2016</th>
<th>Q2 2017</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORDER INTAKE</td>
<td>8 320</td>
<td>9 312</td>
<td>+6%*</td>
</tr>
<tr>
<td>REVENUES</td>
<td>8 235</td>
<td>9 071</td>
<td>+5%*</td>
</tr>
<tr>
<td>OPERATING PROFIT</td>
<td>1 785</td>
<td>2 110</td>
<td>+18%</td>
</tr>
<tr>
<td>% OF REVENUES</td>
<td>21.7%</td>
<td>23.3%</td>
<td></td>
</tr>
</tbody>
</table>

*At fixed exchange rates for comparable units

EBIT & ROCE DEVELOPMENT

Comments and numbers refer to continuing operations unless otherwise stated
SANDVIK MINING AND ROCK TECHNOLOGY

STRONG ORDER INTAKE
- Strong development in replacement equipment
- Strong growth in aftermarket business
- Gold, silver and zinc strongest commodities, signs of improvement for copper

SIGNIFICANT EARNINGS AND MARGIN GROWTH
- Earnings primarily supported by significant revenue growth
- Previous year period impacted by some merger activities (Sandvik Mining and Sandvik Construction)
- Highest profit and margin in five years

<table>
<thead>
<tr>
<th></th>
<th>MSEK</th>
<th>Q2 2016</th>
<th>Q2 2017</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORDER INTAKE</td>
<td>7 539</td>
<td>9 949</td>
<td>+23%*</td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td>7 540</td>
<td>9 450</td>
<td>+17%*</td>
<td></td>
</tr>
<tr>
<td>OPERATING PROFIT</td>
<td>698</td>
<td>1 512</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>% OF REVENUES</td>
<td>9.3%</td>
<td>16.0%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*At fixed exchange rates for comparable units

EBIT & ROCE DEVELOPMENT

<table>
<thead>
<tr>
<th>Year</th>
<th>EBIT¹</th>
<th>EBIT%¹</th>
<th>ROCE%²</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

EBIT¹: Adjusted for items affecting comparability
ROCE²: EBIT adj. annualized, CE 1Q avg.

Comments and numbers refer to continuing operations unless otherwise stated.
STABLE ALBEIT COMPETITIVE ENVIRONMENT

- Stable underlying order development ~0%
  - Alloy surcharges impacted order intake by +6%
  - Large orders by +34%
- Energy segment stabilizing
- Increased competition for standardized products

MIX DETERIORATION IMPACT OPERATING PROFIT

- Underlying revenues +2% excl. alloy surcharges
- Unfavorable mix for core- and standard

PORTFOLIO ADJUSTMENT - WIRE
## FINANCIAL SUMMARY Q2

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Q2 2016</th>
<th>Q2 2017</th>
<th>CHANGE %</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORDER INTAKE</td>
<td>19 869</td>
<td>24 533</td>
<td>+17¹</td>
</tr>
<tr>
<td>REVENUES</td>
<td>20 321</td>
<td>23 553</td>
<td>+9¹</td>
</tr>
<tr>
<td>ADJUSTED OPERATING PROFIT²</td>
<td>2 705</td>
<td>3 721</td>
<td>+38</td>
</tr>
<tr>
<td>% OF REVENUES</td>
<td>13.3</td>
<td>15.8</td>
<td></td>
</tr>
<tr>
<td>NWC %³</td>
<td>28.1</td>
<td>23.3</td>
<td></td>
</tr>
<tr>
<td>CASH FLOW⁴</td>
<td>2 067</td>
<td>2 602</td>
<td>+26</td>
</tr>
<tr>
<td>ROCE %³</td>
<td>14.6</td>
<td>19.3</td>
<td></td>
</tr>
<tr>
<td>EPS CONT. OPS., SEK</td>
<td>1.35</td>
<td>1.75</td>
<td>+30</td>
</tr>
<tr>
<td>EPS GROUP TOTAL, SEK</td>
<td>1.31</td>
<td>1.76</td>
<td>+35</td>
</tr>
</tbody>
</table>

¹ At fixed exchange rates for comparable units
² Profit adjusted for items affecting comparability of -450 million SEK in Q2 2017
³ Quarterly calculation i.e. annualized adj. EBIT or revenues and 1Q average CE or NWC
⁴ Cash flow before acquisitions and disposals, financial items and taxes

