

Record-high order intake for the quarter



CEO's comment:



Olof Faxander

“The global market situation remained favorable and demand was high for the greater part of Sandvik’s products and services in the first quarter. Order intake displayed very robust development and reached the highest-ever level for the Group at 28.9 billion SEK, corresponding to an increase of 13% at fixed exchange rates. Invoiced sales rose 10% to 24.8 billion SEK. Although the market scenario was largely stable in Europe and strong in North and South America, it was a mixed picture in Asia, where development in China in particular fluctuated significantly among the various segments”, says Sandvik’s President and CEO Olof Faxander.

“The mining industry remained strong and major orders were booked in South America, Australia, Asia and

Europe. Demand remained high for products primarily from Sandvik Mining and Sandvik Machining Solutions. For Sandvik Materials Technology, the demand picture was mixed and while high demand was noted in the energy segment, several other segments continued to weaken. Operating profit also developed positively and amounted to 3.8 billion SEK.”

“The new organization is now implemented and we have started to see effects of the first steps of our new strategic direction. We have been able to leverage on a continued positive market climate and achieve both a record-high order intake and high invoicing level. Still, we have improvement potential in Net Working Capital as well as cash flow. We must not forget that this is the beginning of a journey of improvement, which will take time and include both successes and setbacks, but we are on the right track.”

Financial overview, MSEK

	Q1 2012	Q1 2011	Change %	Q1-4 2011
Order intake ¹⁾	28 894	24 901	+13	99 078
Invoiced sales ¹⁾	24 838	22 030	+10	94 084
Gross profit	9 267	8 294	+12	32 380
% of invoiced sales	37.3	37.6		34.4
Operating profit	3 819	3 271	+17	10 148
% of invoiced sales	15.4	14.8		10.8
Profit after financial items	3 371	2 855	+18	8 179
% of invoiced sales	13.6	13.0		8.7
Profit for the period	2 505	2 126	+18	5 861
% of invoiced sales	10.1	9.7		6.2
of which shareholders' interest	2 500	2 027	+23	5 498
Earnings per share, SEK ²⁾	2.05	1.71	+20	4.63
Return on capital employed, % ³⁾	16.6	19.8		16.0
Cash flow from operations	+1 099	+1 036	+6	+7 764
Number of employees	48 939	47 858	+2	50 030

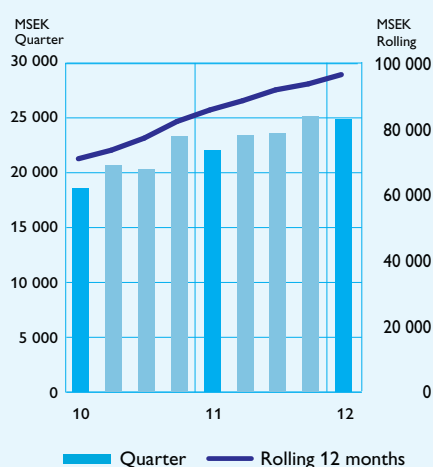
1) Change from the previous year at fixed exchange rates for comparable units.

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

3) Rolling 12 months.

Q1 Sandvik Market and sales

Invoiced sales



Market and sales

Q1	Order intake	Invoiced sales
Price/volume, %	+13	+10
Structure, %	0	0
Currency, %	+2	+2
Total, %	+16	+13

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

The business situation was in general positive for the first quarter. Demand developed well in North and South America as well as in Europe, Africa and much of Asia. Order intake was the highest recorded to date and amounted to 28.9 billion SEK, up 13% compared with the preceding year at fixed exchange rates. Invoiced sales rose 10% at fixed exchange rate to 24.8 billion SEK. Changed exchange rates had a positive impact of 2% on both order intake and invoiced sales.

The market climate remained positive in the first quarter for most of Sandvik's business areas. Compared with the preceding year, demand remained favorable in Europe and increased further in North and South America and in Africa. In Asia and Australia, a rise in demand was noted from the mining and energy-related segments, while parts of the Chinese market were also negatively affected in this quarter by austerity measures.

The mining industry performed strongly in all markets and Sandvik Mining received a number of major system orders for South America and Australia in addition to orders for coal-mining equipment for China.

Compared with 2011, demand for Sandvik Machining Solutions was stable in Europe and Asia and remained strong in the US.

As part of an existing frame agreement Sandvik Materials Technology received the first order for steam generator tubes since the nuclear accident in Japan in 2011. Activity in the construction industry displayed a mixed picture, where demand for Sandvik Construction in North and South America developed positively, the trend was weak in Asia.

For business area Sandvik Venture the demand scenario fluctuated among the various product areas, with strong demand noted primarily for Sandvik Process Systems and Sandvik Hard Materials.

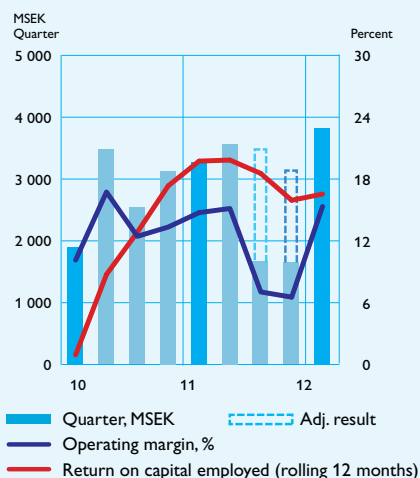
Sandvik's new organization with five business areas successfully maintained and developed customer relations and the market offering in all business areas. Efforts to adjust and streamline the new organizations and processes will continue in varying degrees for the remainder of 2012.

Order intake amounted to 28,894 MSEK (24,901), up 16% in total and 13% at fixed exchange rates for comparable units. Of this amount, approximately 1.6 billion SEK represented major orders for mining systems for Sandvik Mining. Changed exchange rates had a positive impact of 2% on order intake. The increase at fixed exchange rates for comparable units was 40% for Sandvik Mining and 7% for Sandvik Machining Solutions. For Sandvik Materials Technology, order intake declined by 13% compared with the first quarter in the preceding year, including a negative effect of about 6 percentage points related to changed metal prices. For Sandvik Construction the development was flat while Sandvik Venture increased order intake by 9%, at fixed exchange rates for comparable units.

