

Q3

Sandvik

Interim report on third quarter 2012

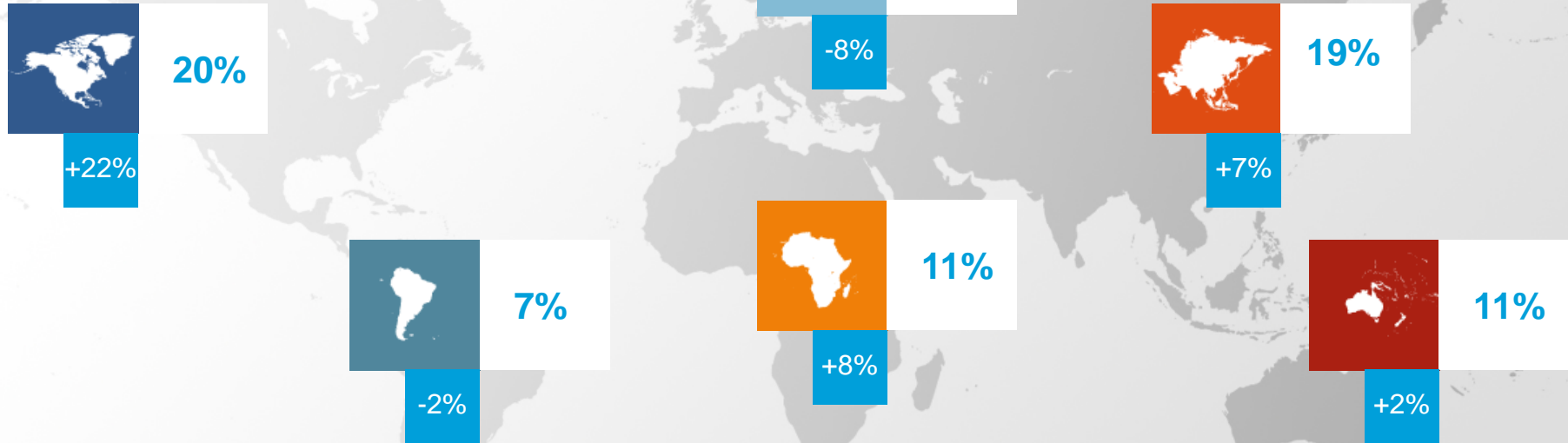
**Continued
strong
execution,
but a more
cautious
market**



Quarterly highlights

- Continued strong execution
 - Record strong cash flow 3,979 MSEK
 - Turnaround plans continue to deliver
 - EBIT 3,325 MSEK, 14.2%
 - ROCE annualized quarter result 20.1%
- Cautious market
 - Trend shift for Mining
 - Lower market activity for Machining Solutions
 - Continued slow market for Materials Technology and Construction
 - Fragmented demand for Venture

