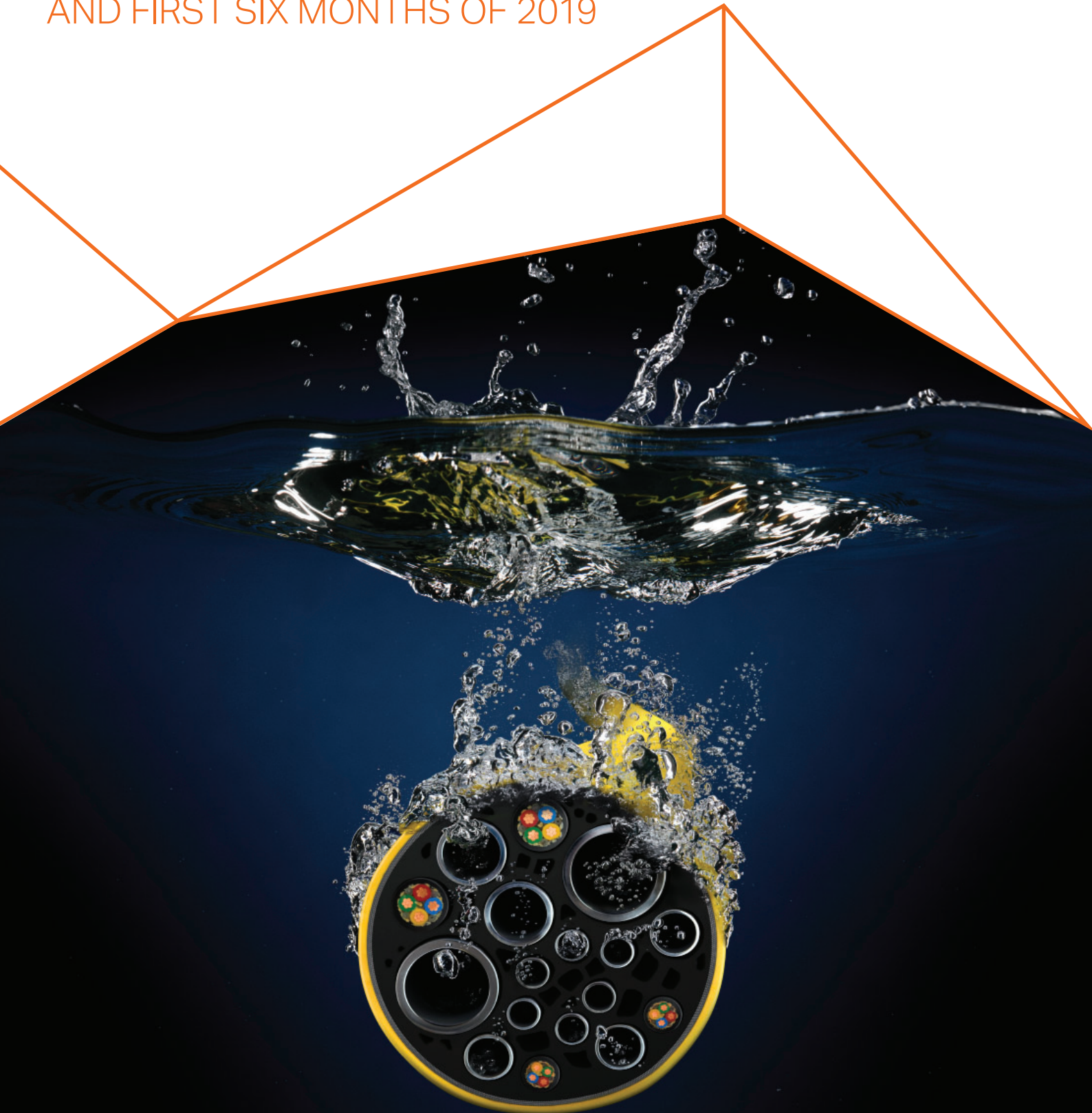


INTERIM REPORT SECOND QUARTER

AND FIRST SIX MONTHS OF 2019



DEMAND ON A HIGH LEVEL - CHALLENGED BY NEGATIVE ORDER GROWTH

CEO'S COMMENT: "In the second quarter, the level of demand was at a historically high level. Customer activity in the mining industry remained robust, while softer market activity in our early-cyclical businesses was noted toward the end of the quarter, most tangibly in the automotive and general engineering segments. In total, order intake declined by -5%. Revenues remained steady, supported by previously received orders with longer delivery schedules. Adjusted operating profit declined by -2%, adversely impacted by the negative earnings development in Sandvik Machining Solutions. The adjusted operating margin declined to 18.8% (19.4). I am not entirely satisfied with this level. After a long period of high focus on managing strong growth, we now further emphasise focus on efficiency measures. We will take further action in all business areas to deliver strong margins long-term. These activities will be promptly implemented and include a personnel reduction of approximately 2,000, which is on top of the 450 whom have already left during the first six months. Consequently, cost of about 1.2 billion SEK will impact operating profit in the second half of 2019. I expect total savings of about 1.4 billion SEK, and these should start filtering through already toward the end of this year," says Björn Rosengren, President and CEO of Sandvik.

"Free operating cash flow remained stable year-on-year at 2.2 billion SEK (2.2), and the balance sheet remained strong, with net gearing largely stable at 0.32 (0.34)."

"We continued to pursue active business portfolio management and I am pleased to see the completion of previously announced acquisitions aimed at supporting growth potential within round tools and digital mining. A key event during the period was the decision to initiate the internal separation process of Sandvik Materials Technology. The Board of Directors has also decided to explore the possibility of a separate listing at the Nasdaq Stockholm Exchange, should that strengthen Sandvik Materials Technology's position and future development."

"During the quarter, we announced new financial and sustainability targets. I am confident that Sandvik will deliver improved performance throughout the economic cycle. Combined with our new sustainability targets, we have a strong foundation for creating long-term shareholder value."

FINANCIAL OVERVIEW, MSEK	Q2 2018	Q2 2019	CHANGE %	Q1-Q2 2018	Q1-Q2 2019	CHANGE %
<i>Continuing operations</i>						
Order intake ¹⁾	27 201	26 031	-5	52 620	53 905	+0
Revenues ¹⁾	26 136	26 467	+0	49 822	51 492	+1
Gross profit	11 183	11 099	-1	20 899	21 551	+3
% of revenues	42.8	41.9		41.9	41.9	
Operating profit	5 043	5 078	+1	9 314	9 646	+4
% of revenues	19.3	19.2		18.7	18.7	
Adjusted operating profit ³⁾	5 067	4 968	-2	9 338	9 535	+2
% of revenues	19.4	18.8		18.7	18.5	
Profit after financial items	4 777	4 692	-2	8 795	8 881	+1
% of revenues	18.3	17.7		17.7	17.2	
Profit for the period	3 521	3 605	+2	6 474	6 746	+4
% of revenues	13.5	13.6		13.0	13.1	
Earnings per share basic, SEK	2.81	2.88	+3	5.16	5.38	+4
Earnings per share diluted, SEK	2.80	2.87	+2	5.15	5.37	+4
Adjusted earnings per share, SEK	2.82	2.81	-0	5.17	5.31	+3
Return on capital employed, % ²⁾	24.4	22.3		26.5	21.9	
Cash flow from operations	+2 179	+2 732	+25	+3 909	+5 674	+45
Net working capital, % ²⁾	24.2	25.9		24.1	25.8	
<i>Discontinued operations</i>						
Result for the period	-105	-67	+36	-125	-110	+12
Earnings per share, SEK	-0.09	-0.06	N/M	-0.10	-0.09	N/M
<i>Group total</i>						
Profit for the period	3 416	3 539	+4	6 349	6 636	+5
Earnings per share basic, SEK	2.72	2.83	+4	5.06	5.29	+5
Earnings per share diluted, SEK	2.72	2.82	+4	5.05	5.28	+5
Adjusted earnings per share, SEK	2.74	2.75	+1	5.07	5.22	+3

1) Change from the preceding year at fixed exchange rates for comparable units.

2) Quarter is quarterly annualized and the year-to-date numbers are based on a four quarter average.

3) Operating profit adjusted for items affecting comparability of +110 million SEK in Q2 2019 (related to the divestment of Hyperion) compared to -24 million SEK in Q2 2018 (Sandvik Materials Technology). EPS is adjusted for the corresponding tax effect.

Tables and calculations do not always agree exactly with the totals due to rounding. Comparisons refer to the year-earlier period, unless stated otherwise.

For definitions see home.sandvik

N/M = not meaningful

MARKET DEVELOPMENT AND EARNINGS

GROWTH

Q2	ORDER INTAKE	REVENUES
Price/volume, %	-5	+0
Structure, %	-3	-3
Currency, %	+4	+4
TOTAL, %	-4	+1

Change compared to same quarter last year. The table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

Order intake in the second quarter declined organically by -5% while revenues remained stable year-on-year, supported by previously received orders with longer delivery schedules. For Sandvik Mining and Rock Technology the market remained robust and the order level of 11.9 billion SEK represents a historically high level. However, high comparables in the year-earlier period put pressure on the organic growth rate, which was flat at 0%. In the early-cycle businesses a softer demand was noted, including inventory reductions among customers. Sandvik Machining Solutions noted a slow down in customer activity in the largest customer segments, with orders declining -4% organically. Also Sandvik Materials Technology noted an adverse development for its early-cycle products, while demand remained solid for the capex-related tubular offering. Orders in Sandvik Materials Technology declined by -20%, and excluding the impact of major orders, order intake declined by -17%. In total, the book-to-bill ratio for Sandvik was 98%.

Order intake were stable or declined year-on-year in all regions barring Australia where orders increased significantly.

