

Sandvik Q2

PRESS RELEASE 19 July 2011

Interim report on the second quarter
and the first six months of 2011

CEO's comment:

Stable demand

"The business climate continued to develop favorably during the second quarter. Order intake continued to increase compared with the preceding year as well as the preceding quarter, and higher invoiced sales and production volumes resulted in improved earnings," says Sandvik's President and CEO Olof Faxander.

"It is satisfying that we continue to increase productivity and profitability in many areas in pace with growing volumes. During the quarter, inventories of finished products increased primarily to ensure

high delivery reliability in connection with planned maintenance shutdowns during the seasonally weaker third quarter."

Order intake exceeded SEK 25 billion and invoiced sales exceeded SEK 23 billion, which in terms of volume were 20% and 24% higher, respectively, than the year-earlier period. Operating profit improved to SEK 3.6 billion, and the operating margin was 15.2%. Currency effects had an impact of more than SEK -700 M on earnings compared with the previous year.



Sandvik's CEO Olof Faxander.

FINANCIAL OVERVIEW

SEK M	Q2 2011	Q2 2010	Change %	Q1-2 2011	Q1-2 2010	Change %
Order intake	25 361	23 179	+20 *	50 262	45 449	+20 *
Invoiced sales	23 421	20 603	+24 *	45 451	39 136	+26 *
Gross profit	8 506	7 920	+7	16 799	14 184	+18
% of invoiced sales	36.3	38.4		37.0	36.2	
Operating profit	3 562	3 471	+3	6 834	5 368	+27
% of invoiced sales	15.2	16.8		15.0	13.7	
Profit after financial items	3 073	3 037	+1	5 928	4 538	+31
% of invoiced sales	13.1	14.7		13.0	11.6	
Profit for the period	2 228	2 075	+7	4 354	3 198	+36
% of invoiced sales	9.5	10.1		9.6	8.2	
of which shareholders' interest	2 114	1 904	+11	4 141	2 966	+40
Earnings per share, SEK ¹⁾	1.78	1.61	+11	3.49	2.50	+40
Return on capital employed % ²⁾	19.9	8.8		19.9	8.8	
Cash flow from operations	+802	+2 626	-69	+1 838	+4 913	-63
Number of employees	48 819	45 178	+8	48 819	45 178	+8

* At fixed exchange rates for comparable units.

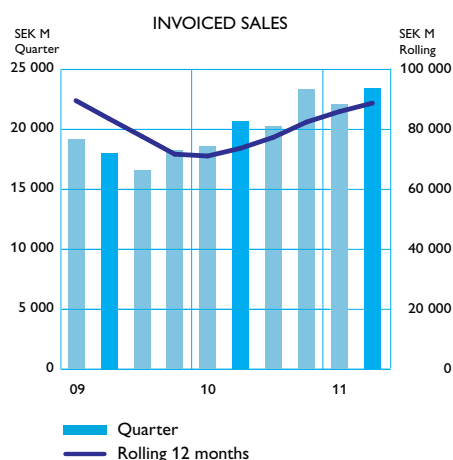
1) Calculated on the basis of the shareholders' share of profit for the period. No dilutive impact.

2) Rolling 12 months.

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Market and sales



The market situation remained positive during the second quarter, with order intake and invoiced sales rising 20% and 24% respectively at fixed exchange rates compared with the second quarter 2010.

Order intake increased significantly in all markets for Sandvik Tooling and Sandvik Mining and Construction. The market scenario was more fragmented for Sandvik Materials Technology, whose order intake declined slightly compared with the strong second quarter of 2010. Changed exchange rates had an impact of -9%, or around SEK 2 billion, on both order intake and invoiced sales.

Demand for Sandvik's products remained high in most areas during the quarter.

Order intake was strong for high value-added products for industrial production and aftermarket and for investment-related products.

Demand was high in all market areas for Sandvik Tooling and Sandvik Mining and Construction, but varied for Sandvik Materials Technology.

Demand was high from the automotive, aerospace and mining industries but slowed slightly during the latter part of the quarter from the construction and consumer goods industries. In the energy segment, activity remained very high in the oil and gas area while safety reviews and political uncertainty surrounding the nuclear industry subdued activity levels.

Order intake increased in all market areas but primarily in North and South America, Africa and Australia. In South America, Sandvik Mining and Construction secured a large project order for a material handling system valued at approximately SEK 1.2 billion and in North

Q2	Order intake	Invoiced sales
Price/volume, %	+20	+24
Structure, %	0	0
Currency, %	-9	-9
Total, %	+9	+14

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

America, Sandvik Materials Technology secured an order for tubing to the oil industry valued at SEK 325 M. A number of large aftermarket contracts were secured in Australia, which consolidates Sandvik's strong position in the mining industry. In Japan, order intake declined temporarily due to the natural disaster but recovered toward the end of the quarter to largely the same levels as in the period prior to the disaster.

