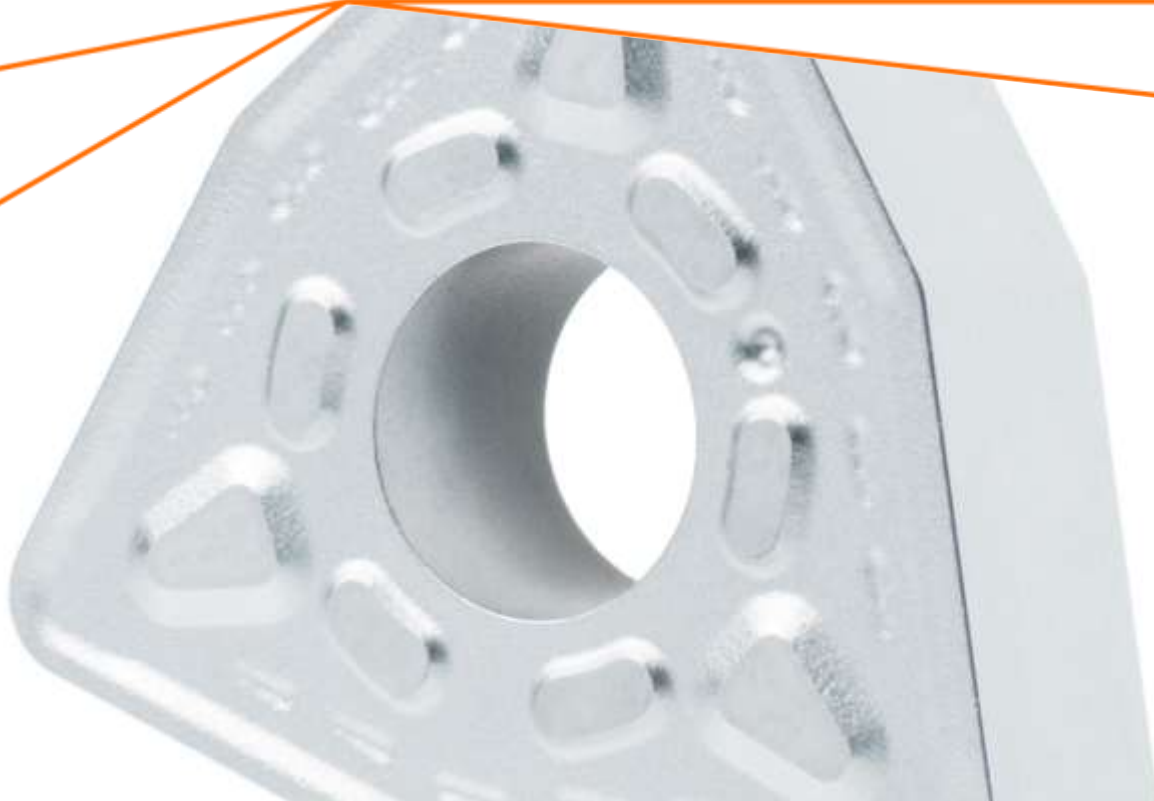


INTERIM REPORT JULY 17

SECOND QUARTER 2015



SUMMARY Q2 2015

STRONG CASH FLOW

- Continued focus on net working capital

EARNINGS GROWTH

- EBIT 2,903 MSEK, 12.4%
- Currency effect +775 MSEK
- Savings 162 MSEK

SOFT DEMAND

- Stable market in Europe with signs of improvement in western regions
- North America at a lower level but stable
- Weak and volatile market in Asia
- Challenging market conditions in oil and gas

