

Sandvik Q4

**Interim results
2 February 2011**

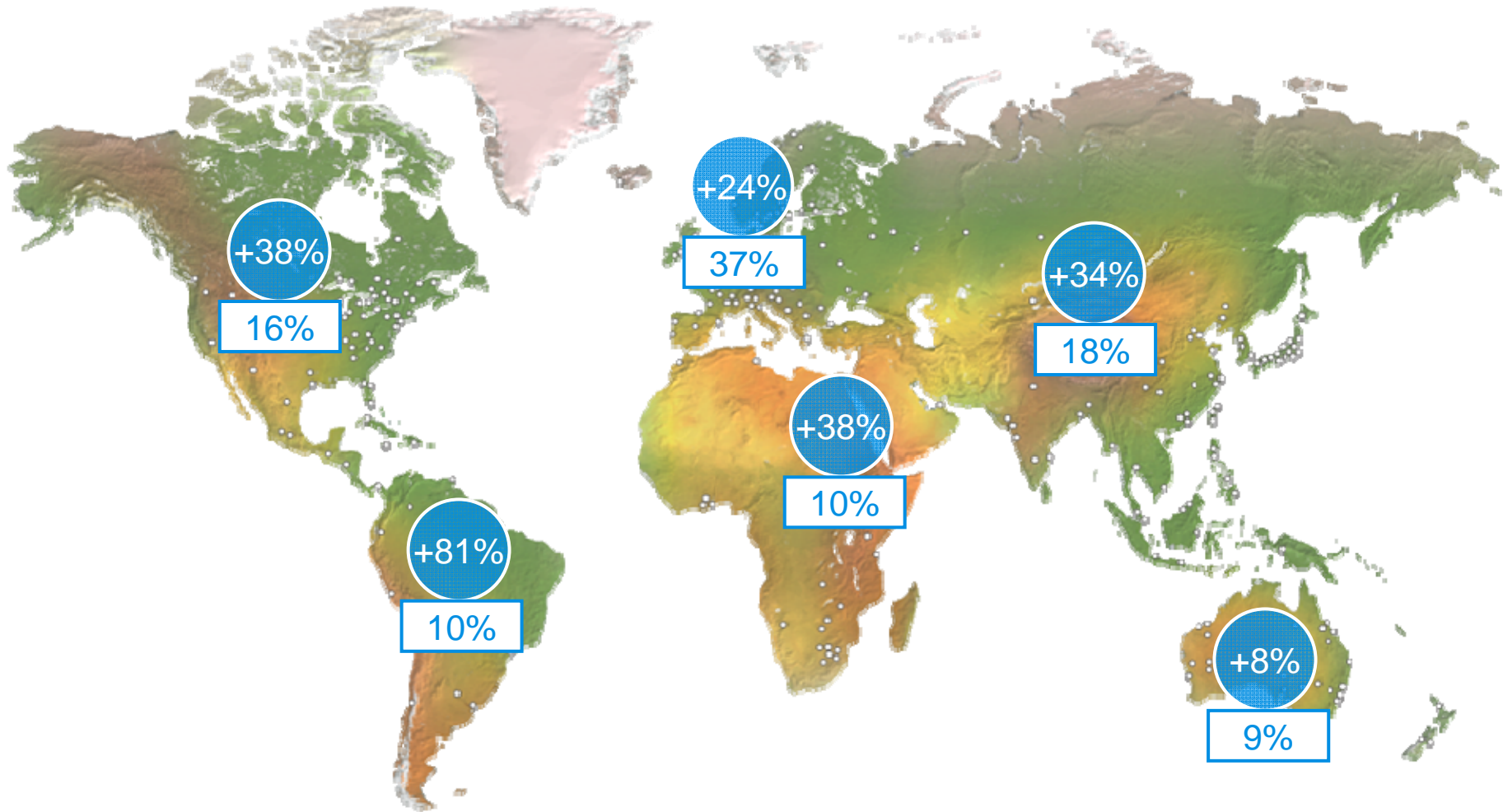



SANDVIK

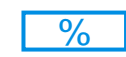
Quarterly highlights

- Continued improved sequential demand
 - ✓ All business areas improved sequentially
 - ✓ Mining and Energy strongest segments
- Operating profit 3,129 MSEK, 13.4%
 - ✓ Increased volumes
 - ✓ High share of project invoicing
 - ✓ Currency effect -240 MSEK
 - ✓ Metal price effect -80 MSEK
 - ✓ Items affecting comparability -200 MSEK
- Return on capital employed 17.4%, on quarterly basis 20%
- Net working capital 22% of invoicing, below 25%-target level
- Operating cash flow 3,259 MSEK
- Strategic acquisition Shanghai Jianshe Luqiao Machinery Co., Ltd

