

Sandvik Q3

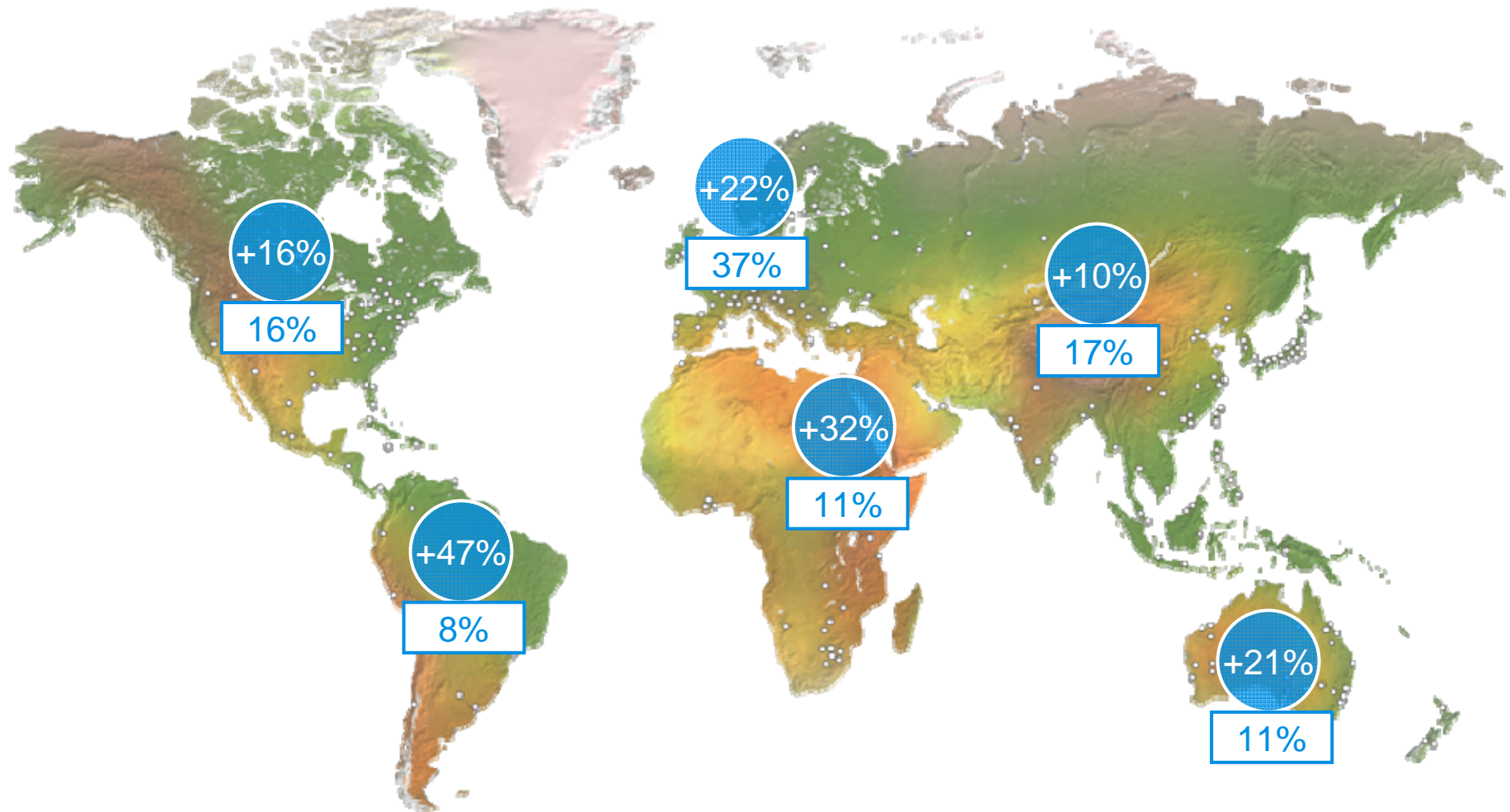
**Interim results
1 November 2011**




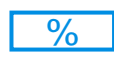
Quarterly highlights

- Continued strong order growth, +21% p/v
 - ✓ Continued good demand for Tooling and Mining and Construction
 - ✓ Strong demand from Mining, Oil/Gas and Aerospace
- Invoicing +22% p/v
- Adjusted EBIT 3,378 MSEK, 14.4%
 - ✓ One-off items -1,713 MSEK
 - ✓ Reported EBIT 1,665 MSEK or 7.1%
- Return on capital employed 18.6%
- New strategy and organization as of 1 January 2012
 - ✓ Staff reductions of 500 employees in Sandvik Materials Technology, announced on 1 November
- Shanbao acquisition and JV with Shandong completed in October
- Readiness for changed market conditions

