

Sandvik Q4

PRESS RELEASE 8 February 2006

Full-year report 2005

Fourth quarter:

- Profit after financial items rose 34% to SEK 2,566 M.
- Order intake increased 8%* to SEK 16,689 M.
- Earnings per share rose 39% to SEK 7.45.
- Cash flow increased 38% to SEK 2,206 M.

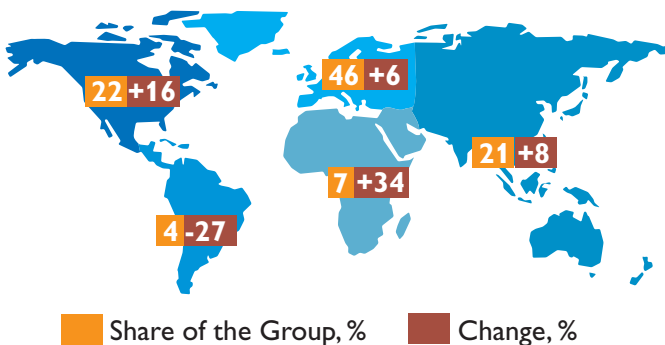
Full-year 2005:

- Profit after financial items increased 28% to SEK 8,819 M.
- Order intake increased 15%* to SEK 66,186 M.
- Net profit for the period increased 25% to SEK 6,392 M.
- Earnings per share rose 28% to SEK 24.70.
- Proposal for increased dividend by SEK 2.50 to SEK 13.50 and 5:1 share split.



President and CEO Lars Pettersson presents another strong quarter.

ORDER INTAKE 4TH QUARTER*



“Demand during the quarter remained strong. Profit after financial items increased by 34% to SEK 2,566 M and earnings per share rose by 39%. It is pleasing that we increased the profit margin in all business areas and that Sandvik Materials Technology is now achieving its margin goal through increased efficiency and an improved product mix.

This means that 2005 was another very strong year for Sandvik. Invoiced sales amounted to SEK 63 billion and profit after financial items increased by 28% to SEK 8.8 billion. Our investments in product development and enhanced efficiency strengthens the Group’s position as market leader in prioritized segments,” says Lars Pettersson, President and CEO of Sandvik.

KEY FIGURES

SEK M	Q4/05	Q4/04	Q1-4/05	Q1-4/04
Order intake	16 689	14 180	66 186	56 500
Invoiced sales	17 473	14 380	63 370	54 610
Operating profit	2 805	2 079	9 532	7 578
Earnings per share, SEK	7.45	5.35	24.70	19.25

Q1-4 2004 includes a gain on the divestment of the Walter machine division, SEK 153 M.

BUSINESS AREAS – ORDER INTAKE *



* Change compared to the same quarter the preceding year at fixed exchange rates for comparable units.

Effective 1 January 2005, Sandvik AB applies the International Financial Reporting Standards (IFRS). The comparative figures for 2004 have been recalculated to IFRS.

For additional information, please call +46 (0) 26-26 10 01 or visit www.sandvik.com



Financial overview

INCOME STATEMENT SEK M	Q4 2005	Q4 2004	Change %	Q1-4 2005	Q1-4 2004	Change %
Order intake	16 689	14 180	+18 ¹⁾	66 186	56 500	+17 ¹⁾
Invoiced sales	17 473	14 380	+22 ²⁾	63 370	54 610	+16 ²⁾
Operating profit ³⁾ %	2 805 16.1	2 079 14.5	+35	9 532 15.0	7 578 13.9	+26
Profit after financial items ³⁾ %	2 566 14.7	1 908 13.3	+34	8 819 13.9	6 877 12.6	+28
Profit for the period %	1 892 10.8	1 405 9.8	+35	6 392 10.1	5 111 9.4	+25
of which, shareholders' interest	1 768	1 340	+32	6 021	4 846	+24
Earnings per share SEK*	7.45	5.35	+39	24.70	19.25	+28

1) 8 % and 15 % at fixed exchange rates for comparable units.

2) 11 % and 14 % at fixed exchange rates for comparable units.

3) Q1-4 2004 includes a gain on the divestment of the Walter machine division, SEK 153 M.

