

Sandvik Q4

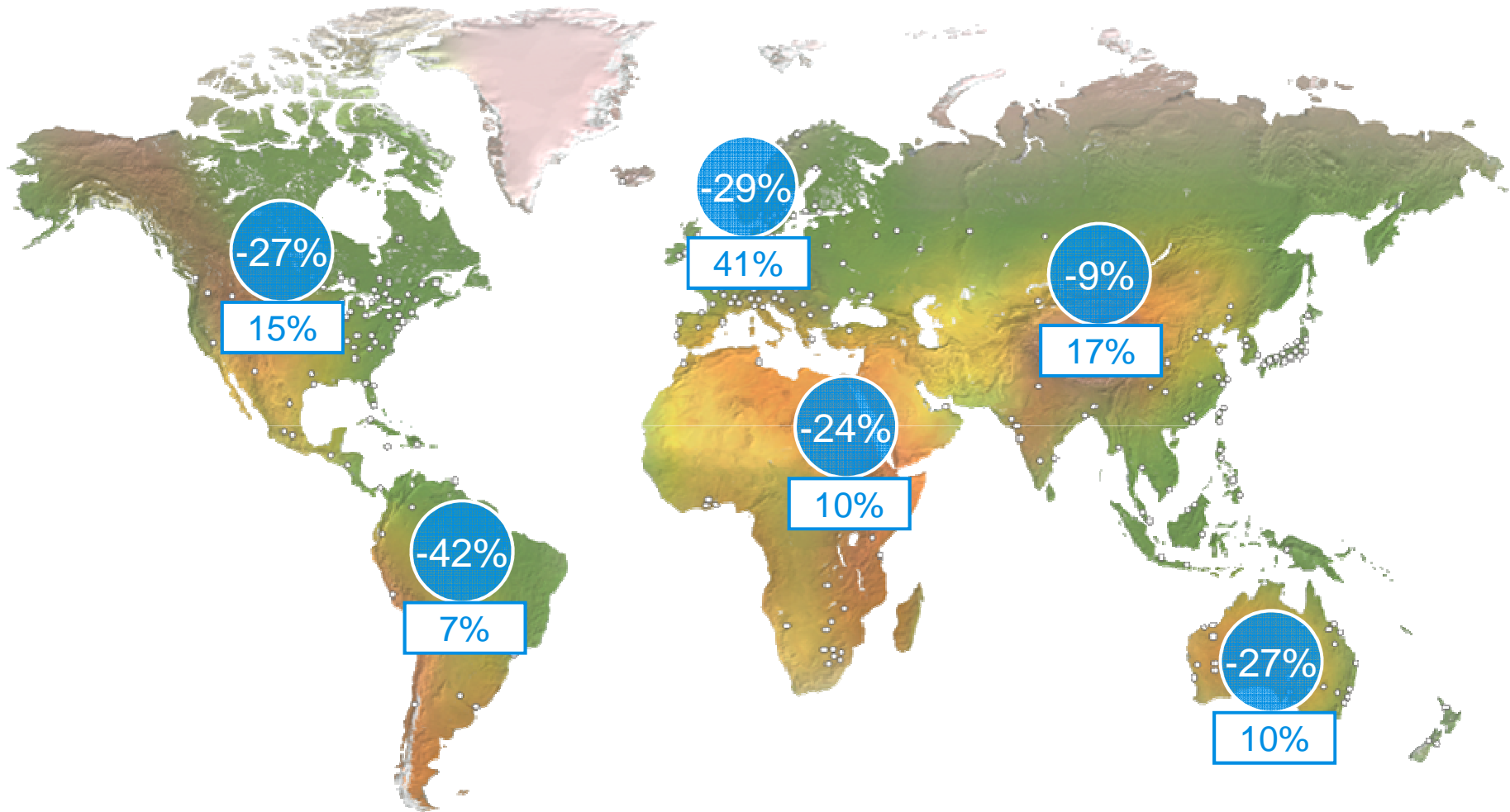
**Interim results
3 February 2010**




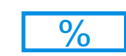
Quarterly highlights

- Continued weak demand
- Gradual improvements
- Significant cost reductions, 2,000 MSEK
- Operating profit improved from previous quarter
- Low production utilization
- Strong operating cash flow, 4,008 MSEK

