INTERIM REPORT
ON THE FOURTH QUARTER
AND FULL YEAR 2014
CEO’S COMMENT: “Looking back at 2014, we noted favorable performance and strong earnings growth for Sandvik Machining Solutions, Sandvik Materials Technology and Sandvik Venture. The performance of Sandvik Mining and Sandvik Construction was adversely impacted by weak markets, however, demand stabilized and we are currently implementing structural efficiency measures to improve performance in 2015. During 2014, we took actions to further optimize the Sandvik business portfolio in an effort to reduce earnings volatility, develop more towards fast-growing markets and yield higher returns. According to plan, we completed five out of 11 unit closures within the first phase of the ongoing supply chain optimization program. The program generated savings at an annual run-rate of 260 million SEK at year-end 2014, and targets a total of 800 million SEK by year-end 2015. The actions taken will lead to a more efficient and focused Sandvik,” says Sandvik’s President and CEO Olof Faxander.

“Strong cash flow from operations totaling 4.1 billion SEK, supported by the successful reduction in net working capital, particularly in terms of inventories. This contributed to driving the net debt to equity ratio to 0.75 in the fourth quarter, below our long-term target of 0.8. The continued focus to reduce net working capital will contribute to cash flow in Sandvik, thereby supporting the dividend of 3.50 SEK (3.50) per share, as proposed by the Board of Directors.”

“Looking at the fourth quarter in isolation, we noted a mixed demand pattern. The underlying business activity remained largely unchanged compared with the preceding quarter, except for a slight increase in the level of caution being exercised by customers in the energy segment. In the long term, we believe in the viability of our strategy to further grow our position in the energy segment, however short-term demand is likely to be hampered by a low and volatile oil price. Global demand from the mining industry remained stable and on par with the preceding quarter.”

### FINANCIAL OVERVIEW, MSEK

<table>
<thead>
<tr>
<th></th>
<th>Q4 2014</th>
<th>Q4 2013</th>
<th>CHANGE %</th>
<th>Q1-4 2014</th>
<th>Q1-4 2013</th>
<th>CHANGE %</th>
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<tr>
<td>Order intake</td>
<td>21 286</td>
<td>20 794</td>
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<td>85 957</td>
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<td>31 603</td>
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<td>N/M</td>
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<td>N/M</td>
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<tr>
<td>% of invoiced sales</td>
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<td></td>
<td>6.7</td>
<td>5.7</td>
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<td>of which shareholders’ interest</td>
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<td>48</td>
<td>N/M</td>
<td>6 011</td>
<td>5 013</td>
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<td>Earnings per share, SEK</td>
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<td>0.04</td>
<td>N/M</td>
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<td>4.00</td>
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<tr>
<td>Return on capital employed, %</td>
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<td></td>
<td>13.4</td>
<td>12.6</td>
<td></td>
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<tr>
<td>Cash flow from operations</td>
<td>+4 104</td>
<td>+2 857</td>
<td>+44</td>
<td>+9 515</td>
<td>+5 133</td>
<td>+85</td>
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<tr>
<td>Net working capital, %</td>
<td>28</td>
<td>27</td>
<td></td>
<td>28</td>
<td>27</td>
<td></td>
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</tbody>
</table>

1) Change from the preceding year at fixed exchange rates for comparable units.
2) Operating profit adjusted by 2,140 million SEK for the full year 2013 and by 8 million SEK for the full year of 2014.
3) Calculated on the basis of the shareholders’ share of profit for the period. No dilutive impact during the period.
4) Rolling 12 months.

Tables and calculations do not always agree exactly with the totals due to rounding.
Comparisons refer to the year-earlier period, unless stated otherwise.
N/M = non-meaningful
MARKET DEVELOPMENT AND EARNINGS

Underlying market conditions remained largely unchanged compared with the third quarter, with the exception of the energy segment, where customer lead times are longer for their investment decisions due to a low and volatile oil price. Demand from the mining industry remained at a low level. Sandvik Machining Solutions still benefited from a high activity level in the aerospace industry and robust demand in automotive. Book-to-bill was 0.91 in the fourth quarter, primarily adversely impacted by Mining Systems. The adjusted operating profit of 2,552 million SEK grew by +7% year-on-year, and 10.9% in relation to sales (11.0%). The adjusted operating profit was positively impacted by changed exchange rates in the amount of 270 million SEK and by 71 million SEK from two divestments in Sandvik Materials Technology. Changed metal prices had an adverse impact of -71 million SEK.

Market demand was largely on par with the preceding quarter, with the exception of the energy segment, which recorded lower demand from oil & gas customers. However, a large order valued at about 280 million SEK was received from the nuclear segment. The mining industry did not show any tangible signs of recovery for equipment and remained generally stable. The North American market remained favorable, and this was particularly notable in the automotive and aerospace segments. Europe was largely stable, albeit with regional variations, with demand in Russia remaining weak due to trade sanctions from the EU. Business activity in Asia remained consistent at a high level. Mining-related markets were persistently weak.

On a year-on-year basis, acquisitions and divestments had a positive effect of 2% on order intake and invoiced sales, driven by the acquisition of Varel International Energy Services Inc. (Varel). Changes in exchange rates were significant, contributing 7% to order intake and invoiced sales.

Earnings amounted to 2.6 billion SEK for the quarter, or 11.2% of invoiced sales. Changed metal prices affected operating profit in the amount of -71 million SEK. This was offset by a positive effect from divestments at Sandvik Materials Technology, the combined effect of 71 million SEK. Changed exchange rates contributed approximately 270 million SEK to earnings as the SEK depreciated against several major trading currencies. While administrative expenses decreased year-on-year, selling expenses increased, mainly due to changed exchange rates and the acquisition of Varel. Additionally, Sandvik Machining Solutions increased its sales and marketing efforts compared with the year-earlier period. The savings generated by the supply chain optimization program were 65 million SEK in the fourth quarter.

Net financial items amounted to -502 million SEK (-524) and earnings per share totaled 1.21 SEK (0.04) for the quarter. The guidance for net financial items for 2015 is about -2.0 billion SEK.

The tax rate for the fourth quarter was 29.1% (30.0%) and the tax guidance for 2015 is 26-28% versus a full-year tax rate of 27.5% in 2014.
Reduced working capital, primarily as a result of lower inventory levels, resulted in strong cash flow and a strengthened balance sheet. Consequently, the net debt/equity ratio decreased to 0.75. Capital expenditure (capex) amounted to 1.5 billion SEK in the fourth quarter and is expected to be below 5 billion SEK in 2015.

