

Sandvik Q3

PRESS RELEASE 30 October 2009

Interim report on the third quarter 2009

CEO's comment:

“Demand remained weak in all customer segments with the exception of the energy segment. The market situation was weak in Europe and North America, while Asia – and China in particular – performed slightly better, as did the mining aftermarket. Compared with the preceding year order intake declined in price and volume by 28% and invoiced sales by 32%, amounting to SEK 17.2 billion and SEK 16.6 billion, respectively. Weak invoicing combined with planned low production rates to reduce inventories negatively impacted the operating

result. This was partly compensated by implemented cost-cutting actions,” says Sandvik’s President and CEO Lars Pettersson.

“Efforts to reduce working capital and lower the cost base generated strong cash flow. After investments and acquisitions cash flow amounted to SEK 2.3 billion during the quarter. As customer inventory levels return to normal, the need for Sandvik’s products will grow, meaning that production rates can be increased thereby gradually improving earnings.”

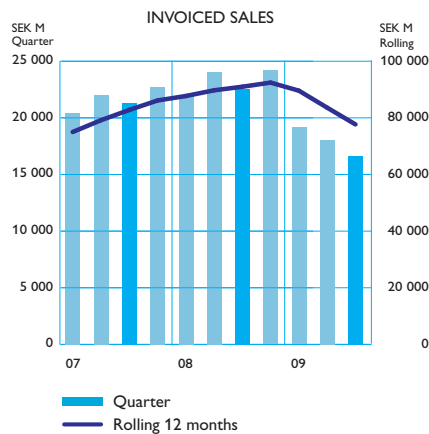
FINANCIAL HIGHLIGHTS

SEK M	Q3 2009	Q3 2008	Change %	Q1-3 2009	Q1-3 2008	Change %
Order intake *	17 241	22 106	-28	51 498	71 894	-37
Invoiced sales *	16 578	22 478	-32	53 725	68 484	-31
Gross profit	4 105	7 844	-48	12 229	24 050	-49
% of invoiced sales	24.8	34.9		22.8	35.1	
Operating profit	51	3 586	-99	-1 820	10 559	
% of invoiced sales	0.3	16.0		-3.4	15.4	
Profit after financial items	-523	3 035		-3 395	9 053	
% of invoiced sales	-3.2	13.5		-6.3	13.2	
Profit for the period	-180	2 272		-2 494	6 682	
% of invoiced sales	-1.1	10.1		-4.6	9.8	
of which shareholders' interest	-181	2 189		-2 522	6 378	
Earnings per share, SEK ¹⁾	-0.15	1.85		-2.13	5.38	
Return on capital employed, 12 months rolling, %	1.3	22.5		1.3	22.5	
Cash-flow from operations	+3 630	+2 386	+52	+8 304	+7 746	+7
Number of employees	44 960	50 929	-12	44 960	50 929	-12

* Percentage change compared to the same period in the preceding year at fixed exchange rates for comparable units.

1) Calculated on the basis of the shareholders' share of profit for the period. No dilutive impact

Market and sales



Q3	Order intake	Invoiced sales
Price/volume, %	-28	-32
Structure, %	+1	+1
Currency, %	+7	+7
Total, %	-22	-26

The table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

The global recession continued during the third quarter of 2009. The business climate was weak in all customer segments and markets, with the exception of the energy sector and the Chinese market. Continued inventory reductions by major customer groups further added to the low market activity during most of the quarter.

Demand for Sandvik's products was considerably lower than the corresponding period in 2008, but was in line with the preceding quarter. The rate of price increases was stable during the quarter. A number of major project orders were received during the quarter mainly attributed to Sandvik Mining and Construction.

Order intake was low but stable in most markets. The weak demand was most notable in North America and Europe, while levels of activity in Asia were higher and rising slightly. In the mining industry, demand for equipment remained weak due to the low rate of investment, while activity in the aftermarket segment increased slightly compared with the preceding quarter. Demand in the construction industry was reported to be stable at a low level. The energy sector continued its strong expansion and noted high order intake from nuclear power and the oil/gas industries. Demand in the automotive industry was relatively favorable in Asia, but significantly weaker in other markets.

Activities to reduce inventories and adapt the

cost base and capacity to weak demand continued successfully during the quarter. The need for any further measures to adapt capacity and inventory levels will be based on continuous assessment of the market situation. At current inventory levels production rates will gradually be increased.

Order intake totaled SEK 17,241 M (22,106), down 22% in total and 28% at fixed exchange rates for comparable units. Changed exchange rates had a positive impact on order intake of 7%. Cancellations of placed orders were marginal during the quarter. The decline at fixed exchange rates for comparable units was 37% for Sandvik Tooling and 20% for Sandvik Mining and Construction. For Sandvik Materials Technology, the decline was 29%, including a negative effect of about 8 percentage points related to changed metal prices.

Invoiced sales in the third quarter amounted to SEK 16,578 M (22,478), down 26% in total and of 32% at fixed exchange rates for comparable units. Changed exchange rates had a positive impact on invoiced sales of 7%. For Sandvik Tooling, the decline at fixed exchange rates for comparable units was 38% and the decline for Sandvik Mining and Construction was 24%. The reduction for Sandvik Materials Technology was 39%, including a negative effect of about 9 percentage points related to changed metal prices.

