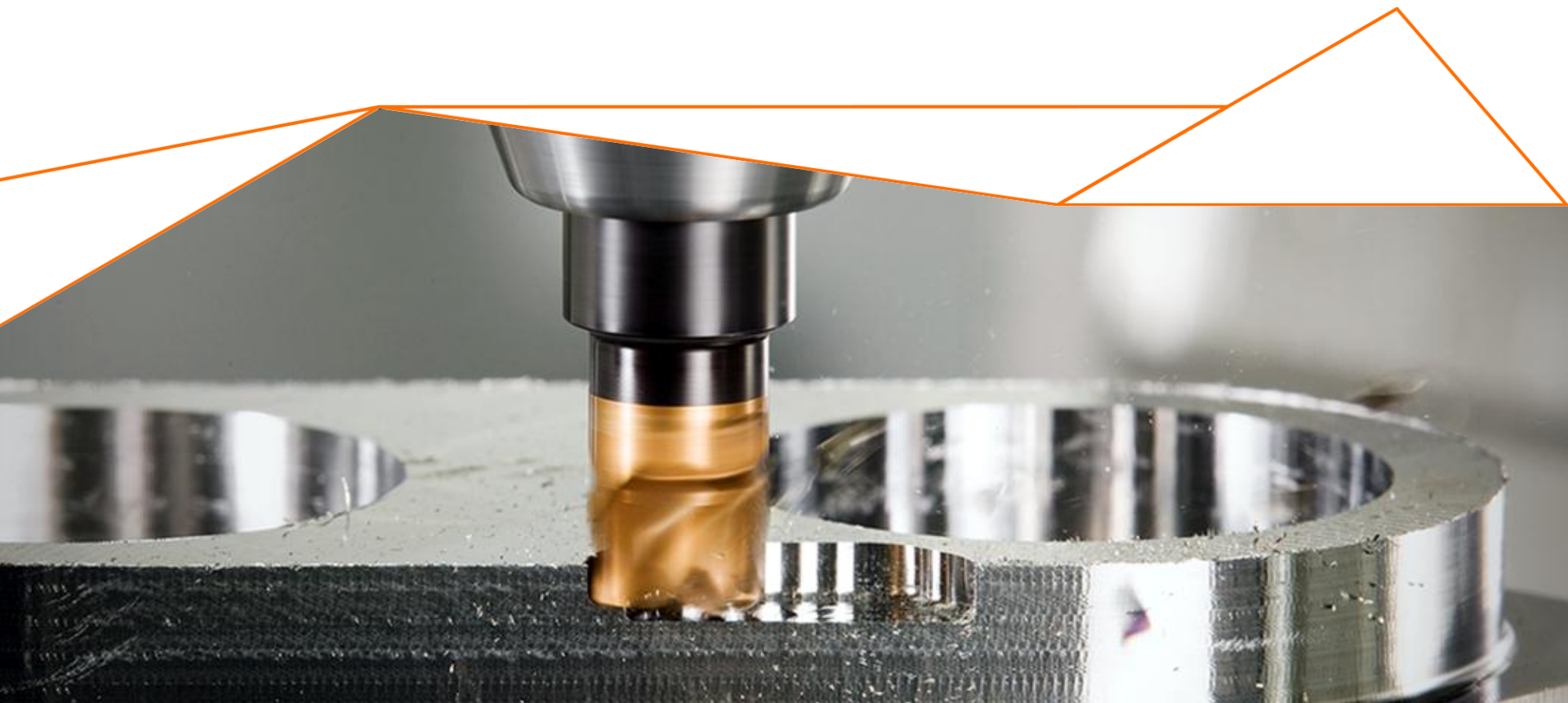


INTERIM REPORT APRIL 25

FIRST QUARTER 2014



SUMMARY Q1 2014

IMPROVED DEMAND IN MANY AREAS

- Positive book-to-bill
- Major orders from the energy segment, 1,300 MSEK
- Major orders from the mining industry, 1,000 MSEK

