

Sandvik Q2

Interim results

19 July 2011



SANDVIK

Quarterly highlights

- Continued order growth, +20% p/v
 - ✓ Improved demand for all Business Areas
 - ✓ Strong demand from Automotive, Mining and Oil/Gas
 - ✓ Order for materials handling system to South America, 1.2 bn SEK
 - ✓ Major US order for umbilical tubes, 325 MSEK

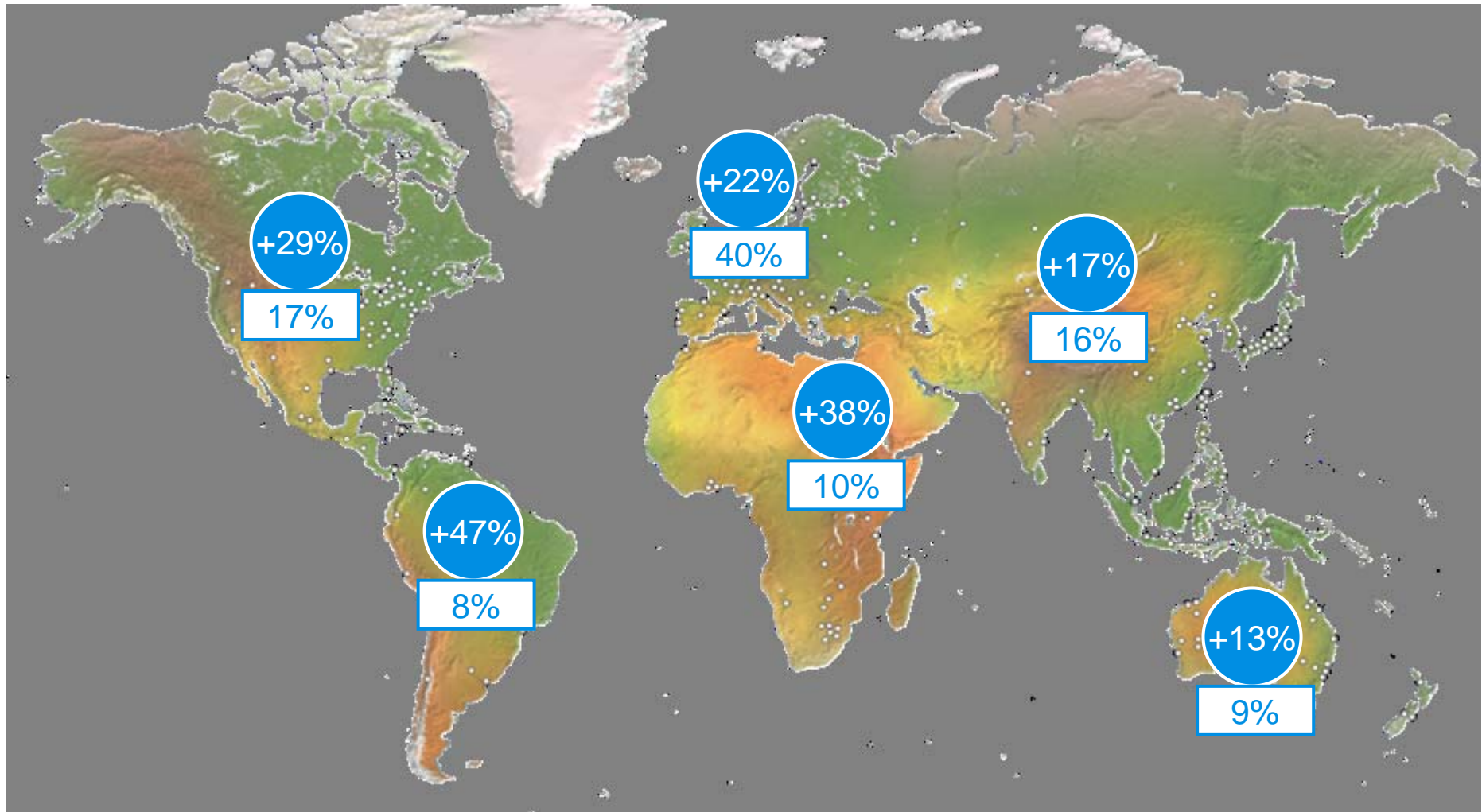
