

Sandvik Q1

PRESS RELEASE 3 May 2011

Interim report first quarter 2011

CEO's comment:

Increasing demand

"The business climate developed favorably during the first quarter, and order intake and invoiced sales grew significantly, in all business areas, compared with the preceding year. Order intake continued to increase in most markets. Demand was strongest in the mining, energy and automotive sectors," says Sandvik's President and CEO, Olof Faxander.

"The order intake amounted to nearly SEK 25 billion and invoiced sales to slightly more than SEK 22 billion, which were 19% and 27% respectively higher than last year at fixed exchange rates. The operating margin and operating profit improved substantially and amounted to 15% and SEK 3.3 billion, respectively. A higher operating margin resulted in an improved return on capital employed."

"Lower levels of project activity and a certain amount of seasonal slowdown in Asia and Australia led to a decline in order intake and invoiced sales compared with the previous quarter."

Sandvik's CEO, Olof Faxander, is positive about the first quarter.



"We are greatly relieved to be able to state that our colleagues, their families and our units located in Japan all survived unscathed from the disaster that struck the country and its inhabitants during the quarter. The first quarter performance was unaffected. The long-term global consequences of the events that unfolded are still too early to assess."

The Group Executive Management has gained two new members; Anna Vikström Persson, Senior Vice President Human Resources and Jonas Gustavsson, President of Sandvik Materials Technology.

"I am convinced they will make a significant contribution to Sandvik's continued success with their skills and experience," says Olof Faxander.

FINANCIAL OVERVIEW

SEK M	Q1 2011	Q1 2010	Change %	Q1-4 2010
Order intake	24 901	22 270	+19 *	93 285
Invoiced sales	22 030	18 534	+27 *	82 654
Gross profit	8 294	6 264	+32	29 523
% of invoiced sales	37.6	33.8		35.7
Operating profit	3 271	1 897	+72	11 029
% of invoiced sales	14.8	10.2		13.3
Profit after financial items	2 885	1 502	+90	9 412
% of invoiced sales	13.0	8.1		11.4
Profit for the period	2 126	1 122	+89	6 943
% of invoiced sales	9.7	6.1		8.4
of which shareholders' interest	2 027	1 062	+91	6 634
Earnings per share, SEK ¹⁾	1.71	0.90	+91	5.59
Return on capital employed ²⁾	19.8	1.0		17.4
Cash flow from operations	+1 036	+2 287	-55	+12 149
Number of employees	47 858	44 505	+8	47 064

* At fixed exchange rates for comparable units.

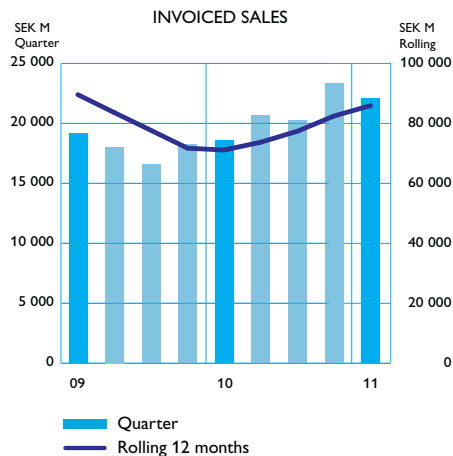
1) Calculated on the basis of the shareholders' share of profit for the period. No dilutive impact.

2) Rolling 12 months.

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Market and sales



The market situation continued to improve during the first quarter, and order intake and invoiced sales increased by 19% and 27% respectively, at fixed exchange rates compared with the year earlier period. Order intake increased significantly in all market areas and for all business areas. Continued high demand in the mining industry and the energy sector comprised the main driving forces behind the high level of order intake. Changed exchange rates impacted order intake and invoiced sales negatively with 6% and 7% respectively or by SEK 1.3 billion each.

Demand was high for Sandvik's products in most areas during the quarter. Order intake was strong for high value-added products for industrial production and aftermarket and increased for investment-related products. High levels of activity continued in the energy sector, both in oil and gas as well as nuclear power and other forms of power generation.

Increased demand was also noted from the automotive, mining and aerospace industries. The order intake for the mining industry was substantial in the aftermarket segment and increased for the equipment segment. High capacity utilization and longer lead times from some subsuppliers meant somewhat extended delivery times even for some of Sandvik's equipment. Activity levels in respect of large materials handling equipment remained high although order intake and invoiced sales, due to natural quarterly variations, declined slightly compared with the preceding quarter. Demand from the construction industry continued to improve in Asia and South America and increased somewhat in

Q1	Order intake	Invoiced sales
Price/volume, %	+19	+27
Structure, %	+/-0	+/-0
Currency, %	-6	-7
Total, %	+12	+19

The table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

the US and Europe, but from low levels.