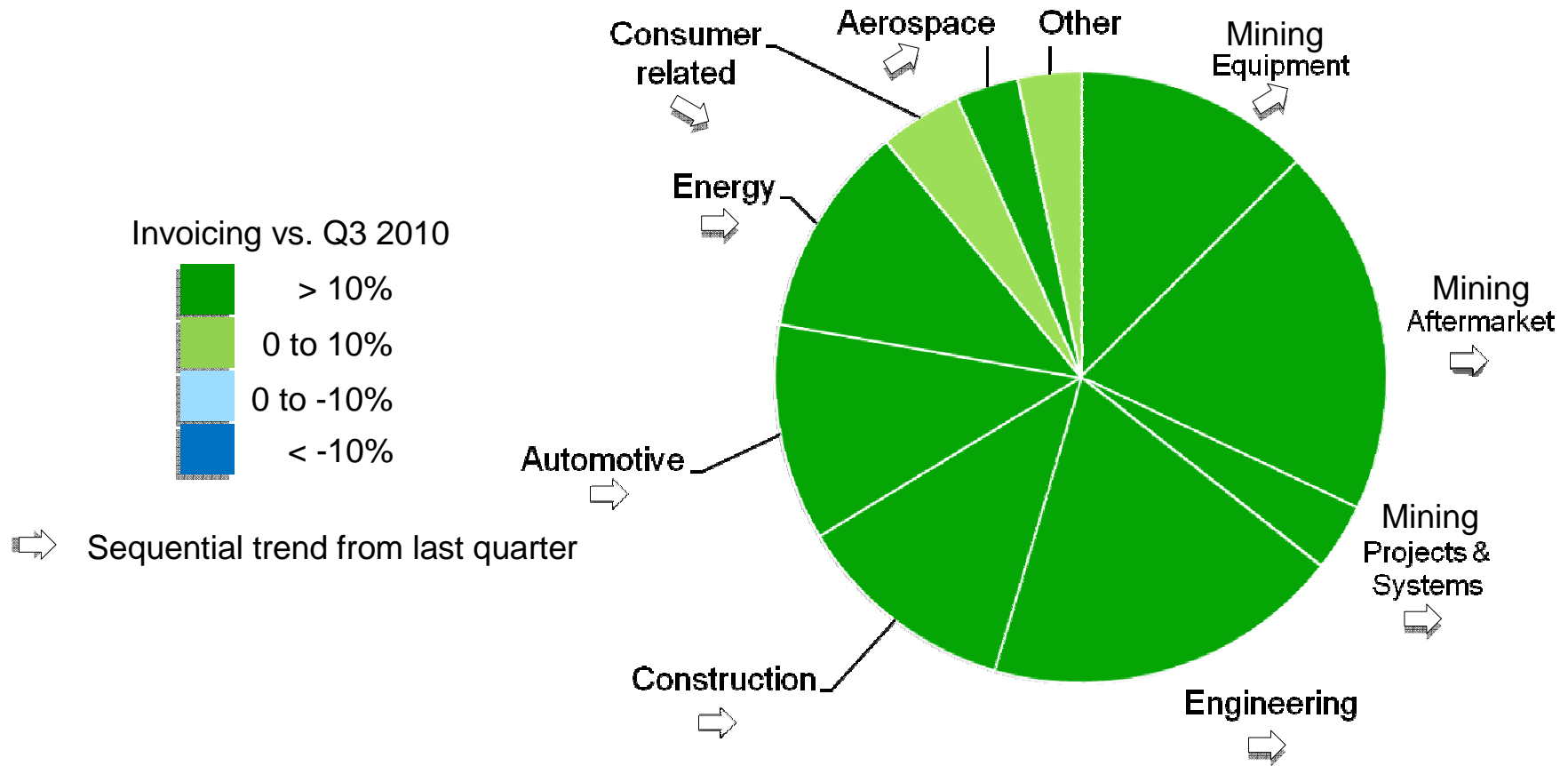
Invoicing by market



 Invoicing (p/v) Q3 2011, change compared with Q3 2010

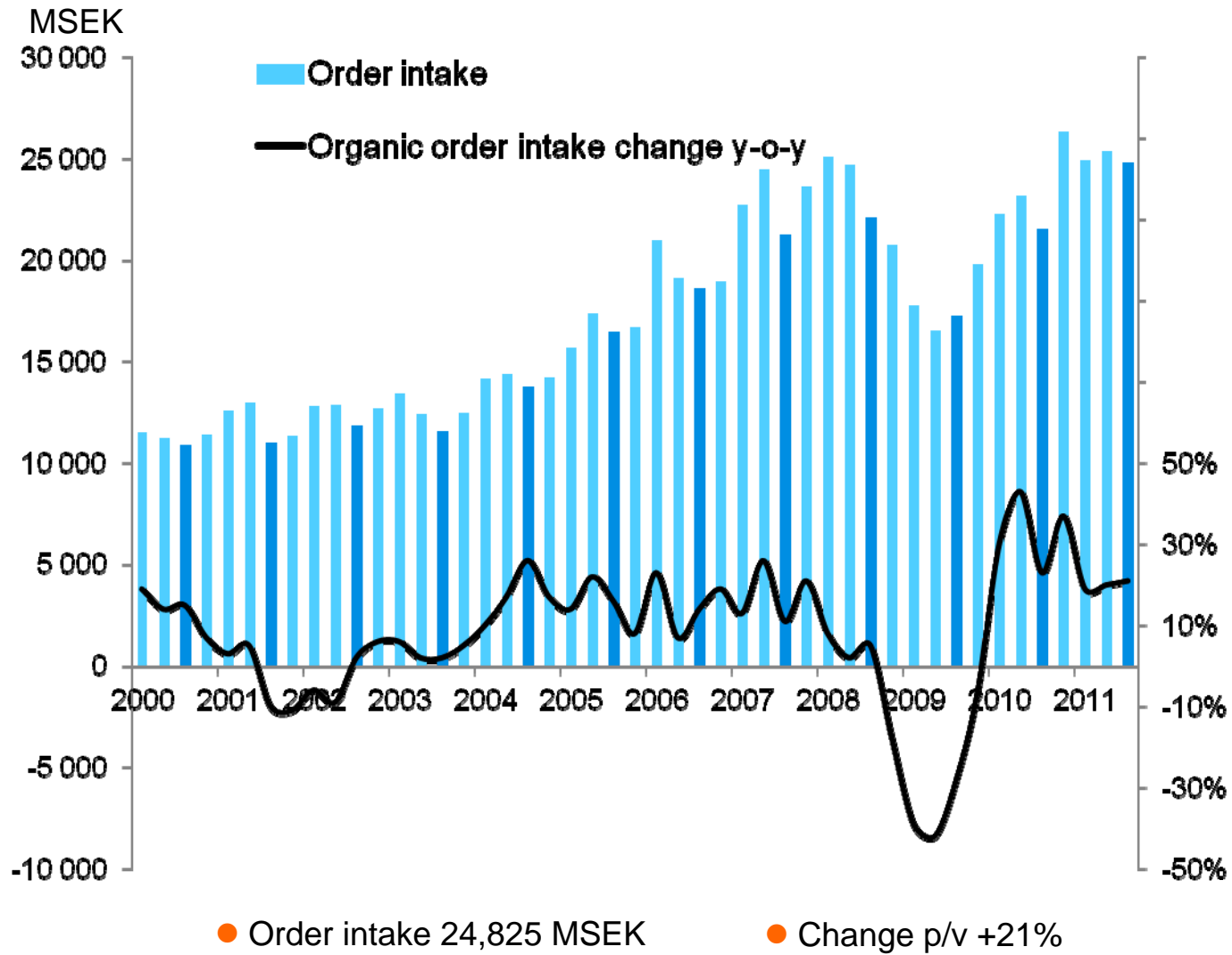
 Share of Group total

Customer segments

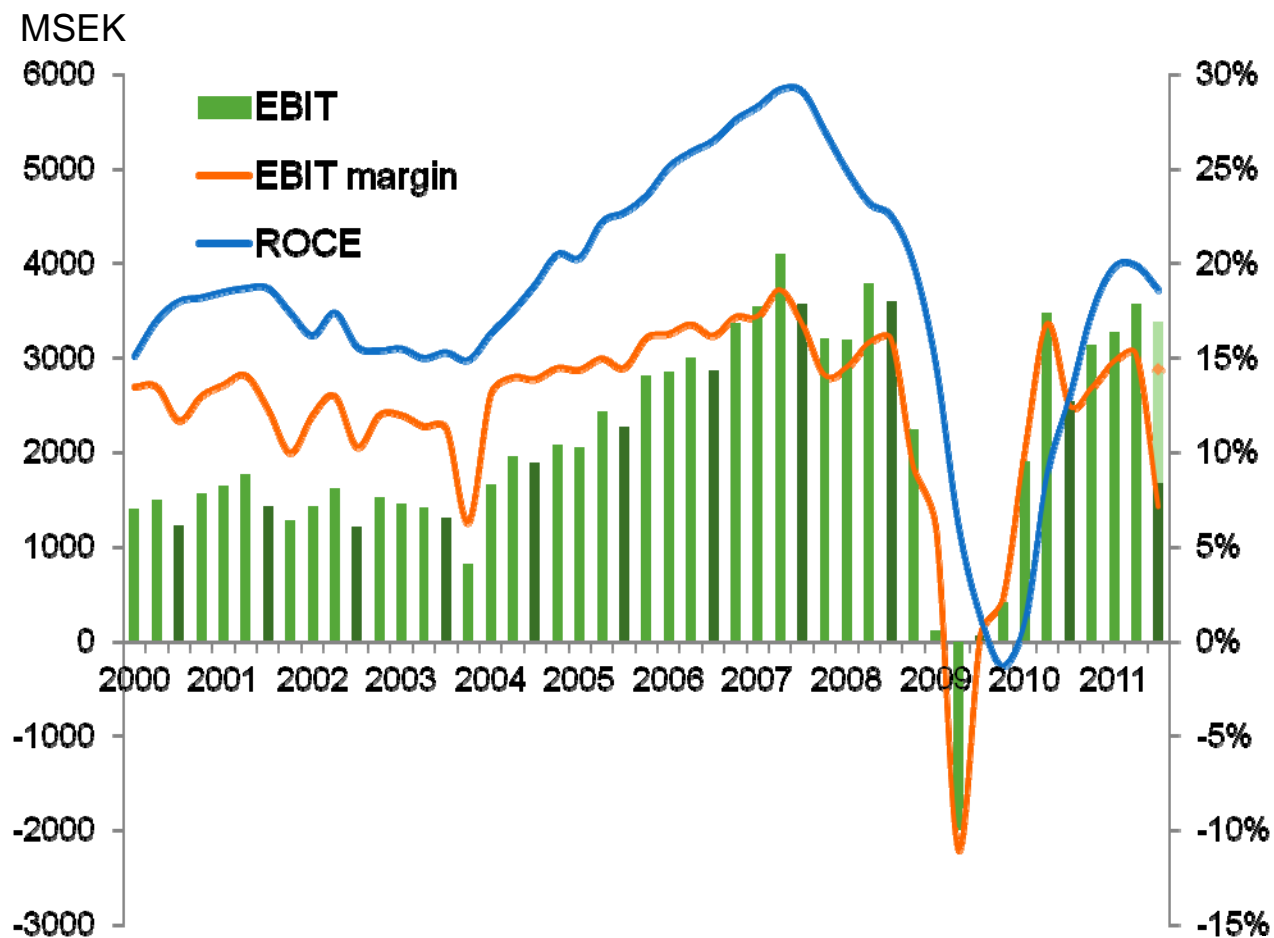


Pie chart representing share of invoicing 2010

Order intake



EBIT and ROCE



Reported ● EBIT 1,665 MSEK ● EBIT margin 7.1% ● ROCE 18.6%

Adjusted ● EBIT 3,378 MSEK ● EBIT margin 14.4%

Net Working Capital



Bridge analysis

MSEK	Q3 2010	Price/ volume/ Productivity	Currency	Structure, one-offs*	Q3 2011
Sandvik Group					
Invoiced sales	20,241	+4,250	-950	0	23,528
EBIT	2,532	+950	0	-1,825	1,665
EBIT margin	12.5%	+22%			7.1%

* Includes metal price effects

Sandvik Tooling

- Continued improved demand
 - ✓ Strong demand from Automotive, Aerospace and Energy
 - ✓ Signs of flattening demand in China
- EBIT 1,483 MSEK, 22.2%
 - ✓ Increased volumes
 - ✓ Increased productivity
 - ✓ Positive price effect
 - ✓ Currency effects -130 MSEK
- Strong cash flow
- ROCE 27.5%
 - ✓ Net working capital 26% of invoicing