Invoiced sales in the first quarter totaled 24,838 MSEK (22,030), up 13% in total and 10% at fixed exchange rates for comparable units compared with the first quarter in 2011. Changed exchange rates had a positive impact of 2% on invoiced sales. For Sandvik Machining Solutions, invoiced sales increased by 9% at fixed exchange rates and for comparable units, while the increase for Sandvik Mining was 19%. Sandvik Materials Technology's invoiced sales declined by 3% compared with the year-earlier period, including a negative effect of approximately 6 percentage points related to changed metal prices. For Sandvik Construction and Sandvik Venture, invoicing rose by 11% and 10%, respectively, at fixed exchange rates and for comparable units.

Q1 Sandvik Earnings and return

Operating profit and return



Invoicing for the quarter totaled 24.8 billion SEK, the second-highest quarterly invoicing level in Sandvik's history. The new organization involving five business areas was introduced on 1 January. The on-going improvement work contributed to a favorable profitability trend, which was further reinforced by the strong volume growth in primarily Sandvik Machining Solutions and Sandvik Mining. Operating profit amounted to 3,819 MSEK (3,271), or 15.4% (14.8) of invoiced sales. Changed exchange rates had a positive impact of approximately 100 MSEK on earnings, while changed metal prices had a negative effect of about 50 MSEK.

Return on capital employed for the recent 12-month period was negatively affected by one off items during the third and fourth quarter 2011 and was 16.6% (19.8). The annualized return for the quarter was 23.2%. Return on equity was 18.2% (24.5) for the recent 12-month period. Annualized return on equity in the quarter was 28.7%.

The on-going improvement work is running as planned which ensured that profitability developed positively for all business areas already in the first quarter. A significant part of the planned workforce and organizational changes were carried out in the first quarter while the adjustment of new processes, adaption of the product range and consolidation of some operations will continue.

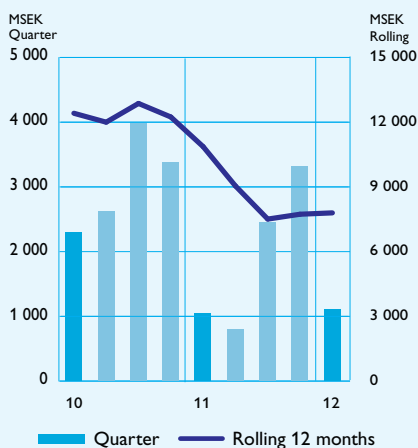
Net financial items amounted to -448 MSEK (-416) and the reported profit after net financial items was 3,371 MSEK (2,855), or 13.6% (13.0) of invoiced sales. Income tax was -866 MSEK (-729) and net profit for the period thus amounted to 2,505 MSEK (2,126), or 10.1% (9.7) of invoiced sales. Earnings per share totaled 2.05 SEK (1.71) for the quarter, and for the most recent 12-month period was 5.00 SEK (6.41).

The increase in demand resulted in a rise in inventories and accounts receivables. Working capital was 27% (25) of invoiced sales.

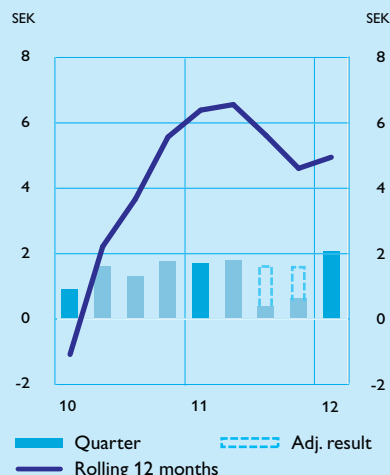
Cash flow from operations was +1 099 MSEK (+1 036). Planned investments amounted to 1,096 MSEK (884). Cash flow after investments and acquisitions was +652 MSEK (-87). On 30 March, the Group divested Sandvik Medical Solutions, with annual sales of approximately 600 MSEK and about 550 employees, with a marginal effect on the result and balance sheet.

Total assets increased 12% in the quarter, primarily due to increased Net Working Capital and the acquisition of minority shares in Seco Tools. The increase was funded mainly by increased indebtedness. The net debt increased from 22.8 billion SEK to 25.2 billion SEK. Net debt to equity ratio was 0.7 (0.7), down from 0.8 the previous quarter. In the quarter Sandvik concluded a five-year credit facility comprising 650 MEUR and 5 billion SEK which, together with a loan commitment of 250 MEUR from the European Investment Bank, are undrawn. As a consequence of the increased ownership in Seco Tools, the non-controlling interests in total equity decreased from 1,318 MSEK to 144 MSEK.

Cash flow from operations



Earnings per share





Record-high order intake

Major system orders for 1.6 billion SEK

Second-highest invoicing level ever

Increased profitability

Growth

Q1	Order intake	Invoiced sales
Price/volume, %	+40	+19
Structure, %	0	0
Currency, %	+3	+2
Total, %	+43	+22

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

Activity in the global mining industry remained strong in the first quarter compared with the preceding year and the preceding quarter. Order intake increased 40% at fixed exchange rates to 11.8 billion SEK, the highest level ever. Demand was strong in most markets and order intake increased in the aftermarket segment and for equipment and major projects. The business area received substantial orders for automated mining systems and materials-handling systems for South America and Australia for a total value of approximately 1.6 billion SEK. Invoiced sales increased by 19% at fixed exchange rates compared with the year-earlier period and amounted to 8,639 MSEK (7,103). Operating profit rose to 1,494 MSEK (1,208), or 17.3% (17.0) of invoiced sales.



The organization in the new Sandvik Mining business area came into effect on 1 January in conjunction with the transition of the entire Sandvik Group from three to five business areas. Although a number of activities were conducted during the quarter for the purpose of separating Sandvik Mining from Sandvik Construction, a number of units and processes will continue to be shared by the two. The reorganization has so far been smooth and, despite ongoing adjustment efforts and continued streamlining activities, the new organization was able to increase sales and profit-

ability.

