

INTERIM REPORT ON THE FIRST QUARTER 2014



IMPROVED DEMAND IN MANY AREAS AND PROGRESS ON SUPPLY CHAIN OPTIMIZATION

CEO'S COMMENT:



Olof Faxander

“Global industrial production and macroeconomic conditions improved at the beginning of 2014. Conditions thus improved for our currently largest and most profitable business area, Sandvik Machining Solutions. In addition, several major orders totaling 1.3 billion SEK were secured in the energy segment. However, demand from the mining industry weakened somewhat as customers continued to defer new investments. The business climate continued to develop

favorably in Europe, remaining strong in North America, while the situation was more mixed in Asia and challenging in South America. We had a positive book-to-bill and our

order backlog increased during the quarter and order intake amounted to 22.5 billion SEK, with invoiced sales totaling 20.8 billion SEK,” says Sandvik’s President and CEO Olof Faxander.

“The process to close a total of seven units has begun under our initiative to optimize our global supply chain and manufacturing footprint. Currency effects negatively impacted first-quarter earnings by 200 million SEK while rising metal prices, nickel in particular, contributed positively. Operating profit totaled 2.5 billion SEK, or 11.9% of invoiced sales.”

“The negative effects of the downturn in the mining industry and the current weak performance of Sandvik Construction are largely being offset by the improving conditions for and enhanced performance of Sandvik Machining Solutions, Sandvik Materials Technology and Sandvik Venture.”

FINANCIAL OVERVIEW, MSEK	Q1 2014	Q1 2013	CHANGE %	Q1-4 2013
Order intake ¹⁾	22 496	22 339	+2	84 072
Invoiced sales ¹⁾	20 783	22 098	-4	87 328
Gross profit	7 620	7 570	+1	28 480
% of invoiced sales	36.7	34.3		32.6
Operating profit	2 478	2 557	-3	8 638
% of invoiced sales	11.9	11.6		9.9
Adjusted operating profit ²⁾	2 478	2 697	-8	10 778
% of invoiced sales ²⁾	11.9	12.2		12.3
Profit after financial items	2 042	2 078	-2	6 753
% of invoiced sales	9.8	9.4		7.7
Profit for the period	1 493	1 477	+1	5 008
% of invoiced sales	7.2	6.7		5.7
of which shareholders' interest	1 494	1 476	+1	5 013
Earnings per share, SEK ³⁾	1.19	1.18	+1	4.00
Return on capital employed, % ⁴⁾	12.7	17.6		12.6
Cash flow from operations ⁵⁾	759	2 207	-66	5 133
Net working capital, %	29	28		27

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

2) Operating profit adjusted by about 140 million SEK for nonrecurring charges for the first quarter 2013 and by about 2,140 million SEK for full-year 2013

3) Calculated on the basis of the shareholders' share of profit for the period. No dilutive impact during the period.

4) Rolling 12 months.

5) Cash flow from operations adversely affected by about 5,800 million SEK for payment related to the intellectual property rights tax case in Q3 2013.

MARKET DEVELOPMENT AND EARNINGS

The business climate showed slightly positive development compared with the preceding quarter, with the exception of the mining industry. Sandvik Materials Technology secured several large orders. Order intake thus amounted to 22.5 billion SEK, an increase of 10% compared with the preceding quarter at fixed exchange rates for comparable units. Book-to-bill was positive for all business areas except for Sandvik Mining. Invoicing declined by 3% compared with the preceding quarter at fixed exchange rates for comparable units, largely due to normal seasonality and a decreasing order book, and amounted to 20.8 billion SEK for the quarter.

Movements in exchange rates adversely affected earnings while changed metal prices contributed positively. Operating profit amounted to 2.5 billion SEK, or 11.9% of invoiced sales. Return on capital employed was 12.7% (12.6 in the preceding quarter) for the most recent 12-month period.

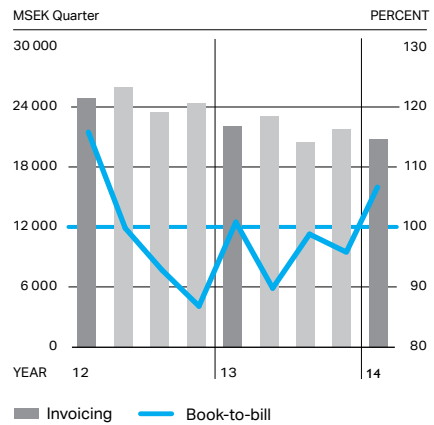
Market demand improved in Europe compared with the preceding quarter, particularly in the UK. Demand in North America varied among segments, where declining demand from the mining industry in Canada and the US was more than offset by strong demand from the aerospace and automotive segments. The positive demand trend previously noted in Japan continued, while business conditions fluctuated significantly in China. Activity in Australia and South America declined as mining companies postponed investment decisions. Africa remained unchanged at low levels. Business conditions for Sandvik Mining weakened while all other business areas noted varying degrees of improved demand. Sandvik Materials Technology booked a number of major orders totaling 1.3 billion SEK from the oil/gas sector, further underscoring the importance of the energy segment as a driver of profitable growth in the future. Acquisitions and divestments had a negligible effect on order intake and invoiced sales. Changed exchange rates had a negative impact of 2% on both order intake and invoiced sales.

Earnings were negatively impacted by the lower profit levels generated by Sandvik Mining due to the downturn in the mining industry. Changed metal prices made a positive contribution to earnings of 26 million SEK. Earnings were adversely affected by about 200 million SEK due to a further weakening of currencies, such as the AUD, ZAR, CAD and RUB, which were impacted by the downturn in the mining industry. Nevertheless, operating profit amounted to 2.5 billion SEK for the quarter, or 11.9% of invoiced sales.

