

Sandvik Q1



**Interim results
4 May 2010**



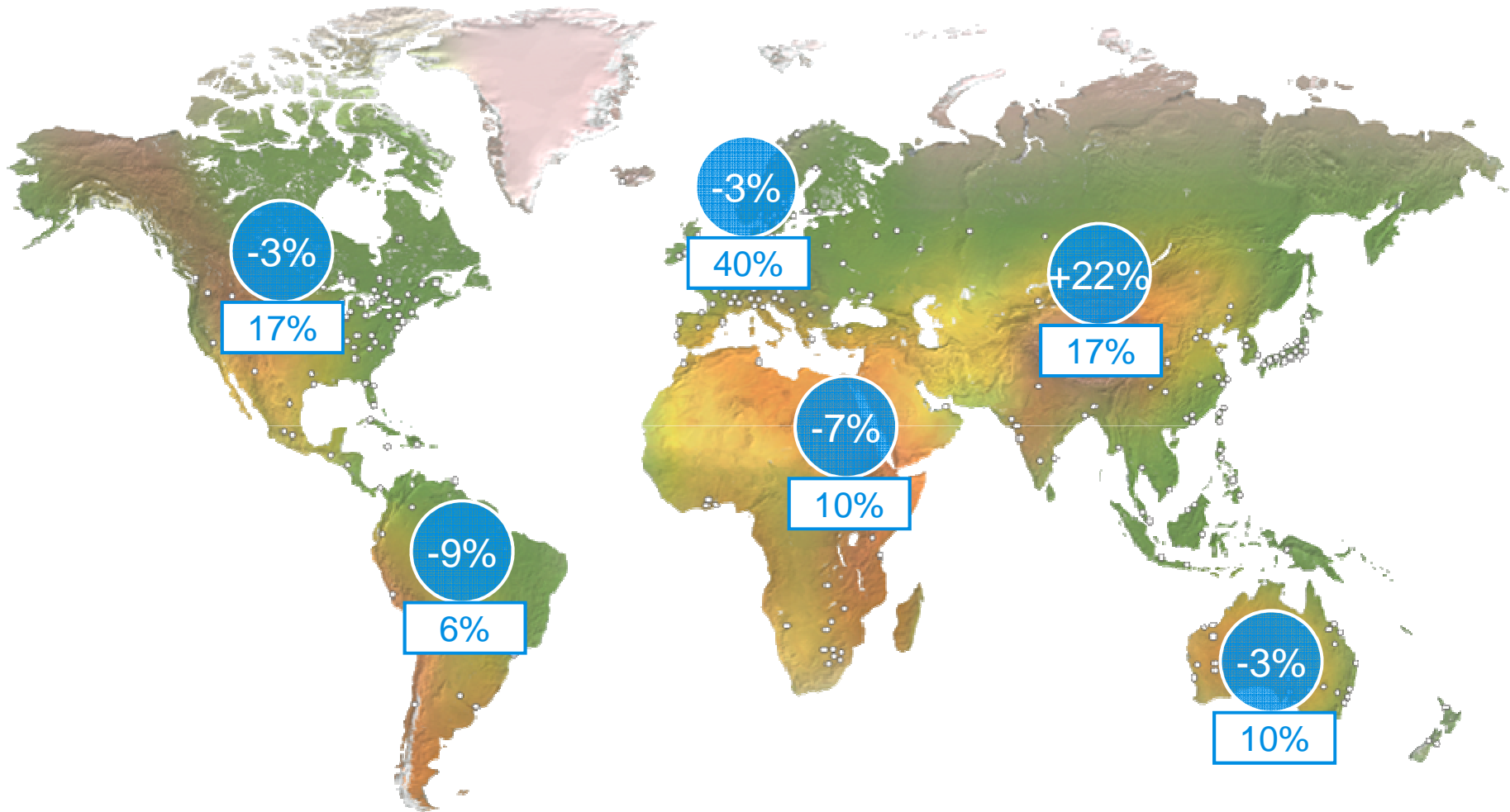
Quarterly highlights


- Recovery continued
 - ✓ Demand improved for all Business Areas

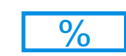
- Operating profit, 1,897 MSEK, 10.2%
 - ✓ Increased invoicing for Sandvik Tooling
 - ✓ Increased production rates
 - ✓ Cost control

- Cash flow 2,287 MSEK
 - ✓ Contribution from increased profit
 - ✓ Increased capital efficiency
 - ✓ Investment level well below depreciation

