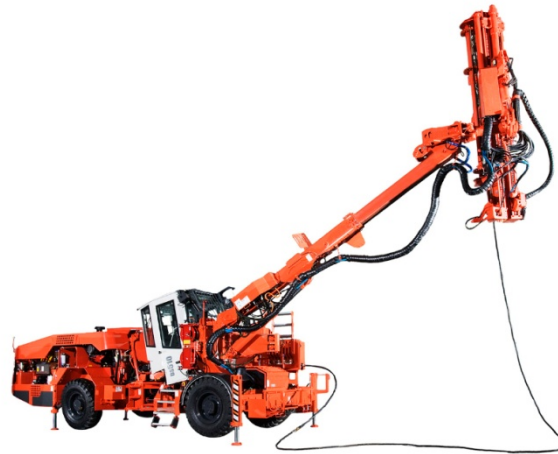


# Sandvik Q1

Interim results

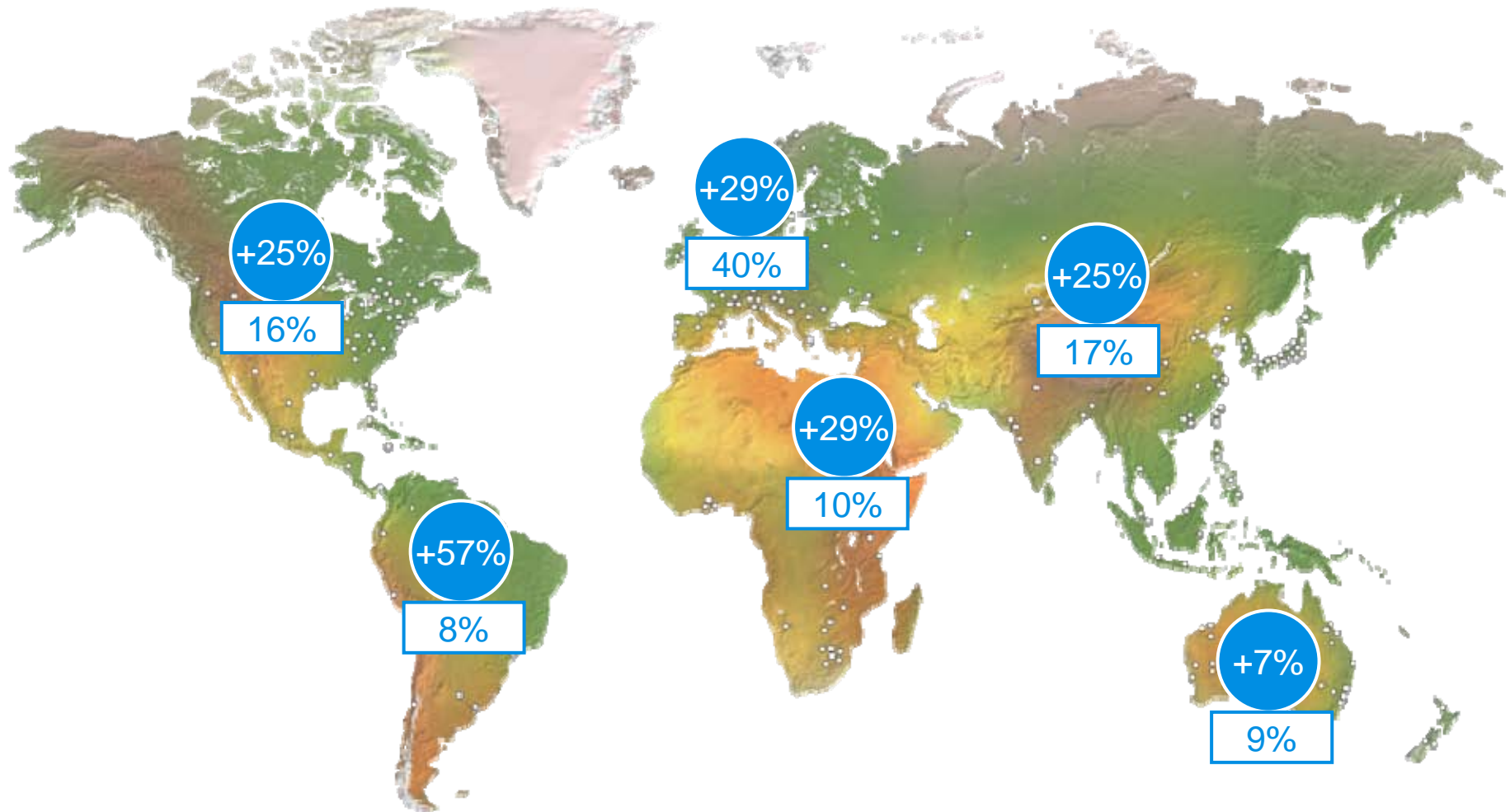
3 May 2011


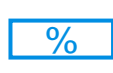


# Quarterly highlights

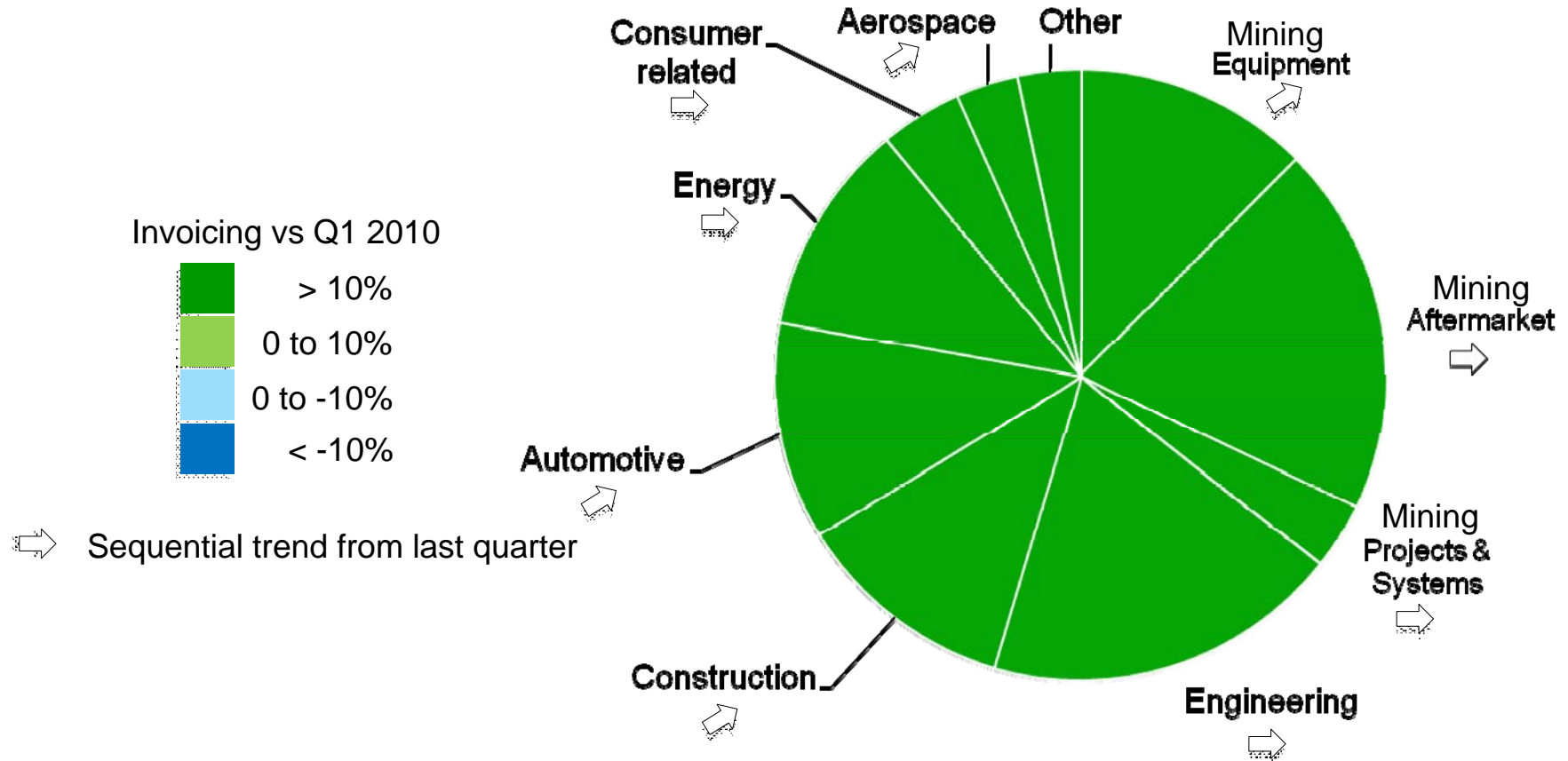
- Continued order growth, +19% y-o-y
  - ✓ Improved demand for all business areas
  - ✓ Strongest demand from Automotive, Mining and Energy
- EBIT 3,271 MSEK, 14.8%
  - ✓ Significant currency effect -450 MSEK