Sandvik Mining and Construction

- Continued strong demand
 - ✓ Mining activity continued to increase
 - ✓ Continued weak business climate within Construction
 - ✓ Order intake +35% excluding major project orders
 - ✓ Major project orders of total 800 MSEK
- EBIT 1,550 MSEK, 14.3%
 - ✓ Increased volumes
 - ✓ High production utilization
- ROCE 31.5%
 - ✓ Net working capital 26% of invoicing
 - ✓ Longer lead times and increased inventory
- Shanbao acquisition and JV with Shandong completed in October



Sandvik Materials Technology

- Mixed demand
 - ✓ Oil/gas and Aerospace strong
 - ✓ Weaker in consumer related and standard products
 - ✓ Improved demand in North America but weaker in Europe and Asia
 - ✓ Confirmed delays of nuclear orders to China
- Underlying EBIT 241 MSEK, 5.6%
 - ✓ One-off items -1,666 MSEK
 - ✓ Metal price effect -117 MSEK
 - ✓ Reported EBIT -1,542 or -35.9%
- ROCE -2.7%
 - ✓ Net working capital 37% of invoicing
 - ✓ Decreased inventory
- Staff reductions of 500 employees announced on 1 November



Estimated one-off items

MSEK	Actual Q3	Total estimated cost
Tooling	-	300 – 400
Mining and Construction	<100	400 – 500
Materials Technology	1,700	2,500 – 2,600
Total	>1,700	3,200 – 3,500
<i>Of which impacts cash flow</i>	<i><100</i>	<i>1,100 – 1,400</i>

Quarterly financials

MSEK	Q3 2010	Q3 2011	VS Q3 2010
Order intake	21,523	24,825	+21%*
Invoicing	20,241	23,528	+22%*
Reported EBIT	2,532	1,665	-34%
Reported EBIT margin	12.5%	7.1%	-
Adjusted EBIT	2,532	3,378	+33%
Adjusted EBIT margin	12.5%	14.4%	-
Operating cash flow	+3,978	+2,614	-34%
Cash flow after investing activities	+2,886	+1,427	-51%

* Change in price/volume

Summary Q3

- Continued strong order growth and invoicing
- Adjusted EBIT 3,378 MSEK, 14.4%
 - ✓ One-off items -1,713 MSEK
 - ✓ Reported EBIT 1,665 MSEK or 7.1%
- Return on capital employed 18.6%
- Shanbao acquisition and JV with Shandong completed in October
- New strategy and organization as of 1 January 2012

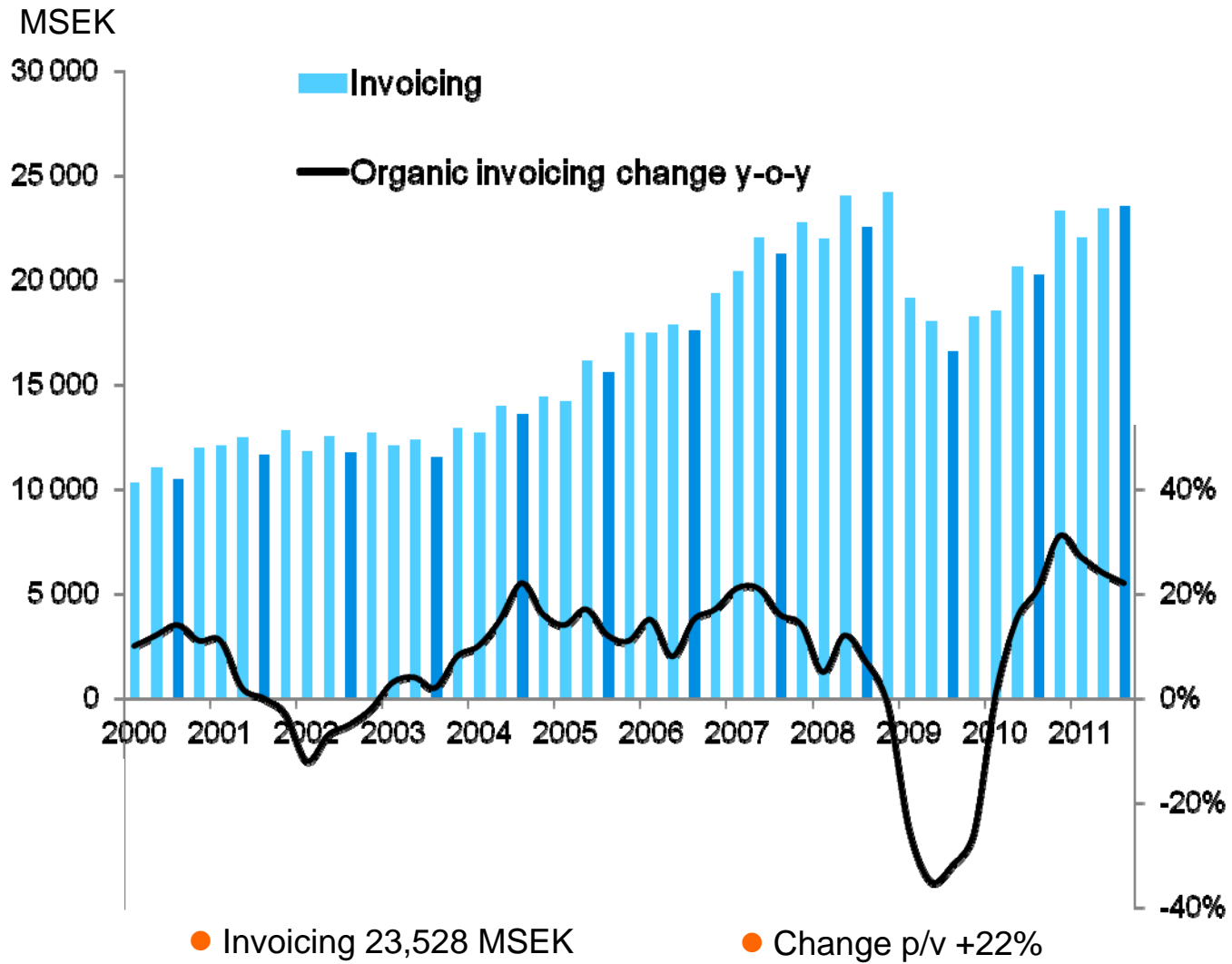
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Q&A session

