We use a two-color headline system to highlight our rational and emotional side alike. The first line appears in blue (the rational side), the second line in orange (the emotional side) and the duality principle is reflected in the wording of the headline.

This system refers to the first page title only, all other headlines are blue. Learn more about our verbal identity in the Sandvik Brand Identity Directives, which you can download at the Intranet > home.sandvik.com/brand
SUMMARY Q3 2015

RECORD HIGH Q3 CASH FLOW
• Continued focus on net working capital

WEAK DEMAND
• Order intake 19,726 MSEK, P/V -8%

LOW VOLUMES IMPACT PROFITABILITY
• EBIT 2,325 MSEK, 11.2%
• Currency effect +370 MSEK
• Savings from announced programs 200 MSEK

PORTFOLIO REVIEW AND INTERNAL EFFICIENCY MEASURES
• Intention to divest Mining Systems
• Supply Chain Optimization progressing
• Additional efficiency measures ongoing

BJÖRN ROSENGREN NEW CEO AS OF 1 NOVEMBER
ORDER INTAKE BY MARKETS

ORDER INTAKE Q3 2015 SHARE OF GROUP TOTAL

ORDER INTAKE COMPARED WITH PRECEDING QUARTER*

NORTH AMERICA: 21%
EUROPE: 39%
ASIA: 19%
SOUTH AMERICA: 6%
AFRICA/MIDDLE EAST: 10%
AUSTRALIA: 5%

*) excluding currency

SANDVIK: Interim Report on the third quarter 2015
Comments and numbers refer to continuing operations unless otherwise stated
INVOICING BY CUSTOMER SEGMENTS

- Consumer related
- Aerospace
- Energy
- Automotive
- Construction
- General Engineering
- Other

Organic invoicing growth vs Q3 2014

-6%

Demand trend compared with preceding quarter

- > +5%
- -5 to +5%
- < -5%

SANDVIK: Interim Report on the third quarter 2015
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ORDER INTAKE
19,726 MSEK

CHANGE P/V -8%

INVOICING
20,745 MSEK

CHANGE P/V -6%

- Book-to-bill 0.95
- Negative organic growth across all regions
- Aerospace and automotive the relatively stronger segments
- Weakness in energy and general engineering

- Negative organic growth for 4 out of 5 BA’s
- Mining growth (P/V +7%) supported by strong equipment order intake in H1
- Q3 seasonally weak quarter
EBIT 2,325 MSEK

EBIT MARGIN 11.2%

CASH FLOW

CASH FLOW FROM OPERATIONS 3,953 MSEK

- Year-on-year adjusted earnings decline despite positive currency and effects from savings initiatives
- Currency effect +370 MSEK
- Savings from announced programs 200 MSEK

- Continued strong cash flow
- Investments 1.0 BSEK in Q3
- Record cash flow year-to-date 9.4 BSEK

SANDVIK: Interim Report on the third quarter 2015
Comments and numbers refer to continuing operations unless otherwise stated
2013 Q3 Adjusted due to tax payment of about 5,800 MSEK related to reorganization of intellectual property rights
NET WORKING CAPITAL

SANDVIK: Interim Report on the third quarter 2015
Comments and numbers refer to continuing operations unless otherwise stated
## BRIDGE ANALYSIS

### SANDVIK GROUP

<table>
<thead>
<tr>
<th>MSEK</th>
<th>PRICE/ VOLUME/ PRODUCTIVITY</th>
<th>CURRENCY</th>
<th>STRUCTURE ONE-OFFS*</th>
<th>Q3 2014</th>
<th>Q3 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>INVOICING</td>
<td>-1,000</td>
<td>1,270</td>
<td>-440</td>
<td>20,907</td>
<td>20,745</td>
</tr>
<tr>
<td>EBIT</td>
<td>-290</td>
<td>370</td>
<td>-250</td>
<td>2,488</td>
<td>2,325</td>
</tr>
<tr>
<td>EBIT MARGIN</td>
<td>-29%</td>
<td>-</td>
<td>-</td>
<td>12%</td>
<td>11%</td>
</tr>
</tbody>
</table>

* Includes metal price effects

Comments and numbers refer to continuing operations unless otherwise stated.
CREATING A LEANER COMPANY

SAVINGS Q3 ANNUAL RUN-RATE (MSEK)