- Invoicing +24% p/v

- EBIT 3,562 MSEK, 15.2%
 - ✓ Significant currency effect -720 MSEK

- Net working capital 26% of invoicing

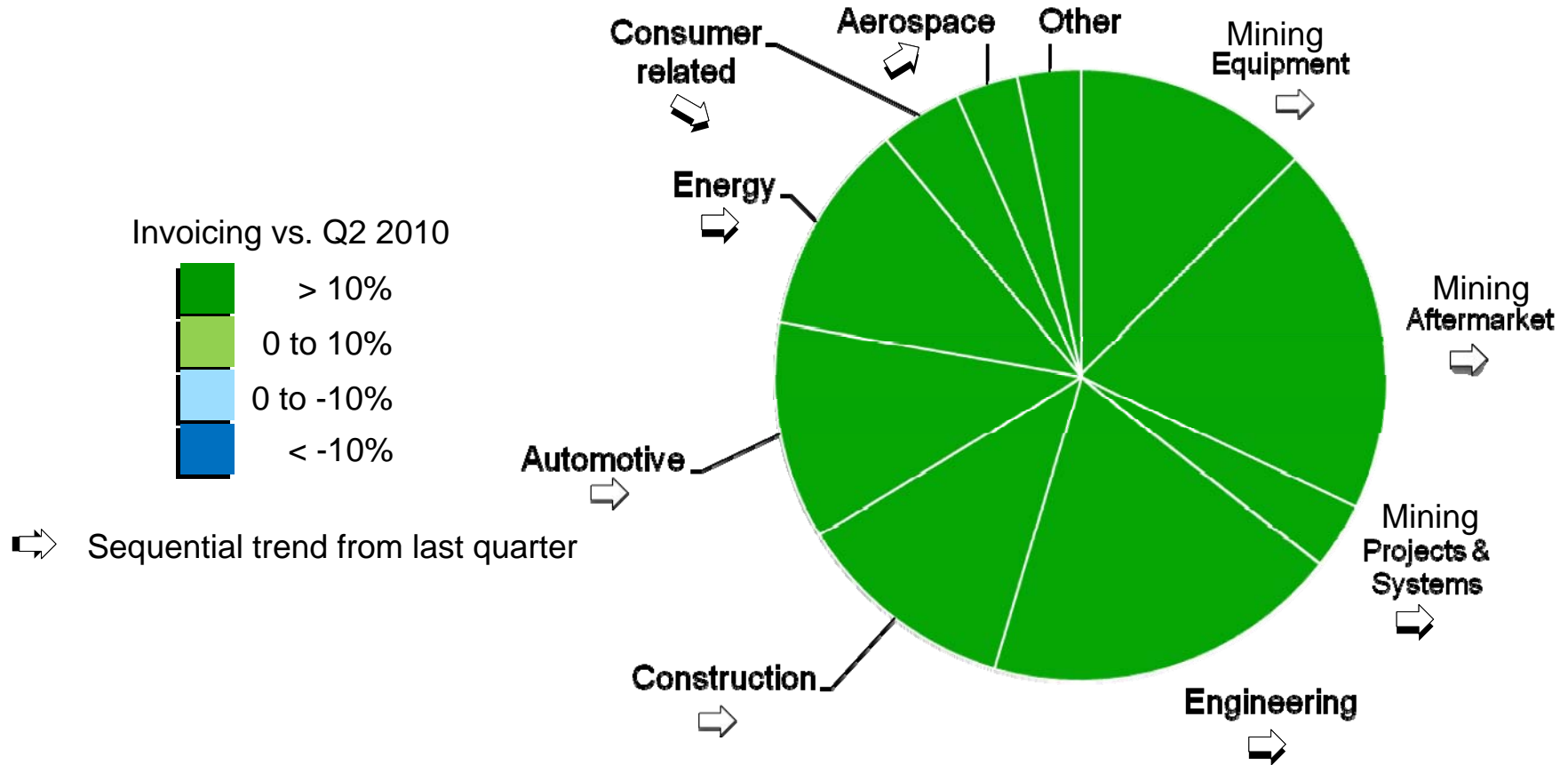
- Return on capital employed 19.9%

Invoicing by market



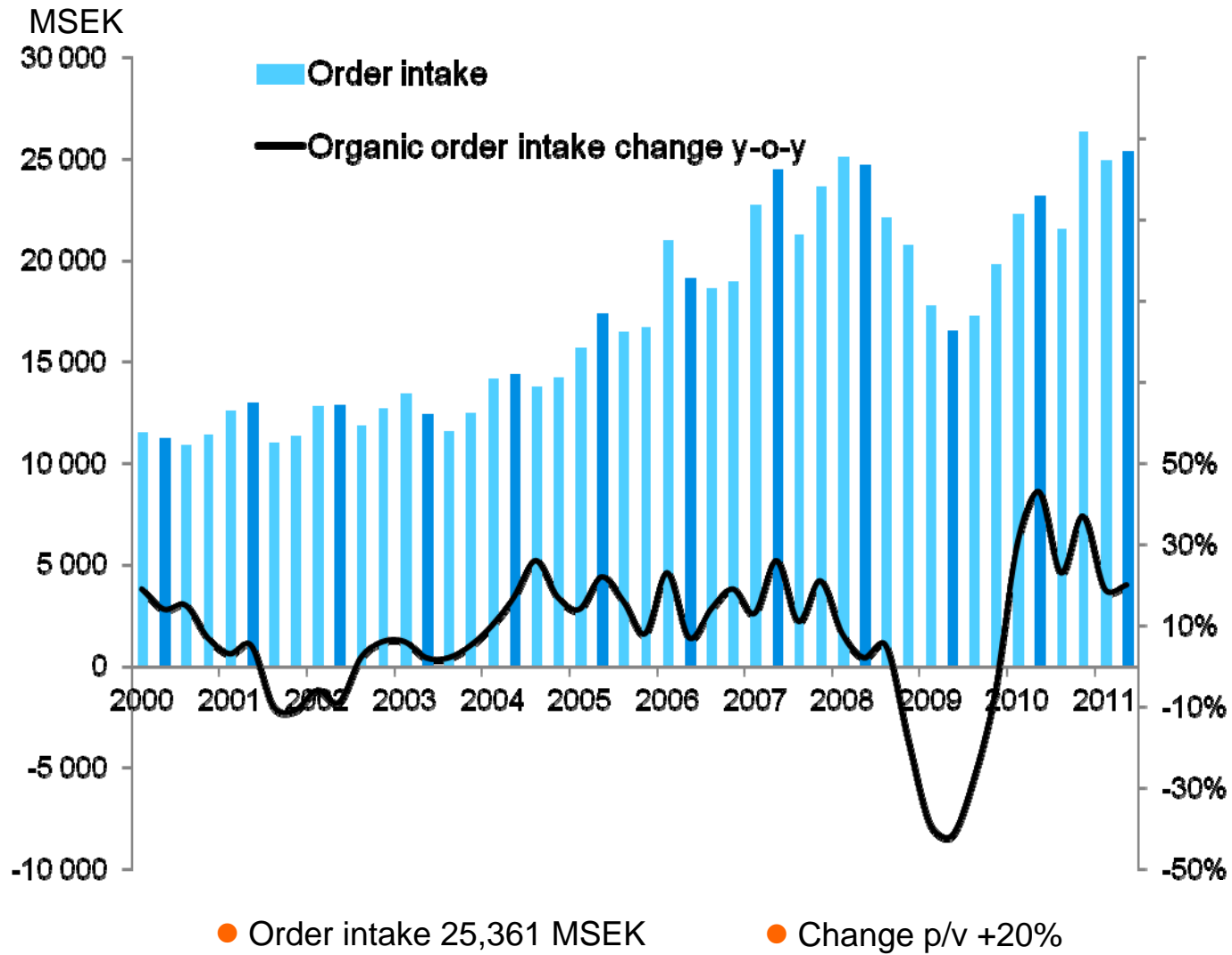
% Invoicing (p/v) Q2 2011, change compared with Q2 2010 **%** Share of Group total