Invoicing by market

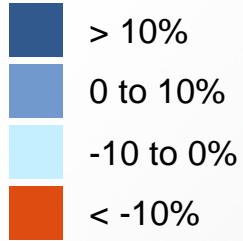


□ Share of Group total

■ Invoicing (p/v) Q3 2012, change compared with Q3 2011

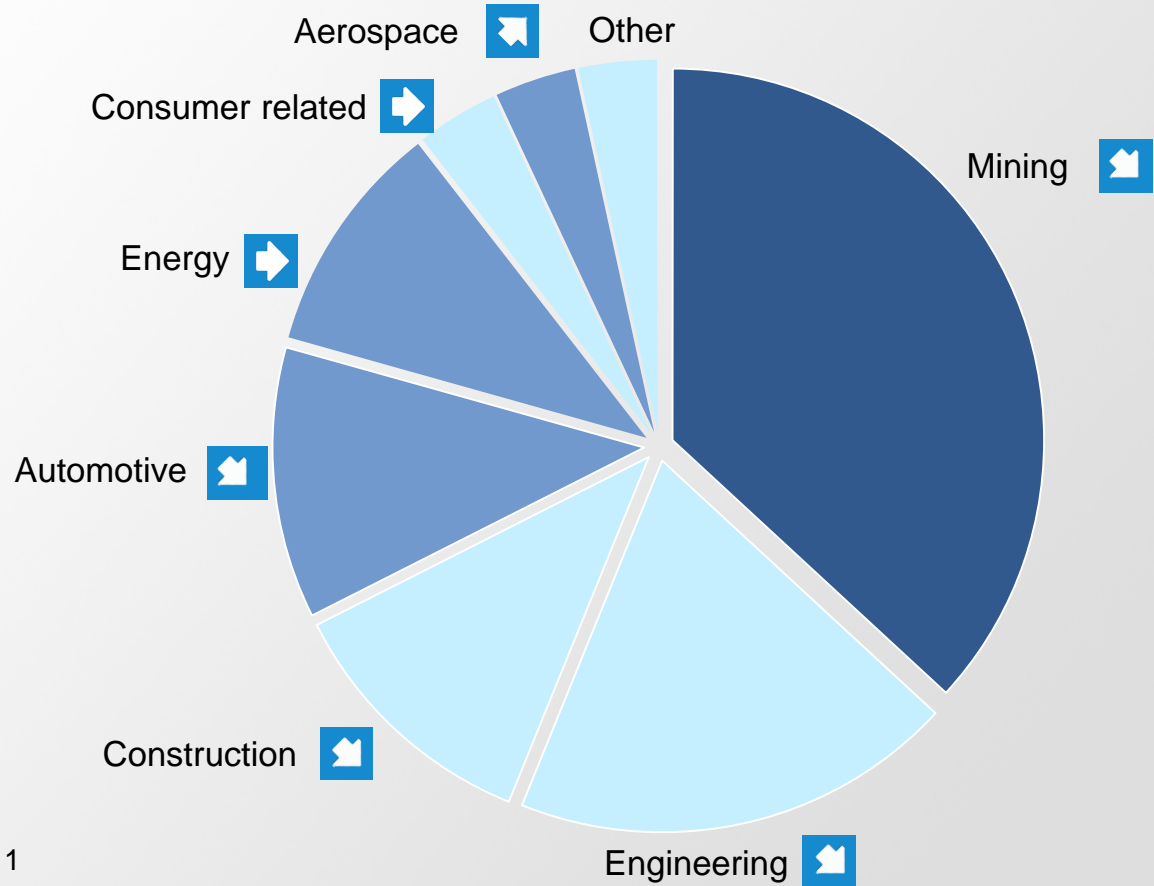
Customer segments

Invoicing vs. Q3 2011



➡ Compared to last quarter

Pie chart representing share of invoicing 2011

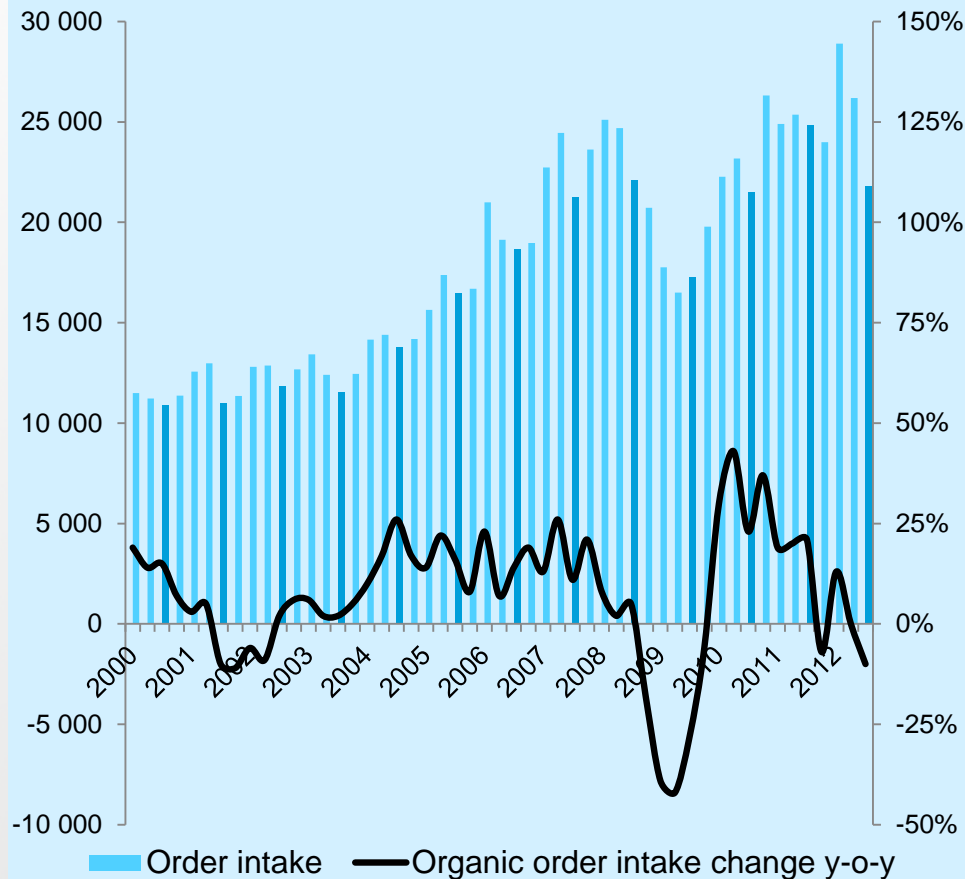


Order intake

Order intake 21,795 MSEK

