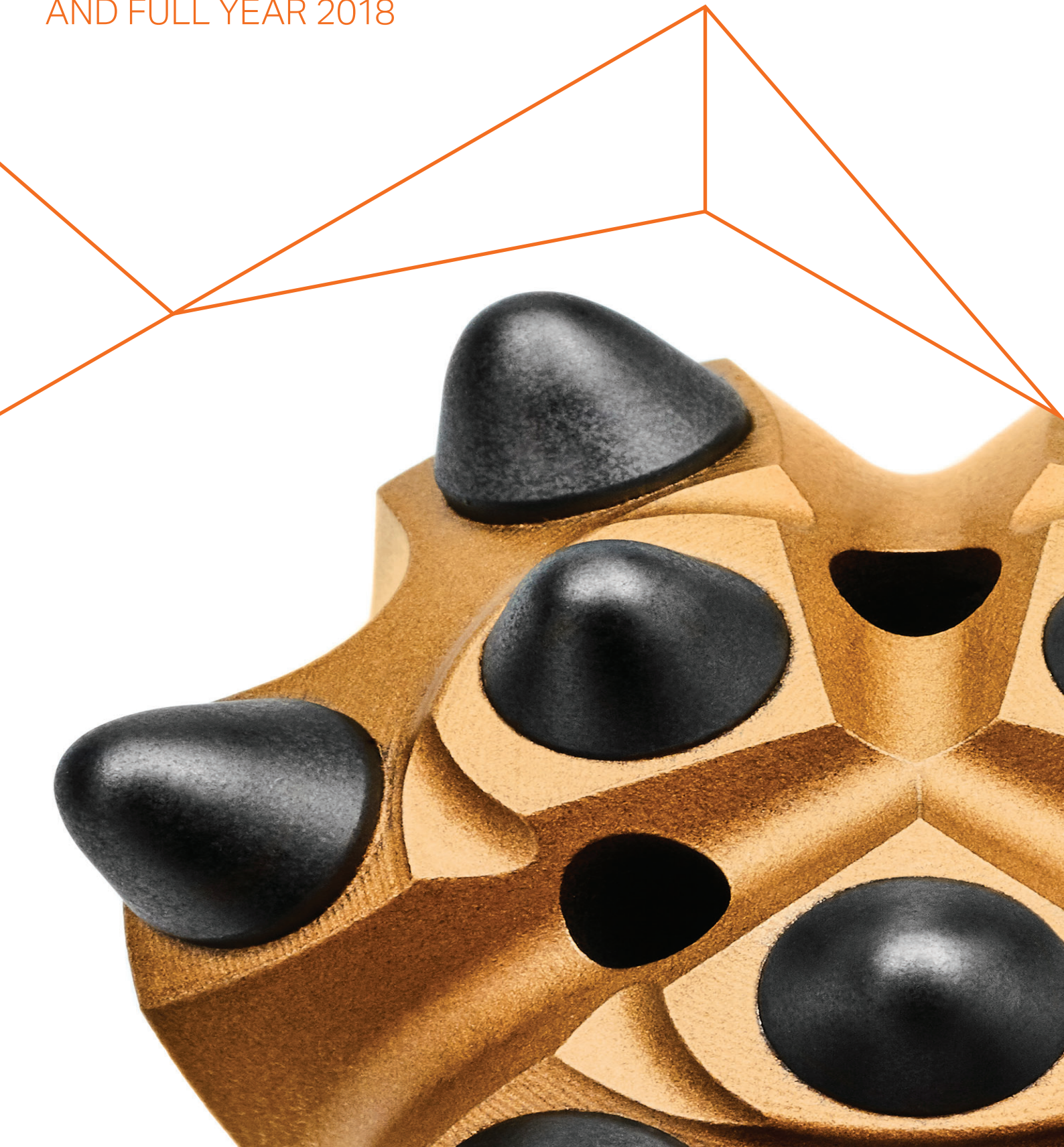


# INTERIM REPORT FOURTH QUARTER

AND FULL YEAR 2018



## STRONG FINISH TO A RECORD YEAR

**CEO'S COMMENT:** "There was a high level of customer activity in the fourth quarter and I am pleased with our overall performance. We achieved an increased pace of acquisitions and delivered on our high ambitions for cash flow generation. With strong earnings combined with a focused effort to reduce the net working capital, our free cash flow reached a quarterly all-time high, generating 6.3 billion SEK. Consequently, there was a strengthening of the balance sheet with net gearing reduced to 0.20 (0.33)," says Björn Rosengren, CEO and President of Sandvik.

"For Sandvik Mining and Rock Technology as well as Sandvik Materials Technology the underlying orders increased at a double-digit pace with strong growth in most regions. In Sandvik Machining Solutions growth was moderate at a low single digit pace, impacted primarily by a decline in Asia and slower activity in the automotive segment. Overall, we noted positive development in all the three major regions with slow growth in Europe and Asia being outperformed by the strong development in North America. I am pleased to note that Sandvik Mining and Rock Technology secured a strategic order to implement a major digital transformation at Hindustan Zinc's Sindesar Khurd mine in India. The installation enables a mine management solution not only for Sandvik equipment, but for the entire mobile underground fleet."

"Adjusted operating profit increased by 16% and reached 4,700 million SEK (4,062), supported by higher revenues and impact from changed exchange rates, with the adjusted operating margin improving to 18.1% (17.0).

"As part of our ambition to achieve continuous improvements we are reviewing the potential closure of a French production site in Sandvik Machining Solutions. In addition, we made structural changes in Sandvik Mining and Rock Technology by initiating the closure of a small product line in Rock Tools. The combined cost of -529 million SEK for these measures, impacted reported operating profit in the period."

"The full year of 2018 was a record 12 months for orders, revenues, adjusted operating profit and margin as well as cash flow. Demand improved in all customer segments and in all geographical regions, although a softening in Asia was noted towards the end of the year. As we entered 2018, our clear ambition was to make further adjustments to the business portfolio, and I am pleased we successfully delivered on this, both through acquisitions and divestments. We announced a total of five acquisitions, adding about 1.2 billion SEK in combined annualized revenues, and we closed the divestments of Hyperion and the welding and stainless wire business. We strengthened the balance sheet through the strong cash flow generation. This provides opportunities for additional M&A activities going forward. During the year we achieved several sustainability recognitions, which I view as evidence of the deep integration of the sustainable mindset at Sandvik, constituting the base for both our customer offering and our internal processes.

The Board of Directors proposes a dividend of 4.25 SEK per share (3.50). This represents a year-on-year increase of 21%, while still prioritizing a solid balance sheet. The dividend proposal represents 43% (44) of adjusted EPS for Sandvik Group in total.

FINANCIAL OVERVIEW, MSEK	Q4 2017 *	Q4 2018	CHANGE %	Q1-Q4 2017*	Q1-Q4 2018	CHANGE %
<b>Continuing operations</b>						
Order intake <sup>1)</sup>	24 107	25 627	+6	95 444	102 440	+9
Revenues <sup>1)</sup>	23 929	25 968	+9	90 827	100 072	+11
Gross profit	9 721	9 873	+2	36 601	41 012	+12
% of revenues	40.6	38.0		40.3	41.0	
Operating profit	7 973	4 170	-48	18 073	18 689	+3
% of revenues	33.3	16.1		19.9	18.7	
Adjusted operating profit <sup>4)</sup>	4 062	4 700	+16	14 613	18 625	+27
% of revenues	17.0	18.1		16.1	18.6	
Profit after financial items	7 698	4 034	-48	16 992	17 894	+5
% of revenues	32.2	15.5		18.7	17.9	
Profit for the period	6 418	2 847	-56	13 212	13 249	+0
% of revenues	26.8	11.0		14.5	13.2	
of which shareholders' interest	6 418	2 853	-56	13 226	13 259	+0
Earnings per share, SEK <sup>2)</sup>	5.12	2.27	-56	10.54	10.57	+0
Adjusted earnings per share, SEK <sup>2) 4)</sup>	2.35	2.62	+11	8.04	10.41	+29
Return on capital employed, % <sup>3)</sup>	42.8	19.9		23.8	22.7	
Cash flow from operations	+5 267	+6 044	+15	+14 752	+15 353	+4
Net working capital, % <sup>3)</sup>	21.9	23.7		23.5	24.0	
<b>Discontinued operations</b>						
Profit for the period	-101	-262	N/M	-52	-545	N/M
Earnings per share, SEK <sup>2)</sup>	-0.08	-0.21	N/M	-0.04	-0.43	N/M
<b>Group Total</b>						
Profit for the period	6 317	2 585	-59	13 160	12 704	-3
Earnings per share, SEK <sup>2)</sup>	5.04	2.07	-59	10.50	10.14	-3
Adjusted earnings per share, SEK <sup>2) 4)</sup>	2.27	2.41	+6	7.99	9.98	+25

1) Change from the preceding year at fixed exchange rates for comparable units.

2) Earnings per share after impact from dilution in continuing operations. Q4 2018 is 2.27 SEK (5.11) and for Group total 2.06 SEK (5.03). For the full year of 2018 it is in continuing operations 10.55 SEK (10.53) and Group total 10.11 SEK (10.49).

3) Quarter is quarterly annualized and the year-to-date numbers are based on a four quarter average.

4) Operating profit adjusted for items affecting comparability of +618 million SEK in Q3 2018 and -529 million SEK in Q4 2018 compared with +3 910 million SEK in Q4 2017. EPS is adjusted for the corresponding tax effects.

\* Restated according to IFRS15, where applicable

Tables and calculations do not always agree exactly with the totals due to rounding.

Comparisons refer to the year-earlier period, unless stated otherwise.

For definitions see home.sandvik

N/M = not meaningful

## MARKET DEVELOPMENT AND EARNINGS

### GROWTH

Q4	ORDER INTAKE	REVENUES
Price/volume, %	+6	+9
Structure, %	-4	-5
Currency, %	+4	+4
TOTAL, %	+6	+9

Change compared to same quarter last year. The table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

**Order intake and revenues in the fourth quarter improved organically by 6% and 9% respectively, with a positive contribution from all three business areas.** While year-on-year organic order growth was moderate in Sandvik Machining Solutions at 2%, it was very strong in Sandvik Mining and Rock Technology at 15%. Excluding the impact of a major order in the fourth quarter of 2018 of about 400 million SEK, organic order growth in Sandvik Mining and Rock Technology amounted to 10%. Sandvik Materials Technology reported stable organic orders. However, excluding the impact of major orders in both the fourth quarter of 2018 (250 million SEK) and in the fourth quarter of 2017 (630 million SEK), organic order growth in Sandvik Materials Technology amounted to 11%.

Orders increased in all the three major regions. Europe and Asia improved slightly by 3% and 2% respectively, while North America reported a significant increase of 14%.

Underlying customer activity remained stable in all customer segments barring automotive, which declined.

Changed exchange rates had a positive impact of 4% on both order intake and revenues.