- Net working capital 25% of invoicing
- Return on capital employed 19.8%
- Multi-year agreement signed with Westinghouse, SEK >3 billion
- Events in April
  - ✓ New President for Sandvik Materials Technology
  - ✓ Joint venture with Shandong Energy Machinery in China
  - ✓ Project order of SEK 1.2 billion received in South America

# Invoicing by market



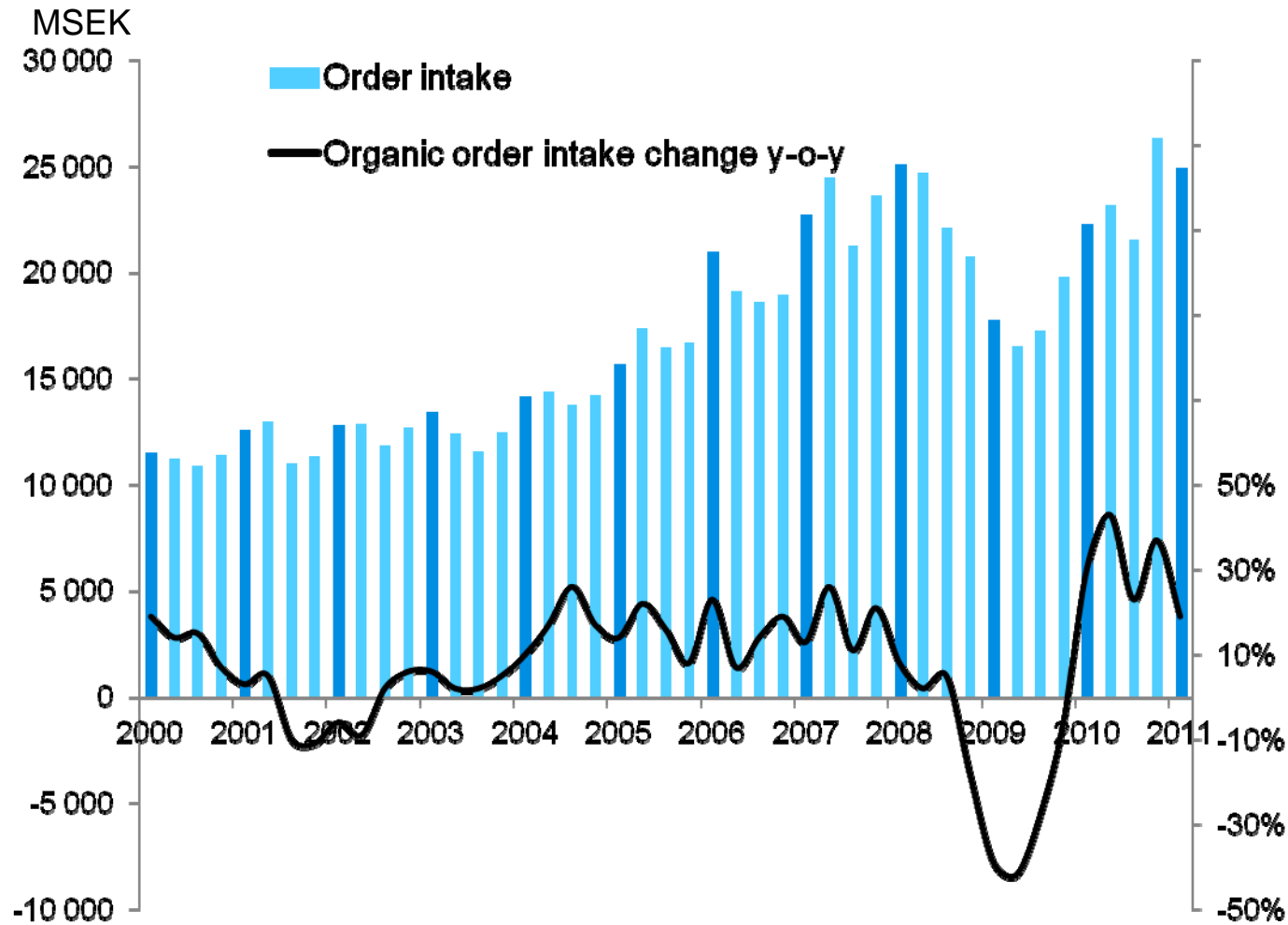
 Invoicing (p/v) Q1 2011, change compared with Q1 2010     Share of Group total

