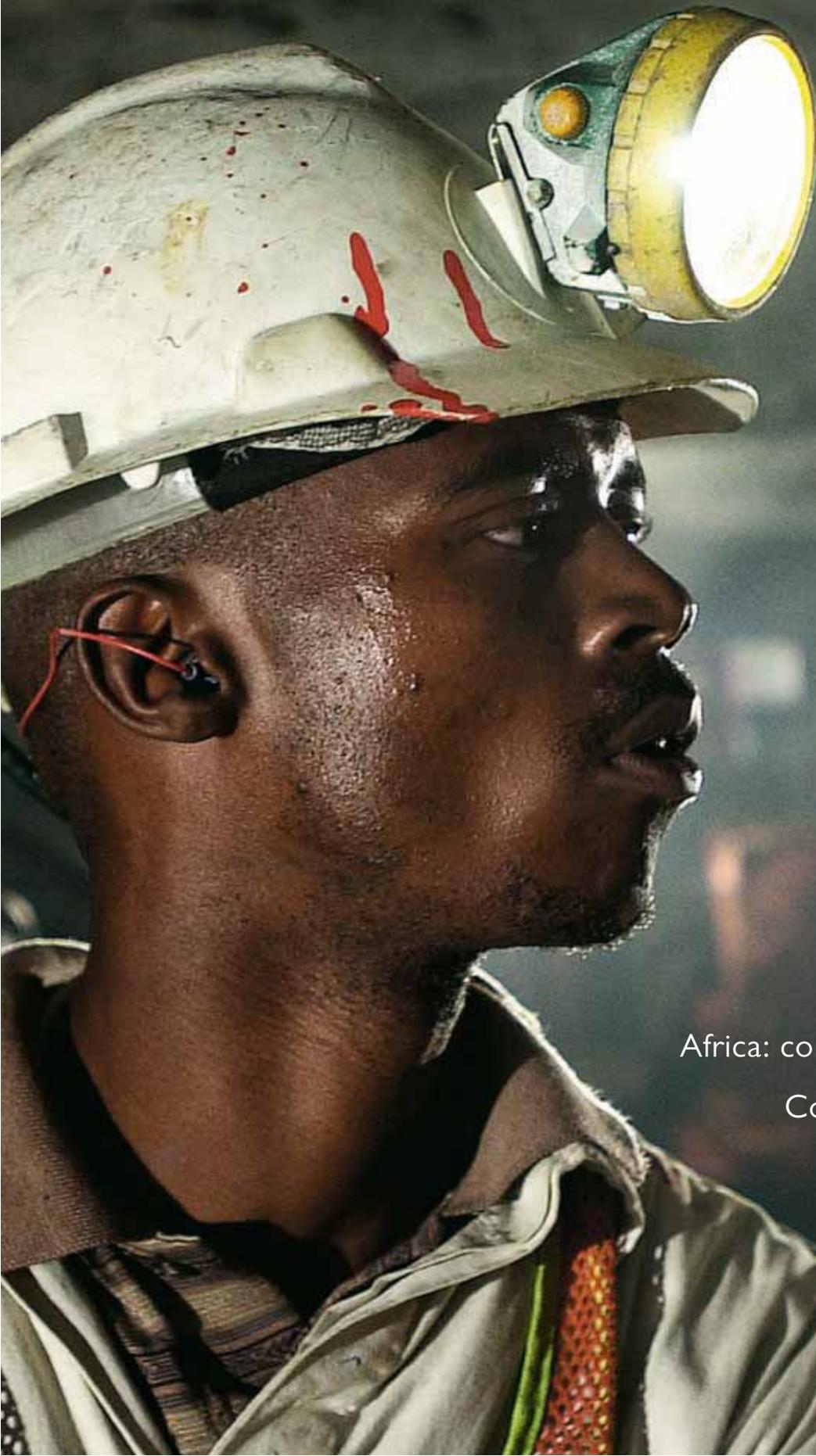


Meet Sandvik

JUNE 2008



Africa: continent of opportunities

Continued strong demand

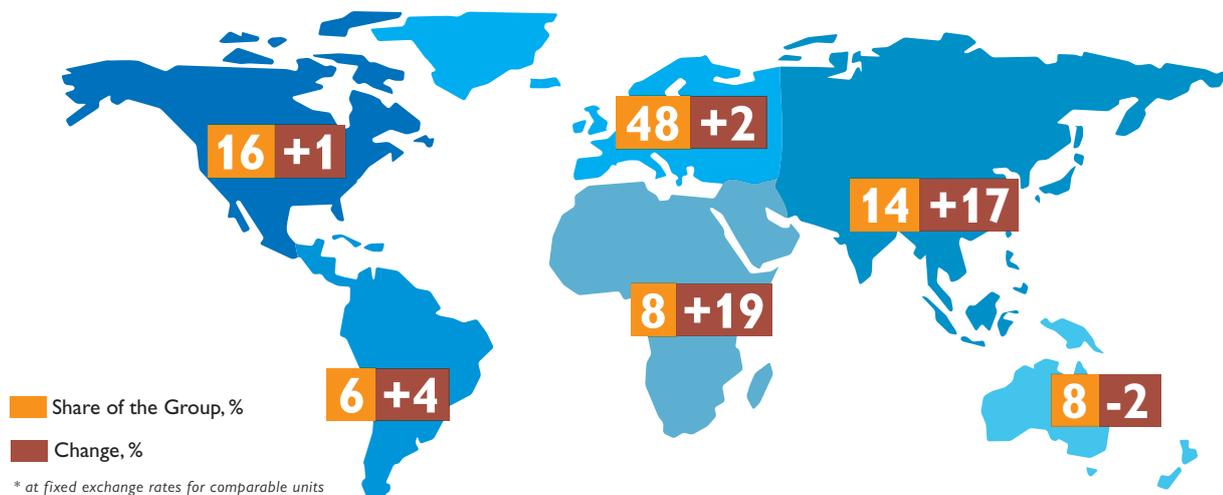
Strategic acquisitions

Well-attended AGM

First quarter 2008 in figures

INVOICING BY MARKET AREA

Share of Group invoicing and percentage change compared with year-earlier period.*



INVOICING BY BUSINESS AREA

SEK M	Q1		Change	
	2008	2007	%	% ¹⁾
Sandvik Tooling	6,600	5,997	+10	+8
Sandvik Mining and Construction	8,352	7,298	+14	+8
Sandvik Materials Technology	5,402	5,604	-4	-2
Seco Tools ²⁾	1,627	1,504	+8	+8
Group activities	9	7		
Group total	21,990	20,409	+8	+5

OPERATING PROFIT BY BUSINESS AREA

SEK M	Q1		Change %
