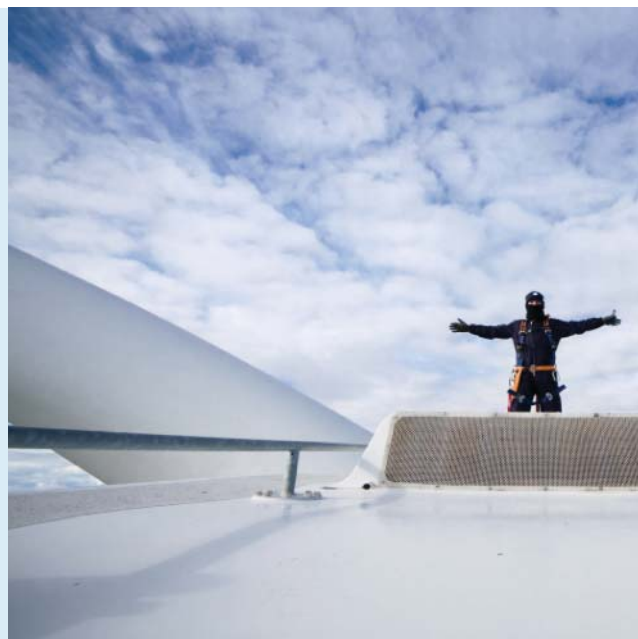


Good progress and strong demand



CEO's comment:



Olof Faxander

“Overall demand remained favorable also in the second quarter of the year for the majority of Sandvik’s customer segments. Order intake remained strong at 26.2 billion SEK and invoiced sales reached 25.9 billion SEK,

an increase of 8% in price and volume. Although high on an overall level, the demand fluctuated between various markets. Europe weakened slightly while the scenario in North and South America remained strong. Demand from Asia was strong albeit with significant variations between segments. Similar to previous quarters, both Sandvik Mining and Sandvik Machining Solutions noted high demand, while the other business areas all faced a

more challenging market situation”, says Sandvik’s President and CEO Olof Faxander.

“Healthy demand and progress ahead of plan regarding our cost savings resulted in an improved operating profit of 4.2 billion SEK, or 16.2% of invoiced sales. An area of strategic importance where challenges remain is capital efficiency, in which Sandvik has tangible improvement potentials.”

“As the quarter progressed, the macro-economic conditions became increasingly uncertain, predominantly in Europe. We therefore enter the seasonally weaker third quarter with an elevated amount of caution. On the back of this, it is particularly satisfying to note that the implementation of the strategy established in September last year continued to yield results ahead of plan in the second quarter.”

Financial overview, MSEK

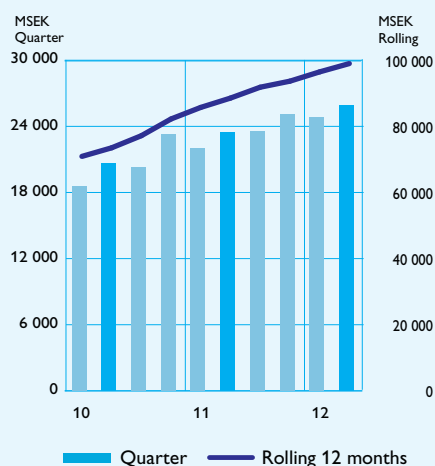
	Q2 2012	Q2 2011	Change %	Q1-2 2012	Q1-2 2011	Change %
Order intake ¹⁾	26 190	25 361	0	55 084	50 262	+7
Invoiced sales ¹⁾	25 939	23 421	+8	50 776	45 451	+9
Gross profit	9 473	8 506	+11	18 741	16 799	+12
% of invoiced sales	36.5	36.3		36.9	37.0	
Operating profit	4 212	3 562	+18	8 031	6 834	+18
% of invoiced sales	16.2	15.2		15.8	15.0	
Profit after financial items	3 667	3 073	+19	7 038	5 928	+19
% of invoiced sales	14.1	13.1		13.9	13.0	
Profit for the period	2 773	2 228	+24	5 278	4 354	+21
% of invoiced sales	10.7	9.5		10.4	9.6	
of which shareholders' interest	2 776	2 114	+31	5 276	4 141	+27
Earnings per share, SEK ²⁾	2.21	1.78	+24	4.26	3.49	+22
Return on capital employed, % ³⁾	17.2	19.9		17.2	19.9	
Cash flow from operations	+2 293	+802	+186	+3 392	+1 838	+85
Number of employees	49 034	48 819	0	49 034	48 819	0

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

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

3) Rolling 12 months.

Invoiced sales



Market and sales

Q2	Order intake	Invoiced sales
Price/volume, %	0	+8
Structure, %	0	0
Currency, %	+3	+3
Total, %	+3	+11

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

Overall, global demand remained favorable for Sandvik during the second quarter, although differences were evident between markets and segments. Notably, as the quarter progressed, weaker demand became somewhat more pronounced in several areas. Demand remained high in North America as well as in Australia and much of Asia, whereas in Europe it showed signs of weakening. Order intake amounted to 26.2 billion SEK, flat compared with the preceding year, at fixed exchange rates. Invoicing for the quarter totaled 25.9 billion SEK, an improvement of 8%. Changed exchange rates had a positive impact of 3% on both order intake and invoiced sales.

The market climate in the second quarter was largely unchanged for most of Sandvik's business areas compared with the preceding quarter. Compared with 2011, demand increased in Asia and Australia and remained high in North America. Europe declined for most business areas, while South America was fragmented.

The uncertainty resulting from the troubled economies in Southern Europe increased during the quarter, which had a negative impact on demand in large parts of the Euro area. This was noticeable in the general engineering, consumer-related and construction segments.

The mining industry performed strongly in most markets and Sandvik Mining secured major system orders in Asia.

Demand for Sandvik Machining Solutions was stable compared with the preceding quarter and the preceding year, while the activity in North America continued to increase from high levels, particularly within the aerospace segment.

Sandvik Materials Technology continued to encounter a fragmented market with strong competition in the low value-added segments, with few signs of improvement during the quarter.

