

# Sandvik Q1

PRESS RELEASE 29 April 2008

Interim report first quarter 2008

## CONTINUED STRONG DEMAND

- Order intake +8%\*, SEK 25,100 M
- Invoiced sales +5%\*, SEK 21,990 M
- Operating profit -10%, SEK 3,190 M  
Excluding nickel price effects + 5%, SEK 3,707 M
- Profit after financial items -19%, SEK 2,715 M
- Net profit for the period -18%, SEK 2,000 M
- Earnings per share -18%, SEK 1.59  
Excluding nickel price effects -3%, SEK 1.91
- Cash flow +91%, SEK 1,996 M

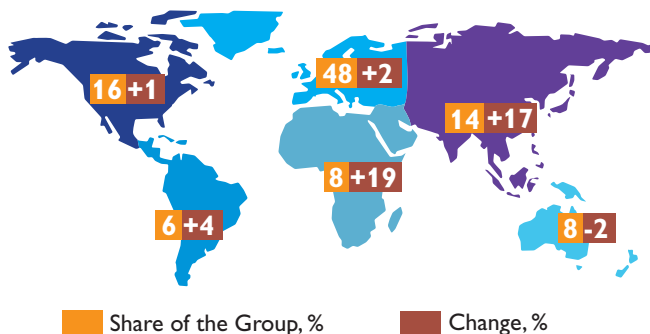


The Sandvik Group President Lars Pettersson (left) together with Executive Vice President Per Nordberg.

“Demand for Sandvik’s products remained high in all markets during the first quarter. Order intake increased in price and volume by 8%, amounting to SEK 25 billion. Invoiced sales increased in price and volume by 5% and amounted to SEK 22 billion. Operating profit was charged with SEK 517 M related to certain products in Sandvik Materials Technology and amounted to SEK 3.2 billion and the operating margin was 14.5%. However, adjusted for the effect of nickel prices, operating profit totaled SEK 3.7 billion and the operating margin amounted to 16.9%”, says Sandvik’s President and CEO Lars Pettersson.

“The trend of underlying profitability was positive, but invoicing and earnings were negatively impacted by fewer working days, delays in a number of projects and the continued shortage of components in Sandvik Mining and Construction. The gap between order intake and invoicing means that we must intensify our efforts to eliminate bottlenecks.”

## INVOICED SALES\*



## KEY FIGURES

SEK M	Q1/08	Q1/07	Q1-4/07
Order intake	25 100	22 735	92 059
Invoiced sales	21 990	20 409	86 338
Operating profit	3 190	3 538	14 394
Earnings per share, SEK	1.59	1.95	7.65

## BUSINESS AREAS – INVOICED SALES\*



\* Percentage change compared to the same quarter in the preceeding year at fixed exchange rates for comparable units.

For additional information please call +46 26 26 10 23 (Sandvik Investor Relations) or visit [www.sandvik.com](http://www.sandvik.com)



# Financial overview

<b>INCOME STATEMENT</b>	Q1	Q1	Change	Q1-4
<b>SEK M</b>	2008	2007	%	2007
Order intake	25 100	22 735	+10 <sup>1)</sup>	92 059
Invoiced sales	21 990	20 409	+8 <sup>2)</sup>	86 338
Operating profit	3 190	3 538	-10	14 394
%	14.5	17.3		16.7
Profit after financial items	2 715	3 365	-19	12 997
%	12.3	16.5		15.1
Profit for the period	2 000	2 450	-18	9 594
%	9.1	12.0		11.1
of which shareholders' interest	1 885	2 327	-19	9 116
Earnings per share, SEK *	1.59	1.95	-18	7.65

\* Calculated on the basis of the shareholders' share of profit for the period.

1) +8% at fixed exchange rates for comparable units.

2) +5% at fixed exchange rates for comparable units.

<b>KEY FIGURES</b>	Q1	Q1	Full year
	2008	2007	2007
No. of shares outstanding at end of period ('000)	1 186 287	1 186 287	1 186 287
Average no. of shares ('000)	1 186 287	1 186 287	1 186 287
Tax rate, %	26.3	27.2	26.2
Return on capital employed, % <sup>1)</sup>	24.9	28.3	27.0
Return on total equity, % <sup>1)</sup>	31.9	32.3	34.4
Shareholders' equity per share	25.00	24.60	24.10
Net debt/equity ratio	0.9	0.6	1.0
Equity/assets ratio, %	36	42	35
Net working capital, %	33	28	31
No. of employees	48 683	43 494	47 123

1) Rolling 12 months.