COST REDUCTION AT SANDVIK MINING

- Annual run-rate by end Q1, 500 MSEK

CLOSURE OF PRODUCTION UNITS INITIATED

EBIT 2,478 MSEK, 11.9%

- Currency effects -200 MSEK
- ROCE 12.7%



INVOICING BY MARKETS AND SEGMENTS

MARKETS, SHARE OF GROUP TOTAL



EUROPE

41%

-5%*



ASIA

18%

+3%*



NORTH AMERICA

18%

+3%*



AUSTRALIA

7%

-28%*



AFRICA

8%

+0%*



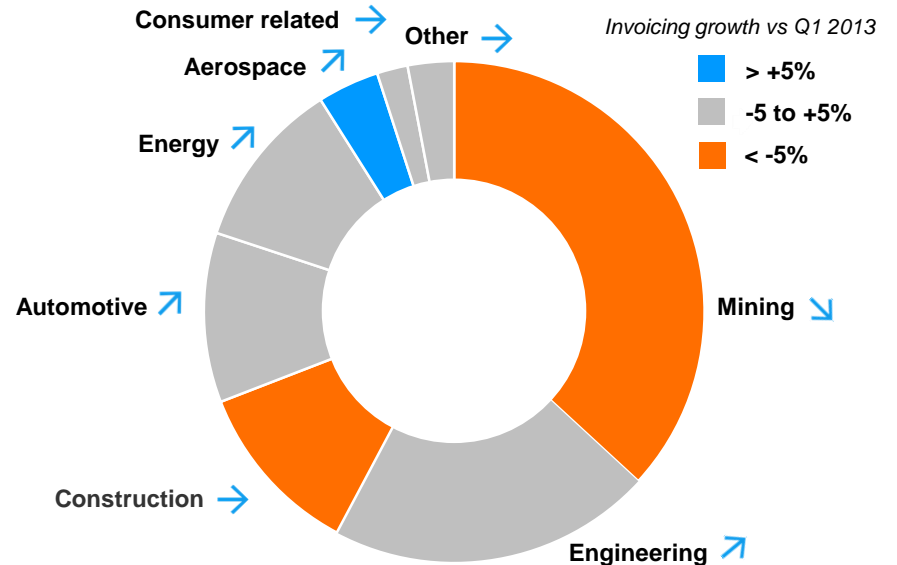
SOUTH AMERICA

8%

-4%*

* Change compared with preceding year, p/v

CUSTOMER SEGMENTS



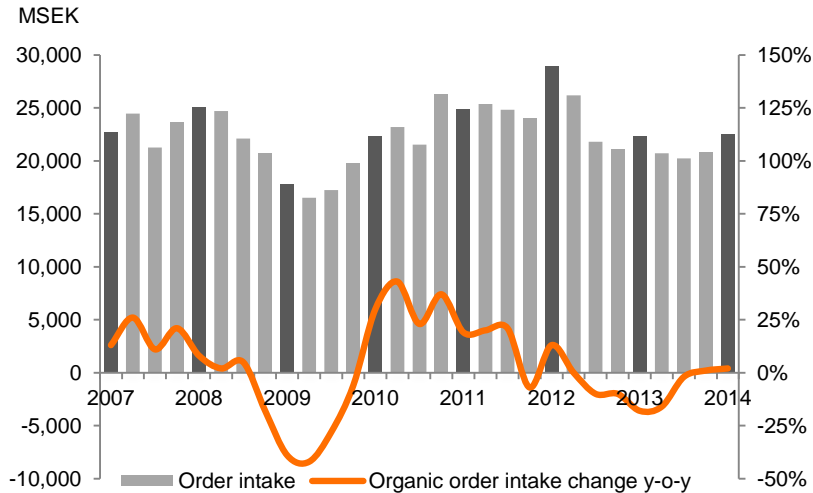
↗ Demand trend compared with preceding quarter

Pie chart representing share of invoicing 2013



ORDER INTAKE 22,496 MSEK

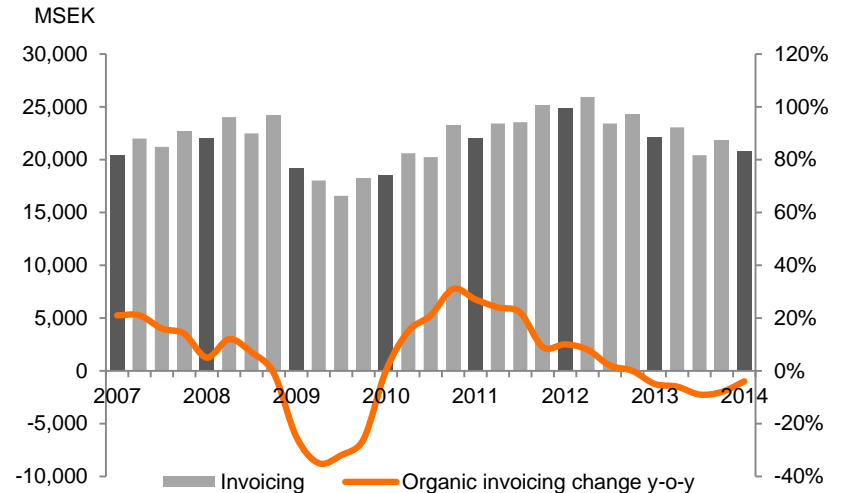
CHANGE P/V +2%



- Change compared with preceding quarter, +10%, p/v
- Major oil & gas orders, 1.3 BSEK
- Order delays affected Sandvik Mining

INVOICING 20,783 MSEK

CHANGE P/V -4%

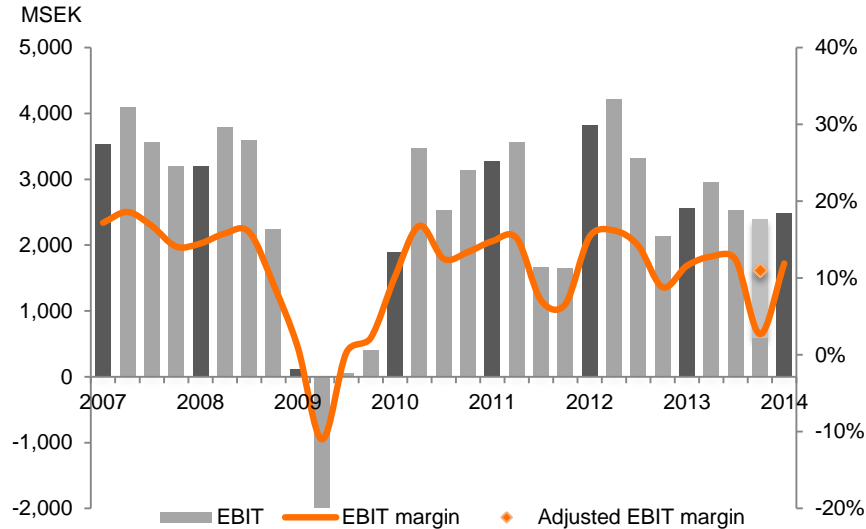


- Change compared with preceding quarter, -3%, p/v
- Normal seasonality in Q1
- Declining order backlog for Sandvik Mining



EBIT 2,478 MSEK

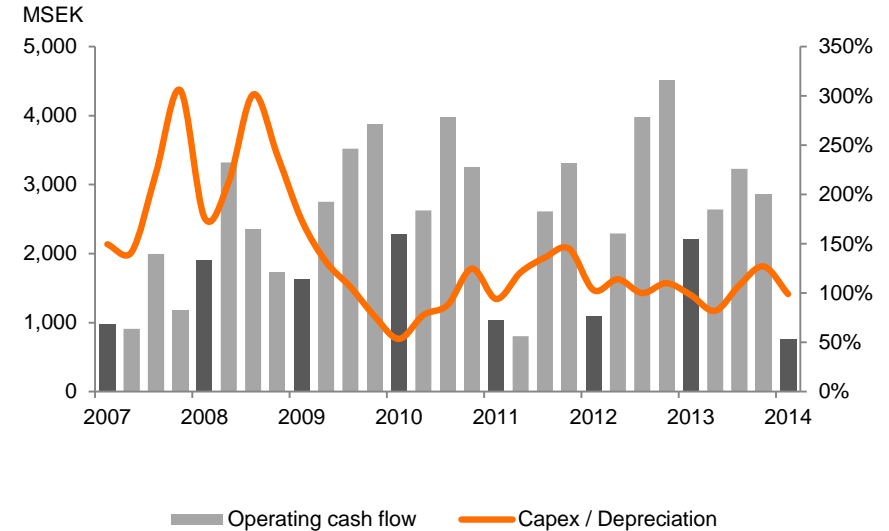
MARGIN 11.9%



- **Currency effect, -200 MSEK (Sandvik Mining, -130 MSEK)**
- **Metal price effect, +26 MSEK**
- **Weak demand and currency (-50 MSEK) impact Sandvik Construction earnings**