	2008	2007	
Sandvik Tooling	1,595	1,437	+11
Sandvik Mining and Construction	1,184	1,102	+7
Sandvik Materials Technology	82	784	-90
Seco Tools ²⁾	403	381	+6
Group activities	-74	-166	
Group total	3,190	3,538	-10

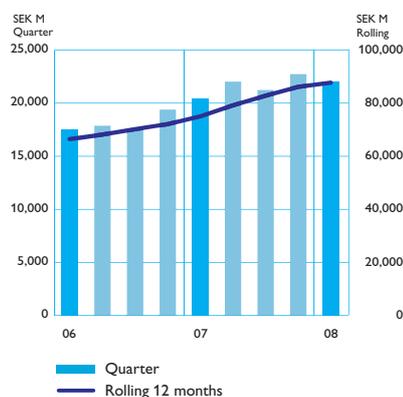
OPERATING MARGIN BY BUSINESS AREA

% of invoicing	Q1	
	2008	2007
Sandvik Tooling	24.2	24.0
Sandvik Mining and Construction	14.2	15.1
Sandvik Materials Technology	1.5	14.0
Seco Tools ²⁾	24.8	25.4
Group total	14.5	17.3

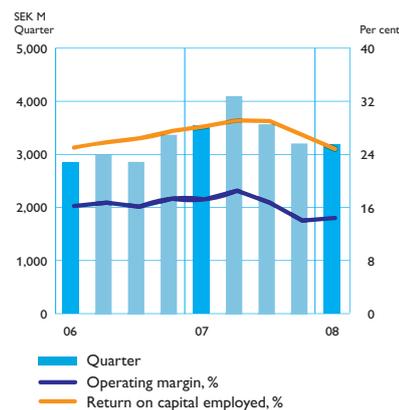
1) Change compared with year earlier at fixed exchange rates for comparable units.

2) Through the majority holding in Seco Tools AB, Sandvik consolidates this company.