**GROWTH, %**

<table>
<thead>
<tr>
<th>ORDER REVENUES INTAKE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORGANIC:</td>
</tr>
<tr>
<td>+17</td>
</tr>
<tr>
<td>+9</td>
</tr>
<tr>
<td>CURRENCY:</td>
</tr>
<tr>
<td>+6</td>
</tr>
<tr>
<td>+6</td>
</tr>
<tr>
<td>STRUCTURE:</td>
</tr>
<tr>
<td>0</td>
</tr>
<tr>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
</tr>
<tr>
<td>+23</td>
</tr>
<tr>
<td>+16</td>
</tr>
</tbody>
</table>

Comments and numbers refer to continuing operations unless otherwise stated
## BRIDGE ANALYSIS

### SANDVIK GROUP

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Q2 2016</th>
<th>PRICE/ VOLUME/ PRODUCTIVITY</th>
<th>CURRENCY</th>
<th>STRUCTURE ONE-OFFS*</th>
<th>Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUES</td>
<td>20 321</td>
<td>1 738</td>
<td>1 312</td>
<td>182</td>
<td>23 553</td>
</tr>
<tr>
<td>ADJUSTED EBIT</td>
<td>2 705</td>
<td>815</td>
<td>264</td>
<td>-63</td>
<td>3 721</td>
</tr>
<tr>
<td>ADJUSTED EBIT MARGIN</td>
<td>13.3%</td>
<td>47%</td>
<td>-</td>
<td>-</td>
<td>15.8%</td>
</tr>
</tbody>
</table>

**MARGIN ACCRETION / DILUTION**

- **+2.7%**
- **+0.2%**
- **-0.4%**

*Includes metal price effects within Sandvik Materials Technology of +177 MSEK in alloy surcharges on revenues and -63 MSEK in metal price effect on EBIT (+9 Q2 2016 vs. -54 Q2 2017). Structure +5 topline for SMS, 0 on EBIT.

Comments and numbers refer to continuing operations unless otherwise stated.
NET WORKING CAPITAL
RATIO ON RECORD-LOW LEVEL

RELATIVE NWC BY BA

MSEK

27 500
25 000
22 500
20 000

2013 2014 2015 2016 2017

NWC (continuing operations)
NWC % of revenues (continuing operations)

Sandvik Machining Solutions
Sandvik Mining & Rock Technology
Sandvik Materials Technology
Other Operations

Comments and numbers refer to continuing operations unless otherwise stated
### Free Operating Cash Flow

#### Comparisons and Numbers

<table>
<thead>
<tr>
<th></th>
<th>MSEK</th>
<th>Q2 2016</th>
<th>Q2 2017</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA + non cash</td>
<td>3 441</td>
<td>4 813</td>
<td></td>
<td>+1 372</td>
</tr>
<tr>
<td>NWC change</td>
<td>-413</td>
<td>-1 267</td>
<td></td>
<td>-854</td>
</tr>
<tr>
<td>Capex*</td>
<td>-961</td>
<td>-944</td>
<td></td>
<td>+17</td>
</tr>
<tr>
<td>FOCF**</td>
<td>2 067</td>
<td>2 602</td>
<td></td>
<td>+535</td>
</tr>
</tbody>
</table>

*Including investments and disposals in rental, tangible and intangible assets

**Cash flow before acquisitions and disposals, financial items and taxes

---

*Adjusted for items affecting comparability

---

Comments and numbers refer to continuing operations unless otherwise stated.
FINANCIAL NET DEBT

- NET DEBT LOWERED BY -20% Y/Y TO 28 BILLION SEK
- NET GEARING 0.71
  - IN LINE WITH TARGET OF <0.8
  - INCLUDING DIVIDEND PAYMENT
OUTCOME AND GUIDANCE

Q2 2017
Underlying currency effect (MSEK): +409 (+400)
Total currency effect (MSEK): +264
Metal price effect (MSEK): -54 (~0)

Q3 2017
Underlying currency effect (MSEK): +0*
Metal price effect (MSEK): -100**

FULL YEAR 2017
Capex (BSEK): ~3.9 (H1: 1.5)
Net financial items (BSEK): -1.4 to -1.5 (H1: -0.6)
Tax rate (%): 26-28 (H1: 27.5)

