We use a two-color headline system to highlight our rational and emotional side alike. The first line appears in blue (the rational side), the second line in orange (the emotional side) and the duality principle is reflected in the wording of the headline. This system refers to the first page title only, all other headlines are blue. Learn more about our verbal identity in the Sandvik Brand Identity Directives, which you can download at the Intranet > home.sandvik.com/brand
SUMMARY

SIGNIFICANT ORDER GROWTH

ORDER INTAKE +13%
LARGE ORDERS RECEIVED
POSITIVE DEVELOPMENT IN ALL BUSINESS AREAS AND REGIONS

EARNINGS AND MARGIN IMPROVEMENT

SUPPORTED BY STRONG REVENUE GROWTH AND EFFICIENCY MEASURES

PORTFOLIO CONSOLIDATION CONTINUES

• GOOD PROGRESS FOR SANDVIK PROCESS SYSTEMS CARVE-OUT
• HYPERION AND WIRE TRANSACTIONS DEVELOPING ACCORDING TO PLAN
### MARKET DEVELOPMENT

<table>
<thead>
<tr>
<th>Region</th>
<th>% of group revenue FY16</th>
<th>Y/Y order intake</th>
<th>Y/Y UNDERLYING DEMAND TREND</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUROPE</td>
<td>40%</td>
<td>+9%</td>
<td></td>
</tr>
<tr>
<td>NORTH AMERICA</td>
<td>20%</td>
<td>+12%</td>
<td></td>
</tr>
<tr>
<td>ASIA</td>
<td>20%</td>
<td>+14%</td>
<td></td>
</tr>
<tr>
<td>AFRICA/MIDDLE EAST</td>
<td>9%</td>
<td>+17%</td>
<td></td>
</tr>
<tr>
<td>SOUTH AMERICA</td>
<td>5%</td>
<td>+19%</td>
<td></td>
</tr>
<tr>
<td>AUSTRALIA</td>
<td>6%</td>
<td>+37%</td>
<td></td>
</tr>
</tbody>
</table>
ORDER INTAKE
STRONG ORDER GROWTH IN ALL BUSINESS AREAS

REPORTED P/V
21 888 13%

REPORTED P/V
21 648 12%

REVENUES
ACCELERATION OF GROWTH DRIVEN BY SMRT AND SMS

Organic order intake, 12M rolling

Organic revenues, 12M rolling

Comments and numbers refer to continuing operations unless otherwise stated
EBIT DEVELOPMENT

**EBIT REPORTED**

- **3,344 MSEK**
- **42% EBIT GROWTH EXCLUDING FX AND METALS**
- **EBIT MARGIN 16.8% EXCLUDING FX AND METALS**
- **SUPPORTED BY REVENUE GROWTH AND EFFICIENCY MEASURES**

*Adjusted for items affecting comparability

Comments and numbers refer to continuing operations unless otherwise stated.
STRONG UNDERLYING GROWTH
- Negative working day effect of -1%
- Positive development in all regions
- Increased activity in particular in general engineering and energy segments

EARNINGS AND MARGIN IMPROVEMENT
- 25% earnings growth excluding negative FX
- Support from revenue growth and structural efficiency measures
- Slight build-up in inventory support margin by +0.5% year-on-year

EBIT & ROCE DEVELOPMENT

| SHARE OF REVENUES 2016 | 40% |

Comments and numbers refer to continuing operations unless otherwise stated.
STRONG CUSTOMER ACTIVITY
- Strong development in replacement equipment
- Strong growth in aftermarket business
- Gold, silver and zinc strongest commodities
- Copper improved

SIGNIFICANT EARNINGS AND MARGIN GROWTH
- Earnings primarily supported by significant revenue growth and efficiency measures
- Previous year period impacted by some costs related to the merger of Sandvik Mining and Sandvik Construction

<table>
<thead>
<tr>
<th></th>
<th>MSEK</th>
<th>Q3 2016</th>
<th>Q3 2017</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORDER INTAKE</td>
<td>7 936</td>
<td>9 191</td>
<td></td>
<td>+18%*</td>
</tr>
<tr>
<td>REVENUES</td>
<td>7 791</td>
<td>8 987</td>
<td></td>
<td>+17%*</td>
</tr>
<tr>
<td>OPERATING PROFIT</td>
<td>817</td>
<td>1 472</td>
<td></td>
<td>+80%</td>
</tr>
<tr>
<td>% OF REVENUES</td>
<td>10.5%</td>
<td>16.4%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

EBIT & ROCE DEVELOPMENT

Comments and numbers refer to continuing operations unless otherwise stated
INCREASED ORDERS ALBEIT UNFAVORABLE MIX
- Large order for capex O&G ~250MSEK
- Stabilization in demand for short-cycle offering but high competitiveness

