

Sandvik Q4

PRESS RELEASE 1 February 2012

Interim report on the fourth quarter
and full-year 2011

CEO's comment:

Stable demand during the quarter

“Overall Sandvik’s business was stable in the fourth quarter with good performance especially in Sandvik Tooling but also in Sandvik Mining and Construction. In Sandvik Materials Technology, the scenario was more fragmented, with high demand in the oil and gas industry offset by weakness in several other segments. The North American market was stable during the quarter, as was much of Europe and Asia,” says Sandvik’s President and CEO Olof Faxander.

“At fixed exchange rates invoiced sales rose 9% and amounted to 25.1 billion SEK, the highest in the Group’s history. Order intake declined by 7% largely due to a significant drop in demand for major projects compared with the year-earlier period. Adjusted for one-off costs of 1.6 billion

the operating profit was 3.2 billion SEK.

“Major organizational changes always run a certain risk of the company becoming too internally focused. I am therefore delighted to see that the process has been fast and efficient and that the new organization is now in place. The Group’s financial goals have also been updated.”

“It is also satisfying that we have received such large acceptance of our redemption offer to Seco Tools’ shareholders.”

“The Board of Directors have, based on Sandvik’s strong market position and earnings capabilities, decided to propose an increased dividend to 3.25 SEK (3.00) per share.”



Olof Faxander.

FINANCIAL OVERVIEW

MSEK	Q 4 2011	Q 4 2010	Change %	Q 1-4 2011	Q 1-4 2010	Change %
Order intake ¹⁾	23 990	26 313	-7	99 078	93 285	+12
Invoiced sales ¹⁾	25 104	23 276	+9	94 084	82 654	+20
Gross profit	8 044	8 043	+/-0	32 380	29 523	+10
% of invoiced sales	32.0	34.6		34.4	35.7	
Operating profit	1 649	3 129	-47	10 148	11 029	-8
% of invoiced sales	6.6	13.4		10.8	13.3	
Adjusted operating profit ²⁾	3 240	3 129	+4	13 518	11 029	+23
% of invoiced sales ²⁾	12.9	13.4		14.4	13.3	
Profit after financial items	1 140	2 754	-59	8 179	9 412	-13
% of invoiced sales	4.5	11.8		8.7	11.4	
Profit for the period	803	2 186	-63	5 861	6 943	-16
% of invoiced sales	3.2	9.4		6.2	8.4	
of which shareholders' interest	731	2 094	-65	5 498	6 634	-17
Earnings per share SEK ³⁾	0.62	1.76	-65	4.63	5.59	-17
Return on capital employed, % ⁴⁾	16.0	17.4		16.0	17.4	
Cash flow from operations	+3 312	+3 259	+2	+7 764	+12 149	-36
Number of employees	50 030	47 064	+6	50 030	47 064	+6

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

2) Operating profit adjusted for goodwill write-down and restructuring costs.

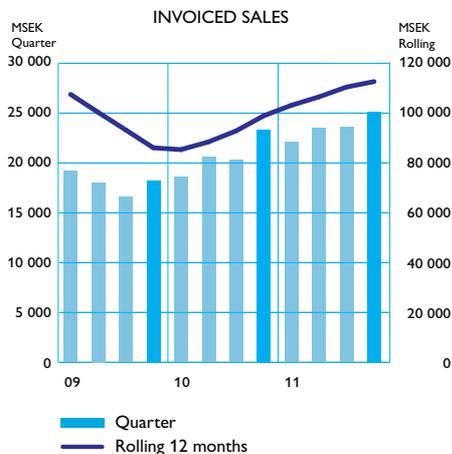
3) Calculated on the basis of the shareholders' share of profit for the period. No dilutive impact.

4) Rolling 12 months.

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Market and sales



The business situation was stable compared to the third quarter. Invoicing was the highest ever for a quarter and totaled 25.1 billion SEK. The increase compared with the preceding year was 9% at fixed exchange rates. Order intake declined slightly, primarily due to a significant reduction in activity in terms of projects, but also a weaker market in the consumer industry and for low value-added metal products. In total, order intake decreased by 7% at fixed exchange rates and totaled 24.0 billion SEK. Currency effects had a negative impact of 2% on order intake and invoiced sales.

The market situation for Sandvik's operations in the fourth quarter was largely unchanged compared with the preceding quarter. It was characterized by continued restraint in sections of the Chinese industry, sustained economic turbulence in southern Europe, lower production rates in such sectors and the consumer industry and low activity in the construction industry. Meanwhile, development remained strong in North America and parts of Europe and Asia, and demand from, for example, the automotive and mining industries and the oil/gas segment was high in the majority of markets.

Sandvik Tooling's order intake and invoiced sales developed well during the quarter, primarily in Europe, North America and Asia. The development was mainly driven by the automotive, aerospace and mechanical engineering industries. Overall Sandvik Mining and Construction continued to perform well. Activity in the mining industry remained robust but major orders, primarily for surface mining equipment,

Q 4	Order intake	Invoiced sales
Price/volume, %	-7	+9
Structure %	+1	+1
Currency, %	-2	-2
Total, %	-9	+8

The table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

declined from a high level of 3.2 billion SEK in the fourth quarter 2010 to slightly less than 1 billion SEK during this quarter. The weak trend continued in the construction industry, particularly in China and Europe.

For Sandvik Materials Technology, demand remained weak for low value-added products and products for the consumer and automotive industries, while activity in the oil and gas industry – in line with earlier quarters – was highly favorable.

Order intake amounted to 23,990 MSEK (26,313), a total decline of 9%, or 7% at fixed currencies for comparable units. Order intake for major project orders fell by approximately 2.7 billion SEK compared with the preceding year. Currency effects had a negative impact on order intake of 2%. The change at fixed currencies for comparable units was +21% for Sandvik Tooling and -19% for Sandvik Mining and Construction. For Sandvik Materials Technology, the change was -19% compared with the fourth quarter of 2010, including a negative impact of about 4 percentage points related to changed metal prices.

