

Interim report

April - June 2003



5 August, 2003

Highlights Q2, 2003

- Order intake SEK 12,410 M, +2%*
 - ✓ Organic growth continued
 - ✓ Weaker in Europe and continued slow in Nafta but strong in Asia, South America and Africa
 - ✓ General Engineering and Automotive weak but Mining strong and some signs of improvement in the Semiconductor area
- Invoiced sales SEK 12,330 M, +4%*
 - ✓ Tooling +1%
 - ✓ Mining and Construction +9%
 - ✓ Materials Technology +5%
- Acquired companies (Walter, Valenite)
 - ✓ Invoicing: SEK 894 M
 - ✓ EBIT: SEK 4 M net including goodwill
 - ✓ Margin dilution Group 0.7 %-unit; Tooling 3.7 %-units

* for comparable units excl. currency effects

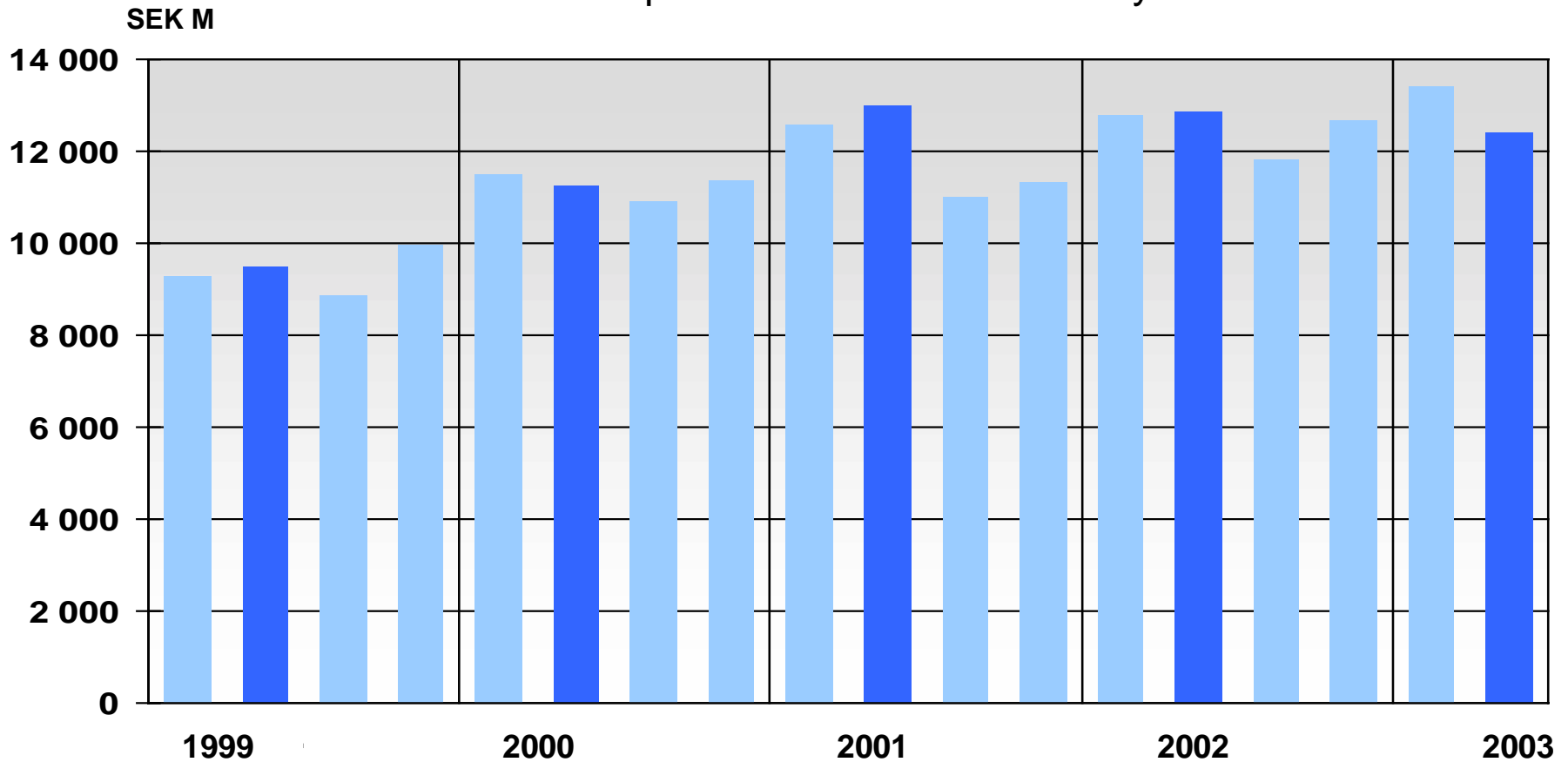
Highlights Q2, 2003

- Operating profit SEK 1,403 M, 11% of sales (SEK 1,614 M last year)
 - ✓ Negative currency effect, SEK 180 M
 - ✓ Improved underlying margin for Tooling
 - ✓ Stable margin for Mining and Construction
 - ✓ Materials Technology underperforming
- Cash flow from operations, SEK 1,119 M
 - ✓ SEK 300 M impact from one-offs vs Q1
 - SEK 200 M additional tax payment
 - SEK 100 M additional payment to pension funds
 - ✓ Flat development in Working Capital