CASH FLOW

CASH FLOW FROM OPERATING ACTIVITIES 759 MSEK



- **Higher receivables due to increased sales at end of quarter**
- **Inventory build-up, mainly in Sandvik Materials Technology and Sandvik Construction**
- **Investments 0.9 BSEK**



STRENGTHENING GROUP EXECUTIVE MANAGEMENT

SCOT SMITH

NEW PRESIDENT OF SANDVIK MINING



- 30 years of industrial experience, out of which 11 years within the mining industry
- Most recently from Sulzer, and prior to that Weir.
- Starting date to be decided

ÅSA THUNMAN

NEW EVP AND GENERAL COUNSEL



- Long experience from both law firm and the corporate business
- Most recently at Securitas, and prior to that Electa
- Board member Scania
- Starting date 1 October

OUR WAY FORWARD

SANDVIK MINING

Shifting geographic footprint closer to customers (reducing production units by 8-12 in 3-4 years)

R&D investments to grow invoicing and improve earnings

Adjusting capacity to current demand (run-rate savings of 500 MSEK mostly by reducing FTEs)

Grow share of aftermarket sales

SANDVIK MACHINING SOLUTIONS

Adjusting overcapacity (reducing production units by 10-12 in 3-4 years)

R&D investments to grow invoicing and improve earnings

Key player in mid-market by leveraging current resources and structure

Bolt-on M&A

SANDVIK MATERIALS TECHNOLOGY

Accelerate growth of strategic products, mainly energy (through reallocation of R&D and investments)

Safeguard position in Core & Standard products through lean business model

Secure utilization and cost position in the Primary-system

Exit non-core businesses

SANDVIK CONSTRUCTION

Realign production footprint towards best-cost countries

Increase share of products sourced from best-cost countries

Grow share of aftermarket sales

SANDVIK VENTURE

Develop existing portfolio

Extend Sandvik's capability into high growth segments

Commercialize technology offers

Develop more towards fast growing markets. Yield higher returns. Reduce earnings volatility.

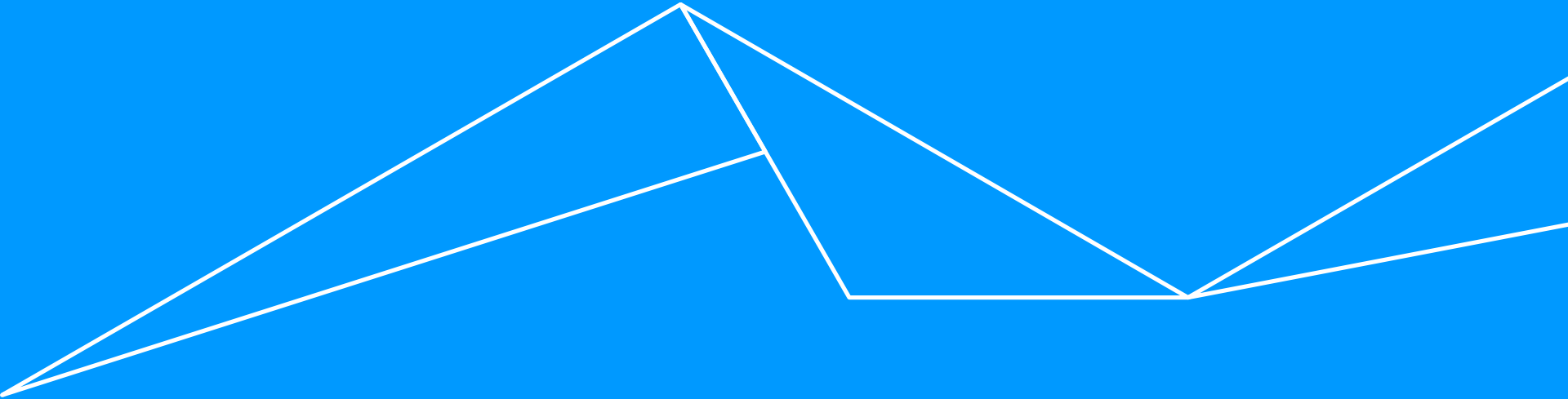
FINANCIAL TARGETS

	CURRENT	TARGET	MANAGEMENT FOCUS
GROWTH	-4%	8%	<ul style="list-style-type: none"> • Product launches through focused R&D • Increase exposure towards high growth markets and segments • Adjust geographic footprint
ROCE	13%*	25%	<ul style="list-style-type: none"> • Reduce Net Working Capital • Selective capital allocation (investments) • Restore earnings in Sandvik Mining and Sandvik Construction
NET DEBT/ EQUITY RATIO	0.7	< 0.8	<ul style="list-style-type: none"> • Elevated level in Q2 2014 after tax case, dividend and anticipated acquisition of VareL. • Consistent cash flow generation.
DIVIDEND	88%** for 2013	50% of EPS	<ul style="list-style-type: none"> • Uninterrupted dividend since 1870.