<table>
<thead>
<tr>
<th>SUPPLY CHAIN OPTIMIZATION</th>
<th>SANDVIK MACHINING SOLUTIONS</th>
<th>SANDVIK MINING</th>
<th>SANDVIK MATERIALS TECHNOLOGY</th>
<th>SANDVIK CONSTRUCTION</th>
<th>SAVINGS ANNUAL RUN-RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADJ COST BASE **)</td>
<td>189</td>
<td>236</td>
<td>10</td>
<td>124</td>
<td>559 (1,240*)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>241</td>
<td>236</td>
<td>67</td>
<td>228</td>
<td>844 (1,720)</td>
</tr>
</tbody>
</table>

*) Original target of 1 400 MSEK for SCO included savings for Mining Systems 160 MSEK.
**) Run-rate savings from adjustment of cost base (480 MSEK) includes planned savings from Sandvik Venture (25 MSEK) and Group Activities (50 MSEK) to be achieved at end 2016.
***) Of which 32 MSEK related to Sandvik Venture and 40 MSEK to Group Activities.

SANDVIK: Interim Report on the third quarter 2015
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GUIDANCE

GUIDANCE Q4 2015
CURRENCY EFFECT: +100 MSEK
METAL PRICE EFFECT: - 100 MSEK

FULL YEAR GUIDANCE 2015
CAPEX: About 4.0 bn. SEK
NET FINANCIAL ITEMS: -1.8 to -2.0 bn. SEK
TAX RATE: 26-28% for 2015
SUMMARY Q3 2015

STRONG CASH FLOW

WEAK DEMAND

LOW VOLUMES IMPACT PROFITABILITY

PORTFOLIO REVIEW AND INTERNAL EFFICIENCY MEASURES

NEW CEO AS OF 1 NOVEMBER
BACK-UP SLIDES
## BRIDGE ANALYSIS

<table>
<thead>
<tr>
<th></th>
<th>MSEK</th>
<th>Q3 2014</th>
<th>PRICE/ VOLUME/ PRODUCTIVITY</th>
<th>CURRENCY</th>
<th>STRUCTURE ONE-OFFS*</th>
<th>Q3 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MACHINING SOLUTIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INVOICING</td>
<td>7,658</td>
<td>-390</td>
<td>570</td>
<td>-</td>
<td></td>
<td>7,836</td>
</tr>
<tr>
<td>EBIT</td>
<td>1,496</td>
<td>-175</td>
<td>140</td>
<td>-</td>
<td></td>
<td>1,459</td>
</tr>
<tr>
<td>EBIT MARGIN</td>
<td>20%</td>
<td>-45%</td>
<td>-</td>
<td>-</td>
<td></td>
<td>19%</td>
</tr>
<tr>
<td><strong>MINING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INVOICING</td>
<td>5,121</td>
<td>360</td>
<td>235</td>
<td>-</td>
<td></td>
<td>5,712</td>
</tr>
<tr>
<td>EBIT</td>
<td>640</td>
<td>80</td>
<td>130</td>
<td>-</td>
<td></td>
<td>847</td>
</tr>
<tr>
<td>EBIT MARGIN</td>
<td>12%</td>
<td>+22%</td>
<td>-</td>
<td>-</td>
<td></td>
<td>15%</td>
</tr>
<tr>
<td><strong>MATERIALS TECHNOLOGY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INVOICING</td>
<td>3,735</td>
<td>-330</td>
<td>200</td>
<td>-440</td>
<td></td>
<td>3,161</td>
</tr>
<tr>
<td>EBIT</td>
<td>482</td>
<td>-165</td>
<td>65</td>
<td>-330</td>
<td></td>
<td>49</td>
</tr>
<tr>
<td>EBIT MARGIN</td>
<td>13%</td>
<td>-51%</td>
<td>-</td>
<td>-</td>
<td></td>
<td>2%</td>
</tr>
</tbody>
</table>

* Includes metal price effects

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### BRIDGE ANALYSIS

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Q3 2014</th>
<th>PRICE/ VOLUME/ PRODUCTIVITY</th>
<th>CURRENCY</th>
<th>STRUCTURE ONE-OFFS</th>
<th>Q3 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONSTRUCTION</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INVOICING</td>
<td>2,232</td>
<td>-320</td>
<td>130</td>
<td>-</td>
<td>2,037</td>
</tr>
<tr>
<td>EBIT</td>
<td>1</td>
<td>50</td>
<td>45</td>
<td>-</td>
<td>99</td>
</tr>
<tr>
<td>EBIT MARGIN</td>
<td>0%</td>
<td>N/A</td>
<td>-</td>
<td>-</td>
<td>5%</td>
</tr>
<tr>
<td>VENTURE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INVOICING</td>
<td>2,155</td>
<td>-300</td>
<td>140</td>
<td>-</td>
<td>1,994</td>
</tr>
<tr>
<td>EBIT</td>
<td>133</td>
<td>-90</td>
<td>-35</td>
<td>80*</td>
<td>91</td>
</tr>
<tr>
<td>EBIT MARGIN</td>
<td>6%</td>
<td>-30%</td>
<td>-</td>
<td>-</td>
<td>5%</td>
</tr>
</tbody>
</table>