- Reduction of 30 employees, for comparable units. SMC increased 90 employees in service-related operations.

Order intake by Quarter

Q2: SEK 12,410 M, -4%

+2% for comparable units excl. currency effects



Order Intake by Market region

Quarter	SEK M	%	% -change* vs LY					
			2002				2003	
			Q1	Q2	Q3	Q4	Q1	Q2
EU	4 950	40	-9	-8	-8	+3	+4	-3
Other Europe	989	8	-19	-4	-10	+47	+24	+3
EUROPE TOTAL	5 939	48	-10	-7	-9	+8	+7	-2
NAFTA	2 465	20	-7	-7	+1	+18**	-8	-6
South America	505	4	+/-0	-19	+8	+8	-12	+11
Africa/Middle East	715	6	+3	-12	+72	+28	+10	+12
Asia/Australia	2 786	22	-1	-6	+20	+20	+11	+10
GROUP TOTAL	12 410	100	-6	-9	+2	+12**	+6	+2

* at fixed exchange rates for comparable units

** excluding project orders Nafta was +4% and Group total +6%

Order Intake by Business area

Quarter, % vs LY	2002				2003	
	Q1	Q2	Q3	Q4	Q1	Q2
Svk Tooling *	-11	-5	+1	+3	+3	+1
Svk Mining and Construction *	+7	-12	+9	+19	+4	+5
Svk Materials Technology *	-10	-8	-2	+21	+9	+2
GROUP *	-6	-9	+2	+12	+6	+2
Currency	+2	-2	-6	-8	-7	-8
Structure	+6	10	+12	+9	+7	+3
GROUP TOTAL	+2	-1	+8	+12	+5	-4

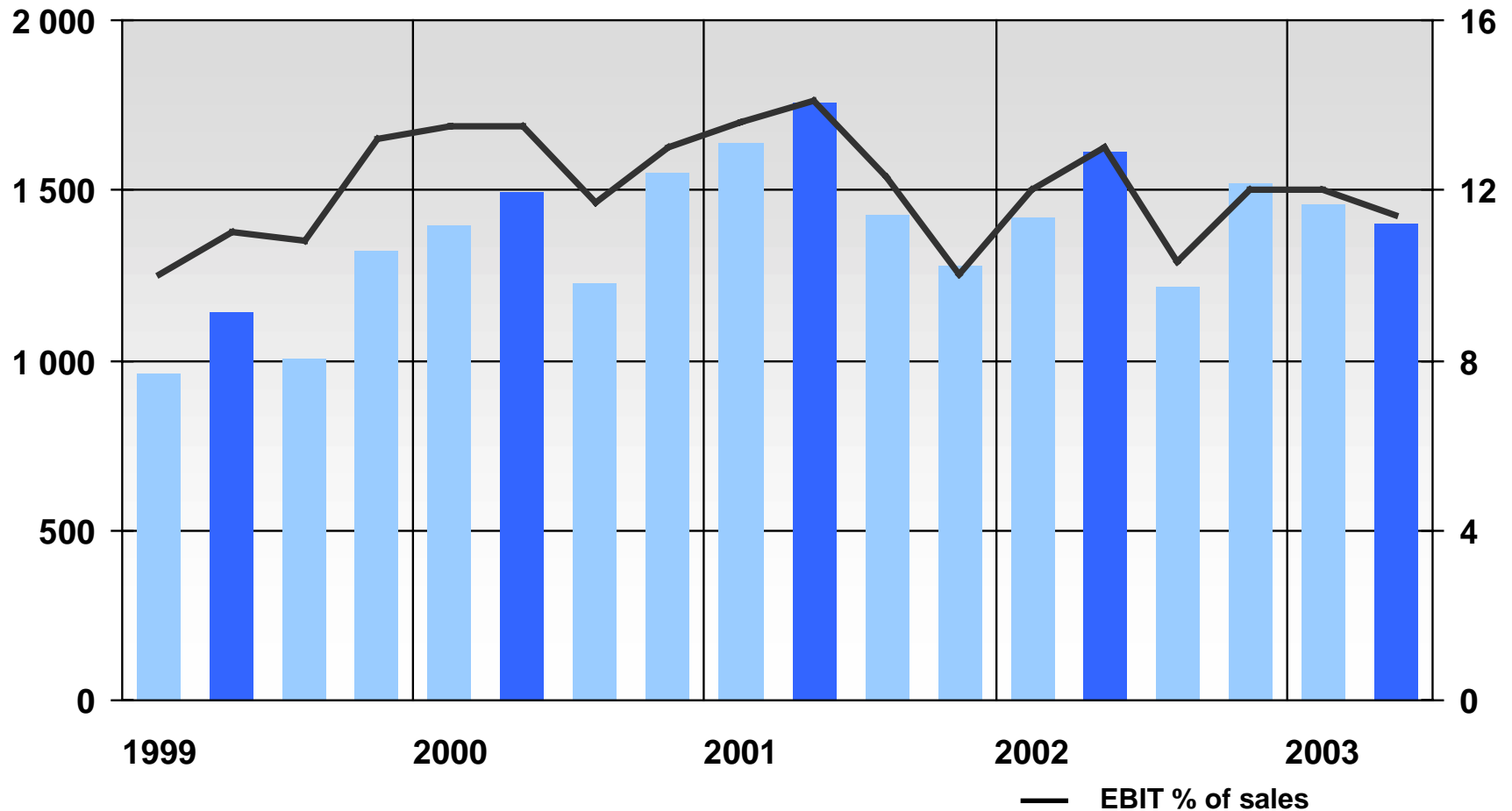
* at fixed exchange rates for comparable unit