In general, demand remained strong and order intake increased in all market areas, with the most substantial increases being posted in Europe and Africa. A certain element of seasonal decline in Asia and Australia and a continued strengthening of the European market resulted in Europe's share of order intake again approaching 40%. The natural disasters in Japan only had a marginal impact on order intake and invoiced sales in the first quarter. However, indications of reduced vehicle production in Japan during the second quarter could negatively impact order intake and invoiced sales. Invoiced sales to the nuclear power industry declined in the quarter due to a previously planned lower delivery rate.

Order intake amounted to SEK 24,901 M (22,270), up 12% in total and 19% at fixed exchange rates for comparable units. Of the total order intake, approximately SEK 750 M comprised major project orders compared to 2 billion SEK last year. Currency effects had a negative impact of 6% on order intake. The increase at fixed exchange rates for comparable units was 29% for Sandvik Tooling and 14% for Sandvik Mining and Construction. For Sandvik Materials Technology, the increase was 14%, including a positive effect of about 6 percentage points related to changed metal prices.

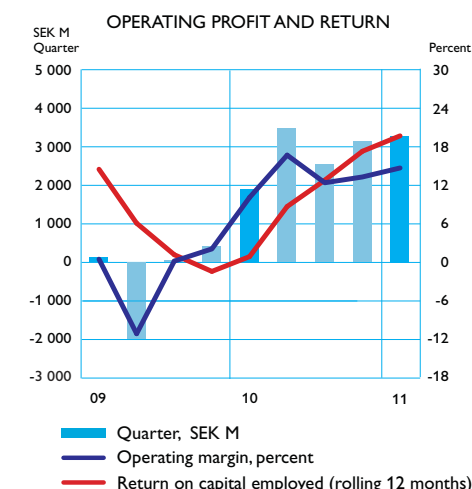
Invoiced sales in the first quarter amounted to SEK 22,030 M (18,534), up 19% in total and 27% at fixed exchange rates for comparable units compared with the first quarter last year. Currency effects had a negative impact of 7% on invoiced sales. The increase in invoiced sales at fixed exchange rates for comparable units for Sandvik Tooling was 28%. The corresponding increase for Sandvik Mining and Construction was 28% and for Sandvik Materials Technology 21%, including a positive effect of about 6 percentage points related to changed metal prices.

Earnings and return

Earnings and return for the first quarter improved substantially compared with the corresponding quarter last year. The operating profit increased to SEK 3,271 M (1,897) and the operating margin was 14.8% of invoiced sales (10.2). The improvement was attributable to higher volumes and pursuant increased capacity utilization. Earnings were positively impacted by approximately SEK 80 M from changes in metal prices and negatively impacted by currency effects by approximately SEK 450 M. Return on capital employed increased to 19.8% (1.0) for the recent 12-month period, primarily due to an improved operating profit.

During the quarter, sales and production volumes increased compared with the preceding year. Capacity utilization is decisive for increasing profitability in a vertically integrated and capital intensive business. This, together with efficiency-enhancement programs implemented combined with a product mix with a higher profitability, resulted in significantly improved earnings and an increased return. The improvement programs implemented gradually increased efficiency and thus profitability as evidenced by the operating profits and return of Sandvik Tooling and Sandvik Mining and Construction. A somewhat less advantageous product mix, combined with lower than expected productivity in certain areas of production, had a negative impact on profitability at Sandvik Materials Technology.

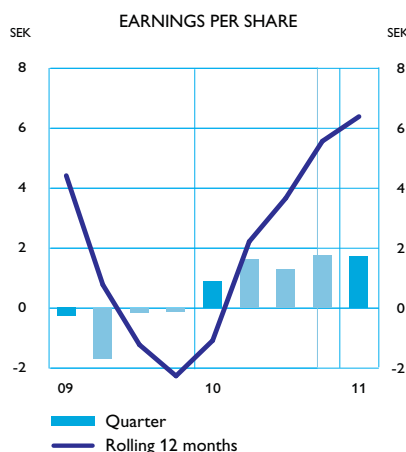
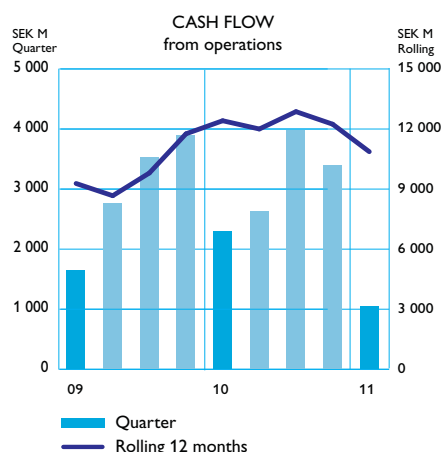
Net financial items amounted to SEK -416 M (-395) and the result after net financial items improved to SEK 2,855 M (1,502), or 13.0% of invoiced sales. Income tax was SEK +729 M (+380) and the net result for the period amounted



to SEK 2,126 M (1,122), or 9.7% of invoiced sales. Earnings per share amounted to SEK 1.71 (0.90) in the quarter.

