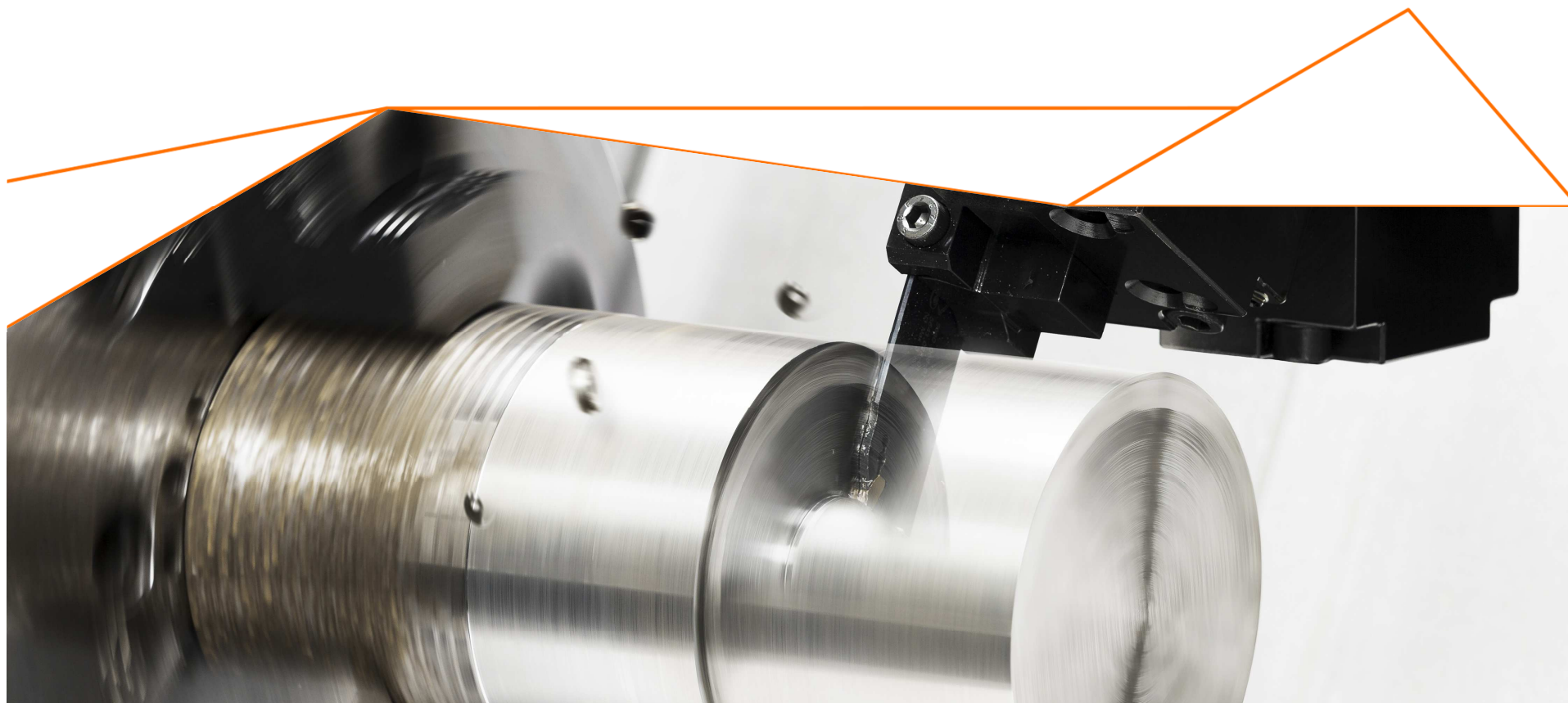


INTERIM REPORT OCTOBER 27
THIRD QUARTER 2014



SUMMARY Q3 2014

STRATEGY EXECUTION

- One production unit closed
- Divestment of distribution business

STABLE MARKET CONDITIONS

- Strong in Asia and North America, varied in Europe
- Low order intake in Mining Systems

STRONG CASH-FLOW

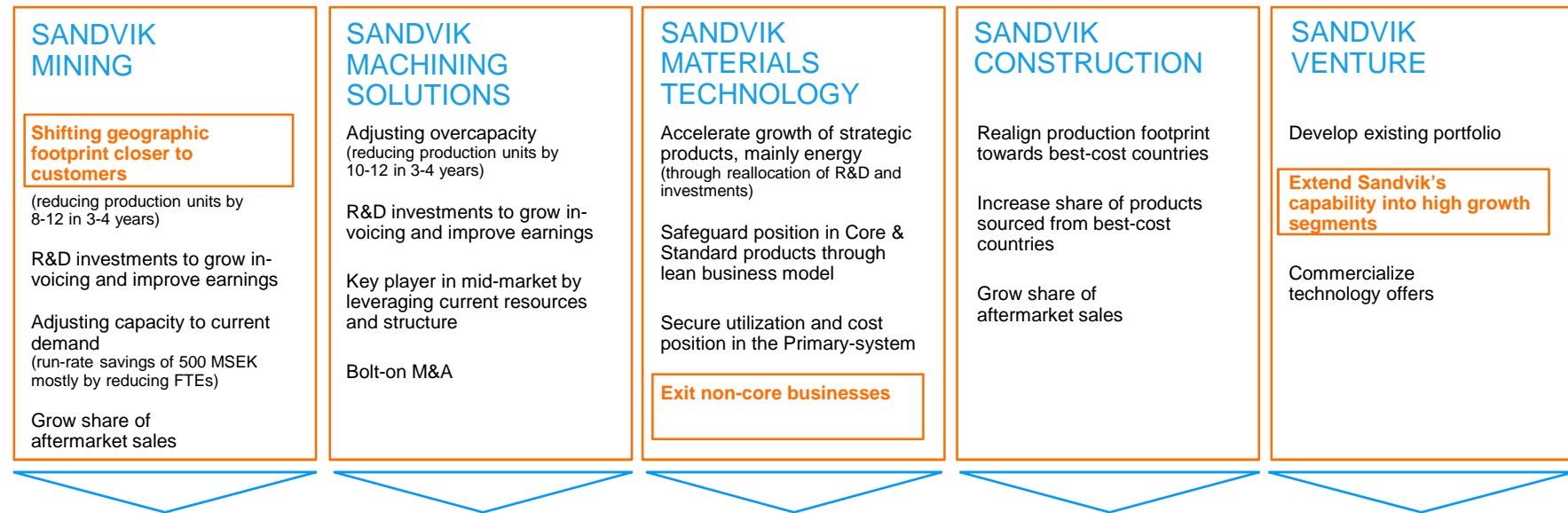
- Inventory reductions
- Net debt/Equity ratio 0.87

EBIT 2,462 MSEK, 10.9%

- Currency effects +80 MSEK
- Metal price effect +171 MSEK
- ROCE 11.1%



OUR WAY FORWARD



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



NEW MEMBER IN GROUP EXECUTIVE MANAGEMENT

JIM NIXON - NEW PRESIDENT OF SANDVIK VENTURE

STRONG BACKGROUND FROM THE ENERGY SECTOR

- Currently President of Varel International Energy Services Inc.
- Previously in leading positions at SDBS, part of the global technology group Dresser Industries.