Operating Profit

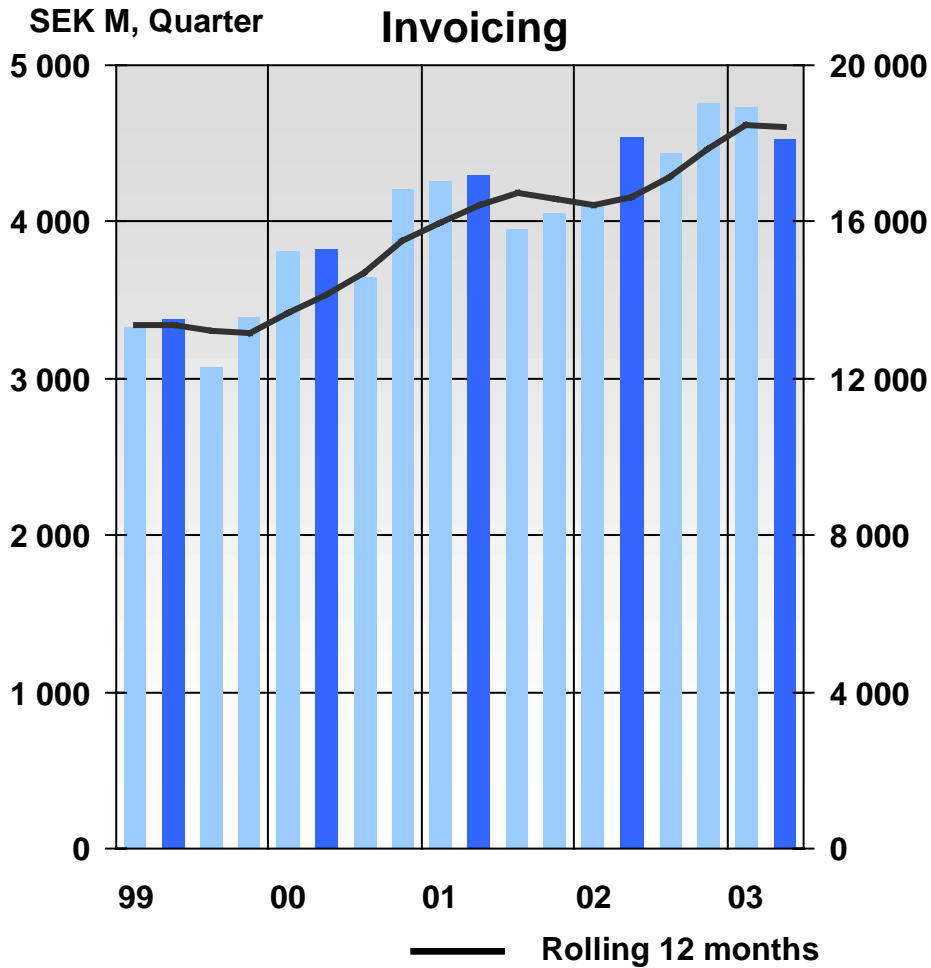
Q2: SEK 1,403 M, -13% vs LY

SEK M, Quarter

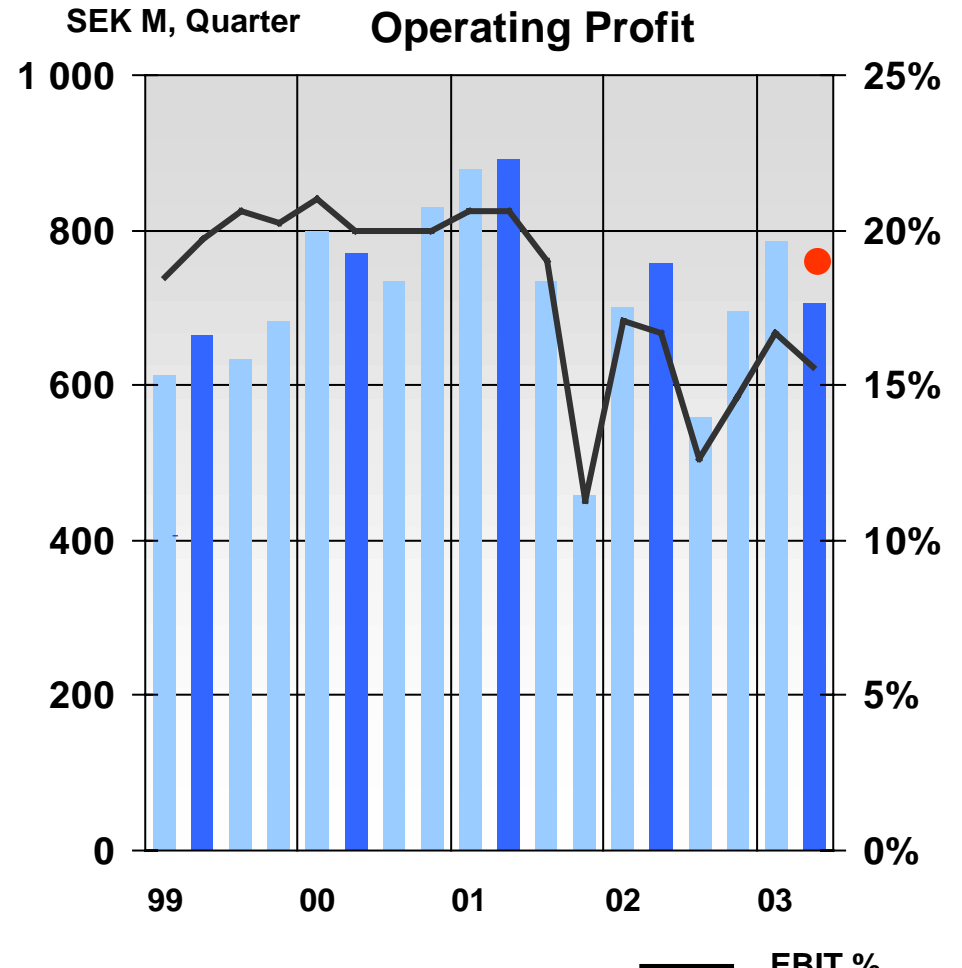
% of sales



Sandvik Tooling



● Q2/03 Invoicing: +1% for comparable units
excl. currency effects



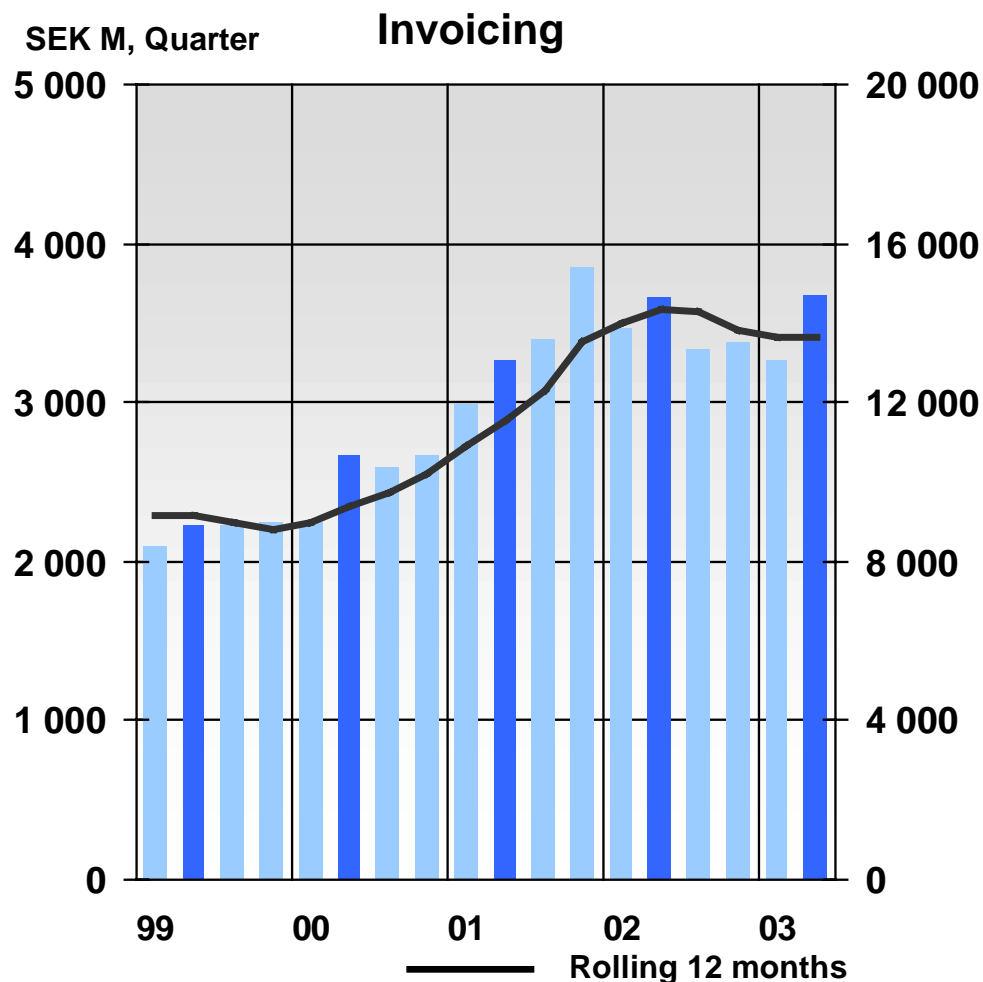
● Q2/03 EBIT: SEK 705 M, 16%