Earnings and return

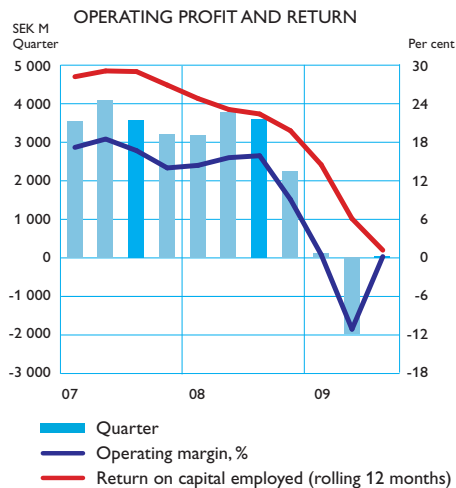
The negative impact on earnings for the quarter was significant due to the low invoicing levels, but also as a result of extensive production cutbacks and costs for restructuring measures. Cost savings and metal price effects had a positive impact on earnings. Operating result in the third quarter amounted to SEK 51 M (3,586). The operating margin was 0.3% of invoicing (16.0).

The low invoicing level during the quarter resulted in a volume-related reduction in earnings of about SEK 5 billion compared with the preceding year. Furthermore, earnings were negatively impacted by SEK 350 M from nonrecurring costs for restructuring programs, but were positively affected in the amount of SEK 170 M by changed metal prices. Changed exchange rates negatively impacted earnings by approximately SEK 270 M compared with the corresponding period in 2008.

The rate of production stabilized as a result of effective efforts to adapt inventory levels. Cost-saving activities continued as planned in all business areas and costs were reduced by about SEK 1.8 billion compared with the preceding year. Since year-end 2008, the cost savings achieved amount to about SEK 4 billion.

Further reductions in the workforce affected approximately 1 500 persons and the accumulated reduction in the number of employees since September 2008 amounts to just over 8,000 persons, including contracted staff. In addition, about 15,000 employees are covered by agreements regulating reduced working hours.

Net financial items amounted to SEK -574 M (-551) and the result after financial items was SEK -523 M (3,035), -3.2% of invoiced sales.

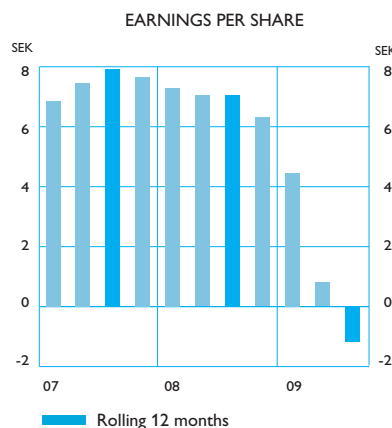
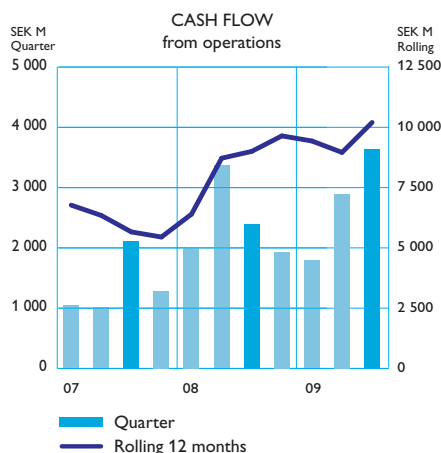


The net result for the period amounted to SEK -180 M (2,272) and earnings per share amounted to SEK -0.15 (1.85).

Operating cash flow was SEK 3,630 M (2,386) and cash flow after investments and acquisitions amounted to SEK 2,283 M (546). The strong cash flow is primarily a result of a reduction of about SEK 3,300 M in working capital excluding currency effects, of which inventory accounted for about SEK 2,300 M, and a significantly lower investment level. All business areas contributed to the strong cash flow.

Investments amounted to SEK 1,460 M (2,019), of which company acquisitions accounted for SEK 491 M (12) and investments in rental equipment for SEK 140 M. The development of cash flow and working capital resulted in a reduction in net debt from SEK 37.6 billion to SEK 33.2 billion. The net debt/equity ratio was 1.1.

The return on capital employed amounted to 1.3% (22.5) and the return on shareholders' equity was -4.0% (29.6).



Sandvik Tooling

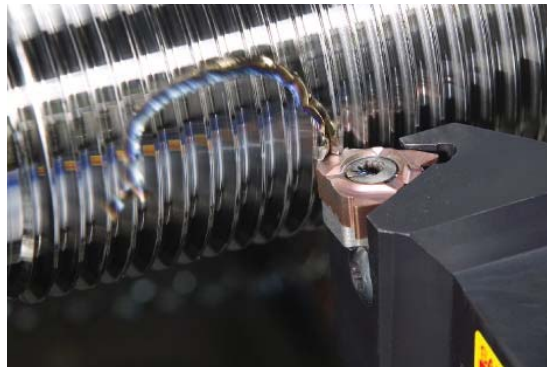
- Weak demand
- Positive price trend
- Low production volumes
- Reduced costs
- Strong cash flow

Sandvik Tooling was affected also during the third quarter by very low levels of activity and extensive cutbacks in key customer segments, primarily the automotive and engineering industries. The rate of production was thus very low during most of the quarter.

Order intake in the third quarter declined 37%, while invoiced sales contracted 38% at fixed exchange rates for comparable units. The price trend remained positive during the quarter.

With the exception of China, demand remained at the same low level as in the preceding quarter. The order intake from the aerospace, energy and medical technology industries remained at a slightly higher level than other segments. Inventory reductions implemented by Sandvik Tooling meant that the rate of production increased slightly toward the end of the quarter to safeguard a high degree of delivery performance.