Underlying customer activity remained stable in the mining, energy and aerospace segments, while a decline was noted in automotive and general engineering.

Changed exchange rates had a positive impact of 4% on both order intake and revenues.

Adjusted operating profit declined by -2% year-on-year and amounted to 4,968 million SEK and the adjusted operating margin decreased to 18.8% (19.4). Adjusted operating profit improved in both Sandvik Mining and Rock Technology and Sandvik Materials Technology by 13% and 9%, respectively. However, it decreased by -11% in Sandvik Machining Solutions, which is an early-cycle business and adversely impacted by lower demand which generated underabsorption of fixed costs as sufficient cost adjustments had not been implemented. In total, the negative organic earnings development in Sandvik Machining Solutions and structural changes to the group more than offset the positive impact from changed exchange rates.

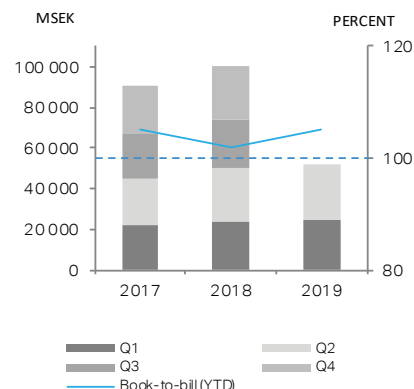
Operating profit was positively impacted by 110 million SEK in Other Operations due to the final purchase price adjustment related to the divestment of Hyperion.

Changed exchange rates positively impacted operating profit by 390 million SEK. Changed metal prices had a positive impact of 131 million SEK (199) on results for the quarter.

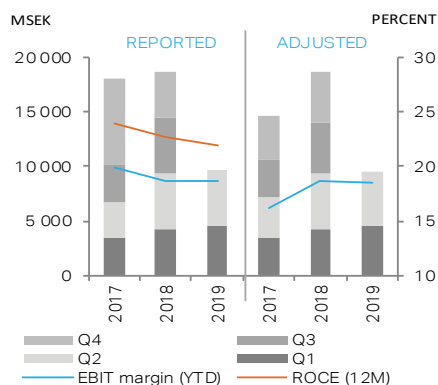
The underlying interest net was reduced to -148 million SEK (-174), excluding the impact of the adoption of the new accounting standard IFRS 16 Leases of -29 million SEK. However, the total interest net increased to -348 million SEK, impacted by the redemption of US private placement notes and a bilateral loan, totalling 5,100 million SEK, since the net cost related to the redemption amounted to -200 million SEK. Consequently, the total finance net amounted to -387 million SEK (-266).

The underlying tax rate for continuing operations was 26.0% (26.3). The reported tax rate for continuing operations was 23.2%, impacted by the legal separation of Sandvik Drilling and Completions (Varel).

REVENUES AND BOOK-TO-BILL

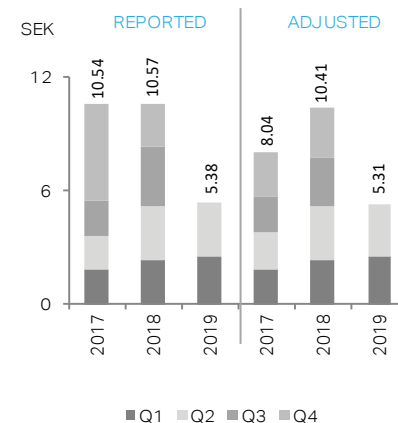


OPERATING PROFIT & RETURN



Reported operating margin impacted by items affecting comparability: 3.5 billion SEK in 2017 and 0.1 billion SEK in 2018 and 0.1 billion in 2019.

EARNINGS PER SHARE



CASH FLOW AND BALANCE SHEET

Capital employed increased year-on-year to 88.9 billion SEK (84.2) on the back of higher fixed assets due to acquisitions and adaption to the new accounting standard IFRS 16, partially offset by a reduced cash position. Return on capital employed declined to 22.3% (24.4).

Net working capital amounted to 28.7 billion SEK and increased year-on-year (27.1) and sequentially (26.0). Inventories were built up sequentially, in line with the normal seasonal pattern ahead of the summer holiday period, and accounts payables decreased. Net working capital in relation to revenues was 26% (24) for the quarter.

Investments in tangible and intangible assets in the second quarter amounted to 1 billion SEK (0.9), corresponding to 94% of depreciation. Investments are seasonally higher in the second half of the year.

Net debt amounted to 19.3 billion SEK at the end of the second quarter, increasing slightly year-on-year, from 18.4 billion SEK, adversely impacted by 3.3 billion SEK due to adaption of IFRS 16. The sequential increase was driven by payment of the dividend amounting to 5.3 billion SEK. The net debt to equity ratio remained largely stable year-on-year at 0.32 (0.34). The net pension liability increased year-on-year to 6.6 billion SEK (4.5) due to changed discount rates as well as mark-to-market valuation of assets. Interest-bearing debt with short-term maturity accounted for 13% of total debt.

Free operating cash flow remained stable year-on-year at 2.2 billion SEK (2.2). Cash flow from operations was 2.7 billion SEK and increased year-on-year (2.2).

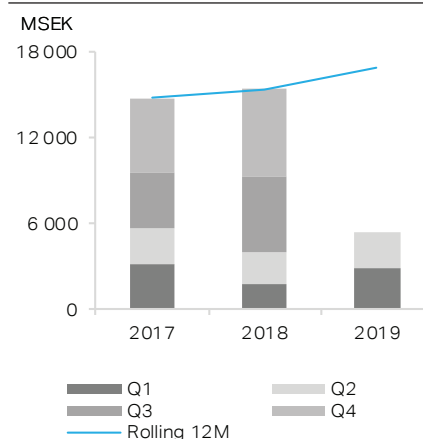
	Q2 2018	Q2 2019
EBITDA + non-cash items*	6 289	5 732
Net Working Capital change	-3 136	-2 457
Capex**	-945	-1 121
FREE OPERATING CASH FLOW***	2 209	2 156

* Includes an adjustment of non-cash item in Q1 2019

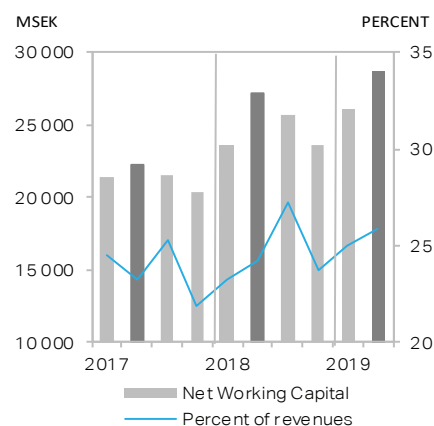
** Including investments and disposals of rental equipment of -169 million SEK (-134) and tangible and intangible assets of -952 million SEK (-811).

*** Free operating cash flow before acquisitions and disposals of companies, financial items and paid taxes.

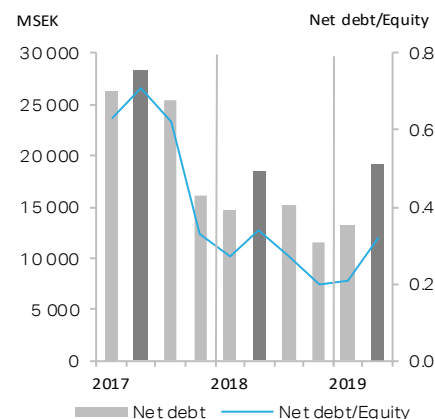
CASH FLOW FROM OPERATIONS



NET WORKING CAPITAL



NET DEBT, GROUP TOTAL

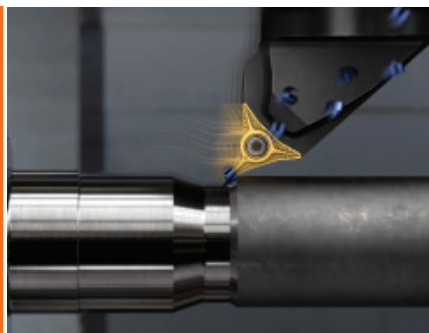


SANDVIK MACHINING SOLUTIONS

SLOWDOWN IN CUSTOMER ACTIVITY

MARGIN DECLINE DUE TO UNDER-ABSORPTION OF FIXED COSTS

ACQUISITION OF ROUND TOOLS BUSINESS



GROWTH

Q2	ORDER INTAKE	REVENUES
Price/volume, %	-4	-4
Structure, %	+3	+3
Currency, %	+4	+4
TOTAL, %	+2	+3

Change compared to same quarter last year. The table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

Order intake and revenues declined year-on-year as customer activity softened in the two largest segments, automotive and general engineering. Demand increased slightly in North America, but declined in both Europe and Asia.

Key items impacting order intake and revenues compared with the year-earlier period:

- In Europe, revenues declined by -5% organically, primarily impacted by the negative development in demand in automotive, general engineering and aerospace.
- In North America, revenues increased organically by 3%. Customer activity remained stable in the customer segments general engineering and energy, declined slightly in automotive however increased in aerospace.
- In Asia, revenues declined by -9%, while the aerospace segment improved, there were adverse development in the automotive and general engineering segments in China.
- A sharp decline in organic revenues was noted in the tungsten powder and blanks business (PBT), on the back of high comparables in the year-earlier period as well as lower customer activity in the quarter.
- The number of working days had a negative impact of -1% on organic growth in orders and revenues.

Operating profit amounted to 2,483 million SEK (2,782) and decreased by 11% year-on-year. The operating margin declined to 23.3% (26.8).