*Based on currency rates end of June 2017
**Based on currency rates, stock levels and metal prices at the end of June 2016

Comments and numbers refer to continuing operations unless otherwise stated
MINING SYSTEMS EXIT

- **Signed Disposal Agreement with FLSMIDTH**
  - Mining-related projects

- **Signed Subcontractor Agreement with FLSMIDTH**
  - Non-mining related projects + mining projects close to finalization

- **Signed with Nepean Conveyors**
  - Conveyor components

Earlier announced charge of -847 MSEK remains unchanged
SUMMARY

REVENUE GENERATION ON BACK OF RECENT STRONG ORDER INTAKE
- REVENUE GROWTH +9%
- POSITIVE DEVELOPMENT IN ALL BUSINESS AREAS AND MAJOR REGIONS

IMPROVED PERFORMANCE
- EARNINGS GROWTH AND MARGIN IMPROVEMENT ALSO WHEN EXCLUDING POSITIVE IMPACT FROM FX

PORTFOLIO CONSOLIDATION
MINING (27%)

ENERGY (12%)

GENERAL ENGINEERING (23%)

CONSTRUCTION (12%)

AUTOMOTIVE (14%)

AEROSPACE (6%)

END-CUSTOMER SEGMENTS
(% of group revenues 2016 excl. Mining systems; Other e.g. consumer goods, electronics, chemical and miscellaneous was 6%)

Comments and numbers refer to continuing operations unless otherwise stated
PROFITABILITY DEVELOPMENT

SANDVIK: Interim Report on the second quarter 2017

Comments and numbers refer to continuing operations unless otherwise stated
# BRIDGE ANALYSIS

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Q2 2016</th>
<th>PRICE/ VOLUME/ PRODUCTIVITY</th>
<th>CURRENCY</th>
<th>STRUCTURE ONE-OFFS*</th>
<th>Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MACHINING SOLUTIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td>8 235</td>
<td>378</td>
<td>453</td>
<td>5</td>
<td>9 071</td>
</tr>
<tr>
<td>EBIT</td>
<td>1 785</td>
<td>276</td>
<td>49</td>
<td>0</td>
<td>2 110</td>
</tr>
<tr>
<td>EBIT MARGIN</td>
<td>21.7%</td>
<td>+73%</td>
<td>-</td>
<td>-</td>
<td>23.3%</td>
</tr>
<tr>
<td><strong>MINING AND ROCK TECHNOLOGY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td>7 540</td>
<td>1 251</td>
<td>659</td>
<td>-</td>
<td>9 450</td>
</tr>
<tr>
<td>EBIT</td>
<td>698</td>
<td>622</td>
<td>192</td>
<td>-</td>
<td>1 512</td>
</tr>
<tr>
<td>EBIT MARGIN</td>
<td>9.3%</td>
<td>50%</td>
<td>-</td>
<td>-</td>
<td>16.0%</td>
</tr>
<tr>
<td><strong>MATERIALS TECHNOLOGY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td>3 389</td>
<td>62</td>
<td>127</td>
<td>177</td>
<td>3 755</td>
</tr>
<tr>
<td>ADJUSTED EBIT</td>
<td>297</td>
<td>-88</td>
<td>41</td>
<td>-63</td>
<td>187</td>
</tr>
<tr>
<td>ADJUSTED EBIT MARGIN</td>
<td>8.8%</td>
<td>n/a</td>
<td>-</td>
<td>-</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

* Includes metal price effects in SMT, bottom line: +9 in Q2 2016 vs. -54 in Q2 2017, alloy surcharges topline: +177MSEK. Structure SMS: topline: 5MSEK and bottom line: 0

Comments and numbers refer to continuing operations unless otherwise stated.
## CREATING A LEANER COMPANY

### SAVINGS ANNUAL RUN-RATE (MSEK) VS. LAST YEAR AND TOTAL

<table>
<thead>
<tr>
<th>SUPPLY CHAIN OPTIMIZATION</th>
<th>SANDVIK MACHINING SOLUTIONS</th>
<th>SANDVIK MINING AND ROCK TECHNOLOGY</th>
<th>SANDVIK MATERIALS TECHNOLOGY</th>
<th>GROUP ACTIVITIES</th>
<th>TOTAL ANNUAL RUN-RATE VS. LAST YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADJUST OF COST BASE/RIGHT SIZING</td>
<td>213</td>
<td>0</td>
<td>26</td>
<td>0</td>
<td>239*</td>
</tr>
<tr>
<td>TOTAL</td>
<td>370</td>
<td>0</td>
<td>31</td>
<td>0</td>
<td>401*</td>
</tr>
</tbody>
</table>

*Savings in total are 2.1 BSEK. Other operations contributed by 0 MSEK on annual run-rate compared with previous year to the supply chain optimization program.

