

INTERIM REPORT SECOND QUARTER

AND FIRST SIX MONTHS OF 2017



IMPROVED PERFORMANCE AND PORTFOLIO CONSOLIDATION

CEO'S COMMENT: "The second quarter was another three months of positive development as we achieved improvements in order intake, revenues, adjusted earnings and adjusted margins. I am very pleased with the overall development in the quarter, although there are areas in which we need to improve performance going forward", says Björn Rosengren, President and CEO of Sandvik.

"We reached significant improvement in order intake, supported by all three business areas. In Sandvik Materials Technology, we secured large orders amounting to about 1 billion SEK".

"We achieved an adjusted operating margin of 15.8% and the adjusted operating profit improved by 38% to 3.7 billion SEK, the highest quarterly level in five years. Excluding the positive impact from changed exchange rates, adjusted operating profit improved by 28%. The operating profit improved by 21%, including the earlier announced items affecting comparability of -450 million SEK. I expect all businesses in Sandvik to show continuous improvement over time. I am pleased with the overall earnings improvement in the quarter, driven by Sandvik Machining Solutions and

Sandvik Mining and Rock Technology, but the profitability in Sandvik Materials Technology was unsatisfactory.

Demand in the energy segment remained stable in the quarter, year-on-year. However, looking at the extended period of weakness, the downturn in customer activity in the energy segment has had a higher than anticipated adverse impact on demand for the standardized tubular offering. In addition, competition has gradually intensified. Accordingly, we will initiate actions to restore profitability".

"Cash flow improved year-on-year on higher earnings. The cash flow supported the net gearing, reported at 0.71 including the distribution of the dividend in the quarter."

"I am pleased that we took several steps to further focus Sandvik on its core business with the announcement of the divestment of Sandvik Process Systems and, finally, the exit from Mining Systems. In addition, we announced the intention to divest the welding and stainless wire business in Sandvik Materials Technology. These are all important actions in consolidating Sandvik, making it more focused and transparent, as well as creating the financial strength to grasp growth opportunities."

FINANCIAL OVERVIEW, MSEK	Q2 2016	Q2 2017	CHANGE %	Q1-Q2 2016	Q1-Q2 2017	CHANGE %
<i>Continuing operations</i>						
Order intake ¹⁾	19 869	24 533	+17	40 168	49 449	+17
Revenues ¹⁾	20 321	23 553	+9	40 021	45 320	+7
Gross profit	7 948	9 378	+18	15 562	18 295	+18
% of revenues	39.1	39.8		38.9	40.4	
Operating profit	2 705	3 271	+21	5 118	6 778	+32
% of revenues	13.3	13.9		12.8	15.0	
Adjusted operating profit ⁴⁾	2 705	3 721	+38	5 118	7 228	+41
% of revenues	13.3	15.8		12.8	15.9	
Profit after financial items	2 287	3 045	+33	4 283	6 165	+44
% of revenues	11.3	12.9		10.7	13.6	
Profit for the period	1 671	2 186	+31	3 126	4 467	+43
% of revenues	8.2	9.3		7.8	9.9	
of which shareholders' interest	1 694	2 194	+30	3 154	4 475	+42
Earnings per share, SEK ²⁾	1.35	1.75	+30	2.51	3.57	+42
Return on capital employed, % ³⁾	14.6	17.0		11.1	16.6	
Cash flow from operations	+2 050	+2 493	+22	+3 652	+5 696	+56
Net working capital, % ³⁾	28.1	23.3		28.5	25.4	
<i>Discontinued operations</i>						
Profit for the period	-56	19	N/M	-112	8	N/M
Earnings per share, SEK ²⁾	-0.04	0.01	N/M	-0.09	0.00	N/M
<i>Group Total</i>						
Profit for the period	1 615	2 205	+37	3 014	4 475	+48
Earnings per share, SEK ²⁾	1.31	1.76	+35	2.42	3.57	+47

1) Change from the preceding year at fixed exchange rates for comparable units.

2) Basic and diluted earnings per share.

3) Quarter is quarterly annualized and the year-to-date numbers are based on a four quarter average.

4) Profit adjusted for items affecting comparability of -450 million SEK in Q2 2017.

Tables and calculations do not always agree exactly with the totals due to rounding. Comparisons refer to the year-earlier period, unless stated otherwise.

For definitions see home.sandvik

N/M = non meaningful

MARKET DEVELOPMENT AND EARNINGS

GROWTH

Q2	ORDER INTAKE	REVENUES
Price/volume, %	+17	+9
Structure, %	0	0
Currency, %	+6	+6
TOTAL, %	+23	+16

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

In the second quarter, order intake improved organically by 17% year-on-year, and the book-to-bill was 104%. Order intake improved in all three business areas and all geographical regions. For Sandvik Machining Solutions, orders improved by 6% organically with growth in all three major regions, including a negative impact from the number of working days. Orders improved organically by 23% in Sandvik Mining and Rock Technology due to strong demand for replacement equipment and in the aftermarket business. For Sandvik Materials Technology, order intake improved by 40%, including large orders at a total value of about 1 billion SEK. Excluding the major orders and alloy surcharges, order intake remained stable.

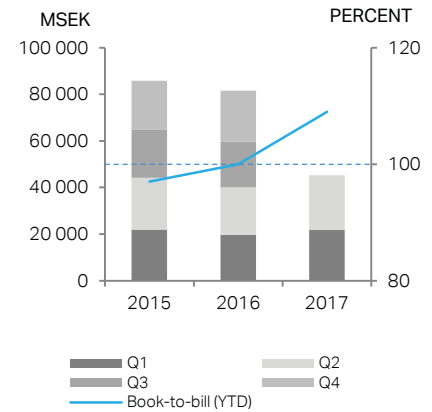
In the three major regions, momentum was strongest in North America at 40%, while the figure excluding large orders was 16%. Europe reported 5% growth. Asia improved by 4% and China outgrew the region as a whole.

All customer segments improved or remained stable year-on-year. Mining demand grew and was strong across all regions. Customer activity related to the general engineering segment increased overall with strength in all main geographical regions. The aerospace segment noted an overall stable development, due to the combined effect of a positive development in North America, while Asia and Europe remained stable. The automotive segment improved overall, with increased demand in Europe and Asia, while North America remained stable. The energy segment remained overall stable.

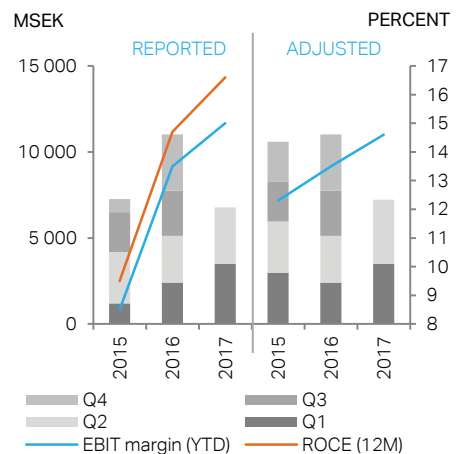
Changed exchange rates had a positive impact of 6% on both order intake and revenues.