Activities aimed at reducing costs in Sandvik Tooling continued during the quarter. These included production curtailments, staff reductions and consolidation of production units. Agreements are now in place in most units regulating reduced



Q3	Order intake	Invoiced sales
Price/volume, %	-37	-38
Structure, %	+3	+2
Currency, %	+8	+8
Total, %	-30	-30

The table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

working hours and salaries/wages, which led to reduced costs corresponding to about 2,000 full-time employees. Since the end of the third quarter of 2008, Sandvik Tooling has reduced its workforce by about 2,250 persons, of whom slightly more than 450 during the third quarter. Actions

implemented during the quarter are estimated to have reduced costs by about SEK 900 M. Working capital declined by about SEK 700 M excluding currency effects as a result of inventory reductions of approximately SEK 900 M.

Since investments also decreased, this resulted in a continued strong cash flow.

The operating result for the third quarter totaled SEK -247 M (1,422) or -5.6% (22.6) of invoicing. Low sales and production volumes entailed a reduction in gross profit and under-absorption of fixed costs, which negatively impacted earnings by about SEK 2,200 in the quarter. Earnings were also adversely impacted by approximately SEK 300 M for costs primarily related to restructuring measures, and by SEK 90 M due to changed exchange rates. Return on capital employed declined to 1.6% (32.2).

SEK M	Q3 2009	Q3 2008	Change %	Q1-3 2009	Q1-3 2008	Change %
Order intake	4 408	6 270	-37 *	13 906	19 918	-41 *
Invoiced sales	4 384	6 295	-38 *	14 119	19 616	-39 *
Operating profit	-247	1 422		-443	4 644	
%	-5.6	22.6		-3.1	23.7	
Return on capital employed	1.6	32.2		1.6	32.2	
Number of employees	15 521	17 283	-10	15 521	17 283	-10

* At fixed exchange rates for comparable units.

Sandvik

Mining and Construction

- Weak demand
- Low customer investments
- Low production volumes
- Reduced costs
- Strong cash flow

The low levels of activity in the mining and construction industries affected Sandvik Mining and Construction during the quarter. Efforts to adjust capacity and costs continued on schedule and involved personnel reductions and consolidation of production units.

Order intake declined 20% at fixed exchange rates for comparable units and invoiced sales fell 24%. The price trend remained relatively stable. During the quarter, the business areas received



project orders totaling about SEK 1.5 billion from customers in Africa and South America.

Customer activity in the global mining and construction industries remained weak during the quarter. Government stimulus packages and higher metal prices have not had any material effect on order intake to date. A positive trend was reported for tools, spare parts and service compared with the first and second quarters of 2009, despite a decline in volume caused by lower production rates and concentration to fewer mines compared with the preceding year. However, investment volumes remained weak. Demand in the construction industry was stable at a low level.

In South America, Africa and parts of Asia, levels of activity were slightly higher than the preceding quarter, particularly with respect to the aftermarket, while other markets remained weak. Activity in such areas as energy-related coal

Q3	Order intake	Invoiced sales
Price/volume, %	-20	-24
Structure, %	0	0
Currency, %	+8	+8
Total, %	-14	-18

The table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

mining and, to a certain degree, gold mining was higher than levels reported in other segments. The dramatic change in the market in recent quarters impacted the product mix in the business area.

During the third quarter, equipment accounted for 31% of invoicing and aftermarket for 52%, while the project share was 17%.

With the aim of adapting production capacity and costs to the weak market situation, Sandvik Mining and Construction continued to implement personnel reductions

and consolidate production to fewer units. During the quarter, the workforce was reduced by about 600 employees. Cost-cutting actions during the quarter are estimated to have reduced costs by about SEK 500 M. Working capital was reduced by SEK 1,400 M excluding currency effects, of which inventory accounted for SEK 1,100 M, at the same time as investments decreased, which resulted in a strong cash flow.

Third-quarter operating result amounted to SEK 332 M (1,337) or 4.3% (14.1) of invoicing. Earnings were negatively impacted by about SEK 1,500 M due to lower sales and production volumes, and by about SEK 80 M due to costs for restructuring measures. Changed exchange rates had a positive impact of about SEK 80 M on earnings. Return on capital employed declined to 5.1% (27.1).

	Q3 2009	Q3 2008	Change %	Q1-3 2009	Q1-3 2008	Change %
SEK M						
Order intake	8 134	9 465	-20 *	21 885	30 383	-36 *
Invoiced sales	7 762	9 475	-24 *	24 580	27 613	-21 *
Operating profit	332	1 337	-75	54	3 892	-99
%	4.3	14.1		0.2	14.1	
Return on capital employed	5.1	27.1		5.1	27.1	
Number of employees	14 661	17 219	-15	14 661	17 219	-15

* At fixed exchange rates for comparable units.

Sandvik

Materials Technology

- Weak demand
- Energy sector remains strong
- Low production volumes
- Reduced costs
- Strong cash flow

The market situation for Sandvik Materials Technology remained weak during the third quarter. Demand was low from most customer segments with the exception of products for the energy sector, where the nuclear power and oil/gas industries reported favorable growth

Order intake declined by 29% and invoicing by 39% in price and volume at fixed exchange rates for comparable units. The effects of changed metal prices had a negative impact on order intake and invoicing of about 8 and 9 percentage points, respectively. The price trend was favorable for high value-added products, but under more pressure for low-value added products.