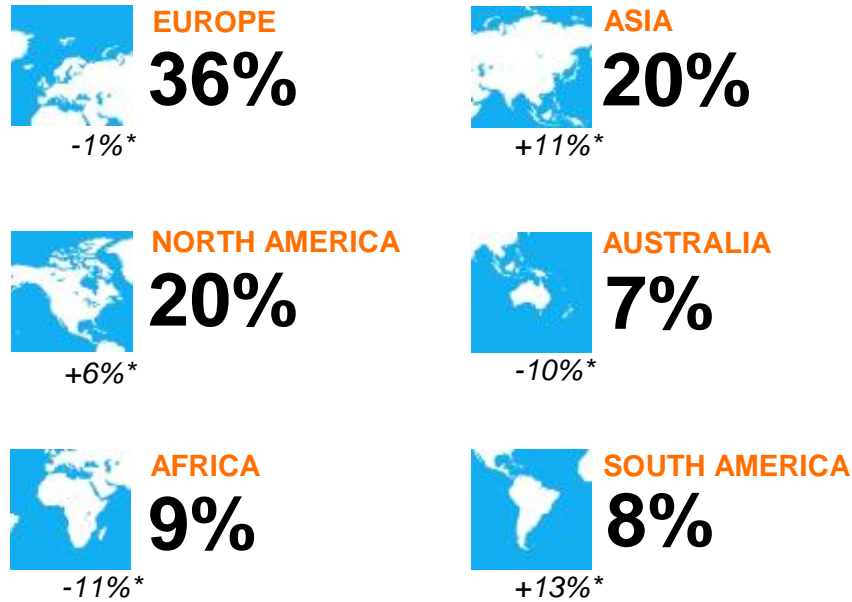
EXPERIENCE WELL SUITED FOR SANDVIK VENTURE

- History of building fast-growing, solutions-driven businesses
- Entrepreneur with proven leadership qualities.



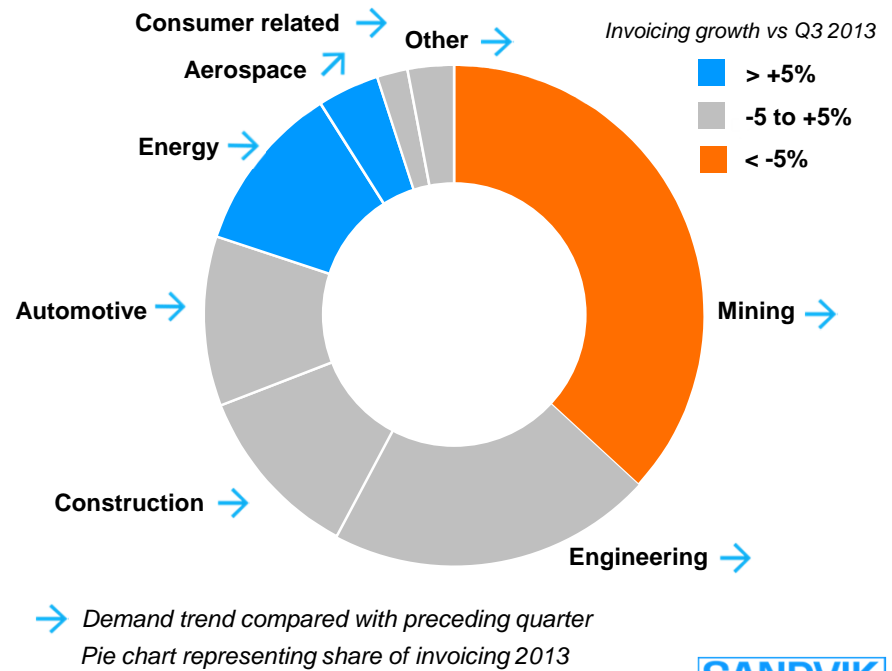
INVOICING BY MARKETS AND SEGMENTS

MARKETS, SHARE OF GROUP TOTAL



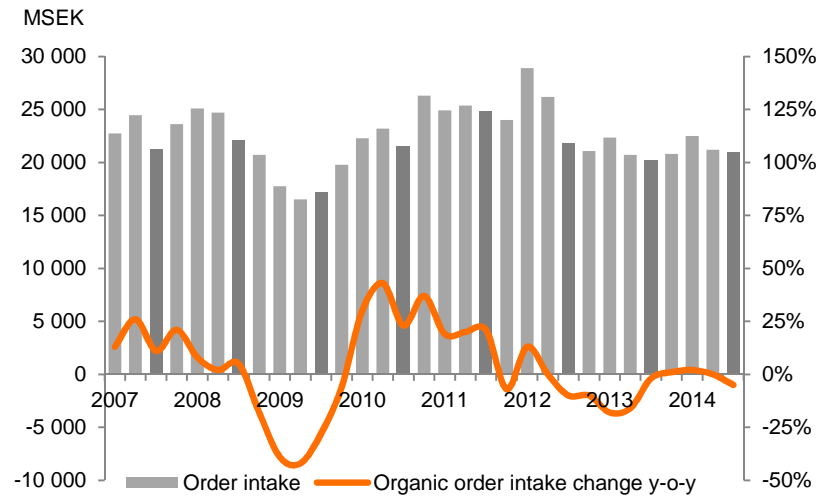
* Change compared with preceding year, p/v

CUSTOMER SEGMENTS



ORDER INTAKE 20,981 MSEK

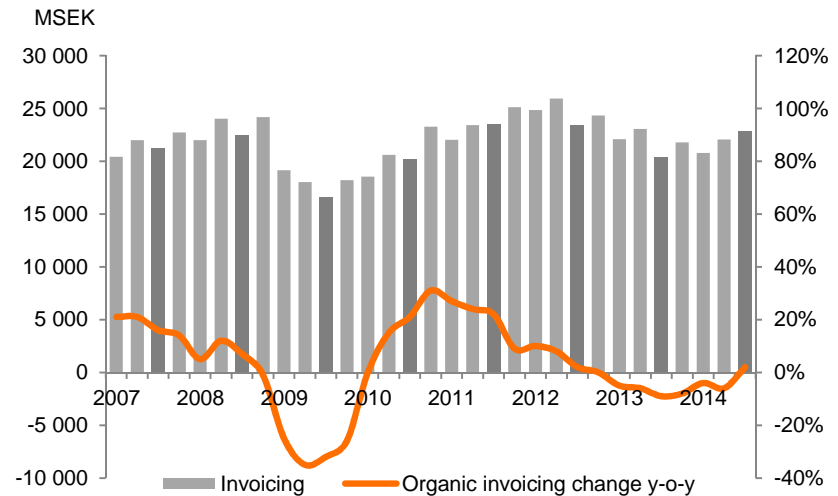
CHANGE P/V -5%



- Stable market conditions
- Change compared with preceding quarter, -4%, p/v
- Book-to-bill 0.93 due to low order intake for Mining Systems

