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

CHALLENGING MARKETS

LOW VOLUMES IMPACT PROFITABILITY

SAVINGS MEASURES SUPPORT EARNINGS AND LEVERAGE

ACTIONS TO IMPROVE STRUCTURE
### MARKET DEVELOPMENT

<table>
<thead>
<tr>
<th>Region</th>
<th>% of group revenue 2015</th>
<th>Y/Y order intake</th>
<th>Q/Q underlying demand trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUROPE</td>
<td>39%</td>
<td>+7%</td>
<td></td>
</tr>
<tr>
<td>NORTH AMERICA</td>
<td>21%</td>
<td>-26%</td>
<td></td>
</tr>
<tr>
<td>ASIA</td>
<td>20%</td>
<td>-8%</td>
<td></td>
</tr>
<tr>
<td>AFRICA/MIDDLE EAST</td>
<td>10%</td>
<td>-16%</td>
<td></td>
</tr>
<tr>
<td>SOUTH AMERICA</td>
<td>6%</td>
<td>-4%</td>
<td></td>
</tr>
<tr>
<td>AUSTRALIA</td>
<td>4%</td>
<td>+5%</td>
<td></td>
</tr>
</tbody>
</table>

**Y/Y UNDERLYING DEMAND TREND**

- Europe: +7%
- North America: -26%
- Asia: -8%
- Africa/Middle East: -16%
- South America: -4%
- Australia: +5%

Comments and numbers refer to continuing operations unless otherwise stated.

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ORDER INTAKE
SEQUENTIAL IMPROVEMENT

REPORTED  P/V
20 299  -7%

MSEK

REVENUES
POSITIVE BOOK-TO-BILL IN CHALLENGING MARKET

REPORTED  P/V
19 700  -7%

MSEK

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

REPORTED

2 413 MSEK

EBIT %

12.2%

-19%

• ORGANIC DECLINE
• CURRENCY HEADWIND
• SAVINGS

*Adjusted for nonrecurring items

Comments and numbers refer to continuing operations unless otherwise stated
CHALLENGING MARKETS

- EU overall stable; east outperformed west
- NA challenging across most segments
- Asia weak, primarily due to China

EBIT MARGIN 20.3% DESPITE ORGANIC DECLINE AND CURRENCY HEADWIND

- Operating margin improved from last year adjusting for currency
- Savings support profitability

RECORD-HIGH FIRST-QUARTER CASH FLOW

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Q1 2015</th>
<th>Q1 2016</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORDER INTAKE</td>
<td>8 596</td>
<td>8 050</td>
<td>-4%*</td>
</tr>
<tr>
<td>REVENUES</td>
<td>8 438</td>
<td>7 803</td>
<td>-5%*</td>
</tr>
<tr>
<td>ADJ. OP. PROFIT</td>
<td>1 809</td>
<td>1 587</td>
<td>-12%</td>
</tr>
</tbody>
</table>

| % OF REVENUES | 21.4% | 20.3% |

*At fixed exchange rates for comparable units

EBIT & ROCE DEVELOPMENT

Comments and numbers refer to continuing operations unless otherwise stated.
TOUGH MARKETS
- Equipment: weak overall demand
- Aftermarket: slight overall decrease and some price pressure for consumables

EBIT MARGIN 13.8% DESPITE CURRENCY HEADWIND
- Earnings supported by structural savings, partially off-setting negative currency impact

MERGER WITH CONSTRUCTION AS OF 1 JULY – MINING AND ROCK TECHNOLOGY

### EBIT MARGINS 13.8% DESPITE CURRENCY HEADWIND

- Earnings supported by structural savings, partially offsetting negative currency impact

### MERGER WITH CONSTRUCTION

- Merger with Construction as of 1 July – Mining and Rock Technology
SANDVIK MATERIALS TECHNOLOGY
- Large orders of ~600MSEK in capex related O&G products
- Positive book-to-bill of 1.1 in challenging market
- Savings supported stable underlying margin y/y (10%)