MIX DETERIORATION IMPACT OPERATING PROFIT
- Underlying revenues +2% excl. alloy surcharges
- Unfavorable product mix, less umbilicals and nuclear
- Unfavorable mix in core- and standard tubular offering

COST SAVING INITIATIVES BEING IMPLEMENTED
- Notice of lay-offs: 210 FTEs

### EBIT & ROCE DEVELOPMENT

<table>
<thead>
<tr>
<th>Year</th>
<th>EBIT¹</th>
<th>EBIT%¹</th>
<th>ROCE%²</th>
<th>EBIT%³</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Q3 2016</th>
<th>Q3 2017</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORDER INTAKE</td>
<td>2 851</td>
<td>3 045</td>
<td>+9%*</td>
</tr>
<tr>
<td>REVENUES</td>
<td>2 945</td>
<td>2 980</td>
<td>+3%*</td>
</tr>
<tr>
<td>OPERATING PROFIT</td>
<td>197</td>
<td>-57</td>
<td>n/a</td>
</tr>
<tr>
<td>% OF REVENUES¹</td>
<td>6.7%</td>
<td>-1.9%</td>
<td></td>
</tr>
<tr>
<td>UNDERLYING MARGIN³</td>
<td>5.0%</td>
<td>0.2%</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
FINANCIAL SUMMARY Q3

<table>
<thead>
<tr>
<th></th>
<th>MSEK</th>
<th>Q3 2016</th>
<th>Q3 2017</th>
<th>CHANGE %</th>
<th>Q1-3 2016</th>
<th>Q1-3 2017</th>
<th>CHANGE %</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORDER INTAKE</td>
<td></td>
<td>19 700</td>
<td>21 888</td>
<td>+13¹</td>
<td>59 868</td>
<td>71 338</td>
<td>+15¹</td>
</tr>
<tr>
<td>REVENUES</td>
<td></td>
<td>19 715</td>
<td>21 648</td>
<td>+12¹</td>
<td>59 735</td>
<td>66 968</td>
<td>+9¹</td>
</tr>
<tr>
<td>ADJ. OPERATING PROFIT²</td>
<td></td>
<td>2 623</td>
<td>3 344</td>
<td>+28</td>
<td>7 741</td>
<td>10 572</td>
<td>+37</td>
</tr>
<tr>
<td>% OF REVENUES</td>
<td></td>
<td>13.3</td>
<td>15.4</td>
<td></td>
<td>13.0</td>
<td>15.8</td>
<td></td>
</tr>
<tr>
<td>NWC %³</td>
<td></td>
<td>28.6</td>
<td>25.4</td>
<td></td>
<td>28.0</td>
<td>24.4</td>
<td></td>
</tr>
<tr>
<td>CASH FLOW⁴</td>
<td></td>
<td>4 342</td>
<td>3 725</td>
<td>-14</td>
<td>8 308</td>
<td>10 010</td>
<td>+20</td>
</tr>
<tr>
<td>ROCE %³</td>
<td></td>
<td>13.9</td>
<td>18.0</td>
<td></td>
<td>17.6</td>
<td>18.2</td>
<td></td>
</tr>
<tr>
<td>EPS ADJ. CONT. OPS., SEK</td>
<td>1.29</td>
<td>1.88</td>
<td>3.80</td>
<td>+46</td>
<td>5.70</td>
<td>5.74</td>
<td></td>
</tr>
<tr>
<td>EPS ADJ. GROUP TOTAL, SEK</td>
<td>0.49</td>
<td>1.91</td>
<td>n/a</td>
<td></td>
<td>2.91</td>
<td>5.74</td>
<td>n/a</td>
</tr>
</tbody>
</table>

¹ At fixed exchange rates for comparable units
² Profit adjusted for items affecting comparability of -450 million SEK in Q2 2017
³ Quarterly calculation i.e. annualized adj. EBIT or revenues and 1Q average CE or NWC
⁴ Cash flow before acquisitions and disposals, financial items and taxes

GROWTH, %
ORDER REVENUES INTAKE
ORGANIC: +13 +12
CURRENCY: -2 -2
STRUCTURE: 0 0
TOTAL +11 +10

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

### SANDVIK GROUP

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Q3 2016</th>
<th>PRICe/ VOLUME/ PRODUCTIVITY</th>
<th>CURRENCY</th>
<th>STRUCTURE ONE-OFFS*</th>
<th>Q3 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUES</td>
<td>19 715</td>
<td>2 300</td>
<td>-400</td>
<td>32</td>
<td>21 648</td>
</tr>
<tr>
<td>ADJUSTED EBIT</td>
<td>2 623</td>
<td>1 080</td>
<td>-244</td>
<td>-115</td>
<td>3 344</td>
</tr>
<tr>
<td>ADJUSTED EBIT MARGIN</td>
<td>13.3%</td>
<td>47%</td>
<td>-</td>
<td>-</td>
<td>15.4%</td>
</tr>
</tbody>
</table>

### MARGIN ACCRETION / DILUTION

- **+3.5%**
- **-0.8%**
- **-0.6%**

Includes metal price effects within Sandvik Materials Technology of +35 MSEK in alloy surcharges on revenues and -115 MSEK in metal price effect on EBIT (+51 Q3 2016 vs. -64 Q3 2017). Structure +1MSEK topline for SMS and -4MSEK for SMT, 0 on EBIT.