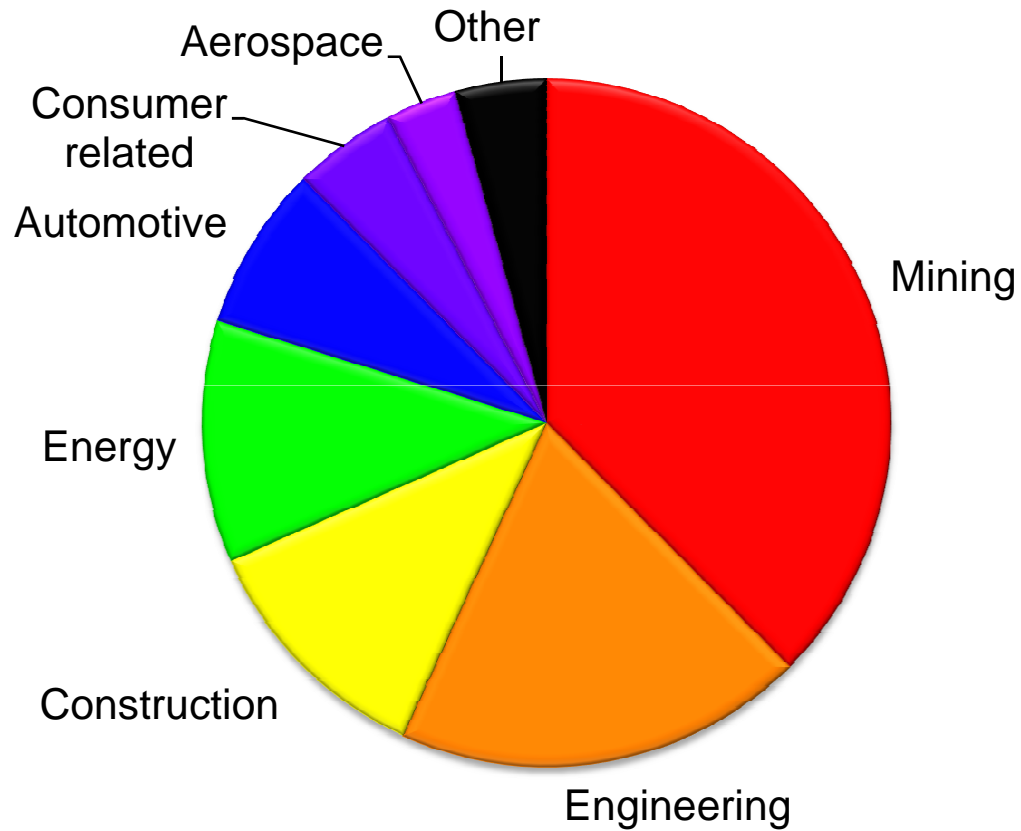
Markets



 Invoicing (p/v) Q4 2009, change compared with Q4 2008

 Share of Group total

Customer segments



Sales distribution 2009

Sandvik Tooling

- Gradually improved demand in automotive and energy
- Positive price effect
- Low sales and production rates
 - ✓ EBIT effect estimated to -1,300 MSEK
- One-off costs, -300 MSEK
- Cost savings, 900 MSEK
- Strong cash-flow
 - ✓ Inventory reduction of 700 MSEK in volume



Sandvik Mining and Construction

- Mixed demand tendencies
 - ✓ Gradually improved demand in mining
 - ✓ Continued weak demand in construction
 - ✓ Improved aftermarket demand
- Positive price effect
- Low sales and production rates
 - ✓ EBIT effect estimated to -1,000 MSEK
- One-off costs, -250 MSEK
- Cost savings, 600 MSEK
- Strong cash flow
 - ✓ Inventory reduction of 1,000 MSEK in volume



Sandvik Materials Technology

- Gradually improved demand in aerospace and automotive
- Energy sector continued strong
 - ✓ Agreement in January 2010 amounting to 1,500 MSEK for nuclear products to be delivered 2012-2014
 - ✓ Additional capacity increase approved
- Stable prices
- Low sales and production rates
 - ✓ EBIT effect estimated to -500 MSEK
- One-off costs, -50 MSEK
- Cost savings, 400 MSEK
- Strong cash flow
 - ✓ Inventory reduction of 300 MSEK in volume



Quarterly financials

MSEK	Q4 2008	Q4 2009	vs Q4 2008
Order intake	20,716	19,787	-6%*
Invoicing	24,171	18,211	-26%*
EBIT excl one-offs	2,855	1,008	-65%
EBIT	2,235	408	-82%
EBIT margin	9.2%	2.2%	-
Operating cash flow	1,925	4,008	+108%
Cash flow after investing activities	-97	3,000	-

