

Sandvik Q3

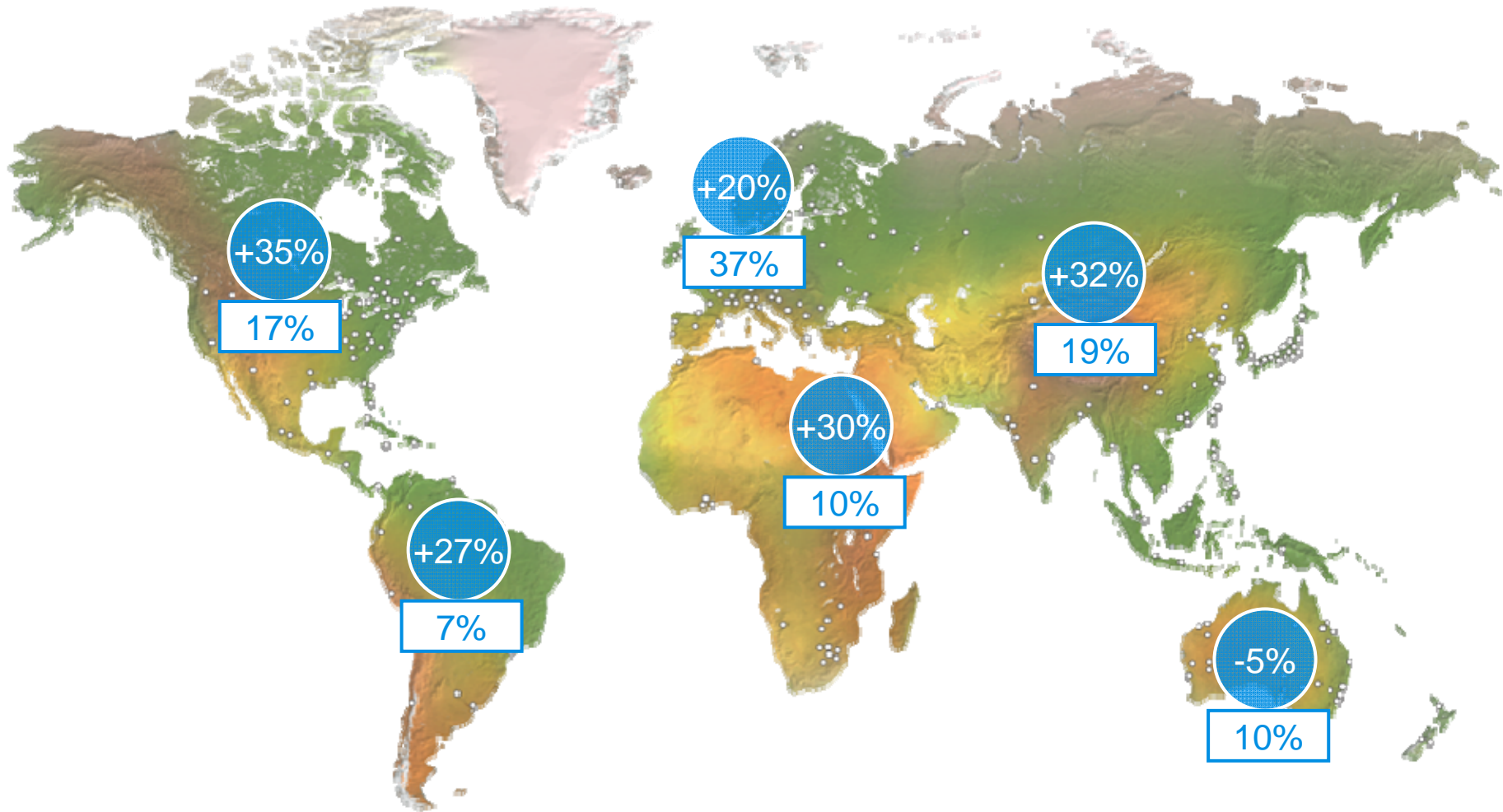
Interim results
29 October 2010




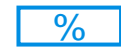
Quarterly highlights

- Improved sequential demand
 - ✓ Most markets continued to improve
 - ✓ Good development for all business areas
- Operating profit 2,532 MSEK, 12.5%
 - ✓ High cost efficiency and increased volumes
 - ✓ Good product mix
 - ✓ Items affecting comparability -200 MSEK
- Currency effects -280 MSEK vs Q3 2009
- Net working capital 27% of invoicing
- Operating cash flow 3,978 MSEK
 - ✓ Cash flow after investments and acquisitions, 2,886 MSEK