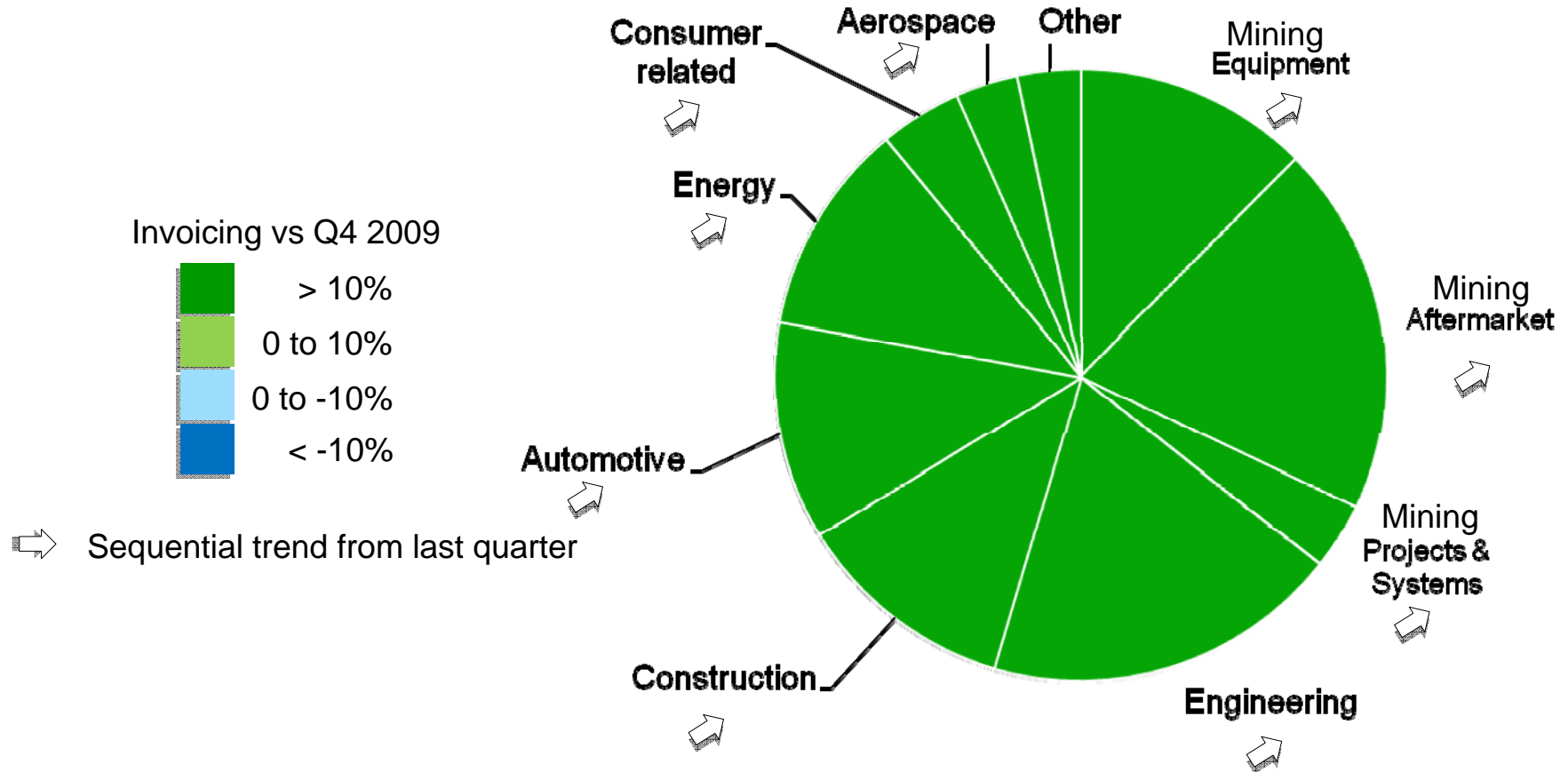
Markets



 Invoicing (p/v) Q4 2010, change compared with Q4 2009

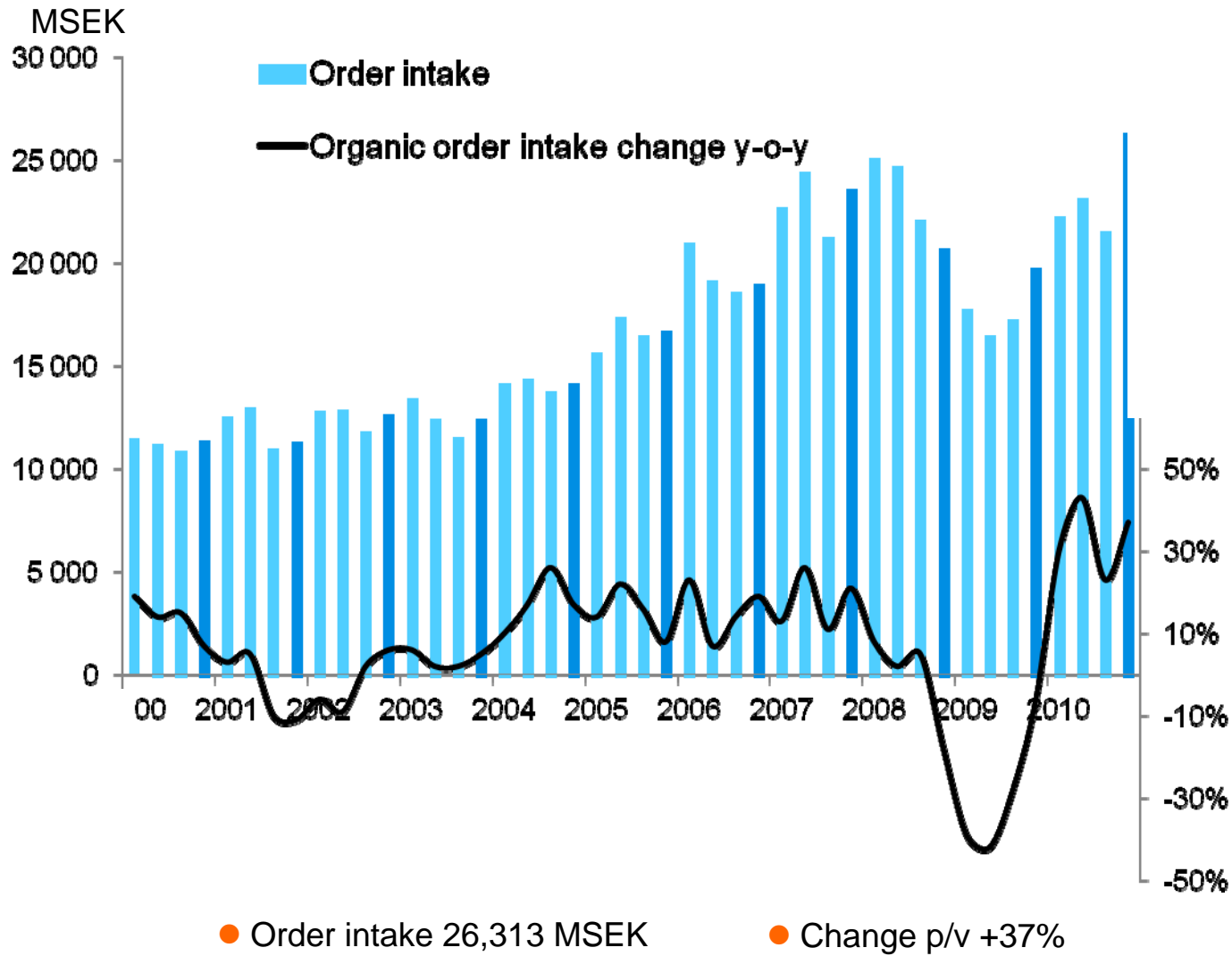
 Share of Group total

Customer segments

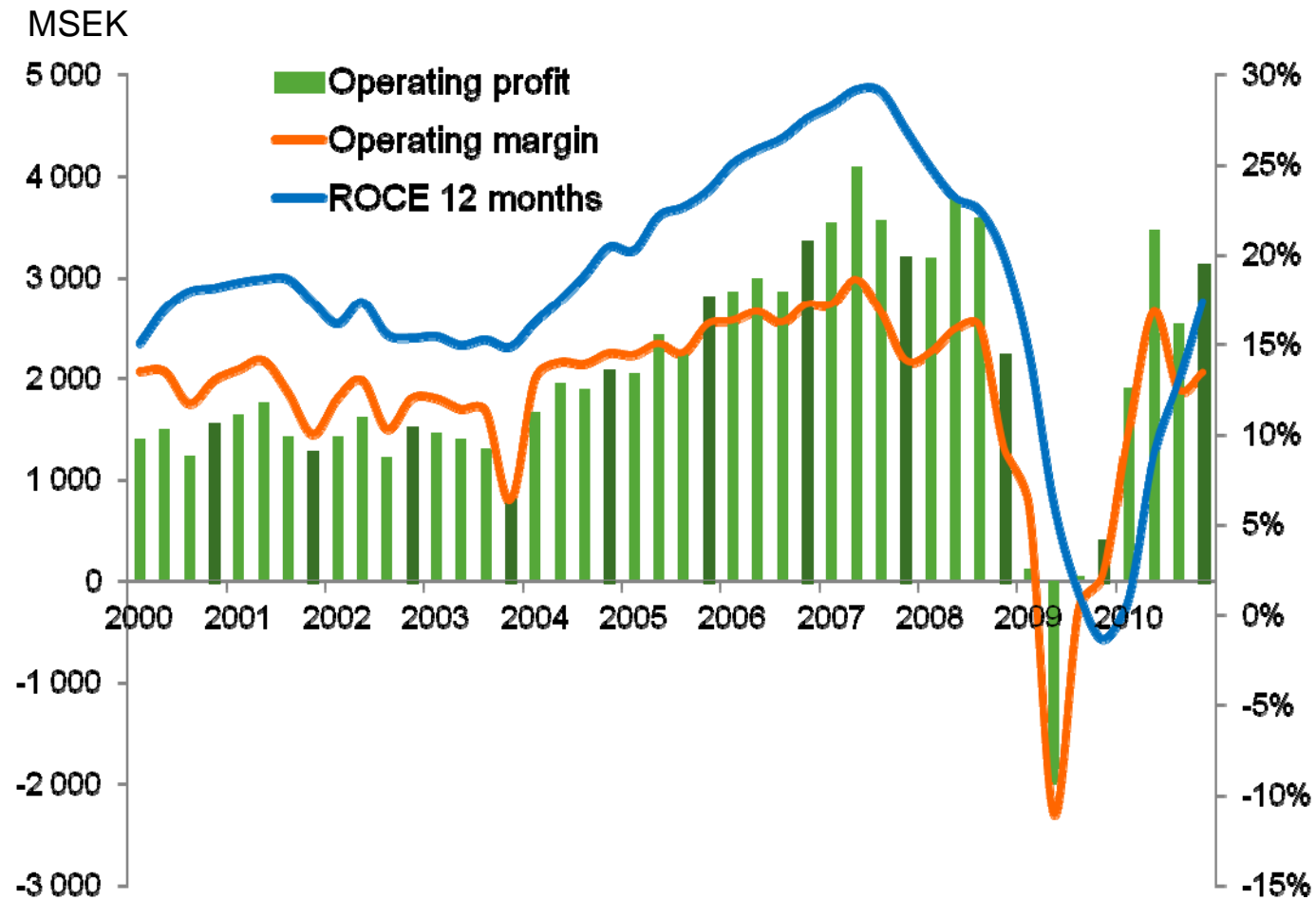