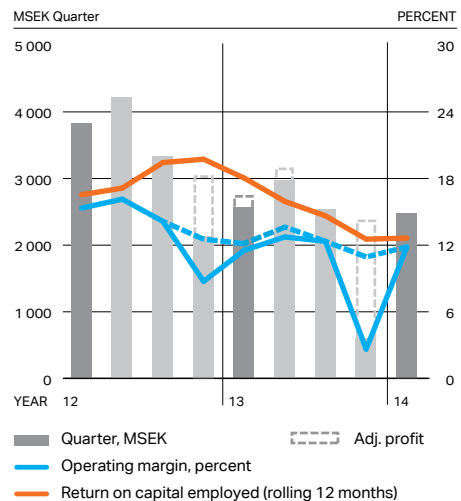
Net financial items amounted to -436 million SEK (-479) and earnings per share totaled 1.19 SEK (1.18) for the quarter.

The tax rate for the first quarter was 26.9% (28.9).

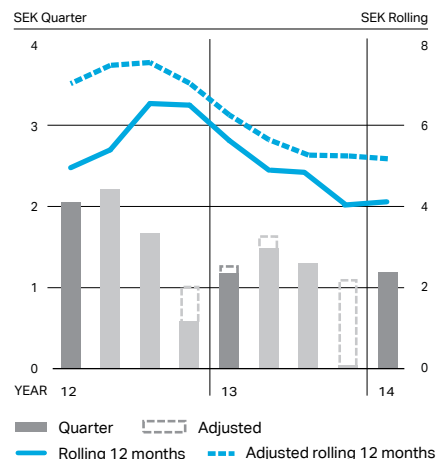
INVOICED SALES AND BOOK-TO-BILL



OPERATING PROFIT AND RETURN



EARNINGS PER SHARE



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

CASH FLOW AND BALANCE SHEET

Positive cash flow from earnings was offset by increases in working capital and capital expenditure. The higher level of working capital was attributable to increased accounts receivable and inventories and reduced advance payments from customers.

During the quarter, the Group's cash position was partly used to settle a major bond that had reached maturity.

Compared with the preceding quarter, **total assets** decreased slightly, largely due to changed exchange rates and the repayment of debt using the Group's cash position. Capital expenditure (capex) was on a par with depreciation levels and amounted to 0.9 billion SEK in the first quarter compared with 1.5 billion SEK in the preceding quarter. The capex guidance issued for 2014 of between 5 and 5.5 billion SEK remains valid.

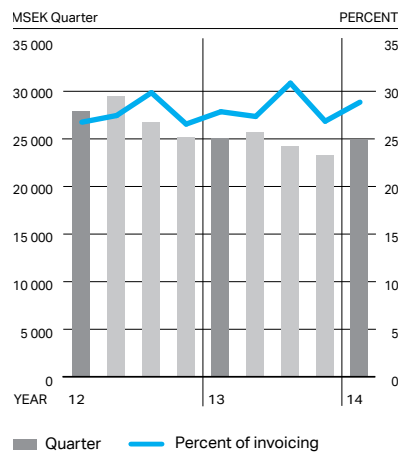
Working capital rose by 1.6 billion SEK, primarily due to higher accounts receivable as a result of increased sales volumes toward the end of the quarter. The trend of decreasing prepayments continued as business conditions in the mining industry remained challenging. Net working capital as a percentage of invoiced sales increased to 29% (28).

Net debt remained relatively unchanged at 25 billion SEK as the earnings generation was offset by higher levels of working capital and investments. The net debt/equity ratio remained at 0.7. Payment for the acquisition of Varel is expected to be made shortly after the closure of the transaction, which is estimated to occur during the second quarter of 2014. This transaction, combined with the annual dividend pay-out, is expected to temporarily elevate the net debt/equity ratio.

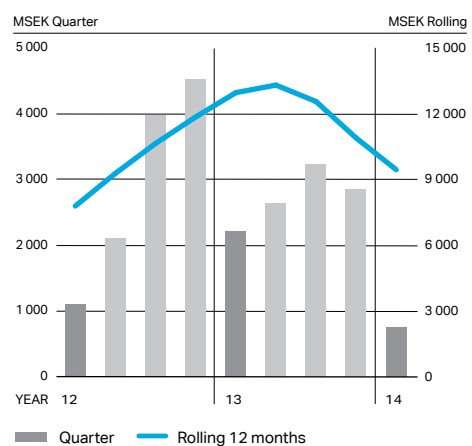
Cash flow from operations amounted to +759 million SEK (+2,207). A bond amounting to about 4.4 billion SEK matured in February. Part of the debt was settled using the Group's cash position, while the commercial paper market was used to finance the remainder. The net effect on interest paid was favorable and contributed to the reduction of net financial items compared with the preceding quarter. Given the anticipated cash out flow in the second quarter, the guidance for net financial items for 2014 remains at between 1.8 and 2.0 billion SEK. As a result of the settlement of the bond, interest-bearing debt with short-term maturity decreased to 17% of total debt, down from 23% in the preceding quarter.

During the quarter, the rating agency Standard & Poor's (S&P) lowered its long-term corporate credit rating of Sandvik AB to BBB from BBB+, while at the same time affirming the A-2 short-term corporate credit rating. The outlook is stable. The downgrade reflects S&P's view of weak industry conditions in the mining segment and the expected payment for the acquisition of Varel International Energy Services Inc.

NET WORKING CAPITAL

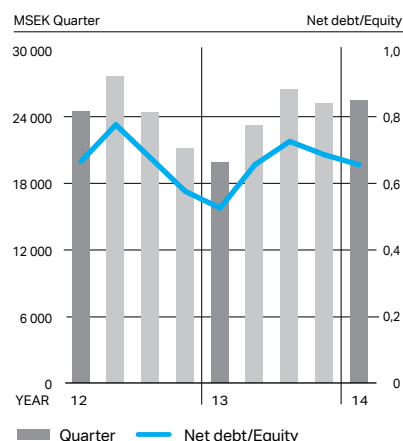


CASH FLOW FROM OPERATIONS



Cash flow Q3 2013 and Rolling 12 months adjusted for tax payment related to Intellectual Property rights, about -5,800 million SEK.