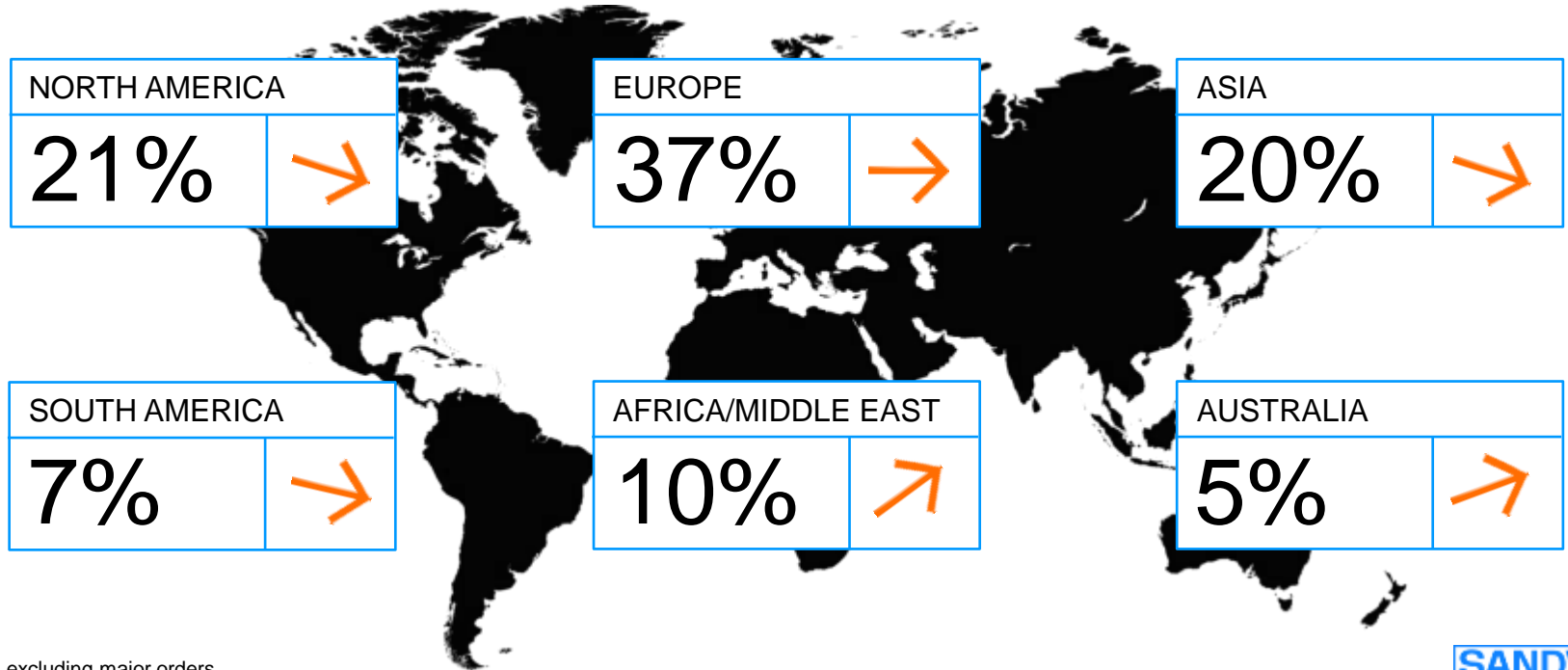
FOCUS ON NEW PRODUCT INTRODUCTIONS AND INTERNAL EFFICIENCY MEASURES



INVOICING BY MARKETS

SALES Q2 2015 SHARE OF GROUP TOTAL

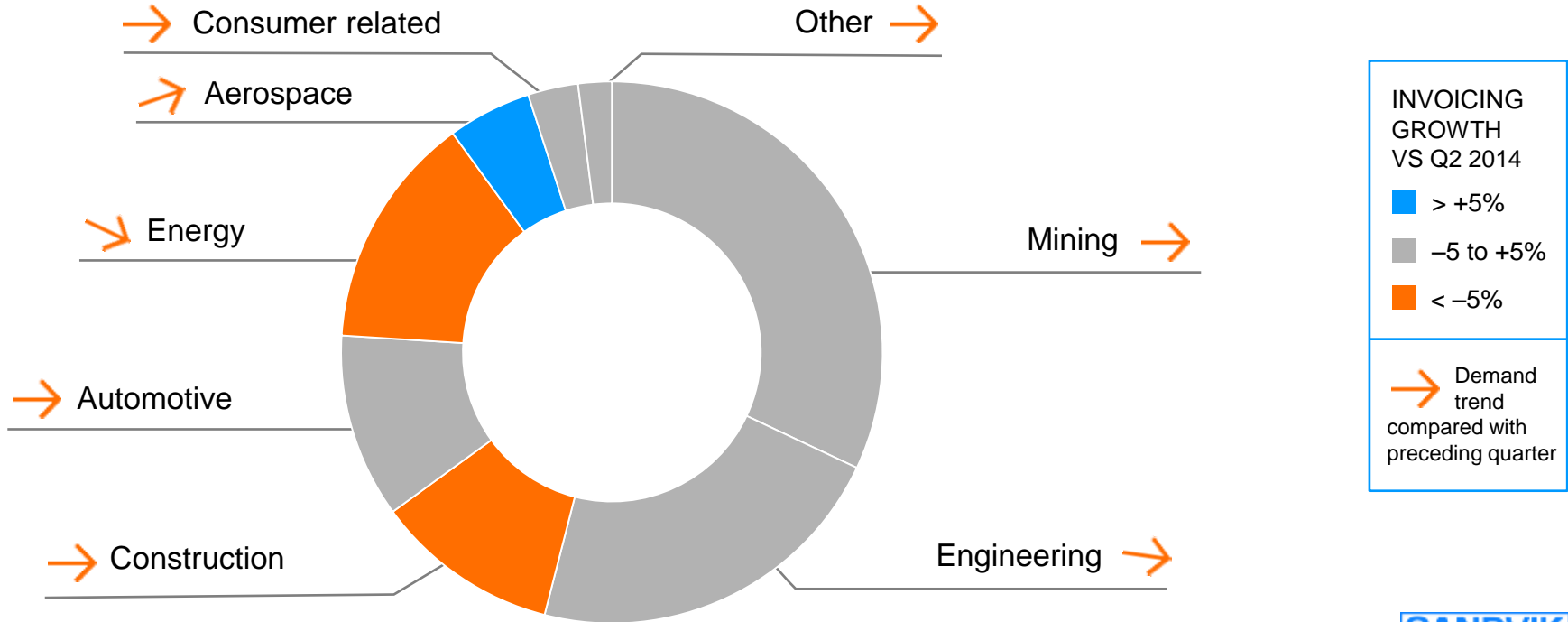
→ Order intake compared with preceding quarter*



*) excluding major orders

INVOICING BY SEGMENTS

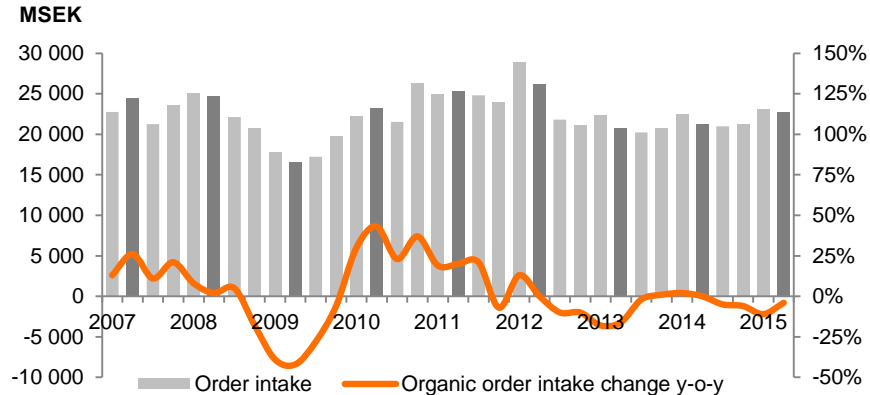
CUSTOMER SEGMENTS



ORDER INTAKE

22,743 MSEK

CHANGE P/V -4%

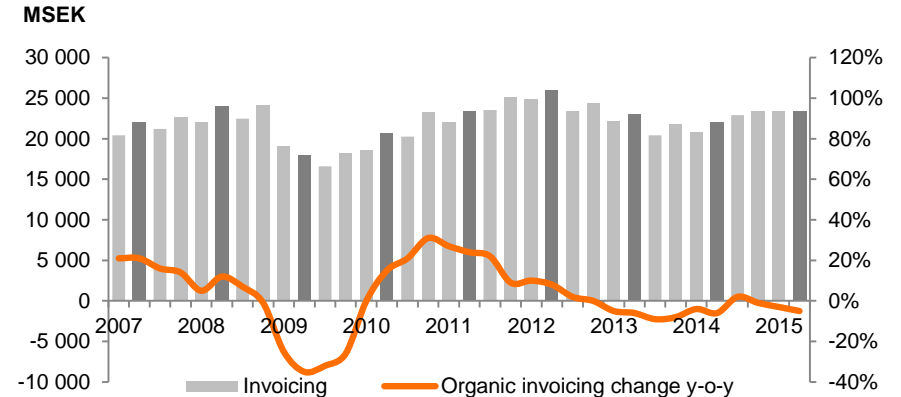


- Neutral book-to-bill for Mining, adversely impacted by low order intake for Mining Systems.
- Continued challenging market conditions in the oil and gas segment
- Sequential decline of -2% P/V