## ORDER INTAKE AND INVOICED SALES PER MARKET AREA

First quarter 2008

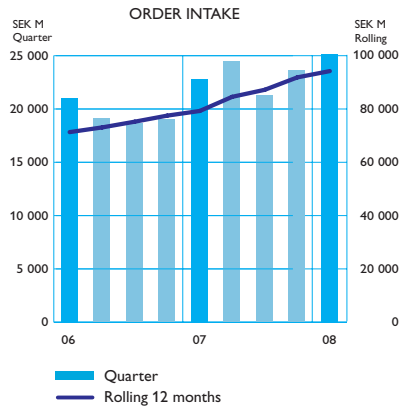
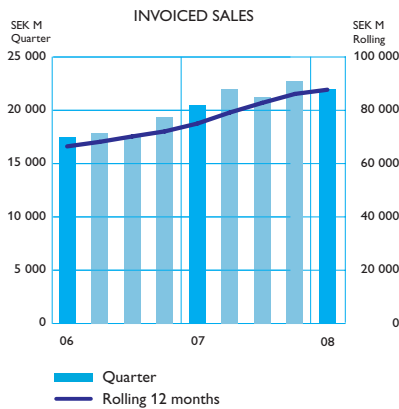
Market area	Order intake	Change*		Share	Invoiced sales	Change*		Share
	SEK M	%	% <sup>1)</sup>	%	SEK M	%	%	%
Europe	10 844	-2	0	43	10 463	2		48
NAFTA	4 065	1	1	16	3 616	1		16
South America	1 939	71	9	8	1 264	4		6
Africa/Middle East	1 975	14	-2	8	1 754	19		8
Asia	3 917	40	40	16	3 023	17		14
Australia	2 360	-12	13	9	1 870	-2		8
Total	25 100	8	7	100	21 990	5		100

\* At fixed exchange rates for comparable units.

1) Excluding major orders.

<b>CHANGE %</b>	Order intake			Invoiced sales		
	Q1	Q1	Q1-4	Q1	Q1	Q1-4
	2008	2007	2007	2008	2007	2007
Price/volume	+8	+13	+18	+5	+21	+18
Structural	+4	+2	+3	+4	+1	+3
Currency	-1	-6	-2	-2	-5	-2
Total	+10	+8	+18	+8	+17	+19

# Sales



**Invoiced sales** in the first quarter amounted to SEK 21,990 M (20,409), an increase of 8% in total and of 5% excluding currency effects for comparable units. Changed currency rates had a negative impact of 2% on invoicing. For Sandvik Tooling and for Sandvik Mining and Construction, the increase for comparable units excluding currency effects was 8%. Invoiced sales for Sandvik Materials Technology declined by 2%, but excluding adjustments for price compensation related to raw materials prices, the business area's invoicing increased by 5%.

Both invoicing and order intake, particularly in Europe, were negatively affected by close to 2 percentage points by fewer working days compared with the preceding year and by about 4 percentage points by the postponement of a number of projects within the oil and construction industries.

**Order intake** totaled SEK 25,100 M (22,735), an increase of 10% in total and 8% excluding currency effects for comparable units. Changed currency rates had a negative impact on order intake of 1%. Order intake exceeded invoicing by approximately 14%, thereby strengthening the order backlog, mainly for mining and construction equipment.

Growth excluding currency effects for comparable units was 7% for Sandvik Tooling and 16% for Sandvik Mining and Construction, while growth for Sandvik Materials Technology excluding surcharge effects increased by about 8%. Order intake was positively impacted by major orders of a project nature and, adjusted for these, growth for Sandvik Mining and Construction was 10%.

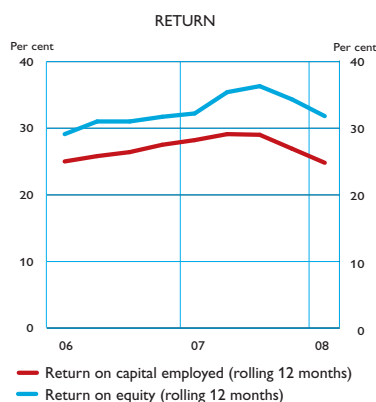
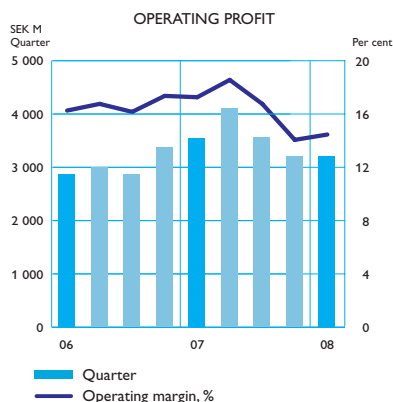
Global demand for Sandvik's products remained favorable during the quarter. Sandvik Tooling and Sandvik Mining and Construction

reported a steady, high level of growth within all core areas and in all markets. Demand for Sandvik Materials Technology's products with high nickel content returned to normal, while a number of orders from the oil industry were postponed as a result of capacity shortage at some sub-suppliers to Sandvik's end customers.