Items impacting operating profit and operating margin:

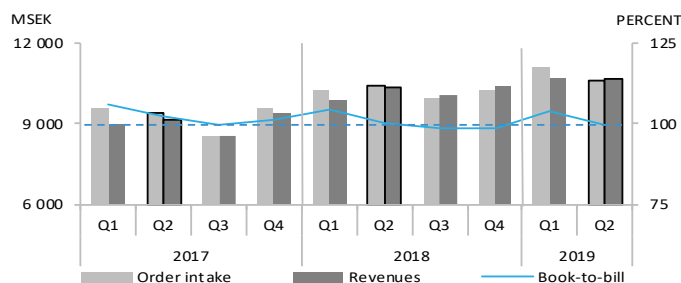
- Underabsorption of fixed costs due to lower production volumes impacted the operating margin by -2.7%-points year-on-year.
- The operating margin was adversely impacted by -0.3%-points due to reduced profitability in the tungsten powder and blanks business (PBT) - albeit from a high level in the year-earlier period - as organic growth declined.
- Negative impact of -0.6%-points year-on-year, as the seasonal build-up of cutting tool inventories was lower than in year-earlier period.

- Changed exchange rates had a positive impact of 163 million SEK on operating profit year-on-year.

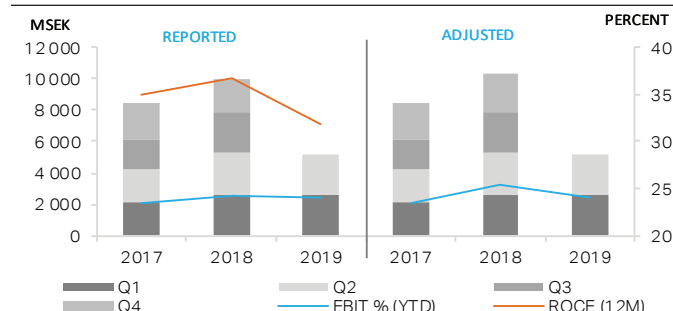
The acquisition of OSK was completed. OSK is a Chinese manufacturer of solid carbide round tools specialized for the electronics industry.

Lars Bergström was appointed Acting President of Sandvik Machining Solutions, replacing Klas Forsström who has left the company to take up an external position. Lars Bergström has full responsibility for the business area and is a member of Sandvik Group Executive Management.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK	Q2 2018	Q2 2019	CHANGE %	Q1-Q2 2018	Q1-Q2 2019	CHANGE %
Order intake	10 403	10 629	-4*	20 690	21 733	-3*
Revenues	10 391	10 674	-4*	20 251	21 352	-3*
Operating profit	2 782	2 483	-11	5 337	5 137	-4
% of revenues	26.8	23.3		26.4	24.1	
Return on capital employed, % ¹⁾	42.8	29.8		38.8	31.9	
Number of employees	19 113	19 277	+1	19 113	19 277	+1

Historical numbers are restated to incorporate the transfer of the powder business in to division Additive Manufacturing in Sandvik Machining Solutions

* At fixed exchange rates for comparable units.

¹⁾ Quarter is quarterly annualized and the year-to-date numbers are based on a four quarter average.

For definitions see home.sandvik

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SANDVIK MINING AND ROCK TECHNOLOGY

CONTINUED HIGH ORDER INTAKE

EARNINGS GROWTH AND MARGIN EXPANSION

FURTHER EXPANSION OF THE DIGITAL OFFERING



GROWTH

Q2	ORDER INTAKE	REVENUES
Price/volume, %	+0	+3
Structure, %	+1	+1
Currency, %	+3	+4
TOTAL, %	+4	+8

Change compared to same quarter last year. The table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

The underlying market activity remained stable at a high level, although somewhat protracted decision-making among customers was noted. Order intake was at a historically high level, but high comparables meant that the organic growth rate was flat at 0%. Revenues improved organically by 3% year-on-year.

Key items impacting order intake and revenues compared with the year-earlier period:

- In total, orders for equipment remained at a high level, positively impacted primarily by the mechanical cutting and automation divisions, while orders for underground mining equipment declined against high comparables.
- Orders in the aftermarket business increased at a mid-single-digit pace, both for parts & service as well as for consumables.
- The aftermarket business accounted for 62% of revenues while the equipment business accounted for 38%.

Operating profit improved by 13% and amounted to 2,115 million SEK (1,865). The operating margin improved to 18.0% (17.1).

Items impacting operating profit and operating margin:

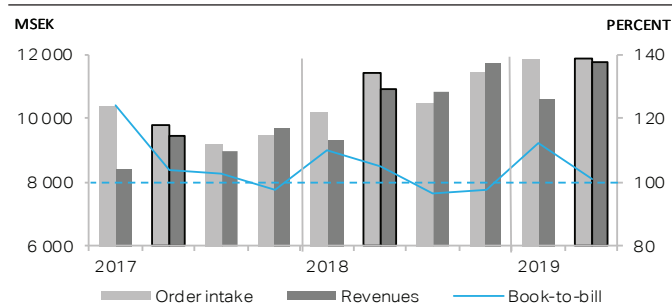
- Organic revenue growth supported the operating margin by 0.3%-points.
- Changed exchange rates impacted operating profit positively by 174 million SEK.

The acquisition of privately owned Newtrax was closed late in the quarter. Newtrax is a supplier of leading technology in wireless connectivity to monitor and provide insights on underground operations, including people, machines and the envi-

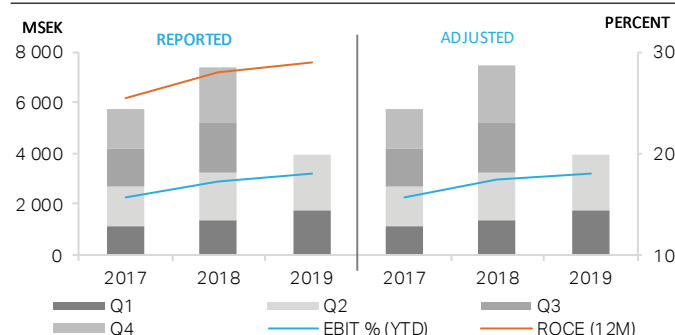
ronment. Combined with the existing leading offering in Sandvik Optimine, it will create a stream-lined digital solution to improve safety and efficiency in underground mining operations.

The earlier announced strategic overview of the Drilling and Completions (Varel) business is ongoing.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK	Q2 2018	Q2 2019	CHANGE %	Q1-Q2 2018	Q1-Q2 2019	CHANGE %
Order intake	11 405	11 868	+0*	21 635	23 707	+4*
Revenues	10 890	11 782	+3*	20 215	22 356	+5*
Operating profit	1 865	2 115	+13	3 267	3 910	+20
% of revenues	17.1	18.0		16.2	17.5	
Return on capital employed, % ¹⁾	29.7	28.1		26.8	28.9	
Number of employees	15 512	15 875	+2	15 512	15 875	+2

* At fixed exchange rates for comparable units.

¹⁾ Quarter is quarterly annualized and the year-to-date numbers are based on a four quarter average.

For definitions see home.sandvik

SANDVIK MINING AND ROCK TECHNOLOGY

CONTINUING OPERATIONS

FINANCIAL OVERVIEW, MSEK	Q2 2018	Q2 2019	CHANGE %	Q1-Q2 2018	Q1-Q2 2019	CHANGE %
Order intake	11 405	11 868	+0*	21 635	23 707	+4*
Revenues	10 890	11 782	+3*	20 215	22 356	+5*
Operating profit	1 865	2 115	+13	3 267	3 910	+20
% of revenues	17.1	18.0		16.2	17.5	

DISCONTINUED OPERATIONS

FINANCIAL OVERVIEW, MSEK	Q2 2018	Q2 2019	CHANGE %	Q1-Q2 2018	Q1-Q2 2019	CHANGE %
Order intake	0	27	N/M*	57	66	+15*
Revenues	298	100	-67*	594	255	-58*
Operating profit	-111	-67	+40	-133	-110	+17
% of revenues	-37.2	-66.6		-22.4	-43.3	

* At fixed exchange rates for comparable units.
N/M = not meaningful

The Mining Systems business was divested to FLSmidth and NEPEAN during 2017. Consequently, order intake and revenues in the quarter relate to small bookings of parts and service to already ongoing projects. The projects to be finalized primarily during 2019 by Sandvik, through an operational agreement with FLSmidth, will however remain reported as discontinued operations.

The operating profit amounted to -67 million SEK (-111), adversely impacted by primarily high costs in completion of the remaining ongoing projects. Changed exchange rates impacted earnings positively by +30 million SEK.

SANDVIK MINING AND ROCK TECHNOLOGY TOTAL

FINANCIAL OVERVIEW, MSEK	Q2 2018	Q2 2019	CHANGE %	Q1-Q2 2018	Q1-Q2 2019	CHANGE %
Order intake	11 405	11 894	0*	21 692	23 773	+4*
Revenues	11 188	11 883	+1*	20 808	22 610	+3*
Operating profit	1 754	2 048	+17	3 134	3 800	+21
% of revenues	15.7	17.2		15.1	16.8	

* At fixed exchange rates for comparable units.

SANDVIK MATERIALS TECHNOLOGY

DECLINE IN ORDER INTAKE

SIGNIFICANT UNDERLYING MARGIN IMPROVEMENT

INTERNAL SEPARATION INITIATED



GROWTH

Q2	ORDER INTAKE	REVENUES
Price/volume, %	-20	+3
Structure, %	-3	-3
Currency, %	+3	+3
TOTAL, %	-21	+4

Change compared to same quarter last year. The table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

Organic orders declined significantly by -20% year-on-year. Excluding the impact of large orders, order intake declined by -17%. Alloy prices were neutral for both order intake and revenues.