Activity in both the surface and underground segments of the mining industry remained at a very high level in the quarter and order intake and invoiced sales were significantly higher than in the preceding year. The strong increase was noted in most regions and was boosted by a number of large orders for mining systems for South America and Australia and for equipment for Europe and Asia. During the quarter system orders were received for mines and iron ore ports to a total value of about 1.6 billion SEK (0.8).

The rate of price increase was consistently positive.

Invoiced sales were about 3 billion SEK below order intake, primarily due to mining system orders that will be delivered over an extended period of time. Of invoiced sales, rock tools and consumables accounted for 14% (14) customer services and spare parts 35% (38) while equipment and mining systems accounted for 33% (33) and 18% (15) respectively. Working capital rose compared with the preceding quarter due to higher inventory levels and accounts receivables and amounted to 28% (25) of invoiced sales.

Operating profit for the first quarter amounted to 1,494 MSEK (1,208), or 17.3% (17.0) of invoiced sales. Changed exchange rates had a marginal impact on earnings. Return on capital employed over the past 12 months was 39.4% (39.1). The annualized return for the quarter was 39.5%.

Financial overview, MSEK

	Q1 2012	Q1 2011	Change %	Q1-4 2011
Order intake	11 793	8 219	+40 *	35 619
Invoiced sales	8 639	7 103	+19 *	32 232
Operating profit	1 494	1 208	+24	5 189
%	17.3	17.0		16.1
Return on capital employed, %, rolling 12 months	39.4	39.1		39.4
Number of employees	13 683	12 555	+9	13 298

* At fixed exchange rates for comparable units.

Q1 Sandvik Machining Solutions



Record-high order intake and invoiced sales

Strong demand in North America and Europe

Increased profitability

Seco Tools integration as planned

Growth

Q1	Order intake	Invoiced sales
Price/volume, %	+7	+9
Structure, %	0	0
Currency, %	+2	+2
Total, %	+9	+11

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

The demand trend for Sandvik Machining Solutions remained positive in the first quarter. Both order intake and invoiced sales reached their highest levels to date, amounting to 7.8 billion SEK and 7.6 billion SEK, respectively, representing an increase of 7% and 9%, respectively, at fixed exchange rates for comparable units. Strong market activity was noted and demand increased mainly in North America and Europe. Higher invoicing combined with an accelerated rate of production and greater internal efficiency in the new organization yielded an improvement in operating profit, which amounted to 1,875 MSEK (1,535), or 24.6% (22.4) of invoiced sales. Changed exchange rates impacted earnings by approximately +60 MSEK in the quarter.

During the quarter, Sandvik acquired shares in Seco Tools from the minority owners, which means that Sandvik's share of ownership increased from 60% to more than 99%. Sandvik has decided to do a compulsory acquisition procedure of the remaining shares. Seco Tools, which is one of the world's largest producers of carbide-based metal-cutting tools, is thereby included as part of Sandvik Machining Solutions together with Sandvik Coromant, Walter and Safety. This transaction strengthens Sandvik Machining Solutions' position as the world's leading supplier of cemented-carbide tools. The new strategy and orga-

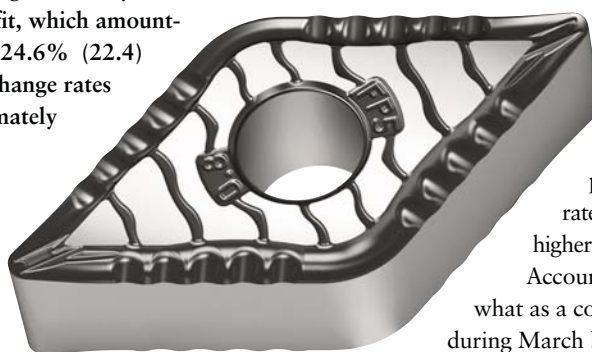
nization generate opportunities to further improve competitiveness and thus boost growth and profitability.

The market situation remained robust in most major markets. Higher industrial activity in many regions, primarily North America and Europe, resulted in increased industrial production and thus greater demand. In Asia the development was positive in Japan, India and South Korea while development in China fluctuated among the various segments. A high level of activity was reported in primarily the automotive,

aerospace and energy-related segments as well as in the engineering industry. Higher production rates resulted in increased capacity utilization which, in turn, yielded a positive effect on profitability. The rate of price increase was somewhat higher than in earlier quarters.

Accounts receivables increased somewhat as a consequence of high invoicing during March but working capital as percentage of invoicing changed only marginally during the quarter but increased from the previous year and was 24% (22) of invoiced sales at the end of the quarter.

Operating profit improved compared with the first quarter of 2011 and totaled 1,875 MSEK (1,535), or 24.6% of invoiced sales. Earnings were positively impacted by about 60 MSEK due to changed exchange rates. Return on capital employed for the most recent 12-month period was 34.8% (29.2). The annualized return for the quarter was 38.3%.

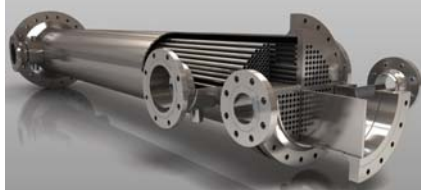


Financial overview, MSEK

	Q1 2012	Q1 2011	Change %	Q1-4 2011
Order intake	7 768	7 158	+7 *	28 737
Invoiced sales	7 618	6 862	+9 *	28 171
Operating profit	1 875	1 535	+22	6 347
%	24.6	22.4		22.5
Return on capital employed, %, rolling 12 months	34.8	29.2		33.6
Number of employees	18 433	17 761	+4	18 491

* At fixed exchange rates for comparable units.

Q1 Sandvik Materials Technology



Fragmented market scenario

Strong demand in the energy segment

New organization in place

A good start of the turnaround

Growth

Q1	Order intake	Invoiced sales
Price/volume, %	-13	-3
Structure, %	0	0
Currency, %	+2	+2
Total, %	-12	-2

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

The demand scenario remained fragmented for Sandvik Materials Technology in the quarter. Order intake fell by 13% compared with the first quarter in the preceding year, while invoiced sales declined 3% at fixed exchange rates, including a negative effect of about 6% related to changed metal prices. Order intake for products to the oil and gas sector remained strong, but a slowdown was noted in certain other segments. The efficiency improved compared with the preceding quarter which contributed to increased earnings. Changed metal prices impacted earnings by about -50 MSEK (+80).