* Annualized quarterly 15%

** Proposed dividend



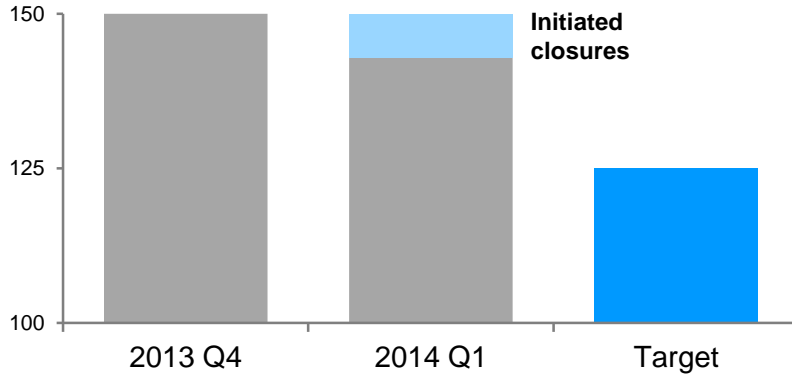


MATS BACKMAN
CFO



RESTRUCTURING OUR FOOTPRINT

PRODUCTION UNITS



**INITIATED
CLOSURES**
Since 2013 Q4

7

**UNITS
CLOSED**
Since 2013 Q4

0

Reduce number of production units from 150 to 125 over next three to four years

Initial phase launched in Q4 2013

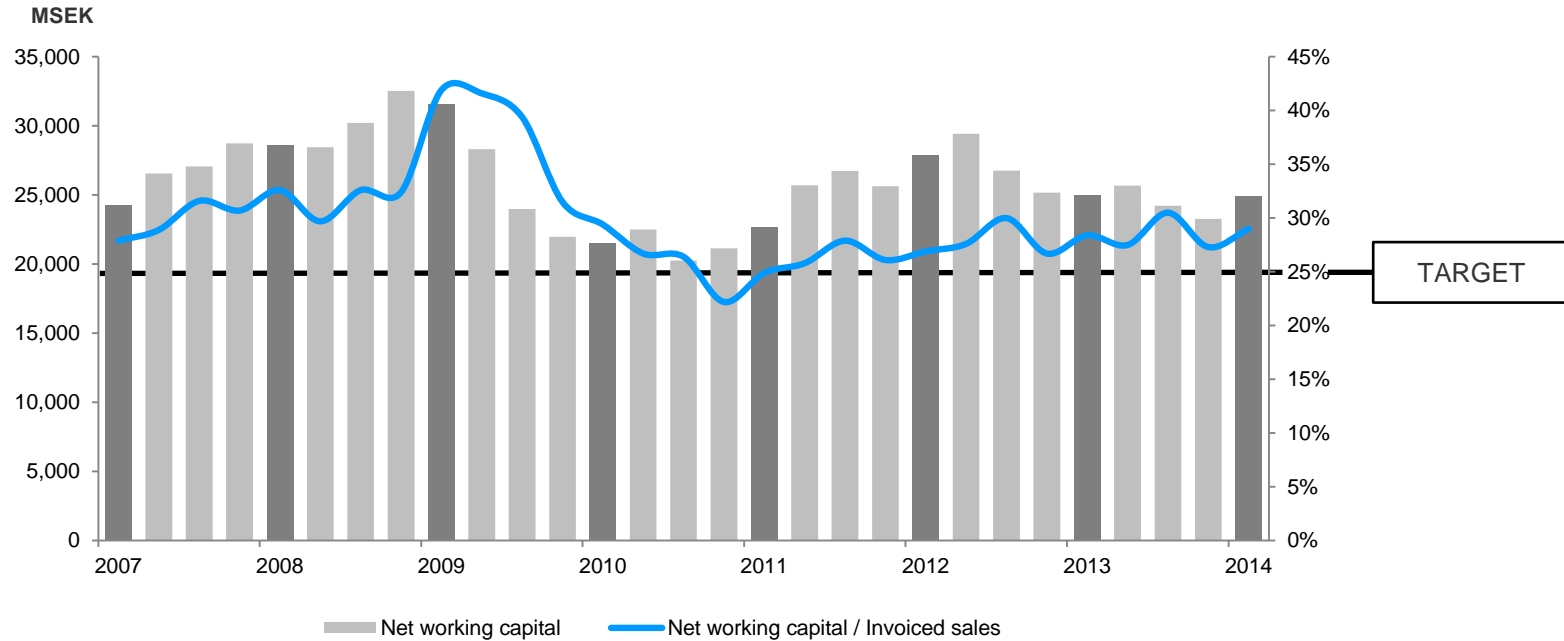
- Closure of ~10 units
- Annual savings of 800 MSEK at end 2015
- Total restructuring cost 900 MSEK (Q4 2013)

Progression

- 7 closures initiated
- Sweden (2), UK (2), Italy, France, South Africa
- Personnel net, about -550

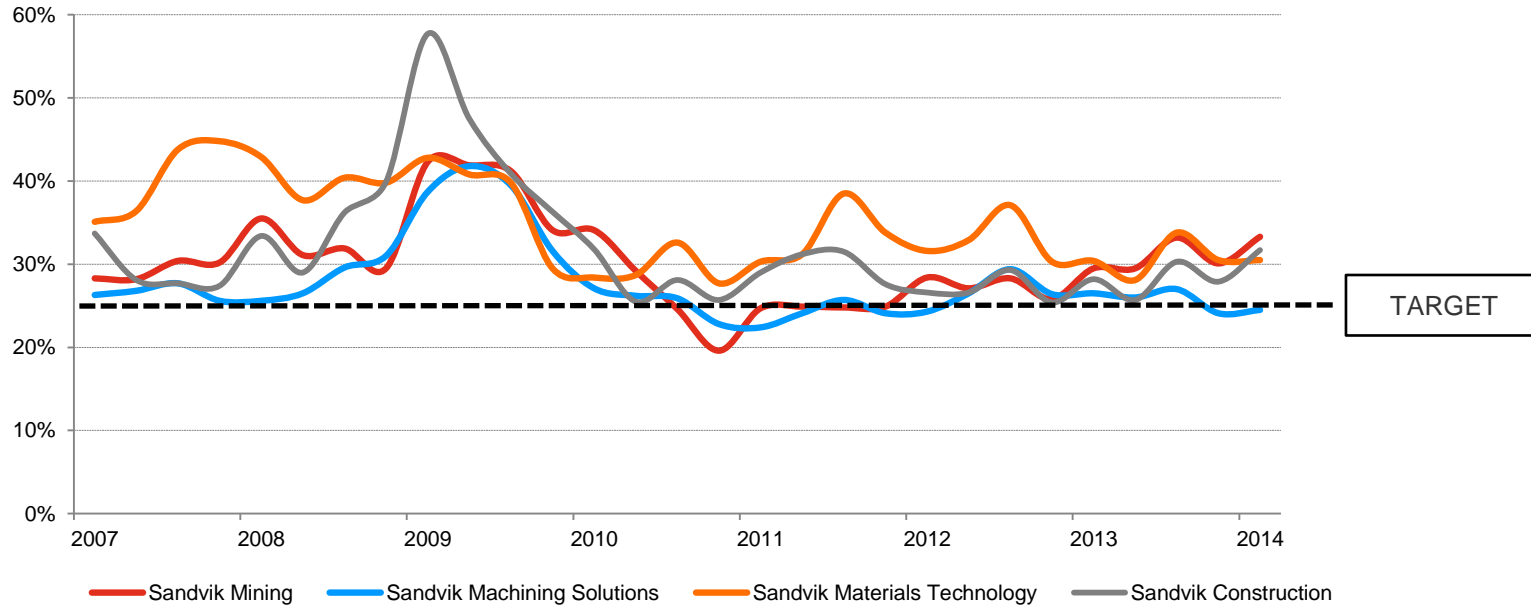


NET WORKING CAPITAL



NET WORKING CAPITAL

% OF INVOICING BY BUSINESS AREA



ADDRESSING THE NWC GAP

SANDVIK MINING

- Supply chain optimization program
- Review accounts receivable process including increased focus on pre-payments
- Stock replenishment