Various trend analyses at the end of the quarter indicated increased caution for the second half-year in terms of industrial activity and the general interest to invest, mainly due to financial tightening in China and continued economic uncertainty in Europe.

Order intake amounted to SEK 25,361 M (23,179), a total increase of 9%, or of 20% at fixed exchange rates for comparable units. Approximately SEK 1.5 billion (1.0) of order intake comprised large project orders. Changed exchange rates had an impact of -9% on order intake. The increase in fixed exchange rates for comparable units was 24% for Sandvik Tooling and 35% for Sandvik Mining and Construction. Order intake for Sandvik Materials Technology declined 11% compared with the strong second quarter of the year-earlier period, including an impact of about -1 percentage point in relation to changed metal prices.

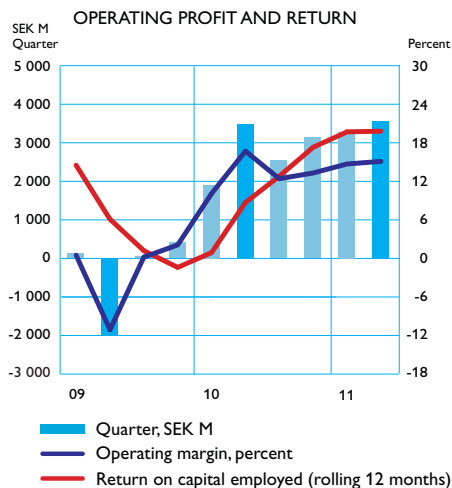
Invoiced sales in the second quarter amounted to SEK 23,421 M (20,603), a total increase of 14%, or of 24% at fixed exchange rates for comparable units compared with the second quarter of the preceding year. Changed exchange rates had an impact of -9% on invoiced sales. Invoiced sales at fixed exchange rates and for comparable units increased 24% for Sandvik Tooling, 30% for Sandvik Mining and Construction and 15% for Sandvik Materials Technology. Changed metal prices had a marginal impact on invoiced sales.

Earnings and return

Earnings and return on capital employed improved compared with the corresponding quarter of 2010. Operating profit increased to SEK 3,562 M (3,471) and the operating margin was 15.2% (16.8) of invoiced sales. This improvement was primarily attributable to higher volumes, increased capacity utilization and greater efficiency. Changed metal prices impacted earnings by approximately SEK -60 M (+340) and changed exchange rates impacted earnings by about SEK -720 M. Return on capital employed was 19.9% (8.8) for the most recent 12-month period.

During the quarter, both sales and production volumes increased compared with the year-earlier period, which is essential for increasing profitability in a vertically integrated and capital-intensive business. The gross margin rose slightly, adjusted for currency effects. In combination with implemented efficiency-enhancement programs and a product mix characterized by increased average profitability, this led to improved earnings and a higher return compared with the year-earlier period. Adjusted for the negative effects of changed exchange rates and metal prices, earnings from additional sales volumes were approximately 25%.

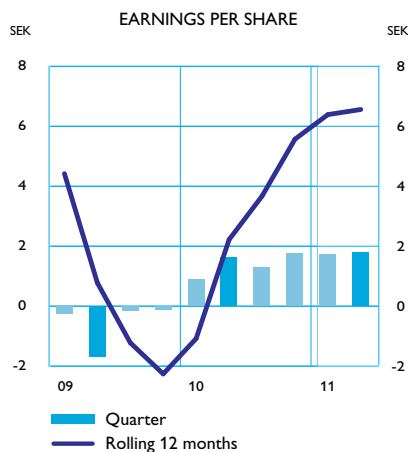
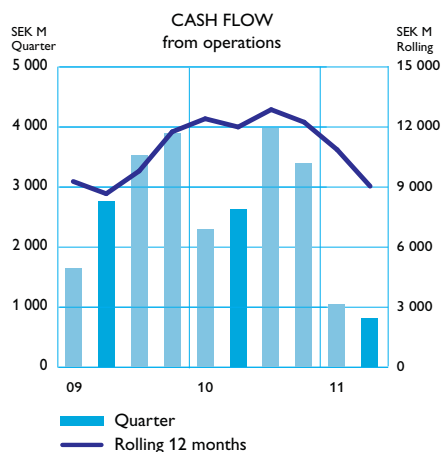
Net financial items amounted to SEK -489 M (-434) and the result after net financial items improved to SEK 3,073 M (3,037), or 13.1% of invoiced sales. Income tax was SEK 845 M (962) and the net result for the period amounted to SEK 2,228 M (2,075), or 9.5% of invoiced sales. Earnings per share amounted to SEK 1.78 (1.61) for the quarter.



Working capital rose slightly compared with the preceding quarter, primarily due to increased inventories in some areas, amounting to 26% (27) of invoiced sales. Return on capital employed over the past 12 months increased to 19.9% (8.8) mainly due to a higher operating margin for Sandvik Tooling and lower inventories relative to sales for Sandvik Mining and Construction. Return on total equity amounted to 24.6% (9.5).