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

KEY FIGURES	Full-year 2005	Full-year 2004
No. of shares outstanding at end of period ('000)	237 257 ¹⁾	247 045
Average no. of shares ('000)	243 375	251 334
Tax rate, %	28	26
Return on capital employed, %	23.7	20.5
Return on total equity, %	27.4	21.7
Shareholders' equity per share, SEK	99.00	91.40
Net debt/equity ratio	0.7	0.5
Net working capital, %	27	29
No. of employees	39 613	38 421

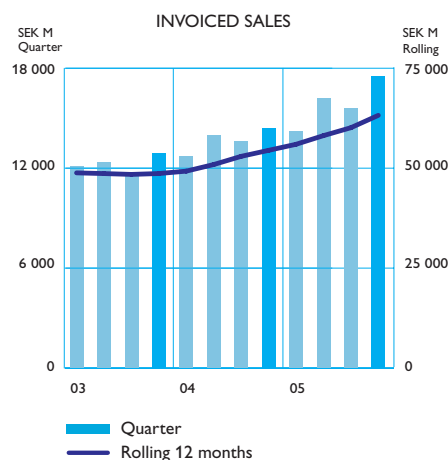
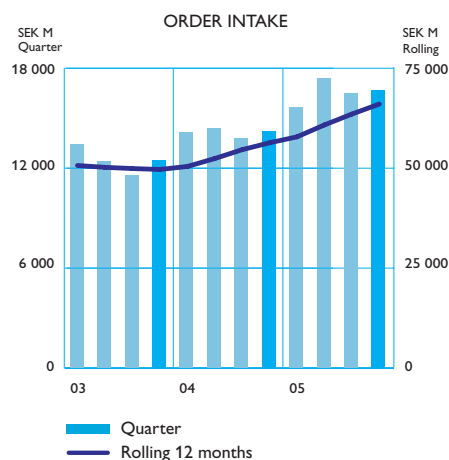
1) After redemption.

ORDER INTAKE BY MARKET AREA

Market area	Q4 2005			Q1-4 2005		
	Order intake SEK M	Change* %	Share %	Order intake SEK M	Change* %	Share %
Europe	7 622	+6	46	28 813	+7	44
NAFTA	3 615	+16	22	13 356	+18	20
South America	732	-27	4	3 894	+23	6
Africa/Middle East	1 125	+34	7	4 604	+34	7
Asia/Australia	3 595	+8	21	15 519	+22	23
Total	16 689	+8	100	66 186	+15	100

* At fixed exchange rates for comparable units.

Sales



Order intake totaled SEK 16,689 M (14,180), representing a total increase of 18% and by 8% at fixed exchange rates for comparable units. Changes in currency exchange rates affected order intake positively by 10%. Growth at fixed exchange rates and for comparable units was 4% for Sandvik Tooling and 9% for Sandvik Mining and Construction. The order intake for Sandvik Materials Technology rose by 11%, including a positive effect of approximately 7 percentage points as compensation for higher raw materials prices.

Demand remained stable in Europe and order intake increased by 6%. Development in Western Europe was mixed, but viewed as a whole was slightly positive, while demand in Eastern Europe remained very strong. The business climate in NAFTA strengthened somewhat and order intake rose, particularly in such investment-related industries as the oil/gas, mining and aerospace industries. The positive development in the mining industry in Africa/Middle East continued and order intake rose by 34% compared with a year earlier. Order intake in South America declined during the quarter, due mainly to a large project order in the preceding year. Demand in Asia/Australia rose and growth remained highly favorable, mainly in China, Australia and Japan.

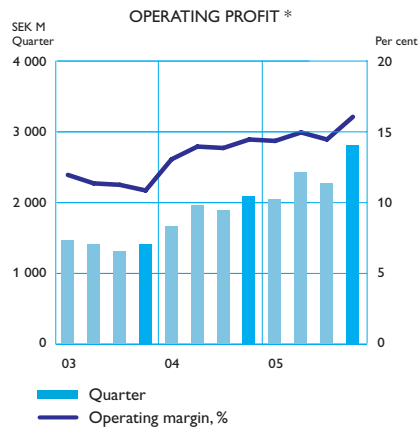
Industrial conditions remained strong in Eastern Europe, NAFTA and Asia, particularly in investment-related areas such as the machinery, mining and construction industries, as well as in the oil/gas and process industries. Demand from the general engineering industry was at a high level, except for in the EU. Activity in the automotive industry remained favorable, with a sharp production increase in China as well as increases in the US, Germany and Japan. Demand in the heavy vehicle industry was stronger than in the passenger car industry. Activity in the aerospace industry remained high and demand increased in Europe and NAFTA.

Invoiced sales in the quarter amounted to SEK 17,473 M (14,380), a total increase of 22% and by 11% at fixed exchange rates for comparable units. The increase at fixed exchange rates and for comparable units was 6% for Sandvik Tooling and 13% for Sandvik Mining and Construction. The increase for Sandvik Materials Technology was 16%, of which approximately 7 percentage points were attributable to higher raw materials prices.

Consolidated invoiced sales for the full year amounted to SEK 63,370 M (54,610), up 16% in total and 14% at fixed exchange rates for comparable units. Changed exchange rates affected invoicing for the full year positively by 3%.