SANDVIK MACHINING SOLUTIONS

- Supply chain optimization program
- Increased focus on Sales & Operational Planning processes

SANDVIK MATERIALS TECHNOLOGY

- Optimize material flow Primary to Tube
- Stock replenishment

SANDVIK CONSTRUCTION

- Supply chain optimization program
- Review accounts receivable process
- Stock replenishment

SANDVIK VENTURE

- Product area specific initiatives, potential to reduce overall levels



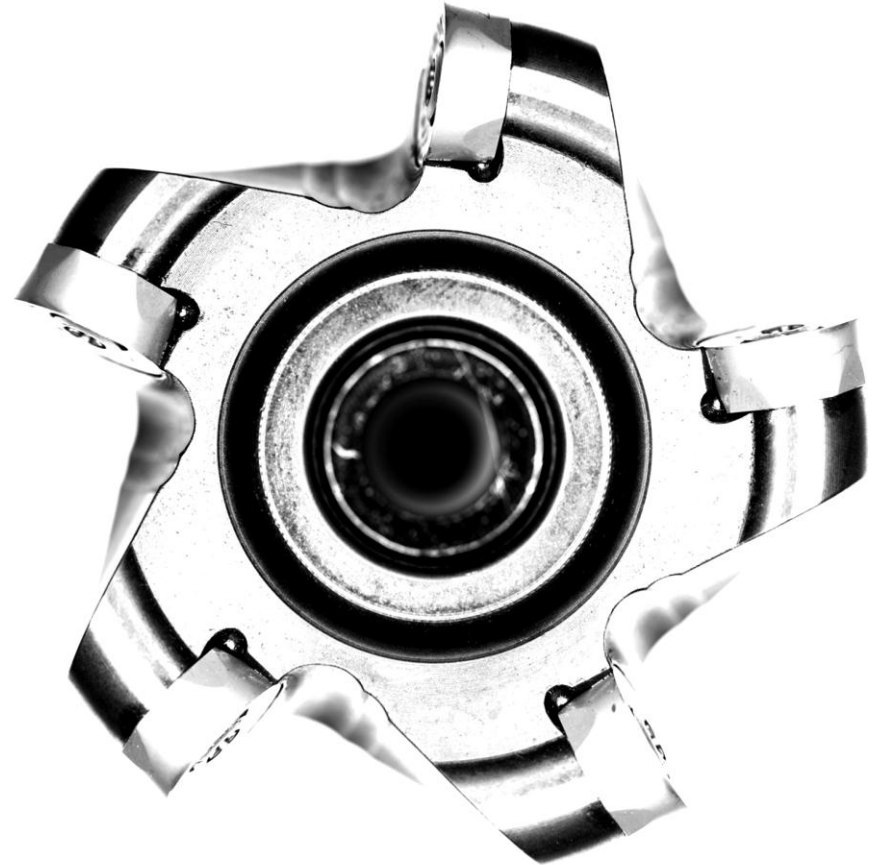
SUMMARY

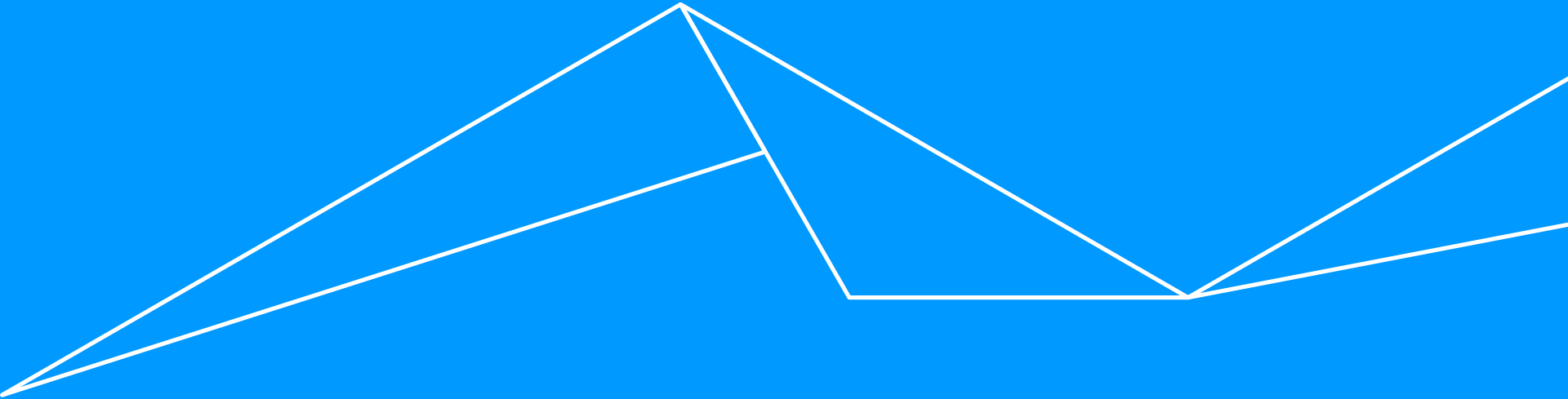
IMPROVED DEMAND IN MANY AREAS

PROGRESS ON SUPPLY CHAIN OPTIMIZATION

FOCUS ON NET WORKING CAPITAL