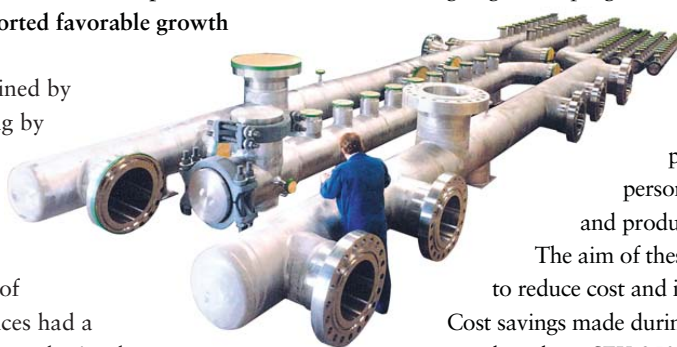
The market situation was largely unchanged compared with the preceding quarter, with strong activity reported in the energy sector, but generally weak in other segments. The market for high value-added niche products noted a more favorable trend than other products. The strong demand reported in the energy sector related mainly to tube products, but also certain wire products. The market was relatively strong in Asia, while the trend in both Europe and North America remained

Q3	Order intake	Invoiced sales
Price/volume, %	-29	-39
Structure, %	0	0
Currency, %	+6	+6
Total, %	-25	-36

The table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

weak. During the quarter, a further SEK 200 M was included in order bookings related to the previously announced tube order for the nuclear power industry in China.

The ongoing action program in response to the



weak volume trend continued during the quarter and encompassed cost cuts, personnel reductions and production restrictions.

The aim of these activities was to reduce cost and inventory levels.

Cost savings made during the quarter amounted to about SEK 350 M and the number of employees was reduced by about 380 persons. Working capital was reduced by approximately SEK 900 M excluding currency effects, of which inventory accounted for about SEK 300 M. Total nickel inventory levels amounted to slightly less than 8,000 tons. Changed metal prices had a positive effect of SEK 170 M on earnings.

Third-quarter operating result was negatively impacted by about SEK 1,000 M as a result of low sales and production volumes, and by about SEK 80 M due to changed exchange rates. The operating result totaled SEK -2 M (505) or -0.1% (9.9) of invoicing. Return on capital employed declined to -6.9% (6.4).

SEK M	Q3 2009	Q3 2008	Change %	Q1-3 2009	Q1-3 2008	Change %
Order intake	3 578	4 770	-29 *	12 036	16 590	-35 *
Invoiced sales	3 299	5 122	-39 *	11 352	16 333	-38 *
Operating profit	-2	505		-1 273	1 122	
%	-0.1	9.9		-11.2	6.9	
Return on capital employed	-6.9	6.4		-6.9	6.4	
Number of employees	8 397	9 442	-11	8 397	9 442	-11

* At fixed exchange rates for comparable units and adjusted for metal price effects.

Significant events

- On 1 September, Ola Salmén assumed the role as new Chief Financial Officer and member of Group Executive Management of Sandvik AB. Ola Salmén previously held the position of CFO at Vin & Sprit AB.
- Cash flow was positively impacted by SEK 400 M as a result of final payment of the currency hedge that was closed during the first quarter, which generated a total positive effect of SEK 600 M.
- During the quarter, Sandvik Mining and Construction received two major project orders. The first of these, valued at SEK 740 M, related to a material-handling system for an underground mine in Africa, with the second order for SEK 480 M pertaining to a loading system in South America.
- New assembly facilities for mining equipment were inaugurated outside Shanghai, China, and outside Belo Horizonte, Brazil. The new facilities entail the establishment of assembly capacity closer to major customers and facilitate shorter lead times and continued consolidation and streamlining of the manufacturing and delivery process.
- In October, Sandvik Mining and Construction decided to discontinue the manufacturing of equipment for underground mining in Burlington, Canada. The decision is part of the business area's ongoing consolidation process that aims to create a more cost-efficient production organization in the long term. The closure is expected to be completed by the end of 2010 and will affect 114 employees.
- Sandvik's action program continues with the aim of adapting production capacity and cost levels to prevailing market conditions and trends. In addition to cost-saving measures in day-to-day activities, the structural activities that have been approved since the third quarter 2008 are summarized in the table below:

Personnel changes since third quarter 2008

	Sandvik Tooling	Sandvik Mining and Construction	Sandvik Materials Technology	Other	Group total
Reduction of temporary employees *	200	1 600	400	50	2 250
Reduction of permanent employees	2 061	2 533	1 046	604	6 244
Closing of units	5	10	–	–	15
Number of employees utilizing reduced working hours, temporary lay-offs and similar measures					~15 000

* Rounded numbers

Acquisitions and divestments

The total purchase consideration for operations acquired during the first nine months of the year amounted to SEK 3,272 M. Of the purchase consideration, a preliminary amount of SEK 2,103 M comprises goodwill and other intangible assets.

The number of employees in acquired operations amounted to 286. The accumulated effect of acquired operations was SEK 184 M on invoicing and a negative SEK 50 M on profit after tax.