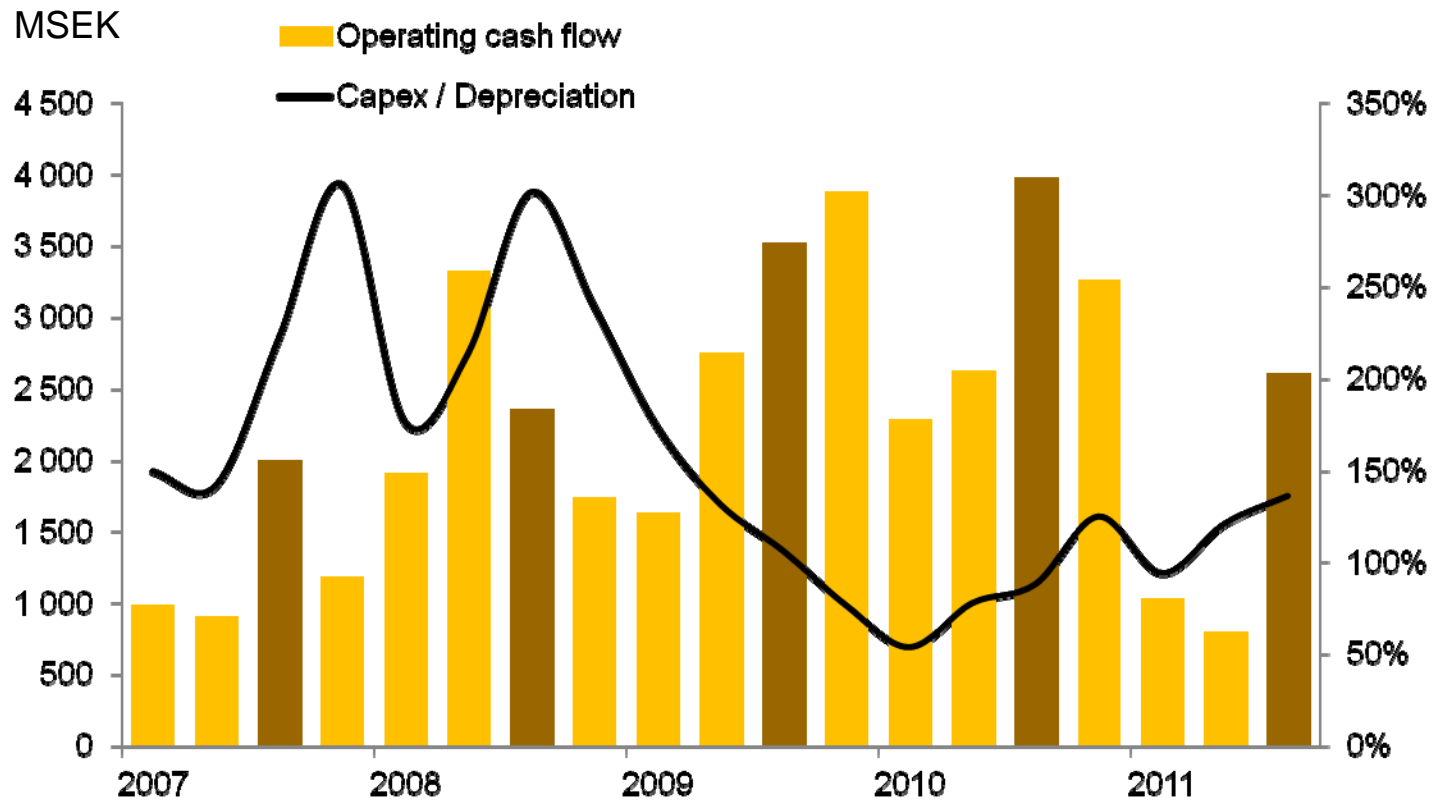
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Back-up slides