Invoiced sales in the fourth quarter amounted to 25,104 MSEK (23,276), a total increase of 8%, or 9% at fixed currencies for comparable units compared with the fourth quarter of the preceding year. Currency effects had a negative impact of 2% on invoiced sales. Invoiced sales at fixed currencies and for comparable units increased by 15% for Sandvik Tooling and by 13% for Sandvik Mining and Construction. For Sandvik Materials Technology, invoiced sales declined by 5% compared with the fourth quarter of 2010, including a negative impact of about 4 percentage points related to changed metal prices.

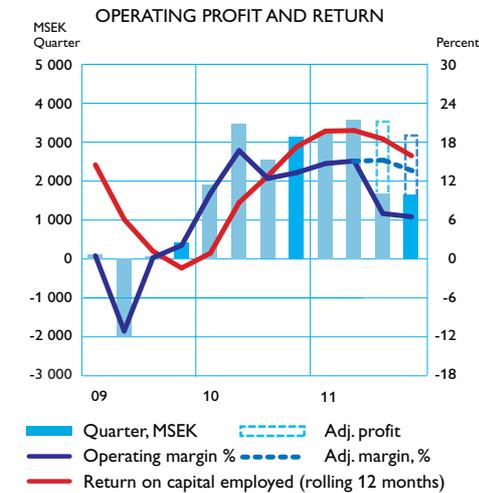
Earnings and return

The underlying operations developed well in the quarter. The operating profit, adjusted for non-recurring costs but including negative metal price and currency effects, was approximately 3.2 billion SEK, or 12.9% of invoiced sales. The reported operating profit amounted to 1,649 MSEK (3,129) and the reported operating margin was 6.6% (13.4) of invoiced sales. The result was significantly impacted by costs for impairments and restructuring measures totaling about 1.6 billion SEK. The result was also negatively impacted by approximately 125 MSEK due to changed metal prices and about 200 MSEK from currency effects. The reported return on capital employed was 16.0% (17.4) for the most recent 12-month period, but adjusted for nonrecurring costs, return was 19%.

The quarter's result and return were significantly impacted by one-off costs for impairments and restructuring measures in addition to the negative effects of changed metal prices and currency effects. In operating activities, both sales and production volumes increased, primarily in Sandvik Tooling and parts of Sandvik Mining and Construction, which contributed to an improvement in the underlying profitability of several operations.

Efforts to implement the new strategy proceeded as planned and a new organization for all business areas was put in place by 1 January 2012. Of the total estimated cost of 3.5 billion SEK related to strategy and structural measures, about 3.3 billion SEK was charged to the third and fourth quarters of 2011.

Net financial items amounted to -509 MSEK (-375) and the reported profit after net financial items was 1,140 MSEK (2,754), or 4.5% of



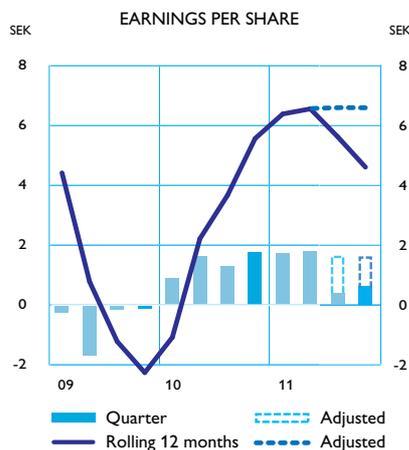
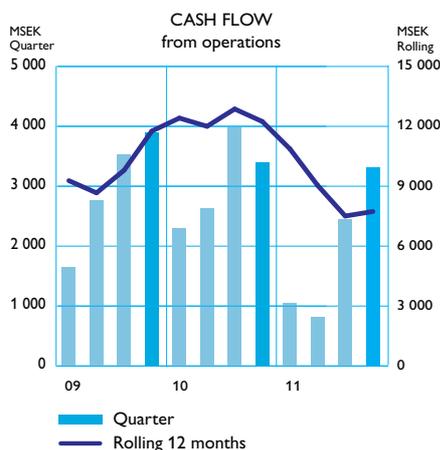
invoiced sales.

Income tax was -337 MSEK (-568) and net profit for the period was 803 MSEK (2,186), or 3.2% of invoiced sales. Earnings per share amounted to 0.62 SEK (1.76) for the quarter.

Working capital declined by approximately 300 MSEK in volume and amounted to 26% of invoiced sales, compared with 28% in the preceding quarter and 22% in the year-earlier period.

Including nonrecurring costs, return on capital employed for 2011 was 16.0% (17.4), but adjusted for these costs, return was 19%. Return on equity totaled 17.3% (22.1).

Cash flow from operations increased slightly and amounted to +3,312 MSEK (+3,259). Investments totaled 1,721 MSEK (1,789) of which company acquisitions accounted for 73 MSEK (490). Cash flow after investments rose to +1,604 MSEK (+1,520) for the quarter.



Sandvik Tooling

- Continued high demand
- High invoiced sales
- Increased profitability
- One off costs ~200 MSEK

The demand trend for cutting tools and products from Sandvik Tooling remained favorable in the fourth quarter. Both order intake and invoiced sales improved in the majority of markets compared with the preceding quarter and the year-earlier period. Increased invoiced sales combined with higher production rates ensured an improvement in the underlying operating profit. Order intake and invoiced sales rose 21% and 15%, respectively, at fixed exchange rates for comparable units. Operating profit increased to 1,441 MSEK (1,219), or 20.3% of invoiced sales. The result was charged with costs of about 200 MSEK related to ongoing restructuring measures. Changed exchange rates had a negative impact of approximately 50 MSEK compared with the preceding year.