INVOICING 22,593 MSEK

CHANGE P/V 2%

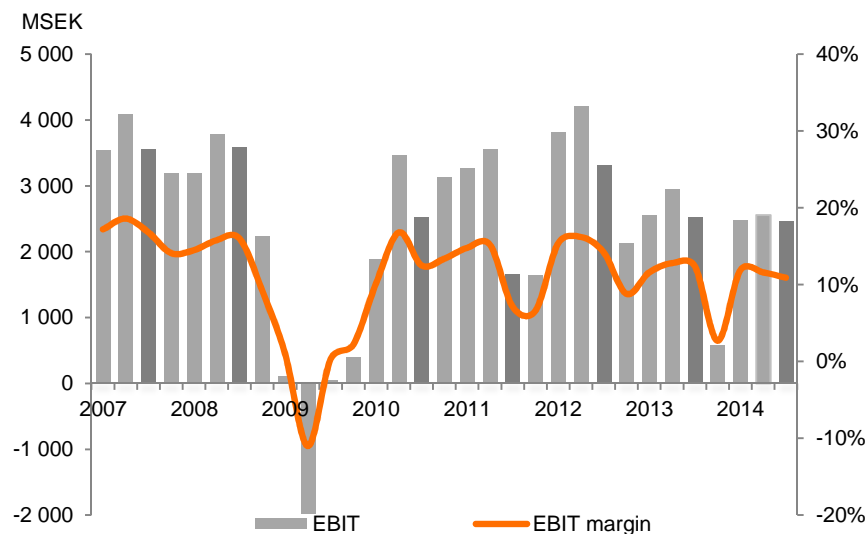


- Change compared with preceding quarter, -1%, p/v



EBIT 2,462 MSEK

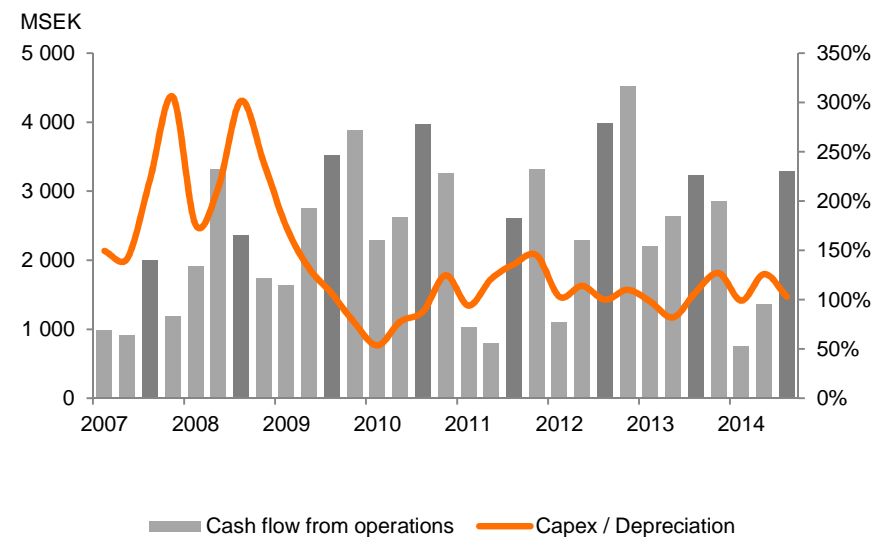
MARGIN 10.9%



- Currency effect +80 MSEK
- Metal price effect, +171 MSEK

CASH FLOW

CASH FLOW FROM OPERATIONS 3 296 MSEK



- Inventory reductions, mainly in Sandvik Mining and Sandvik Construction
- Investments 1.1 BSEK at 103% of depreciation
- Capex guidance lowered to below 5 bn.

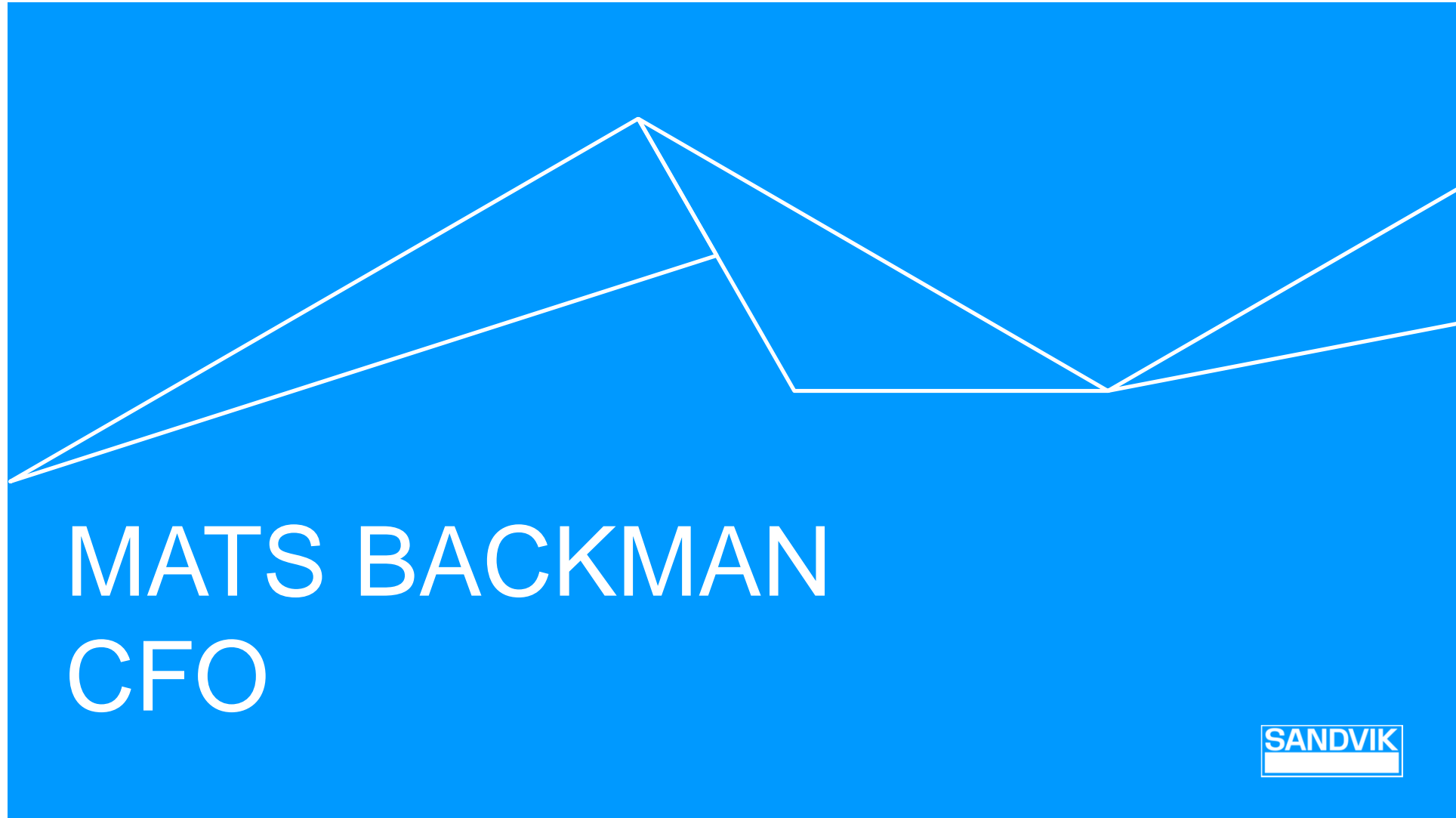
2013 Q3 Adjusted due to tax payment of about 5,800 MSEK related to reorganization of intellectual property rights