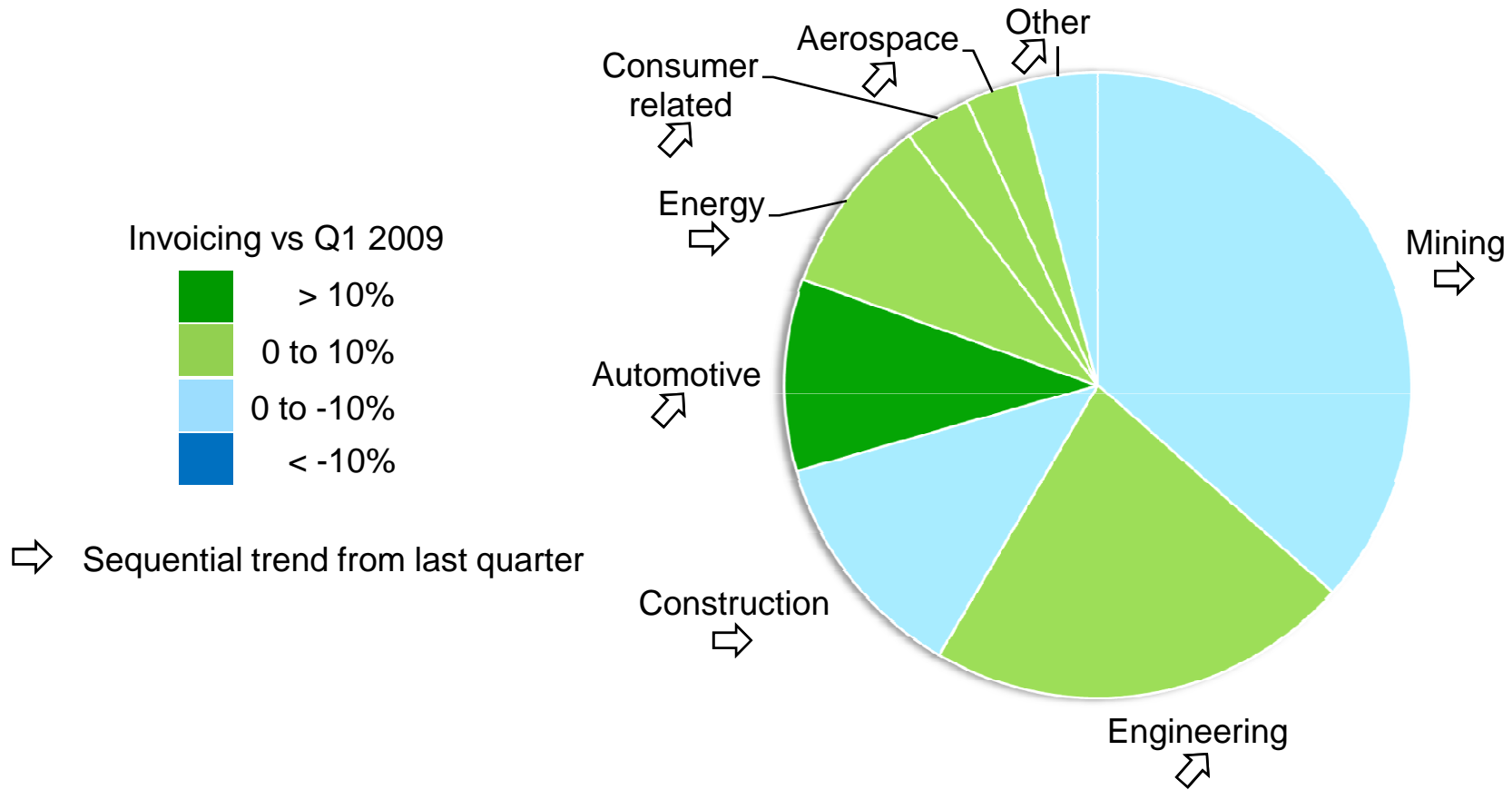
Markets



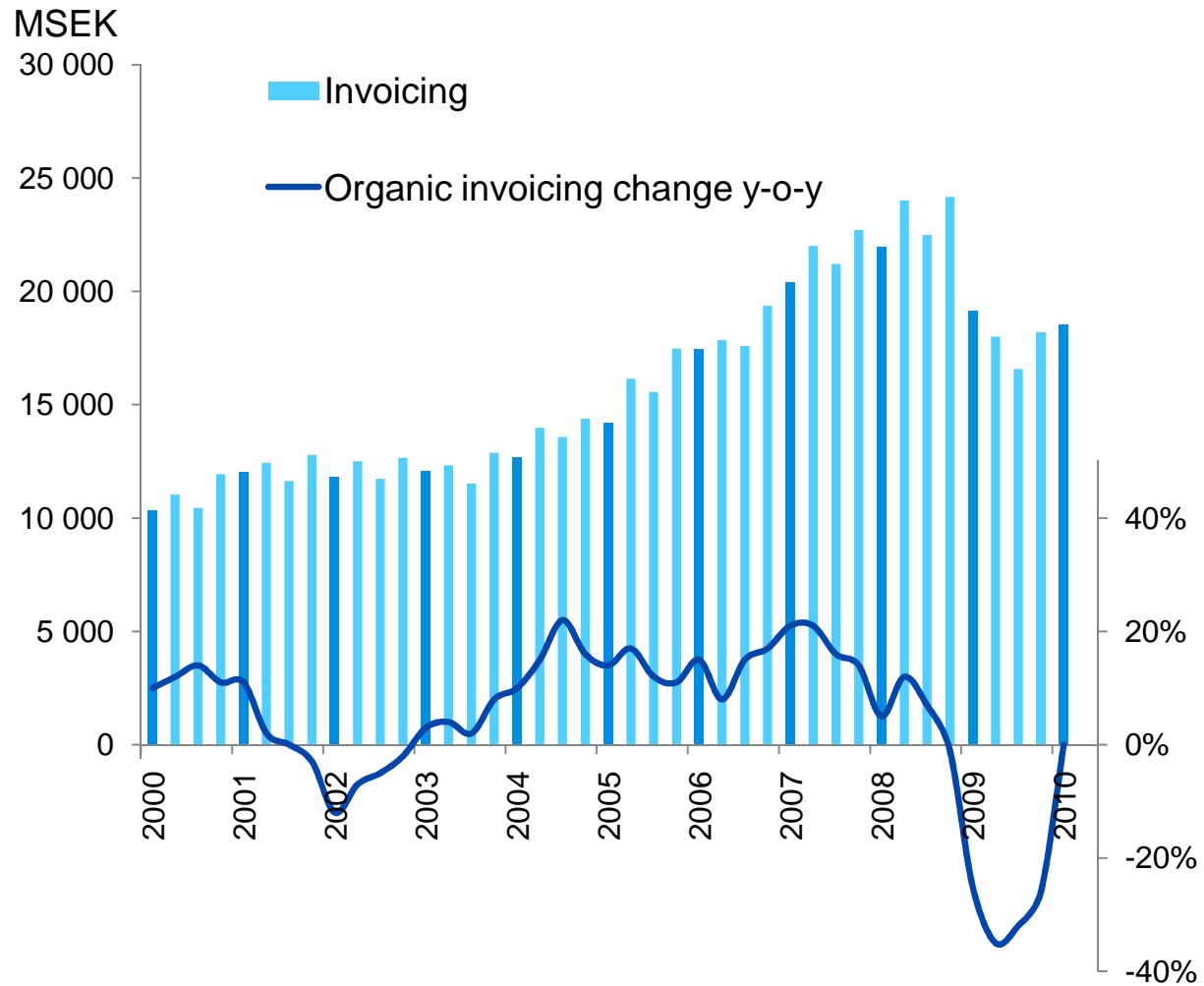
 Invoicing (p/v) Q1 2010, change compared with Q1 2009