In **Europe**, demand was strong in most markets. A high level of activity was reported within energy-related industries, engineering industry, the automotive industry and mining and construction industries. Adjusted for working days, surcharges and major orders, order intake increased 5-7%. In **NAFTA**, growth remained favorable in Sandvik's core operations, such as cemented-carbide tools, mining equipment and advanced tube applications. The trend for order intake continued to be positive from the mining, energy, aerospace, petrochemical and process industries, but a slight decline was noted in parts of the US construction industry and demand remained weak from automotive manufacturers. Growth of approximately 5% was recorded for cemented-carbide and superhard materials.

Development in **Africa/Middle East** is driven by a high investment activity and production in the petrochemical and mining industries and order intake was at a stable, high level. A high level of activity was also noted in **South America** and order intake rose by 71%, but after adjustments for major orders, the increase was 9%. Demand in **Asia** remained highly favorable and order intake increased by 40%, mainly in China, Korea and Japan. In **Australia**, demand was high in the mining and process industries. Order intake declined by 12% due to major project orders in the preceding year, but increased by 13% following adjustments for these.

# Earnings and return

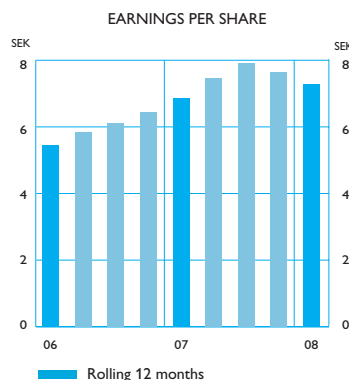
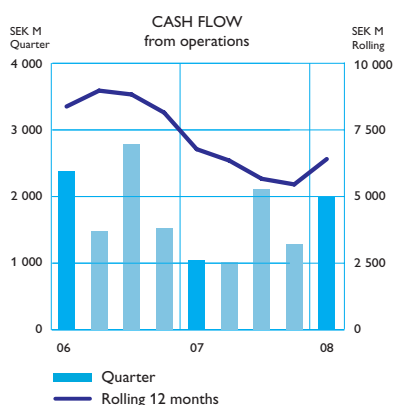


**Operating profit** in the first quarter amounted to SEK 3,190 M, a decline of 10% compared with the corresponding quarter last year. The operating margin amounted to 14.5% of invoicing (17.3). Earnings were affected adversely in the amount of SEK 517 M due to lower nickel prices. Adjusted for this effect, operating profit rose by 5% to SEK 3,707 M and the operating margin was 16.9%. Changed currency rates had a positive impact on earnings of about SEK 90 M, primarily due to exercised currency hedges. Based on currency rates as at quarter end, a negative currency effect of approximately SEK 170 M is expected for the second quarter, and a negative effect for the full year estimated to approximately SEK 600 M.

Underlying profitability remained favorable. Increased productivity and higher prices offset rising costs, but lower delivery levels to certain segments adversely impacted the margin by about one percentage point. The expansion of sales resources in emerging markets entailed cost increases during the quarter, but ensures continued profitable growth. The integration of companies acquired in the past year continued to pro-

ceed successfully, and the trend was positive for sales and profitability. Integration expenses related to acquisitions had a negative effect on earnings amounting to approximately SEK 30 M.

**Net financial items** amounted to an expense of SEK 475 M (expense: 173), mainly due to increased borrowings, and **profit after financial income and expenses** declined by 19% to SEK 2,715 M (3,365), 12.3% of invoicing. **Tax** amounted to SEK 715 M (915), corresponding to a tax rate of 26.3%. **Net profit for the period** amounted to SEK 2,000 M (2,450). **Earnings per share** totaled SEK 1.59 (1.95) but amounted to SEK 1.91 after adjustments for effects of nickel prices. **Cash flow** from operating activities improved to SEK 1,996 M (1,045). **Investments** amounted to SEK 1,712 M (3,044), of which company acquisitions accounted for SEK 250 M (2,002). Cash flow after investments amounted to SEK 447 M (neg: 1,934) for the quarter. **The return on capital employed** declined to 24.9% (28.3), mainly attributable to the effects of nickel prices. After adjustments for effects of nickel price, return on capital employed totaled 26.7%. **The return on shareholders' equity** declined to 31.9% (32.3).



# Sandvik Tooling

Sandvik Tooling's order intake in the first quarter amounted to SEK 6,928 M (6,321), an increase of 7% for comparable units excluding currency effects. Invoicing totaled SEK 6,600 M (5,997), an increase of 8% from the preceding year for comparable units excluding currency effects. The number of working days in the quarter had an adverse impact on Sandvik Tooling's order intake and invoicing, of approximately 2 percentage points, which also entailed a somewhat negative effect on the operating margin.

Demand remained favorable, especially for metal-cutting tools from Sandvik Tooling. In Europe and NAFTA, growth achieved levels of 6% and 5%, respectively. In Eastern Europe and Asia, a continued strong development was noted, particularly in Russia, China and Japan. In South America, the positive trend continued.