Working capital increased slightly compared with the preceding quarter, primarily due to increased inventories in some areas, and amounted to 25% (29) of invoiced sales. Return on capital employed for the recent 12-month period rose to 19.8% (1.0) mainly due to a significant increase for Sandvik Tooling and Sandvik Mining and Construction. Return on equity was 24.5% (-3.7).

Cash flow from operations declined due to the increase in working capital and amounted to SEK +1,036 M (+2,287). Investments were somewhat lower than depreciation and amortization and amounted to SEK 1,149 M (768), of which company acquisitions accounted for SEK 265 M (237). Cash flow after investments was SEK -87 M (+1,594) for the quarter.



Sandvik Tooling

- Strong trend in demand
- Negative currency effects
- Increased volumes
- Increased profitability
- Strong cash flow

The demand trend for Sandvik Tooling remained positive during the first quarter. Order intake and invoiced sales improved substantially in all markets compared with 2010, but were still somewhat lower than the same period in 2008. In addition, market activity increased slightly compared with the preceding quarter. The increase in invoiced sales combined with higher production rates and increased internal efficiency led to a significant improvement in operating profit. In the first quarter, order intake and invoiced sales rose by 29% and 28% respectively at fixed exchange rates for comparable units. The operating profit increased to SEK 1,400 M (834), or 21.5% of invoiced sales. Currency effects had a significant negative impact on order intake and invoiced sales during the quarter.

The market situation continued to improve in all markets and order intake strengthened significantly in Europe, Asia and North America. Increased global activity in many areas resulted in increased industrial production and thus higher demand compared with the preceding year. Activity levels were high primarily in the automotive, aerospace and energy-related segments. Order intake was stronger for cemented-carbide products and materials than other products. Continued increased raw material prices had a



Q1	Order intake	Invoiced sales
Price/volume, %	+29	+28
Structure %	+/-0	+/-0
Currency, %	-8	-8
Total, %	+18	+18

The table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

positive effect on volumes and prices for Sandvik Tooling's product area Wolfram for which the content of raw materials is significantly higher.

The increase in invoiced sales led to higher rates of production which in turn led to increased capacity utilization and thus a positive impact on profitability. The number of employees was, as a whole, unchanged compared with the preceding year which meant increased productivity. The strong trends in the market combined with a competitive offering resulted in a slightly improved price trend compared with the preceding quarters. The

tragic natural disasters in Japan meant that the manufacturing unit in Semine was temporarily closed but production was restarted at the beginning of April once electricity supplies and communications had been repaired.

Working capital was 23% (27) of invoiced sales, the same level as in the preceding quarter and, combined with a low level of investment, led to a continued strong cash flow.

Compared with the first quarter 2010, the operating profit improved and amounted to SEK 1,400 M (834), 21.5% of invoiced sales. Earnings were negatively impacted by approximately SEK 250 M due to currency effects. Return on capital employed for the most recent 12-month period amounted to 23.1% (0.2).

SEK M	Q1 2011	Q1 2010	Change %	Q1-4 2010
Order intake	6 982	5 899	+29 *	24 342
Invoiced sales	6 524	5 551	+28 *	23 893
Operating profit	1 400	834	+68	4 296
%	21.5	15.0		18.0
Return on capital employed	23.1	0.2		20.0
Number of employees	15 443	15 104	+2	15 278

* At fixed exchange rates for comparable units.

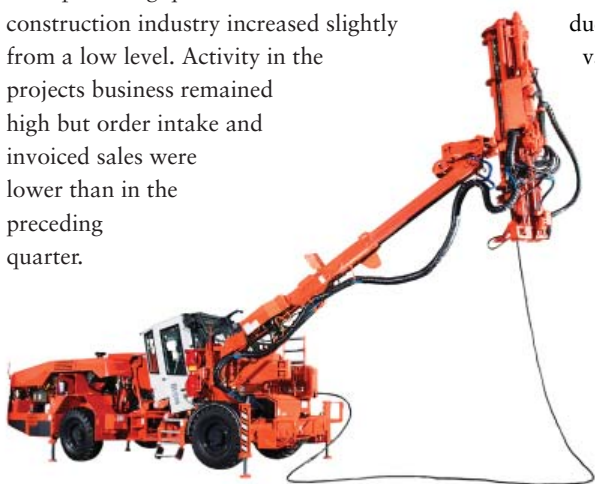
Sandvik

Mining and Construction

- Strong demand trend
- Negative currency effects
- High production rates
- Return above 30%

Activity in the global mining industry continued to increase in the first quarter. Demand in the construction industry also increased, but from a low level. Demand for equipment continued to increase and the aftermarket remained stable at a high level. Order intake and invoiced sales rose 14% and 28% respectively at fixed exchange rates. Movements in exchange rates had a significantly negative impact on order intake, invoiced sales and earnings. Increasing volumes and higher production rates contributed to a return on capital employed that exceeded 30%.