Pie chart representing share of invoicing 2010

Order intake



Operating profit and ROCE



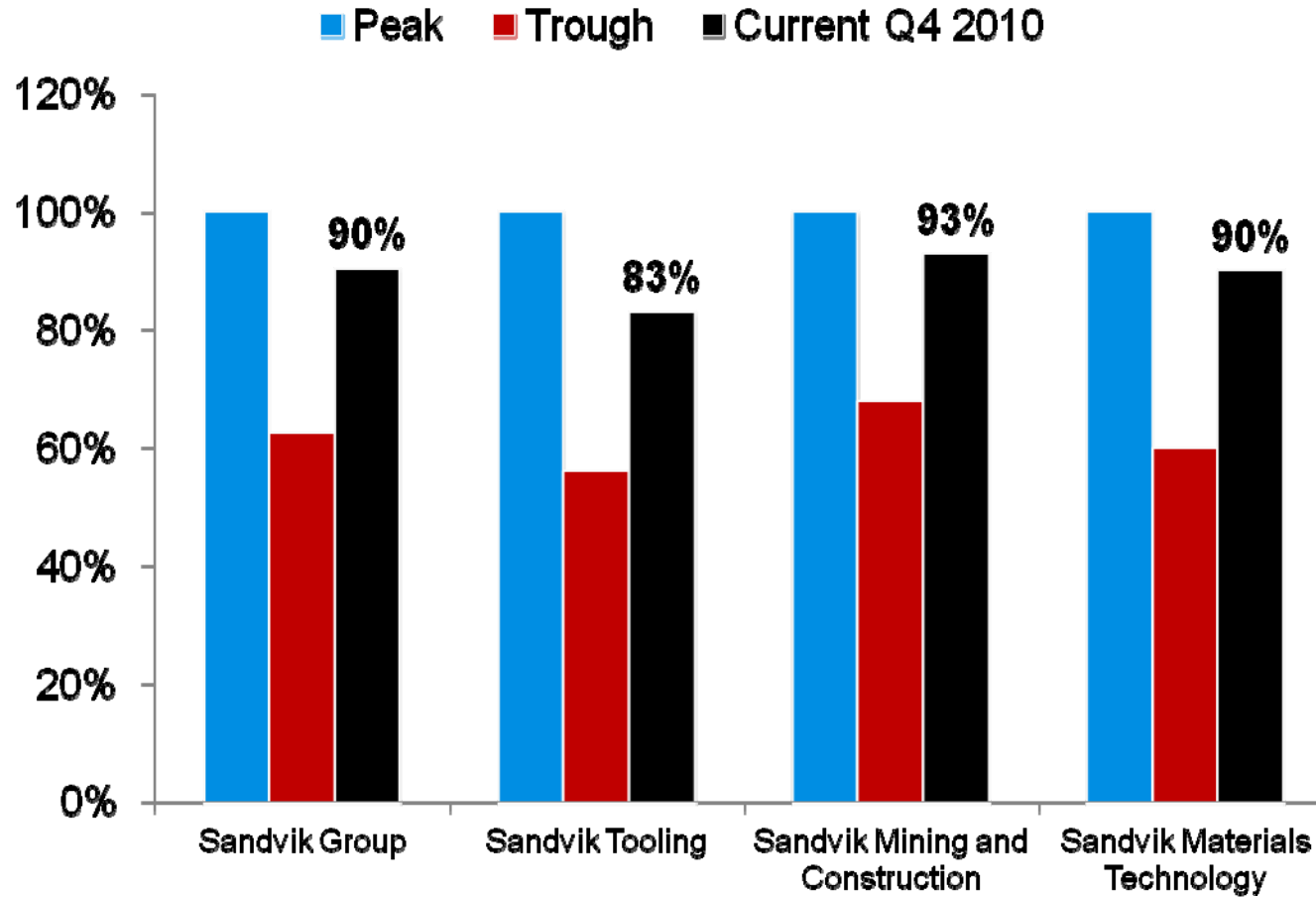
● Operating profit 3,129 MSEK ● Operating margin 13.4% ● ROCE 17.4%