Acquisitions during the latest 18 months

Business area	Company/unit	Closing date	Annual revenue SEK M	No. of employees
Sandvik Mining and Construction	Aubema, Germany	3 Apr 08	160	80
Sandvik Mining and Construction	Sanslip, Sweden	7 Apr 08	15	9
Sandvik Materials Technology	Eurocut, UK	2 May 08	60	60
Seco Tools	ALG, Russia	5 May 08	100	170
Sandvik Tooling	Teeness, Norway	30 May 08	200	105
Sandvik Tooling	Precorp, USA (49 %)	12 Jun 08	140	140
Sandvik Tooling	BTA Heller Drilling Systems, UK	16 Jan 09	33	12
Sandvik Tooling	Wolfram Bergbau- und Hütten, Austria	28 May 09	1 800	274

Divestments during the latest 18 months

Business area	Company/unit	Closing date	Annual revenue SEK M	No. of employees
Sandvik Mining and Construction	Sandvik Nora, construction division	30 Apr 08	65	30
Sandvik Materials Technology	Sandvik Calamo	30 Oct 08	65	36

Parent Company

The Parent Company's invoicing during the third quarter of 2009 amounted to SEK 2,700 M (4,795) and the operating result was SEK -362 M (238). For the period January-September 2009, invoicing was SEK 9,632 M (15,896) and the operating result was SEK -1,815 M (154). Similar to the Group, the Parent Company's operating result was negatively impacted during the period by low capacity utilization in certain production units and items of a nonrecurring nature, but was positively

impacted by metal price effects. In 2009, the result was negatively affected by SEK 571 M due to metal price effects and SEK 194 M attributable to costs for restructuring measures. Income from shares in Group companies consists primarily of dividends from these and amounted to SEK 3,676 M (5,364). Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to SEK 13,876 M (SEK 12,362 at 31 December 2008). Investments in fixed assets amounted to SEK 800 M (1,150).

First nine months of 2009

Order intake for the period January-September 2009 was impacted by the sharp deterioration in the economy and amounted to SEK 51,498 M (71,894), down 28% in total and 37% at fixed exchange rates for comparable units. Invoicing was SEK 53,725 M (68,484), down 22% in total and 31% at fixed exchange rates for comparable units.

The operating result of the January-September period significantly declined due to lower volumes, restructuring costs and impairments and amounted to SEK -1,820 M (10,559). The operating margin was -3.4% (15.4) of invoicing. Changed exchange rates had a positive impact on earnings of about SEK 110 M since the beginning of the year.

Accounting principles

This interim report was prepared in accordance with IFRS, applying IAS 34, Interim Financial Reporting. The same accounting and valuation policies were applied as in the most recent annual report, with the exception of certain new standards and interpretations, which are applied from 1 January 2009.

Revised IAS 1 Presentation of financial statements entails that items recognized directly in equity that do not affect transactions with owners must now be recognized in the income statement under the heading Other comprehensive income. Sandvik has chosen to present other comprehensive income as a component in the income statement and not as a separate statement. The statement of changes in equity

Financial net amounted to SEK -1,575 M (-1,506) and result after financial items was SEK -3,395 M (9,053). The tax rate was 26.5%, and net result for the period amounted to SEK -2,494 M (6,682). Deferred tax attributable to future loss carryforwards was taken into consideration when calculating tax for the period. Earnings per share amounted to SEK -2.13 (5.38).

Cash flow from operating activities amounted to SEK 8,304 M (7,746). The Group's investments in fixed assets totaled SEK 3,949 M (5,099). Company acquisitions accounted for SEK 1,542 M (935). After investments, acquisitions and divestments, cash flow amounted to SEK 3,118 M (2,137).

presents the total comprehensive income for the period and transactions with owners. The corresponding reclassifications have been made in the comparative figures.

In addition to the amendments in IAS 1, new standards and interpretations have not entailed any significant effects on Sandvik's financial reports. IFRS 8 Operating segments has not entailed any change to Sandvik's definition of the Group's segments.

The interim report for the Parent Company was prepared in accordance with the Annual Accounts Act and Securities Market Act, which is in line with standard RFR 2.2 Reporting by a legal entity, issued by the Swedish Financial Reporting Board.

Risks and uncertainty factors

Sandvik is a global group represented in 130 countries and is as such exposed to a number of commercial and financial risks. Accordingly, risk management is an important process for Sandvik in relation to established targets. Efficient risk management is an ongoing process conducted within the framework of business control, and is part of the ongoing operations follow-up and forward-looking assessment of operations.

Sandvik's future risk exposure is assumed not to deviate from the inherent exposure associated with Sandvik's ongoing business operations. The recent dramatic development in the global economy have caused a higher level of general uncertainty, which, in the short term, could also entail increased risk and uncertainty for Sandvik's sales and profitability. For a more in-depth analysis of risks, refer to Sandvik's Annual Report 2008.

Transactions with related parties

No transactions between Sandvik and related parties that have significantly affected the com-

pany's position and earnings have taken place.

Financial reports summary

The Group

INCOME STATEMENT

	Q3	Q3	Change	Q1-3	Q1-3	Change
SEK M	2009	2008	%	2009	2008	%
Revenue	16 578	22 478	-26	53 725	68 484	-22
Cost of sales and services	-12 473	-14 634	-15	-41 496	-44 434	-7
Gross profit	4 105	7 844	-48	12 229	24 050	-49
% of revenues	24.8	34.9		22.8	35.1	
Selling expenses	-2 516	-2 817	-11	-8 315	-8 407	-1
Administrative expenses	-1 029	-1 274	-19	-3 754	-3 917	-4
Research and development costs	-406	-477	-15	-1 491	-1 494	0
Other operating income and expenses	-103	310		-489	327	
Operating profit	51	3 586	-99	-1 820	10 559	
% of revenues	0.3	16.0		-3.4	15.4	
Financial net	-574	-551	+4	-1 575	-1 506	+5
Profit after financial items	-523	3 035		-3 395	9 053	
% of revenues	-3.2	13.5		-6.3	13.2	
Income tax	343	-763		901	-2 371	
Profit for the period	-180	2 272		-2 494	6 682	
% of revenues	-1.1	10.1		-4.6	9.8	
Other comprehensive income						
Foreign currency translation differences	-2 190	1 743		-1 233	1 014	
Cash-flow hedges	186	-269		543	-138	
Tax related to other comprehensive income	-49	76		-143	39	
Total comprehensive income for the period	- 2 053	1 550		-833	915	
Total profit for the period	-2 233	3 822		-3 327	7 597	
Profit for the period attributable to:						
Owners of the parent	-181	2 189		-2 522	6 378	
Non-controlling interests	1	83		28	304	
Total comprehensive income attributable to:						
Owners of the parent	-2 194	3 701		-3 314	7 281	
Non-controlling interests	-39	121		-13	316	
Earnings per share, before dilution, SEK	-0.15	1.85		-2.13	5.38	