NET DEBT



SANDVIK MINING

WEAKER DEMAND

COST REDUCTIONS

NEGATIVE CURRENCY EFFECTS



GROWTH

Q1	ORDER INTAKE	INVOICED SALES
Price/volume, %	-15	-15
Structure, %	-	-
Currency, %	-7	-7
TOTAL, %	-21	-21

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

Sandvik Mining's market was characterized by a climate in which customers continued to restrict investments, resulting in regular order deferrals and delays. Consequently, order intake at fixed exchange rates declined by 15% compared with the year-earlier period and by 4% compared with the preceding quarter, and amounted to 6.1 billion SEK. Operating profit amounted to 688 million SEK (1,211), or 10.4% (14.6) of invoiced sales. Significant currency effects (approx. -130 million SEK) and low sales and production rates were offset by cost savings.

During the quarter, the process to close one production unit commenced under the initiative to optimize the supply chain.

Market demand in the global mining industry remained challenging in the first quarter. Customer decisions to defer and delay investments significantly impacted equipment orders, while demand for mining systems remained relatively stable. During the quarter, Sandvik Mining secured a number of large orders totaling about 1,000 million SEK, including a major materials handling contract from a customer in Australia with a value exceeding 450 million SEK. Demand for spare parts was relatively unchanged compared with the second half of 2013, while order intake for services and rock tools declined somewhat. Depressed prices for thermal coal negatively impacted demand from mining companies in Australia, South Africa, China and parts of Europe. Order intake thus amount-

ed to 6,055 million SEK (7,683), representing a decline of 15% compared with the year-earlier period and 4% compared with the preceding quarter at fixed exchange rates for comparable units. Invoiced sales amounted to 6,601 million SEK (8,313). This represented a decline of 7% compared with the preceding quarter, due in part to the decline in the order backlog and to normal seasonality.

Earnings amounted to 688 million SEK, or 10.4% of invoiced sales. Operating profit was adversely affected by changed exchange rates (approx. -130 million SEK compared with the year-earlier period and -50 million SEK compared with the preceding quarter), declining sales and low production rates. However, these negative effects were largely offset by actions implemented to adjust costs to current demand, as communicated earlier. The cost reductions implemented to date are estimated to yield annual savings of about 500 million SEK. The workforce was reduced by nearly 400 compared with the preceding quarter. Bad debt losses remained negligible. Return on capital employed for the most recent 12-month period was 15.2% (36.4%).

During the quarter, the closure of rock tools production in Krugersdorp, South Africa, was initiated. The move represents part of the initial phase of the multi-year program announced in December 2013 to optimize the business area's global supply chain.

FINANCIAL OVERVIEW, MSEK	Q1 2014	Q1 2013	CHANGE %	Q4 2013	CHANGE %
Order intake	6 055	7 683	-15 *	6 514	-4 *
Invoiced sales	6 601	8 313	-15 *	7 334	-7 *
Operating profit	688	1 211	-43	-480	N/A
% of invoiced sales	10.4	14.6		-6.5	
Adjusted operating profit**	688	1 211	-43	770	-11
% of invoiced sales**	10.4	14.6		10.5	
Return on capital employed, %, rolling 12 months	15.2	36.4		18.5	
Number of employees	12 568	13 797	-9	12 965	-3

* At fixed exchange rates for comparable units

** Operating profit adjusted for nonrecurring charges by about 1,250 million SEK for Q4 2013

SANDVIK MACHINING SOLUTIONS

INCREASED MARKET
ACTIVITY

IMPROVED PROFITABILITY

CLOSURE OF PRODUCTION
UNITS



GROWTH

Q1	ORDER INTAKE	INVOICED SALES
Price/volume, %	+6	+5
Structure, %	+2	+1
Currency, %	-	-
TOTAL, %	+8	+6

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

Business conditions improved for Sandvik Machining Solutions compared with the year-earlier period and the preceding quarter. Accordingly, order intake and invoiced sales amounted to 7.7 billion SEK and 7.4 billion SEK, respectively. This represented an increase of 6% and 5%, respectively, at fixed exchange rates for comparable units. Changed exchange rates negatively impacted earnings by about 25 million SEK, and operating profit amounted to 1,480 million SEK (1,141), or 20.0% (16.4), of invoiced sales.

In April, the business area initiated the closure of two additional production units under the initiative to optimize the supply chain.

Market demand for Sandvik Machining Solutions increased during the quarter compared with the flat demand situation observed in the second half of 2013. The number of working days had a negligible impact on order intake and invoiced sales. Demand in Europe developed favorably from a low level, particularly in the UK, Germany, France and Italy, with increased activity in the automotive and aerospace segments. Market conditions in Russia weakened, partly due to the significant devaluation of the RUB. A further slight increase in business activity from an already high level was noted in North America. Demand from the automotive and aerospace segments was strong in the US, but more subdued in the mining and construction industries. Activity

in South America remained low, largely due to the continued challenging environment in the Brazilian market. Demand improved somewhat in most Asian countries, except for certain parts of Southeast Asia. Order intake amounted to 7,719 million SEK (7,147), an increase of 6% compared with the year-earlier period and the preceding quarter.

Earnings were negatively impacted by about 25 million SEK due to changed exchange rates compared with the year-earlier period, and by about 40 million SEK compared with the preceding quarter. Production rates increased moderately compared with the preceding quarter in response to the slightly higher demand level. Inventory levels are well aligned with current demand. Operating profit amounted to 1,480 million SEK (1,141), or 20.0% (16.4) of invoiced sales. Return on capital employed for the most recent 12-month period was 28.0% (27.5%).

In April, the closure of two additional production units was initiated; tools production in Piacenza, Italy and the inserts production in Featherstone, in the UK. The closures represent part of the multi-year program announced in December 2013 to better align the business area's production footprint with global demand. To date, the closures of four production units have been initiated and are expected to be finalized in 2015.