Comments and numbers refer to continuing operations unless otherwise stated.
NET WORKING CAPITAL
SEASONAL UPTICK IN NWC-RATIO

RELATIVE NWC BY BA
FREE OPERATING CASH FLOW

MSEK

Q3 2016 | Q3 2017 | Δ
---|---|---
EBITDA + non cash | 3 556 | 4 676 | +1 120
NWC change | 1 790 | -48 | -1 838
Capex* | -1 004 | -903 | +101
FOCF** | 4 342 | 3 725 | -617

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

Comments and numbers refer to continuing operations unless otherwise stated.
• LOWEST NET DEBT LEVEL IN AT LEAST FOUR YEARS, ~25 BSEK

• NET GEARING 0.6
  – IN LINE WITH TARGET OF <0.8
OUTCOME AND GUIDANCE

Q3 2017
Underlying currency effect (MSEK): -155 (~0)
Total currency effect (MSEK): -244
Metal price effect in quarter (MSEK): -64 (-100)

Q4 2017
Underlying currency effect (MSEK): -450*
Metal price effect in quarter (MSEK): ~0**

FULL YEAR 2017
Capex (BSEK): ~3.7 (YTD: 2.3)
Net financial items (BSEK): -1.2 to -1.3 (YTD: -0.8)
Tax rate (%): 26-28 (YTD: 26.7)

*Based on currency rates end of September 2017
**Based on currency rates, stock levels and metal prices at the end of September 2017
Comments and numbers refer to continuing operations unless otherwise stated
SUMMARY

REVENUE GENERATION ON BACK OF RECENT STRONG ORDER INTAKE
- REVENUE GROWTH +12%
- TWO MAJOR ORDERS

IMPROVED PERFORMANCE
MARGIN AT 16.8 EXCL. METALS AND CURRENCY

CMD NOVEMBER 21 IN TÜBINGEN, GERMANY
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 Q3 2016: 2,623

- ORGANIC GROWTH: +995
- ANNOUNCED SAVINGS PROGRAMS: +85
- CURRENCY: -244
- METAL PRICE EFFECT SMT: -115
- STRUCTURE: 0

EBIT Q3 2017: 3,344

ADJUSTED MARGIN:
- EBIT Q3 2016: 13.3%
- EBIT Q3 2017: 15.4%

GROUP LEVERAGE: +47%

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

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Q3 2016</th>
<th>PRICE/ VOLUME/ PRODUCTIVITY</th>
<th>CURRENCY</th>
<th>STRUCTURE ONE-OFFS*</th>
<th>Q3 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MACHINING SOLUTIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td>7 859</td>
<td>793</td>
<td>-165</td>
<td>1</td>
<td>8 488</td>
</tr>
<tr>
<td>EBIT</td>
<td>1 650</td>
<td>412</td>
<td>-113</td>
<td>0</td>
<td>1 949</td>
</tr>
<tr>
<td>EBIT MARGIN</td>
<td>21.0%</td>
<td>+52%</td>
<td>-</td>
<td>-</td>
<td>23.0%</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>7 791</td>
<td>1 340</td>
<td>-144</td>
<td>-</td>
<td>8 987</td>
</tr>
<tr>
<td>EBIT</td>
<td>817</td>
<td>746</td>
<td>-91</td>
<td>-</td>
<td>1 472</td>
</tr>
<tr>
<td>EBIT MARGIN</td>
<td>10.5%</td>
<td>56%</td>
<td>-</td>
<td>-</td>
<td>16.4%</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>2 945</td>
<td>62</td>
<td>-58</td>
<td>31</td>
<td>2 980</td>
</tr>
<tr>
<td>ADJUSTED EBIT</td>
<td>197</td>
<td>-152</td>
<td>13</td>
<td>-115</td>
<td>-57</td>
</tr>
<tr>
<td>ADJUSTED EBIT MARGIN</td>
<td>6.7%</td>
<td>n/a</td>
<td>-</td>
<td>-</td>
<td>-1.9%</td>
</tr>
</tbody>
</table>