The new organization, valid from 1 January, means that Sandvik Process Systems and Sandvik Medical Solutions are no longer part of Sandvik Materials Technology.

During the quarter various activities were successfully carried out in conjunction with the ongoing improvement program, the so called Step Change program. The measurements have delivered according to plan which resulted in an improved result during the first quarter compared to the preceding quarter, also adjusted for one-off costs. The new and simplified organizational structure is to a large extent implemented and the personnel reduction is expected to be implemented at the latest in the third quarter. Activities such as production efficiency measures and restructuring of the product range will take a longer time to complete. At the end of January the restructuring measures for the wire- and strip operations were communicated which are expected to be accom-



plished during the next 18 months.

The market situation remained fragmented in the quarter. Energy-related segments such as oil and gas remained strong in the first quarter and the first order for steam generator tubes for nuclear power industry since the natural disaster in Japan in 2011 was registered during the quarter. The value of the order was approximately 400 MSEK. Order intake declined compared with the preceding year owing to lower order intake from for example the consumer and electronics industries as well as parts of the low value added assortment.

Accounts receivables increased somewhat during the quarter and working capital as share of invoicing increased slightly and was 32% (30).

Internal efficiency was enhanced during the quarter and contributed to an improvement in earnings compared with the preceding quarter. Operating profit amounted to 349 MSEK (352), or 8.5% (8.4) of invoiced sales. Changed metal prices had an impact of about -50 MSEK (+80) on operating profit. Excluding metal price effects operating profit was 399 MSEK (273), 9.8% (6.5) of invoicing. Changed exchange rates affected earnings with approximately +40 MSEK for the quarter. Return on capital employed for the recent 12-month period was -4.4% (9.5). The return was negatively affected by one off items that was charged to the result for the business area during the third and fourth quarter 2011. The annualized return in the first quarter was 10.0%.

Financial overview, MSEK

	Q1 2012	Q1 2011	Change %	Q1-4 2011
Order intake	4 278	4 844	-13 *	16 350
Invoiced sales	4 100	4 179	-3 *	16 339
Operating profit	349	352	-1	-642
%	8.5	8.4		-3.9
Return on capital employed, %, rolling 12 months	n.a	9.5		n.a
Number of employees	7 744	7 995	-3	8 166

* At fixed exchange rates for comparable units, including effects from changed metal prices.

Q1 Sandvik Construction



Stable demand

Increased invoicing

Structural actions implemented as planned

A good start of the turn-around

Growth

Q1	Order intake	Invoiced sales
Price/volume, %	0	+11
Structure, %	+4	+5
Currency, %	+1	+2
Total, %	+6	+18

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

The demand scenario was stable for Sandvik Construction during the quarter. Order intake was flat compared with the first quarter in the preceding year and invoiced sales increased 11% at fixed exchange rates. The new organization was implemented from year-end. Production volumes and production efficiency improved compared with the preceding quarter, contributing to higher earnings. Order intake amounted to 2,622 MSEK (2,476), invoiced sales to 2,453 MSEK (2,080) and operating profit to 213 MSEK (119), or 8.7% (5.7) of invoiced sales.

Since year end Sandvik Construction and Sandvik Mining are two separate business areas. The new organization has required Sandvik Construction to gradually modify certain work methods, adjust the product range to better meet the needs of customers, introduce new sales channels and restructure the production organization. The vast majority of the measures were initiated during the quarter and most activities will continue in 2012 and 2013. The Chinese crusher manufacturer Shanbao, with slightly more than 400 employees and annual sales of more than 500 MSEK, was consolidated from November 2011 in the Sandvik Construction business area. A program aimed at focusing the product offering and enhancing efficiency and profitability was initiated for Shanbao, since the company has been negatively affected by constraints in the Chinese



construction industry.

The market situation in the construction industry stabilized during the quarter and order intake improved compared with the preceding year in North and South America, while the climate remains turbulent in much of Asia. The most significant increase in demand was noted for mobile crushers, although other production areas also demonstrated a stable or positive trend compared with the preceding year and preceding quarter. Europe accounted for the highest increase in invoiced sales.

Working capital development was relatively stable during the quarter and the total working capital declined somewhat and amounted to 27% (29) of invoiced sales.

The new organization displayed favorable efficiency during the quarter which, mainly together with reduced A&S costs, resulted in an improvement in earnings compared with the preceding year and the preceding quarter. Operating profit amounted to 213 MSEK (119), or 8.7% (5.7) of invoiced sales.

Changed exchange rates had a marginal impact on earnings for the quarter. Return on capital employed for the most recent 12-month period was 2.5% (11.7). The return was negatively affected by one off items that was charged to the result for the business area during the third and fourth quarter 2011. The annualized return in the first quarter was 14.1%.

Financial overview, MSEK

	Q1 2012	Q1 2011	Change %	Q1-4 2011
Order intake	2 622	2 476	0 *	9 898
Invoiced sales	2 453	2 080	+11 *	9 249
Operating profit	213	119	+78	58
%	8.7	5.7		0.6
Return on capital employed, %, rolling 12 months	2.5	11.7		1.0
Number of employees	3 299	3 324	-1	3 872

* At fixed exchange rates for comparable units.



