SUMMARY

STRONG MOMENTUM
ORDER INTAKE +16%
POSITIVE DEVELOPMENT IN ALL BUSINESS AREAS AND REGIONS

EARNINGS GROWTH AND
MARGIN IMPROVEMENT
ALSO EXCLUDING POSITIVE IMPACT FROM FX

RECORD-HIGH FIRST QUARTER CASH FLOW
### Market Development

<table>
<thead>
<tr>
<th>Region</th>
<th>% of Group Revenue FY16</th>
<th>Y/Y Order Intake</th>
<th>Q/Q Underlying Demand Trend</th>
<th>Y/Y Underlying Demand Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>40%</td>
<td>+5%</td>
<td>→</td>
<td>→</td>
</tr>
<tr>
<td>North America</td>
<td>20%</td>
<td>+41%</td>
<td>→</td>
<td>→</td>
</tr>
<tr>
<td>Asia</td>
<td>20%</td>
<td>+7%</td>
<td>→</td>
<td>→</td>
</tr>
<tr>
<td>Africa/Middle East</td>
<td>9%</td>
<td>+36%</td>
<td>→</td>
<td>→</td>
</tr>
<tr>
<td>South America</td>
<td>5%</td>
<td>+8%</td>
<td>→</td>
<td>→</td>
</tr>
<tr>
<td>Australia</td>
<td>6%</td>
<td>+29%</td>
<td>→</td>
<td>→</td>
</tr>
</tbody>
</table>

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SANDVIK: Interim Report on the first quarter 2017
ORDER INTAKE
STRONG ORDERS AND BOOK-TO-BILL OF 114%

REPORTED  P/V
24 916  16%

REVENUES
GROWTH IN ALL THREE MAJOR REGIONS

REPORTED  P/V
21 767  5%
EBIT DEVELOPMENT

REPORTED
3 507 MSEK

• 18% EBIT GROWTH EXCLUDING FX AND METAL PRICE EFFECTS

• SUPPORTED BY HEALTHY REVENUE GROWTH SAVINGS MEASURES

EBIT %
16.1

*Adjusted for items affecting comparability
SANDVIK MACHINING SOLUTIONS

IMPROVING MARKET CONDITIONS
- Support from working days of 3%
- Blanket orders received for Powder & blanks, ~2% on order intake
- Positive underlying development in North America and Asia, while Europe largely stable

EARNINGS AND MARGIN IMPROVEMENT
- 14% earnings growth excluding positive FX
- Support from revenue growth and structural efficiency measures
- Negative impact of ~50bps on margin primarily related to contribution to profit-sharing foundation

RECORD LOW NWC IN RELATION TO REVENUES

<table>
<thead>
<tr>
<th></th>
<th>MSEK</th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORDER INTAKE</td>
<td></td>
<td>8 304</td>
<td>9 450</td>
<td>+10%*</td>
</tr>
<tr>
<td>REVENUES</td>
<td></td>
<td>8 025</td>
<td>8 909</td>
<td>+7%*</td>
</tr>
<tr>
<td>OPERATING PROFIT</td>
<td></td>
<td>1 652</td>
<td>2 071</td>
<td>+25%</td>
</tr>
<tr>
<td>% OF REVENUES</td>
<td></td>
<td>20.6%</td>
<td>23.2%</td>
<td></td>
</tr>
</tbody>
</table>

*At fixed exchange rates for comparable units

EBIT & ROCE DEVELOPMENT

<table>
<thead>
<tr>
<th></th>
<th>MSEK</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT²</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>EBIT%¹</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>ROCE%²</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

15% 20% 25% 30% 35% 40%

SANDVIK: Interim Report on the first quarter 2017
Comments and numbers refer to continuing operations unless otherwise stated

1Adjusted for items affecting comparability
2ROCE: EBIT adj. annualized, CE 1Q avg.
SANDVIK MINING AND ROCK TECHNOLOGY