*) PPA assigned to inventories and acquisition related in Q3 2014

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

% OF INVOICING BY BUSINESS AREA
RESTRUCTURING OUR FOOTPRINT

SUPPLY CHAIN OPTIMIZATION PROGRAM

FIRST PHASE
TOTAL 7 UNITS closed to date
(of which 1 unit closed in Q3)
3 UNITS REMAINING in Q4 2015
RUNRATE SAVINGS 549 MSEK
END OF Q3 out of 690 MSEK
target at year end 2015

SECOND PHASE
6 UNITS INITIATED of which 4 in
the third quarter  (3 Remaining)
TARGET SAVINGS at year end
2016 550 MSEK

2013 Q4
150
125
Target

FIRST PHASE -10
SECOND PHASE -9

END OF Q3 out of 690 MSEK
target at year end 2015

SANDVIK: Interim Report on the third quarter 2015
Comments and numbers refer to continuing operations unless otherwise stated
## SUPPLY CHAIN OPTIMIZATION

### SAVINGS TARGET (MSEK) FOR CONTINUING INFORMATION

<table>
<thead>
<tr>
<th></th>
<th>ORIGINAL SAVINGS TARGET FOR MINING</th>
<th>RELATED TO DISCONTINUED OPERATIONS</th>
<th>NEW TARGET FOR SANDVIK MINING</th>
<th>NEW GROUP TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUPPLY CHAIN OPTIMIZATION I</td>
<td>500</td>
<td>-110</td>
<td>390</td>
<td>690</td>
</tr>
<tr>
<td>SUPPLY CHAIN OPTIMIZATION II</td>
<td>400</td>
<td>-50</td>
<td>350</td>
<td>550</td>
</tr>
<tr>
<td>TOTAL</td>
<td>900</td>
<td>-160</td>
<td>740</td>
<td>-1,140</td>
</tr>
</tbody>
</table>

---

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SANDVIK: Interim Report on the third quarter 2015
STRONG CASH FLOW
• Continued inventory reduction

CHALLENGING MARKET CONDITIONS
• Mixed development in Europe, overall negative growth
• Indirect oil and gas exposure impacts North America
• Low demand in Asia, Japan the positive exception

EBIT 1,459 MSEK, 18.6%
• Currency effects +140 MSEK
• Savings 60 MSEK
• Additional savings initiated
## INVOICING

<table>
<thead>
<tr>
<th></th>
<th>MSEK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order Intake</td>
<td>7,841</td>
</tr>
<tr>
<td>Invoicing</td>
<td>7,836</td>
</tr>
</tbody>
</table>

## EBIT

<table>
<thead>
<tr>
<th></th>
<th>MSEK</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT</td>
<td>1,459</td>
</tr>
</tbody>
</table>

## ROCE

<table>
<thead>
<tr>
<th></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROCE</td>
<td>26.9%</td>
</tr>
</tbody>
</table>

### Comments and numbers refer to continuing operations unless otherwise stated
STABLE MARKET CONDITIONS

- But with higher uncertainty

MARGIN IMPROVEMENT

- EBIT 847 MSEK, 14.8%
- Currency effects +130 MSEK
- Savings +74 MSEK

SUPPLY CHAIN OPTIMIZATION

- One additional unit closed

PORTFOLIO REVIEW

- Intent to divest Mining Systems communicated
ORDER INTAKE 4,977 MSEK

INVOICING 5,712 MSEK

EBIT 847 MSEK

ROCE 19.8

Comments and numbers refer to continuing operations unless otherwise stated.
CHALLENGING MARKET CONDITIONS
• Persistently weak demand in oil and gas
• Further increased competition in standardized products

EBIT 49 MSEK, 1.5%
• Excluding metal price effect 5.8 %
• Metal price effect -135 MSEK
• Currency effects +65 MSEK
• Adjustment of cost base ongoing

STRONG CASH FLOW
• Net working capital at historically low levels
Excluding metal price effects and nonrecurring items, 184 MSEK, 5.8%
Challenging Market Conditions