Adjusted operating profit rose by 38% year-on-year to 3,721 million SEK (2,705) and the adjusted operating margin was 15.8% (13.3). Adjusted operating profit rose by 28%, excluding the positive impact of changed exchange rates. The improvement in adjusted operating profit was driven by strong development in Sandvik Mining and Rock Technology and Sandvik Machining Solutions at 117% and 18% respectively, due to increased demand and implemented efficiency measures. In Sandvik Materials Technology, adjusted operating profit decreased by -37%, primarily due to an adverse impact from changed metal prices, negative mix in deliveries and lower profitability in the standardized tubular business. Total costs for sales and administration increased by 7%, primarily due to the impact from changed exchange rates. The increase was related to sales costs as administrative costs remained stable. However, the ratio to revenues declined to 20.5% (22.3). Savings from the ongoing efficiency programs announced earlier generated savings of 102 million SEK year-on-year. Changed exchange rates positively impacted operating profit by 264 million SEK. Changed metal prices had an adverse impact on results by -54 million SEK (+9). Finance net decreased significantly year-on-year to -226 million SEK (-418) reduced primarily by mark to market valuation of derivatives. The tax rate in the second quarter was 28.2% (26.9) for continuing operations. The total tax rate for the Group was 28.0% (27.6) for the quarter.

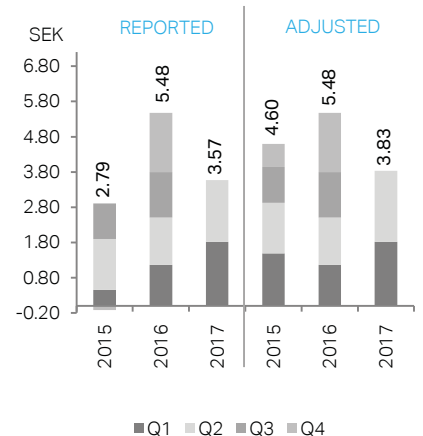
REVENUES AND BOOK-TO-BILL



OPERATING PROFIT & RETURN



EARNINGS PER SHARE



CASH FLOW AND BALANCE SHEET

Capital employed increased year-on-year to 76,199 million SEK (74,837) primarily due to the impact from a higher cash balance.

Net working capital decreased overall by about 1 billion SEK year-on-year to 22.3 billion SEK. The decline was the result of largely stable inventories and increased accounts receivables, which were more than offset by increased accounts payable and customer advances. Net working capital in relation to revenues was reduced to record low 23% (28) for the quarter.

Investments in tangible and intangible assets in the second quarter amounted to 810 million SEK (920), corresponding to 81% of depreciation. Investments are seasonally higher in the second half of the year.

Financial net debt amounted to 28.2 billion SEK in the second quarter, declining year-on-year from 35.4 billion SEK, but increased sequentially from 26.3 billion SEK due to the distribution of dividend. The net debt to equity ratio was reduced to 0.71 (1.00). The net pension liability remained largely stable year-on-year at 6.0 billion SEK (6.1). Interest-bearing debt with short-term maturity accounted for 12% of total debt.

Cash flow from operations improved year-on-year and amounted to 2.5 billion SEK (2.1). The higher level of operating cash flow was related to the strengthened operating result, year-on-year, and improved despite a comparatively larger adverse impact from changes in net working capital.

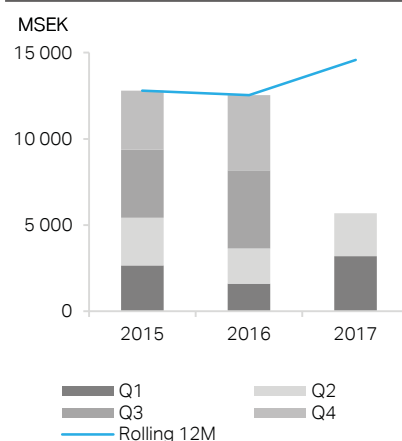
Free operating cash flow improved by 26% year-on-year to 2.6 billion SEK (2.1), which is lower than operating profit due to an increase in volume in net working capital on the back of recent strong order intake.

CASH FLOW	Q2 2016	Q2 2017
EBITDA	3 773	4 749
Non-cash items	-332	+64
Net Working Capital change	-413	-1 267
Capex*	-961	-944
FREE OPERATING CASH FLOW**	2 067	2 602
Net financial items	-418	-226
Paid tax	-474	-577
Cash flow from investing activities	+851	+694
Acquisitions of companies and shares, net of cash	+14	0
Proceeds from sale of companies and shares, net of cash	+5	0
Other investments, net	+5	0
CASH FLOW FROM OPERATIONS	2 050	2 493

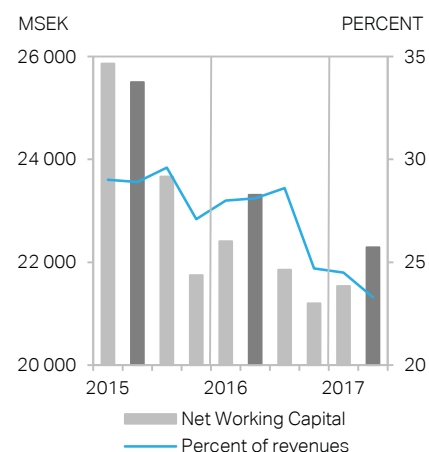
* Including investments and disposals of rental equipment of -250 million SEK and investments and disposals of tangible and intangible assets of -694 million SEK.

** Free operating cash flow before acquisitions and disposals of companies, financial items and taxes.

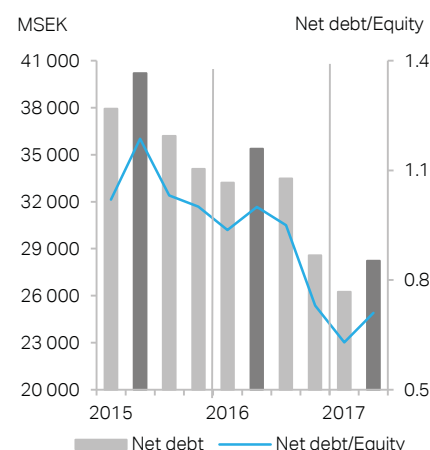
CASH FLOW FROM OPERATIONS



NET WORKING CAPITAL



NET DEBT, GROUP TOTAL



SANDVIK MACHINING SOLUTIONS

GROWTH IN ALL THREE MAJOR REGIONS

EARNINGS AND MARGIN IMPROVEMENT

RECORD LOW RATIO FOR NET WORKING CAPITAL



GROWTH

Q2	ORDER INTAKE	REVENUES
Price/volume, %	+6	+5
Structure, %	+0	+0
Currency, %	+5	+5
TOTAL, %	+12	+10

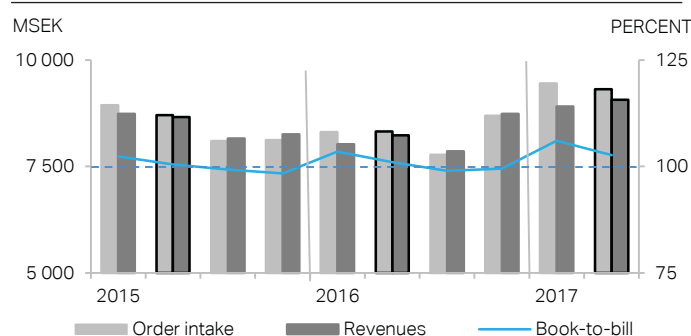
Change compared to same quarter last year. The table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

Revenues increased organically by 5% year-on-year with growth in all three major regions, despite the negative impact from the number of working days of about -3%.