SANDVIK CONSTRUCTION
- Challenging market conditions, order intake -9% y/y
- Positive book-to-bill 1.1
- Less under-absorption and savings supported earnings

SANDVIK VENTURE
- Order intake -13% y/y; weak demand particularly in oil and gas
- Positive book-to-bill 1.1
- Under-absorption impacted earnings

Comments and numbers refer to continuing operations unless otherwise stated
TOMAS ELIASSON
CFO
## FINANCIAL SUMMARY

<table>
<thead>
<tr>
<th></th>
<th>Q1 2015</th>
<th>Q1 2016</th>
<th>CHANGE %</th>
<th>FY2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORDER INTAKE</td>
<td>22,574</td>
<td>20,299</td>
<td>-7*</td>
<td>83,597</td>
</tr>
<tr>
<td>REVENUES</td>
<td>21,960</td>
<td>19,700</td>
<td>-7*</td>
<td>85,845</td>
</tr>
<tr>
<td>OPERATING PROFIT</td>
<td>1,199</td>
<td>2,413</td>
<td>+101</td>
<td>7,271</td>
</tr>
<tr>
<td>% OF REVENUES</td>
<td>5.5</td>
<td>12.2</td>
<td></td>
<td>8.5</td>
</tr>
<tr>
<td>ADJ. OPERATING PROFIT</td>
<td>2,977</td>
<td>2,413</td>
<td>-19</td>
<td>10,593</td>
</tr>
<tr>
<td>% OF REVENUES</td>
<td>13.6</td>
<td>12.2</td>
<td></td>
<td>12.3</td>
</tr>
<tr>
<td>NWC %</td>
<td>29</td>
<td>28</td>
<td></td>
<td>27</td>
</tr>
<tr>
<td>OPERATING CASH FLOW</td>
<td>2,670</td>
<td>1,602</td>
<td>-40</td>
<td>12,793</td>
</tr>
<tr>
<td>ROCE %</td>
<td>11.9</td>
<td>11.2</td>
<td></td>
<td>9.5</td>
</tr>
<tr>
<td>EPS**, SEK</td>
<td>0.33</td>
<td>1.12</td>
<td></td>
<td>1.79</td>
</tr>
</tbody>
</table>

*At fixed exchange rates for comparable units

**EPS including Mining systems; EPS excluding Mining systems Q1 2016: 1.16

TOTAL GROWTH: -10%
ORGANIC: -7
CURRENCY: -4
STRUCTURE: 0

Comments and numbers refer to continuing operations unless otherwise stated.
SANDVIK: Interim Report on the first quarter 2016

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

SANDVIK GROUP

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Q1 2015</th>
<th>PRICE/ VOLUME/ PRODUCTIVITY</th>
<th>CURRENCY</th>
<th>STRUCTURE ONE-OFFS*</th>
<th>Q1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUES</td>
<td>21 960</td>
<td>-1 179</td>
<td>-833</td>
<td>-248</td>
<td>19 700</td>
</tr>
<tr>
<td>EBIT</td>
<td>1 199</td>
<td>-115</td>
<td>-375</td>
<td>1 704</td>
<td>2 413</td>
</tr>
<tr>
<td>EBIT MARGIN</td>
<td>5.5%</td>
<td>-10%</td>
<td>-</td>
<td>-</td>
<td>12.2%</td>
</tr>
</tbody>
</table>

* Includes metal price effects

Comments and numbers refer to continuing operations unless otherwise stated.
Net working capital

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Working Capital MSEK</th>
<th>BA Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>15,000</td>
<td>15%</td>
</tr>
<tr>
<td>2014</td>
<td>17,000</td>
<td>20%</td>
</tr>
<tr>
<td>2015</td>
<td>19,000</td>
<td>25%</td>
</tr>
<tr>
<td>2016</td>
<td>21,000</td>
<td>30%</td>
</tr>
</tbody>
</table>