The market situation was positive for Sandvik Tooling in North America and Europe during the quarter. Both order intake and invoiced sales developed strongly primarily due to high activity and demand in the automotive, aerospace and mechanical engineering industries, but also in the energy and mining industries. Activity in South America and parts of Asia was, however, somewhat more sluggish due to a continued weak



Q 4	Order intake	Invoiced sales
Price/volume, %	+21	+15
Structure, %	0	0
Currency, %	-1	-1
Total, %	+20	+14

The table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

trend in such areas as the automotive industry and lower investment activity in China.

The increase in invoiced sales compared with the preceding year entailed higher production rates and thus increased capacity utilization, which positively impacted profitability. The price trend remained stable compared with the preceding quarter.

Cash flow developed favorably and working capital declined slightly during the quarter. Combined with a rise in invoiced sales, this resulted in a reduction in working capital as a share of invoiced sales to 24.7% compared with 26.3% in the preceding quarter and 23.4% in 2010.

Compared with the fourth quarter of 2010, operating profit improved and amounted to 1,441 MSEK (1,219), or 20.3% (19.5) of invoiced sales. The result was negatively impacted by about 200 MSEK due to one-off costs for impairments and restructuring measures.

Adjusted for these costs, the operating margin exceeded 23% (19.5). Furthermore, the result was negatively impacted compared with 2010 by 50 MSEK as a result of changed exchange rates. Return on capital employed improved significantly and amounted to 28.4% (20.0).

MSEK	Q 4 2011	Q 4 2010	Change %	Q 1-4 2011	Q 1-4 2010	Change %
Order intake	7 385	6 150	+21 *	27 918	24 342	+22 *
Invoiced sales	7 104	6 255	+15 *	27 160	23 893	+21 *
Operating profit**	1 441	1 219	+18	5 896	4 296	+37
%	20,3	19,5		21,7	18,0	
Return on capital employed, %	28,4	20,0		28,4	20,0	
Number of employees	15 948	15 278	+4	15 948	15 278	+4

* At fixed exchange rates for comparable units.

** Including one off costs of approximately 200 MSEK.

Sandvik

Mining and Construction

- Strong mining market
- Weak construction market
- 400 redundancies
- One off costs ~500 MSEK

Q 4	Order intake	Invoiced sales
Price/volume, %	-19	+13
Structure, %	+1	+1
Currency, %	-3	-3
Total, %	-21	+10

The table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

Activity in the global mining industry remained strong during the fourth quarter. However, demand in the construction industry remained weak and order intake for major projects was significantly down versus the preceding year. Order intake declined in total by 19% while invoiced sales grew 13% at fixed exchange rates compared with the year-earlier period. The result amounted to 964 MSEK (1,503) or 8.3% of invoiced sales. One off costs impacted the result by about -500 MSEK and changed exchange rates had a negative impact of around 70 MSEK compared with the preceding year.

Activity in the mining industry, both underground and surface mining, remained high during the quarter. Demand displayed stronger development in the southern hemisphere than in the northern, with this being particularly evident within the aftermarket. Activity in the construction industry remained relatively weak, especially in large parts of Europe and in China, where the financial austerity programs resulted in lower activity. During the quarter, the business area received two major orders for surface mines in Brazil and Australia, respectively, for a combined value of nearly 1 billion SEK. Thus, the



order intake for major projects was significantly lower than the very high level of 3.2 billion SEK in the corresponding quarter of 2010. The rate of price increases was stable during the quarter.

Extensive work has been carried out during the quarter to prepare the new organization, which as of 1 January 2012, will be split into two new business areas, Sandvik Mining and Sandvik Construction. The introduction of the new organization will entail an expected reduction in the workforce of about 400 employees. Restructuring and impairment costs of 500 MSEK were charged to the quarter.

The aftermarket portion of invoiced sales was 46%, while equipment and projects comprised 40% and 14%, respectively. Compared with the preceding quarter, working capital was largely unchanged but declined as a share of invoiced sales to 25%.

Operating profit in the fourth quarter amounted to 964 MSEK (1,503), or 8.3% (14.3) of invoiced sales. Adjusted for non-recurring costs of 500 MSEK, the operating margin was 13% (14.3).

Changed exchange rates had a negative impact on earnings of approximately 70 MSEK. Return on capital employed over the past 12 months amounted to 27.4% (25.9).

MSEK	Q 4 2011	Q 4 2010	Change %	Q 1-4 2011	Q 1-4 2010	Change %
Order intake	10 615	13 381	-19 *	45 517	42 079	+15 *
Invoiced sales	11 589	10 543	+13 *	41 481	35 182	+25 *
Operating profit**	964	1 503	-36	5 246	4 665	+12
%	8,3	14,3		12,6	13,3	
Return on capital employed, %	27,4	25,9		27,4	25,9	
Number of employees	17 170	15 455	+11	17 170	15 455	+11

* At fixed exchange rates for comparable units.

** Including one off costs of approximately 500 MSEK.

Sandvik

Materials Technology

- Fragmented market scenario
- Oil/gas sector strong
- Consolidation of wire manufacturing
- One off costs ~900 MSEK

Q 4	Order intake	Invoiced sales
Price/volume %	-19	-5
Structure, %	0	-1
Currency, %	-1	-1
Total, %	-20	-7

The table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

The demand scenario was fragmented for Sandvik Materials Technology during the quarter. Order intake declined at fixed exchange rates by 19% compared with the year-earlier period. Adjusted for changed metal prices, the reduction was 15%. Invoiced sales declined by 5% including metal price effects of 4%. The reported operating result was -841 MSEK (326), including nonrecurring costs for restructuring measures and impairments of approximately 900 MSEK. Changed metal prices impacted -125 MSEK. Currency effects were marginally negative during the quarter.