# Customer segments



Pie chart representing share of invoicing 2010

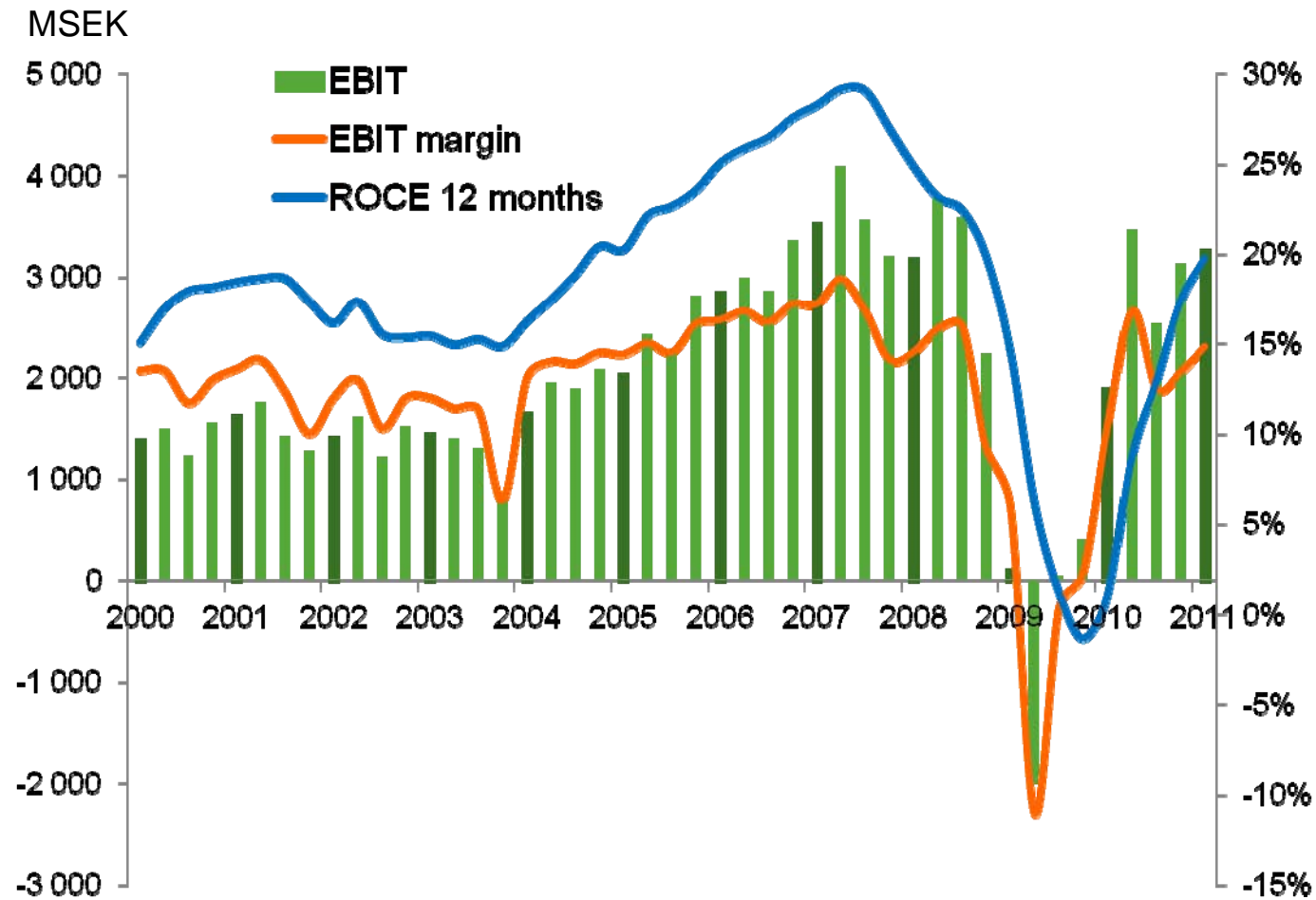
# Order intake



● Order intake 24,901 MSEK

● Change p/v +19%

# EBIT and ROCE

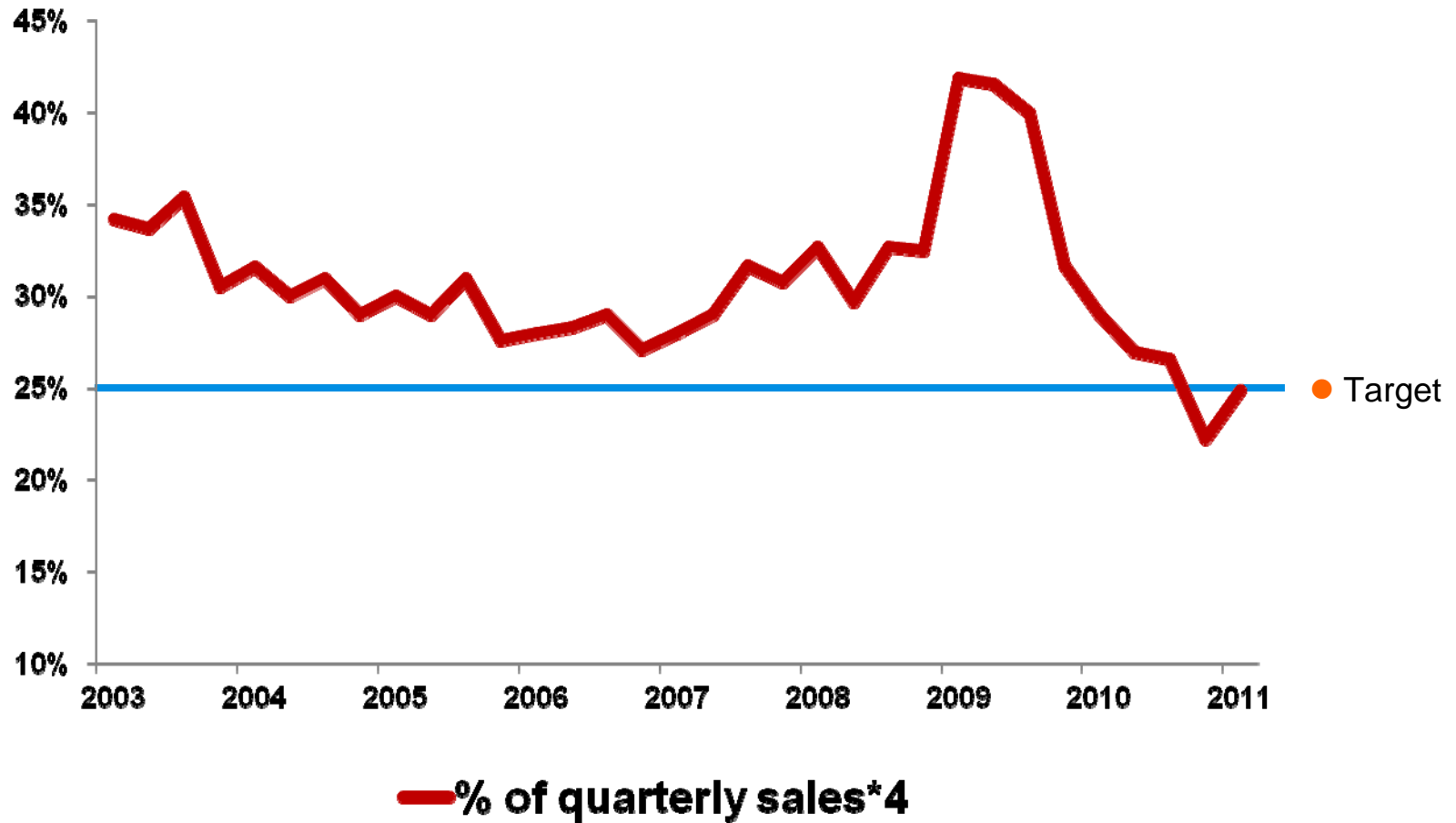


● EBIT 3,271 MSEK

● EBIT margin 14.8%

● ROCE 19.8%

# Net Working Capital



# Bridge analysis

MSEK	Q1 2010	Price/ volume/ Productivity	Currency	Structure, one-offs*	Q1 2011
<b>Sandvik Group</b>					
Invoiced sales	18,534	+4,400	-1,250	+350	22,030
EBIT	1,897	+1,820	-450	0	3,271
EBIT margin	10%	41%	-	-	15%

\* Includes metal price effects



# Sandvik Tooling

- Continued improved sequential demand in most markets
  - ✓ Improved demand in Europe, Asia and North America
  - ✓ Strong demand from Automotive, Energy and Aerospace
  - ✓ No financial effects of earthquake in Japan in Q1
- EBIT, 1,400 MSEK, 21.5%
  - ✓ Increased invoicing and production
  - ✓ Increased productivity
  - ✓ Positive price effect
  - ✓ Currency effects -250 MSEK
- Strong cash flow
- ROCE 23.1%
  - ✓ Net working capital 23% of invoicing



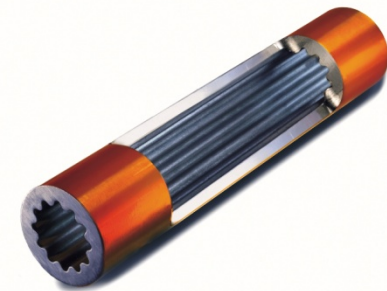
# Sandvik Mining and Construction

- Continued strong demand
  - ✓ Mining activity continued to increase
  - ✓ Construction activity increased from a low level
  - ✓ Limited financial effects from flooding in Australia
- Order intake +32% excluding major project orders
  - ✓ Project order of SEK 1.2 bn booked in April