Demand for Sandvik's products, equipment and services for the mining industry, primarily underground mines, continued to develop positively during the quarter in line with the trend from preceding quarters. Demand from the construction industry increased slightly from a low level. Activity in the projects business remained high but order intake and invoiced sales were lower than in the preceding quarter.



Q1	Order intake	Invoiced sales
Price/volume, %	+14	+28
Structure %	+/-0	+/-0
Currency, %	-6	-6
Total, %	+8	+21

The table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

Major project orders for a value of about SEK 750 M were received during the quarter, compared with about SEK 2 billion in the preceding year. The price trend improved somewhat compared with the preceding quarter.

The increased order intake was favorable in all markets but strongest in Africa, and North and South America. Despite a seasonal easing and extensive standstills in many mines due to flooding during the quarter, order intake increased by nearly 30% in Australia.

The aftermarket comprised 51% of invoiced sales, while equipment and projects comprised 39% and 10% respectively.

The number of employees rose slightly due to an expansion of the sales and service organization in Asia and South America. Working capital increased compared with the preceding quarter, due to higher inventories and accounts receivable, and reached 26% of invoiced sales.

The level of investment remained lower than depreciation and amortization.

First-quarter operating profit amounted to SEK 1,327 M (623) or 14.5% (8.2) of invoiced sales. Earnings were positively impacted by increased invoicing and production volumes, and greater internal efficiency. Movements in exchange rates had a negative impact of about SEK 130 M. Return on capital employed for the last 12 months amounted to 30.4% (3.3).

	Q1 2011	Q1 2010	Change %	Q1-4 2010
SEK M				
Order intake	10 695	9 906	+14 *	42 079
Invoiced sales	9 182	7 588	+28 *	35 182
Operating profit	1 327	623	+113	4 665
%	14.5	8.2		13.3
Return on capital employed	30.4	3.3		25.9
Number of employees	15 879	14 403	+10	15 455

* At fixed exchange rates for comparable units..

Sandvik

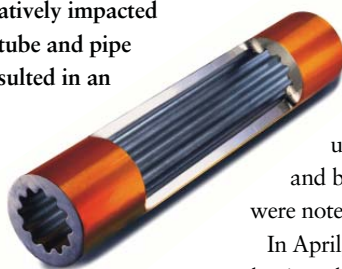
Materials Technology

- Increased demand
- Negative currency effects
- Production disruptions
- Metal price effect SEK +80 M
- New business area President

Demand improved for Sandvik Materials Technology during the quarter. Order intake rose 14% and invoiced sales 21% at fixed exchange rates. Order intake for products for the energy sector and mining industry remained strong and the improvement continued for products used in the automotive, electronics and consumer goods industries. Earnings were negatively impacted by production disruptions in tube and pipe manufacturing, which also resulted in an increase in inventories.

The global market situation gradually improved during the quarter, primarily in Europe and North America. The market for high-alloy products for the energy sector remained strong during the quarter although invoiced sales to the nuclear power industry decreased slightly compared with the preceding quarter due to a planned, lower delivery level. Demand also increased for products to the automotive, consumer goods, chemical and engineering industries, while the volume trend for medical technology applications remained weak.

The tragic events in Japan during the quarter have not, to date, led to the cancellation or postponement of orders from the nuclear power industry. However, it is still too early to assess the long-term consequences. The ongoing capacity expansion is currently progressing as planned.



Q1	Order intake	Invoiced sales
Price/volume, %	+14	+21
Structure %	-1	+/-0
Currency, %	-5	-5
Total, %	+8	+14

The table is multiplicative, i.e. the different components must be multiplied to determine the total effect.

An agreement was signed with Westinghouse for deliveries of cladding tubes to nuclear power stations during the quarter. The agreement extends over several years and corresponds to a total value of more than SEK 3 billion.

Capacity utilization increased in several areas but recurrent production disruptions in tube manufacturing resulted in lower deliveries and increased costs, and that working capital rose due to greater production inventories. A number of activities are under way to counteract the disruptions, and both improvements and growing deliveries were noted in March.

In April, a fire occurred in Sandviken's wire production plant. The effects will impact production and deliveries of wire products during at least the second quarter.