* Change in price/volume

Bridge analysis

MSEK	Q4 2008	Price/ volume	Currency	Structure, one-offs*	Q4 2009
Sandvik Group					
Invoiced sales	24,171	-6,200	+300	-50	18,211
Operating profit	2,235	-1,750	-125	+50	408
Profit margin	9%	-28%	-	-	2%

* Includes metal price effects

Summary Q4

- Continued weak demand
- Gradual improvement - destocking approaching an end
- Strong cash flow after investing activities, 3,000 MSEK
- Significant cost reductions, 2,000 MSEK
- Profit margin in line with strategy
 - ✓ Continued low production rates
 - ✓ One-off items -600 MSEK incl positive metal price effect

Summary 2009

- Very weak market, order intake -37%
- Downturn management
 - ✓ Priority on capital efficiency and cash flow
 - ✓ Substantially reduced production rates
 - ✓ Restructuring measures and significant cost savings
 - ✓ Maintained R&D and sales resources
- Negative operating result, -1,412 MSEK
- Strong operating cash flow, 12,312 MSEK
 - ✓ Reduced net working capital, -30%
- Strengthened market position
- Significant expansion in emerging markets

Dividend

The Board of Directors proposes
a dividend of 1.00 SEK per share (3.15) for 2009

Focus 2010

- Expansion in growth markets and attractive segments
- Flexibility to adapt to changes in the business environment
- Continued management of working capital and cash flow
- Improved profitability at current demand levels

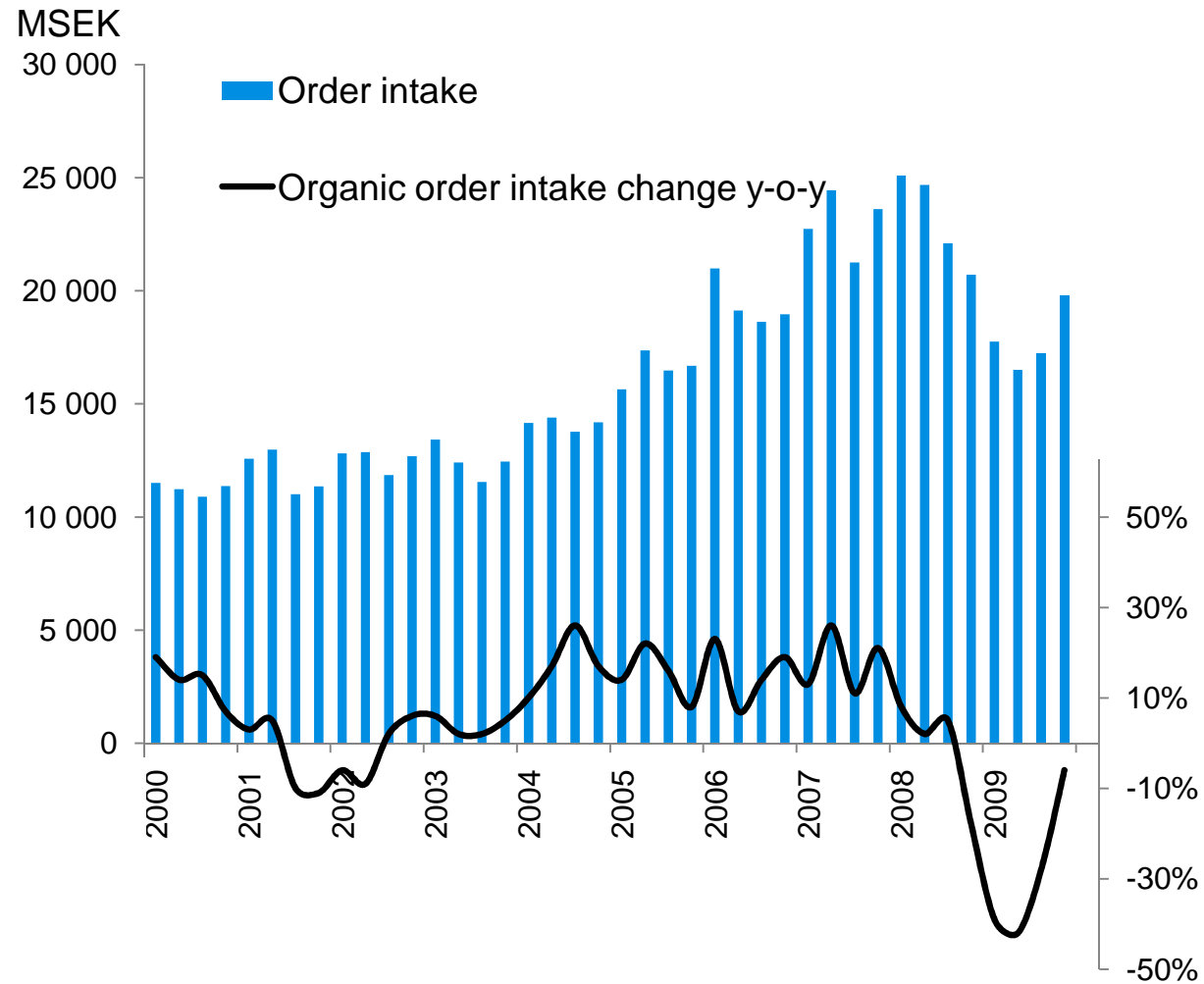
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Q&A session