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- SEASONAL BUILD-UP OF NWC
- INVESTMENTS 0.7 BSEK, LOW IN LINE WITH NORMAL SEASONALITY
FINANCIAL NET DEBT

• NET GEARING 0.69
  WELL BELOW TARGET OF <0.8

• ND/EBITDA ~2
  LOWEST SINCE Q1 2014
OUTCOME AND GUIDANCE

Q1 2016
Currency effect (MSEK): -375 (-300)
Metal price effect (MSEK): -106 (-130)

Q2 2016
Currency effect (MSEK): -500
Metal price effect (MSEK): -50

FULL YEAR 2016 - UNCHANGED
Capex (BSEK): <4.1
Net financial items (BSEK): 1.7-1.9
Tax rate (%): 26-28
CONCLUSIONS

WEAK END-MARKETS

SOLID PROFITABILITY

ACTIONS TO CHANGE STRUCTURE
BACK-UP SLIDES
MINING (28%)  AUTOMOTIVE (12%)

GENERAL ENGINEERING (24%)  CONSTRUCTION (11%)

ENERGY (13%)  AEROSPACE (6%)

END-CUSTOMER SEGMENTS
(% OF GROUP REVENUES 2015 EXCL. MINING SYSTEMS)
CHANGE IN CURRENCY MODEL - AS OF Q1

TOTAL CURRENCY EFFECTS

1. TRANSACTION incl. realized hedges

2. TRANSLATION

3. HEDGES realized and unrealized, bridge item

4. ASSET REVALUATION AR, AP and foreign bank accounts

REPORTING

BEFORE 2016

AS OF Q1 2016

GUIDANCE

UNCHANGED

REPORTED AS CURRENCY EFFECT

REPORTED AS CURRENCY EFFECT

UNCHANGED TRANSACTION & TRANSLATION

INCLUDED IN ORGANIC DEVELOPMENT

UNCHANGED REPORTING

UNCHANGED TRANSLATION

BETTER UNDERSTANDING OF UNDERLYING OPERATIONAL PERFORMANCE

HIGHER VOLATILITY IN OUTCOME VS GUIDANCE

SANDVIK: Interim Report on the first quarter 2016

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

<table>
<thead>
<tr>
<th>MSEEK</th>
<th>Q1 2015</th>
<th>PRICE/ VOLUME/ PRODUCTIVITY</th>
<th>CURRENCY</th>
<th>STRUCTURE ONE-OFFS*</th>
<th>Q1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MACHINING SOLUTIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td>8 438</td>
<td>-437</td>
<td>-198</td>
<td>-</td>
<td>7 803</td>
</tr>
<tr>
<td>EBIT</td>
<td>1 129</td>
<td>-63</td>
<td>-159</td>
<td>680</td>
<td>1 587</td>
</tr>
<tr>
<td>EBIT MARGIN</td>
<td>13.4%</td>
<td>-14%</td>
<td>-</td>
<td>-</td>
<td>20.3%</td>
</tr>
<tr>
<td><strong>MINING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td>5 489</td>
<td>-56</td>
<td>-481</td>
<td>-</td>
<td>4 952</td>
</tr>
<tr>
<td>EBIT</td>
<td>215</td>
<td>55</td>
<td>-211</td>
<td>626</td>
<td>685</td>
</tr>
<tr>
<td>EBIT MARGIN</td>
<td>3.9%</td>
<td>N/A</td>
<td>-</td>
<td>-</td>
<td>13.8%</td>
</tr>
<tr>
<td><strong>MATERIALS TECHNOLOGY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td>3 712</td>
<td>-203</td>
<td>-20</td>
<td>-258</td>
<td>3 231</td>
</tr>
<tr>
<td>EBIT</td>
<td>100</td>
<td>-41</td>
<td>-7</td>
<td>164</td>
<td>216</td>
</tr>
<tr>
<td>EBIT MARGIN</td>
<td>2.7%</td>
<td>-20%</td>
<td>-</td>
<td>-</td>
<td>6.7%</td>
</tr>
</tbody>
</table>