Working capital was 30% (28) of invoiced sales. Operating profit amounted to SEK 362 M (312) or 7.9% (7.8) of invoiced sales. Changed metal prices had a positive effect of about SEK 80 M on operating profit. Changed exchange rates had a negative impact of about SEK 50 M. Return on capital employed for the past 12 months was +9.6% (-1.9).

Jonas Gustavsson, former President of the Wire and Heating Technology product area, has been appointed President of the business area and will take up his new position on 1 May 2011. He succeeds Peter Gossas, who will retire according to agreement.

SEK M	Q1 2011	Q1 2010	Change %	Q1-4 2010
Order intake	5 436	5 041	+14 *	20 847
Invoiced sales	4 598	4 019	+21 *	17 703
Operating profit	362	312	+16	1 540
%	7.9	7.8		8.7
Return on capital employed	9.6	-1.9		9.5
Number of employees	9 111	8 488	+7	9 058

* At fixed exchange rates for comparable units.

Significant events

- In December, Sandvik's Board of Directors appointed Olof Faxander as new President and CEO with effect from 1 February 2011. Olof Faxander succeeded Lars Pettersson who, after nine years as CEO, left Sandvik. Olof Faxander holds an M. Sc. and B. Sc. and was President and CEO of SSAB from 2006.
- In December, it was announced that Anna Vikström Persson had been appointed Senior Vice President Human Resources and member of Group Executive Management at Sandvik AB with effect from 1 March 2011. Anna Vikström Persson was previously Head of Group Human Resources and a member of the Group Executive Committee at SSAB.
- In April, it was announced that Jonas Gustavsson, previously President of the Wire and Heat-treating Technology product area within Sandvik Materials Technology, had been appointed the new President of the business area effective 1 May 2011. Jonas Gustavsson succeeds Peter Gossas, who retired, as agreed with Sandvik, after nine years as President of the business area.
- In February, Sandvik Materials Technology signed a multi-year agreement with Westinghouse in respect of the supply of cladding tubes for nuclear power stations to a total value in excess of SEK 3 billion. As a consequence of the agreement, Sandvik's Board of Directors decided to approve the expansion of production capacity at the facility in Sandviken.
- During the first quarter, Sandvik Mining and Construction secured two major project orders for materials handling systems corresponding to a value of approximately SEK 750 M from customers in Australia and South America. In April another order was received from South America at a value of SEK 1.2 billion.
- On 15 April 2011, Sandvik Materials Technology was struck by a fire in an area of the wire manufacturing facility in Sandviken. No people came to harm. The damages, repairs and alternative methods of supply are being investigated and evaluated. Wire manufacture in Sandviken employs 250 people and produces goods with a market value of SEK 10 M per week.
- In April Sandvik Mining and Construction signed an agreement with Shandong Energy Machinery to form a joint venture in China for manufacturing and sales of equipment to the coal mining industry. The operation is expected to start before the end of 2011 and will be fully consolidated in the Sandvik reporting.

Parent company

The Parent Company's invoicing for the first quarter of 2011 amounted to SEK 4,604 M (4,077) and the operating profit was SEK 38 M (123). Income from shares in Group companies consists primarily of dividends from these and amounted to SEK 34

M (31) after the first quarter. Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to SEK 9,271 M (10,554 at 31 December 2010). Investments in fixed assets amounted to SEK 329 M (231).

Acquisitions and divestments

No acquisitions or divestments were performed during the first quarter. Further part payments were made during the quarter relating to the acqui-

sition of Wolfram and Seco Tools' acquisitions of NCI and DTC, which had a negative impact of SEK 265 M on cash flow after investments.

Acquisitions during the most recent 18-month period

Business area	Company/unit	Closing date	Annual revenue SEK M	No. of employees
Seco Tools	AOB, France	23 July 10	40	50
Seco Tools	NCI and DTC, USA	29 Dec 10	275	180

No divestments were made during the most recent 18-month period.