Stable market trend

Increased profitability

Sandvik Medical Solutions
divested

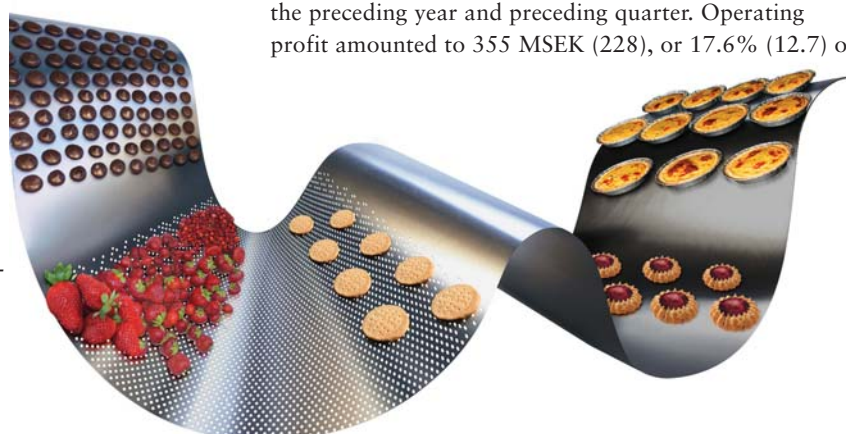
Growth

Q1	Order intake	Invoiced sales
Price/volume, %	+9	+10
Structure, %	0	0
Currency, %	+2	+2
Total, %	+10	+12

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

The demand scenario was stable for the new Sandvik Venture business area during the quarter. Order intake rose 9% compared with the first quarter in the preceding year and invoiced sales increased 10% at fixed exchange rates. Order intake developed positively for all units with exception of the product area for medical technology products, that was divested during the quarter. Sandvik Process Systems and Sandvik Hard Materials accounted for the most significant increase compared with the preceding year and preceding quarter. Order intake amounted to 2,432 MSEK (2,204) and invoiced sales to 2,015 MSEK (1,797). Operating profit totaled 355 MSEK (228), or 17.6% (12.7) of invoiced sales, which was significantly better than the preceding year and the preceding quarter.

On 30 March 2012, Sandvik divested the unit for medical implants and instruments, Sandvik Medical Solutions, with annual sales of approximately 600 MSEK and some 550 employees. The following product areas are included in the new Sandvik Venture business area: Sandvik Process Systems, Sandvik Hard Materials, Diamond Innovations, Wolfram and Dormer. Each product area is operated as a separate business independent of the others.



The demand trend was positive for most of the product areas, most notably for Sandvik Process Systems and Sandvik Hard Materials.

Working capital rose somewhat during the quarter, mainly as a result of increased inventory levels in Wolfram and amounted to 34% (33) of invoiced sales.

Higher volumes and favorable internal efficiency contributed to an improvement in earnings compared with the preceding year and preceding quarter. Operating profit amounted to 355 MSEK (228), or 17.6% (12.7) of

invoiced sales. Changed exchange rates had a marginal impact on earnings for the quarter. Return on capital employed for the most recent 12-month period was 1.3% (10.0). The return was negatively affected by one-off items that was charged to the result for the business area during the third and fourth quarter 2011. The annualized return in the first quarter was 19.0%.

Financial overview, MSEK

	Q1 2012	Q1 2011	Change %	Q1-4 2011
Order intake	2 432	2 204	+9 *	8 473
Invoiced sales	2 015	1 797	+10 *	8 056
Operating profit	355	228	+56	-21
%	17.6	12.7		-0.3
Return on capital employed, %, rolling 12 months	1.3	10.0		n.a
Number of employees	3 607	4 198	-14	4 107

* At fixed exchange rates for comparable units.

Parent company

The Parent Company's invoiced sales for the first quarter of 2012 amounted to 4,682 MSEK (4,604) and operating profit was 42 MSEK (38).

Earnings from shares in Group companies consist primarily of dividends and Group contributions from these and amounted for the first quarter to 682 MSEK (329).

Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to

26,464 MSEK (16,990 in December 2011). Investments in property, plant and machinery amounted to 264 MSEK (329).

The acquisition of minority shares in Seco Tools affected the Parent Company's balance sheet significantly, since all shares owned by Sandvik were transferred to the Parent Company in the quarter. Total assets increased 46% by a significant increase in financial assets funded primarily by increased indebtedness.

Acquisitions and divestments

On 7 November 2011, Sandvik submitted a recommended public offer to the minority shareholders of Seco Tools to acquire all remaining shares in the company, in which Sandvik already

owned 60% of the shares.

After an extension of the acceptance period Sandvik informed at 1 February 2012 that it owned 99.4% of the shares and 99.8% of the votes and had decided to

initiate a compulsory acquisition procedure according to Aktiebolagslagen (2005:551) of the remaining shares. As consideration for the shares the shareholders in Seco Tools received newly issued Sandvik shares, 1.2 shares in Sandvik for each share in Seco Tools.

On 31 March 2012 Sandvik Medical Solutions was divested. Assets and liabilities related to Sandvik Medical Solutions were by 31 December 2011 classified as held for sale. The transaction had marginal effect on the result for the quarter.

Acquisitions during the most recent 18-month period

	Company/unit	Closing date	Annual revenue MSEK	No of employees
Sandvik Machining Solutions	NCI and DTC, US	29 Dec 10	250	180
Sandvik Construction	Shanbao (SJL), China	9 Oct 11	>500	>400

Divestments during the most recent 18-month period

	Company/unit	Closing date	Annual revenue MSEK	No of employees
Sandvik Venture	Sandvik Medical Solutions	30 Mar 12	~600	550

Significant events

- In the quarter Sandvik concluded an agreement for a guaranteed credit facility with a five-year term, with the option to extend it up to seven years.

The facility is divided into two currencies comprising 650 MEUR and 5 billion SEK.

- Sandvik issued a corporate bond in conjunction with the company's 150th anniversary, with Handelsbanken as the arranger. The bond was aimed at the public, thus offering them the opportunity to invest in Sandvik, at the same time as broadening the company's investor base for borrowing. More than 1,800 investors invested in the corporate bond for a total value of 1,100 MSEK.

- Sandvik has reached an agreement with Orchid Orthopedic Solutions (Orchid), owned by Altor Fund III, to divest Sandvik Medical Solutions. The divestment was finalized on 30 March 2012.

- As a result of the two non-cash issues that Sandvik AB implemented during January 2012 as a consequence of the takeover offer to the shareholders of Seco Tools AB,

the number of shares and votes in the company is now 1,254,385,923.

- Sandvik signed an agreement for the delivery of 21 bolter miners (machines for continuous mining and bolting in coal and mineral mines) to the Chinese company Shenhua Shendong. The total order value exceeds 500 MSEK and the machines will be delivered in 2012 and 2013.