FINANCIAL OVERVIEW, MSEK

	Q1 2014	Q1 2013	CHANGE %	Q4 2013	CHANGE %
Order intake	7 719	7 147	+6 *	7 354	+6 *
Invoiced sales	7 400	6 977	+5 *	7 363	+1 *
Operating profit	1 480	1 141	+30	1 084	+37
% of invoiced sales	20.0	16.4		14.7	
Adjusted operating profit**	1 480	1 281	+16	1 434	+3
% of invoiced sales**	20.0	18.4		19.5	
Return on capital employed, %, rolling 12 months	28.0	27.5		26.3	
Number of employees	19 026	19 031	-	19 055	-

* At fixed exchange rates for comparable units

** Operating profit adjusted for nonrecurring charges by about 140 million SEK for Q1 2013 and by about 350 million SEK for Q4 2013

SANDVIK MATERIALS TECHNOLOGY

IMPROVED BUSINESS
CONDITIONS

SEVERAL MAJOR ENERGY
ORDERS SECURED

IMPROVED PROFITABILITY



GROWTH

Q1	ORDER INTAKE	INVOICED SALES
Price/volume, %	+25	+3
Structure, %	-	-
Currency, %	-2	-1
TOTAL, %	+23	+2

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

Overall demand for products from Sandvik Materials Technology improved slightly from low levels during 2013. Several major orders from the energy segment were secured. Order intake thus increased by 25% and invoiced sales by 3% at fixed exchange rates compared with the preceding year and amounted to 4.6 billion SEK (3.8) and 3.5 billion SEK (3.5), respectively. Adjusted for metal price effects (+26 million SEK), operating profit amounted to 395 million SEK (373), or 11.1% (10.7) of invoiced sales.

Market demand continued to improve for Sandvik Materials Technology during the quarter. Although there was only a slight improvement in business sentiment, the recovery was broad-based across regions and segments. During the quarter, several large orders with a total value of about 1.3 billion SEK were secured from customers in the oil/gas sector. These orders underscore the importance of this future growth segment and provide further evidence of the strong market position of Sandvik Materials Technology in this area. While this high order intake signifies the continued strong demand from the oil/gas sector, it is also partly due to orders expected later in the year being placed at an earlier date. The majority of these orders will be produced and delivered during 2015. Global supply capacity outstrips the low level of customer demand for much of the standard product range, and price pressure remained. Excluding major orders, demand remained relatively unchanged

in North America. Demand improved in Europe, partly at the expense of other regions as certain orders for global deliveries were placed by customers' European-based operations. Business activity increased in Asia, predominately in the energy and automotive segments. Order intake amounted to 4,633 million SEK (3,771) and invoiced sales to 3,547 million SEK (3,484).

Earnings improved further, primarily as a result of higher invoiced sales and lower costs compared with the year-earlier period. Changed metal prices, predominately for nickel, contributed +26 million SEK to earnings, which is the first time that metal prices made a positive contribution to results since the first quarter of 2011. Reported operating profit amounted to 421 million SEK (337), or 11.9% (9.7) of invoiced sales. Adjusted for metal price effects, operating profit totaled 395 million SEK (373). Changed currency rates had a negligible effect on earnings compared with the year-earlier period, but adversely affected earnings by about 25 million SEK compared with the preceding quarter. During the quarter, a decision was taken to increase stock availability for products for the energy segment and the core and standard business. Higher production rates made a slight positive contribution to earnings. Return on capital employed for the most recent 12-month period was 10.4% (4.2), or 12.1% adjusted for metal price effects and non-recurring charges.

FINANCIAL OVERVIEW, MSEK

	Q1 2014	Q1 2013	CHANGE %	Q4 2013	CHANGE %
Order intake	4 633	3 771	+25 *	3 672	+28 *
Invoiced sales	3 547	3 484	+3 *	3 360	+7 *
Operating profit	421	337	+25	350	+20
% of invoiced sales	11.9	9.7		10.4	
Return on capital employed, %, rolling 12 months	10.4	4.2		9.8	
Number of employees	7 086	7 197	-2	7 113	-

* At fixed exchange rates for comparable units

SANDVIK CONSTRUCTION

CONTINUED MARKET
UNCERTAINTY

CLOSURE OF
PRODUCTION UNIT



GROWTH

Q1	ORDER INTAKE	INVOICED SALES
Price/volume, %	-4	-7
Structure, %	-	-
Currency, %	-1	-1
TOTAL, %	-5	-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.

During the first quarter, general demand declined somewhat for Sandvik Construction compared with the year-earlier period, but increased compared with the preceding quarter due to seasonality. Order intake and invoiced sales amounted to 2.3 billion SEK (2.5) and 1.9 billion SEK (2.0), respectively. The operating result amounted to -11 million SEK (103), or -0.6% (5.0) of invoiced sales, including a negative impact from changed exchange rates and low sales and production volumes.

During the quarter, the business area initiated the closure of one production unit under the program to optimize the supply chain.

Market demand weakened slightly, with significant differences between products and regions, and uncertainty remains high. However, demand increased in Europe from a low level, with higher activity noted in Germany and France. Demand declined in Asia but remained unchanged for crushers in China. The positive demand trend in South America in recent quarters persisted, with a high level of activity in Brazil. The negative demand trend noted in 2013 in North America, in particular in the US, was broken and order intake came close to the year-earlier level. While demand for equipment improved, it remained relatively unchanged for consumables and services, and declined for rock tools.

Order intake amounted to 2,336 million SEK, an increase of 32% compared to the preceding quarter, or 15% excluding the order backlog adjustment made at the end of 2013. This increase is representative of normal seasonality.

Earnings were significantly impacted by about -50 million SEK due to changed exchange rates compared with the year-earlier period and by about -15 million SEK compared with the preceding quarter. Low sales and production rates had a further adverse effect on earnings and the operating result, which amounted to -11 million SEK (103), or -0.6% (5.0) of invoiced sales. Return on capital employed for the most recent 12-month period was -0.1% (10.9).

During the quarter, the closure of the production unit for mobile crushers and screens in Swadlincote, UK, was initiated. The closure represents part of the first phase of the multi-year program announced in December 2013 to optimize the business area's global supply chain. To date, the closure of two production units has been initiated and these are expected to be finalized by the end of 2014. Production rates were increased in preparation for the transition of products from the units to be closed, to production units elsewhere. Accordingly, inventories increased during the quarter.