 Share of Group total

Customer segments



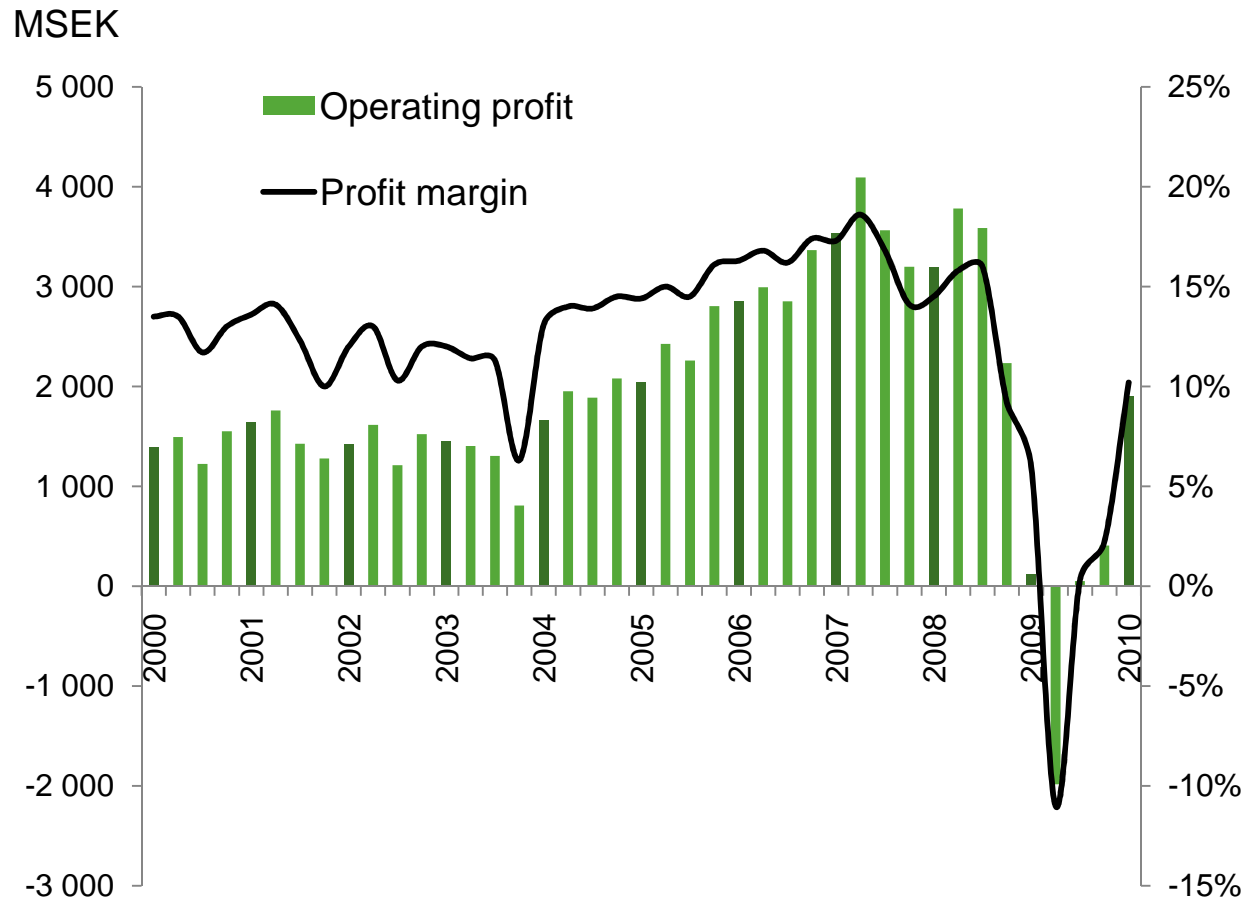
Invoicing



● Invoicing 18,534 MSEK

● Organic invoicing change year-on-year 0%

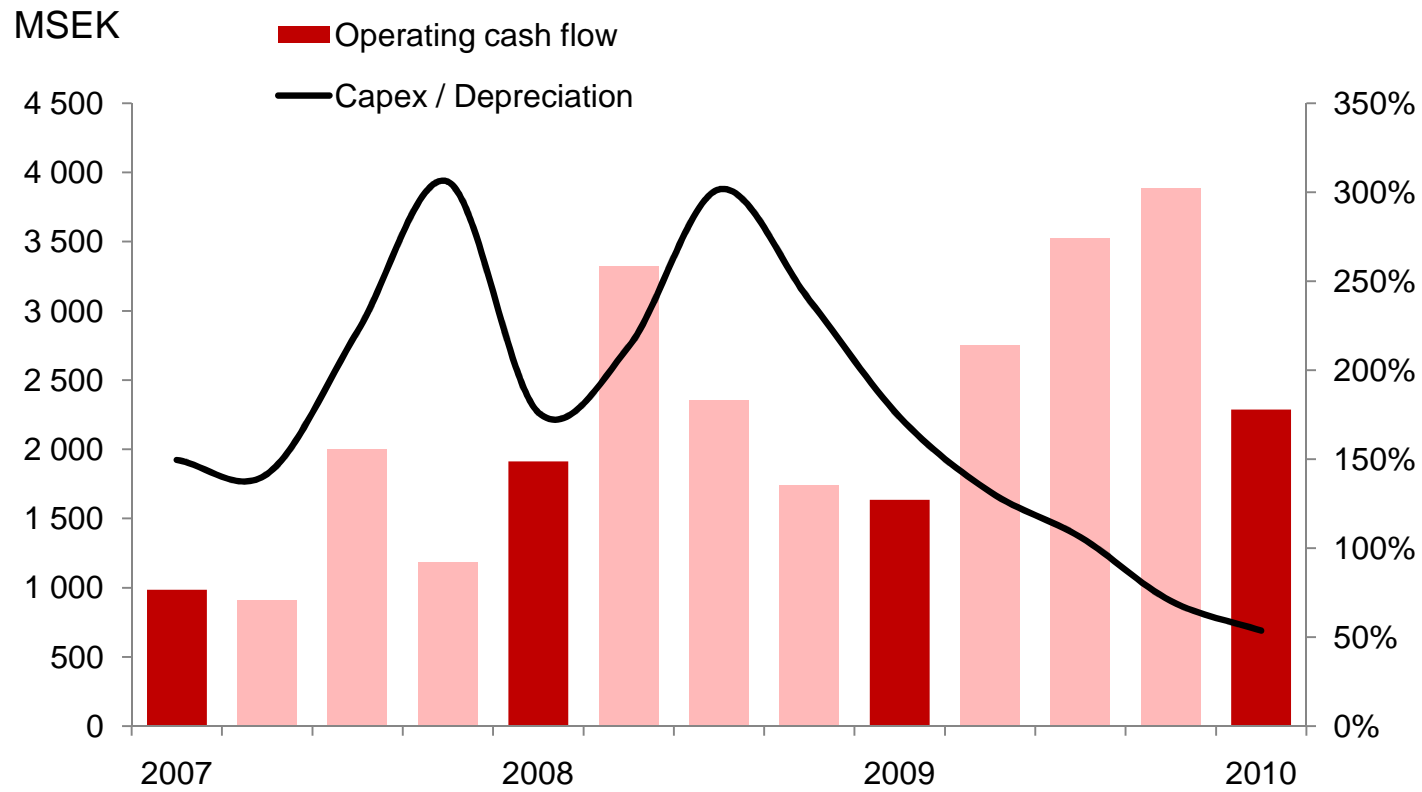