INVOICING

23,398 MSEK

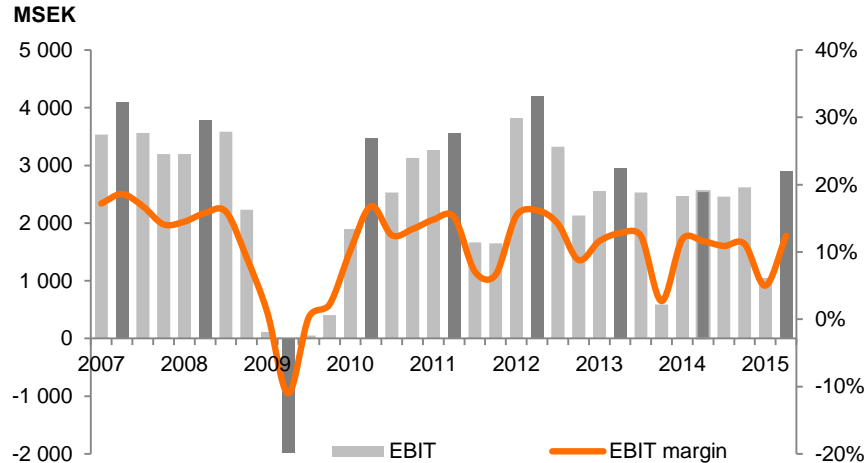
CHANGE P/V -5%



- Negative organic growth across BA's.
- Mining stable at a low level (P/V -2%)

EBIT 2,903 MSEK

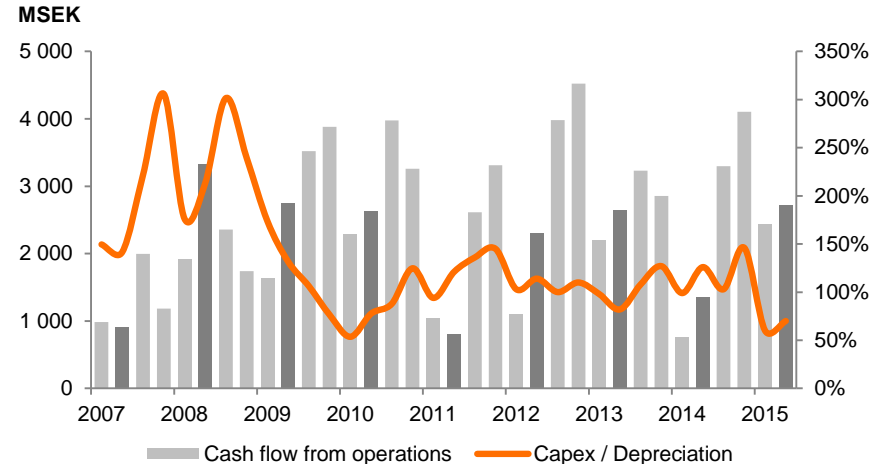
EBIT MARGIN 12.4%



- Year-on-year adjusted earnings growth supported by currency and effects from savings initiatives
- Positive currency effect +775 MSEK
- Savings of 162 MSEK versus the same quarter previous year

CASH FLOW

CASH FLOW FROM OPERATIONS 2,723 MSEK



- Continued strong cash flow
- Stable NWC in contrast to normal seasonal increase
- Investments 1.0 BSEK in Q2

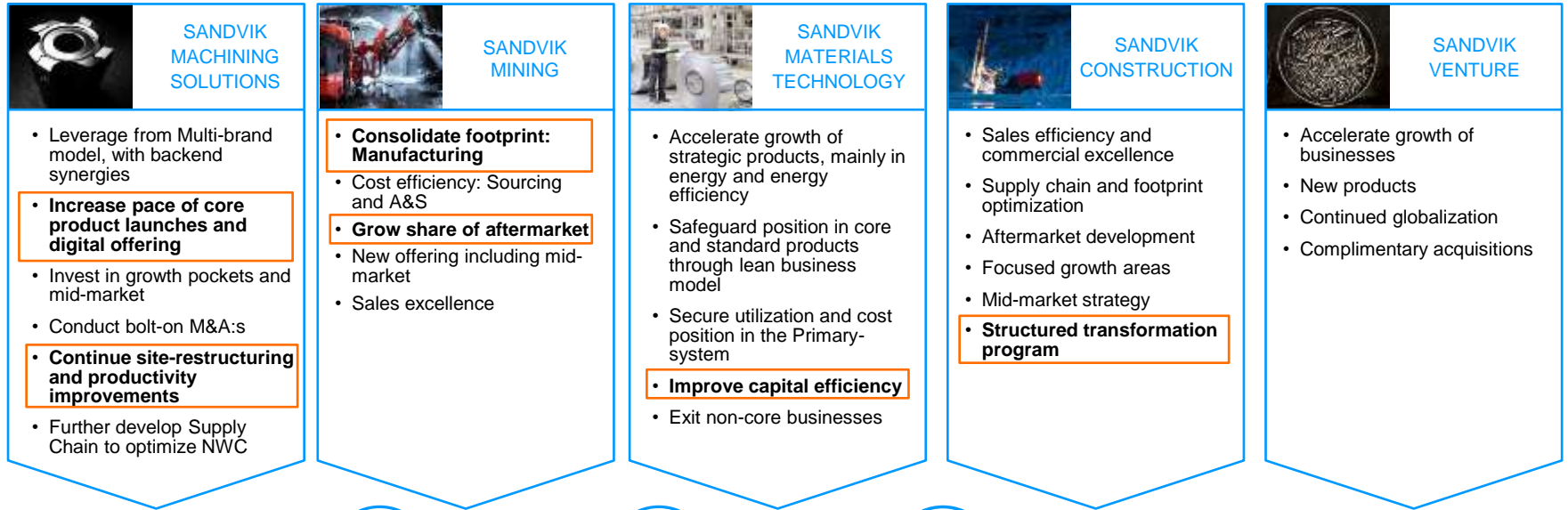
FINANCIAL TARGETS

	CURRENT	TARGET	MANAGEMENT FOCUS
GROWTH	6%	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	12%	25%	<ul style="list-style-type: none"> • Reduce Net Working Capital • Strict capital allocation (investments) • Restore earnings in Sandvik Mining and Sandvik Construction
NET DEBT/EQUITY RATIO	0.85	< 0.80	<ul style="list-style-type: none"> • Dividend paid in Q2 • Strong cash flow generation
DIVIDEND	73% for 2014	50% of EPS	<ul style="list-style-type: none"> • Proposed dividend maintained at 3.50 SEK per share (3.50) • Uninterrupted dividend since 1870