FINANCIAL TARGETS

	CURRENT	TARGET	MANAGEMENT FOCUS
GROWTH	11%	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	11.1%*	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	0.87	< 0.80	<ul style="list-style-type: none"> • Reduction in Q3 • Strong cash flow generation
DIVIDEND	88% for 2013	50% of EPS	<ul style="list-style-type: none"> • Uninterrupted dividend since 1870

* Annualized quarterly 12.9%

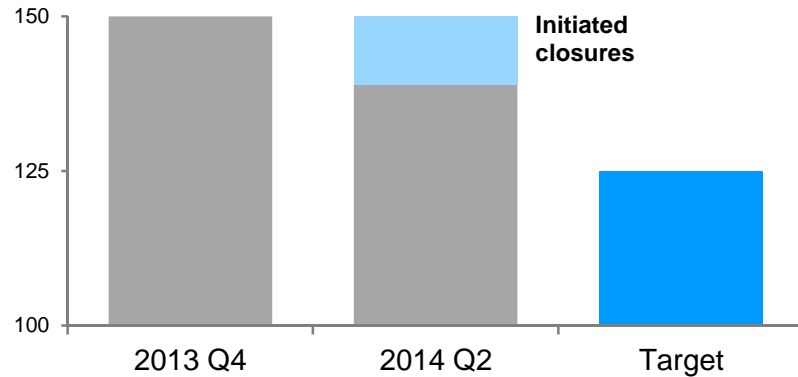


MATS BACKMAN
CFO



RESTRUCTURING OUR FOOTPRINT

PRODUCTION UNITS



**INITIATED
CLOSURES**
Since 2013 Q4

11

**UNITS
CLOSED**
Since 2013 Q4

2

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

- 2 closures finalized in France and South Africa
- Australia (3), Sweden (2), UK (2), Italy, France, South Africa, Germany
- Personnel net, about -750



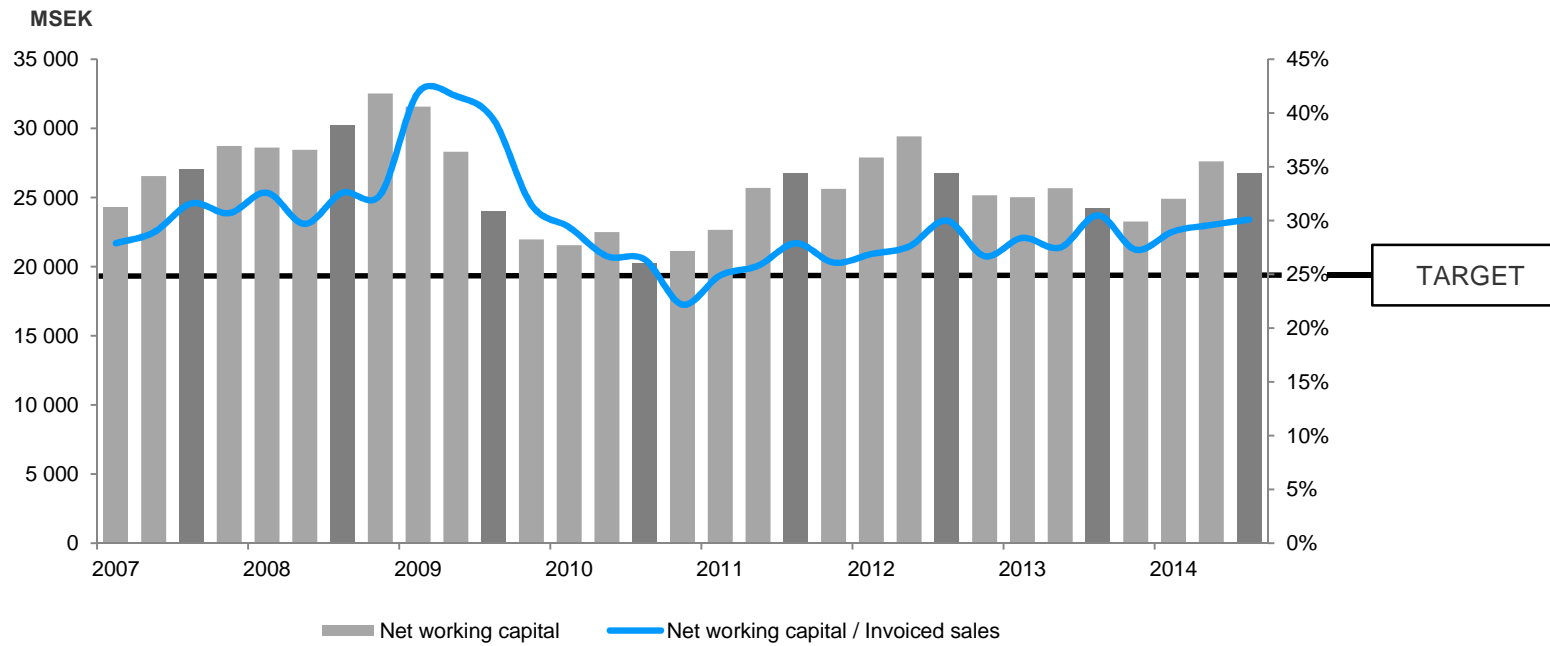
RESTRUCTURING OUR FOOTPRINT

FIRST PHASE - PLANNED TIME OF COMPLETION FOR INITIATED CLOSURES

	YTD 2014	Q4 2014	2015	TOTAL
SANDVIK MINING	1	1	3	5
SANDVIK MACHINING SOLUTIONS	-	2	2	4
SANDVIK CONSTRUCTION	1	-	1	2
GROUP TOTAL	2	3	6	11