Due to the increase in working capital, cash flow from operations declined to SEK 802 M (2,626). Investments were slightly higher than depreciation and amounted to SEK 1,220 (905), of which company acquisitions accounted for 0 (230).

Cash flow after investments was SEK -360 M (+1,770) for the quarter.



Sandvik Tooling

- Positive demand trend
- Increased volumes
- Enhanced profitability
- Negative currency effects

The demand trend for Sandvik Tooling remained favorable during the second quarter. Both order intake and invoiced sales improved significantly in all markets compared with the year-earlier period. Demand also rose slightly compared with the preceding quarter. Higher invoiced sales, combined with a higher production rate and increased internal efficiency, led to an improvement in operating profit. In the second quarter, order intake and invoiced sales rose 24% at fixed exchange rates for comparable units. Operating profit improved to SEK 1,572 M (1,283) or 23% of invoiced sales. Changed exchange rates had a substantially negative impact on order intake, invoiced sales and earnings during the quarter.

The market situation remained strong in all major markets and order intake increased significantly compared with the year-earlier period. In Japan, the quarter opened with slightly weaker demand compared with prior to the earthquake but order intake increased toward the end of the quarter to approximately the same levels as before.

The assessment is that potential consequences of financial instability in Europe and the US combined with implemented financial tightening in China will

Q2	Order intake	Invoiced sales
Price/volume, %	+24	+24
Structure, %	0	0
Currency, %	-10	-10
Total, %	+12	+12

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

increase the risk for slightly weaker industrial activity during the second half-year. Activity was high in the automotive, aerospace and energy-related segments, as well as engineering industries. Order intake was stronger for high-alloy products and materials than for other products.

The production rate increased, entailing higher capacity utilization, which in turn had a positive impact on profitability. The strong market trend combined with a competitive offering entailed a slight improvement in the price trend compared with the preceding quarters. Production at the plant in Semine, Japan, which closed temporarily due to the natural disaster, restarted during the quarter.

Inventories of finished products increased slightly during the quarter, in order to secure availability during the summer vacation period. Working capital amounted to 24% (26) of invoiced sales.

Operating profit improved compared with the year-earlier quarter to SEK 1,572 M (1,283), or 23.0% of invoiced sales.

Earnings were impacted by more than SEK -300 M due to changed exchange rates, while some over-production had a slightly positive effect.

Return on capital employed over the past 12 months amounted to 24.7% (7.7).



SEK M	Q2 2011	Q2 2010	Change %	Q1-2 2011	Q1-2 2010	Change %
Order intake	7 023	6 295	+24 *	14 005	12 194	+26 *
Invoiced sales	6 840	6 122	+24 *	13 364	11 673	+26 *
Operating profit	1 572	1 283	+23	2 972	2 116	+40
%	23.0	21.0		22.2	18.1	
Return on capital employed	24.7	7.7		24.7	7.7	
Number of employees	15 740	15 146	+4	15 740	15 146	+4

* At fixed exchange rates for comparable units.

Sandvik

Mining and Construction

- Continued strong demand
- Negative currency effects
- High production rates
- Extended lead times

Q2	Order intake	Invoiced sales
Price/volume, %	+35	+30
Structure, %	0	0
Currency, %	-10	-9
Total, %	+22	+18

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

Activity in the global mining industry remained strong in the second quarter compared with both the year-earlier period and the preceding quarter. Sandvik's strong position in the aftermarket was consolidated and a number of major contracts were secured, primarily in Australia. Demand from the construction industry also improved compared with the year-earlier period but weakened slightly in relation to the preceding quarter. Order intake and invoiced sales rose 35% and 30% respectively at fixed exchange rates, compared with the year-earlier period. Changed exchange rates had a significantly negative impact on order intake, invoiced sales and earnings.

Activity in the mining industry, both in underground and surface mines, remained very high during the quarter, and both order intake and invoiced sales were substantially higher than the year-earlier period. The increase was robust in all regions but strongest for underground mines in Europe and South America, and surface mines in Asia and Australia. Demand also increased compared with the preceding quarter primarily due to a positive trend in Europe and Asia. Demand improved also in the construction industry compared with the year-earlier period, primarily in South America, Africa and Europe. However, order intake



in the construction industry declined somewhat compared with the preceding quarter due to weakening demand in Asia and a leveling off in Europe and North America. A large project order valued at approximately SEK 1.2 billion for material handling systems to South America was secured during the quarter, compared with project orders for more than SEK 300 M in the year-earlier period. The price trend remained positive compared with the preceding quarter.

Order intake exceeded invoiced sales by nearly SEK 2 billion, primarily attributable to project orders for delivery over a longer period, but also to extended delivery times for some key components and thus longer lead times in Sandvik's own production. The aftermarket portion of invoiced sales was 51% (58), while equipment and projects comprised 38% (35) and 11% (7), respectively. Compared with the preceding quarter, working capital rose slightly due to higher inventories and amounted to 26% (28) of invoiced sales.