Key items impacting orders and revenues compared with the year-earlier period:

- Organic revenue growth of 15% in Asia was primarily driven by China, which outperformed the region as a whole. Customer activity increased in most segments, except for the aerospace segment which remained stable.
- Revenues improved organically by 5% in North America with positive development across most segments, except automotive which remained stable.
- In Europe revenues improved organically by 1%, including the above average adverse impact from working days. The general engineering and automotive segments improved while the aerospace and energy segments remained stable.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



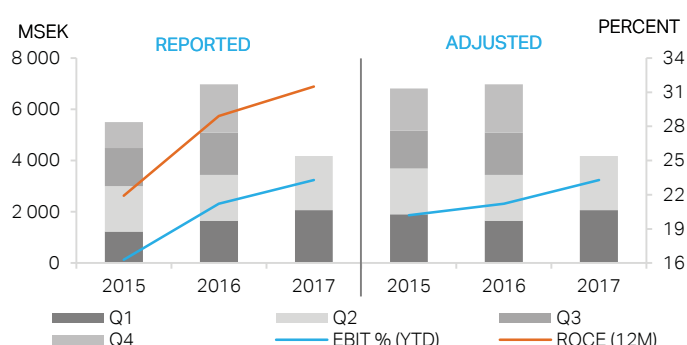
Operating profit improved by 18% year-on-year, and the operating margin increased to 23.3% (21.7).

Items impacting operating profit and margin:

- Positive organic growth of 5% in revenues.
- Changed exchange rates had a positive impact on operating profit of 49 million SEK.
- Ongoing announced efficiency measures generated year-on-year savings of 94 million SEK.

Net working capital in relation to revenues reached an all-time low of 22.8% (25.2).

OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK	Q2 2016	Q2 2017	CHANGE %	Q1-Q2 2016	Q1-Q2 2017	CHANGE %
Order intake	8 320	9 312	+6 *	16 624	18 762	+8*
Revenues	8 235	9 071	+5 *	16 260	17 980	+6*
Operating profit	1 785	2 110	+18	3 437	4 181	+22
% of revenues	21.7	23.3		21.1	23.3	
Return on capital employed, % ¹⁾	29.6	34.5		24.2	31.5	
Number of employees	18 175	17 710	-3	18 175	17 710	-3

* At fixed exchange rates for comparable units.

¹⁾ Quarter is quarterly annualized and the year-to-date numbers are based on a four quarter average.

For definitions see home.sandvik

SANDVIK MINING AND ROCK TECHNOLOGY

STRONG ORDER GROWTH

MATERIAL IMPROVEMENT IN BOTH EQUIPMENT AND AFTERMARKET BUSINESS

SIGNIFICANT IMPROVEMENT IN EARNINGS AND MARGIN



GROWTH

Q2	ORDER INTAKE	REVENUES
Price/volume, %	+23	+17
Structure, %	0	0
Currency, %	+7	+8
TOTAL, %	+32	+25

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

Order intake improved by 23% year-on-year, yielding a book-to-bill of 105%. Revenues increased by 17% supported by strong order intake in recent quarters and good demand in the aftermarket business.

Key items impacting orders and revenues compared with the year-earlier period:

- Customer activity improved significantly in the mining equipment business, where growth rates were highest in relative terms.
- The overall demand in the aftermarket business increased as both consumables as well as parts and service developed positively, and improved at a low double-digit rate.
- Product categories for underground drilling as well as loading and hauling reported the strongest order increase.
- Increased customer activity was primarily related to the commodities of gold, silver and zinc. Some signs of improvement were noted for copper.
- Customer activity related to construction developed positively for tunnelling.
- All geographies reported positive order development with Australia being the relatively strongest region.

Operating profit improved by 117% and the operating margin increased significantly to 16.0% (9.3).

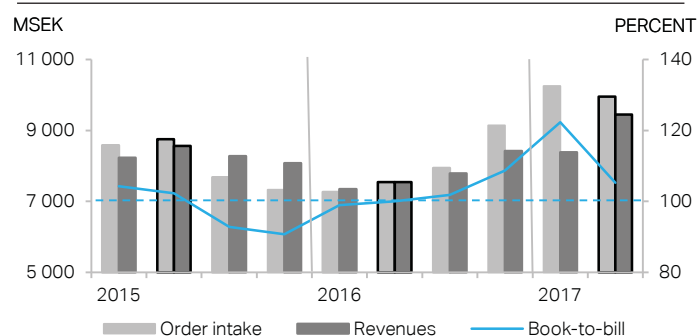
Items impacting operating profit and margin:

- Positive organic growth of 17% in revenues improved the fixed cost absorption in production.
- The previous year period was adversely impacted by some activities related to the merger of the two business areas Sandvik Mining and Sandvik Construction.

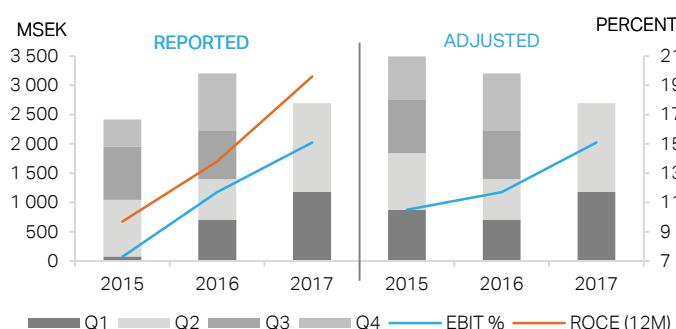
- Changed exchange rates impacted operating profit positively by 192 million SEK.

Net working capital in relation to revenues reached an all-time-low of 23.0% (32.4).

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK

	Q2 2016	Q2 2017	CHANGE %	Q1-Q2 2016	Q1-Q2 2017	CHANGE %
Order intake	7 539	9 949	+23 *	14 805	20 196	+26*
Revenues	7 540	9 450	+17 *	14 884	17 828	+11*
Operating profit	698	1 512	N/M	1 403	2 697	+92
% of revenues	9.3	16.0		9.4	15.1	
Return on capital employed, % ¹⁾	11.9	26.7		11.6	19.6	
Number of employees	14 257	14 660	+3	14 257	14 660	+3

* At fixed exchange rates for comparable units.

¹⁾ Quarter is quarterly annualized and the year-to-date numbers are based on a four quarter average. For definitions see home.sandvik

SANDVIK MINING AND ROCK TECHNOLOGY

CONTINUING OPERATIONS

FINANCIAL OVERVIEW, MSEK	Q2 2016	Q2 2017	CHANGE %	Q1-Q2 2016	Q1-Q2 2017	CHANGE %
Order intake	7 539	9 949	+23 *	14 805	20 196	+26*
Revenues	7 540	9 450	+17 *	14 884	17 828	+11*
Operating profit	698	1 512	N/M	1 403	2 697	+92
% of revenues	9.3	16.0		9.4	15.1	

* At fixed exchange rates for comparable units.

DISCONTINUED OPERATIONS

FINANCIAL OVERVIEW, MSEK	Q2 2016	Q2 2017	CHANGE %	Q1-Q2 2016	Q1-Q2 2017	CHANGE %
Order intake	273	407	+37 *	1 435	918	-41*
Revenues	715	893	+14 *	1 435	1 562	-2*
Operating profit	-55	13	N/M	-110	0	N/M
% of revenues	-7.8	1.5		-7.7	0.0	

* At fixed exchange rates for comparable units.

Order intake increased by 37% and revenues by 14% year-on-year at fixed exchange rates for comparable units. The operating profit amounted to 13 million SEK (-55). Changed exchange rates impacted earnings adversely by -9 million SEK.

After the close of the second quarter the exit from Mining Systems business was announced.

Sandvik's plan to exit Mining Systems is as follows:

- The project part of the business related to mining industry is being divested to FLSmidth.
- Ongoing orders and deliveries related to the non-mining material handling project business (mainly harbor projects) and some mining projects will be delivered by Sandvik through an operational agreement with FLSmidth. The projects are expected to be finalized during 2017 – 2019.
- The conveyor components parts of the Mining Systems business is being divested to NEPEAN Conveyors Pty Ltd, a privately owned Australian based company.