Customer segments

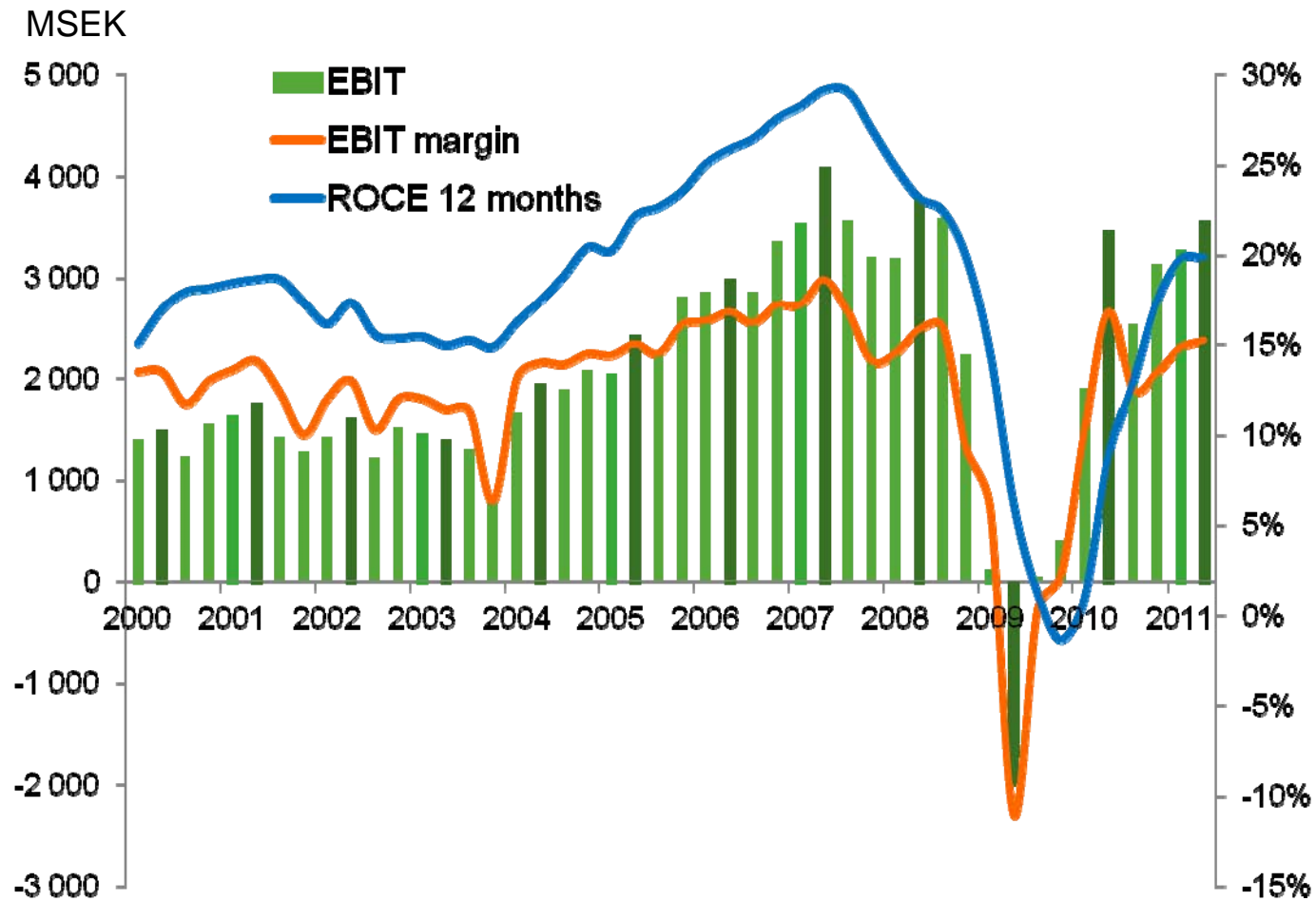


Pie chart representing share of invoicing 2010

Order intake

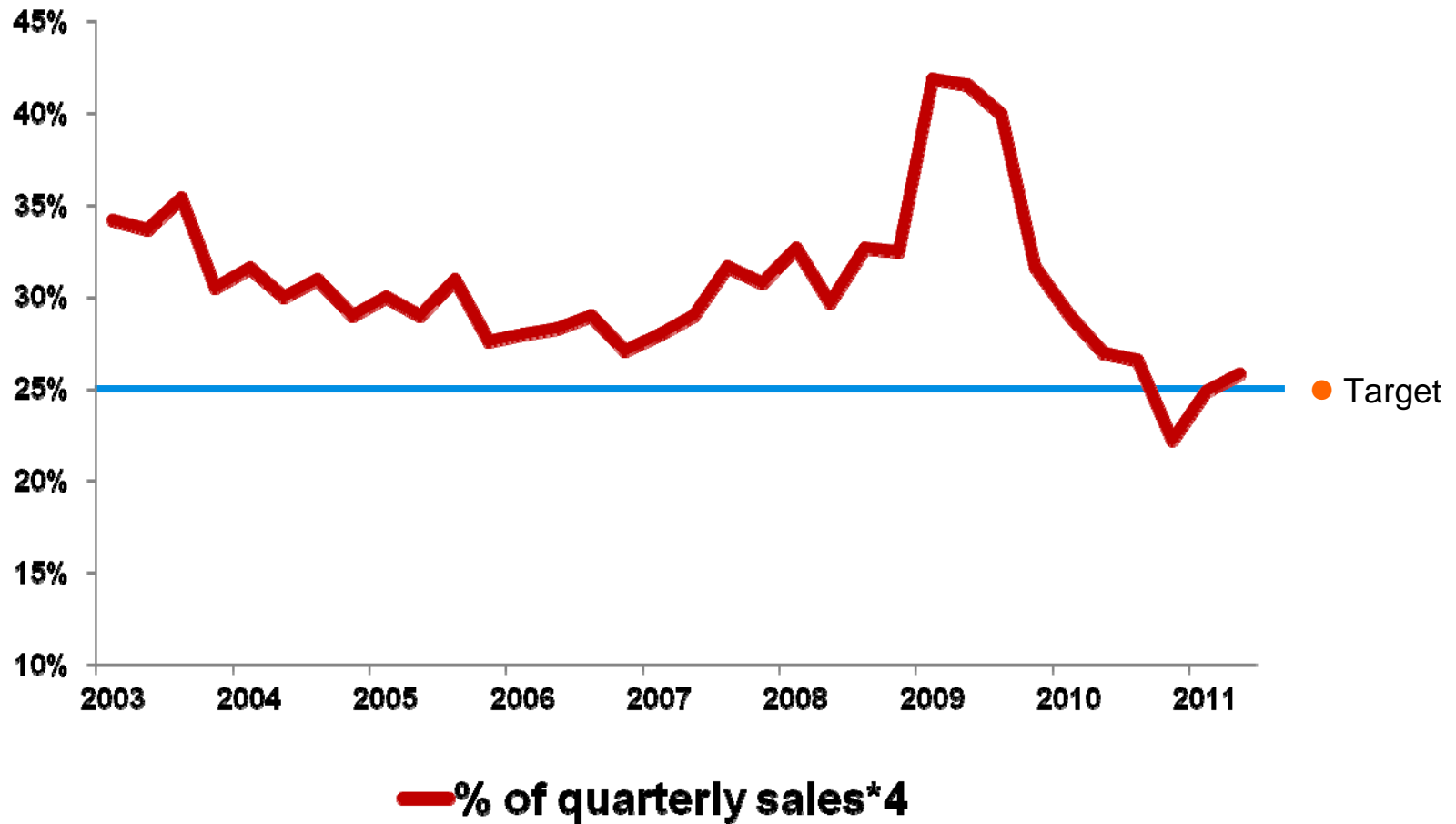


EBIT and ROCE



● EBIT 3,562 MSEK ● EBIT margin 15.2% ● ROCE 19.9%

Net Working Capital



Bridge analysis

MSEK	Q2 2010	Price/ volume/ Productivity	Currency	Structure, one-offs*	Q2 2011
Sandvik Group					
Invoiced sales	20,603	+4 593	-1 825	50	23,421
EBIT	3,471	+1 151	-720	-340	3,562
EBIT margin	16.8%	+25.1%			15.2%

* Includes metal price effects

Sandvik Tooling

- Continued improved demand in all markets
 - ✓ Strong demand from Automotive, Energy and Aerospace
- EBIT 1,572 MSEK, 23.0%
 - ✓ Increased volumes
 - ✓ Increased productivity
 - ✓ Positive price effect
 - ✓ Currency effects -310 MSEK
- Strong cash flow
- ROCE 24.7%
 - ✓ Net working capital 24% of invoicing



Sandvik Mining and Construction

- Continued strong demand
 - ✓ Mining activity continued to increase
 - ✓ Construction activity mixed between markets
- Order intake +25% excluding major project orders
 - ✓ Major project order of 1.2 bn SEK
- EBIT 1,405 MSEK, 14.2%
 - ✓ Increased volumes
 - ✓ Currency effects -310 MSEK
- ROCE 30.7%