- EBIT, 1,327 MSEK, 14.5%
  - ✓ Increased invoicing and production
  - ✓ Increased productivity
  - ✓ Currency effects -130 MSEK
- ROCE 30.4%
  - ✓ Net working capital 26% of invoicing
- JV with Shandong Energy Machinery for the Chinese coal market



# Sandvik Materials Technology

- Continued increased demand
  - ✓ Energy and Mining strongest drivers
  - ✓ Improved demand in Europe and North America
  - ✓ To date no effects on nuclear orders due to Fukushima tragedy in Japan
  - ✓ Agreement with Westinghouse for deliveries of cladding tubes world-wide
  
- EBIT, 362 MSEK, 7.9%
  - ✓ Production and quality problems within Tube
  - ✓ Currency effects -50 MSEK
  - ✓ Metal price effect +80 MSEK
  
- ROCE 9.6%
  - ✓ Net working capital 30% of invoicing
  
- New President
  - ✓ Jonas Gustavsson from Sandvik Wire & Heating Technology



# Quarterly financials

MSEK	Q1 2010	Q1 2011	VS Q1 2010
Order intake	22,270	24,901	+19%*
Invoicing	18,534	22,030	+27%*
EBIT	1,897	3,271	+72%
EBIT margin	10.2%	14.8%	-
Operating cash flow	+2,287	+1,036	-55%
Cash flow after investing activities	+1,594	-87	-

\* Change in price/volume

# Summary Q1

- Continued improved demand
- EBIT
  - ✓ Increased volumes
  - ✓ Significant negative currency effects
- Net working capital at 25% of sales
- Increased return on capital employed
- Multi-year agreement with Westinghouse
- New President for Sandvik Materials Technology