* Over a business cycle including M&A

OUR WAY FORWARD

KEY PRIORITIES BY BUSINESS AREA



YIELD HIGHER RETURNS



REDUCE EARNINGS VOLATILITY



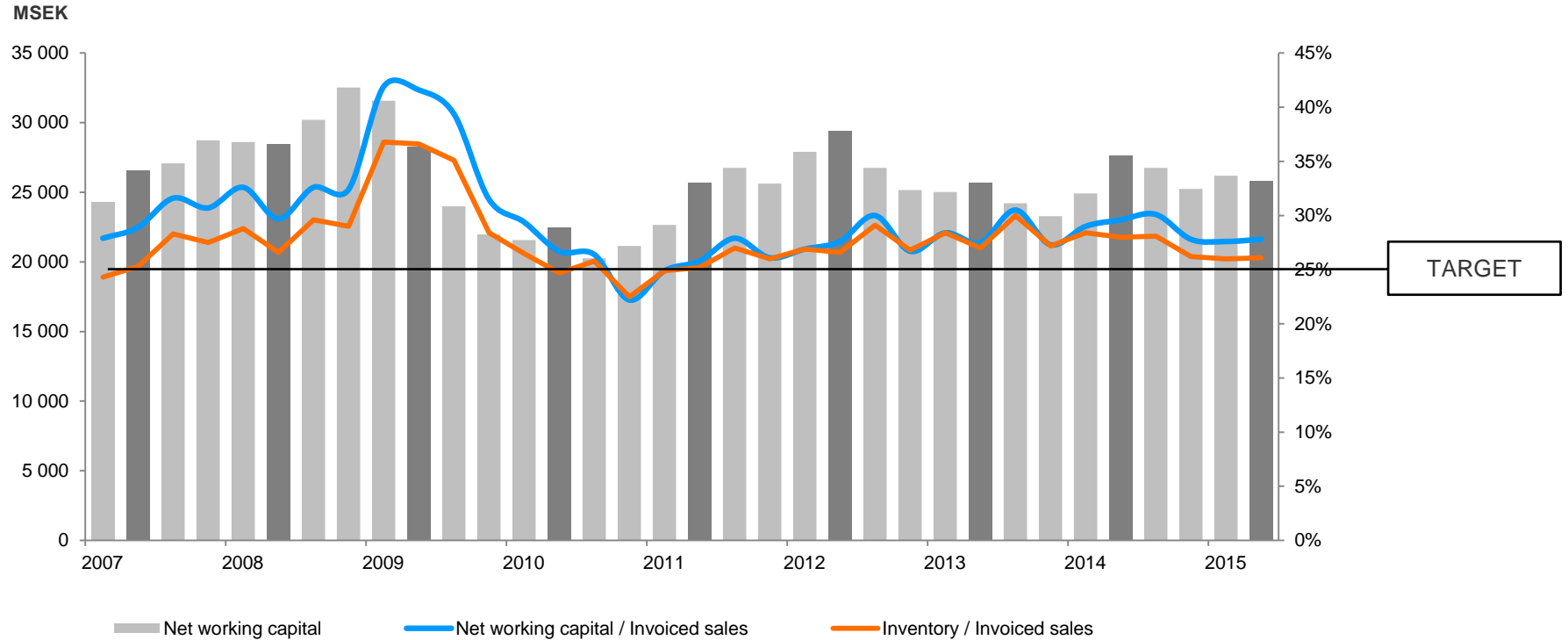
DEVELOP MORE TOWARDS FAST GROWING MARKETS

MATS BACKMAN

CFO



NET WORKING CAPITAL



CREATING A LEANER COMPANY

SAVINGS Q2 ANNUAL RUNRATE (MSEK)

	 SANDVIK MACHINING SOLUTIONS	 SANDVIK MINING	 SANDVIK MATERIALS TECHNOLOGY	 SANDVIK CONSTRUCTION	 Target 1,9 bn. SAVINGS ANNUAL RUN-RATE
SUPPLY CHAIN OPTIMIZATION	166	212	-	124	502 (1,400)
ADJ COST BASE **)	38	-	24	68	160** (480)
TOTAL	204	212	24	192	662 (1,880)

*) Run-rate savings from adjustment of cost base (480 MSEK) includes planned savings from Sandvik Venture (25 MSEK) and Group Activities (50 MSEK) to be achieved at end 2016.

***) Of which 30 MSEK related to Sandvik Venture

GUIDANCE

POSITIVE CURRENCY EFFECT OF +775 MSEK IN Q2

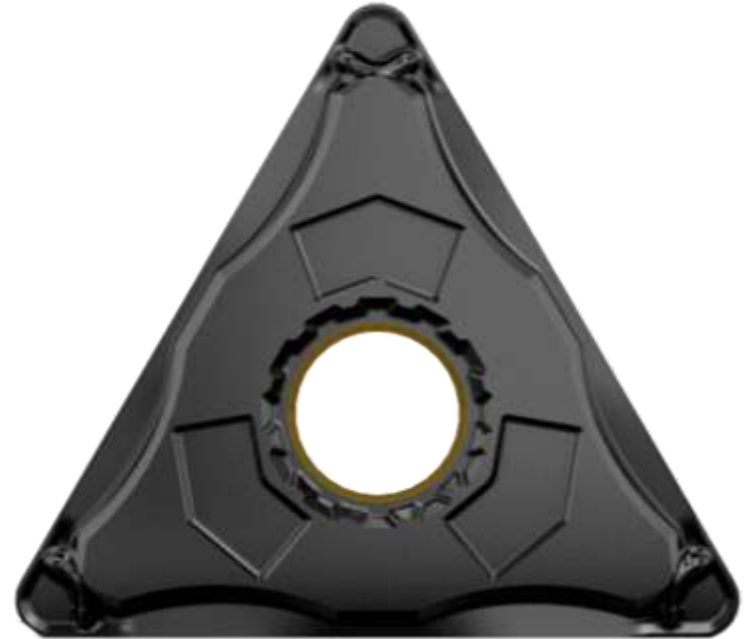
- Guidance +900 MSEK based on currency rates at the end of March
- Difference driven by SEK strengthening towards the end of the quarter against primarily USD and CNY.