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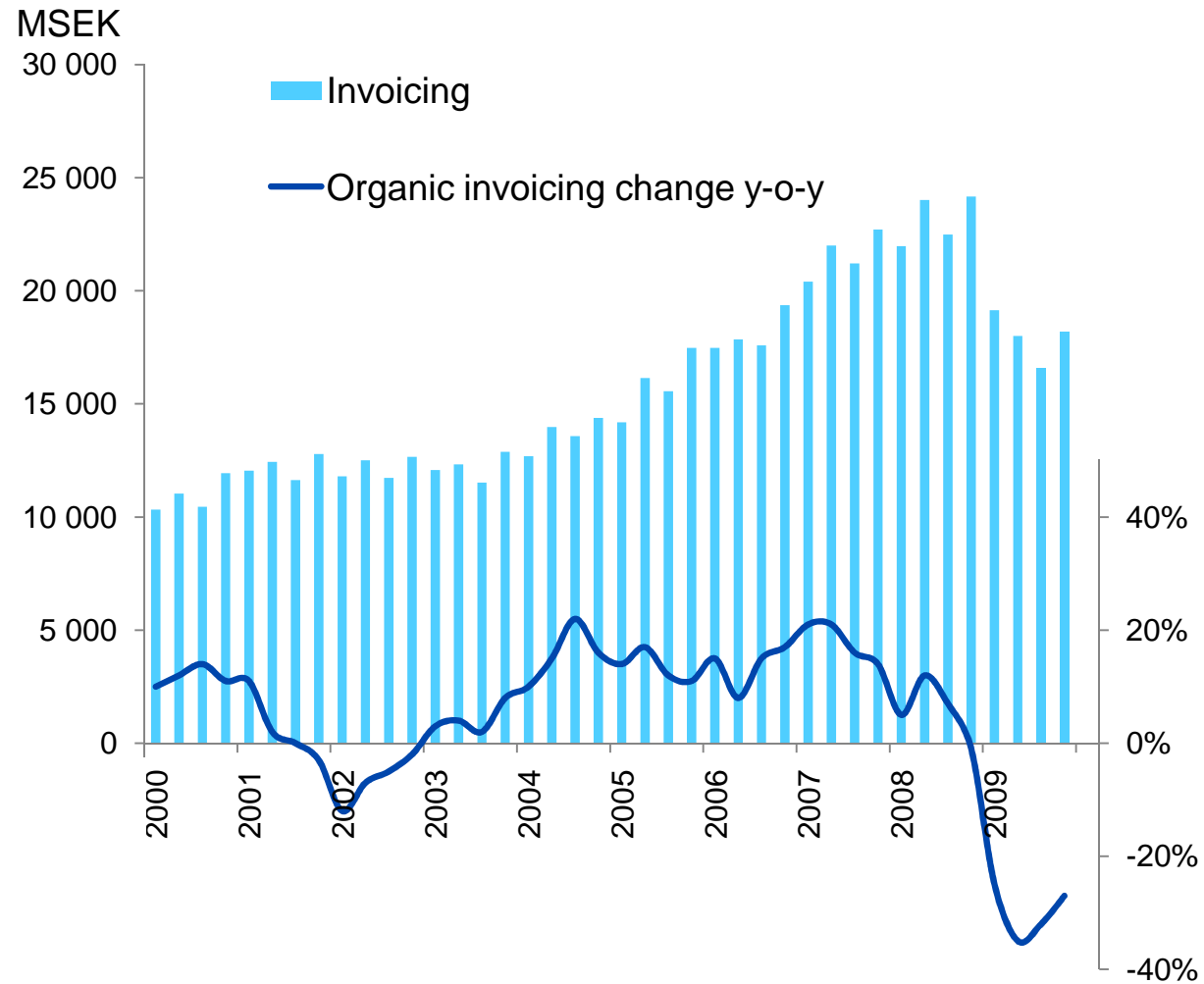
Back-up slides