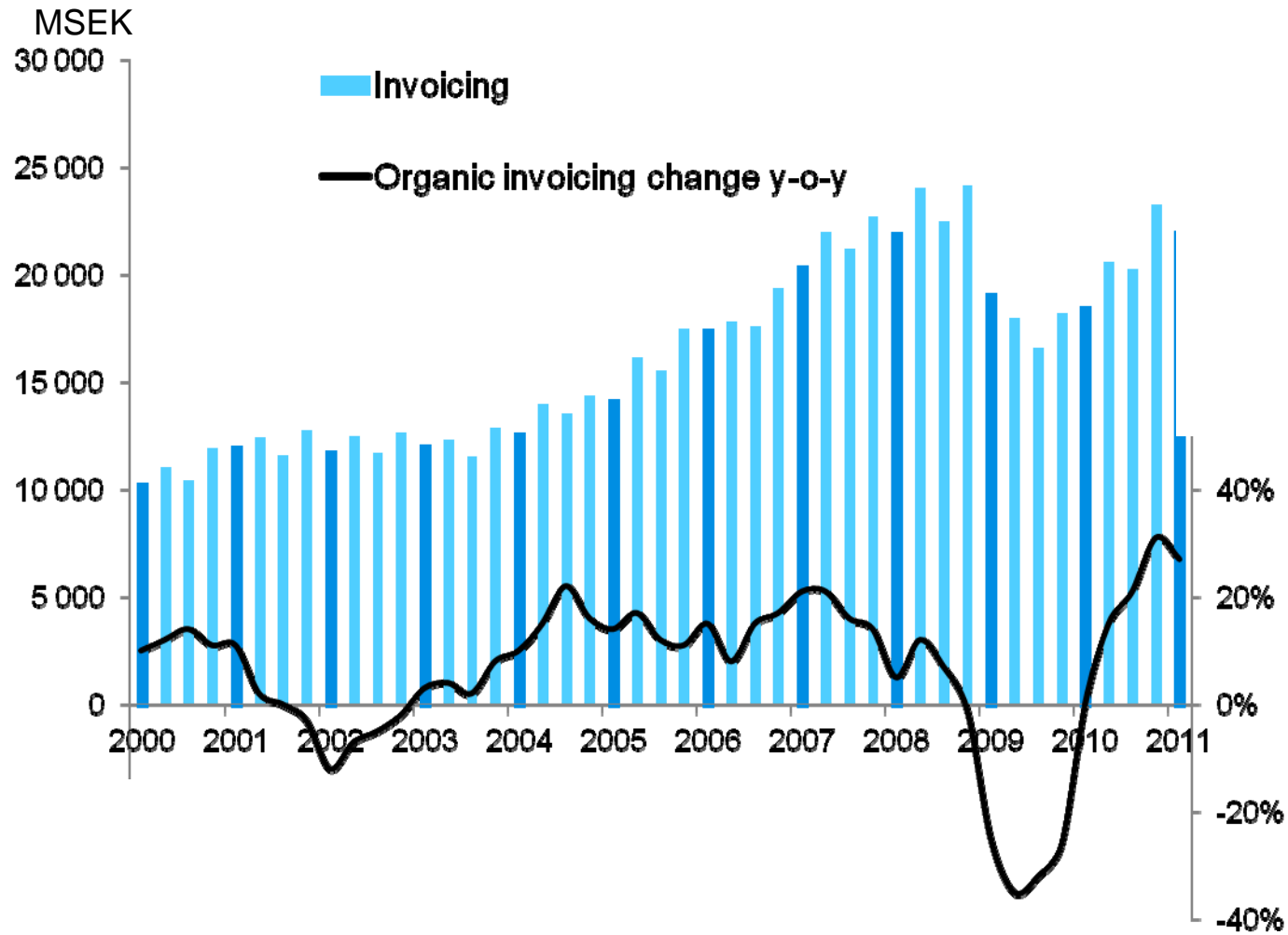
# Sandvik Q1

**Q&A session**

# Sandvik Q1

**Back-up slides**

# Invoicing

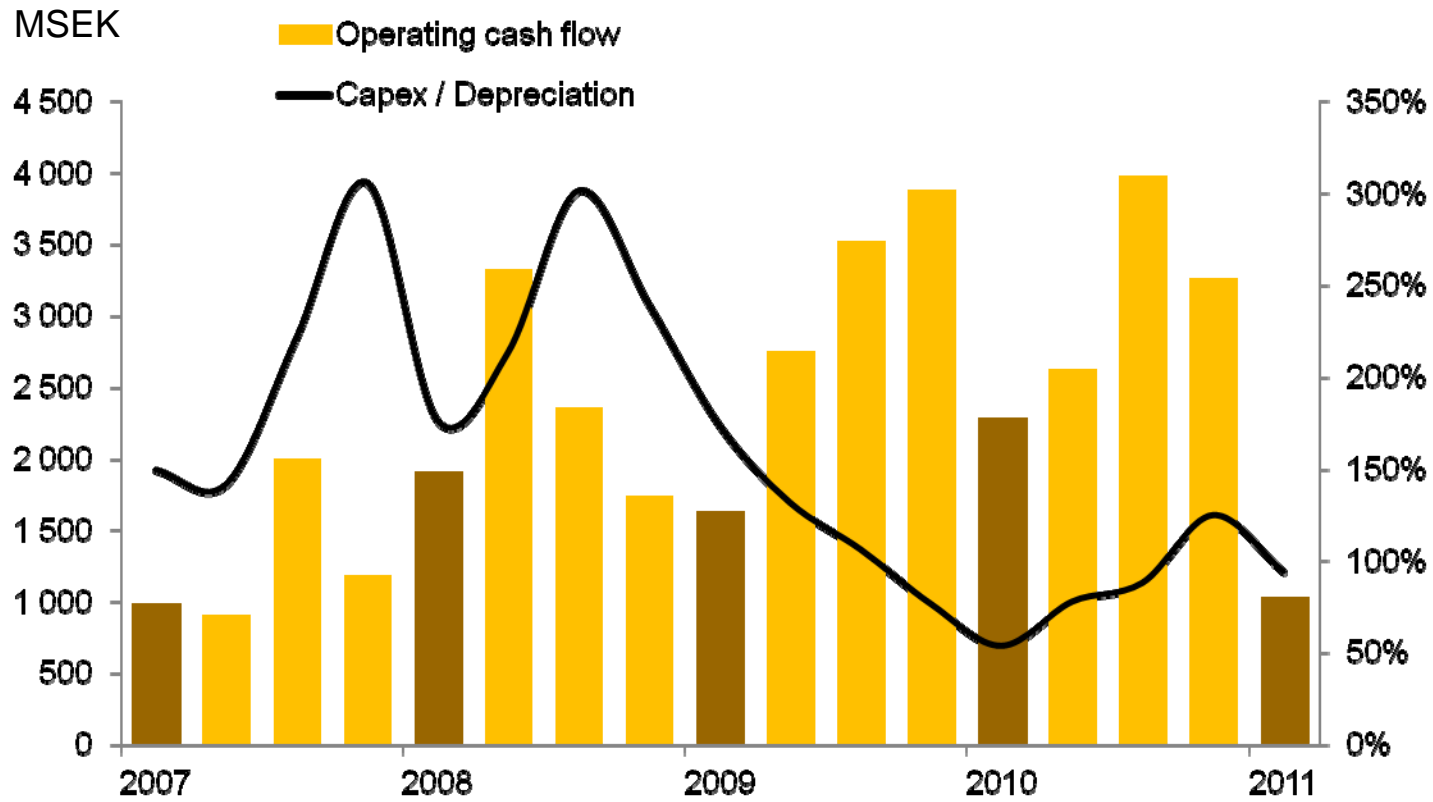


● Invoicing 22,030 MSEK

● Change p/v +27%

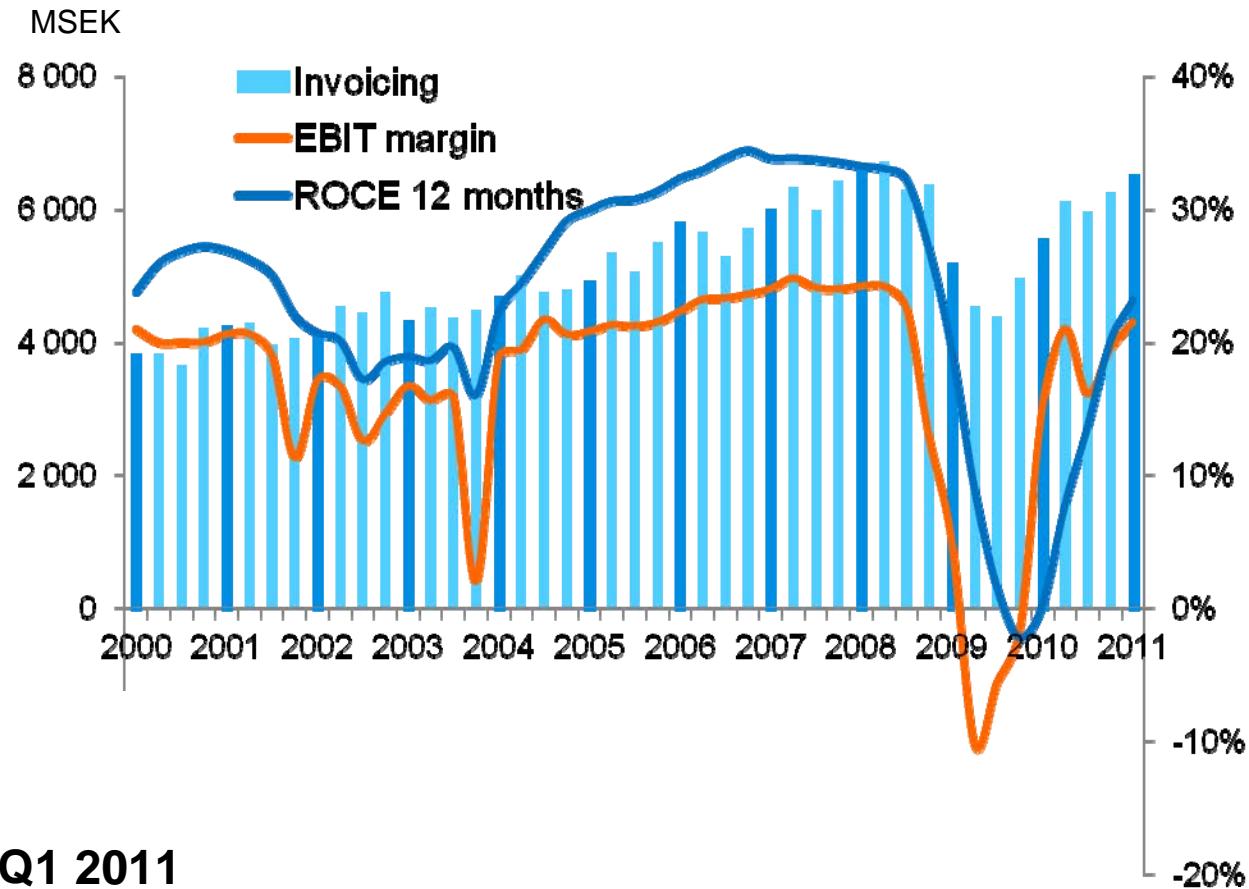