Total assets increased compared with the preceding quarter. The reason for this was the weakening of the SEK against several other trading currencies. This was partly offset by reduced inventory levels.

Working capital was reduced by about 2.0 billion SEK, while the net reduction was 1.9 billion SEK adjusted for changes in metal prices. This was the result of a planned decrease in stock levels in mainly Sandvik Materials Technology, Sandvik Mining and Sandvik Construction. All business areas curtailed purchasing activities, thereby resulting in reduced accounts payable. Accounts receivable declined, which was partly offset by lower advance payments from customers. Working capital as a percentage of invoiced sales was 28%, down on the preceding quarter primarily due to lower inventories.

Capital expenditure (capex) for the fourth quarter amounted to 1.5 billion SEK and 4.7 billion SEK for full-year 2014. Investments were higher in the fourth quarter due to normal seasonality.

Net debt declined to 31 billion SEK compared with 33 billion SEK in the preceding quarter. The decline was mainly attributable to reduced working capital and consistent earnings. Consequently, the net debt/equity ratio decreased to 0.75 compared with 0.87 in the preceding quarter. Interest-bearing debt with short-term maturity was a low 7% of total debt.

The decrease in working capital combined with earnings contributed significantly to cash flow. Cash flow from operations thus amounted to 4,104 million SEK (2,857).
Business conditions in the fourth quarter remained largely unchanged for Sandvik Mining. Demand from mining customers for equipment, mining systems and aftermarket remained stable and was similar to previous quarters in 2014. During the quarter, the crushing production unit in Bergneustadt, Germany, was closed as part of the supply chain optimization program.

Market demand remained relatively unchanged in the fourth quarter for much of Sandvik Mining’s business. The low investment levels in the global mining industry persisted, particularly for coal and iron ore. Nevertheless, demand for mining equipment has remained stable over the past four quarters, albeit far below the peak levels of 2012. Demand in the aftermarket business and for mining systems remained stable compared with the preceding quarter. Order intake amounted to 5,695 million SEK (6,514), up 1% compared with the preceding quarter at fixed exchange rates for comparable units. Book-to-bill was 0.81 in the fourth quarter, primarily adversely impacted by Mining Systems. Invoiced sales amounted to 7,039 million SEK (7,334), with mining systems making a strong contribution.

Earnings adjusted for nonrecurring charges amounted to 644 million SEK (770), or 9.2% of invoiced sales (10.5%).

Changed exchange rates made a positive contribution to operating profit of about 20 million SEK compared with the year-earlier period and had a negligible impact compared with the preceding quarter. Low sales and production rates continued to impact operating profit as a result of the underutilization of fixed assets. Inventories were significantly reduced by nearly 400 million SEK, resulting in strong cash flow. Provisions for stock obsolescence and bad debt losses were negligible. Return on capital employed for the most recent 12-month period was 16.7% (18.5).

The workforce was reduced by a further 92 from the preceding quarter due to the ongoing supply chain optimization program and the business area’s continued efforts to reduce costs. The cost saving actions will be balanced to efficiently address a weak business climate without negatively affecting the long-term growth ambitions of Sandvik Mining.

The activities to optimize the global supply chain progressed according to plan with the closure of one unit, Bergneustadt in Germany. In total, Sandvik Mining closed two units during 2014, generating savings of about 15 million SEK in the fourth quarter, with an annual run-rate of 60 million SEK at the end of 2014. Additional closures are planned for 2015.
Demand for Sandvik Machining Solutions’ products improved year-on-year. In North America, demand remained favorable, while business activity in Asia remained constant at a healthy level and demand in Europe was generally stable, although Russia continued to have a negative impact. On a sequential basis, business conditions remained largely unchanged, adjusted for normal seasonal variations. Order intake amounted to 8.1 billion SEK, up 3% compared with the year-earlier period at fixed exchange rates for comparable units. Operating profit amounted to 1,622 million SEK (1,084), or 20.0% (14.7) of invoiced sales.

Market demand in the automotive segment remained strong in North America and Asia, while Europe was stable at lower growth rates. Customer activity in the aerospace segment remained favorable. From a geographical perspective, Russian demand continued to be negatively impacted by trade sanctions in Europe, and the weak trend of the Russian Ruble (RUB). In contrast, the UK and Italian markets were strong, and Germany was stable on a sequential basis. The market situation remained robust in North America, with continued strong demand from the automotive and aerospace industries. Asian demand remained firm, with China noting a high demand level albeit with lower growth rates. As observed earlier in the year, adverse macroeconomic conditions were evident in South America and Brazil in particular. The number of working days had a negligible effect on order intake and invoiced sales.

Earnings adjusted for nonrecurring charges amounted to 1,622 million SEK (1,434) and the adjusted operating profit margin increased to 20.0% (19.5%). Changed exchange rates made a positive contribution of about 130 million SEK compared with the year-earlier period. Production rates were largely unchanged from the preceding quarter, and inventory levels remain in line with current demand. Net working capital in relation to invoiced sales was 24% (24) and cash flow was strong. Compared with the year-earlier period, sales activities and R&D investments increased, however, they remained flat sequentially, positioning the business area for future profitable growth. These strategic investments have now reached the targeted level. Return on capital employed for the most recent 12-month period was 29.5% (26.3).

Activities to optimize the global supply chain progressed according to plan with the closure of two units finalized in the quarter: Piacenza in Italy and Featherstone in the UK. The total supply chain optimization program generated savings of about 30 million SEK in the fourth quarter, with an annual run-rate of 120 million SEK at the end of 2014. Additional closures are planned for 2015.