FINANCIAL OVERVIEW, MSEK

	Q1 2014	Q1 2013	CHANGE %	Q4 2013	CHANGE %
Order intake	2 336	2 454	-4 *	1 792	+32 *
Invoiced sales	1 871	2 046	-7 *	2 174	-13 *
Operating profit	-11	103	N/A	-223	N/A
% of invoiced sales	-0.6	5.0		-10.2	
Adjusted operating profit**	-11	103	N/A	-23	N/A
% of invoiced sales**	-0.6	5.0		-1.0	
Return on capital employed, %, rolling 12 months	-0.1	10.9		1.9	
Number of employees	3 204	3 153	+2	3 147	+2

* At fixed exchange rates for comparable units

** Operating profit adjusted for nonrecurring charges by about 200 million SEK for Q4 2013

SANDVIK VENTURE

IMPROVED MARKET
CONDITIONS

STRONGER EARNINGS

ACQUISITION OF VAREL CON-
TINUES ACCORDING TO PLAN



GROWTH

Q1	ORDER INTAKE	INVOICED SALES
Price/volume, %	+32	+3
Structure, %	+4	+3
Currency, %	-	+1
TOTAL, %	+36	+7

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

Business conditions improved for Sandvik Venture during the first quarter with increased order intake for all product areas compared with the preceding quarter. Order intake amounted to 1.7 billion SEK and invoiced sales to 1.4 billion SEK (1.3 and 1.3, respectively). Operating profit amounted to 233 million SEK (116), or 17.1% (9.1) of invoiced sales.

The acquisition of Varel International Energy Services Inc. (Varel) is estimated to be finalized during the second quarter.

Market demand improved for all product areas and major regions. Several large project orders, together with favorable demand from the polished and wood-based panels sector and the chemical industry, contributed to the highest order intake to date for Sandvik Process Systems. The newly formed product area, Sandvik Hyperion, recorded improved demand in all major regions compared with the preceding quarter, in particular for solid carbide products. Business conditions were generally favorable for Wolfram. Invoiced sales declined significantly compared with the preceding quarter, due to normal seasonality, but increased somewhat compared with the year-earlier period at fixed exchange rates for comparable units. Order intake

amounted to 1,749 million SEK (1,284), and invoiced sales to 1,362 million SEK (1,271).

Earnings improved significantly and amounted to 233 million SEK (116) or 17.1% (9.1) of invoiced sales. Higher volumes and a favorable product mix contributed positively to earnings for Sandvik Hyperion and Wolfram. Operating profit for Sandvik Process Systems declined due to lower sales volumes and an unfavorable product mix. Changed exchange rates had a negligible effect on earnings compared with both the year-earlier period and the preceding quarter. Inventory levels increased, due in part to higher demand and to the adjustment of buffer stock ahead of a planned maintenance stop at Wolfram during the second quarter. Return on capital employed for the most recent 12-month period was 11.4% (14.1).

The workforce increased by 109, largely attributable to a reclassification of personnel previously employed on temporary contracts.

The acquisition process of Varel continues according to plan and is estimated to be finalized during the second quarter.

FINANCIAL OVERVIEW, MSEK	Q1 2014	Q1 2013	CHANGE %	Q4 2013	CHANGE %
Order intake	1 749	1 284	+32 *	1 456	+21 *
Invoiced sales	1 362	1 271	+3 *	1 538	-11 *
Operating profit	233	116	+101	309	-25
% of invoiced sales	17.1	9.1		20.1	
Return on capital employed, %, rolling 12 months	11.4	14.1		9.6	
Number of employees	2 745	2 590	+6	2 635	+4

* At fixed exchange rates for comparable units, including effects of changed metal prices.

PARENT COMPANY

The Parent Company's invoiced sales for the first quarter of 2014 amounted to 4,185 million SEK (3,969) and the operating result was -451 million SEK (-291).

Income from shares in Group companies consists primarily of dividends and Group contributions from these and amounted to 460 million SEK (693) after the first quarter.

Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to 17,227 million SEK (19,573). Investments in property, plant and machinery amounted to 215 million SEK (227).

ACQUISITIONS AND DIVESTMENTS

In January, Sandvik Venture reached an agreement to acquire Varel International Energy Services Inc. (Varel). The completion of the acquisition is subject to standard regulatory approvals and certain environmental due diligence. Varel is a global supplier of drilling solutions focusing on

drill bits, downhole products for well construction and well completion. The key customer segment is the oil and gas sector, with some exposure to the mining and construction industries. The acquisition is estimated to be finalized during the second quarter of 2014.

ACQUISITIONS DURING THE MOST RECENT 12-MONTH PERIOD

	COMPANY/UNIT	CLOSING DATE	ANNUAL REVENUE MSEK	NO OF EMPLOYEES
SANDVIK MINING	Cubex	1 Apr 2013	270	110
SANDVIK VENTURE	TechnoPartner Samtronic	1 Oct 2013	110	35
SANDVIK MACHINING SOLUTIONS	Precorp Inc.	1 Oct 2013	230	200
SANDVIK VENTURE	Varel Intl Energy Services Inc.	Est Q2 2014	2,300	1,300

DIVESTMENTS DURING THE MOST RECENT 12-MONTH PERIOD

No significant divestments were made.

GUIDANCE

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:

CAPEX	Estimated at between 5 and 5.5 billion SEK for 2014.
CURRENCY EFFECTS	In the view of currency rates at the end of March, it is estimated that operating profit for the second quarter of 2014 will be negatively affected by about 150 million SEK compared with the second quarter of 2013.
METAL PRICE EFFECTS	In the view of currency rates, stock levels and metal prices at the end of March, it is estimated that operating profit for the second quarter of 2014 will be positively affected by about 100 million SEK.
NET FINANCIAL ITEMS	Estimated at between 1.8 and 2.0 billion SEK in 2014.
TAX RATE	Estimated at about 25-27% for 2014.

SIGNIFICANT EVENTS

- In January, Sandvik Venture reached an agreement to acquire Varel International Energy Services Inc. (Varel). The acquisition is estimated to be finalized in the second quarter of 2014.
- In February, Sandvik Mining secured a major materials handling contract in Australia. The value of the contract ex-

ceeds 450 million SEK and will be executed and contribute to Sandvik Mining's business in the 2014-2016 period. The order includes engineering, procurement and construction of two bucket-wheel stacker/reclaimers for coal handling with stacking capacity of 8,600 tons per hour and reclaiming capacity of 7,250 tons per hour.