# Cash flow



● Cash flow from operating activities 1,036 MSEK

# Sandvik Tooling

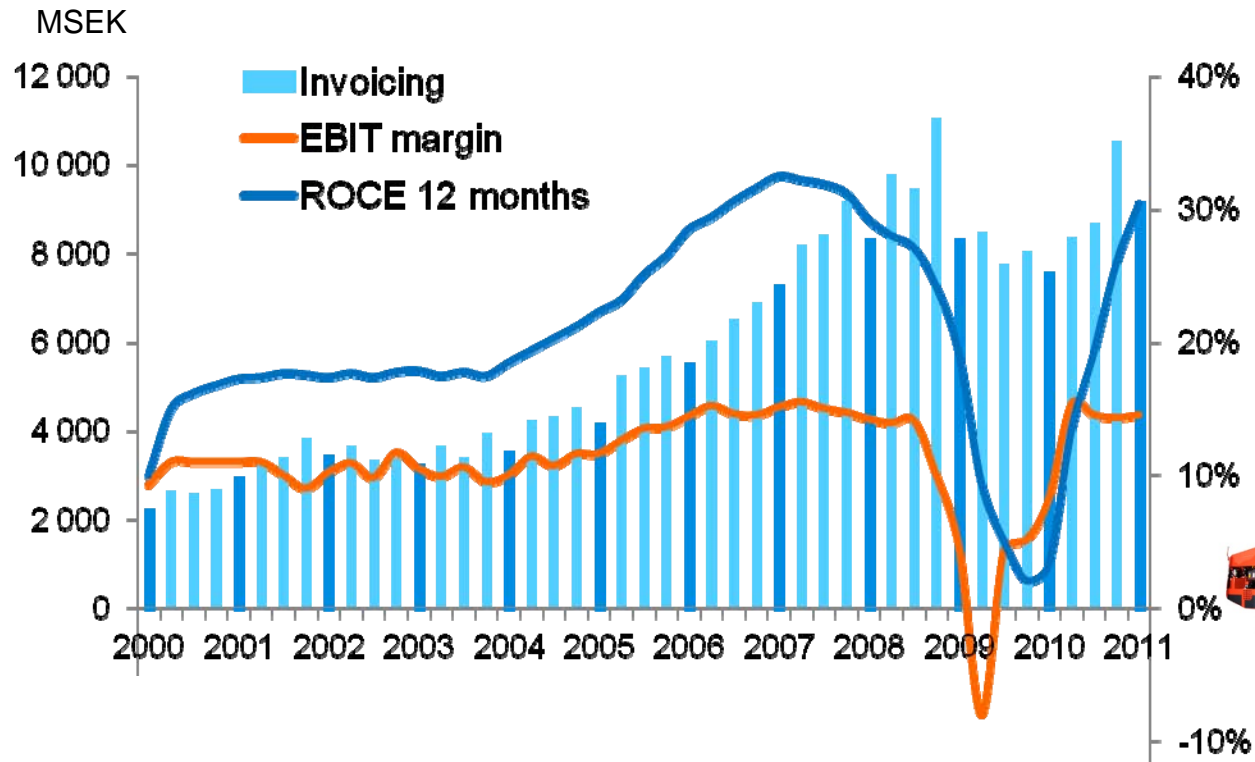


## Q1 2011

- Order intake 6,982 MSEK
- Invoicing 6,524 MSEK
- EBIT 1,400 MSEK, 21.5%
- ROCE 23.1%