Financial reports summary

The Group

INCOME STATEMENT

	Q1 2011	Q1 2010	Change %	Q1-4 2010
SEK M				
Revenue	22 030	18 534	+19	82 654
Cost of sales and services	-13 736	-12 270	+12	-53 131
Gross profit	8 294	6 264	+32	29 523
% of revenues	37.6	33.8		35.7
Selling expenses	-2 840	-2 581	+10	-10 848
Administrative expenses	-1 468	-1 260	+16	-5 295
Research and development costs	-584	-499	+17	-2 106
Other operating income and expenses	-131	-27		-245
Operating profit	3 271	1 897	+72	11 029
% of revenues	14.8	10.2		13.3
Financial net	-416	-395	+5	-1 617
Profit after financial items	2 855	1 502	+90	9 412
% of revenues	13.0	8.1		11.4
Income tax	-729	-380	+92	-2 469
Profit for the period	2 126	1 122	+89	6 943
% of revenues	9.7	6.1		8.4
Other comprehensive income				
Foreign currency translation differences	-1 124	-870		-2 386
Cash-flow hedges	176	235		615
Tax related to other comprehensive income	-46	-62		-162
Other comprehensive income for the period, net after tax	-994	-697		-1 933
Total comprehensive income for the period	1 132	425		5 010
Profit for the period attributable to:				
Owners of the parent	2 027	1 062		6 634
Non-controlling interests	99	60		309
Total comprehensive income attributable to:				
Owners of the parent	1 047	382		4 769
Non-controlling interests	85	43		241
Earnings per share, SEK *	1.71	0.90		5.59

* No dilution effects during the period.

Financial reports summary

The Group

BALANCE SHEET

SEK M	31 Mar 2011	31 Mar 2010	Change %	31 Dec 2010
Intangible assets	12 757	13 721	-7	13 193
Property, plant and equipment	24 574	25 713	-4	25 252
Financial assets	5 986	6 044	-1	6 023
Inventories	22 550	19 401	+16	21 420
Current receivables	20 619	18 975	+9	19 328
Cash and cash equivalents	4 680	4 718	-1	4 783
Total assets	91 166	88 572	+3	89 999
Total equity	34 966	30 374	+15	33 813
Non-current interest-bearing liabilities	25 342	30 703	-17	25 684
Non-current non-interest-bearing liabilities	5 816	5 509	+6	5 869
Current interest-bearing liabilities	3 557	4 600	-23	3 783
Current non-interest-bearing liabilities	21 485	17 386	+24	20 850
Total equity and liabilities	91 166	88 572	+3	89 999
Net working capital*	22 670	21 567	+5	21 139
Loans	26 299	32 369	-19	26 976
Net debt**	22 753	29 078	-22	23 200
Non-controlling interests in total equity	1 318	1 005	+31	1 233

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

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

CHANGE IN TOTAL EQUITY

SEK M	Equity related to owners of the parent	Non-controlling interest	Total equity
Opening equity, 1 January 2010	28 987	970	29 957
Total comprehensive income for the period	4 769	241	5 010
Acquisition of non-controlling interests	10	-17	-7
Divestment of non-controlling interests	-	41	41
Dividends	-1 186	-2	-1 188
Closing equity, 31 December 2010	32 580	1 233	33 813
Opening equity, 1 January 2011	32 580	1 233	33 813
Total comprehensive income for the period	1 047	85	1 132
Personnel options program	21	-	21
Closing equity, 31 March 2011	33 648	1 318	34 966
Opening equity, 1 January 2010	28 987	970	29 957
Total comprehensive income for the period	382	43	425
Acquisition of non-controlling interests	-	-7	-7
Dividends	-	-1	-1
Closing equity, 31 March 2010	29 369	1 005	30 374

Financial reports summary

The Group

CASH-FLOW STATEMENT

SEK M	Q1 2011	Q1 2010	Q1-4 2010
<i>Cash flow from operating activities</i>			
Income after financial income and expenses	+2 855	+1 502	+9 412
Adjustment for depreciation, amortization and impairment losses	+956	+991	+4 038
Adjustment for items that do not require the use of cash etc.	+30	-53	-130
<u>Income tax paid</u>	-485	-308	-1 056
Cash flow from operations before changes in working capital	+3 356	+2 132	+12 264
<i>Changes in working capital</i>			
Change in inventories	-2 009	+218	-2 161
Change in operating receivables	-1 444	-1 171	-2 832
Change in operating liabilities	+1 199	+1 104	+5 041
Cash flow from operating activities	-2 254	+151	+48
Investments in rental equipment	-79	-39	-369
Divestments of rental equipment	13	43	+206
Cash flow from operations	+1 036	+2 287	+12 149
<i>Cash flow from investing activities</i>			
Acquisitions of companies and shares, net of cash acquired	-265	-237	-1 216
Acquisitions of property, plant and equipment	-884	-531	-3 378
<u>Proceeds from sale of property, plant and equipment</u>	+26	+75	+214
Cash flow from investing activities	-1 123	-693	-4 380
Net cash flow after investing activities	-87	+1 594	+7 769
<i>Cash flow from financing activities</i>			
Change in interest bearing debt	+141	-4 366	-9 223
<u>Dividends paid</u>	-	-1	-1 188
Cash flow from financing activities	+141	-4 367	-10 411
Cash flow for the period	+54	-2 773	-2 642
Cash and cash equivalents at beginning of the period	+4 783	+7 506	+7 506
Exchange-rate differences in cash and cash equivalents	-157	-15	-81
Cash and cash equivalents at the end of the period	+4 680	+4 718	+4 783