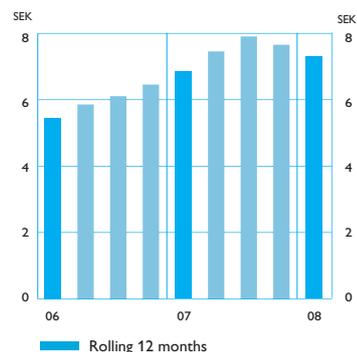
INVOICING



PROFIT, MARGIN AND RETURN



EARNINGS PER SHARE



Meet Sandvik

The Sandvik Group's magazine for shareholders and employees

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Cover: Sandvik collaborates with several
 South African mining companies. Read about
 Sandvik in Africa on pages 6-7. PHOTO: NORDFILM

Continued strong demand in first quarter of 2008

Demand for Sandvik's products remained high in all markets during the first quarter. Order intake increased in price and volume by 8%, amounting to SEK 25 billion. Invoiced sales increased in price and volume by 5% and amounted to SEK 22 billion.

The trend of underlying profitability was positive, but invoicing and earnings were negatively impacted by delays in a number of projects and the continued shortage of components. Increased productivity and higher prices offset rising costs, but lower delivery levels to certain segments adversely impacted the margin. The expansion of sales resources in emerging markets entailed cost increases during the quarter, but ensures continued profitable growth.

High growth in core areas

Sandvik Tooling and Sandvik Mining and Construction reported a steady, high level of growth within all core areas and markets.

Demand for Sandvik Materials Technology's products with high nickel content returned to normal, while a number of orders from the oil industry were postponed as a result of capacity shortage at some sub-suppliers to Sandvik's end customers.

Market overview

In Europe, demand was stable in most countries, as well as in Sandvik's core operations in the US, Canada and Mexico. Development in Africa and the Middle East is driven by a high investment activity and production in the mining industries and order intake was at stable, high level. Activity in South America was strong, with rising order intake as well as in Asia, where growth continued to be highly favorable and order intake rose 40%, primarily in China, Korea and Japan. In Australia, demand was also high in the mining and process industries.

Successful business areas

Sandvik Tooling increased its market shares in several major markets. Successful introductions of products in recent years, combined with a strong marketing and R&D organization, contributed to the favorable trend.

Demand for products from Sandvik Mining and Construction for increasing efficiency and capacity in the mining and construction industries remained strong. The business area is well-positioned as the leading supplier of complete, advanced compre-



CEO Lars Pettersson (left) with Executive Vice President Per Nordberg.

hensive solutions for underground mining and as a leading supplier of advanced products in selected niches in surface mining and construction.

The strong demand trend implies that Sandvik Materials Technology needs to increase production capacity within certain areas. Investment projects are ongoing to increase capacity for high-alloy seamless tubes and rock drill-steel, primarily in China and Sweden.

Company acquisitions

Company acquisitions continue to be an important element in Sandvik's strategy for profitable growth. During the first four months this year, companies were acquired in such areas as medical technology, crushing and mineral exploration, with combined sales of nearly SEK 700 M and about 500 employees. Integration of those companies acquired in the past year continued successfully and the trend was positive for sales and profitability.

Internal efficiency enhancements will also comprise one of the Group's prioritized areas in the future. It is now important to focus on inventory control, reduced lead times in production and other improvements in internal processes that increase capital efficiency and return.

Lars Pettersson
President and CEO
Sandvik AB

- Order intake
SEK 25,100 M, +8%*
- Invoiced sales
SEK 21,990 M, +5%*
- Operating profit
SEK 3,190 M, -10%
Excluding nickel price effects
SEK 3,707 M, + 5%
- Profit after financial items
SEK 2,715 M, -19%
- Net profit for the period
SEK 2,000 M, -18%
- Earnings per share
SEK 1.59, -18%
Excluding nickel price effects
SEK 1.91, -3%
- Cash flow
SEK 1,996 M, +91%

* Percentage change compared to the same quarter in the preceding year at fixed exchange rates for comparable units.

Productivity as driving force

Greater freedom

One problem for many wheelchair users is that they are unable to manage with just one ordinary wheelchair. They need a special wheelchair when they shower, another when they are out traveling, and so forth. Troublesome and expensive! That is why university researchers in Sydney, Australia, have developed an entirely new wheelchair – The Freedom Wheelchair – which can be used in all situations. It does not have an axle between the wheels, allowing it to roll over a toilet seat. It is made entirely of stainless steel, perfect for use in the shower. It can be folded up flat when traveling and it only weighs about 5 kg without the wheels. All of this is possible due to the fact that it is manufactured using Sandvik Nanoflex® tube material. It is extremely lightweight and strong – attributes appreciated by designers around the world.