Mining Systems will continue to be reported in discontinued operations. The transaction will have no or limited impact on earnings per share and closing is expected by the end of 2017. The transaction is subject to regulatory approvals.

SANDVIK MINING AND ROCK TECHNOLOGY TOTAL

FINANCIAL OVERVIEW, MSEK	Q2 2016	Q2 2017	CHANGE %	Q1-Q2 2016	Q1-Q2 2017	CHANGE %
Order intake	7 813	10 356	+23 *	16 240	21 114	+20*
Revenues	8 255	10 343	+16 *	16 319	19 390	+10*
Operating profit	642	1 526	N/M	1 293	2 697	N/M
% of revenues	7.8	14.7		7.9	13.9	

* At fixed exchange rates for comparable units.

SANDVIK MATERIALS TECHNOLOGY

STRONG ORDER INTAKE WITH LARGE ORDERS RECEIVED

LOWER EARNINGS AND MARGIN

ANNOUNCED INTENTION TO DIVEST WELDING AND STAINLESS WIRE BUSINESS



GROWTH

Q2	ORDER INTAKE	REVENUES
Price/volume, %	+40	+7
Structure, %	0	0
Currency, %	+3	+3
TOTAL, %	+45	+11

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

Organic order intake increased by 40% and book-to-bill reached 106%. Excluding the impact from major orders, order intake improved by 6%. Higher alloy prices impacted order intake and revenues positively by 6% and 5% respectively, primarily related to nickel.

Key items impacting orders and revenues compared with the year-earlier period:

- Order intake was positively impacted by large orders received at a combined value of about 1 billion SEK.
- Demand remained stable on a low level for the more standardized tubular product offering. Continued high competition, both related to the downturn in the energy segment, as well as to a gradually stronger product offering from primarily Asian competitors.
- Higher demand for heating systems and high-alloy metal powder for such applications as additive manufacturing.

Adjusted operating profit decreased by 37% year-on-year and the adjusted operating margin was 5.0% (8.8). The adjusted operating margin excluding metal price effects amounted to 6.4% (8.5).

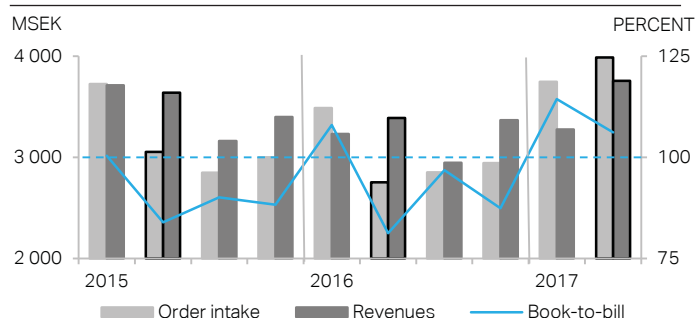
Items impacting operating profit and margin:

- The reported operating profit and margin were adversely impacted by items affecting comparability of -450 million SEK primarily related to impairments of fixed assets driven by the announced intention to divest the welding and stainless wire business.
- Excluding the positive impact from changed alloy prices organic revenues improved by 2%. However, negative mix in deliveries and lower profitability in the standardized tubular business weighed on adjusted operating profitability.
- Changed exchange rates had a positive impact of 41 million SEK on operating profit.

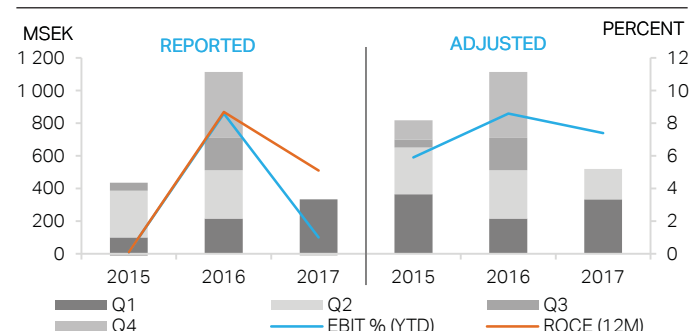
- Changed metal prices had an adverse impact of -54 million SEK (+9) on operating profit.
- Savings from announced restructuring programs amounted to 8 million SEK year-on-year.

The intention to divest the welding and stainless wire business was announced. The business is subject to intense competition and Sandvik Materials Technology does not hold a leading market position. In 2016, the business had about 700 million SEK in revenues.

ORDER INTAKE, REVENUES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK	Q2 2016	Q2 2017	CHANGE %	Q1-Q2 2016	Q1-Q2 2017	CHANGE %
Order intake	2 753	3 985	+40 *	6 242	7 731	+21*
Revenues	3 389	3 755	+7 *	6 620	7 030	+3*
Operating profit	297	-263	N/M	514	71	-86
% of revenues	8.8	-7.0		7.8	1.0	
Adjusted operating profit**	297	187	-37	514	521	+1
% of revenues	8.8	5.0		7.8	7.4	
Return on capital employed, % ¹⁾	9.3	-7.9		1.1	5.1	
Number of employees	6 504	6 552	+1	6 504	6 552	+1

* At fixed exchange rates for comparable units. ** Operating profit adjusted for items affecting comparability of -450 million SEK in Q2 2017.
¹⁾ Quarter is quarterly annualized and the year-to-date numbers are based on a four quarter average.

For definitions see home.sandvik

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OTHER OPERATIONS

Organic order intake declined by -3%, which was the combined effect of a positive development in Hyperion which was more than off-set by a decline in Process Systems.

Revenue increased by 5% as recent order intake turned into deliveries.

Key items impacting orders and revenues compared with the year-earlier period:

- Process Systems: organic order intake declined significantly related to timing in customers placing orders. The strong order intake in the recent quarters supported revenues which improved.
- Hyperion: order intake was reported at a double-digit growth level supported by some blanket orders and a general positive development in customer activity in most segments. Revenues increased by mid-single digits supported by improvements in most customer segments.

Operating profit declined by 12% and the operating margin weakened to 9.7% (12.3).

Items impacting operating profit and margin:

- Operating profit and operating margin improved materially in Process Systems, on the back of positive mix development as well as support from implemented efficiency measures.

GROWTH

Q2	ORDER INTAKE	REVENUES
Price/volume, %	-3	+5
Structure, %	0	0
Currency, %	+6	+6
TOTAL, %	+3	+11

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

- Operating profit and operating margin declined in Hyperion, due to impact from changed exchange rates.
- Operating profit for Other Operations was adversely impacted by transaction related costs of about -40 million SEK in connection with divestment of Process Systems.
- Changed exchange rates had an adverse impact of -5 million SEK on operating profit.

FINANCIAL OVERVIEW, MSEK	Q2 2016	Q2 2017	CHANGE %	Q1-Q2 2016	Q1-Q2 2017	CHANGE %
Order intake	1 251	1 287	-3 *	2 487	2 760	+5*
Revenues	1 151	1 276	+5 *	2 246	2 481	+5*
Operating profit	141	124	-12	235	250	+7
% of revenues	12.3	9.7		10.5	10.1	
Return on capital employed, % ¹⁾	15.0	13.1		10.7	14.9	
Number of employees	1 979	1 987	+0	1 979	1 987	+0

* At fixed exchange rates for comparable units.

¹⁾ Quarter is quarterly annualized and the year-to-date numbers are based on a four quarter average.

For definitions see home.sandvik

PARENT COMPANY

The parent company's revenues after the second quarter of 2017 amounted to 8,784 million SEK (7,848) and the operating result was 810 million SEK (45). Expense of shares in Group companies consists primarily of dividends and Group contributions to these and amounted after the second quarter to

-1,466 million SEK (860). Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to 17,013 million SEK (12,289). Investments in property, plant and machinery amounted to 331 million SEK (334).