**STRENGTHENING GROUP EXECUTIVE
MANAGEMENT**





BACK-UP SLIDES

SANDVIK MINING

Q1 2014

WEAKER DEMAND

COST REDUCTIONS

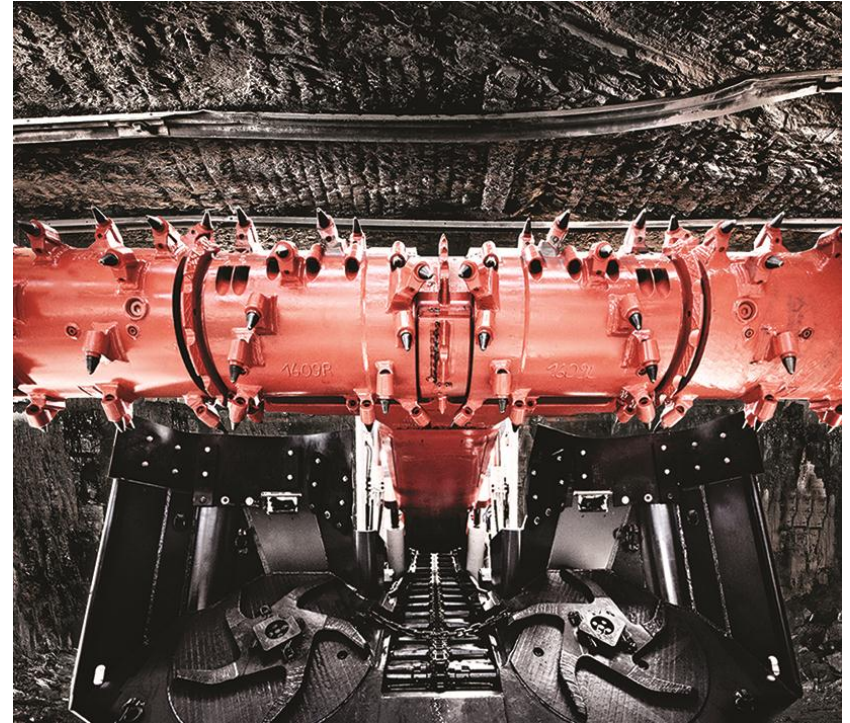
- Quarterly run-rate end Q1, 125 MSEK

EBIT 688 MSEK, 10.4%

- Currency effects -130 MSEK

INITIATIVE TO OPTIMIZE SUPPLY CHAIN

- Closure of unit in South Africa initiated



SANDVIK MINING

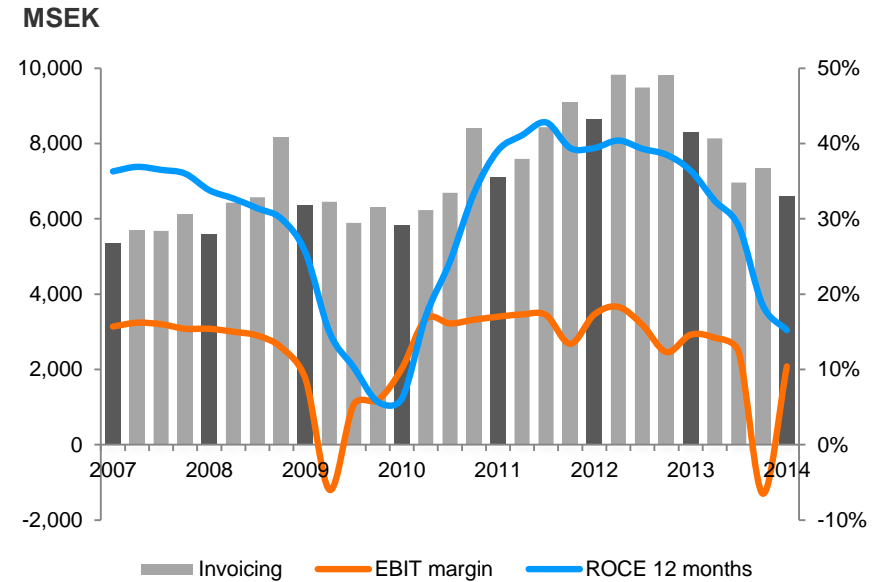
Q1 2014

Order intake 6,055 MSEK

Invoicing 6,601 MSEK

EBIT 688 MSEK

ROCE 15.2%



SANDVIK MACHINING SOLUTIONS

Q1 2014

INCREASED MARKET ACTIVITY

- Increased activity in automotive and aerospace
- Europe developed favorably from a low level

