

# **Interim report**

## **July - September 2002**



**Lars Pettersson, CEO**

**Peter Larson, Executive Vice President and CFO**

**November 6, 2002**

# Highlights Q3, 2002

- Order intake +2%\* vs last year
  - ✓ increase in all market areas except Europe
  - ✓ flat for Tooling and Specialty Steels, increase for Mining and Construction
- Invoiced sales -5%\* vs last year
  - ✓ decrease in all business areas
  - ✓ decrease in all market areas
  - ✓ seasonal impact
- Operating profit SEK 1,213 M, 10% of invoiced sales
  - ✓ volume decline
  - ✓ negative currency impact
  - ✓ dilution from acquisitions

\* for comparable units excl. currency effects

# Highlights Q3, 2002

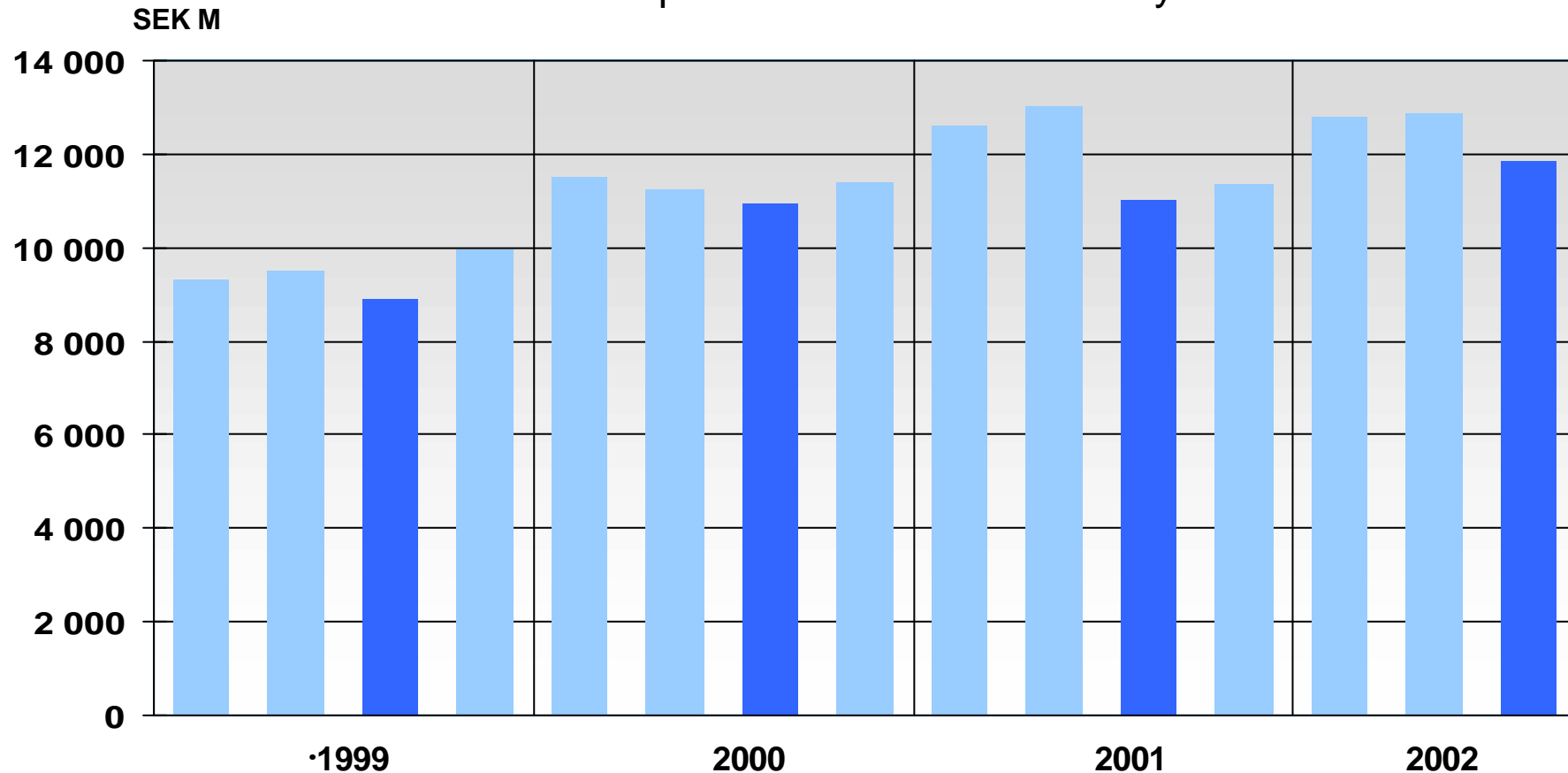
- Ongoing efficiency programs
  - ✓ reduction of 280 employees\* in the quarter
  - ✓ Sandvik Steel accelerates program of change
  - ✓ Tooling program progressing as planned
- Cash flow from operations, SEK 2,212 M
  - ✓ working capital
- American Valenite consolidated as of 12 August
  - ✓ positive start of the integration activities
- Acquisition of Mazda Earth Technologies, Japan
  - ✓ sales of SEK 500 M
  - ✓ sales and service organization, no manufacturing
- Offer to acquire remaining shares in Walter, Germany