Demand remained high from the engineering industry, oil/gas, automotive and aerospace industries. A high degree of activity was reported in the automotive industry in Asia and in large parts of Europe, but remained weak in North America.

Sandvik Tooling increased its market shares in several major markets. Successful introductions of products in recent years, combined with a strong marketing and R&D organization, contributed to the favorable trend.

The divestment of Sandvik Tobler was finalized in January and an agreement was reached in April regarding the acquisition of the Norwegian company Teeness, a leading manufacturer of anti-vibration tools. Operating profit improved

by 11% compared with the first quarter of 2007 and amounted to SEK 1,595 M (1,437). The operating margin totaled 24.2% (24.0). The profit increase was mainly attributable to higher volumes, favorable sales price trends, high capacity utilization, a better product mix and completed efficiency enhancements. Compared with the preceding year, the acquisition of Diamond Innovations and fewer working days had an adverse effect on the operating margin of about 0.5 and 1 percentage points, respectively. The return on capital employed was 33.2% (33.8). Excluding Diamond Innovations, return on capital employed rose to 36.2%.

At the end of January, Sandvik Coromant inaugurated a new productivity center in Nagoya, Japan.



## SANDVIK TOOLING

SEK M	Q1 2008	Q1 2007	Change %	Q1-4 2007
Order intake	6 928	6 321	+7*	25 134
Invoiced sales	6 600	5 997	+8*	24 732
Operating profit	1 595	1 437	+11	5 989
%	24.2	24.0		24.2
Return on capital employed, %	33.2	33.8		33.5
Number of employees	16 629	15 976	+4	16 440

\* At fixed exchange rates for comparable units.

# Sandvik

## Mining and Construction

Sandvik Mining and Construction's order intake in the first quarter amounted to SEK 10,529 M (8,650), up 16% for comparable units excluding currency effects. Invoicing for comparable units excluding currency effects rose 8% to SEK 8,352 M (7,298). Order intake was 26% higher than invoicing and order backlog was further strengthened. Fewer working days during the quarter compared with the preceding year had a negative impact on order intake and invoicing.

Global demand for equipment, tools and service to customers in the mining industry remained strong. Favorable growth was also noted in sales to the construction industry with the exception of the US residential market, where a slight slowdown was noted in demand for crushers and drills for the manufacture of working materials. During the quarter, a number of major project orders were secured from customers in NAFTA, South America and Asia. The postponement of a number of construction projects reduced invoicing levels. As a result, the proportion of projects in invoiced sales declined to 9% (12%) of total invoicing, while equipment increased to nearly 50% (slightly more than 40%).

Demand for products from Sandvik Mining and Construction for increasing efficiency and capacity in the mining and construction industries remained strong in the first quarter. The business area is well-positioned as the leading supplier of complete, advanced comprehensive solutions for underground mining and as a leading supplier of advanced products in selected niches in surface mining and construction. The increase in demand, combined with a shortage of certain components, entailed longer lead times



With a transportation capacity of 60 tons, the Sandvik TH660 can carry up to 20% more than its rivals.

and a higher level of tied-up capital. The focus was intensified on activities to secure the supply of components and thus increase the ability to deliver and reduce the order backlog.

The level of demand for mobile crushers was high in many markets and the acquired British companies Extec and Fintec continued to perform favorably in terms of growth and profitability.

Operating profit in the first quarter rose by 7% to SEK 1,184 M (1,102) or 14.2% of invoicing. The increase was primarily attributable to higher volumes, while lower project invoicing and increased costs for expansion within the sales and service organizations were charged to operating margin. Changed currency rates had a negative effect of approximately SEK 20 M on earnings. The return on capital employed declined slightly to 29.2% (32.6), but excluding the effects of the acquisition of Extec and Fintec, return amounted to 31.4%.

### SANDVIK MINING AND CONSTRUCTION

SEK M	Q1 2008	Q1 2007	Change %	Q1-4 2007
Order intake	10 529	8 650	+16 *	37 986
Invoiced sales	8 352	7 298	+8 *	33 073
Operating profit	1 184	1 102	+7	4 979
%	14.2	15.1		15.1
Return on capital employed, %	29.2	32.6		31.2
Number of employees	16 224	12 823	+27	15 173

\* At fixed exchange rates for comparable units.

# Sandvik

## Materials Technology

Sandvik Materials Technology's order intake in the first quarter amounted to SEK 5,921 M (6,194), down 2% compared with the preceding year, excluding currency effects for comparable units. Invoiced sales amounted to SEK 5,402 M (5,604), a decline of slightly less than 2% excluding currency effects for comparable units. Price compensation for changed raw materials prices had a comparative negative effect of about 10% and slightly more than 6%, respectively, on order intake and invoicing. Accordingly, order intake rose by 8% and invoicing by 5%, excluding currency, structural and price compensation effects.