The demand situation in Europe weakened for Sandvik

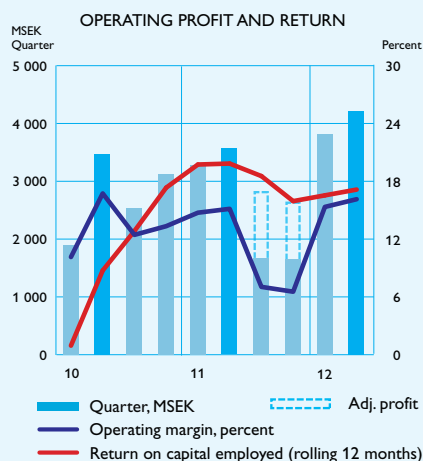
Construction, predominantly within the Euro zone, while Asia and Australia developed strongly from low levels.

Demand weakened for most of the product areas within Sandvik Venture compared with 2011 as well as the preceding quarter, most notably for Sandvik Hard Materials and Diamond Innovations.

Order intake in the second quarter amounted to 26,190 million SEK (25,361), up 3% in total and flat at fixed exchange rates for comparable units. Of this amount, approximately 1.3 billion SEK (1.2) represented major orders for mining systems for Sandvik Mining. Changed exchange rates had a positive impact of 3% on order intake. The increase at fixed exchange rates for comparable units was 6% for Sandvik Mining and 2% for Sandvik Machining Solutions. For Sandvik Materials Technology, order intake declined by 9% compared with the second quarter in the preceding year, including a negative effect of 6 percentage points related to changed metal prices. Sandvik Construction reported flat order intake while Sandvik Venture decreased order intake by 13%, at fixed exchange rates for comparable units.

Invoiced sales totaled 25,939 million SEK (23,421), up 11% in total and 8% at fixed exchange rates for comparable units compared with the second quarter of 2011. Changed exchange rates had a positive impact of 3% on invoiced sales. For Sandvik Mining, invoiced sales increased by 26% at fixed exchange rates and for comparable units, while the increase for Sandvik Machining Solutions and Sandvik Construction was 2% and 4% respectively. Sandvik Materials Technology's invoiced sales declined by 8% compared with the year-earlier period, including a negative effect of approximately 6 percentage points related to changed metal prices. For Sandvik Venture, invoicing declined by 5% at fixed exchange rates and for comparable units.

Operating profit and return



The implementation of the new strategy progressed at a high pace and contributed to a continued strong profitability trend, further reinforced by the high level of demand and a correspondingly high capacity utilization. Operating profit amounted to 4,212 million SEK (3,562), the highest quarterly level recorded to date. The operating margin improved and amounted to 16.2% (15.2) of invoiced sales. Changed exchange rates had a positive impact of approximately 150 million SEK on earnings, while changed metal prices had a negative effect of 68 million SEK.

Return on capital employed for the recent 12-month period was negatively affected by nonrecurring items during the third and fourth quarter 2011 and was 17.2% (19.9). The annualized return for the quarter was 24.2%. Return on equity was 19.8% (24.6) for the recent 12-month period. Annualized return on equity during the quarter was 31.4%.

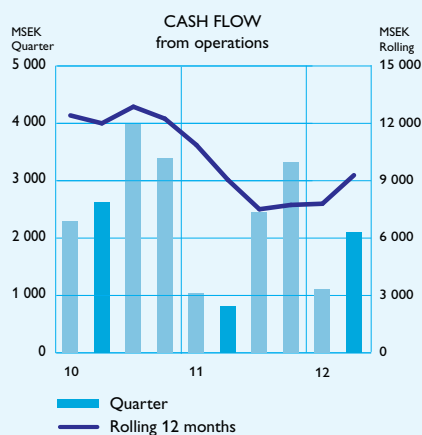
The implementation of the actions laid out in the new strategy proceeded as planned, and in some cases even ahead of plan, which ensured that profitability continued to develop positively in the second quarter. Planned workforce and organizational changes have now been carried out to a great extent. The adjustment of new processes, adaptation of the product range and consolidation of some operations will continue. An important step in enhancing administration efficiency long-term was taken during the second quarter through an outsourcing agreement with IBM concerning parts of the IT infrastructure services.

Changed exchange rates affected operating profit positively by about 150 million SEK, almost entirely driven by the stronger USD/SEK rate. Net financial items increased somewhat primarily due to higher borrowing and amounted to -545 million SEK (-489).

The strong profit contributed positively to cash flow, which was partly offset by the increase in working capital. Cash flow from operations thus improved to +2,293 million SEK (+802).

Total assets remained largely flat compared to the preceding quarter. The increase in demand resulted in a rise in inventories and accounts receivable, which together with lower accounts payable affected working capital negatively. Net working capital was 28% (26) of invoiced sales. The dividend pay-out was funded through the Swedish and European Medium Term Note programs, and a slight reduction of the cash position. The net debt consequently increased from 25.2 billion SEK to 28.6 billion SEK. Net debt to equity ratio increased to 0.8 compared with the preceding quarter (0.7) but decreased compared with the second quarter of 2011 (0.9). Loan maturities within the coming 12 months amount to 6.8 billion SEK. At the end of the quarter, Sandvik had unutilized and committed long-term credit facilities, comprising 900 million EUR and 5 billion SEK.

Cash flow from operations



Earnings per share





Continued strong demand

Major system orders for 1.3 billion SEK

Record invoicing

Record high operating profit and margin

Growth

Q2	Order intake	Invoiced sales
Price/volume, %	+6	+26
Structure, %	0	0
Currency, %	+3	+2
Total, %	+9	+29

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

The demand from the global mining industry remained strong also in the second quarter compared with the preceding year. Order intake increased from a high level by 6% at fixed exchange rates to 10.3 billion SEK (9.4). Activity was high in most markets and order intake increased for mining systems, while a slowdown was notable in the exploration business. Sandvik Mining received major orders in Asia for a total value of approximately 1.3 billion SEK. Invoiced sales increased significantly by 26% at fixed exchange rates compared with the year-earlier period and amounted to a record level of 9,826 million SEK (7,593). Operating profit and margin reached record levels and amounted to 1,800 million SEK (1,310), or 18.3% (17.3) of invoiced sales.

The mining industry retained a high level of demand during the quarter. Sandvik Mining reported a very high order intake and record levels of invoiced sales. Despite the strong development overall, regional differences were notable. Demand rose significantly in Asia, strongly driven by the major systems order received for continuous mining equipment for overburden removal and coal handling. Africa and North America remained relatively flat while demand declined in Europe as demand for crushing weakened.