Operating profit



● Operating profit 1,897 MSEK

● Profit margin 10.2%

Cash flow



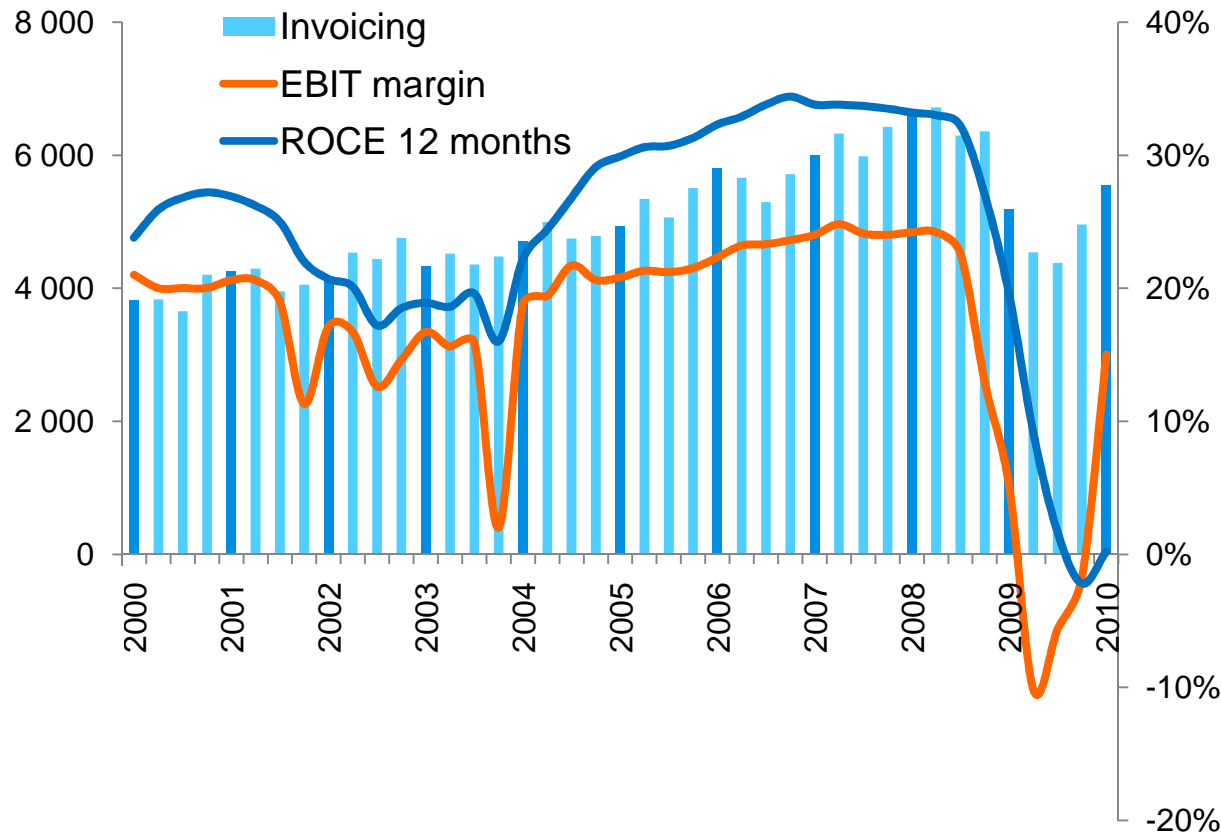
● Cash flow from operating activities 2,287 MSEK