\* for comparable units excl increase of service personnel

# Order intake by Quarter

**Q3: +8%**

**+2% for comparable units excl. currency effects**



# Order Intake by Market region

Quarter	SEK M	%	% -change* vs last year	
			Q2	Q3
EU	4 485	38	-14	-8
Other Europe	900	7	-11	-10
<b>EUROPE TOTAL</b>	<b>5 385</b>	<b>45</b>	<b>-7</b>	<b>-9</b>
NAFTA	2 745	23	-7	+1
South America	495	4	-2	+8
Africa/Middle East	655	6	+2	+72
Asia/Australia	2 570	22	-4	+20
<b>GROUP TOTAL</b>	<b>11 850</b>	<b>100</b>	<b>-9</b>	<b>+2</b>

\* at fixed exchange rates for comparable units

# Order Intake by Business area

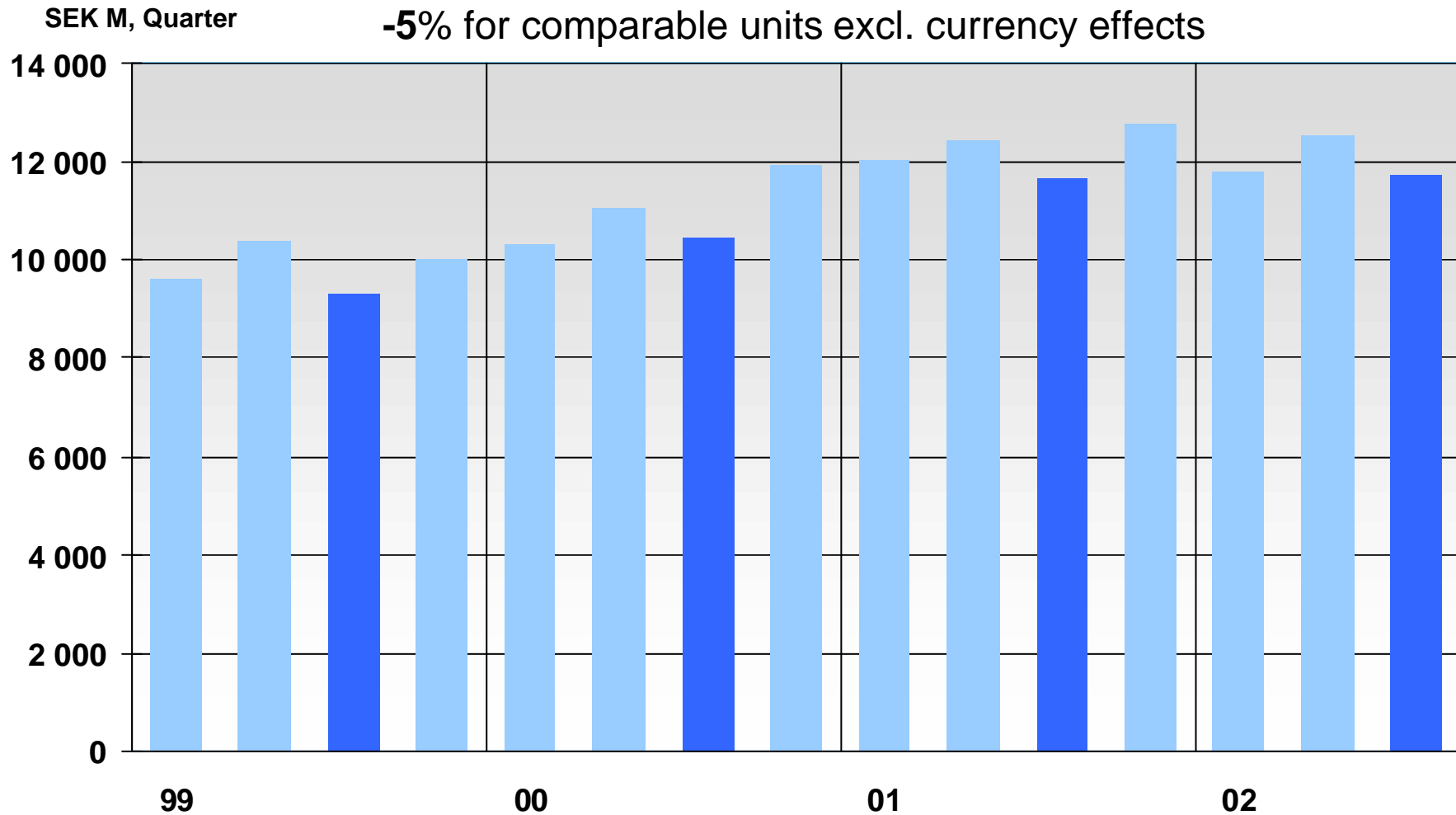
Quarter, % vs LY	2001				2002		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Svk Tooling *	5	0	-5	-12	-11	-5	+1
Svk Mining and Construction *	7	35	-5	2	7	-12	+9
Svk Specialty Steels *	-4	-11	-20	-21	-10	-8	-2
<b>GROUP *</b>	<b>3</b>	<b>5</b>	<b>-10</b>	<b>-11</b>	<b>-6</b>	<b>-9</b>	<b>+2</b>
Currency	6	11	10	6	2	-2	-6
Structure	0	0	0	5	6	10	+12
<b>GROUP TOTAL</b>	<b>9</b>	<b>16</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>-1</b>	<b>+8</b>