**Adjusted operating profit rose by 16% year-on-year. Reported operating profit declined, as the fourth quarter of 2018 was adversely impacted by a total charge of -529 million SEK related to efficiency measures, while the fourth quarter of 2017 was positively impacted by the capital gain of 3.9 billion SEK linked to the divestment of the Process Systems business.**

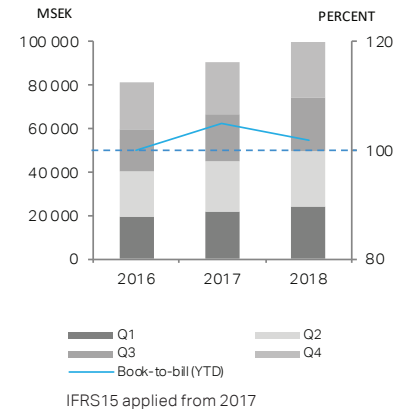
Adjusted operating profit amounted to 4,700 million SEK (4,062) and the adjusted operating margin was 18.1% (17.0), with the improvement supported primarily by strong organic growth and the tailwind provided by changed exchange rates.

Total costs for sales and administration rose by 6%, driven by strong markets and growth activities. In total, the ratio to revenues decreased to 19% (20). Changed exchange rates positively impacted operating profit by 494 million SEK. Changed metal prices had a negative impact of -86 million SEK (+101) on results in the quarter.

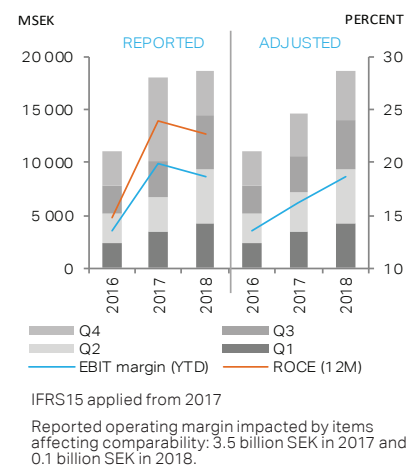
The interest net decreased by 33% year-on-year to -133 million SEK (-199) due to a lower debt level. The total finance net was -136 million SEK (-275) impacted by positive exchange rates and revaluation effects.

The underlying tax rate for continuing operations was 25.6% (27.3). The reported tax rate for continuing operations was 30.1% (16.6), adversely impacted primarily by the revaluation of deferred tax assets. Tax rate in the earlier-year period was low due to the impact from the capital gain of Process Systems.

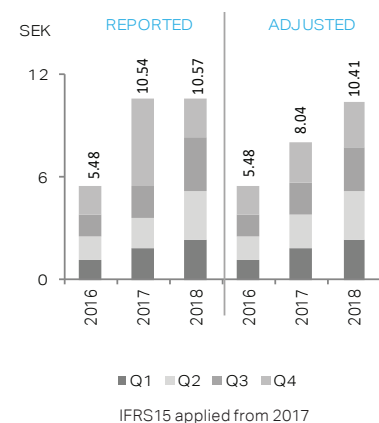
### REVENUES AND BOOK-TO-BILL



### OPERATING PROFIT & RETURN



### EARNINGS PER SHARE



## CASH FLOW AND BALANCE SHEET

**Capital employed** increased year-on-year to 88.7 billion SEK (78.0) on the back of recent acquisitions, increased net working capital and impact from changed exchange rates. Return on capital employed declined to 20% (43) with the decrease primarily due to the operating profit reported in the preceding year being elevated by the capital gain generated by the divestment of the Process Systems business.

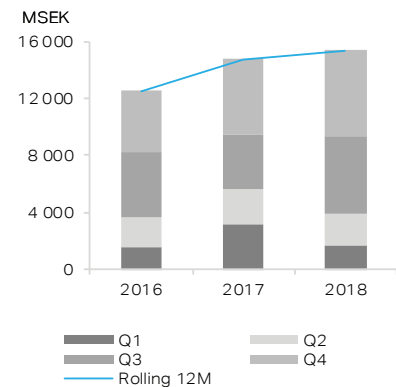
**Net working capital** amounted to 23.6 billion SEK and increased year-on-year (20.4), although a decrease could be noted sequentially (25.6). Inventories and accounts receivables increased due to growth in customer demand, which more than offset the higher accounts payable. Net working capital in relation to revenues increased to 24% (22) for the quarter.

**Investments** in tangible and intangible assets in the fourth quarter amounted to 1.2 billion SEK (1.3), corresponding to 139% of depreciation. Investments are seasonally higher in the second half of the year.

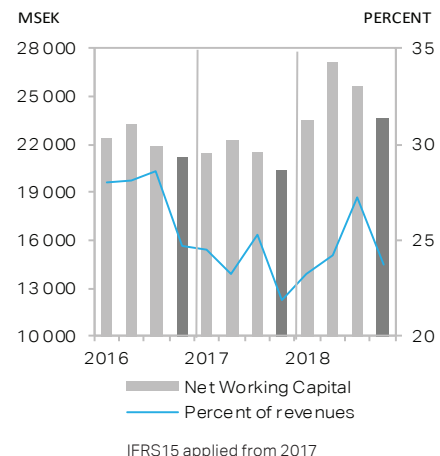
**Net debt** amounted to 11.6 billion SEK at the end of the fourth quarter, declining year-on-year from 16.0 billion SEK and sequentially from 15.1 billion SEK. The net debt to equity ratio declined year-on-year to 0.20 (0.33). The net pension liability increased year-on-year to 5.7 billion SEK (4.9) due to mark-to-market valuation of assets and changed discount rates. Interest-bearing debt with short-term maturity accounted for 10% of total debt.

**Free operating cash flow** increased by 24% year-on-year to 6.3 billion SEK (5.1) with contribution primarily from the sequential change in net working capital as well as from higher operating earnings, compared with the year-earlier period. Cash flow from operations was 6.0 billion SEK and increased year-on-year (5.3).

### CASH FLOW FROM OPERATIONS



### NET WORKING CAPITAL

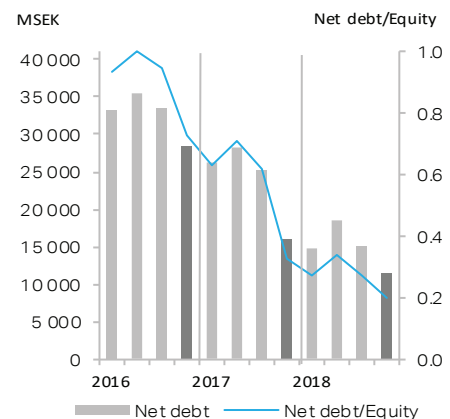


CASH FLOW	Q4 2017	Q4 2018
EBITDA	9 101	5 084
Non-cash items	-3 878	382
Net Working Capital change	+1 216	+2 273
Capex*	-1 354	-1 442
<b>FREE OPERATING CASH FLOW**</b>	<b>5 085</b>	<b>6 298</b>
Net financial items	-275	-136
Non-cash items	0	-596
Paid tax	-693	-746
Cash flow investing activities (reversed)	-3 575	+1 424
Acquisitions of companies and shares, net of cash	0	-141
Proceeds from sale of companies and shares, net of cash	+4 706	0
Other investments, net	+18	-57
<b>CASH FLOW FROM OPERATIONS</b>	<b>5 267</b>	<b>6 044</b>

\* Including investments and disposals of rental equipment of -217 million SEK (-205) and investments and disposals of tangible and intangible assets of -1,225 million SEK (-1,149).

\*\* Free operating cash flow before acquisitions and disposals of companies, financial items and taxes.

### NET DEBT, GROUP TOTAL



## SANDVIK MACHINING SOLUTIONS

**GROWTH ON HIGH COMPARABLES**

**DECLINE IN AUTOMOTIVE SEGMENT**

**POWDER BUSINESS TRANSFERRED TO ADDITIVE MANUFACTURING**

**GROWTH**

Q4	ORDER INTAKE	REVENUES
Price/volume, %	+2	+3
Structure, %	+2	+2
Currency, %	+5	+5
<b>TOTAL, %</b>	<b>+9</b>	<b>+11</b>

Change compared to same quarter last year. The table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

**Order intake and revenues increased slightly year-on-year by 2% and 3%, respectively. Demand improved in North America, remained stable in Europe and declined in Asia primarily due to a softening in the automotive segment.**

Key items impacting order intake and revenues compared with the year-earlier period:

- In Europe, revenues increased by 3% organically on the back of positive development in the general engineering segment, while automotive declined and demand remained stable in energy and aerospace.
- In North America, revenues increased organically by 9% as demand improved in all segments barring automotive, which remained stable.
- Underlying demand in Asia declined overall, primarily due to adverse development in the automotive segment.

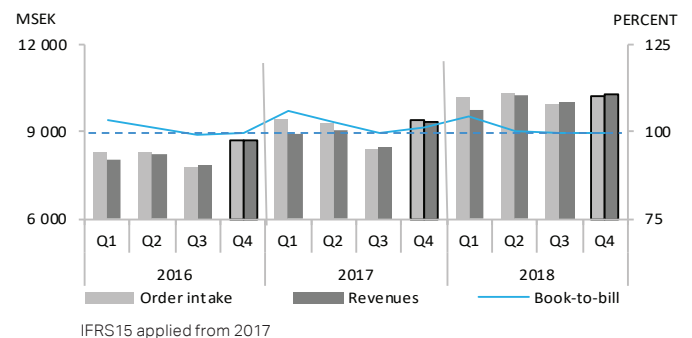
**Adjusted operating profit reached a record-high fourth-quarter level of 2,475 million SEK (2,285) and the adjusted operating margin declined to 24.0% (24.5), impacted by a determined effort to reduce net working capital.**

Items impacting operating profit and operating margin:

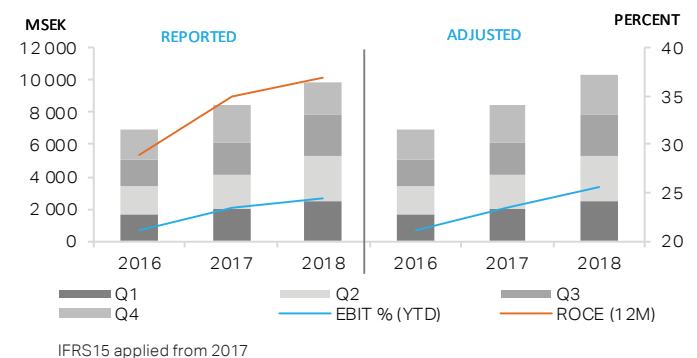
- Reduced production rates aimed at lowering inventory levels had an adverse impact of 1.6%-points on adjusted operating margin, compared with the year-earlier period.
- Reported operating profit was negatively impacted by -439 million SEK related to the review of the potential closure of a production facility in France.
- Changed exchange rates had a positive impact of 202 million SEK on operating profit, compared with the year-earlier period.

To maximize the growth opportunities in the additive manufacturing business, the powder operations will as of 1 January 2019 be transferred to Sandvik Machining Solutions from Sandvik Materials Technology. The transfer enables key competences and assets related to additive manufacturing to now be consolidated in one product area.

### ORDER INTAKE, REVENUES AND BOOK-TO-BILL



### OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK	Q4 2017	Q4 2018	CHANGE %	Q1-Q4 2017	Q1-Q4 2018	CHANGE %
Order intake	9 424	10 258	+2*	36 636	40 720	+6*
Revenues	9 313	10 305	+3*	35 777	40 343	+8*
Operating profit	2 285	2 036	-11	8 413	9 872	+17
% of revenues	24.5	19.8		23.5	24.5	
Adjusted operating profit**	2 285	2 475	+8	8 413	10 311	+23
% of revenues	24.5	24.0		23.5	25.6	
Return on capital employed, % <sup>1)</sup>	39.0	27.9		35.0	36.9	
Number of employees	18 745	19 284	+3	18 745	19 284	+3

\* At fixed exchange rates for comparable units. \*\* Operating profit adjusted for items affecting comparability in Q4 2018 of -439 million SEK.  
<sup>1)</sup> Quarter is quarterly annualized and the year-to-date numbers are based on a four quarter average.