ILLUSTRATION
LEPPÄE & ASSOCIATES

Tearing down to rebuild

After 60 years and millions of landings and takeoffs, the American military airbase at Rhein-Main in Germany is being leveled to the ground. In its place, a new third terminal and additional runways will be built for the heavily trafficked commercial airport at Frankfurt am Main. The demolition project is on a huge scale. It involves demolishing, transporting and processing 160,000 m³ of various kinds of materials from office buildings, employee offices and hangars. Sandvik Mining and Construction is on site with its advanced equipment for demolition and recycling, and is ensuring that the work is progressing at top speed.



Mending broken hearts

A Swedish research team has developed a new, entirely mechanical cardiac valve. It replaces biological cardiac valves from animals and has the potential for becoming a worldwide success. The first operations have already been completed. Decisive in its functioning is that the valve is made entirely out of titanium – a very difficult material to machine. In order to achieve the necessary precision in turning and milling the valve, an extremely sharp cutting edge is required. Sandvik has taken on the challenge and developed a new type of cemented carbide that is especially suited for this complicated processing.

PHOTO: CAROLINA THEPPEL, KAROLINSKA UNIVERSITETSSJUKHUSET

Paving way for Olympics

While the 2010 Winter Olympics will be based in Vancouver, Canada, many of the skiing events will be held in the snow-rich tourist resort Whistler Mountain, approximately a two-hour drive from Vancouver. In order to speed up that link, nine drill rigs from Sandvik are hard at work, improving a large portion of the access road.



PHOTO: ALL OVER PRESS



SEW-Eurodrive has production in several countries, including the American component plant in Lyman, South Carolina. Shown are, from left, Bobby Vaughn from SEW-Eurodrive and Peter Dunster from Sandvik Coromant.

Promoting cooperation

SEW-Eurodrive is a global German group whose manufacturing includes gearmotor and drive systems for material transporters within the engineering industry. The components are manufactured in long series, which results in high precision and consistent quality. This is where Sandvik enters the picture. Our specialists have a close cooperation with SEW-Eurodrive's component plant in Lyman, South Carolina, in the US, to create efficient technical solutions. It involves tools for metal cutting, such as ceramic and cubic-boron-nitride products for milling, and a new generation of indexable inserts for turning and drilling. It is an innovative technology that provides added drive to productivity.

High pressure for increased productivity

During turning, it can happen that chips accumulate around the tool. This creates problems and can result in machine stoppage, particularly when operating with unmanned production. Sandvik's solution is CoroTurn® HP. This is a new system for high-pressure (HP) cooling in turning. The function is as ingenious as it is simple: The coolant is channeled through the Coromant Capto coupling and sprayed through small, sighted nozzles exactly at the point at which it provides the optimal effect (which is not possible with shaft tools). In this manner, the insert is cooled with very exact precision, the chips are evacuated effectively away from the cutting edge and also broken into smaller pieces. In certain materials, this could result in up to 50% longer lifetime for the tool.



CHRIS BRINDLEY:

“A continent with great growth opportunities”

Born and educated in the UK, Chris Brindley came to Africa in 1973 for a planned three-year period. But he has stayed on ever since. After working in the mining industry in Zambia and Namibia, he moved to South Africa for various assignments in the process industry. He joined Tamrock in 1994 as Regional President and that was his entry to the Sandvik Group. Today, he is General Manager of Sandvik Mining and Construction Region Africa. In the following report, he explains some of the driving forces behind this fast-growing continent.



Chris Brindley, General Manager of Sandvik Mining and Construction Region Africa.

Doing business in Africa

“Africa offers strong opportunities. It is the world’s richest unexploited minerals continent. And given the political turmoil within Africa from the 1960s onwards, it remains one of the least explored areas of the world. South Africa is by far the largest business market based on the state of its economy. However, considerable opportunities also exist in Central Africa with respect to mining.

“Following political changes within Africa, we have seen the development of minerals industries in Tanzania, Mali, Ghana as well as the privatization of the Zambian copper belt. In addition, global companies are starting to develop projects within the Democratic Republic of Congo. Angola as well as Nigeria offer bright prospects with respect to business within the Construction, Oil and Gas Industries.”