Key items impacting order intake and revenues compared with the year-earlier period:

- Underlying customer activity related to the more standardized tubular products declined, with adverse development across most customer segments.
- Demand for the capex-related tubular offering for the energy segment remained stable. One large order at the value of 261 million SEK was received, compared with 517 million SEK received in the year-earlier period.
- Kanthal's order intake declined due to lower customer activity in both heating materials and semi-conductors.
- Orders in the Strip division declined, primarily due to lower customer activity, particularly in automotive and consumer-related products.

Operating profit excluding metal price effects was 454 million SEK (338) implying an underlying margin of 11.3% (8.7). Adjusted operating profit increased by 9% to 585 million SEK (537) and the adjusted operating margin improved to 14.6% (13.9).

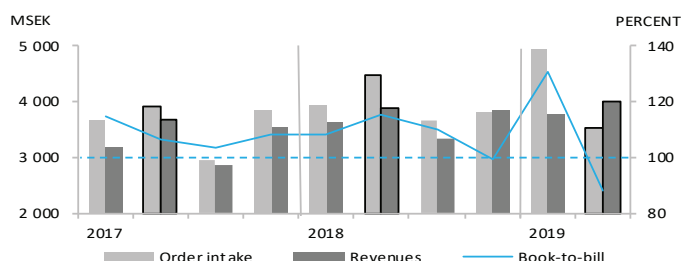
Items impacting operating profit and operating margin:

- Earnings were supported by an improved product mix for the more standardized tubular offering.
- Higher revenues from high value-added products supported the mix between business units.
- While there was an accumulation of inventories during the quarter, it was at a lower rate than in the year-earlier period, with a negative impact of -0.9% on the operating margin.

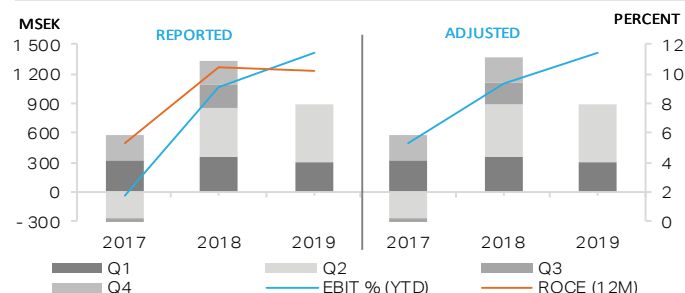
- Savings from announced efficiency measures totalled about 15 million SEK.
- Changed exchange rates had a positive impact of 48 million SEK on operating profit.
- Changed metal prices had a positive impact of 131 million SEK (199) on operating profit in the quarter.

It was announced that the internal separation of Sandvik Materials Technology has been initiated. The Board of Directors has also decided to explore the possibility of a separate listing ('Lex Asea') on the Nasdaq Stockholm Exchange.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK	Q2 2018	Q2 2019	CHANGE %	Q1-Q2 2018	Q1-Q2 2019	CHANGE %
Order intake	4 469	3 535	-20*	8 404	8 465	+0*
Revenues	3 871	4 011	+3*	7 511	7 784	+4*
Operating profit	512	585	+14	864	892	+3
% of revenues	13.2	14.6		11.5	11.5	
Adjusted operating profit **	537	585	+9	889	892	+0
% of revenues	13.9	14.6		11.8	11.5	
Return on capital employed, % ¹⁾	15.5	17.0		8.1	10.2	
Number of employees	6 159	5 970	-3	6 159	5 970	-3

Historical numbers are restated to incorporate the transfer of the powder business in to division Additive Manufacturing in Sandvik Machining Solutions

* At fixed exchange rates for comparable units. ** Operating profit adjusted for items affecting comparability of -24 million SEK in 2018.

¹⁾ Quarter is quarterly annualized and the year-to-date numbers are based on a four quarter average.

For definitions see home.sandvik

OTHER OPERATIONS

The divestment of Hyperion to the US listed investment firm KKR was completed in 2018. Operating profit in the second quarter in Other Operations comprise the final purchase price adjustment related to the divestment of Hyperion as well as acquisition and divestment project related costs.

FINANCIAL OVERVIEW, MSEK	Q2 2018	Q2 2019	CHANGE %	Q1-Q2 2018	Q1-Q2 2019	CHANGE %
Order intake	924	0	0*	1 891	0	0*
Revenues	984	0	0*	1 846	0	0*
Operating profit	72	96	+32	174	72	-59
% of revenues	7.3	N/M		9.4	N/M	
Adjusted operating profit **	72	-15	N/M	174	-38	N/M
% of revenues	7.3	N/M		9.4	N/M	
Return on capital employed, % ¹⁾	9.9	N/M		134.4	124.4	
Number of employees	1 550	5	N/M	1 550	5	N/M

* At fixed exchange rates for comparable units.

¹⁾ Quarter is quarterly annualized and the year-to-date numbers are based on a four quarter average.

** Operating profit adjusted for items affecting comparability of 110 million SEK in Q2 2019.

N/M = not meaningful.

For definitions see home.sandvik

PARENT COMPANY

The parent company's revenues after the second quarter of 2019 amounted to 11,058 million SEK (10,250) and the operating result was 1,951 million SEK (1,518). Income from shares in Group companies consists primarily of dividends and Group contributions to these and amounted after the second

quarter to 1,620 million SEK (2,459). Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to 16,918 million SEK (19,865). Investments in property, plant and machinery amounted to 394 million SEK (341).

FIRST SIX MONTHS 2019

For the first six months of 2019, demand for Sandvik's products remained stable year-on-year, with order intake displaying organic growth of 0%. Excluding the impact of large orders, growth amounted to -1%. Revenues increased by 1%. Underlying customer activity improved in the aerospace segment, remained largely stable in mining, general engineering and energy and deteriorated in automotive. Order intake for Sandvik's products declined at a low to mid-single-digit rate in all three major regions. Changed exchange rates had a positive impact of 5% on both order intake and revenues. Sandvik's order intake amounted to 53,905 million SEK (52,620), and revenues were 51,492 million SEK (49,822), implying a book-to-bill ratio of 105%.

Adjusted operating profit increased by 2% year-on-year to 9,535 million SEK (9,338) and the adjusted operating margin was 18.5% (18.7), positively impacted in the amount of 954 million SEK due to changed exchange rates. The reported operating profit increased by 4% to 9,646 million SEK (9,314) and the operating margin was 18.7% (18.7). Changed metal prices had a positive impact of 46 million SEK (300). Net financial items amounted to -765 million SEK (-519) and profit after financial items was 8,881 million SEK (8,795).

The underlying tax rate for continuing operations was 25.6% (26.4). The reported tax rate for continuing operations was 24.0% (26.4), impacted by the legal separation of Sandvik Drilling and Completions. The underlying tax rate for the Group total was 25.9% (26.8) and the reported tax rate for Group total was 24.3% (26.8).

Sandvik has utilized its strong cash position for the redemption of US private placement notes and a bilateral loan, totalling 5,100 million SEK. For full-year 2019, the finance net is estimated at about 1 billion SEK, in line with previous guidance, as the quarterly interest net will be lower as of the third quarter of 2019 due to the lower debt level.

Profit for the period amounted to 6,746 million SEK (6,474) for continuing operations and 6,636 million SEK (6,349) for the Group in total. Earnings per share for continuing operations amounted to 5.38 SEK (5.16) while earnings per share for the Group in total amounted to 5.29 SEK (5.06).

Operating cash flow from continuing operations was 5,674 million SEK (3,909), with the increase primarily supported by a lower build-up of working capital year-on-year. Investments were 1,811 million SEK (1,671). Net debt increased year-on-year to 19.3 billion SEK (18.4), with the increase driven by the adaption to IFRS 16, resulting in a net debt to equity ratio of 0.32 (0.34).

During the first six months four acquisitions were closed: Sandvik Machining Solutions acquired two round tools companies (Wetmore and OSK). Sandvik Mining and Rock Technology acquired a battery technology company (Artisan) as well as a supplier of leading technology in wireless connectivity to monitor and provide insights on underground operations (Newtrax).

The internal separation of Sandvik Materials Technology was initiated. The intention is to increase Sandvik Materials Technology's structural independence from the Sandvik Group and thereby put greater focus on the business' future development possibilities and to create flexibility. The Board of Directors has also decided to explore the possibility of a separate listing ('Lex Asea') on the Nasdaq Stockholm Exchange, should this be considered to strengthen Sandvik Materials Technology's position and future development.

ACQUISITIONS AND DIVESTMENTS

ACQUISITIONS DURING THE MOST RECENT 12-MONTH PERIOD

	COMPANY / UNIT	CLOSING DATE	ANNUAL REVENUE	NO. OF EMPLOYEES
2018				
Sandvik Mining and Rock Technology	Inrock	2 July 2018	46 MUSD in 2017	70
Sandvik Machining Solutions	Metrologic Group	4 July 2018	43 MEUR in 2017	170
Sandvik Materials Technology	Custom Electric Manufacturing	1 August 2018	5 MUSD in 2017	20
Sandvik Machining Solutions	Dura-Mill	3 December 2018	7 MUSD in 2017	30
2019				
Sandvik Machining Solutions	Wetmore Tool & Engineering	9 January 2019	160 MSEK in 2017	170
Sandvik Mining and Rock Technology	Artisan	11 February 2019	12 MUSD in 2017	60
Sandvik Machining Solutions	OSK	10 April 2019	120 MSEK in 2017	90
Sandvik Mining and Rock Technology	Newtrax	17 June 2019	26 MCAD in 2018	120

	Purchase price on cash and debt free basis	Preliminary goodwill and other intangible assets
Acquisitions 2019	1.3 billion SEK	1.4 billion SEK

DIVESTMENTS DURING THE MOST RECENT 12-MONTH PERIOD

	COMPANY / UNIT	CLOSING DATE	ANNUAL REVENUE	NO. OF EMPLOYEES
Other Operations	Hyperion	2 July 2018	3 300 MSEK in 2017	1 400
Sandvik Materials Technology	Stainless Wire	31 August 2018	310 MSEK in 2017	140

SIGNIFICANT EVENTS

DURING THE FIRST SIX MONTHS

- On 9 January, Sandvik Machining Solutions announced the completed acquisition of Wetmore Tool & Engineering, a manufacturer of round tools specialized for use in the aerospace industry. In 2017, Wetmore Tool & Engineering generated revenues of about 160 million SEK and had 170 employees.