**GROWTH**

<table>
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<tr>
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<th>ORDER INTAKE</th>
<th>INVOICED SALES</th>
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<tbody>
<tr>
<td>Price/volume, %</td>
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<td>+3</td>
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<tr>
<td>Structure, %</td>
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<td>+0</td>
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<tr>
<td>Currency, %</td>
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<td>+7</td>
</tr>
<tr>
<td>TOTAL, %</td>
<td>+11</td>
<td>+10</td>
</tr>
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</table>

Change compared to same quarter last year. The table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

**FINANCIAL OVERVIEW, MSEK**

<table>
<thead>
<tr>
<th>Financial Item</th>
<th>Q4 2014</th>
<th>Q4 2013</th>
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<th>CHANGE %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>8 129</td>
<td>7 354</td>
<td>+3 *</td>
<td>7 711</td>
<td>+3 *</td>
<td>31 328</td>
<td>+4 *</td>
</tr>
<tr>
<td>Invoiced sales</td>
<td>8 122</td>
<td>7 363</td>
<td>+3 *</td>
<td>7 658</td>
<td>+4 *</td>
<td>30 856</td>
<td>+4 *</td>
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<tr>
<td>Operating profit</td>
<td>1 622</td>
<td>1 084</td>
<td>+50</td>
<td>1 496</td>
<td>+8</td>
<td>6 159</td>
<td>+18</td>
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<tr>
<td>% of invoiced sales</td>
<td>20.0</td>
<td>14.7</td>
<td></td>
<td>19.5</td>
<td></td>
<td>20.0</td>
<td></td>
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<tr>
<td>Adjusted operating profit**</td>
<td>1 622</td>
<td>1 434</td>
<td>+13</td>
<td>1 496</td>
<td>+8</td>
<td>6 159</td>
<td>+8</td>
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<tr>
<td>% of invoiced sales**</td>
<td>20.0</td>
<td>19.5</td>
<td></td>
<td>19.5</td>
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<td>20.0</td>
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<td>Return on capital employed,*****</td>
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<td>Number of employees</td>
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<td>18 906</td>
<td>+0</td>
<td>18 927</td>
<td>-1</td>
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* At fixed exchange rates for comparable units
** Operating profit adjusted for nonrecurring charges by about 350 million SEK for Q4 2013
*** Rolling 12 months
Business conditions for Sandvik Materials Technology were largely on a par with the preceding quarter, except for the adoption of a more tentative approach by customers in the energy segment. Changed metal prices negatively affected earnings by -71 million SEK. Adjusted for metal price effects and the capital gain from divestments of 71 million SEK, operating profit amounted to 330 million SEK (430), or 8.8% (12.8) of invoiced sales in the fourth quarter. The operating margin was negatively affected by the under-absorption of fixed costs due to inventory reductions. The reported operating margin was 8.8% (10.4).

Market demand for Sandvik Materials Technology was in line with the levels noted in the preceding quarter for most industry segments. However, the lead times for investment decisions of customers in the energy segment are longer due to a low and volatile oil price. Nevertheless, no order book cancellations were received. During the quarter, a major order was secured for steam generator tubes for the nuclear industry from a customer in Asia. The value of the order was about 280 million SEK. Demand for the standard product range remained challenging, particularly in Europe. Order intake increased significantly in North America versus a low level in the third quarter due to the timing of orders and favorable business conditions. Demand in Asia remained unchanged. Order intake amounted to 3,296 million SEK (3,672) and invoiced sales to 3,758 million SEK (3,360).

Earnings were significantly negatively affected by the under-absorption of fixed cost resulting from low production rates as inventories were reduced from an excessively high level at the beginning of the fourth quarter. In addition, metal price changes, predominately for nickel, adversely affected results by -71 million SEK, while the capital gain from divestments had a positive impact of 71 million SEK. The reported operating margin was 8.8% in the fourth quarter. Adjusted for metal-price effects and the capital gain from divestments, earnings amounted to 330 million SEK (430), or 8.8% (12.8) of invoiced sales. Changed exchange rates had a positive impact on earnings of about 90 million SEK compared with the year-earlier period and about 30 million SEK compared with the preceding quarter. Return on capital employed for the most recent 12-month period was 13.7% (9.8), or 11.5% adjusted for metal-price effects.

In line with the strategic direction to focus on core business and attractive growth segments, such as energy and energy efficiency, the process to exit non-core operations continued. During the fourth quarter, divestments of the distribution business in Australia and New Zealand and the power spring business in the US and Mexico were finalized. The total positive contribution to cash flow from the divestments amounted to about 460 million SEK, the majority of which was recognized in the fourth quarter. The combined capital gain from the divestments amounted to 71 million SEK. In December, a decision was also made to close down the die cutting operations in China, which reported sales of 75 million SEK in 2013 and manufactures cutting rules for the packaging industry. The closure is expected to be finalized during the second quarter of 2015.

### Financial Overview, MSEK

<table>
<thead>
<tr>
<th>Financial Metric</th>
<th>Q4 2014</th>
<th>Q4 2013</th>
<th>Change %</th>
<th>Q3 2014</th>
<th>Change %</th>
<th>Q1-4 2014</th>
<th>Change %</th>
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<tbody>
<tr>
<td>Order intake</td>
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<td>3,335</td>
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<td>12.9</td>
<td>12.6</td>
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<tr>
<td>Adjusted operating profit**</td>
<td>259</td>
<td>350</td>
<td>-26</td>
<td>482</td>
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<td>1,809</td>
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<td>% of invoiced sales**</td>
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<td>Return on capital employed, %***</td>
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* At fixed exchange rates for comparable units
** Operating profit adjusted for capital gain from divestments by about -71 million SEK for Q4 2014
*** Rolling 12 months
The overall level of demand remained depressed for Sandvik Construction. Order intake growth in the fourth quarter was supported by an order cancellation in the year-earlier period. Asia, and particularly China, remained challenging in terms of equipment demand. Production levels were low – not least due to structural inventory reductions underpinning cash flow generation – and adversely impacting earnings in the fourth quarter. Adjusted operating profit amounted to 4 million SEK (-23), or 0.2% (-1.0). Strategic initiatives to fundamentally improve the long term performance are progressing according to plan, with the closure of one large unit to be finalized during the first quarter of 2015.

Market demand generally remained stable at a low level for Sandvik Construction. Reported order intake grew by 6% year-on-year, although when adjusted for the order cancellation noted in the fourth quarter of 2013, order intake was -1% year-on-year. The earlier noted pattern persisted with relatively higher underlying market activity for surface drilling and tunneling, while the climate was particularly harsh within mobile crushing, notably so in China. Europe remained stable at a low level, with Northern regions outpacing their Southern counterparts, where smaller customers continue to face financing difficulties and investment decisions are being postponed. Some signs of increased market activity were noted in North America. Demand for rock tools, consumables and services was largely unchanged as customer production rates remained intact.