GUIDANCE Q3 2015

CURRENCY EFFECT:	+500 MSEK
METAL PRICE EFFECT:	-100 MSEK

FULL YEAR GUIDANCE 2015

CAPEX:	About 4.5 bn. SEK
NET FINANCIAL ITEMS:	-1.8 to -2.0 bn. SEK
TAX RATE:	26-28% for 2015



LOOKING FORWARD



>15,000 NEW PRODUCT LAUNCHES

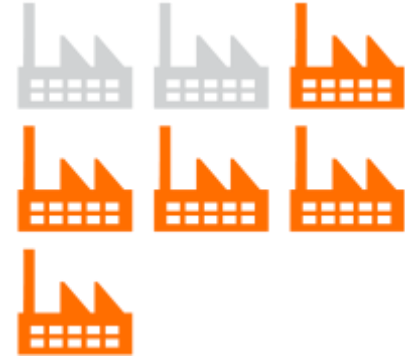
Sandvik Machining Solutions



GROW THE AFTERMARKET BUSINESS

Sandvik Mining rock drill campaign

- Performance upgrades
- Repair kits
- Price per hour maintenance option



CREATING A LEANER COMPANY

Supply Chain Optimization

Focus on internal efficiency measures

SUMMARY Q2 2015

STRONG CASH FLOW

EARNINGS GROWTH

SOFT DEMAND

FOCUS ON NEW PRODUCT INTRODUCTIONS
AND INTERNAL EFFICIENCY



BACK-UP SLIDES



BRIDGE ANALYSIS

SANDVIK GROUP

MSEK	Q2 2014	PRICE/ VOLUME/ PRODUCTIVITY	CURRENCY	STRUCTURE ONE-OFFS*	Q2 2015
INVOICING	22,051	-1,100	2,300	140	23,398
EBIT	2,556	-210	775	-220	2,903
EBIT MARGIN	12%	-19%	-	-	12%

* Includes metal price effects

BRIDGE ANALYSIS

MSEK	Q2 2014	PRICE/ VOLUME/ PRODUCTIVITY	CURRENCY	STRUCTURE ONE-OFFS*	Q2 2015
MACHINING SOLUTIONS					
INVOICING	7,676	-200	870	-	8,339
EBIT	1,561	-145	285	-	1,701
EBIT MARGIN	20%	-72%	-	-	20%
MINING					
INVOICING	6,385	-150	680	-	6,908
EBIT	452	80	250	-	786
EBIT MARGIN	7%	N/A	-	-	11%
MATERIALS TECHNOLOGY					
INVOICING	3,866	-270	300	-260	3,639
EBIT	647	-180	90	-270	286
EBIT MARGIN	17%	-67%	-	-	8%

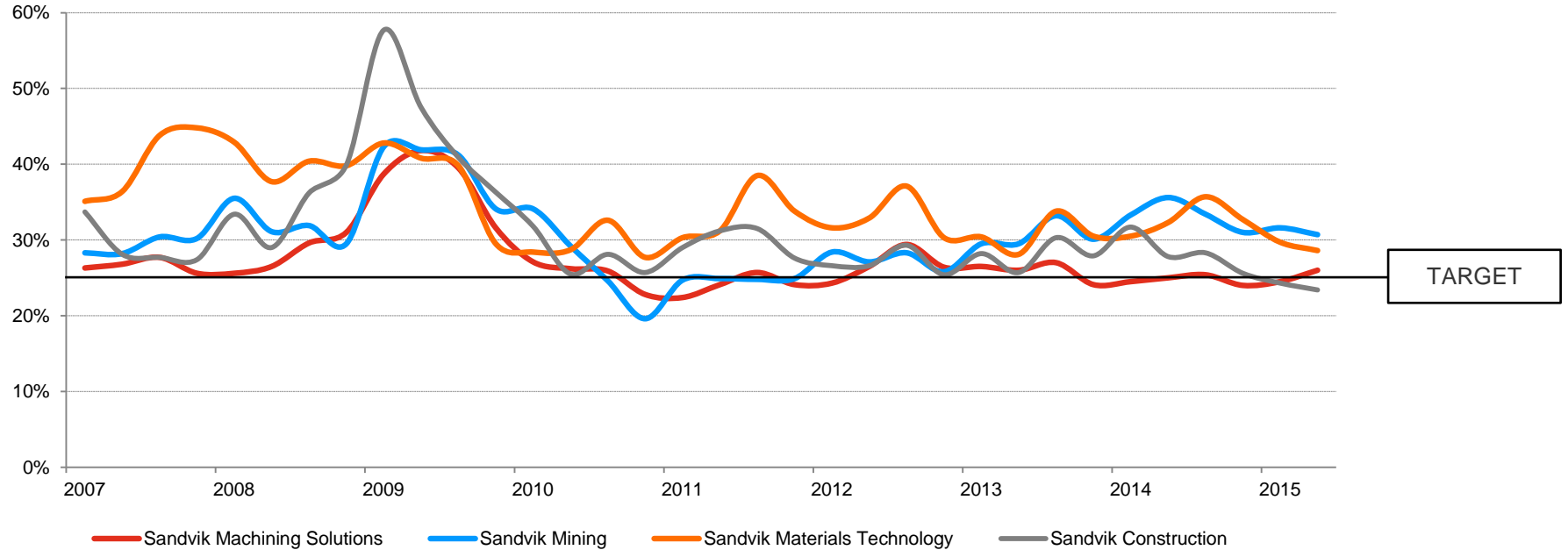
* Includes metal price effects

BRIDGE ANALYSIS

MSEK	Q2 2014	PRICE/ VOLUME/ PRODUCTIVITY	CURRENCY	STRUCTURE ONE-OFFS	Q2 2015
CONSTRUCTION					
INVOICING	2,281	-260	260	-	2,283
EBIT	51	-	100	-	151
EBIT MARGIN	2%	N/A	-	-	7%
VENTURE					
INVOICING	1,841	-200	180	400	2,226
EBIT	187	10	-40	50	210
EBIT MARGIN	10%	N/A	-	-	9%