- On 21 January, Sandvik Materials Technology announced it has received several orders for advanced tubes for the oil- and gas industry at a combined value of about 1 billion SEK with deliveries scheduled as from the second half of 2019.

- On 22 January, Sandvik Mining and Rock Technology announced the acquisition of Artisan, a manufacturer of battery powered underground mining equipment. Artisan is a start-up company and reported revenues in 2017 of 12 million USD and had approximately 60 employees. The transaction was closed on 11 February.

- On 25 February, Standard & Poor's Global Ratings upgraded Sandvik's credit rating to A- from BBB+, with a stable outlook. S&P Global highlighted the business portfolio rationalization, cost cutting, and management's commitment to lower debt.

- On 5 March, Sandvik announced that Henrik Ager was appointed the new President of the Sandvik Mining and Rock Technology business area and member of the Sandvik Group's Executive Management as of 1 April 2019. Henrik Ager has worked at Sandvik Mining and Rock Technology since 2014, most recently heading up the division Rock Tools.

- On 10 April, Sandvik announced the completion of the acquisition of OSK, a Chinese supplier of solid carbide round tools. In 2017, OSK had revenues of about 120 million SEK and 90 employees.

- On 17 April, Sandvik announced the acquisition of digital mining technology company Newtrax. The company has leading technology in wireless connectivity to monitor and provide insights on underground operations, including people, machines and the environment. Sandvik's leading suite of digital tools for analyzing and optimizing mining production and processes, coupled with Newtrax's leading technology in wireless IoT connectivity will create a powerful, stream-lined digital solution to improve safety and efficiency in underground mining operations. Newtrax is headquartered in Montréal, Canada and in 2018 the company generated revenues of about 26 million CAD with 120 employees. The transaction was closed on 17 June.

- On 25 April it was announced that Lars Bergström has been appointed Acting President of the business area Sandvik Machining Solutions. Lars Bergström replaces Klas Forsström who Sandvik for an external position, as announced on 11 April.

- On 6 May it was announced that the Sandvik Board of Directors has decided to initiate an internal separation of the business area Sandvik Materials Technology. The intention is to increase Sandvik Materials Technology's structural independence from the Sandvik Group and thereby put greater focus on the business' future development possibilities as well as create flexibility. The Board of Directors has also decided to explore

the possibility of a separate listing (Lex Asea) at the Nasdaq Stockholm Exchange, should that strengthen Sandvik Materials Technology's position and future development.

- On 22 May Sandvik hosted its capital markets day in Tampere, Finland, and announced its new financial and sustainability targets. Financial targets are set on growth, trough operating margin, net gearing and dividend, while sustainability targets are set on circularity, climate change, champion people and fair play.

AFTER THE SECOND QUARTER

On 12 July, Sandvik Machining Solutions announced that it has acquired a 30% stake in privately owned Italian company Beam IT, a leading provider of metal Additive Manufacturing (AM) services and advanced end-use components. In 2018, Beam IT generated revenues of about 70 million SEK, with its 38 employees. Sandvik has the right to further increase its stake over time.

On 17 July, Sandvik reported that after a long period of high focus on managing strong growth, Sandvik puts further emphasis on efficiency in order to support profitability through-out the economic cycle. Consequently, the number of personnel will be reduced by about 2,000, including some third-party contractors. These actions are in addition to the 450 already reduced in Sandvik Machining Solutions during the first six months, predominantly by no replacement hirings, with savings expected as from the second half of 2019.

Cost related to these activities is estimated at about 1.2 billion SEK, with the majority impacting cash flow. Cost will be reported as items affecting comparability in the operating profit during the second half of 2019.

Savings of an estimated 1.4 billion SEK should start filtering through towards the end of the year, with full run-rate achieved no later than at the end of 2020.

GUIDANCE

Guidance below relates to continuing operations.

Sandvik does not provide a market outlook or business performance forecasts. However, guidance relating to certain non-operational key figures considered useful when modeling financial outcomes is provided in the table below:

CAPEX (CASH)	Estimated to <4.0 billion SEK for 2019
CURRENCY EFFECTS	Based on currency rates at the end of June 2019, it is estimated that transaction and translation currency effects will have an impact of about +300 million SEK on operating profit for the third quarter of 2019, compared with the year-earlier period
METAL PRICE EFFECTS	In view of currency rates, inventory levels and metal prices at the end of June 2019 it is estimated that there will be an impact of about -20 million SEK on operating profit in Sandvik Materials Technology for the third quarter of 2019
NET FINANCIAL ITEMS	Estimated to 1 billion SEK in 2019
TAX RATE	Estimated to 25% - 27% for 2019

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 2019.

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.

Transition to IFRS 16 Leases

Sandvik has assessed the impact of the transition to the new standard IFRS 16 Leases effective 1 January 2019. Sandvik's estimate is that IFRS 16 will have a small positive impact on operating profit and a small negative impact on profit after financial items.

The effects on the balance sheet are presented in the table below. The lease portfolio includes almost 10,000 contracts and covers mainly operational leases for offices, warehouses, company cars, production and office equipment. Existing finance leases measured previously under IAS 17 Leases are reclassified to IFRS 16 to the amounts recognized immediately before the date of application of the new standard.

Sandvik has assessed many contracts concerning premises being open-ended contracts. In many countries local law provides protection to the lessee from being noticed, which

requires the Sandvik lessee to determine the contract period instead of considering the termination clause. The lessee then determines the length of the contract period based on factors such as the importance of building to the business, any planned or made leasehold investments and the market situation for premises. As a consequence these contracts have in many cases had the contract period extended.

Opening balance adjustment

Sandvik has chosen to perform the transition in line with the Cumulative catch-up approach and has applied the expedient to not restate any comparative information. Right-of-use assets have been determined as an amount equal to the lease liabilities as identified at initial application. A single discount rate has been applied per country and per asset classes Land and Buildings respectively Other assets such as machinery, equipment, vehicles and IT. Hindsight has been used to determine the lease terms when an option to terminate or extend has been available. Lease contracts shorter than 12 months or longer contracts due within 12 months at the date of application are considered short-term and hence not recognized as lease liability or right-of-use asset. In addition low value contracts (with a value as new below 5,000 USD) are also excluded from being recognized as lease liability or right-of-use asset.

MSEK	Closing balance 31 Dec 2018 before transition to IFRS 16 Leases	Reclassifications of finance leases due to transition to IFRS 16 Leases	Adjustments due to transition to IFRS 16 Leases	Adjusted opening balance 1 Jan 2019
Property, plant and equipment	25 362	-30	-	25 332
Right-of-use assets	-	30	3 359	3 389
Other liabilities	20 431	-30	-	20 401
Non-current lease liabilities	-	30	2 639	2 669
Current lease liabilities	-	-	720	720

P&L - estimated annual net effect on 2019 based on opening balances due to transition to IFRS 16 Leases MSEK rounded numbers

EBITDA	860
Depreciation	-820
EBIT	40
Finance net	-100
Net result	-60

Balance sheet - estimated impact on 2019 balances due to transition to IFRS 16 Leases MSEK rounded numbers

Opening balance Right-of-use assets	3 389
This year's depreciation	-820
Closing balance	2 569
Opening balance Lease liabilities	3 389
Amortization	-860
Accrual of interest	100
Closing balance	2 629

IFRS 16 Leases policy

Sandvik when being lessee identifies if a contract contains a lease by testing if Sandvik has the right to obtain substantially all of the economic benefits from use of the identified assets and has the right to direct the use of the identified asset and that the supplier has no substantial rights of substitution.

Sandvik has decided to separate non-lease component from the lease components in contracts concerning buildings. The non-lease component cost should then be recognized as an expense and not be included in the calculation of a right-of-use asset and lease liability for asset class buildings. For all other asset classes non-lease components are included in the calculation of a right-of-use asset and lease liability.

The lease contracts are assessed at the commencement date whether the lessee is reasonably certain to exercise an option to extend the lease; or to exercise an option to purchase the underlying asset; or to exercise an option to terminate the lease. In cases of open-ended contracts local law can provide protection to the lessee from being noticed. This requires the Sandvik lessee to determine the contract period instead of considering the termination clause. The lessee then determines the length of the contract period based on factors such as the importance of building to the business, any planned or made leasehold investments and the market situation for premises.

The leasing liability and right-of-use asset is calculated by using the implicit rate in the contract. If the implicit rate cannot be identified the incremental borrowing rate is instead applied, which is the interest rate the company had been given if the acquisition had been financed through a loan from a financial institute.

Sandvik depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Sandvik has chosen to apply the two expedients concerning leases shorter than one year and low value assets (acquisition value as new lower than 5 000 USD) that need to be taken into consideration when recognizing a lease contract.

Sandvik when being a lessor classifies each of its leases as either an operating lease or a financial lease. The substance of the transaction rather than the form of the contract determines if it is finance or operating lease. This also includes contracts identified under IFRS 15 Revenue from Contracts with customers containing buy-back clauses, which means under certain circumstances that control hasn't transferred to the customer and lease accounting under IFRS 16 Leases apply.