- Major mining systems orders
1.7 bn SEK

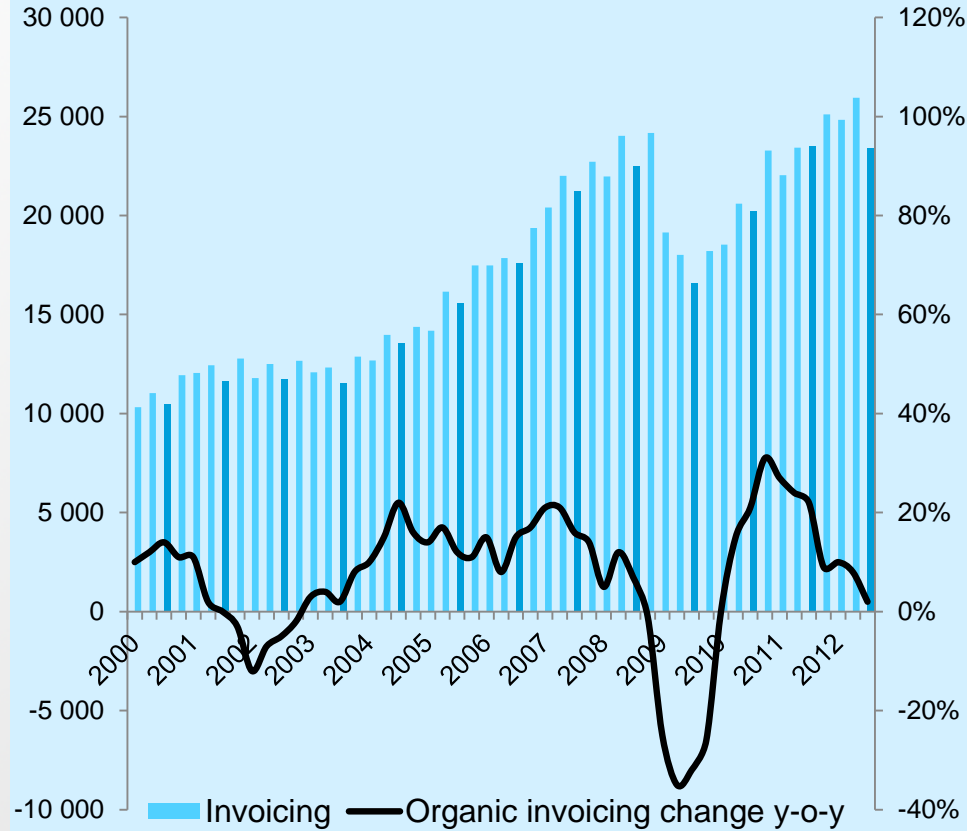
Change p/v -10%



Invoicing

Invoicing 23,424 MSEK

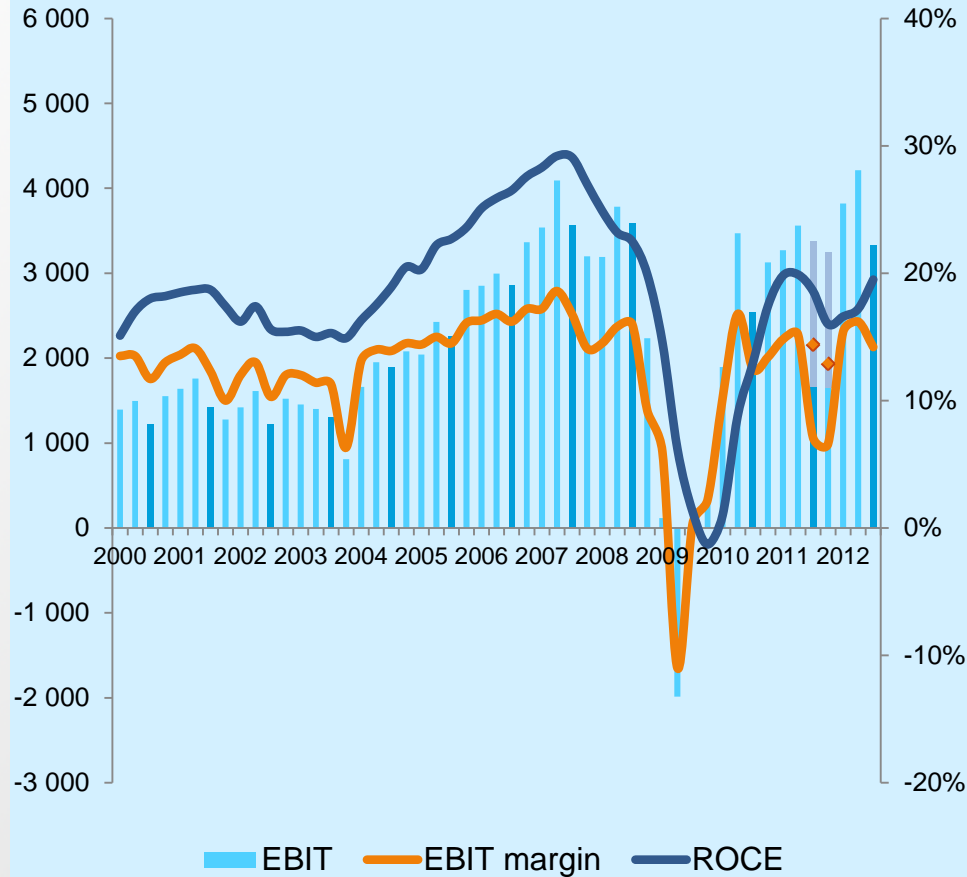
Change p/v +2%



EBIT and ROCE

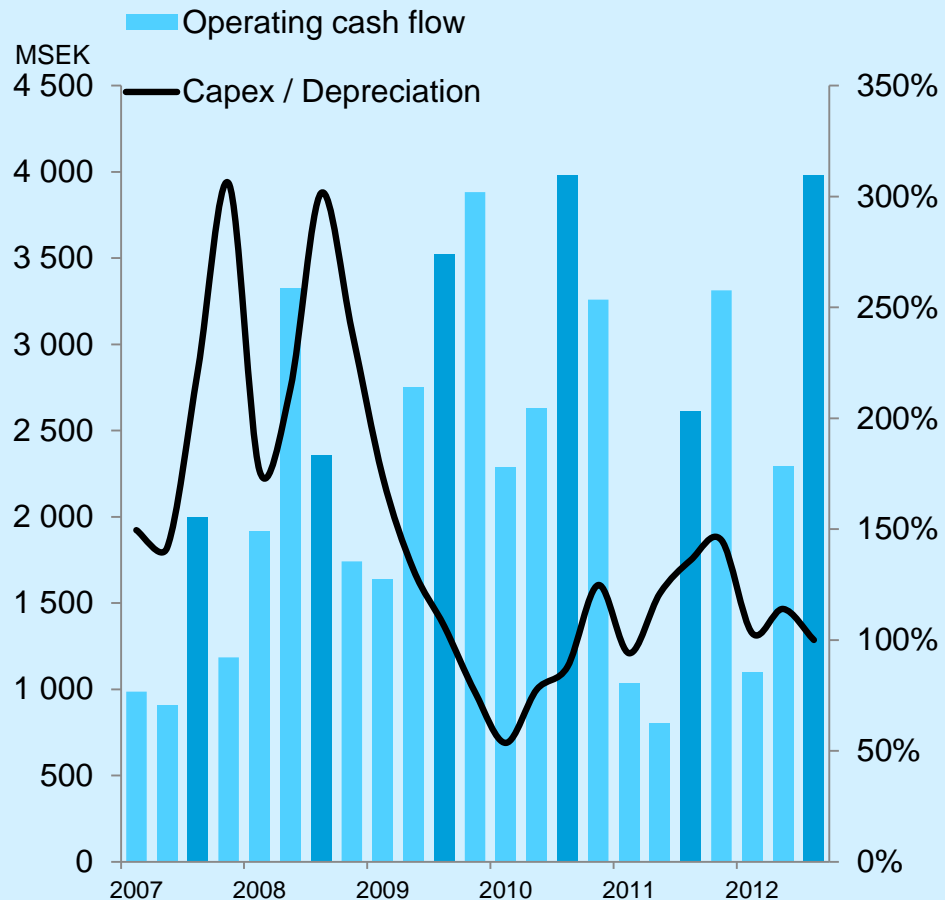
Q3 2012

- EBIT 3,325 MSEK
- EBIT margin 14.2%
- ROCE annualized quarter result 20.1%
 - ROCE reported rolling 12 months 19.5%