STRONG ORDER INTAKE
- Order growth driven primarily by equipment replacements
  - Large order in underground drilling and load and haul in North America
- Positive development in the aftermarket business
- Gold, silver and zinc strongest commodities, signs of improvement for copper

SIGNIFICANT EARNINGS AND MARGIN GROWTH
- Earnings primarily supported by efficiency measures and revenue growth
- Release of bad debt provisions of 40 MSEK supported the margin by ~50bps

RECORD LOW RELATIVE NWC ~25%

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORDER INTAKE</td>
<td>7,266</td>
<td>10,247</td>
<td>+30%*</td>
</tr>
<tr>
<td>REVENUES</td>
<td>7,344</td>
<td>8,378</td>
<td>+6%*</td>
</tr>
<tr>
<td>OPERATING PROFIT</td>
<td>705</td>
<td>1,184</td>
<td>+68%</td>
</tr>
<tr>
<td>% OF REVENUES</td>
<td>9.6%</td>
<td>14.1%</td>
<td></td>
</tr>
</tbody>
</table>

*At fixed exchange rates for comparable units

EBIT & ROCE DEVELOPMENT

Comments and numbers refer to continuing operations unless otherwise stated
SANDVIK MATERIALS TECHNOLOGY

STABILIZING MARKETS
- Stable underlying order development
  - Alloy surcharges impacted order intake by +5%
- One large umbilicals order received
- Energy segment stabilizing
- Initial signs of improvement in early-cycle businesses

LOWER VOLUMES IMPACTED EARNINGS
- Underlying revenues -6% excl. alloy surcharges
  - primarily related to core and standard tubular offering
- Impact from inventory build-up largely off-set by planned maintenance stoppage

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORDER INTAKE</td>
<td>3 488</td>
<td>3 746</td>
<td>+5%</td>
</tr>
<tr>
<td>REVENUES</td>
<td>3 231</td>
<td>3 275</td>
<td>-1%</td>
</tr>
<tr>
<td>OPERATING PROFIT</td>
<td>216</td>
<td>334</td>
<td>+54%</td>
</tr>
<tr>
<td>% OF REVENUES¹</td>
<td>6.7%</td>
<td>10.2%</td>
<td></td>
</tr>
<tr>
<td>UNDERLYING MARGIN³</td>
<td>10.0%</td>
<td>6.3%</td>
<td></td>
</tr>
</tbody>
</table>

*Adjusted for items affecting comparability
²ROCE: EBIT adj. annualized, CE 1Q avg
³EBIT adj. for items affecting comparability and metal prices

Comments and numbers refer to continuing operations unless otherwise stated
TOMAS ELIASSON
CFO
# Financial Summary Q1

<table>
<thead>
<tr>
<th>Metric</th>
<th>MSEK Q1 2016</th>
<th>MSEK Q1 2017</th>
<th>CHANGE %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ORDER INTAKE</strong></td>
<td>20,299</td>
<td>24,916</td>
<td>+16¹</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td>19,700</td>
<td>21,767</td>
<td>+5¹</td>
</tr>
<tr>
<td><strong>OPERATING PROFIT</strong></td>
<td>2,413</td>
<td>3,507</td>
<td>+45</td>
</tr>
<tr>
<td>% OF REVENUES</td>
<td>12.2</td>
<td>16.1</td>
<td></td>
</tr>
<tr>
<td><strong>NWC %²</strong></td>
<td>28.0</td>
<td>24.5</td>
<td></td>
</tr>
<tr>
<td><strong>CASH FLOW³</strong></td>
<td>1,899</td>
<td>3,682</td>
<td>+94</td>
</tr>
<tr>
<td><strong>ROCE %²</strong></td>
<td>13.2</td>
<td>18.0</td>
<td></td>
</tr>
<tr>
<td><strong>EPS CONT. OPS., SEK</strong></td>
<td>1.16</td>
<td>1.82</td>
<td>+56</td>
</tr>
<tr>
<td><strong>EPS GROUP TOTAL, SEK</strong></td>
<td>1.12</td>
<td>1.81</td>
<td>+62</td>
</tr>
</tbody>
</table>