South America declined compared with the preceding year, but increased adjusted for major orders. Sandvik Mining secured a major order in a value exceeding 900 million SEK for a copper mine in South America early in the third quarter. The exploration business recorded a shift of trend downwards during the quarter, most notably in Australia.

The price development remained positive.

The strong demand resulted in high capacity utilization which combined with continued successful adjustment efforts, contributed to a new record in earnings. Changed exchange rates affected operating profit positively by 50 million SEK, which amounted to 1,800 million SEK (1,310). Sandvik Mining recorded its highest ever reported margin of 18.3% (17.3) of invoiced sales.

Of invoiced sales, rock tools and consumables accounted for 14% (16) customer services and spare parts 34% (38) while equipment and mining systems accounted for 38% (32) and 14% (14) respectively. Working capital rose due to higher accounts receivable, increased inventory levels and decreased accounts payable and amounted to 27% (25) of invoiced sales. Return on capital employed

for the most recent 12-month period was 40.4% (41.1). The annualized return for the quarter was 44.8%.

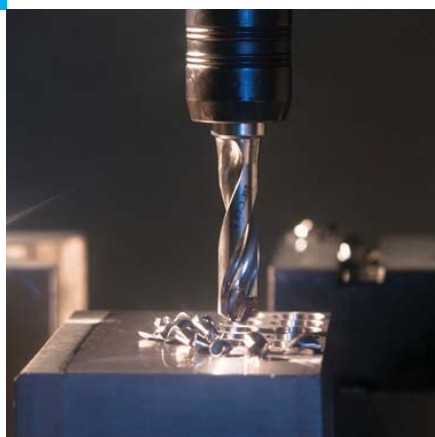


Financial overview, MSEK

	Q2 2012	Q2 2011	Change %	Q1-2 2012	Q1-2 2011	Change %
Order intake	10 315	9 425	+6 *	22 108	17 645	+22 *
Invoiced sales	9 826	7 593	+26 *	18 465	14 695	+23 *
Operating profit	1 800	1 310	+37	3 295	2 518	+31
% of invoiced sales	18.3	17.3		17.8	17.1	
Return on capital employed, %, rolling 12 months	40.4	41.1		40.4	41.1	
Number of employees	13 900	12 844	+8	13 900	12 844	+8

* At fixed exchange rates for comparable units

Q2 Sandvik Machining Solutions



Demand on a high level

Slowing growth rates

Strong profitability

Growth

Q2	Order intake	Invoiced sales
Price/volume, %	+2	+2
Structure, %	0	0
Currency, %	+3	+3
Total, %	+5	+6

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

The market environment remained strong for Sandvik Machining Solutions for most of the second quarter although the uncertainties increased as the quarter progressed. Order intake and invoiced sales increased by 2% respectively at fixed exchange rates for comparable units and amounted to 7.5 billion SEK (7.2) and to 7.4 billion SEK (7.0). The demand remained strong and increased in North America compared with the preceding year while Europe remained strong, although market activity weakened during the course of the quarter. Operating profit and margin remained high both compared with the preceding quarter and year. Changed exchange rates impacted earnings by approximately +100 million SEK in the quarter.



within the aerospace segment improved further while the automotive segment reported a flat trend. A somewhat reduced level of activity was reported, primarily in the engineering industry and the

energy-related segments, albeit from high levels.

Efforts to improve stock availability for certain product groups combined with the usual inventory build ahead of the summer vacation period in the Northern hemisphere, resulted in higher production rates and increased capacity utilization. This led to an increased inventory level, and as a consequence, working capital increased in volume as well as percentage of sales compared with the previous year and was 26% (24) of invoiced sales at the end of the quarter.

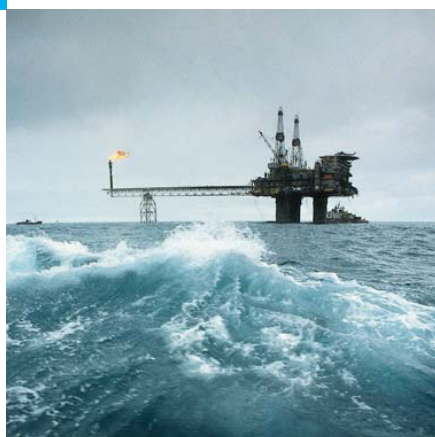
Operating profit was supported by sales and price increases and remained high compared with the preceding quarter as well as the second quarter of 2011 and totaled 1,827 million SEK (1,744), or 24.6% (24.8) of invoiced sales. Earnings were positively impacted by about 100 million SEK due to changed exchange rates. Return on capital employed for the most recent 12-month period was 34.5% (30.9). The annualized return for the quarter was 36.5%.

The demand for Sandvik Machining Solutions' products remained on a high level although variations were evident between and within the major regions. North America recorded a continued strong growth compared with the preceding year primarily driven by high activity within the aerospace and automotive segments. The growth rate in Europe was positive yet showed signs of slowing down towards the end of the quarter. Demand in Asia fluctuated among the various major markets with order intake increasing in Japan, India and South Korea while the development in China remained weak. The favorable business conditions

Financial overview, MSEK

	Q2 2012	Q2 2011	Change %	Q1-2 2012	Q1-2 2011	Change %
Order intake	7 544	7 184	+2 *	15 312	14 342	+4 *
Invoiced sales	7 431	7 028	+2 *	15 050	13 890	+6 *
Operating profit	1 827	1 744	+5	3 703	3 280	+13
% of invoiced sales	24.6	24.8		24.6	23.6	
Return on capital employed, %, rolling 12 months	34.5	30.9		34.5	30.9	
Number of employees	18 524	18 151	+2	18 524	18 151	+2

* At fixed exchange rates for comparable units



Step Change turnaround program delivering according to plan

Significant cost savings

Continued mixed demand

Growth

Q2	Order intake	Invoiced sales
Price/volume, %	-9	-8
Structure, %	0	0
Currency, %	+3	+3
Total, %	-6	-6

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

The market situation for Sandvik Materials Technology remained fragmented also in the second quarter. Demand was stable for products to the oil and gas sector while the level of uncertainty increased somewhat in several other segments. Order intake declined by 9% and invoicing by 8% in price and volume for comparable units. The effects of changed metal prices had a negative impact on order intake and invoicing of 6 percentage points, respectively. The internal efficiency continued to improve compared with the preceding quarter resulting in improved earnings. Changed metal prices impacted earnings by -68 million SEK (-60).