Earnings recovered from the loss recorded in the year-earlier period. However, profitability suffered from production rates being lower than sales, predominantly in mobile crushing, due to inventory reductions, weak volumes in China and adverse geographical and product mixes. Changed exchange rates impacted operating profit positively by 15 million SEK. The intense focus on reducing inventories resulted in a net working capital to sales ratio of 26%, down sequentially from 28%. Cash flow from operations amounted to 408 million SEK.

To improve long term profitability Sandvik Construction is progressing according to plan with the closure of the mobile crushing unit in Swadlincote, UK. The majority of actions have been implemented by end of fourth quarter, with the final closure to be realized during the first quarter. The supply chain optimization program generated savings of about 20 million SEK in the fourth quarter, with an annual run-rate of 80 million SEK at the end of 2014.
The overall market situation was stable for Sandvik Venture’s products and services in the fourth quarter, with the exception of Varel International Energy Services Inc. (Varel), for which demand was somewhat adversely impacted by lower oil prices. Order intake increased year-on-year and amounted to 2.1 billion SEK (1.5). The reported financial outcome was significantly affected by the acquisition of Varel in May. Invoiced sales amounted to 2.3 billion SEK (1.5). Operating profit amounted to 335 million SEK (309) or 14.6% (20.1) of invoiced sales.

Market demand was mixed for Sandvik Venture’s product areas, with a generally stable market sentiment noted, except for slightly weaker demand in the energy segment. Demand from the oil and gas sector was affected by the lower oil price, which mainly impacted Varel, but also Hyperion to some extent. Sandvik Process Systems’ order intake decreased sequentially following a strong third quarter. Sandvik Hyperion reported strong demand, especially in North America and Asia. Demand for products from Wolfram was stable, although the price of tungsten continued to decline during the quarter. Order intake for Sandvik Venture amounted to 2,123 million SEK (1,456), and invoiced sales to 2,301 million SEK (1,538). The significant increases are attributable to the acquisition of Varel.

Order intake and invoiced sales decreased by 7% and 1%, respectively, at fixed exchange rates for comparable units.

Earnings amounted to 335 million SEK (309) or 14.6% (20.1) of invoiced sales, including purchase price allocations from the Varel acquisition, which impacted the operating margin by about 3%. Further details about this acquisition are provided on page 10. Operating profit for Sandvik Process Systems declined somewhat year-on-year, partly due to an unfavorable product mix. Sandvik Hyperion and Varel made a significant contribution to earnings. Wolfram maintained production rates below the level of sales to reduce inventory levels. Although this adversely affected earnings, it contributed to a strong cash flow for the business area. Changes in exchange rates had a positive effect of 15 million SEK on earnings compared with the year-earlier period and were insignificant compared with the preceding quarter. Return on capital employed for the most recent 12-month period was 7.4% (9.6).

To protect profitability, Varel is already in the process of implementing cost-cutting measures given the reduced demand resulting from lower oil prices. This is being carried out in a balanced manner while maintaining the flexibility to capture growth when demand rebounds.
PARENT COMPANY

For full-year 2014, invoiced sales amounted to 16,475 million SEK (15,873) and the operating result was -1,165 million SEK (-687). Income from shares in Group companies consists primarily of dividends and Group contributions from these and amounted 8,224 million SEK (14,158) for full-year 2014. Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to 9,561 million SEK (19,462). Investments in property, plant and machinery amounted to 1,227 million SEK (1,257).

ACQUISITIONS AND DIVESTMENTS

On 21 May 2014, Sandvik acquired 100% of the shares in Varel International Energy Services Inc. (Varel). The final consideration, following adjustments under the agreement, included settlements of loans totaling 2,265 million SEK and a cash payment of 2,834 million SEK, net of cash.

Varel is a global supplier of drilling solutions focusing on drill bits and downhole products for well construction and well completion. The key customer segment can be found in the unconventional oil and gas sector, with some exposure to the mining and construction industries.

During the period 21 May - 31 December 2014, Varel contributed invoiced sales of 1,547 million SEK and operating profit of 240 million SEK to Sandvik’s results, excluding acquisition-related costs of 79 million SEK and amortization on fair-value adjustments of 261 million SEK. If the acquisition had taken place 1 January 2014, sales are estimated to have amounted to 2,457 million SEK and operating profit to 347 million SEK, or about 14% of invoiced sales, excluding acquisition-related costs and amortization on fair value adjustments.

The following summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

ACQUISITIONS DURING THE MOST RECENT 12-MONTH PERIOD

<table>
<thead>
<tr>
<th>COMPANY/UNIT</th>
<th>CLOSING DATE</th>
<th>ANNUAL REVENUE MSEK</th>
<th>NO OF EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>SANDVIK VENTURE</td>
<td>Varel Intl Energy Services Inc.</td>
<td>21 May 2014</td>
<td>2,300</td>
</tr>
</tbody>
</table>

DIVESTMENTS DURING THE MOST RECENT 12-MONTH PERIOD

The divestment of Sandvik Materials Technology’s distribution business in Australia and New Zealand was finalized on 1 October 2014 and recorded in the fourth quarter.

The divestment of Sandvik Materials Technology’s power spring business in the US and Mexico was on 31 December 2014 and recorded in the fourth quarter.
SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

• In line with the strategic direction to focus on core business and attractive growth segments, such as energy and energy efficiency, Sandvik Materials Technology continued to exit non-core operations. In the fourth quarter, Sandvik Materials Technology closed the divestment of the distribution business in Australia and New Zealand as well as the power spring business in the US and Mexico. The total positive contribution to cash flow from the divestments amounted to about 460 million SEK, most of which was recognized in the fourth quarter. The combined capital gain from the divestments amounted to 71 million SEK.

On 1 October, Sandvik Materials Technology closed the divestment of its distribution business in Australia and New Zealand to Vulcan Steel Ltd. The divested operations comprise leading processors and distributors of stainless steel products and other corrosion and wear-resistant products. Annual invoiced sales for the business concerned amount to about 930 million SEK, with an operating margin of about 7%. The total number of employees in the business is 190, of which 125 in Australia and 65 in New Zealand. The divested operations have only a limited connection to the remainder of the business area, with a minor portion of the total sales being derived from Sandvik’s own production system. The divestment has no impact on other Sandvik business areas in these countries. As part of the transaction, a distribution agreement has been put in place between Sandvik and the new owner to enable continued deliveries of Sandvik Materials Technology products to the region.