Order intake



● Order intake 19,787 MSEK ● Organic order intake change year-on-year -6%

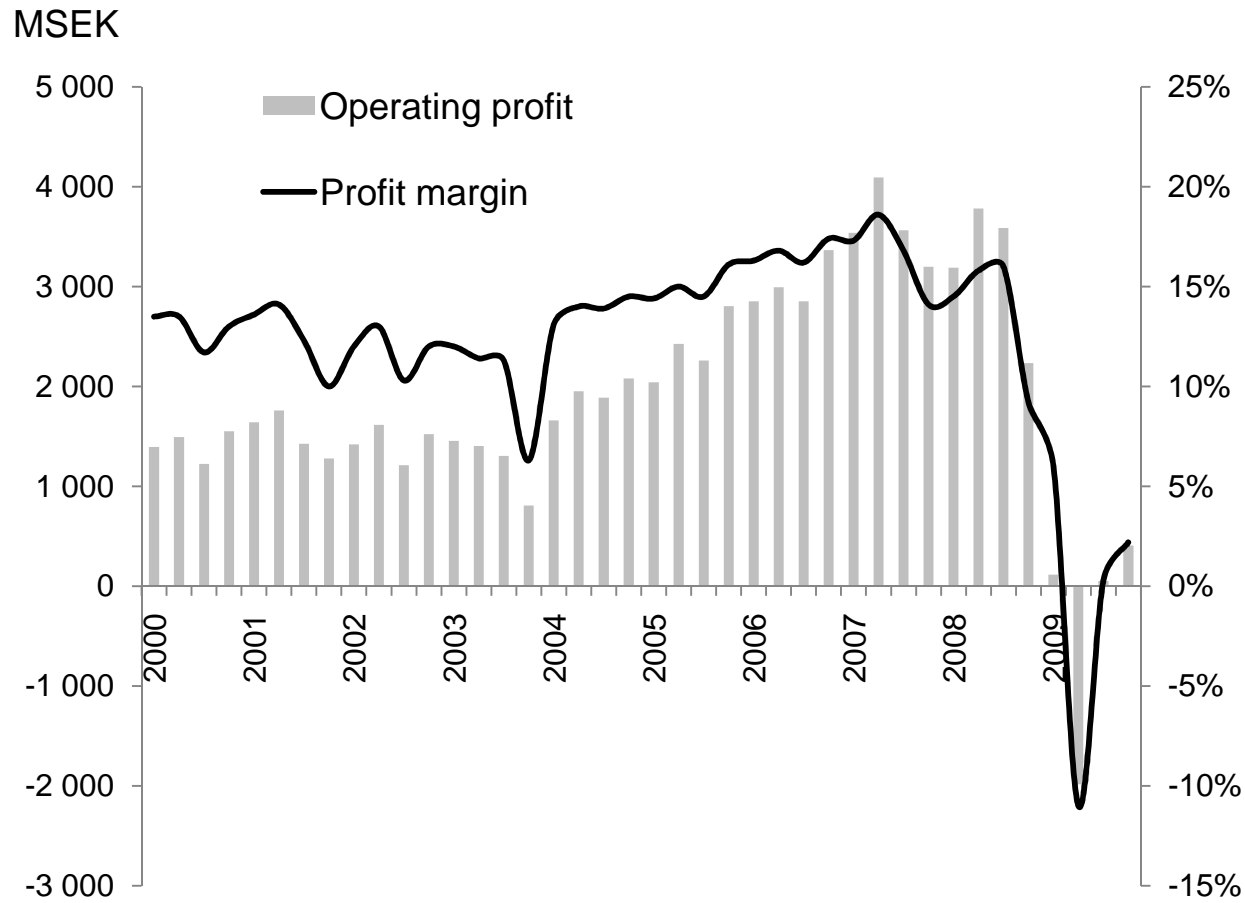
Invoicing



● Invoicing 18,211 MSEK

● Organic invoicing change year-on-year -26%

Operating profit



● Operating profit 408 MSEK

● Profit margin 2.2%

Income statement

MSEK	Q4 2008		Q3 2009		Q4 2009	
Invoiced sales	24,171		16,578		18,211	
Cost of goods sold	-17,129		-12,473		-13,374	
Gross profit	7,042	29%	4,105	25%	4,837	27%
Admin, sales and R&D costs	-5,007		-3,951		-4,488	
Other operating income and expenses	+200		-103		59	
Operating profit	2,235	9%	51	0%	408	2%
Net financial items	-711		-574		-485	
Profit after financial items	1,524	6%	-523	-3%	-77	-0%
Profit for the period	1,154	5%	-180	-1%	-103	-1%