Operating profit in the second quarter amounted to SEK 1,405 M (1,283), or 14.2% (15.3) of invoiced sales. Earnings were impacted by more than SEK -300 M due to changes in exchange rates. Return on capital employed over the past 12 months amounted to 30.7% (13.3).

SEK M	Q2 2011	Q2 2010	Change %	Q1-2 2011	Q1-2 2010	Change %
Order intake	11 733	9 629	+35 *	22 428	19 535	+24 *
Invoiced sales	9 867	8 375	+30 *	19 049	15 963	+29 *
Operating profit %	1 405	1 283	+10	2 732	1 905	+43
	14.2	15.3		14.3	11.9	
Return on capital employed	30.7	13.3		30.7	13.3	
Number of employees	16 254	14 724	+10	16 254	14 724	+10

* At fixed exchange rates for comparable units.

Sandvik

Materials Technology

- Increased market uncertainty
- Strong demand in oil/gas sector
- Nuclear-power industry under review
- Metal price effect: SEK -60 M

The order intake for products for the oil and gas sector and the automotive industry remained strong, while some decline was noted in certain other segments. Order intake declined 11%, compared with the strong second quarter of 2010, while invoiced sales rose 15% at fixed exchange rates. Production efficiency improved compared with the preceding quarter, thus contributing to somewhat improved earnings. Changed metal prices had an impact on earnings of SEK -60 M (+340).

The global market situation was relatively fragmented during the quarter. The general investment climate at the end of the quarter displayed signs of weakening, primarily due to financial constraints in China, as well as the financial turmoil in Europe.

In North America, demand remained favorable, primarily in the energy and aerospace industries, while order intake declined in Europe and Asia. Activity in the oil and gas industry remained high and order intake rose. Ongoing and future reviews of scheduled nuclear-power projects, combined with political uncertainty, resulted in a lower level of activity and increased the possibility of postponement of orders. Demand was strong

Q2	Order intake	Invoiced sales
Price/volume, %	-11	+15
Structure, %	-1	-1
Currency, %	-6	-7
Total, %	-17	+7

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

from the aerospace, automotive and process industries, but weakened for consumer goods and electronics industries as well as for low value-added products for which global production capacity exceeds demand.

In May, a major order, valued at SEK 325 M, was signed for tubes for the US oil industry.

Working capital rose slightly during the quarter, partly due to seasonal accumulation of inventories, amounting to 31% (28) of invoiced sales.

Internal efficiency rose in the quarter and contributed to improved

earnings compared with the preceding quarter. With the aim of achieving high, sustainable production efficiency, a number of activities were initiated. However, despite some improve-

ment compared with the preceding quarter, it is still too early to regard the improvement as stable.

Operating profit amounted to SEK 402 M (699) or 8.1% (15.1) of invoiced sales. Changed metal prices had an impact of SEK -60 M (+340) on operating profit. Adjusted for metal price effects, the underlying operating margin exceeded 9% (8). Changed exchange rates had a minor impact on earnings during the quarter. Return on capital employed for the past 12 months was 7.6% (7.1).



SEK M	Q2 2011	Q2 2010	Change %	Q1-2 2011	Q1-2 2010	Change %
Order intake	4 790	5 752	-11 *	10 226	10 793	+1 *
Invoiced sales	4 935	4 618	+15 *	9 532	8 638	+18 *
Operating profit	402	699	-43	764	1 011	-24
%	8.1	15.1		8.0	11.7	
Return on capital employed	7.6	7.1		7.6	7.1	
Number of employees	9 268	8 615	+8	9 268	8 615	+8

* At fixed exchange rates for comparable units.

First six months of 2011

The global business climate improved significantly during the first half of the year compared with the weak situation in early 2010. The improvement was tangible for all business areas and, due to a steadily improved global economy combined with a strong market offering, sales and production volumes rose significantly.

Sandvik's order intake for January – June 2011 developed favorably and amounted to SEK 50,262 M (45,449), up 11% in total and 20% in fixed exchange rates for comparable units. Invoiced sales were SEK 45,451 M (39,136), up 16% in total and 26% in fixed exchange rates for comparable units.

Operating profit for January – June 2011 improved significantly, primarily as a result of higher volumes, higher cost-efficiency and a favorable product mix, and amounted to SEK 6,834 M (5,368). The operating margin

corresponded to 15.0% (13.7) of invoiced sales. Changed exchange rates had an impact of nearly SEK -1,200 M on earnings during the first half of the year, compared with a year earlier, while changed metal prices had a marginal impact during the first six months.

Net financial items amounted to SEK -906 M (-830) and the result after net financial items was SEK 5,928 M (4,538). The tax rate was 26.6% and profit for the period amounted to SEK 4,354 M (3,198). Earnings per share amounted to SEK 3.49 (2.50).