* Includes metal price effects in SMT, bottom line: +51 in Q3 2016 vs. -64 in Q3 2017, alloy surcharges topline: +35MSEK. Structure SMT -4MSEK. Structure SMS: topline: 1MSEK 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>Supply Chain Optimization</th>
<th>Adjust of Cost Base/Right Sizing</th>
<th>Total</th>
<th>Total Annual Run-Rate vs. Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SANDVIK MACHINING SOLUTIONS</strong></td>
<td>185</td>
<td>0</td>
<td>199*</td>
</tr>
<tr>
<td><strong>SANDVIK MINING AND ROCK TECHNOLOGY</strong></td>
<td>0</td>
<td>14</td>
<td>136</td>
</tr>
<tr>
<td><strong>SANDVIK MATERIALS TECHNOLOGY</strong></td>
<td>133</td>
<td>3</td>
<td>743 (762)</td>
</tr>
<tr>
<td><strong>GROUP ACTIVITIES</strong></td>
<td>0</td>
<td>0</td>
<td>335*</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>318</td>
<td>17</td>
<td>1 923 (2 095)</td>
</tr>
</tbody>
</table>

*Other operations contributed by 0 MSEK on annual run-rate compared with previous year to the supply chain optimization program.

SANDVIK: Interim Report on the third quarter 2017
Comments and numbers refer to continuing operations unless otherwise stated.
SUPPLY CHAIN OPTIMIZATION PROGRAM
CONTINUING OPERATIONS

21 PRODUCTION UNITS CLOSED END OF Q3

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 320MSEK
  ACHIEVED at year end 2016

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

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

CARVE-OUT FOR PROCESS SYSTEMS DEVELOPING ACCORDING TO PLAN

• Expected closure no later than Q1 2018

STRONG UNDERLYING DEMAND

• Underlying demand developed positively for both Hyperion and Process Systems
• Some timing issues for Process Systems

EARNINGS IMPACTED BY TRANSACTION RELATED COSTS

• Earnings growth off-set by about -20MSEK in transaction related costs
• Underlying margin at 12.0%

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

ORDER INTAKE
1 203 MSEK

REVENUES
1 194 MSEK

EBIT
123 MSEK

ROCE
13.2%

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

<table>
<thead>
<tr>
<th></th>
<th>Amount MSEK</th>
<th>Average Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>US Private Placement</strong></td>
<td>4,733</td>
<td>3 years</td>
</tr>
<tr>
<td><strong>Fin institutions, EIB, NIB</strong></td>
<td>1,707</td>
<td>6 years</td>
</tr>
<tr>
<td><strong>Swedish MTN</strong></td>
<td>5,660</td>
<td>4 years</td>
</tr>
<tr>
<td><strong>European MTN</strong></td>
<td>10,495</td>
<td>9 years</td>
</tr>
<tr>
<td><strong>Bank loans</strong></td>
<td>2,766</td>
<td>1 year</td>
</tr>
<tr>
<td><strong>Share swap</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**LCF Long-term: 91%**

<table>
<thead>
<tr>
<th></th>
<th>Amount MSEK</th>
<th>Average Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>US Private Placement</strong></td>
<td>891</td>
<td>0 month</td>
</tr>
<tr>
<td><strong>Fin institutions, EIB, NIB</strong></td>
<td>341</td>
<td>0 month</td>
</tr>
<tr>
<td><strong>Swedish MTN</strong></td>
<td>1,268</td>
<td>2 months</td>
</tr>
<tr>
<td><strong>Bank loans</strong></td>
<td>68</td>
<td>1 month</td>
</tr>
<tr>
<td><strong>Share swap</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**LCF Short-term: 9%**

<table>
<thead>
<tr>
<th></th>
<th>Amount MSEK</th>
<th>Average Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash position</strong></td>
<td>8,565 MSEK</td>
<td></td>
</tr>
<tr>
<td><strong>Revolving Credit facilities</strong></td>
<td>9,100 MSEK</td>
<td></td>
</tr>
</tbody>
</table>

**Total** | **27,930** | **5 years**

SANDVIK: Interim Report on the third quarter 2017

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

AVERAGE INTEREST RATE: ~4%

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CAPEX</strong></td>
<td>Estimated at about 3.7 BSEK for 2017</td>
</tr>
<tr>
<td><strong>CURRENCY EFFECTS</strong></td>
<td>Given currency rates at end of September 2017 the effect on operating profit from transaction and translation would be -450 MSEK for Q4 2017</td>
</tr>
<tr>
<td><strong>METAL PRICE EFFECTS</strong></td>
<td>Given currency rates, stock levels and metal prices at the end of September 2017, it is estimated that effect on operating profit in Q4 2017 will be neutral</td>
</tr>
<tr>
<td><strong>NET FINANCIAL ITEMS</strong></td>
<td>Net financial items is estimated to be between -1.2 to -1.3 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.”