Global demand for high value-added niche products remained strong, primarily from customers in sectors such as energy, aerospace, medical technology and process industries. Demand was favorable in the majority of markets, most notably in Asia, Australia and South America. Capacity problems affecting suppliers to some customers led to the postponement of a number of orders to the oil industry and both production volume and invoicing were adversely affected by this development in the latter part of the quarter.

Order intake for standard products with a high nickel content returned to a normal level during the quarter as the price of nickel stabilized, compared with the volatility in 2007. This meant that inventory volumes gradually decreased and total nickel volumes were reduced to slightly more than 11,000 tons during the quarter. An average price of approximately USD 29,000 per ton, combined with a weaker USD, entailed a negative earnings effect of SEK 517 M. Based on prevailing nickel prices and currency rates, the effect on earnings in the second quarter is expected to be approximately SEK -100 M.

Sandvik Materials Technology inaugurated a research and development center in Pune, India.

The strong demand trend implies that Sandvik Materials Technology needs to increase production capacity within certain prioritized areas. Investment projects are ongoing to increase capacity for high-alloy seamless tubes and rock drill-steel, primarily in China and Sweden.



Operating profit in the first quarter was positively affected by higher volumes and a positive base price trend, but was negatively impacted by effects related to nickel prices. Lower production and delayed deliveries of orders to the oil industry was estimated to have impacted the operating margin negatively by about 3 percentage points. Changed currency rates had a positive effect on earnings of approximately SEK 50 M. The reported operating profit was SEK 82 M (784) or 1.5% of invoicing. Adjusted for nickel price effects, operating profit totaled SEK 599 M, or 11.1% of invoicing. Return on capital employed declined to 9.8% (18.5). Excluding nickel price effects, return on capital employed was 15.8%.

### SANDVIK MATERIALS TECHNOLOGY

SEK M	Q1 2008	Q1 2007	Change %	Q1-4 2007
Order intake	5 921	6 194	-2 *	22 733
Invoiced sales	5 402	5 604	-2 *	22 486
Operating profit	82	784	-90	2 435
%	1.5	14.0		10.8
Return on capital employed, %	9.8	18.5		14.5
Number of employees	9 320	8 695	+7	9 098

\* At fixed exchange rates for comparable units, including compensation for changed raw material prices.

## Parent Company

The Parent Company's invoicing during the first quarter of 2008 amounted to SEK 5,535 M (5,277) and operating loss amounted to SEK 284 M (profit: 316 ). The operating result for the Parent Company as well as for the Group was negatively affected by the nickel price effects in Sandvik Materials Technology as explained on page 7.

Interest-bearing liabilities less cash and cash equivalents and interest-bearing assets amounted to SEK 13,187 M (10,240 at 31 December 2007). During the quarter, the net debt for the Parent Company increased as a result of the settlement of Group contributions. Investments in fixed assets amounted to SEK 428 M (290).

## Significant events

- In January, Sandvik Mining and Construction reached an agreement covering the acquisition of the majority of the assets in the South African company Corstor International (Pty) Ltd. The company is a leading manufacturer of borehole core storage and handling systems for the mining and exploration industries. The company has about 70 employees and sales in 2007 amounted to SEK 70 M.
- In March, Sandvik Mining and Construction entered an agreement regarding the acquisition of the German system-technology provider Aubema Beteiligungs GmbH and two subsidiaries. Aubema offers advanced solutions for the fragmentation of coal, limestone, different types of ore, salt, fertilizer and other types of softer minerals and materials. The company has about 80 employees and sales in 2007 totaled approximately SEK 160 M.
- In April, Sandvik Tooling reached an agreement with the majority shareholders in the Norwegian company Teeness ASA to acquire 92.55% of the company. Teeness is market-leading in the development and production of anti-vibration tools. The acquisition strengthens Sandvik Tooling's offering, in particular, to the aerospace and energy sectors. In 2007, Teeness reported sales of about SEK 200 M and had 105 employees. The purchase price was approximately SEK 240 M. The corresponding offer will be made to the remaining shareholders in Teeness.
- During the January-April period, Sandvik also acquired the Swedish company Sanslip, a producer of machines for regrinding drill bits. Furthermore, an agreement was reached regarding the takeover of personnel and assets from the Canadian company JN Precise Inc. The company is a supplier of tools and components for exploration drilling.



## Acquisitions and divestments

The total purchase price relating to company acquisitions during the first quarter amounted to SEK 250 M. Of the purchase price, a preliminary amount of SEK 139 M pertains to goodwill and

other intangible assets. The number of employees in acquired operations amounted to 280 persons. The effect on invoicing and earnings for the period is immaterial.