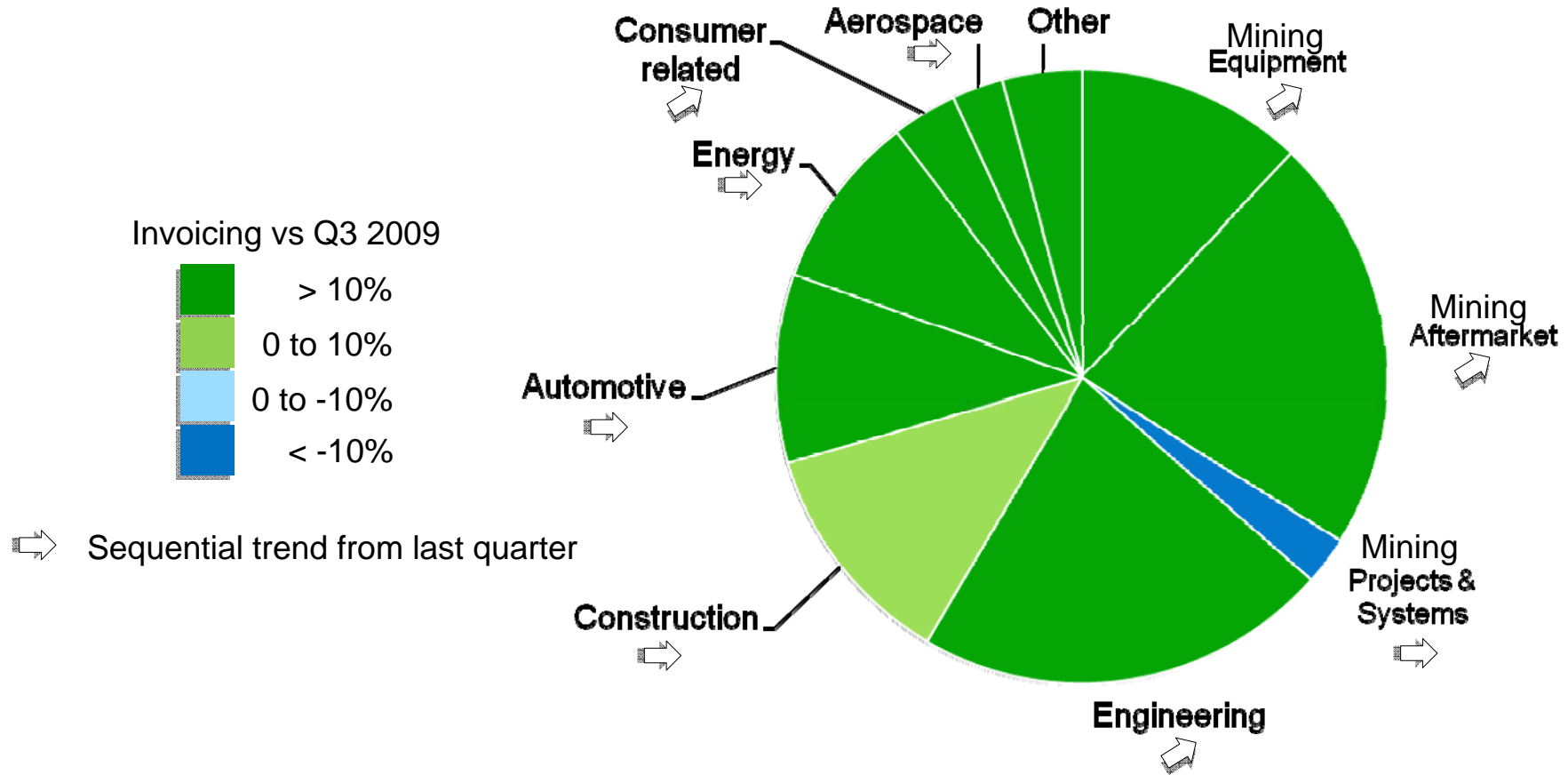
Markets



 Invoicing (p/v) Q3 2010, change compared with Q3 2009

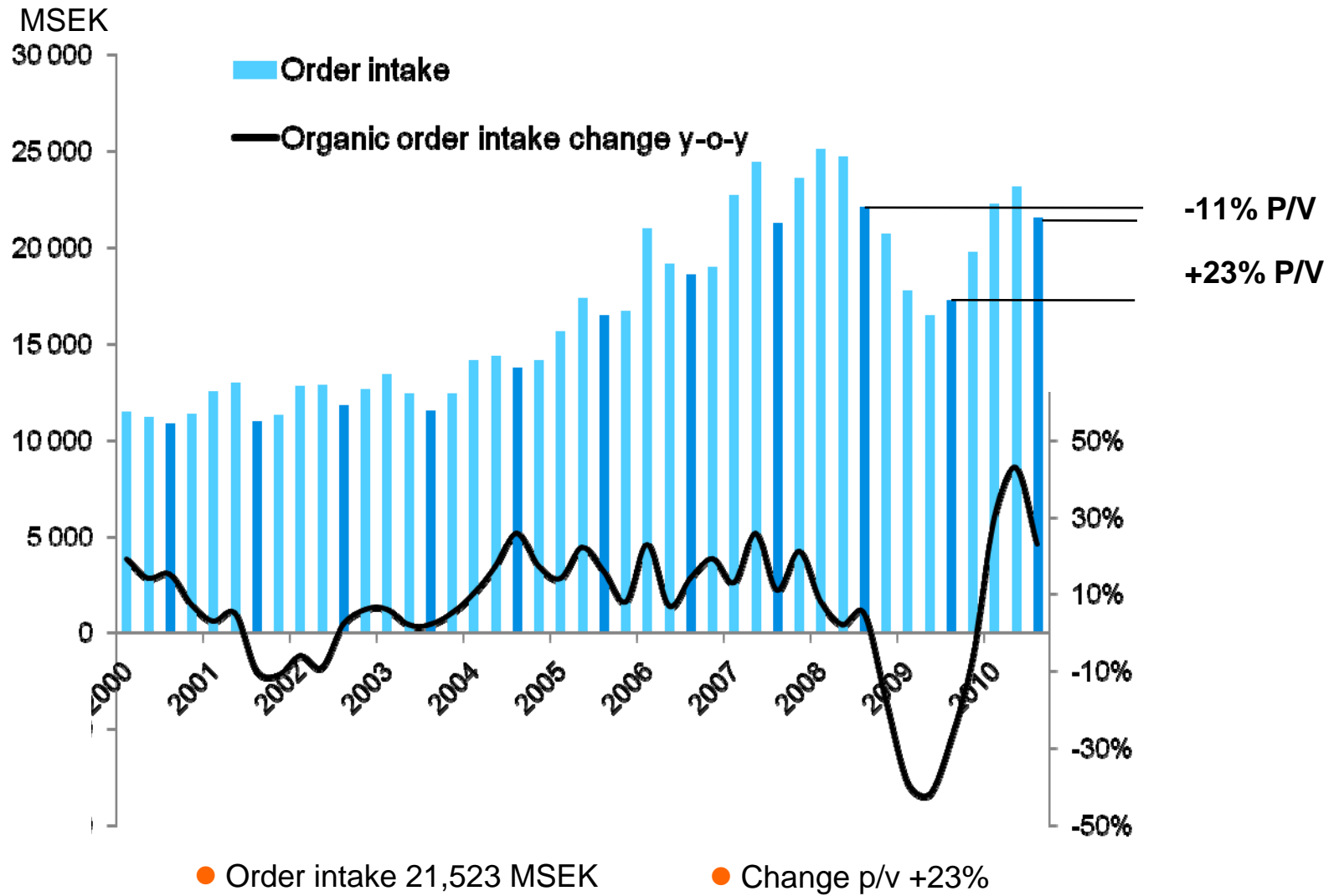
 Share of Group total

Customer segments

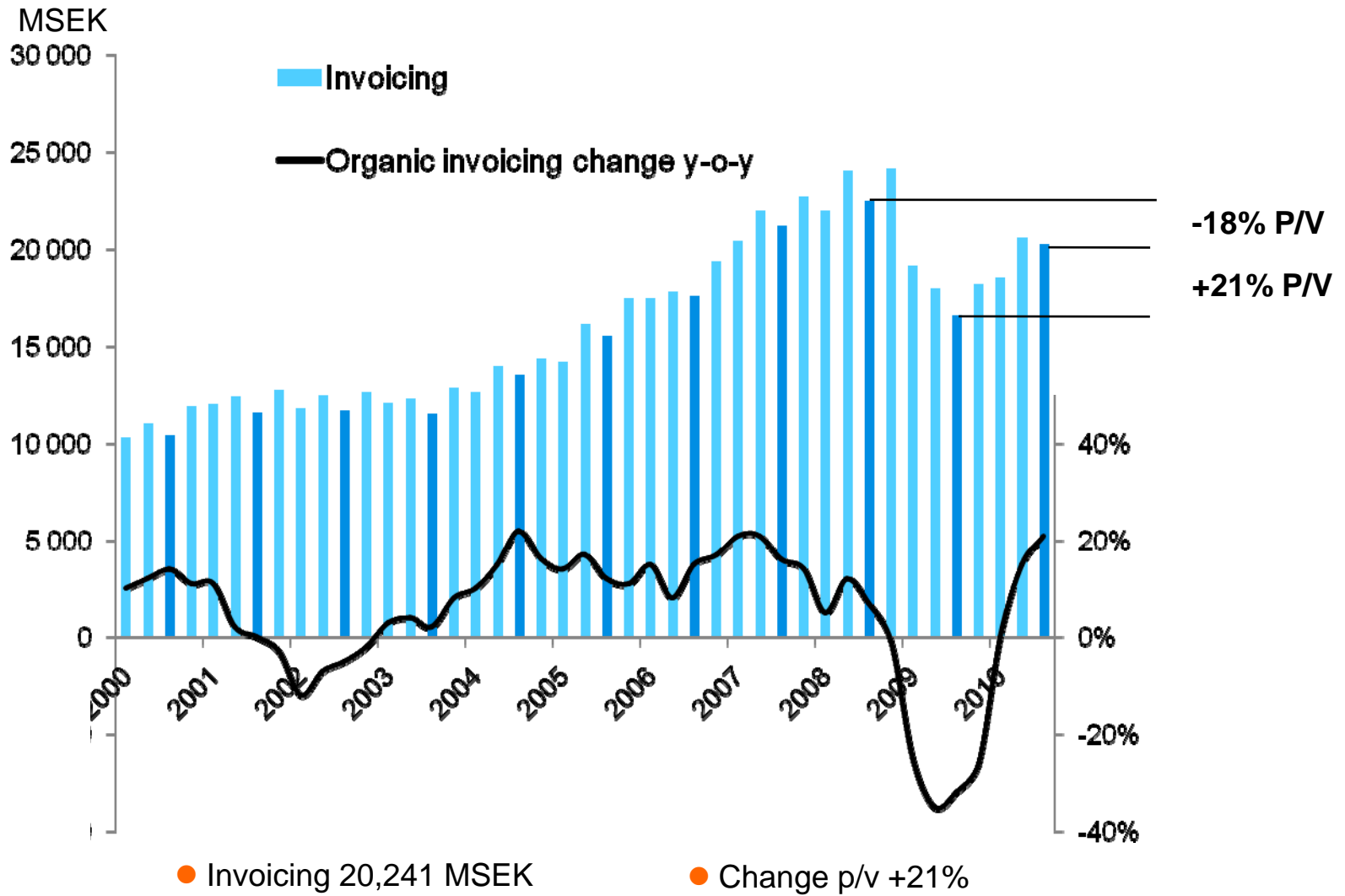


Pie chart representing share of invoicing 2009

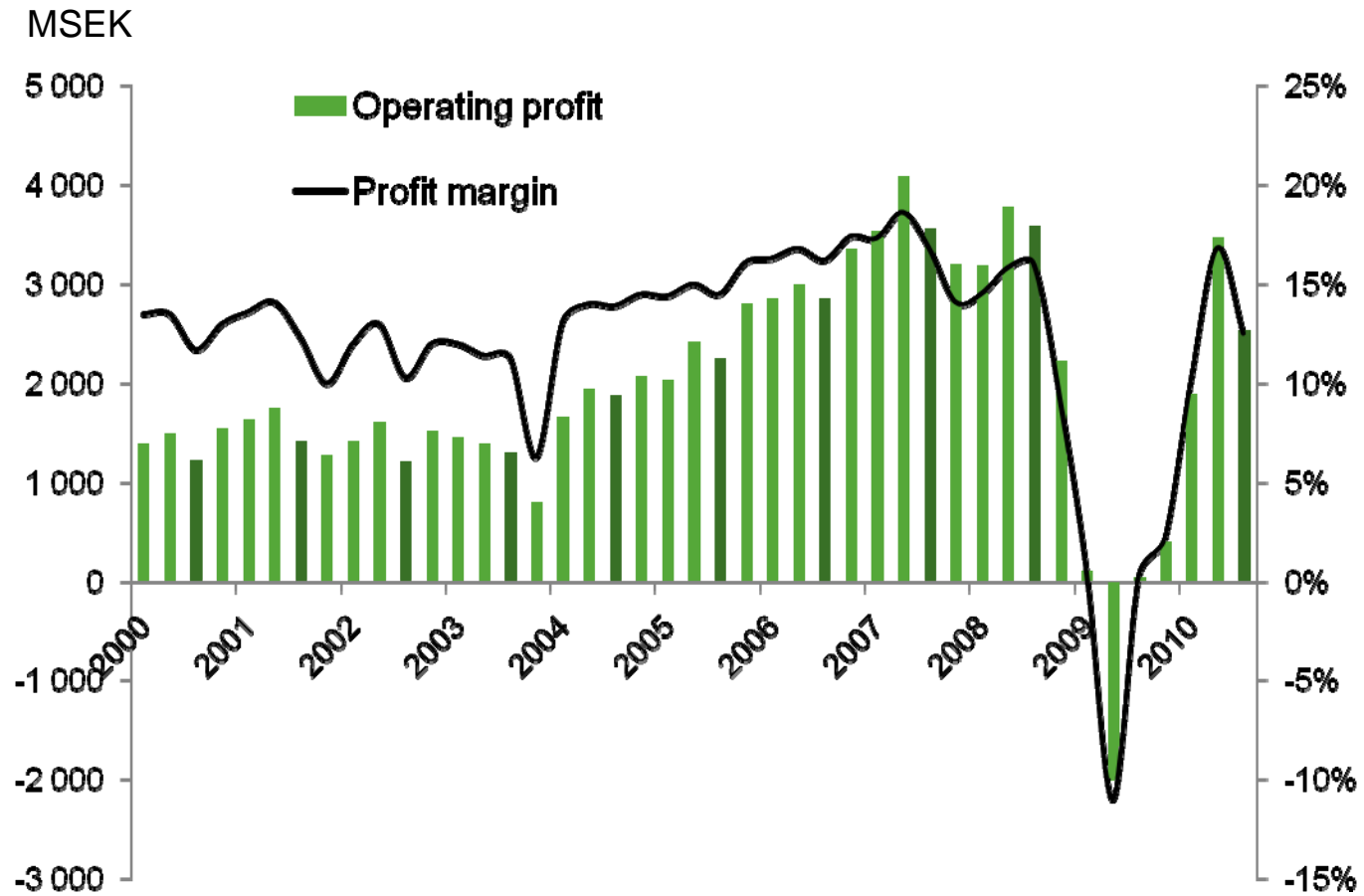
Order intake



Invoicing



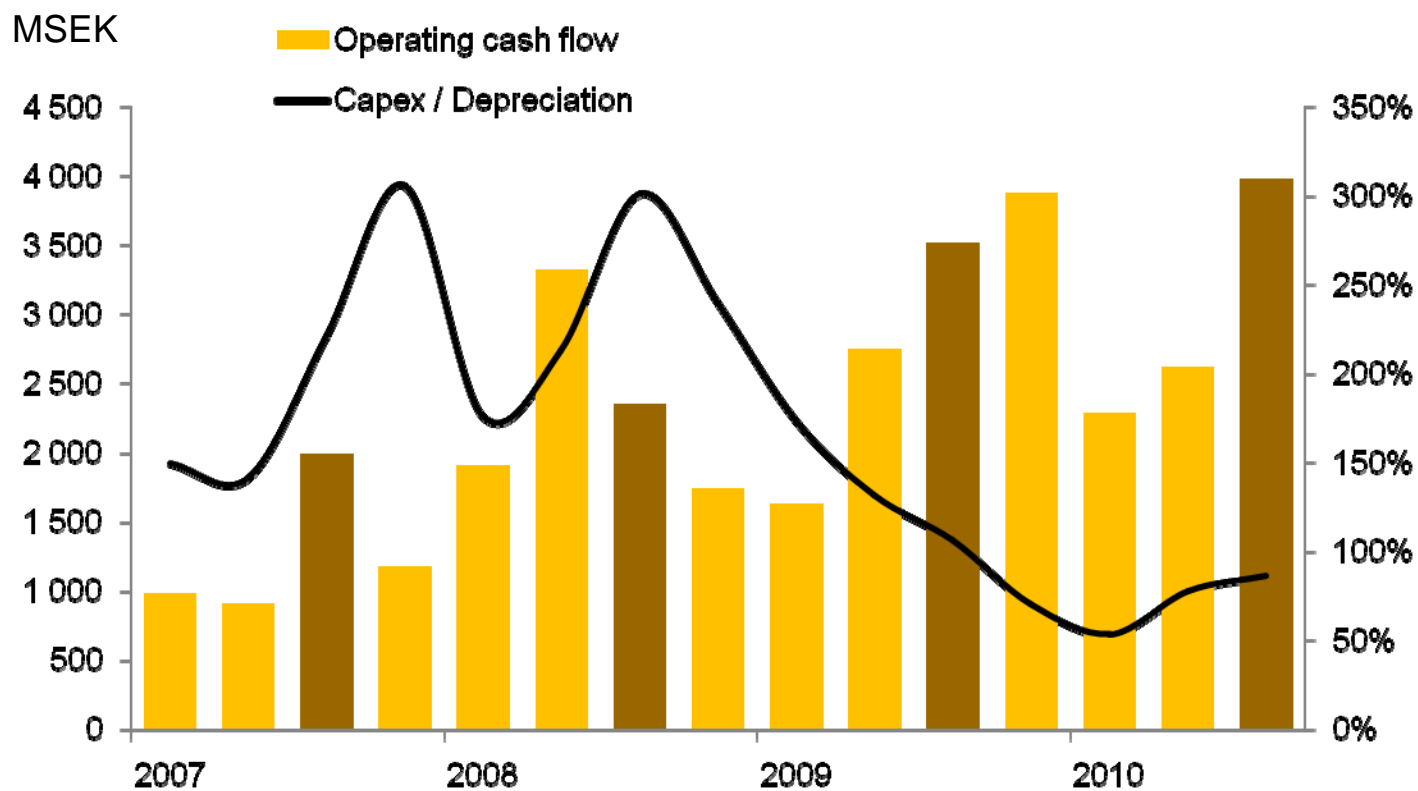
Operating profit



● Operating profit 2,532 MSEK

● Operating margin 12.5%

Cash flow



● Cash flow from operating activities 3,978 MSEK

Sandvik Tooling

- Improved sequential demand in most markets
 - ✓ Europe, North America and Asia
 - ✓ Strong demand from Energy, Auto and General engineering
- Positive price effect
- Operating profit, 961 MSEK, 16.1%
 - ✓ Good cost control
 - ✓ Items affecting comparability -100 MSEK
- Currency effects -130 MSEK vs Q3 2009
- Net working capital 26% of invoicing



Sandvik Mining and Construction

- Continued global recovery
 - ✓ Mining stronger than Construction
 - ✓ Asia and Africa the strongest markets
 - ✓ Strong demand from aftermarket
 - ✓ High metal prices supports increased mining Capex
- Order intake +28% excluding major project orders
- Operating profit, 1,257 MSEK, 14.5%
 - ✓ Good cost control
 - ✓ Positive product mix
- Currency effects -100 MSEK vs Q3 2009
- Net working capital 25% of invoicing