Cash flow from operating activities was SEK +1,838 M (+4,913). The Group's investments in fixed assets amounted to SEK 2,105 M (1,205), with company acquisitions accounting for SEK 265 M. After investments, acquisitions and divestments, cash flow was SEK -446 M (+3,364).

Significant events

- On June 13, two employees died at Sandvik Materials Technology in Sandviken, Sweden – a very tragic accident. Sandvik expresses its deepest sympathies with their relatives and the company is taking this accident very seriously. The ongoing investigation has determined the course of events and the cause of the accident, which has been rectified. A number of additional safety measures have been implemented at the workplace. Following approval from the Swedish Work Environment Authority, the facility is once again in operation.
- During the quarter, Sandvik Materials Technology received an order for tubes for the US oil industry. The order value is estimated at approximately SEK 325 M.
- In April Sandvik Mining and Construction received an order for a material handling system for South America. The order value is approximately 1.2 billion SEK.
- Sandvik's 2011 Annual General Meeting resolved, pursuant to a motion by the Board of Directors, to introduce a long-term share-based incentive program for approximately 400 senior executives and key employees within the Group. The program comprises a maximum of 12,000,000 Sandvik shares, corresponding to approximately 1% of the total number of shares and hedged in the form of share swaps with a third party, which means that there will be no dilution. The cost for the program has been estimated at approximately SEK 200 M, based on a share price of SEK 117. Subscription for share swaps with third parties resulted in an approximately 0.1 increase in Sandvik's debt/equity ratio.

Parent company

The parent company's invoiced sales for the second quarter of 2011 amounted to SEK 4,890 M (4,760) and the operating result was SEK -353 M (+173). For the January – June 2011 period, invoiced sales amounted to SEK 9,494 M (8,837) and the operating result was SEK -315 M (+296). Operating income during the second quarter was negatively impacted by metal price effects in inventories, compared with a positive impact in the year-earlier quarter.

The higher activity in 2011 compared with 2010 also resulted in increased operating expenses. Income from shares in Group companies consists

primarily of dividends from these and amounted to SEK 108 M (62) in the second quarter. Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to SEK 15,438 M (10,554 at 31 December 2010).

In terms of accounting, the parent company's indebtedness and shareholders' equity were impacted by approximately SEK 1.4 billion through the signing of a share swap agreement pertaining to the hedging of the approved share-based incentive program. The debt will be reversed in connection with future redemption of share options. Investments in property, plant and machinery amounted to SEK 724 M (510).

Acquisitions and divestments

No acquisitions or divestments were performed during the first six months of the year. During the first quarter, further part payments were made relating to the acquisition of Wolfram, and of

Seco Tools' acquisitions of NCI and DTC, which had a negative impact of SEK 265 M on cash flow after investments.

Acquisitions during the most recent 18-month period

Business area	Company/unit	Closing date	Annual revenue SEK M	No. of employees
Seco Tools	AOB, France	23 July 10	40	50
Seco Tools	NCI and DTC, USA	29 Dec 10	275	180

No divestments were made during the most recent 18-month period.

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 its work to achieve established targets. Efficient risk management is an ongoing process conducted within the framework of business control, and is part of the ongoing review of

operations 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. For a more in-depth analysis of risks, refer to Sandvik's Annual Report for 2010.

Accounting policies

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 new and revised standards and interpretations effective from 1 January 2011. These changes have not had

any impact on Sandvik's financial statements.

The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act and the Securities Market Act, which is in line with standard *RFR 2 Reporting by a legal entity*, issued by the Swedish Financial Reporting Board.

Financial reports summary

The Group

INCOME STATEMENT

	Q2	Q2	Change	Q1-2	Q1-2	Change
SEK M	2011	2010	%	2011	2010	%
Revenue	23 421	20 603	+14	45 451	39 136	+16
Cost of sales and services	-14 915	-12 683	+18	-28 652	-24 952	+15
Gross profit	8 506	7 920	+7	16 799	14 184	+18
% of revenues	36.3	38.4		37.0	36.2	
Selling expenses	-2 882	-2 739	+5	-5 723	-5 320	+8
Administrative expenses	-1 529	-1 301	+17	-2 994	-2 561	+17
Research and development costs	-615	-557	+10	-1 199	-1 056	+14
Other operating income and expenses	82	148	-44	-49	121	-
Operating profit	3 562	3 471	+3	6 834	5 368	+27
% of revenues	15.2	16.8		15.0	13.7	
Financial net	-489	-434	+12	-906	-830	+9
Profit after financial items	3 073	3 037	+1	5 928	4 538	+31
% of revenues	13.1	14.7		13.0	11.6	
Income tax	-845	-962	-12	-1 574	-1 340	+17
Profit for the period	2 228	2 075	+7	4 354	3 198	+36
% of revenues	9.5	10.1		9.6	8.2	
Other comprehensive income						
Foreign currency translation differences	817	420		-307	-451	
Cash-flow hedges	-190	-189		-14	46	
Tax related to other comprehensive income	50	50		4	-12	
Other comprehensive income for the period, net after tax	677	281		-317	-417	
Total comprehensive income for the period	2 905	2 356		4 037	2 781	
Profit for the period attributable to						
Owners of the parent	2 114	1 904		4 141	2 966	
Non-controlling interests	114	171		213	232	
Total comprehensive income attributable to						
Owners of the parent	2 780	2 190		3 827	2 572	
Non-controlling interests	125	166		210	209	
Earnings per share SEK, *	1.78	1.61		3.49	2.50	

* No dilution effects during the period.