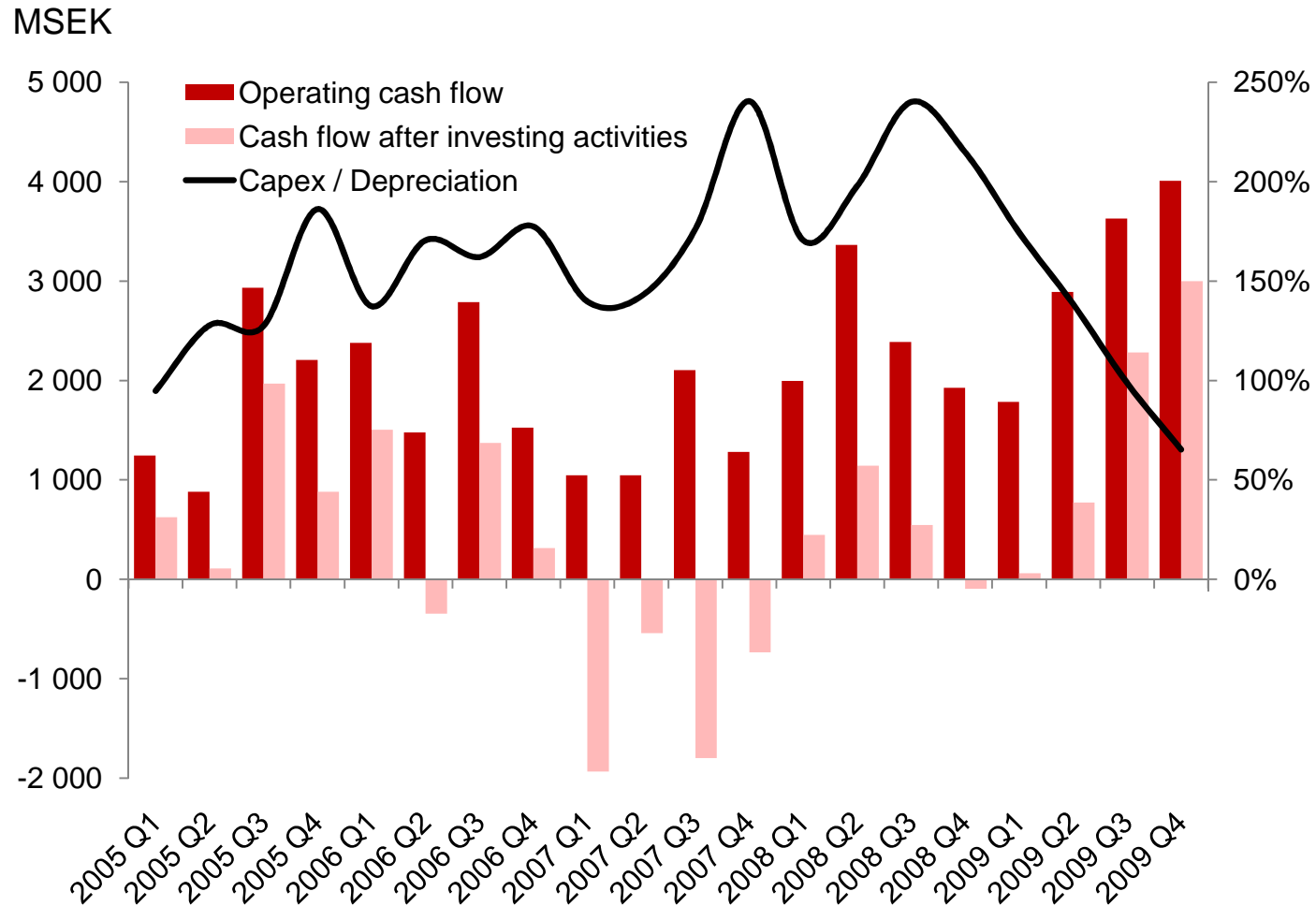
Bridge analysis

MSEK	Q4 2008	Price/ volume	Currency	Structure, one-offs	Q4 2009
Sandvik Tooling					
Invoiced sales	6,359	-1,500	-125	+200	4,960
Operating profit	817	-700	-110	-100	-84
Profit margin	13%	-47%	-	-	-2%
Sandvik Mining and Construction					
Invoiced sales	11,038	-3,500	+500	0	8,042
Operating profit	1,105	-750	+125	-75	411
Profit margin	10%	-21%	-	-	5%
Sandvik Materials Technology					
Invoiced sales	5,146	-900	-50	-230	3,976
Operating profit	65	-200	-30	+300	136
Profit margin	1%	-22%	-	-	3%

Cash flow

MSEK	Q4 2008	Q3 2009	Q4 2009
Profit after financial items	+1,524	-523	-77
Depreciations, tax etc	+754	+828	+1,669
Cash flow from operations before NWC	+2,278	+305	+1,592
Change in inventories	+715	+2,254	+2,103
Change in receivables and liabilities	-1,068	+1,071	+313
Cash flow from operating activities	+1,925	+3,630	+4,008
Acquisitions	-19	-491	-493
Capex	-2,070	-969	-675
Other investments, net	+67	+113	+160
Cash flow after investing activities	-97	+2,283	+3,000
Net cash used in financing activities	+3,388	-66	-3,618
Cash flow for the period	-3,291	+2,217	-618
Net debt/Equity	0.9	1.1	1.0