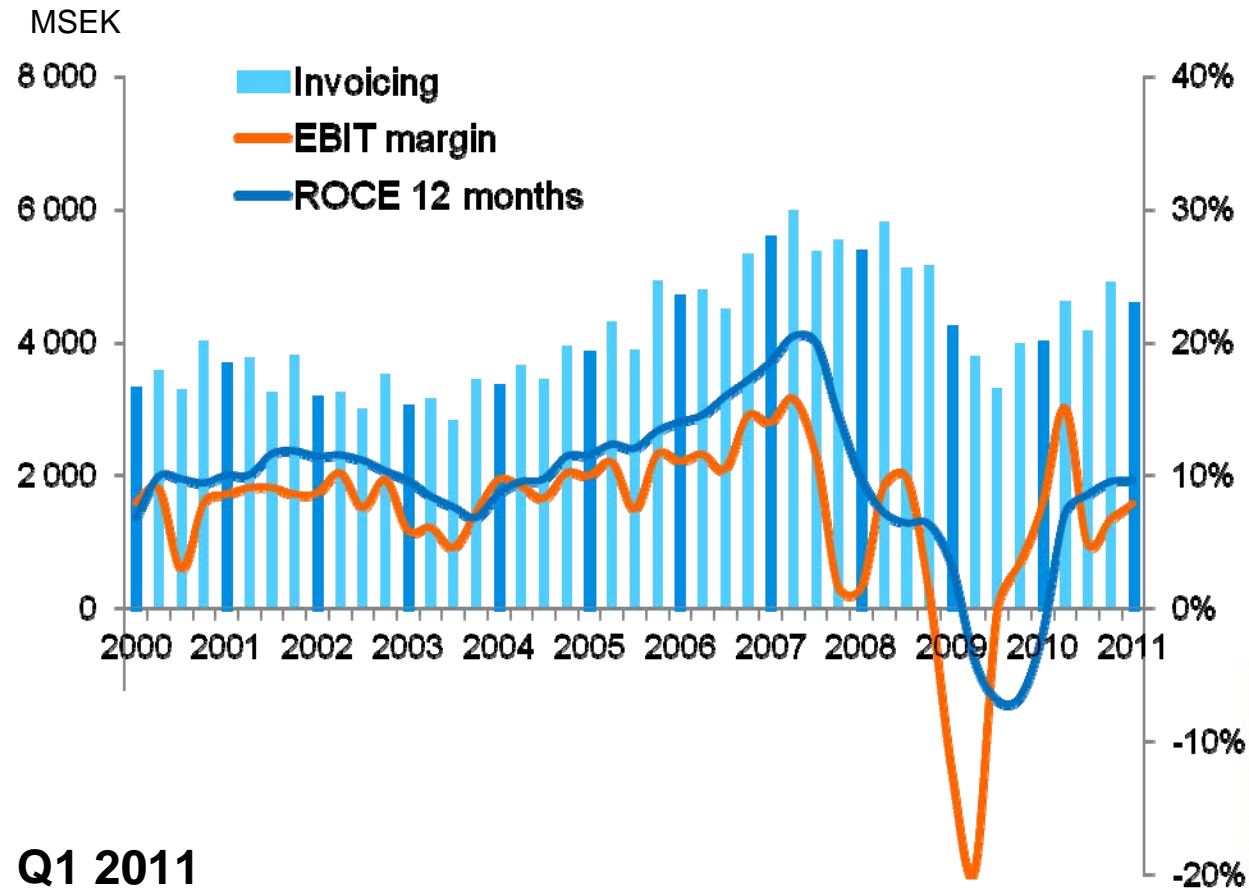
# Sandvik Mining and Construction



## Q1 2011

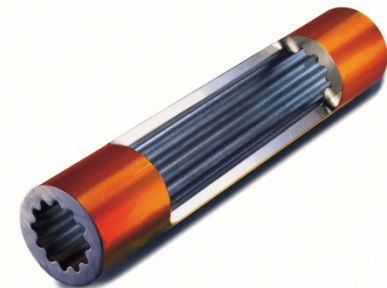
- Order intake 10,695 MSEK
- Invoicing 9,182 MSEK
- EBIT 1,327 MSEK, 14.5%
- ROCE 30.4%

# Sandvik Materials Technology



## Q1 2011

- Order intake 5,436 MSEK
- Invoicing 4,598 MSEK
- EBIT 362 MSEK, 7.9%
- ROCE 9.6%



# Income statement

MSEK	Q1 2010		Q4 2010		Q1 2011	
Invoiced sales	18,534		23,276		22,030	
Cost of goods sold	-12,270		-15,233		-13,736	
Gross profit	6,264	34%	8,043	35%	8,294	38%
Admin, sales and R&D costs	-4,340		-4,962		-4,892	
Other operating income and expenses	-27		+48		-131	
Operating profit (EBIT)	1,897	10%	3,129	13%	3,271	15%
Net financial items	-395		-375		-416	
Profit after financial items	1,502	8%	2,754	12%	2,855	13%
Profit for the period	1,122	6%	2,186	9%	2,126	10%

# Bridge analysis

MSEK	Q1 2010	Price/ volume/ productivity	Currency	Structure, one-offs	Q1 2011
<b>Sandvik Tooling</b>					
Invoiced sales	5,551	+1,420	-450	0	6,524
EBIT	834	+820	-250	0	1,400
EBIT margin	15%	58%	-	-	21%
<b>Sandvik Mining and Construction</b>					
Invoiced sales	7,588	+2,050	-450	0	9,182
EBIT	623	+830	-130	0	1,327
EBIT margin	8%	40%	-	-	14%
<b>Sandvik Materials Technology</b>					
Invoiced sales	4,019	+530	-200	+250	4,598
EBIT	312	+100	-50	0	362
EBIT margin	8%	19%	-	-	8%

# Cash flow

MSEK	Q1 2010	Q4 2010	Q1 2011
Profit after financial items	1,502	+2,754	+2,855
Depreciations, tax etc	+630	+898	+501
Cash flow from operations before NWC	+2,132	+3,652	+3,356
Change in inventories	+218	-443	-2,009
Change in receivables and liabilities	-67	+221	-245
Change in rental fleet*	4	-171	-66
Cash flow from operating activities	+2,287	+3,259	+1,036
Acquisitions	-237	-490	-265
Capex	-515	-1,215	-897
Other investments, net	+59	-34	+39
Cash flow after investing activities	+1,594	+1,520	-87
Net cash used in financing activities	-4,367	-1,422	+141
Cash flow for the period	-2,773	+98	+54
Net debt/Equity	1.0	0.7	0.7