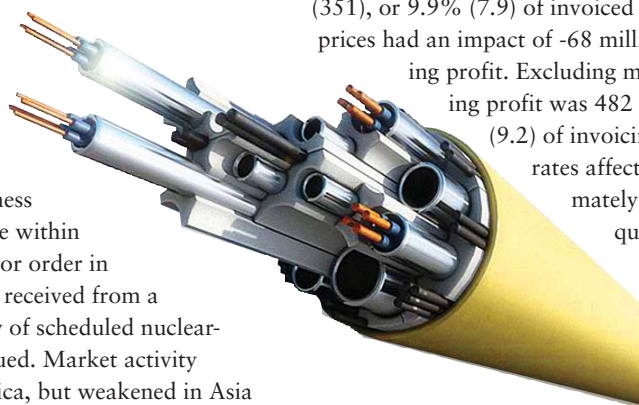
The demand pattern for products from Sandvik Materials Technology resembled that of previous quarters also in the second quarter. The business environment remained favorable within the oil and gas sector and a major order in a value of 300 million SEK was received from a customer in Europe. The review of scheduled nuclear-power projects in China continued. Market activity remained stable in North America, but weakened in Asia and Europe, particularly with regard to the low value-added assortment where competition is increasing with price pressure as one consequence.

The efforts to turn around the business area to higher profitability continued at a high pace. The so-called Step

Change program entails a large number of activities to be carried out over the coming years. So far, the program has progressed according to plan. Cost savings are ahead of plan, while longer term activities such as restructuring of the product range remain on target.

Inventories were reduced. Although contributing positively to cash flow, the lower sales still resulted in working capital as share of invoicing increasing slightly to 33% (31).

Internal efficiency was further enhanced during the quarter and contributed to a continued improvement in earnings. Operating profit amounted to 415 million SEK (351), or 9.9% (7.9) of invoiced sales. Changed metal prices had an impact of -68 million SEK (-60) on operating profit. Excluding metal price effects, operating profit was 482 million SEK (411), 11.5% (9.2) of invoicing. Changed exchange rates affected earnings by approximately +25 million SEK for the quarter. Return on capital employed for the recent 12-month period was negative compared to last year (7.3). The return was negatively affected by nonrecurring items that were charged to the result for the business area during the third and fourth quarters of 2011. The annualized return in the second quarter was 11.4%.



Financial overview, MSEK

	Q2 2012	Q2 2011	Change %	Q1-2 2012	Q1-2 2011	Change %
Order intake	4 006	4 279	-9 *	8 284	9 123	-11 *
Invoiced sales	4 195	4 452	-8 *	8 296	8 631	-6 *
Operating profit	415	351	+18	763	703	+9
% of invoiced sales	9.9	7.9		9.2	8.1	
Return on capital employed, %, rolling 12 months	n.a	7.3		n.a	7.3	
Number of employees	7 538	8 168	-8	7 538	8 168	-8

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

Q2 Sandvik Construction



Continued successful turnaround

Integration of Shanbao progressing well

Weakening demand trend during the quarter

Growth

Q2	Order intake	Invoiced sales
Price/volume, %	0	+4
Structure, %	+6	+8
Currency, %	+2	+2
Total, %	+8	+14

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

The market environment weakened for Sandvik Construction as the quarter progressed. Order intake remained flat compared with the second quarter of 2011, while invoiced sales increased 4% at fixed exchange rates. Compared with the preceding quarter, however, order intake and invoiced sales developed negatively adjusted for normal seasonal effects. Improved operational efficiency in the Chinese crusher manufacturer Shanbao, compared with the preceding quarter, contributed to maintained earnings. Order intake amounted to 2,488 million SEK (2,308), invoiced sales to 2,592 million SEK (2,274) and operating profit to 222 million SEK (95), or 8.6% (4.2) of invoiced sales.

As a result of the continued, and in some cases elevated, uncertainty in the troubled economies of Southern Europe, the construction market sentiment deteriorated during the quarter. Many customers of the business area are small family-owned companies that react quickly to changes in the macro environment. Demand within Europe was hence largely divided, where countries within the Euro zone were more negatively impacted, compared with many countries outside the Euro zone. In South America, demand fell, whereas Africa improved as a result of higher activity in South Africa. The mixed demand in Asia continued with Japan and India improving while China remained weak.



The efforts within Sandvik Construction that were initiated earlier this year to modify work methods, adjust the product range to better meet the needs of customers, introduce new sales channels and restructure the production organization, continued at a high pace. While most activities will continue in the years to come, cost-saving efforts render immediate results which were also visible in the second quarter.

Internal efficiency improved at the Chinese crusher manufacturer Shanbao despite a continued weak domestic construction industry.

Net working capital remained relatively stable during the quarter but declined compared with 2011 as percentage of invoiced sales and amounted to 27% (31).

Internal efficiency resulted in maintained earnings compared with the preceding quarter, but a significant improvement compared with the second quarter 2011.

Operating profit amounted to 222 million SEK (95), or 8.6% (4.2) of invoiced sales.

Changed exchange rates had a marginally negative impact on earnings for the quarter.

Return on capital employed for the most recent 12-month period was 4.5% (8.8). The return was negatively affected by nonrecurring items that were charged to the result for the business area during the third and fourth quarter 2011. The annualized return in the second quarter was 14.4%.