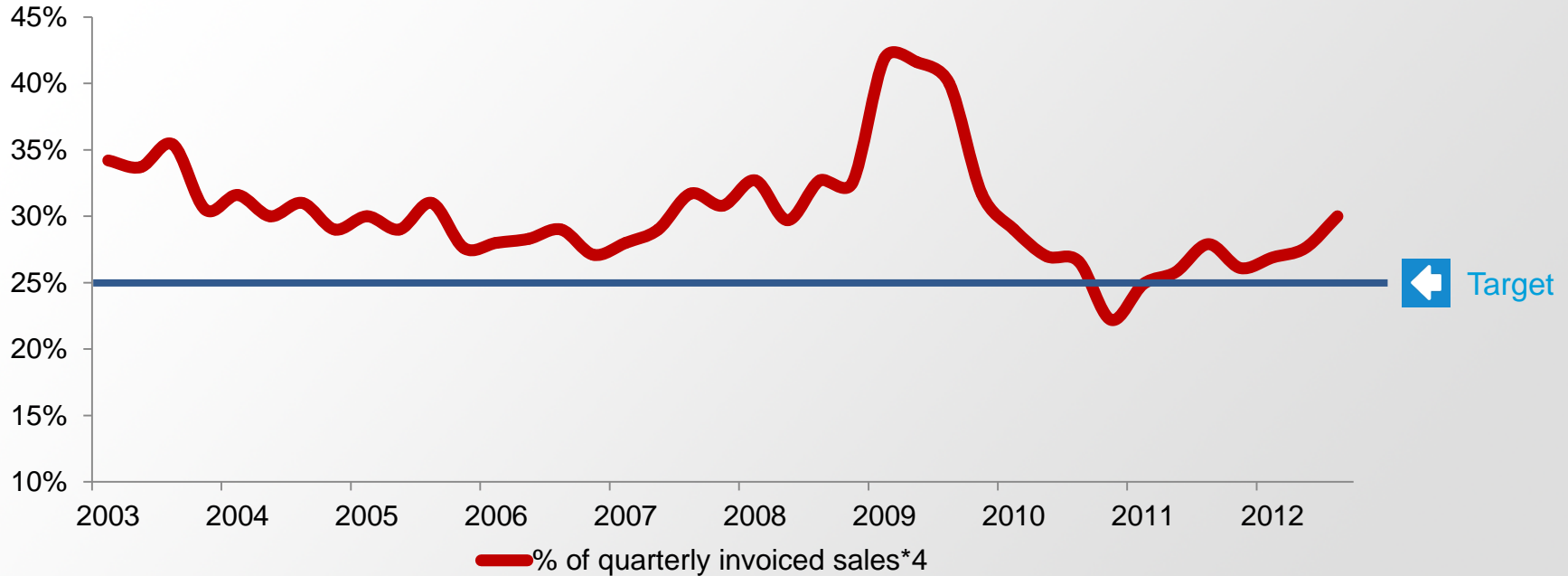


Cash flow

Cash flow from operating activities 3,979 MSEK



Net Working Capital



Bridge analysis

MSEK	Q3 2011	Price/ volume/ Productivity	Currency	Structure, one-offs*	Q3 2012
Sandvik Group					
Invoiced sales	23,528	+740	-670	-180	23,424
EBIT	1,665	+270	-120	+1,510	3,325
EBIT margin	7.1%	36%			14.2%

* Includes metal price effects

Sandvik Mining

- Strong invoicing but trend shift in demand
 - Activity high in Africa but declined in other major markets
 - Major mining systems orders 1.7 bn SEK
 - Increased focus on costs and working capital
- EBIT 1,506 MSEK (1,451)
 - EBIT margin 15.9% (17.2)
- ROCE annualized quarter result 37.3%
 - ROCE reported rolling 12 months 39.3%
 - Net working capital 28% (25) of invoicing

Strong invoicing
but trend shift in
demand



Sandvik Machining Solutions

- Strong cash flow, but lower market activity
 - Weakening demand in most major markets
 - Continued strong in North America
- Mid-market initiatives
 - Dormer to transfer to Machining Solutions
 - Launch of Carbology
- Stable profitability
 - EBIT 1,313 MSEK (1,518)
 - EBIT margin 20.0% (21.9)
- ROCE annualized quarter result 26.6%
 - ROCE reported rolling 12 months 33.5%
 - Net working capital 29% (25) of invoicing

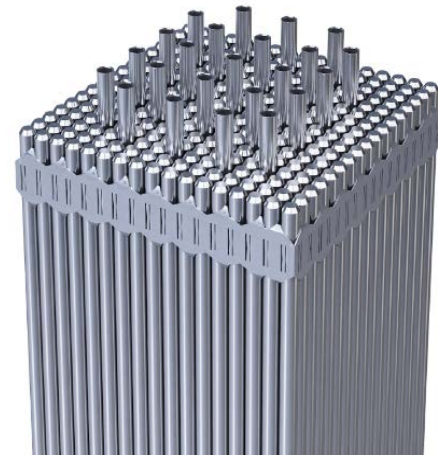
Strong cash flow, but lower market activity



Sandvik Materials Technology

- Strong cash flow and inventory reductions
 - Stable demand in oil/gas
 - Weak for most other customer segments
 - Step Change turnaround program expanded
- Continued improved profitability
 - EBIT 180 MSEK (-449)
 - EBIT margin 5.2% (-11.9)
 - Metal price effect -96 MSEK
 - EBIT excluding metal price effects 276 MSEK, 8.0%
- ROCE annualized quarter result 5.0%
 - ROCE reported rolling 12 months 0.3%
 - Net working capital 37% (39) of invoicing

Continued
improved
profitability



Sandvik Construction

- Continued market uncertainty
 - Low demand in Europe
 - Mixed demand in Asia
 - Increased cost focus due to weaker business climate
- Continued successful profit improvement
 - EBIT 230 MSEK (99)
 - EBIT margin 10.2% (4.1)
- ROCE annualized quarter result 15.2%
 - ROCE reported rolling 12 months 6.7%
 - Net working capital 29% (31) of invoicing

Strong
profitability
development



Sandvik Venture

- Mixed market development
 - High activity for Process Systems
 - Improved demand in Europe
 - Decline in Asia and North America
- Dormer to be transferred to Machining Solutions
- Strong profitability
 - EBIT 283 MSEK (-831)
 - EBIT margin 17.1% (-41.7)
- ROCE annualized quarter result 15.1%
 - ROCE reported rolling 12 months 17.0%
 - Net working capital 44% (35) of invoicing