For definitions see [home.sandvik](http://home.sandvik)

## SANDVIK MINING AND ROCK TECHNOLOGY

LARGE ORDER RECEIVED

SIGNIFICANT EARNINGS IMPROVEMENT

EFFICIENCY MEASURES INITIATED



### GROWTH

Q4	ORDER INTAKE	REVENUES
Price/volume, %	+15	+15
Structure, %	+1	+1
Currency, %	+3	+4
<b>TOTAL, %</b>	<b>+19</b>	<b>+21</b>

Change compared to same quarter last year. The table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

**Both orders and revenues improved organically by 15% year-on-year as a result of strong development in all equipment product areas and high activity in the aftermarket business.**

Key items impacting order intake and revenues compared with the year-earlier period:

- Underlying customer activity remained favorable for mining equipment with order growth of more than 10% in most product areas.
- Orders in the aftermarket business increased at a double-digit pace, on the back of strong growth in Parts & Service as well as consumables.
- Order intake included a major order valued at about 400 million SEK for mechanical cutting equipment.
- The aftermarket business accounted for 58% of revenues while the equipment business accounted for 42%.

In the period the strategic order to implement a major digital transformation at Hindustan Zinc's Sindesar Khurd mine in India was secured. The implementation is based on the software platform Sandvik OptiMine®, enabling an integrated mine management solution for the entire mobile underground fleet.

**Adjusted operating profit improved by 42% to a record-high level of 2,238 million SEK (1,572) and the adjusted margin improved to 19.1% (16.2), positively impacted by changed exchange rates.**

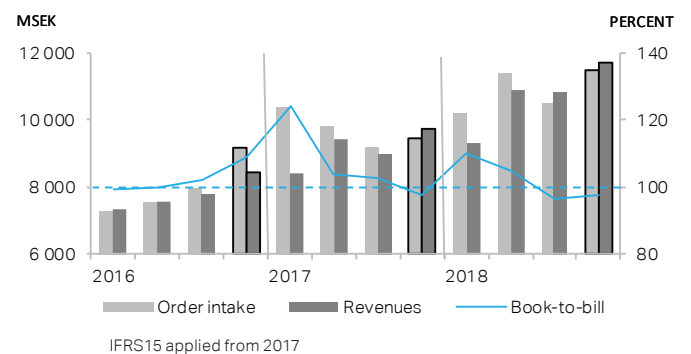
Items impacting operating profit and operating margin:

- Positive organic growth in revenues of 15% improved the absorption of fixed costs in production.
- Reported operating profit was impacted by the initiated efficiency measures within the Rock Tools product area,

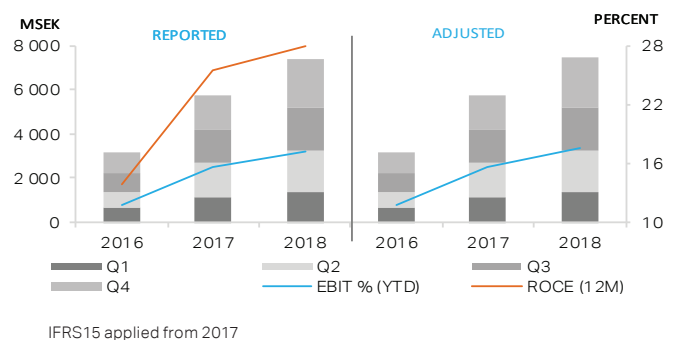
generating costs of -90 million SEK, out of which about -30 million SEK will impact cash flow.

- Changed exchange rates impacted operating profit positively by +229 million SEK.

### ORDER INTAKE, REVENUES AND BOOK-TO-BILL



### OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK	Q4 2017	Q4 2018	CHANGE %	Q1-Q4 2017	Q1-Q4 2018	CHANGE %
Order intake	9 586	11 454	+15*	38 973	43 557	+10*
Revenues	9 721	11 720	+15*	36 495	42 772	+15*
Operating profit	1 572	2 148	+37	5 724	7 380	+29
% of revenues	16.2	18.3		15.7	17.3	
Adjusted operating profit**	1 572	2 238	+42	5 724	7 470	+30
% of revenues	16.2	19.1		15.7	17.5	
Return on capital employed, % <sup>1)</sup>	28.1	32.6		25.3	29.4	
Number of employees	15 169	15 462	+2	15 169	15 462	+2

\* At fixed exchange rates for comparable units. \*\* Operating profit adjusted for items affecting comparability in Q4 2018 of -90 million SEK.

<sup>1)</sup> Quarter is quarterly annualized and the year-to-date numbers are based on a four quarter average.

## SANDVIK MINING AND ROCK TECHNOLOGY

### CONTINUING OPERATIONS

FINANCIAL OVERVIEW, MSEK	Q4 2017	Q4 2018	CHANGE %	Q1-Q4 2017	Q1-Q4 2018	CHANGE %
Order intake	9 586	11 454	+15*	38 973	43 557	+10*
Revenues	9 721	11 720	+15*	36 495	42 772	+15*
Operating profit	1 572	2 148	+37	5 724	7 380	+29
% of revenues	16.2	18.3		15.7	17.3	
Adjusted operating profit	1 572	2 238	+42	5 724	7 470	+30
% of revenues	16.2	19.1		15.7	17.5	

\* At fixed exchange rates for comparable units.

### DISCONTINUED OPERATIONS

FINANCIAL OVERVIEW, MSEK	Q4 2017 <sup>1)</sup>	Q4 2018	CHANGE %	Q1-Q4 2017 <sup>1)</sup>	Q1-Q4 2018	CHANGE %
Order intake	97	-3	-23*	1 299	70	-2*
Revenues	553	102	-2*	3 079	852	+1*
Operating profit	-95	-262	N/M	-62	-552	N/M
% of revenues	-17.2	N/M		-2.0	-64.8	

\* At fixed exchange rates for comparable units.

<sup>1)</sup> Includes Mining Systems as before divestment.

N/M = not meaningful

The Mining Systems business was divested to FLSmidth and NEPEAN during 2017. Consequently, order intake and revenues in the quarter relate to small bookings of parts and service to already ongoing projects. The operating profit amounted to -262 million SEK (-95), adversely impacted by primarily high costs in completion of the remaining ongoing projects. Changed exchange rates impacted earnings negatively by -3 million SEK.

The exit from the Mining Systems business was announced during 2017.

The Mining Systems project business was divested to FLSmidth.

The Mining Systems conveyor components business, including the closely related specialist conveyor systems business in Hollola (Finland), was divested to NEPEAN.

Mining Systems has been reported in discontinued operations and the divested businesses has as of 2 November 2017 been deconsolidated from Sandvik's financial statements. The projects to be finalized during 2018–2019 by Sandvik, through an operational agreement with FLSmidth, will however remain reported in discontinued operations.

### SANDVIK MINING AND ROCK TECHNOLOGY TOTAL

FINANCIAL OVERVIEW, MSEK	Q4 2017	Q4 2018	CHANGE %	Q1-Q4 2017	Q1-Q4 2018	CHANGE %
Order intake	9 683	11 451	+14*	40 272	43 627	+10*
Revenues	10 274	11 822	+14*	39 574	43 624	+14*
Operating profit	1 477	1 887	+28	5 662	6 828	+21
% of revenues	14.4	16.0		14.3	15.7	
Adjusted operating profit	1 477	1 976	+34	5 662	6 918	+22
% of revenues	14.4	16.7		14.3	15.8	

\* At fixed exchange rates for comparable units.

## SANDVIK MATERIALS TECHNOLOGY

**STRONG DEMAND**

**IMPACT FROM EXECUTED EFFICIENCY MEASURES**

**IMPROVED OPERATING MARGIN**



**GROWTH**

Q4	ORDER INTAKE	REVENUES
Price/volume, %	-0	+10
Structure, %	-5	-6
Currency, %	+4	+4
<b>TOTAL, %</b>	<b>-1</b>	<b>+9</b>

Change compared to same quarter last year. The table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

**Organic orders remained stable, although the growth figure was 11% when the impact of large orders is excluded. Revenues rose organically by 10%. Higher alloy prices supported both order intake and revenues by 3%, primarily related to nickel.**

Key items impacting order intake and revenues compared with the year-earlier period:

- Strong growth in demand for the more standardized tubular products across most customer segments.
- Increased customer activity for the capex-related tubular offering related to the energy segment.
- Order intake includes a large order valued at about 250 million SEK related to the oil and gas industry.
- Increased demand for heating systems and high-alloy metal powder.

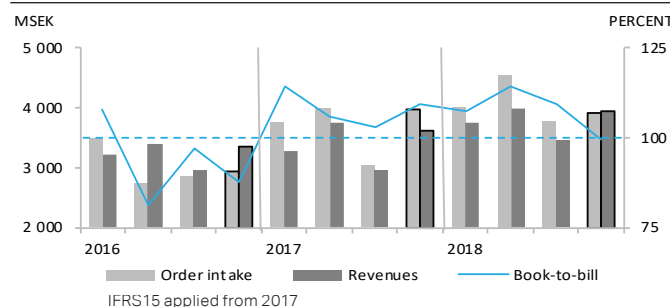
**Operating profit declined to 252 million SEK (267) and the operating margin declined to 6.4% (7.4) impacted positively by changed exchange rates although this was off-set by changed metal prices. Operating profit excluding metal price effects was 338 million SEK (166) implying an underlying margin of 8.6% (4.6).**

Items impacting operating profit and operating margin:

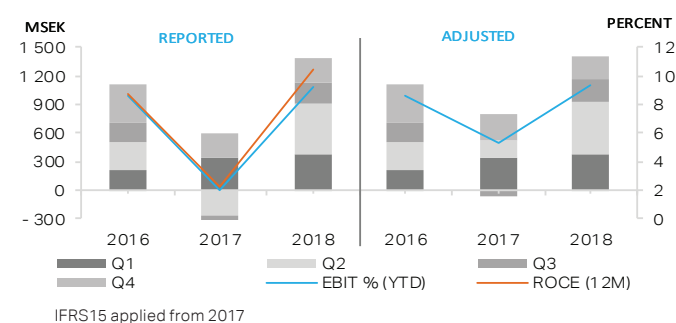
- Adverse impact from lower deliveries of high value-added tubular products, year-on-year, partially off-set by savings from ongoing announced efficiency measures of about 40 million SEK.
- Reducing stock levels adversely impacted the operating margin by about -0.5%-point year-on-year.
- Changed exchange rates had a positive impact of 69 million SEK on operating profit.
- Changed metal prices had a negative impact of -86 million SEK (101) on operating profit in the quarter.

In order to consolidate the powder-related operations into one focused area within Sandvik, the powder business will be transferred to the product area Additive Manufacturing in Sandvik Machining Solutions as of 1 January 2019.