Sandvik Tooling

- Improved demand
 - ✓ Increased industrial production
 - ✓ Asia, North and South America stronger than rest
- Positive price effect
- Increased production rates
 - ✓ Equal to level of invoicing at quarter end
- Operating profit, 834 MSEK, 15.0%
- Strong cash-flow
 - ✓ Inventory reduction of 200 MSEK in volume
- Successful integration of Wolfram



Sandvik Tooling



Q1 2010

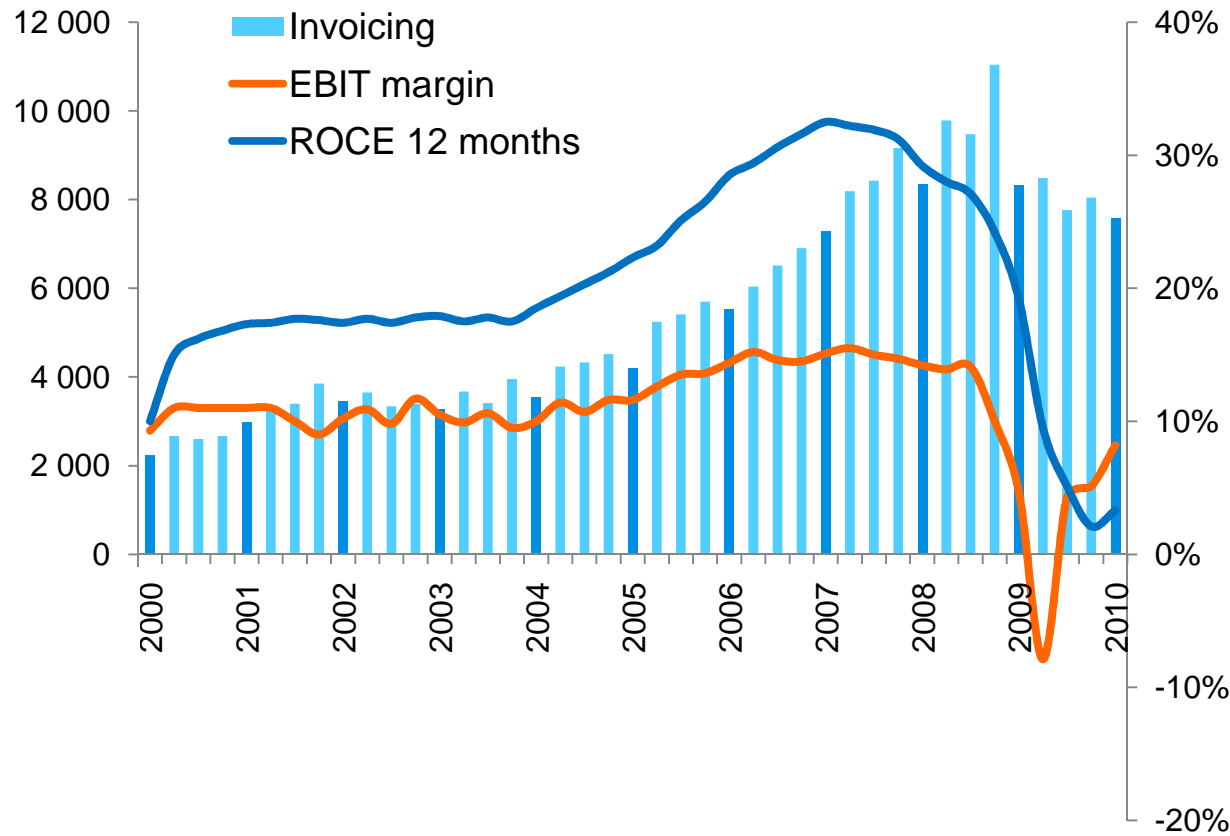
- Order intake 5,899 MSEK
- Invoicing 5,551 MSEK
- EBIT 834 MSEK

Sandvik Mining and Construction

- Increased activity in several segments
 - ✓ Strong order intake from the project business
 - ✓ Increased tenders and offers
 - ✓ Improved aftermarket demand
- Invoicing still on a low level
- Positive price effect
- Increased production rates
 - ✓ Still below level of invoicing
- Operating profit, 623 MSEK, 8.2%
- Strong cash flow
 - ✓ NWC reduction of 800 MSEK in volume