### Acquisitions during 2007 and 2008

Business area	Company/unit	Closing date	Annual revenue SEK M	No. of employees
Sandvik Mining and Construction	Shark Abrasion Systems, Australia	17 Jan '07	70	10
Sandvik Mining and Construction	Hydramatic Engineering, Australia	28 Feb '07	330	290
Sandvik Tooling	Diamond Innovations, USA	15 Mar '07	>1 000	600
Sandvik Mining and Construction	Extec Screens and Crushers Ltd, UK	31 May '07	1 800	450
Sandvik Mining and Construction	Fintec Crushing and Screening Ltd, UK	31 May '07	560	325
Sandvik Materials Technology	Doncasters Medical Technologies, UK	13 Jul '07	500	430
Sandvik Materials Technology	JKB Medical Technologies, USA	14 Dec '07	90	90
Sandvik Mining and Construction	JN Precise, Canada	28 Jan '08	100	70
Sandvik Materials Technology	Medtronic Inc., USA (part of)	1 Feb '08	140	110
Sandvik Mining and Construction	Corstor International, South Africa	29 Feb '08	70	100
Sandvik Mining and Construction	Aubema, Germany	3 Apr '08	160	80
Sandvik Mining and Construction	Sanslip, Sweden	7 Apr '08	15	9
Sandvik Tooling	Teeness, Norway	*	200	105

### Divestments during 2007 and 2008

Business area	Company/unit	Closing date	Annual revenue SEK M	No. of employees
Sandvik Materials Technology	Outokumpu Stainless Tubular Products, minority share 11.6%	30 Apr '07		
Sandvik Materials Technology	Sandvik Sorting Systems	29 Jun '07	1 000	300
Sandvik Tooling	Sandvik Tobler	31 Jan '08	85	80

\* Date not settled.

### 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.

From 2008, Sandvik has adjusted the distribution of costs between Cost of sales and services and Administrative expenses to increase accuracy and clarity and thereby improve the reporting of operations. This means that both the adjusted gross profit margin and administrative expenses increased by approximately 1.2 percentage points (SEK 254 M) for the first quarter of 2007 and by about 1.4 percentage points (SEK 1,246 M) for full-year 2007. The adjustment has no effect on operating profit. Figures for 2007 were restated in this report.

### Risks and uncertainty factors

Sandvik is a global group represented in 130 countries and is as such exposed to a number of commercial and financial risks. Accordingly, risk management is an important process for Sandvik in relation to established targets. Efficient risk management is an ongoing process conducted within the framework of business control, and is part of the ongoing operations follow-up. For a more in-depth analysis of risks, refer to Sandvik's 2007 Annual Report.

### Transactions with related parties

No transactions between Sandvik and related parties that have significantly affected the company's position and earnings have taken place.

Sandviken, 29 April 2008  
Sandvik AB; (publ)  
Lars Pettersson  
President and CEO

Sandvik discloses the information provided herein pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 29 April at 12:00 CET.

### Appendices:

1. Brief overview of the Group.
2. Brief overview of the Parent Company.
3. Invoicing and operating profit.

The company's auditors have not conducted a special audit of the Q1 2008 report. The Sandvik Group's interim report for the second quarter of 2008 will be published on 18 July 2008.

Additional information may be obtained from Sandvik Investor Relations at tel. +46 26 26 10 23 or by e-mail to [info.ir@sandvik.com](mailto:info.ir@sandvik.com).

A teleconference will be held on 29 April 2008 at 13.30 CET.

### Calendar:

29 Apr	First-quarter report 2008 and AGM
30 Apr	Ex dividend date
5 May	Record date for dividend
8 May	Dividend payout
18 Jul	Second-quarter report 2008
4 Sep	Capital Markets Day 2008
30 Oct	Third-quarter report 2008

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# Appendix 1

## The Group in brief

<b>INCOME STATEMENT</b>	Q1	Q1	Change	Q1-4
<b>SEK M</b>	2008	2007	%	2007
Revenue	21 990	20 409	+8	86 338
Cost of sales and services	-14 303	-12 951	+10	-55 976
Gross profit	7 687	7 458	+3	30 362
% of revenues	35.0	36.5		35.2
Selling expenses	-2 733	-2 517	+9	-10 334
Administrative expenses	-1 292	-965	+34	-4 142
Research and development costs	-492	-417	+18	-1 818
Other operating income and expenses	20	-21		326
Operating profit	3 190	3 538	-10	14 394
% of revenues	14.5	17.3		16.7
Financial income	94	137	-31	377
Financial expenses	-569	-310	+84	-1 774
Net financing cost	-475	-173	+175	-1 397
Profit after financial items	2 715	3 365	-19	12 997
% of revenues	12.3	16.5		15.1
Income tax expense	-715	-915	-22	-3 403
Profit for the period	2 000	2 450	-18	9 594
% of revenues	9.1	12.0		11.1
of which minority interests	115	123	-7	478
of which shareholders' interest	1 885	2 327	-19	9 116
Earnings per share, SEK	1.59	1.95	-18	7.65
<b>BALANCE SHEET</b>	31 March	31 March	Change	31 Dec
<b>SEK M</b>	2008	2007	%	2007
Intangible assets	11 011	7 507	+47	11 425
Property, plant and equipment	21 057	18 711	+13	20 895
Financial assets	3 650	3 938	-7	3 779
Inventories	25 371	20 942	+21	25 301
Current receivables	22 974	19 825	+16	22 029
Cash and cash equivalents	1 745	2 148	-19	2 006
Total assets	85 808	73 071	+17	85 435
Total equity	30 950	30 355	+2	29 823
Non-current interest-bearing liabilities	21 649	13 118	+65	21 477
Non-current non-interest-bearing liabilities	5 584	4 371	+28	5 376
Current interest-bearing liabilities	8 632	8 066	+7	10 469
Current non-interest-bearing liabilities	18 993	17 161	+11	18 290
Total equity and liabilities	85 808	73 071	+17	85 435
Net working capital *	28 659	24 386	+18	28 804
Loans	27 365	17 721	+54	28 554
Net debt**	27 488	18 096	+52	28 905
Minority interests in total equity	1 291	1 195	+8	1 209