The global market situation remained fragmented during the quarter. The financial constraints in China and the financial turmoil in Europe had a negative impact on investment levels and production rates in several segments.

In North America, demand was stable, primarily in the oil and gas and aerospace industries, while order intake weakened in Europe and Asia. Activity in the nuclear power industry remained low. Although demand was favorable from the aerospace and process industries, a further deterioration was noted from the consumer and electronics industries as well as for low value-added products.

Lower inventory levels and accounts receivables resulted in a reduction in working capital compared to the previous quarter and amounted to 32% (27 in Q4 2010) of invoiced sales.

Work began on the introduction of a new and simplified organizational structure in mid-September. As a consequence of the organizational change, a structural redundancy of about 600 permanent employees, of whom close to 400 in Sweden, and 180 temporary employees was identified. The majority of the redundancies will take place in the first half of 2012. Furthermore, wire and strip production in Sweden will be consolidated to Sandviken.

The operating result amounted to -841 MSEK (326) or -18.5% (6.7) of invoiced sales. Nonrecurring costs for impairments and restructuring measures impacted the result by about 900 MSEK and changed metal prices by approximately -125 MSEK (-80). Reduced volumes generated lower production rates and inventory levels. Adjusted for one-off costs and metal price effects,

the operating margin was slightly more than 4% (6.7). Changed exchange rates had a marginally negative impact. Return on capital employed for 2010 months was -9.8 % (9.5).



MSEK	Q 4 2011	Q 4 2010	Change %	Q 1-4 2011	Q 1-4 2010	Change %
Order intake	4 124	5 158	-19 *	18 445	20 847	-8 *
Invoiced sales	4 556	4 896	-5 *	18 379	17 703	+9 *
Operating profit**	-841	326	-	-1 619	1 540	-
%	-18,5	6,7		-8,8	8,7	
Return on capital employed, %	-9,8	9,5		-9,8	9,5	
Number of employees	9 221	9 058	+2	9 221	9 058	+2

* At fixed exchange rates for comparable units.

** Including one off costs of approximately 900 MSEK.

Full-year 2011

The global business climate improved significantly in 2011 compared with 2010. The improvement was most discernible during the first six months of 2011, while the second half of the year was marked by increased macroeconomic turbulence mainly linked to the euro crisis in Europe combined with financial austerity in China, which dampened the activity in several segments.

On 1 February, Olof Faxander assumed the position as the new President and CEO of Sandvik.

In the second half of the year, a new strategy and Group Executive Management team were announced in addition to a new organization and with a significant focus on lower costs and higher profitability. As a consequence of the new strategy and organization, a number of impairments and restructuring measures were implemented. Sandvik's order intake for 2011 developed positively and amounted to 99,078 MSEK (93,285), up 6% in total and 12% at fixed currency rates for comparable units. Invoiced sales was the highest ever and amounted to 94,084 MSEK (82,654), up 14% in

total and 20% at fixed currencies.

Operating profit for 2011 amounted to 10,148 MSEK (11,029) including charges of just over 3.3 billion SEK due to restructuring measures and impairments and slightly more than 200 MSEK resulting from changed metal prices. The operating margin was 10.8% (13.3) of invoiced sales. Since the beginning of the year, changed exchange rates had a negative impact of about 1.4 billion SEK on the result compared with the preceding year.

Net financial items amounted to -1,969 MSEK (-1,617) and the result after net financial items was 8,179 MSEK (9,412). The tax rate was 28% and profit for the period amounted to 5,861 MSEK (6,943). Earnings per share was 4.63 SEK (5.59).

Cash flow from operating activities was +7,764 MSEK (+12,149). The Group's investments in fixed assets amounted to 4,994 MSEK (3,378), with acquisitions accounting for 338 MSEK (1,216). After investments, acquisitions and divestments, cash flow was +2,584 MSEK (+7,769).

Significant events

- On 12 October, Sandvik founded a joint venture company with Shandong Energy Machinery Co. for the manufacture and sale of coal mining equipment. The joint venture is expected to be operational from the beginning of 2012.
- On 9 October, Sandvik completed the acquisition of 80% of the shares in Shanghai Jianshe Luqiao (S JL), a Chinese manufacturer of crushing and screening equipment.
- On 1 November, as a consequence of the new strategy, Sandvik gave notice of a personnel reduction of 365 employees in Sweden. The redundancies will primarily be made in the first half of 2012.
- In January 2012 Sandvik Mining and Construction announced that the ongoing restructuring will result in a consolidation of the product range and a reduction of about 400 employees. The result in the fourth quarter is therefore charged with around 500 MSEK in one off costs. At the same time Sandvik Materials Technology announced a consolidation of wire and strip production in Sweden to the unit in Sandviken, resulting in an additional redundancy of about 100 employees in Hallstahammar, Sweden.
- During the quarter, Sandvik Mining and Construction received two major project orders for surface mining equipment: one order from Brazil valued at approximately 400 MSEK and one order from Australia valued at about 500 MSEK. Both projects are expected to be completed during the first six months of 2014.
- On 1 October, Tomas Nordahl assumed the position as Executive Vice President with responsibility for IT, sourcing and strategy and is also a member of Sandvik's Group Executive Management.
- On 30 November, Jan Lissåker, currently Vice President of Sandvik Investor Relations, was appointed new Executive Vice President Group Communications and member of Group Executive Management assuming the position on 5 March 2012.