KEY FIGURES

	Q1 2011	Q1 2010	Q1-4 2010
No. of shares outstanding at end of period ('000) ¹⁾	1 186 287	1 186 287	1 186 287
Average no. of shares ('000) ¹⁾	1 186 287	1 186 287	1 186 287
Tax rate, %	25.5	25.2	26.2
Return on capital employed, % ²⁾	19.8	1.0	17.4
Return on total equity, % ²⁾	24.5	-3.7	22.1
Return on total capital, % ²⁾	14.2	0.8	12.7
Shareholders' equity per share, SEK	28.40	24.80	27.50
Net debt/equity ratio	0.7	1.0	0.7
Equity/assets ratio, %	38	34	38
Net working capital, %	25	29	22
Earnings per share, SEK	1.71	0.90	5.59
Cash flow from operating activities, SEK M	+1 036	+2 287	+12 149
Number of employees	47 858	44 505	47 064

1) No dilution effect during the period.

2) Rolling 12 months.

Financial reports summary

The parent company

INCOME STATEMENT

SEK M	Q1 2011	Q1 2010	Change %	Q1-4 2010
Revenue	4 604	4 077	+13	17 668
Cost of sales and services	-3 588	-3 044	+18	-13 348
Gross profit	1 016	1 033	-2	4 320
Selling expenses	-158	-125	+26	-631
Administrative expenses	-830	-624	+33	-2 820
Research and development costs	-277	-213	+30	-932
Other operating income and expenses	287	52	-	170
Operating profit	38	123	-69	107
Income from shares in group companies	34	31	+10	3 343
Income from shares in associated companies	-	-	-	5
Interest income and similar items	270	249	+8	665
Interest expenses and similar items	-392	-344	+14	-1 376
Profit after financial items	-50	59	-	2 744
Appropriations	-	-	-	2
Income tax expense	19	-85	-	104
Profit for the period	-31	-26	+19	2 850

BALANCE SHEET

SEK M	31 Mar 2011	31 Mar 2010	Change %	31 Dec 2010
Intangible assets	1	24	-96	25
Property, plant and equipment	6 886	6 627	+4	6 768
Financial assets	15 733	15 506	+1	15 831
Inventories	4 032	3 421	+18	3 675
Current receivables	15 357	19 636	-22	20 000
Cash and cash equivalents	2	2	+/- 0	12
Total assets	42 011	45 216	-7	46 311
Total equity	17 724	14 574	+22	17 740
Untaxed reserves	2	4	-50	2
Provisions	258	222	+16	281
Non-current interest-bearing liabilities	14 501	18 400	-21	14 592
Non-current non-interest-bearing liabilities	-	60	-	-
Current interest-bearing liabilities	3 810	7 567	-50	8 312
Current non-interest-bearing liabilities	5 716	4 389	+30	5 384
Total equity and liabilities	42 011	45 216	-7	46 311
Pledged assets	-	-	-	-
Contingent liabilities	10 811	14 893	-27	11 228
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	9 271	11 351	-18	10 554
Investments in fixed assets	329	231	42	946

Market overview and key figures

The Group

ORDER INTAKE OCH INVOICED SALES PER MARKET AREA Q1 2011

The Group

Market area	Order intake	Change*		Share		Invoiced sales	Change*		Share
	SEK M	%	% ¹⁾			SEK M	%	%	
Europe	9 581	+32	+36	39		8 726	+29	40	
NAFTA	4 201	+20	+35	17		3 613	+25	16	
South America	1 576	-37	+31	6		1 709	+57	8	
Africa/Middle East	2 589	+42	+42	11		2 156	+29	10	
Asia	4 525	+20	+20	18		3 757	+25	17	
Australia	2 429	+23	+22	9		2 069	+7	9	
Total	24 901	+19	+31	100		22 030	+27	100	

Sandvik Tooling

Europe	3 870	+35	+35	56		3 558	+32	55	
NAFTA	1 191	+28	+28	17		1 147	+26	18	
South America	274	+14	+14	4		285	+21	4	
Africa/Middle East	91	-34	-34	1		84	-15	1	
Asia	1 486	+28	+28	21		1 382	+29	21	
Australia	70	+6	+6	1		68	+4	1	
Total	6 982	+29	+29	100		6 524	+28	100	

Sandvik Mining and Construction

Europe	1 818	+24	+24	17		1 625	+13	18	
NAFTA	1 524	+43	+43	14		1 233	+40	13	
South America	1 101	-47	+45	10		1 226	+82	13	
Africa/Middle East	2 373	+51	+53	22		1 993	+35	22	
Asia	1 758	+14	+14	17		1 337	+20	15	
Australia	2 121	+29	+29	20		1 768	+12	19	
Total	10 695	+14	+32	100		9 182	+28	100	

Sandvik Materials Technology

Europe	2 869	+32	+49	53		2 537	+36	+55	
NAFTA	1 135	-11	+29	21		913	+5	+20	
South America	122	-12	-12	2		113	+3	+2	
Africa/Middle East	103	+17	+17	2		57	-16	+1	
Asia	988	+17	+17	18		765	+24	+17	
Australia	219	-11	-11	4		213	-23	+5	
Total	5 436	+14	+32	100		4 598	+21	100	

* At fixed exchange rates for comparable units.