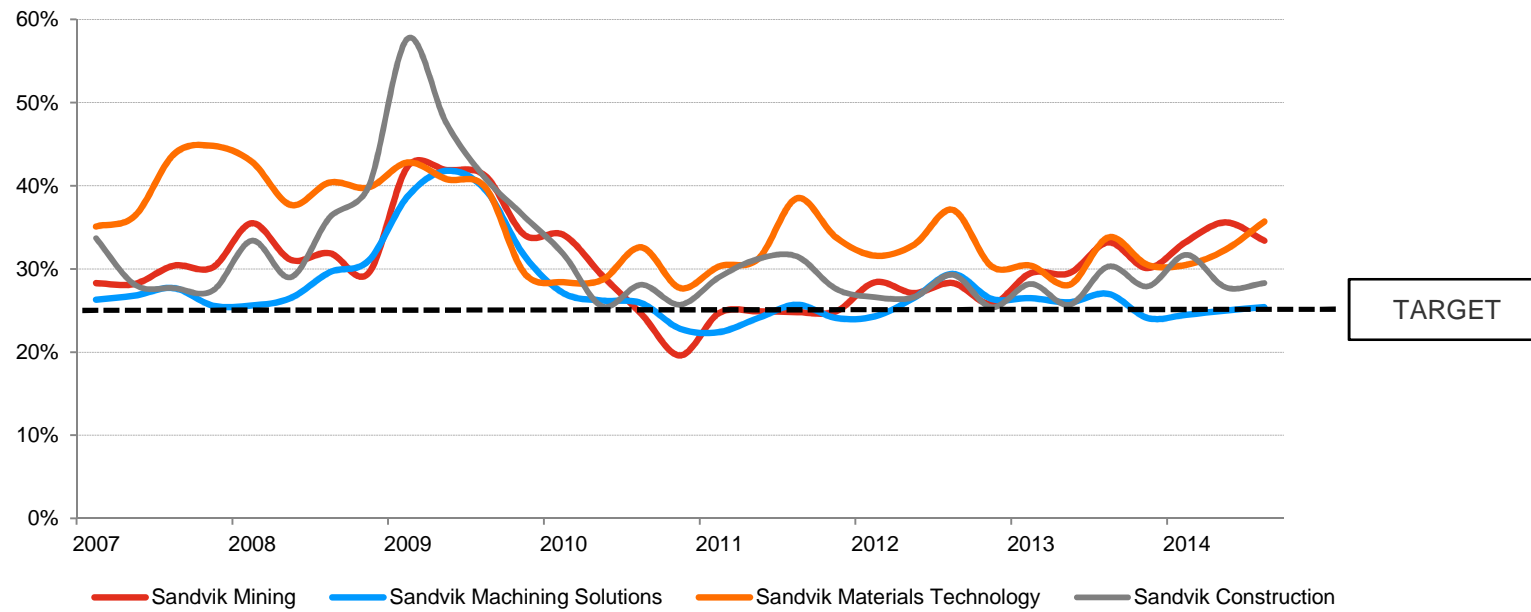


NET WORKING CAPITAL



NET WORKING CAPITAL

% OF INVOICING BY BUSINESS AREA



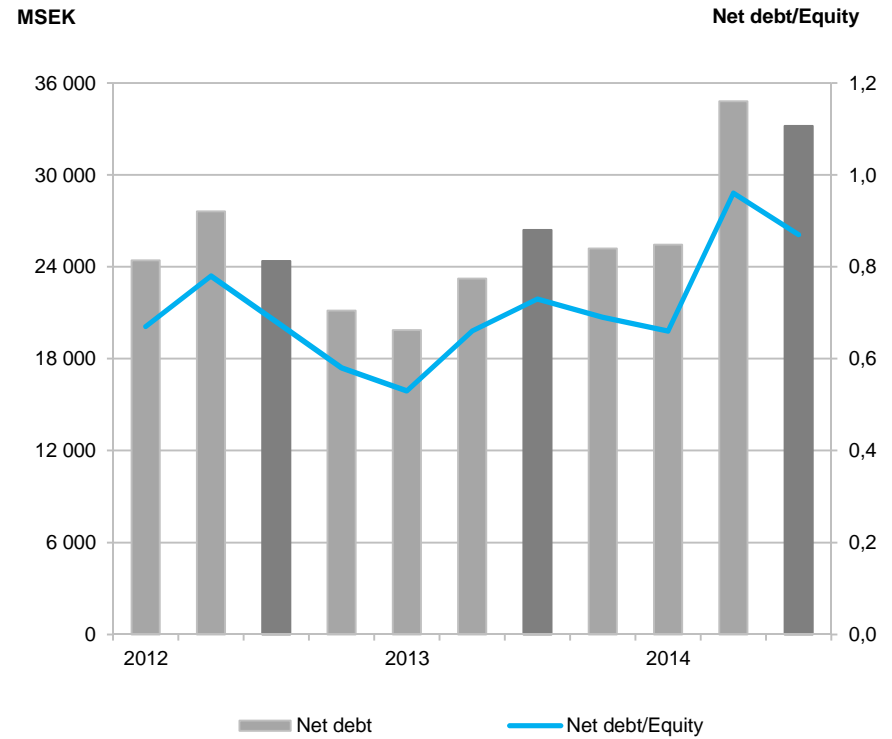
NET DEBT

NET DEBT TO EQUITY 0.87

STRONG CASH FLOW

INVENTORY REDUCTIONS

INVESTMENTS 1.1 BILLION OR 103% OF DEPRECIATION



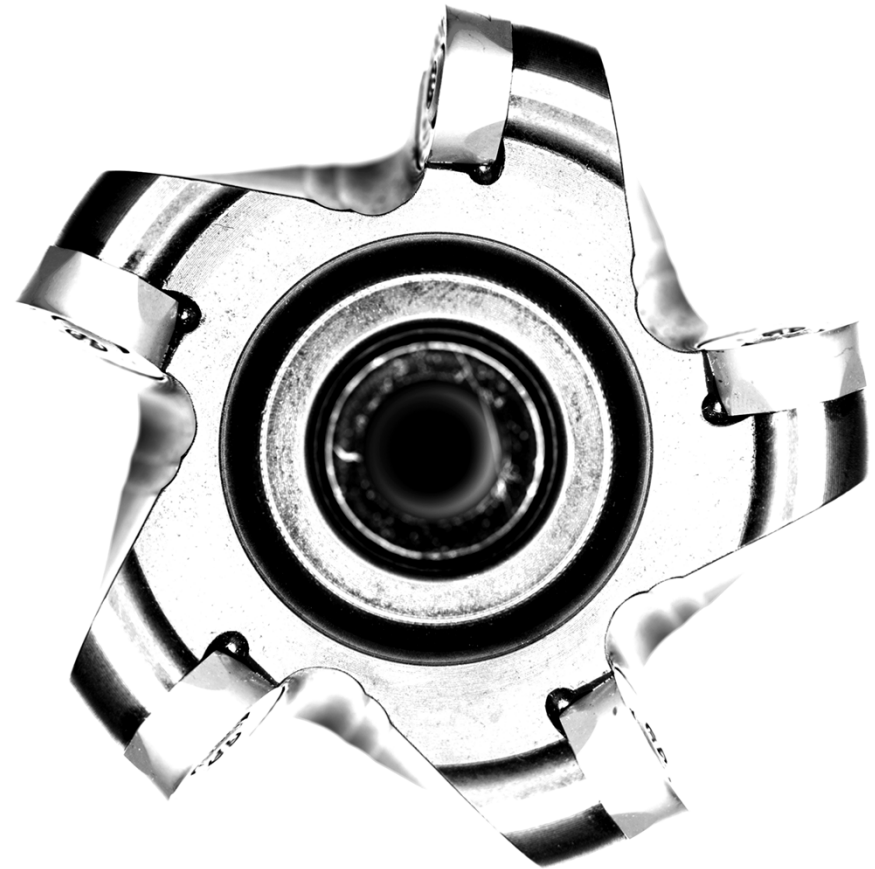
SUMMARY

CONTINUED STRATEGY EXECUTION

PROGRESS ON SUPPLY CHAIN OPTIMIZATION PROGRAM

STRONG CASH FLOW

STABLE DEMAND





BACK-UP SLIDES

BRIDGE ANALYSIS SANDVIK GROUP

MSEK	Q3 2013	PRICE/ VOLUME/ PRODUCTIVITY	CURRENCY	STRUCTURE ONE-OFFS*	Q3 2014
Invoicing	20,416	210	1020	950	22,593
EBIT	2,531	-420	80	270	2,462
EBIT margin	12.4%	N/A	-	-	10.9%