Parent company

The Parent Company's invoiced sales for the fourth quarter of 2011 amounted to 4,206 MSEK (4,914) and the operating result was -1,680 MSEK (-177). For the full-year 2011, invoiced sales amounted to 17,460 MSEK (17,668) and the operating result was -2,754 MSEK (+107). The operating result for the fourth quarter was impacted by the impairment of property, plant and machinery, higher provisions to the pension fund and negative metal price effects in inventory. The result from shares in Group companies consists primarily of dividends and Group contributions from these and amounted to 2,547 MSEK (3,343) after the fourth quarter.

Interest-bearing liabilities and provisions, less cash and cash equivalents and interest-bearing assets, amounted to 16,990 MSEK (10,554).

For 2012, the Parent Company's indebtedness and shareholders' equity were impacted by 1.4 billion SEK through the signing of a share swap agreement pertaining to the hedging of the approved share-based incentive program. The debt will be reversed in connection with future redemption of share options. Investments in property, plant and machinery amounted to 1,421 MSEK (946).

Status new Group strategy

During the quarter, a number of actions were approved and carried out with the aim of preparing for and implementing the new strategy. The organization has been split into five business areas instead of three and plans to achieve the new strategic targets have been established for the Group. Actions mainly include workforce reductions, consolidation of production units, discontinuation of unprofitable products and expansion of other products. As a result of the approved actions, the

result in the second half of the year was charged with about 3.3 billion SEK of the estimated total cost of approximately 3.5 billion SEK.

The action program is being implemented as fast as possible to minimize the risk of negative consequences. Approved measures relating to workforce changes are expected to be completed in the first half of 2012. Costs for approved and anticipated actions are broken down as follows:

Recognized and anticipated costs attributable to the new strategy and organization

Business area	Actual	Actual	Anticipated	Anticipated
Rounded-off figures, MSEK	Q 3	Q 4	remaining cost	total cost
Sandvik Tooling	-	~200	~200	~400
Sandvik Mining and Construction	<100	~500	-	>500
Sandvik Materials Technology	1 700	~900	-	~2 600
Total	>1 700	1 600	~200	~3 500
of which, impacting cash flow	<100	~1 000	~150	~1 200

The cash flow effect will to a large extent occur in a different quarter to when the cost is accounted for.

Acquisitions and divestments

On 9 October, Sandvik acquired 80% of the shares in Shanghai Jianshe Luqiao (SJL). The purchase consideration amounted to 239 MSEK. More information will be presented in Sandvik's 2011 Annual Report. During the

first quarter, further part payments were made relating to the acquisition of Wolfram and to Seco Tools' acquisitions of NCI and DTC, which had a negative impact of 265 MSEK on cash flow after investments.

Acquisitions during the most recent 18-month period

Business Area	Company/Unit	Closing date	Annual revenue MSEK	No of employees
Seco Tools	AOB, France	23 July 10	40	50
Seco Tools	NCI and DTC, USA	29 Dec 10	275	180
Sandvik Mining and Constr.	SJL, China	9 Oct 11	>500	<500

No divestments were made during the most recent 18-month period.

Summary of Pro-forma results

On 1 January 2012, Sandvik's new organization came into effect. Announced in September 2011, the new organization will consist of five business areas instead of three.

A pro forma summary for the past two years, in which the values of Seco Tools are also consolidated into Sandvik Machining Solutions, is set out as below:

	Sandvik Construction	Sandvik Machining Solutions	Sandvik Materials Technology	Sandvik Mining	Sandvik Venture
Full-year 2011					
Invoiced sales, MSEK	9 249	28 171	16 339	32 232	8 056
Adj. operating profit*, MSEK	340	6 485	692	5 411	1 351
Adj. operating margin*, %	3.7	23.0	4.2	16.8	16.8
Adj. return on capital employed*, %	5.8	34.3	4.6	41.0	15.2
Number of employees	3 900	18 500	8 200	13 300	4 100

* Excluding one-off costs for write-downs and restructuring. Return on capital employed will be finalized during February.

	Sandvik Construction	Sandvik Machining Solutions	Sandvik Materials Technology	Sandvik Mining	Sandvik Venture
Full-year 2010					
Invoiced sales, MSEK	8 023	24 457	15 703	27 160	7 275
Operating profit, MSEK	571	4 850	1 233	4 094	850
Operating margin, %	7.1	19.8	7.9	15.1	11.7
Return on capital employed**, %	10.2	25.7	9.0	33.2	9.2
Number of employees	3 300	17 500	8 000	12 100	4 150

**Return on capital employed will be finalized during February.

Pro forma results per quarter from 2007 will be available the 1 of March at the latest on www.sandvik.com/ir

Updated financial targets

On account of the new strategy and organization, Sandvik performed an overview of the Group's financial goals. The goals should be viewed in relation to the Group's ambition to increase value creation and be the world leader

in selected segments as well as an assessment of future global growth and sufficient financial strength. The updated goals of the Group are as follows:

Yearly growth, total	8%	(8% organic)
Return on capital employed	25%	(25%)
Net debt ratio	<0,8	(0,7-1,0)
Dividend	50 % of earnings per share	(>50%)

Public offer to Seco Tools

On 7 November 2011, Sandvik submitted a recommended public offer to minority shareholders of Seco Tools to acquire all remaining shares in the company. The offer stipulates that in exchange for each class B share in Seco Tools, Sandvik offers 1.2 shares in Sandvik. At the date of submission of the offer, Sandvik controlled 60.4% of the shares and 89.3% of the votes in Seco Tools. At an Extraordinary General Meeting on 12 December 2011, a resolution was passed to authorize the Board of Directors to decide on one or more new share issues of a maximum of 69,195,888 shares in the company as consideration to the shareholders in Seco Tools who accepted the offer. After the expiration of the initial acceptance period on 10 January 2012, the offer had been accepted to such an extent that Sandvik, and its subsidiaries,

controlled 98.7% of the shares and 99.6% of the votes, at which point the Board of Directors approved the issue of 66,889,974 new settlement shares and an extension of the period of acceptance to 26 January 2012. After the end of this extended and final period of acceptance, the offer has been accepted to such an extent that Sandvik, and its subsidiaries, now controls 99.4% of the shares and 99.8% of the votes in Seco Tools, and the Board of Directors has approved the issue of a further 1,208,774 new settlement shares. Furthermore, Sandvik has decided to implement a compulsory acquisition procedure for the remaining shares in Seco Tools and, at the request of Sandvik, Seco Tools has applied to have its class B shares delisted from NASDAQ OMX Stockholm.