Financial reports summary

The Group

BALANCE SHEET

SEK M	30 June 2011	30 June 2010	Change %	31 Dec 2010
Intangible assets	12 928	14 062	-8	13 193
Property, plant and equipment	25 122	26 017	-3	25 252
Financial assets	6 062	6 240	-3	6 023
Inventories	24 676	21 234	+16	21 420
Current receivables	21 869	19 993	+9	19 328
Cash and cash equivalents	2 815	4 330	-35	4 783
Total assets	93 472	91 876	+2	89 999
Total equity	32 729	31 544	+4	33 813
Non-current interest-bearing liabilities	26 088	29 846	-13	25 684
Non-current non-interest-bearing liabilities	5 833	5 947	-2	5 869
Current interest-bearing liabilities	6 582	4 925	+34	3 783
Current non-interest-bearing liabilities	22 240	19 614	+13	20 850
Total equity and liabilities	93 472	91 876	+2	89 999
Net working capital*	25 695	22 783	+13	21 139
Loans	30 007	31 775	-6	26 976
Net debt**	28 366	28 922	-2	23 200
Non-controlling interests in total equity	1 200	1 171	+2	1 233

* Inventories plus 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 2010	28 987	970	29 957
Total comprehensive income for the period	4 769	241	5 010
Acquisition of non-controlling interests	10	-17	-7
Divestment of non-controlling interests	-	41	41
Dividends	-1 186	-2	-1 188
Closing equity, 31 December 2010	32 580	1 233	33 813
Opening equity, 1 January 2011	32 580	1 233	33 813
Total comprehensive income for the period	3 827	210	4 037
Personnel options program	34	-	34
Hedge of personnel options program through share swap	-1 353	-	-1 353
Dividends	-3 559	-243	-3 802
Closing equity, 30 June 2011	31 529	1 200	32 729
Opening equity, 1 January 2010	28 987	970	29 957
Total comprehensive income for the period	2 572	209	2 781
Acquisition of non-controlling interests	-	-7	-7
Dividends	-1 186	-1	-1 187
Closing equity, 30 June 2010	30 373	1 171	31 544

Financial reports summary

The Group

CASH-FLOW STATEMENT

SEK M	Q2 2011	Q2 2010	Q1-2 2011	Q1-2 2010
<i>Cash flow from operating activities</i>				
Income after financial income and expenses	+3 073	+3 037	+5 928	+4 538
Adjustment for depreciation, amortization and impairment losses	+977	+1 013	+1 933	+2 005
Adjustment for items that do not require the use of cash etc.	+101	-69	+131	-121
<u>Income tax paid</u>	-891	-443	-1 376	-752
Cash flow from operations before changes in working capital	+3 260	+3 538	+6 616	+5 670
<i>Changes in working capital</i>				
Change in inventories	-1 576	-1 301	-3 585	-1 084
Change in operating receivables	-1 011	-1 338	-2 455	-2 508
<u>Change in operating liabilities</u>	+208	+1 733	+1 407	+2 837
Cash flow from operating activities	-2 379	-906	-4 633	-755
Investments in rental equipment	-121	-61	-200	-100
Divestments of rental equipment	+42	+55	+55	+98
Cash flow from operations	+802	+2 626	+1 838	+4 913
<i>Cash flow from investing activities</i>				
Acquisitions of companies and shares, net of cash acquired	0	-230	-265	-468
Acquisitions of property, plant and equipment	-1 220	-675	-2 105	-1 205
<u>Proceeds from sale of property, plant and equipment</u>	+58	+49	+86	+124
Cash flow from investing activities	-1 162	-856	-2 284	-1 549
Net cash flow after investing activities	-360	+1 770	-446	+3 364
<i>Cash flow from financing activities</i>				
Change in interest bearing debt	+2 262	-1 067	+2 402	-5 433
<u>Dividends paid</u>	-3 802	-1 186	-3 802	-1 187
Cash flow from financing activities	-1 540	-2 253	-1 400	-6 620
Cash flow for the period	-1 900	-483	-1 846	-3 256
Cash and cash equivalents at beginning of the period	+4 783	+4 718	+4 783	+7 506
Exchange-rate differences in cash and cash equivalents	-68	+95	-122	+80
Cash and cash equivalents at the end of the period	+2 815	+4 330	+2 815	+4 330