CHANGE %	ORDER INTAKE				INVOICED SALES			
	Q4 2005	Q4 2004	Q1-4 2005	Q1-4 2004	Q4 2005	Q4 2004	Q1-4 2005	Q1-4 2004
Price/volume	+8	+17	+15	+17	+11	+16	+14	+15
Structural	0	0	-1	-1	0	-1	-1	-1
Currency	+10	-3	+3	-2	+10	-2	+3	-2
Total	+18	+14	+17	+13	+22	+12	+16	+12

Earnings and return



* Excluding nonrecurring items in fourth quarter 2003. Adjusted for IFRS from first quarter 2004

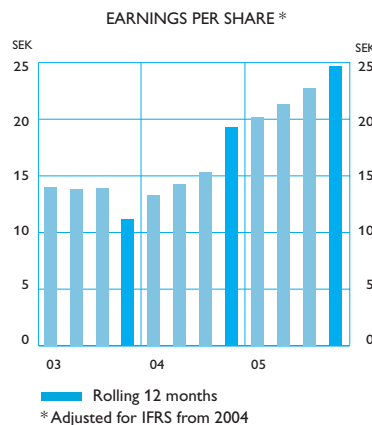
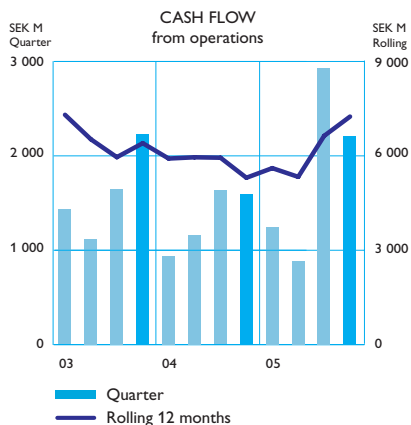
Operating profit amounted to SEK 2,805 M, an increase of 35%, compared with a year earlier. The operating margin rose to 16.1% of invoiced sales (14.5). All business areas reported higher earnings and margins. The earnings improvement was mainly attributable to higher sales volumes and a better product mix as well as to increased efficiency and a positive price trend. Changed exchange rates had a positive effect on earnings of about SEK 175 M, attributable to Sandvik Tooling, Seco Tools and Group activities.

Net financial expense amounted to SEK 239 M (expense: 171). **Profit after financial income and expenses** rose by 34% to SEK 2,566 M (1,908), 14.7% of invoiced sales (13.3). **Tax expenses for the period** amounted to SEK 674 M (503). **Net profit for the period** increased by 35% to SEK 1,892 M (1,405). Earnings per share rose by 39% to SEK 7.45 (5.35).

Cash flow from current operations amounted to SEK 2,206 M (1,593), an increase of 38%

compared with a year earlier. Working capital rose by SEK 732 M during the quarter, mainly through increased accounts receivable due to higher business volumes. **Investments** amounted to SEK 1,475 M (1,205), of which company acquisitions SEK 157 M. **Cash flow** after investments rose 69% to SEK 881 M (520) for the quarter.

Working capital as a percentage of invoiced sales amounted to 27% (29). The improvement was attributable mainly to higher sales volumes and more effective capital control, but was countered to some degree by higher raw material prices. **The return on capital employed** rose to 23.7% (20.5 for full-year 2004). **The return on shareholders' equity** was 27.4% (21.7 for full-year 2004). Interest-bearing liabilities and provisions, less cash and cash equivalents, resulted in a net debt of SEK 16,653 M (12,488). Cash and cash equivalents amounted to SEK 1,559 M (1,720) and loans to SEK 14,506 M (10,946). The net debt/equity ratio was 0.7 (0.5).



* Adjusted for IFRS from 2004

Sandvik Tooling

Sandvik Tooling's order intake in the fourth quarter amounted to SEK 5,451 M (4,818), which was an increase of 4% at fixed exchange rates for comparable units. Invoiced sales totaled SEK 5,510 M (4,784), an increase from the preceding year of 6% at fixed exchange rates for comparable units.

The market trend remained positive for cemented-carbide tools, while the demand for high-speed steel tools developed more weakly. Demand increased in Western Europe as well as in NAFTA, although the rate of increase for the latter declined somewhat. In Eastern Europe and Asia, demand remained very strong. Demand increased within the aerospace industry and was favorable in the general engineering, oil/gas and heavy vehicle industries. Activity within the automotive industry was favorable in Eastern Europe, parts of the EU and Asia. Sales increased in the EU and in North America, but declined in South America. Sales rose sharply in Eastern Europe and Asia, particularly in the growth markets of China, India and Russia.