Sandvik Materials Technology

- Continued increased demand
 - ✓ Energy and mining strong drivers
 - ✓ North America, Europe and Asia the strongest markets
 - ✓ Additional orders to Chinese nuclear industry
- Portfolio management
 - ✓ Joint venture with Carpenter Technology on powder technology
- Operating profit, 203 MSEK, 4.9%
 - ✓ Negative seasonal effects
 - ✓ Items affecting comparability -50 MSEK
- Net working capital 33% of invoicing



Quarterly financials

MSEK	Q3 2009	Q3 2010	VS Q3 2009
Order intake	17,241	21,523	+23%*
Invoicing	16,578	20,241	+21%*
EBIT	51	2,532	-
EBIT margin	0.3%	12.5%	-
Operating cash flow	+3,521	+3,978	+13%
Cash flow after investing activities	+2,283	+2,886	+26%

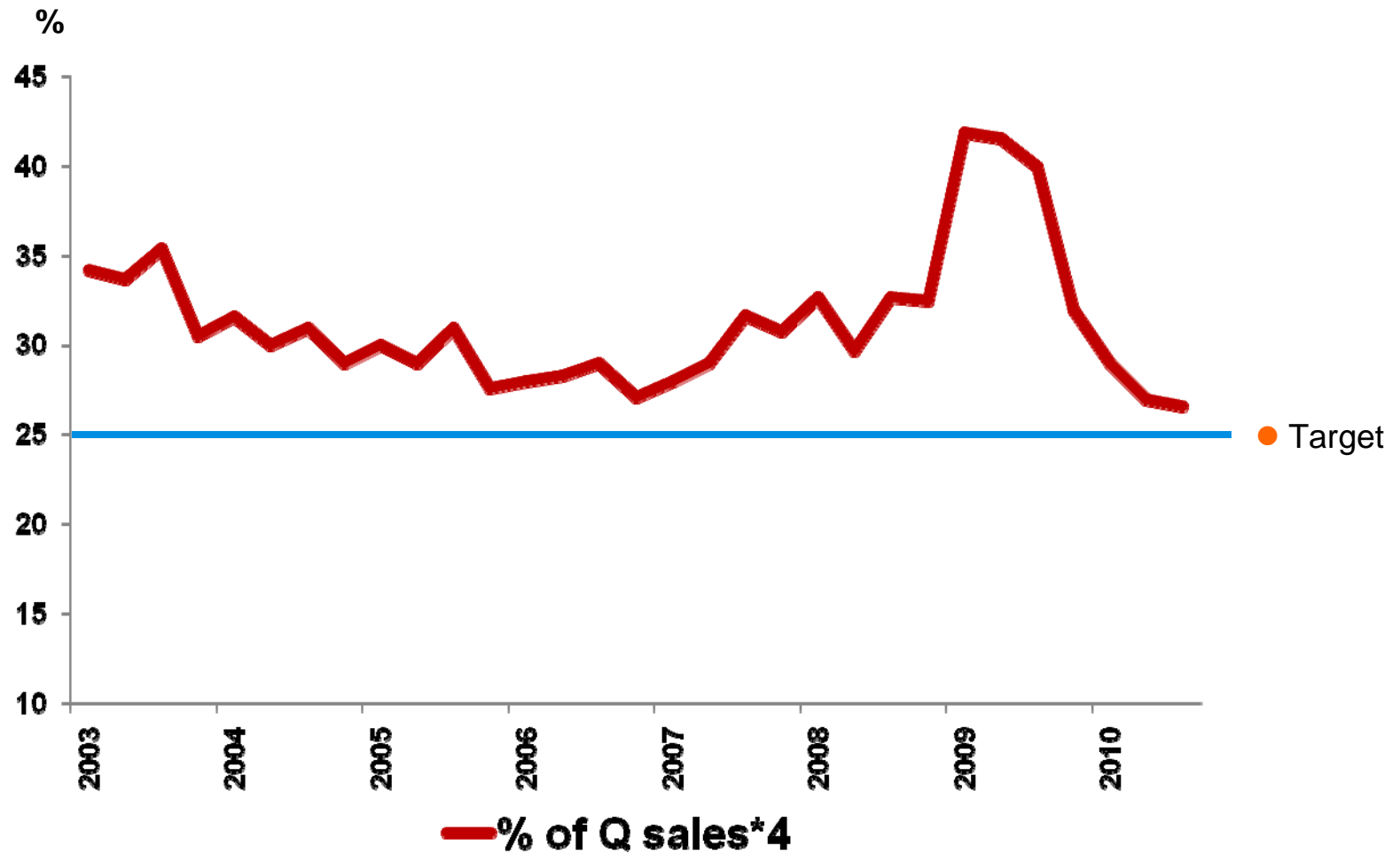
* Change in price/volume

Bridge analysis

MSEK	Q3 2009	Price/ volume/ productivity	Currency	Structure, one-offs*	Q3 2010
Sandvik Group					
Invoiced sales	16,578	+3,250	+160	+250	20,241
Operating profit	51	+2,430	-280	+330	2,532
Profit margin	0.3%	75%	-	-	12.5%

* Includes metal price effects

Net Working Capital



Summary Q3

- Market recovery continued
 - ✓ Seasonal decline offset by sequential improvement

- Operating profit
 - ✓ Underlying improvement
 - ✓ Positive product mix
 - ✓ Positive price effect