● 19% margin excl Walter, Valenite

Tooling Highlights

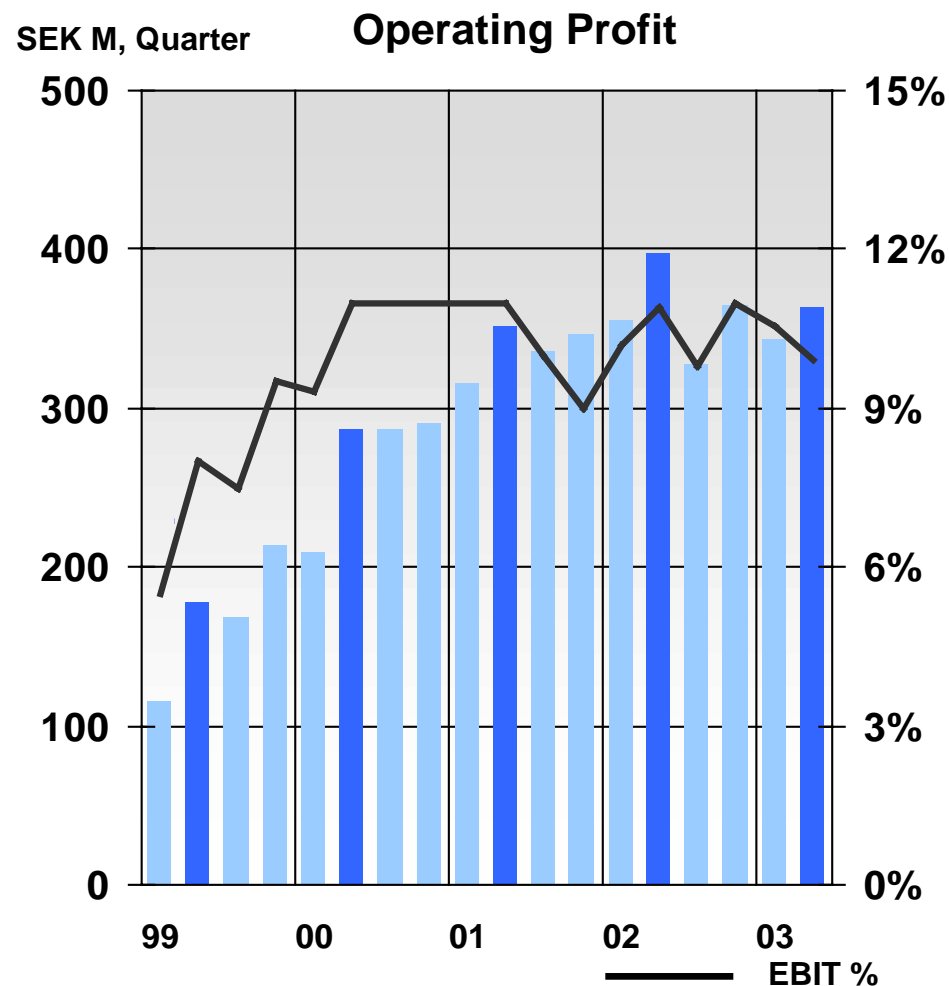
- Flat demand but improved underlying margin
 - ✓ Negative currency effect offset by internal improvements
 - ✓ Cemented carbide products stronger than high speed steel
- Integration of Valenite proceeds as planned
 - ✓ Weaker demand from US automotive industry
 - ✓ Production units closed
 - ✓ New standard assortment introduced
- Walter
 - ✓ Sales EUR 62 M, EBIT 9% pre-goodwill
 - ✓ Positive development for tools
 - ✓ Tough market situation for machines
 - ✓ Maintained EBIT-margin
 - ✓ Holding 96.4%