KEY FIGURES

	Q2 2011	Q2 2010	Q1-4 2010
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, %	27.5	31.7	26.2
Return on capital employed, % ²⁾	19.9	8.8	17.4
Return on total equity, % ²⁾	24.6	9.5	22.1
Return on total capital % ²⁾	14.1	6.6	12.7
Shareholders' equity per share, SEK	26.60	25.60	27.50
Net debt/equity ratio	0.9	0.9	0.7
Equity/assets ratio, %	35	34	38
Net working capital, %	26	27	22
Earnings per share, SEK	1.78	1.61	5.59
Cash flow from operating activities, SEK M	+802	+2 626	+12 149
Number of employees	48 819	45 178	47 064

1) No dilution effect during the period.

2) Rolling 12 months.

Financial reports summary

The parent company

INCOME STATEMENT

	Q2	Q2	Change	Q1-2	Q1-2	Change
SEK M	2011	2010	%	2011	2010	%
Revenue	4 890	4 760	+3	9 494	8 837	+7
Cost of sales and services	-3 955	-3 435	+15	-7 543	-6 479	+16
Gross profit	935	1 325	-29	1 951	2 358	-17
Selling expenses	-186	-147	+27	-344	-272	+26
Administrative expenses	-849	-702	+21	-1 679	-1 326	+27
Research and development costs	-292	-241	+21	-569	-454	+25
Other operating income and expenses	39	-62	-	326	-10	-
Operating profit	-353	173	-	-315	296	-
Income from shares in group companies	74	31	+139	108	62	+74
Income from shares in associated companies	10	5	+100	10	5	+100
Interest income and similar items	-	-	-	258	238	+8
Interest expenses and similar items	-323	-340	-5	-703	-672	+5
Profit after financial items	-592	-131	-	-642	-71	-
Appropriations	-	-	-	-	-	-
Income tax expense	178	86	+107	197	1	-
Profit for the period	-414	-45	-	-445	-70	-

BALANCE SHEET

	30 June	30 June	Change	31 Dec
SEK M	2011	2010	%	2010
Intangible assets	15	24	-38	25
Property, plant and equipment	7 087	6 719	+5	6 768
Financial assets	16 075	15 767	+2	15 831
Inventories	4 184	3 837	+9	3 675
Current receivables	15 310	20 487	-25	20 000
Cash and cash equivalents	2	4	-50	12
Total assets	42 673	46 838	-9	46 311
Total equity	12 410	13 343	-7	17 740
Untaxed reserves	2	4	-50	2
Provisions	274	219	+25	281
Non-current interest-bearing liabilities	15 176	17 295	-12	14 592
Non-current non-interest-bearing liabilities	-	25	-	-
Current interest-bearing liabilities	9 438	11 093	-15	8 312
Current non-interest-bearing liabilities	5 373	4 859	+11	5 384
Total equity and liabilities	42 673	46 838	-9	46 311
Pledged assets	-	-	-	-
Contingent liabilities	11 917	13 151	-9	11 228
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	15 438	12 946	+19	10 554
Investments in fixed assets	724	510	+42	946

Market overview and key figures

The Group

ORDER INTAKE AND INVOICED SALES PER MARKET AREA Q2 2011

The Group

Market area	Order intake			Share %	Invoiced sales		
	SEK M	Change* % % ¹⁾			SEK M	Change* %	
Europe	9 306	+9	+13	37	9 350	+22	40
NAFTA	4 318	+31	+21	17	3 915	+29	17
South America	2 558	+89	+/- 0	10	1 808	+47	8
Africa/Middle East	2 531	+29	+29	10	2 393	+38	10
Asia	4 212	+2	+17	17	3 836	+17	16
Australia	2 436	+26	+26	9	2 119	+13	9
Total	25 361	+20	+17	100	23 421	+24	100

Sandvik Tooling

Europe	3 875	+25	+25	55	3 855	+29	57
NAFTA	1 232	+26	+26	18	1 174	+23	17
South America	302	+14	+14	4	295	+13	4
Africa/Middle East	102	+24	+24	2	86	+2	1
Asia	1 428	+21	+21	20	1 347	+17	20
Australia	84	+19	+19	1	83	+16	1
Total	7 023	+24	+24	100	6 840	+24	100

Sandvik Mining and Construction

Europe	2 178	+16	+37	19	1 937	+20	19
NAFTA	1 496	+19	+19	13	1 342	+48	14
South America	2 049	+131	-4	17	1 272	+65	13
Africa/Middle East	2 237	+24	+24	19	2 204	+42	22
Asia	1 702	+34	+34	14	1 360	+9	14
Australia	2 071	+30	+30	18	1 752	+15	18
Total	11 733	+35	+25	100	9 867	+30	100

Sandvik Materials Technology

Europe	2 206	-19	-19	46	2 523	+13	51
NAFTA	1 233	+57	+16	26	1 068	+15	22
South America	121	-6	-6	3	146	+22	3
Africa/Middle East	162	+178	+178	3	75	0	2
Asia	810	-44	-10	17	862	+29	17
Australia	258	+4	+4	5	261	-1	5
Total	4 790	-11	-7	100	4 935	+15	100

* At fixed exchange rates for comparable units.