FIRST SIX MONTHS 2017

Demand for Sandvik's products during the first six months of 2017 improved compared with the year-earlier period with organic growth in order intake at 17%. Revenues increased by 7%. It was a broadbased improvement in orders with support from all business areas and most customer segments. The strongest growth was reported in the mining segment due to a significant improvement in demand for replacement equipment as well as increased demand in the aftermarket business. Demand for Sandvik's products improved in all regions. The impact from changed exchange rates had a positive impact of 6% on order intake and 5% on revenues. Sandvik's order intake amounted to 49,449 million SEK (40,168), and revenues were 45,320 million SEK (40,021), implying a book-to-bill ratio of 109%. Adjusted operating profit was 7,228 million SEK (5,118) and the adjusted operating margin was 15.9% (12.8), positively impacted by 665 million SEK due to changed exchange rates. Changed metal prices had a positive impact of 75 million SEK

(-97). Net financial items amounted to -613 million SEK (-835) and the profit after financial items was 6,165 million SEK (4,283). The tax rate was 27.5% (27.0) for continuing operations and 27.5% for the Group (27.7). Profit for the period amounted to 4,467 million SEK (3,126) in continuing operations and 4,475 million SEK (3,014) for Group total. Earnings per share for continuing operations amounted to 3.57 SEK (2.51) and for the Group total earnings per share amounted to 3.57 SEK (2.42). Operating cash flow from continuing operations was 5,696 million SEK (3,652), supported by higher earnings year on year, despite a comparatively larger adverse impact from changes in net working capital. Investments were 1,513 million SEK (1,662). Net debt was reduced to 28,2 billion SEK (35,4), resulting in a net debt to equity ratio of 0.71 (1.00).

ACQUISITIONS AND DIVESTMENTS

ACQUISITIONS DURING THE MOST RECENT 12-MONTH PERIOD

	COMPANY / UNIT	CLOSING DATE	ANNUAL REVENUE, MSEK	NO. OF EMPLOYEES
Sandvik Machining Solutions	Comara GmbH	1 October 2016	8	16

DIVESTMENTS DURING THE MOST RECENT 12-MONTH PERIOD

No divestments in the period.

SIGNIFICANT EVENTS

- On 15 March, Sandvik announced that Klas Forsström had been appointed new President of the Sandvik Machining Solutions business area and a member of Group Executive Management effective 1 April 2017. Klas Forsström has been with the Sandvik Group for 25 years and most recently held the position of President of Sandvik Coromant, the global leading supplier of metal-cutting tools, where he has worked most of his career.

- On 17 May, Sandvik announced Sandvik Materials Technology's intention to divest parts of its wire operations.

- To be divested: welding and stainless wire. These businesses are subject to intense competition and Sandvik Materials Technology does not hold a leading market position. In 2016 the wire businesses, which are to be divested, generated total annual revenues of about 700 million SEK.
- To remain in Sandvik Materials Technology: Kanthal wire for industrial heating etc. These businesses will be included in the Kanthal product area and are regarded as core businesses due to the strong market position and growth potential. In 2016 operations now transferred into the Kanthal product area had annual revenues of about 800 million SEK.

A charge of -450 million SEK related to the transaction impacted the result for the second quarter 2017. This was primarily impairments related to fixed assets. The cash flow impact from the transaction is expected to be positive.

- On 2 June Sandvik announced it had signed an agreement to divest Sandvik Process Systems to FAM AB, at a price of 5.0 billion SEK.

Sandvik Process Systems delivers advanced industrial process solutions based on high-end steel belts, steel belt based equipment and process solutions within adjacent technologies. In 2016, the operations, with approximately 600 employees, had reported revenues of 1.7 billion SEK representing 2% of Sandvik's total revenues and with a strong operating margin.

Sandvik Process Systems will continue to be reported in Other Operations in Sandvik's financial statements. The closing of the transaction is expected no later than early 2018 and is subject to regulatory approvals. Upon closing, the transaction will generate a substantial capital gain to be reported in Sandvik's financial statements.

- On 12 July and 17 July, after the close of the second quarter the exit from Mining Systems business was announced in two separate agreements.

Mining Systems is a supplier of design and engineering of material handling systems with annual sales 2016 of 2.9 billion SEK.

Sandvik's plan to exit Mining Systems is as follows:

- The project part of the business related to mining industry is being divested to FLSmidth.
- Ongoing orders and deliveries related to the non-mining material handling project business (mainly harbor projects) and some mining projects will be delivered by Sandvik through an operational agreement with FLSmidth. The projects are expected to be finalized during 2017 – 2019.
- The conveyor components part of the Mining Systems business is being divested to NEPEAN Conveyors Pty Ltd, a privately owned Australian based company.

Mining Systems will continue to be reported in discontinued operations. The transaction will have no or limited impact on earnings per share and closing is expected by the end of 2017. The transaction is subject to regulatory approvals.

GUIDANCE

Guidance below relates to continuing operations.

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:

CAPEX	Estimated at about 3.9 billion SEK for 2017
CURRENCY EFFECTS	Based on currency rates at the end of June 2017, it is estimated that transaction and translation currency effects will have a neutral impact on operating profit for the third quarter of 2017, compared with the year-earlier period
METAL PRICE EFFECTS	In view of currency rates, inventory levels and metal prices at the end of June 2017, it is estimated that there will be a negative impact of about -100 million SEK on operating profit in Sandvik Materials Technology for the third quarter of 2017
NET FINANCIAL ITEMS	Estimated at between -1.4 and -1.5 billion SEK in 2017
TAX RATE	Estimated at about 26% - 28% for 2017

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 2017.

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 amendments of standards that are effective as of 1 January 2017 or later. The standards have not had any material impact on the consolidated accounts. Disclosure in accordance with IAS 34.16A is found in the financial statements, the related notes and also in other parts of the interim report.

IFRS 9 Financial Instruments

Effective date is 1 January 2018. An impact assessment has been made in Q2 2017 to prepare for the implementation of IFRS 9. Sandvik entities will primarily be affected by the introduction of the expected loss model regarding provisions for credit losses replacing the current incurred loss model, but the impact is expected to be small.

IFRS 15 Revenue from contracts with customers

Effective date is 1 January 2018. The effects on the financial statements are expected to be limited and the main change is related to moving some revenue from products to services. The implementation project is on-going and parallel reporting according to the new standard is being made in 2017.

In accordance with IFRS 5, the assets and liabilities related to the exit from Sandvik Process Systems and the intended divestment of the welding and stainless wire businesses in Sandvik Materials Technology are presented as assets/liabilities held for sale in the balance sheet. In connection with the planned divestment of the welding and stainless wire businesses an impairment mainly related to fixed assets has been made.

The Mining Systems operations, which the Group intends to divest, have been classified as discontinued operations in accordance with IFRS 5. Comparative figures have been adjusted where necessary. In connection with the ongoing divestment, a write-down of assets has been made to a value that corresponds to the estimated sale price less selling costs.

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 150 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 2016.