Sandvik’s African record

“Sandvik has operated for more than 60 years within South Africa. Strong growth in the business has really come following independence in South Africa in 1994 and with the movement of South African owned enterprises into the rest of Africa. South Africa is a hub from which many companies are developing their businesses throughout Africa. Sandvik has long-established business relationships with many mining as well as industrial companies based in South Africa and we find that we are increasingly being asked how we can support them with business in other parts of Africa.

“Today, Sandvik is a significant player in all market areas in which it operates. We have wholly owned subsidiaries in Mali, Ghana, Nigeria, Democratic Republic of Congo, Zambia, Kenya, Zimbabwe, Botswana, Namibia as well as South Africa. The platinum industry in Southern Africa remains the greatest opportunity for growth. Central Africa is basically the area for copper, nickel, cobalt and gold projects. Angola and Nigeria have great potential for Sandvik Materials Technology.”

The African energy challenge

“South Africa will have a net deficit of energy until 2012. There are restrictions imposed on mining and industrial customers to reduce demand by up to 10%. This obviously affects their ability to produce at previous production levels. However, customers are looking to minimize the situation and to date we have seen no significant impact on our business growth. The African energy situation offers an opportunity for us within Sandvik, since we can focus on our ability to help customers improve their productivity.”

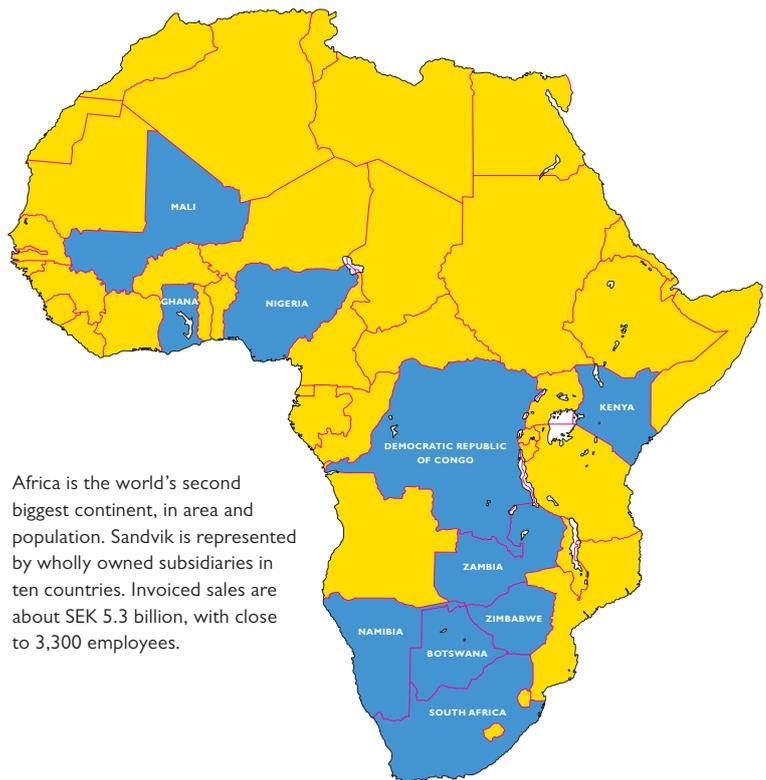
Foreign investments in Africa

“The development of China requires significant quantities of mineral resources and it is not very surprising that Chinese organizations are becoming increasingly engaged within the African mining industry and particularly in Central Africa.

“We view the move of Chinese companies into Africa as an opportunity and will work closely with our Sandvik counterparts in China to build on existing relationships. The level of investment that Sandvik has made to date with respect to infrastructure as well as our investment in the training of technical personnel throughout Africa should ensure that our business continues to grow.”

Supporting African customers

“The main challenges that we have within Africa are basically logistical. We must be able to fully support our customers in the event of breakdown. We must secure spare parts to support their equipment. And we must offer the availability of skilled technical resources. Accordingly, we have invested significantly in infrastructure and have rebuild/remanufacturing facilities for machinery in Central, West as well as Southern Africa. In addition, we work extensively from our customers’ business sites. With respect to provision of technical support, we currently have more than 300 apprentices within our training academies in Africa and employ some 2,000 skilled workers.”



Africa is the world’s second biggest continent, in area and population. Sandvik is represented by wholly owned subsidiaries in ten countries. Invoiced sales are about SEK 5.3 billion, with close to 3,300 employees.