EBIT 1,480 MSEK, 20.0%

- Currency effects -25 MSEK

INITIATIVE TO OPTIMIZE SUPPLY CHAIN

- Closure of units in UK and Italy initiated



SANDVIK MACHINING SOLUTIONS

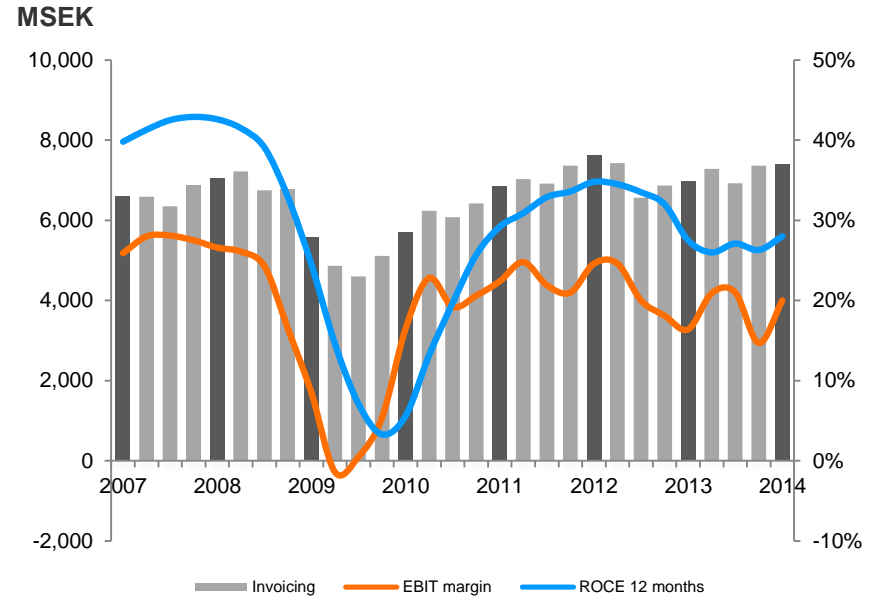
Q1 2014

Order intake 7,719 MSEK

Invoicing 7,400 MSEK

EBIT 1,480 MSEK

ROCE 28.0%



SANDVIK MATERIALS TECHNOLOGY

Q1 2014

IMPROVED BUSINESS CONDITIONS

SEVERAL MAJOR ENERGY ORDERS SECURED

- About 1,300 MSEK

IMPROVED PROFITABILITY

- Operating margin, 11.1% adjusted for metal price effect

INVENTORY BUILD-UP

- Increased stock availability for oil & gas and core and standard



SANDVIK MATERIALS TECHNOLOGY

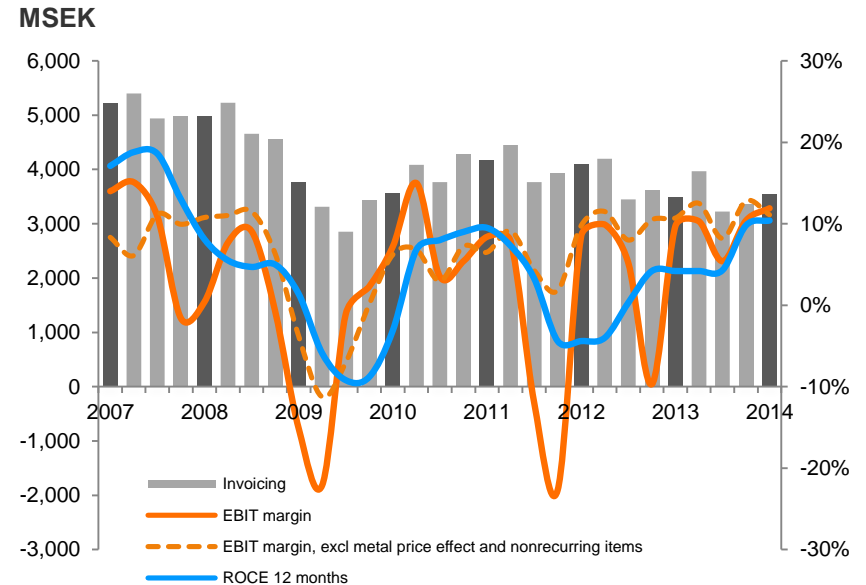
Q1 2014

Order intake 4,633 MSEK

Invoicing 3,547 MSEK

EBIT 421 MSEK
Adjusted for metal price effects,
395 MSEK, 11.1 % of invoicing

ROCE 10.4%



SANDVIK CONSTRUCTION

Q1 2014

CONTINUED MARKET UNCERTAINTY

- Europe increased from low level

EARNINGS IMPACTED BY LOW SALES AND CURRENCY EFFECTS

- Currency effect -50 MSEK and -15 MSEK to preceding quarter

INITIATIVE TO OPTIMIZE SUPPLY CHAIN

- Closure of unit in UK initiated



SANDVIK CONSTRUCTION

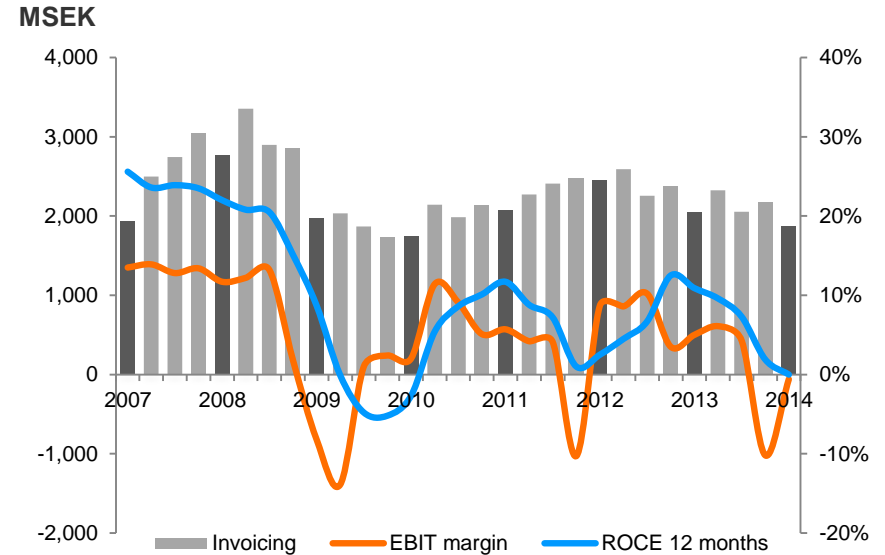
Q1 2014

Order intake 2,336 MSEK

Invoicing 1,871 MSEK

EBIT -11 MSEK

ROCE -0.1%



SANDVIK VENTURE

Q1 2014

IMPROVED MARKET CONDITIONS

- Positive development in all product areas and major regions

STRONGER EARNINGS

- EBIT 233 MSEK, 17.1%
- Favorable product mix

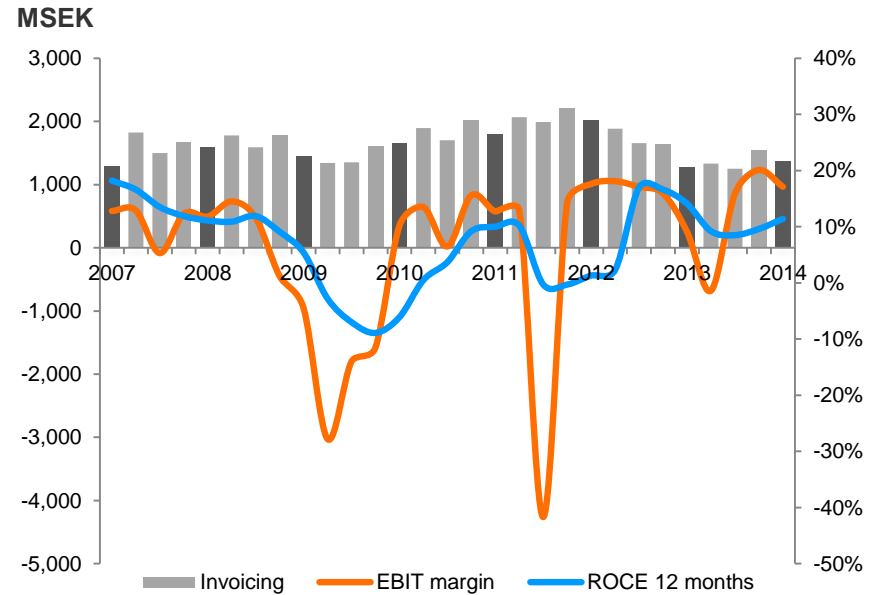
VAREL ACQUISITION PROCESS CONTINUES ACCORDING TO PLAN



SANDVIK VENTURE

Q1 2014

Order intake	1,749 MSEK
Invoicing	1,362 MSEK
EBIT	233 MSEK
ROCE	11.4%



BRIDGE ANALYSIS SANDVIK GROUP

MSEK	Q1 2013	PRICE/ VOLUME/ PRODUCTIVITY	CURRENCY	STRUCTURE ONE-OFFS*	Q1 2014
Invoicing	22,098	-800	-500	-15	20,783
EBIT	2,557	-80	-200	200	2,478