Strong profitability in a fragmented market



Summary Q3 2012

- Stable profitability and strong cash flow
- Cautious market
 - Trend shift for Sandvik Mining
- Executive appointments
 - Tomas Nordahl appointed new President for Sandvik Venture as of 1 November
 - Olle Wijk appointed new Head of Group R&D and member of extended Group Executive Management

Emil Nilsson

- Born 1971, Swedish citizen
 - M. Sc. in Business Administration and Finance
- Career
 - CFO, Sandvik 2012 Sept
 - President of Ericsson Central Europe 2011 – 2012
 - CFO/COO of Ericsson North America 2008 – 2011
 - CFO of Ericsson, Brazil 2004 – 2008
 - Various finance roles, Ericsson 1996 – 2004
- Personal interests include outdoor activities, international cooking, sports, visiting new countries and cultures



Q&A

Back-up slides

Quarterly financials

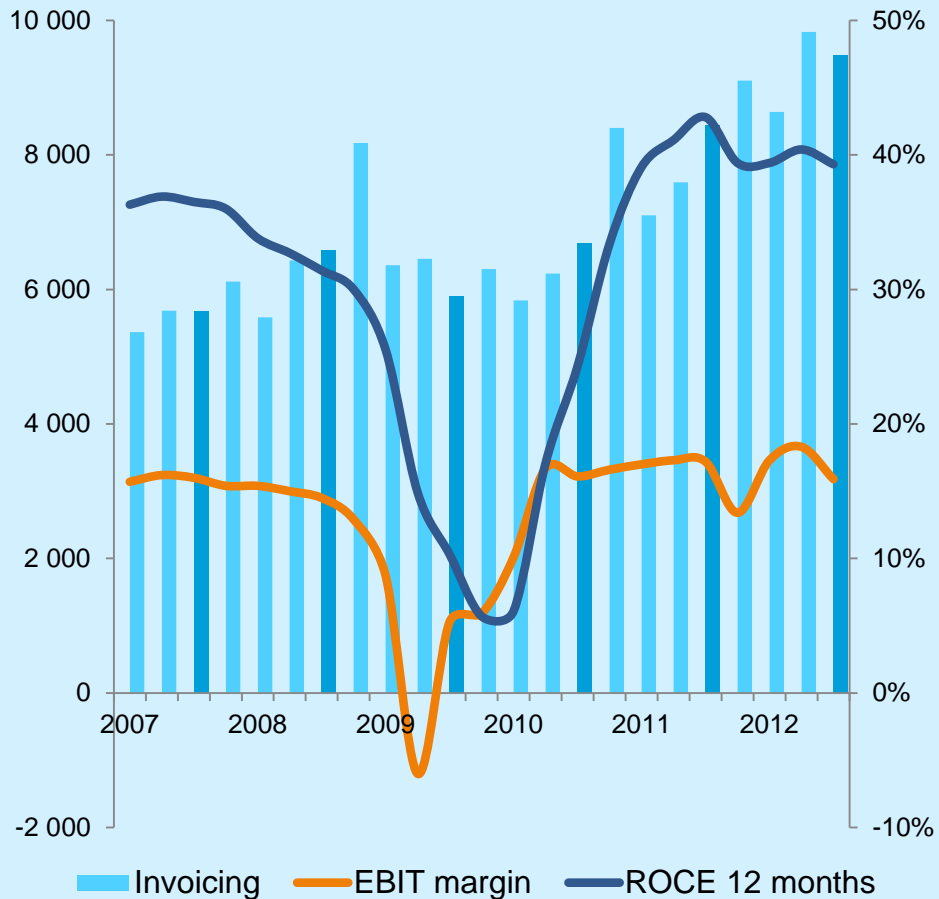
MSEK	Q3 2011	Q3 2012	VS Q3 2011
Order intake	24,825	21,795	-10%*
Invoicing	23,528	23,424	+2%*
EBIT	1,665	3,325	+100%
EBIT margin	7.1%	14.2%	-
Operating cash flow	+2,614	+3,979	+52%
Cash flow after investing activities	+1,427	+3,173	+122%

* Change in price/volume

Sandvik Mining

Q3 2012

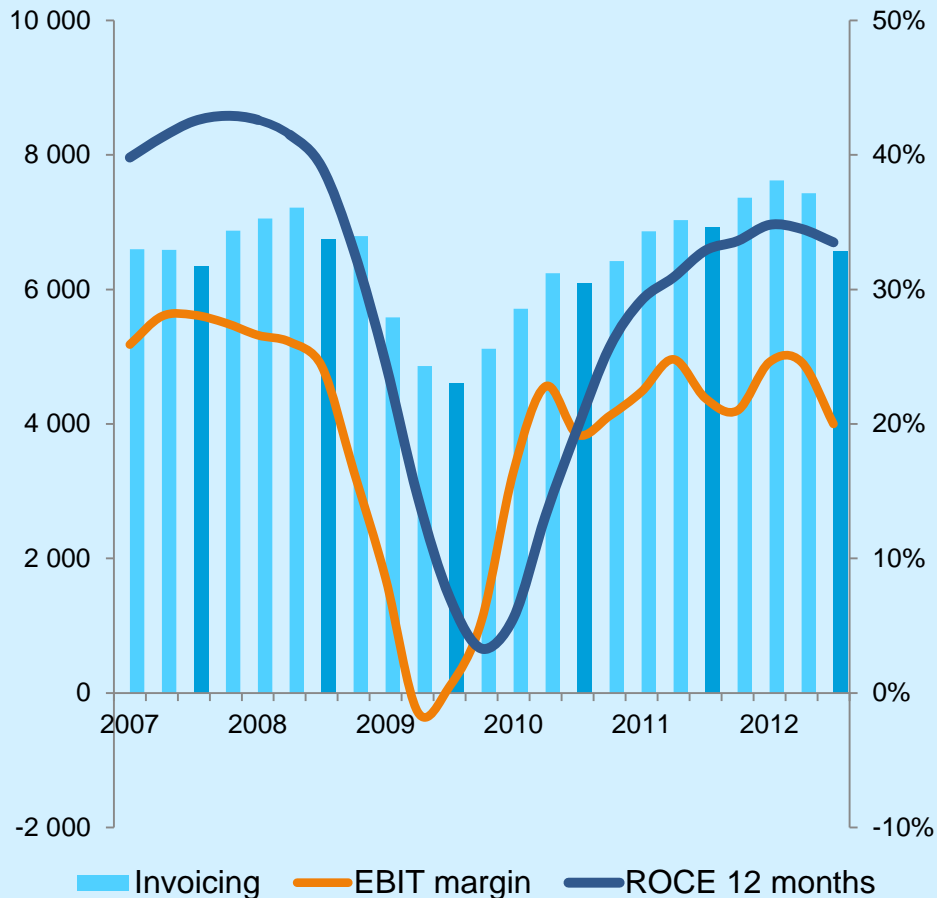
- Order intake 8,499 MSEK
- Invoicing 9,485 MSEK
- EBIT 1,506 MSEK
- ROCE 39.3%
 - ROCE annualized quarter result 37.3%