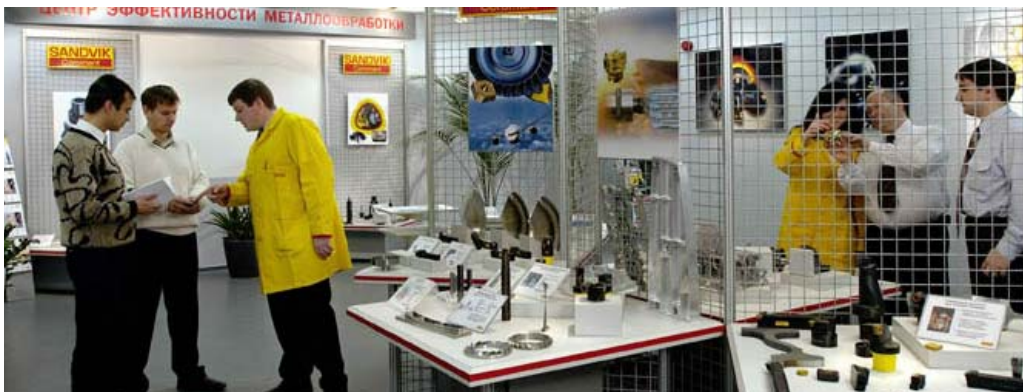
The strategic work within Sandvik Tooling to develop synergies and capitalize on cost advan-

tages continued. Among other actions, this is being carried out through coordinating research resources and consolidating production facilities.

During the quarter, the remaining 4% of the shares in Walter AG was acquired, as a result of which Walter is now consolidated 100% in Sandvik Tooling. Walter was delisted at the end of September from the German stock exchange.

The introduction of new product concepts and development of new market segments, for example within medical technology, and the continued expansion on growth markets contributed to Sandvik Tooling's ability to generate customer value.

Operating profit in the fourth quarter amounted to SEK 1,185 M (984), an increase of 20% compared with the fourth quarter of 2004. The operating margin totaled 21.5% (20.6). The profit increase was mainly attributable to higher volumes, higher prices, high capacity utilization and completed efficiency-enhancement measures. Capital efficiency within Sandvik Tooling developed positively and return on capital employed increased to 31.3% (29.1).



Russia is one of Sandvik Tooling's fastest-growing markets. Sandvik Coromant recently opened a Productivity Center in Moscow where customers can learn more about efficient production.

SANDVIK TOOLING

	Q4 2005	Q4 2004	Change %	Q1-4 2005	Q1-4 2004	Change %
SEK M						
Order intake	5 451	4 818	+4 ¹⁾	21 084	19 584	+8 ¹⁾
Invoiced sales	5 510	4 784	+6 ¹⁾	20 847	19 227	+8 ¹⁾
Operating profit	1 185	984	+20	4 420	3 864	+14 ²⁾
%	21.5	20.6		21.2	20.1	
Return on capital employed ³⁾	31.3	29.1				
Number of employees	14 966	15 048	-1			

1) At fixed exchange rates for comparable units.

2) Operating profit in Q 1-4 2004 included a gain of SEK 153 M on divestment of Walter's machine division.

3) Rolling 12 months.

Sandvik

Mining and Construction

Sandvik Mining and Construction's order intake in the quarter amounted to SEK 5,203 M (4,284), an increase of 9% at fixed exchange rates for comparable units.

The market trend remained positive and demand was strong for base metals, precious metals and coal. Customers' high production rates, combined with new investments, meant that demand for machines for the mining industry remained very favorable. The high rate of investment also generates high demand for tools, service and spare parts, areas in which Sandvik Mining and Construction has strengthened its already competitive organization in recent years. Demand from the construction industry was favorable and strengthened in Eastern Europe and Asia. The Surface Mining customer segment consolidated its strong market position and also received a number of large orders in the fourth quarter.

The number of project orders declined somewhat in the quarter but the underlying demand remained very favorable.

Invoiced sales rose by 13% at fixed exchange rates for comparable units and amounted to SEK 5,697 M (4,515).

The high level of demand is generating a need for capacity increases, which among other measures is being met by establishing assembly plants in Poland, India and China. In November, a new assembly plant for screening and sorting plants was inaugurated in Shanghai, China. The company will primarily deliver to the fast-growing Chinese market and is also a service and assembly center for other applications. A similar facility was inaugurated in Tychy, Poland in December to meet the increased demand for machines to mine softer minerals.

In the fourth quarter, operating profit rose by 47% to SEK 774 M (526) or 13.6% of invoiced sales (11.7). The increase was due mainly to higher volumes and high capacity utilization combined with a better product mix and increased efficiency. Capital efficiency developed positively and the return on capital employed increased to 26.4% (21.2).



During the year, Sandvik Mining and Construction achieved major successes with machines developed specifically for the low and narrow shafts in platinum mines. This improved productivity as well as the work environment. Shown is the Robot XLP rock-bolting machine in action.