### ORDER INTAKE, REVENUES AND BOOK-TO-BILL



### OPERATING PROFIT AND RETURN



FINANCIAL OVERVIEW, MSEK	Q4 2017	Q4 2018	CHANGE %	Q1-Q4 2017	Q1-Q4 2018	CHANGE %
Order intake	3 964	3 915	-0*	14 739	16 272	+12*
Revenues	3 630	3 942	+10*	13 618	15 111	+13*
Operating profit	267	252	-6	277	1 391	N/M
% of revenues	7.4	6.4		2.0	9.2	
Adjusted operating profit**	267	252	-6	727	1 416	+95
% of revenues	7.4	6.4		5.3	9.4	
Return on capital employed, % <sup>1)</sup>	8.5	7.5		2.1	10.5	
Number of employees	6 545	6 102	-7	6 545	6 102	-7

\* At fixed exchange rates for comparable units, \*\* Operating profit adjusted for items affecting comparability in Q2 2018 of -24 million SEK (-450 for FY 2017).

<sup>1)</sup> Quarter is quarterly annualized and the year-to-date numbers are based on a four quarter average.

N/M = not meaningful For definitions see home.sandvik

FOR ADDITIONAL INFORMATION, PLEASE CALL SANDVIK INVESTOR RELATIONS +46 8 456 11 00 OR VISIT HOME.SANDVIK



## OTHER OPERATIONS

The divestment of Hyperion to the US listed investment firm KKR was completed in the third quarter of 2018. Operating profit in the fourth quarter in Other Operations includes some remaining operational costs.

FINANCIAL OVERVIEW, MSEK	Q4 2017 <sup>2)</sup>	Q4 2018	CHANGE %	Q1-Q4 2017 <sup>2)</sup>	Q1-Q4 2018	CHANGE %
Order intake	1 133	0	N/M*	5 096	1 891	+2*
Revenues	1 265	0	N/M*	4 937	1 846	+4*
Operating profit	4 058	-28	N/M	4 433	731	N/M
% of revenues	320.7	N/M		89.8	39.6	
Adjusted operating profit**	148	-28	N/M	522	113	N/M
% of revenues	11.7	N/M		10.6	6.1	
Return on capital employed, % <sup>1)</sup>	492.4	57.7		123.9	43.6	
Number of employees	13	11	-15	13	11	-15

\*At fixed exchange rates for comparable units. \*\*Operating profit adjusted for items affecting comparability in Q3 2018 of +618 million SEK and +3 910 million SEK in Q4 2017.

1) Quarter is quarterly annualized and the year-to-date numbers are based on a four quarter average.

2) Includes Process Systems which was divested during 2017.

N/M = not meaningful.

For definitions see [home.sandvik](http://home.sandvik)

## PARENT COMPANY

For full year 2018 the parent company's revenues amounted to 20,141 million SEK (18,764) and the operating profit was 2,566 million SEK (1,260). Income from shares in Group companies consists primarily of dividends and Group contributions from these and amounted after the fourth quarter to

4,364 million SEK (-706). Appropriations amounted for full year to -3,138 million SEK (-62). Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to 15,059 million SEK (11,180). Investments in property, plant and machinery amounted to 799 million SEK (875).

## FULL YEAR OF 2018

For full year of 2018, demand for Sandvik's products improved year-on-year, with order intake displaying organic growth of 9%. Excluding the impact of large orders, growth amounted to 9%. Revenues increased by 11%, attributable to a broad-based improvement in customer activity in all business areas and in most customer segments. Demand for Sandvik's products improved in all regions, although a softening in Asia was noted toward the end of the year. Changed exchange rates had a positive impact of 2% on both order intake and revenues. Sandvik's order intake amounted to 102,440 million SEK (95,444), and revenues were 100,072 million SEK (90,827), implying a book-to-bill ratio of 102%.

Adjusted operating profit increased by 27% year-on-year to 18,625 million SEK (14,613) and the adjusted operating margin was 18.6% (16.1), positively impacted in the amount of 844 million SEK due to changed exchange rates, including 78 million SEK related to the capital gain stemming from the divestment of Hyperion. The reported operating profit increased by 3% to 18,689 million SEK (18,073) and the operating margin was 18.7% (19.9). Changed metal prices had a positive impact of 255 million SEK (113). Net financial items amounted to -795 million SEK (-1,081) and profit after financial items was 17,894 million SEK (16,992).

The underlying tax rate for continuing operations was 26.1% (27.0). The reported tax rate for continuing operations was 27.2% (22.2), adversely impacted primarily by the revaluation of deferred tax assets. The underlying tax rate for the Group total was 28.1% (27.1) and the reported tax rate for Group total was 32.2% (22.3). Tax rate in the earlier-year period was low due to the impact from the capital gain of Process Systems.

Profit for the period amounted to 13,249 million SEK (13,212) for continuing operations and 12,704 million SEK (13,160) for the Group in total. Earnings per share for continuing operations amounted to 10.57 SEK (10.54) while earnings per share for the Group in total amounted to 10.14 SEK (10.50).

Operating cash flow from continuing operations was 15,353 million SEK (14,752), supported by higher year-on-year earnings which was however hampered by adverse effect from changes in net working capital. Investments were 3,920 million SEK (3,580). Net debt declined to 11.6 billion SEK (16.0), resulting in a net debt to equity ratio of 0.20 (0.33).

The business portfolio was consolidated with the closure of several divestments, such as the stainless and welding wire business in Sandvik Materials Technology which also exited the joint venture with Outokumpu regarding the operations of Fagersta Stainless and the divestment of Hyperion. In parallel, the focus was on growth in the stable and profitable core operations. Sandvik Machining Solutions acquired the French software company Metrologic Group, a market leader in agnostic metrology. This marked the first material step toward an expanded offering in digital manufacturing and facilitates broader coverage of the total manufacturing value chain, now also including the post-machining process. Sandvik Machining Solutions also announced acquisitions of OSK and Dura-Mill to increase its exposure to the round tools market. The acquisition of Inrock was closed, a leading supplier of rock-drilling tools and services for Horizontal Directional Drilling (HDD) in North America. Sandvik Materials Technology acquired Custom Electric Manufacturing Co., a leading manufacturer of heating elements in Wixom, Michigan, USA.

## ACQUISITIONS AND DIVESTMENTS

### ACQUISITIONS DURING THE MOST RECENT 12-MONTH PERIOD

	COMPANY / UNIT	CLOSING DATE	ANNUAL REVENUE	NO. OF EMPLOYEES
Sandvik Mining and Rock Technology	Inrock	2 July 2018	46 MUSD in 2017	70
Sandvik Machining Solutions	Metrologic Group	4 July 2018	43 MEUR in 2017	170
Sandvik Materials Technology	Custom Electric Manufacturing	1 August 2018	5 MUSD in 2017	20
Sandvik Machining Solutions	Dura-Mill	3 December 2018	7 MUSD in 2017	30

	Purchase price on cash and debt free basis	Goodwill and other intangible assets
Acquisitions	4.6 billion SEK	4.6 billion SEK

### DIVESTMENTS DURING THE MOST RECENT 12-MONTH PERIOD

	COMPANY / UNIT	CLOSING DATE	ANNUAL REVENUE, MSEK	NO. OF EMPLOYEES
Sandvik Materials Technology	Welding Wire	31 January 2018	490 in 2017	120
Other Operations	Hyperion	2 July 2018	3,300 in 2017	1,400
Sandvik Materials Technology	Stainless Wire	31 August 2018	310 in 2017	140

## SIGNIFICANT EVENTS

### DURING THE FOURTH QUARTER

- On 10 November Sandvik Machining Solutions announced the acquisition of US based Dura-Mill Inc, a manufacturer of precision solid carbide end mills. It will be part of Coromant, a product area within Sandvik Machining Solutions. The acquisition enhances the already strong position and product offering in North America and primarily within the Aerospace segment. In 2017 Dura-Mill had revenues of 7.2 million USD and 30 employees. The parties have agreed not to disclose the purchase price. The deal is accretive to earnings per share from the start. The deal was closed on 3 December.

- On 13 November Sandvik Machining Solutions announced it is reviewing additional efficiency measures and as such envisages the possible closure of the manufacturing facility in Fondettes, France, whilst relocating the produced volumes to other facilities within Sandvik Machining Solutions. The planned action would generate savings at an annual run-rate of an estimated 100 million SEK. Operating profit for the fourth quarter of 2018 was impacted by items affecting comparability of -439 million SEK, with cash flow effect of -400 million SEK.

- On 26 November Sandvik Machining Solutions announced the acquisition of Chinese round tools supplier OSK. It will be part of Seco Tools, a product area within Sandvik Machining Solutions. The acquisition will particularly strengthen the position and product offering to the fast growing Chinese electronics industry. In 2017 OSK had revenues of 120 MSEK and 90 employees. The parties have agreed not to disclose the purchase price. The deal is accretive to earnings per share from the start. The transaction is expected to close during the first half of 2019 and is subject to relevant regulatory approvals.

### AFTER THE FOURTH QUARTER

- On 9 January, Dormer Pramet, a product area within Sandvik Machining Solutions, announced the acquisition of the US based company Wetmore Tool & Engineering, a manufacturer of round tools specialized for the aerospace industry. The acquisition not only expands Dormer Pramet's range of round tools but it also facilitates an improved position in key aerospace markets such as the United States, United Kingdom etc. In 2017 Wetmore Tool & Engineering generated revenues of about 160 million SEK and had 170 employees. The parties have agreed not to disclose the purchase price and the transaction was simultaneously signed and closed. The deal is accretive to earnings per share from the start.

- On 21 January, Sandvik Materials Technology announced it has received several orders for advanced tubes for the oil- and gas industry at a combined value of about 1 billion SEK. Orders were booked in the first quarter of 2019 and deliveries are scheduled as from the second half of 2019.

## GUIDANCE

Guidance below relates to continuing operations.

Sandvik does not provide a market outlook or business performance forecasts. However, guidance relating to certain non-operational key figures considered useful when modeling financial outcomes is provided in the table below:

<b>CAPEX</b>	Estimated to <4 billion SEK for 2019
<b>CURRENCY EFFECTS</b>	Based on currency rates at the end of December 2018, it is estimated that transaction and translation currency effects will have an impact of about +500 million SEK on operating profit for the first quarter of 2019, compared with the year-earlier period
<b>METAL PRICE EFFECTS</b>	In view of currency rates, inventory levels and metal prices at the end of December 2018, it is estimated that there will be an impact of about -150 million SEK on operating profit in Sandvik Materials Technology for the first quarter of 2019
<b>NET FINANCIAL ITEMS</b>	Estimated to <1 billion SEK in 2019
<b>TAX RATE</b>	Estimated to 25% - 27% for 2019

## ACCOUNTING POLICIES

This interim report was prepared in accordance with IFRS, applying IAS 34, Interim Financial Reporting. The same accounting and valuation policies were applied as in the most recent annual report with the exception of new and revised standards and interpretations effective from 1 January 2018.

The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act and the Securities Market Act, which is in line with standard RFR 2 Reporting by a legal entity, issued by the Swedish Financial Reporting Board.

As from 1 January 2018 the Sandvik Group applies IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The effect from the transition to the new standards is minor.

### Opening balance adjustments

For IFRS 15 Sandvik applied the partial retrospective approach when transiting to the new standard. The opening balance for 2017 is adjusted for a decrease in equity with -28 million SEK.

For IFRS 9 the opening balance for 2018 is adjusted for a decrease in equity with -72 million SEK.

### Divestments

The Mining System's projects that will be finalized during 2018-2019 by Sandvik remains classified as discontinued operations and in balance sheet as assets held for sale, in accordance with IFRS 5.