Cash flow



● Cash flow from operating activities 4,008 MSEK

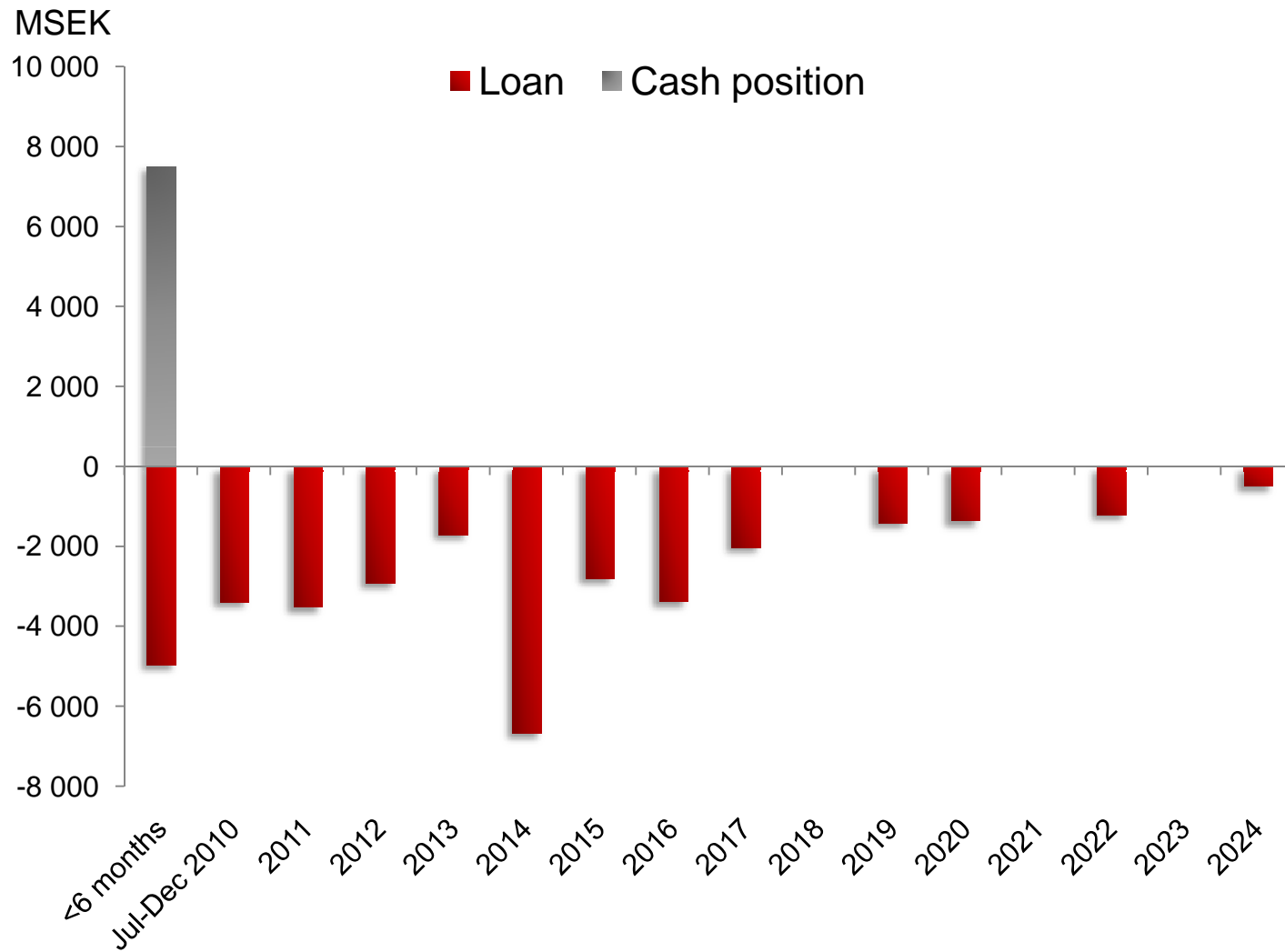
Balance sheet

MSEK	Q4 2008	Q3 2009	Q4 2009	vs Q4 2008
Intangible fixed assets	12,472	13,882	14,137	+13%
Tangible fixed assets	26,123	26,713	26,519	+2%
Financial fixed assets	4,352	5,592	5,698	+31%
Inventories	28,614	21,539	19,842	-31%
Receivables	26,668	18,882	17,873	-33%
Cash and cash equivalents	4,998	8,040	7,506	+50%
Total assets	103,227	94,648	91,575	-11%
Total equity	36,725	29,472	29,957	-18%
Interest-bearing liabilities	39,863	42,750	39,381	-1%
Non-interest-bearing liabilities	26,639	22,426	22,237	-17%
Total equity and liabilities	103,227	94,648	91,575	-11%

Loan and duration profile

		Amount MSEK	Average duration
Long term	79%		
US Private Placement		6,300	10 years
Fin institutions, EIB, NIB		3,200	5 years
Swedish MTN		11,000	5 years
European MTN		6,200	4 years
Bank loans		2,500	2 years
Short term	21%		
Commercial paper		1,800	3 months
Swedish MTN		3,100	5 months
Bank loans		2,600	6 months
Total		36,700	4 years
Revolving Credit Facility		15,500	4 years

Loan maturity profile



Financial key figures

	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009