Invoicing

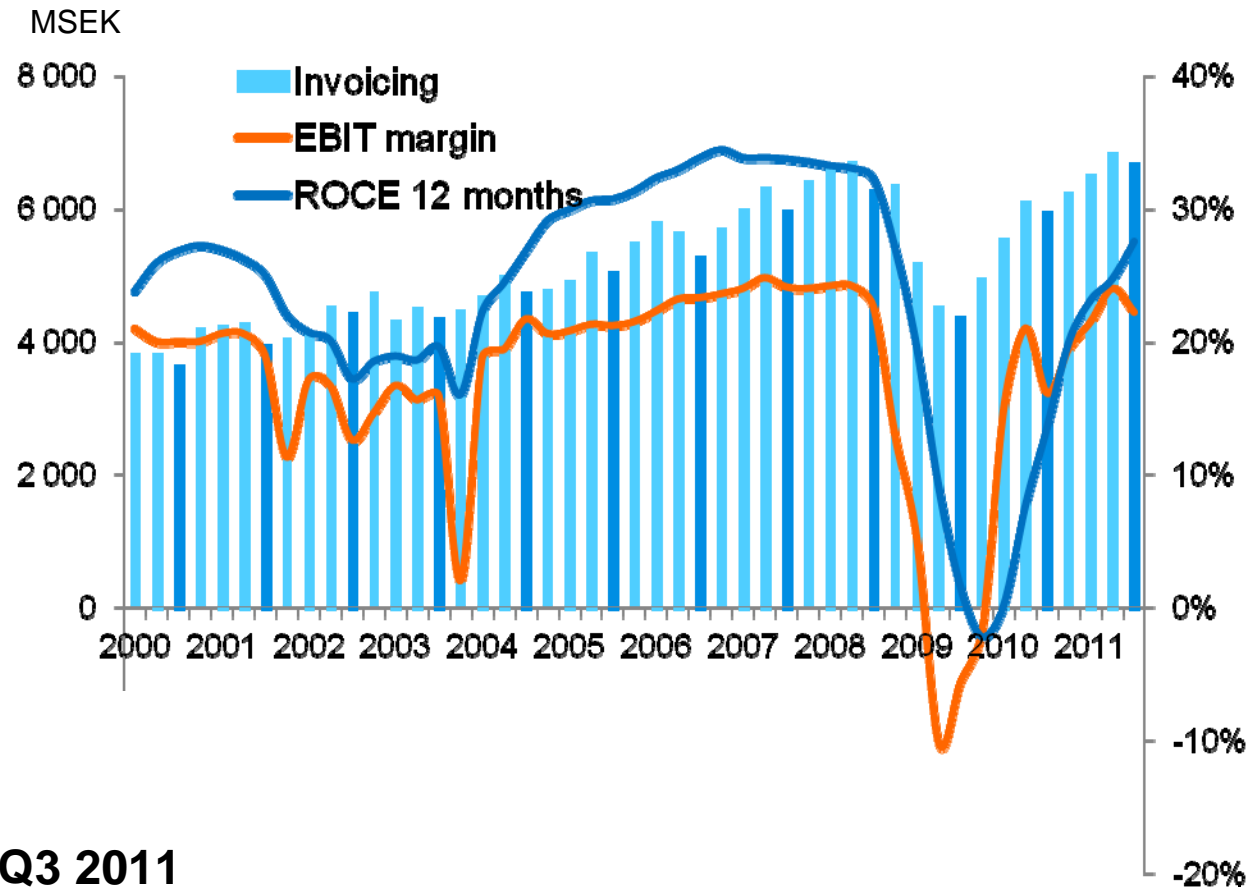


Cash flow



● Cash flow from operating activities 2,614 MSEK

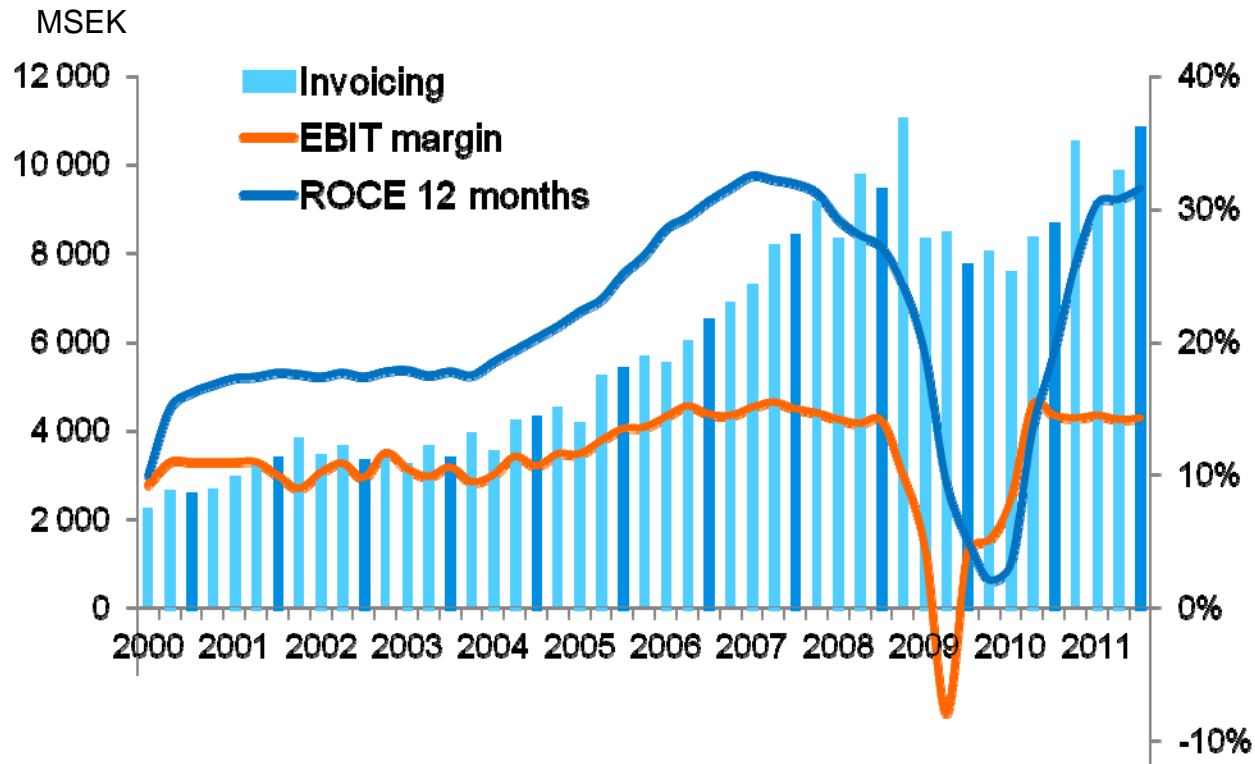
Sandvik Tooling



Q3 2011

- Order intake 6,528 MSEK
- Invoicing 6,692 MSEK
- EBIT 1,483 MSEK, 22.2%
- ROCE 27.5%