### IFRS 16 Leases

#### Estimated effects from transition to IFRS 16 Leases

Sandvik have assessed the impact of the transition to the new standard IFRS 16 Leases effective 1 January 2019. Sandvik's initial estimate is that IFRS 16 will have a small positive impact on operating profit and a smaller negative impact on profit after financial items.

The estimated effects on the balance sheet are presented in the table below. The lease portfolio includes almost 10,000 contracts and cover mainly operational leases for offices, warehouses, company cars, production and office equipment. Existing finance leases measured previously under IAS 17 Leases are reclassified to IFRS 16 to the amounts recognized immediately before the date of application of the new standard.

Sandvik has assessed many contracts concerning premises being open-ended contracts. In many countries local law provides protection to the lessee from being noticed. This requires the Sandvik lessee to determine the contract period instead of considering the termination clause. The lessee then determines the length of the contract period based on factors such as the importance of building to the business, any planned or made leasehold investments and the market situation for premises. As a consequence these contracts have in many cases had the contract period extended.

#### Opening balance adjustment

Sandvik have chosen to perform the transition in line with the Cumulative catch-up approach and have applied the expedient to not restate any comparative information. Right-of-use assets have been determined as an amount equal to the lease liabilities as identified at initial application. A single discount rate has been applied per country and per asset classes Land and Buildings respectively Other assets such as machinery, equipment, vehicles and IT. Hindsight has been used to determine the lease terms when an option to terminate or extend has been available. Lease contracts shorter than 12 months or ending within 12 months at the date of application are considered short-term and hence not recognized as lease liability or right-of-use asset. In addition low value contracts (with a value as new below USD 5,000) are also excluded from being recognized as lease liability or right-of-use asset.

MSEK	Closing balance 31 Dec 2018 before transition to IFRS 16 Leases	Estimated reclassifications due to transition to IFRS 16 Leases	Estimated adjustments due to transition to IFRS 16 Leases	Estimated adjusted opening balance 1 Jan 2018
Right-of-use assets	-	-	3,386	3,386
Lease liabilities, interest bearing	-	-	3,386	3,386

## TRANSACTIONS WITH RELATED PARTIES

No transactions between Sandvik and related parties that significantly affected the company's position and results took place.

## RISK ASSESSMENT

As an international Group with a wide geographic spread, Sandvik is exposed to several strategic, business and financial risks. Strategic risk at Sandvik is defined as emerging risks affecting the business long term, such as industry shifts, technological shifts and macroeconomic developments. The business risks can be divided into operational, sustainability, compliance, legal and commercial risks. The financial risks include currency risks, interest rates, raw material prices, tax risks and more. These risk areas can all impact the business negatively both long and short term but often also create business opportuni-

ties if managed well. Risk management at Sandvik begins with an assessment in operational management teams where the material risks for their operations are first identified, followed by an evaluation of the probability of the risks occurring and their potential impact on the Group. Once the key risks have been identified and evaluated risk mitigating activities to eliminate or reduce the risks are agreed on. For a more detailed description of Sandvik's analysis of risks and risk universe, see the Annual Report for 2017.

## FINANCIAL REPORTS SUMMARY

### THE GROUP

#### INCOME STATEMENT

MSEK	Q4 2017 <sup>1)</sup>	Q4 2018	CHANGE %	Q1-Q4 2017 <sup>1)</sup>	Q1-Q4 2018	CHANGE %
<i>Continuing operations</i>						
Revenues	23 929	25 968	+9	90 827	100 072	+10
Cost of sales and services	-14 208	-16 095	+13	-54 226	-59 060	+9
<b>Gross profit</b>	<b>9 721</b>	<b>9 873</b>	<b>+2</b>	<b>36 601</b>	<b>41 012</b>	<b>+12</b>
% of revenues	40.6	38.0		40.3	41.0	
Selling expenses	-3 206	-3 404	+6	-12 819	-13 377	+4
Administrative expenses	-1 579	-1 649	+4	-5 954	-6 180	+4
Research and development costs	-906	-1 003	+11	-3 163	-3 535	+12
Other operating income and expenses	3 943	353	-91	3 408	769	-77
<b>Operating profit</b>	<b>7 973</b>	<b>4 170</b>	<b>-48</b>	<b>18 073</b>	<b>18 689</b>	<b>+3</b>
% of revenues	33.3	16.1		19.9	18.7	
Financial income	223	173	-23	381	374	-2
Financial expenses	-497	-309	-38	-1 462	-1 169	-20
<b>Net financial items</b>	<b>-275</b>	<b>-136</b>	<b>-50</b>	<b>-1 081</b>	<b>-795</b>	<b>-26</b>
<b>Profit after financial items</b>	<b>7 698</b>	<b>4 034</b>	<b>-48</b>	<b>16 992</b>	<b>17 894</b>	<b>+5</b>
% of revenues	32.2	15.5		18.7	17.9	
Income tax	-1 280	-1 187	-7	-3 780	-4 645	+23
<b>Profit for the period, continuing operations</b>	<b>6 418</b>	<b>2 847</b>	<b>-56</b>	<b>13 212</b>	<b>13 249</b>	<b>+0</b>
% of revenues	26.8	11.0		14.5	13.2	
<i>Discontinued operations</i>						
Revenues	553	102	-81	3 079	852	-72
Operating profit	-96	-262	N/M	-62	-552	N/M
Profit after financial items	-101	-262	N/M	-52	-545	N/M
<b>Profit for the period, discontinued operations</b>	<b>-101</b>	<b>-262</b>	<b>N/M</b>	<b>-52</b>	<b>-545</b>	<b>N/M</b>
<i>Group total</i>						
Revenues	24 482	26 070	+6	93 906	100 924	+7
Operating profit	7 877	3 909	-50	18 011	18 137	+1
Profit after financial items	7 597	3 773	-50	16 940	17 349	+2
<b>Profit for the period, Group total</b>	<b>6 317</b>	<b>2 585</b>	<b>-59</b>	<b>13 160</b>	<b>12 704</b>	<b>-3</b>
<i>Items that will not be reclassified to profit or loss</i>						
Actuarial gains/losses on defined benefit pension plans	964	-997		860	-684	
Tax relating to items that will not be reclassified	-110	240		-108	163	
	<b>854</b>	<b>-757</b>		<b>751</b>	<b>-522</b>	
<i>Items that will be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences	1 016	-150		-1 353	1 752	
Cash flow hedges	5	-9		86	18	
Tax relating to items that may be reclassified	-2	2		-19	-4	
	<b>1 019</b>	<b>-157</b>		<b>-1 286</b>	<b>1 766</b>	
<b>Total other comprehensive income</b>	<b>1 873</b>	<b>-914</b>		<b>-535</b>	<b>1 244</b>	
<b>Total comprehensive income</b>	<b>8 190</b>	<b>1 671</b>		<b>12 625</b>	<b>13 948</b>	
<i>Profit for the period attributable to</i>						
Owners of the Parent	6 317	2 591		13 174	12 714	
Non-controlling interests	-	-6		-14	-10	
<i>Total comprehensive income attributable to</i>						
Owners of the Parent	8 190	1 677		12 639	13 958	
Non-controlling interests	-	-6		-14	-10	
<b>Earnings per share, SEK *</b>						
Continuing operations	5.12	2.27	-56	10.54	10.57	+0
Discontinued operations	-0.08	-0.21	N/M	-0.04	-0.43	N/M
Group Total	5.04	2.07	-59	10.50	10.14	-3

\* Earnings per share after impact from dilution in continuing operations Q4 2018 is 2.27 SEK (5.11) and for Group total 2.06 SEK (5.03). For the full year of 2018 it is in continuing operations 10.55 SEK (10.53) and Group total 10.11 SEK (10.49).

1) Restated to IFRS15 where applicable. For details on restated numbers see [home.sandvik.com/investors/financial-tables](http://home.sandvik.com/investors/financial-tables).

N/M = non-meaningful.

For definitions see [home.sandvik.com](http://home.sandvik.com)

## THE GROUP

### BALANCE SHEET CONTINUING AND DISCONTINUED OPERATIONS

MSEK	31 DEC 2017 <sup>1)</sup>	31 DEC 2018
Intangible assets	17 376	22 250
Property, plant and equipment	24 398	25 362
Financial assets	6 774	5 664
Inventories	21 416	24 609
Contract Assets	74	143
Current receivables	19 488	21 593
Cash and cash equivalents	12 724	18 089
Assets held for sale	4 522	641
<b>Total assets</b>	<b>106 772</b>	<b>118 351</b>
Total equity	48 722	58 518
Non-current interest-bearing liabilities	28 463	27 788
Non-current non-interest-bearing liabilities	4 447	5 294
Current interest-bearing liabilities	986	2 375
Current non-interest-bearing liabilities	22 585	23 764
Liabilities related to assets held for sale	1 570	612
<b>Total equity and liabilities</b>	<b>106 772</b>	<b>118 351</b>
<i>Group total</i>		
Net working capital <sup>2)</sup>	20 727	23 803
Loans	23 751	23 868
Non-controlling interests in total equity	28	42

1) Restated to IFRS15 where applicable. For details on restated numbers see [home.sandvik.com/investors/financial-tables](http://home.sandvik.com/investors/financial-tables).

2) Total of inventories, trade receivables, accounts payable and other current noninterest-bearing receivables and liabilities, excluding tax assets and liabilities.

### NET DEBT

MSEK	31 DEC 2017	31 DEC 2018
Interest-bearing liabilities excluding pension liabilities	23 828	23 928
Net pension liabilities	4 936	5 718
Cash and cash equivalents	-12 724	-18 089
<b>Net debt</b>	<b>16 040</b>	<b>11 557</b>
<b>Net debt to equity ratio</b>	<b>0.33</b>	<b>0.20</b>

### CHANGE IN TOTAL EQUITY

MSEK	EQUITY RELATED TO OWNERS OF THE PARENT	NON-CONTROLLING INTEREST	TOTAL EQUITY
<b>Opening equity, 1 January 2017</b>	<b>39 197</b>	<b>93</b>	<b>39 290</b>
Change due to IFRS 15 Revenue from Contract with customers	-28		-28
Changes in non-controlling interest	-9	-47	-56
Total comprehensive income for the period	12 639	-14	12 625
Personnel options program	365		365
Hedge of personnel options program	-21		-21
Dividends	-3 449	-4	-3 453
<b>Closing equity, 31 December 2017</b>	<b>48 694</b>	<b>28</b>	<b>48 722</b>
<b>Opening equity, 1 January 2018</b>	<b>48 694</b>	<b>28</b>	<b>48 722</b>
Change due to IFRS 9 Financial Instruments	-71		-71
Changes in non-controlling interest	-24	24	-
Total comprehensive income for the period	13 958	-10	13 948
Personnel options program	152		152
Hedge of personnel options program	157		157
Dividends	-4 390		-4 390
<b>Closing equity, 31 December 2018</b>	<b>58 476</b>	<b>42</b>	<b>58 518</b>

For definitions see [home.sandvik.com](http://home.sandvik.com)