FINANCIAL REPORTS SUMMARY

THE GROUP

INCOME STATEMENT

MSEK	Q2 2016	Q2 2017	CHANGE %	Q1-Q2 2016	Q1-Q2 2017	CHANGE %
<i>Continuing operations</i>						
Revenues	20 321	23 553	+16	40 021	45 320	+13
Cost of sales and services	-12 373	-14 175	+15	-24 459	-27 025	+10
Gross profit	7 948	9 378	+18	15 562	18 295	+18
% of revenues	39.1	39.8		38.9	40.4	
Selling expenses	-3 005	-3 302	+10	-5 878	-6 428	+9
Administrative expenses	-1 519	-1 535	+1	-3 038	-3 013	-1
Research and development costs	-798	-809	+1	-1 501	-1 557	+4
Other operating income and expenses	79	-461	N/M	-27	-519	N/M
Operating profit	2 705	3 271	+21	5 118	6 778	+32
% of revenues	13.3	13.9		12.8	15.0	
Net financial items	-418	-226	-46	-835	-613	-27
Profit after financial items	2 287	3 045	+33	4 283	6 165	+44
% of revenues	11.3	12.9		10.7	13.6	
Income tax	-616	-859	+39	-1 157	-1 698	+47
Profit for the period, continuing operations	1 671	2 186	+31	3 126	4 467	+43
% of revenues	8.2	9.3		7.8	9.9	
<i>Discontinued operations</i>						
Revenues	715	893	+25	1 435	1 561	+9
Operating profit	-55	13	N/M	-110	0	N/M
Profit after financial items	-56	19	N/M	-112	8	N/M
Profit for the period, discontinued operations	-56	19	N/M	-112	8	N/M
<i>Group total</i>						
Revenues	21 036	24 446	+16	41 456	46 881	+13
Operating profit	2 650	3 284	+24	5 008	6 778	+35
Profit after financial items	2 231	3 064	+37	4 171	6 173	+48
Profit for the period, Group total	1 615	2 205	+37	3 014	4 475	+48
<i>Items that will not be reclassified to profit or loss</i>						
Actuarial gains/losses on defined benefit pension plans	-9	-138		-40	27	
Tax relating to items that will not be reclassified	28	4		43	-44	
	19	-134		3	-17	
<i>Items that will be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences	1 119	-1 042		1 117	-955	
Cash flow hedges	22	20		-9	59	
Tax relating to items that may be reclassified	-5	-4		3	-13	
	1 136	-1 026		1 111	-909	
Total other comprehensive income	1 155	-1 160		1 114	-926	
Total comprehensive income	2 770	1 045		4 128	3 549	
<i>Profit for the period attributable to</i>						
Owners of the Parent	1 638	2 212		3 042	4 483	
Non-controlling interests	-23	-7		-28	-8	
<i>Total comprehensive income attributable to</i>						
Owners of the Parent	2 793	1 052		4 156	3 557	
Non-controlling interests	-23	-7		-28	-8	
Earnings per share, SEK *						
Continuing operations	1.35	1.75	+30	2.51	3.57	+42
Discontinued operations	-0.04	0.01	N/M	-0.09	0.00	N/M
Group Total	1.31	1.76	+35	2.42	3.57	+47

* Basic and diluted earnings per share. N/M = non-meaningful.
For definitions see home.sandvik

THE GROUP

BALANCE SHEET CONTINUING AND DISCONTINUED OPERATIONS

MSEK	31 DEC 2016	30 JUN 2016	30 JUN 2017
Intangible assets	19 240	18 663	18 621
Property, plant and equipment	26 709	26 175	25 071
Financial assets	8 036	8 005	7 764
Inventories	20 977	21 853	21 301
Current receivables	19 362	19 616	20 479
Cash and cash equivalents	8 818	4 134	7 451
Assets held for sale	358	2 154	2 533
Total assets	103 500	100 600	103 220
Total equity	39 290	35 389	39 584
Non-current interest-bearing liabilities	33 187	36 027	32 636
Non-current non-interest-bearing liabilities	4 867	4 811	4 935
Current interest-bearing liabilities	4 680	3 892	3 553
Current non-interest-bearing liabilities	20 579	18 798	20 685
Liabilities held for sale	897	1 683	1 827
Total equity and liabilities	103 500	100 600	103 220
<i>Group total</i>			
Net working capital*	20 801	23 287	22 288
Loans	31 333	33 352	29 581
Non-controlling interests in total equity	93	58	41

* Total of inventories, trade receivables, accounts payable and other current noninterest-bearing receivables and liabilities, excluding tax assets and liabilities.

NET DEBT

MSEK	31 DEC 2016	30 JUN 2016	30 JUN 2017
Interest-bearing liabilities excluding pension liabilities	31 418	33 452	29 681
Net pension liabilities	5 979	6 067	6 003
Cash and cash equivalents	-8 818	-4 134	-7 451
Net debt	28 579	35 385	28 233
Net debt to equity ratio	0.73	1.00	0.71

CHANGE IN TOTAL EQUITY

MSEK	EQUITY RELATED TO OWNERS OF THE PARENT	NON-CONTROLLING INTEREST	TOTAL EQUITY
Opening equity, 1 January 2016	33 979	81	34 060
Non-controlling interest new stock issue	-	52	52
Total comprehensive income for the period	8 001	-40	7 961
Personnel options program	61	-	61
Hedge of personnel options program	292	-	292
Dividends	-3 136	-	-3 136
Closing equity, 31 December 2016	39 197	93	39 290
Opening equity, 1 January 2017	39 197	93	39 290
Changes in non-controlling interest	-9	-44	-53
Total comprehensive income for the period	3 557	-8	3 549
Personnel options program	318	-	318
Hedge of personnel options program	-71	-	-71
Dividends	-3 449	-	-3 449
Closing equity, 30 June 2017	39 543	41	39 584
Opening equity, 1 January 2016	33 979	81	34 060
Non-controlling interest new stock issue	-	5	5
Total comprehensive income for the period	4 156	-28	4 128
Personnel options program	40	-	40
Hedge of personnel options program	292	-	292
Dividends	-3 136	-	-3 136
Closing equity, 30 June 2016	35 331	58	35 389

For definitions see home.sandvik

THE GROUP

CASH FLOW STATEMENT

MSEK	Q2 2016	Q2 2017	Q1-Q2 2016	Q1-Q2 2017
<i>Continuing operations</i>				
<i>Cash flow from operating activities</i>				
Income after financial income and expenses	2 287	3 045	4 283	6 165
Adjustment for depreciation, amortization and impairment losses	1 068	1 478	2 142	2 636
Adjustment for items that do not require the use of cash etc.	-332	64	-443	170
Income tax paid	-474	-577	-1 019	-1 319
Cash flow from operations before changes in working capital, continuing operations	2 549	4 010	4 963	7 652
<i>Changes in working capital</i>				
Change in inventories	227	-196	168	-1 297
Change in operating receivables	195	-1 308	-375	-1 995
Change in operating liabilities	-835	237	-941	1 799
Cash flow from changes in working capital, continuing operations	-413	-1 267	-1 148	-1 493
Investments in rental equipment	-102	-254	-239	-508
Divestments of rental equipment	16	4	76	45
Cash flow from operations, continuing operations	2 050	2 493	3 652	5 696
<i>Cash flow from investing activities</i>				
Acquisitions of companies and shares, net of cash	14	0	-23	0
Proceeds from sale of companies and shares, net of cash	5	0	5	0
Investments in tangible assets	-613	-548	-1 134	-1 030
Proceeds from sale of tangible assets	39	116	115	169
Investments in intangible assets	-307	-262	-528	-483
Proceeds from sale of intangible assets	6	0	6	0
Other investments, net	5	0	-1	2
Cash flow from investing activities, continuing operations	-851	-694	-1 560	-1 342
Net cash flow after investing activities	1 199	1 799	2 092	4 354
<i>Cash flow from financing activities</i>				
Change in interest-bearing debt	-1 121	-1 329	-946	-1 965
Dividends paid	-3 136	-3 450	-3 136	-3 449
Cash flow from financing activities, continuing operations	-4 257	-4 779	-4 082	-5 414
Cash flow from continuing operations	-3 058	-2 980	-1 990	-1 060
Cash flow from discontinued operations	-26	-269	-292	-218
Cash flow for the period, Group total	-3 084	-3 249	-2 282	-1 278
Cash and cash equivalents at beginning of the period	7 170	10 798	6 376	8 818
Exchange-rate differences in cash and cash equivalents	48	-98	40	-89
Cash and cash equivalents at the end of the period	4 134	7 451	4 134	7 451
<i>Discontinued operations</i>				
Cash flow from operations	-39	-268	-127	-216
Cash flow from investing activities	-6	-1	-185	-2
Cash flow from financing activities	19	0	20	0
<i>Group Total</i>				
Cash flow from operations	2 011	2 225	3 525	5 480
Cash flow from investing activities	-857	-695	-1 745	-1 344
Cash flow from financing activities	-4 238	-4 779	-4 062	-5 414
Group total cash flow	-3 084	-3 249	-2 282	-1 278