 - ✓ Net working capital 26% of invoicing
- Shanbao acquisition expected to be closed in Q3



Sandvik Materials Technology

- Mixed demand in the quarter
 - ✓ Energy, Automotive and Aerospace strong
 - ✓ Weaker in consumer related and electronics
 - ✓ Improved demand in North America but sifter in Europe and Asia
 - ✓ Major US umbilicals order received for 325 MSEK
- EBIT 402 MSEK, 8.1%
 - ✓ Currency effects +20 MSEK
 - ✓ Metal price effect -60 MSEK
- ROCE 7.6%
 - ✓ Net working capital 31% of invoicing
- Increased market uncertainty



Quarterly financials

MSEK	Q2 2010	Q2 2011	VS Q2 2010
Order intake	23,179	25,361	+20%*
Invoicing	20,603	23,421	+24%*
EBIT	3,471	3,562	+3%
EBIT margin	16.8%	15.2%	-
Operating cash flow	+2,626	+802	-69%
Cash flow after investing activities	+1,770	-360	na

* Change in price/volume

Summary Q2

- Continued improved demand, +20% p/v
 - ✓ Increased order intake and order book
- EBIT 3,562 MSEK, 15.2%
 - ✓ Increased volumes
 - ✓ Significant negative currency effects
- Net working capital at 26% of sales
- Return on capital employed 19.9%

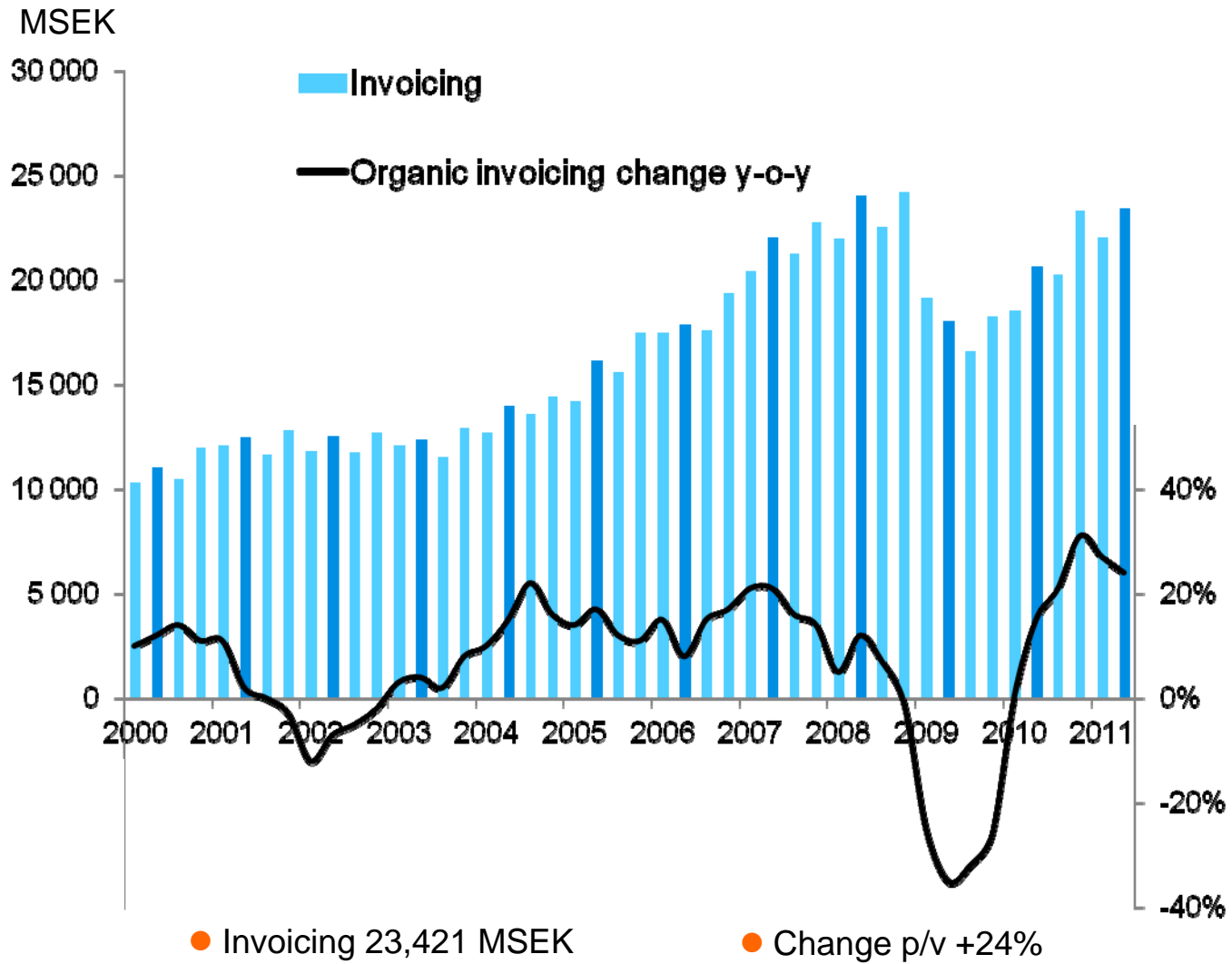
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Q&A session