* Includes metal price effects

BRIDGE ANALYSIS

MSEK	Q3 2013	PRICE/ VOLUME/ PRODUCTIVITY	CURRENCY	STRUCTURE ONE-OFFS*	Q3 2014
SANDVIK MINING					
Invoicing	6,961	-400	250	-	6,806
EBIT	858	-260	20	-	614
EBIT margin	12%	-65%	-	-	9%
SANDVIK MACHINING SOLUTIONS					
Invoicing	6,922	250	400	80	7,658
EBIT	1,454	-50	70	20	1,496
EBIT margin	21%	N/A	-	-	20%
SANDVIK MATERIALS TECHNOLOGY					
Invoicing	3,224	250	120	140	3,735
EBIT	175	-25	70	260	482
EBIT margin	5%	N/A		-	13%

* Includes metal price effects



BRIDGE ANALYSIS

MSEK	Q3 2013	PRICE/ VOLUME/ PRODUCTIVITY	CURRENCY	STRUCTURE ONE-OFFS	Q3 2014
SANDVIK CONSTRUCTION					
Invoicing	2,055	50	130	-	2,232
EBIT	88	-80	-5	-	1
EBIT margin	4%	N/A	-	-	0%
SANDVIK VENTURE					
Invoicing	1,252	50	120	730	2,155
EBIT	199	-60	5	-10	133
EBIT margin	16%	N/A	-	-	6%

SANDVIK MINING

Q3 2014

STABLE DEMAND

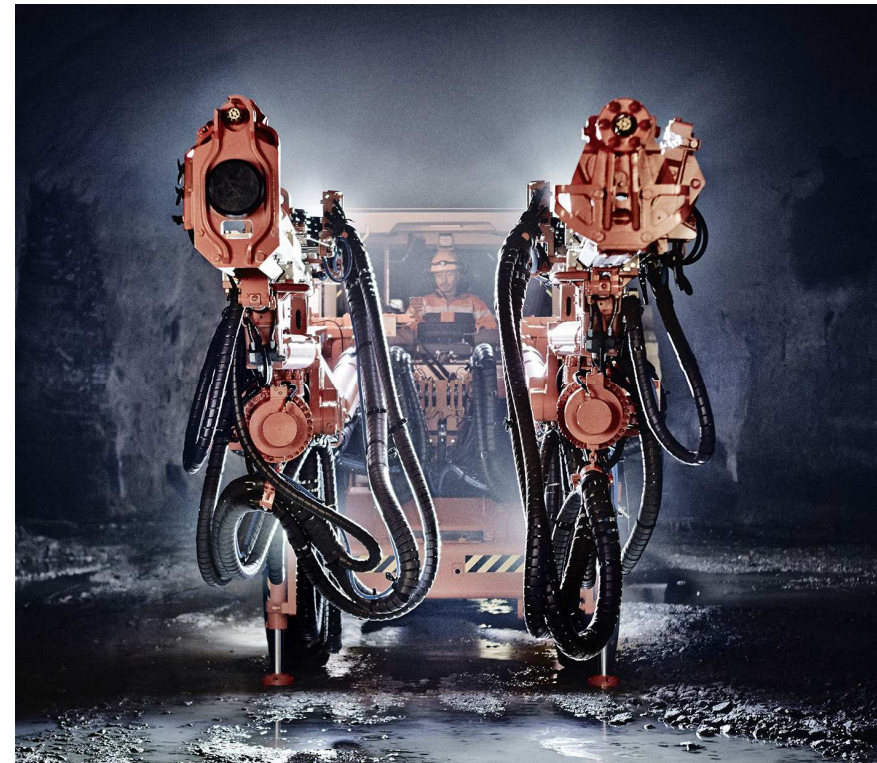
- Equipment and aftermarket stable
- Low order intake for Mining Systems

EBIT 614 MSEK, 9.0%

- Currency effects +20 MSEK
- Low sales and production rates

SUPPLY CHAIN OPTIMIZATION

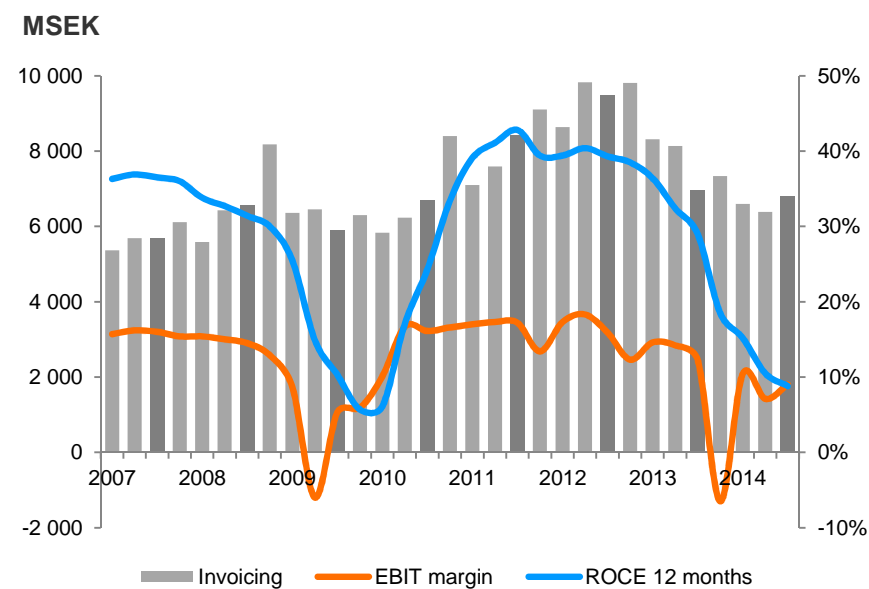
- Closure of one unit finalized, Krugersdorp South Africa



SANDVIK MINING

Q3 2014

Order intake	5,566 MSEK
Invoicing	6,806 MSEK
EBIT	614 MSEK
ROCE	8.8%



SANDVIK MACHINING SOLUTIONS

Q3 2014

STABLE BUSINESS CONDITIONS

- Strong development in the aerospace industry
- Europe weakened somewhat sequentially
- Continued strong development in North America