For definitions see home.sandvik

THE PARENT COMPANY

INCOME STATEMENT

MSEK	Q1-Q2 2016	Q1-Q2 2017
Revenues	7 848	8 784
Cost of sales and services	-4 907	-4 902
Gross profit	2 941	3 882
Selling expenses	-400	-468
Administrative expenses	-1 145	-1 147
Research and development costs	-703	-685
Other operating income and expenses	-648	-772
Operating profit	45	810
Income/expenses from shares in Group companies	860	-1 466
Income from shares in associated companies	5	-
Interest income/expenses and similar items	-330	-108
Profit after financial items	580	-764
Appropriations	-	-
Income tax expenses	-94	183
Profit for the period	486	-581

BALANCE SHEET

MSEK	31 DEC 2016	30 JUN 2016	30 JUN 2017
Intangible assets	161	236	145
Property, plant and equipment	7 610	7 547	7 481
Financial assets	47 076	48 507	47 027
Inventories	2 927	3 039	3 261
Current receivables	8 917	6 879	7 510
Cash and cash equivalents	1	1	1
Total assets	66 692	66 209	65 425
Total equity	29 402	29 679	25 619
Untaxed reserves	3	11	3
Provisions	674	740	608
Non-current interest-bearing liabilities	19 824	21 640	19 268
Non-current non-interest-bearing liabilities	316	405	250
Current interest-bearing liabilities	9 294	7 647	11 914
Current non-interest-bearing liabilities	7 179	6 087	7 763
Total equity and liabilities	66 692	66 209	65 425
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	14 478	12 289	17 013
Investments in fixed assets	975	334	331

For definitions see home.sandvik

MARKET OVERVIEW, THE GROUP

ORDER INTAKE AND REVENUES PER MARKET AREA

MARKET AREA	ORDER INTAKE	CHANGE *		SHARE	REVENUES	CHANGE *	SHARE
	MSEK	%	% ¹⁾	%	MSEK	%	%
THE GROUP							
Europe	8 686	+5	+5	35	8 990	+2	38
North America	5 808	+40	+16	24	5 252	+23	22
South America	1 231	+17	+17	5	1 111	-7	5
Africa/Middle East	2 433	+35	+35	10	2 174	+16	9
Asia	4 749	+4	+4	19	4 621	+10	20
Australia	1 626	+42	+42	7	1 405	+27	6
Total continuing operations	24 533	+17	+12	100	23 553	+9	100
Discontinued operations	407	+37	+37	-	893	+14	-
Group total	24 940	+17	+12	-	24 446	+10	-
SANDVIK MACHINING SOLUTIONS							
Europe	5 085	+3	+3	55	4 952	+1	54
North America	1 950	+9	+9	21	1 900	+5	21
South America	214	+12	+12	2	204	+7	2
Africa/Middle East	90	+0	+0	1	79	-6	1
Asia	1 901	+14	+14	20	1 867	+15	21
Australia	72	-1	-1	1	69	+1	1
Total	9 312	+6	+6	100	9 071	+5	100
SANDVIK MINING AND ROCK TECHNOLOGY							
Europe	1 521	+13	+13	15	1 729	+19	18
North America	1 857	+23	+23	19	1 892	+32	20
South America	909	+17	+17	9	802	-9	8
Africa/Middle East	2 204	+34	+34	22	1 962	+16	21
Asia	1 946	+9	+9	20	1 764	+8	19
Australia	1 512	+46	+46	15	1 301	+28	14
Total continuing operations	9 949	+23	+23	100	9 450	+17	100
Discontinued operations	407	+37	+37	-	893	+14	-
Total	10 356	+23	+23	-	10 343	+16	-
SANDVIK MATERIALS TECHNOLOGY							
Europe	1 588	+12	+12	40	1 802	-8	49
North America	1 695	+220	+35	43	1 133	+50	30
South America	64	+63	+63	2	46	-34	1
Africa/Middle East	82	+75	+75	2	88	+29	2
Asia	536	-32	-32	13	668	+6	18
Australia	20	+52	+52	0	18	+72	0
Total	3 985	+40	+6	100	3 755	+7	100
OTHER OPERATIONS							
Europe	493	-9	-9	39	507	-5	39
North America	306	-12	-12	24	328	+16	26
South America	44	+1	+1	3	59	+37	5
Africa/Middle East	56	+82	+82	4	45	+85	4
Asia	366	+7	+7	28	321	+1	25
Australia	22	+20	+20	2	16	-4	1
Total	1 287	-3	-3	100	1 276	+5	100

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

1) Excluding major orders.

THE GROUP

ORDER INTAKE BY BUSINESS AREA

MSEK	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1-4 2016	Q1 2017	Q2 2017	CHANGE Q2 % % ¹⁾	
<i>Continuing operations</i>									
Sandvik Machining Solutions	8 304	8 320	7 776	8 688	33 088	9 450	9 312	+12	+6
Sandvik Mining and Rock Technology	7 266	7 539	7 936	9 145	31 886	10 247	9 949	+32	+23
Sandvik Materials Technology	3 488	2 753	2 851	2 943	12 036	3 746	3 985	+45	+40
Other Operations	1 236	1 251	1 132	1 211	4 830	1 473	1 287	+3	-3
Group activities	5	6	5	6	21	0	0		
Continuing operations	20 299	19 869	19 700	21 993	81 861	24 916	24 533	+23	+17
Discontinued operations	1 162	273	219	718	2 372	510	407	+49	+37
Group total	21 461	20 142	19 919	22 711	84 233	25 426	24 940	+24	+17

REVENUES BY BUSINESS AREA

MSEK	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1-4 2016	Q1 2017	Q2 2017	CHANGE Q2 % % ¹⁾	
<i>Continuing operations</i>									
Sandvik Machining Solutions	8 025	8 235	7 859	8 734	32 852	8 909	9 071	+10	+5
Sandvik Mining and Rock Technology	7 344	7 540	7 791	8 418	31 093	8 378	9 450	+25	+17
Sandvik Materials Technology	3 231	3 389	2 945	3 366	12 931	3 275	3 755	+11	+7
Other Operations	1 095	1 151	1 113	1 296	4 655	1 205	1 276	+11	+5
Group activities	5	6	7	3	22	0	1		
Continuing operations	19 700	20 321	19 715	21 817	81 553	21 767	23 553	+16	+9
Discontinued operations	720	715	724	718	2 877	669	893	+25	+14
Group total	20 420	21 036	20 439	22 535	84 430	22 436	24 446	+16	+10