\*) Inventories + trade receivables excl. prepaid income taxes, reduced by non-interest-bearing liabilities excl. tax liabilities.

\*\*\*) Current and non-current interest-bearing liabilities including net provisions for pensions, less cash and cash equivalents.

## Appendix 1 (cont.)

<b>CHANGE IN TOTAL EQUITY</b>	Q1	Q1
<b>SEK M</b>	2008	2007
Opening equity as shown in approved balance sheet for the preceding year	29 823	27 198
Currency translation differences	-831	+790
Equity settled share based payments	-33	-82
Effect of hedge accounting in accordance with IAS 39	-9	-1
Net profit for the period	+2 000	+2 450
Closing equity	30 950	30 355

<b>CASH-FLOW STATEMENT</b>	Q1	Q1	Q1-4
<b>SEK M</b>	2008	2007	2007
<i>Cash flow from operating activities</i>			
Income after financial income and expenses	+2 715	+3 365	+12 997
Adjustment for depreciation, amortization and impairment losses	+858	+746	+3 077
Adjustment for items that do not require the use of cash	-133	-178	-627
Income tax paid	-770	-938	-3 404
Cash flow from operating activities before changes in working capital	+2 670	+2 995	+12 043
<i>Changes in working capital</i>			
Change in inventories	-871	-1 372	-5 528
Change in operating receivables	-815	-1 302	-2 505
Change in operating liabilities	+1 012	+724	+1 466
Cash flow from operating activities	+1 996	+1 045	+5 476
<i>Cash flow from investing activities</i>			
Acquisitions of companies and shares, net of cash acquired	-250	-2 002	-5 856
Acquisitions of property, plant and equipment	-1 462	-1 042	-5 399
Proceeds from sale of companies and shares, net of cash disposed of	+50	0	+363
Proceeds from sale of property, plant and equipment	+113	+65	+409
Cash flow from investing activities	-1 549	-2 979	-10 483
Net cash flow after investing activities	+447	-1 934	-5 007
<i>Cash flow from financing activities</i>			
Change in borrowings	-588	+2 357	+13 052
Exercise of personnel options program	-41	-65	-100
Redemption of own shares			-3 559
Dividends paid			-4 207
Cash flow from financing activities	-629	+2 292	+5 186
Cash flow for the period	-182	+358	+179
Cash and cash equivalents at beginning of the period	+2 006	+1 745	+1 745
Exchange-rate differences in cash and cash equivalents	-79	+45	+82
Cash and cash equivalents at the end of the period	+1 745	+2 148	+2 006

# Appendix 2

## Parent company in brief

<b>INCOME STATEMENT</b>	Q1	Q1	Change	Q1-4
<b>SEK M</b>	2008	2007	%	2007
Revenue	5 535	5 277	5	20 682
Cost of sales and services	-4 740	-4 004	18	-16 111
Gross profit	795	1 273	-38	4 571
Selling expenses	-163	-155	5	-621
Administrative expenses	-527	-490	8	-1 982
Research and development costs	-269	-191	41	-1 019
Other operating income and expenses	-120	-121	-1	-428
Operating profit	-284	316	-190	521
Income from shares in group companies	42	33	27	5 997
Income from shares in associated companies	-	-	-	5
Interest income and similar items	232	136	71	638
Interest expenses and similar items	-323	-275	17	-1 165
Profit after financial items	-333	210	-259	5 996
Appropriations	-	137	-100	3 063
Income tax expense	-24	-108	-78	-745
Profit for the period	-357	239	-249	8 314
<b>BALANCE SHEET</b>	31 mars	31 mars	Change	31 dec
<b>SEK M</b>	2008	2007	%	2007
Intangible assets	31	38	-18	26
Property, plant and equipment	6 043	5 384	12	5 765
Financial assets	13 876	11 840	17	13 857
Inventories	5 602	4 614	21	6 242
Current receivables	16 219	19 672	-18	19 287
Cash and cash equivalents	52	41	27	6
Total assets	41 823	41 589	1	45 183
Total equity	12 502	14 447	-13	12 901
Untaxed reserves	19	2 945	-99	19
Provisions	317	280	13	317
Non-current interest-bearing liabilities	11 852	6 753	76	11 879
Non-current non-interest-bearing liabilities	-	9	-100	-
Current interest-bearing liabilities	11 799	12 613	-6	11 982
Current non-interest-bearing liabilities	5 334	4 542	17	8 085
Total equity and liabilities	41 823	41 589	1	45 183
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	13 187	4 290	207	10 240
Investments in fixed assets	428	290	48	1 128