Financial reports summary

The Group

BALANCE SHEET

SEK M	30 Sept 2009	30 Sept 2008	Change %	31 Dec 2008
Intangible assets	13 882	11 937	+16	12 472
Property, plant and equipment	26 713	23 794	+12	26 123
Financial assets	5 592	4 088	+37	4 352
Inventories	21 539	27 497	-22	28 614
Current receivables	18 882	24 462	-23	26 668
Cash and cash equivalents	8 040	1 560	+416	4 998
Total assets	94 648	93 338	+1	103 227
Total equity	29 472	32 123	-8	36 725
Non-current interest-bearing liabilities	30 859	22 115	+40	25 314
Non-current non-interest-bearing liabilities	5 457	5 584	-2	5 919
Current interest-bearing liabilities	11 891	12 413	-4	14 549
Current non-interest-bearing liabilities	16 969	21 103	-20	20 720
Total equity and liabilities	94 648	93 338	+1	103 227
<i>Net working capital *</i>	<i>24 047</i>	<i>30 247</i>	<i>-20</i>	<i>32 571</i>
<i>Loans</i>	<i>39 823</i>	<i>31 753</i>	<i>+25</i>	<i>36 735</i>
<i>Net debt **</i>	<i>33 235</i>	<i>31 609</i>	<i>+5</i>	<i>33 323</i>
<i>Non-controlling interests in total equity</i>	<i>935</i>	<i>1 009</i>	<i>-7</i>	<i>1 137</i>

* Inventories + trade receivables excl. prepaid income taxes, reduced by non-interest-bearing liabilities excl. tax liabilities.

** Current and non-current interest-bearing liabilities including net provisions for pensions, less cash and cash equivalents.

CHANGE IN TOTAL EQUITY

SEK M	Equity related to owners of the parent	Non-controlling interest	Total equity
Opening equity, 1 January 2008	28 614	1 209	29 823
Total comprehensive income for the period	11 755	456	12 211
Acquisition of non-controlling interest		-162	-162
Dividends	-4 745	-366	-5 111
Exercised share options	-36		-36
Closing equity, 31 December 2008	35 588	1 137	36 725
Opening equity, 1 January 2009	35 588	1 137	36 725
Total comprehensive income for the period	-3 314	-13	-3 327
Dividends	-3 737	-189	-3 926
Closing equity, 30 September 2009	28 537	935	29 472
Opening equity, 1 January 2008	28 614	1 209	29 823
Total comprehensive income for the period	7 281	316	7 597
Acquisition of non-controlling interest		-150	-150
Dividends	-4 745	-366	-5 111
Exercised share options	-36		-36
Closing equity, 30 September 2008	31 114	1 009	32 123

Financial reports summary

The Group

CASH-FLOW STATEMENT

SEK M	Q3 2009	Q3 2008	Q1-3 2009	Q1-3 2008
<i>Cash flow from operating activities</i>				
Income after financial income and expenses	-523	+3 035	-3 395	+9 053
Adjustment for depreciation, amortization and impairment losses	+982	+836	+3 318	+2 517
Adjustment for items that do not require the use of cash	+227	-9	+233	-295
<u>Income tax paid</u>	<u>-381</u>	<u>-737</u>	<u>-1 068</u>	<u>-2 534</u>
Cash flow from operating activities before changes in working capital	+305	+3 125	-912	+8 741
<i>Changes in working capital</i>				
Change in inventories	+2 254	-824	+7 347	-1 716
Change in operating receivables	+701	+720	+5 362	-1 076
<u>Change in operating liabilities</u>	<u>+370</u>	<u>-635</u>	<u>-3 493</u>	<u>+1 797</u>
Cash flow from operating activities	+3 630	+2 386	+8 304	+7 746
<i>Cash flow from investing activities</i>				
Acquisitions of companies and shares, net of cash acquired	-491	-12	-1 542	-935
Acquisitions of property, plant and equipment	-969	-2 007	-3 949	-5 099
Proceeds from sale of companies and shares, net of cash disposed of	-	-	+48	+83
<u>Proceeds from sale of property, plant and equipment</u>	<u>+113</u>	<u>+179</u>	<u>+257</u>	<u>+342</u>
Cash flow from investing activities	-1 347	-1 840	-5 186	-5 609
Net cash flow after investing activities	+2 283	+546	+3 118	+2 137
<i>Cash flow from financing activities</i>				
Change in interest bearing debt	-484	-2 388	+2 053	+3 154
Closure of interest swap and currency hedge	+419	-	+1 843	-
Exercise of personnel options program	-	-	-	-44
Payment to new pension funds	-	-	-	-663
<u>Dividends paid</u>	<u>-1</u>	<u>-</u>	<u>-3 926</u>	<u>-5 111</u>
Cash flow from financing activities	-66	-2 388	-30	-2 664
Cash flow for the period	+2 217	-1 842	+3 088	-527
Cash and cash equivalents at beginning of the period	6 023	3 293	4 998	2 006
Exchange-rate differences in cash and cash equivalents	-200	+109	-46	+81
<u>Cash and cash equivalents at the end of the period</u>	<u>8 040</u>	<u>1 560</u>	<u>8 040</u>	<u>1 560</u>