On 31 December, Sandvik Materials Technology closed the divestment of its power spring business in the US and Mexico to Lesjöfors AB. The divested business was earlier part of the Strip, Wire & Heating Technology product area at Sandvik Materials Technology. The divested operations have only limited connection to the remainder of the business area and the raw materials are sourced externally. Invoiced sales for the business concerned amounted to about 15 million USD in 2013 and the total number of employees encompassed is approximately 60.

On 1 December, Sandvik Materials Technology announced its decision to close down the die cutting operations in China, which reported sales of 75 million SEK in 2013 and manufactures cutting rules for the packaging industry. The closure is expected to be finalized during the second quarter of 2015.

SIGNIFICANT EVENTS AFTER THE FOURTH QUARTER

• January 2015, the Board of Directors of Sandvik AB proposed that the Annual General Meeting resolve on a long-term incentive program for 2015 in the form of a performance share program on substantially the same terms and conditions as the 2014 long-term incentive program. The proposal will be included in the notice convening the Annual General Meeting.
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 2014.

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.

IASB has published new standards that are effective as of 2014 or later. The new standards effective as of 2014 are IFRS 10, Consolidated Financial Statements, IFRS 11, Joint arrangements and IFRS 12, Disclosure of Interests in Other Entities. The standards have not had any material impact on the consolidated accounts.

FULL YEAR 2014

During 2014, the first phase of the supply chain optimization program progressed according to plan, with actions taken to optimize the operational structure of Sandvik. Some 11 unit closures were initiated, of which the closure of five was completed. The strategy of active portfolio management continued with the acquisition of Varel, a manufacturer of drill bits primarily for the oil and gas industry. The divestment took place of the distribution business in Australia and New Zealand as well as the power spring business in the US and Mexico, both within Sandvik Materials Technology. The global market situation in 2014 remained largely unchanged compared with 2013. The positive demand trend continued throughout the year in North America, while it was stable in Asia and Europe. Demand in the southern hemisphere was characterized by subdued investment levels in the mining industry. Sandvik’s order intake amounted to 85,957 million SEK (84,072), a decrease of 2% at fixed exchange rates for comparable units. Invoiced sales were 88,821 million SEK (87,328), down 2% at fixed exchange rates for comparable units. The decline was attributable to higher invoicing in the year-earlier period due to a stronger order backlog for mining equipment in particular. Operating profit was negatively impacted by lower invoiced sales and production rates, and thus amounted to 10,120 million SEK (8,638) for full-year 2014. In 2013, profitability was significantly negatively impacted by non-recurring charges. The operating margin was 11.4% (9.9) of invoiced sales. Changed exchange rates had a negative impact of 40 million SEK on earnings during the year, compared with the year-earlier period, while changed metal prices made a positive contribution of 302 million SEK, mostly resulting from increased nickel prices. Profit after financial items was 8,264 million SEK (6,753) and profit for the period amounted to 5,992 million SEK (5,008). Cash flow from operations was +9,515 million SEK (+5,133).

GUIDANCE

Sandvik does not provide a market outlook or business performance forecasts. However, guidance relating to certain non-operational key figures considered useful when modeling financial outcomes is provided in the table below:

<table>
<thead>
<tr>
<th>CAPEX</th>
<th>Estimated at below 5 billion SEK for 2015.</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENCY EFFECTS</td>
<td>In view of currency rates at mid-January, it is estimated that operating profit for the first quarter of 2015 will be positively affected by about 600 million SEK compared with the first quarter of 2014.</td>
</tr>
<tr>
<td>METAL PRICE EFFECTS</td>
<td>In view of currency rates, stock levels and metal prices at the end of December, it is estimated that operating profit for the first quarter of 2015 will be marginally affected.</td>
</tr>
<tr>
<td>NET FINANCIAL ITEMS</td>
<td>Estimated at about -2.0 billion SEK in 2015.</td>
</tr>
<tr>
<td>TAX RATE</td>
<td>Estimated at about 26-28% for 2015.</td>
</tr>
</tbody>
</table>

TRANSACTIONS WITH RELATED PARTIES

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

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 forms part of the ongoing review of the business 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 2013.
### FINANCIAL REPORTS SUMMARY

#### THE GROUP

#### INCOME STATEMENT

<table>
<thead>
<tr>
<th></th>
<th>Q4 2014</th>
<th>Q4 2013</th>
<th>CHANGE %</th>
<th>Q1-4 2014</th>
<th>Q1-4 2013</th>
<th>CHANGE %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>23 394</td>
<td>21 770</td>
<td>+7</td>
<td>88 821</td>
<td>87 328</td>
<td>+2</td>
</tr>
<tr>
<td>Cost of sales and services</td>
<td>-15 294</td>
<td>-15 714</td>
<td>-3</td>
<td>-57 218</td>
<td>-58 848</td>
<td>-3</td>
</tr>
<tr>
<td>Gross profit</td>
<td>8 100</td>
<td>6 056</td>
<td>+34</td>
<td>31 603</td>
<td>28 480</td>
<td>+11</td>
</tr>
<tr>
<td>% of revenues</td>
<td>34.6</td>
<td>27.8</td>
<td></td>
<td>35.6</td>
<td>32.6</td>
<td></td>
</tr>
<tr>
<td>Selling expenses</td>
<td>-3 144</td>
<td>-2 925</td>
<td>+7</td>
<td>-11 867</td>
<td>-11 184</td>
<td>+6</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>-1 672</td>
<td>-1 772</td>
<td>-6</td>
<td>-6 719</td>
<td>-6 290</td>
<td>+7</td>
</tr>
<tr>
<td>Research and development costs</td>
<td>-723</td>
<td>-782</td>
<td>-8</td>
<td>-2 629</td>
<td>-2 661</td>
<td>-1</td>
</tr>
<tr>
<td>Other operating income and expenses</td>
<td>62</td>
<td>13</td>
<td>+390</td>
<td>-268</td>
<td>293</td>
<td>NA</td>
</tr>
<tr>
<td>Operating profit</td>
<td>2 623</td>
<td>590</td>
<td>+345</td>
<td>10 120</td>
<td>8 638</td>
<td>+17</td>
</tr>
<tr>
<td>% of revenues</td>
<td>11.2</td>
<td>2.7</td>
<td></td>
<td>11.4</td>
<td>9.9</td>
<td></td>
</tr>
<tr>
<td>Net financial items</td>
<td>-502</td>
<td>-524</td>
<td>-4</td>
<td>-1 856</td>
<td>-1 885</td>
<td>-2</td>
</tr>
<tr>
<td>Profit after financial items</td>
<td>2 121</td>
<td>66</td>
<td>N/M</td>
<td>8 264</td>
<td>6 753</td>
<td>+22</td>
</tr>
<tr>
<td>% of revenues</td>
<td>9.1</td>
<td>0.3</td>
<td></td>
<td>9.3</td>
<td>7.7</td>
<td></td>
</tr>
<tr>
<td>Income tax</td>
<td>-617</td>
<td>-20</td>
<td>N/M</td>
<td>-2 272</td>
<td>-1 745</td>
<td>+30</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>1 504</td>
<td>46</td>
<td>N/M</td>
<td>5 992</td>
<td>5 008</td>
<td>+20</td>
</tr>
<tr>
<td>% of revenues</td>
<td>6.4</td>
<td>0.2</td>
<td></td>
<td>6.7</td>
<td>5.7</td>
<td></td>
</tr>
</tbody>
</table>