SANDVIK MINING AND CONSTRUCTION

SEK M	Q4 2005	Q4 2004	Change %	Q1-4 2005	Q1-4 2004	Change %
Order intake	5 203	4 284	+9 ¹⁾	22 394	17 162	+26 ¹⁾
Invoiced sales	5 697	4 515	+13 ¹⁾	20 560	16 617	+18 ¹⁾
Operating profit	774	526	+47	2 654	1 829	+45
%	13.6	11.7		12.9	11.0	
Return on capital employed ²⁾	26.4	21.2				
Number of employees	10 640	9 623	+11			

1) At fixed exchange rates for comparable units.

2) Rolling 12 months.

Sandvik

Materials Technology

Sandvik Materials Technology's order intake totaled SEK 4,700 M (3,963) in the quarter, which was an increase from the preceding year of 11% at fixed exchange rates for comparable units. Invoiced sales amounted to SEK 4,929 M (3,949), up 16% at fixed exchange rates for comparable units. Price surcharges for higher raw material prices positively affected order intake and invoiced sales by about 7 percentage points. Accordingly, in comparable terms, order intake increased by 4% and invoiced sales by 9%.

Business conditions remained favorable for special products to such investment-related customer segments as the oil/gas, process and aerospace industries, while they were somewhat weaker for standard products.

Many large project orders were received during the quarter in the Tube and Process Systems product areas. Demand from the general engineering industry and consumer-related customer segments was stable, with somewhat improved demand from the electronics industry, while activity in the automotive industry was relatively weak. The business climate in the US and Asia was stable and improved somewhat in Europe, particularly for special products.

Sandvik Materials Technology is increasing capacity in the production of advanced seamless tubes to meet the high demand from the oil/gas and process industries.

Operating profit in the fourth quarter rose 42% and amounted to SEK 573 M (403). Oper-

ating margin amounted to 11.6% of invoicing (10.2) but was affected adversely by 0.8 percentage points by the change in the surcharge for higher raw material prices. The earnings improvement was attributable mainly to a better product mix, higher productivity, shorter lead times in the production flow and increased delivery precision. The return on capital employed rose to 13.2% (11.4).



Tube on a roll! The oil/gas industry is one of the fastest-growing customer segments for Sandvik Materials Technology. Tubes used for extraction on the ocean floor are produced at the unit in Chomutov, Czech Republic. They can be 15-20 kilometres long and are delivered in coils.

SANDVIK MATERIALS TECHNOLOGY

SEK M	Q4 2005	Q4 2004	Change %	Q1-4 2005	Q1-4 2004	Change %
Order intake	4 700	3 963	+11 ¹⁾	17 712	15 391	+13 ¹⁾
Invoiced sales	4 929	3 949	+16 ¹⁾	17 003	14 424	+16 ¹⁾
Operating profit	573	403	+42	1 729	1 354	+28
%	11.6	10.2		10.2	9.4	
Return on capital employed ²⁾	13.2	11.4				
Number of employees	8 368	8 350	+/-0			

1) At fixed exchange rates for comparable units, including surcharges for higher raw material prices.

2) Rolling 12 months.

Full-year 2005

Order intake for full-year 2005 amounted to SEK 66,186 M (56,500), which was an increase of 17% in total and 15% at fixed exchange rates for comparable units. Invoiced sales amounted to SEK 63,370 M (54,610), an increase of 16% in total and 14% at fixed exchange rates for comparable units.

Operating profit for the period January-December amounted to SEK 9,532 M (7,578), which was an increase of SEK 1,954 M, or 26%. The operating margin was 15.0% (13.9) of invoiced sales. Changed exchange rates had a marginal impact on profits from the beginning of the year.

Net financial expense was SEK 713 M

(expense: 701) and profit after financial items amounted to SEK 8,819 M (6,877), an increase of 28%. The tax rate was 28% and the profit for the period totaled SEK 6,392 M (5,111). Earnings per share totaled SEK 24.70 (19.25).

Cash flow from current operations was SEK 7,266 M (5,322). The Group's investments in fixed assets totaled SEK 3,665 M (2,967). Company acquisitions totaled SEK 285 M. After investments, acquisitions and divestments, cash flow amounted to SEK 3,582 M (2,709).

The number of employees totaled 39,613 (38,421 at 31 December 2004), which was an increase of 1,192 persons for comparable units from the beginning of the year.

Parent Company

The Parent Company's invoicing was SEK 15,242 M (12,984) and operating profit amounted to SEK 433 M (859). Interest-bearing liabilities and provisions, less cash and cash equivalents and interest-bearing assets amounted to SEK 8,266 M (3,005 at 31 December 2004). Investments in fixed assets amounted to SEK 715 M (836).