Net Working Capital



Recovery

- invoicing still below peak level



Note: Invoicing, changes in price/volume

Bridge analysis

MSEK	Q4 2009	Price/ volume/ productivity	Currency	Structure, one-offs*	Q4 2010
Sandvik Group					
Invoiced sales	18,211	+5,340	-500	+225	23,276
Operating profit	408	+2,775	-240	+175	3,129
Profit margin	2.2%	52%	-	-	13.4%

* Includes metal price effects

Sandvik Tooling

- Improved sequential demand in most markets
 - ✓ Sequential improvement in Europe
 - ✓ Strong demand from Auto and Energy
- Positive price effect
- Operating profit, 1,219 MSEK, 19.5%
 - ✓ Currency effects -90 MSEK vs Q4 2009
- Strong cash flow
- ROCE 20.0%
 - ✓ Net working capital 23% of invoicing



Sandvik Mining and Construction

- Continued strong global recovery
 - ✓ Mining stronger than Construction
 - ✓ Asia and Africa the strongest markets
 - ✓ Strong demand from the project business
 - ✓ High demand for metals and minerals
- Order intake +34% excluding major project orders
- Operating profit, 1,503 MSEK, 14.3%
 - ✓ Increased invoicing and production volumes
 - ✓ Increased productivity
 - ✓ Margin dilution 2 percentage units due to product mix
 - ✓ Currency effects -70 MSEK vs Q4 2009
- ROCE 25.9%
 - ✓ Net working capital 21% of invoicing



Sandvik Materials Technology

- Continued increased demand
 - ✓ Energy and mining strongest drivers
 - ✓ Europe and Asia the strongest markets
 - ✓ Additional order to the nuclear industry
- Operating profit, 326 MSEK, 6.7%
 - ✓ Positive price development despite price pressure on standard products
 - ✓ Favorable product mix
 - ✓ Currency and metal price effects -120 MSEK
- ROCE 9.5%
 - ✓ Net working capital 27% of invoicing



Quarterly financials

MSEK	Q4 2009	Q4 2010	VS Q4 2009
Order intake	19,787	26,313	+37%*
Invoicing	18,211	23,276	+31%*
EBIT	408	3,129	-
EBIT margin	2.2%	13.4%	-
Operating cash flow	+3,883	+3,259	-16%
Cash flow after investing activities	+3,000	+1,520	-49%

* Change in price/volume

Summary Q4

- Continued improved sequential demand
- Operating profit
 - ✓ Increased volumes
 - ✓ High share of project invoicing
- Increased return on capital employed
- Net working capital at 22% of sales
- Strong cash flow
- Strategic acquisition Shanghai Jianshe Luqiao Machinery Co., Ltd

Summary 2010

- Significant market recovery, order intake +33% p/v
- Structural geographic and segmental shifts
- Operating result, 11,029 MSEK
 - ✓ Increased volumes and high operational leverage
 - ✓ Cost savings
 - ✓ Favorable product mix
- Recovery in ROCE
- Operating cash flow, 12,149 MSEK
- Well positioned for further profitable growth

Dividend

The Board of Directors proposes
a dividend of 3.00 SEK per share (1.00) for 2010

Olof Faxander

New Chief Executive Officer



- Born 1970, Swedish citizen
 - ✓ M. Sc. and B. Sc
- Career
 - ✓ CEO of Sandvik 2011 Feb
 - ✓ CEO of SSAB 2006 – 2010
 - ✓ Senior positions 1996 – 2005 at Avesta Sheffield, Avesta Polarit, Outokumpu Group
- Personal interests include sailing, running and hunting