¹ At fixed exchange rates for comparable units
² Quarterly calculation i.e. annualized adj. EBIT or revenues and 1Q average CE or NWC
³ Cash flow before acquisitions and disposals, financial items and taxes

---

**GROWTH, %**

<table>
<thead>
<tr>
<th>ORDER REVENUES INTAKE</th>
<th>ORGANIC:</th>
<th>+16</th>
<th>+5</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENCY:</td>
<td>+5</td>
<td>+5</td>
<td></td>
</tr>
<tr>
<td>STRUCTURE:</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>+23</td>
<td>+10</td>
<td></td>
</tr>
</tbody>
</table>

SANDVIK: Interim Report on the first quarter 2017

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

### SANDVIK GROUP

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Q1 2016</th>
<th>PRICE/VOLUME/PRODUCTIVITY</th>
<th>CURRENCY</th>
<th>STRUCTURE ONE-OFFS*</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUES</td>
<td>19 700</td>
<td>822</td>
<td>1 049</td>
<td>196</td>
<td>21 767</td>
</tr>
<tr>
<td>EBIT</td>
<td>2 413</td>
<td>458</td>
<td>401</td>
<td>235</td>
<td>3 507</td>
</tr>
<tr>
<td>EBIT MARGIN</td>
<td>12.2%</td>
<td>56%</td>
<td>-</td>
<td>-</td>
<td>16.1%</td>
</tr>
</tbody>
</table>

**MARGIN ACCRETION / DILUTION**
- +1.7%
- +1.1%
- +1.1%

*Includes metal price effects within Sandvik Materials Technology of +182 MSEK in alloy surcharges on revenues and 235 MSEK in metal price effect on EBIT (−106 Q1 2016 vs. +129 Q1 2017). Structure +14 topline for SMS, 0 on EBIT.

Comments and numbers refer to continuing operations unless otherwise stated.
NET WORKING CAPITAL

RELATIVE NWC BY BA

SANDVIK: Interim Report on the first quarter 2017

Comments and numbers refer to continuing operations unless otherwise stated
**FREE OPERATING CASH FLOW**

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>∆</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA + non cash</td>
<td>3 377</td>
<td>4 772</td>
<td>+1 395</td>
</tr>
<tr>
<td>NWC change</td>
<td>-736</td>
<td>-226</td>
<td>+510</td>
</tr>
<tr>
<td>Capex*</td>
<td>-742</td>
<td>-864</td>
<td>-122</td>
</tr>
<tr>
<td>FOCF**</td>
<td>1 899</td>
<td>3 682</td>
<td>+1 783</td>
</tr>
</tbody>
</table>

*Including investments and disposals in rental, tangible and intangible assets
**Cash flow before acquisitions and disposals, financial items and taxes

*Adjusted for items affecting comparability

Comments and numbers refer to continuing operations unless otherwise stated
• NET DEBT LOWERED BY -21% Y/Y TO 26 BILLION SEK

• NET GEARING 0.63
  – IN LINE WITH TARGET OF <0.8

• S&P CREDIT RATING OUTLOOK IMPROVED
OUTCOME AND GUIDANCE

Q1 2017
Currency effect (MSEK): +401 (+400)
Metal price effect (MSEK): +129 (~0)

Q2 2017
Currency effect (MSEK): +400*
Metal price effect (MSEK): +0**

FULL YEAR 2017
Capex (BSEK): ~3.9 (Q1: 703)
Net financial items (BSEK): -1.4 to -1.5 (Q1: -387)
Tax rate (%): 26-28 (Q1: 26.9)