The Parent Company's total assets rose by SEK 15,856 M, from SEK 22,286 M to

SEK 38,142 M. The increase in total assets in the Parent Company was related to an internal realignment of ownership and management of patents and brands. A new company, Sandvik Intellectual Property AB, acquired the Group's Swedish-owned patents and brands at fair value. The Parent Company financed Sandvik Intellectual Property AB's acquisition through a capital contribution and lending, which increased the Parent Company's total assets by SEK 18,100 M.

Accounting principles

Effective 1 January 2005, Sandvik AB applies International Financial Reporting Standards (IFRS) in its financial reporting. This interim report was prepared in accordance with IFRS, applying IAS 34, Interim Financial Reporting, and in line with the IFRS principles expected to be applied on 31 December 2005.

The applied accounting principles, changes compared with previously applied principles and the financial effects of changes in accounting principles as well as recalculated comparative figures, are shown in the separate document "Sandvik AB – Effect of the transition to International

Financial Reporting Standards (IFRS)," which was published on 31 March 2005 (the document is available at Sandvik's website: www.sandvik.com).

Effective 1 January 2005, Sandvik has chosen to apply hedge accounting in accordance with "Amendment to IAS 39 – Cash Flow Hedge Accounting of Forecast Intragroup Transactions," which was approved by the EU in December 2005. In accordance with the transition rules, this change is applied forward as of 1 January 2005. This standard permits hedge accounting of forecast internal goods transactions.

Significant events 2005

- It was decided in March to consolidate the four product areas Valenite, Safety, Titex and Prototyp within Sandvik Tooling into two for the purpose of strengthening growth potentials and increasing efficiency.
- At the Annual General Meeting on 3 May, it was resolved to implement a redemption offer with the right for the shareholders in Sandvik to redeem shares in the company for cash payment of SEK 405 per share. The redemption program was completed in the third quarter and the degree of participation exceeded 99%.
- In September, 10% of the share capital in the Chinese metal powder producer Gesac was acquired. Gesac mainly produces tungsten-carbide powder and similar materials and has annual sales of about SEK 500 M.
- Sandvik Mining and Construction acquired the American company Smith International Inc.'s 50% interest in Sandvik Smith AB. Sandvik Smith is a leading producer of roller-cone bits, with annual sales of about SEK 500 M. At the same time, the name was changed to Sandvik Rotary Tools AB.
- Sandvik Mining and Construction and the South African mining company Lonmin Plc signed an agreement covering long-term cooperation in the mechanized mining of platinum. Pursuant to the agreement, Sandvik shall develop special equipment to contribute to achieving Lonmin's goal of production being 50% mechanized in 2010. The cooperation is estimated long term to result in increased annual sales for Sandvik of about SEK 200 M.
- In the third quarter, Sandvik Materials Technology received the largest order to date for seamless production tubes to the oil/gas industry. The order value totals more than SEK 1 billion and is reported on a current basis. Deliveries will be made over the next three years.
- In December, the redemption of the remaining shares in Walter AG was completed, which meant that Sandvik attained 100% ownership of the company. Thereafter, Walter was delisted from the German stock exchange.

Proposals to the Annual General Meeting, 2 May 2006

The Annual General Meeting will be held in Sandviken on 2 May 2006 at 5.00 p.m. The Annual Report 2005 will be distributed to the shareholders approximately one month prior to the Meeting.

DIVIDEND

Taking into account the company's strong financial development and favorable future outlook, the Board of Directors proposes a dividend of SEK 13.50 per share (11.00) or SEK 3,203 M (2,717).

The proposal represents an increase of 23% from a year earlier and the dividend corresponds

to 55% of earnings per share. The proposed record date for dividend entitlement is 5 May 2006.

SPLIT

The strong price performance of the Sandvik share in recent years means that trading in evenly divisible trading lots becomes difficult for shareholders with small holdings. Based on the company's favorable future outlook, the Board proposes that the company implements a 5:1 share split. The share split is expected to be implemented during June 2006.

Sandviken, 8 February 2006

Sandvik AB; (publ)

Board of Directors

Appendices:

1. Group summary.
2. Invoicing and operating profit.

The Company's auditors have not conducted a special audit of the full-year report 2005.

The Sandvik Group's earnings for the first quarter of 2006 will be published on 2 May 2006. The Annual General Meeting will be held in Sandviken on 2 May 2006.