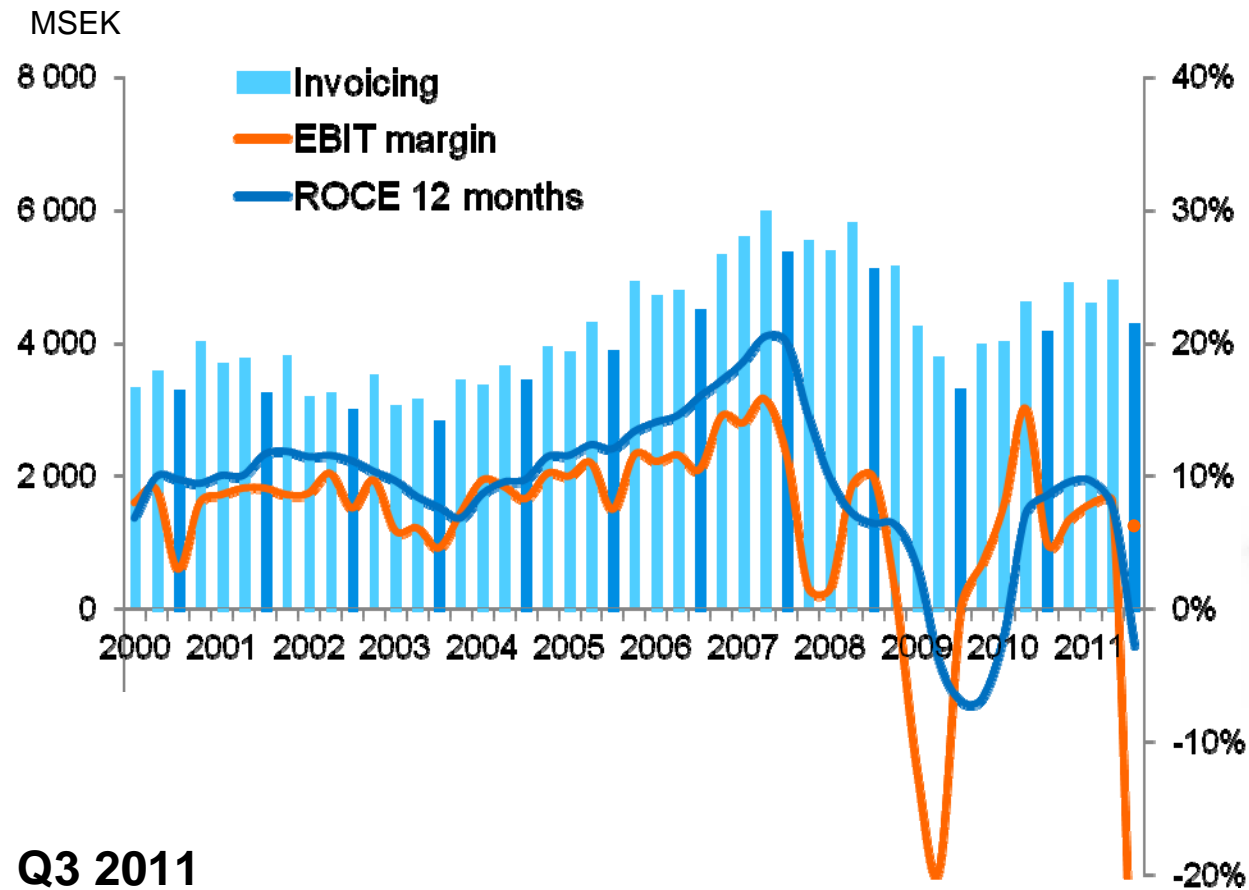
Sandvik Mining and Construction



Q3 2011

- Order intake 12,474 MSEK
- Invoicing 10,843 MSEK
- EBIT 1,550 MSEK, 14.3%
- ROCE 31.5%

Sandvik Materials Technology



Q3 2011

- Order intake 4,096 MSEK
- Invoicing 4,291 MSEK
- EBIT -1,542 MSEK, -35.9%
- ROCE -2.7%

Income statement

MSEK	Q3 2010		Q2 2011		Q3 2011	
Invoiced sales	20,241		23,421		23,528	
Cost of goods sold	-12,945		-14,915		-15,991	
Gross profit	7,296	36%	8,506	36%	7,537	32%
Admin, sales and R&D costs	-4,351	-21%	-5,026	-21%	-5,939	-25%
Other operating income and expenses	-413		+82		+67	
Operating profit (EBIT)	2,532	13%	3,562	15%	1,665	7%
Net financial items	-412		-489		-555	
Profit after financial items	2,120	10%	3,073	13%	1,110	5%
Profit for the period	1,560	8%	2,228	10%	704	3%

Bridge analysis

MSEK	Q3 2010	Price/ volume/ productivity	Currency	Structure, one-offs	Q3 2011
Sandvik Tooling					
Invoiced sales	5,966	+1,050	-300	0	6,692
EBIT	961	+600	-130	+75	1,483
EBIT margin	16.1%	+57%			22.2%
Sandvik Mining and Construction					
Invoiced sales	8,676	+2,600	-450	0	10,843
EBIT	1,257	+350	0	-50	1,550
EBIT margin	14.5%	+13%			14.3%
Sandvik Materials Technology					
Invoiced sales	4,170	+350	-150	-75	4,291
EBIT	203	+50	+60	-1,850	-1,542
EBIT margin	4.9%	+14%			-35.9%

Cash flow

MSEK	Q3 2010	Q2 2011	Q3 2011
Profit after financial items	+2,120	+3,073	+1,110
Depreciations, tax etc	+822	+187	+1,912
Cash flow from operations before NWC	+2,942	+3,260	+3,022
Change in inventories	-634	-1,576	-1,096
Change in receivables and liabilities	+1,660	-803	+734
Change in rental fleet*	+10	-79	-46
Cash flow from operating activities	+3,978	+802	+2,614
Acquisitions	-258	0	0
Capex	-873	-1,220	-1,241
Other investments, net	+39	+58	+54
Cash flow after investing activities	+2,886	-360	+1,427
Net cash used in financing activities	-2,370	-1,540	-798
Cash flow for the period	+516	-1,900	+629