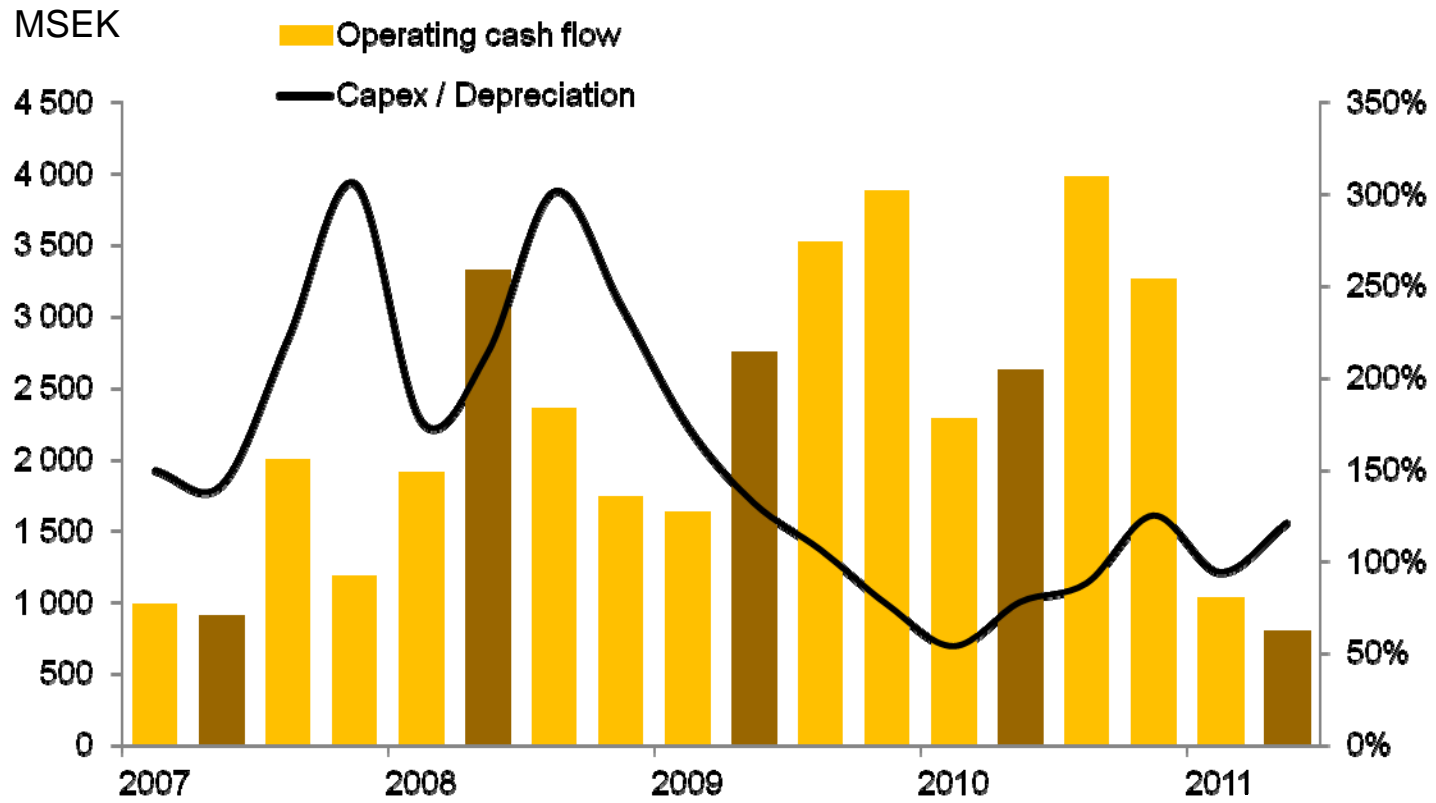
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Back-up slides