Sandvik Mining and Construction



Q1 2010

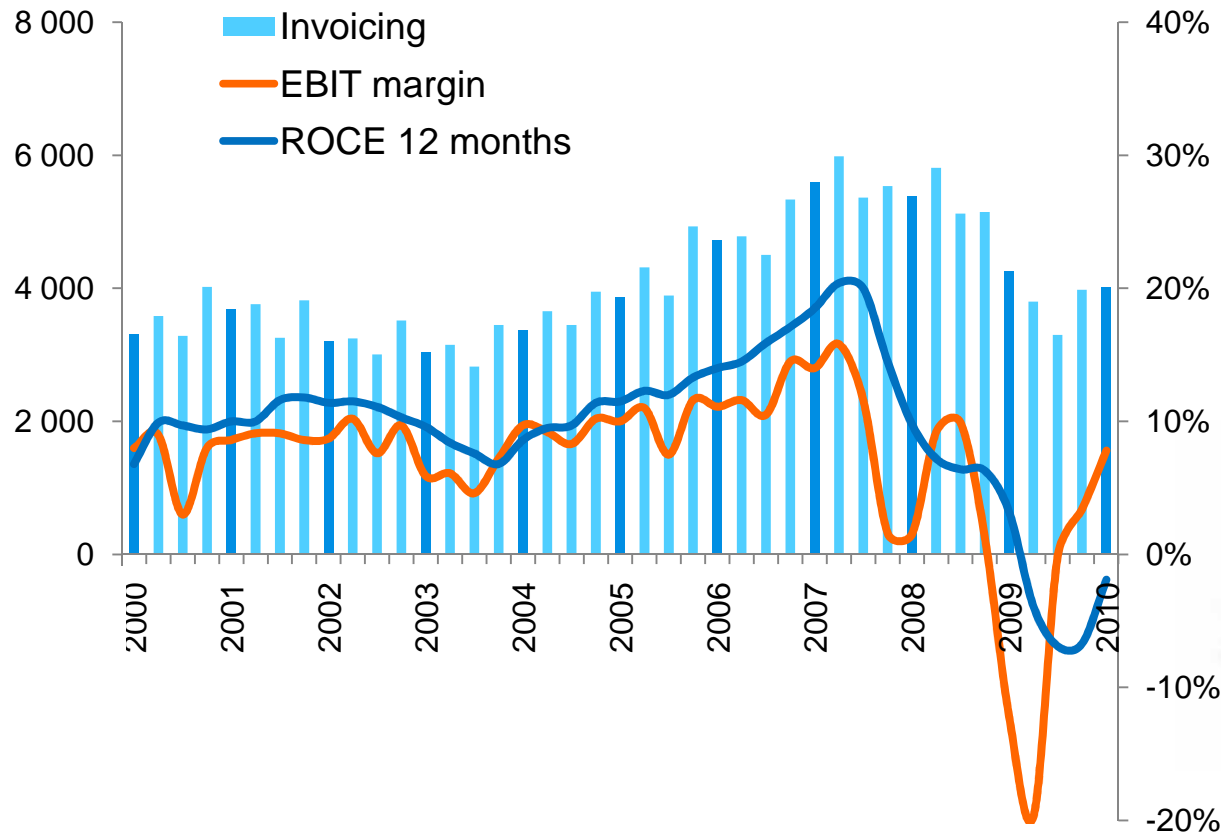
- Order intake 9,906 MSEK
- Invoicing 7,588 MSEK
- EBIT 623 MSEK

Sandvik Materials Technology

- Improved demand
 - ✓ Mixed on segment level
- 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
 - ✓ Project order 700 MSEK for umbilicals to be delivered H2 2010
- Positive base price effect
- Increased production rates
 - ✓ Below level of invoicing for full quarter
 - ✓ Equal to level of invoicing at quarter end
- Operating profit, 312 MSEK, 7.8%
 - ✓ Metal price effect in the quarter +34 MSEK
- Favorable product mix



Sandvik Materials Technology



Q1 2010

- Order intake 5,041 MSEK
- Invoicing 4,019 MSEK
- EBIT 312 MSEK

Quarterly financials

MSEK	Q1 2009	Q1 2010	VS Q1 2009
Order intake	17,754	22,270	30%*
Invoicing	19,136	18,534	0%*
EBIT	115	1,897	-
EBIT margin	0.6%	10.2%	-
Operating cash flow	1,635	2,287	+40%
Cash flow after investing activities	62	1,594	-

* Change in price/volume

Bridge analysis

MSEK	Q1 2009	Price/ volume	Currency	Structure, one-offs*	Q1 2010
Sandvik Group					
Invoiced sales	19,136	-100	-850	+350	18,534
Operating profit	115	1,500	-350	+650	1,897
Profit margin	1%	N/A	-	-	10%