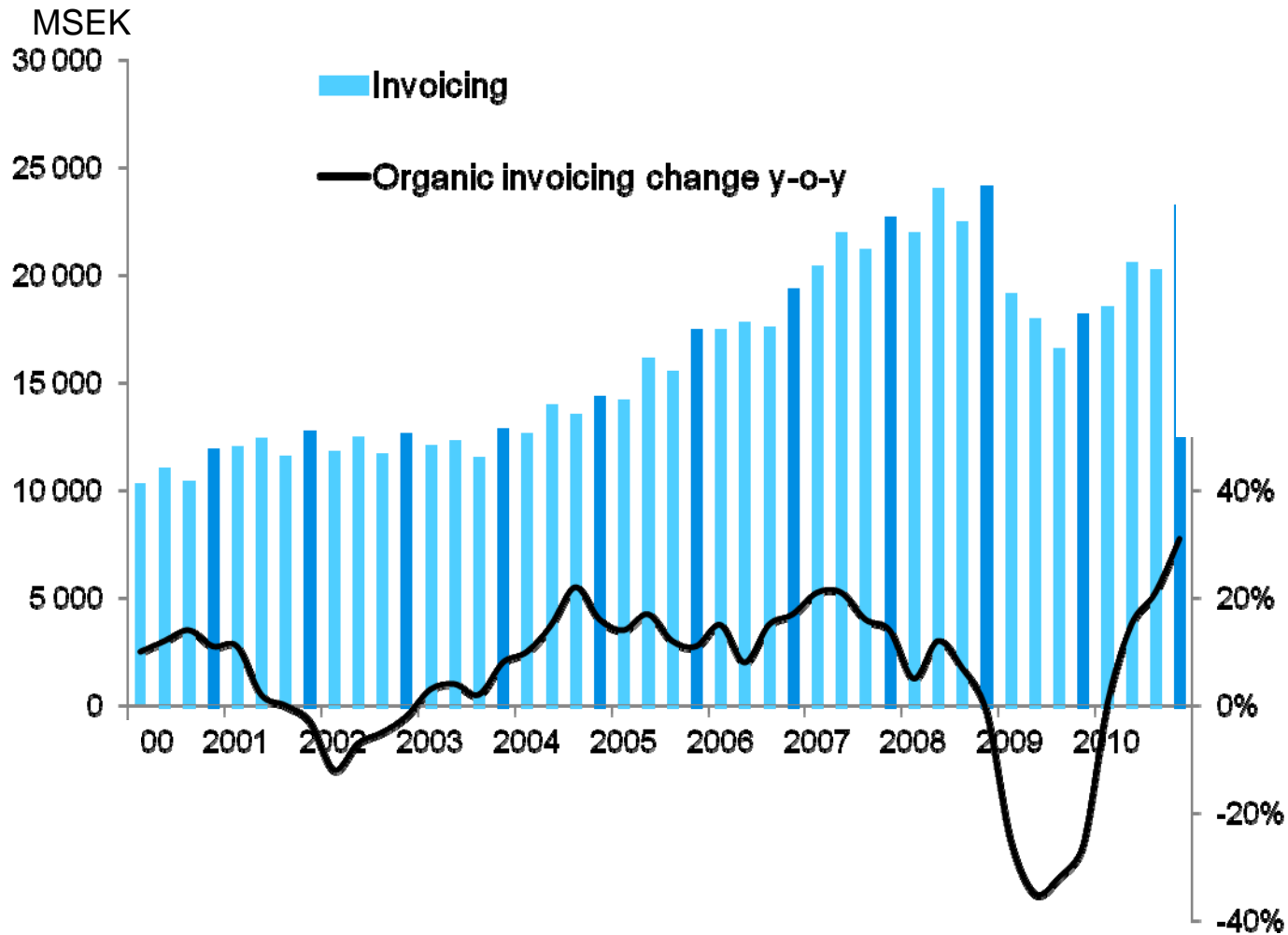
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Q&A session