\* at fixed exchange rates for comparable units

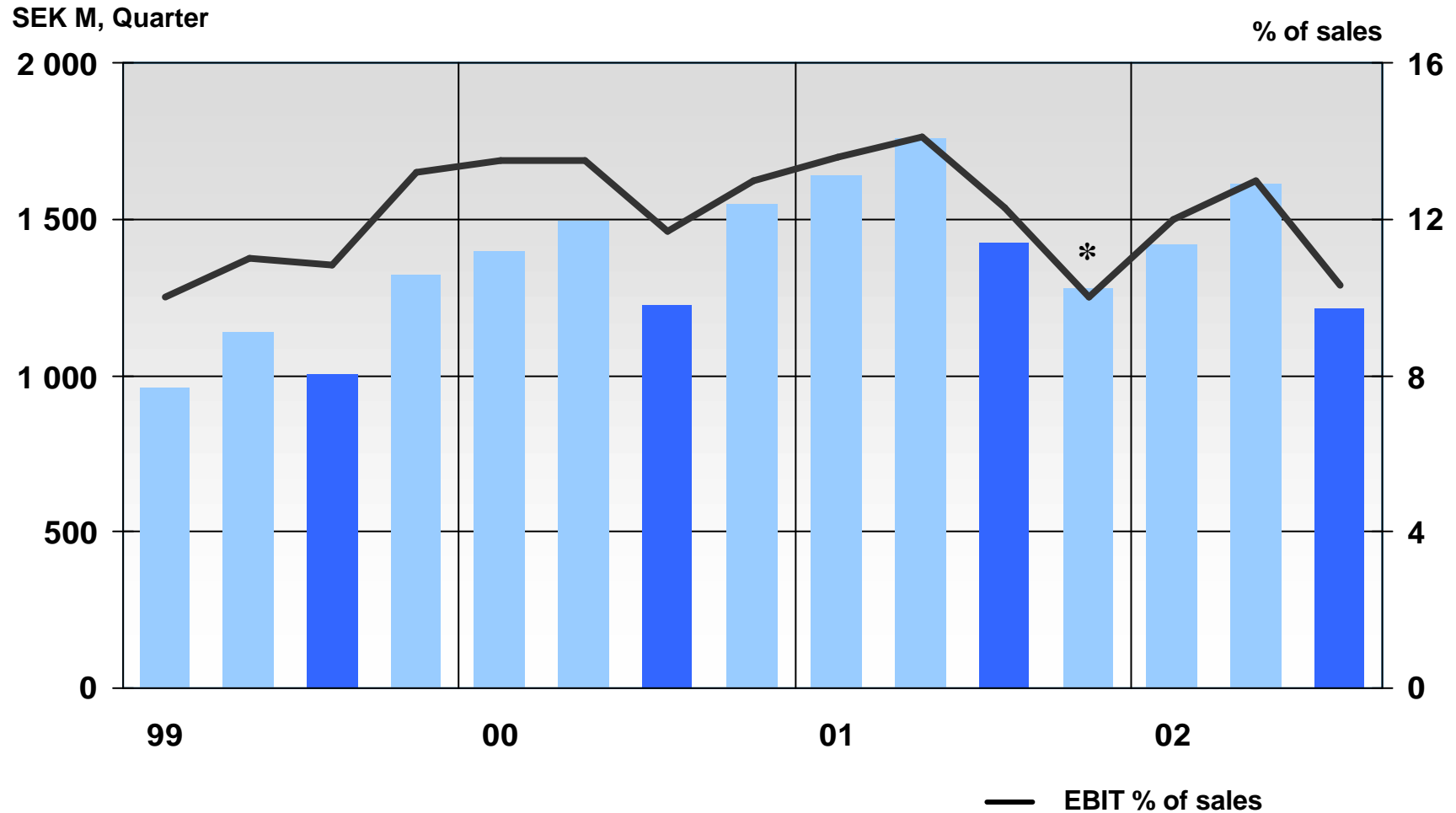
# Invoicing by Quarter

**Q3: +1%**

**-5% for comparable units excl. currency effects**



# Operating Income

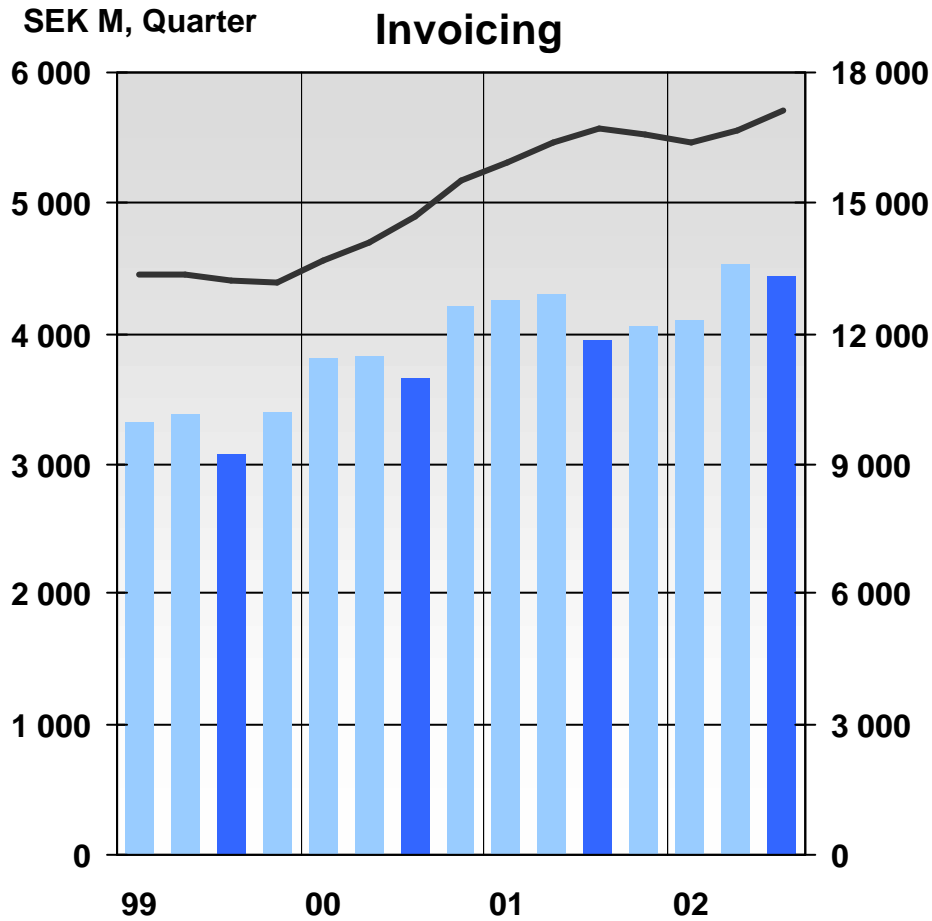


Excluding non-recurrent gains in 1999 and 2000

\* Including restructuring cost (SEK -515 M) and Procera divestment (+340)