* Includes metal price effects

Summary Q1

- Demand increased
- Operating profit, 1,897 MSEK, 10.2%
- Cash flow, 2,287 MSEK

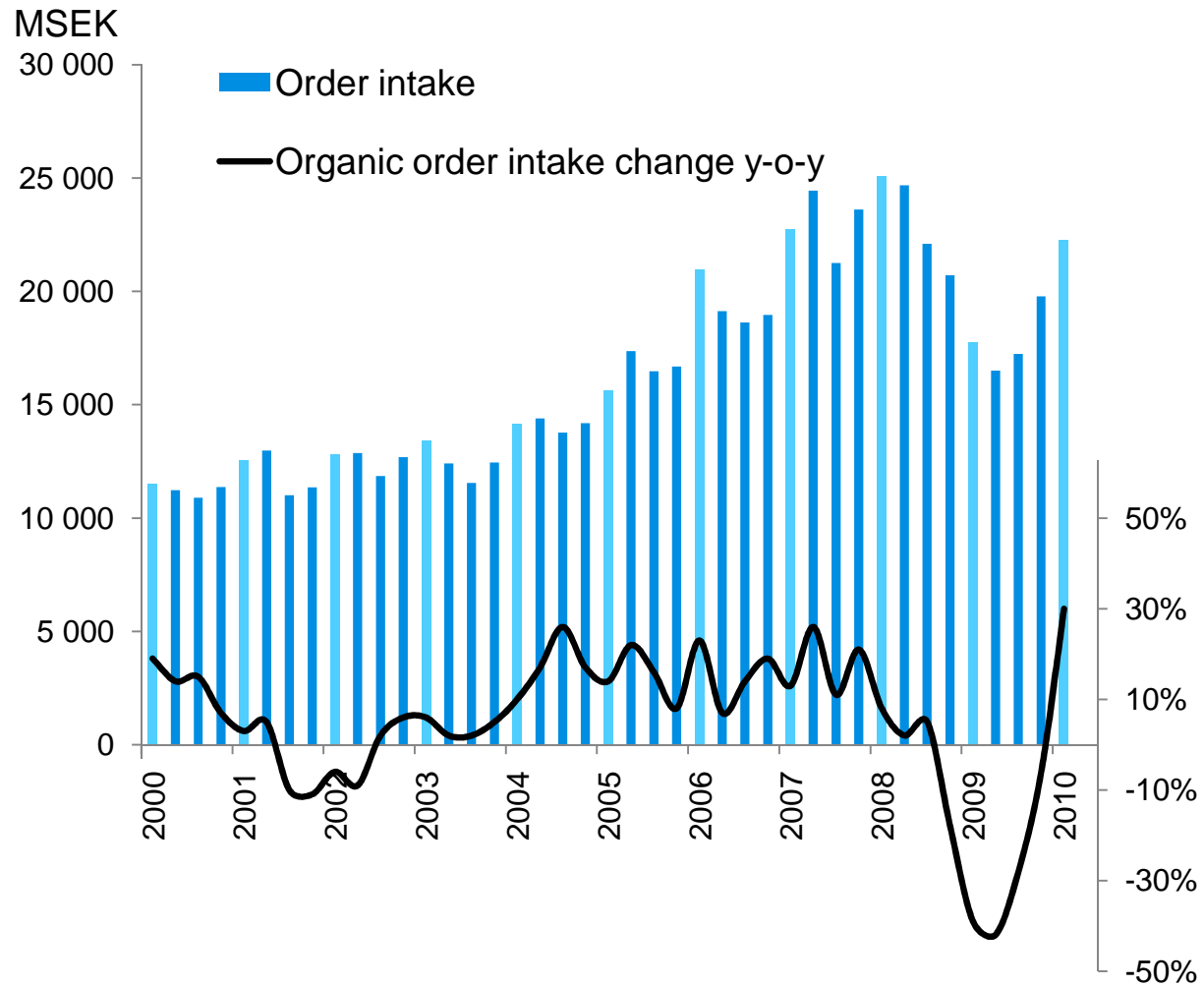
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Q&A session

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Back-up slides

Order intake



● Order intake 22,270 MSEK

● Organic order intake change year-on-year 30%

Income statement

MSEK	Q1 2009		Q4 2009		Q1 2010	
Invoiced sales	19,136		18,211		18,534	
Cost of goods sold	-14,166		-13,374		-12,270	
Gross profit	4,970	26%	4,837	27%	6,264	34%
Admin, sales and R&D costs	-4,712		-4,488		-4,340	
Other operating income and expenses	-143		59		-27	
Operating profit	115	1%	408	2%	1,897	10%
Net financial items	-544		-485		-395	
Profit after financial items	-429	-2%	-77	-0%	1,502	8%
Profit for the period	-299	-2%	-103	-1%	1,122	6%

Bridge analysis

MSEK	Q1 2009	Price/ volume	Currency	Structure, one-offs	Q1 2010
Sandvik Tooling					
Invoiced sales	5,193	+550	-450	+250	5,551
Operating profit	267	+700	-200	+50	834
Profit margin	5%	127%	-	-	15%
Sandvik Mining and Construction					
Invoiced sales	8,330	-650	-100	0	7,588
Operating profit	392	+300	0	-50	623
Profit margin	5%	N/A	-	-	8%
Sandvik Materials Technology					
Invoiced sales	4,255	-150	-200	+100	4,019
Operating profit	-521	+400	-100	+550	312
Profit margin	-12%	N/A	-	-	8%

Cash flow

MSEK	Q1 2009	Q4 2009	Q1 2010
Profit after financial items	-429	-77	1,502
Depreciations, tax etc	+354	+1,669	+630
Cash flow from operations before NWC	-75	+1,592	+2,132
Change in inventories	+1,639	+2,103	+218
Change in receivables and liabilities	+220	+313	-67
Change in rental fleet*	-149	-125	4
Cash flow from operating activities	+1,635	+3,883	+2,287
Acquisitions	-64	-493	-237
Capex	-1,483	-630	-515
Other investments, net	-26	+140	+59
Cash flow after investing activities	+62	+3,000	+1,594
Net cash used in financing activities	+3,890	-3,618	-4,367
Cash flow for the period	-3,952	-618	-2,773
Net debt/Equity	0.9	1.0	1.0