A finance lease is a lease that transfers substantially all the risks and rewards resulting from ownership of an underlying asset to the lessee. An operating lease is a lease that does not transfer substantially all the risks and rewards as a result from ownership of an underlying asset.

A sublease should be classified as finance or operational lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset, e.g item of property, plant or equipment.

Changes due to transition to IFRIC 23

IFRIC 23 Uncertainty over Income Tax Treatments. Sandvik have applied IFRIC 23 from 1 January 2019. The amendment addresses how uncertainty regarding amounts for income taxation shall be reported, how a tax receivable shall be reported when the amount is appealed and discussions are held with tax authorities. IFRIC 23 is expected to have a limited impact on the financial reports. The opening balance for 2019 has been adjusted by reclassifying 1 457 MSEK from Provision for taxes to Income tax liabilities.

TRANSACTIONS WITH RELATED PARTIES

No transactions between Sandvik and related parties that significantly affected the company's position and results took place.

RISK ASSESSMENT

As an international Group with a wide geographic spread, Sandvik is exposed to several strategic, business and financial risks. Strategic risk at Sandvik is defined as emerging risks affecting the business long term, such as industry shifts, technological shifts and macroeconomic developments. The business risks can be divided into operational, sustainability, compliance, legal and commercial risks. The financial risks include currency risks, interest rates, raw material prices, tax risks and more. These risk areas can all impact the business negatively both long and short term but often also create business opportuni-

ties if managed well. Risk management at Sandvik begins with an assessment in operational management teams where the material risks for their operations are first identified, followed by an evaluation of the probability of the risks occurring and their potential impact on the Group. Once the key risks have been identified and evaluated risk mitigating activities to eliminate or reduce the risks are agreed on. For a more detailed description of Sandvik's analysis of risks and risk universe, see the Annual Report for 2018.

FINANCIAL REPORTS SUMMARY

THE GROUP

INCOME STATEMENT

MSEK	Q2 2018	Q2 2019	CHANGE %	Q1-Q2 2018	Q1-Q2 2019	CHANGE %
<i>Continuing operations</i>						
Revenues	26 136	26 467	+1	49 822	51 492	+3
Cost of sales and services	-14 953	-15 368	+3	-28 923	-29 942	+4
Gross profit	11 183	11 099	-1	20 899	21 551	+3
% of revenues	42.8	41.9		41.9	41.9	
Selling expenses	-3 494	-3 477	0	-6 725	-6 896	+3
Administrative expenses	-1 687	-1 601	-5	-3 153	-3 228	+2
Research and development costs	-927	-973	+5	-1 760	-1 877	+7
Other operating income and expenses	-32	31	N/M	53	96	+81
Operating profit	5 043	5 078	+1	9 314	9 646	+4
% of revenues	19.3	19.2		18.7	18.7	
Financial income	62	101	+63	153	238	+56
Financial expenses	-328	-488	+49	-672	-1 003	+49
Net financial items	-266	-387	+45	-519	-765	+47
Profit after financial items	4 777	4 692	-2	8 795	8 881	+1
% of revenues	18.3	17.7		17.7	17.2	
Income tax	-1 256	-1 086	-14	-2 321	-2 135	-8
Profit for the period, continuing operations	3 521	3 605	+2	6 474	6 746	+4
% of revenues	13.5	13.6		13.0	13.1	
<i>Discontinued operations</i>						
Revenues	298	100	-66	593	255	-57
Operating result	-111	-67	+40	-133	-110	+17
Result after financial items	-105	-67	+36	-125	-110	+12
Result for the period, discontinued operations	-105	-67	+36	-125	-110	+12
<i>Group total</i>						
Revenues	26 434	26 567	+1	50 415	51 747	+3
Operating profit	4 932	5 012	+2	9 181	9 535	+4
Profit after financial items	4 672	4 625	-1	8 670	8 770	+1
Profit for the period, Group total	3 416	3 539	+4	6 349	6 636	+5
OTHER COMPREHENSIVE INCOME						
<i>Items that will not be reclassified to profit or loss</i>						
Actuarial gains/losses on defined benefit pension plans	-76	-1 067		645	-718	
Tax relating to items that will not be reclassified	23	222		-138	144	
	-53	-846		507	-575	
<i>Items that will be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences	1 476	212		3 105	1 925	
Cash flow hedges	-1	-7		7	-7	
Tax relating to items that may be reclassified	1	-		-1	0	
	1 476	205		3 111	1 918	
Total other comprehensive income	1 423	-641		3 618	1 343	
Total comprehensive income	4 839	2 898		9 967	7 979	
Profit for the period attributable to						
Owners of the Parent	3 414	3 543		6 347	6 639	
Non-controlling interests	2	-4		2	-3	
Total comprehensive income attributable to						
Owners of the Parent	4 837	2 903		9 965	7 983	
Non-controlling interests	2	-5		2	-4	
Earnings per share, SEK						
Continuing operations, basic	2.81	2.88	+3	5.16	5.38	+4
Continuing operations, diluted	2.80	2.87	+3	5.15	5.37	+4
Group total, basic	2.72	2.83	+4	5.06	5.29	+5
Group total, diluted	2.72	2.82	+4	5.05	5.28	+5

N/M = non-meaningful.

For definitions see home.sandvik

THE GROUP

BALANCE SHEET

CONTINUING AND DISCONTINUED OPERATIONS

MSEK	31 DEC 2018	30 JUN 2018	30 JUN 2019
Intangible assets	22 250	18 195	23 939
Property, plant and equipment	25 362	24 888	25 850
Right-of-use assets	–	–	3 229
Financial assets	5 664	6 423	6 097
Inventories	24 609	25 904	27 568
Contract Assets	143	63	48
Current receivables	21 593	22 873	23 825
Cash and cash equivalents	18 089	10 802	8 168
Assets held for sale	641	4 839	494
Total assets	118 351	113 987	119 219
Total equity	58 518	54 335	61 015
Non-current interest bearing liabilities	27 788	27 499	24 748
Non-current non-interest bearing liabilities	5 294	4 934	4 416
Current interest bearing liabilities	2 375	2 580	3 123
Current non-interest bearing liabilities	23 764	23 181	25 451
Liabilities related to assets held for sale	612	1 458	465
Total equity and liabilities	118 351	113 987	119 219
<i>Group total</i>			
Net working capital ¹⁾	23 803	27 519	28 923
Loans	23 868	24 620	17 568
Non-controlling interests in total equity	42	29	26

1) Total of inventories, trade receivables, accounts payable and other current non-interest bearing receivables and liabilities, excluding tax assets and liabilities.

NET DEBT

MSEK	31 DEC 2018	30 JUN 2018	30 JUN 2019
Interest-bearing liabilities excluding pension liabilities	23 928	24 703	20 883
Net pension liabilities	5 718	4 532	6 592
Cash and cash equivalents	-18 089	-10 802	-8 168
Net debt	11 557	18 433	19 307
Net debt to equity ratio	0.20	0.34	0.32

CHANGES IN EQUITY

MSEK	EQUITY RELATED TO OWNERS OF THE PARENT	NON-CONTROLLING INTEREST	TOTAL EQUITY
Opening equity, 1 January 2018	48 694	28	48 722
Change due to IFRS 9 Financial Instruments	-71		-71
Changes in non-controlling interest	-24	24	–
Total comprehensive income for the period	13 958	-10	13 948
Personnel options program	152		152
Hedge of personnel options program	157		157
Dividends	-4 390		-4 390
Closing equity, 31 December 2018	58 476	42	58 518
Opening equity, 1 January 2019	58 476	42	58 518
Changes in non-controlling interest	4	-4	0
Total comprehensive income for the period	7 983	-4	7 979
Personnel options program	-81		-81
Other options	-61		-61
Dividends	-5 331	-9	-5 340
Closing equity, 30 June 2019	60 990	26	61 015

For definitions see home.sandvik

THE GROUP

CASH FLOW STATEMENT

MSEK	Q2 2018	Q2 2019	Q1-Q2 2018	Q1-Q2 2019
<i>Continuing operations</i>				
<i>Cash flow from operating activities</i>				
Income after financial income and expenses	4 777	4 692	8 795	8 881
Adjustment for depreciation, amortization and impairment losses	1 169	1 439	2 348	2 854
Other adjustments for non-cash items	77	-16	296	-160
Income tax paid	-574	-758	-1 417	-1 527
Cash flow from operations before changes in working capital	5 449	5 358	10 022	10 048
<i>Changes in working capital</i>				
Change in inventories	-1 961	-841	-3 382	-2 023
Change in operating receivables	-1 192	-221	-2 693	-1 462
Change in operating liabilities	17	-1 394	229	-548
Cash flow from changes in working capital	-3 136	-2 457	-5 846	-4 033
Investments in rental equipment	-167	-188	-344	-398
Proceeds from sale of rental equipment	33	19	77	57
Cash flow from operations	2 179	2 732	3 909	5 674
<i>Cash flow from investing activities</i>				
Acquisitions of companies and shares, net of cash acquired	-	-717	-	-1 331
Proceeds from investment of companies and shares, net of cash divested	135	51	465	59
Investments in property, plant and equipment	-786	-850	-1 378	-1 520
Proceeds from sale of property, plant and equipment	115	63	130	122
Investments in intangible assets	-140	-165	-294	-291
Proceeds from sale of intangible assets	0	0	0	23
Other investments, net	-5	-11	-7	-12
Cash used in investing activities	-681	-1 629	-1 084	-2 951
Net cash flow after investing activities	1 498	1 103	2 825	2 723
<i>Cash flow from financing activities</i>				
Change in interest-bearing debt	-282	-7 411	-192	-7 318
Dividends paid	-4 390	-5 340	-4 390	-5 340
Cash flow from financing activities	-4 672	-12 752	-4 582	-12 658
Total cash flow from continuing operations	-3 173	-11 649	-1 757	-9 935
<i>Discontinued operations</i>				
Cash flow from discontinued operations	-137	-54	-232	-109
Cash flow for the period, Group total	-3 310	-11 703	-1 989	-10 044
Cash and cash equivalents at beginning of the period	14 110	19 845	12 724	18 089
Foreign exchange differences in cash and cash equivalents	2	25	67	123
Cash and cash equivalents at the end of the period	10 802	8 168	10 802	8 168
<i>Discontinued operations</i>				
Cash flow from operations	-140	-51	-232	-107
Cash flow from investing activities	0	-1	0	-1
Cash flow from financing activities	3	-2	0	-1
Total cash flow discontinued operations	-137	-54	-232	-109
<i>Group total</i>				
Cash flow from operations	2 039	2 681	3 677	5 567
Cash flow from investing activities	-681	-1 629	-1 084	-2 952
Cash flow from financing activities	-4 668	-12 754	-4 582	-12 660
Group total cash flow	-3 310	-11 703	-1 989	-10 044