Sandvik Mining and Construction



● Q2/03 Invoicing: +9% for comparable units excl. currency effects



● Q2/03 EBIT: SEK 364 M, 10%

Mining and Construction Highlights

- Stable demand and earnings
 - ✓ Negative currency effect offset by internal improvement
 - ✓ Mining industry strong, construction weak
 - ✓ Strong demand for Tools and Service
- Bluefield production closed in April
- Successful introduction of new products
 - ✓ Low profile equipment

Automine

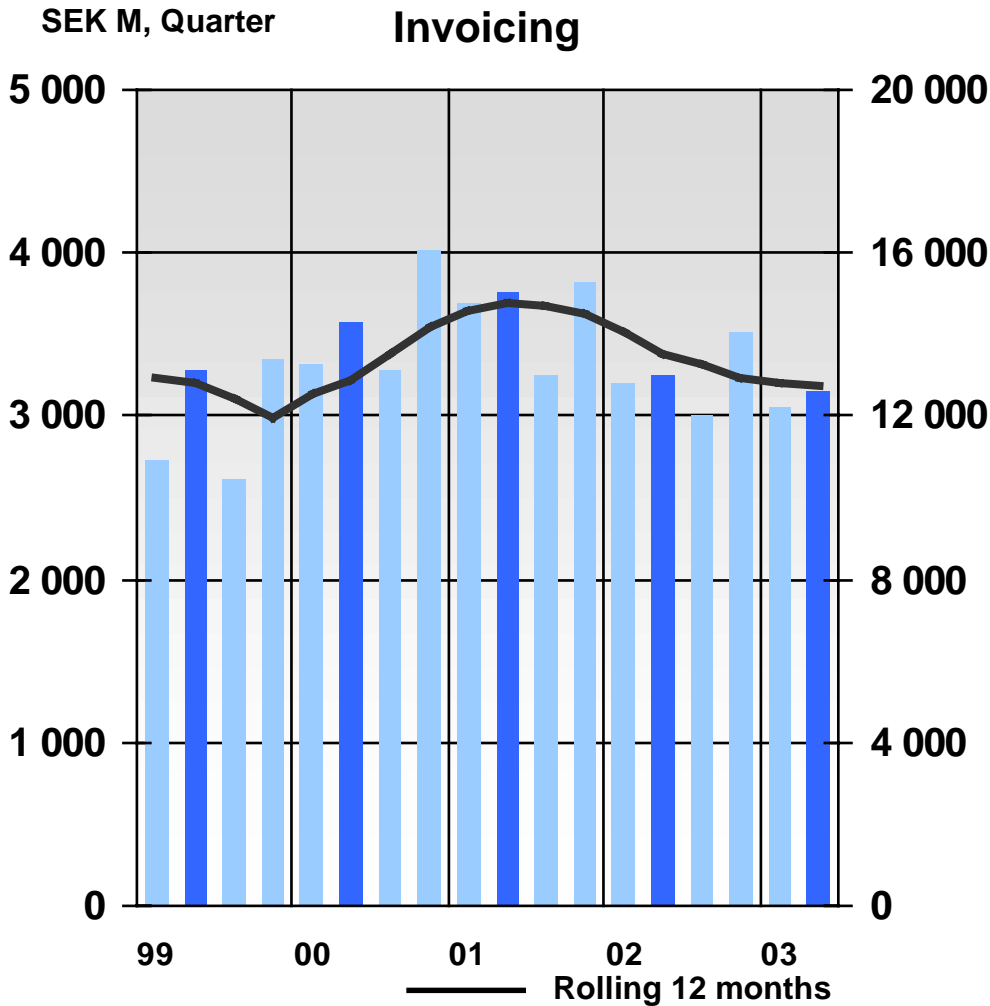


New President of Sandvik Mining and Construction

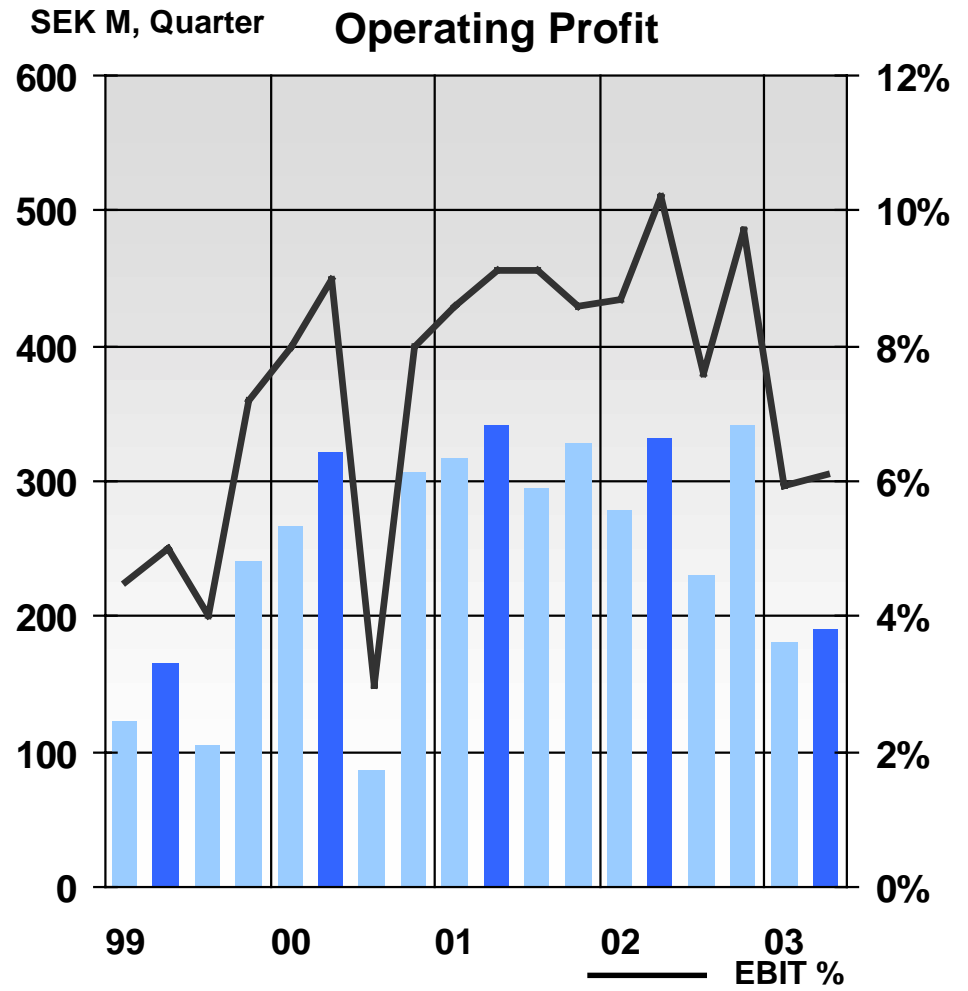


- **Lars Josefsson - President of Sandvik Mining and Construction**
 - effective from 1 January 2004
 - ✓ born 1953, M.Sc.Eng.
 - ✓ **Alstom:**
 - Country President ALSTOM Sweden and President ALSTOM Power AB

Sandvik Materials Technology



● Q2/03 Invoicing: +5% for comparable units
excl. currency effects



● Q2/03 EBIT: SEK 191 M, 6%

Materials Technology Highlights

- Continued weak margin as previously indicated
 - ✓ Negative currency effect
 - ✓ Low capacity utilization in certain product areas
 - ✓ Increased order intake and improved product mix in the order book
- Improvement activities proceeds
 - ✓ Product assortment
 - ✓ Manufacturing structure
 - ✓ Productivity and lead times
 - ✓ Capital efficiency
- Introduction of new products