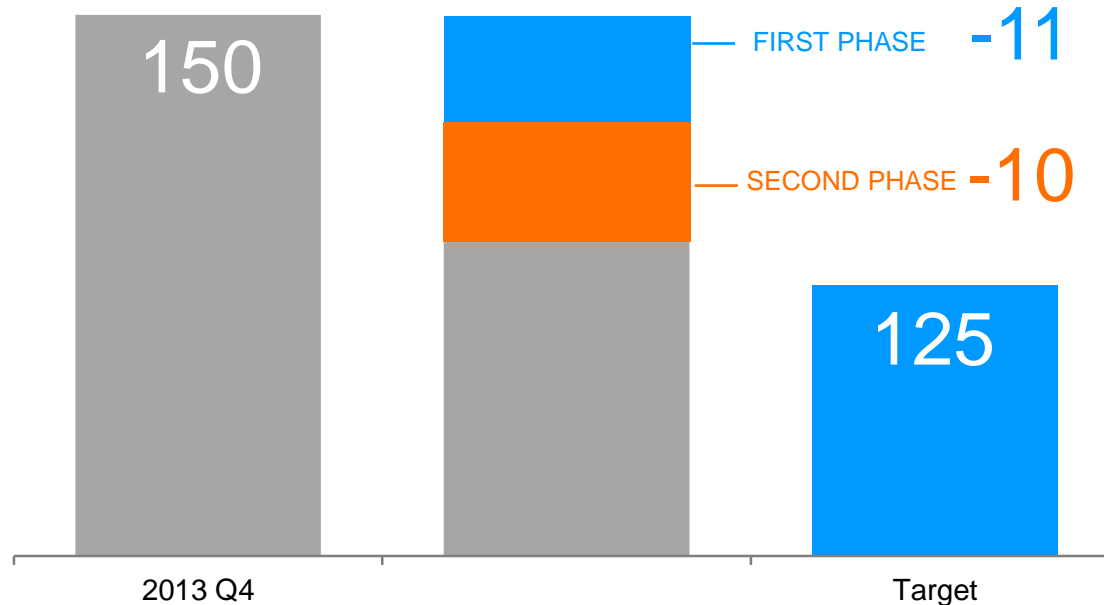
NET WORKING CAPITAL

% OF INVOICING BY BUSINESS AREA



RESTRUCTURING OUR FOOTPRINT

SUPPLY CHAIN OPTIMIZATION PROGRAM



FIRST PHASE

TOTAL 7 UNITS CLOSED TO DATE (No units closed in Q2)

4 UNITS REMAINING in H2 2015

RUNRATE SAVINGS 502 MSEK END OF Q2 out of 800 MSEK target at year end 2015

SECOND PHASE

4 UNITS INITIATED of which 1 in the second quarter (6 Remaining)

TARGET SAVINGS at year end 2016 600 MSEK

SANDVIK MACHINING SOLUTIONS – Q2 2015

STRONG CASH FLOW

- Inventory reduction in contrast to normal seasonality

SOFT GENERAL DEMAND

- Stable demand in Europe with signs of improvement in western regions
- Stable demand at a lower level in North America
- Mixed demand in Asia

EBIT 1,701 MSEK, 20.4%

- Currency effects +285 MSEK
- Savings 47 MSEK



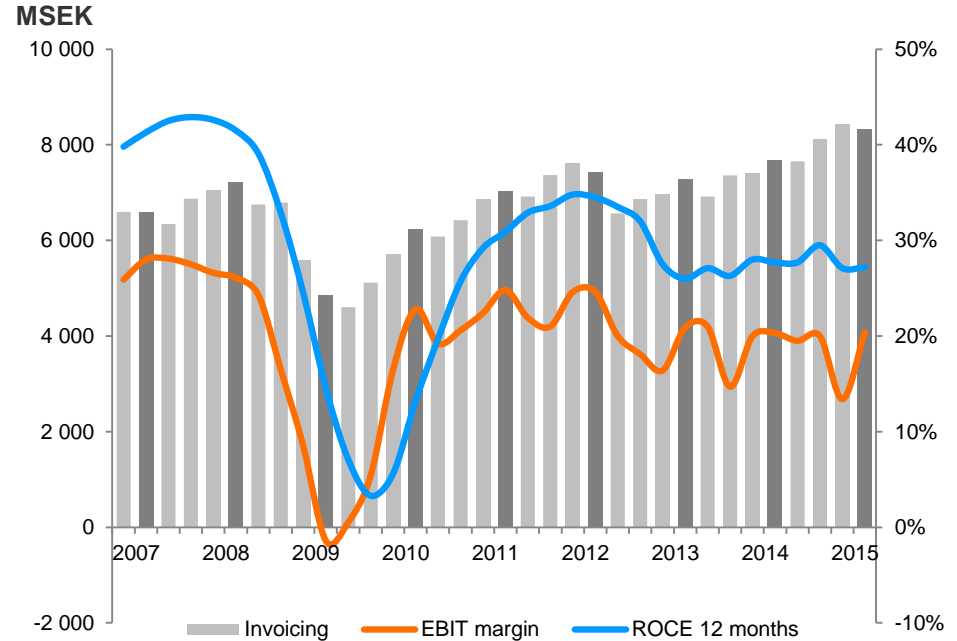
SANDVIK MACHINING SOLUTIONS – Q2 2015

ORDER INTAKE
8,355
MSEK

INVOICING
8,339
MSEK

EBIT
1,701
MSEK

ROCE
27.2%



SANDVIK MINING – Q2 2015

NEUTRAL BOOK-TO-BILL FOR EQUIPMENT AND AFTERMARKET COMBINED

- One large order but continued low demand for Mining Systems

EBIT 786 MSEK, 11.4%

- Currency effects +250 MSEK
- Savings +53 MSEK

SUPPLY CHAIN OPTIMIZATION

- One additional unit closure communicated



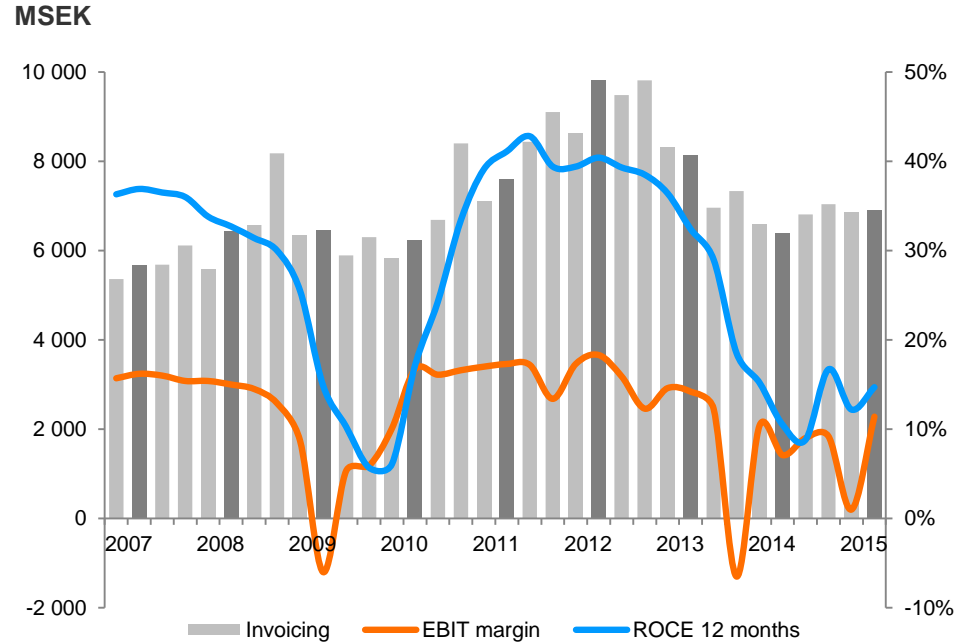
SANDVIK MINING – Q2 2015

ORDER INTAKE
6,817
 MSEK

INVOICING
6,908
 MSEK

EBIT
786
 MSEK

ROCE
14.7



SANDVIK MATERIALS TECHNOLOGY – Q2 2015

CHALLENGING MARKET CONDITIONS

- Persistently weak demand in oil and gas
- Increased competition in standardized tubular products
- Signs of improvement within automotive