Recruiting in Africa

“Availability of skilled resources continues to be globally one of the greatest challenges for most companies. In Africa, we try to create the work environment conducive to personal growth and development while respecting the uniqueness of the individual and to date we have been successful in finding skilled and competent personnel to work for us in all areas of Africa.”

Africa on the move

“There is currently significant investment in infrastructure projects within South Africa. Typical examples are the high-speed Gautrain as well as building and upgrading of stadiums for the soccer world championships in 2010. Road infrastructure has also seen a rapid growth in the requirements for crushed stone and cement and Sandvik has been successful in securing work with customers within these industries.”

News from Sandvik's world



Concentrated focus on rolls

Sandvik is a world leader in cemented-carbide rolls for hot-rolling mills for long narrow steel products. By selecting cemented-carbide rolls, instead of conventional rolls made out of cast iron, customers are able to improve both their productivity and finances significantly. As demand has increased, production of cemented-carbide rolls at the plant in Stockholm has risen dramatically over the past five years. In order to meet continued strong demand from the market, Sandvik is now implementing extensive investments at the Stockholm site.



Sandvik's largest markets 2007

Invoiced sales	SEK M	Change comp. with 2006, %
1. US	11,187	+5
2. Australia	7,498	+26
3. Germany	7,467	+16
4. Sweden	5,082	+22
5. Italy	5,023	+17
6. France	3,560	+12
7. South Africa	3,547	+35
8. China	3,434	+21
9. Brazil	3,333	+29
10. UK	3,267	+27



There are likely reserves of gold and copper beneath Turkey's massive mountainous region.

Discover Turkey!

The area known as the Tethyan Eurasian Metallogenic Belt stretches from southeastern Europe all the way to the Himalayas. Turkey lies in the middle of this volcanic mountainous region, and consequently has a very complex and interesting bedrock. In recent years, it has attracted growing attention from international prospectors. Currently test borings are under way in a large number of places in Turkey. The focus is primarily on finding gold and copper. The results so far have been promising. Sandvik DE130 is a reliable and easy-to-use drill rig for mineral exploration, which is on site in Turkey. Over the long term, it could prove to be worth its weight in gold.

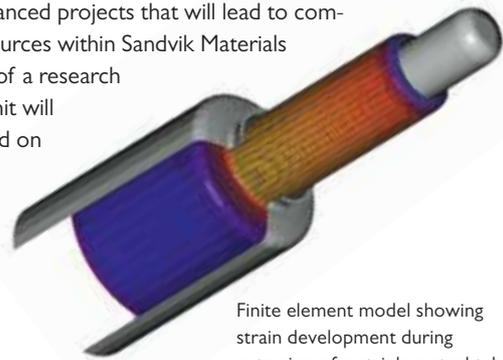


A colorful brand

Until two years ago, Sandvik Mining and Construction operated under a number of different product brand names. This was a direct consequence of the many acquisitions that had been made to build a comprehensive product program within the business area. In 2006, it was decided that all of Sandvik's mining and construction industry products would be combined under a single brand – Sandvik. This created market clarity regarding Sandvik's extensive offerings. All products have now received a uniform design based on three colors – orange, white and gray. The colors create not only a clear identity and recognition, they also serve a practical purpose: moving, active parts of machines are painted orange, white represents climate-controlled cabins and undercarriages, and wear parts, etc. are painted gray. A palette that stands for productivity.

Research initiative in India

Sandvik's R&D center for materials technologies in Sandviken is renowned for its successful efforts over the years. Hundreds of researchers work here on advanced projects that will lead to commercial successes within the Group. Now the research resources within Sandvik Materials Technology are being expanded through the establishment of a research center at the Group's site in Pune, India. The Indian R&D unit will initially focus on developing computer models that are based on the so-called finite element method and computational fluid dynamics. In this way, various kinds of processes can be simulated, for example rolling, molding and drawing. The R&D center in Pune is fostering close cooperation with colleagues in Sandviken and leading institutions in the region and will have world-leading expertise within this advanced area.



Finite element model showing strain development during extrusion of a stainless steel tube.

The newly acquired company Eurocut produces medical instruments and implants.



Strategic acquisitions

Sandvik has already made various important acquisitions in medical technology. Recently, another acquisition was made – the British medical technology company Eurocut, which manufactures medical instruments and implants for the orthopedic sector, thereby strengthening Sandvik's long-term ambition of becoming a strategic partner and a complete supplier to medical technology companies.

Sandvik's focus on becoming a leader in crushing was accentuated by the acquisition of Aubema Crushing Technology, with operations in Germany and China. The company specializes in advanced equipment for crushing of coal, limestone and other types of soft minerals and materials.