## THE GROUP

### CASH FLOW STATEMENT

MSEK	Q4 2017	Q4 2018	Q1-Q4 2017	Q1-Q4 2018
<i>Continuing operations</i>				
<i>Cash flow from operating activities</i>				
Income after financial income and expenses	7 699	4 034	16 992	17 894
Adjustment for depreciation, amortization and impairment losses	1 128	914	4 930	4 396
Adjustment for items that do not require the use of cash etc.	-3 878	-214	-3 578	73
Income tax paid	-693	-746	-2 466	-2 978
<b>Cash flow from operations before changes in working capital</b>	<b>4 256</b>	<b>3 988</b>	<b>15 878</b>	<b>19 385</b>
<i>Changes in working capital</i>				
Change in inventories	-519	1 543	-2 220	-2 084
Change in operating receivables	64	179	-1 454	-1 394
Change in operating liabilities	1 671	551	3 407	125
<b>Cash flow from changes in working capital</b>	<b>1 216</b>	<b>2 273</b>	<b>-267</b>	<b>-3 353</b>
Investments in rental equipment	-231	-234	-985	-825
Divestments of rental equipment	26	17	126	146
<b>Cash flow from operations</b>	<b>5 267</b>	<b>6 044</b>	<b>14 752</b>	<b>15 353</b>
<i>Cash flow from investing activities</i>				
Acquisitions of companies and shares, net of cash	0	-141	0	-4 631
Proceeds from sale of companies and shares, net of cash	4 706	0	4 786	4 052
Investments in tangible assets	-1 073	-1 046	-2 688	-3 310
Proceeds from sale of tangible assets	104	26	331	210
Investments in intangible assets	-225	-175	-892	-611
Proceeds from sale of intangible assets	45	-30	46	66
Other investments, net	18	-57	9	-62
<b>Cash flow from investing activities</b>	<b>3 575</b>	<b>-1 423</b>	<b>1 592</b>	<b>-4 286</b>
<b>Net cash flow after investing activities</b>	<b>8 842</b>	<b>4 621</b>	<b>16 344</b>	<b>11 067</b>
<i>Cash flow from financing activities</i>				
Change in interest-bearing debt	-4 612	-138	-8 315	-857
Dividends paid	-5	0	-3 458	-4 390
<b>Cash flow from financing activities</b>	<b>-4 617</b>	<b>-138</b>	<b>-11 773</b>	<b>-5 247</b>
<b>Total cash flow from continuing operations</b>	<b>4 225</b>	<b>4 483</b>	<b>4 571</b>	<b>5 820</b>
Cash flow from discontinued operations	-176	-133	-608	-438
<b>Cash flow for the period, Group total</b>	<b>4 049</b>	<b>4 350</b>	<b>3 963</b>	<b>5 382</b>
Cash and cash equivalents at beginning of the period	8 565	13 703	8 818	12 724
Exchange-rate differences in cash and cash equivalents	110	36	-57	-17
<b>Cash and cash equivalents at the end of the period</b>	<b>12 724</b>	<b>18 089</b>	<b>12 724</b>	<b>18 089</b>
<i>Discontinued operations</i>				
Cash flow from operations	-31	-132	-466	-439
Cash flow from investing activities	-145	-1	-144	2
Cash flow from financing activities	0	0	2	-2
<i>Group Total</i>				
Cash flow from operations	5 236	5 912	14 286	14 914
Cash flow from investing activities	3 430	-1 424	1 448	-4 284
Cash flow from financing activities	-4 617	-138	-11 771	-5 249
<b>Group total cash flow</b>	<b>4 049</b>	<b>4 350</b>	<b>3 963</b>	<b>5 382</b>

For definitions see [home.sandvik](http://home.sandvik)

## THE PARENT COMPANY

### INCOME STATEMENT

MSEK	Q1-Q4 2017	Q1-Q4 2018
Revenues	18 764	20 141
Cost of sales and services	-11 651	-11 103
<b>Gross profit</b>	<b>7 113</b>	<b>9 038</b>
Selling expenses	-963	-1 321
Administrative expenses	-2 287	-2 393
Research and development costs	-1 336	-1 492
Other operating income and expenses	-1 267	-1 266
<b>Operating profit</b>	<b>1 260</b>	<b>2 566</b>
Income/expenses from shares in Group companies	-706	4 364
Income from shares in associated companies	77	-
Interest income/expenses and similar items	-234	-576
<b>Profit after financial items</b>	<b>397</b>	<b>6 354</b>
Appropriations	-62	-3 138
Income tax expenses	547	-1 481
<b>Profit for the period</b>	<b>882</b>	<b>1 735</b>

The classification of certain profit and loss items has changed as from Q3 2018 affecting Revenues and Cost of sales and services. Comparative figures have been adjusted accordingly.

### BALANCE SHEET

MSEK	31 DEC 2017	31 DEC 2018
Intangible assets	131	107
Property, plant and equipment	7 240	7 053
Financial assets	44 337	42 393
Inventories	2 926	3 065
Current receivables	6 585	11 308
Cash and cash equivalents	-	3
<b>Total assets</b>	<b>61 219</b>	<b>63 929</b>
Total equity	27 179	24 831
Untaxed reserves	3	3 140
Provisions	560	591
Non-current interest-bearing liabilities	16 469	16 963
Non-current non-interest-bearing liabilities	250	907
Current interest-bearing liabilities	6 433	10 823
Current non-interest-bearing liabilities	10 325	6 674
<b>Total equity and liabilities</b>	<b>61 219</b>	<b>63 929</b>
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	11 180	15 059
Investments in fixed assets	875	799

For definitions see [home.sandvik](http://home.sandvik)

## MARKET OVERVIEW, THE GROUP

### ORDER INTAKE PER MARKET AREA

MSEK	Q4 2018	CHANGE *		SHARE	Q1-Q4 2018	CHANGE *		SHARE
		%	% <sup>1)</sup>			%	% <sup>1)</sup>	
<b>THE GROUP</b>								
Europe	10 077	+3	+3	39	39 743	+9	+9	39
North America	5 791	+14	+14	23	22 444	+8	+11	22
South America	1 263	+21	+21	5	5 015	+11	+11	5
Africa/Middle East	2 115	-3	-3	8	8 922	-2	-2	9
Asia	4 638	+2	+2	18	19 887	+12	+12	19
Australia	1 743	+21	+21	7	6 429	+13	+13	6
<b>Total continuing operations <sup>2)</sup></b>	<b>25 627</b>	<b>+6</b>	<b>+6</b>	<b>100</b>	<b>102 440</b>	<b>+9</b>	<b>+9</b>	<b>100</b>
<b>Discontinued operations</b>	<b>-3</b>	<b>N/M</b>	<b>N/M</b>	<b>-</b>	<b>70</b>	<b>N/M</b>	<b>N/M</b>	<b>-</b>
<b>Group total</b>	<b>25 624</b>	<b>+6</b>	<b>+6</b>	<b>-</b>	<b>102 510</b>	<b>+9</b>	<b>+9</b>	<b>-</b>
<b>SANDVIK MACHINING SOLUTIONS</b>								
Europe	5 659	+1	+1	55	22 653	+6	+6	55
North America	2 306	+11	+11	22	8 562	+10	+10	21
South America	201	-0	-0	2	820	+10	+10	2
Africa/Middle East	83	-14	-14	1	320	-13	-13	1
Asia	1 944	-4	-4	19	8 084	+5	+5	20
Australia	65	-6	-6	1	281	+4	+4	1
<b>Total</b>	<b>10 258</b>	<b>+2</b>	<b>+2</b>	<b>100</b>	<b>40 720</b>	<b>+6</b>	<b>+6</b>	<b>100</b>
<b>SANDVIK MINING AND ROCK TECHNOLOGY</b>								
Europe	2 248	+30	+5	20	7 367	+8	+2	16
North America	2 513	+9	+9	22	9 383	+11	+11	22
South America	1 005	+26	+26	9	3 911	+11	+11	9
Africa/Middle East	1 963	-3	-3	17	8 216	-3	-3	19
Asia	2 065	+15	+15	18	8 637	+23	+23	20
Australia	1 660	+22	+22	14	6 043	+14	+14	14
<b>Total continuing operations <sup>2)</sup></b>	<b>11 454</b>	<b>+15</b>	<b>+10</b>	<b>100</b>	<b>43 557</b>	<b>+10</b>	<b>+10</b>	<b>100</b>
<b>Discontinued operations</b>	<b>-3</b>	<b>N/M</b>	<b>N/M</b>	<b>-</b>	<b>70</b>	<b>N/M</b>	<b>N/M</b>	<b>-</b>
<b>Total</b>	<b>11 451</b>	<b>+15</b>	<b>+10</b>	<b>-</b>	<b>43 627</b>	<b>+10</b>	<b>+10</b>	<b>-</b>
<b>SANDVIK MATERIALS TECHNOLOGY</b>								
Europe	2 170	-9	+8	56	9 011	+22	+31	56
North America	973	+45	+45	25	3 942	-3	+18	24
South America	56	+46	+46	1	219	+20	+20	1
Africa/Middle East	68	-3	-3	2	311	+16	+16	2
Asia	629	-14	-14	16	2 719	+9	+9	17
Australia	19	+19	+19	0	70	+21	+21	0
<b>Total</b>	<b>3 915</b>	<b>-0</b>	<b>+11</b>	<b>100</b>	<b>16 272</b>	<b>+12</b>	<b>+22</b>	<b>100</b>
<b>OTHER OPERATIONS</b>								
Europe					714	-2	-2	38
North America					557	+6	+6	29
South America					64	+8	+8	3
Africa/Middle East					75	-1	-1	4
Asia					447	+3	+3	24
Australia					34	+5	+5	2
<b>Total</b>					<b>1 891</b>	<b>+2</b>	<b>+2</b>	<b>100</b>

\*At fixed exchange rates for comparable units compared with the year-earlier period.

1) Excluding major orders which is defined as above 400 million SEK in Sandvik Mining and Rock Technology and above 200 million SEK in Sandvik Materials Technology

2) Includes rental fleet order intake of 1 216 million SEK recognized according to IAS17