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

# Balance sheet

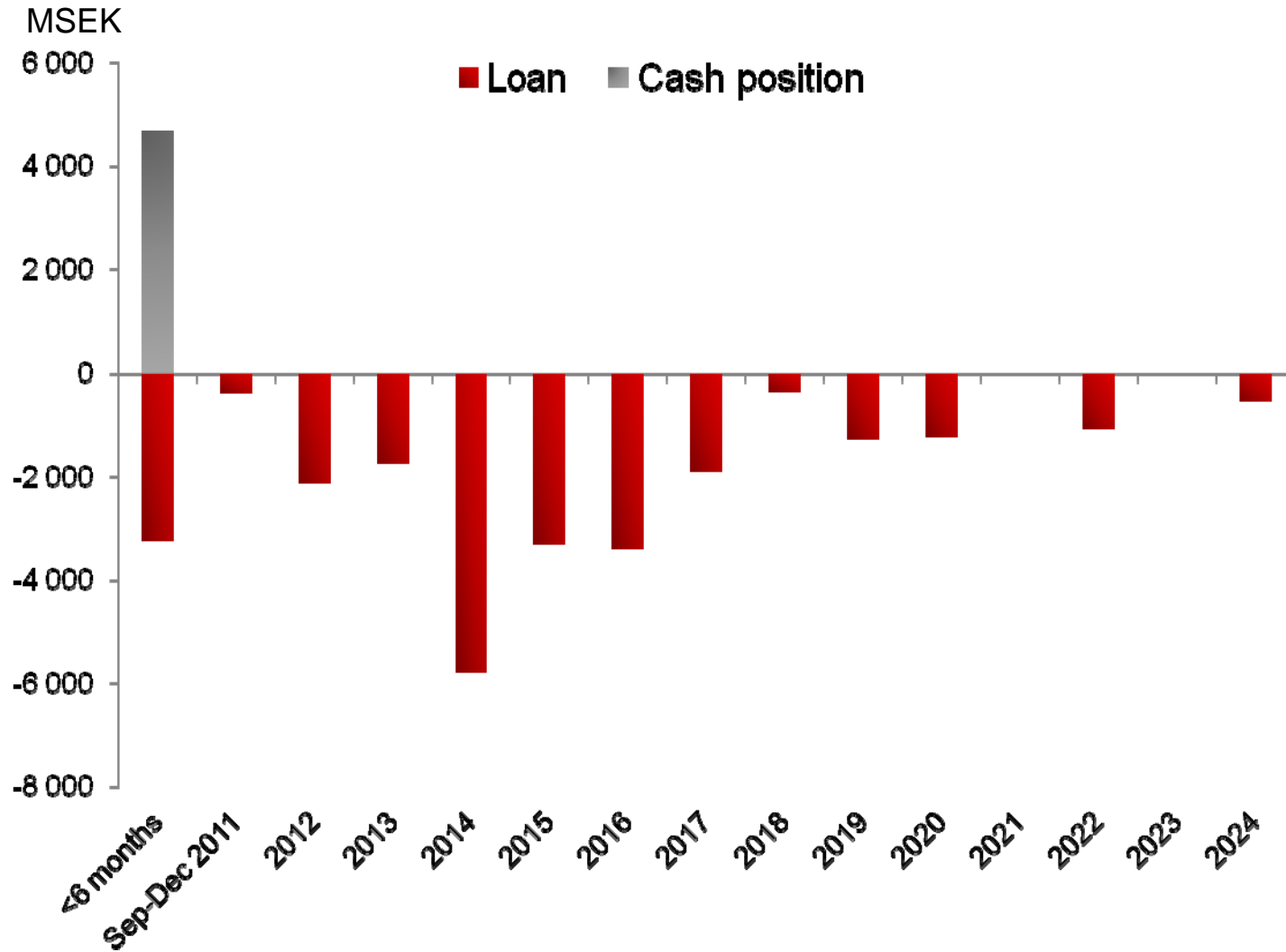
MSEK	Q1 2010	Q4 2010	Q1 2011	vs Q1 2010
Intangible fixed assets	13,721	13,193	12,757	-7%
Tangible fixed assets	25,713	25,252	24,574	-4%
Financial fixed assets	6,044	6,023	5,986	-1%
Inventories	19,401	21,420	22,550	+16%
Receivables	18,975	19,328	20,619	+9%
Cash and cash equivalents	4,718	4,783	4,680	-1%
<b>Total assets</b>	<b>88,572</b>	<b>89,999</b>	<b>91,166</b>	<b>+3%</b>
Total equity	30,374	33,813	34,966	+15%
Interest-bearing liabilities	35,303	29,467	28,899	-18%
Non-interest-bearing liabilities	22,895	26,719	27,301	+19%
<b>Total equity and liabilities</b>	<b>88,572</b>	<b>89,999</b>	<b>91,166</b>	<b>+3%</b>



# Loan and duration profile

		Amount MSEK	Average duration
<b>Long term</b>	<b>87%</b>		
US Private Placement		5,500	9 years
Fin institutions, EIB, NIB		3,200	4 years
Swedish MTN		8,800	5 years
European MTN		5,200	3 years
Bank loans		500	2 years
<b>Short term</b>	<b>13%</b>		
Commercial paper		0	0 months
Swedish MTN		400	7 months
Bank loans		3,000	5 months
<b>Total</b>		<b>26,600</b>	<b>4 years</b>
Cash position		4,700	-
Revolving Credit Facility		13,400	2 years

# Loan maturity profile



# Financial key figures

	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
Cash flow from operations, MSEK	2,287	2,626	3,978	3,259	1,036
Capex, MSEK	515	691	853	1,215	897
ROCE, 12 months	1.0%	8.8%	12.9%	17.4%	19.8%
ROE, 12 months	-3.7%	9.5%	15.2%	22.1%	24.5%
Net debt/equity ratio	1.0	0.9	0.8	0.7	0.7
EPS, SEK 12 months	-1.07	2.24	3.72	5.59	6.41

# Guidance 2011

## Metal price effects

Given currency rates, stock levels and metal prices at end of March, no material EBIT effect is expected for Q2.

### Net financial items

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

### Currency effects

Given currency rates at end of April the effect would be around -800 MSEK for Q2 and -1,500 to -2,000 MSEK for 2011.

### Capex

Capex is estimated to be 120-130% 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.”