1) Excluding major orders.

Financial reports summary

The Group

ORDER INTAKE BY BUSINESS AREA

SEK M	Q2	Q3	Q4	Q1-4	Q1	Q2	Change Q2		Q1-2
	2010	2010	2010	2010	2011	2011	%	% ¹⁾	2011
Sandvik Tooling	6 295	5 998	6 150	24 342	6 982	7 023	+12	+24	14 005
Sandvik Mining and Construction	9 629	9 163	13 381	42 079	10 695	11 733	+22	+35	22 428
Sandvik Materials Technology	5 752	4 896	5 158	20 847	5 436	4 790	-17	-11	10 226
Seco Tools ²⁾	1 502	1 466	1 624	6 016	1 788	1 815	+21	+27	3 603
Group activities	1			1					
Group total	23 179	21 523	26 313	93 285	24 901	25 361	+9	+20	50 262

INVOICED SALES BY BUSINESS AREA

SEK M	Q2	Q3	Q4	Q1-4	Q1	Q2	Change Q2		Q1-2
	2010	2010	2010	2010	2011	2011	%	% ¹⁾	2011
Sandvik Tooling	6 122	5 966	6 255	23 893	6 524	6 840	+12	+24	13 364
Sandvik Mining and Construction	8 375	8 676	10 543	35 182	9 182	9 867	+18	+30	19 049
Sandvik Materials Technology	4 618	4 170	4 896	17 703	4 598	4 935	+7	+15	9 532
Seco Tools ²⁾	1 479	1 420	1 572	5 838	1 716	1 771	+20	+26	3 487
Group activities	9	9	10	38	10	8			19
Group total	20 603	20 241	23 276	82 654	22 030	23 421	+14	+24	45 451

OPERATING PROFIT BY BUSINESS AREA

SEK M	Q2	Q3	Q4	Q1-4	Q1	Q2	Change Q2		Q1-2
	2010	2010	2010	2010	2011	2011	%	% ¹⁾	2011
Sandvik Tooling	1 283	961	1 219	4 296	1 400	1 572	+23		2 972
Sandvik Mining and Construction	1 283	1 257	1 503	4 665	1 327	1 405	+10		2 732
Sandvik Materials Technology	699	203	326	1 540	362	402	-43		764
Seco Tools ²⁾	311	245	322	1 098	352	388	+25		741
Group activities	-105	-134	-241	-570	-170	-205			-375
Group total ³⁾	3 471	2 532	3 129	11 029	3 271	3 562	+3		6 834

OPERATING MARGIN BY BUSINESS AREA

SEK M	Q2	Q3	Q4	Q1-4	Q1	Q2	Change Q2		Q1-2
	2010	2010	2010	2010	2011	2011	%	% ¹⁾	2011
Sandvik Tooling	21.0	16.1	19.5	18.0	21.5	23.0			22.2
Sandvik Mining and Construction	15.3	14.5	14.3	13.3	14.5	14.2			14.3
Sandvik Materials Technology	15.1	4.9	6.7	8.7	7.9	8.1			8.0
Seco Tools ²⁾	21.0	17.2	20.5	18.8	20.5	21.9			21.2
Group total	16.8	12.5	13.4	13.3	14.8	15.2			15.0

1) Change compared with preceding 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 Seco Tools' interim report.

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

Transactions with related parties

No transactions between Sandvik and related parties that have significantly affected the company's position and earnings took place during the first half year.

Certification

The Board of Directors and the President assure that the six-month report gives a true and fair view of the Group's and the Parent Company's operations, financial position and results, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Sandviken, 19 July 2011
Sandvik Aktiebolag (publ)

Anders Nyrén
Chairman

Egil Myklebust
Director

Johan Karlström
Director

Simon Thompson
Director

Hanne de Mora
Director

Fredrik Lundberg
Director

Lars Westerberg
Director

Tomas Kärnström
Director

Jan Kjellgren
Director

Olof Faxander
CEO and Director

Sandvik AB discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information is submitted for publication on 19 July 2011 at 8.00. The company's auditors have not conducted a special review of the Q2 2011 report.

The Q3 2011 report will be published on 1 November 2011.

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

A combined presentation and teleconference will be held on 19 July 2011 at 14.00 CET at Operaterassen in Stockholm. Information is available at www.sandvik.com/ir.

Calendar 2011:

14 Sep Capital Markets Day
1 Nov Third-quarter report 2011

Calendar 2012:

1 Feb Fourth-quarter report 2011

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