Proposals to the 2012 AGM

The Annual General Meeting will be held in Sandviken on the 2 May at 17:00 CET. The 2011 Annual Report will be available in the first week of April on www.sandvik.com. A printed version of the report can also be ordered on the website. The Board of Directors proposes a

dividend of 3.25 SEK per share (3.00), or a total of approximately 4,077 MSEK (3,559) for 2011. The proposal corresponds to 70% of reported earnings per share. The proposed record date to receive dividends is 5 May.

Financial reports summary

The Group

INCOME STATEMENT

	Q 4	Q 4	Change	Q 1-4	Q 1-4	Change
MSEK	2011	2010	%	2011	2010	%
Revenue	25 104	23 276	+8	94 084	82 654	+14
Cost of sales and services	-17 060	-15 233	+12	-61 704	-53 131	+16
Gross profit	8 044	8 043	+/-0	32 380	29 523	+10
% of revenues	32.0	34.6		34.4	35.7	
Selling expenses	-3 367	-2 898	+16	-13 095	-10 848	+21
Administrative expenses	-2 028	-1 497	+35	-6 416	-5 295	+21
Research and development costs	-682	-567	+20	-2 421	-2 106	+15
Other operating income and expenses	-318	48		-300	-245	+23
Operating profit	1 649	3 129	-47	10 148	11 029	-8
% of revenues	6.6	13.4		10.8	13.3	
Financial net	-509	-375	+36	-1 969	-1 617	+22
Profit after financial items	1 140	2 754	-59	8 179	9 412	-13
% of revenues	4.5	11.8		8.7	11.4	
Income tax	-337	-568	-41	-2 318	-2 469	-6
Profit for the period	803	2 186	-63	5 861	6 943	-16
% of revenues	3.2	9.4		6.2	8.4	
Other comprehensive income						
Foreign currency translation differences	-735	90		-270	-2 386	
Cash-flow hedges	-112	94		-622	615	
Tax related to other comprehensive income	30	-25		164	-162	
Other comprehensive income for the period, net after tax	-817	159		-728	-1 933	
Total comprehensive income for the period	-14	2 345		5 133	5 010	
Profit for the period attributable to						
Owners of the parent	731	2 094		5 498	6 634	
Non-controlling interests	72	92		363	309	
Total comprehensive income attributable to						
Owners of the parent	-68	2 249		4 773	4 769	
Non-controlling interests	54	96		360	241	
Earnings per share, SEK, *	0.62	1.76		4.63	5.59	

* No dilution effects during the period

Financial reports summary

The Group

BALANCE SHEET

	31 Dec 2011	31 Dec 2010	Change %
MSEK			
Intangible assets	11 807	13 193	-11
Property, plant and equipment	25 702	25 252	+2
Financial assets	6 835	6 023	+13
Inventories	26 077	21 420	+22
Current receivables	21 979	19 328	+14
Cash and cash equivalents	5 592	4 783	+17
Non-current assets classified as held for sale *	747	-	-
Total assets	98 739	89 999	+10
Total equity	33 891	33 813	+0
Non-current interest-bearing liabilities	27 125	25 684	+6
Non-current non-interest-bearing liabilities	6 487	5 869	+11
Current interest-bearing liabilities	5 948	3 783	+57
Current non-interest-bearing liabilities	25 180	20 850	+21
Liabilities associated with non-current assets classified as held for sale *	108	-	-
Total equity and liabilities	98 739	89 999	+10
Net working capital **	25 626	21 139	+21
Loans	30 455	26 976	+13
Net debt ***	25 908	23 200	+12
Non-controlling interests in total equity	1 401	1 233	+14

* Related to the part of Sandvik MedTech to be divested.

** Inventories plus trade receivables excl. prepaid income taxes, reduced by non-interest-bearing liabilities excl. tax liabilities.

*** Current and non-current interest-bearing liabilities including net provisions for pensions, less cash and cash equivalents.

CHANGE IN TOTAL EQUITY

	Equity related to owners of the parent	Non-controlling interest	Total equity
MSEK			
Opening equity, 1 January 2010	28 987	970	29 957
Total comprehensive income for the period	4 769	241	5 010
Acquisition of non-controlling interests	10	-17	-7
Divestment of non-controlling interests	-	41	41
Dividends	-1 186	-2	-1 188
Closing equity, 31 December 2010	32 580	1 233	33 813
Opening equity, 1 January 2011	32 580	1 233	33 813
Total comprehensive income for the period	4 773	360	5 133
Personnel options program	67	-	67
Hedge of personnel options program through share swap	-1 353	-	-1 353
Acquisition of non-controlling interests	-18	56	38
Dividends	-3 559	-248	-3 807
Closing equity, 31 December 2011	32 490	1 401	33 891