Sandvik Machining Solutions

Q3 2012

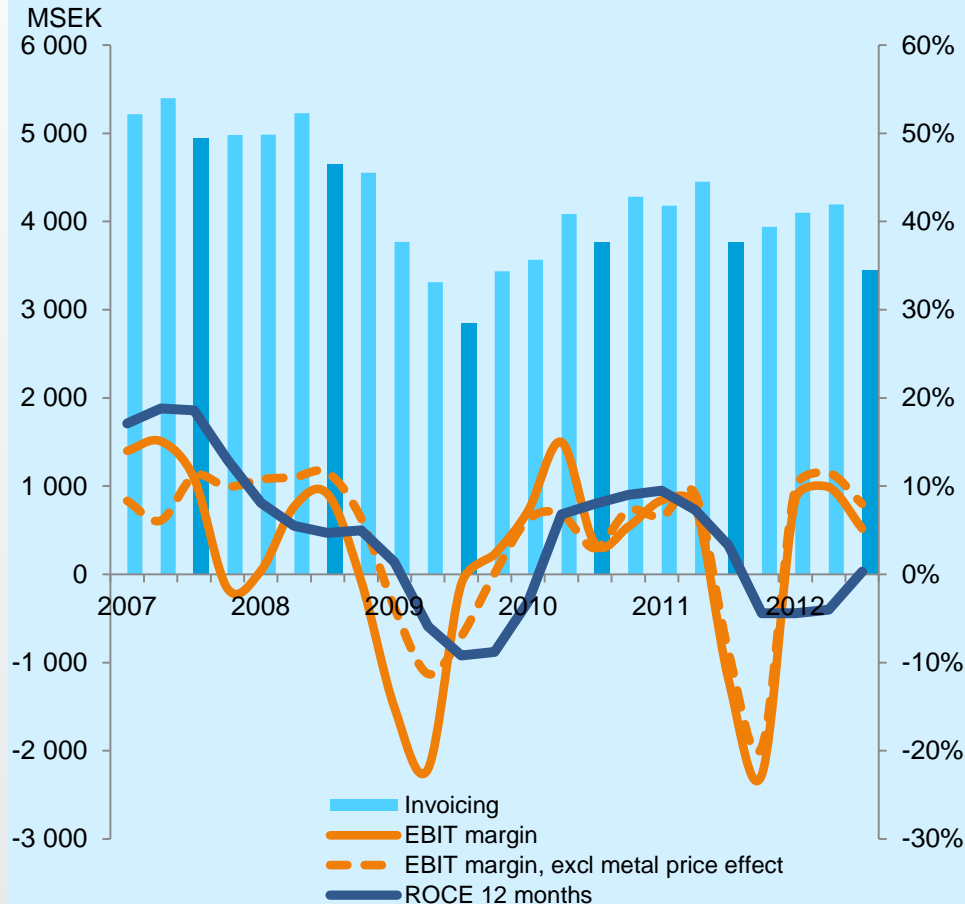
- Order intake 6,556 MSEK
- Invoicing 6,567 MSEK
- EBIT 1,313 MSEK
- ROCE 33.5%
 - ROCE annualized quarter result 26.6%



Sandvik Materials Technology

Q3 2012

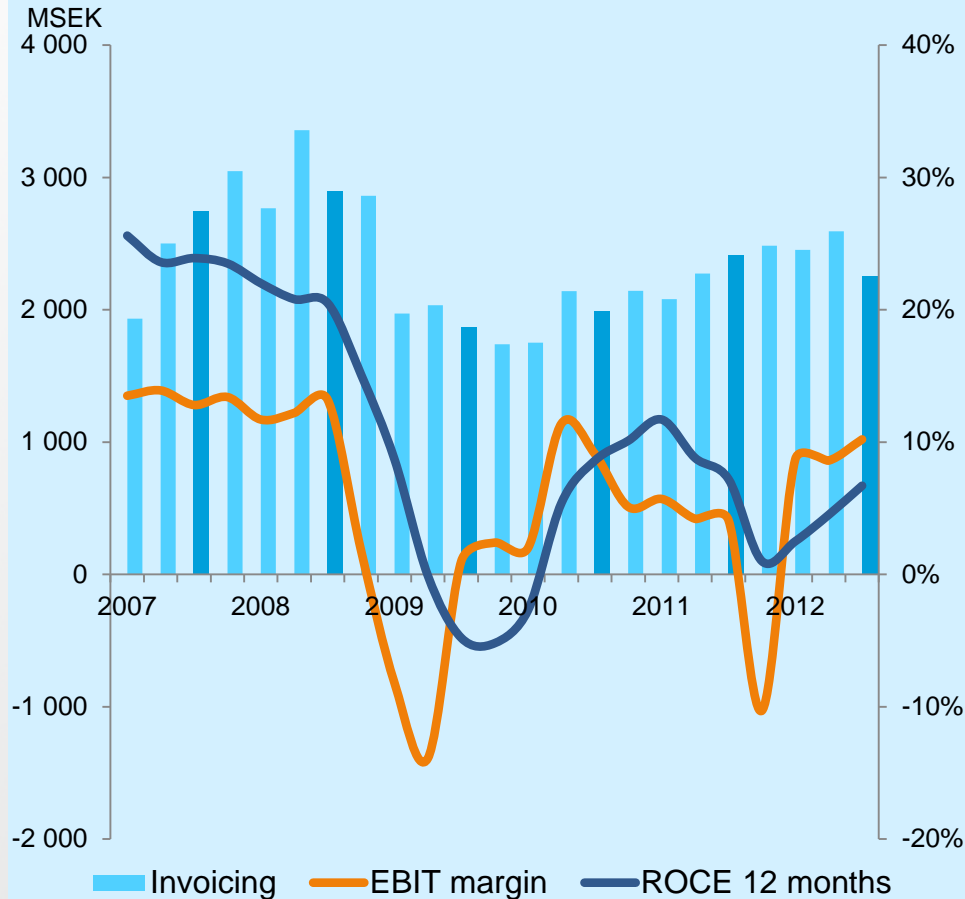
- Order intake 3,112 MSEK
- Invoicing 3,450 MSEK
- EBIT 180 MSEK
 - Adjusted for metal price effects, 276 MSEK, 8.0% of invoicing
- ROCE 0.3%
 - ROCE annualized quarter result 5.0%