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

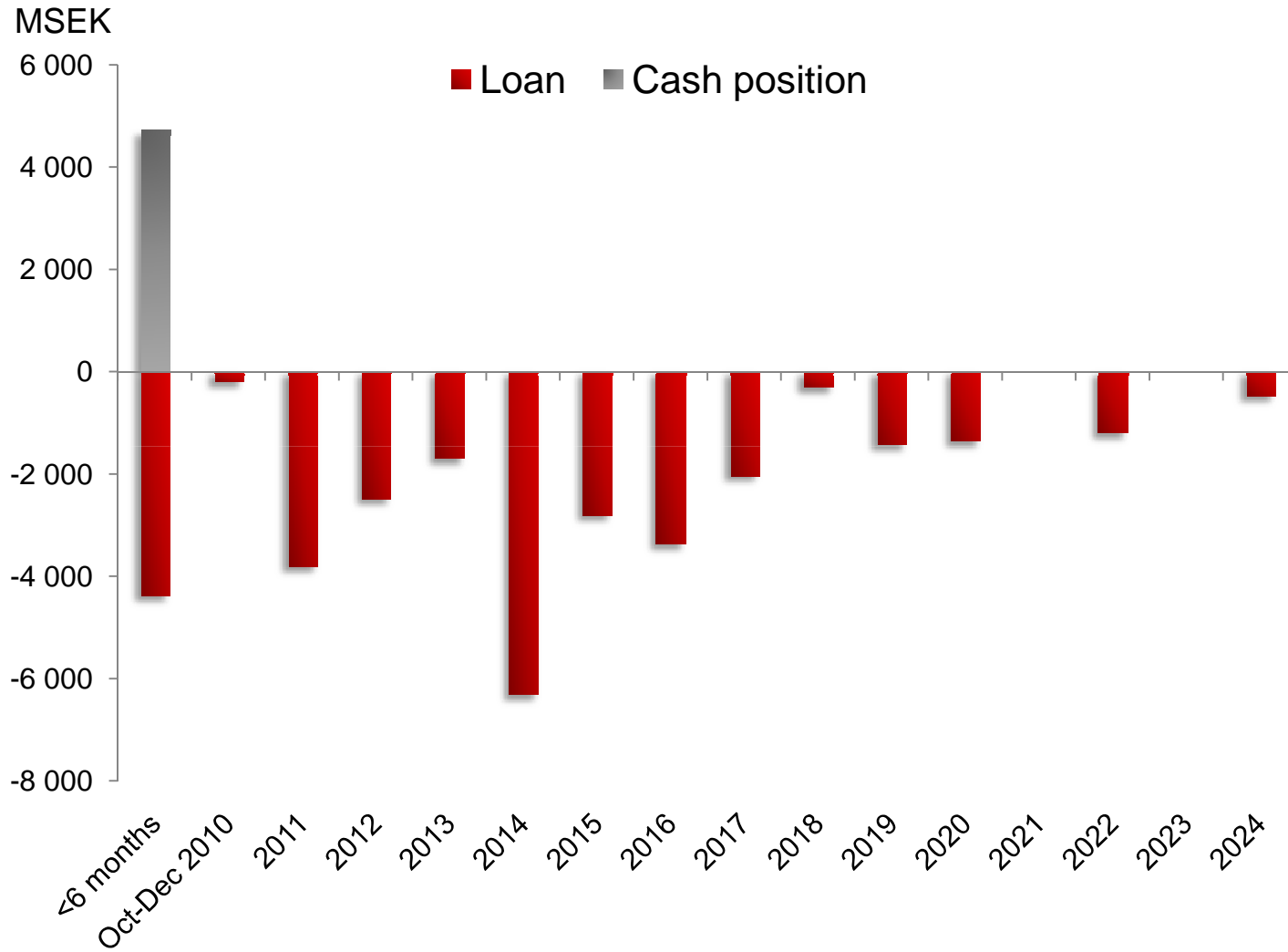
Balance sheet

MSEK	Q1 2009	Q4 2009	Q1 2010	vs Q1 2009
Intangible fixed assets	12,952	14,137	13,721	+6%
Tangible fixed assets	27,215	26,519	25,713	-6%
Financial fixed assets	4,989	5,698	6,044	+21%
Inventories	27,783	19,842	19,401	-30%
Receivables	23,377	17,873	18,975	-19%
Cash and cash equivalents	9,083	7,506	4,718	-48%
Total assets	105,399	91,575	88,572	-16%
Total equity	37,317	29,957	30,374	-19%
Interest-bearing liabilities	42,772	39,381	35,303	-17%
Non-interest-bearing liabilities	25,310	22,237	22,895	-10%
Total equity and liabilities	105,399	91,575	88,572	-16%

Loan and duration profile

		Amount MSEK	Average duration
Long term	86%		
US Private Placement		6,300	10 years
Fin institutions, EIB, NIB		3,200	5 years
Swedish MTN		10,600	5 years
European MTN		5,800	4 years
Bank loans		2,200	1 year
Short term	14%		
Commercial paper		900	2 months
Swedish MTN		1,400	5 months
Bank loans		2,200	6 months
Total		32,800	5 years
Cash position		4,700	-
Revolving Credit Facility		14,600	3 years

Loan maturity profile



Financial key figures

	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010
Cash flow from operations, MSEK	1,635	2,753	3,521	3,883	2,287
Capex, MSEK	1,483	1,120	804	630	515
ROCE, 12 months	14.6%	6.2%	1.3%	-1.3%	1.0%
ROE, 12 months	16.7%	3.3%	-4.0%	-7.9%	-3.7%
Net debt/equity ratio	0.9	1.2	1.1	1.0	1.0
EPS, SEK 12 months	4.44	0.79	-1.20	-2.24	-1.07

Guidance 2010

Metal price effects

Given currency rates, stock levels and metal prices at year end, the estimated effect on EBIT is 200 to 300 MSEK for Q2 2010.

Net financial items

The estimate is -450 MSEK for Q2 and -1.7 BSEK for 2010.

Currency effects

Given currency rates at quarter end, the effect is estimated to about -50 MSEK for Q2.

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.”