EBIT 286 MSEK, 7.9%

- Excluding metal price effect 10.1 %
- Metalprice effect -80 MSEK
- Currency effects +90 MSEK
- Adjustment of cost base ongoing

STRONG CASH FLOW

- Further net working capital reductions



SANDVIK MATERIALS TECHNOLOGY – Q2 2015

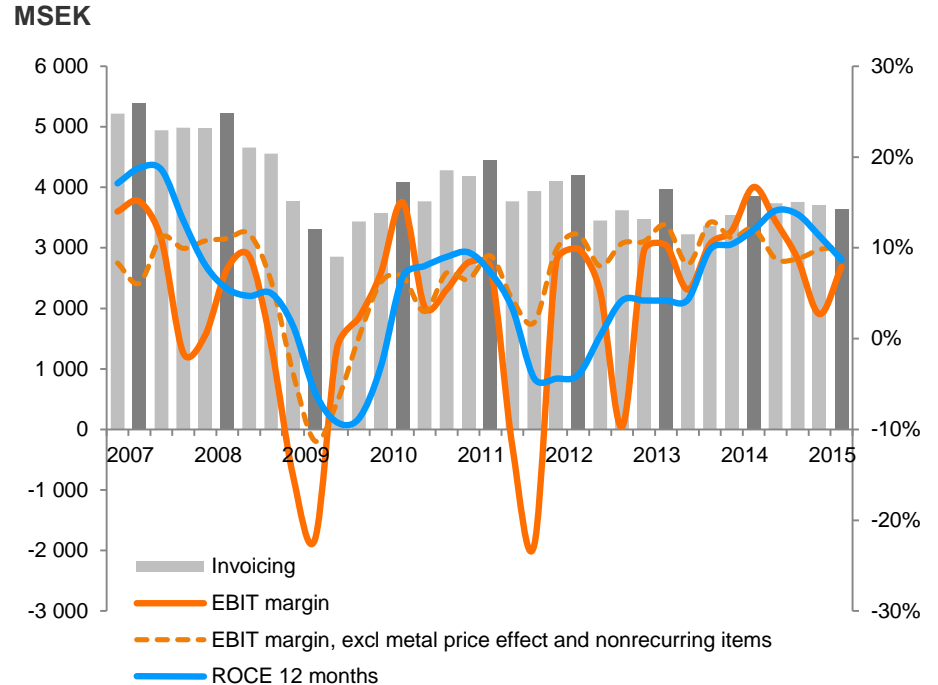
ORDER INTAKE
3,054
 MSEK

INVOICING
3,639
 MSEK

EBIT
286
 MSEK

ROCE
8.7%

Excluding metal price effects and nonrecurring items, 366 MSEK, 10.1 %



SANDVIK CONSTRUCTION – Q2 2015

STABLE MARKET CONDITIONS

- Slightly higher activity in North America
- One large order received in Australia

PERFORMANCE IMPROVEMENT

- EBIT 151 MSEK, 6.6%
- Currency effect +100 MSEK
- Savings 48 MSEK

ONGOING EFFICIENCY MEASURES

- Within the sales and marketing organization progressing according to plan.