1) Excluding major orders.

Financial reports summary

The Group

ORDER INTAKE BY BUSINESS AREA

SEK M	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1-4 2010	Q1 2011	Change Q1 % % ¹⁾	
Sandvik Tooling	5 899	6 295	5 998	6 150	24 342	6 982	+18	+29
Sandvik Mining and Construction	9 906	9 629	9 163	13 381	42 079	10 695	+8	+14
Sandvik Materials Technology	5 041	5 752	4 896	5 158	20 847	5 436	+8	+14
Seco Tools ²⁾	1 425	1 502	1 466	1 624	6 016	1 788	+26	+34
Group activities	-1	1			1			
Group total	22 270	23 179	21 523	26 313	93 285	24 901	+12	+19

INVOICED SALES BY BUSINESS AREA

SEK M	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1-4 2010	Q1 2011	Change Q1 % % ¹⁾	
Sandvik Tooling	5 551	6 122	5 966	6 255	23 893	6 524	+18	+28
Sandvik Mining and Construction	7 588	8 375	8 676	10 543	35 182	9 182	+21	+28
Sandvik Materials Technology	4 019	4 618	4 170	4 896	17 703	4 598	+14	+21
Seco Tools ²⁾	1 367	1 479	1 420	1 572	5 838	1 716	+26	+34
Group activities	9	9	9	10	38	10		
Group total	18 534	20 603	20 241	23 276	82 654	22 030	+19	+27

OPERATING PROFIT BY BUSINESS AREA

SEK M	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1-4 2010	Q1 2011	Change %
Sandvik Tooling	834	1 283	961	1 219	4 296	1 400	+68
Sandvik Mining and Construction	623	1 283	1 257	1 503	4 665	1 327	+113
Sandvik Materials Technology	312	699	203	326	1 540	362	+16
Seco Tools ²⁾	220	311	245	322	1 098	352	+60
Group activities	-92	-105	-134	-241	-570	-170	
Group total ³⁾	1 897	3 471	2 532	3 129	11 029	3 271	+72

OPERATING MARGIN BY BUSINESS AREA

SEK M	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1-4 2010	Q1 2011
Sandvik Tooling	15.0	21.0	16.1	19.5	18.0	21.5
Sandvik Mining and Construction	8.2	15.3	14.5	14.3	13.3	14.5
Sandvik Materials Technology	7.8	15.1	4.9	6.7	8.7	7.9
Seco Tools ²⁾	16.1	21.0	17.2	20.5	18.8	20.5
Group total	10.2	16.8	12.5	13.4	13.3	14.8

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

2) As a result of the majority holding in Seco Tools AB, Sandvik consolidates this company.
For comments, refer to the Seco Tools' interim report.

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

Risk and uncertainty factors

Sandvik is a global group represented in 130 countries and is as such 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 is an ongoing process conducted within the framework of business control, and is part of the ongoing review of

operations and forward-looking assessment of operations.

Sandvik's future 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 2010.

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 2011. These changes have not

had any significant impact on Sandvik's financial statements. The interim report for the Parent Company was prepared in accordance with the Annual Accounts Act and Securities Market Act, which is in line with standard RFR 2 *Reporting by a legal entity*, issued by the Swedish Financial Reporting Board.

Transactions with related parties

No transactions between Sandvik and related parties that have significantly affected the com-

pany's position and earnings took place during the first quarter.

Sandviken, 3 May 2011
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 3 May, 2011 at 12.00 CET. The report for the second quarter 2011 will be published on 19 July 2011. The company's auditors have not conducted a special review of the Q1 2011 report.

Additional information may be obtained from Sandvik Investor Relations, at tel +46 26 26 10 23 (Jan Lissåker) or tel +46 26 26 09 37 (Magnus Larsson) or by e-mailing info.ir@sandvik.com.

A teleconference will be held on 3 May 2011 at 14.00 CET. Information is available at www.sandvik.com/ir.

Calendar 2011:

3 May	First-quarter report 2011
3 May	Annual General Meeting
19 July	Second-quarter report 2011
14 Sep	Capital Markets Day
1 Nov	Third-quarter report 2011

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