Financial reports summary

The Group

CASH-FLOW STATEMENT

MSEK	Q 4 2011	Q 4 2010	Q 1-4 2011	Q 1-4 2010
<i>Cash flow from operating activities</i>				
Income after financial income and expenses	+1 140	+2 754	+8 179	+9 412
Adjustment for depreciation, amortization and impairment losses	+1 362	+1 041	+5 823	+4 038
Adjustment for items that do not require the use of cash etc.	+1 323	-70	+1 359	-130
<u>Income tax paid</u>	-689	-73	-2 587	-1 056
Cash flow from operations before changes in working capital	+3 136	+3 652	+12 774	+12 264
<i>Changes in working capital</i>				
Change in inventories	-17	-443	-4 699	-2 161
Change in operating receivables	+212	-774	-2 598	-2 832
<u>Change in operating liabilities</u>	+70	+995	+2 567	+5 041
Cash flow from operating activities	+265	-222	-4 730	+48
<i>Investments in rental equipment</i>				
Investments in rental equipment	-146	-240	-440	-369
Divestments of rental equipment	+57	+69	+160	+206
Cash flow from operations	+3 312	+3 259	+7 764	+12 149
<i>Cash flow from investing activities</i>				
Acquisitions of companies and shares, net of cash acquired	-73	-490	-338	-1 216
Acquisitions of property, plant and equipment	-1 648	-1 299	-4 994	-3 378
<u>Proceeds from sale of property, plant and equipment</u>	+13	+50	+152	+214
Cash flow from investing activities	-1 708	-1 739	-5 180	-4 380
Net cash flow after investing activities	+1 604	+1 520	+2 584	+7 769
<i>Cash flow from financing activities</i>				
Change in interest bearing debt	+522	-1 421	+2 130	-9 223
<u>Dividends paid</u>	-3	-1	-3 807	-1 188
Cash flow from financing activities	+519	-1 422	-1 677	-10 411
Cash flow for the period	+2 123	+98	+907	-2 642
Cash and cash equivalents at beginning of the period	+3 508	+4 642	+4 783	+7 506
Exchange-rate differences in cash and cash equivalents	-39	+43	-98	-81
Cash and cash equivalents at the end of the period	+5 592	+4 783	+5 592	+4 783

KEY FIGURES

	Full year 2011	Full year 2010
No. of shares outstanding at end of period('000) ¹⁾	1 186 287	1 186 287
Average no. of shares('000) ¹⁾	1 186 287	1 186 287
Tax rate, %	28.3	26.2
Return on capital employed, % ²⁾	16.0	17.4
Return on total equity, % ²⁾	17.3	22.1
Return on total capital % ²⁾	11.1	12.7
Shareholders' equity per share, SEK	27.40	27.50
Net debt/equity ratio	0.8	0.7
Equity/assets ratio, %	34	38
Net working capital, %	26	22
Earnings per share, SEK	4.63	5.59
Cash flow from operating activities, MSEK	+7 764	+12 149
Number of employees	50 030	47 064

1) No dilution effect during the period.

2) Rolling 12 months.

Financial reports summary

The parent company

INCOME STATEMENT

	Q 4	Q 4	Change	Q 1-4	Q 1-4	Change
MSEK	2011	2010	%	2011	2010	%
Revenue	4 206	4 914	-14	17 460	17 668	-1
Cost of sales and services	-4 105	-3 790	8	-15 207	-13 348	+14
Gross profit	101	1 124	-91	2 253	4 320	-48
Selling expenses	-254	-219	16	-748	-631	+19
Administrative expenses	-1 304	-865	51	-3 725	-2 820	+32
Research and development costs	-338	-264	28	-1 150	-932	+23
Other operating income and expenses	115	47	-	616	170	-
Operating profit	-1 680	-177	-	-2 754	107	-
Income from shares in group companies	2 547	3 141	-19	2 815	3 343	-16
Income from shares in associated companies	-	-	-	10	5	+100
Interest income and similar items	169	14	-	611	665	-8
Interest expenses and similar items	-253	-342	-26	-1 679	-1 376	+22
Profit after financial items	783	2 636	-70	-997	2 744	-
Appropriations	-8	2	-	-8	2	-
Income tax expense	102	339	-70	625	104	-
Profit for the period	877	2 977	-71	-380	2 850	-

BALANCE SHEET

	31 Dec	31 Dec	Change
MSEK	2011	2010	%
Intangible assets	17	25	-32
Property, plant and equipment	6 992	6 768	+3
Financial assets	18 502	15 831	+17
Inventories	4 023	3 675	+9
Current receivables	15 699	20 000	-22
Cash and cash equivalents	8	12	-33
Total assets	45 241	46 311	-2
Total equity	12 516	17 740	-29
Untaxed reserves	10	2	+400
Provisions	697	281	+148
Non-current interest-bearing liabilities	16 072	14 592	+10
Non-current non-interest-bearing liabilities	33	-	-
Current interest-bearing liabilities	9 032	8 312	+9
Current non-interest-bearing liabilities	6 881	5 384	+28
Total equity and liabilities	45 241	46 311	-2
Pledged assets	-	-	-
Contingent liabilities	12 006	11 228	+7
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	16 990	10 554	+61
Investments in fixed assets	1 421	946	+50

Market overview

The Group

ORDER INTAKE OCH INVOICED SALES PER MARKET AREA Q4 2011

The Group

Market area	Order intake			Share %	Invoiced sales		
	MSEK	Change* % % ¹⁾			MSEK	Change* %	
Europe	8 911	+4	+4	37	9 071	+7	36
NAFTA	4 167	+9	+9	18	4 239	+18	17
South America	1 890	-38	+5	8	2 130	+1	8
Africa/Middle East	1 866	-29	-17	8	2 550	+15	10
Asia	4 660	+3	+22	19	4 741	+9	19
Australia	2 496	-24	-21	10	2 373	+7	10
Total	23 990	-7	+3	100	25 104	+9	100

Sandvik Tooling

Europe	4 176	+27	+27	56	3 858	+17	55
NAFTA	1 311	+21	+21	18	1 298	+19	18
South America	277	-4	-4	4	275	+5	4
Africa/Middle East	102	+103	+103	1	85	-8	1
Asia	1 439	+10	+10	20	1 506	+11	21
Australia	80	+2	+2	1	82	+8	1
Total	7 385	+21	+21	100	7 104	+15	100