OPERATING PROFIT BY BUSINESS AREA

MSEK	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1-4 2016	Q1 2017	Q2 2017	CHANGE Q2 %
<i>Continuing operations</i>								
Sandvik Machining Solutions	1 652	1 785	1 650	1 883	6 970	2 071	2 110	+18
Sandvik Mining and Rock Technology	705	698	817	986	3 206	1 184	1 512	N/M
Sandvik Materials Technology	216	297	197	404	1 115	334	-263	N/M
Other Operations	94	141	113	197	545	126	124	-12
Group activities	-254	-216	-154	-193	-818	-208	-212	+1
Continuing operations	2 413	2 705	2 623	3 277	11 018	3 507	3 271	+21
Discontinued operations	-54	-55	-1 012	-239	-1 361	-13	13	N/M
Group total²⁾	2 359	2 650	1 611	3 038	9 657	3 494	3 284	+24

OPERATING MARGIN BY BUSINESS AREA

%	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1-4 2016	Q1 2017	Q2 2017
Sandvik Machining Solutions	20.6	21.7	21.0	21.6	21.2	23.2	23.3
Sandvik Mining and Rock Technology	9.6	9.3	10.5	11.7	10.3	14.1	16.0
Sandvik Materials Technology	6.7	8.8	6.7	12.0	8.6	10.2	-7.0
Other Operations	8.6	12.3	10.2	15.2	11.7	10.5	9.7
Continuing operations	12.2	13.3	13.3	15.0	13.5	16.1	13.9
Discontinued operations	-7.5	-7.8	-139.8	-33.4	-47.3	-1.9	1.5
Group total	11.6	12.6	7.9	13.5	11.4	15.6	13.4

¹⁾ Change compared with preceding year at fixed exchange rates for comparable units.

²⁾ Internal transactions had negligible effect on business area profits.

N/M = non-meaningful.

ADJUSTED OPERATING PROFIT BY BUSINESS AREA

MSEK	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1-4 2016	Q1 2017	Q2 2017	CHANGE Q2 %
<i>Continuing operations</i>								
Sandvik Machining Solutions	1 652	1 785	1 650	1 883	6 970	2 071	2 110	+18
Sandvik Mining and Rock Technology	705	698	817	986	3 206	1 184	1 512	N/M
Sandvik Materials Technology	216	297	197	404	1 115	334	187	-37
Other Operations	94	141	113	197	545	126	124	-12
Group activities	-254	-216	-154	-193	-818	-208	-212	+1
Continuing operations	2 413	2 705	2 623	3 277	11 018	3 507	3 721	+38
Discontinued operations	-54	-55	-1 012	-239	-1 361	-13	13	N/M
Group total ¹⁾	2 359	2 650	1 611	3 038	9 657	3 494	3 734	+41

ADJUSTED OPERATING MARGIN BY BUSINESS AREA

%	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1-4 2016	Q1 2017	Q2 2017
Sandvik Machining Solutions	20.6	21.7	21.0	21.6	21.2	23.2	23.3
Sandvik Mining and Rock Technology	9.6	9.3	10.5	11.7	10.3	14.1	16.0
Sandvik Materials Technology	6.7	8.8	6.7	12.0	8.6	10.2	5.0
Other Operations	8.6	12.3	10.2	15.2	11.7	10.5	9.7
Continuing operations	12.2	13.3	13.3	15.0	13.5	16.1	15.8
Discontinued operations	-7.5	-7.8	-139.8	-33.4	-47.3	-1.9	1.5
Group total	11.6	12.6	7.9	13.5	11.4	15.6	15.3

¹⁾ Internal transactions had negligible effect on business area profits
 N/M = non-meaningful.

KEY FIGURES

	Q2 2016	Q2 2017	Q1-4 2016
<i>Continuing operations</i>			
Tax rate, %	26.9	28.2	27.0
Return on capital employed, % ^{1), 2)}	14.6	17.0	14.7
Return on total equity, % ¹⁾	18.9	22.2	19.1
Return on total capital, % ¹⁾	11.1	12.7	11.2
Shareholders' equity per share, SEK	28.2	31.5	31.2
Net debt/equity ratio	1.00	0.71	0.73
Net debt/EBITDA	2.70	1.72	2.12
Equity/assets ratio, %	36	39	38
Net working capital, % ^{1), 2)}	28.1	23.3	27.1
Earnings per share, SEK ³⁾	1.35	1.75	5.48
EBITDA, MSEK	3 773	4 749	15 522
Cash flow from operations, MSEK	+2 050	+2 493	+12 542
Funds from operations (FFO), MSEK	2 548	4 010	11 457
Interest coverage ratio, %	550	1 463	622
Number of employees	43 484	43 120	42 908

1) Quarter is quarterly annualized and the annual number is based on a four quarter average.

2) 12-month rolling ROCE reported at 16.6 % (11.1) and NWC % at 25.4 % (28.5).

3) Basic and diluted earnings per share.

	Q2 2016	Q2 2017	Q1-4 2016
<i>Group total</i>			
Tax rate, %	27.6	28.0	31.6
Return on capital employed, % ^{1), 2)}	14.2	17.2	12.9
Return on total equity, % ¹⁾	18.2	22.4	15.2
Return on total capital, % ¹⁾	10.6	12.7	9.7
Shareholders' equity per share, SEK	28.2	31.5	31.2
Net debt/equity ratio	1.00	0.71	0.73
Net debt/EBITDA	2.93	1.83	2.29
Equity/assets ratio, %	35	38	38
Net working capital, % ^{1), 2)}	27.1	22.1	26.0
Earnings per share, SEK ³⁾	1.31	1.76	4.39
EBITDA, MSEK	3 719	4 762	14 372
Cash flow from operations, MSEK	+2 011	+2 225	+12 032
Funds from operations (FFO), MSEK	2 494	4 010	10 546
Interest coverage ratio, %	538	1 495	569
Number of employees	44 477	43 865	43 732
No. of shares outstanding at end of period ('000) ⁴⁾	1 254 386	1 254 386	1 254 386
Average no. of shares ('000) ⁴⁾	1 254 386	1 254 386	1 254 386

1) Quarter is quarterly annualized and the annual number is based on a four quarter average.

2) 12-month rolling ROCE reported at 15.1 % (9.6) and NWC % reported at 24.2 % (27.3).

3) Basic and diluted earnings per share.

4) No dilution effect during the period.

For definitions see home.sandvik

Sandvik presents certain financial measures that are not defined in the interim report in accordance with IFRS. Sandvik believes that these measures provide useful supplemental information to investors and the company's management when they allow evaluation of trends and the company's performance. As not all companies calculate the financial measures

in the same way, these are not always comparable to measures used by other companies. These financial measures should not be seen as a substitute for measures defined under IFRS. For definitions of key figures that Sandvik uses see website home.sandvik.

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 move-

ments, political risks, impact of competing products and their pricing, product development, commercialization and technological difficulties, supply disturbances, and major customer credit losses.

CERTIFICATION

The Board of Directors and the CEO certify that the six-month report gives a fair overview of the Parent Company's and the Group's operations, financial position and results, and de-

scribes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm 17 July 2017
Sandvik Aktiebolag (publ)

Johan Molin
Chairman of the Board

Jennifer Allerton
Board member

Claes Boustedt
Board member

Marika Fredriksson
Board member

Johan Karlström
Board member

Tomas Kärnström
Board member

Thomas Lilja
Board member

Helena Stjernholm
Board member

Lars Westerberg
Board member

Björn Rosengren
Board member
President and CEO

AUDIT

The company's Auditor has not carried out any review of the report for the first six months of 2017.

This information is information that Sandvik AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, at about 10:30 CET on 17 July 2017.

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

A presentation and teleconference will be held on 17 July 2017 at 13:00 CET at the World Trade Center in Stockholm.

Information is available at home.sandvik/ir

CALENDAR 2017:

24 October	Report, third quarter 2017
21 November	Capital Markets Day in Tübingen, Germany

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