Financial overview, MSEK

	Q2 2012	Q2 2011	Change %	Q1-2 2012	Q1-2 2011	Change %
Order intake	2 488	2 308	0 *	5 110	4 783	0 *
Invoiced sales	2 592	2 274	+4 *	5 045	4 354	+7 *
Operating profit	222	95	+135	435	214	+103
% of invoiced sales	8.6	4.2		8.6	4.9	
Return on capital employed, %, rolling 12 months	4.5	8.8		4.5	8.8	
Number of employees	3 289	3 409	-4	3 289	3 409	-4

* At fixed exchange rates for comparable units



Strong operational efficiency

Improved profitability

Weakening demand for most product areas

Growth

Q2	Order intake	Invoiced sales
Price/volume, %	-13	-5
Structure, %	-6	-7
Currency, %	+4	+4
Total, %	-15	-9

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

The market situation weakened for Sandvik Venture as the uncertainty increased during the quarter. Order intake declined 13% compared with the second quarter of the preceding year and invoiced sales declined 5% at fixed exchange rates for comparable units. Order intake developed negatively for all product areas, while invoiced sales were mixed. Order intake amounted to 1,837 million SEK (2,165) and invoiced sales to 1,884 million SEK (2,065). Strong operating efficiency improvements contributed positively to earnings. Operating profit rose to 341 million SEK (266), or 18.1% (12.9) of invoiced sales, a significant improvement compared with the preceding year.

The demand trend turned negative during the second quarter for most of the product areas and major regions for Sandvik Venture. The activity slowed in general in Europe, although differences were noticeable among the product areas. The business environment remained relatively flat in North America whereas Asia declined by 23% compared with the preceding year, most notably for Sandvik Hard Materials and Diamond Innovations. Slightly higher inventory levels among the customers affected demand negatively in product area



Wolfram as replenishment orders faded slightly.

The efforts to increase the share of scrap-based wolfram powder continued successfully through the programs in place for repurchasing of used cemented carbide products from customers. The programs are of significant importance to the Sandvik Group, however they also resulted in the expected inventory reduction in raw material not materializing during the quarter. This, combined with lower sales, was the prime reason behind the continued higher than desired net working capital/sales ratio which amounted to 40% (31).

Despite the negative sales development, earnings improved compared with the preceding quarter and markedly compared with the second quarter of 2011, mainly driven by increased internal efficiency. Operating profit amounted to 341 million SEK (266), or 18.1% (12.9) of invoiced sales. Changed exchange rates affected earnings positively by about 20 million SEK for the quarter. Return on capital employed for the most recent 12-month period was 2.3% (10.2). The return was negatively affected by nonrecurring items that were charged to the result for the business area during the third and fourth quarters of 2011. The annualized return in the second quarter was 17.9%.

Financial overview, MSEK

	Q2 2012	Q2 2011	Change %	Q1-2 2012	Q1-2 2011	Change %
Order intake	1 837	2 165	-13 *	4 269	4 369	-2 *
Invoiced sales	1 884	2 065	-5 *	3 899	3 862	+2 *
Operating profit	341	266	+28	696	494	+41
% of invoiced sales	18.1	12.9		17.8	12.8	
Return on capital employed, %, rolling 12 months	2.3	10.2		2.3	10.2	
Number of employees	3 570	4 216	-15	3 570	4 216	-15

* At fixed exchange rates for comparable units

Parent Company

The Parent Company's invoiced sales for the second quarter of 2012 amounted to 4,556 million SEK (4,890) and the operating result was -207 million SEK (-353).

For the January - June 2012 period, invoiced sales amounted to 9,238 million SEK (9,494) and the operating result was -164 million SEK (-315).

Income from shares in Group companies consist primarily of dividends and Group contributions from these and

amounted after the second quarter to 1,121 million SEK (650). Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to 28,967 million SEK (16,990 at 31 December 2011). Investments in property, plant and machinery amounted to 545 million SEK (724).

The acquisition of Seco Tools during 2012 has affected the Parent Company's balance sheet significantly, with increased indebtedness and increased equity as a result of the issuance of new shares to Seco Tools minority shareholders.

Acquisitions and divestments

Sandvik's public offer to the minority shareholders of Seco Tools to acquire all remaining shares in the company, against payment in Sandvik shares, was

completed in February 2012. In the ongoing compulsory acquisition procedure, Sandvik was granted advance title to all remaining shares in Seco Tools that were not acquired

under the public offer, in June 2012. Consequently, Sandvik now holds 100% of all shares and votes in Seco Tools.

On 30 March 2012, Sandvik Medical Solutions was divested. Assets and liabilities related to Sandvik Medical Solutions were by 31 December 2011 classified as held for sale. The transaction on 30 March had a marginal effect on the result for the six-month period in 2012.

Acquisitions during the most recent 18-month period

	Company/unit	Closing date	Annual revenue MSEK	No of employees
Sandvik Construction	Shanbao (SJL), China	9 Oct 11	>500	>400

Divestments during the most recent 18-month period

	Company/unit	Closing date	Annual revenue MSEK	No of employees
Sandvik Venture	Sandvik Medical Solutions	30 Mar 12	~600	550

First six months of 2012

The global market demand improved during the first half of the year compared with the first six months of 2011 although the uncertainty increased towards the end of the period. The improvement was most tangible for Sandvik Mining and North America in general.

Sandvik's order intake increased markedly from high levels and amounted to 55,084 million SEK (50,262) up 10% in total and 7% in fixed exchange rates for comparable units. Invoiced sales were 50,776 million SEK (45,451), up 12% in total and 9% in fixed exchange rates for comparable units. Earnings improved significantly, primarily as a result of higher sales volumes and a successful start to the implementation of the new strategy announced in September 2011. Operating profit for January – June 2012 amounted to 8,031 million SEK (6,834), the highest level

recorded to date. The operating margin was 15.8% (15.0) of invoiced sales.

Changed exchange rates had a positive impact of 250 million SEK on earnings during the first half of the year, compared with a year earlier, while changed metal prices had a negative impact of 118 million SEK. Net financial items amounted to -993 million SEK (-906) and the result after net financial items was 7,038 million SEK (5,928). The tax rate was 25.0% and profit for the period amounted to 5,278 million SEK (4,354). Earnings per share amounted to 4.26 SEK (3.49). Cash flow from operations was +3,392 million SEK (+1,838). The Group's investments in fixed assets amounted to 2,351 million SEK (2,105), with no company acquisitions (265 million SEK). After investments, acquisitions and divestments, cash flow was +1,752 million SEK (-446).

Significant events

- During the quarter, Sandvik signed a major mining systems contract with a customer in Asia. The order includes design and supply of continuous mining equipment for overburden removal and coal handling. The value of the contract exceeds 1,100 million SEK with deliveries from 2012 through 2015.