Sandvik Construction

Q3 2012

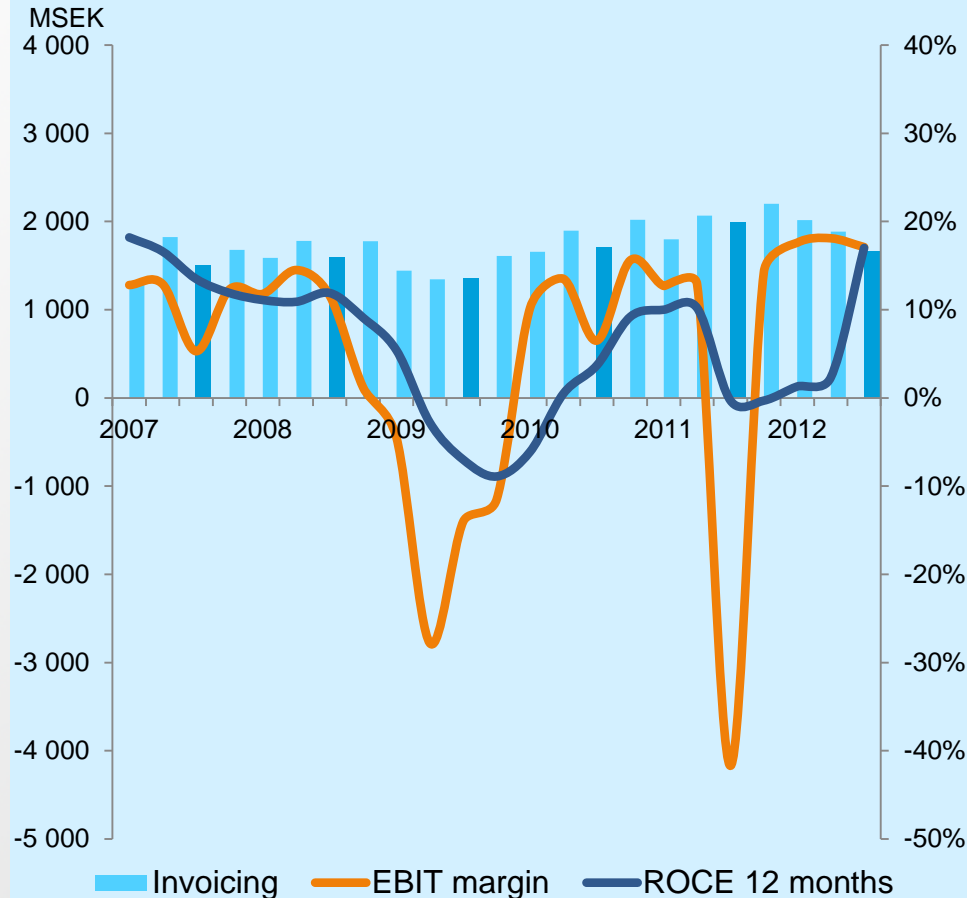
- Order intake 2,110 MSEK
- Invoicing 2,256 MSEK
- EBIT 230 MSEK
- ROCE 6.7%
 - ROCE annualized quarter result 15.2%



Sandvik Venture

Q3 2012

- Order intake 1,517 MSEK
- Invoicing 1,655 MSEK
- EBIT 283 MSEK
- ROCE 17.0%
 - ROCE annualized quarter result 15.1%



Income statement

MSEK	Q3 2011		Q2 2012		Q3 2012	
Invoiced sales	23,528		25,939		23,424	
Cost of goods sold	-15,991		-16,466		-14,993	
Gross profit	7,537	32%	9,473	37%	8,431	36%
Admin, sales and R&D costs	-5,939		-5,236		-4,920	
Other operating income and expenses	67		-25		-186	
Operating profit (EBIT)	1,665	7%	4,212	16%	3,325	14%
Net financial items	-555		-545		-473	
Profit after financial items	1,110	5%	3,667	14%	2,852	12%
Profit for the period	704	3%	2,773	11%	2,103	9%

Bridge analysis

MSEK	Q3 2011	Price/volume/ productivity	Currency	Structure, one-offs	Q3 2012
Sandvik Mining					
Invoiced sales	8,432	+1,220	-220	+50	9,485
EBIT	1,451	+160	-100	-	1,506
EBIT margin	17%	13%			16%
Sandvik Machining Solutions					
Invoiced sales	6,917	-120	-230		6,567
EBIT	1,518	-100	-30	-80	1,313
EBIT margin	22%	-83%			20%
Sandvik Materials Technology					
Invoiced sales	3,767	-90	-50	-190	3,450
EBIT	-449	+70	+30	+530	180
EBIT margin	-12%	n/a			5%

Bridge analysis

MSEK	Q3 2011	Price/volume/ productivity	Currency	Structure, one-offs	Q3 2012
Sandvik Construction					
Invoiced sales	2,411	-130	-130	+100	2,256
EBIT	99	+180	-20	-30	230
EBIT margin	4%	n/a			10%
Sandvik Venture					
Invoiced sales	1,991	-140	-60	-140	1,655
EBIT	-831	+40	-10	+1,090	283
EBIT margin	-42%	n/a			17%