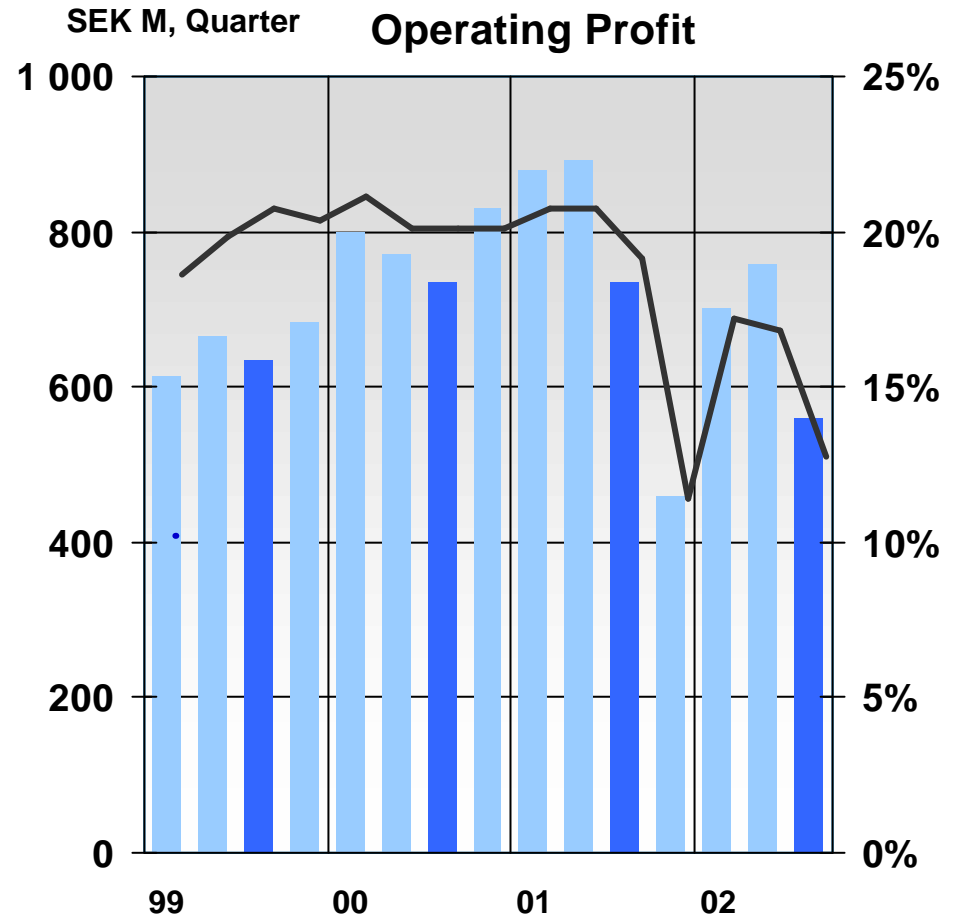


# Sandvik Tooling



- Q3: +12%
- -2% for comparable units excl. currency effects