Invoicing

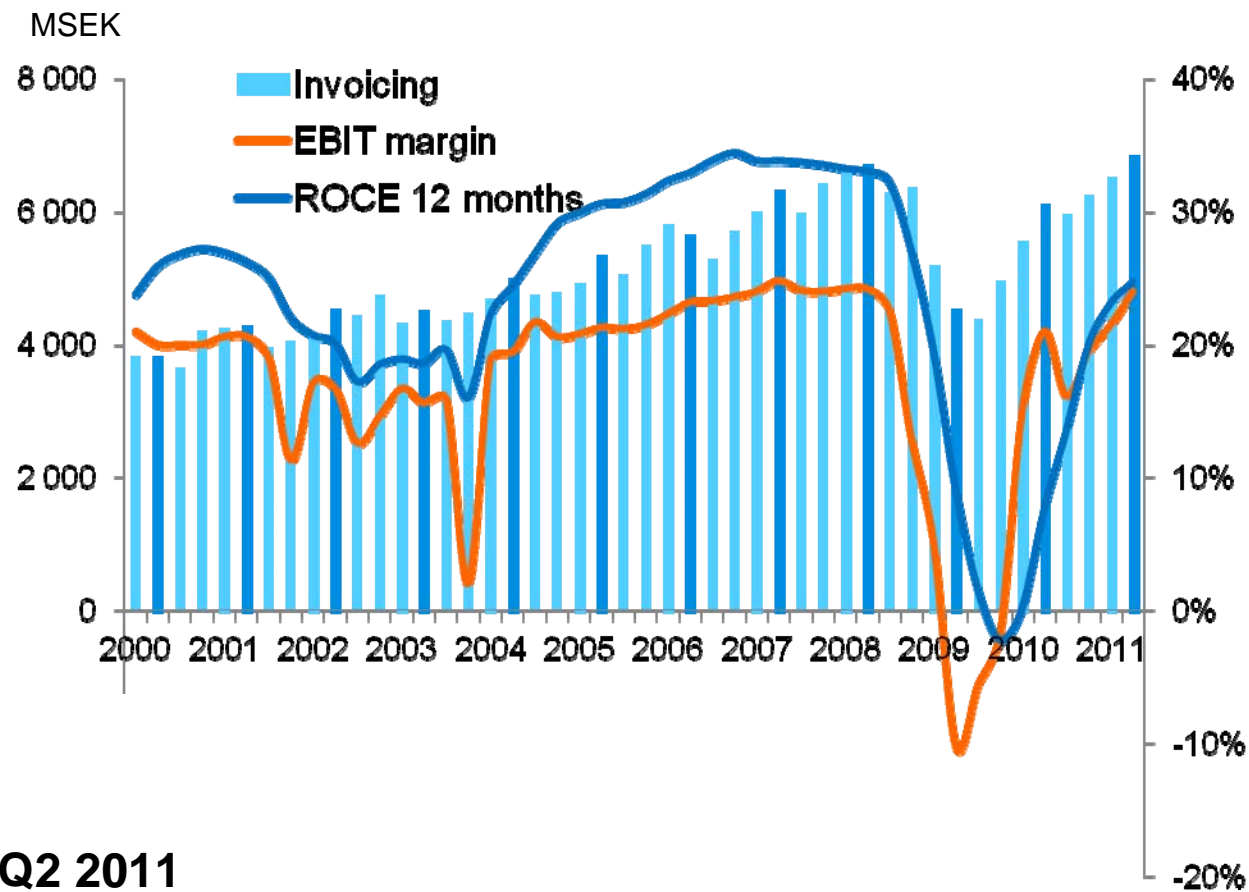


Cash flow



● Cash flow from operating activities 802 MSEK

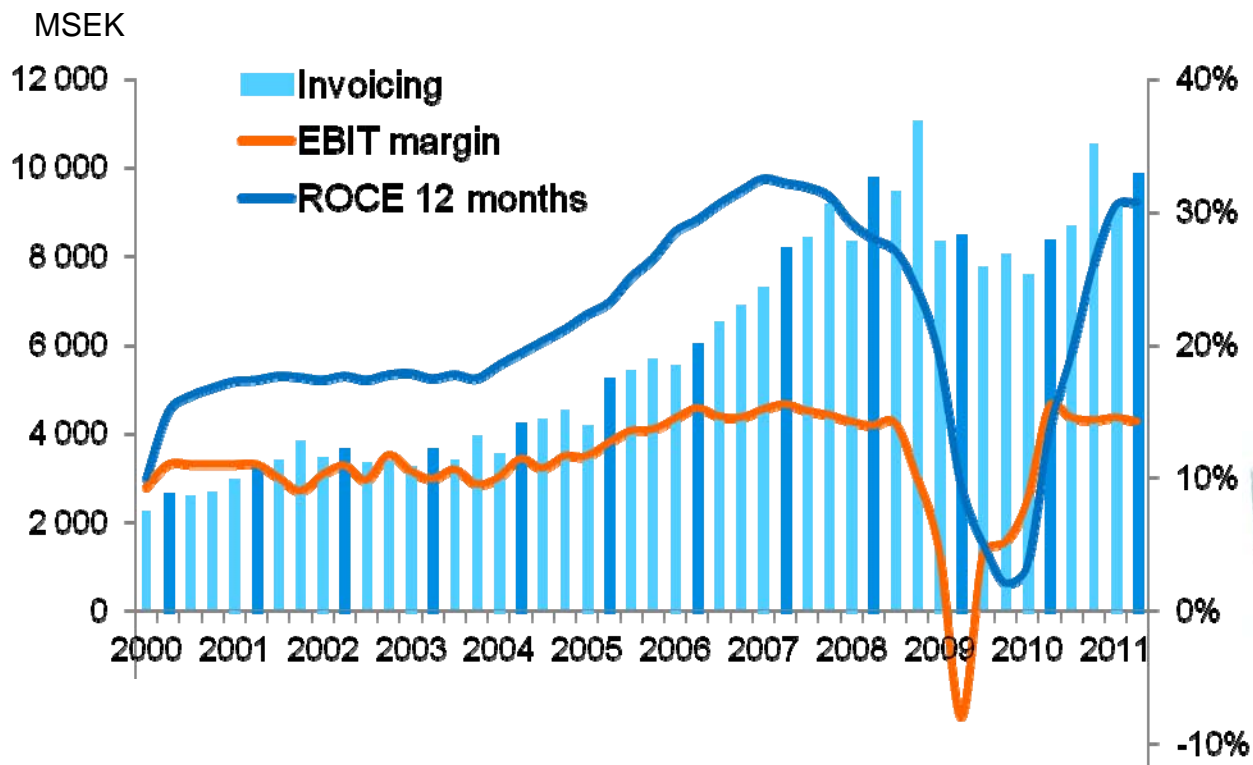
Sandvik Tooling



Q2 2011

- Order intake 7,023 MSEK
- Invoicing 6,840 MSEK
- EBIT 1,572 MSEK, 23.0%
- ROCE 24.7%