N/M = not meaningful

## REVENUES PER MARKET AREA

MSEK	Q4 2018	CHANGE *	SHARE	Q1-Q4 2018	CHANGE *	SHARE
		%	%		%	%
<b>THE GROUP</b>						
Europe	9 827	+5	38	38 322	+8	38
North America	5 514	+11	21	21 543	+13	21
South America	1 311	+19	5	4 918	+19	5
Africa/Middle East	2 418	+4	9	9 099	+5	9
Asia	5 140	+10	20	19 649	+14	20
Australia	1 758	+26	7	6 541	+21	7
<b>Total continuing operations <sup>1)</sup></b>	<b>25 968</b>	<b>+9</b>	<b>100</b>	<b>100 072</b>	<b>+11</b>	<b>100</b>
<b>Discontinued operations</b>	<b>102</b>	<b>-2</b>	<b>-</b>	<b>852</b>	<b>+1</b>	<b>-</b>
<b>Group total</b>	<b>26 070</b>	<b>+7</b>	<b>-</b>	<b>100 924</b>	<b>+12</b>	<b>-</b>
<b>SANDVIK MACHINING SOLUTIONS</b>						
Europe	5 730	+3	55	22 454	+7	55
North America	2 208	+9	21	8 356	+10	21
South America	193	+2	2	825	+13	2
Africa/Middle East	73	-12	1	322	-6	1
Asia	2 035	+0	20	8 105	+8	20
Australia	66	+0	1	281	+5	1
<b>Total</b>	<b>10 305</b>	<b>+3</b>	<b>100</b>	<b>40 343</b>	<b>+8</b>	<b>100</b>
<b>SANDVIK MINING AND ROCK TECHNOLOGY</b>						
Europe	1 943	+7	17	6 797	+3	16
North America	2 494	+25	21	9 275	+23	22
South America	1 067	+23	9	3 815	+21	9
Africa/Middle East	2 298	+7	20	8 387	+5	20
Asia	2 243	+11	19	8 327	+22	19
Australia	1 675	+28	14	6 171	+23	14
<b>Total continuing operations <sup>1)</sup></b>	<b>11 720</b>	<b>+15</b>	<b>100</b>	<b>42 772</b>	<b>+15</b>	<b>100</b>
<b>Discontinued operations</b>	<b>102</b>	<b>-2</b>	<b>-</b>	<b>852</b>	<b>+1</b>	<b>-</b>
<b>Total</b>	<b>11 822</b>	<b>+13</b>	<b>-</b>	<b>43 624</b>	<b>+16</b>	<b>-</b>
<b>SANDVIK MATERIALS TECHNOLOGY</b>						
Europe	2 152	+9	55	8 362	+16	57
North America	813	-9	21	3 382	+0	22
South America	51	+37	1	205	+33	1
Africa/Middle East	48	-43	1	329	+18	2
Asia	862	+46	22	2 771	+18	18
Australia	17	+51	0	62	+11	0
<b>Total</b>	<b>3 942</b>	<b>+10</b>	<b>100</b>	<b>15 111</b>	<b>+13</b>	<b>100</b>
<b>OTHER OPERATIONS</b>						
Europe				711	+1	39
North America				529	+8	29
South America				72	+20	4
Africa/Middle East				61	-1	3
Asia				446	+3	24
Australia				27	+7	1
<b>Total</b>				<b>1 846</b>	<b>+4</b>	<b>100</b>

\* At fixed exchange rates for comparable units compared with the year-earlier period.

<sup>1)</sup> Includes rental fleet revenue of 1 112 million SEK recognized according to IAS17

## THE GROUP

### ORDER INTAKE BY BUSINESS AREA

MSEK	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1-Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	CHANGE %	CHANGE % <sup>1)</sup>	Q1-Q4 2018
<i>Continuing operations</i>												
Sandvik Machining Solutions	9 450	9 312	8 450	9 424	36 636	10 198	10 322	9 942	10 258	+9	+2	40 720
Sandvik Mining and Rock Technology	10 247	9 949	9 191	9 586	38 973	10 230	11 405	10 468	11 454	+19	+15	43 557
Sandvik Materials Technology	3 746	3 985	3 045	3 964	14 739	4 024	4 550	3 782	3 915	-1	-0	16 272
Other Operations	1 473	1 287	1 203	1 133	5 096	967	924	0	0	N/M	N/M	1 891
Group activities	0	0	-1	-1	0	0	0	0	0			0
<b>Continuing operations</b>	<b>24 916</b>	<b>24 533</b>	<b>21 888</b>	<b>24 106</b>	<b>95 444</b>	<b>25 419</b>	<b>27 201</b>	<b>24 192</b>	<b>25 627</b>	<b>+6</b>	<b>+6</b>	<b>102 440</b>
<b>Discontinued operations</b>	<b>510</b>	<b>407</b>	<b>284</b>	<b>97</b>	<b>1 299</b>	<b>57</b>	<b>0</b>	<b>16</b>	<b>-3</b>	<b>N/M</b>	<b>-23</b>	<b>70</b>
<b>Group total</b>	<b>25 426</b>	<b>24 940</b>	<b>22 173</b>	<b>24 204</b>	<b>96 743</b>	<b>25 476</b>	<b>27 201</b>	<b>24 209</b>	<b>25 624</b>	<b>+6</b>	<b>+6</b>	<b>102 510</b>

### REVENUES BY BUSINESS AREA

MSEK	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1-Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	CHANGE %	CHANGE % <sup>1)</sup>	Q1-Q4 2018
<i>Continuing operations</i>												
Sandvik Machining Solutions	8 904	9 073	8 487	9 313	35 777	9 761	10 286	9 990	10 305	+11	+3	40 343
Sandvik Mining and Rock Technology	8 371	9 429	8 974	9 721	36 495	9 324	10 890	10 838	11 720	+21	+15	42 772
Sandvik Materials Technology	3 277	3 755	2 955	3 630	13 618	3 738	3 976	3 454	3 942	+9	+10	15 111
Other Operations	1 206	1 275	1 191	1 265	4 937	862	984	0	0	N/M	N/M	1 846
Group activities	0	0	1	0	0	0	0	1	1			1
<b>Continuing operations</b>	<b>21 758</b>	<b>23 532</b>	<b>21 608</b>	<b>23 929</b>	<b>90 827</b>	<b>23 685</b>	<b>26 136</b>	<b>24 283</b>	<b>25 968</b>	<b>+9</b>	<b>+11</b>	<b>100 072</b>
<b>Discontinued operations</b>	<b>668</b>	<b>894</b>	<b>963</b>	<b>553</b>	<b>3 079</b>	<b>296</b>	<b>298</b>	<b>155</b>	<b>102</b>	<b>-81</b>	<b>-2</b>	<b>852</b>
<b>Group total</b>	<b>22 426</b>	<b>24 426</b>	<b>22 571</b>	<b>24 482</b>	<b>93 906</b>	<b>23 981</b>	<b>26 434</b>	<b>24 438</b>	<b>26 070</b>	<b>+6</b>	<b>+9</b>	<b>100 924</b>

### OPERATING PROFIT BY BUSINESS AREA

MSEK	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1-Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	CHANGE %	CHANGE % <sup>1)</sup>	Q1-Q4 2018
<i>Continuing operations</i>												
Sandvik Machining Solutions	2 068	2 110	1 949	2 285	8 413	2 538	2 761	2 536	2 036	-11		9 872
Sandvik Mining and Rock Technology	1 173	1 508	1 471	1 572	5 724	1 402	1 865	1 966	2 148	+37		7 380
Sandvik Materials Technology	335	-261	-64	267	277	369	533	237	252	-6		1 391
Other Operations	126	123	125	4 058	4 433	102	72	584	-28	N/M		731
Group activities	-208	-213	-142	-211	-774	-140	-188	-119	-237	-12		-684
<b>Continuing operations</b>	<b>3 495</b>	<b>3 268</b>	<b>3 338</b>	<b>7 973</b>	<b>18 073</b>	<b>4 271</b>	<b>5 043</b>	<b>5 205</b>	<b>4 170</b>	<b>+48</b>		<b>18 689</b>
<b>Discontinued operations</b>	<b>-13</b>	<b>13</b>	<b>33</b>	<b>-95</b>	<b>-62</b>	<b>-23</b>	<b>-111</b>	<b>-158</b>	<b>-262</b>	<b>N/M</b>		<b>-552</b>
<b>Group total <sup>2)</sup></b>	<b>3 482</b>	<b>3 281</b>	<b>3 371</b>	<b>7 877</b>	<b>18 011</b>	<b>4 248</b>	<b>4 932</b>	<b>5 047</b>	<b>3 909</b>	<b>-50</b>		<b>18 137</b>

### OPERATING MARGIN BY BUSINESS AREA

MSEK	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1-Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1-Q4 2018
<i>Continuing operations</i>										
Sandvik Machining Solutions	23.2	23.3	23.0	24.5	23.5	26.0	26.8	25.4	19.8	24.5
Sandvik Mining and Rock Technology	14.0	16.0	16.4	16.2	15.7	15.0	17.1	18.1	18.3	17.3
Sandvik Materials Technology	10.2	-7.0	-2.2	7.4	2.0	9.9	13.4	6.9	6.4	9.2
Other Operations	10.5	9.7	10.5	320.7	89.8	11.9	7.3	N/M	N/M	39.6
<b>Continuing operations</b>	<b>16.1</b>	<b>13.9</b>	<b>15.4</b>	<b>33.3</b>	<b>19.9</b>	<b>18.0</b>	<b>19.3</b>	<b>21.4</b>	<b>16.1</b>	<b>18.7</b>
<b>Discontinued operations</b>	<b>-1.9</b>	<b>1.5</b>	<b>3.5</b>	<b>-17.2</b>	<b>-2.0</b>	<b>-7.6</b>	<b>-37.2</b>	<b>-101.5</b>	<b>-255</b>	<b>-64.8</b>
<b>Group total <sup>2)</sup></b>	<b>15.5</b>	<b>13.4</b>	<b>14.9</b>	<b>32.2</b>	<b>19.2</b>	<b>17.7</b>	<b>18.7</b>	<b>20.7</b>	<b>15.0</b>	<b>18.0</b>

1) Change compared with preceding year at fixed exchange rates for comparable units.

2) Internal transactions had negligible effect on business area profits.

N/M = non-meaningful.

Restated to IFRS 15. For details on restated numbers see [home.sandvik.com/investors/financial-tables](http://home.sandvik.com/investors/financial-tables)

## ADJUSTED OPERATING PROFIT BY BUSINESS AREA

MSEK	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1-Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	CHANGE %	Q1-Q4 2018
<i>Continuing operations</i>											
Sandvik Machining Solutions	2 068	2 110	1 949	2 285	8 413	2 538	2 761	2 536	2 475	8	10 311
Sandvik Mining and Rock Technology	1 173	1 508	1 471	1 572	5 724	1 402	1 865	1 966	2 238	42	7 470
Sandvik Materials Technology	335	189	-64	267	727	369	558	237	252	-6	1 416
Other Operations	126	123	125	148	522	102	72	-34	-28	N/M	113
Group activities	-208	-213	-142	-211	-774	-140	-188	-119	-237	N/M	-684
<b>Continuing operations</b>	<b>3 495</b>	<b>3 718</b>	<b>3 338</b>	<b>4 062</b>	<b>14 612</b>	<b>4 271</b>	<b>5 067</b>	<b>4 587</b>	<b>4 700</b>	<b>16</b>	<b>18 625</b>
<b>Discontinued operations</b>	<b>-13</b>	<b>13</b>	<b>33</b>	<b>-95</b>	<b>-62</b>	<b>-23</b>	<b>-111</b>	<b>-158</b>	<b>-262</b>	<b>N/M</b>	<b>-552</b>
<b>Group total <sup>1)</sup></b>	<b>3 482</b>	<b>3 731</b>	<b>3 371</b>	<b>3 967</b>	<b>14 550</b>	<b>4 248</b>	<b>4 956</b>	<b>4 429</b>	<b>4 438</b>	<b>12</b>	<b>18 073</b>

## ADJUSTED OPERATING MARGIN BY BUSINESS AREA

MSEK	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1-Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1-Q4 2018
<i>Continuing operations</i>										
Sandvik Machining Solutions	23.2	23.3	23.0	24.5	23.5	26.0	26.8	25.4	24.0	25.6
Sandvik Mining and Rock Technology	14.0	16.0	16.4	16.2	15.7	15.0	17.1	18.1	19.1	17.5
Sandvik Materials Technology	10.2	5.0	-2.2	7.4	5.3	9.9	14.0	6.9	6.4	9.4
Other Operations	10.5	9.7	10.5	11.7	10.6	11.9	7.3	N/M	N/M	6.1
<b>Continuing operations</b>	<b>16.1</b>	<b>15.8</b>	<b>15.4</b>	<b>17.0</b>	<b>16.1</b>	<b>18.0</b>	<b>19.4</b>	<b>18.9</b>	<b>18.1</b>	<b>18.6</b>
<b>Discontinued operations</b>	<b>-1.9</b>	<b>1.5</b>	<b>3.5</b>	<b>-17.2</b>	<b>-2.0</b>	<b>-7.6</b>	<b>-37.2</b>	<b>-101.5</b>	<b>-255</b>	<b>-64.8</b>
<b>Group total <sup>1)</sup></b>	<b>15.5</b>	<b>15.3</b>	<b>14.9</b>	<b>16.2</b>	<b>15.5</b>	<b>17.7</b>	<b>18.7</b>	<b>18.1</b>	<b>17.0</b>	<b>17.9</b>