**Items that will not be reclassified to profit or loss**

- Actuarial gains/(losses) on defined benefit pension plans: -712, 379, -1 847, 1 039
- Tax relating to items that will not be reclassified: 171, -120, 452, -361

**Items that will be reclassified subsequently to profit or loss**

- Foreign currency translation differences: 1 403, 760, 3 120, 142
- Cash flow hedges: -95, -70, -381, -205
- Tax relating to items that may be reclassified: 16, 16, 78, 45

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total other comprehensive income</td>
<td>783</td>
<td>965</td>
<td>1 422</td>
<td>660</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>2 286</td>
<td>1 011</td>
<td>7 414</td>
<td>5 668</td>
</tr>
<tr>
<td>Profit for the period attributable to Owners of the Parent</td>
<td>1 518</td>
<td>48</td>
<td>6 011</td>
<td>5 013</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>-14</td>
<td>-2</td>
<td>-19</td>
<td>-5</td>
</tr>
<tr>
<td>Total comprehensive income attributable to Owners of the Parent</td>
<td>2 305</td>
<td>1 012</td>
<td>7 432</td>
<td>5 671</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>-18</td>
<td>-1</td>
<td>-17</td>
<td>-3</td>
</tr>
</tbody>
</table>

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per share, SEK *</td>
<td>1.21</td>
<td>0.04</td>
<td>4.79</td>
<td>4.00</td>
</tr>
</tbody>
</table>

* No dilution effects during the period
## THE GROUP

### BALANCE SHEET

<table>
<thead>
<tr>
<th>MSEK</th>
<th>31 DEC 2014</th>
<th>31 DEC 2013</th>
<th>CHANGE %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets</td>
<td>18 323</td>
<td>11 947</td>
<td>+53</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>27 609</td>
<td>25 255</td>
<td>+9</td>
</tr>
<tr>
<td>Financial assets</td>
<td>8 279</td>
<td>8 150</td>
<td>+2</td>
</tr>
<tr>
<td>Inventories</td>
<td>24 056</td>
<td>23 318</td>
<td>+3</td>
</tr>
<tr>
<td>Current receivables</td>
<td>21 725</td>
<td>20 136</td>
<td>+8</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>6 327</td>
<td>5 076</td>
<td>+25</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>106 319</strong></td>
<td><strong>93 882</strong></td>
<td><strong>+13</strong></td>
</tr>
<tr>
<td>Total equity</td>
<td>36 672</td>
<td>33 610</td>
<td>+9</td>
</tr>
<tr>
<td>Non-current interest-bearing liabilities</td>
<td>41 426</td>
<td>28 377</td>
<td>+46</td>
</tr>
<tr>
<td>Non-current non-interest-bearing liabilities</td>
<td>3 584</td>
<td>3 263</td>
<td>+10</td>
</tr>
<tr>
<td>Current interest-bearing liabilities</td>
<td>2 679</td>
<td>7 047</td>
<td>-62</td>
</tr>
<tr>
<td>Current non-interest-bearing liabilities</td>
<td>21 958</td>
<td>21 585</td>
<td>+2</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td><strong>106 319</strong></td>
<td><strong>93 882</strong></td>
<td><strong>+13</strong></td>
</tr>
<tr>
<td>Net working capital *</td>
<td>25 250</td>
<td>23 281</td>
<td>+8</td>
</tr>
<tr>
<td>Loans</td>
<td>36 907</td>
<td>30 099</td>
<td>+23</td>
</tr>
<tr>
<td><strong>Net debt</strong> **</td>
<td>30 742</td>
<td>25 184</td>
<td>+22</td>
</tr>
<tr>
<td><strong>Net debt to equity ratio</strong>*</td>
<td>0.7</td>
<td>0.7</td>
<td>-</td>
</tr>
<tr>
<td><strong>Non-controlling interests in total equity</strong></td>
<td>134</td>
<td>100</td>
<td>+35</td>
</tr>
</tbody>
</table>

* Inventories plus trade receivables excl. prepaid income taxes, reduced by non-interest-bearing liabilities excl. tax liabilities.
** Current and non-current interest-bearing liabilities excluding net provisions for pensions, less cash and cash equivalents.
*** Equity excluding accumulated actuarial gains/losses on defined benefit pension plans after tax.

## CHANGE IN TOTAL EQUITY

<table>
<thead>
<tr>
<th>MSEK</th>
<th>EQUITY RELATED TO OWNERS OF THE PARENT</th>
<th>NON-CONTROLLING INTEREST</th>
<th>TOTAL EQUITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening equity, 1 January 2013</td>
<td>32 429</td>
<td>107</td>
<td>32 536</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>5 671</td>
<td>-3</td>
<td>5 668</td>
</tr>
<tr>
<td>Personnel options program</td>
<td>-15</td>
<td>-</td>
<td>-15</td>
</tr>
<tr>
<td>Hedge of personnel options program</td>
<td>-185</td>
<td>-</td>
<td>-185</td>
</tr>
<tr>
<td>Dividends</td>
<td>-4 390</td>
<td>-4</td>
<td>-4 394</td>
</tr>
<tr>
<td>Closing equity, 31 December 2013</td>
<td>33 510</td>
<td>100</td>
<td>33 610</td>
</tr>
<tr>
<td>Opening equity, 1 January 2014</td>
<td>33 510</td>
<td>100</td>
<td>33 610</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>7 432</td>
<td>-17</td>
<td>7 415</td>
</tr>
<tr>
<td>Non-controlling interest in acquired companies</td>
<td>-</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Non-controlling interest new stock issue</td>
<td>-</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Personnel options program</td>
<td>-80</td>
<td>-</td>
<td>-80</td>
</tr>
<tr>
<td>Hedge of personnel options program and other</td>
<td>66</td>
<td>-</td>
<td>66</td>
</tr>
<tr>
<td>Dividends</td>
<td>-4 390</td>
<td>-5</td>
<td>-4 395</td>
</tr>
<tr>
<td>Closing equity, 31 December 2014</td>
<td>36 538</td>
<td>134</td>
<td>36 672</td>
</tr>
</tbody>
</table>
### The Group