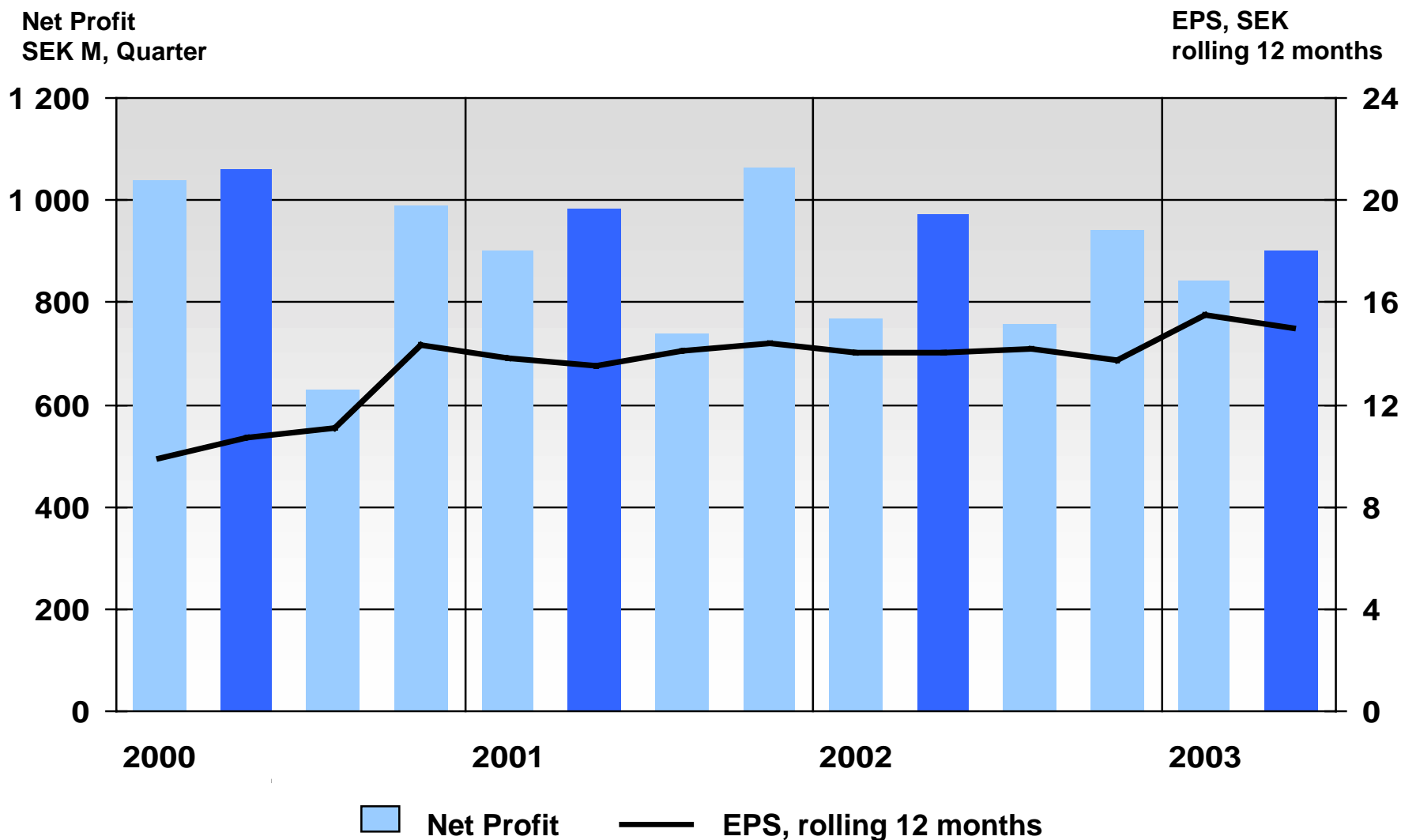
Sales and Earnings by Business area

April - June	Invoicing		EBIT			
	Q2 2003		Q2 2003		Q2 2002	
	SEK M	Change* %	SEK M	%	SEK M	%
Tooling	4 522	+1	705	16**	757	17
Mining and Construction	3 671	+9	364	10	398	11
Materials Technology	3 150	+5	191	6	332	10
Seco Tools	969	-1	162	17	187	18
Other	18	/	-19	/	-60	/
GROUP TOTALS	12 330	+4	1 403	11	1 614	13
Financial net			-212		-157	
EARNINGS BEFORE TAXES			1 191	10	1 457	12
NET PROFIT			901	7	970	8

* at fixed exchange rates for comparable units

** Tooling margin 2003: 19% excluding dilution from Walter and Valenite

Net Profit, Earnings Per Share



Financial Position

	June 30 2003	Dec. 31 2002
• Cash flow from operations, SEK M *	2,547	7,190
• CAPEX *	1,433	2,357
• Net debt, SEK M	14,454	13,110
• Net debt, ratio	0.7	0.5
• Equity/Assets	43	48
• ROCE,%	15.0	15.4
• ROE,%	15.5	14.9
• Share buyback, no. of shares '000	8,697	8,697

* first six months 2003

Short-term market outlook

5 August 2003

The same as previous quarter:

“Uncertainty regarding economic development remains. However, no significant change in the demand situation is expected for Sandvik in the near future.”

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.”



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