For additional information, please call +46 (26)26 10 01. A combined presentation and telephone conference will be held on 8 February at 2.00 p.m. at Operaterrassen, in Stockholm. For further information, visit www.sandvik.com

POSTAL ADDRESS

Sandvik AB
Group Communications
SE-811 81 Sandviken

PUBLIC COMPANY (publ)

Corp. Reg. No: 556000-3468
VAT No: SE663000060901

PHONE AND FAX

+46 26 - 26 00 00
+46 26 - 26 10 43

WEB SITE AND E-MAIL

www.sandvik.com
info.group@sandvik.com

Appendix 1

CONSOLIDATED FINANCIAL INFORMATION, SEK M

INCOME STATEMENT	Q4 2005	Q4 2004	Change %	Q1-4 2005	Q1-4 2004	Change %
Invoiced sales	17 473	14 380	+22	63 370	54 610	+16
Cost of goods sold	-11 398	-9 638	+18	-41 720	-36 045	+16
Gross profit	6 075	4 742	+28	21 650	18 565	+17
% of invoicing	34.8	33.0		34.2	34.0	
Selling expenses	-2 305	-1 976	+17	-8 709	-7 953	+10
Administrative expenses	-581	-477	+22	-2 292	-2 125	+8
R&D-expenses	-423	-317	+30	-1 412	-1 294	+9
Other operating income and expenses	39	107	-64	295	385	-23
Operating profit	2 805	2 079	+35	9 532	7 578	+26
% of invoicing	16.1	14.5		15.0	13.9	
Interest expenses and similar charges	-222	-179	+24	-871	-800	+9
Interest income	33	4		100	76	+32
Other financial income and expenses, net	-50	4		58	23	+152
Profit after financial items	2 566	1 908	+34	8 819	6 877	+28
% of invoicing	14.7	13.3		13.9	12.6	
Taxes	-674	-503	+34	-2 427	-1 766	+37
Profit for the period	1 892	1 405	+35	6 392	5 111	+25
% of invoicing	10.8	9.8		10.1	9.4	
Minority interests	124	65	+90	371	265	+40
Shareholders' interest	1 768	1 340	+32	6 021	4 846	+24

BALANCE SHEET	Q4 2005	Q4 2004	Change %
Intangible fixed assets	5 874	5 139	+14
Tangible fixed assets	16 687	15 070	+11
Financial fixed assets	3 271	2 454	+33
Inventories	16 440	13 459	+22
Current receivables	15 731	13 532	+16
Cash and cash equivalents	1 559	1 720	-9
Total assets	59 562	51 374	+16
Total equity	24 507	23 551	+4
Interest-bearing provisions and liabilities	18 212	14 207	+28
Non-interest-bearing provisions and liabilities	16 843	13 616	+24
Total equity and liabilities	59 562	51 374	+16
Net working capital*	19 623	16 637	+18

*) Inventories + trade receivables excl. prepaid income taxes – non-interest-bearing liabilities excl. tax liabilities.

Appendix 1 (cont)

CHANGE IN TOTAL EQUITY, SEK M	Q1-4 2005	Q1-4 2004
Opening equity as shown in approved balance sheet for the preceding year (IFRS)	23 551	22 649
Effect of change in accounting principles (IAS 39)	62	-
Opening equity adjusted to new accounting principles	23 613	22 649
Exchange differences due to changed currency rates	1 813	-485
Effect of employee stock options	-62	15
Effect of hedge accounting in accordance with IAS 39	-148	-
Dividends to shareholders	-3 012	-2 799
Buy-back of own shares	-	-2 048
Purchase of minority owned shares in subsidiary	-125	-
Minority interest in companies acquired during the period	-	19
New issue of shares*	-	1 089
Redemption of shares	-3 964	-
Net profit for the period	6 392	5 111
Closing equity	24 507	23 551

* Conversion of loans and new issues as a result of outstanding options program.

CASH FLOW STATEMENT SEK M	Q4 2005	Q4 2004	Q1-4 2005	Q1-4 2004
<i>Cash flow from operating activities</i>				
Profit after financial income and expenses	+2 566	+1 908	+8 819	+6 877
Reversal of depreciation	+708	+728	+2 713	+2 579
Adjustment for items that do not require the use of cash	-100	-24	-151	-594
Taxes paid	-236	-440	-1 828	-1 334
Cash flow from operations before changes in working capital	+2 938	+2 172	+9 553	+7 528
<i>Changes in working capital</i>				
Change in inventories	+18	-410	-1 766	-1 836
Change in operating receivables	-530	-658	-1 511	-1 820
Change in operating liabilities	-220	+489	+990	+1 450
Net cash from operating activities	+2 206	+1 593	+7 266	5 322
<i>Cash flow from investing activities</i>				
Aquisitions of companies and shares, net of cash acquired	-157	-199	-285	-311
Investments in tangible fixed assets	-1 318	-1 006	-3 665	-2 967
Proceeds from sale of companies and shares, net of cash disposed of	+31	+80	+31	+468
Proceeds from sale of tangible fixed assets	+119	+52	+235	+197
Net cash used in investing activities	-1 325	-1 073	-3 684	-2 613
Net cash flow after investing activities	+881	+520	+3 582	+2 709
<i>Cash flow from financing activities</i>				
Change in short-term loans	-2 086	+627	+1 660	+1 937
Change in long-term loans	+752	-33	+1 354	-123
Reacquisition of own shares	0	-988	0	-2 048
Issue of shares in connection with exercise of options	0	-	0	+117
Redemption program of shares	0	-	-3 964	-
Dividends paid	0	-	-3 012	-2 799
Net cash used in financing activities	-1 334	-394	-3 962	-2 916
Cash-flow of the period	-453	+126	-380	-207
Cash and cash equivalents at beginning of the period	2 007	1 643	1 720	1 972
Exchange-rate differences in cash and cash equivalents	+5	-49	+219	-45
Cash and cash equivalents at the end of the period	1 559	1 720	1 559	1 720