For definitions see home.sandvik

THE PARENT COMPANY

INCOME STATEMENT

MSEK	Q1-Q2 2018	Q1-Q2 2019
Revenues	10 250	11 058
Cost of sales and services	-5 711	-5 839
Gross profit	4 539	5 219
Selling expenses	-657	-622
Administrative expenses	-1 144	-1 336
Research and development costs	-772	-821
Other operating income and expenses	-448	-489
Operating profit	1 518	1 951
Income/expenses from shares in Group companies	2 459	1 620
Interest income/expenses and similar items	-390	-166
Profit after financial items	3 587	3 405
Appropriations	-	-291
Income tax expenses	-643	24
Profit for the period	2 944	3 138

The classification of certain profit and loss items has changed as from Q3 2018 affecting Revenue and Cost of Sales and services. Comparative figures have been adjusted accordingly.

BALANCE SHEET

MSEK	31 DEC 2018	30 JUN 2018	30 JUN 2019
Intangible assets	107	114	105
Property, plant and equipment	7 053	7 012	7 012
Financial assets	42 393	44 423	44 067
Inventories	3 065	3 566	3 421
Current receivables	11 308	9 035	7 192
Cash and cash equivalents	3	-	-
Total assets	63 929	64 150	61 797
Total equity	24 831	25 837	22 556
Untaxed reserves	3 140	3	3 431
Provisions	591	578	606
Non-current interest-bearing liabilities	16 963	17 109	15 237
Non-current non-interest-bearing liabilities	907	256	255
Current interest-bearing liabilities	10 823	14 466	13 461
Current non-interest-bearing liabilities	6 674	5 901	6 251
Total equity and liabilities	63 929	64 150	61 797
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	15 059	19 865	16 918
Investments in fixed assets	799	341	394

For definitions see home.sandvik

MARKET OVERVIEW, THE GROUP

ORDER INTAKE PER MARKET AREA

MSEK	Q2 2019	CHANGE *		SHARE	Q1-Q2 2019	CHANGE *		SHARE
		%	% ¹⁾			%	% ¹⁾	
THE GROUP								
Europe	9 217	-10	-10	35	20 239	-1	-3	38
North America	5 916	-8	-4	23	12 251	-2	-3	23
South America	1 319	0	0	5	2 776	+10	+10	5
Africa/Middle East	2 195	-16	-16	8	4 667	-8	-8	9
Asia	5 005	-6	-6	19	9 959	-5	-5	18
Australia	2 379	+57	+57	9	4 013	+41	+41	7
Total continuing operations ²⁾	26 031	-5	-4	100	53 905	0	-1	100
Discontinued operations	27	N/M	N/M	-	66	+15	+15	-
Group total	26 058	-5	-4	-	53 970	0	-1	-
SANDVIK MACHINING SOLUTIONS								
Europe	5 733	-5	-5	54	11 864	-4	-4	55
North America	2 500	+3	+3	24	5 030	+6	+6	23
South America	217	0	0	2	417	0	0	2
Africa/Middle East	75	-9	-9	1	158	-9	-9	1
Asia	2 030	-9	-9	19	4 126	-7	-7	19
Australia	74	-1	-1	1	138	-5	-5	1
Total	10 629	-4	-4	100	21 733	-3	-3	100
SANDVIK MINING AND ROCK TECHNOLOGY								
Europe	1 730	-12	-12	15	3 732	+3	+3	16
North America	2 392	-9	-9	20	4 916	-8	-8	21
South America	1 056	+1	+1	9	2 261	+14	+14	10
Africa/Middle East	2 056	-15	-15	17	4 392	-7	-7	19
Asia	2 351	-3	-3	20	4 567	0	0	19
Australia	2 284	+61	+61	19	3 839	+45	+45	16
Total continuing operations ²⁾	11 868	0	0	100	23 707	+4	+4	100
Discontinued operations	27	N/M	N/M	-	66	+15	+15	-
Total	11 894	0	0	-	23 773	+4	+4	-
SANDVIK MATERIALS TECHNOLOGY								
Europe	1 755	-20	-20	50	4 643	+6	-6	55
North America	1 024	-25	-8	29	2 304	-1	-10	27
South America	47	-19	-19	1	98	-2	-2	1
Africa/Middle East	64	-42	-42	2	117	-29	-29	1
Asia	624	-7	-7	18	1 266	-14	-14	15
Australia	21	-13	-13	1	36	-7	-7	0
Total	3 535	-20	-17	100	8 465	0	-9	100

1) Excluding major orders which is defined as above 400 million SEK in Sandvik Mining and Rock Technology and above 200 million SEK in Sandvik Materials Technology.

2) Includes rental fleet order intake of 455 million SEK recognized according to IFRS 16.

N/M = not meaningful

*At fixed exchange rates for comparable units compared with the year-earlier period.

REVENUES PER MARKET AREA

MSEK	Q2 2019	CHANGE *	SHARE	Q1-Q2 2019	CHANGE *	SHARE
		%	%		%	%
THE GROUP						
Europe	9 793	-2	37	19 661	0	38
North America	6 241	+3	24	11 938	+5	23
South America	1 372	+3	5	2 582	+6	5
Africa/Middle East	2 360	-9	9	4 496	-4	9
Asia	5 067	+3	19	9 805	+2	19
Australia	1 633	+3	6	3 008	-4	6
Total continuing operations ¹⁾	26 466	0	100	51 491	+1	100
Discontinued operations	100	-67	-	255	-58	-
Group total	26 566	-1	-	51 746	+0	-
SANDVIK MACHINING SOLUTIONS						
Europe	5 740	-5	54	11 665	-3	55
North America	2 497	+4	23	4 923	+6	23
South America	214	-4	2	417	-3	2
Africa/Middle East	81	-9	1	172	-5	1
Asia	2 074	-8	19	4 042	-8	19
Australia	67	-10	1	133	-8	1
Total	10 674	-4	100	21 352	-3	100
SANDVIK MINING AND ROCK TECHNOLOGY						
Europe	1 794	-3	15	3 548	+6	16
North America	2 771	+8	24	5 189	+9	23
South America	1 114	+5	9	2 082	+8	9
Africa/Middle East	2 188	-7	19	4 158	-2	19
Asia	2 367	+16	20	4 536	+12	20
Australia	1 546	+3	13	2 842	-5	13
Total continuing operations ¹⁾	11 781	+3	100	22 354	+5	100
Discontinued operations	100	-67	-	255	-58	-
Total	11 881	+1	-	22 609	+3	-
SANDVIK MATERIALS TECHNOLOGY						
Europe	2 258	+9	56	4 449	+7	57
North America	973	-6	24	1 826	-2	23
South America	44	0	1	83	+9	1
Africa/Middle East	91	-32	2	166	-26	2
Asia	625	+5	16	1 227	+5	16
Australia	20	+41	1	33	+23	0
Total	4 011	+3	100	7 784	+4	100

* At fixed exchange rates for comparable units compared with the year-earlier period.

¹⁾ Includes rental fleet revenue of 545 million SEK recognized according to IFRS 16.

THE GROUP

ORDER INTAKE BY BUSINESS AREA

MSEK	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1-Q4 2018	Q1 2019	Q2 2019	CHANGE % % ¹⁾	
<i>Continuing operations</i>									
Sandvik Machining Solutions	10 287	10 403	10 047	10 357	41 094	11 105	10 629	+2	-4
Sandvik Mining and Rock Technology	10 230	11 405	10 468	11 454	43 557	11 839	11 868	+4	0
Sandvik Materials Technology	3 935	4 469	3 677	3 817	15 898	4 930	3 535	-21	-20
Other Operations	967	924	0	0	1 891	0	0	N/M	N/M
Continuing operations	25 419	27 201	24 192	25 627	102 440	27 873	26 031	-4	-5
Discontinued operations	57	0	16	-3	70	39	27	N/M	N/M
Group total	25 476	27 201	24 209	25 624	102 510	27 912	26 058	-4	-5

REVENUES BY BUSINESS AREA

MSEK	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1-Q4 2018	Q1 2019	Q2 2019	CHANGE % % ¹⁾	
<i>Continuing operations</i>									
Sandvik Machining Solutions	9 859	10 391	10 100	10 406	40 757	10 679	10 674	+3	-4
Sandvik Mining and Rock Technology	9 324	10 890	10 838	11 720	42 772	10 573	11 782	+8	+3
Sandvik Materials Technology	3 640	3 871	3 344	3 842	14 697	3 773	4 011	+4	+3
Other Operations	862	984	0	0	1 846	0	0	N/M	N/M
Group activities	0	0	1	1	1	0	0	N/M	N/M
Continuing operations	23 685	26 136	24 283	25 968	100 072	25 025	26 467	+1	+0
Discontinued operations	296	298	155	102	852	155	100	-66	-67
Group total	23 981	26 434	24 438	26 070	100 924	25 180	26 567	+1	-1