EBIT 1,496 MSEK, 19.5%

- Currency effects +70 MSEK

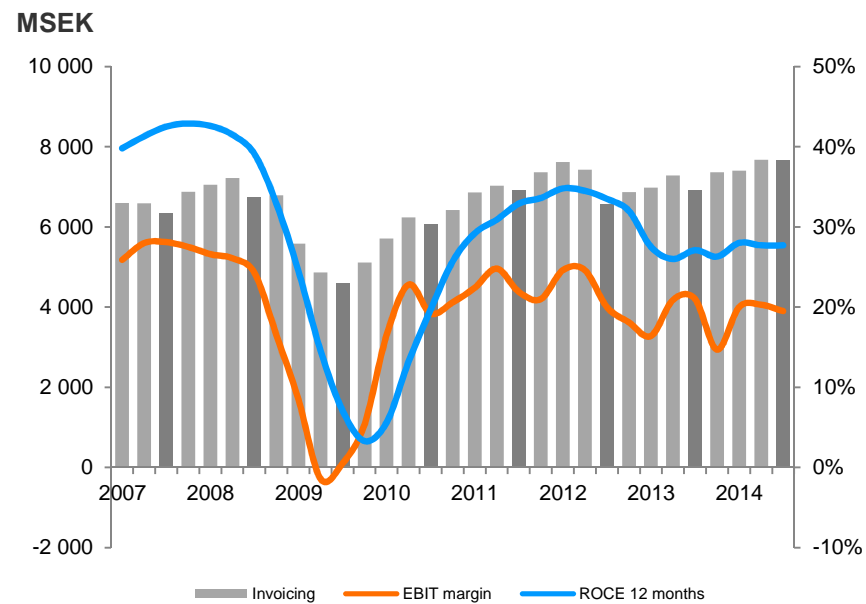
STRONG CASH FLOW



SANDVIK MACHINING SOLUTIONS

Q3 2014

Order intake	7,711 MSEK
Invoicing	7,658 MSEK
EBIT	1,496 MSEK
ROCE	27.7%



SANDVIK MATERIALS TECHNOLOGY Q3 2014

STABLE DEMAND

- Energy segment is stable at a high level
- Major order from the nuclear sector

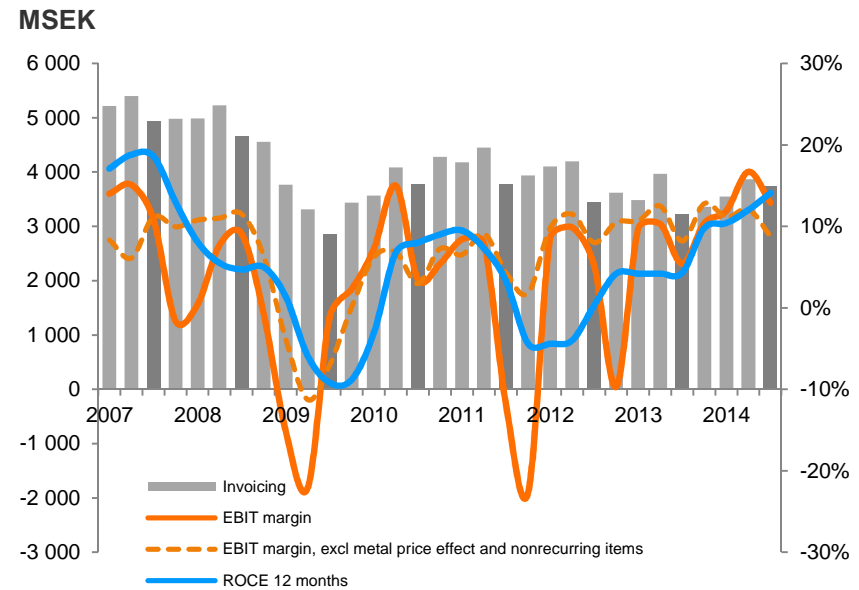
DIVESTMENT OF DISTRIBUTION BUSINESS IN AUSTRALIA AND NEW ZEALAND

SIGNIFICANT PROFIT CONTRIBUTION FROM CHANGED METAL PRICES



SANDVIK MATERIALS TECHNOLOGY Q3 2014

Order intake	3,335 MSEK
Invoicing	3,735 MSEK
EBIT	482 MSEK Adjusted for metal price effects, 311 MSEK, 8.3 % of invoicing
ROCE	14.1%



SANDVIK CONSTRUCTION

Q3 2014

CONTINUED CHALLENGING MARKET CONDITIONS

- Slightly higher activity in North America
- Stable at a low level in China

EBIT 1 MSEK, 0.0%

- Low sales and production rates
- Cost savings are being implemented

STRONG CASH FLOW

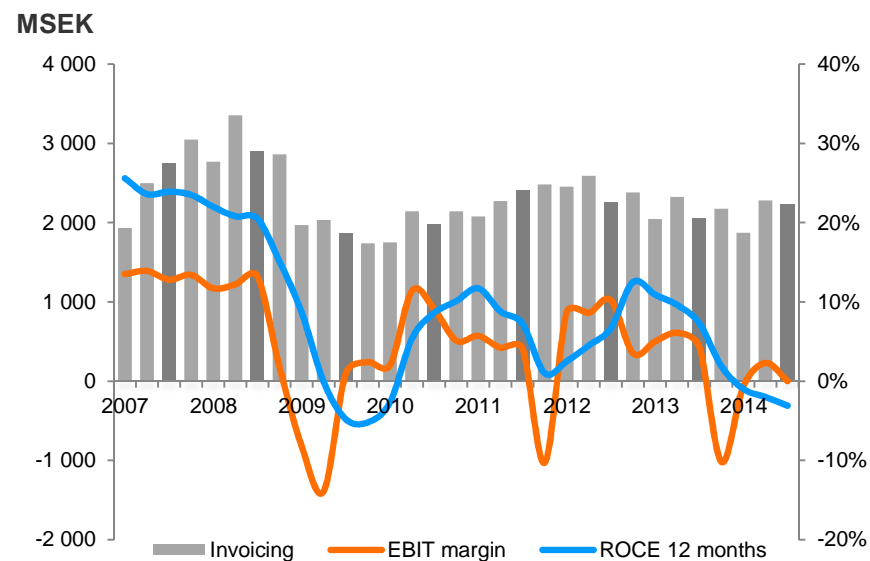
- Inventory reductions



SANDVIK CONSTRUCTION

Q3 2014

Order intake	2,184 MSEK
Invoicing	2,232 MSEK
EBIT	1 MSEK
ROCE	-3.1%



SANDVIK VENTURE Q3 2014

INCREASED ORDER INTAKE

EBIT 133 MSEK (6.2%)

- EBIT excluding Varel 163 MSEK (10.8%)