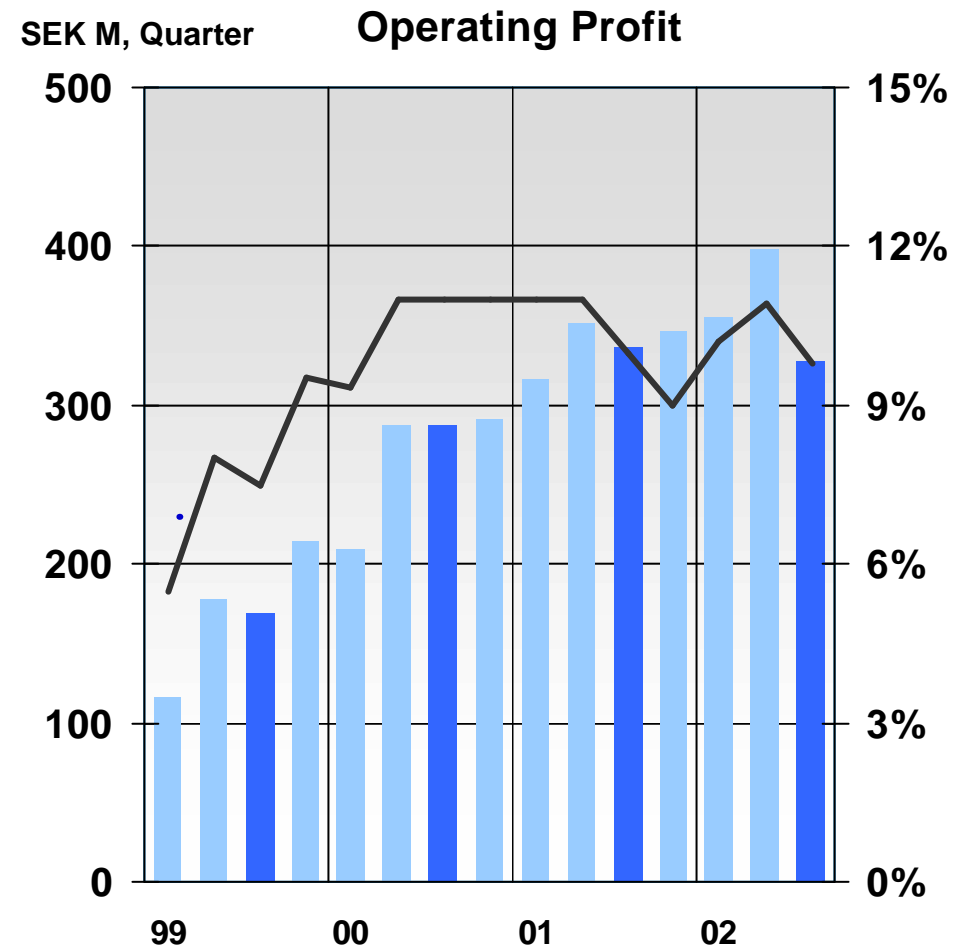
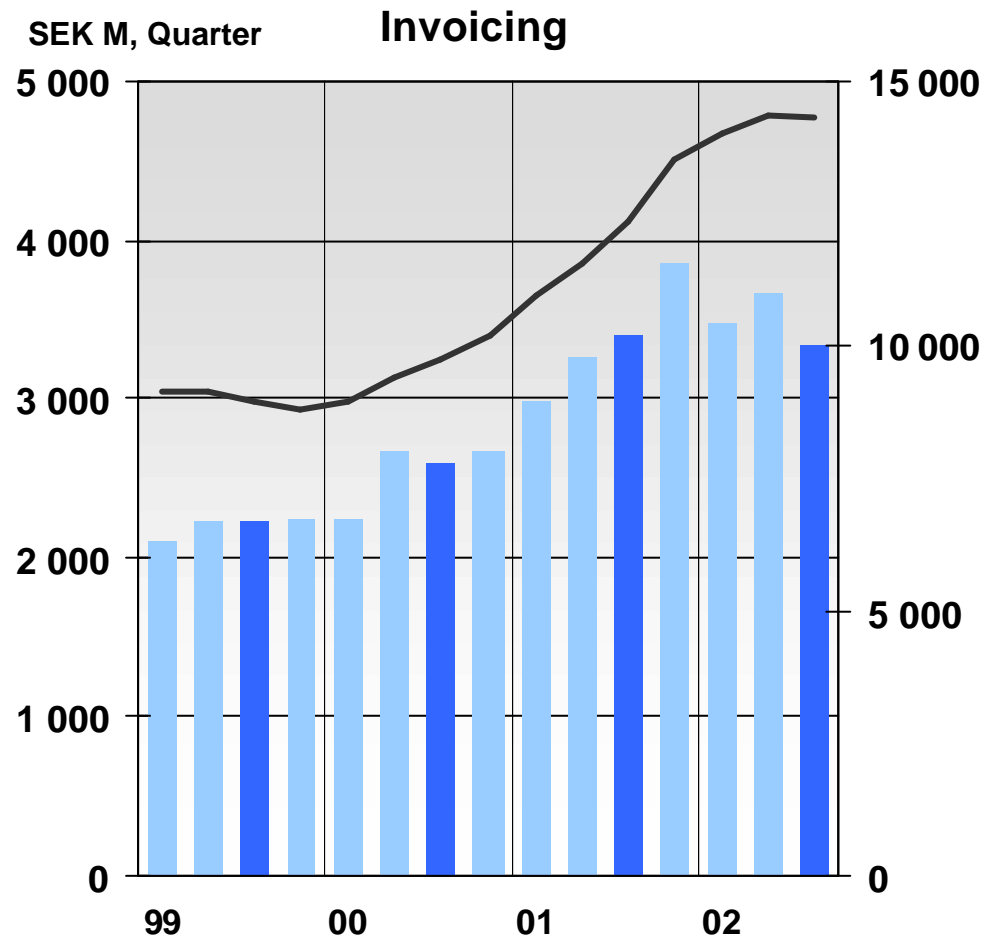
— Rolling 12 months