## ITEMS AFFECTING COMPARABILITY

MSEK	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1-Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1-Q4 2018
<i>Continuing operations</i>										
Sandvik Machining Solutions	-	-	-	-	-	-	-	-	-439	-439
Sandvik Mining and Rock Technology	-	-	-	-	-	-	-	-	-90	-90
Sandvik Materials Technology	-	-450	-	-	-450	-	-24	-	-	-24
Other Operations	-	-	-	3 910	3 910	-	-	618	-	618
<b>Continuing operations</b>	<b>-</b>	<b>-450</b>	<b>-</b>	<b>3 910</b>	<b>3 460</b>	<b>-</b>	<b>-24</b>	<b>618</b>	<b>-529</b>	<b>65</b>
<b>Discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Group total</b>	<b>-</b>	<b>-450</b>	<b>-</b>	<b>3 910</b>	<b>3 460</b>	<b>-</b>	<b>-24</b>	<b>618</b>	<b>-529</b>	<b>65</b>

Q2 2017 - Sandvik Materials Technology announced -450 million SEK of impairments of fixed assets driven by the announcement to divest the welding and stainless wire business

Q4 2017 - The divestment of Sandvik Process Systems was completed on 1 December. The divestment resulted in a capital gain of 3,910 million SEK reported in Other Operations.

Q2 2018 - Sandvik Materials Technology reported items affecting comparability of -24 million SEK related to a capital loss in conjunction with the exit from the Fagersta Stainless joint venture.

Q3 2018 - The divestment of Hyperion was completed on 2 July. The divestment resulted in a net capital gain of 618 million SEK reported in Other Operations.

Q4 2018 - Sandvik Machining Solutions reported items affecting comparability of -439 million SEK related to consolidation of the manufacturing footprint.

Q4 2018 - Sandvik Mining and Rock Technology reported items affecting comparability of -90 million SEK related to initiated efficiency measures within the product area Rock Tools.

<sup>1)</sup> Internal transactions had negligible effect on business area profits

N/M = non-meaningful.

Restated to IFRS15. For details on restated numbers see [home.sandvik.com/investors/financial-tables](http://home.sandvik.com/investors/financial-tables).

## KEY FIGURES

	Q4 2017	Q4 2018	Q1-Q4 2017	Q1-Q4 2018
<i>Continuing operations</i>				
Tax rate, %	16.6	30.1	22.2	27.2
Return on capital employed, % <sup>1)2)</sup>	42.8	19.9	23.8	22.7
Return on total equity, % <sup>1)</sup>	57.6	19.8	31.5	24.3
Return on total capital, % <sup>1)</sup>	31.8	14.9	17.8	16.9
Shareholders' equity per share, SEK	38.8	46.6	38.8	46.6
Net debt/equity ratio	0.33	0.20	0.33	0.20
Net debt/EBITDA	1.08	0.66	1.08	0.66
Equity/assets ratio, %	46	50	46	50
Net working capital, % <sup>1)</sup>	21.9	23.7	23.5	24.0
Earnings per share, SEK <sup>2)</sup>	5.12	2.27	10.54	10.57
EBITDA, MSEK	9 101	5 084	23 003	23 085
Cash flow from operations, MSEK	+5 267	+6 044	+14 752	+15 353
Funds from operations (FFO), MSEK	4 256	3 988	15 878	19 385
Interest coverage ratio, %	856	1 291	1 086	1 658
Number of employees	42 858	41 670	42 858	41 670

1) Quarter is quarterly annualized and the annual number is based on a four quarter average.

2) Diluted earnings per share in Q4 2018 is 2.27 SEK (5.11) and for the full year 2018 it is 10.55 SEK(10.53).

	Q4 2017	Q4 2018	Q1-4 2017	Q1-Q4 2018
<i>Group total</i>				
Tax rate, %	16.9	32.2	22.3	28.1
Return on capital employed, % <sup>1)2)</sup>	42.3	18.6	23.8	22.0
Return on total equity, % <sup>1)</sup>	56.6	18.0	31.3	23.3
Return on total capital, % <sup>1)</sup>	31.1	14.0	17.6	16.3
Shareholders' equity per share, SEK	38.8	46.6	38.8	46.6
Net debt/equity ratio	0.33	0.20	0.33	0.20
Net debt/EBITDA	1.08	0.67	1.08	0.67
Equity/assets ratio, %	46	49	46	49
Net working capital, % <sup>1)</sup>	21.6	23.8	22.6	24.2
Earnings per share, SEK <sup>2)</sup>	5.04	2.07	10.50	10.14
EBITDA, MSEK	9 006	4 827	22 947	22 545
Cash flow from operations, MSEK	+5 236	+5 912	+14 286	+14 914
Funds from operations (FFO), MSEK	4 212	3 794	15 830	18 791
Interest coverage ratio, %	836	1 226	1 090	1 618
Number of employees	43 024	41 705	43 024	41 705
No. of shares outstanding at end of period ('000) <sup>2)</sup>	1 254 386	1 254 386	1 254 386	1 254 386
Average no. of shares ('000) <sup>2)</sup>	1 254 386	1 254 386	1 254 386	1 254 386

1) Quarter is quarterly annualized and the annual number is based on a four quarter average.

2) Diluted earnings per share in Q4 2018 is 2.06 SEK (5.03) and for the full year 2018 it is 10.11 SEK(10.49).

For definitions see [home.sandvik](http://home.sandvik)

Sandvik presents certain financial measures that are not defined in the interim report in accordance with IFRS. Sandvik believes that these measures provide useful supplemental information to investors and the company's management when they allow evaluation of trends and the company's performance. As not all companies calculate the financial measures

in the same way, these are not always comparable to measures used by other companies. These financial measures should not be seen as a substitute for measures defined under IFRS. For definitions of key figures that Sandvik uses see website [home.sandvik](http://home.sandvik).

# FINANCIAL REPORTS SUMMARY

## RESTATE TO IFRS 15

### THE GROUP

#### INCOME STATEMENT RESTATE TO IFRS15

MSEK	Q4 2017 as reported	Q4 2017 restated to IFRS15	Q1-Q4 2017 as reported	Q1-Q4 2017 restated to IFRS15
<i>Continuing operations</i>				
Revenues	23 936	23 929	90 905	90 827
Cost of sales and services	-14 213	-14 208	-54 279	-54 226
<b>Gross profit</b>	<b>9 723</b>	<b>9 721</b>	<b>36 626</b>	<b>36 601</b>
% of revenues	40.6	40.6	40.3	40.3
Total expenses for administration, sales, R&D	-1 747	-1 748	-18 528	-18 528
<b>Operating profit</b>	<b>7 976</b>	<b>7 973</b>	<b>18 098</b>	<b>18 073</b>
% of revenues	33.3	33.3	19.9	19.9
Net financial items	-274	-275	-1 080	-1 081
<b>Profit after financial items</b>	<b>7 702</b>	<b>7 698</b>	<b>17 018</b>	<b>16 992</b>
% of revenues	32.2	32.2	18.7	18.7
Income tax	-1 281	-1 280	-3 783	-3 780
<b>Profit for the period, continuing operations</b>	<b>6 421</b>	<b>6 418</b>	<b>13 235</b>	<b>13 212</b>
% of revenues	26.8	26.8	14.6	14.5
<i>Discontinued operations</i>				
Revenues	556	553	3 080	3 079
Operating profit	-94	-96	-61	-62
Profit after financial items	-101	-101	-52	-52
<b>Profit for the period, discontinued operations</b>	<b>-101</b>	<b>-101</b>	<b>-52</b>	<b>-52</b>
<i>Group total</i>				
Revenues	24 492	24 482	93 985	93 906
Operating profit	7 882	7 877	18 037	18 011
Profit after financial items	7 601	7 597	16 966	16 940
<b>Profit for the period, Group total</b>	<b>6 320</b>	<b>6 317</b>	<b>13 183</b>	<b>13 160</b>
<b>Earnings per share, SEK</b>				
Continuing operations	5.12	5.12	10.56	10.54
Discontinued operations	-0.08	-0.08	-0.04	-0.04
Group Total	5.04	5.04	10.52	10.50

#### SUMMARIZED BALANCE SHEET RESTATE TO IFRS15, GROUP TOTAL

MSEK	31 DEC 2017 as reported	31 DEC 2017 restated to IFRS15
Total fixed assets	48 539	48 548
Inventory	21 389	21 416
Total current assets	36 876	36 808
<b>Total assets</b>	<b>106 804</b>	<b>106 772</b>
Total Equity	48 771	48 722
Total Liabilities	58 033	58 050
<b>Total Equity &amp; Liabilities</b>	<b>106 804</b>	<b>106 772</b>

For details on restated numbers see [home.sandvik.com/investors/financial-tables](http://home.sandvik.com/investors/financial-tables)



## 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 move-

ments, political risks, impact of competing products and their pricing, product development, commercialization and technological difficulties, supply disturbances, and major customer credit losses.

## DIVIDEND PROPOSAL FOR THE 2019 AGM

The Annual General Meeting will be held in Sandviken, Sweden, on 29 April 2019 at 15:00 CET. The Board of Directors proposes a dividend of 4.25 SEK per share (3.50), or a total of 5,331 million SEK (4,390) for 2018. The proposal corresponds to 42% of Sandvik Group reported earnings per share.

The proposed record date to receive dividends is 2 May 2019. Assuming the general meeting accepts the dividend proposal the date to receive dividends is 7 May 2019.

*Stockholm 21 January 2019*  
**Sandvik Aktiebolag (publ)**

**The Board of Directors**

## AUDITORS' REVIEW REPORT

The Company's Auditor has not reviewed the report for the full year of 2018.

---

This information is information that Sandvik AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at about 08.00 CET on 21 January 2019.

Additional information may be obtained from Sandvik Investor Relations on tel +46 8 456 14 94 (Ann-Sofie Nordh), +46 8 456 11 94 (Anna Vilogorac) or by e-mailing [info.ir@sandvik.com](mailto:info.ir@sandvik.com).

A webcast and teleconference will be held on 21 January 2019 at 10.00 CET.

Information is available at [home.sandvik/ir](http://home.sandvik/ir)

---

Sandvik AB, Corp. Reg. No.: 556000-3468  
Box 510  
SE-101 30 Stockholm  
+46 8 456 11 00

### CALENDAR:

18 April 2019	Report, first quarter 2019
29 April 2019	Annual General Meeting in Sandviken, Sweden
2 May 2019	Proposed record date to receive dividends
7 May 2019	Proposed date to receive dividends
21-22 May 2019	Capital Markets Day in Tampere, Finland
17 July 2019	Report, second quarter 2019
18 October 2019	Report, third quarter 2019