- In March, Sandvik signed three agreements for the delivery of mining systems to customers in South America and Australia. The total order value exceeds 1.6 billion SEK and the systems will be delivered during the period 2012 to 2014.

- The Nomination Committee proposes the election of new Board member Jürgen M Geissinger. Egil Myklebust has declined reelection. Jürgen M Geissinger was born 1959 and is CEO for Shaeffler AG, member of the Board in INA Holding Shaeffler KG and member of the Supervisory Board for MTU Aero Engines Holding AG and Continental AG. The Nomination Committee proposes reelection of all other members of the Board.

Sandvik 150 years



Sandvik celebrates 150 years! On 31 January 2012 it was 150 years since Sandvik was formed. Different anniversary activities will take place at different Sandvik units all

over world throughout 2012.

At the birthplace, Sandviken in Sweden, the anniversary was celebrated with hoisting of the jubilee flag, a concert and impressive fireworks.

From 26 May to 3 June there will be a special expo called Sandvik's Future Days in the Göransson Arena for many invited target groups, such as the capital market.

More about the jubilee at www.sandvik.com/150.

Proposal to the 2012 AGM

The Annual General Meeting will be held in Sandviken on 2 May 2012 at 5:00 p.m. CET. The Board of Directors proposes

a dividend of 3.25 SEK per share (3.00), or a total of 4,077 MSEK (3,559) for 2011. The proposal corresponds to 70% of reported earnings per share. The proposed record date to receive dividends is 7 May 2012.

Q1

Financial reports summary

The Group

Income statement

MSEK	Q1 2012	Q1 2011	Change %	Q1-4 2011
Revenue	24 838	22 030	+13	94 084
<u>Cost of sales and services</u>	<u>-15 571</u>	<u>-13 736</u>	+13	<u>-61 704</u>
Gross profit	9 267	8 294	+12	32 380
% of revenues	37.3	37.6		34.4
Selling expenses	-2 973	-2 840	+5	-13 095
Administrative expenses	-1 660	-1 468	+13	-6 416
Research and development costs	-607	-584	+4	-2 421
<u>Other operating income and expenses</u>	<u>-208</u>	<u>-131</u>	+58	<u>-300</u>
Operating profit	3 819	3 271	+17	10 148
% of revenues	15.4	14.8		10.8
Financial net	-448	-416	+7	-1 969
Profit after financial items	3 371	2 855	+18	8 179
% of revenues	13.6	13.0		8.7
<u>Income tax</u>	<u>-866</u>	<u>-729</u>	+19	<u>-2 318</u>
Profit for the period	2 505	2 126	+18	5 861
% of revenues	10.1	9.7		6.2
Other comprehensive income				
Foreign currency translation differences	-599	-1 124		-270
Cash-flow hedges	191	176		-622
<u>Tax related to other comprehensive income</u>	<u>-50</u>	<u>-46</u>		<u>164</u>
Other comprehensive income for the period, net after tax	-458	-994		-728
Total comprehensive income for the period	2 047	1 132		5 133
Profit for the period attributable to				
Owners of the parent	2 500	2 027		5 498
Non-controlling interests	5	99		363
Total comprehensive income attributable to				
Owners of the parent	2 042	1 047		4 773
Non-controlling interests	5	85		360
<u>Earnings per share, SEK *</u>	<u>2.05</u>	<u>1.71</u>		<u>4.63</u>

* No dilution effects during the period

Balance sheet

MSEK	31 Mar 2012	31 Mar 2011	Change %	31 Dec 2011
Intangible assets	11 619	12 757	-9	11 807
Property, plant and equipment	25 404	24 574	+3	25 702
Financial assets	6 504	5 986	+9	6 835
Inventories	27 361	22 550	+21	26 077
Current receivables	23 981	20 619	+16	21 979
Cash and cash equivalents	6 854	4 680	+46	5 592
Non-current assets classified as held for sale	-	-	-	747
Total assets	101 723	91 166	+12	98 739
Total equity	35 960	34 966	+3	33 891
Non-current interest-bearing liabilities	28 239	25 342	+11	27 125
Non-current non-interest-bearing liabilities	6 467	5 816	+11	6 487
Current interest-bearing liabilities	5 345	3 557	+50	5 948
Current non-interest-bearing liabilities	25 712	21 485	+20	25 180
Liabilities associated with non-current assets classified as held for sale	-	-	-	108
Total equity and liabilities	101 723	91 166	+12	98 739
<i>Net working capital *</i>	27 910	22 670	+23	25 626
<i>Loans</i>	31 007	26 299	+18	30 455
<i>Net debt **</i>	25 248	22 753	+11	25 908
<i>Non-controlling interests in total equity</i>	144	1 318	-89	1 401

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

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

Change in total equity

MSEK	Equity related to owners of the parent	Non-controlling interest	Total equity
Opening equity, 1 January 2011	32 580	1 233	33 813
Total comprehensive income for the period	4 773	360	5 133
Personnel options program	67	-	67
Hedge of personnel options program through share swap	-1 353	-	-1 353
Acquisition of non-controlling interests	-18	56	38
Dividends	-3 559	-248	-3 807
Closing equity 31 December 2011	32 490	1 401	33 891
Opening equity, 1 January 2012	32 490	1 401	33 891
Total comprehensive income for the period	2 042	5	2 047
Issue of new equity/Acquisition of non-controlling interests	1 262	-1 262	0
Personnel options program	22	-	22
Closing equity 31 March 2012	35 816	144	35 960
Opening equity, 1 January 2011	32 580	1 233	33 813
Total comprehensive income for the period	1 047	85	1 132
Acquisition of non-controlling interests	21	-	21
Closing equity 31 March 2011	33 648	3 318	34 966