- Relatively higher activity in North America

Significant Margin Improvement

- EBIT 99 MSEK, 4.9%
- Currency effect +45 MSEK
- Savings 57 MSEK

One Large Order

- Tunneling order of 220 MSEK to Australia
ORDER INTAKE
2,179 MSEK

INVOICING
2,037 MSEK

EBIT
99 MSEK

ROCE
2.8%

SANDVIK CONSTRUCTION – Q3 2015

Comments and numbers refer to continuing operations unless otherwise stated.
PERSISTANTLY CHALLENGING MARKET CONDITIONS IN OIL AND GAS

SEASONALLY LOW VOLUMES IMPACT EARNINGS

- EBIT 91 MSEK, 4.6%
- Currency effect -35 MSEK
- Ongoing savings initiatives

ACQUISITION OF EQUIPMENT MANUFACTURER WITHIN PROCESS SYSTEMS
SANDVIK VENTURE – Q3 2015

ORDER INTAKE
1,878 MSEK

INVOICING
1,994 MSEK

EBIT
91 MSEK

ROCE
6.0%

Comments and numbers refer to continuing operations unless otherwise stated.
SANDVIK MACHINING SOLUTIONS
- Leverage from Multi-brand model, with backend synergies
- Increase pace of core product launches and digital offering
- Invest in growth pockets and mid-market
- Conduct bolt-on M&A:s
- Continue site- restructuring and productivity improvements
- Further develop Supply Chain to optimize NWC

SANDVIK MINING
- Consolidate footprint: Manufacturing
- Cost efficiency: Sourcing, A&S and Lean
- Grow share of aftermarket and services
- New offering including mid-market
- Sales excellence
- Industry standard within safety

SANDVIK MATERIALS TECHNOLOGY
- Accelerate growth of strategic products, mainly in energy and energy efficiency
- Safeguard position in core and standard products through lean business model
- Secure utilization and cost position in the Primary-system
- Improve capital efficiency
- Exit non-core businesses

SANDVIK CONSTRUCTION
- Sales efficiency and commercial excellence
- Supply chain and footprint optimization
- Aftermarket development
- Focused growth areas
- Mid-market strategy
- Structured transformation program

SANDVIK VENTURE
- Accelerate growth of businesses
- New products
- Continued globalization
- Complimentary acquisitions
## LOAN AND DURATION PROFILE

### Cash position
- **Cash position**: 5,890 MSEK
- **Revolving Credit facilities**: 11,131 MSEK

### Long Term
- **89%**

### Short Term
- **11%**

### Table: Loan and Duration Profile

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Amount MSEK</th>
<th>Average Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Private Placement</td>
<td>6,667</td>
<td>4 years</td>
</tr>
<tr>
<td>Fin institutions, EIB, NIB</td>
<td>2,358</td>
<td>7 years</td>
</tr>
<tr>
<td>Swedish MTN</td>
<td>10,042</td>
<td>4 years</td>
</tr>
<tr>
<td>European MTN</td>
<td>10,345</td>
<td>11 years</td>
</tr>
<tr>
<td>Bank loans</td>
<td>2,770</td>
<td>3 years</td>
</tr>
<tr>
<td>Share swap</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36,050</strong></td>
<td><strong>6 years</strong></td>
</tr>
</tbody>
</table>

### Other Types
- **Commercial paper**: - (5 months)
- **Fin institutions, EIB, NIB**: - (1 month)
- **Swedish MTN**: 1,475 (5 months)
- **Bank loans**: 814 (1 month)
- **Share swap**: 1,579 (1 year)
LOAN MATURITY PROFILE

Comments and numbers refer to continuing operations unless otherwise stated.
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAPEX</td>
<td>Estimated at about 4 bn. SEK for 2015.</td>
</tr>
<tr>
<td>CURRENCY EFFECTS</td>
<td>Given currency rates at end of September the effect on EBIT would be +100 MSEK for Q4 2015.</td>
</tr>
<tr>
<td>METAL PRICE EFFECTS</td>
<td>Given currency rates, stock levels and metal prices at the end of September, it is estimated that effects on operating profit Q4 2015 will be about -100 MSEK.</td>
</tr>
<tr>
<td>NET FINANCIAL ITEMS</td>
<td>Net financial items is estimated to be -1.8 to -2.0 bn. SEK for 2015.</td>
</tr>
<tr>
<td>TAX RATE</td>
<td>The tax rate is estimated to about 26–28% for 2015.</td>
</tr>
</tbody>
</table>
“Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially affected by other factors for example, the effect of economic conditions, exchange-rate and interest-rate movements, political risks, impact of competing products and their pricing, product development, commercialisation and technological difficulties, supply disturbances, and the major customer credit losses.”