- EBIT: SEK 558 M, 13%
  - Dilution of Walter and Valenite
  - Negative currency, low volumes
- EBIT %



# Sandvik Mining and Construction

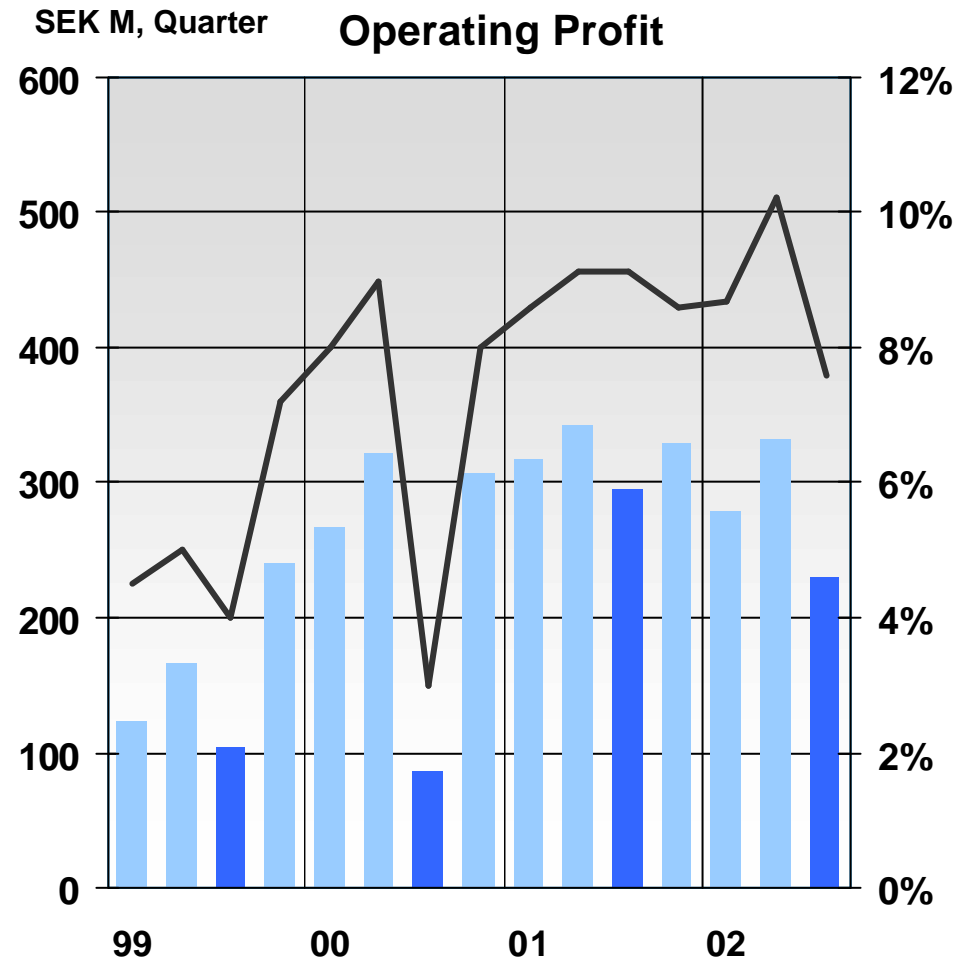
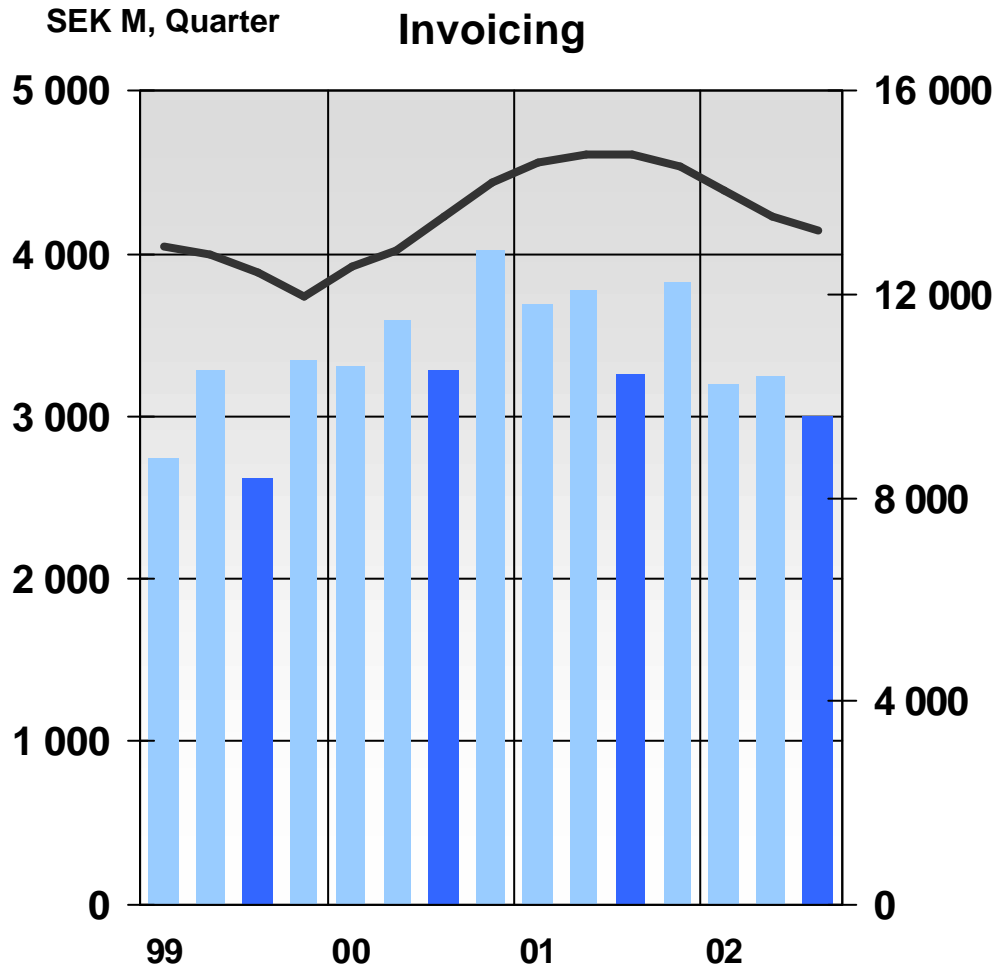


- Q3: -2%      — Rolling 12 months
- -8% for comparable units  
excl. currency effects

- EBIT: SEK 327 M, 10%      — EBIT %
- Negative currency, low volumes



# Sandvik Specialty Steels



- Q3: -8%
- -2% for comparable units excl. currency effects

Rolling 12 months

- EBIT: SEK 230 M, 8%
- Negative currency, low volumes

EBIT %



# Sales and Earnings by Business area

July - September

	<u>Invoicing</u>			<u>EBIT</u>		
	<u>Q3 2002</u>		<u>Q3 2002</u>		<u>Q3 2001</u>	
	<u>SEK M</u>	<u>Change* %</u>	<u>SEK M</u>	<u>%</u>	<u>SEK M</u>	<u>%</u>
Tooling	4 439	-2	558	13**	735	19
Mining and Construction	3 338	-8	327	10	336	10
Specialty Steels	3 008	-2	230	8	295	9
Seco Tools	938	-4	132	14	165	16
Other	7	/	-34	/	-106	/
<b>GROUP TOTALS</b>	<b>11 730</b>	<b>-5</b>	<b>1 213</b>	<b>10</b>	<b>1 425</b>	<b>12</b>
Financial net			-177		-128	
<b>EARNINGS BEFORE TAXES</b>			<b>1 036</b>	<b>9</b>	<b>1 297</b>	<b>11</b>