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

STRONG MOMENTUM IN ORDERS SUPPORT FUTURE REVENUE GENERATION

IMPROVED PERFORMANCE

STRENGTHENING OF BALANCE SHEET:
- RECORD HIGH Q1 CASH FLOW
- NET GEARING ON LOWEST LEVEL IN RECENT HISTORY

STABILITY
CREATE A STABLE PLATFORM

PROFITABILITY
IMPROVE PERFORMANCE

GROWTH
GENERATE GROWTH
BACK-UP SLIDES
MINING (27%)
ENERGY (12%)
GENERAL ENGINEERING (23%)
CONSTRUCTION (12%)
AUTOMOTIVE (14%)
AEROSPACE (6%)

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

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

EBIT Q1 2016: 2,413

- ORGANIC GROWTH: +323
- ANNOUNCED SAVINGS PROGRAMS: +135
- CURRENCY: +401
- METAL PRICE EFFECT SMT: +235
- STRUCTURE

EBIT Q1 2017: 3,507

GROUP LEVERAGE: +56%

MARGIN

EBIT Q1 2016: 12.2%

EBIT Q1 2017: 16.1%

SANDVIK: Interim Report on the first quarter 2017

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# BRIDGE ANALYSIS

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>PRICE/ VOLUME/ PRODUCTIVITY</th>
<th>CURRENCY</th>
<th>STRUCTURE ONE-OFFS*</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MACHINING SOLUTIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td>8 025</td>
<td>559</td>
<td>311</td>
<td>14</td>
<td>8 909</td>
</tr>
<tr>
<td>EBIT</td>
<td>1 652</td>
<td>227</td>
<td>192</td>
<td>0</td>
<td>2 071</td>
</tr>
<tr>
<td>EBIT MARGIN</td>
<td>20.6%</td>
<td>+41%</td>
<td>-</td>
<td>-</td>
<td>23.2%</td>
</tr>
<tr>
<td><strong>MINING AND ROCK TECHNOLOGY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td>7 344</td>
<td>419</td>
<td>615</td>
<td>-</td>
<td>8 378</td>
</tr>
<tr>
<td>EBIT</td>
<td>705</td>
<td>296</td>
<td>183</td>
<td>-</td>
<td>1 184</td>
</tr>
<tr>
<td>EBIT MARGIN</td>
<td>9.6%</td>
<td>71%</td>
<td>-</td>
<td>-</td>
<td>14.1%</td>
</tr>
<tr>
<td><strong>MATERIALS TECHNOLOGY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td>3 231</td>
<td>-207</td>
<td>69</td>
<td>182</td>
<td>3 275</td>
</tr>
<tr>
<td>EBIT</td>
<td>216</td>
<td>-103</td>
<td>-14</td>
<td>235</td>
<td>334</td>
</tr>
<tr>
<td>EBIT MARGIN</td>
<td>6.7%</td>
<td>-50%</td>
<td>-</td>
<td>-</td>
<td>10.2%</td>
</tr>
</tbody>
</table>

* Includes metal price effects in SMT, bottom line: -106 in Q1 2016 vs. +129 in Q1 2017, alloy surcharges topline: +182MSEK. Structure SMS: topline: 14MSEK and bottom line: 0

Comments and numbers refer to continuing operations unless otherwise stated.
Creating a Leaner Company

Savings Annual Run-Rate (MSEK) vs. Last Year and Total

<table>
<thead>
<tr>
<th></th>
<th>Supply Chain Optimization</th>
<th>Adjust of Cost Base/ Right Sizing</th>
<th>Total Annual Run-Rate vs. Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sandvik Machining Solutions</td>
<td>225</td>
<td>165</td>
<td>345*</td>
</tr>
<tr>
<td>Sandvik Mining and Rock Technology</td>
<td>64</td>
<td>0</td>
<td>193</td>
</tr>
<tr>
<td>Sandvik Materials Technology</td>
<td>41</td>
<td>9</td>
<td>538*</td>
</tr>
<tr>
<td>Group Activities</td>
<td>0</td>
<td>19</td>
<td><strong>1 860</strong> (2 095)</td>
</tr>
<tr>
<td>Total</td>
<td><strong>390</strong></td>
<td><strong>64</strong></td>
<td><strong>1 149</strong> (1 333)</td>
</tr>
</tbody>
</table>