Sandvik Mining and Construction

Europe	1 730	-10	-10	16	2 113	+17	18
NAFTA	1 398	+2	+2	13	1 505	+27	13
South America	1 397	-46	+5	13	1 661	+1	14
Africa/Middle East	1 657	-34	-21	16	2 308	+14	20
Asia	2 303	+35	+62	22	1 973	+11	17
Australia	2 130	-28	-25	20	2 029	+9	18
Total	10 615	-19	-2	100	11 589	+13	100

Sandvik Materials Technology

Europe	1 977	-17	-17	48	2 055	-14	45
NAFTA	1 053	0	0	26	1 056	+4	23
South America	140	+34	+34	3	109	-17	3
Africa/Middle East	78	+38	+38	2	129	66	3
Asia	611	-51	-23	15	966	+2	21
Australia	265	+10	+10	6	241	-4	5
Total	4 124	-19	-11	100	4 556	-5	100

* At fixed exchange rates for comparable units.

1) Excluding major orders.

Financial reports summary

The Group

ORDER INTAKE BY BUSINESS AREA

MSEK	Q 4	Full-year	Q 1	Q 2	Q 3	Q 4	Change Q 4		Full-year
	2010	2010	2011	2011	2011	2011	%	% ¹⁾	2011
Sandvik Tooling	6 150	24 342	6 982	7 023	6 528	7 385	+20	+21	27 918
Sandvik Mining and Construction	13 381	42 079	10 695	11 733	12 474	10 615	-21	-19	45 517
Sandvik Materials Technology	5 158	20 847	5 436	4 790	4 096	4 124	-20	-19	18 445
Seco Tools ²⁾	1 624	6 016	1 788	1 815	1 727	1 866	+15	+12	7 196
Group activities		1							2
Group total	26 313	93 285	24 901	25 361	24 825	23 990	-9	-7	99 078

INVOICED SALES BY BUSINESS AREA

MSEK	Q 4	Full-year	Q 1	Q 2	Q 3	Q 4	Change Q 4		Full-year
	2010	2010	2011	2011	2011	2011	%	% ¹⁾	2011
Sandvik Tooling	6 255	23 893	6 524	6 840	6 692	7 104	+14	+15	27 160
Sandvik Mining and Construction	10 543	35 182	9 182	9 867	10 843	11 589	+10	+13	41 481
Sandvik Materials Technology	4 896	17 703	4 598	4 935	4 291	4 556	-7	-5	18 379
Seco Tools ²⁾	1 572	5 838	1 716	1 771	1 692	1 847	+17	+15	7 026
Group activities	10	38	10	8	10	8			38
Group total	23 276	82 654	22 030	23 421	23 528	25 104	+8	+9	94 084

OPERATING RESULT BY BUSINESS AREA

MSEK	Q 4	Full-year	Q 1	Q 2	Q 3	Q 4	Change Q 4		Full-year
	2010	2010	2011	2011	2011	2011	%	% ¹⁾	2011
Sandvik Tooling	1 219	4 296	1 400	1 572	1 483	1 441	+18		5 896
Sandvik Mining and Construction	1 503	4 665	1 327	1 405	1 550	964	-36		5 246
Sandvik Materials Technology	326	1 540	362	402	-1 542	-841	-		-1 619
Seco Tools ²⁾	322	1 098	352	388	297	369	+15		1 408
Group activities	-241	-570	-170	-205	-123	-284	-		-783
Group total ³⁾	3 129	11 029	3 271	3 562	1 665	1 649	-47		10 148

OPERATING MARGIN BY BUSINESS AREA

MSEK	Q 4	Full-year	Q 1	Q 2	Q 3	Q 4	Full-year	
	2010	2010	2011	2011	2011	2011	2011	
Sandvik Tooling	19.5	18.0	21.5	23.0	22.2	20.3	21.7	
Sandvik Mining and Construction	14.3	13.3	14.5	14.2	14.3	8.3	12.6	
Sandvik Materials Technology	6.7	8.7	7.9	8.1	-35.9	-18.5	-8.8	
Seco Tools ²⁾	20.5	18.8	20.5	21.9	17.6	20.0	20.0	
Group total	13.4	13.3	14.8	15.2	7.1	6.6	10.8	

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

2) As a result of the majority holding in Seco Tools AB, Sandvik consolidates this company.
For comments, refer to the Seco Tools' interim report.

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

Risks and uncertainty factors

Sandvik is a global group represented in around 130 countries and is as such 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 is an ongoing process conducted within the framework of business control, and is part of the ongoing review

of operations 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 2010.

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 2011. These changes have not had any

impact on Sandvik's financial statements.

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.

Transactions with related parties

No transactions between Sandvik and related parties that have significantly affected the company's position and results took place.

Sandviken, 1 February 2012
Sandvik Aktiebolag (publ)

The Board of Directors

Sandvik AB discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information is submitted for publication on 1 February 2012 at 8.00 CET.

The Q1 report 2012 will be published on 27 April 2012. The company's auditors have not conducted a special review of the Q4 report 2011.

Additional information may be obtained from Sandvik Investor Relations, at tel +46 26 26 10 23 (Jan Lissåker) or tel +46 26 26 09 37 (Magnus Larsson) or by e-mailing info.ir@sandvik.com.

A combined presentation and teleconference will be held on 1 February 2012 at 13.00 CET at Operaterassen in Stockholm. Information is available at www.sandvik.com/ir

Calendar 2012:

27 Apr	Q1 Report 2012
2 May	AGM
29 May	Capital Markets Day
31 May	Shareholders day
19 July	Q2 Report 2012
25 Oct	Q3 Report 2012

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