#### Cash Flow Statement

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Q4 2014</th>
<th>Q4 2013</th>
<th>Q1-4 2014</th>
<th>Q1-4 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income after financial income and expenses</td>
<td>2 121</td>
<td>66</td>
<td>8 264</td>
<td>6 753</td>
</tr>
<tr>
<td>Adjustment for depreciation, amortization and impairment losses</td>
<td>1 068</td>
<td>1 427</td>
<td>4 145</td>
<td>4 690</td>
</tr>
<tr>
<td>Adjustment for items that do not require the use of cash etc.</td>
<td>-431</td>
<td>587</td>
<td>-1 114</td>
<td>-109</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>-531</td>
<td>-469</td>
<td>-1 899</td>
<td>-7 816</td>
</tr>
<tr>
<td><strong>Cash flow from operations before changes in working capital</strong></td>
<td>2 227</td>
<td>1 611</td>
<td>8 396</td>
<td>3 736</td>
</tr>
<tr>
<td><strong>Changes in working capital</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in inventories</td>
<td>1 418</td>
<td>1 063</td>
<td>1 464</td>
<td>1 908</td>
</tr>
<tr>
<td>Change in operating receivables</td>
<td>1 593</td>
<td>58</td>
<td>778</td>
<td>1 109</td>
</tr>
<tr>
<td>Change in operating liabilities</td>
<td>-1 010</td>
<td>260</td>
<td>-1 755</td>
<td>-1 345</td>
</tr>
<tr>
<td><strong>Cash flow from changes in working capital</strong></td>
<td>2 001</td>
<td>1 381</td>
<td>487</td>
<td>1 672</td>
</tr>
<tr>
<td>Investments in rental equipment</td>
<td>-179</td>
<td>-165</td>
<td>-561</td>
<td>-499</td>
</tr>
<tr>
<td>Divestments of rental equipment</td>
<td>55</td>
<td>30</td>
<td>193</td>
<td>224</td>
</tr>
<tr>
<td><strong>Cash flow from operations</strong></td>
<td>4 104</td>
<td>2 857</td>
<td>9 515</td>
<td>5 133</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisitions of companies and shares, net of cash</td>
<td>0</td>
<td>-222</td>
<td>-2 834</td>
<td>-489</td>
</tr>
<tr>
<td>Disposal of discontinued operations</td>
<td>460</td>
<td>-</td>
<td>460</td>
<td>-</td>
</tr>
<tr>
<td>Investments in tangible assets</td>
<td>-1 278</td>
<td>-1 202</td>
<td>-3 820</td>
<td>-3 627</td>
</tr>
<tr>
<td>Proceeds from sale of tangible assets</td>
<td>6</td>
<td>93</td>
<td>230</td>
<td>141</td>
</tr>
<tr>
<td>Investments in intangible assets</td>
<td>-269</td>
<td>-340</td>
<td>-839</td>
<td>-796</td>
</tr>
<tr>
<td>Proceeds from sale of intangible assets</td>
<td>0</td>
<td>0</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Other investments, net</td>
<td>-12</td>
<td>69</td>
<td>-44</td>
<td>238</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td>-1 093</td>
<td>-1 602</td>
<td>-6 839</td>
<td>-4 524</td>
</tr>
<tr>
<td><strong>Net cash flow after investing activities</strong></td>
<td>3 011</td>
<td>1 255</td>
<td>2 676</td>
<td>609</td>
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<td><strong>Cash flow from financing activities</strong></td>
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#### Financial Instruments, MSEK

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<td>Assets measured at amortized cost</td>
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<td>Liabilities measured at fair value*</td>
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<td>Liabilities measured at amortized cost**</td>
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*Relates to derivatives

**The difference between carrying amount and fair value refers to borrowings.

Sandvik measures financial instruments at fair value or amortized cost in the balance sheet depending on their classification. In addition to net debt, financial instruments include accounts receivable and accounts payable. Financial instruments measured at fair value in the balance sheet are measured using valuation techniques that are only using observable market data and thus belong to level 2 in the fair-value hierarchy. A description of the applied valuation techniques and the inputs used in the fair value measurement is described in the last published Annual Report.
### THE PARENT COMPANY

#### INCOME STATEMENT

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<th>MSEK</th>
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#### BALANCE SHEET

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### MARKET OVERVIEW, THE GROUP

#### ORDER INTAKE AND INVOICED SALES PER MARKET AREA

**FOURTH QUARTER 2014**

*At fixed exchange rates for comparable units compared with the year-earlier period.

1) Excluding major orders.

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<tr>
<th>MARKET AREA</th>
<th>ORDER INTAKE</th>
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<th>SHARE</th>
<th>INVOICED SALES</th>
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<th>SHARE</th>
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* At fixed exchange rates for comparable units compared with the year-earlier period.
1) Excluding major orders.
### THE GROUP

#### ORDER INTAKE BY BUSINESS AREA

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<th>Q4 2013</th>
<th>Q1-4 2013</th>
<th>Q1 2014</th>
<th>Q2 2014</th>
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<th>Q4 2014</th>
<th>CHANGE Q4 %</th>
<th>Q1-4 %</th>
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#### INVOICED SALES BY BUSINESS AREA

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<td>Sandvik Construction</td>
<td>2 174</td>
<td>8 601</td>
<td>1 871</td>
<td>2 281</td>
<td>2 233</td>
<td>2 169</td>
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<tr>
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<td>1 362</td>
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<td>Group activities</td>
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<td>11</td>
<td>2</td>
<td>7</td>
<td>5</td>
<td>16</td>
<td></td>
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<td>Group total</td>
<td>21 770</td>
<td>87 328</td>
<td>20 783</td>
<td>22 051</td>
<td>22 593</td>
<td>23 394</td>
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#### OPERATING PROFIT BY BUSINESS AREA