- Improved capital efficiency

- Strong cash flow

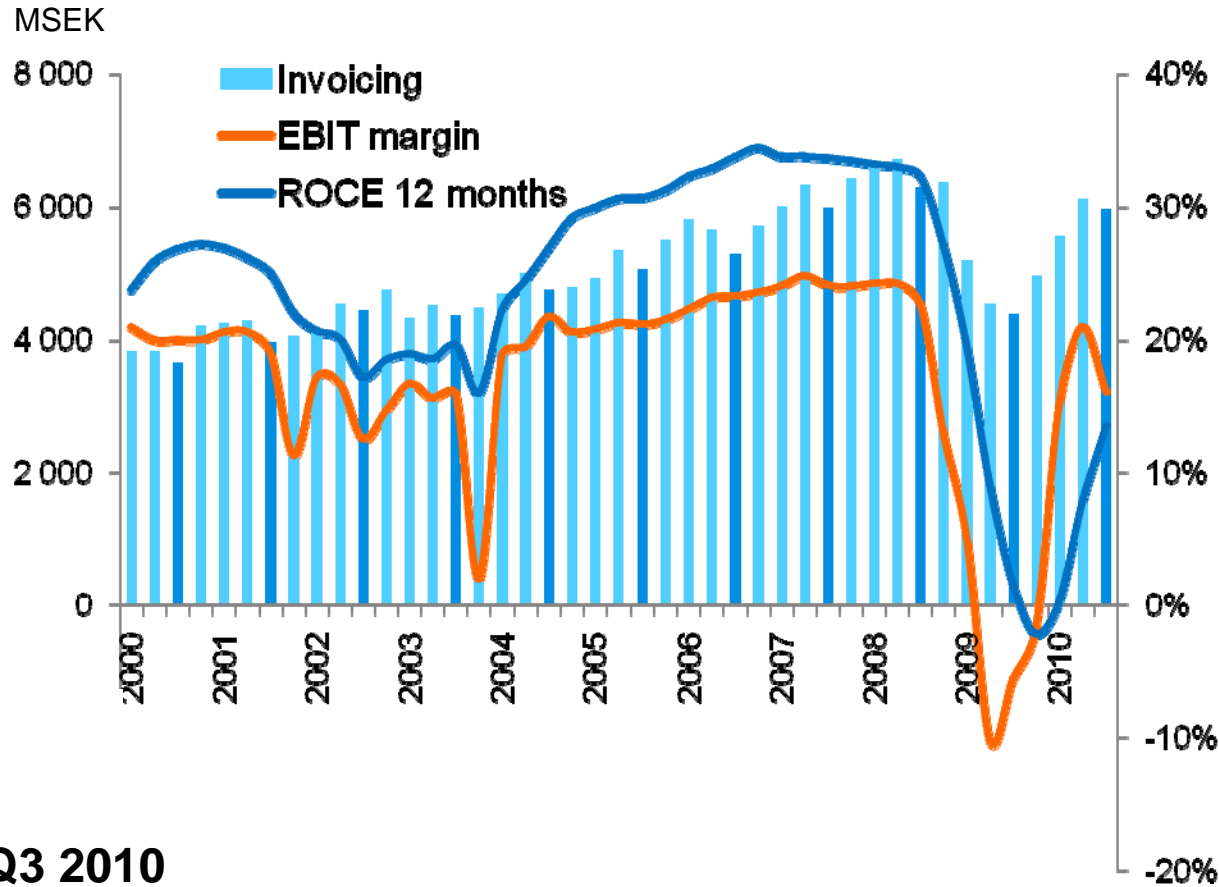
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Q&A session