STRONG CASH FLOW

**GROWTH INVESTMENT FOR LEVELING OF
STEEL BELTS FINALIZED**



SANDVIK VENTURE

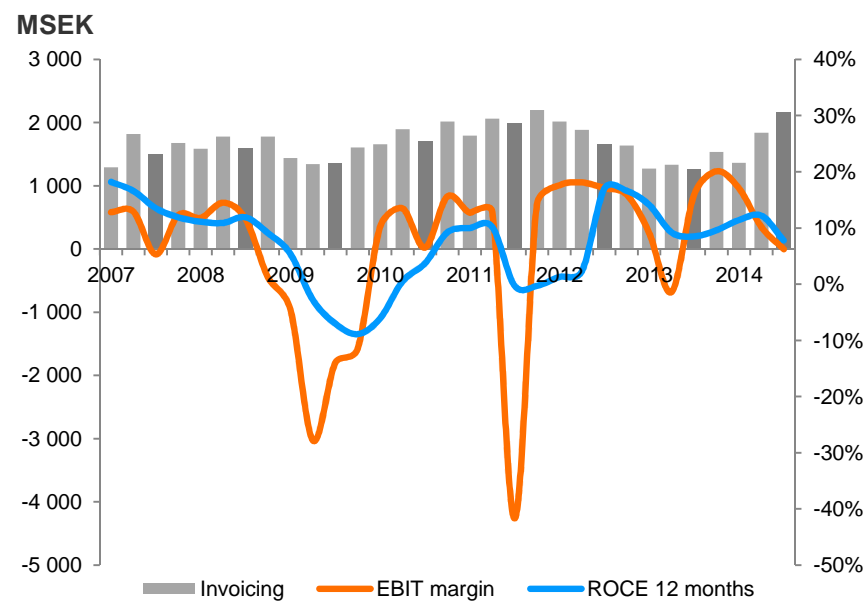
Q3 2014

Order intake	2,182 MSEK
--------------	------------

Invoicing	2,155 MSEK
-----------	------------

EBIT	133 MSEK
------	----------

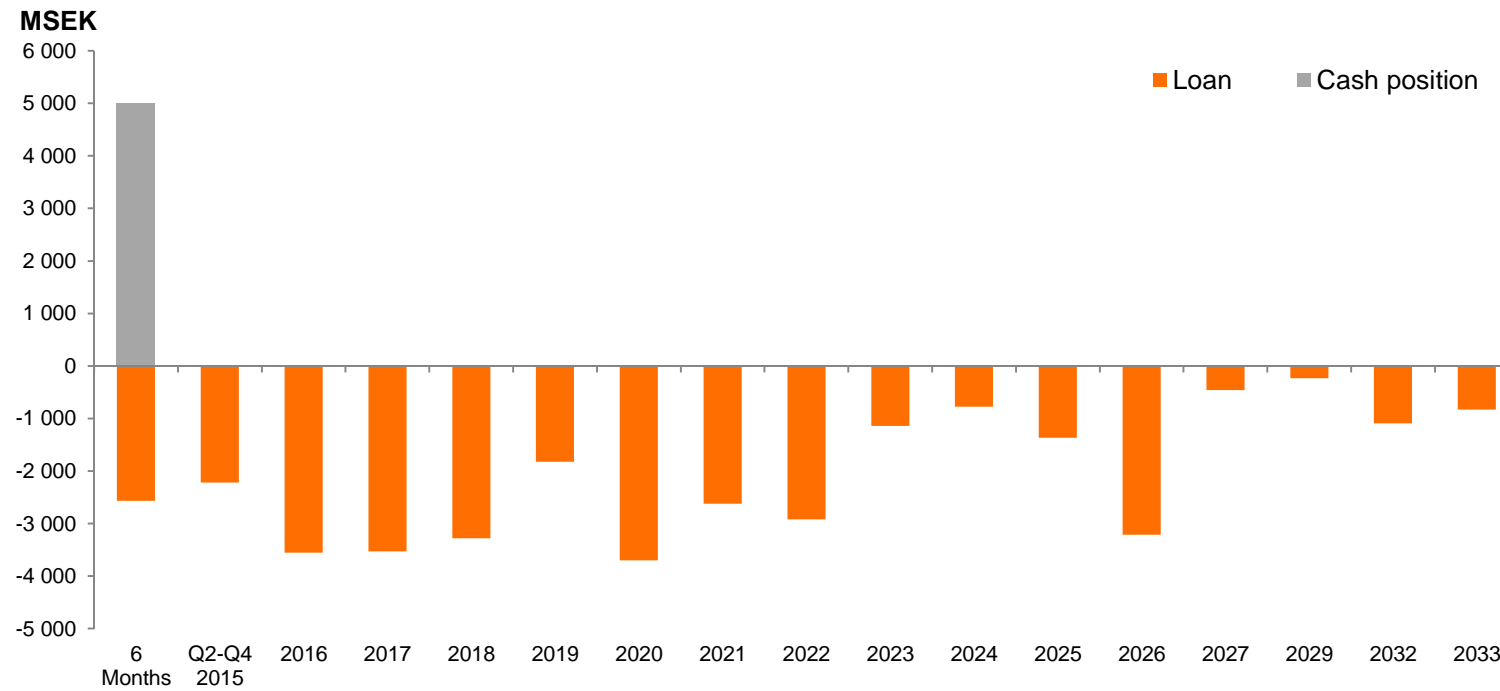
ROCE	6.2%
------	------



LOAN AND DURATION PROFILE

LONG TERM	89%	AMOUNT MSEK	AVERAGE DURATION
US Private Placement		5,906	5 years
Fin institutions, EIB, NIB		2,296	8 years
Swedish MTN		11,508	4 years
European MTN		10,069	12 years
Bank loans		2,687	4 years
Share swap		1,582	2 years
SHORT TERM	11%		
Commercial paper		2,452	3 months
Fin institutions, EIB, NIB		463	9 months
Swedish MTN		350	8 months
European MTN		0	0 months
Bank loans		870	0 months
TOTAL		38,182	6 years
Cash position		4,988	
Revolving Credit facilities, 10,971 MSEK			

LOAN MATURITY PROFILE



ACQUISITION OF VAREL

ACQUISITION PRICE AND GOODWILL

Purchase price 5.1 BSEK

- Consideration for shares 2.8 BSEK
- Loan settlement 2.3 BSEK

Goodwill 2.5 BSEK

- Growth and profitability
- Strong market position in the oil and gas sector

PURCHASE PRICE ALLOCATION

Assigned to tangible and intangible assets 1.6 BSEK

- Amortized over 10 years
- ~40 MSEK per quarter

Assigned to inventories 170 MSEK

- Amortized over 3-9 months
 - ~ 35 MSEK Q2 2014
 - ~ **80 MSEK Q3 2014**
 - ~ 35 MSEK Q4 2014
 - ~ 20 MSEK Q1 2015

GUIDANCE

CAPEX	Estimated at below 5bn SEK for 2014.
CURRENCY EFFECTS	Given currency rates at quarter end the effect on EBIT would be +200 MSEK for Q4 2014.
METAL PRICE EFFECTS	Given currency rates, stock levels and metal prices during October, it is estimated that operating profit for Q4 2014 will be adversely affected by close to -50 MSEK.
NET FINANCIAL ITEMS	Net financial items is estimated to be between 1.8-2.0 bn. SEK for 2014.
TAX RATE	The tax rate is estimated to about 25-27% for 2014.

An abstract graphic consisting of several bright blue lines that intersect and extend across the top and sides of the page, creating a dynamic, geometric pattern.

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.”