EBIT margin	11.6%	-10%	-	-	11.9%

* Includes metal price effects

BRIDGE ANALYSIS

MSEK	Q1 2013	PRICE/ VOLUME/ PRODUCTIVITY	CURRENCY	STRUCTURE ONE-OFFS*	Q1 2014
SANDVIK MINING					
Invoicing	8,313	-1,200	-500	-	6,601
EBIT	1,211	-400	-130	-	688
EBIT margin	15%	-33%	-	-	10%
SANDVIK MACHINING SOLUTIONS					
Invoicing	6,977	350	25	40	7,400
EBIT	1,141	225	-25	140	1,480
EBIT margin	16%	64%	-	-	20%
SANDVIK MATERIALS TECHNOLOGY					
Invoicing	3,484	190	-40	-90	3,547
EBIT	337	25	-	60	421
EBIT margin	10%	13%	-	-	12%

* Includes metal price effects



BRIDGE ANALYSIS

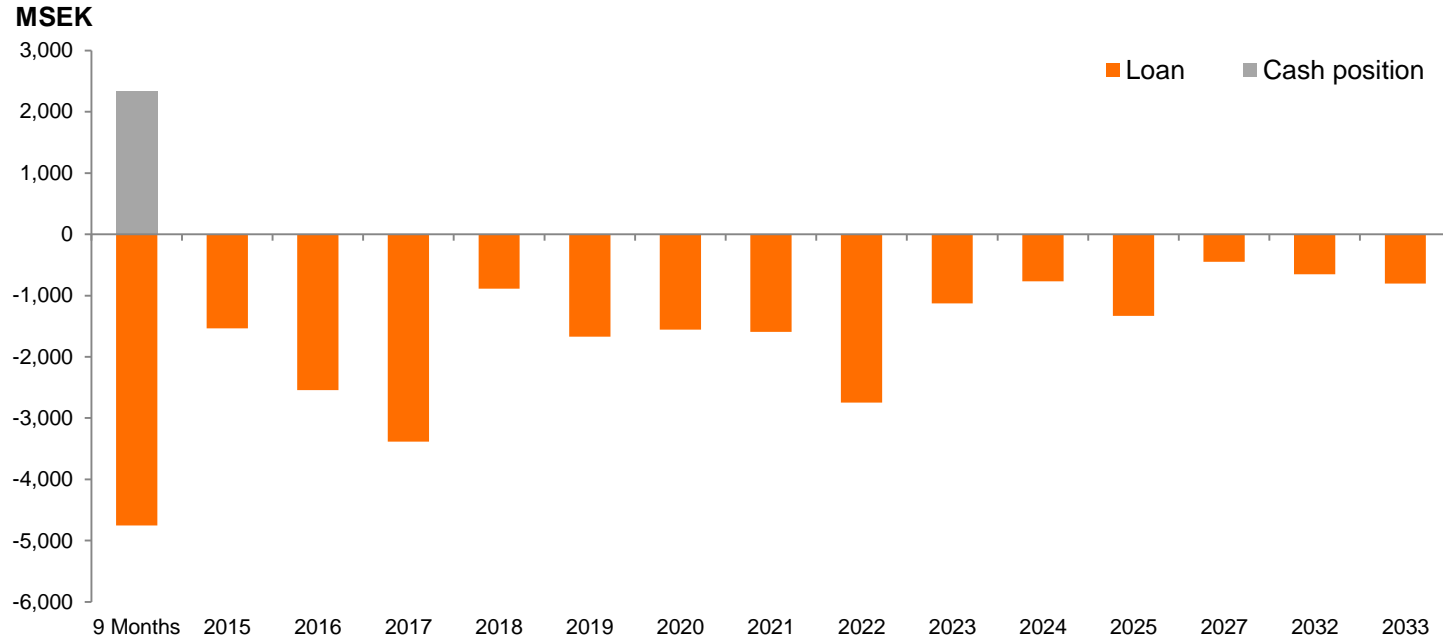
MSEK	Q1 2013	PRICE/ VOLUME/ PRODUCTIVITY	CURRENCY	STRUCTURE ONE-OFFS	Q1 2014
SANDVIK CONSTRUCTION					
Invoicing	2,046	-150	-25	-	1,871
EBIT	103	-60	-50	-	-11
EBIT margin	5%	-40%	-	-	-1%
SANDVIK VENTURE					
Invoicing	1,271	40	15	35	1,362
EBIT	116	120	-	-	233
EBIT margin	9%	300%	-	-	17%

LOAN AND DURATION PROFILE

LONG TERM	83%	AMOUNT MSEK	AVERAGE DURATION
US Private Placement		5,414	6 years
Fin institutions, EIB, NIB		2,698	7 years
Swedish MTN		6,861	4 years
European MTN		6,061	12 years
Bank loans		314	3 years
Share swap		1,657	1 years
SHORT TERM	17%		
Commercial paper		1,595	2 months
Fin institutions, EIB, NIB		500	2 months
Swedish MTN		0	0 months
European MTN		0	0 months
Bank loans		2,673	3 months
TOTAL		27,775	6 years
Cash position		2,328	
Revolving Credit facilities, 10,812 MSEK			



LOAN MATURITY PROFILE



An abstract graphic consisting of several bright blue lines that intersect to form a series of triangles and polygons, set against a black background. The lines are thin and create a sense of depth and movement.

DISCLAIMER 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 affected by other factors 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.”