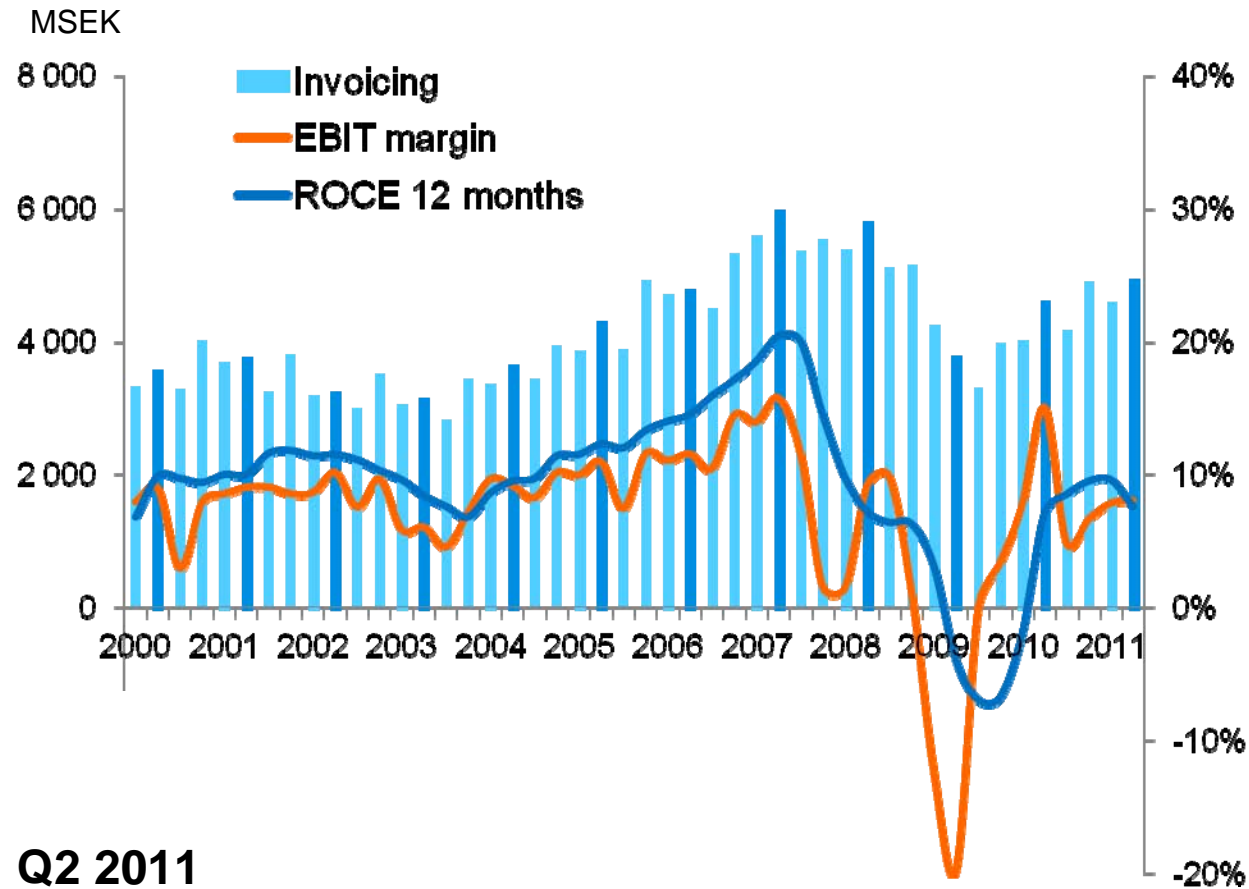
Sandvik Mining and Construction



Q2 2011

- Order intake 11,733 MSEK
- Invoicing 9,867 MSEK
- EBIT 1,405 MSEK, 14,2%
- ROCE 30.7%

Sandvik Materials Technology



Q2 2011

- Order intake 4,790 MSEK
- Invoicing 4,935 MSEK
- EBIT 402 MSEK, 8.1%
- ROCE 7.6%

Income statement

MSEK	Q2 2010		Q1 2011		Q2 2011	
Invoiced sales	20,603		22,030		23,421	
Cost of goods sold	-12,683		-13,736		-14,915	
Gross profit	7,920	38%	8,294	38%	8,506	36%
Admin, sales and R&D costs	-4,597	-22%	-4,892	-22%	-5,026	-21%
Other operating income and expenses	+148		-131		+82	
Operating profit (EBIT)	3,471	17%	3,271	15%	3,562	15%
Net financial items	-434		-416		-489	
Profit after financial items	3,037	15%	2,855	13%	3,073	13%
Profit for the period	2,075	10%	2,126	10%	2,228	10%

Bridge analysis

MSEK	Q2 2010	Price/ volume/ productivity	Currency	Structure, one-offs	Q2 2011
Sandvik Tooling					
Invoiced sales	6,122	+1,323	-600	0	6,840
EBIT	1,283	+619	-310	-20	1,572
EBIT margin	21.0%	+47%			23.0%
Sandvik Mining and Construction					
Invoiced sales	8,375	+2,268	-780	0	9,867
EBIT	1,283	+532	-310	-100	1,405
EBIT margin	15.3%	+23%			14.2%
Sandvik Materials Technology					
Invoiced sales	4,618	+689	-300	-60	4,935
EBIT	699	+113	20	-430	402
EBIT margin	15.1%	+16%			8.1%

Cash flow

MSEK	Q2 2010	Q1 2011	Q2 2011
Profit after financial items	3,037	+2,855	3,073
Depreciations, tax etc	+501	+501	+187
Cash flow from operations before NWC	+3,538	+3,356	3,260
Change in inventories	-1,301	-2,009	-1,576
Change in receivables and liabilities	+395	-245	-803
Change in rental fleet*	-6	-66	-79
Cash flow from operating activities	+2,626	+1,036	802
Acquisitions	-230	-265	0
Capex	-691	-897	-1,220
Other investments, net	+65	+39	+58
Cash flow after investing activities	+1,770	-87	-360
Net cash used in financing activities	-2,253	+141	-1,540
Cash flow for the period	-483	+54	-1,900