* Includes metal price effects

SANDVIK: Interim Report on the first quarter 2016

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### BRIDGE ANALYSIS

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Q1 2015</th>
<th>PRICE/ VOLUME/ PRODUCTIVITY</th>
<th>CURRENCY</th>
<th>STRUCTURE ONE-OFFS</th>
<th>Q1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONSTRUCTION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td>2 144</td>
<td>-105</td>
<td>-94</td>
<td>-</td>
<td>1 945</td>
</tr>
<tr>
<td>EBIT</td>
<td>-95</td>
<td>19</td>
<td>-1</td>
<td>160</td>
<td>83</td>
</tr>
<tr>
<td>EBIT MARGIN</td>
<td>-4.4%</td>
<td>N/A</td>
<td>-</td>
<td>-</td>
<td>4.3%</td>
</tr>
<tr>
<td><strong>VENTURE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td>2 172</td>
<td>-380</td>
<td>-39</td>
<td>10</td>
<td>1 763</td>
</tr>
<tr>
<td>EBIT</td>
<td>192</td>
<td>-96</td>
<td>-38</td>
<td>37</td>
<td>95</td>
</tr>
<tr>
<td>EBIT MARGIN</td>
<td>8.8%</td>
<td>-25%</td>
<td>-</td>
<td>-</td>
<td>5.4%</td>
</tr>
</tbody>
</table>

SANDVIK: Interim Report on the first quarter 2016

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

SAVINGS ANNUAL RUN-RATE (MSEK) VS. LAST YEAR AND TOTAL

<table>
<thead>
<tr>
<th>Supply Chain Optimization</th>
<th>Adjust of Cost Base/Right Sizing</th>
<th>Total</th>
<th>Total Annual Run-Rate vs. Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sandvik Machining Solutions</td>
<td>162</td>
<td>248</td>
<td>54</td>
</tr>
<tr>
<td>Sandvik Mining</td>
<td>198</td>
<td>-</td>
<td>78</td>
</tr>
<tr>
<td>Sandvik Materials Technology</td>
<td>132</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sandvik Construction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sandvik Venturing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group Activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>360</td>
<td>248</td>
<td>132</td>
</tr>
</tbody>
</table>

Target 2.1 BSEK

Comments and numbers refer to continuing operations unless otherwise stated.
SUPPLY CHAIN OPTIMIZATION PROGRAM
CONTINUING OPERATIONS

FIRST PHASE
- FINALIZED AT END Q4 2015
- RUN-RATE SAVINGS
  600 MSEK END OF Q4
  (out of 690 MSEK target)

SECOND PHASE
- 8 UNITS IN SCOPE,
  (1 UNIT CLOSED, 3 PLANNED FOR
  CLOSURE IN Q2)
- TARGET SAVINGS 320 MSEK
  at year end 2016

THIRD PHASE
- 5 UNITS IN SCOPE
- TARGET SAVINGS 323 MSEK
  at year end 2017

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 tubular products

LARGE ORDERS ~600MSEK

- Positive book-to-bill

EBIT 216 MSEK, 6.7%

- Excluding metal price effect 10.0%, on par with last year
- Metal price effect -106 MSEK
- Adjustment of cost base ongoing
SANDVIK MATERIALS TECHNOLOGY

ORDER INTAKE
3,488 MSEK

REVENUES
3,231 MSEK

EBIT
216 MSEK

ROCE
1.0%

Excluding metal price effects
322 MSEK, 10.0 %

Comments and numbers refer to continuing operations unless otherwise stated.
SANDVIK CONSTRUCTION

CHALLENGING MARKET CONDITIONS

• Positive book-to-bill 1.1
• Aftermarket stable

MARGIN IMPROVEMENT AND ALL-TIME LOW ABSOLUTE NWC

• Adjusted EBIT 83 MSEK, 4.3%
• Less under-absorption and savings support margin
• All-time low absolute NWC and low NWC in relation to revenues 22.9%