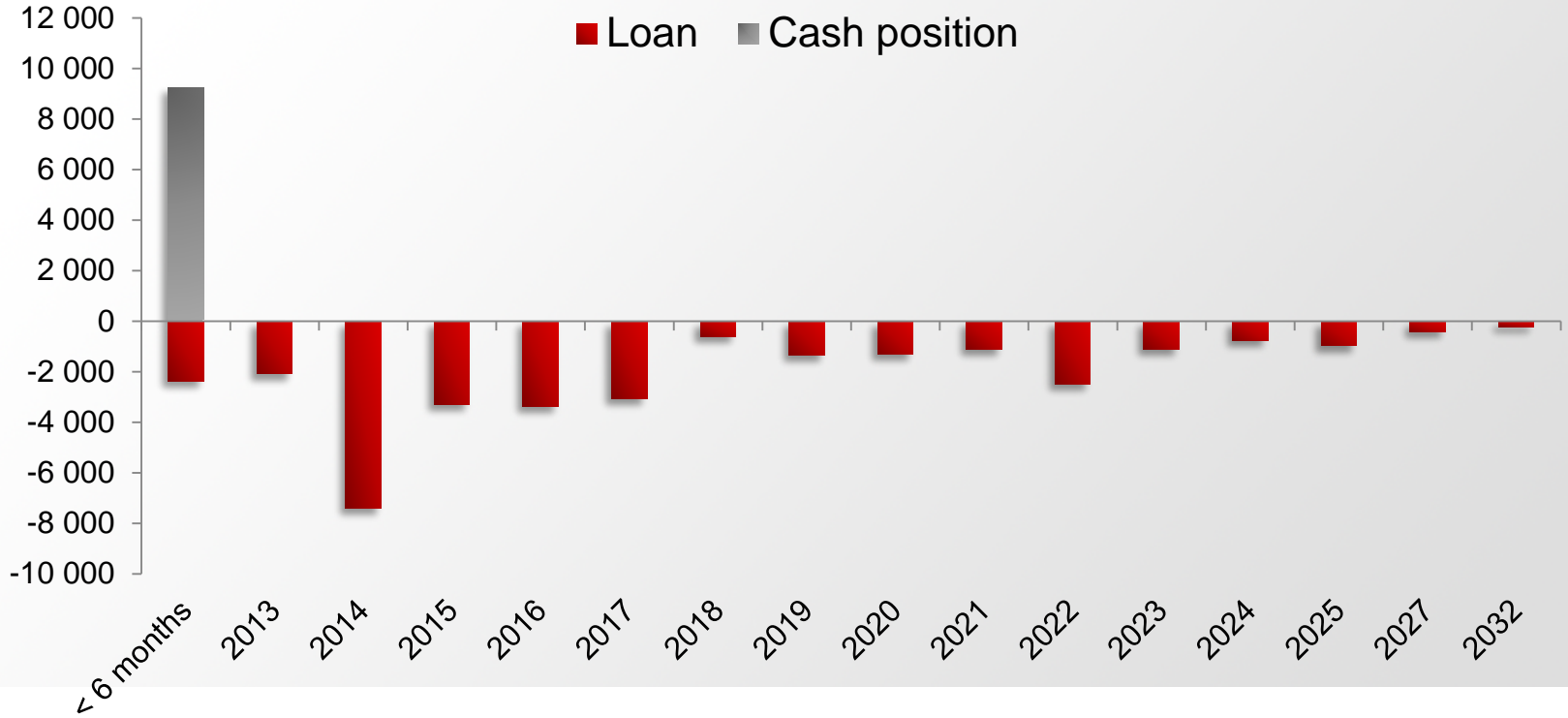
Balance sheet

MSEK	Q3 2011	Q2 2012	Q3 2012	vs Q3 2011
Intangible fixed assets	12,084	11,750	11,340	-6%
Tangible fixed assets	25,411	25,834	25,398	-
Financial fixed assets	6,171	6,458	6,693	+8%
Inventories	26,187	27,869	26,723	+2%
Receivables	22,909	24,428	22,976	-
Cash and cash equivalents	3,508	6,411	9,247	+164%
Total assets	96,270	102,750	102,377	+6%
Total equity	33,830	34,678	35,306	+4%
Interest-bearing liabilities	32,513	36,378	35,838	+10%
Non-interest-bearing liabilities	29,927	31,694	31,233	+4%
Total equity and liabilities	96,270	102,750	102,377	+6%

Loan and duration profile

	Amount MSEK	Average duration
Long term	88%	
US Private Placement	5,577	7 years
Fin institutions, EIB, NIB	2,963	2 years
Swedish MTN	8,135	5 years
European MTN	9,062	5 years
Bank loans	2 267	2 years
Share swap	1,552	4 years
Short term	12%	
Commercial paper	0	0 months
Swedish MTN	2,430	5 months
Bank loans	1,643	1 month
Total	33,629	4 years
Cash position	9,247	
Unutilized revolving credit facilities, 10,483 MSEK		

Loan maturity profile



Financial key figures

MSEK	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Cash flow from operations	2,614	3,312	1,099	2,293	3,979
Capex	1,248	1,585	1,056	1,114	949
ROCE, 12 months	18.6%	16.0%	16.6%	17.2%	19.5%
ROE, 12 months	21.7%	17.3%	18.2%	19.8%	23.6%
Net debt/equity ratio	0.8	0.8	0.7	0.8	0.7
EPS, SEK 12 months	5.78	4.63	5.00	5.47	6.60

Guidance

Metal price effects

Given currency rates, stock levels and metal prices at end of September, a negative EBIT effect of about -50 to -100 MSEK is expected for Q4.

Net financial items

Net financial items is estimated to be about 2 bn SEK for 2012.

Currency effects

Given currency rates at quarter end the effect on EBIT would be about -120 MSEK for Q4.

Capex

Capex is estimated to be about 5 bn SEK for 2012.

Tax rate

The tax rate is estimated to about 25-27% for 2012.

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.”