Mineral exploration is yet another area of priority for Sandvik. Through the acquisition of the South African company Corstor International, additional expertise has been added regarding storage and management of rock core samples during exploration.

Finally, Sandvik has also reached an agreement to acquire the Norwegian company Teeness ASA, which is a market leader in terms of development and production of vibration dampening tools. This reinforces Sandvik Coromant's product portfolio within this key area, especially with regard to the rapidly expanding aerospace industry and energy segments.

Well-attended Annual General Meeting

About 1,300 shareholders, representatives, advisors and guests attended Sandvik AB's Annual General Meeting held in Sandviken, Sweden, on 29 April.

The Meeting decided on a dividend of SEK 4 per share for 2007. Lars Pettersson, President and CEO, commented in his address on the 2007 fiscal year and development during the first quarter of 2008. The presentation included a report on the Group's business concept. With a strong product portfolio and focused R&D investments, Sandvik offers high customer value to a global customer base and as a result conditions are favorable for continued profitable growth. The Group's financial strength makes it possible to combine a generous dividend policy, with an aggressive growth strategy based on company acquisitions and investments. The CEO presented the newly acquired companies within medical technology and mobile crushing with films.

Board

Hanne de Mora, Georg Ehrnrooth, Fredrik Lundberg, Egil Myklebust, Anders Nyrén, Lars Pettersson and Clas Åke Hedström, Chairman, were re-elected to the Board. Simon Thompson was newly elected.

The employee organizations appointed Tomas Kärnström and Jan Kjellgren as Board members and Mette Ramberg and Bo Westin as deputy members.

Decision on Nomination Committee

The Meeting resolved that the four largest shareholders known to the company shall each appoint a member and these as well as the Board Chairman, who is also convening authority, shall comprise the Nomination Committee.

Decision on guidelines for remuneration and other employment terms for Group Management

The Meeting resolved that the Board's proposal regarding guidelines for remuneration and other benefits for Group Management shall apply.

Statutory Board meeting

A statutory Board meeting was held after the Annual General Meeting. Anders Nyrén was named Vice Chairman. Anders Nyrén, Fredrik Lundberg and Hanne de Mora were appointed to the Audit Committee. Clas Åke Hedström, Georg Ehrnrooth and Egil Myklebust were appointed to the Remuneration Committee.

Wilhelm Haglund Medal

Stefan Roman from Sandvik Coromant was named the Product Developer of the Year and awarded the Wilhelm Haglund Medal for development of the CoroDrill®880 short-hole drill, which has become a major commercial success. The drill is an example of how systematic further development of a product concept strengthens competitiveness. Leif Widin and Klas Tübinger were given honorable mention for their involvement in this development.

Prior to the Annual General Meeting, scholarship grants were also awarded to students at the Göranssonsska school.

1. The lines were long at the Annual General Meeting. Construction of the new Göransson Arena is seen in the background.
2. Attendee Magnus Wiebe received some Sandvik shares as a child. Since then he has purchased some himself, which has been a good deal. "The meeting was highly interesting and I gained valuable insight. I hope that Sandvik can remain on the leading edge and invest in innovation and development."
3. Lars Pettersson, President and CEO, commented on operations in 2007 and reported on development in the first quarter of 2008.
4. Per-Olof Eriksson presented the Wilhelm Haglund Medal to Stefan Roman (second from right) from Sandvik Coromant for development of the CoroDrill®880. Honorable mention went to Klas Tübinger, far left, and Leif Widin.
5. Simon Thompson, new Board member of Sandvik AB.
6. Erika Ceder attended the Meeting for the eighth consecutive year. "The most important issue for Sandvik at the moment I believe is how to integrate all the new acquisitions and get them to think Sandvik," says Erika.
7. On the podium, from left, President and CEO Lars Pettersson, Sandvik's Board Chairman Clas Åke Hedström, Meeting Chairman Sven Unger and Sandvik's General Counsel Bo Severin.