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Back-up slides

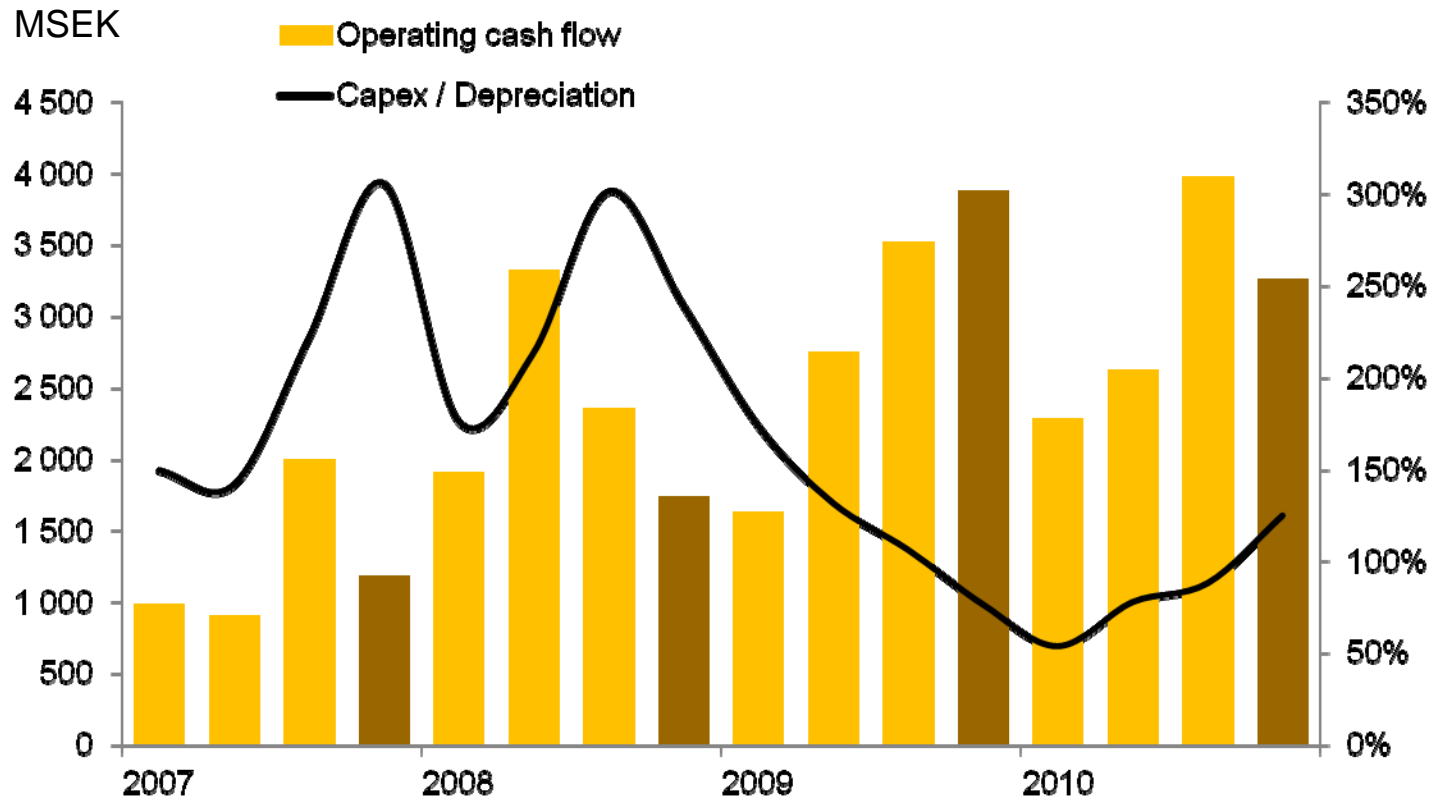
Invoicing



● Invoicing 23,276 MSEK

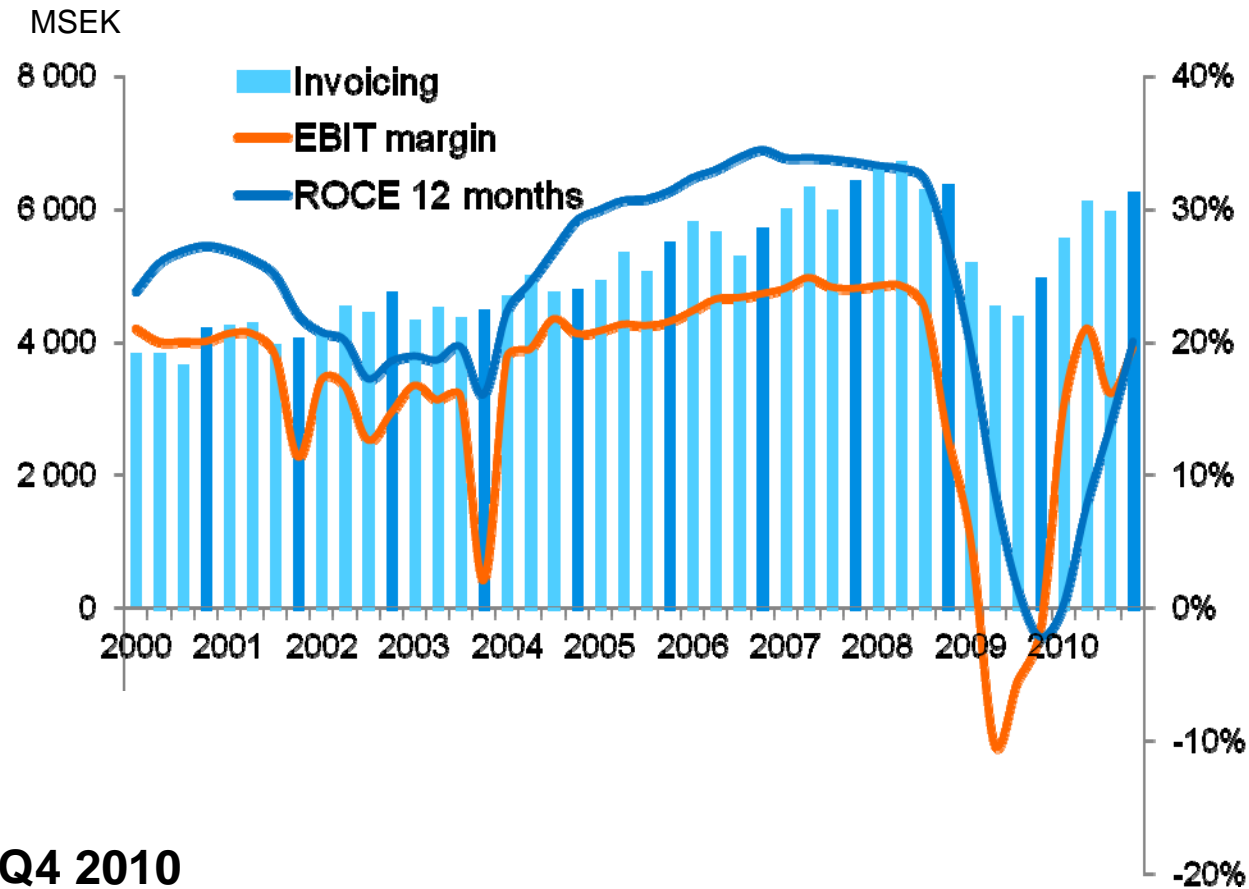
● Change p/v +31%

Cash flow



● Cash flow from operating activities 3,259 MSEK

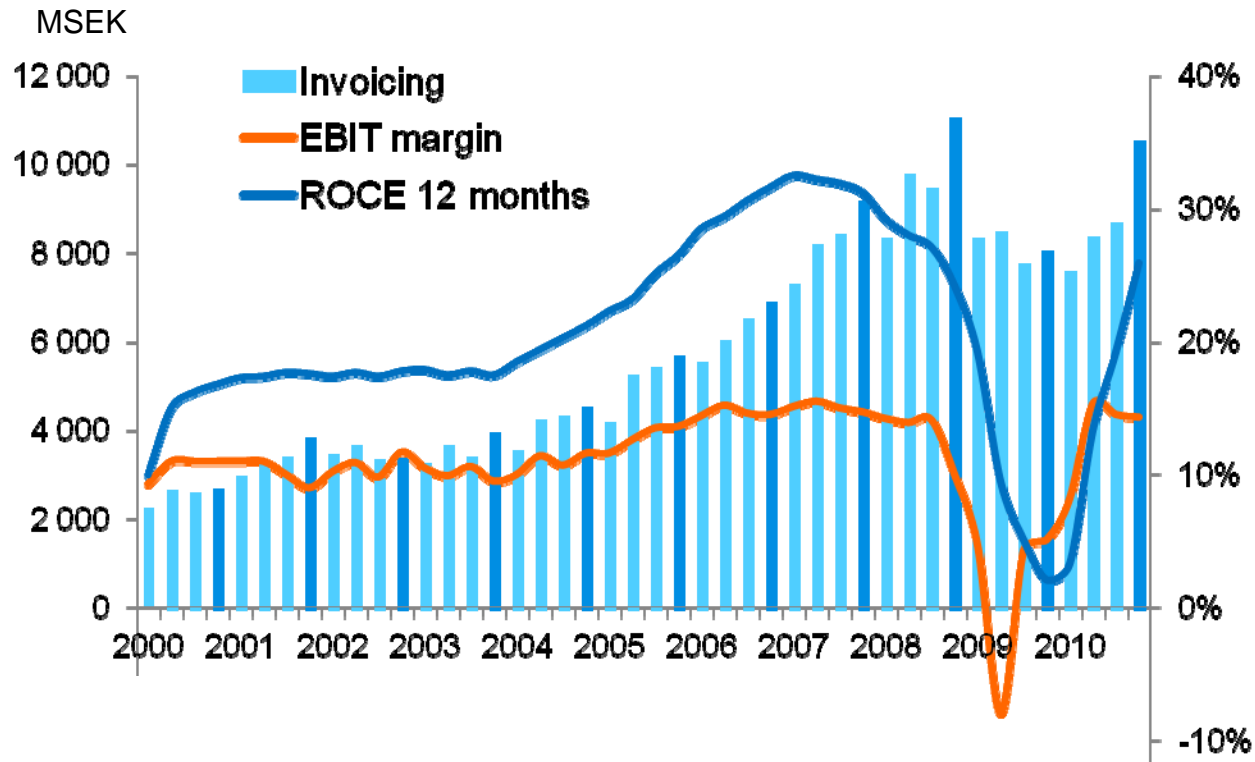
Sandvik Tooling



Q4 2010

- Order intake 6,150 MSEK
- Invoicing 6,255 MSEK
- EBIT 1,219 MSEK, 19.5%

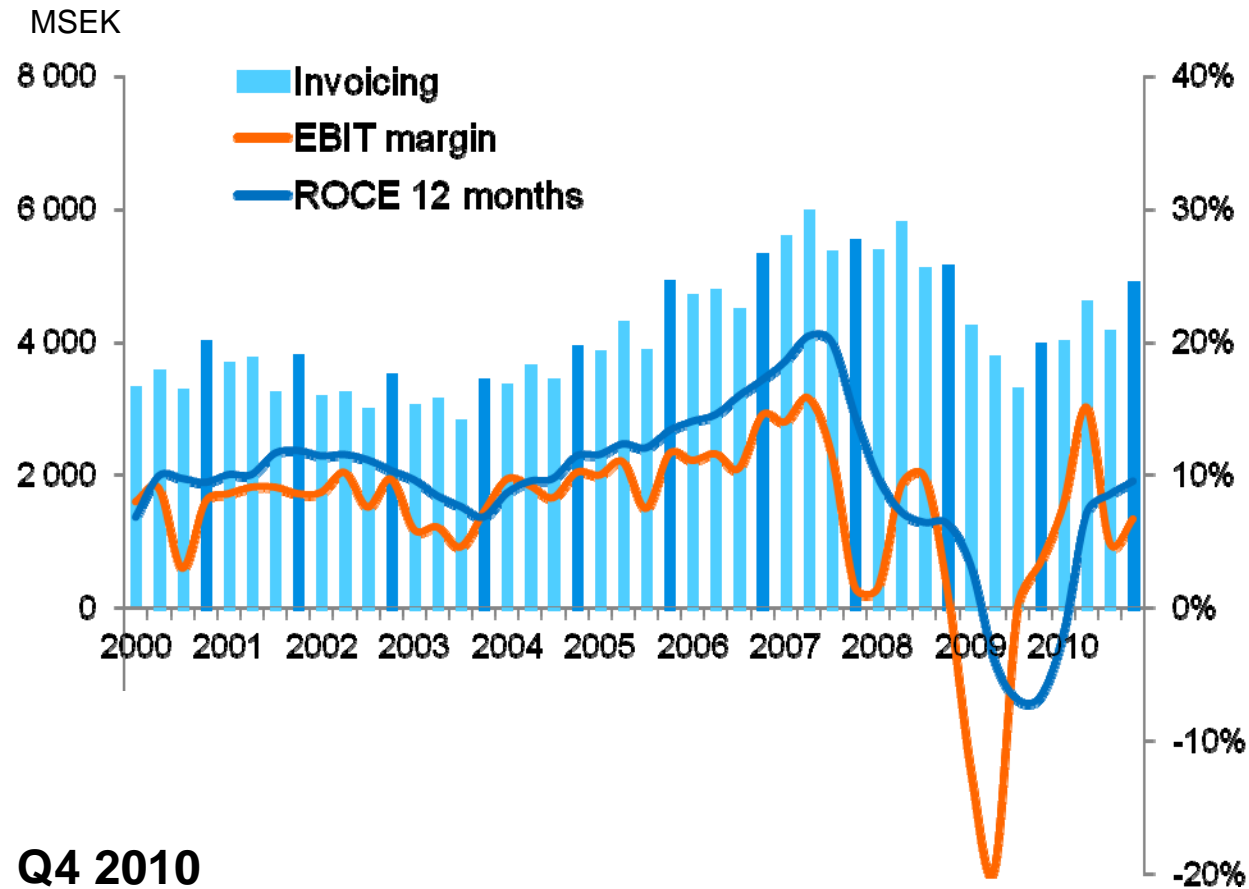
Sandvik Mining and Construction



Q4 2010

- Order intake 13,381 MSEK ● Invoicing 10,543 MSEK
- EBIT 1,503 MSEK, 14.3%

Sandvik Materials Technology



Q4 2010

- Order intake 5,158 MSEK
- Invoicing 4,896 MSEK
- EBIT 326 MSEK, 6,7%



Income statement

MSEK	Q4 2009		Q3 2010		Q4 2010	
Invoiced sales	18,211		20,241		23,276	
Cost of goods sold	-13,374	-73%	-12,945	-64%	-15,233	-65%
Gross profit	4,837	27%	7,296	36%	8,043	35%
Admin, sales and R&D costs	-4,488	-25%	-4,351	-21%	-4,962	-21%
Other operating income and expenses	59	+0%	-413	-2%	+48	+0%
Operating profit	408	2%	2,532	12%	3,129	13%
Net financial items	-485		-412		-375	
Profit after financial items	-77	-0%	2,120	10%	2,754	12%
Profit for the period	-103	-1%	1,560	8%	2,186	9%

Bridge analysis

MSEK	Q4 2009	Price/ volume/ productivity	Currency	Structure, one-offs	Q4 2010
Sandvik Tooling					
Invoiced sales	4,960	+1,580	-260	-25	6,255
Operating profit	-84	+1,225	-90	+175	1,219
Profit margin	-2%	78%	-	-	19%
Sandvik Mining and Construction					
Invoiced sales	8,042	+2,570	-70	0	10,543
Operating profit	411	+925	-70	+225	1,503
Profit margin	5%	36%	-	-	14%
Sandvik Materials Technology					
Invoiced sales	3,976	+760	-90	+250	4,896
Operating profit	136	+325	-40	-100	326
Profit margin	3%	43%	-	-	7%