- In July, Sandvik was awarded a major mining systems order in Latin America to a value exceeding 900 million SEK. Sandvik will deliver a large materials handling and crushing system to a copper mine during 2012 and 2013.

- At the end of the quarter, Sandvik signed a five-year strategic agreement with the IT and consulting company IBM to a value of 2 billion SEK. Sandvik will outsource parts of the IT infrastructure services thereby enabling scalability in cost, resources and competence as well as providing an increased cost efficiency.

- In May, Emil Nilsson was appointed Executive Vice President & Chief Financial Officer of the Sandvik Group and member of Group Executive Management, succeeding Ola Salmén. Emil Nilsson currently holds the role of Head of Customer Unit Central Europe at the telecommunications company Ericsson.

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

2012. These changes have not had any impact on Sandvik's financial statements.

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.

Financial reports summary

The Group

Income statement

MSEK	Q2 2012	Q2 2011	Change %	Q1-2 2012	Q1-2 2011	Change %
Revenue	25 939	23 421	+11	50 776	45 451	+12
Cost of sales and services	-16 466	-14 915	+10	-32 035	-28 652	+12
Gross profit	9 473	8 506	+11	18 741	16 799	+12
% of revenues	36.5	36.3		36.9	37.0	
Selling expenses	-2 997	-2 882	+4	-5 970	-5 723	+4
Administrative expenses	-1 563	-1 529	+2	-3 224	-2 994	+8
Research and development costs	-676	-615	+10	-1 283	-1 199	+7
Other operating income and expenses	-25	+82	-	-233	-49	-
Operating profit	4 212	3 562	+18	8 031	6 834	+18
% of revenues	16.2	15.2		15.8	15.0	
Financial net	-545	-489	+11	-993	-906	+10
Profit after financial items	3 667	3 073	+19	7 038	5 928	+19
% of revenues	14.1	13.1		13.9	13.0	
Income tax	-894	-845	+6	-1 760	-1 574	+12
Profit for the period	2 773	2 228	+24	5 278	4 354	+21
% of revenues	10.7	9.5		10.4	9.6	
Other comprehensive income						
Foreign currency translation differences	340	817		-259	-307	
Cash-flow hedges	-127	-190		64	-14	
Tax related to other comprehensive income	35	50		-15	4	
Other comprehensive income for the period, net after tax	248	677		-210	-317	
Total comprehensive income for the period	3 021	2 905		5 068	4 037	
Profit for the period attributable to						
Owners of the parent	2 776	2 114		5 276	4 141	
Non-controlling interests	-3	114		2	213	
Total comprehensive income attributable to						
Owners of the parent	3 031	2 780		5 073	3 827	
Non-controlling interests	-10	125		-5	210	
Earnings per share, SEK *	2.21	1.78		4.26	3.49	

* No dilution effects during the period.

Balance sheet

MSEK	30 June 2012	30 June 2011	Change %	31 Dec 2011
Intangible assets	11 750	12 928	-9	11 807
Property, plant and equipment	25 834	25 122	+3	25 702
Financial assets	6 458	6 062	+7	6 835
Inventories	27 869	24 676	+13	26 077
Current receivables	24 428	21 869	+12	21 979
Cash and cash equivalents	6 411	2 815	+128	5 592
Non-current assets classified as held for sale	-	-		747
Total assets	102 750	93 472	+10	98 739
 Total equity	 34 678	 32 729	 +6	 33 891
Non-current interest-bearing liabilities	29 648	26 088	+14	27 125
Non-current non-interest-bearing liabilities	6 432	5 833	+10	6 487
Current interest-bearing liabilities	6 730	6 582	+2	5 948
Current non-interest-bearing liabilities	25 262	22 240	+14	25 180
Liabilities associated with non-current assets classified as held for sale	-	-		108
Total equity and liabilities	102 750	93 472	+10	98 739
 <i>Net working capital *</i>	 29 425	 25 695	 +15	 25 626
<i>Loans</i>	33 708	30 007	+12	30 455
<i>Net debt **</i>	28 566	28 366	+1	25 908
<i>Non-controlling interests in total equity</i>	146	1 200	-88	1 401

* 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

MSEK	Equity related to owners of the parent	Non-controlling interest	Total equity
Opening equity, 1 January 2011	32 580	1 233	33 813
Total comprehensive income for the period	4 773	360	5 133
Personnel options program	67	-	67
Hedge of personnel options program	-1 353	-	-1 353
Acquisition of non-controlling interests	-18	56	38
Dividends	-3 559	-248	-3 807
Closing equity, 31 December 2011	32 490	1 401	33 891
 Opening equity, 1 January 2012	 32 490	 1 401	 33 891
Total comprehensive income for the period	5 073	-5	5 068
Issue of new equity / Acquisition of non-controlling interests	1 168	-1 250	-82
Personnel options program	39	-	39
Hedge of personnel options program	-161	-	-161
Dividends	-4 077	-	-4 077
Closing equity, 30 June 2012	34 532	146	34 678
 Opening equity, 1 January 2011	 32 580	 1 233	 33 813
Total comprehensive income for the year	3 827	210	4 037
Personnel options program	34	-	34
Hedge of personnel options program	-1 353	-	-1 353
Dividends	-3 559	-243	-3 802
Closing equity, 30 June 2011	31 529	1 200	32 729