Cash flow from operations, MSEK	1,925	1,784	2,890	3,630	4,008
Capex, MSEK	2,070	1,682	1,298	969	675
ROCE, 12 months	19.9%	14.6%	6.2%	1.3%	-1.3%
ROE, 12 months	24.8%	16.7%	3.3%	-4.0%	-7.9%
Net debt/equity ratio	0.9	0.9	1.2	1.1	1.0
EPS, SEK 12 months	6.30	4.44	0.79	-1.20	-2.24

Other key figures

MSEK	Q1 2009	Q2 2009	Q3 2009	Q4 2009	FY 2009
EBIT impact of low sales and production levels	3,000	5,000	5,000	3,000	16,000
Cost savings	900	1,300	1,800	2,000	6,000
One-off costs	160	1,400	350	675	2,585
No of plant closures	5	10	0	3	18
Personnel reduction	2,268	1,582	1,492	605	5,947
Metal price effects	-426	-360	+170	+75	-541
Currency effects	+350	+30	-270	-125	-15

Guidance 2010

Metal price effects

Given currency rates, stock levels and metal prices at year end, the estimated effect on EBIT is marginal for H1 2010.

Net financial items

The estimate is -450 MSEK for Q1 and -1,800 MSEK for 2010.

Currency effects

Given currency rates at quarter end, the effect is estimated to about -100 MSEK for Q1.

Capex

Capex is estimated to be less than depreciation.

Tax rate

The tax rate is estimated to 25-27% for 2010.

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.”