KEY FIGURES

	Q3 2009	Q3 2008	Q1-4 2008
No. of shares outstanding at end of period ('000) ¹⁾	1 186 287	1 186 287	1 186 287
Average no. of shares ('000) ¹⁾	1 186 287	1 186 287	1 186 287
Tax rate, %	65.7	25.1	25.9
Return on capital employed, % ²⁾	1.3	22.5	19.9
Return on total equity, % ²⁾	-4.0	29.6	24.8
Return on total capital, % ²⁾	1.0	16.0	14.4
Shareholders' equity per share, SEK	24.10	26.20	30.00
Net debt/equity ratio	1.1	1.0	0.9
Equity/assets ratio, %	31	34	36
Net working capital, %	40	33	32
Earnings per share, SEK	-0.15	1.85	6.30
Cash flow from operating activities, SEK M	+3 630	+2 386	+9 671
<u>Number of employees</u>	<u>44 960</u>	<u>50 929</u>	<u>50 028</u>

1) After dilution.

2) Rolling 12 months

Financial reports summary

The parent company

INCOME STATEMENT

	Q3	Q3	Change	Q1-3	Q1-3	Change
SEK M	2009	2008	%	2009	2008	%
Revenue	2 700	4 795	-44	9 632	15 896	-39
Cost of sales and services	-2 330	-3 815	-39	-8 999	-12 797	-30
Gross profit	370	980	-62	633	3 099	-80
Selling expenses	-115	-167	-31	-402	-502	-20
Administrative expenses	-519	-542	-4	-1 778	-1 658	+7
Research and development costs	-186	-201	-7	-658	-732	-10
Other operating income and expenses	88	168	-48	390	-53	-
Operating profit	-362	238	-	-1 815	154	-
Income from shares in group companies	48	2 108	-98	3 676	5 364	-31
Income from shares in associated companies	-	-	-	2	2	-
Interest income and similar items	306	131	+134	589	471	+25
Interest expenses and similar items	-333	-462	-28	-1 199	-1 170	+2
Profit after financial items	-341	2 015	-	1 253	4 821	-74
Appropriations	-	-	-	-	-	-
Income tax expense	746	25	-	614	3	-
Profit for the period	405	2 040	-80	1 867	4 824	-61

BALANCE SHEET

	30 Sept	30 Sept	Change	31 Dec
SEK M	2009	2008	%	2008
Intangible assets	17	11	+55	31
Property, plant and equipment	6 802	6 422	+6	6 618
Financial assets	15 525	14 376	+8	14 819
Inventories	3 755	5 402	-30	5 123
Current receivables	19 030	15 721	+21	15 305
Cash and cash equivalents	13	6	+117	3
Total assets	45 142	41 938	+8	41 899
Total equity	12 211	12 936	-6	14 089
Untaxed reserves	12	19	-37	12
Provisions	273	359	-24	371
Non-current interest-bearing liabilities	17 986	10 866	+66	12 366
Non-current non-interest-bearing liabilities	51	35	+46	108
Current interest-bearing liabilities	10 635	12 863	-17	9 873
Current non-interest-bearing liabilities	3 974	4 860	-18	5 080
Total equity and liabilities	45 142	41 938	+8	41 899
Pledged assets	-	-	-	-
Contingent liabilities	17 818	16 068 ¹⁾	+11	17 316
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	13 876	13 517	+3	12 362
Investments in fixed assets	800	1 150	-30	1 537

1) Relates to values of 2007-12-31

Market overview and key figures

The Group

ORDER INTAKE OCH INVOICED SALES PER MARKET AREA Q3 2009

The Group

Market area	Order intake			Share %	Invoiced sales		
	SEK M	Change* % % ¹⁾			SEK M	Change* %	
Europe	5 708	-43	-43	33	6 418	-40	39
NAFTA	2 394	-45	-45	14	2 609	-36	16
South America	1 614	1	-29	10	1 068	-29	6
Africa/Middle East	2 651	22	-12	15	1 605	-30	10
Asia	3 269	-26	-31	19	2 881	-27	17
Australia	1 605	-17	-17	9	1 997	-16	12
Total	17 241	-28	-34	100	16 578	-32	100

Sandvik Tooling

Europe	2 314	-43	-43	52	2 344	-43	53
NAFTA	822	-39	-39	19	813	-39	18
South America	217	-38	-38	5	207	-40	5
Africa/Middle East	82	-29	-29	2	78	-30	2
Asia	907	-27	-27	21	877	-30	20
Australia	66	-28	-28	1	65	-27	2
Total	4 408	-37	-37	100	4 384	-38	100

Sandvik Mining and Construction

Europe	1 158	-50	-50	14	1 796	-32	21
NAFTA	799	-52	-52	10	964	-29	10
South America	1 194	20	-29	15	677	-24	12
Africa/Middle East	2 416	25	-13	29	1 442	-29	24
Asia	1 293	-40	-40	16	1 218	-26	18
Australia	1 274	-12	-12	16	1 665	-11	15
Total	8 134	-20	-32	100	7 762	-24	100

Sandvik Materials Technology

Europe	1 581	-38	-38	44	1 599	-44	45
NAFTA	597	-46	-46	17	664	-42	21
South America	144	-15	-15	4	127	-27	3
Africa/Middle East	116	5	5	3	48	-61	3
Asia	895	10	-16	25	613	-26	22
Australia	245	-34	-34	7	248	-38	6
Total	3 578	-29	-33	100	3 299	-39	100

* At fixed exchange rates for comparable units.