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 2014.

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.

IASB has published new standards that will be effective as of 2014 or later. The new standards effective as of 2014 are IFRS 10, Consolidated Financial Statements, IFRS 11, Joint arrangements and IFRS 12, Disclosure of Interests in Other Entities. The standards will not have any material impact on the consolidated accounts.

FINANCIAL REPORTS SUMMARY

THE GROUP

INCOME STATEMENT

MSEK	Q1 2014	Q1 2013	CHANGE %	Q1-4 2013
Revenue	20 783	22 098	-6	87 328
Cost of sales and services	-13 163	-14 528	-9	-58 848
Gross profit	7 620	7 570	+1	28 480
% of revenues	36.7	34.3		32.6
Selling expenses	-2 676	-2 723	-2	-11 184
Administrative expenses	-1 669	-1 546	+8	-6 290
Research and development costs	-660	-603	+9	-2 661
Other operating income and expenses	-137	-141	-2	293
Operating profit	2 478	2 557	-3	8 638
% of revenues	11.9	11.6		9.9
Net financial items	-436	-479	-9	-1 885
Profit after financial items	2 042	2 078	-2	6 753
% of revenues	9.8	9.4		7.7
Income tax	-549	-601	-9	-1 745
Profit for the period	1 493	1 477	+1	5 008
% of revenues	7.2	6.7		5.7
<i>Items that will not be reclassified to profit or loss</i>				
Actuarial gains/(losses) on defined benefit pension plans	-252	233		1 039
Tax relating to items that will not be reclassified	84	-79		-361
	-168	154		678
<i>Items that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences	-109	-837		142
Cash flow hedges	-93	34		-205
Tax relating to items that may be reclassified	24	-7		45
	-178	-810		-18
Total other comprehensive income	-346	-656		660
Total comprehensive income	1 147	821		5 668

Profit for the period attributable to				
Owners of the Parent	1 494	1 476		5 013
Non-controlling interests	-1	1		-5

Total comprehensive income attributable to				
Owners of the Parent	1 148	820		5 671
Non-controlling interests	-1	1		-3
Earnings per share, SEK *	1.19	1.18		4.00

* No dilution effects during the period

THE GROUP

BALANCE SHEET

MSEK	31 MAR 2014	31 DEC 2013	CHANGE %	31 MAR 2013
Intangible assets	11 987	11 947	0	11 213
Property, plant and equipment	25 102	25 255	-1	25 174
Financial assets	8 290	8 150	+2	5 807
Inventories	23 845	23 318	+2	24 680
Current receivables	21 366	20 136	+6	22 088
Cash and cash equivalents	2 328	5 076	-54	13 708
Total assets	92 918	93 882	-1	102 670
Total equity	34 826	33 610	+4	33 399
Non-current interest-bearing liabilities	28 450	28 377	0	32 111
Non-current non-interest-bearing liabilities	3 345	3 263	+3	6 359
Current interest-bearing liabilities	4 774	7 047	-32	7 219
Current non-interest-bearing liabilities	21 523	21 585	0	23 582
Total equity and liabilities	92 918	93 882	-1	102 670
Net working capital *	24 913	23 281	-	25 028
Loans	27 641	30 099	-8	33 392
Net debt **	25 446	25 184	+1	19 864
Net debt to equity ratio***	0.7	0.7	-	0.5
Non-controlling interests in total equity	99	100	-1	108

* Inventories plus trade receivables excl. prepaid income taxes, reduced by non-interest-bearing liabilities excl. tax liabilities.

** Current and non-current interest-bearing liabilities excluding net provisions for pensions, less cash and cash equivalents.

*** Equity excluding accumulated actuarial gains/losses on defined benefit pension plans after tax.

CHANGE IN TOTAL EQUITY

MSEK	EQUITY RELATED TO OWNERS OF THE PARENT	NON-CONTROLLING INTEREST	TOTAL EQUITY
Opening equity, 1 January 2013 ¹⁾	32 429	107	32 536
Total comprehensive income for the period	5 671	-3	5 668
Personnel options program	-15		-15
Hedge of personnel options program	-185		-185
Dividends	-4 390	-4	-4 394
Closing equity, 31 December 2013	33 510	100	33 610
Opening equity, 1 January 2014	33 510	100	33 610
Total comprehensive income for the period	1 148	-1	1 147
Personnel options program	69		69
Closing equity, 31 March 2014	34 727	99	34 826
Opening equity, 1 January 2013 ¹⁾	32 429	107	32 536
Total comprehensive income for the period	820	1	821
Personnel options program	42		42
Closing equity, 31 March 2013	33 291	108	33 399

1) Adjusted for change in accounting policies.

THE GROUP

CASH FLOW STATEMENT

MSEK	Q1 2014	Q1 2013	Q1-4 2013
Cash flow from operating activities			
Income after financial income and expenses	2 042	2 078	6 753
Adjustment for depreciation, amortization and impairment losses	948	950	4 690
Adjustment for items that do not require the use of cash etc.	-203	-143	109
Income tax paid	-440	-481	-7 816
Cash flow from operations before changes in working capital	2 347	2 404	3 736
Changes in working capital			
Change in inventories	-597	418	1 908
Change in operating receivables	-1 654	-572	1 109
Change in operating liabilities	698	35	-1 345
Cash flow from changes in working capital	-1 553	-119	1 672
Investments in rental equipment	-96	-119	-499
Divestments of rental equipment	61	41	224
Cash flow from operations	759	2 207	5 133
<i>Cash flow from investing activities</i>			
Acquisitions of companies and shares	-	-	-489
Investments in tangible assets	-697	-720	-3 627
Proceeds from sale of tangible assets	53	-	150
Investments in intangible assets	-205	-178	-796
Proceeds from sale of intangible assets	7	-	-
Other investments, net	-34	140	238
Cash flow from investing activities	-876	-758	-4 524
Net cash flow after investing activities	-117	1 449	609
<i>Cash flow from financing activities</i>			
Change in interest-bearing debt	-2 617	-1 539	-4 871
Dividends paid	-	-	-4 394
Cash flow from financing activities	-2 617	-1 539	-9 265
Cash flow for the period	-2 734	-90	-8 656
Cash and cash equivalents at beginning of the period	5 076	13 829	13 829
Exchange-rate differences in cash and cash equivalents	-14	-31	-97
Cash and cash equivalents at the end of the period	2 328	13 708	5 076