The Group

Cash flow statement

MSEK	Q2 2012	Q2 2011	Q1-2 2012	Q1-2 2011
<i>Cash flow from operating activities</i>				
Income after financial income and expenses	+3 667	+3 073	+7 038	+5 928
Adjustment for depreciation, amortization and impairment losses	+976	+977	+2 009	+1 933
Adjustment for items that do not require the use of cash etc.	-81	+101	+64	+131
Income tax paid	-994	-891	-1 675	-1 376
Cash flow from operations before changes in working capital	+3 568	+3 260	+7 436	+6 616
<i>Changes in working capital</i>				
Change in inventories	-245	-1 576	-1 913	-3 585
Change in operating receivables	-94	-1 011	-2 339	-2 455
Change in operating liabilities	-797	+208	+388	+1 407
Cash flow from changes in working capital	-1 136	-2 379	-3 864	-4 633
Investments in rental equipment	-169	-121	-262	-200
Divestments of rental equipment	+30	+42	+82	+55
Cash flow from operations	+2 293	+802	+3 392	+1 838
<i>Cash flow from investing activities</i>				
Acquisitions of companies and shares, net of cash acquired	0	0	0	-265
Acquisitions of property, plant and equipment	-1 254	-1 220	-2 351	-2 105
Proceeds from sale of property, plant and equipment	+61	+58	+711	+86
Cash flow from investing activities	-1 193	-1 162	-1 640	-2 284
Net cash flow after investing activities	+1 100	-360	+1 752	-446
<i>Cash flow from financing activities</i>				
Change in interest bearing debt	+2 471	+2 262	+3 149	+2 402
Dividends paid	-4 077	-3 802	-4 077	-3 802
Cash flow from financing activities	-1 606	-1 540	-928	-1 400
Cash flow for the period	-506	-1 900	+824	-1 846
Cash and cash equivalents at beginning of the period	+6 854	+4 783	+5 592	+4 783
Exchange-rate differences in cash and cash equivalents	+63	-68	-5	-122
Cash and cash equivalents at the end of the period	+6 411	+2 815	+6 411	+2 815

Key figures

	Q2 2012	Q2 2011	Q1-4 2011
No. of shares outstanding at end of period('000) ¹⁾	1 254 386	1 186 287	1 186 287
Average no. of shares('000) ¹⁾	1 254 386	1 186 287	1 186 287
Tax rate, %	24.4	27.5	28.3
Return on capital employed, % ²⁾	17.2	19.9	16.0
Return on total equity, % ²⁾	19.8	24.6	17.3
Return on total capital, % ²⁾	11.8	14.1	11.1
Shareholders' equity per share, SEK	27.50	26.60	27.40
Net debt/equity ratio	0.8	0.9	0.8
Equity/assets ratio, %	34	35	34
Net working capital, %	28	26	26
Earnings per share, SEK	2.21	1.78	4.63
Cash flow from operations, MSEK	+2 293	+802	+7 764
Number of employees	49 034	48 819	50 030

1) No dilution effect during the period.

2) Rolling 12 months.

The Parent Company

Income statement

MSEK	Q2 2012	Q2 2011	Change %	Q1-2 2012	Q1-2 2011	Change %
Revenue	4 556	4 890	-7	9 238	9 494	-3
Cost of sales and services	-3 516	-3 955	-11	-7 093	-7 543	-6
Gross profit	1 040	935	+11	2 145	1 951	+10
Selling expenses	-152	-186	-18	-297	-344	-14
Administrative expenses	-772	-849	-9	-1 505	-1 679	-10
Research and development costs	-326	-292	+12	-634	-569	+11
Other operating income and expenses	3	39	-92	127	326	-61
Operating result	-207	-353	-41	-164	-315	-48
Income from shares in Group companies	439	321 ¹⁾	+37	1 121	650 ¹⁾	+72
Income from shares in associated companies	5	10	-	5	10	-50
Interest income and similar items	125	-	-	456	258	+77
Interest expenses and similar items	-630	-323	+95	-1 107	-703	+57
Result after financial items	-268	-345	-22	311	-100	-
Income tax expense	41	113 ¹⁾	-64	-82	54 ¹⁾	-
Result for the period	-227	-232 ¹⁾	-2	229	-46 ¹⁾	-

Balance sheet

MSEK	30 June 2012	30 June 2011	Change %	31 Dec 2011
Intangible assets	10	15	-33	17
Property, plant and equipment	7 265	7 087	+3	6 992
Financial assets	37 058	16 075	-	18 502
Inventories	4 000	4 184	-4	4 023
Current receivables	15 025	15 709 ¹⁾	-4	15 699
Cash and cash equivalents	118	2	-	8
Total assets	63 476	43 072	+47	45 241
Total equity	15 250	12 809 ¹⁾	+19	12 516
Untaxed reserves	10	2	-	10
Provisions	664	274	-	697
Non-current interest-bearing liabilities	18 772	15 176	+24	16 072
Non-current non-interest-bearing liabilities	34	-	-	33
Current interest-bearing liabilities	23 284	9 438	-	9 032
Current non-interest-bearing liabilities	5 462	5 373	+2	6 881
Total equity and liabilities	63 476	43 072	+47	45 241
Pledged assets	-	-	-	-
Contingent liabilities	12 500	11 917	+5	12 006
Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing assets	28 967	15 438	-	16 990
Investments in fixed assets	545	724	-25	1 421

¹⁾ Q2 2011 result of -414 million SEK was adjusted by 182 million SEK to -232 million SEK.

For the period January - June the result of -445 million SEK has been adjusted with 399 million SEK to -46 million SEK. The adjustment is attributable to changed accounting principles for Group contributions.

Market overview, the Group

Order intake and invoiced sales per market area Second quarter 2012

Market area	Order intake MSEK	Change *		Share %	Invoiced sales MSEK	Change *	Share %
		%	% ¹⁾			%	
The Group							
Europe	8 874	-4	-7	34	9 012	-3	36
NAFTA	4 426	-4	+4	17	4 734	+14	18
South America	1 802	-29	+18	7	2 115	+20	8
Africa/Middle East	2 322	-7	-7	9	2 456	+4	9
Asia	6 086	+33	+2	23	4 799	+12	18
Australia	2 680	+4	+4	10	2 823	+26	11
Total	26 190	0	-1	100	25 939	+8	100
Sandvik Mining							
Europe	867	-26	-26	8	1 062	+11	11
NAFTA	1 217	+2	+2	12	1 255	+24	13
South America	1 104	-37	+55	11	1 423	+47	14
Africa/Middle East	1 917	-5	-5	19	2 014	+3	20
Asia	3 126	124	+24	30	1 845	+69	19
Australia	2 084	-1	-1	20	2 227	+27	23
Total	10 315	+6	+3	100	9 826	+26	100
Sandvik Machining Solutions							
Europe	4 022	+1	+1	53	3 991	+2	54
NAFTA	1 622	+18	+18	22	1 568	+18	21
South America	261	-14	-14	3	262	-15	3
Africa/Middle East	80	-4	-4	1	75	+2	1
Asia	1 475	-6	-6	20	1 453	-4	20
Australia	84	+3	+3	1	82	-2	1
Total	7 544	+2	+2	100	7 431	+2	100
Sandvik Materials Technology							
Europe	2 096	+5	-10	52	2 039	-12	49
NAFTA	831	-34	-8	21	1 109	+8	26
South America	99	-1	-1	3	98	-22	2
Africa/Middle East	74	+9	+9	2	66	+15	2
Asia	615	-18	-18	15	584	-25	14
Australia	291	+8	+8	7	299	+8	7
Total	4 006	-9	-9	100	4 195	-8	100
Sandvik Construction							
Europe	891	-9	-9	36	946	-2	37
NAFTA	370	-2	-2	15	425	+5	16
South America	262	-16	-16	11	256	-9	10
Africa/Middle East	212	+18	+18	8	226	+10	9
Asia	562	+11	+11	22	557	+3	21
Australia	191	+111	+111	8	182	+101	7
Total	2 488	0	0	100	2 592	+4	100
Sandvik Venture							
Europe	1 000	-7	-7	54	964	-11	51
NAFTA	385	-3	-3	21	376	+2	20
South America	75	0	0	4	76	+3	4
Africa/Middle East	39	-72	-72	2	75	+37	4
Asia	308	-23	-23	17	360	-5	19
Australia	30	-13	-13	2	33	+14	2
Total	1 837	-13	-13	100	1 884	-5	100