*Other operations contributed by 15MSEK on annual run-rate compared with previous year to the supply chain optimization program

Comments and numbers refer to continuing operations unless otherwise stated.
19 PRODUCTION UNITS CLOSED END OF Q1

SUPPLY CHAIN OPTIMIZATION PROGRAM
CONTINUING OPERATIONS

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

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

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

2013 Q4

Target

150

FIRST PHASE
SECOND PHASE
THIRD PHASE

-10
-8
-5

127

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

IMPROVED DEMAND, BOOK-TO-BILL 1.2
• Increased demand in particular for Hyperion with some larger blanked orders booked
• Solid order intake also for Process System

EARNINGS SUPPORTED BY FX
• Despite revenue growth of +5%, earnings improved only slightly
  • Negative mix in Process Systems (higher share of smaller projects, lower share of Belts)
OTHER OPERATIONS
NON-STRATEGIC ASSETS

ORDER INTAKE
1,473 MSEK

REVENUES
1,205 MSEK

EBIT
126 MSEK

ROCE
13.4%

Comments and numbers refer to continuing operations unless otherwise stated.

# SHARE OF REVENUES 2016

- Q1: 6%

<table>
<thead>
<tr>
<th>YEAR</th>
<th>REVENUES</th>
<th>EBIT</th>
<th>ROCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹Adjusted for items affecting comparability
²ROCE: EBIT adj. annualized, CE 1Q avg.
### Loan and Duration Profile

#### Cash Position
- **10,798 MSEK**

#### Revolving Credit Facilities
- **9,000 MSEK**

#### Long Term (86%)
- **US Private Placement**: 5,230 MSEK, Average Duration: 4 years
- **Fin institutions, EIB, NIB**: 1,704 MSEK, Average Duration: 7 years
- **Swedish MTN**: 6,230 MSEK, Average Duration: 4 years
- **European MTN**: 10,475 MSEK, Average Duration: 9 years
- **Bank loans**: 3,035 MSEK, Average Duration: 2 years
- **Share swap**: -

#### Short Term (14%)
- **US Private Placement**: 1,667 MSEK, Average Duration: 5 months
- **Fin institutions, EIB, NIB**: 341 MSEK, Average Duration: 6 months
- **Swedish MTN**: 1,790 MSEK, Average Duration: 4 months
- **Bank loans**: 86 MSEK, Average Duration: 2 months
- **Share swap**: 617 MSEK, Average Duration: 2 months

#### Total
- **31,176 MSEK, Average Duration: 5 years**

Comments and numbers refer to continuing operations unless otherwise stated.
LOAN MATURITY PROFILE

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

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CAPEX</strong></td>
<td>Estimated at about 3.9 BSEK for 2017</td>
</tr>
<tr>
<td><strong>CURRENCY EFFECTS</strong></td>
<td>Given currency rates at end of March 2017 the effect on operating profit from transaction and translation would be +400 MSEK for Q2 2017</td>
</tr>
<tr>
<td><strong>METAL PRICE EFFECTS</strong></td>
<td>Given currency rates, stock levels and metal prices at the end of March 2017, it is estimated that effects on operating profit in Q2 2017 will be about 0 MSEK</td>
</tr>
<tr>
<td><strong>NET FINANCIAL ITEMS</strong></td>
<td>Net financial items is estimated to be -1.4 to -1.5 BSEK for 2017</td>
</tr>
<tr>
<td><strong>TAX RATE</strong></td>
<td>The tax rate is estimated to about 26–28% for 2017</td>
</tr>
</tbody>
</table>
DISCLAIMER STATEMENT

“Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially affected by other factors for example, the effect of economic conditions, exchange-rate and interest-rate movements, political risks, impact of competing products and their pricing, product development, commercialisation and technological difficulties, supply disturbances, and the major customer credit losses.”