FINANCIAL INSTRUMENTS, MSEK

	CARRYING AMOUNT		FAIR VALUE	
	31 MAR 2014	31 DEC 2013	31 MAR 2014	31 DEC 2013
Assets measured at fair value*	652	911	652	911
Assets measured at amortized cost	17 650	19 346	17 650	19 346
Liabilities measured at fair value*	650	721	650	721
Liabilities measured at amortized cost**	34 806	37 012	36 355	38 287

* Relates to derivatives

** The difference between carrying amount and fair value refers to borrowings.

Sandvik measures financial instruments at fair value or amortized cost in the balance sheet depending on their classification. In addition to net debt, financial instruments include accounts receivable and accounts payable. Financial instruments measured at fair value in the balance sheet are measured using valuation techniques that only use observable market data and thus belong to level 2 in the fair-value hierarchy. A description of the applied valuation techniques and the inputs used in the fair value measurement is described in the most recently published Annual Report.

THE PARENT COMPANY

INCOME STATEMENT

MSEK	Q1 2014	Q1 2013	CHANGE %	Q1-4 2013
Revenue	4 185	3 969	5	15 873
Cost of sales and services	-3 203	-3 114	3	-12 137
Gross profit	982	855	15	3 736
Selling expenses	-157	-166	-5	-514
Administrative expenses	-933	-705	32	-2 863
Research and development costs	-334	-330	1	-1 343
Other operating income and expenses	-9	55	-	297
Operating profit	-451	-291	55	-687
Income from shares in Group companies	460	693	-34	14 158
Income from shares in associated companies	-	-	-	10
Interest income/expenses and similar items	-168	-33	409	-1 594
Profit after financial items	-159	369	-	11 887
Appropriations	-	-	-	-1
Income tax expense	44	-76	-	-5 310
Profit for the period	-115	293	-139	6 576

BALANCE SHEET

MSEK	31 MAR 2014	31 DEC 2013	CHANGE %	31 MAR 2013
Intangible assets	8	4	+100	10
Property, plant and equipment	7 393	7 429	0	7 284
Financial assets	39 978	40 080	0	38 622
Inventories	3 848	3 638	+6	3 879
Current receivables	15 572	17 668	-12	16 284
Cash and cash equivalents	11	0	-	38
Total assets	66 810	68 819	-3	66 117
Total equity	26 702	26 761	0	25 110
Untaxed reserves	4	4	0	3
Provisions	658	533	+23	477
Non-current interest-bearing liabilities	15 617	15 759	-1	16 263
Non-current non-interest-bearing liabilities	157	75	+109	104
Current interest-bearing liabilities	17 832	19 744	-10	18 386
Current non-interest-bearing liabilities	5 840	5 943	-2	5 774
Total equity and liabilities	66 810	68 819	-3	66 117
Pledged assets	-	-	-	-
Contingent liabilities	15 115	13 339	+13	15 054
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	17 227	19 462	-11	19 573
Investments in fixed assets	215	1 257	-83	227

MARKET OVERVIEW, THE GROUP

ORDER INTAKE AND INVOICED SALES PER MARKET AREA FIRST QUARTER 2014

MARKET AREA	ORDER INTAKE			SHARE %	INVOICED SALES		
	MSEK	CHANGE * %	CHANGE * % ¹⁾		MSEK	CHANGE * %	CHANGE * %
THE GROUP							
Europe	9 598	+14	+2	43	8 267	-5	41
North America	4 303	+3	-8	19	3 825	+3	18
South America	1 110	-39	-13	5	1 677	-4	8
Africa/Middle East	1 667	-2	-2	7	1 751	+0	8
Asia	3 818	-11	-6	17	3 809	+3	18
Australia	2 000	+35	-14	9	1 454	-28	7
Total	22 496	+2	-4	100	20 783	-4	100
SANDVIK MINING							
Europe	935	+34	-9	15	665	-41	9
North America	730	-30	-30	12	898	-10	14
South America	548	-59	-30	9	1 194	-5	18
Africa/Middle East	1 196	+5	+5	20	1 422	+5	22
Asia	977	-45	-35	16	1 291	-10	20
Australia	1 669	+43	-19	28	1 131	-28	17
Total	6 055	-15	-20	100	6 601	-15	100
SANDVIK MACHINING SOLUTIONS							
Europe	4 316	+7	+7	56	4 191	+5	56
North America	1 646	+2	+2	21	1 517	+2	21
South America	222	-1	-1	3	234	+4	3
Africa/Middle East	75	+5	+5	1	72	+5	1
Asia	1 407	+8	+8	18	1 335	+8	18
Australia	53	-8	-8	1	51	-14	1
Total	7 719	+6	+6	100	7 400	+5	100
SANDVIK MATERIALS TECHNOLOGY							
Europe	2 500	+24	-10	55	1 832	-6	52
North America	1 162	+42	-11	25	864	+21	24
South America	69	+28	+28	1	61	+14	2
Africa/Middle East	51	-32	-32	1	46	-27	1
Asia	647	+19	+19	14	541	+17	15
Australia	204	+8	+8	4	203	-3	6
Total	4 633	+25	-5	100	3 547	+3	100
SANDVIK CONSTRUCTION							
Europe	972	+8	+8	42	786	-1	42
North America	432	-4	-4	18	305	+2	16
South America	221	+22	+22	9	158	-14	8
Africa/Middle East	283	-28	-28	12	179	-24	10
Asia	369	-15	-15	16	388	+9	21
Australia	59	+0	+0	3	55	-60	3
Total	2 336	-4	-4	100	1 871	-7	100
SANDVIK VENTURE							
Europe	874	+17	+17	50	792	-4	58
North America	332	+35	+35	19	240	+13	18
South America	50	+78	+78	3	29	-12	2
Africa/Middle East	61	+136	+136	3	33	+32	2
Asia	418	+54	+54	24	255	+22	19
Australia	14	+4	+4	1	13	-16	1
Total	1 749	+32	+32	100	1 362	+3	100

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

1) Excluding major orders.