Cash flow statement

MSEK	Q1 2012	Q1 2011	Q1-4 2011
<i>Cash flow from operating activities</i>			
Income after financial income and expenses	+3 371	+2 855	+8 179
Adjustment for depreciation, amortization and impairment losses	+1 033	+956	+5 823
Adjustment for items that do not require the use of cash etc.	+144	+30	+1 359
<u>Income tax paid</u>	-680	-485	-2 587
Cash flow from operations before changes in working capital	+3 868	+3 356	+12 774
<i>Changes in working capital</i>			
Change in inventories	-1 668	-2 009	-4 699
Change in operating receivables	-2 245	-1 444	-2 598
<u>Change in operating liabilities</u>	+1 185	+1 199	+2 567
Cash flow from operating activities	-2 728	-2 254	-4 730
Investments in rental equipment	-93	-79	-440
Divestments of rental equipment	+52	+13	+160
Cash flow from operations	+1 099	+1 036	+7 764
<i>Cash flow from investing activities</i>			
Acquisitions of companies and shares, net of cash acquired	0	-265	-338
Acquisitions of property, plant and equipment	-1 096	-884	-4 994
Proceeds from sale of companies and shares, net of cash disposed of	+621	-	-
<u>Proceeds from sale of property, plant and equipment</u>	+28	+26	+152
Cash flow from investing activities	-447	-1 123	-5 180
Net cash flow after investing activities	+652	-87	+2 584
<i>Cash flow from financing activities</i>			
Change in interest bearing debt	+678	+141	+2 130
<u>Dividends paid</u>	-	-	-3 807
Cash flow from financing activities	+678	+141	-1 677
Cash flow for the period	+1 330	+54	+907
Cash and cash equivalents at beginning of the period	+5 592	+4 783	+4 783
Exchange-rate differences in cash and cash equivalents	-68	-157	-98
Cash and cash equivalents at the end of the period	+6 854	+4 680	+5 592

Key figures

	Q1 2012	Q1 2011	Q1-4 2011
No. of shares outstanding at end of period('000) ¹⁾	1 254 386	1 186 287	1 186 287
Average no. of shares('000) ¹⁾	1 220 237	1 186 287	1 186 287
Tax rate, %	25.7	25.5	28.3
Return on capital employed, % ²⁾	16.6	19.8	16.0
Return on total equity, % ²⁾	18.2	24.5	17.3
Return on total capital, % ²⁾	11.4	14.2	11.1
Shareholders' equity per share, SEK	28.50	28.40	27.40
Net debt/equity ratio	0.7	0.7	0.8
Equity/assets ratio, %	35	38	34
Net working capital, %	27	25	26
Earnings per share, SEK	2.05	1.71	4.63
Cash flow from operating activities, MSEK	+1 099	+1 036	+7 764
Number of employees	48 939	47 858	50 030

1) No dilution effect during the period.

2) Rolling 12 months.

Income statement

MSEK	Q1 2012	Q1 2011	Change %	Q1-4 2011
Revenue	4 682	4 604	+2	17 460
Cost of sales and services	-3 577	-3 588	0	-15 207
Gross profit	1 105	1 016	+9	2 253
Selling expenses	-146	-158	-8	-748
Administrative expenses	-734	-830	-12	-3 725
Research and development costs	-308	-277	+11	-1 150
Other operating income and expenses	125	287	-56	616
Operating profit	42	38	+11	-2 754
Income from shares in group companies ¹⁾	682	329	+107	2 815
Income from shares in associated companies	-	-	-	10
Interest income and similar items	331	270	+23	611
Interest expenses and similar items	-476	-392	+21	-1 679
Profit after financial items	579	245	+137	-997
Appropriations	-	-	-	-8
Income tax expense	-123	-59	+110	625
Profit for the period ¹⁾	456	186	+145	-380

Balance sheet

MSEK	31 Mar 2012	31 Mar 2011	Change %	31 Dec 2011
Intangible assets	9	1	-	17
Property, plant and equipment	7 134	6 886	+4	6 992
Financial assets	34 599	15 733	+120	18 502
Inventories	4 136	4 032	+3	4 023
Current receivables ¹⁾	15 597	15 574	0	15 699
Cash and cash equivalents	3	2	+50	8
Total assets	61 478	42 228	+46	45 241
Total equity ¹⁾	19 694	17 941	+10	12 516
Untaxed reserves	10	2	-	10
Provisions	675	258	-	697
Non-current interest-bearing liabilities	17 558	14 501	+21	16 072
Non-current non-interest-bearing liabilities	42	-	-	33
Current interest-bearing liabilities	16 948	3 810	-	9 032
Current non-interest-bearing liabilities	6 551	5 716	+15	6 881
Total equity and liabilities	61 478	42 228	+46	45 241
Pledged assets	-	-	-	-
Contingent liabilities	11 766	10 811	+9	12 006
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	26 464	9 271	+185	16 990
Investments in fixed assets	264	329	-20	1 421

1) Quarter 1 2011 profit of -31 MSEK has been adjusted with 217 MSEK to 186 MSEK. The adjustment is attributable to changed accounting principles for Group contributions.

Market overview, the Group

Order intake and invoiced sales per market area

First quarter 2012

The Group

Market area	Order intake			Share %	Invoiced sales		
	MSEK	Change* %	Change* % ¹⁾		MSEK	Change* %	Share %
Europe	10 073	+5	-2	35	8 973	+3	36
NAFTA	4 632	+7	+7	16	4 547	+23	18
South America	3 060	+92	+21	11	2 032	+18	8
Africa/Middle East	2 671	+5	+25	9	2 483	+17	10
Asia	5 743	+19	+12	20	4 193	+5	17
Australia	2 715	+2	-1	9	2 610	+15	11
Total	28 894	+13	+6	100	24 838	+10	100

Sandvik Mining

Europe	1 228	+51	+22	10	713	-11	8
NAFTA	1 259	+6	+6	11	1 190	+30	14
South America	2 236	+159	+28	19	1 281	+40	15
Africa/Middle East	2 245	+7	+33	19	2 114	+18	24
Asia	2 678	+106	+81	23	1 344	+33	16
Australia	2 147	-2	-7	18	1 997	+8	23
Total	11 793	+40	+26	100	8 639	+19	100