# Appendix 3

## Sales and operating profit

### INVOICED SALES BY MARKET AREA

SEK M	Q1	Q2	Q3	Q4	Q1-4	Q1	Change Q1	
	2007	2007	2007	2007	2007	2008	%	% <sup>1)</sup>
Europe	9 647	10 191	9 539	10 327	39 704	10 463	+8	+2
NAFTA	3 666	3 757	3 820	3 658	14 901	3 616	-1	+1
South America	1 158	1 461	1 360	1 466	5 445	1 264	+9	+4
Africa/Middle East	1 576	1 601	1 704	1 835	6 716	1 754	+11	+19
Asia	2 565	2 898	2 891	3 317	11 671	3 023	+18	+17
Australia	1 797	2 094	1 902	2 108	7 901	1 870	+4	-2
Group total	20 409	22 002	21 216	22 711	86 338	21 990	+8	+5

### ORDER INTAKE BY BUSINESS AREA

SEK M	Q1	Q2	Q3	Q4	Q1-4	Q1	Change Q1	
	2007	2007	2007	2007	2007	2008	%	% <sup>1)</sup>
Sandvik Tooling	6 321	6 440	5 991	6 383	25 134	6 928	+10	+7
Sandvik Mining and Construction	8 650	10 175	9 077	10 084	37 986	10 529	+22	+16
Sandvik Materials Technology	6 194	6 266	4 729	5 545	22 733	5 921	-4	-2
Seco Tools <sup>2)</sup>	1 564	1 557	1 454	1 600	6 176	1 721	+10	+10
Group activities	7	7	8	7	30	1		
Group total	22 735	24 445	21 259	23 619	92 059	25 100	+10	+8

### INVOICED SALES BY BUSINESS AREA

SEK M	Q1	Q2	Q3	Q4	Q1-4	Q1	Change Q1	
	2007	2007	2007	2007	2007	2008	%	% <sup>1)</sup>
Sandvik Tooling	5 997	6 324	5 982	6 429	24 732	6 600	+10	+8
Sandvik Mining and Construction	7 298	8 186	8 424	9 166	33 073	8 352	+14	+8
Sandvik Materials Technology	5 604	5 982	5 363	5 538	22 486	5 402	-4	-2
Seco Tools <sup>2)</sup>	1 504	1 502	1 439	1 566	6 011	1 627	+8	+8
Group activities	7	8	8	12	36	9		
Group total	20 409	22 002	21 216	22 711	86 338	21 990	+8	+5

### OPERATING PROFIT BY BUSINESS AREA

SEK M	Q1	Q2	Q3	Q4	Q1-4	Q1	Change Q1	
	2007	2007	2007	2007	2007	2008	%	% <sup>1)</sup>
Sandvik Tooling	1 437	1 568	1 442	1 542	5 989	1 595	+11	
Sandvik Mining and Construction	1 102	1 269	1 260	1 348	4 979	1 184	+7	
Sandvik Materials Technology	784	943	621	86	2 435	82	-90	
Seco Tools <sup>2)</sup>	381	382	342	385	1 491	403	+6	
Group activities	-166	-69	-102	-161	-500	-74		
Group total	3 538	4 093	3 563	3 200	14 394	3 190	-10	

### OPERATING MARGIN BY BUSINESS AREA

% OF INVOICED SALES	Q1	Q2	Q3	Q4	Q1-4	Q1
	2007	2007	2007	2007	2007	2008
Sandvik Tooling	24.0	24.8	24.1	24.0	24.2	24.2
Sandvik Mining and Construction	15.1	15.5	15.0	14.7	15.1	14.2
Sandvik Materials Technology	14.0	15.8	11.6	1.6	10.8	1.5
Seco Tools <sup>2)</sup>	25.4	25.4	23.8	24.6	24.8	24.8
Group total	17.3	18.6	16.8	14.1	16.7	14.5

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

2) As a result of the majority holding in Seco Tools AB, Sandvik consolidates this company.  
For comments, refer to the company's interim and annual report.