THE GROUP

ORDER INTAKE BY BUSINESS AREA

MSEK	Q1	Q2	Q3	Q4	Q1-4	Q1	CHANGE Q1	
	2013	2013	2013	2013	2013	2014	%	% ¹⁾
Sandvik Mining	7 683	6 652	7 033	6 514	27 882	6 055	-21	-15
Sandvik Machining Solutions	7 147	7 332	6 882	7 354	28 715	7 719	+8	+6
Sandvik Materials Technology	3 771	2 820	3 152	3 672	13 415	4 633	+23	+25
Sandvik Construction	2 454	2 384	1 892	1 792	8 521	2 336	-5	-4
Sandvik Venture	1 284	1 532	1 263	1 456	5 535	1 749	+36	+32
Group activities	0	-1	-1	6	4	4		
Group total	22 339	20 719	20 221	20 794	84 072	22 496	+1	+2

INVOICED SALES BY BUSINESS AREA

MSEK	Q1	Q2	Q3	Q4	Q1-4	Q1	CHANGE Q1	
	2013	2013	2013	2013	2013	2014	%	% ¹⁾
Sandvik Mining	8 313	8 136	6 961	7 334	30 744	6 601	-21	-15
Sandvik Machining Solutions	6 977	7 281	6 922	7 363	28 543	7 400	+6	+5
Sandvik Materials Technology	3 484	3 967	3 224	3 360	14 035	3 547	+2	+3
Sandvik Construction	2 046	2 326	2 055	2 174	8 601	1 871	-9	-7
Sandvik Venture	1 271	1 332	1 252	1 538	5 394	1 362	+7	+3
Group activities	7	1	2	1	11	2		
Group total	22 098	23 043	20 416	21 770	87 328	20 783	-6	-4

OPERATING PROFIT BY BUSINESS AREA

MSEK	Q1	Q2	Q3	Q4	Q1-4	Q1	CHANGE Q1	
	2013	2013	2013	2013	2013	2014	%	% ¹⁾
Sandvik Mining	1 211	1 153	858	-480	2 743	688	-43	
Sandvik Machining Solutions	1 141	1 525	1 454	1 084	5 205	1 480	+30	
Sandvik Materials Technology	337	409	175	350	1 270	421	+25	
Sandvik Construction	103	141	88	-223	110	-11	N/A	
Sandvik Venture	116	-18	199	309	606	233	+101	
Group activities	-351	-249	-243	-450	-1 296	-333		
Group total ²⁾	2 557	2 961	2 531	590	8 638	2 478	-3	

OPERATING MARGIN BY BUSINESS AREA

MSEK	Q1	Q2	Q3	Q4	Q1-4	Q1
	2013	2013	2013	2013	2013	2014
Sandvik Mining	14.6	14.2	12.3	-6.5	8.9	10.4
Sandvik Machining Solutions	16.4	20.9	21.0	14.7	18.2	20.0
Sandvik Materials Technology	9.7	10.3	5.4	10.4	9.0	11.9
Sandvik Construction	5.0	6.1	4.3	-10.2	1.3	-0.6
Sandvik Venture	9.1	-1.4	15.9	20.1	11.2	17.1
Group total	11.6	12.8	12.4	2.7	9.9	11.9

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

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

KEY FIGURES

	Q1 2014	Q1 2013	Q1-4 2013
No. of shares outstanding at end of period('000) ¹⁾	1 254 386	1 254 386	1 254 386
Average no. of shares('000) ¹⁾	1 254 386	1 254 386	1 254 386
Tax rate, %	26.9	28.9	25.8
Return on capital employed, % ²⁾	12.7	17.6	12.6
Return on total equity, % ²⁾	15.1	21.8	15.3
Return on total capital, % ²⁾	9.1	12.3	9.0
Shareholders' equity per share, SEK	27.7	26.5	26.7
Net debt/equity ratio	0.7	0.5	0.7
Equity/assets ratio, %	37	33	36
Net working capital, %	29	28	27
Earnings per share, SEK	1.19	1.18	4.00
Cash flow from operations, MSEK	759	2 207	5 133
Number of employees	47 226	48 018	47 338

1) No dilution effect during the period. 2) Rolling 12 months.

RISK ASSESSMENT

Sandvik is a global group represented in 130 countries and as such is exposed to a number of commercial and financial risks. Accordingly, risk management is an important process for Sandvik in its work to achieve established targets. Efficient risk management forms part of the ongoing review

of the business and forward-looking assessment of operations. Sandvik's long-term risk exposure is assumed not to deviate from the inherent exposure associated with Sandvik's ongoing business operations. For a more in-depth analysis of risks, refer to Sandvik's Annual Report for 2013.

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 inter-

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

TRANSACTIONS WITH RELATED PARTIES

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

Stockholm, 25 April 2014
Sandvik Aktiebolag (publ)

Olof Faxander
President and CEO

Sandvik AB discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information is submitted for publication on 25 April 2014 at 8:00 CET. The second-quarter 2014 report will be published on 17 July 2014. The company's auditors have not conducted a special review of the first-quarter report for 2014.

Additional information may be obtained from Sandvik Investor Relations at tel +46 8 456 12 40 (Magnus Larsson) or +46 8 456 14 94 (Ann-Sofie Nordh) or by e-mailing info.ir@sandvik.com.

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A presentation and teleconference will be held on 25 April 2014 at 10:00 CET at the World Trade Center in Stockholm.

Information is available at www.sandvik.com/ir.

CALENDAR 2014:

13 May	Annual General Meeting in Sandviken, Sweden
16 May	Proposed record date for dividend
17 July	Second-quarter report 2014
27 October	Third-quarter report 2014
17 November	Capital Markets Day in Fair Lawn, USA (new date)