\* at fixed exchange rates for comparable units

\*\* 15% excl Walter and Valenite

# Financial Position

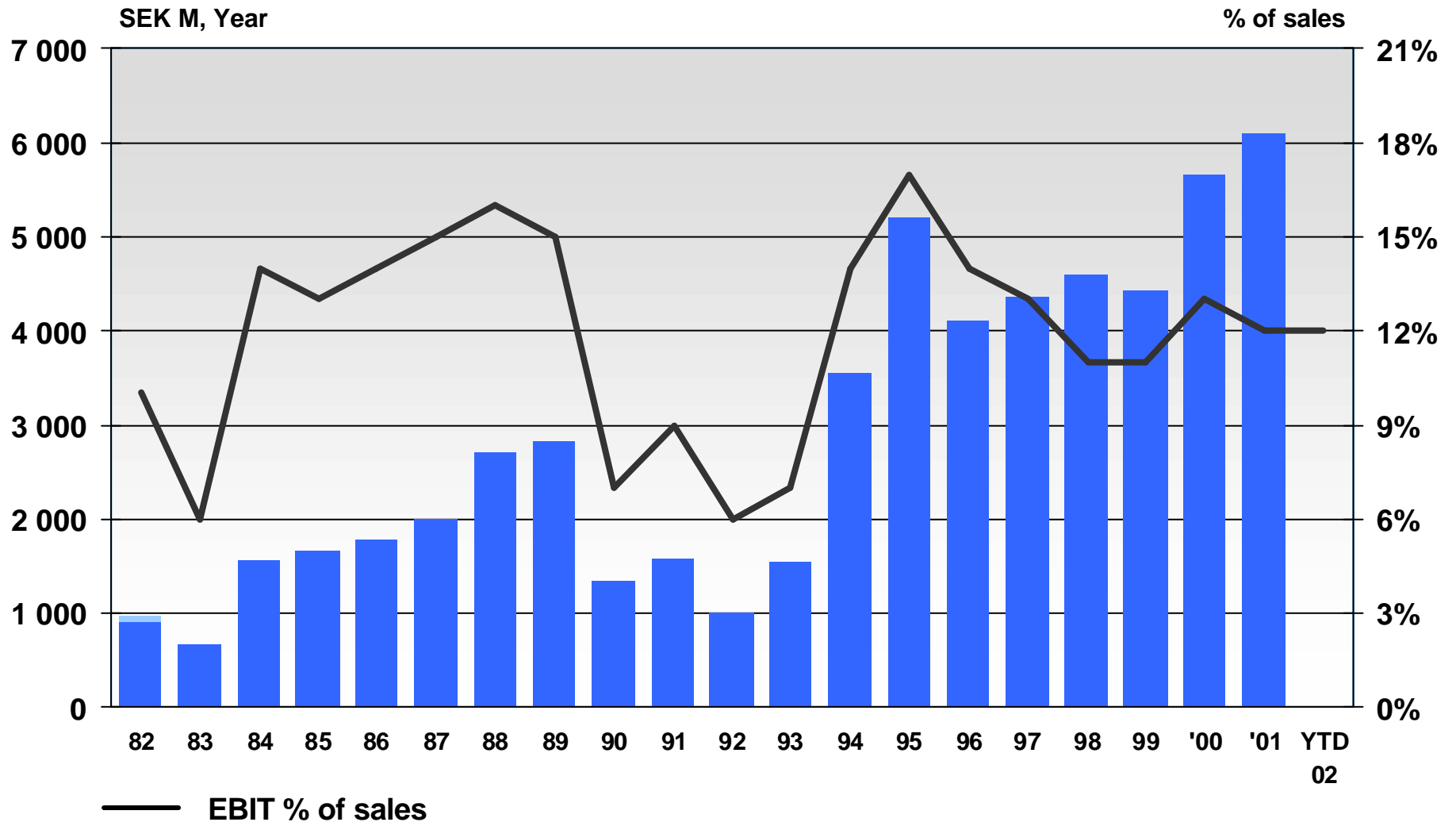
	Sep 30 2002	June 31 2002	Dec 31 2001
• Net Profit, SEK M	2,496	1,738	3,688
• EPS, SEK (last 12 months)	14.20	14.00	14.40
• Cash flow from operations, SEK M	5,399	3,187	5,093
• CAPEX	1,547	903	2,627
• Net debt, SEK M	11,771	11,689	9,964
• Net debt, ratio	0.5	0.5	0.4
• Equity/Assets	47	46	50
• ROCE,%	14.8	15.6	17.4
• ROE,%	15.3	15.2	15.5
• Share buyback, no. of shares '000	8,197	8,197	7,747

# Short-term market outlook

## 6 November 2002

**No significant change in the demand situation is expected for Sandvik in the near future.**

# Operating Income





**[www.sandvik.com](http://www.sandvik.com)**



# Cautionary 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 effected by other factors like 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.”**