Comments and numbers refer to continuing operations unless otherwise stated.
SUPPLY CHAIN OPTIMIZATION PROGRAM
CONTINUING OPERATIONS

20 PRODUCTION UNITS CLOSED END OF Q2

FIRST PHASE
- FINALIZED AT END Q4 2015
- RUN-RATE SAVINGS
  600 MSEK END OF Q4
  (out of 690 MSEK target)

SECOND PHASE
- 8 UNITS IN SCOPE
  (7 UNITS CLOSED)
- TARGET SAVINGS 320MSEK
  ACHIEVED at year end 2016

THIRD PHASE
- 5 UNITS IN SCOPE
  (3 UNITS CLOSED)
- TARGET SAVINGS 323 MSEK
  at year end 2017

Comments and numbers refer to continuing operations unless otherwise stated.
OTHER OPERATIONS
NON-STRATEGIC ASSETS

SIGNED CONTRACT FOR PROCESS SYSTEMS DISPOSAL
• Expected closure no later than Q1 2018

STRONG UNDERLYING DEMAND
• Underlying demand developed positively for both Hyperion and Process Systems
• Some timing issues for Process Systems

EARNINGS IMPACTED BY TRANSACTION RELATED COSTS
• Earnings growth off-set by about -40MSEK in transaction related costs
• Underlying margin at 12.8%
OTHER OPERATIONS
NON-STRATEGIC ASSETS

ORDER INTAKE
1,287
MSEK

REVENUES
1,276
MSEK

EBIT
124
MSEK

ROCE
13.1%

Comments and numbers refer to continuing operations unless otherwise stated

¹Adjusted for items affecting comparability
²ROCE: EBIT adj. annualized, CE 1Q avg.
**LOAN AND DURATION PROFILE**

### Short Term
- **Cash position**: 7,451 MSEK
- **Revolving Credit facilities**: 9,100 MSEK

### Long Term
- **12%**
- **US Private Placement**: 4,952 | 3 years
- **Fin institutions, EIB, NIB**: 1,728 | 6 years
- **Swedish MTN**: 5,928 | 4 years
- **European MTN**: 10,620 | 9 years
- **Bank loans**: 2,901 | 2 years
- **Share swap**: - | -

### Average Duration
- **US Private Placement**: 4 months
- **Fin institutions, EIB, NIB**: 4 months
- **Swedish MTN**: 2 months
- **Bank loans**: 1 month
- **Share swap**: 1 month

### TOTAL
- **AMOUNT MSEK**: 29,681 | **AVERAGE DURATION**: 5 years

Comments and numbers refer to continuing operations unless otherwise stated.
Comments and numbers refer to continuing operations unless otherwise stated.
**GUIDANCE**

<table>
<thead>
<tr>
<th>CAPEX</th>
<th>Estimated at about 3.9 BSEK for 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENCY EFFECTS</strong></td>
<td>Given currency rates at end of June 2017 the effect on operating profit from transaction and translation would be +0 MSEK for Q3 2017</td>
</tr>
<tr>
<td><strong>METAL PRICE EFFECTS</strong></td>
<td>Given currency rates, stock levels and metal prices at the end of June 2017, it is estimated that effect on operating profit in Q3 2017 will be about -100 MSEK</td>
</tr>
<tr>
<td><strong>NET FINANCIAL ITEMS</strong></td>
<td>Net financial items is estimated to be -1.4 to -1.5 BSEK for 2017</td>
</tr>
<tr>
<td><strong>TAX RATE</strong></td>
<td>The tax rate is estimated to about 26–28% for 2017</td>
</tr>
</tbody>
</table>

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DISCLAIMER 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 affected by other factors 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.”