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

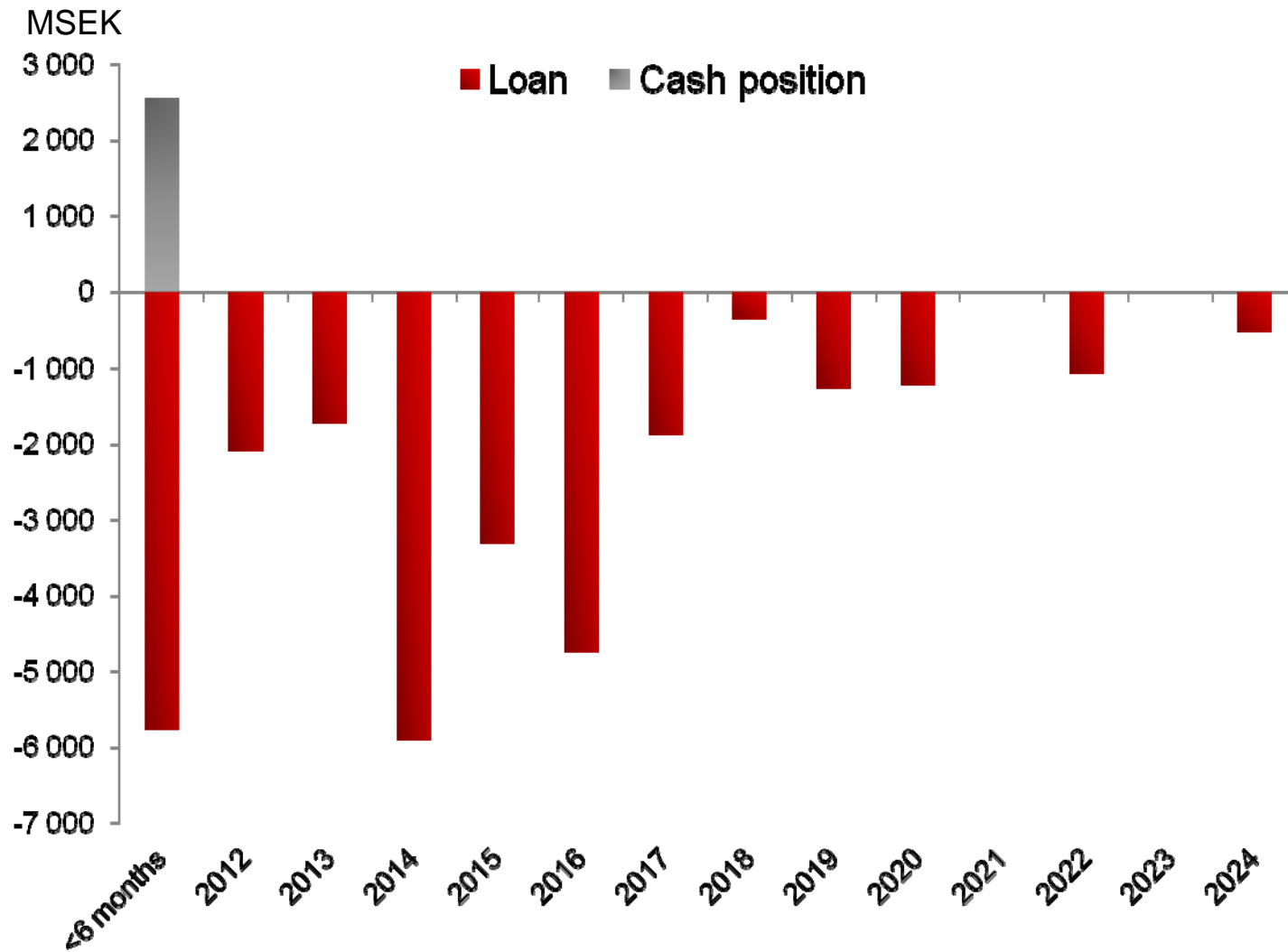
Balance sheet

MSEK	Q2 2010	Q1 2011	Q2 2011	vs Q2 2010
Intangible fixed assets	14,062	12,757	12,928	-8%
Tangible fixed assets	26,017	24,574	25,122	-3%
Financial fixed assets	6,240	5,986	6,062	-3%
Inventories	21,234	22,550	24,676	+16%
Receivables	19,993	20,619	21,869	+9%
Cash and cash equivalents	4,330	4,680	2,815	-35%
Total assets	91,876	91,166	93,472	+2%
Total equity	31,544	34,966	32,729	+4%
Interest-bearing liabilities	34,771	28,899	32,670	-6%
Non-interest-bearing liabilities	25,561	27,301	28,073	+10%
Total equity and liabilities	91,876	91,166	93,472	+2%

Loan and duration profile

		Amount MSEK	Average duration
Long term	78%		
US Private Placement		5,532	8 years
Fin institutions, EIB, NIB		2,963	4 years
Swedish MTN		8,004	5 years
European MTN		5,367	3 years
Bank loans		479	2 years
Short term	22%		
Commercial paper		1,390	2 months
Swedish MTN		1,186	9 months
Bank loans		3,994	2 months
Total		30,268	4 years
Cash position		2,815	-
Revolving Credit Facility		13,712	

Loan maturity profile



Financial key figures

	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011
Cash flow from operations, MSEK	2,626	3,978	3,259	1,036	802
Capex, MSEK	691	853	1,215	897	1,204
ROCE, 12 months	8.8%	12.9%	17.4%	19.8%	19.9%
ROE, 12 months	9.5%	15.2%	22.1%	24.5%	24.6%
Net debt/equity ratio	0.9	0.8	0.7	0.7	0.9
EPS, SEK 12 months	2.24	3.72	5.59	6.41	6.58

Guidance 2011

Metal price effects

Given currency rates, stock levels and metal prices at end of June, an EBIT effect of -100 MSEK is expected for Q3.

Net financial items

Net financial items is estimated to be in the range of 1.7-1.8 bn SEK for 2011.

Currency effects

Given currency rates at end of June the effect on EBIT would be marginal for Q3 and -1.3 to -1.4 bn SEK for 2011.

Capex

Capex is estimated to be 5-6 bn SEK for 2011.

Tax rate

The tax rate is estimated to 26-28% for 2011.

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.”