OPERATING PROFIT BY BUSINESS AREA

MSEK	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1-Q4 2018	Q1 2019	Q2 2019	CHANGE %	
<i>Continuing operations</i>									
Sandvik Machining Solutions	2 555	2 782	2 543	2 041	9 922	2 654	2 483		-11
Sandvik Mining and Rock Technology	1 402	1 865	1 966	2 148	7 380	1 795	2 115		+13
Sandvik Materials Technology	352	512	230	247	1 341	307	585		+14
Other Operations	102	72	584	-28	731	-23	96		+32
Group activities	-140	-188	-118	-238	-685	-166	-200		-6
Continuing operations	4 271	5 043	5 205	4 170	18 689	4 567	5 078		+1
Discontinued operations	-23	-111	-158	-261	-552	-43	-67		-40
Group total ²⁾	4 248	4 932	5 047	3 909	18 137	4 524	5 012		+2

OPERATING MARGIN BY BUSINESS AREA

MSEK	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1-Q4 2018	Q1 2019	Q2 2019
<i>Continuing operations</i>							
Sandvik Machining Solutions	25.9	26.8	25.2	19.6	24.3	24.9	23.3
Sandvik Mining and Rock Technology	15.0	17.1	18.1	18.3	17.3	17.0	18.0
Sandvik Materials Technology	9.7	13.2	6.9	6.4	9.1	8.1	14.6
Other Operations	11.9	7.3	N/M	N/M	39.6	N/M	N/M
Continuing operations	18.0	19.3	21.4	16.1	18.7	18.3	19.2
Discontinued operations	-7.6	-37.2	N/M	N/M	-64.8	-28.1	-66.6
Group total ²⁾	17.7	18.7	20.7	15.0	18.0	18.0	18.9

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

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

N/M = non-meaningful.

ADJUSTED OPERATING PROFIT BY BUSINESS AREA

MSEK	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1-Q4 2018	Q1 2019	Q2 2019	CHANGE %
<i>Continuing operations</i>								
Sandvik Machining Solutions	2 555	2 782	2 543	2 480	10 361	2 654	2 483	-11
Sandvik Mining and Rock Technology	1 402	1 865	1 966	2 238	7 470	1 795	2 115	+13
Sandvik Materials Technology	352	537	230	247	1 366	307	585	+9
Other Operations	102	72	-34	-28	113	-23	-15	-120
Group activities	-140	-188	-119	-237	-684	-166	-200	+6
Continuing operations	4 271	5 067	4 587	4 700	18 625	4 567	4 968	-2
Discontinued operations	-23	-111	-158	-262	-552	-43	-67	-40
Group total ¹⁾	4 248	4 956	4 429	4 438	18 073	4 524	4 901	-1

ADJUSTED OPERATING MARGIN BY BUSINESS AREA

MSEK	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1-Q4 2018	Q1 2019	Q2 2019
<i>Continuing operations</i>							
Sandvik Machining Solutions	25.9	26.8	25.2	23.8	25.4	24.9	23.3
Sandvik Mining and Rock Technology	15.0	17.1	18.1	19.1	17.5	17.0	18.0
Sandvik Materials Technology	9.7	13.9	6.9	6.4	9.3	8.1	14.6
Other Operations	11.9	7.3	N/M	N/M	6.1	N/M	N/M
Continuing operations	18.0	19.4	18.9	18.1	18.6	18.3	18.8
Discontinued operations	-7.6	-37.2	N/M	N/M	-64.8	-28.1	-66.6
Group total ¹⁾	17.7	18.7	18.1	17.0	17.9	18.0	18.4

ITEMS AFFECTING COMPARABILITY

MSEK	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1-Q4 2018	Q1 2019	Q2 2019
<i>Continuing operations</i>							
Sandvik Machining Solutions	-	-	-	-439	-439	-	-
Sandvik Mining and Rock Technology	-	-	-	-90	-90	-	-
Sandvik Materials Technology	-	-24	-	-	-24	-	-
Other Operations	-	-	618	-	618	-	110
Continuing operations	-	-24	618	-529	65	-	-
Discontinued operations	-	-	-	-	-	-	-
Group total	-	-24	618	-529	65	-	110

¹⁾ Internal transactions had negligible effect on business area profits.

N/M = non-meaningful.

Q2 2018 - Sandvik Materials Technology reported items affecting comparability of -24 million SEK related to a capital loss in conjunction with the exit from the Fagersta Stainless joint venture.

Q3 2018 - The divestment of Hyperion was completed on 2 July. The divestment resulted in a net capital gain of 618 million SEK reported in Other Operations.

Q4 2018 - Sandvik Machining Solutions reported items affecting comparability of -439 million SEK related to consolidation of the manufacturing footprint.

Q4 2018 - Sandvik Mining and Rock Technology reported items affecting comparability of -90 million SEK related to initiated efficiency measures within the product area Rock Tools.

Q2 2019 - Other Operations reported a capital gain of 110 million SEK related to the final settlement for the divestment of Hyperion.

KEY FIGURES

	Q2 2018	Q2 2019	Q1-Q4 2018
<i>Continuing operations</i>			
Tax rate, %	26.3	23.2	27.2
Return on capital employed, % ¹⁾²⁾	24.4	22.3	22.7
Return on total equity, % ¹⁾	26.1	23.1	24.3
Return on total capital, % ¹⁾	18.2	16.8	16.9
Shareholders' equity per share, SEK	43.3	48.6	46.6
Net debt/equity ratio	0.34	0.32	0.20
Net debt/EBITDA	0.80	0.65	0.66
Equity/assets ratio, %	48	51	50
Net working capital, % ¹⁾²⁾	24.2	25.9	24.0
Earnings per share basic, SEK	2.81	2.88	10.57
Earnings per share diluted, SEK	2.80	2.87	10.55
EBITDA, MSEK	6 211	6 518	23 085
Cash flow from operations, MSEK	+2 179	+2 732	+15 353
Funds from operations (FFO), MSEK	5 448	5 358	19 385
Interest coverage ratio, %	1 660	1 099	1 658
Number of employees	43 170	41 936	41 670

1) Quarter is quarterly annualized and the annual number is based on a four quarter average.
2) 12-month rolling 2Q 2019 ROCE reported at 21.9% (26.5) and NWC % reported at 25.8 (24.1)

	Q2 2018	Q2 2019	Q1-Q4 2018
<i>Group total</i>			
Tax rate, %	26.9	23.5	28.1
Return on capital employed, % ¹⁾²⁾	23.8	22.0	22.0
Return on total equity, % ¹⁾	25.3	22.7	23.3
Return on total capital, % ¹⁾	17.6	16.5	16.3
Shareholders' equity per share, SEK	43.3	48.6	46.6
Net debt/equity ratio	0.34	0.32	0.20
Net debt/EBITDA	0.81	0.66	0.67
Equity/assets ratio, %	48	51	49
Net working capital, % ¹⁾²⁾	24.3	26.0	24.2
Earnings per share basic, SEK	2.72	2.83	10.14
Earnings per share diluted, SEK	2.72	2.82	10.11
EBITDA, MSEK	6 104	6 451	22 545
Cash flow from operations, MSEK	+2 037	+2 681	+14 914
Funds from operations (FFO), MSEK	5 313	5 300	18 791
Interest coverage ratio, %	1 648	1 087	1 618
Number of employees	43 227	41 950	41 705
No. of shares outstanding at end of period ('000)	1 254 386	1 254 386	1 254 386
Average no. of shares ('000)	1 254 386	1 254 386	1 254 386

1) Quarter is quarterly annualized and the annual number is based on a four quarter average.
2) 12-month rolling 2Q 2019 ROCE reported at 21.3% (26.3) and NWC % reported at 25.9 (23.8)

For definitions see home.sandvik

Sandvik presents certain financial measures that are not defined in the interim report in accordance with IFRS. Sandvik believes that these measures provide useful supplemental information to investors and the company's management when they allow evaluation of trends and the company's performance. As not all companies calculate the financial measures

in the same way, these are not always comparable to measures used by other companies. These financial measures should not be seen as a substitute for measures defined under IFRS. For definitions of key figures that Sandvik uses see website home.sandvik.

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 move-

ments, political risks, impact of competing products and their pricing, product development, commercialization and technological difficulties, supply disturbances, and major customer credit losses.

CERTIFICATION

The Board of Directors and the CEO certify that the six-month report gives a fair overview of the Parent Company's and the Group's operations, financial position and results, and de-

scribes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm 17 July 2019
Sandvik Aktiebolag (publ)

Johan Molin
Chairman of the Board

Jennifer Allerton
Board member

Claes Boustedt
Board member

Marika Fredriksson
Board member

Johan Karlström
Board member

Tomas Kärnström
Board member

Thomas Lilja
Board member

Helena Stjernholm
Board member

Lars Westerberg
Board member

Björn Rosengren
Board member
President and CEO

AUDITORS' REVIEW REPORT

The Company's Auditor has not reviewed the report for the first six months of 2019.

This information is information that Sandvik AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, at about 11.30 CET on 17 July 2019.

Additional information may be obtained from Sandvik Investor Relations on tel +46 8 456 14 94 (Ann-Sofie Nordh), +46 8 456 11 94 (Anna Vilogorac).

A webcast and teleconference will be held on 17 July 2019 at 14.00 CET.

Information is available at home.sandvik/ir

CALENDAR:

18 October 2019 Report, third quarter 2019

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