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Q4 2013</th>
<th>Q1-4 2013</th>
<th>Q1 2014</th>
<th>Q2 2014</th>
<th>Q3 2014</th>
<th>Q4 2014</th>
<th>CHANGE Q4 %</th>
<th>Q1-4 %</th>
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</thead>
<tbody>
<tr>
<td>Sandvik Mining</td>
<td>-480</td>
<td>2 743</td>
<td>688</td>
<td>452</td>
<td>614</td>
<td>644</td>
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<td>1 084</td>
<td>5 205</td>
<td>1 480</td>
<td>1 561</td>
<td>1 496</td>
<td>1 622</td>
<td>+50</td>
<td>6 159</td>
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<tr>
<td>Sandvik Materials Technology</td>
<td>350</td>
<td>1 270</td>
<td>421</td>
<td>647</td>
<td>482</td>
<td>330</td>
<td>-6</td>
<td>1 880</td>
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<td>Sandvik Construction</td>
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<td>110</td>
<td>-11</td>
<td>51</td>
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<td>4</td>
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<td>+345</td>
<td>10 120</td>
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#### OPERATING MARGIN BY BUSINESS AREA

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<th>MSEK</th>
<th>Q4 2013</th>
<th>Q1-4 2013</th>
<th>Q1 2014</th>
<th>Q2 2014</th>
<th>Q3 2014</th>
<th>Q4 2014</th>
<th>CHANGE Q4 %</th>
<th>Q1-4 %</th>
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</thead>
<tbody>
<tr>
<td>Sandvik Mining</td>
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<td>8.9</td>
<td>10.4</td>
<td>7.1</td>
<td>9.0</td>
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<tr>
<td>Sandvik Machining Solutions</td>
<td>14.7</td>
<td>18.2</td>
<td>20.0</td>
<td>20.3</td>
<td>19.5</td>
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<tr>
<td>Sandvik Materials Technology</td>
<td>10.4</td>
<td>9.0</td>
<td>11.9</td>
<td>16.7</td>
<td>12.9</td>
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<tr>
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<tr>
<td>Sandvik Venture</td>
<td>20.1</td>
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<td>17.1</td>
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<td>11.9</td>
<td>11.6</td>
<td>10.9</td>
<td>11.2</td>
<td>11.4</td>
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</tr>
</tbody>
</table>

1) Change compared with preceding year at fixed exchange rates for comparable units.
2) Internal transactions had negligible effect on business area profits.

#### KEY FIGURES

<table>
<thead>
<tr>
<th></th>
<th>Q4 2014</th>
<th>Q4 2013</th>
<th>Q1-4 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of shares outstanding at end of period (’000) 1)</td>
<td>1 254 386</td>
<td>1 254 386</td>
<td>1 254 386</td>
</tr>
<tr>
<td>Average no. of shares(’000)</td>
<td>1 254 386</td>
<td>1 254 386</td>
<td>1 254 386</td>
</tr>
<tr>
<td>Tax rate, %</td>
<td>29.1</td>
<td>30.0</td>
<td>27.5</td>
</tr>
<tr>
<td>Return on capital employed, % 2)</td>
<td>13.4</td>
<td>12.6</td>
<td>13.4</td>
</tr>
<tr>
<td>Return on total equity, % 2)</td>
<td>17.4</td>
<td>15.3</td>
<td>17.4</td>
</tr>
<tr>
<td>Return on total capital, % 2)</td>
<td>10.3</td>
<td>9.0</td>
<td>10.3</td>
</tr>
<tr>
<td>Shareholders’ equity per share, SEK</td>
<td>29.1</td>
<td>26.7</td>
<td>29.1</td>
</tr>
<tr>
<td>Net debt/equity ratio</td>
<td>0.7</td>
<td>0.7</td>
<td>0.8</td>
</tr>
<tr>
<td>Equity/assets ratio, %</td>
<td>34</td>
<td>36</td>
<td>34</td>
</tr>
<tr>
<td>Net working capital, %</td>
<td>28</td>
<td>27</td>
<td>28</td>
</tr>
<tr>
<td>Earnings per share, SEK</td>
<td>1.21</td>
<td>0.04</td>
<td>4.79</td>
</tr>
<tr>
<td>Cash flow from operations, MSEK</td>
<td>+4 104</td>
<td>+2 857</td>
<td>+9 515</td>
</tr>
<tr>
<td>Number of employees</td>
<td>47 318</td>
<td>47 338</td>
<td>47 318</td>
</tr>
</tbody>
</table>

1) No dilution effect during the period. 2) Rolling 12 months.
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, commercialization and technological difficulties, supply disturbances, and major customer credit losses.

DIVIDEND PROPOSAL FOR THE 2015 AGM

The Annual General Meeting will be held in Sandviken, Sweden, on 7 May 2015 at 17:00 CET. The Board of Directors proposes a dividend of 3.50 per share (3.50), or a total of 4,390 million SEK (4,390) for 2014. The proposal corresponds to 73% of reported earnings per share and 73% of adjusted earnings per share. The proposed record date to receive dividends is 11 May 2015.

Stockholm, 29 January 2015
Sandvik Aktiebolag (publ)
The Board of Directors

AUDIT

The Company’s Auditor has not carried out any review of the report for the fourth quarter of 2014.

Sandvik AB discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information is submitted for publication on 29 January 2015 at 8:00 CET. The report for the first-quarter 2015 will be published on 27 April 2015.

Additional information may be obtained from Sandvik Investor Relations at tel +46 8 456 14 94 (Ann-Sofie Nordh), +46 8 456 12 30 (Oskar Lindberg), +46 8 456 11 94 (Anna Vilogorac) or by e-mailing info.ir@sandvik.com.

A presentation and teleconference will be held on 29 January 2015 at 10:00 CET at the World Trade Center in Stockholm.

Sandvik AB, Corp. Reg. No.: 556000-3468
Box 510
SE-101 30 Stockholm
+46 8 456 11 00

Information is available at www.sandvik.com/ir.

CALENDAR 2015:
27 April  First-quarter report 2015
7 May     Annual General Meeting
11 May    Record day for dividend
17 July   Second-quarter report 2015
23 October Third-quarter report 2015