NEW BUSINESS AREA AS OF 1 JULY – MINING AND ROCK TECHNOLOGY

Comments and numbers refer to continuing operations unless otherwise stated
SANDVIK CONSTRUCTION

ORDER INTAKE
2,087 MSEK

REVENUES
1,945 MSEK

EBIT
83 MSEK

ROCE
3.8%

Comments and numbers refer to continuing operations unless otherwise stated.
SANDVIK VENTURE

WEAK OVERALL DEMAND
• Persistently weak demand in oil and gas
• Positive book-to-bill supported by good order intake in Process Systems for industrial processing

UNDERABSORPTION IMPACT EARNINGS
• Adjusted EBIT 95 MSEK, 5.4%
• Price pressure in Wolfram and Drilling and Completions
• Further inventory reductions primarily in Wolfram

MITIGATION ACTIONS ON-GOING
SANDVIK VENTURE

ORDER INTAKE
1,936 MSEK

REVENUES
1,763 MSEK

EBIT
95 MSEK

ROCE
3.2%

Comments and numbers refer to continuing operations unless otherwise stated.
**LOAN AND DURATION PROFILE**

**LONG TERM**  
85%  

<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>6,424</td>
<td>4 years</td>
</tr>
<tr>
<td>Fin institutions, EIB, NIB</td>
<td>1,976</td>
<td>7 years</td>
</tr>
<tr>
<td>Swedish MTN</td>
<td>8,030</td>
<td>4 years</td>
</tr>
<tr>
<td>European MTN</td>
<td>10,117</td>
<td>10 years</td>
</tr>
<tr>
<td>Bank loans</td>
<td>2,836</td>
<td>3 years</td>
</tr>
<tr>
<td>Share swap</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**SHORT TERM**  
15%  

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Amount MSEK</th>
<th>Average Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial paper</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fin institutions, EIB, NIB</td>
<td>329</td>
<td>6 months</td>
</tr>
<tr>
<td>Swedish MTN</td>
<td>3,000</td>
<td>6 months</td>
</tr>
<tr>
<td>Bank loans</td>
<td>356</td>
<td>6 months</td>
</tr>
<tr>
<td>Share swap</td>
<td>1,352</td>
<td>3 months</td>
</tr>
</tbody>
</table>

**TOTAL**  
34,420  
5 years

Comments and numbers refer to continuing operations unless otherwise stated

Cash position  
7,170 MSEK

Revolving Credit facilities  
10,994 MSEK
Comments and numbers refer to continuing operations unless otherwise stated.
<table>
<thead>
<tr>
<th>GUIDANCE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CAPEX</strong></td>
<td>Estimated at below 4.1 BSEK for 2016</td>
</tr>
<tr>
<td><strong>CURRENCY EFFECTS</strong></td>
<td>Given currency rates at end of March 2016 the effect on EBIT from transaction and translation would be -500 MSEK for Q2 2016</td>
</tr>
<tr>
<td><strong>METAL PRICE EFFECTS</strong></td>
<td>Given currency rates, stock levels and metal prices at the end of March 2016, it is estimated that effects on operating profit in Q2 2016 will be about -50 MSEK</td>
</tr>
<tr>
<td><strong>NET FINANCIAL ITEMS</strong></td>
<td>Net financial items is estimated to be -1.7 to -1.9 BSEK for 2016</td>
</tr>
<tr>
<td><strong>TAX RATE</strong></td>
<td>The tax rate is estimated to about 26–28% for 2016</td>
</tr>
</tbody>
</table>
DISCLAIMER STATEMENT

“Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially affected by other factors for example, the effect of economic conditions, exchange-rate and interest-rate movements, political risks, impact of competing products and their pricing, product development, commercialisation and technological difficulties, supply disturbances, and the major customer credit losses.”