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

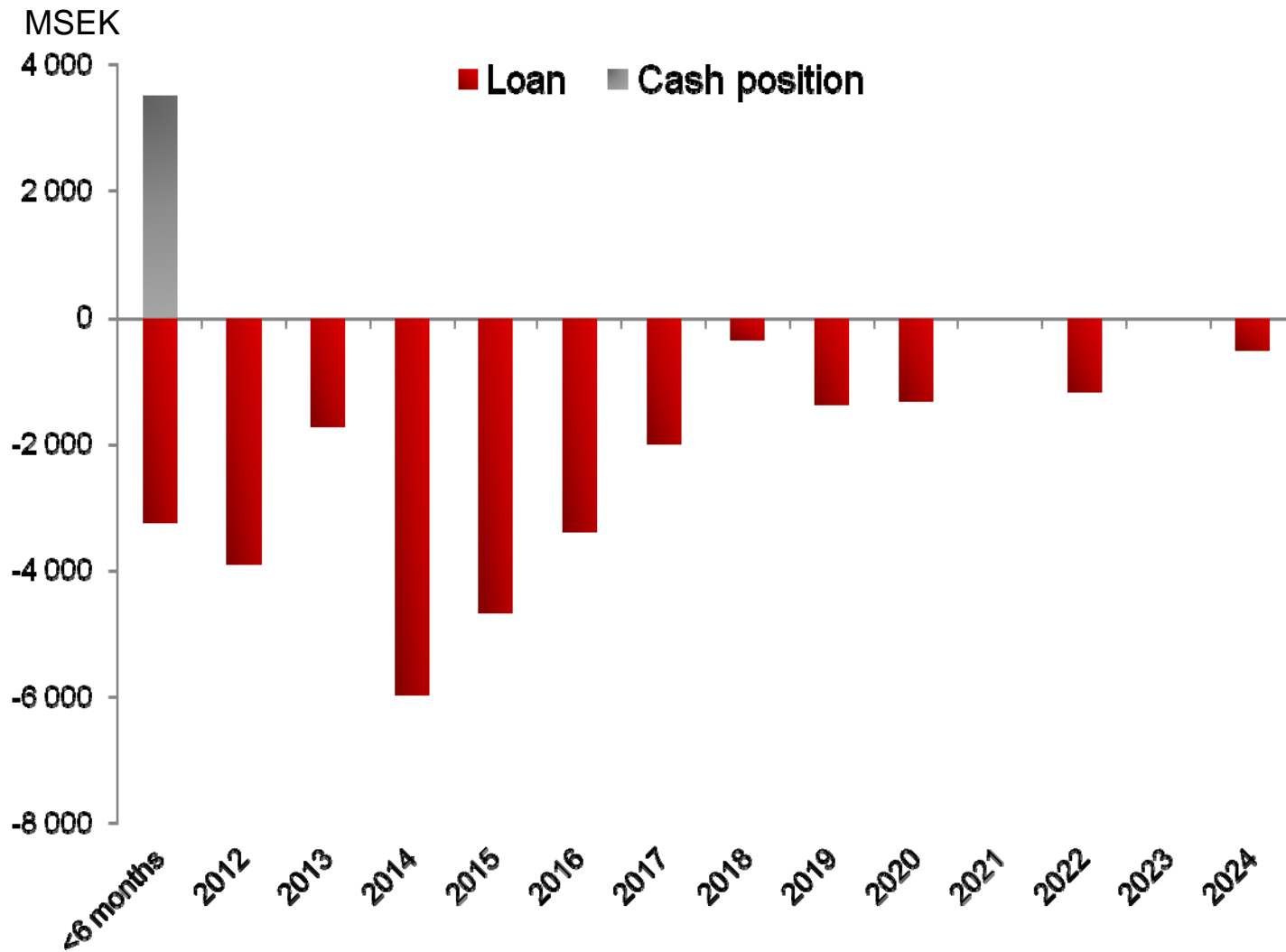
Balance sheet

MSEK	Q3 2010	Q2 2011	Q3 2011	vs Q3 2010
Intangible fixed assets	13,138	12,928	12,084	-8%
Tangible fixed assets	24,749	25,122	25,411	+3%
Financial fixed assets	6,121	6,062	6,171	+1%
Inventories	20,565	24,676	26,187	+27%
Receivables	18,864	21,869	22,909	+21%
Cash and cash equivalents	4,642	2,815	3,508	-24%
Total assets	88,079	93,472	96,270	+9%
Total equity	31,428	32,729	33,830	+8%
Interest-bearing liabilities	31,021	32,670	32,513	+5%
Non-interest-bearing liabilities	25,630	28,073	29,927	+17%
Total equity and liabilities	88,079	93,472	96,270	+9%

Loan and duration profile

		Amount MSEK	Average duration
Long term	80%		
US Private Placement		5,919	8 years
Fin institutions, EIB, NIB		2,963	3 years
Swedish MTN		8,044	5 years
European MTN		5,499	2 years
Bank loans		469	2 years
Share swap		1,353	4 years
Short term	20%		
Commercial paper		693	2 months
Swedish MTN		1,186	6 months
Bank loans		4,001	11 months
Total		30,128	4 years
Cash position		3,508	
Revolving Credit Facility		13,877	

Loan maturity profile



Financial key figures

	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
Cash flow from operations, MSEK	3,978	3,259	1,036	802	2,614
Capex, MSEK	853	1,215	897	1,204	1,248
ROCE, 12 months	12.9%	17.4%	19.8%	19.9%	18.6%
ROE, 12 months	15.2%	22.1%	24.5%	24.6%	21.7%
Net debt/equity ratio	0.8	0.7	0.7	0.9	0.8
EPS, SEK 12 months	3.72	5.59	6.41	6.58	5.78

Guidance 2011

Metal price effects

Given currency rates, stock levels and metal prices at end of September, an EBIT effect of -150 to -200 MSEK is expected for Q4.

Net financial items

Net financial items is estimated to be about 1.9 bn SEK for 2011.

Currency effects

Given currency rates at end of September the effect on EBIT would be marginal for Q4 and -1.2 bn SEK for 2011.

Capex

Capex is estimated to be about 5 bn SEK for 2011.

Tax rate

The tax rate is estimated to about 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.”