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Back-up slides

Sandvik Tooling

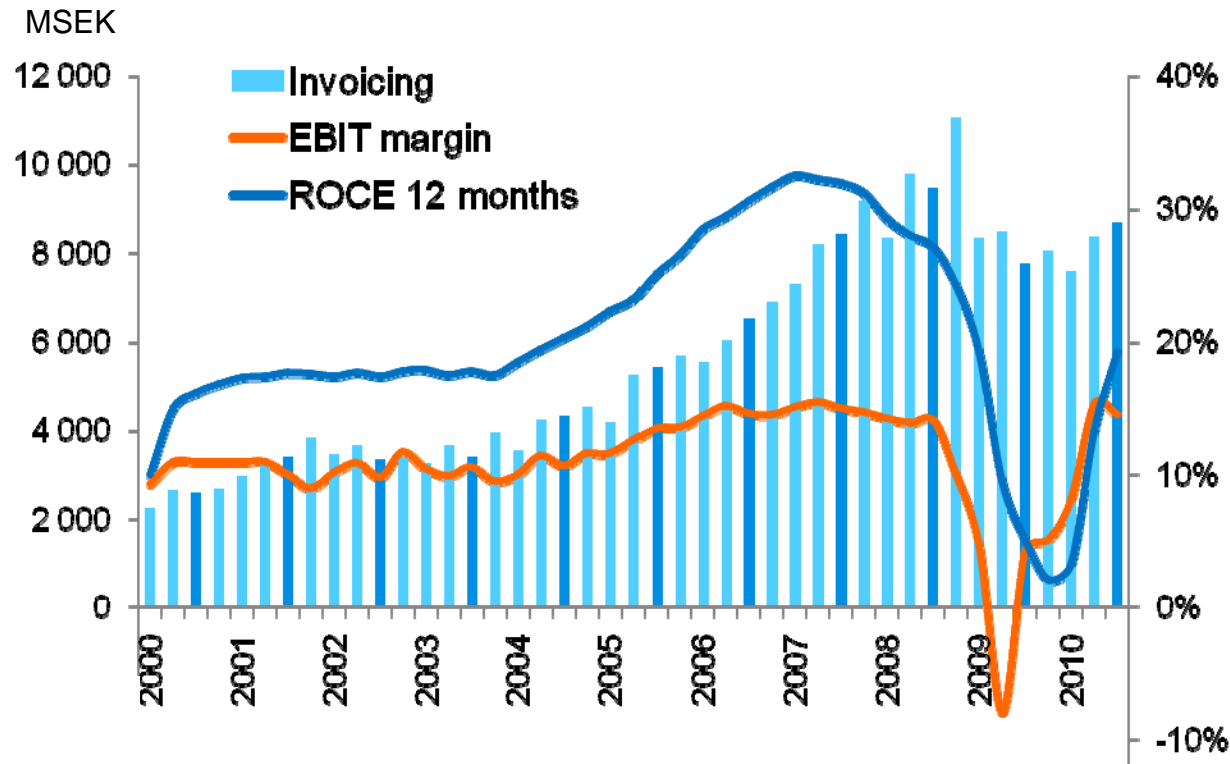


Q3 2010

- Order intake 5,998 MSEK ● Invoicing 5,966 MSEK
- EBIT 961 MSEK, 16.1%



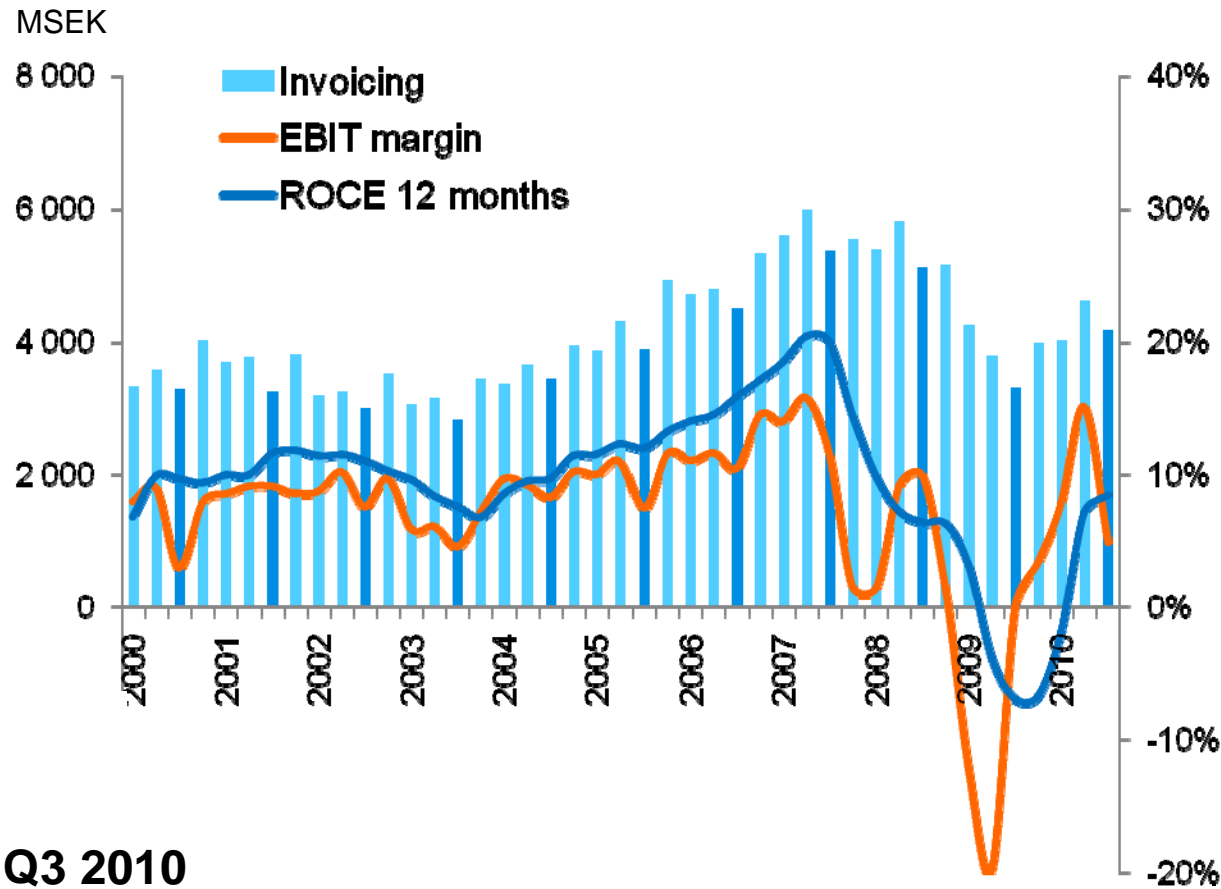
Sandvik Mining and Construction



Q3 2010

- Order intake 9,163 MSEK
- Invoicing 8,676 MSEK
- EBIT 1,257 MSEK, 14.5%

Sandvik Materials Technology



Q3 2010

- Order intake 4,896 MSEK
- Invoicing 4,170 MSEK
- EBIT 203 MSEK, 4,9%



Income statement

MSEK	Q3 2009		Q2 2010		Q3 2010	
Invoiced sales	16,578		20,603		20,241	
Cost of goods sold	-12,473		-12,683		-12,945	
Gross profit	4,105	+25%	7,920	+38%	7,296	+36%
Admin, sales and R&D costs	-3,951	-24%	-4,597	-22%	-4,351	-21%
Other operating income and expenses	-103	-1%	+148	1%	-413	-2%
Operating profit	51	0%	3,471	+17%	2,532	+12%
Net financial items	-574		-434		-412	
Profit after financial items	-523	-3%	3,037	+15%	2,120	+10%
Profit for the period	-180	-1%	2,075	+10%	1,560	+8%

Bridge analysis

MSEK	Q3 2009	Price/ volume/ productivity	Currency	Structure, one-offs	Q3 2010
Sandvik Tooling					
Invoiced sales	4,384	+1,680	-70	-30	5,966
Operating profit	-247	+1,070	-130	+270	961
Profit margin	-5.6%	64%	-	-	16.1%
Sandvik Mining and Construction					
Invoiced sales	7,762	+660	+260	0	8,676
Operating profit	332	+660	-100	+370	1,257
Profit margin	4.3%	100%	-	-	14.5%
Sandvik Materials Technology					
Invoiced sales	3,299	+570	+30	+270	4,170
Operating profit	-2	+390	+6	-190	203
Profit margin	-0.1%	68%	-	-	4.9%

Cash flow

MSEK	Q3 2009	Q2 2010	Q3 2010
Profit after financial items	-523	+3,037	+2,120
Depreciations, tax etc	+828	+501	+822
Cash flow from operations before NWC	+305	+3,538	+2,942
Change in inventories	+2,254	-1,301	-634
Change in receivables and liabilities	+1,071	+395	+1,660
Change in rental fleet*	-109	-6	+10
Cash flow from operating activities	+3,521	+2,626	+3,978
Acquisitions	-491	-230	-258
Capex	-804	-691	-853
Other investments, net	+57	+65	+39
Cash flow after investing activities	+2,283	+1,770	+2,886
Net cash used in financing activities	-66	-2,253	-2,370
Cash flow for the period	-2,217	-483	+516
Net debt/Equity	1.1	0.9	0.8

* Rental fleet included in operating activities as from 2010, historic data adjusted