Cash flow

MSEK	Q4 2009	Q3 2010	Q4 2010
Profit after financial items	-77	+2,120	+2,754
Depreciations, tax etc	+1,669	+822	+898
Cash flow from operations before NWC	+1,592	+2,942	+3,652
Change in inventories	+2,103	-634	-443
Change in receivables and liabilities	+313	+1,660	+221
Change in rental fleet*	-125	+10	-171
Cash flow from operating activities	+3,883	+3,978	+3,259
Acquisitions	-493	-258	-490
Capex	-630	-853	-1,215
Other investments, net	+240	+19	-34
Cash flow after investing activities	+3,000	+2,886	+1,520
Net cash used in financing activities	-3,618	-2,370	-1,422
Cash flow for the period	-618	+516	+98
Net debt/Equity	1.0	0.8	0.7

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

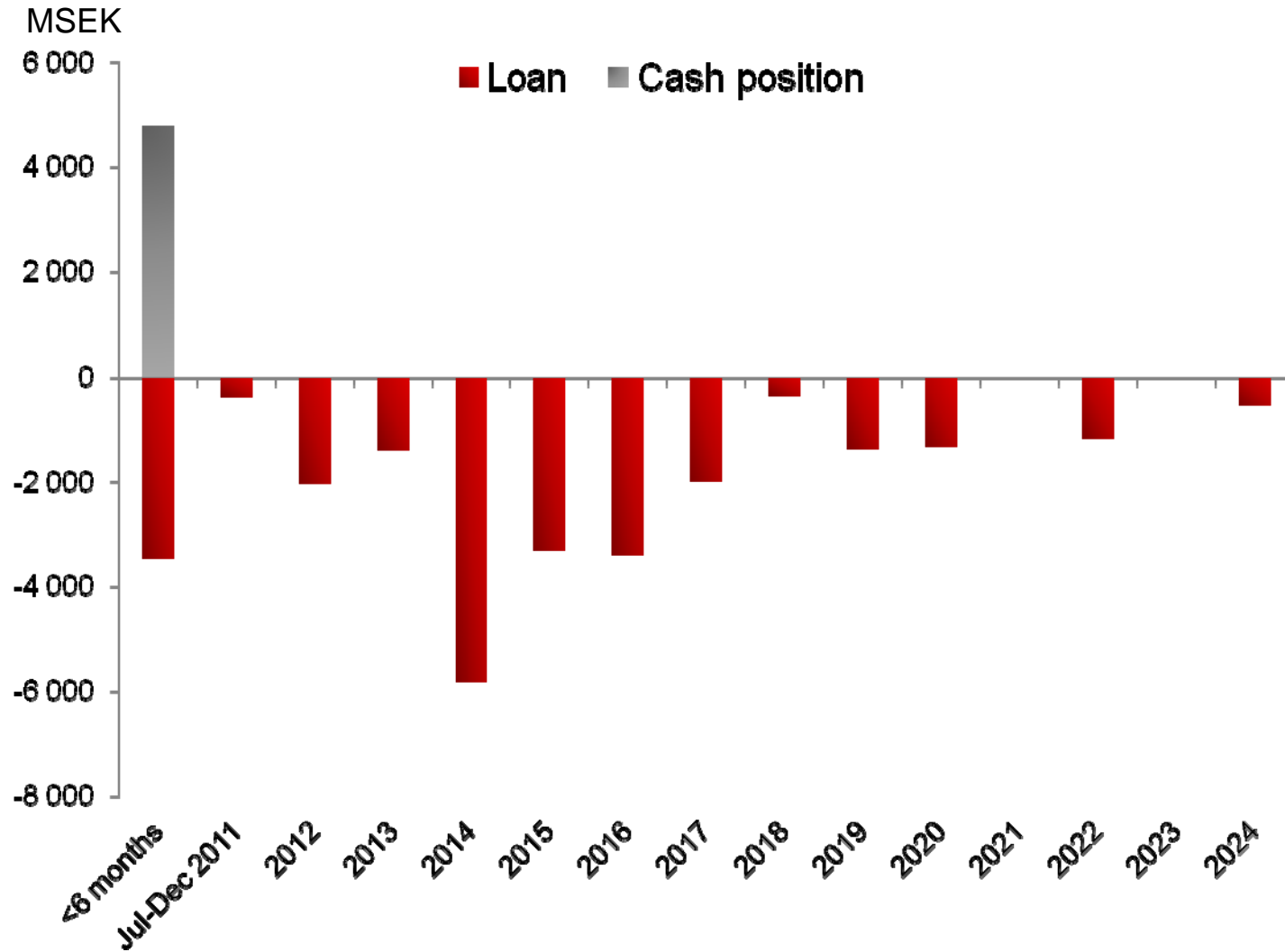
Balance sheet

MSEK	Q4 2009	Q3 2010	Q4 2010	vs Q3 2009
Intangible fixed assets	14,137	13,138	13,193	-7%
Tangible fixed assets	26,519	24,749	25,252	-5%
Financial fixed assets	5,698	6,121	6,023	+6%
Inventories	19,842	20,565	21,420	+8%
Receivables	17,873	18,864	19,328	+9%
Cash and cash equivalents	7,506	4,642	4,783	-36%
Total assets	91,575	88,079	89,999	-2%
Total equity	29,957	31,428	33,813	+13%
Interest-bearing liabilities	39,381	31,021	29,467	-25%
Non-interest-bearing liabilities	22,237	25,630	26,719	+20%
Total equity and liabilities	91,575	88,079	89,999	-2%

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		8,800	5 years
European MTN		5,300	3 years
Bank loans		400	2 year
Short term	13%		
Commercial paper		0	0 months
Swedish MTN		400	10 months
Bank loans		3,200	2 months
Total		27,200	5 years
Cash position		4,800	-
Revolving Credit Facility		13,500	2 years

Loan maturity profile



Financial key figures

	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Cash flow from operations, MSEK	3,883	2,287	2,626	3,978	3,259
Capex, MSEK	630	515	691	853	1,215
ROCE, 12 months	-1.3%	1.0%	8.8%	12.9%	17.4%
ROE, 12 months	-7.9%	-3.7%	9.5%	15.2%	22.1%
Net debt/equity ratio	1.0	1.0	0.9	0.8	0.7
EPS, SEK 12 months	-2.24	-1.07	2.24	3.72	5.59

Guidance 2011

Metal price effects

Given currency rates, stock levels and metal prices at year end, an EBIT effect of about 100 MSEK is expected for Q1.

Net financial items

Net financial items is estimated to be lower than for 2010.

Currency effects

Given currency rates at year end the effect would be around -150 MSEK for Q1.

Capex

Capex is estimated to be somewhat above the level of depreciation.

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.”