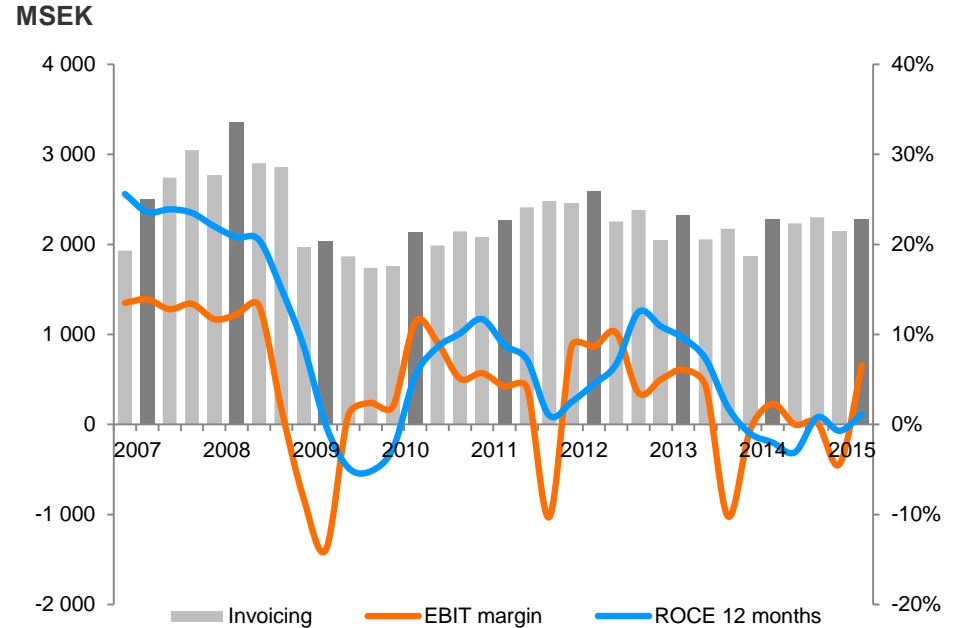
SANDVIK CONSTRUCTION – Q2 2015

ORDER INTAKE
2,348
MSEK

INVOICING
2,283
MSEK

EBIT
151
MSEK

ROCE
1.1%



SANDVIK VENTURE – Q2 2015

MIXED DEMAND PATTERN

SAVINGS SUPPORT EARNINGS

- EBIT 210 MSEK, 9.5%
- Savings 8 MSEK
- Currency effect -40 MSEK

CHALLENGING MARKET IN OIL & GAS CONSUMABLES



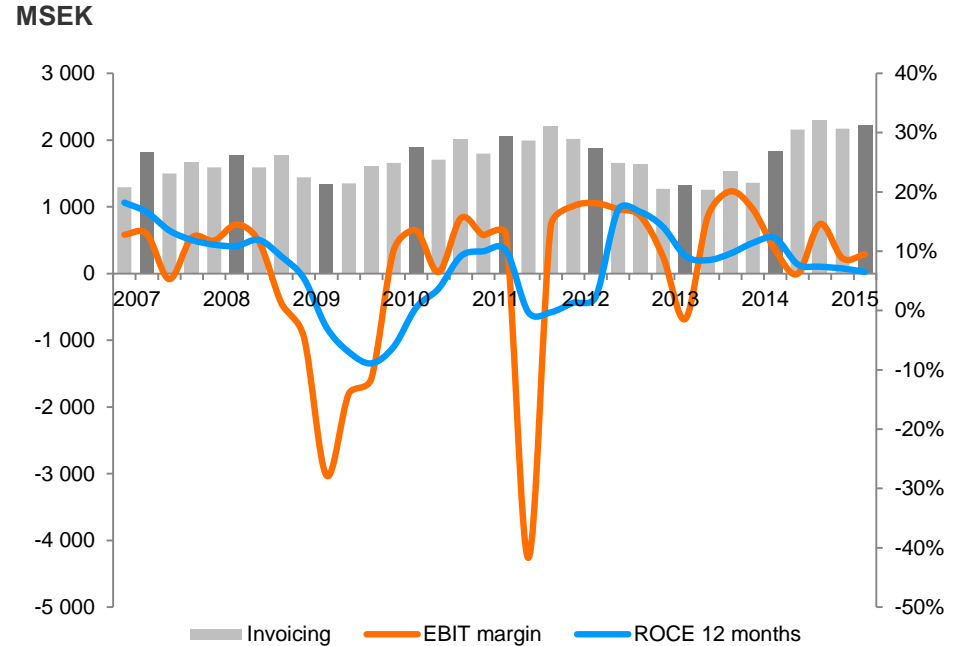
SANDVIK VENTURE – Q2 2015

ORDER INTAKE
2,165
MSEK

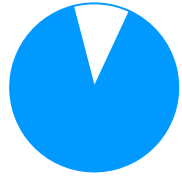
INVOICING
2,226
MSEK

EBIT
210
MSEK

ROCE
6.5%



LOAN AND DURATION PROFILE



LONG TERM
89%

	AMOUNT MSEK	AVERAGE DURATION
US Private Placement	6,585	4 years
Fin institutions, EIB, NIB	2,306	7 years
Swedish MTN	10,043	4 years
European MTN	10,115	11 years
Bank loans	2,838	3 years
Share swap	75	1 years



SHORT TERM
11%

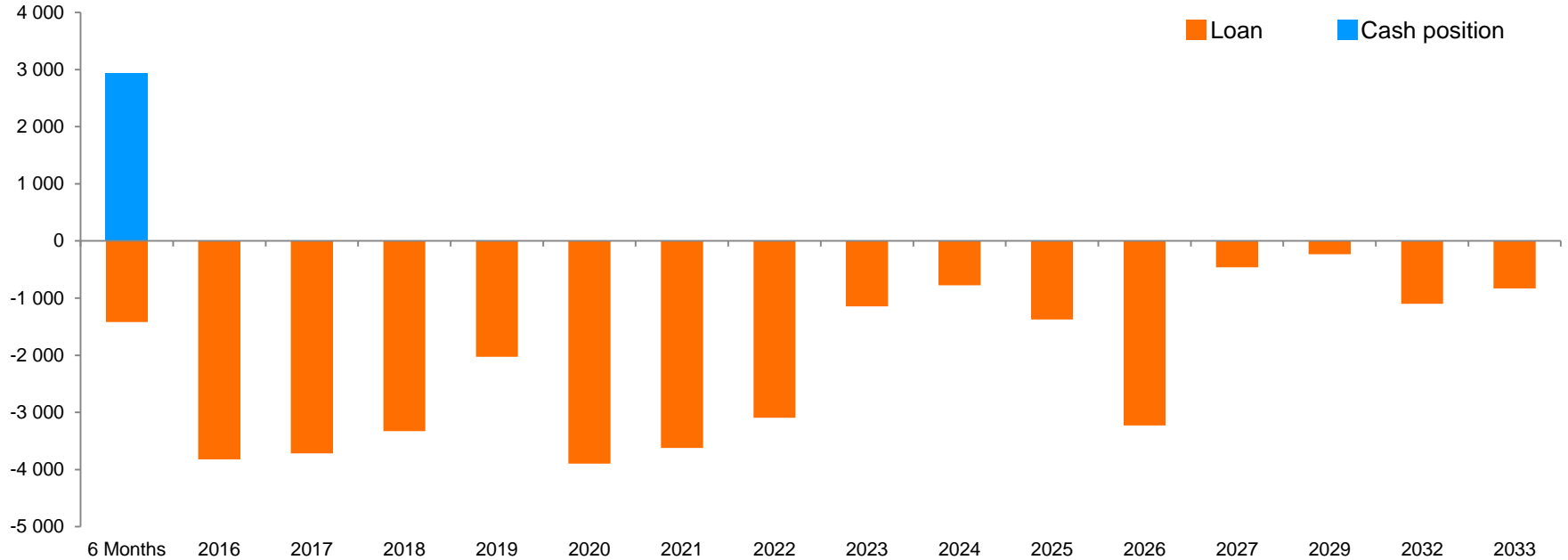
Commercial paper	-	-
Fin institutions, EIB, NIB	-	-
Swedish MTN	1,475	8 months
Bank loans	943	0 months
Share swap	1,503	0 months

Cash position **2,936 MSEK**
Revolving Credit facilities **10,995 MSEK**

TOTAL	35,883	6 years
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LOAN MATURITY PROFILE

MSEK



UPDATED GUIDANCE

CAPEX

Estimated at about 4.5 bn. SEK for 2015.

CURRENCY EFFECTS

Given currency rates at end of June the effect on EBIT would be +500 MSEK for Q3 2015.

METAL PRICE EFFECTS

Given currency rates, stock levels and metal prices at the end of June, it is estimated that effects on operating profit Q3 2015 will be about -100 MSEK.

NET FINANCIAL ITEMS

Net financial items is estimated to be -1.8 to -2.0 bn. SEK for 2015.

TAX RATE

The tax rate is estimated to about 26–28% for 2015.

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.”