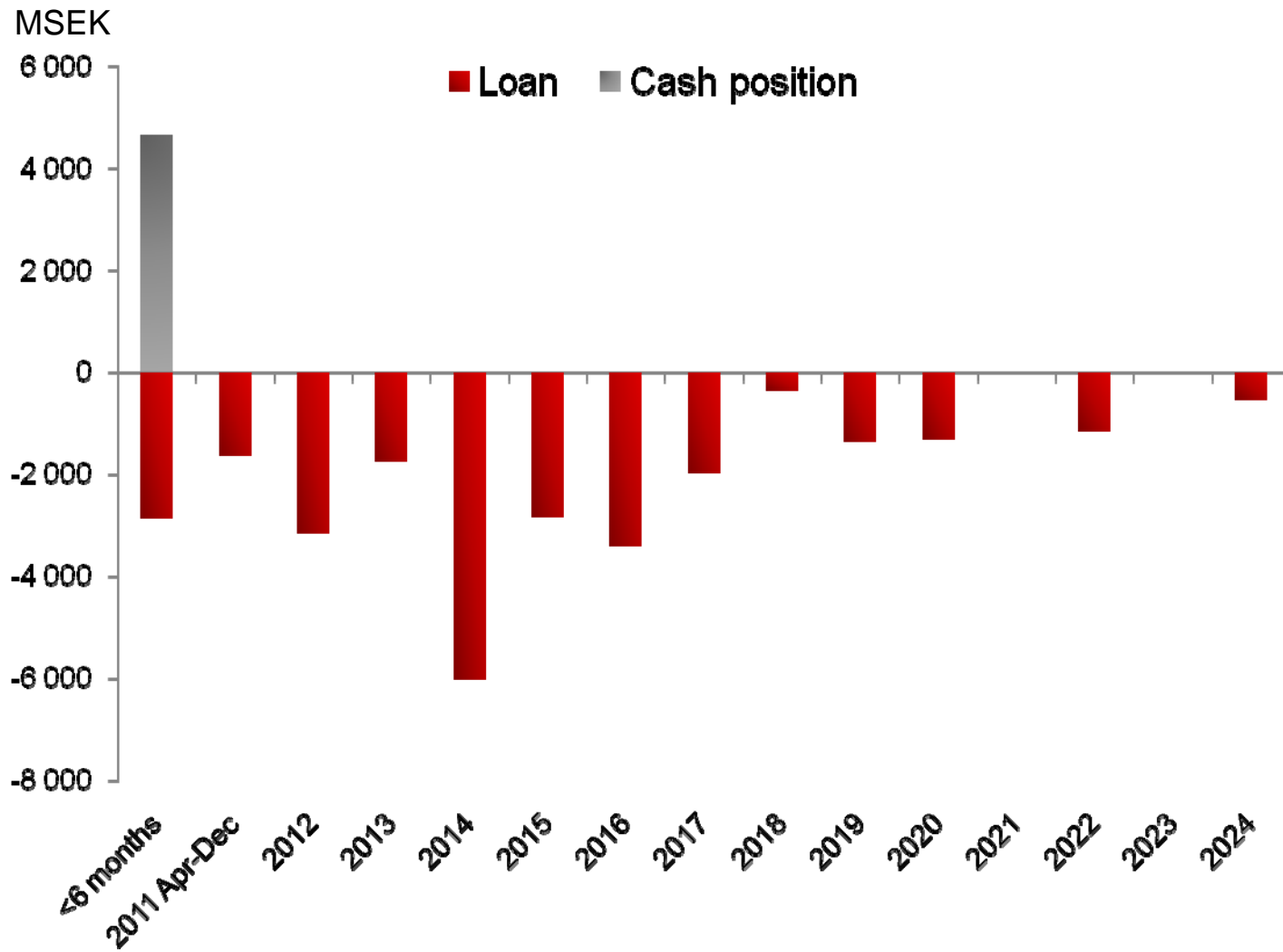
Balance sheet

MSEK	Q3 2009	Q2 2010	Q3 2010	vs Q3 2009
Intangible fixed assets	13,882	14,062	13,138	-5%
Tangible fixed assets	26,713	26,017	24,749	-7%
Financial fixed assets	5,592	6,240	6,121	+9%
Inventories	21,539	21,234	20,565	-5%
Receivables	18,882	19,993	18,864	0%
Cash and cash equivalents	8,040	4,330	4,642	-42%
Total assets	94,648	91,876	88,079	-7%
Total equity	29,472	31,544	31,428	+7%
Interest-bearing liabilities	42,750	34,771	31,021	-27%
Non-interest-bearing liabilities	22,426	25,561	25,630	+14%
Total equity and liabilities	94,648	91,876	88,079	-7%

Loan and duration profile

		Amount MSEK	Average duration
Long term	87%		
US Private Placement		5,900	9 years
Fin institutions, EIB, NIB		3,200	4 years
Swedish MTN		9,600	5 years
European MTN		5,500	3 years
Bank loans		600	1 year
Short term	13%		
Commercial paper		0	0 months
Swedish MTN		1,000	8 months
Bank loans		2,800	9 months
Total		28,700	5 years
Cash position		4,600	-
Revolving Credit Facility		13,700	3 years

Loan maturity profile



Financial key figures

	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010
Cash flow from operations, MSEK	3,521	3,883	2,287	2,626	3,978
Capex, MSEK	804	630	515	691	853
ROCE, 12 months	1.3%	-1.3%	1.0%	8.8%	12.9%
ROE, 12 months	-4.0%	-7.9%	-3.7%	9.5%	15.2%
Net debt/equity ratio	1.1	1.0	1.0	0.9	0.8
EPS, SEK 12 months	-1.20	-2.24	-1.07	2.24	3.72

Guidance 2010

Metal price effects

Given currency rates, stock levels and metal prices at quarter end, an EBIT effect of slightly less than -100 MSEK is expected for Q4 2010.

Net financial items

The estimate is around -450 MSEK for Q4 and -1.7 BSEK for 2010.

Currency effects

Given currency rates at quarter end, the effect is estimated to be around -200 MSEK for Q4.

Capex

Capex is estimated to be less than depreciation.

Tax rate

The tax rate is estimated to 25-27% for 2010.

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.”