Appendix 2

INVOICED SALES BY MARKET AREA

SEK M	Q4	Full year	Q1	Q2	Q3	Q4	Change Q4		Full-year
	2004	2004	2005	2005	2005	2005	%	% ¹⁾	2005
Europe	6 975	26 141	7 023	7 609	6 589	7 508	+8	+3	28 729
NAFTA	2 640	10 651	2 747	3 011	3 306	3 579	+36	+19	12 643
South America	792	2 757	692	866	905	1 089	+38	+5	3 552
Africa/Middle East	928	3 454	818	989	1 033	1 154	+24	+15	3 994
Asia/Australia	3 045	11 607	2 914	3 675	3 721	4 143	+36	+24	14 452
Group total	14 380	54 610	14 194	16 150	15 554	17 473	+22	+11	63 370

ORDER INTAKE BY BUSINESS AREA

SEK M	Q4	Full year	Q1	Q2	Q3	Q4	Change Q4		Full-year
	2004	2004	2005	2005	2005	2005	%	% ¹⁾	2005
Svk Tooling	4 818	19 584	5 041	5 503	5 089	5 451	+13	+4	21 084
Svk Mining and Construction	4 284	17 162	5 075	5 833	6 283	5 203	+21	+9	22 394
Svk Materials Technology	3 963	15 391	4 312	4 778	3 922	4 700	+19	+11	17 712
Seco Tools ²⁾	1 095	4 344	1 209	1 252	1 178	1 327	+21	+9	4 965
Group activities	20	19	9	5	8	8			31
Group total	14 180	56 500	15 646	17 371	16 480	16 689	+18	+8	66 186

INVOICED SALES BY BUSINESS AREA

SEK M	Q4	Full year	Q1	Q2	Q3	Q4	Change Q4		Full-year
	2004	2004	2005	2005	2005	2005	%	% ¹⁾	2005
Svk Tooling	4 784	19 227	4 928	5 344	5 066	5 510	+15	+6	20 847
Svk Mining and Construction	4 515	16 617	4 213	5 241	5 409	5 697	+26	+13	20 560
Svk Materials Technology	3 949	14 424	3 871	4 313	3 890	4 929	+25	+16	17 003
Seco Tools ²⁾	1 121	4 312	1 174	1 247	1 181	1 317	+17	+6	4 919
Group activities	11	30	8	5	8	20			41
Group total	14 380	54 610	14 194	16 150	15 554	17 473	+22	+11	63 370

OPERATING PROFIT BY BUSINESS AREA

SEK M	Q4	Full year	Q1	Q2	Q3	Q4	Change Q4	Full-year
	2004	2004	2005	2005	2005	2005	%	2005
Svk Tooling	984	3 864	1 024	1 137	1 074	1 185	+20	4 420
Svk Mining and Construction	526	1 829	489	660	730	774	+47	2 654
Svk Materials Technology	403	1 354	389	475	292	573	+42	1 729
Seco Tools ²⁾	221	840	251	284	246	319	+44	1 100
Group activities	-55	-309	-112	-131	-81	-46		-371
Group total	2 079	7 578	2 041	2 425	2 261	2 805	+35	9 532

OPERATING PROFIT BY BUSINESS AREA

% OF INVOICING	Q4	Full year	Q1	Q2	Q3	Q4	Full-year
	2004	2004	2005	2005	2005	2005	2005
Svk Tooling	20.6	20.1	20.8	21.3	21.2	21.5	21.2
Svk Mining and Construction	11.7	11.0	11.6	12.6	13.5	13.6	12.9
Svk Materials Technology	10.2	9.4	10.0	11.0	7.5	11.6	10.2
Seco Tools ²⁾	19.7	19.5	21.4	22.8	20.8	24.2	22.4
Group total	14.5	13.9	14.4	15.0	14.5	16.1	15.0

1) Change compared with year earlier 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 full-year report.