1) Excluding major orders.

Financial reports summary

The Group

ORDER INTAKE BY BUSINESS AREA

SEK M	Q3	Q4	Q1-4	Q1	Q2	Q3	Change Q3		Q1-3
	2008	2008	2008	2009	2009	2009	%	% ¹⁾	2009
Sandvik Tooling	6 270	5 879	25 798	5 032	4 466	4 408	-30	-37	13 906
Sandvik Mining and Construction	9 465	8 251	38 634	7 308	6 443	8 134	-14	-20	21 885
Sandvik Materials Technology	4 770	4 991	21 581	4 057	4 400	3 578	-25	-29	12 036
Seco Tools ²⁾	1 600	1 595	6 594	1 356	1 192	1 120	-30	-34	3 668
Group activities	1	0	3	1	2	1			3
Group total	22 106	20 716	92 610	17 754	16 503	17 241	-22	-28	51 498

INVOICED SALES BY BUSINESS AREA

SEK M	Q3	Q4	Q1-4	Q1	Q2	Q3	Change Q3		Q1-3
	2008	2008	2008	2009	2009	2009	%	% ¹⁾	2009
Sandvik Tooling	6 295	6 359	25 975	5 193	4 541	4 384	-30	-38	14 119
Sandvik Mining and Construction	9 475	11 038	38 651	8 330	8 487	7 762	-18	-24	24 580
Sandvik Materials Technology	5 122	5 146	21 480	4 255	3 798	3 299	-36	-39	11 352
Seco Tools ²⁾	1 576	1 618	6 513	1 347	1 176	1 123	-29	-32	3 646
Group activities	10	10	35	11	9	10			28
Group total	22 478	24 171	92 654	19 136	18 011	16 578	-26	-32	53 725

OPERATING PROFIT BY BUSINESS AREA

SEK M	Q3	Q4	Q1-4	Q1	Q2	Q3	Change Q3		Q1-3
	2008	2008	2008	2009	2009	2009	%	% ¹⁾	2009
Sandvik Tooling	1 422	817	5 461	267	-463	-247			-443
Sandvik Mining and Construction	1 337	1 105	4 996	392	-670	332	-75		54
Sandvik Materials Technology	505	65	1 187	-521	-750	-2			-1 273
Seco Tools ²⁾	318	232	1 332	95	41	51	-84		186
Group activities	3	16	-183	-118	-143	-83			-344
Group total ³⁾	3 586	2 235	12 794	115	-1 985	51	-99		-1 820

OPERATING MARGIN BY BUSINESS AREA

% OF INVOICED SALES	Q3	Q4	Q1-4	Q1	Q2	Q3	Change Q3		Q1-3
	2008	2008	2008	2009	2009	2009	%	% ¹⁾	2009
Sandvik Tooling	22.6	12.9	21.0	5.1	-10.2	-5.6			-3.1
Sandvik Mining and Construction	14.1	10.0	12.9	4.7	-7.9	4.3			0.2
Sandvik Materials Technology	9.9	1.3	5.5	-12.2	-19.7	-0.1			-11.2
Seco Tools ²⁾	20.2	14.4	20.5	7.0	3.4	4.5			5.1
Group total	16.0	9.2	13.8	0.6	-11.0	0.3			-3.4

1) Change compared with preceeding year at fixed exchange rates for comparable units.

2) As a result of the majority holding in Seco Tools AB, Sandvik consolidates this company.
For comments, refer to the company's interim report.

3) Internal transactions had negligible effect on business area profits.

Annual General Meeting 2010

The Board of Directors has decided that the 2010 Annual General Meeting will be held in Sandviken on 4 May 2010 at 17:00. The notice to convene the Meeting will be made in the usual manner.

Sandviken, 30 October 2009
Sandvik Aktiebolag (publ)

Lars Pettersson
President and CEO

Sandvik discloses the information provided herein pursuant to the Securities Market Act. The information is submitted for publication on 30 October 2009 at 08.00 CET.

Review report

We have conducted a review of the financial interim information for Sandvik Aktiebolag (publ) at 30 September 2009 and of the nine-month period ending on that date. The Board of Directors and the President are responsible for preparing this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

Focus and scope of the review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in

a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not provide the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim report for the Group, in all material respects, is not prepared in accordance with IAS 34 and the Annual Accounts Act, and the interim report for the Parent Company is not prepared in accordance with the Annual Accounts Act.

Stockholm, 30 October 2009
KPMG AB

Caj Nackstad
Authorized Public Accountant

The Sandvik Group's interim report for the fourth quarter 2009 will be published on 3 February 2010.

Additional information may be obtained from Jan Lissåker, Sandvik Investor Relations at tel. +46 26 26 10 23 or Magnus Larsson at tel +46 26 26 09 37 or by e-mail to info.ir@sandvik.com.

A combined presentation and teleconference will be held on 30 October 2009 at 14.00 CET at Operaterrassen in Stockholm. Information available at www.sandvik.com/ir.

Calendar 2010:

3 Feb Fourth-quarter and full-year report 2009
4 May First-quarter report 2010 and AGM
20 Jul Second-quarter report 2010
15 Sept Capital Markets Day
29 Oct Third-quarter report 2010

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