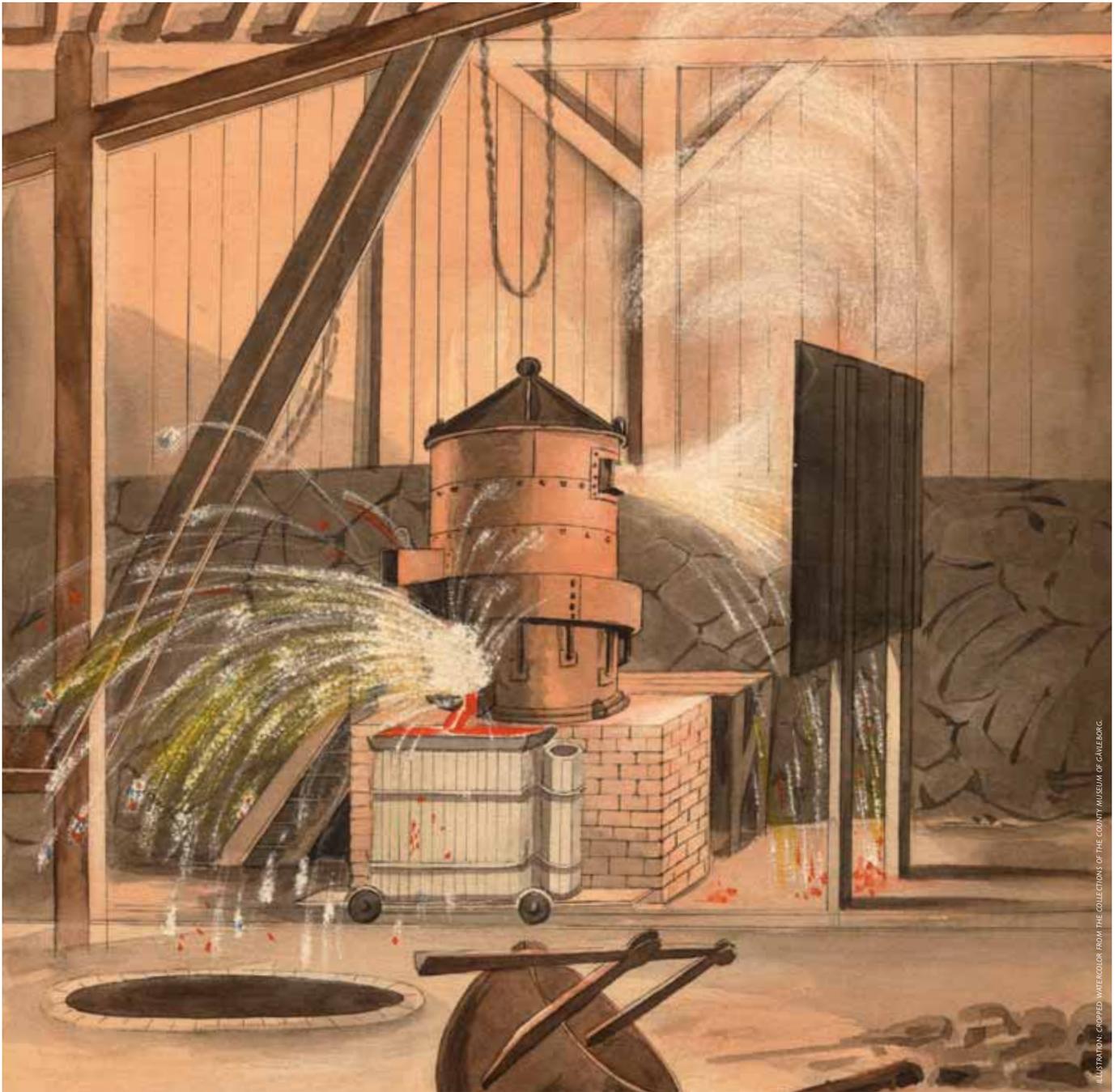


ILLUSTRATION: CROPPED WATERCOLOR FROM THE COLLECTIONS OF THE COUNTY MUSEUM OF GÄVLEBORG

150 years ago



Sandvik's history began on 18 July 1858, 150 years ago. What happened on this date was that Göran Fredrik Göransson with his co-workers succeeded for the first time in the world to apply in practice the so-called Bessemer process for production of steel.

It was an industrially historic event that achieved major international impact and was one of the factors in the emergence of industrialism. Through Göransson's goal-

oriented effort, steel could be produced with high quality, at low cost and in large quantities. This breakthrough formed the platform for establishment of a company now known as Sandvik. In 1862, construction of the plants began at the current site in Sandviken, with the goal to commercially exploit the Bessemer process. So although Sandvik's innovative history already today traces back 150 years, we must wait another four years for the company's official 150-year anniversary in 2012.



www.sandvik.com