* At fixed exchange rates for comparable units.

1) Excluding major orders.

Order intake by business area

MSEK	Q2 2011	Q3 2011	Q4 2011	Q1-Q4 2011	Q1 2012	Q2 2012	Change Q2		Q1-2 2012
							%	% ¹⁾	
Sandvik Mining	9 425	9 690	8 284	35 619	11 793	10 315	+9	+6	22 108
Sandvik Machining Solutions	7 184	7 037	7 358	28 737	7 768	7 544	+5	+2	15 312
Sandvik Materials Technology	4 279	3 552	3 674	16 350	4 278	4 006	-6	-9	8 284
Sandvik Construction	2 308	2 784	2 330	9 898	2 622	2 488	+8	0	5 110
Sandvik Venture	2 165	1 761	2 342	8 473	2 432	1 837	-15	-13	4 269
Group activities	0	1	2	1	1	0			1
Group total	25 361	24 825	23 990	99 078	28 894	26 190	+3	0	55 084

Invoiced sales by business area

MSEK	Q2 2011	Q3 2011	Q4 2011	Q1-Q4 2011	Q1 2012	Q2 2012	Change Q2		Q1-2 2012
							%	% ¹⁾	
Sandvik Mining	7 593	8 432	9 105	32 232	8 639	9 826	+29	+26	18 465
Sandvik Machining Solutions	7 028	6 917	7 364	28 171	7 618	7 431	+6	+2	15 050
Sandvik Materials Technology	4 452	3 767	3 940	16 339	4 100	4 195	-6	-8	8 296
Sandvik Construction	2 274	2 411	2 484	9 249	2 453	2 592	+14	+4	5 045
Sandvik Venture	2 065	1 991	2 202	8 056	2 015	1 884	-9	-5	3 899
Group activities	9	10	9	37	13	11			21
Group total	23 421	23 528	25 104	94 084	24 838	25 939	+11	+8	50 776

Operating profit by business area

MSEK	Q2 2011	Q3 2011	Q4 2011	Q1-Q4 2011	Q1 2012	Q2 2012	Change Q2		Q1-2 2012
							%		
Sandvik Mining	1 310	1 451	1 220	5 189	1 494	1 800	+37		3 295
Sandvik Machining Solutions	1 744	1 518	1 549	6 347	1 875	1 827	+5		3 703
Sandvik Materials Technology	351	-449	-896	-642	349	415	+18		763
Sandvik Construction	95	99	-255	58	213	222	+135		435
Sandvik Venture	266	-831	316	-21	355	341	+28		696
Group activities	-204	-123	-285	-783	-467	-393			-861
Group total ²⁾	3 562	1 665	1 649	10 148	3 819	4 212	+18		8 031

Operating margin by business area

MSEK	Q2 2011	Q3 2011	Q4 2011	Q1-Q4 2011	Q1 2012	Q2 2012		Q1-2 2012
Sandvik Mining	17.3	17.2	13.4	16.1	17.3	18.3		17.8
Sandvik Machining Solutions	24.8	21.9	21.0	22.5	24.6	24.6		24.6
Sandvik Materials Technology	7.9	-11.9	-22.7	-3.9	8.5	9.9		9.2
Sandvik Construction	4.2	4.1	-10.3	0.6	8.7	8.6		8.6
Sandvik Venture	12.9	-41.7	14.3	-0.3	17.6	18.1		17.8
Group total	15.2	7.1	6.6	10.8	15.4	16.2		15.8

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

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

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 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 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 2011.

Transactions with related parties

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

Certification

The Board of Directors and the CEO certify that the six-month report gives a fair overview of the Parent Company's and the Group's operations, financial position and results, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, 19 July 2012
Sandvik Aktiebolag (publ)

Anders Nyrén
Chairman of the Board

Jürgen M Geissinger
Board member

Johan Karlström
Board member

Jan Kjellgren
Board member

Tomas Kärnström
Board member

Fredrik Lundberg
Board member

Hanne de Mora
Board member

Simon Thompson
Board member

Lars Westerberg
Board member

Olof Faxander
President, CEO and Board member

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 19 July 2012 at 8.00. The company's auditors have not conducted a special review of the Q2 2012 report. The Q3 2012 report will be published on 25 October 2012.

Additional information may be obtained from Sandvik Investor Relations, at tel +46 26 26 09 37 (Magnus Larsson) or by e-mailing info.ir@sandvik.com. A teleconference will be held on 19 July 2012 at 13.00 CET. Information is available at www.sandvik.com/ir.

Calendar 2012:

25 Oct Third-quarter report 2012

Calendar 2013:

29 Jan Fourth-quarter report 2012

23 Apr First-quarter report 2013

19 Jul Second-quarter report 2013

11 Sep Capital Markets Day in Sandviken

24 Oct Third-quarter report 2013

Sandvik AB, Corp. Reg. No.: 556000-3468
SE-811 81 Sandviken
+46 26 26 00 00
www.sandvik.com