Sandvik Machining Solutions

Europe	4 254	+8	+8	54	4 181	+11	55
NAFTA	1 551	+22	+22	21	1 523	+25	20
South America	271	-9	-9	3	271	-12	3
Africa/Middle East	71	+3	+3	1	72	+2	1
Asia	1 542	-6	-6	20	1 493	-3	20
Australia	79	+6	+6	1	78	+10	1
Total	7 768	+7	+7	100	7 618	+9	100

Sandvik Materials Technology

Europe	2 307	-12	-28	54	2 106	-11	51
NAFTA	875	-15	-15	20	982	+19	24
South America	113	0	0	3	103	+3	3
Africa/Middle East	52	-18	-18	1	57	+19	1
Asia	611	-29	-29	14	571	-14	14
Australia	320	+35	+35	8	281	+20	7
Total	4 278	-13	-21	100	4 100	-3	100

Sandvik Construction

Europe	1 014	+2	+2	39	939	+14	38
NAFTA	447	+22	+22	17	371	+9	15
South America	323	+29	+29	12	274	-16	11
Africa/Middle East	244	+5	+5	9	168	+1	7
Asia	463	-34	-34	18	481	+3	20
Australia	131	-2	-2	5	220	+168	9
Total	2 622	0	0	100	2 453	+11	100

Sandvik Venture

Europe	1 267	+4	+4	52	1 021	+7	50
NAFTA	500	+7	+7	21	481	+20	24
South America	117	+81	+81	5	103	+38	5
Africa/Middle East	60	-29	-29	2	72	+62	4
Asia	450	+18	+18	18	304	-9	15
Australia	38	+60	+60	2	34	+29	2
Total	2 432	+9	+9	100	2 015	+10	100

* At fixed exchange rates for comparable units.

1) Excluding major orders.

Order intake by business area

MSEK	Q1	Q2	Q3	Q4	Q1-4	Q1	Change Q1	
	2011	2011	2011	2011	2011	2012	%	% ¹⁾
Sandvik Mining	8 219	9 425	9 690	8 284	35 619	11 793	+43	+40
Sandvik Machining Solutions	7 158	7 184	7 037	7 358	28 737	7 768	+9	+7
Sandvik Materials Technology	4 844	4 279	3 552	3 674	16 350	4 278	-12	-13
Sandvik Construction	2 476	2 308	2 784	2 330	9 898	2 622	+6	+0
Sandvik Venture	2 204	2 165	1 761	2 342	8 473	2 432	+10	+9
Group activities	0	0	1	2	1	1		
Group total	24 901	25 361	24 825	23 990	99 078	28 894	+16	+13

Invoiced sales by business area

MSEK	Q1	Q2	Q3	Q4	Q1-4	Q1	Change Q1	
	2011	2011	2011	2011	2011	2012	%	% ¹⁾
Sandvik Mining	7 103	7 593	8 432	9 105	32 232	8 639	+22	+19
Sandvik Machining Solutions	6 862	7 028	6 917	7 364	28 171	7 618	+11	+9
Sandvik Materials Technology	4 179	4 452	3 767	3 940	16 339	4 100	-2	-3
Sandvik Construction	2 080	2 274	2 411	2 484	9 249	2 453	+18	+11
Sandvik Venture	1 797	2 065	1 991	2 202	8 056	2 015	+12	+10
Group activities	9	9	10	9	37	13		
Group total	22 030	23 421	23 528	25 104	94 084	24 838	+13	+10

Operating profit by business area

MSEK	Q1	Q2	Q3	Q4	Q1-4	Q1	Change Q1	
	2011	2011	2011	2011	2011	2012	%	% ¹⁾
Sandvik Mining	1 208	1 310	1 451	1 220	5 189	1 494	+24	
Sandvik Machining Solutions	1 535	1 744	1 518	1 549	6 347	1 875	+22	
Sandvik Materials Technology	352	351	-449	-896	-642	349	-1	
Sandvik Construction	119	95	99	-255	58	213	+78	
Sandvik Venture	228	266	-831	316	-21	355	+56	
Group activities	-171	-204	-124	-284	-783	-467	-	
Group total ²⁾	3 271	3 562	1 665	1 649	10 148	3 819	+17	

Operating margin by business area

MSEK	Q1	Q2	Q3	Q4	Q1-4	Q1
	2011	2011	2011	2011	2011	2012
Sandvik Mining	17.0	17.3	17.2	13.4	16.1	17.3
Sandvik Machining Solutions	22.4	24.8	21.9	21.0	22.5	24.6
Sandvik Materials Technology	8.4	7.9	-11.9	-22.7	-3.9	8.5
Sandvik Construction	5.7	4.2	4.1	-10.3	0.6	8.7
Sandvik Venture	12.7	12.9	-41.7	14.3	-0.3	17.6
Group activities						
Group total	14.8	15.2	7.1	6.6	10.8	15.4

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

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

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 2012. These changes have not had any impact on Sandvik's financial statements.

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

Risk assessment

Sandvik is a global group represented in 130 countries and as such is exposed to a number of commercial and financial risks. Accordingly, risk management is an important process for Sandvik in its work to achieve established targets. Efficient risk management is an ongoing

process conducted within the framework of business control, and is part of the ongoing review of operations and forward-looking assessment of operations.

Sandvik's long-term risk exposure is assumed not to deviate from the inherent exposure associated with Sandvik's ongoing business operations. For a more in-depth analysis of risks, refer to Sandvik's Annual Report for 2011.

Transactions with related parties

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

Sandviken, 27 April 2012
Sandvik Aktiebolag (publ)

Olof Faxander
President and CEO

Sandvik AB discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 27 April 2012 at 8:00 a.m. CET. The Q2 report for 2012 will be published on 19 July 2012. The company's auditors have not conducted a special review of the Q1 report for 2012.

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

A combined presentation and teleconference will be held on 27 April 2012 at 2:00 p.m. CET at Operaterassen in Stockholm. Information is available at www.sandvik.com/ir.

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Calendar 2012:

27 Apr	Q1 report 2012
2 May	AGM
7 May	Record date for dividend
10 May	Preliminary date for dividend payout
29 May	Capital Markets Day 2012
31 May	Shareholders' day
19 July	Q2 report 2012
25 Oct	Q3 report 2012